RUTGERS
Edward J. Bloustein School
of Planning and Public Policy

Economic Impacts of Historic Preservation in Nebraska

Research Conducted for

NEBRASKA STATE HISTORICAL SOCIETY

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PREFACE TO THE STUDY

In the forty-one years since Congress passed the National Historic Preservation Act, America has advanced a preservation ethic. Two programs of the National Park Service of the United States Department of the Interior are keys to the preservation movement, measures of the wealth of historic properties in our state and nation. The National Register of Historic Places now lists 70,000 entries throughout the United States, and the Historic Sites Act, which dates back to 1935, continues to memorialize our most special places. Nebraska will reach 1,000 listings on the National Register of Historic Places in 2008 and is proud of its 24 National Historic Landmarks.

Historic preservation has spawned and/or energized countless organizations, both government-based and purely private in nature, at the national, state and local levels. An articulate and dedicated public has responded to the combination of history, architecture, archaeology, economics, and planning to advance historic preservation across the nation. Museums and historic sites lie at the heart of the fast-growing cultural tourism movement with positive economic benefits for Nebraska.

We can say with conviction and pride that the preservation and use of our historical resources is not only about the past, but is today very much about the quality of our lives and our living spaces. Our history is at the heart of what we will leave for the generations to come.

History doesn't ever go away; it is always part of our lives. We must recognize, preserve, energize, share and encourage the use of history as a mirror to the past and a telescope to the future. In Nebraska, it is the role of the Nebraska State Historical Society to lead by example, with a high degree of energy and always, encouragement for those who would save and know our history.

The Nebraska State Historical Society, and in particular our Historic Preservation staff headed by L. Robert Puschendorf, Associate Director and Deputy State Historic Preservation Officer, conceived and articulated the need for a statewide economic study of what Nebraska's history means for our citizens. Various studies across the nation have shown that history preserves urban neighborhoods and rural towns with clear benefits measured in the hard light of property values and tourism dollars on the economic side and a clear improvement in the quality of life enjoyed by significant number of citizens of every background and economic situation. Now we can present and quantify the economic value of Nebraska's history.

The Nebraska State Historical Society solicited proposals for this study, the first statewide, broad-scope look at what history does for the people of our state, and selected the partnership of the Center for Urban Policy Research at Rutgers University and the Bureau of Business Research at the University of Nebraska-Lincoln. Funding for the study has been provided by National Park Service through the Historic Preservation Fund grants program.

I am pleased to present this study. History, never really a dull list of names and dates, is truly a dynamic resource of great value to the people of Nebraska today and tomorrow. This study quantifies that. Please read it thoughtfully.

With best regards,

Michael J. Smith
Director / CEO, Nebraska State Historical Society
Nebraska State Historic Preservation Officer

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EXECUTIVE SUMMARY

STUDY OBJECTIVE AND ORGANIZATION

This study examines the many significant economic effects of historic preservation in Nebraska. It is, to date, the most detailed statewide analysis of preservation's economic impacts. 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 the major components of historic preservation in Nebraska 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). The historic preservation components considered by the PEIM include *historic rehabilitation*, *heritage tourism*, the *Nebraska Lied Main Street Program*, and *tax incentives*. 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 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 equivalent at the subnational level of gross domestic product (GDP).* At the state level, this is called gross state product (GSP) or, in some government 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 study includes eight chapters and multiple appendices. The first chapter sets the overall perspective and is followed by a series of linked chapters that analyze, in tandem, the direct and the total effects of Nebraska historic rehabilitation (Chapter 2), Nebraska heritage tourism (Chapter 3), the Nebraska Lied Main Street program (Chapter 4), historic sites in Nebraska (Chapter 5), the benefit of state historic preservation tax credits (Chapter 6), and the impacts of historic designation on property values (Chapter 7). Chapter 8 summarizes the findings, sets them in perspective, and shows how the study's findings and analytic procedures can be used by others and inform policy discussion. Following Chapter 8 are appendices that consider research approach, data, technical literature, and other matters.

The major findings of the study are highlighted below and also summarized in Exhibit 1 on the next page. In all instances, impacts are shown for the latest year(s) for which complete information was available at the time of the analysis.

SUMMARY EXHIBIT 1
Summary of the Annual Economic Impacts of Historic Preservation in Nebraska

		I	II	III	IV	
		Historic Rehabilitation	*Heritage Tourism*	*Nebraska Lied Main Street Program*[†]	*Historic Sites*[†]	***Total Examined Economic Impacts***
NEBRASKA DIRECT EFFECTS		**$46.03** million annually of historic rehabilitation expenditures results in:	**$100.34 million** annually of heritage travel-attributed expenditures results in:	**$4.04 million** annually of construction and added retail payroll results in:	**$19.25 million** of heritage sites/museums operating expenditures results in:	**$169.66 million *(Sum I-IV)***
↓		**National Total (Direct and Multiplier) Impacts**				
NATIONAL TOTAL IMPACTS (DIRECT AND MULTIPLIER)	Jobs (person-years)	1,004	2,824	119	507	**4,454**
	Income ($ million)	31.3	47.7	2.6	13.6	**95.2**
	Output ($ million)	82.1	162.2	6.9	40.6	**291.8**
	GDP* ($ million)	45.4	77.2	3.8	16.8	**143.2**
	Taxes ($ million)	32.9	26.2	1.6	5.0	**65.7**
	Federal ($ million)	3.5	6.3	0.3	1.4	**11.5**
	Local/State ($ million)	29.4	19.9	1.3	3.6	**54.2**
↓		**In-State Nebraska Total (Direct and Multiplier) Impacts**				
NEBRASKA PORTION OF NATIONAL TOTAL IMPACTS	Jobs (person-years)	746	2,446	103	394	**3689**
	Income ($ million)	23.0	36.4	2.0	10.3	**71.7**
	Output ($ million)	50.7	116.1	4.9	29.5	**201.2**
	GSP* ($ million)	29.5	55.6	2.8	11.7	**99.6**
	Taxes ($ million)	4.2	11.3	0.5	1.7	**17.7**
	Federal ($ million)	3.2	5.7	0.2	1.3	**10.4**
	Local/State ($ million)	1.0	5.6	0.3	0.4	**7.3**
	In-state wealth* ($ million)	26.3	49.9	2.5	10.4	**89.1**

Source: Rutgers University, Center for Urban Policy Research, 2007.
*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.
[†]Net of associated historic rehabilitation and heritage tourism spending.

ECONOMIC IMPACTS OF NEBRASKA HISTORIC REHABILITATION

- Between 2001 and 2005, an estimated total of $1.53 billion was spent on the rehabilitation of existing residential and nonresidential buildings in Nebraska, according to CUPR research. Of this total, an estimated $230 million (15 percent)[1] was spent on historic properties (older properties that were on, or might qualify for, the National Register of Historic Places, and/or local landmark designations). Just under $75 million of the historic rehabilitation was on residential properties, with the remainder on structures serving other nonresidential purposes. This translates to just over $46 million annually between 2001 and 2005.

SUMMARY EXHIBIT 2
Estimated Total Rehabilitation and
Historic Building Rehabilitation in Nebraska, 2001-2005

Property Type	Estimated Total Rehabilitation (in $ million)	Estimated Historic Rehabilitation (in $ million)	Historic Rehab as Share of Total Rehabilitation
Residential	498.7	74.81	15.0%
Nonresidential	1,035.5	155.32	15.0%
Total	1,534.2	230.13	15.0%

- The direct effects of historic rehabilitation are translated into multiplier effects, which encompass, as noted, such dimensions as *jobs* (employment by place of work), *income* (total wages, salaries, and proprietors' 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).

- The economic benefits from the historic rehabilitation are enjoyed throughout the Nebraska economy. The total economic impacts from the average of $46 million spent per year between 2001 and 2005 on statewide historic rehabilitation include 1,004 jobs, for an additional $31 million in income, and $45 million in GDP, at the national level. At the state level, this translates to 746 jobs, $23 million in income, and $30 million in GSP. The in-state wealth resulting from rehabilitation expenditures amounts to $26 million, indicating an 87 percent retention rate.

[1] The 15 percent figure is in part required to accommodate rehabilitation undertaken under the federal rehabilitation tax credits from 2001-2005. The number of residential structures built before 1940 also warrants such a high share.

SUMMARY EXHIBIT 3
Total Economic Impacts of the Annual Nebraska Historic Building Rehabilitation ($46 million)

	In -State	Out-of State	Total (U.S.)
Jobs (person-years)	746	258	1,004
Income ($millions)	23,022.5	8,315.9	31,338.4
Output ($millions)	50,710.3	31,408.5	82,118.8
GDP/GSP[a] ($millions)	29,592.0	15,800.6	45,392.6
Total taxes ($millions)	4,222.0	28,769.8	32,991.8
Federal ($millions)	3,192.0	294.2	3,486.2
State/Local ($millions)	1,030.0	28,475.6	29,505.6
In-State wealth ($millions) (GSP minus federal taxes)	26,400.0	--	--

[a]GDP/GSP = Gross Domestic Product/Gross State Product.

ECONOMIC IMPACTS OF NEBRASKA HERITAGE TOURISM

- Heritage tourism is defined by visitation to historic sites and museums. During 2005 heritage tourism included an estimated annual 546,000 overnight person-trips occurring in the state of Nebraska, accounting for about 6 percent of all overnight person-trips (9.5 million). Findings indicate that heritage travelers (on average) stay longer, travel longer distances and in larger groups, and spend nearly two-and-a-half times more than non-heritage travelers per overnight trip. Heritage travelers are also slightly more likely to earn high incomes and hold a postgraduate degree.

SUMMARY EXHIBIT 4
Characteristics of Heritage vs. Non-Heritage Overnight Nebraska Tourists, 2003-2005

	Non-Heritage Travelers	Heritage Travelers	Heritage Travelers as % of Non-Heritage
Mean Stay (days)	3.4	5.1	150
Mean Travelers/Party	2.1	2.3	110
Mean Trip Expenses	$368	$908	247
Mean Distance (mi.)	380	500	132
Travelers Earning Over $75,000/Year	34%	36%	---
Travelers Holding Postgraduate Degree	13.6%	15.7%	---

- The total economic impacts from the $100.3 million spent annually between 2003 and 2005 include $162 million in output; 2,824 jobs, for an additional $48 million in income; and $77 million in GDP, at the national level. At the state level, this translates to an additional $116 million in output, 2,446 jobs, $36 million in income, and $56 million in GSP. The in-state wealth deriving from heritage tourism amounts to $50 million.

SUMMARY EXHIBIT 5
Total Economic Impacts of the Annual Nebraska Heritage Tourism Spending ($100.3 million)

	In Nebraska	Outside Nebraska	Total (U.S.)
Jobs (person-years)	2,446	378	2,824
Income ($millions)	36.4	11.3	47.7
Output ($millions)	116.1	46.1	162.2
GDP/GSP[a] ($millions)	55.6	21.6	77.2
Total taxes ($millions)	11.3	14.9	26.2
Federal ($millions)	5.7	0.6	6.3
State/Local ($millions)	5.6	14.3	19.9
In-state wealth ($millions) (GSP minus federal taxes)	49.9	--	--

[a]GDP/GSP = Gross Domestic Product/Gross State Product.

- The economic benefits of the Nebraska heritage tourism are enjoyed throughout the Nebraska economy. For instance, of the 2,446 total state-level jobs derived from heritage tourism, most are in eating/drinking establishments (1,260 jobs) and hotels/lodging (438 jobs). Of the total $36.4 million generated in annual income, the eating/drinking and hotels/lodging industries garner $13.6 million and $6.7 million, respectively. The eating/drinking and hotels/lodging industries also comprise $17.8 million and $11.8 million, respectively, of the total $55.6 million increase in state gross domestic product.

ECONOMIC IMPACTS OF THE NEBRASKA LIED MAIN STREET PROGRAM

- As in many other states, Nebraska has a Main Street program to help revitalize downtown business districts statewide. The Nebraska Lied Main Street program was founded in 1994 and is now active in 16 communities ranging in population from 1,100 to 42,940. The program is designed to provide local businesses with professional expertise and small-scale financial assistance, as well as create public-private partnerships. According to the program's records, every dollar of public investment leveraged nearly $17 in new private investment.

- The program was found to generate a total direct economic impact of $4.04 million, based on private investment and payrolls. This created 103 jobs within the state of Nebraska that were associated with $2.0 million in added labor income. Overall, $2.5 million was added to the state's wealth, including $0.2 million in tax revenues.

SUMMARY EXHIBIT 6
Total Economic Impacts of the Annual Net
Nebraska Main Street Investment ($4.04 million)

	In Nebraska	Outside Nebraska	Total (U.S.)
Jobs (person-years)	103	16	119
Income ($million)	2.0	0.5	2.6
Output ($million)	4.9	2.0	6.9
GDP/GSP[a] ($million)	2.8	1.0	3.8
Total taxes ($million)	0.5	1.1	1.6
Federal ($million)	0.3	<0.1	0.3
State/Local ($million)	0.2	1.1	1.3
In-state wealth ($million) (GSP minus federal taxes)	2.5	--	--

[a]GDP/GSP=Gross Domestic Product/Gross State Product.

ECONOMIC IMPACTS OF NEBRASKA HISTORIC SITES AND MUSEUMS

- Statewide, historic sites and museums attracted about 3 million visitors annually, spent $25 million in operating and capital expenditures, and employed a total of 372 workers in paid positions. Importantly, 19 percent of the museums' revenues come from entry fees and goods purchased by visitors, of which 39 percent come from outside Nebraska. This represents tourist dollars that are added to the state's economy. The gross impacts from the $25 million in heritage site spending bring about increases of $50.9 million in industrial output, 660 jobs, $16.9 million in income, and $21.7 million in gross domestic product. These impacts were largely contained within the services, manufacturing, and retail sectors. About two-thirds of these impacts were retained within the state, with the exception of those related to manufacturing. For the purposes of computing the total effects, however, it is necessary to exclude capital expenditures and visitor spending from the direct impacts to avoid double-counting, as these were already counted under rehabilitation and heritage tourism. Therefore, net historic site spending is $19.25 million. Net impacts are stated below.

SUMMARY EXHIBIT 7
Total Economic Impacts of the Annual Net Spending at
Nebraska Historic Sites and Organizations ($19.25 million)

	In Nebraska	Outside Nebraska	Total (U.S.)
Jobs (person-years)	394	113	507
Income ($million)	10.3	3.3	13.6
Output ($million)	29.5	11.1	40.6
GDP/GSP[a]($million)	11.7	5.1	16.8
Total taxes ($million)	1.7	3.3	5.0
Federal ($million)	1.3	0.1	1.4
State/Local ($million)	0.4	3.2	3.6
In-state wealth ($million) (GSP minus federal taxes)	10.4	--	--

[a]GDP/GSP=Gross Domestic Product/Gross State Product.

HISTORIC PRESERVATION TAX INCENTIVES

Perspective – Federal and State Historic Income Tax Credits

- The federal Historic Rehabilitation Investment Tax Credit (ITC) program for income-producing properties has been an effective tool for neighborhood revitalization. Since the inception of the program in 1976, it has leveraged $31 billion in investment in historic structures, entirely from the private sector.

- Tax credits differ from, and are financially more desirable than, tax deductions. A tax credit directly reduces, dollar-for-dollar, the amount of taxes owed by a taxpayer. 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. Thus, $1 million in rehabilitation expenses would yield $200,000 in federal tax credits.

- Over half the states in the nation have passed state historic tax credit programs, which vary to a large extent. Generally, these programs provide a credit against state income, corporate, and other taxes to foster preservation investment.

Nebraska's Experience

- Since the inception of the federal Historic Rehabilitation Investment Tax Credit Program (ITC program) in 1978, ITC credit projects have been awarded $671 million (adjusted for inflation) in Nebraska, generating more than 4,000 housing units (roughly two-thirds of which are for low- and mid-income families). Between 2001 and 2005, this has amounted to $26.8 million annually in federal income tax credits for Nebraska property owners.

- Federal ITCs issued to Nebraska property owners, as a subset of historic rehabilitation expenditures, made a significant contribution to the state's economy. Specifically, one can attribute 435 jobs, $17.3 million in gross state product (GSP), $29.7 million in output, and $13.5 million in income to the program. Just over $600,000 is retained in tax revenues by state and local government; Nebraska laborers earn $11.3 million while $3.5 million accrues to capital through profits and economic rents.

- Since 2006, Nebraska has had a property tax abatement program for rehabilitation of historic properties. Owners who spend more than 25 percent of a structure's appraised value on a historic rehabilitation are eligible to pay taxes based on the initial property valuation for eight years after completion of the project. For an additional four years, the valuation rises to actual appraised value. The "Valuation Incentive Program" defers property tax payments on properties where rehabilitation costs exceed 25 percent of assessed value. This program has $25.7 million in rehabilitation completed or ongoing in private investment statewide to date.

IMPACTS OF HISTORIC DESIGNATION ON PROPERTY VALUES

- Theoretically speaking, there are four reasons why historic designation should enhance property values: (1) prestige accorded by the real estate market on such properties, (2) protection from undesirable construction occurring nearby, (3) the value of preferential tax treatment, and (4) the focus of institutional agents on maintaining the vitality of the neighborhood across multiple dimensions. On the other hand, presence of regulatory costs (in terms of both time and money spent) and statutory redevelopment constraints may serve to depress the value of historic properties.

- Results for historic designated neighborhoods in Lincoln, Omaha, and Red Cloud provide some support for the notion that property values are higher and grow faster in historic designated neighborhoods. These results apply even after controlling for property and neighborhood characteristics. In Lincoln, many historic districts were found to have no impact at all, with one neighborhood experiencing a negative effect versus a control area.

SUMMARY EXHIBIT 8
Total National Economic and Tax Impacts of
Nebraska Historic Preservation Activity ($170 million)

	Economic Component			
	Output (000 $)	**Employment (jobs)**	**Income (000$)**	**Gross State Product (000$)**
I. TOTAL EFFECTS (Direct and Indirect/Induced)*				
1. Agriculture	3,948.5	24	241.7	688.7
2. Agri. Serv., Forestry, & Fish	819.7	20	316.3	737.8
3. Mining	2,429.4	16	594.9	783.2
4. Construction	25,313.0	395	13,508.4	17,136.8
5. Manufacturing	67,673.4	415	15,121.2	31,181.1
6. Transport. & Public Utilities	16,855.7	119	4,506.3	7,735.1
7. Wholesale	10,964.8	112	4,458.8	5,544.5
8. Retail Trade	56,504.5	1,754	19,871.1	27,620.7
9. Finance, Ins., & Real Estate	24,882.2	231	7,436.7	15,829.9
10. Services	80,909.2	1,351	28,710.0	35,139.6
11. Government	1,565.2	11	474.7	743.7
Total Effects (Private and Public)	291,865.4	4,454	95,240.1	143,141.2
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	157,372.8	2,941	56,342.0	78,443.5
2. Indirect and Induced Effects	134,492.6	1,512	38,898.0	64,697.6
3. Total Effects	291,865.4	4,454	95,240.1	143,141.2
4. Multipliers (3/1)	1.855	1.514	1.690	1.825
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages--Net of Taxes				94,867.8
2. Taxes				65,789.1
a. Local				31,950.2
b. State				22,371.2
c. Federal				11,467.7
General				3,474.7
Social Security				7,992.9
3. Profits, dividends, rents, and other				-17,515.9
4. Total Gross State Product (1+2+3)				143,141.2
IV. TAX ACCOUNTS	**Business**	**Household**		**Total**
1. Income --Net of Taxes	94,867.8	74,550.3		---------
2. Taxes	65,789.1	15,164.3		80,953.4
a. Local	31,950.2	1,807.9		33,758.1
b. State	22,371.2	1,866.0		24,237.3
c. Federal	11,467.7	11,490.4		22,958.0
General	3,474.7	11,490.4		14,965.0
Social Security	7,992.9	0.0		7,992.9
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				
Employment (Jobs)				26.3
Income				561,384
State/Local Taxes				341,848
Gross State Product				843,732
INITIAL EXPENDITURE IN DOLLARS				169,652,409

SUMMARY EXHIBIT 9
Total In-State Economic and Tax Impacts of
Nebraska Historic Preservation Activity ($170 million)

	Economic Component			
	Output (000 $)	**Employment (jobs)**	**Income (000$)**	**Gross State Product (000$)**
I. TOTAL EFFECTS (Direct and Indirect/Induced)*				
1. Agriculture	912.6	2	43.6	131.1
2. Agri. Serv., Forestry, & Fish	464.1	15	232.5	417.6
3. Mining	472.2	5	162.0	223.4
4. Construction	23,224.8	374	12,781.5	16,087.1
5. Manufacturing	16,751.0	106	4,175.8	6,455.6
6. Transport. & Public Utilities	8,635.7	63	2,307.0	3,751.2
7. Wholesale	7,952.7	82	3,233.9	4,021.6
8. Retail Trade	54,218.4	1,683	19,047.4	26,438.9
9. Finance, Ins., & Real Estate	16,831.6	154	4,761.9	10,930.4
10. Services	70,468.3	1,180	24,681.7	30,627.9
11. Government	1,243.0	10	375.5	583.6
Total Effects (Private and Public)	201,174.3	3,689	71,802.9	99,668.7
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	133,449.2	2,767	50,237.9	65,722.0
2. Indirect and Induced Effects	67,725.2	922	21,565.0	33,946.7
3. Total Effects	201,174.3	3,689	71,802.9	99,668.7
4. Multipliers (3/1)	1.507	1.333	1.429	1.517
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages--Net of Taxes				73,788.3
2. Taxes				17,746.7
a. Local				3,320.7
b. State				3,978.6
c. Federal				10,447.5
General				2,749.2
Social Security				7,698.4
3. Profits, dividends, rents, and other				8,133.5
4. Total Gross State Product (1+2+3)				99,668.7
IV. TAX ACCOUNTS	**Business**	**Household**	**Total**	
1. Income --Net of Taxes	73,788.3	71,802.9	---------	
2. Taxes	17,746.7	14,605.4	32,352.2	
a. Local	3,320.7	1,741.3	5,061.9	
b. State	3,978.6	1,797.3	5,775.9	
c. Federal	10,447.5	11,066.9	21,514.6	
General	2,749.2	11,066.9	13,816.0	
Social Security	7,698.4	0.0	7,698.4	
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				
Employment (Jobs)				21.7
Income				423,235
State/Local Taxes				43,025
Gross State Product				587,488
INITIAL EXPENDITURE IN DOLLARS				169,652,409

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 System 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 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 lack of "hard" economic numbers on preservation and the absence 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 Nebraska. No statewide analyses have examined the economic impacts of historic preservation 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 C.)

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 the Center for Urban Policy Research at Rutgers (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 Petersen, 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 notably 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 Nebraska.

Notably, most studies have focused on places with settlement patterns unlike those of Nebraska, 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 spate 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, Nebraska'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 Nebraska 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, and heritage tourism 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 visitors, because these are considered in the earlier tallied historic rehabilitation and heritage tourism projections, respectively.

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 B). 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 HISTORIC PRESERVATION IN NEBRASKA

INTRODUCTION AND SUMMARY

This chapter first describes the profile and magnitude of historic rehabilitation in Nebraska. The analysis is for the years 2001-2005 which, when this study commenced, were the most recent years for which construction information was fully available. The chapter then considers how the direct Nebraska historic rehabilitation investment translates into total economic impacts, including multiplier effects. The results of the analysis are summarized below:

- An estimated $1.53 billion was spent on rehabilitation in Nebraska between 2001 and 2005, of which $499 million was spent on residential properties and $1,036 million was spent on other properties (including commercial, industrial, and public use buildings).

- Of the $1.53 billion spent on rehabilitation, an estimated $230 million (15 percent) was spent on historic private properties (properties listed on or eligible for historic designation on national, state, and/or local registers of historic sites). Of this, $74.8 million was on residential properties and $155.3 million was on nonresidential properties. Averaging this out translates to a total of $46.03 million spent on historic rehabilitation per year.

EXHIBIT 2.1
Estimated Total Rehabilitation and
Historic Building Rehabilitation in Nebraska, 2001-2005

Property Type	Estimated Total Rehabilitation (in $ million)	Estimated Historic Rehabilitation (in $ million)	Historic Rehab as Share of Total Rehabilitation
Residential	498.7	74.81	15.0%
Nonresidential	1,035.5	155.32	15.0%
Total	1,534.2	230.13	15.0%

- 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 proprietors' 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 from the average of $46 million spent per year between 2001 and 2005 on statewide historic rehabilitation include 1,004 jobs, for an additional $31 million in income, and $45 million in GDP, at the national level. At the state level, this translates to 746 jobs, $23 million in income, and $30 million in GSP. The in-state wealth deriving from rehabilitation amounts to $26 million.

EXHIBIT 2.2
Total Economic Impacts of the Annual Nebraska Historic Building Rehabilitation ($46 million)

	In Nebraska	Outside Nebraska	Total (U.S.)
Jobs (person-years)	746	277	1,023
Income ($millions)	23,022.5	15,582.7	38,585.2
Output ($millions)	50,710.3	55,565.5	106,275.8
GDP/GSP[a] ($millions)	29,592.0	22,989.3	52,581.3
Total taxes ($millions)	4,222.0	7,753.6	11,975.6
Federal ($millions)	3,192.0	2,149.0	5,341.0
State/Local ($millions)	1,030.0	1,315.1	2,345.1
In-State wealth ($millions) (GSP minus federal taxes)	26,400.0	--	--

[a]GDP/GSP = Gross Domestic Product/Gross State Product.

HISTORIC REHABILITATION IN NEBRASKA

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. 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 Nebraska

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 U.S. Census Bureau ceased the tabulation of such data in 1994. Regardless, there is information available about the general nature of the housing stock, which can be used to interpolate the quantities of rehabilitation, both for residential and nonresidential properties. Exhibit 2.3 breaks out the state's housing stock (as of the 2000 Census, the last complete count) by year of construction and county type, as categorized by the Nebraska Rural Initiative:

EXHIBIT 2.3
Nebraska Housing Stock by Year of Construction and County Type

County Type	Total	1990-2000	1980-1989	1970-1979	1960-1969	1950-1959	1940-1949	Before 1940
Metropolitan	385,161	66,584	46,486	77,287	57,794	45,838	21,564	69,608
Large Trade	162,564	18,280	14,982	32,599	20,988	20,180	14,706	40,829
Small Trade	83,016	7,018	6,305	12,568	8,853	9,138	6,994	32,140
Small Town	62,804	4,271	4,451	9,431	6,413	5,149	4,663	28,426
Frontier	29,123	1,756	2,070	4,378	2,785	3,300	3,072	11,762
TOTAL	722,668	97,909	74,294	136,263	96,833	83,605	50,999	182,765

Based on these numbers, an approach can be developed that provides a highly accurate estimate of rehabilitation activity. A variable which is available for the vast majority of communities—new residential construction between 2001 and 2005—was collected. Then, employing the last available Census data on residential rehabilitation expenditures for the 1990 to 1994 period, a ratio between rehabilitation and new residential construction was computed for all municipalities for which data was available. This procedure was then repeated for nonresidential rehabilitation. Statewide, the value of new housing construction during the 2001-2005 period (in 2006 dollars) was roughly $6.31 billion (see Exhibit 2.4).

EXHIBIT 2.4
Value of New Housing Construction and Overall Property Rehabilitation in Nebraska by County Type, 2001-2005 (in 2006 dollars)

County Type	New Units	New Res. Construction Value	Rehab Ratio-R	Value of Housing Rehab. Const.	Rehab Ratio-N	Value of Non-Res. Rehab Const
Metropolitan	38,741	$5,030,074,982	6.89%	$346,692,415	15.05%	$756,890,124
Large Trade	6,710	$856,900,734	11.93%	$102,261,873	24.26%	$207,879,928
Small Trade	1,889	$250,169,157	12.18%	$30,467,275	17.16%	$42,925,205
Small Town	1,279	$151,109,300	10.11%	$15,273,169	15.96%	$24,117,521
Frontier	235	$22,461,535	17.71%	$3,977,005	16.41%	$3,684,846
TOTAL	48,854	$6,310,715,708	7.90%	$498,671,736	16.41%	$1,035,497,624

Of this, nearly 79 percent ($4.98 billion) takes place in the state's metro counties, while only one-seventh of one percent ($9 million) occurred in "frontier," the most rural of counties. Statewide, the ratios of rehabilitation work to new residential construction were 7.9 percent for residential rehab and 16.4 percent for nonresidential rehab. The latter was relatively stable across the various types of communities, while the former increased as the locations became more rural, likely due to the fact that housing stock tends to be significantly older in more rural areas. Based on these ratios, the implied total level of residential rehabilitation was just under $500 million and the same figure for nonresidential rehabilitation was slightly more than $1 billion. Performing a series of adjustments for communities where data is not available (by generously estimating rehab work based on population levels proportionately to communities that are similar in terms of geography and size) increased each total by a mere 4 percent, meaning that the vast majority of rehabilitation work is occurring in areas where building permits are tracked by the Census Bureau.

Exhibit 2.5 below elaborates on the geographic distribution of rehabilitation expenditures, listing the top 10 places and counties in each category. ("Place" refers to either a municipality or a county's unincorporated lands, which is denoted by the county's name followed by "UA.") Most notably, the cities of Omaha and Lincoln alone account for more than half of the state's residential rehabilitation expenses and over 60 percent of nonresidential outlays.

Using these values, it is possible to estimate the level of historic preservation spending based on the total rehabilitation expense. Because this data is not readily available, it is necessary to estimate the share of rehabilitation attributable to historic properties. Based on previous studies conducted by the Center for Urban Policy Research (CUPR) and the demographic characteristics of Nebraska, it is estimated that 15 percent of this rehabilitation figure is historic rehabilitation. This rate of historic incidence is extraordinary in comparison to other states. CUPR estimates the rate to be about the same as in Ohio and Missouri, but substantially higher than in New Jersey, Texas, Florida, or Arkansas. (At 30 percent, Massachusetts appears to have the highest incidence to date.) As compared with the others, however, the Nebraska number is grounded upon the value of renovation construction that qualifies for Federal Historic Rehabilitation Tax Credits. In the case of other states, the rates of incidence are grounded upon estimates of renovations in building stock that could qualify for designation based upon age. In this regard, the incidence rate for Nebraska is likely more conservative than for the others.

Given the estimated rate of incidence of structures that are historically rehabilitated, historic preservation expenditures in Nebraska were found to total just over $230 million between 2001 and 2005 (about $74.8 million for residential structures and $155.3 million for nonresidential). This running total relates directly to an annual average of $46.03 million in spending.

EXHIBIT 2.5
Largest Sources of Rehabilitation Expenses in Nebraska by Place, 2001-2005

Residential		Nonresidential		Total Rehabilitation	
Place	**Value ($06)**	**Place**	**Value ($06)**	**Place**	**Value ($06)**
Omaha	$152,280,747	Omaha	$383,910,981	Omaha	$536,191,728
Lincoln	$90,257,781	Lincoln	$215,768,345	Lincoln	$306,026,126
Bellevue	$26,398,080	La Vista	$47,458,526	La Vista	$54,228,231
Grand Island	$12,881,107	Kearney	$38,587,922	Bellevue	$51,256,307
Dawson UA	$12,300,748	Grand Island	$29,004,867	Kearney	$47,210,038
Sarpy UA	$11,161,350	Fremont	$26,251,984	Grand Island	$41,885,975
Kearney	$8,622,116	Bellevue	$24,858,227	Fremont	$33,961,823
Norfolk	$7,734,231	Sarpy UA	$22,290,609	Sarpy UA	$33,451,959
Fremont	$7,709,839	Adams UA	$20,838,995	Norfolk	$26,618,044
Douglas UA	$7,568,339	Norfolk	$18,883,814	Adams UA	$26,447,882

EXHIBIT 2.6
Largest Sources of Rehabilitation Expenses in Nebraska by County, 2001-2005

Residential		Nonresidential		Total Rehabilitation	
County	**Value ($06)**	**County**	**Value ($06)**	**County**	**Value ($06)**
Douglas	$165,595,054	Douglas	$401,371,979	Douglas	$566,967,033
Lancaster	$98,799,506	Lancaster	$227,295,212	Lancaster	$326,094,718
Sarpy	$48,309,774	Sarpy	$101,057,363	Sarpy	$149,367,138
Hall	$15,675,911	Buffalo	$39,227,529	Buffalo	$48,456,032
Dodge	$13,783,874	Hall	$32,167,462	Hall	$47,843,373
Dawson	$13,517,578	Dodge	$30,504,862	Dodge	$44,288,736
Lincoln	$11,775,969	Adams	$25,481,692	Lincoln	$37,166,946
Madison	$10,839,846	Lincoln	$25,390,977	Adams	$32,975,430
Scotts Bluff	$9,623,845	Madison	$21,760,387	Madison	$32,600,233
Cass	$9,319,476	Platte	$12,613,884	Cheyenne	$19,315,519

EXHIBIT 2.7
Average Annual Estimated Historic Rehabilitation in Nebraska, 2001-2005

Property Type	Estimated Historic Rehabilitation (in $ million)
Residential	14.96
Nonresidential	31.07
Total	46.03

TRANSLATING THE ANNUAL HISTORIC REHABILITATION INVESTMENT INTO TOTAL ECONOMIC IMPACTS

This section discusses how the *total economic impact* of the $46 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 subsequently 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 Nebraska 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 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 2.8 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." which makes custom windows. In order to produce windows, Jerry must hire craftsmen as well as contract with firms that supply glass, adhesives, paints and coatings, glazing, and wood products. Jerry also hopes to make a profit for its owners or shareholders. In order to meet Jerry'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 2.8
Examples of Direct and Multiplier Effects
(Indirect and Induced Impacts) of Historic Preservation

MULTIPLIER EFFECTS		
DIRECT IMPACTS	**INDIRECT IMPACTS**	**INDUCED IMPACTS**
Purchases for: • Architectural design • Site preparation • Construction labor • Building materials • Machinery and tools • Finance and insurance • Inspection fees	Purchases of: • Lumber and wood products • Machine components • Stone, clay, glass, & gravel • Fabricated metals • Paper products • Retail and wholesale services • Trucking and warehousing	Household spending on: • Food, clothing, day care • Retail services, public transit, utilities, car(s), oil and gasoline, property and income taxes, medical services, and insurance

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 NEBRASKA HISTORIC REHABILITATION

This chapter previously estimated that $46.0 million in historic rehabilitation is effected annually in Nebraska. Of this, $15.0 million is in residential historic properties (single- and multi-family) and $31.0 million in nonresidential historic properties. What is the total economic benefit nationally of this activity? What share of these benefits accrues to Nebraska?

To answer these questions, the study team applied the direct requirements of $46.0 million in historic rehabilitation construction activity to economic models of Nebraska 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 Nebraska (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 $46.0 million in historic rehabilitation spending are summarized below in Exhibit 2.9 and detailed in Exhibits 2.10 through 2.13:

EXHIBIT 2.9
Total Economic Impacts of the Annual Nebraska Historic Building Rehabilitation ($46 million)

	In Nebraska	Outside Nebraska	Total (U.S.)
Jobs (person-years)	746	446	1,192
Income ($millions)	23.0	15.6	38.6
Output ($millions)	50.7	55.6	106.3
GDP/GSP[a] ($millions)	29.6	23.0	52.6
Total taxes ($millions)	4.2	7.8	12.0
Federal ($millions)	3.2	2.1	5.3
State/Local ($millions)	1.0	1.3	2.3
In-State wealth ($millions) (GSP minus federal taxes)	26.4	--	--

[a]GDP/GSP = Gross Domestic Product/Gross State Product.

Rehabilitation spending results in 1,192 jobs, for an additional $38.6 million in income, and $52.6 million in GDP, at the national level. At the state level, this translates to 746 jobs, $23 million in income, and $30 million in GSP. The in-state wealth resulting from rehabilitation expenditures amounts to $26 million, indicating an 88 percent retention rate.

Nationwide Impacts

Exhibit 2.10 illustrates the national-level impacts of the rehabilitation in Nebraska. The construction, manufacturing, services, retail trade, and finance, insurance, & real estate industries exhibit the largest employment, income, and GDP gains. Direct effects account for most of the gains, though indirect and induced effects contribute an additional 54 to 78 percent to the output, employment, income, and GDP totals. The federal tax rolls are augmented by $11.2 million every year as a result of rehabilitation-related activities. Construction exhibits the largest gains with 352 additional jobs, $12 million in household income, and $15 million in GDP.

Employment attributions by industry type, at the national level, demonstrate the range across which benefits accrue (Exhibit 2.11). The construction industry is the largest employer, with general building contractors adding 262 jobs. Engineering and management service industries constitute the second largest change, with 74 jobs. Other industries adding substantial numbers of jobs are heavy construction contractors (48), eating & drinking places (45), special trade contractors (40), fabricated metal producers (38), and lumber & wood producers (34).

State-Level Impacts

At the state level, the $46 million expenditure yields 746 jobs, $51 million in output, $23 million in income, and $30 million in GSP. Impacts of rehabilitation manifest most acutely in construction, services, retail trade, manufacturing, and finance, insurance, & real estate, as displayed in Exhibit 2.12, below. 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.

Specific job attributions by industry type at the state level, found in Exhibit 2.13, 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 Nebraska. 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.

EXHIBIT 2.10
Annual National Economic and Tax Impacts of
Nebraska Historic Building Rehabilitation ($46 million)

	Economic Component			
	Output (000 $)	**Employment (jobs)**	**Income (000$)**	**Gross State Product (000$)**
I. TOTAL EFFECTS (Direct and Indirect/Induced)				
1. Agriculture	567.4	4	40.5	111.2
2. Agri. Serv., Forestry, & Fish	531.4	13	192.1	478.3
3. Mining	1,245.5	10	373.5	504.6
4. Construction	20,379.9	349	11,951.4	14792.7
5. Manufacturing	28,908.7	196	6,863.3	13786.6
6. Transport. & Public Utilities	4,831.4	32	1,307.1	2576.9
7. Wholesale	3,288.3	33	1,337.2	1662.8
8. Retail Trade	4,330.5	127	1,594.8	2435.6
9. Finance, Ins., & Real Estate	5,530.8	57	2,029.0	3339.0
10. Services	12,162.9	180	5,545.7	5541.8
11. Government	342.0	3	103.8	163.0
Total Effects (Private and Public)	82,118.8	1004	31338.4	45392.6
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	46,024.4	581	20,399.6	27630.1
2. Indirect and Induced Effects	36,094.4	422	10,938.8	17762.4
3. Total Effects	82,118.8	1,004	31,338.4	45392.6
4. Multipliers (3/1)	1.784	1.726	1.536	1.643
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages--Net of Taxes				26526.23
2. Taxes				32991.79
a. Local				17880.98
b. State				11624.58
c. Federal				3486.23
General				944.92
Social Security				2541.31
3. Profits, dividends, rents, and other				-14125.45
4. Total Gross State Product (1+2+3)				45392.57
IV. TAX ACCOUNTS		**Business**	**Household**	**Total**
1. Income --Net of Taxes		26526.2	23,702.8	------
2. Taxes		32991.8	4,821.4	37813.2
a. Local		17881.0	574.8	18455.8
b. State		11624.6	593.3	12217.9
c. Federal		3486.2	3,653.3	7139.5
General		944.9	3,653.3	4598.2
Social Security		2541.3	0.0	2541.3
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				
Employment (Jobs)				21.8
Income				680,900
State Taxes				265,462
Local Taxes				400,995
Gross State Product				986,259
INITIAL EXPENDITURE IN DOLLARS				46,025,000

EXHIBIT 2.11
Annual National Economic Impacts (Industry Detail)
of Nebraska Historic Building Rehabilitation ($46 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Agriculture	**567.5**	**4**	**40.5**	**111.2**
Dairy Farm Products	112.6	1	6.7	11.5
Eggs	0.5	0	0.0	0.1
Meat Animals	212.5	1	9.6	22.9
Misc. Livestock	3.6	0	0.3	0.7
Wool	1.1	0	0.1	0.2
Cotton	11.9	0	1.2	3.4
Tobacco	0.3	0	0.0	0.1
Grains & Misc. Crops	21.6	0	0.5	7.0
Feed Crops	63.3	0	1.4	18.9
Fruits & Nuts	87.1	2	14.6	25.0
Vegetables	4.5	1	0.5	1.5
Greenhouse & Nursery Products	23.7	0	4.4	11.7
Sugar Beets & Cane	6.9	0	0.2	2.9
Flaxseed, Peanuts, Soybean, Sunflower	17.6	0	0.9	5.5
Agri. Serv., Forestry, & Fish	**531.5**	**13**	**192.1**	**478.4**
Agri. Services (07)	325.1	12	173.3	292.6
Forestry (08)	203.5	1	18.0	183.2
Fishing, Hunting, & Trapping (09)	2.9	0	0.8	2.6
Mining	**1,245.7**	**10**	**373.6**	**504.7**
Coal Mining (12)	103.2	1	32.1	0.8
Oil & Gas Extraction (13)	243.1	1	32.6	71.3
Nonmetal Min.-Ex. Fuels (14)	888.4	8	306.1	423.4
Metal Mining (10)	11.0	0	2.9	9.2
Construction	**20,382.2**	**349**	**11,952.6**	**14,794.2**
General Bldg. Contractors (15)	14,917.5	262	8,543.4	10,665.3
Heavy Const. Contractors (16)	3,270.7	48	2,201.3	2,617.6
Special Trade Contractors (17)	2,194.0	40	1,207.9	1,511.4
Manufacturing	**28,911.1**	**196**	**6,863.8**	**13,787.7**
Food & Kindred Prod. (20)	1,480.9	5	199.5	324.4
Tobacco Manufactures (21)	88.7	0	8.2	78.2
Textile Mill Prod. (22)	2,119.6	14	348.1	1,268.0
Apparel & Other Prod. (23)	483.9	6	137.8	194.9
Lumber & Wood Prod. (24)	4,589.5	34	1,028.8	1,404.5
Furniture & Fixtures (25)	194.0	3	59.9	79.8
Paper & Allied Prod. (26)	375.6	2	83.1	163.4
Chemicals & Allied Prod. (28)	2,138.3	9	429.1	1,716.8

EXHIBIT 2.11 (continued)
Annual National Economic Impacts (Industry Detail)
of Nebraska Historic Building Rehabilitation ($46 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Petroleum & Coal Prod. (29)	2,486.7	10	413.5	2,108.6
Rubber & Misc. Plastics (30)	1,556.8	16	424.0	724.4
Leather & Leather Prod. (31)	83.5	1	22.5	75.2
Stone, Clay, & Glass (32)	3,451.7	29	1,064.2	1,482.8
Primary Metal Prod. (33)	936.1	4	198.9	393.8
Fabricated Metal Prod. (34)	4,434.3	38	1,329.3	1,858.6
Machinery, Except Elec. (35)	980.3	9	311.3	385.9
Electric & Elec. Equip. (36)	1,476.3	8	352.5	641.6
Transportation Equipment (37)	1,023.7	3	156.9	409.8
Instruments & Rel. Prod. (38)	222.3	1	67.8	148.7
Misc. Manufacturing Ind's. (39)	339.8	2	88.0	117.1
Printing & Publishing (27)	448.9	4	140.2	211.3
Transport. & Public Utilities	**4,832.3**	**32**	**1,307.4**	**2,577.5**
Railroad Transportation (40)	483.5	2	200.5	435.2
Local Pass. Transit (41)	109.3	3	47.2	61.8
Trucking & Warehousing (42)	1,414.0	18	560.9	1,225.6
Water Transportation (44)	196.9	2	58.0	103.6
Transportation by Air (45)	171.6	2	59.7	92.9
Pipe Lines-Ex. Nat. Gas (46)	10.1	0	1.1	8.7
Transportation Services (47)	60.3	1	22.5	21.7
Communication (48)	896.4	4	181.5	397.3
Elec., Gas, & Sanitary Serv. (49)	1,490.1	1	175.9	230.8
Wholesale	**3,288.7**	**33**	**1,337.4**	**1,663.0**
Wholesale-Durable Goods (50)	1,248.8	13	507.8	631.5
Wholesale-Nondurable Goods (51)	2,039.9	20	829.5	1,031.5
Retail Trade	**4,330.9**	**127**	**1,595.0**	**2,435.9**
Bldg. Mat.-Garden Supply (52)	257.9	6	112.0	159.6
General Merch. Stores (53)	512.6	16	184.8	317.3
Food Stores (54)	438.0	15	170.8	271.2
Auto. Dealers-Serv. Stat. (55)	713.9	10	188.7	442.0
Apparel & Access. Stores (56)	236.1	11	110.9	146.1
Furniture & Home Furnish. (57)	119.2	3	55.7	73.8
Eating & Drinking Places (58)	1,421.0	45	483.0	634.3
Miscellaneous Retail (59)	632.4	22	289.0	391.5
Finance, Ins., & Real Estate	**5,531.4**	**57**	**2,029.2**	**3,339.4**
Banking (60)	721.2	6	190.3	404.5
Nondep. Credit Institut. (61)	1,409.6	21	738.3	667.5

EXHIBIT 2.11 (continued)
Annual National Economic Impacts (Industry Detail)
of Nebraska Historic Building Rehabilitation ($46 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Security, Comm. Brokers (62)	214.4	2	105.4	114.6
Insurance Carriers (63)	1,229.8	11	494.9	941.6
Ins. Agents, Brokers (64)	304.6	5	117.3	138.3
Real Estate (65)	1,132.0	8	110.7	838.7
Holding and Invest. Off. (67)	519.8	5	272.3	234.2
Services	**12,164.2**	**180**	**5,546.3**	**5,542.4**
Hotels & Other Lodging (70)	297.5	7	96.2	162.3
Personal Services (72)	459.4	12	163.8	190.4
Business Services (73)	1,492.6	21	580.4	719.6
Auto Repair, Serv., Garages (75)	400.1	4	105.4	183.5
Misc. Repair Services (76)	255.0	5	98.1	117.1
Motion Pictures (78)	270.7	5	71.3	65.0
Amusement & Recreation (79)	195.3	5	73.9	127.0
Health Services (80)	465.3	8	253.0	258.3
Legal Services (81)	1,413.2	11	653.6	730.5
Educational Services (82)	202.2	6	103.1	116.4
Social Services (83)	112.6	3	55.1	56.5
Museums, Gardens & Mem. Orgs. (84, 86)	481.0	14	251.9	223.3
Engineer. & Manage. Serv. (87)	5,758.3	74	2,886.9	2,442.6
Private Households (88)	10.8	1	10.8	10.8
Miscellaneous Services (89)	350.2	5	143.0	139.1
Government	**342.1**	**2**	**103.8**	**163.0**
Total	**82,127.6**	**1,004**	**31,341.7**	**45,397.4**

Note: Detail may not sum to totals due to rounding.

EXHIBIT 2.12
Annual In-State Economic and Tax Impacts of
Nebraska Historic Building Rehabilitation ($46 million)

	Economic Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross State Product ($000)**
I. TOTAL EFFECTS (Direct and Indirect/Induced)				
1. Agriculture	126.3	0	6.3	19.8
2. Agri. Serv., Forestry, & Fish	320.5	10	158.6	288.4
3. Mining	444.4	5	154.4	212.1
4. Construction	19,882.4	345	11,790.9	14,554.4
5. Manufacturing	8,813.3	57	2,393.2	3,726.1
6. Transport. & Public Utilities	2,171.0	15	555.3	1,053.1
7. Wholesale	2,267.4	23	922.0	1,146.6
8. Retail Trade	3,639.2	105	1,345.1	2,076.6
9. Finance, Ins., & Real Estate	3,513.6	35	1,261.5	2,165.6
10. Services	9,291.6	135	4,362.6	4,236.7
11. Government	240.6	3	72.5	112.5
Total Effects (Private and Public)	50,710.3	746	23,022.5	29,592.0
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	33,711.4	493	17,209.7	21,041.0
2. Indirect and Induced Effects	16,998.9	253	5,812.8	8,551.0
3. Total Effects	50,710.3	746	23,022.5	29,592.0
4. Multipliers (3/1)	1.504	1.513	1.338	1.406
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages--Net of Taxes				19,365.1
2. Taxes				4,221.9
a. Local				527.3
b. State				502.6
c. Federal				3,192.0
General				723.7
Social Security				2,468.4
3. Profits, dividends, rents, and other				6,004.9
4. Total Gross State Product (1+2+3)				29,592.0
IV. TAX ACCOUNTS		**Business**	**Household**	**Total**
1. Income --Net of Taxes		19365.1	23,022.5	-------
2. Taxes		4221.9	4,683.0	8,904.9
a. Local		527.3	558.3	1,085.6
b. State		502.6	576.3	1,078.9
c. Federal		3192.0	3,548.4	6,740.5
General		723.7	3,548.4	4,272.1
Social Security		2468.4	0.0	2,468.4
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				
Employment (Jobs)				16.2
Income				500,218
State Taxes				23,441
Local Taxes				23,587
Gross State Product				642,955
INITIAL EXPENDITURE IN DOLLARS				46,025,000

EXHIBIT 2.13
Annual In-state Economic Impacts (Industry Detail)
of Nebraska Historic Building Rehabilitation ($46 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Agriculture	**126.3**	**0**	**6.3**	**19.8**
Dairy Farm Products	39.0	0	2.3	4.0
Eggs	0.0	0	0.0	0.0
Meat Animals	59.5	0	2.5	6.3
Misc. Livestock	0.0	0	0.0	0.0
Wool	0.0	0	0.0	0.0
Cotton	0.0	0	0.0	0.0
Tobacco	0.0	0	0.0	0.0
Grains & Misc. Crops	7.3	0	0.3	2.3
Feed Crops	12.8	0	0.3	4.0
Fruits & Nuts	0.0	0	0.0	0.0
Vegetables	0.3	0	0.0	0.0
Greenhouse & Nursery Products	3.8	0	0.8	1.8
Sugar Beets & Cane	1.5	0	0.0	0.5
Flaxseed, Peanuts, Soybean, Sunflower	2.3	0	0.0	0.8
Agri. Serv., Forestry, & Fish	**320.5**	**10**	**158.5**	**288.5**
Agri. Services (07)	291.3	10	156.0	262.0
Forestry (08)	29.3	0	2.5	26.3
Fishing, Hunting, & Trapping (09)	0.3	0	0.0	0.3
Mining	**444.5**	**5**	**154.5**	**212.3**
Coal Mining (12)	0.0	0	0.0	0.0
Oil & Gas Extraction (13)	4.3	0	0.5	1.3
Nonmetal Min.-Ex. Fuels (14)	439.8	5	153.8	210.8
Metal Mining (10)	0.3	0	0.0	0.3
Construction	**19882.5**	**345**	**11790.8**	**14554.3**
General Bldg. Contractors (15)	14771.0	260	8473.3	10572.8
Heavy Const. Contractors (16)	3228.0	48	2179.5	2590.5
Special Trade Contractors (17)	1883.5	38	1138.0	1391.3
Manufacturing	**8813.3**	**70**	**2393.3**	**3726.0**
Food & Kindred Prod. (20)	523.3	3	69.8	93.0
Tobacco Manufactures (21)	1.5	0	0.0	1.3
Textile Mill Prod. (22)	21.8	0	4.0	13.5
Apparel & Other Prod. (23)	47.0	0	13.8	20.8
Lumber & Wood Prod. (24)	1844.5	15	435.8	548.3
Furniture & Fixtures (25)	61.5	0	19.5	26.0
Paper & Allied Prod. (26)	20.3	0	5.3	8.3
Chemicals & Allied Prod. (28)	304.3	3	60.5	252.5
Petroleum & Coal Prod. (29)	126.3	0	6.3	19.8
Rubber & Misc. Plastics (30)	39.0	0	2.3	4.0

EXHIBIT 2.13 (continued)
Annual In-state Economic Impacts (Industry Detail)
of Nebraska Historic Building Rehabilitation ($46 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Leather & Leather Prod. (31)	1.0	0	0.3	1.0
Stone, Clay, & Glass (32)	2003.3	20	652.3	889.5
Primary Metal Prod. (33)	118.8	0	25.8	50.8
Fabricated Metal Prod. (34)	2503.3	20	725.3	1028.8
Machinery, Except Elec. (35)	404.8	3	126.5	160.5
Electric & Elec. Equip. (36)	244.3	3	77.0	126.0
Transportation Equipment (37)	40.0	0	10.5	18.8
Instruments & Rel. Prod. (38)	26.8	0	7.3	18.5
Misc. Manufacturing Ind's (39)	31.5	0	10.0	10.0
Printing & Publishing (27)	134.8	3	42.8	63.8
Transport. & Public Utilities	**2171.0**	**15**	**555.3**	**1053.3**
Railroad Transportation (40)	0.0	0	0.0	0.0
Local Pass. Transit (41)	51.8	3	22.3	29.3
Trucking & Warehousing (42)	702.3	10	294.3	605.5
Water Transportation (44)	0.5	0	0.3	0.3
Transportation by Air (45)	83.8	0	29.0	45.3
Pipe Lines-Ex. Nat. Gas (46)	2.0	0	0.3	1.8
Transportation Services (47)	31.8	0	11.8	11.3
Communication (48)	525.5	3	110.0	239.5
Elec., Gas, & Sanitary Serv. (49)	773.8	0	87.5	120.3
Wholesale	**2267.5**	**23**	**922.0**	**1146.5**
Wholesale-Durable Goods (50)	883.3	10	359.3	446.5
Wholesale-Nondurable Goods (51)	1384.3	13	563.0	700.0
Retail Trade	**3639.3**	**105**	**1345.0**	**2076.5**
Bldg. Mat.-Garden Supply (52)	235.5	5	102.3	145.8
General Merch. Stores (53)	467.5	15	168.5	289.5
Food Stores (54)	398.8	13	155.5	246.8
Auto. Dealers-Serv. Stat. (55)	647.0	10	171.0	400.5
Apparel & Access. Stores (56)	184.0	8	86.5	114.0
Furniture & Home Furnish. (57)	108.0	3	50.5	66.8
Eating & Drinking Places (58)	1022.0	33	347.5	456.3
Miscellaneous Retail (59)	576.8	20	263.5	357.0
Finance, Ins., & Real Estate	**3513.8**	**35**	**1261.5**	**2165.8**
Banking (60)	516.5	5	136.3	289.8
Nondep. Credit Institut. (61)	868.3	13	454.8	411.0

EXHIBIT 2.13 (continued)
Annual In-state Economic Impacts (Industry Detail)
of Nebraska Historic Building Rehabilitation ($46 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Security, Comm. Brokers (62)	117.8	0	57.8	63.0
Insurance Carriers (63)	943.8	8	379.8	722.5
Ins. Agents, Brokers (64)	263.5	5	101.5	119.8
Real Estate (65)	680.3	5	66.5	504.0
Holding and Invest. Off. (67)	124.0	0	65.0	55.8
Services	**9291.5**	**135**	**4362.5**	**4236.8**
Hotels & Other Lodging (70)	55.8	3	20.0	32.8
Personal Services (72)	296.0	8	103.8	120.0
Business Services (73)	882.3	13	344.5	424.8
Auto Repair, Serv., Garages (75)	282.8	3	73.0	129.5
Misc. Repair Services (76)	110.8	3	42.8	50.8
Motion Pictures (78)	72.0	3	17.8	18.5
Amusement & Recreation (79)	104.3	3	35.8	66.3
Health Services (80)	421.0	8	229.8	234.3
Legal Services (81)	1246.3	10	576.3	644.3
Educational Services (82)	159.8	5	83.8	91.8
Social Services (83)	97.3	3	47.0	48.5
Museums, Gardens & Mem. Orgs. (84, 86)	304.8	10	166.0	145.8
Engineer. & Manage. Serv. (87)	5000.5	65	2511.3	2121.0
Private Households (88)	9.8	0	9.8	9.8
Miscellaneous Services (89)	248.5	3	101.5	98.8
Government	**240.5**	**3**	**72.5**	**112.5**
Total	**50710.3**	**745**	**23022.5**	**29592.0**

Note: Detail may not sum to totals due to rounding.

CHAPTER THREE

ECONOMIC IMPACTS OF NEBRASKA HERITAGE TOURISM

INTRODUCTION AND SUMMARY

Giant and growing, the U.S. travel and tourism industry has captured the attention of state and local governments eager to bolster local economies and enhance community amenities.

The $500 billion travel industry—one of America's fastest-growing business segments—accounts for approximately 4.2 percent of the nation's gross domestic product. Demographic, socioeconomic, and lifestyle factors are affecting the industry's volume and its predominant component—the pleasure trip market. Heritage tourism—travel to historic sites and museums—is one of the top reasons for pleasure travel and has become increasingly important to travelers and the communities they visit. It offers significant benefits to the community. Heritage tourism can offset the costs of maintaining historic sites, help stimulate preservation efforts, bring new dollars into the community, and perpetuate the sense of place that lends communities their unique character and identity. At the same time, heritage tourism can realize important economic gains with respect to jobs, income, and tax revenues.

This chapter analyzes heritage tourism in the nation and in Nebraska. 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 Nebraska travel market and data compiled on the features and economic impacts of Nebraska 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 a 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.

Nebraska Travel and Heritage Tourism

- Travel and tourism are significant to Nebraska's economic well-being. As an industry, Nebraska tourism is one of the state's top revenue producers.

- Heritage destinations in Nebraska remain a mostly untapped resource. Better use of these resources would expand the overall travel market in the state. Heritage tourism, in particular, has the potential to increase overnight and touring vacations and would coax more visitors into Nebraska—thus injecting the state with "imported" income. Moreover, Nebraska is particularly rich among its neighbors in historic and other landmark sites, which are core motivations for heritage tourism.

- The table below indicates that heritage tourism is a significant component of Nebraska travel, constituting 6 percent of overnight traveler-trips:

EXHIBIT 3.1
Annual Average Person-Trip Distribution for Nebraska, 2003-2005

Traveler-Trip	All Nebraska Person-Trips	Nebraska Heritage Person-Trips[a]	Heritage as Percent of Nebraska Travel
Day trip	10,500,000	(sample size too small to quantify)	---
Overnight	9,100,000	546,000	6%

[a]Defined as a business or leisure traveler indicating "visit historic site" or other related trip purpose in a survey. Heritage day-trippers constituted too small a sample to accurately quantify.

- The profile of the heritage traveler leans heavily toward middle-aged, married adults who are relatively well-educated and have middle or higher incomes. Heritage trips are more likely to be group and/or family trips with multiple activities.

- Compared with all travelers, heritage travelers, on average, spend considerably more. Furthermore, a much higher share of heritage travelers come from out of state (specifically, 84 percent for the heritage group versus 60 percent for the non-heritage group). These traits combined accentuate the economic contribution of the Nebraska heritage traveler.

- Approximately $100 million in economic activity can be attributed to heritage travel in the state of Nebraska. The total economic activity includes 2,824 jobs, for an additional $47.7 million in income, and $77.2 million in GDP, at the national level. At the state level, this translates to 2,446 jobs, $36.4 million in income, and $55.6 million in GSP. The in-state wealth derivative of heritage travel amounts to $49.9 million.

EXHIBIT 3.2
Total Economic Impacts of the Annual Nebraska Heritage Tourism Spending ($100.3 Million)

	In Nebraska	Outside Nebraska	Total (U.S.)
Jobs (person-years)	2446	378	2824
Income ($millions)	36.4	11.3	47.7
Output ($millions)	116.1	46.1	162.2
GDP/GSP[a] ($millions)	55.6	21.6	77.2
Total taxes ($millions)	11.3	14.9	26.2
Federal ($millions)	5.7	0.6	6.3
State/Local ($millions)	5.6	14.3	19.9
In-state wealth ($millions) (GSP minus federal taxes)	49.9	--	--

[a]GDP/GSP = Gross Domestic Product/Gross State Product.

NATIONAL TRAVEL AND TOURISM OVERVIEW

- In 2002, Americans took over 1 billion domestic person-trips of 50 miles or more (U.S. Travel Data Center 2003) away from home. Travel expenditures in the U.S. totaled $540.3 billion ($476.6 billion from U.S. residents). On average, travel parties spend $457 per trip, not including transportation to their destination.

- Domestic travel in the United States in 2002 was mostly composed of pleasure trips (77 percent) and business trips (12 percent). The four main components of pleasure travel are visiting friends and family (40 percent), outdoor recreation (10 percent), personal (11 percent), and entertainment (16 percent).

- Demographically, The U.S. Travel Data Center's 2002 traveling households were apt to be married (64 percent); more than a third (35 percent) had children at home, and the average age of traveling household heads was 47. More than half (55 percent) had completed college and four in ten work in professional or managerial positions (39 percent).

- More than half (55 percent) of all U.S. resident trips involved a hotel/motel or bed & breakfast stay in 2002. The average pleasure trip lasted 3.4 nights, but among only overnight trips, average duration is 4.1 nights.

- Travel expenditures create secondary impacts that magnify travel's contribution to the economy, as shown in Exhibit 3.5. This exhibit indicates the direct, indirect, induced, and finally, the total economic impacts of travel in the United States in 1990.

- The most popular type of trip activity is shopping, included on a third (30 percent) of all person trips. Shopping is followed by attending a social or family event (27 percent), outdoor activities (11 percent), city or urban sightseeing (10 percent), rural sightseeing (10 percent), beaches (9 percent), historical places, sites or museums (8 percent), gambling (7 percent), national/state parks (7 percent), and cultural events/festivals (3 percent). As usual summer is the most popular travel season for pleasure travel (33 percent of all person-trips) and winter is the least popular travel season (20 percent).

- There are a number of overall forces affecting travel and tourism in the United States that bear on heritage tourism. These include:

    1. A stimulus for travel growth is expected to come from the increasing numbers of pleasure trips. More and more, consumers seem to prefer long weekend getaways instead of lengthier vacations to 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 toward shorter-duration trips—more daytrips and one-night visits—and shorter-distance trips. Heritage tourism comports well with these trends.

    2. Baby boomers are in or approaching their peak earning years and have discretionary income to spend. They represent great potential for the pleasure travel market. "The one thing baby-boomers have left to collect is experiences, and that's what travel and the arts offer." (Cook 1996)

In short, due to demographic reasons, such as the coming of age of baby boomers, and the evolving nature of travel in the United States (e.g., increasing numbers of short pleasure trips), heritage tourism is becoming a more potent force in the travel market as a whole (Gaede 1994).

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

Impact Measure	Direct Impact	Indirect/ Induced Impact	Total Impact	Multiplier
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

HERITAGE TOURISM IN THE UNITED STATES

Historic sites play a crucial role in fostering pleasure travel. As travel expert Arthur Frommer explained, "People travel in massive numbers to commune with the past. We all gain solace, pleasure and inspiration from contact with our roots... [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." (Frommer 1993)

Data focusing upon heritage tourism's share of the overall travel market is not available. But various surveys report that historic site visits are increasingly included on family travel itineraries. Noting a 1993 *Better Homes & Garden Survey*, economist Tim Schiller (1996) wrote:

> Historic sites are growing in popularity as destinations for pleasure trips: 40 percent of families traveling on vacation stop at historic sites. 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.

Heritage tourism's burgeoning growth has also garnered extensive and diverse support from both business and the public sector.

1. American Express Travel Related Services underwrote the 1993 printing of *Getting Started: How to Succeed in Heritage Tourism*, by the National Trust for Historic Preservation. The booklet is designed to help communities combine the preservation of historic, cultural, and natural resources with tourism to help sustain local economies and community character.

2. Black heritage tourism is increasing exponentially, and African-Americans have formed tour companies that focus on black cultural heritage throughout the U.S. (American Vision 1994).

3. The United States Travel & Tourism Administration and the Minority Business Development Agency began a joint economic initiative in 1990 to broaden awareness of minority historical and cultural tourist destinations and to bolster minority-owned businesses, particularly in travel and tourism. The multifaceted program is designed "to assist interested communities in preserving and celebrating their cultural identities through tourism" (Doggett 1993).

The $16 billion spent on the restoration of American historic sites since 1976 has produced a critical mass of saved resources in many communities (Travel Holiday 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.

> [T]he tourism industry needs more attractive, educational and authentic destinations to meet the needs of growing numbers of domestic and international travelers; the preservation community needs the political support and economic benefit that travelers provide to the sites and the communities they visit. That support and the resulting economic benefit are catalysts for continued protection, maintenance and promotion of these heritage areas. (*Touring Historic Places*).

According to the 2003 edition of *The Historic/Cultural Traveler*, a prominent trade publication that surveys the market for heritage travel, 56 percent of U.S. adults took at least one trip of 50 miles or more that included a visit to a heritage site, constituting over 118 million such travelers in 2002. About one-quarter of that (30 million) are frequent historic travelers who took three or more heritage trips in that year. Overall, heritage travel accounted for roughly 217 million person-trips, representing one-fifth of all domestic travel.

Further, one in five heritage travelers included air and rental car travel in their itineraries (a share that is far above the national average), primarily because they take significantly longer vacations than the general public (a mean of 5.2 days) and generally travel longer distances to reach their destination. Further, these tourists are much more likely to be explicitly looking for unique local experiences, pulling travel market share away from stereotypical high-traffic destinations. All of these factors, taken together, mean that those who travel to historic designations spend far more on average than the overall traveling population, specifically on local goods and services in the places that they visit.

Indeed, such travelers often come for specific events. Over half of heritage travelers responded that they visited a specific cultural activity, with three in ten saying that their choice of destination was determined by that activity and one in five saying that it played a role in the

timing of their trip. Furthermore, in the case of over 40 percent of heritage travelers, such an event caused their trip to be extended. This is reflective of the overall trend of spontaneity and independence among heritage travelers; a majority stated that their trip was planned in less than one month, with most choosing their destinations through word-of-mouth and the Internet.

Recognition of heritage tourism's economic contribution (or potential) can be found nationwide:

- More than 85 regional heritage areas are in varying phases of development nationwide. These efforts reflect broad-based collaboration to protect a regional landscape, preserve historic resources, enhance recreation, or stimulate economic development and regional strength through tourism.

- An analysis of historic preservation's impact on Maryland's tourism industry found that visiting historic sites is one of the most popular activities among travelers. But historic properties, which are responsible for generating a large share of the state's tourism income, needed to be more widely promoted.

- In Virginia, the impact of heritage travel 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 more money in Virginia than do other visitors. The economic impact of Colonial Williamsburg alone on Virginia's economy is well over half a billion dollars a year (Virginia 1996).

- A report on the economic impact of Wisconsin's heritage tourism program showed visitors spent over $215 million on admission fees alone to cultural and/or historic activities in 1995.

NEBRASKA HERITAGE TOURISM

Nebraska has joined other states in efforts to recognize its tourism sector by way of heritage tourism. Indeed, nearly every place in America has distinctive cultural and historical assets that have the potential to attract visitors and their spending. This is as true for rural and small-town communities as it is for suburban and urban areas. While not a major tourist destination, Nebraska has a vibrant tourism industry especially along the Interstate 80/Platte River corridor. The state has well-known zoological gardens, several important sporting events, and a variety of urban amenities. Several tourist attractions in both the urban and rural areas of the state also capitalize on Nebraska's important role in our nation's westward expansion. These particular tourist draws position Nebraska's heritage tourism as a fairly untapped income-generating resource. This study examines the magnitude, nature, and economic impact of the heritage tourism industry in Nebraska.

Heritage travel is intrinsically important to Nebraska in a number of ways. First, it has the potential to increase overall travel and tourism in the state with attendant economic benefits. Currently, Nebraska tourism accounts for $3.0 billion, or 0.56 percent of the national tourism expenditure. This is slightly less than the state's 0.59 percent share of national population, meaning that the state is slightly underperforming in terms of attracting tourism dollars. 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 Nebraska. Even better, as noted previously, heritage tourism 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 Nebraska 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.

The Travel Industry in Nebraska

To obtain a better sense of heritage tourism in Nebraska, it behooves us to examine in greater detail the profile and scope of the state's current heritage travelers. First we turn to an examination of survey data for Nebraska visitors provided by TIA Travelscope/DK Shifflets (hereafter referred to as the Travelscope data). We then also turn to employment data on tourism-related sectors for the State of Nebraska.

Travelscope data are based on a monthly survey of U.S. households that obtains information from households about the amount and nature of travel, including expenditures. A traveler is defined as someone who travels at least 50 miles away from home. Households are asked about the states to which they travel, and naturally TIA knows each household's residential location. The survey therefore can produce detailed information about travel activity within each state.
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For the purposes of this study, Travelscope data for Nebraska were obtained for the years 2003 through 2005. Over the course of these three years, the Travelscope data included a total of 2,070 observations that contained information pertaining to Nebraska travel. The data set includes 1,486 surveys completed by overnight travelers and 584 completed by day-trippers.

The Travelscope data revealed substantial tourism activity in Nebraska. By using appropriate sampling weights for the responding households, it was determined that about 19.6 million person trips to Nebraska occurred in 2005. This included both day trips and overnight trips.

The average overnight visitor stayed for a duration of 3.5 days, equating to a total of 42.4 million person-trips in the state in 2005. Overnight travel is the principal source of tourism activity in Nebraska, accounting for 75.2 percent of all person-days from 2003 to 2005 (see Exhibit 3.4). Day trips accounted for the remaining 24.8 percent of person-days in the state during the period.

Travelscope data for all states is also published in the *Statistical Abstract of the United States*. Exhibit 3.5 lists the Travelscope data from the most recent available year (2004) for Nebraska and a number of nearby states. According to Exhibit 3.5, among surrounding states only Colorado, South Dakota, and Wyoming receive more travel spending than one might expect from the respective populations sizes. The data show Nebraska receives less than the share of tourism dollars one might expect for a state with its population: it has 0.59 percent of the nation's population, but only 0.56 percent of its domestic travel spending. Indeed, if Nebraska received the share of tourism spending one would expect based on its population, it would gain an additional $160 million in travel spending!

EXHIBIT 3.4
Person-trips and Person-days of Travel in Nebraska, 2005

Type of Travel	Day-Trips (millions)	Percent of Day-Trips	Average Days Per Trip	Person-Trips	% of Person-Trips
Daytrip	10.5	53.6	1	10.5 mil.	24.8
Overnight	9.1	46.4	3.5	31.9 mil.	75.2
Total	19.6	100.0		42.4 mil.	100.0

Source: TIA Travelscope/DK Shifflets

EXHIBIT 3.5
Domestic Travel Expenditures in Selected States, 2004

State	Total	% of U.S. Travel Spending	% of U.S. Population
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
Oklahoma	$4,456,000,000	0.84	1.20
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 3.6 displays some descriptive statistics on the survey respondents that were Nebraska tourists. Note that nearly 90 percent of them were under age 65 and 74 percent were married. Nearly 40 percent of Nebraska travelers held a college degree or higher and 61 percent had a household income over $50,000. Nearly two-fifths (38 percent) lived in Nebraska, and most others lived in surrounding states—about 12 percent from Iowa and 7 percent each from Kansas and Colorado. Most of the remaining one-third of visitors came from farther away.

Employment data provide a second source of information on the Nebraska tourism industry. Employment figures are not as comprehensive a set of measure as expenditures or sales revenues. For the purposes of this study we focused upon employment data for the leisure and hospitality supersector for this additional perspective on the tourism industry in Nebraska.

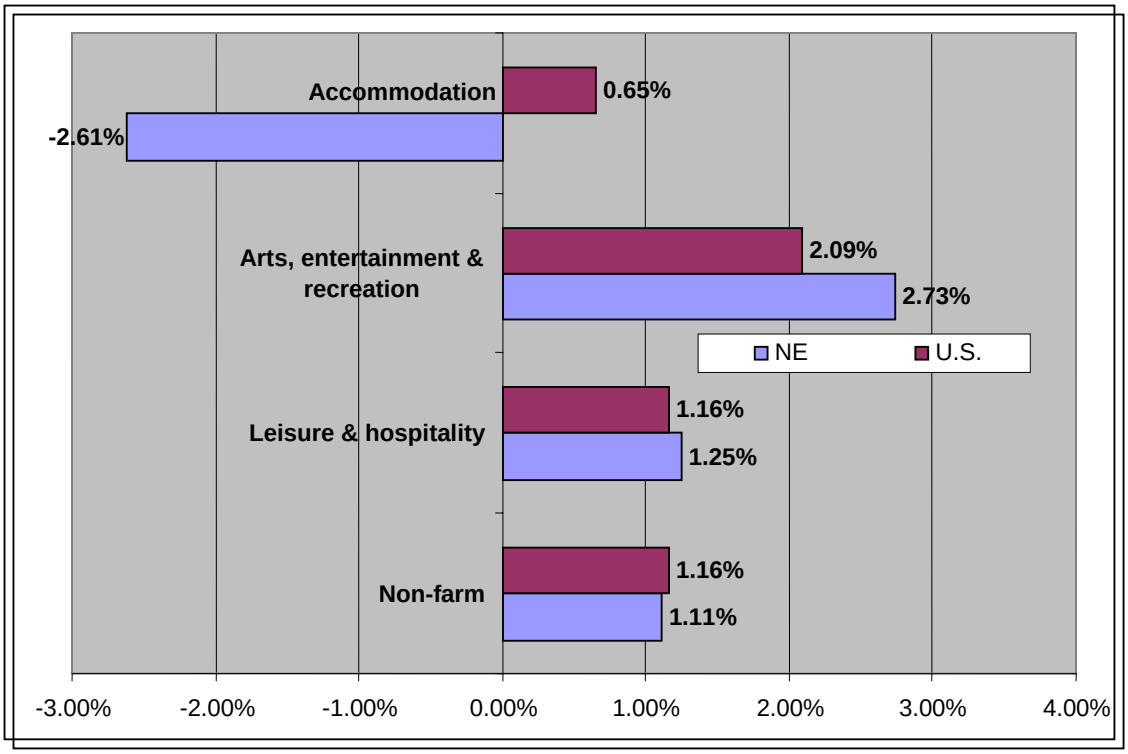
EXHIBIT 3.6

Characteristics of Nebraska Travelers and Traveler Households, 2003-2005

Characteristics of Travelers	Percentage
Age	
18-34	34
35-49	31
50-64	25
65+	11
Education	
Less than High School	3
High School Graduate	30
Some Post-Secondary	27
College Graduate	25
Post Graduate	14
Household Income	
Under $25,000	14
$25,000-$49,999	25
$50,000-$74,999	27
$75,000 and over	34
Marital Status	
Married	74
Not Married	26
State of Origin	
Nebraska	38
Iowa	12
Kansas	7
Colorado	7
Minnesota	4
California	4
South Dakota	3
Texas	3

Source: TIA Travelscope/DK Shifflets

. EXHIBIT 3.7
Annual Job Growth in Tourism Related Industries in Nebraska, 1997-2006



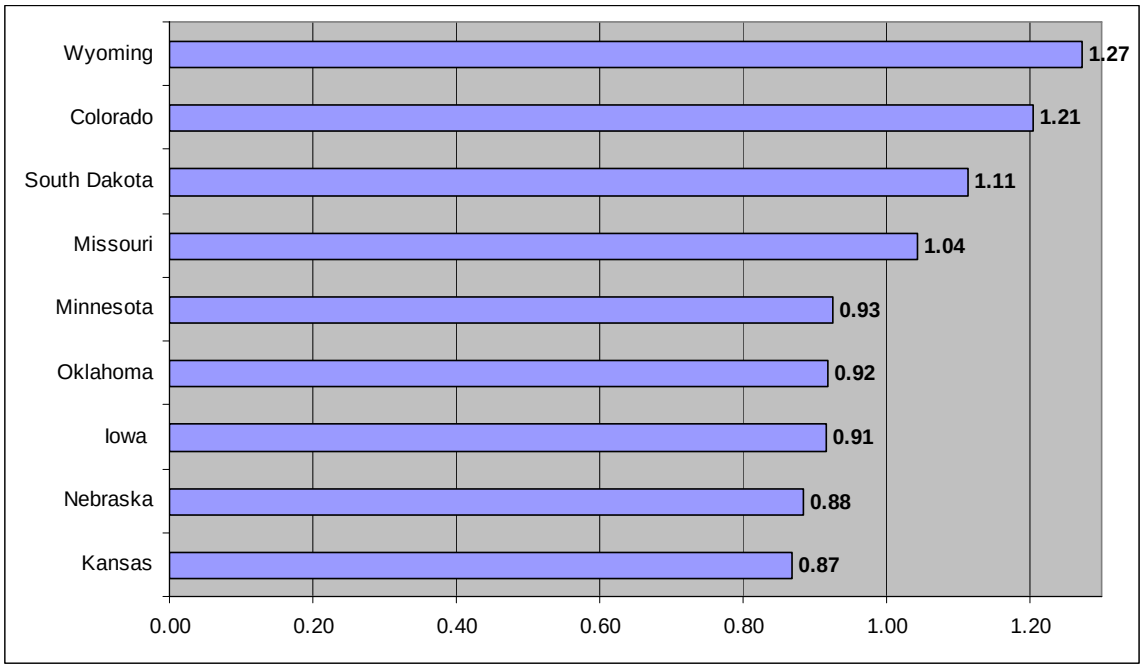
Source: U.S. Bureau of Labor Statistics.

Exhibit 3.7 shows annual job growth related to tourism in Nebraska and the U.S. from 1997 to 2006. Employment growth in Nebraska in some industries related to tourism, such as leisure and hospitality, exceeded growth nationwide over the last 10 years. However, one core tourism industry, accommodations, declined sharply in Nebraska while increasing nationwide.

Exhibit 3.8 compares employment in the leisure and hospitality supersector in Nebraska 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.

Nebraska's location quotient value of 0.88 in Exhibit 3.8 means that Nebraska has a lower share of overall employment concentrated in the tourism industry. This confirms that Nebraska's tourism industry is not as strong as it could be. Like the Travelscope tourism expenditure data, the employment data indicate that Nebraska is exporting jobs and economic activity due to the net loss of tourism dollars.

EXHIBIT 3.8
Location Quotients in 2005: Leisure and Hospitality Supersector for Selected States



Source: U.S. Bureau of Labor Statistics

In summary, these general findings suggest that the Nebraska travel and tourism industry accounts for a substantial amount of visits and economic activity, but the industry has much room to expand. Indeed, compared to neighboring states and to the size of its population, Nebraska's tourism industry is not as strong as it could be. In fact, one could view the state as "losing economic activity" because of the relative weakness of its tourism industry. The good news is that such a gap can undoubtedly be readily closed to the benefit of the Nebraska economy. Of course, this assumes that the state can establish and grow key subsectors within the tourism sector. Clearly, such subsectors would need to draw on the state's attributes for travel and tourism. Heritage tourism is one potential subsector, given the state's strong portfolio of historic attractions.

Heritage Tourism in Nebraska

The University of Nebraska-Lincoln (UNL) Bureau of Business Research obtained two data sets of survey responses that contained specific information about heritage travelers in Nebraska. The first was provided by the Nebraska Game and Parks Commission. This data set provided detailed information about visitors to Nebraska parks, many of which contain historic sites. The Travelscope data was the second data set. These data were purchased from the Travel Industry Association and provided detailed information on heritage tourists in Nebraska, as well as the state's overall tourism industry results presented in the last section of this report. The Travelscope data are significantly more comprehensive than those for the state parks for a number of reasons. One critical distinction is that the Travelscope data provide information on heritage tourism activity that occurs outside of state parks. Nonetheless, both data sets provide important information about heritage tourism in Nebraska, and are analyzed below. The data from the Nebraska Game and Parks Commission is analyzed first. Throughout the analysis of both data sets, we apply the following definitions for purposes of analyzing heritage travel:

Heritage Travelers: Any Nebraska traveler who listed visiting a historic site or a museum as one of their primary trip activities.

Non-Heritage Traveler: Any Nebraska traveler who did not list visiting a historic site or museum as one of their primary trip activities.

Note that we included museums in our definition of heritage travel. This is because the preponderance of museums in the State of Nebraska are historical museums, not art museums.

Heritage Tourism at Nebraska State Parks. The Nebraska Game and Parks Commission conducted detailed surveys of park visitors in both 2001 and 2003. These surveys provide a wealth of information about visitor activities, including information about heritage tourists. The surveys did not ask the same set of questions, however, so it is not possible to compare many responses across the pair of years. It is possible, though, to compare demographic information for survey respondents.[2] We report only the most germane responses from each of the surveys. Most of these derive from the 2001 survey.

The two surveys had questions about activities at the parks. The 2001 Nebraska Parks Visitors' Survey asked visitors about what activities they intended to participate in during their stay at parks. As indicated in Exhibit 3.9, nearly 20 percent responded to the 2001 survey denoting they intended to visit a museum or to learn history during their stay at the park. The 2003 survey did not ask that question but did ask visitors about their activities after the fact. Among the 2003 respondents, 16 percent reported that they had visited a museum or a State Historical Park during their stay. This is consistent with the anticipated museum use reported for 2001 in Exhibit 3.7. Taken together, the two surveys verify that heritage tourism is indeed a main activity in the state park system. Heritage tourism is also among the most enjoyable activities for state park visitors in Nebraska, as is indicated in Exhibit 3.10. In a separate survey at the end of their stay, visitors were asked to rank the activity they most enjoyed while visiting the state park. Only one activity could be selected. The fifth-most-selected activity was Historical Information/Sites.

Park visitors also valued heritage tourism opportunities at state parks. Exhibit 3.11 reports responses on whether a particular recreational opportunity should be offered at the parks. Respondents offered support for offering historic activities. The level of support was similar to support for many other types of recreational opportunities. This result is perhaps not surprising for a survey administered to park visitors, who would have a tendency to favor park programs. Different results may have been obtained from a survey sent to a random sample of Nebraskans.

[2] The 2001 survey also gathered demographic information about respondents. About 53 percent of respondents were male, and 86 percent were married. Only 2 percent were between the ages of 18 and 25, while 17 percent were over the age of 65. The visitors were more educated than the general population, with 31 percent completing college or higher. Nearly two-fifths (38 percent) had a household income above $50,000. In the 2003 survey, 50 percent of respondents were male, 77 percent were married, and 26 percent were age 60 or above. About 32 percent completed college or higher, and nearly two-fifths (37 percent) had household incomes above $50,000.

EXHIBIT 3.9
Intended Activities of Visitors to Nebraska State Parks, 2001

Planned Activity	Percent	Planned Activity	Percent
Drive Through	47.5	**Learn History**	**18.9**
Relaxation	47.3	Bicycling	18.4
Sightseeing	46.1	Boating	16.1
Walking	43.0	Tent Camping	15.7
RV Camping	42.6	Photography	14.9
Hiking	37.4	Attend Gathering	14.0
Visit Family	33.5	Horseback Riding	11.6
Fishing	32.7	Learn Nature	11.2
Swimming	31.4	Special Events	6.4
View Wildlife	27.2	Programs	6.0
Picnicking	25.3	Reunion	4.8
Visitor Center	21.6	Archaeology	4.3
Bird Watching	21.4	Mountain Biking	3.4
Reading	21.0	Hunting	2.7
Playground	20.4	Club Outing	2.6
Museum	**19.9**	Learn Recreation	1.7

Source: 2001 Nebraska Parks Visitors' Survey

Combined, results of the 2001 and 2003 Nebraska State Parks Visitors' Survey suggest that heritage tourism activities are important components of park visits. Park visitors also were pleased with and are supportive of heritage tourism activities.

Heritage Tourism throughout Nebraska. The State of Nebraska has abundant infrastructure for heritage tourism. There are eleven Nebraska State Historic Society sites including the Willa Cather State Historic Site, Fort Robinson Museum, and Chimney Rock National Historic Site. The Nebraska Game and Parks Commission manages state historical parks, including the Buffalo Bill Ranch, Fort Kearny, and Arbor Lodge, among others. Other major historic attractions include Stuhr Museum, Strategic Air and Space Museum, Boys Town, and the Durham Western Heritage Museum. There are also over 300 local historical organizations and some 200 local history museums, historic sites, and archives located throughout Nebraska.

The Travelscope database for Nebraska provided by TIA Travelscope/DK Shifflets contains detailed information about the characteristics and spending of travelers in the State of Nebraska. As noted earlier in the chapter, the Travelscope survey is a national survey of households regarding their travel in the previous year. The survey collects detailed information about destinations, reasons for travel, spending, and household demographics from households across the country each month. The UNL Bureau of Business Research received information on respondents who visited Nebraska during the 2003-2005 period.

EXHIBIT 3.10
Activity Most Enjoyed by Visitors to Nebraska State Parks, 2001

Activity	% Share of Respondents
Hiking	12.83
Camping	12.35
Fishing	8.75
Enjoy outdoors/nature	6.83
Historical Information/Sites	**6.59**
Park activities (cookouts, theater, golf, etc.)	6.12
Boating/canoeing	4.80
Horseback riding	4.80
Scenic vistas	4.68
Relaxation	4.68
Swimming	4.44
Family time	3.48
Biking	1.92
Naturalist programs	1.32
Park facilities	1.32
Skiing (water or jet)	1.08
Wildlife viewing	1.08
Picnicking	0.60
Visitor center	0.48
Friendly staff	0.48
Gift shop	0.36
Handicap accessibility	0.12
Playgrounds	0.12
Other	0.12

Source: 2001 Nebraska Parks Visitors' Survey.

EXHIBIT 3.11
Opinions about Features That Should Be Offered by Parks and Recreational Sites in Nebraska, 2001

Question	Definitely Yes	Yes	Don't Care	No	Definitely No	No Response
Archaeological activities	8.83%	32.58%	43.20%	6.32%	2.86%	6.21%
Bike rentals	6.56%	24.58%	55.97%	6.32%	2.15%	4.42%
Boating access	17.42%	30.67%	40.69%	4.18%	2.27%	4.77%
Canoe/boat rentals	12.29%	36.99%	41.05%	3.94%	2.03%	3.70%
Educational programs	13.13%	48.57%	29.83%	3.70%	0.95%	3.82%
Equestrian facilities (stables)	8.00%	21.84%	54.53%	7.04%	3.46%	5.13%
Fishing	34.61%	39.38%	21.84%	0.95%	0.36%	2.86%
Fishing piers	25.06%	32.58%	35.92%	1.91%	0.84%	3.70%
Golfing	2.15%	10.50%	44.15%	20.76%	18.26%	4.18%
Hiking trails	40.33%	47.37%	9.31%	0.12%	0.12%	2.74%
History activities	**21.72%**	**47.97%**	**23.87%**	**2.27%**	**0.36%**	**3.82%**
Horse trails	12.89%	34.37%	43.32%	3.70%	1.67%	4.06%
Hunting	10.86%	18.26%	43.44%	13.13%	9.90%	4.42%
Interpretative displays	10.86%	42.36%	37.35%	3.34%	1.43%	4.65%
Lake with power boating	13.72%	23.87%	36.99%	12.41%	8.95%	4.06%
Natural areas	41.41%	47.97%	7.52%	0.36%	0.24%	2.51%
Naturalist-led hikes	10.74%	34.49%	43.79%	5.49%	1.31%	4.18%
Naturalist programs	17.18%	44.63%	30.79%	2.63%	0.60%	4.18%
Paved roads	20.17%	53.46%	21.36%	0.95%	0.36%	3.70%
Personal watercraft riding	8.71%	18.62%	43.79%	10.74%	13.37%	4.77%
Picnic shelters	38.78%	49.52%	8.83%	0.60%	0.12%	2.15%
Playgrounds	33.77%	46.18%	15.39%	1.55%	0.36%	2.74%
Scenic drives	28.88%	55.61%	10.26%	1.55%	0.00%	3.70%
Self-guided interpretative trails	24.58%	51.55%	18.62%	1.19%	0.36%	3.70%
Surfaced hike/bike trails	25.18%	47.26%	19.57%	2.98%	1.79%	3.22%
Swimming	26.97%	42.96%	24.46%	1.55%	0.48%	3.58%
Undeveloped areas w/o roads	17.66%	29.36%	37.11%	8.83%	2.39%	4.65%
Visitor Centers	23.75%	49.76%	20.53%	1.91%	0.48%	3.58%

Source: 2001 Nebraska Parks Visitors' Survey

The survey asked respondents to list their primary activities during their trip. The list of primary activities included the option of historic sites and the option of museums. The survey also distinguished between day trips and overnight trips, leading to the following definitions:

Overnight Heritage Travelers: Any overnight Nebraska traveler who listed visiting a historic site or a museum as one of their primary trip activities.

Overnight Non-Heritage Traveler: Any Nebraska traveler who did not list visiting a historic site or museum as one of their primary trip activities.

The Travelscope data did not have a large enough sample of Nebraska heritage day-trippers to provide information separately for that group. Information on the characteristics and spending of day-trippers is therefore provided in total, without a breakout for heritage and non-heritage travelers (see Appendix B). This limit on available data is unfortunate but does not significantly limit our analysis of heritage travel in Nebraska. This is because day-trippers do not typically account for a large share of heritage travel. Furthermore, states like Nebraska, which are fairly isolated and not densely populated, do not get many day-trippers from outside of the state. This is because travel to Nebraska is time-consuming and more appropriate for overnight travel rather than day trips. Recall that the Travelscope data for the "all travel to Nebraska" indicated that day-trippers accounted for only 24.8 percent of person-days of travel to the State of Nebraska from 2003 to 2005. As for heritage travel, an analysis of heritage travel in a similarly situated state, Texas, indicated that heritage day-trippers accounted for only 11 percent of all person-days spent in Texas by heritage travelers. By contrast, overnight heritage travelers accounted for 89 percent.[3] According to the Travelscope data, of the 9.1 million overnight person-trips to the State of Nebraska during 2005, 6 percent (546,000) were overnight heritage visitors.

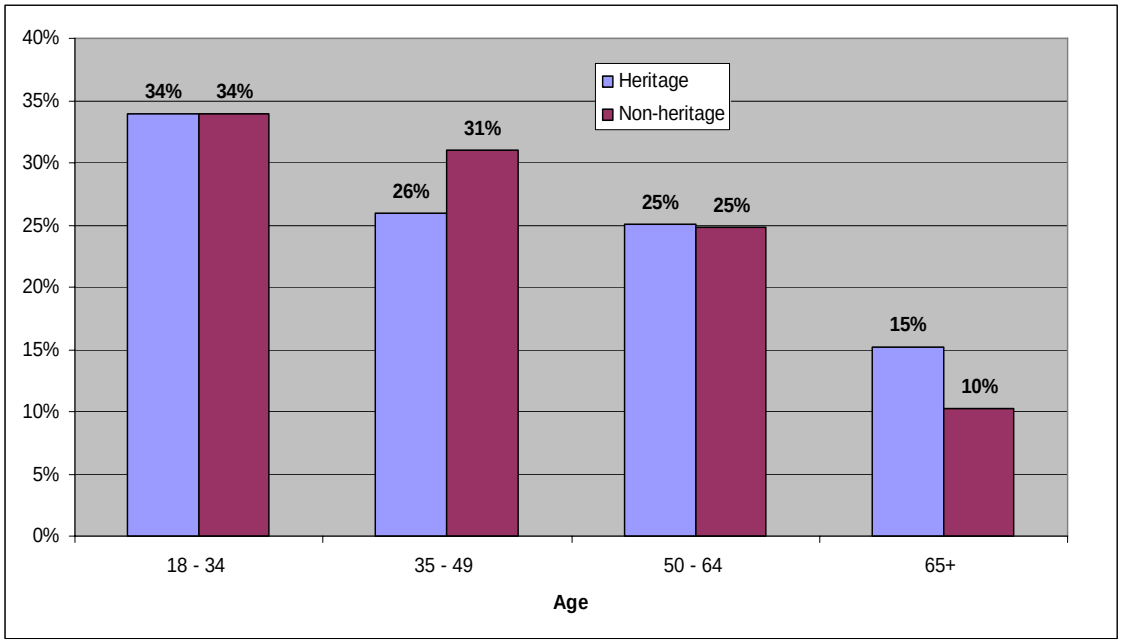
Profile of Nebraska Heritage Travelers

The Travelscope data provides detailed information about the age, education, and income of heritage travelers compared with other Nebraska travelers. These traits are detailed in Exhibits 3.12-3.15 below for overnight travelers. More details are available in a table in Appendix B.

Exhibit 3.12 shows the age distribution of household heads that completed the Travelscope survey. While the age distribution is generally similar for overnight heritage and non-heritage travelers alike, overnight heritage travelers are slightly older on average, with a much higher share of travelers who are older than 65 years old and a concomitant lower share who are aged 35 to 49. These findings comport with those from other studies of heritage tourism performed by the Center for Urban Polity Research (CUPR). The relatively high interest in heritage travel among retirement age households has important implications for the future growth of heritage tourism. Interest in heritage tourism may continue to grow as the baby boom generation ages.

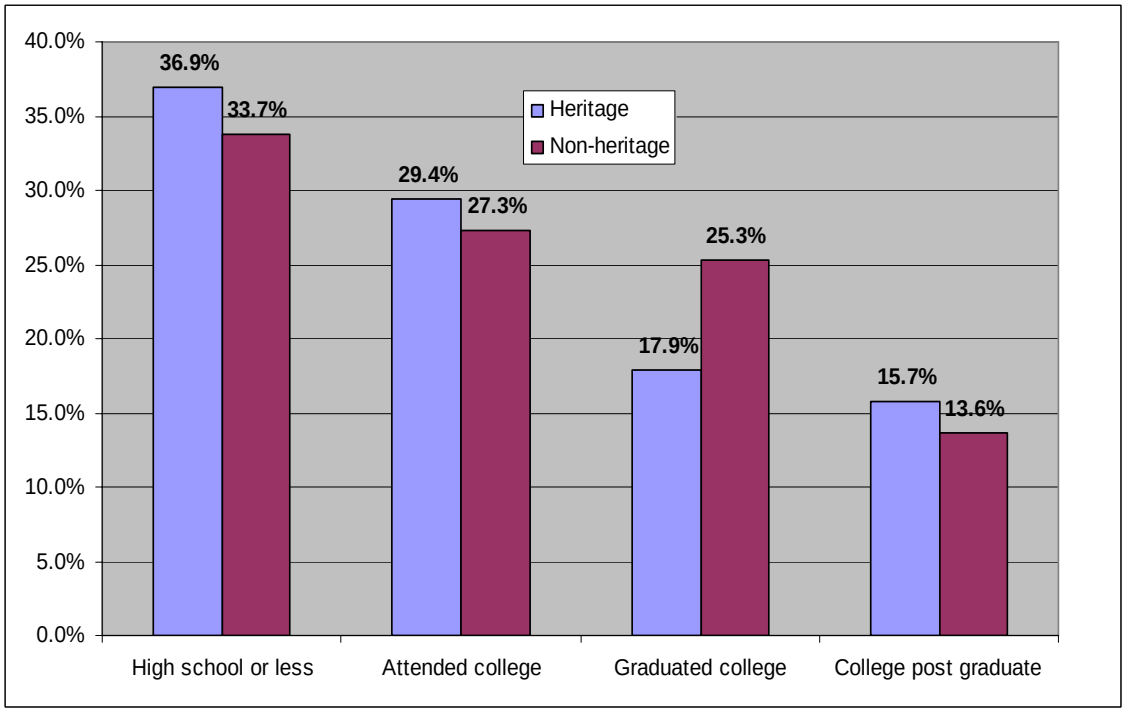
[3] Rutgers University, CUPR, *The Economic Impact of Historic Preservation in Texas*. Chapter 3, Profile and Economic Impacts of Texas Heritage Tourism.

EXHIBIT 3.12
Age Distribution of Nebraska Heritage and Non-Heritage Overnight Travelers, 2003-2005



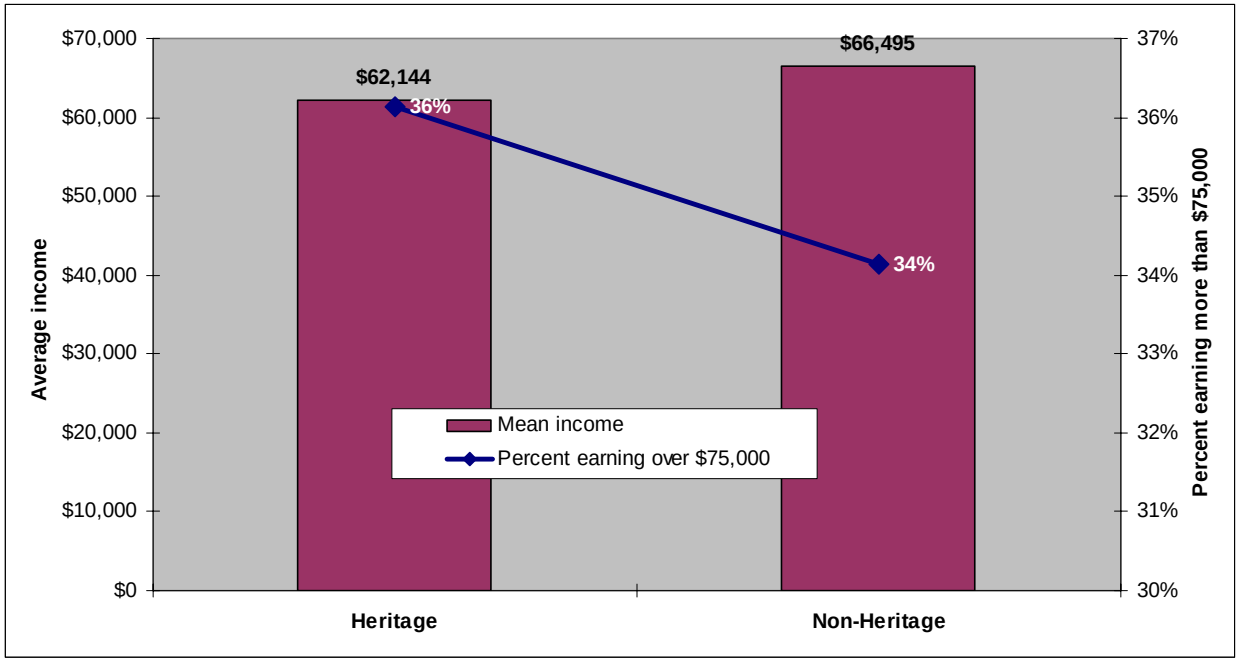
Source: TIA Travelscope/DK Shifflets

EXHIBIT 3.13
Educational Level of Heritage and Non-Heritage Overnight Travelers in Nebraska 2003-2005



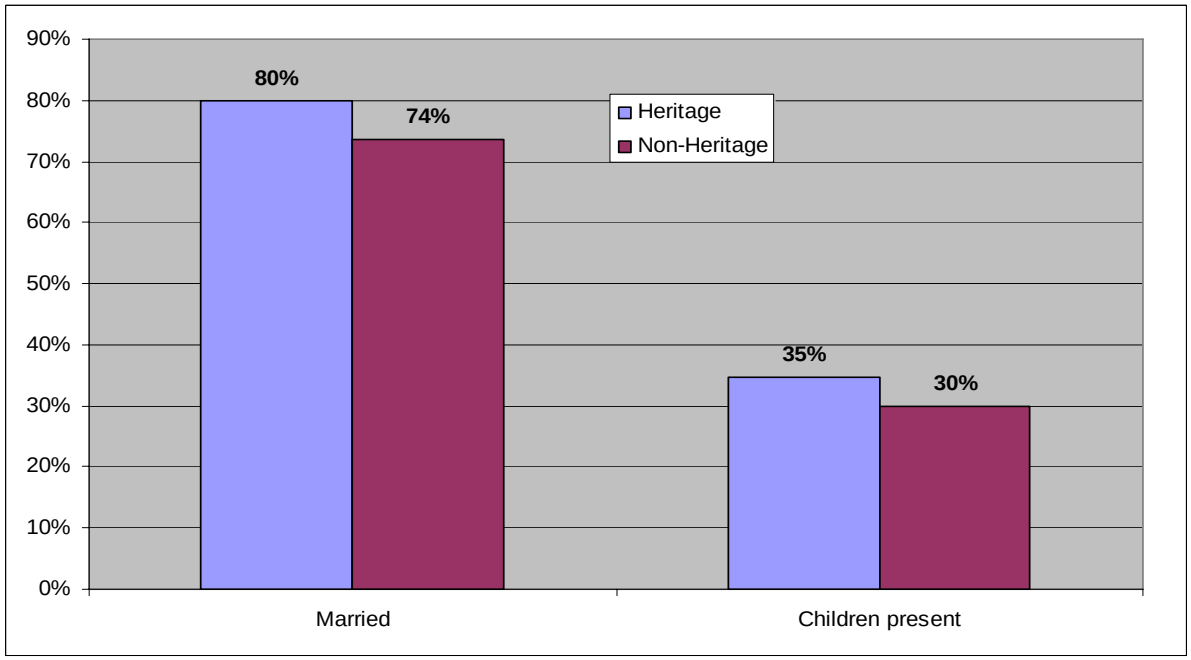
Source: TIA Travelscope/DK Shifflets

EXHIBIT 3.14
Average Household Income of Heritage and Non-Heritage Overnight Travelers In Nebraska, 2003-2005



Source: TIA Travelscope/DK Shifflets

EXHIBIT 3.15
Marital Status of Heritage and Non-Heritage Overnight Travelers in Nebraska, 2003-2005



Source: TIA Travelscope/DK Shifflets

As indicated in Exhibit 3.13, overnight heritage travelers responding to the Travelscope survey were 3 percent more likely to hold a high school degree or less than overnight non-heritage travelers, and 7 percent less likely hold a college degree. On the other hand, overnight heritage travelers were 2 percent more likely to hold post-college degrees. Overnight heritage travelers are as educated or less educated than non-heritage travelers

Overnight heritage travelers have a slightly lower mean income than overnight non-heritage travelers, as is seen in Exhibit 3.14. This is different from comparable income results in other states, such as Texas, Missouri, Ohio, and New Jersey, where heritage travelers had somewhat more income than non-heritage travelers. The difference among the Nebraska travelers in the Travelscope data was approximately $3,000. This difference likely is explained by the larger share of heritage travelers that are of retirement age, as was demonstrated in Exhibit 3.12. Retired households typically have significantly lower annual incomes than working households, though their wealth may be higher. Indeed, we find that overnight heritage travelers are more likely to have high incomes than overnight non-heritage travelers. Overnight heritage travelers were slightly more likely (difference of two percentage points) to have annual household incomes in excess of $75,000.

Exhibit 3.15 shows that overnight heritage travelers were more likely (by six percentage points) to be married than overnight non-heritage travelers. Despite being more likely to be retirement age, overnight heritage travelers also were more likely to have a child present in the household. These results suggest that heritage travelers may well have larger travel parties—a finding that is confirmed in later data.

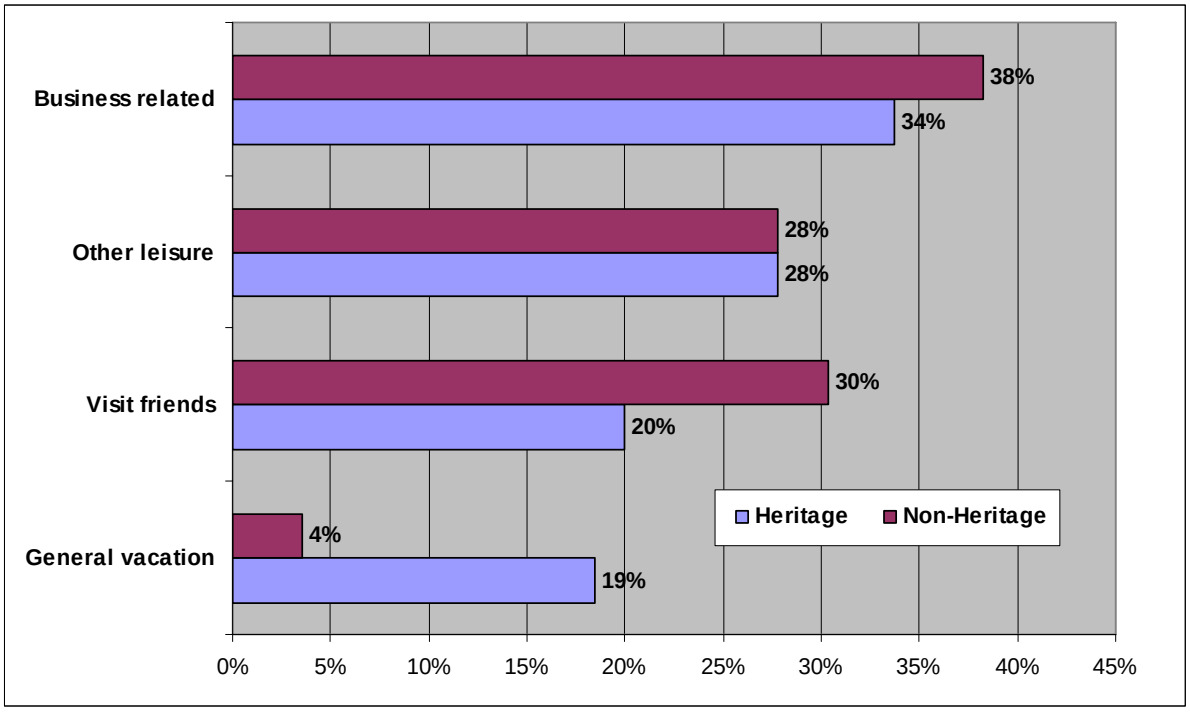
Characteristics of Nebraska Heritage Trips

The Travelscope data provide detailed information about the purpose, length of stay, distance traveled, and expenditure of overnight heritage travelers, in comparison to other Nebraska travelers. These trip characteristics are detailed in the following figures. Details on these data, including trip characteristic data for day-trippers, are presented in a table in Appendix B.

Exhibit 3.16 presents Travelscope data on the primary trip purpose of Nebraska travelers. There are several differences in the primary purpose of heritage versus non-heritage trips. Notably, overnight heritage travelers were far less likely to report visiting family and friends than were overnight non-heritage travelers. The flip side of that is that a much larger share of overnight heritage travelers reported visiting Nebraska as part of a general vacation. This distinction has major implications for expanding heritage tourism within the state. Most tourists are lured to Nebraska by an offer to visit family and friends and, subsequently, visit Nebraska attractions as part of their trip. Such vacation travelers have much more flexibility in their choice of destinations. Exhibit 3.16 indicates that most (54 percent) overnight heritage travelers visited family and friends (20 percent) or were on business-related travel (34 percent).

Overnight heritage travelers were more likely to be making a leisure trip in Nebraska due to the state's attractions rather than to visit friends or relatives. Overnight heritage travelers also travel farther than other overnight non-heritage travelers. Exhibit 3.17 shows that the average distance traveled by heritage visitors is 500 miles versus 380 miles for non-heritage overnight travelers.

EXHIBIT 3.16
Primary Trip Purpose of Heritage and Non-Heritage Overnight Travelers in Nebraska, 2003-2005



Source: TIA Travelscope/DK Shifflets

EXHIBIT 3.17
Characteristics of Heritage vs. Non-Heritage Overnight Tourists in Nebraska, 2003-2005

	Non-Heritage Travelers	Heritage Travelers	Heritage Travelers as % of Non-Heritage
Mean Stay (days)	3.4	5.1	150
Mean Travelers/Party	2.1	2.3	110
Mean Trip Expenses	$368	$908	247
Mean Distance (mi.)	380	500	132
Travelers Earning Over $75,000/Year	34%	36%	---
Travelers Holding Postgraduate Degree	13.6%	15.7%	---

Source: TIA Travelscope/DK Shifflets

Vacationers traveling further typically also stay longer in their destination. This is evident from Exhibit 3.17, which shows the average length of stay for overnight trips. The average overnight heritage trip lasts 5.1 days versus 3.4 days for other overnight trips in Nebraska. By contrast, the average travel party size is similar for heritage and non-heritage travelers.

As noted earlier, overnight heritage travelers, on average, come from farther away, stay longer, and are less likely to visit with (and stay with) family and friends. One implication is that overnight heritage travelers are more likely to stay in a lodging facility than are overnight non-heritage travelers in Nebraska. This expectation is confirmed in spending figures from the Travelscope survey (see Exhibit 3.17). There was a substantial difference between the spending of overnight heritage travelers versus overnight non-heritage travelers. Over the entire trip, overnight heritage travelers spent an average of $908 versus $368 for non-heritage travelers. This difference in part would be explained by the longer duration of heritage trips versus non-heritage trips. Spending is also higher for overnight heritage travelers on a per-day basis; the average expenditure per day of overnight heritage travel parties is $178, compared with $108 among overnight non-heritage travel parties.

Exhibit 3.18 shows the origin of heritage and non-heritage travelers by state. The exhibit reveals that a substantial share of overnight travelers in Nebraska come from out of state. Specifically, just about 82 percent of overnight heritage travelers in Nebraska and 60 percent of the state's non-heritage travelers are from outside of the state. Moreover, the state's heritage travelers tend to be concentrated in a smaller set of states. This suggests that efforts to market the state's heritage sites could be effective with selective market targeting.

Economic Impact

A summary of what has been covered to this point in the chapter reveals that the economic effects of heritage tourism on Nebraska are substantial. In 2005 there were 546,000 overnight person-trips by travelers to Nebraska. The vast majority (82 percent) of overnight heritage travelers were from outside of the State of Nebraska. This bodes well for the state since it means that heritage travelers are more apt to bring money into the state, essentially meaning that heritage travel imports cash into the Nebraska economy. Overnight heritage travelers also committed to longer stays in the state—50 percent longer than those made by non-heritage travelers. Moreover, overnight heritage travel parties spent $908 per household during their stay. Given an average of 2.3 persons per travel party, this suggests $436 in spending per person-trip by heritage travelers.

In Exhibit 3.19, the average annual spending of overnight heritage travelers is calculated. The 546,000 overnight person-trips are multiplied by $436 in spending to yield an annual estimate of $238.1 million in annual spending by overnight heritage travelers. This table excludes additional spending on the part of heritage day-trip travelers.

This is a substantial amount of economic activity, nearly one-quarter of a billion dollars! Further, much of this spending can be directly credited to heritage tourism opportunities in Nebraska. Moreover, the vast majority of heritage travelers come from outside of the state, and many from throughout the United States rather than neighboring states such as Iowa or Kansas. Spending by out-of-state visitors is money the state clearly would otherwise not retain, unlike expenditures by

EXHIBIT 3.18
Main Origins of Nebraska's Overnight Heritage and Non-Heritage Travelers

State	Heritage (percent)	Non-Heritage (percent)
Nebraska	18.2	39.6
Iowa	17.3	12.0
Colorado	9.8	7.3
Kansas	9.2	6.8
California	8.7	4.2
Minnesota	7.3	2.4
Missouri	4.4	3.6
Georgia	3.7	0.9
Illinois	2.8	2.0
South Dakota	2.4	2.8
Florida	1.9	0.9
Connecticut	1.5	0.0
Texas	1.5	2.6
Indiana	1.4	0.8
Pennsylvania	1.3	0.1
Michigan	1.1	0.5
Wisconsin	1.0	1.1
Oklahoma	0.9	1.1
New York	0.9	1.0
Wyoming	0.6	1.2
Arizona	0.1	1.0
Other	4.0	8.1

Source: TIA Travelscope/DK Shifflets

Nebraska residents. In the parlance of economists, this inflow of out-of-state cash represents final demand spending for the Nebraska economy. In the absence of undertaking in-state travel, Nebraska-based heritage travelers may well have spent their funds visiting other types of Nebraska attractions or other types of entertainment and recreation within the state. Such scenarios are much less likely for out-of-state travelers. As indicated in Exhibit 3.19, the state maintains 82 percent of the $238.1 million annual expenditure as potentially driven by heritage tourism opportunities in the state. Of the 82 percent, many were attracted to Nebraska primarily for leisure purposes, listed as general vacation or other leisure in Exhibit 3.16. That is, they did not come to the state mostly to visit family or friends, for example. For these visitors, it would be appropriate to attribute their expenditure to heritage travel. These represent 46 percent of the out-of-state travelers who participated in heritage travel. Thus, $89.8 million in overnight traveler expenditure in Nebraska each year can be credited to heritage tourism.

EXHIBIT 3.19
Calculations to Estimate Spending by Overnight Travelers in Nebraska Credited to Heritage Tourism

Description of Step	Estimate
A. Total Annual Expenditure of Overnight Travelers Who Participate in Heritage Tourism	
Annual heritage overnight person-trips (2005)	546,000
Annual spending per overnight heritage person-trip	x $436
Annual expenditure of overnight heritage person-trips	$238,056,000
B. Annual Expenditure By Overnight Heritage Travelers From Outside of Nebraska	
Annual expenditure of overnight heritage person-trips	$238,056,000
Share from out-of-state	x 82%
Annual expenditure by overnight heritage travelers from outside Nebraska	$195,206,000
C. Expenditure from Overnight Person-Trips to be Fully Credited to Heritage Tourism	
Annual expenditure by overnight heritage travelers from outside Nebraska	$195,206,000
Share in Nebraska for leisure travel, but not to visit friends or family	x 46%
Expenditure from overnight person-trips fully credited to heritage tourism	$89,795,000
D. Expenditure from Extension of Overnight Person-Trips Credited to Heritage Tourism	
Annual expenditure by overnight heritage travelers from outside Nebraska	$195,206,000
Share in Nebraska for business travel, or to visit friends or family	x 54%
Share of expenditure resulting from extension of person-trips	x 10%
Expenditure from extended person-trips credited to heritage tourism	$10,541,000
E. Total Annual Expenditure Credited to Heritage Tourism (C+D)	**$100,336,000**

Source: University of Nebraska-Lincoln Bureau of Business Research estimate.

The remaining 54 percent of out of-state visitors who visited heritage sites are not credited to heritage tourism, since they had other motivations for traveling to Nebraska. As noted earlier in Exhibit 3.16, about one-third (34 percent) of visitors who participated in heritage travel came to Nebraska for the purpose of business travel. Their expenditures in Nebraska are due to business considerations rather than heritage tourism. Another 20 percent of travelers have family ties to Nebraska. These travelers are coming to Nebraska primarily to visit these friends or family. Much of their expenditure is tied to this purpose rather than to heritage tourism. While it is difficult to attribute the purpose of their trip to heritage tourism, it is likely that these visitors tended to extend their stays in Nebraska due to heritage opportunities in the state. National data gathered as part of the Travel Industry Association (TIA) study *The Historic/Cultural Traveler* indicated that 40 percent of history/cultural visitors extended their stays to engage in heritage or cultural tourism. Those 40 percent extended their visits by an average of 1.25 days. This suggests that on average, heritage visitors (including those who do not extend visits at all) extended their stay by 0.5 days (0.40 x 1.25). As noted in Exhibit 3.17, the average heritage trip lasts 5.1 days. This implies that out-of-state visitors who visit friends and family spend about 10 percent more as a result of extending their stay to take part in Nebraska's heritage activities. This 10 percent figure is applied in Exhibit 3.19 to yield an additional $10.5 million in heritage travel expenditure that can be credited to heritage attractions in Nebraska.

In summary, the adjustments suggested in the preceding paragraphs mean that the approximately $100.4 million in annual expenditure can be fully credited to heritage tourism in Nebraska. In part this is because Nebraska heritage travelers take, on average, 50 percent longer trips than non-heritage travelers (5.1 versus 3.4 days), travel in larger groups (2.3 versus 2.1 individuals per party), spend nearly two-and-a-half times as much per trip ($908 versus $368), and travel significantly longer to reach their destination (500 versus 380 miles) (Exhibit 3-17). Some of the above can be attributed to the fact that heritage travelers are slightly more likely to earn over $75,000 per year (36 percent versus 34 percent) and to hold postgraduate college degrees (15.7 percent versus 13.6 percent).

TOTAL ANNUAL IMPACTS FROM HERITAGE TOURISM

The following section translates the $100.3 million annual Nebraska heritage travel-attributed direct spending into total economic benefits by applying the Preservation Economic Impact Model (PEIM). An overview of the results is contained in Exhibit 3.20.

EXHIBIT 3.20
Total Economic Impacts of Annual Nebraska Heritage Tourism Spending ($100.3 million)

	In Nebraska	Outside Nebraska	Total (U.S.)
Jobs (person-years)	2,446	378	2,824
Income ($ millions)	36.4	11.3	47.7
Output ($ millions)	116.1	46.1	162.2
GDP/GSP[a] ($ millions)	55.6	21.6	77.2
Total taxes ($ millions)	11.3	14.9	26.2
Federal ($ millions)	5.7	0.6	6.3
State/Local ($ millions)	5.6	14.3	19.9
In-state wealth ($ millions) (GSP minus federal taxes)	49.9	--	--

[a]GDP/GSP = Gross Domestic Product/Gross State Product.

Nationally, the total national economic impacts from an annual $100.3 million in heritage tourism spending include $162 million in output, 2,824 jobs, $48 million in earned income, and $77 million in GDP. For Nebraska in particular, this translates to an additional $116 million in output, 2,446 jobs, $36 million in earned income, and $56 million in GSP. Subtracting federal taxes from the GSP figure means that in-state wealth derived from heritage tourism amounts to $50 million. Of the total 2,824 jobs generated nationwide by Nebraska heritage tourism, the bulk are in three major industries: retail trade (1,507 jobs), services (826 jobs), and manufacturing (165 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 $47.7 million in labor income generated, these same three industries account for $16.9 million, $14.1 million, and $6.3 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 $11,185 for retail trade, $17,047 for services, and $38,090 for manufacturing. Because of Nebraska heritage tourism's emphasis in retail trade and services, the nation's average labor income per job supporting the tourism is $16,902. This figure is substantially lower than the $37,718 national average income per job supporting the state's historic building rehabilitation since that requires many more high-paying construction jobs.

The dichotomy in job quality is even starker between jobs created indirectly and directly by Nebraska heritage tourism. Items 1 and 2 in Section II of Exhibit 3.21 reveal that indirectly created jobs pay on average $25,327, while jobs created directly pay on average $13,560—a difference of $11,767 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 shows that of the 826 jobs created in service industries, about 53 percent (438 jobs) are in the hotels/lodging category. Further, about 84 percent of the 1,507 retail jobs created through Nebraska heritage tourism are in eating/drinking establishments (1,260 jobs). These two industries are notorious 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.

An evaluation of job productivity (GDP per job) reveals an even larger gap of $22,427 ($43,379 versus $20,952) between indirect and direct jobs supporting Nebraska 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 than for historic building rehabilitation. It also causes the national employment multiplier to be quite low.

Which helps the national economy more on average, $1 million in heritage tourism spending or $1 million in historic building rehabilitation? The last exhibit in each section 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 3.23 and 3.24 present the total economic effects of Nebraska heritage tourism spending within the state. Item 1 in Section II of Exhibit 3.23 shows that Nebraska retains about 1,959 or 97 percent, of the total direct jobs (2022) created in support of heritage tourism. This percentage is higher than the 73 percent job retention rate for historic building rehabilitation. Nebraska retains a lower proportion of the indirect and induced heritage tourism employment impacts—only about 61 percent (487 of 802 jobs).

In sum, through heritage tourism Nebraska gains 2,446 jobs (87 percent of 2,824 jobs total), $36.4 million in income (76 percent of $47.7 million total), $116.1 million in output (72 percent of $162.2 million total), and $49.9 million in wealth (72 percent of $77.2 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 3.20 and 3.21). Thus, the economic benefits of heritage tourism that accrue to Nebraska are concentrated in the direct effects.

Finer-grained detail of state impacts by industry (Exhibit 3.24) are also available and reflect concentrations similar to those noted at the national level. Of the 2,446 total state-level jobs derived from heritage tourism, most are to be found in eating/drinking establishments (1,237 jobs) and hotels/lodging (428 jobs). Of the total $36.4 million generated in annual income, the eating/drinking and hotels/lodging industries garner $13.3 million and $6.6 million, respectively. The eating/drinking and hotels/lodging industries also comprise $17.5 million and $11.5 million, respectively, of the total $55.6 million increase in GSP (Exhibit 3.23).

EXHIBIT 3.21
Annual National Economic and Tax Impacts of
Nebraska Heritage Tourism Spending ($100.3 million)

	Economic Component			
	Output (000$)	**Employment (jobs)**	**Income (000$)**	**Gross Domestic Product (000$)**
I. TOTAL EFFECTS (Direct and Indirect/Induced)				
Private				
1. Agriculture	3,059.2	18	179.1	517.1
2. Agri. Serv., Forestry, & Fish	233.2	6	100.6	209.9
3. Mining	974.5	5	177.4	226.9
4. Construction	2,960.6	20	673.3	1,166.1
5. Manufacturing	30,882.1	165	6,284.7	13,796.5
6. Transport. & Public Utilities	9,332.7	68	2,409.9	3,946.4
7. Wholesale	6,627.8	68	2,695.2	3,351.5
8. Retail Trade	48,391.8	1,507	16,855.2	23,053.9
9. Finance, Ins., & Real Estate	14,582.2	131	3,973.4	9,460.4
10. Services	44,165.8	826	14,081.0	20,955.9
Private Subtotal	161,209.8	2,817	47,429.8	76,684.5
Public				
11. Government	993.5	7	301.2	471.5
Total Effects (Private and Public)	162,203.3	2,824	47,730.9	77,156.0
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	88,292.5	2,022	27,418.5	42,365.7
2. Indirect and Induced Effects	73,910.8	802	20,312.5	34,790.3
3. Total Effects	162,203.3	2,824	47,730.9	77,156.0
4. Multipliers (3/1)	1.837	1.397	1.741	1.821
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages--Net of Taxes				46,021.5
2. Taxes				26,209.8
a. Local/State				11,198.5
b. Federal				8,744.4
General				6,266.9
Social Security				2,186.2
Federal Subtotal				4,080.6
c. Total taxes (2a+2b)				19,942.9
3. Profits, dividends, rents, and other				4,924.6
4. Total Gross State Product (1+2+3)				77,156.0
IV. TAX ACCOUNTS	**Business**	**Household**	**Total**	
1. Income --Net of Taxes	46,021.5	38,060.0	---------	
2. Taxes	26,209.8	7,741.8	33,951.6	
a. Local	11,198.5	923.0	12,121.5	
b. State	8,744.4	952.7	9,697.1	
c. Federal	6,266.9	5,866.2	12,133.0	
General	2,186.2	5,866.2	8,052.4	
Social Security	4,080.6	0.0	4,080.6	
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				
Employment (Jobs)				28.1
Income				475,711
Local/State Taxes				217,455
Gross State Product				768,976
INITIAL EXPENDITURE IN DOLLARS				100,336,000

EXHIBIT 3.22
Annual National Economic Impacts (Industry Detail) of Nebraska Heritage Tourism Spending ($100.3 million)

	Industry Component			
	Output ($000)	**(jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Agriculture	**3,059.2**	**18**	**179.1**	**517.1**
Dairy Farm Products	622.3	4	37.2	63.3
Eggs	14.9	0	0.7	1.6
Meat Animals	1,473.3	4	65.9	157.8
Misc. Livestock	11.7	0	1.0	2.3
Wool	3.7	0	0.3	0.7
Cotton	9.7	0	1.0	2.7
Tobacco	0.9	0	0.1	0.3
Grains & Misc. Crops	90.3	0	2.2	29.2
Feed Crops	353.9	0	7.7	105.7
Fruits & Nuts	271.9	7	45.7	78.2
Vegetables	50.0	3	6.3	17.2
Greenhouse & Nursery Products	30.4	0	5.7	15.0
Sugar Beets & Cane	39.9	0	0.9	16.5
Flaxseed, Peanuts, Soybean, Sunflower	86.3	0	4.5	26.7
Agri. Serv., Forestry, & Fish	**233.2**	**6**	**100.6**	**209.9**
Agri. Services (07)	168.0	6	86.5	151.2
Forestry (08)	17.0	0	1.5	15.3
Fishing, Hunting, & Trapping (09)	48.3	0	12.7	43.4
Mining	**974.5**	**5**	**177.4**	**226.9**
Coal Mining (12)	234.7	2	73.0	1.8
Oil & Gas Extraction (13)	710.0	3	95.2	208.3
Nonmetal Min.-Ex. Fuels (14)	22.1	0	7.2	10.6
Metal Mining (10)	7.6	0	2.0	6.1
Construction	**2,960.6**	**20**	**673.3**	**1,166.1**
General Bldg. Contractors (15)	902.4	9	282.0	439.6
Heavy Const. Contractors (16)	202.4	2	95.2	121.7
Special Trade Contractors (17)	1,855.8	9	296.1	604.8
Manufacturing	**30,882.1**	**165**	**6,284.7**	**13,796.5**
Food & Kindred Prod. (20)	9,917.8	35	1,399.1	2,332.2
Tobacco Manufactures (21)	211.3	0	18.5	186.4
Textile Mill Prod. (22)	517.8	5	128.9	343.6
Apparel & Other Prod. (23)	1,077.8	13	301.3	426.4
Lumber & Wood Prod. (24)	342.2	3	79.4	108.6
Furniture & Fixtures (25)	254.9	4	75.6	102.8
Paper & Allied Prod. (26)	996.6	5	219.1	430.2
Chemicals & Allied Prod. (28)	2,837.7	10	477.1	2,434.3

EXHIBIT 3.22 (continued)
Annual National Economic Impacts (Industry Detail)
of Nebraska Heritage Tourism Spending ($100.3 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Petroleum & Coal Prod. (29)	3,141.1	2	156.8	2,206.4
Rubber & Misc. Plastics (30)	785.1	7	219.4	369.7
Leather & Leather Prod. (31)	187.2	3	50.6	168.5
Stone, Clay, & Glass (32)	315.8	3	101.0	150.7
Primary Metal Prod. (33)	322.1	1	69.2	139.4
Fabricated Metal Prod. (34)	730.5	5	203.0	280.4
Machinery, Except Elec. (35)	477.4	4	151.6	185.6
Electric & Elec. Equip. (36)	907.6	5	230.0	408.1
Transportation Equipment (37)	1,768.1	6	291.7	704.6
Instruments & Rel. Prod. (38)	681.4	3	160.7	476.6
Misc. Manufacturing Ind's. (39)	3,665.2	35	1,405.9	1,519.5
Printing & Publishing (27)	1,744.6	16	545.6	822.4
Transport. & Public Utilities	**9,332.7**	**68**	**2,409.9**	**3,946.4**
Railroad Transportation (40)	230.9	1	95.7	207.8
Local Pass. Transit (41)	1,003.5	26	433.1	567.3
Trucking & Warehousing (42)	1,450.1	22	715.9	1,240.9
Water Transportation (44)	188.5	2	54.6	98.3
Transportation by Air (45)	368.1	3	128.1	199.3
Pipe Lines-Ex. Nat. Gas (46)	29.0	0	3.1	24.9
Transportation Services (47)	194.5	2	73.8	78.3
Communication (48)	2,250.0	10	466.1	979.4
Elec., Gas, & Sanitary Serv. (49)	3,618.1	2	439.4	550.1
Wholesale	**6,627.8**	**68**	**2,695.2**	**3,351.5**
Wholesale-Durable Goods (50)	3,957.2	42	1,609.2	2,001.1
Wholesale-Nondurable Goods (51)	2,670.6	26	1,086.0	1,350.4
Retail Trade	**48,391.8**	**1,507**	**16,855.2**	**23,053.9**
Bldg. Mat.-Garden Supply (52)	374.1	9	162.5	231.6
General Merch. Stores (53)	1,735.4	54	625.7	1,074.4
Food Stores (54)	1,043.4	35	406.8	646.0
Auto. Dealers-Serv. Stat. (55)	1,768.2	25	464.9	1,094.7
Apparel & Access. Stores (56)	534.6	24	251.1	331.0
Furniture & Home Furnish. (57)	184.1	5	86.0	114.0
Eating & Drinking Places (58)	39,981.4	1,260	13,591.0	17,846.9
Miscellaneous Retail (59)	2,770.7	95	1,267.2	1,715.4
Finance, Ins., & Real Estate	**14,582.2**	**131**	**3,973.4**	**9,460.4**
Banking (60)	1,492.5	12	393.9	837.2
Nondep. Credit Institut. (61)	2,427.7	37	1,271.6	1,149.6

EXHIBIT 3.22 (continued)
Annual National Economic Impacts (Industry Detail)
of Nebraska Heritage Tourism Spending ($100.3 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Security, Comm. Brokers (62)	383.3	3	188.4	204.9
Insurance Carriers (63)	1,967.2	17	791.6	1,506.1
Ins. Agents, Brokers (64)	487.4	7	187.7	221.3
Real Estate (65)	6,943.9	47	679.1	5,144.7
Holding and Invest. Off. (67)	880.2	8	461.0	396.6
Services	**44,165.8**	**826**	**14,081.0**	**20,955.9**
Hotels & Other Lodging (70)	24,188.9	438	6,700.8	11,787.5
Personal Services (72)	2,055.1	56	751.6	841.8
Business Services (73)	3,141.3	51	1,355.4	1,524.2
Auto Repair, Serv., Garages (75)	3,068.8	23	627.0	1,361.3
Misc. Repair Services (76)	824.0	15	311.6	380.3
Motion Pictures (78)	2,142.0	38	554.4	523.2
Amusement & Recreation (79)	3,878.3	119	1,430.1	2,178.2
Health Services (80)	1,363.6	21	713.7	750.1
Legal Services (81)	486.6	4	225.1	251.5
Educational Services (82)	312.9	9	160.0	180.1
Social Services (83)	211.1	6	107.1	107.1
Museums, Gardens & Mem. Orgs. (84, 86)	951.7	24	470.2	418.2
Engineer. & Manage. Serv. (87)	1,004.9	13	445.1	428.9
Private Households (88)	17.3	2	17.3	17.3
Miscellaneous Services (89)	519.2	8	211.9	206.2
Government	**993.5**	**7**	**301.2**	**471.5**
Total	**162,203.3**	**2,824**	**47,730.9**	**77,156.0**

Note: Detail may not sum to totals due to rounding.

EXHIBIT 3.23
Annual In-State Economic and Tax Impacts of
Nebraska Heritage Tourism Spending ($100.3 million)

	Economic Component			
	Output (000 $)	**Employment (jobs)**	**Income (000$)**	**Gross State Product (000$)**
I. TOTAL EFFECTS (Direct and Indirect/Induced)				
1. Agriculture	715.2	2	33.8	100.7
2. Agri. Serv., Forestry, & Fish	112.9	4	58.0	101.6
3. Mining	13.1	0	2.8	4.7
4. Construction	1,730.6	7	237.7	541.1
5. Manufacturing	5,784.8	31	1,156.0	1,834.6
6. Transport. & Public Utilities	4,945.1	37	1,290.7	2,028.1
7. Wholesale	4,985.6	52	2,027.4	2,521.1
8. Retail Trade	47,172.3	1,470	16,416.3	22,424.2
9. Finance, Ins., & Real Estate	10,039.8	89	2,550.2	6,649.4
10. Services	39,770.5	748	12,419.6	18,992.2
11. Government	820.6	6	248.1	385.8
Total Effects (Private and Public)	116,090.5	2,446	36,440.5	55,583.6
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	78,677.0	1,959	25,173.6	36,972.5
2. Indirect and Induced Effects	37,413.6	487	11,266.9	18,611.1
3. Total Effects	116,090.5	2,446	36,440.5	55,583.6
4. Multipliers (3/1)	1.476	1.249	1.448	1.503
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages--Net of Taxes				36,064.2
2. Taxes				11,301.1
a. Local				2,480.3
b. State				3,123.4
c. Federal				5,697.4
General				1,790.4
Social Security				3,907.0
3. Profits, dividends, rents, and other				8,218.3
4. Total Gross State Product (1+2+3)				55,583.6
IV. TAX ACCOUNTS		**Business**	**Household**	**Total**
1. Income --Net of Taxes		36,064.2	36,440.5	----------
2. Taxes		11,301.1	7,412.4	18,713.5
a. Local		2,480.3	883.7	3,364.0
b. State		3,123.4	912.1	4,035.5
c. Federal		5,697.4	5,616.5	11,314.0
General		1,790.4	5,616.5	7,407.0
Social Security		3,907.0	0.0	3,907.0
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				
Employment (Jobs)				24.4
Income				363,185
State Taxes				40,220
Local Taxes				33,527
Gross State Product				553,975
INITIAL EXPENDITURE IN DOLLARS				100,336,000

EXHIBIT 3.24
Annual In-State Economic Impacts (Industry Detail)
of Nebraska Heritage Tourism Spending ($100.3 million)

	Industry Component			
	Output ($000)	(jobs)	Income ($000)	Gross Domestic Product ($000)
Agriculture	**715.2**	**2**	**33.8**	**100.7**
Dairy Farm Products	191.7	1	11.5	19.5
Eggs	0.0	0	0.0	0.0
Meat Animals	405.8	1	17.9	43.0
Misc. Livestock	0.2	0	0.0	0.0
Wool	0.0	0	0.0	0.0
Cotton	0.0	0	0.0	0.0
Tobacco	0.0	0	0.0	0.0
Grains & Misc. Crops	25.4	0	0.6	8.2
Feed Crops	61.5	0	1.3	18.5
Fruits & Nuts	0.0	0	0.0	0.0
Vegetables	7.0	0	0.9	2.5
Greenhouse & Nursery Products	4.2	0	0.8	2.1
Sugar Beets & Cane	8.5	0	0.2	3.5
Flaxseed, Peanuts, Soybean, Sunflower	10.7	0	0.6	3.3
Agri. Serv., Forestry, & Fish	**112.9**	**4**	**58.0**	**101.6**
Agri. Services (07)	106.2	4	56.4	95.6
Forestry (08)	1.1	0	0.1	1.0
Fishing, Hunting, & Trapping (09)	5.5	0	1.5	5.0
Mining	**13.1**	**0**	**2.8**	**4.7**
Coal Mining (12)	0.3	0	0.1	0.0
Oil & Gas Extraction (13)	7.9	0	1.1	2.3
Nonmetal Min.-Ex. Fuels (14)	4.9	0	1.7	2.4
Metal Mining (10)	0.1	0	0.0	0.1
Construction	**1,730.6**	**7**	**237.7**	**541.1**
General Bldg. Contractors (15)	530.8	3	106.6	206.6
Heavy Const. Contractors (16)	71.9	1	30.1	40.0
Special Trade Contractors (17)	1,128.0	3	101.0	294.4
Manufacturing	**5,784.8**	**31**	**1,156.0**	**1,834.6**
Food & Kindred Prod. (20)	3,436.4	13	504.7	633.5
Tobacco Manufactures (21)	3.8	0	0.3	3.4
Textile Mill Prod. (22)	13.3	0	3.5	9.2
Apparel & Other Prod. (23)	77.1	1	20.1	30.9
Lumber & Wood Prod. (24)	108.5	1	26.6	34.1
Furniture & Fixtures (25)	47.5	0	12.6	18.7
Paper & Allied Prod. (26)	78.4	1	20.1	31.6
Chemicals & Allied Prod. (28)	353.2	1	65.6	311.8

EXHIBIT 3.24 (continued)
Annual In-State Economic Impacts (Industry Detail)
of Nebraska Heritage Tourism Spending ($100.3 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Petroleum & Coal Prod. (29)	1.7	0	0.3	1.5
Rubber & Misc. Plastics (30)	30.2	0	8.4	14.1
Leather & Leather Prod. (31)	2.6	0	0.6	2.4
Stone, Clay, & Glass (32)	77.3	1	23.9	36.2
Primary Metal Prod. (33)	16.2	0	3.7	7.2
Fabricated Metal Prod. (34)	154.3	1	43.2	62.9
Machinery, Except Elec. (35)	86.8	1	30.7	35.2
Electric & Elec. Equip. (36)	84.6	0	24.2	43.0
Transportation Equipment (37)	95.0	1	25.6	43.9
Instruments & Rel. Prod. (38)	131.1	1	31.9	91.4
Misc. Manufacturing Ind's. (39)	345.5	3	105.6	116.8
Printing & Publishing (27)	641.2	6	204.3	307.0
Transport. & Public Utilities	**4,945.1**	**37**	**1,290.7**	**2,028.1**
Railroad Transportation (40)	0.0	0	0.0	0.0
Local Pass. Transit (41)	522.6	14	225.6	295.4
Trucking & Warehousing (42)	790.4	13	418.8	673.3
Water Transportation (44)	0.4	0	0.2	0.3
Transportation by Air (45)	194.0	2	67.5	105.0
Pipe Lines-Ex. Nat. Gas (46)	3.1	0	0.3	2.7
Transportation Services (47)	127.7	2	48.5	52.1
Communication (48)	1,395.2	6	300.8	622.3
Elec., Gas, & Sanitary Serv. (49)	1,911.7	1	229.0	277.0
Wholesale	**4,985.6**	**52**	**2,027.4**	**2,521.1**
Wholesale-Durable Goods (50)	3,277.9	35	1,333.0	1,657.5
Wholesale-Nondurable Goods (51)	1,707.7	17	694.4	863.5
Retail Trade	**47,172.3**	**1,470**	**16,416.3**	**22,424.2**
Bldg. Mat.-Garden Supply (52)	337.8	8	146.7	209.1
General Merch. Stores (53)	1,659.9	52	598.5	1,027.7
Food Stores (54)	977.1	33	380.9	604.9
Auto. Dealers-Serv. Stat. (55)	1,652.1	24	434.1	1,022.8
Apparel & Access. Stores (56)	449.7	20	211.2	278.4
Furniture & Home Furnish. (57)	164.4	4	76.8	101.8
Eating & Drinking Places (58)	39,256.0	1,237	13,344.4	17,523.1
Miscellaneous Retail (59)	2,675.4	92	1,223.6	1,656.4
Finance, Ins., & Real Estate	**10,039.8**	**89**	**2,550.2**	**6,649.4**
Banking (60)	1,135.6	9	299.7	637.0
Nondep. Credit Institut. (61)	1,485.7	23	778.2	703.6

EXHIBIT 3.24 (continued)
Annual In-State Economic Impacts (Industry Detail)
of Nebraska Heritage Tourism Spending ($100.3 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Security, Comm. Brokers (62)	214.0	2	105.2	114.4
Insurance Carriers (63)	1,490.2	13	599.7	1,140.9
Ins. Agents, Brokers (64)	416.8	6	160.5	189.3
Real Estate (65)	5,089.1	34	497.7	3,770.4
Holding and Invest. Off. (67)	208.4	2	109.2	93.9
Services	**39,770.5**	**748**	**12,419.6**	**18,992.2**
Hotels & Other Lodging (70)	23,754.2	428	6,561.1	11,551.4
Personal Services (72)	1,686.0	46	615.7	682.1
Business Services (73)	2,140.8	37	955.7	1,048.0
Auto Repair, Serv., Garages (75)	2,887.0	21	577.9	1,277.9
Misc. Repair Services (76)	594.9	11	222.6	275.4
Motion Pictures (78)	1,445.3	26	362.6	363.5
Amusement & Recreation (79)	3,500.4	111	1,288.2	1,944.1
Health Services (80)	1,231.0	18	649.4	682.1
Legal Services (81)	326.6	3	151.1	168.8
Educational Services (82)	248.2	7	130.0	142.8
Social Services (83)	168.1	5	82.9	84.6
Museums, Gardens & Mem. Orgs. (84, 86)	623.2	17	313.9	276.8
Engineer. & Manage. Serv. (87)	770.3	10	338.5	328.8
Private Households (88)	15.6	1	15.6	15.6
Miscellaneous Services (89)	378.7	6	154.6	150.4
Government	**820.6**	**6**	**248.1**	**385.8**
Total	**116,090.5**	**2,446**	**36,440.5**	**55,583.6**

Note: Detail may not sum to totals due to rounding.

CHAPTER FOUR

STRUCTURE AND ECONOMIC IMPACTS OF THE NEBRASKA LIED MAIN STREET PROGRAM

INTRODUCTION AND SUMMARY

This chapter examines the contributions of the Nebraska Lied Main Street Program. It begins with an overview of the national Main Street effort. This is followed by a profile of the Nebraska Main Street initiative and details of its direct investment as well as its total economic impacts. The analysis is for fiscal year 2005-2006, which, when this study commenced, was the last annual period for which Nebraska Lied Main Street Program information was fully available. The results of the analysis are summarized below:

- Since its founding, the Nebraska Lied Main Street program has worked in 49 communities across the state. In 2007, Nebraska had sixteen communities participating at different levels. Beatrice (population 12,496), Burwell (1,100), Elkhorn (6,062), Fremont (25,000), Geneva (2,200), Grand Island (42,940), Lexington (10,000), McCook (7,994), Plattsmouth (6,880), Sidney (6,280), and Wayne (5,580) are designated communities that report economic activity to the state program. Five other communities participate in training and receive limited fee-based service but do not report: Alliance (8,597), Bassett (743), Hastings (24,000), Omaha (450,000), and York (8,081). A map of these towns is included at the end of this chapter as Exhibit 4.10.

- The Nebraska Lied Main Street Program resulted in the following last fiscal year:

EXHIBIT 4.1
Nebraska Lied Main Street Program, FY 2006-2007

Component	
Number of façade renovations, building rehab, new construction	47
Number of public improvement projects	5
Total projects	52
Number of new jobs	74
Number of new businesses	35
Number of volunteer hours	10,614
Total private investment	$9.39 mil.

- The total economic impacts from the $4.04 million spent annually (long-run average) include $6.9 million in output, 119 jobs (for an additional $2.6 million in income), and $3.8 million in GDP at the national level. Within Nebraska, this results in an additional $4.9 million in output, 103 jobs, $2 million in income, and $2.8 million in GSP. In sum, the in-state wealth effect amounts to $2.5 million. Main Street communities have predominantly small populations and even small results have a significant impact.

EXHIBIT 4.2
Total Economic Impacts of the Annual Net Nebraska Main Street Investment

	In Nebraska	Outside Nebraska	Total (U.S.)
Jobs (person-years)	103	16	119
Income ($million)	2.04	0.44	2.58
Output ($million)	4.89	2.02	6.91
GDP/GSP[a] ($million)	2.82	0.97	3.79
Total taxes ($million)	0.49	0.93	1.60
Federal ($million)	0.30	0.02	0.32
State/Local ($million)	0.19	1.09	1.28
In-state wealth ($million) (GSP minus federal taxes)	2.52	--	--

[a] GDP/GSP=Gross Domestic Product/Gross State Product.

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™. 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 are available. In the past 27 years, almost 2,000 communities 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.

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. From 1980 to 2005, the total amount of public and private reinvestment in Main Street communities has been $18.3 billion. According to NMSC, 244,543 new jobs have been created as well as 60,577 new businesses and 96,283 building rehabilitations. On average, for every $1 spent, $35.17 has been reinvested.

THE NEBRASKA LIED MAIN STREET PROGRAM

In a significant number of Nebraska cities, downtowns are in a serious state of decline. The automobile, suburban housing, rural decline, and the growth of local and regional shopping centers and "big box" stores have greatly reduced the traditional role of these communities' downtowns as the principal center of economic activity. Many government programs, such as urban renewal and various city beautification programs, have failed to halt the decline of Nebraska's main commercial centers.

The Nebraska Lied Main Street Program attempts to spur economic revitalization through historic preservation. It capitalizes on the unique character of the downtown coupled with direct development assistance such as technical support, design services and small business consultations. The Nebraska Lied Main Street Program, in existence since 1994, is based on the Main Street Four Point Approach of the NMSC. Its inception traces to a $350,000 start-up gift from the Lied Foundation Trust and the support of sponsoring agencies: the University of Nebraska's College of Architecture, the Nebraska Department of Economic Development, the Nebraska State Historical Society, and the Nebraska Department of Roads. The specific mission of the Nebraska Lied Main Street Program is to assist communities to economically and physically revitalize their downtowns.

DATA MAINTAINED BY THE NEBRASKA MAIN STREET PROGRAM

Every month, communities participating in a Main Street program are required to compile data (Reinvestment Summary Sheets), including a "Monthly Report." The Monthly Report is divided into five sections. The first section asks for feedback in the format known as the Main Street Four Point Approach™. The community must report on the month's accomplishments in organization, promotion, design, and economic restructuring. The second section asks the community to discuss any obstacles that the program has encountered. The third section requests a list of the previous month's completed meetings and the following month's planned meetings. Section four focuses on goals and methodology—what does the community plan to accomplish next month? The last section asks if the community has any questions or needs that it would like addressed by the Main Street Program staff.

The data includes new businesses that have opened and expansion or relocation of existing businesses to the Main Street District. If any business in the Main Street District closes, it is included in the Business Failures sheet. The Building Rehabilitation sheet records substantial building improvement projects. Since the purpose of these sheets is to track the work and progress of the local program, they are updated frequently. All of the sheets are maintained by the local Main Street manager.

EXHIBIT 4.3

MAIN STREET REINVESTMENT SUMMARY

City: _____ Dates: _____ to _____

Rehabilitation Projects Number of Buildings	**Rehabilitation Projects** Total Expenditures	**New Construction** Number of Buildings	**New Construction** Total Expenditures	**Buildings Sold** Number of Buildings
#1	#2	#3	#4	#5
Buildings Sold Total Expenditures	**Total Private Sector Reinvestment**	**Public/Private Joint Ventures** Number of Projects	**Public/Private Joint Ventures** Total Expenditures	**Grand Total**
#6	#7	#8	#9	#10
Total Business Starts, Relocations, and Expansions	**Net Gain in Business Starts, Relocations, and Expansions**	**Net Gain in Jobs Created**		
#11	#12	#13		

Key to Boxes in Exhibit 4.3

Box #1—the number of buildings that have had rehabilitation work completed since the beginning of the local Main Street program.

Box #2—the dollar ($$) amount that has been spent on the rehabilitation of downtown buildings since the beginning of the local Main Street program.

Box #3—the total number of new buildings built in the Central Business District/Main Street District since the beginning of the local Main Street program.

Box #4—the dollar ($$) amount spent on new construction of buildings in the Central Business District/Main Street District since the beginning of the local Main Street program.

Box #5—the number of buildings sold in the Central Business District/Main Street District since the beginning of the local Main Street program.

Box #6—the dollar ($$) amount spent on purchasing the buildings sold.

Box #7—the total private sector reinvestment figure. This dollar ($$) amount is obtained by adding the dollar ($$) amounts in boxes #2, #4, and #6.

Box #8—the total number of public/private projects, including all streetscapes, public buildings, and facilities in the Central Business District/Main Street District since the beginning of the local Main Street program.

Box #9—the total expenditures of public/private projects.

Box #10—add the total in box #7 ("total private sector projects) to obtain the "Grand Total" reinvestments.

Box #11—the total number of businesses that have opened/expanded in the Central Business District/Main Street District since the beginning of the local Main Street program.

Box #12—the net gain/loss in businesses, relocations, expansions, etc. in the Central Business District/Main Street District since the beginning of the local Main Street program. This figure is obtained by subtracting the total number of businesses failures/lost from the total number of new businesses.

Box #13—the net gain in jobs created in the Central Business District/Main Street District since the beginning of the local Main Street program. This figure is obtained by subtracting the total number of jobs lost through business failures from the total number of jobs created through business openings.

The Private Sector Reinvestment Summary Sheet, which builds from the Project Status Information Sheets, comprises seven categories, all of which contain cumulative totals reflecting results since the inception of the community's local Main Street Program. Twice a year the figures compiled in the Reinvestment Summary are included in an informational packet which the specific state Main Street Program distributes throughout the state and also submits to NMSC. The categories of data in the Reinvestment Summary are:

A. Rehabilitation
B. New Construction
C. Buildings Sold
D. Total Private Reinvestment
E. Public/Private Joint Ventures
F. Grand Total of Public- and Private-Sector Reinvestment
G. New Businesses and Jobs

Exhibit 4.3 contains the fields of data assembled in the Reinvestment Summary and details what these fields contain.

Of the databases mentioned above—Monthly Report and Reinvestment Summary—the latter contains the most complete information for ascertaining the overall economic impacts of the Main Street Program, encompassing both direct and multiplier effects. The reinvestment outcomes for Nebraska Lied Main Street are detailed in Exhibit 4.4 and are summarized below.

The most notable feature of this table is the fourth row, which indicates that, over the history of the Nebraska Lied Main Street Program, every dollar spent by the public sector generated nearly $16 in spending by the private sector, the likes of which are rarely seen in other fields of government investment. A small subsidy or grant by a local Main Street organization can generate significant dividends for a local community.

EXHIBIT 4.4
Nebraska Lied Main Street Program: Cumulative Reinvestment Statistics

	FY 1994-05	FY 2005-06	FY 2006-07
Grand total invested	$52,367,777	$2,541,409	$9,659,381
Total private investment (renovations, rehabilitations and new construction)	$49,268,021	$2,305,988	$9,386,488
Public improvement projects	$3,099,756	$235,421	$272,893
Total investment per $1 in public spending	$16.89	$10.80	$35.40
Net new businesses	383	25	35
Net new jobs	1,076	70	74

Source: Nebraska Lied Main Street Program

TOTAL ANNUAL IMPACTS FROM MAIN STREET PROGRAM ACTIVITY

Direct Impacts

The reinvestment results summarized above comprise the direct economic impacts of the Nebraska Lied Main Street Program as of FY2006-07. The PEIM translates the data into total economic benefits, including multiplier effects. A dollar investment in Main Street investments such as building rehabilitation and new construction has ripple effects throughout the economy. Building materials are bought by suppliers, suppliers then increase orders from manufacturers, households working at both the suppliers and manufacturers increase their spending for goods and services, and so on. It is this multitude of transactions that fuels the ripple, or multiplier, effects.

Data for all other chapters in this report rely upon data for the 2006 calendar year. Hence, we focus the analysis of the Nebraska Lied Main Street Program on its FY2005-06 investments rather than the more recent figures it reported for FY2006-07. This seems reasonable in light of the numbers reported in Figure 4.4, which show that FY2006-07 was truly an extraordinary year for the Nebraska Lied Main Street initiative! Meanwhile, FY2005-06 was more of a typical year for the state program, when it occasioned a total of $2.54 million in construction plus 70 net new jobs.

To put the FY2005-06 program statistics in proper perspective, however, it would be incorrect to input this value directly into the net jobs credited to Main Street since these may include employment associated with heritage tourism (e.g., a Nebraska heritage traveler visiting a Nebraska Main Street area and patronizing a store staffed by an employee credited to the Nebraska Lied Main Street Program). If no adjustment was made, double counting would occur. While we do not know the exact overlap between Nebraska Main Street jobs and jobs associated with Nebraska heritage tourism (the latter counted in Chapter Three), we estimate this overlap at roughly 10 percent. Therefore, to avoid double counting, we credit 70-75 percent of the Nebraska Main Street-generated jobs as net of the tourism-associated employment, or on average about 50 jobs annually (70 jobs x 72 percent). After adding the newly generated employment, we use the average miscellaneous retail salary (roughly $30,000/year) and add it to the existing direct effect value; hence, our overall expenditure for use in the Preservation Economic Impact Model is $4.04 million.

Overall Impacts

The next step is to translate the above-cited direct effects into total economic benefits by applying the PEIM. The total economic impacts of the Nebraska Lied Main Street Program investment just noted are summarized below and detailed in the tables on subsequent pages.

Nationally, the indirect and induced effects of Main Street investment create 36 more jobs, generating $0.9 million more in income and $1.5 million more in GDP in their support. As a consequence, the total economic impact—the national sum of the direct and indirect and induced effects—of Main Street investment is 119 jobs; $2.6 million in income; and $3.8 million in Gross Domestic Product. According to Exhibit 4.5, of the 119 jobs created annually, about 87 percent (103 jobs) are created within the state. Nebraska retains nearly all of the jobs (80 of 83) created directly by state-based Main Street activity. There is a slight tendency for the indirect and induced impacts of Nebraska Main Street activity to leak out of the state, a common finding among other states where these analyses have taken place.

EXHIBIT 4.5
Total Economic Impacts of the Annual Net Nebraska Main Street Investment

	In Nebraska	Outside Nebraska	Total (U.S.)
Jobs (person-years)	103	16	119
Income ($million)	2.04	0.44	2.58
Output ($million)	4.89	2.02	6.91
GDP/GSP[a] ($million)	2.82	0.97	3.79
Total taxes ($million)	0.49	0.93	1.60
Federal ($million)	0.30	0.02	0.32
State/Local ($million)	0.19	1.09	1.28
In-state wealth ($million) (GSP minus federal taxes)	2.52	--	--

[a] GDP/GSP=Gross Domestic Product/Gross State Product.

We can learn other interesting aspects of the impacts of Main Street investment by examining them by detailed industry (see Exhibits 4.7 and 4.9). For example, the largest number of in-state Nebraska jobs fostered by Main Street investment is in the retail sector (62 of 103 jobs). In turn, the greatest numbers of retail jobs are in apparel and accessory, eating and drinking establishments, food stores, and general merchandise stores, which generated 17, 15, 14, and 13 jobs, respectively.

In summary, the economic impacts estimated through the Preservation Economic Impact Models of the Nebraska and the U.S. economies reveal that while the annual Main Street activity in Nebraska generates modest employment and attendant income and production benefits, the overall impact on predominantly small communities in a sparsely populated state is significant.

EXHIBIT 4.6
Annual National Economic and Tax Impacts of
Nebraska Main Street Activity ($4.04 million)

	Economic Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross State Product ($000)**
I. TOTAL EFFECTS (Direct and Indirect/Induced)				
1. Agriculture	61.9	0	4.0	11.3
2. Agri. Serv., Forestry, & Fish	13.2	0	4.7	11.9
3. Mining	55.5	0	14.1	18.3
4. Construction	1,162.8	21	700.1	859.4
5. Manufacturing	1,896.4	12	460.7	874.2
6. Transport. & Public Utilities	383.5	2	96.8	177.2
7. Wholesale	276.8	3	112.5	139.9
8. Retail Trade	1,875.4	64	723.1	1,074.3
9. Finance, Ins., & Real Estate	522.3	5	182.7	319.5
10. Services	627.4	11	269.2	289.7
11. Government	31.9	0	9.7	15.2
Total Effects (Private and Public)	6,907.0	119	2,577.7	3,791.0
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	3,805.9	83	1,647.8	2,286.1
2. Indirect and Induced Effects	3,101.1	36	929.8	1,504.9
3. Total Effects	6,907.0	119	2,577.7	3,791.0
4. Multipliers (3/1)	1.815	1.436	1.564	1.658
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages–Net of Taxes				2,264.1
2. Taxes				1,595.7
a. Local				728.5
b. State				549.5
c. Federal				317.7
General				95.2
Social Security				222.5
3. Profits, dividends, rents, and other				-68.8
4. Total Gross State Product (1+2+3)				3,791.0
IV. TAX ACCOUNTS		**Business**	**Household**	**Total**
1. Income –Net of Taxes		2,264.1	2,075.4	
2. Taxes		1,595.7	422.2	2,017.8
a. Local		728.5	50.3	778.8
b. State		549.5	51.9	601.5
c. Federal		317.7	319.9	637.6
General		95.2	319.9	415.0
Social Security		222.5	0.0	222.5
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				
Employment (Jobs)				31.4
Income				677,263
State Taxes				158,038
Local Taxes				204,621
Gross State Product				996,073
INITIAL EXPENDITURE IN DOLLARS				4,041,409

EXHIBIT 4.7
Annual National Economic Impacts (Industry Detail) of Nebraska Main Street Activity ($4.04 million)

	Industry Component			
	Output ($000)	**(jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Agriculture	**61.9**	**0**	**4.0**	**11.3**
Dairy Farm Products	12.9	0	0.8	1.3
Eggs	0.1	0	0.0	0.0
Meat Animals	25.7	0	1.2	2.8
Misc. Livestock	0.2	0	0.0	0.0
Wool	0.1	0	0.0	0.0
Cotton	0.4	0	0.0	0.1
Tobacco	0.0	0	0.0	0.0
Grains & Misc. Crops	2.3	0	0.1	0.7
Feed Crops	7.1	0	0.2	2.1
Fruits & Nuts	8.1	0	1.4	2.3
Vegetables	0.8	0	0.1	0.3
Greenhouse & Nursery Products	1.4	0	0.3	0.7
Sugar Beets & Cane	0.8	0	0.0	0.3
Flaxseed, Peanuts, Soybean, Sunflower	1.9	0	0.1	0.6
Agri. Serv., Forestry, & Fish	**13.2**	**0**	**4.7**	**11.9**
Agri. Services (07)	7.9	0	4.1	7.1
Forestry (08)	4.6	0	0.4	4.2
Fishing, Hunting, & Trapping (09)	0.7	0	0.2	0.6
Mining	**55.5**	**0**	**14.1**	**18.3**
Coal Mining (12)	9.8	0	3.0	0.1
Oil & Gas Extraction (13)	22.3	0	3.0	6.5
Nonmetal Min.-Ex. Fuels (14)	22.1	0	7.7	10.6
Metal Mining (10)	1.3	0	0.4	1.1
Construction	**1,162.8**	**21**	**700.1**	**859.4**
General Bldg. Contractors (15)	541.4	9	304.0	381.8
Heavy Const. Contractors (16)	182.4	3	121.3	144.6
Special Trade Contractors (17)	438.9	9	274.8	333.0
Manufacturing	**1,896.4**	**12**	**460.7**	**874.2**
Food & Kindred Prod. (20)	183.7	1	25.6	41.6
Tobacco Manufactures (21)	7.8	0	0.7	6.8
Textile Mill Prod. (22)	49.6	0	9.7	30.8
Apparel & Other Prod. (23)	43.5	1	12.4	17.6
Lumber & Wood Prod. (24)	120.0	1	27.7	37.0
Furniture & Fixtures (25)	26.3	0	8.5	11.1
Paper & Allied Prod. (26)	37.4	0	8.3	16.3
Chemicals & Allied Prod. (28)	76.8	0	14.6	62.3

EXHIBIT 4.7 (continued)
Annual National Economic Impacts (Industry Detail)
of Nebraska Main Street Activity ($4.04 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Petroleum & Coal Prod. (29)	172.2	1	23.7	140.1
Rubber & Misc. Plastics (30)	71.5	1	19.8	33.6
Leather & Leather Prod. (31)	7.4	0	2.0	6.7
Stone, Clay, & Glass (32)	194.4	2	59.0	84.2
Primary Metal Prod. (33)	118.1	1	26.6	51.3
Fabricated Metal Prod. (34)	344.0	3	103.9	142.3
Machinery, Except Elec. (35)	111.8	1	36.7	43.5
Electric & Elec. Equip. (36)	147.5	1	37.8	65.9
Transportation Equipment (37)	90.7	0	14.0	36.5
Instruments & Rel. Prod. (38)	24.1	0	7.7	15.9
Misc. Manufacturing Ind's. (39)	16.4	0	4.8	5.5
Printing & Publishing (27)	53.2	1	17.0	25.3
Transport. & Public Utilities	**383.5**	**2**	**96.8**	**177.2**
Railroad Transportation (40)	18.1	0	7.5	16.3
Local Pass. Transit (41)	9.9	0	4.3	5.6
Trucking & Warehousing (42)	87.5	1	38.0	75.4
Water Transportation (44)	12.2	0	3.5	6.4
Transportation by Air (45)	17.4	0	6.1	9.4
Pipe Lines-Ex. Nat. Gas (46)	1.1	0	0.1	0.9
Transportation Services (47)	5.1	0	1.9	1.8
Communication (48)	89.7	0	18.5	39.2
Elec., Gas, & Sanitary Serv. (49)	142.5	0	16.9	22.1
Wholesale	**276.8**	**3**	**112.5**	**139.9**
Wholesale-Durable Goods (50)	101.2	1	41.2	51.2
Wholesale-Nondurable Goods (51)	175.6	2	71.4	88.8
Retail Trade	**1,875.4**	**64**	**723.1**	**1,074.3**
Bldg. Mat.-Garden Supply (52)	20.9	0	9.1	13.0
General Merch. Stores (53)	418.1	13	150.8	258.9
Food Stores (54)	411.8	14	160.6	255.0
Auto. Dealers-Serv. Stat. (55)	61.1	1	16.1	37.8
Apparel & Access. Stores (56)	395.5	18	185.7	244.9
Furniture & Home Furnish. (57)	10.3	0	4.8	6.3
Eating & Drinking Places (58)	502.5	16	170.8	224.3
Miscellaneous Retail (59)	55.2	2	25.2	34.2
Finance, Ins., & Real Estate	**522.3**	**5**	**182.7**	**319.5**
Banking (60)	66.6	1	17.6	37.3
Nondep. Credit Institut. (61)	124.3	2	65.1	58.8

EXHIBIT 4.7 (continued)
Annual National Economic Impacts (Industry Detail)
of Nebraska Main Street Activity ($4.04 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Security, Comm. Brokers (62)	19.1	0	9.4	10.2
Insurance Carriers (63)	108.1	1	43.5	82.8
Ins. Agents, Brokers (64)	26.7	0	10.3	12.1
Real Estate (65)	131.8	1	12.9	97.7
Holding and Invest. Off. (67)	45.8	0	24.0	20.6
Services	**627.4**	**11**	**269.2**	**289.7**
Hotels & Other Lodging (70)	25.6	1	8.2	13.9
Personal Services (72)	41.3	1	14.7	17.1
Business Services (73)	131.1	2	51.4	62.9
Auto Repair, Serv., Garages (75)	35.8	0	9.3	16.4
Misc. Repair Services (76)	22.1	0	8.5	10.1
Motion Pictures (78)	25.6	0	6.8	6.1
Amusement & Recreation (79)	20.0	1	7.4	12.8
Health Services (80)	40.8	1	22.2	22.6
Legal Services (81)	18.2	0	8.4	9.4
Educational Services (82)	17.1	0	8.7	9.9
Social Services (83)	9.8	0	4.8	4.9
Museums, Gardens & Mem. Orgs. (84, 86)	42.3	1	22.1	19.6
Engineer. & Manage. Serv. (87)	174.8	2	86.6	74.2
Private Households (88)	0.9	0	0.9	0.9
Miscellaneous Services (89)	21.9	0	8.9	8.7
Government	**31.9**	**0**	**9.7**	**15.2**
Total	**6,907.0**	**119**	**2,577.7**	**3,791.0**

Note: Detail may not sum to totals due to rounding.

EXHIBIT 4.8
Annual In-State Economic and Tax Impacts of Nebraska Main Street Activity ($4.04 million)

	Economic Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross State Product ($000)**
I. TOTAL EFFECTS (Direct and Indirect/Induced)				
1. Agriculture	14.3	0	0.7	2.1
2. Agri. Serv., Forestry, & Fish	6.9	0	3.4	6.2
3. Mining	11.6	0	4.1	5.5
4. Construction	1,123.6	20	685.7	839.0
5. Manufacturing	650.4	5	178.3	267.8
6. Transport. & Public Utilities	211.2	1	52.8	91.3
7. Wholesale	201.2	2	81.8	101.8
8. Retail Trade	1,821.7	62	703.7	1,046.6
9. Finance, Ins., & Real Estate	369.6	4	120.5	232.8
10. Services	454.7	8	201.9	211.2
11. Government	26.0	0	7.9	12.3
Total Effects (Private and Public)	4,891.3	103	2,040.9	2,816.7
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	3,328.8	80	1,520.7	2,032.8
2. Indirect and Induced Effects	1,562.4	23	520.2	783.9
3. Total Effects	4,891.3	103	2,040.9	2,816.7
4. Multipliers (3/1)	1.469	1.283	1.342	1.386
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages–Net of Taxes				1,778.0
2. Taxes				484.0
a. Local				63.6
b. State				122.4
c. Federal				298.0
General				79.2
Social Security				218.8
3. Profits, dividends, rents, and other				554.7
4. Total Gross State Product (1+2+3)				2,816.7
IV. TAX ACCOUNTS		**Business**	**Household**	**Total**
1. Income –Net of Taxes		1,778.0	2,040.9	---------
2. Taxes		484.0	415.1	899.1
a. Local		63.6	49.5	113.1
b. State		122.4	51.1	173.5
c. Federal		298.0	314.6	612.6
General		79.2	314.6	393.7
Social Security		218.8	0.0	218.8
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				
Employment (Jobs)				25.4
Income				504,994
State Taxes				42,925
Local Taxes				27,981
Gross State Product				696,966
INITIAL EXPENDITURE IN DOLLARS				4,041,409

EXHIBIT 4.9
Annual In-State Economic Impacts (Industry Detail) of Nebraska Main Street Activity ($4.04 million)

	Industry Component			
	Output ($000)	(jobs)	Income ($000)	Gross Domestic Product ($000)
Agriculture	**14.3**	**0**	**0.7**	**2.1**
Dairy Farm Products	4.3	0	0.3	0.4
Eggs	0.0	0	0.0	0.0
Meat Animals	7.2	0	0.3	0.8
Misc. Livestock	0.0	0	0.0	0.0
Wool	0.0	0	0.0	0.0
Cotton	0.0	0	0.0	0.0
Tobacco	0.0	0	0.0	0.0
Grains & Misc. Crops	0.7	0	0.0	0.2
Feed Crops	1.3	0	0.0	0.4
Fruits & Nuts	0.0	0	0.0	0.0
Vegetables	0.1	0	0.0	0.0
Greenhouse & Nursery Products	0.2	0	0.0	0.1
Sugar Beets & Cane	0.2	0	0.0	0.1
Flaxseed, Peanuts, Soybean, Sunflower	0.2	0	0.0	0.1
Agri. Serv., Forestry, & Fish	**6.9**	**0**	**3.4**	**6.2**
Agri. Services (07)	6.3	0	3.4	5.7
Forestry (08)	0.6	0	0.0	0.5
Fishing, Hunting, & Trapping (09)	0.1	0	0.0	0.1
Mining	**11.6**	**0**	**4.1**	**5.5**
Coal Mining (12)	0.0	0	0.0	0.0
Oil & Gas Extraction (13)	0.4	0	0.1	0.1
Nonmetal Min.-Ex. Fuels (14)	11.1	0	4.0	5.4
Metal Mining (10)	0.1	0	0.0	0.0
Construction	**1,123.6**	**20**	**685.7**	**839.0**
General Bldg. Contractors (15)	529.1	9	297.9	373.8
Heavy Const. Contractors (16)	178.6	3	119.3	142.1
Special Trade Contractors (17)	415.9	8	268.6	323.1
Manufacturing	**650.4**	**5**	**178.3**	**267.8**
Food & Kindred Prod. (20)	65.3	0	9.2	12.0
Tobacco Manufactures (21)	0.1	0	0.0	0.1
Textile Mill Prod. (22)	0.8	0	0.2	0.6
Apparel & Other Prod. (23)	4.7	0	1.4	2.1
Lumber & Wood Prod. (24)	53.7	0	13.2	16.3
Furniture & Fixtures (25)	13.3	0	4.5	5.8
Paper & Allied Prod. (26)	4.8	0	1.2	2.0
Chemicals & Allied Prod. (28)	9.3	0	1.8	7.9

EXHIBIT 4.9 (continued)
Annual In-State Economic Impacts (Industry Detail)
of Nebraska Main Street Activity ($4.04 million)

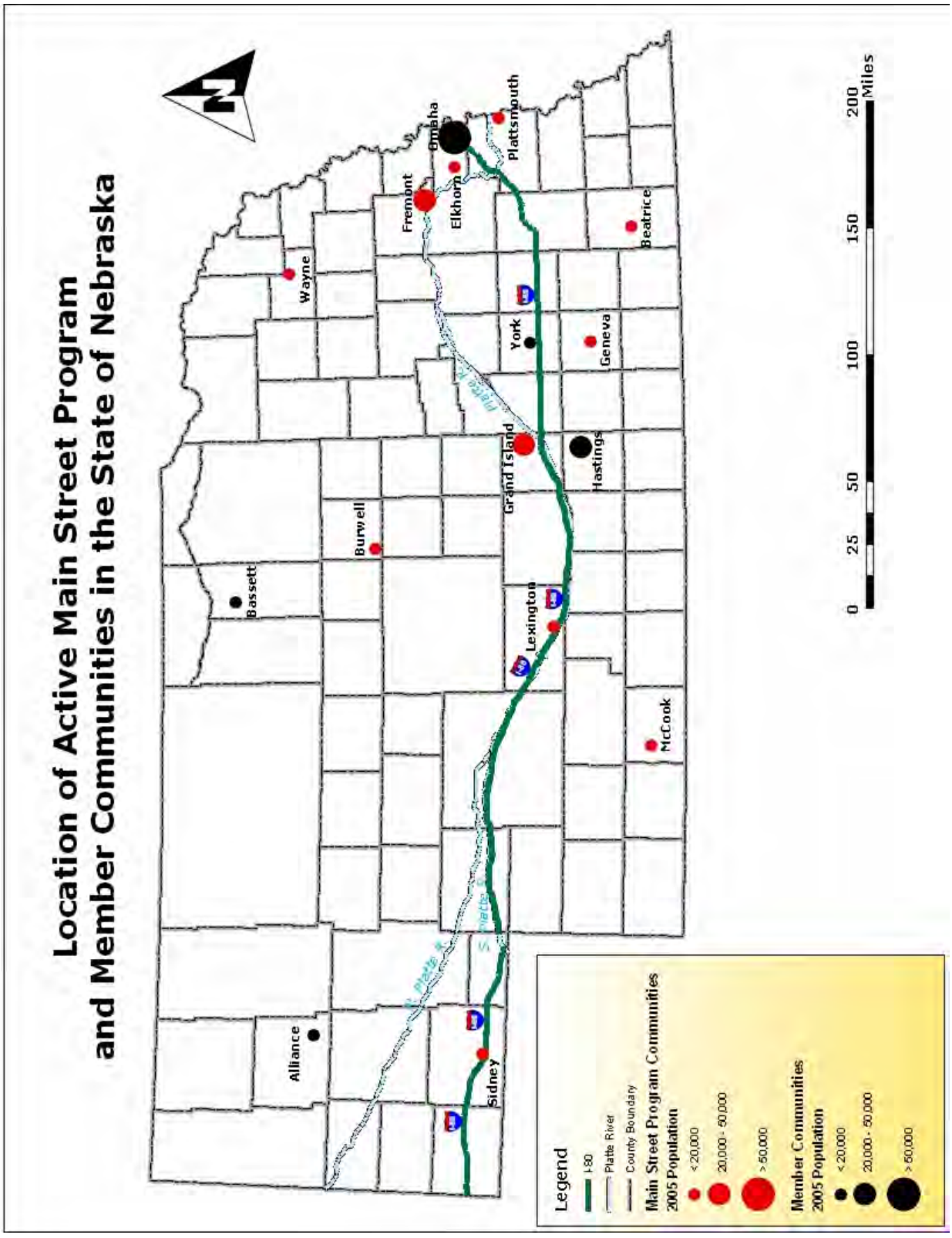
	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Petroleum & Coal Prod. (29)	19.5	0	3.8	17.4
Rubber & Misc. Plastics (30)	4.7	0	1.3	2.2
Leather & Leather Prod. (31)	0.2	0	0.0	0.2
Stone, Clay, & Glass (32)	130.6	1	39.6	55.6
Primary Metal Prod. (33)	18.5	0	4.3	8.0
Fabricated Metal Prod. (34)	216.3	2	63.3	87.4
Machinery, Except Elec. (35)	38.3	0	12.2	15.3
Electric & Elec. Equip. (36)	33.3	0	10.6	17.1
Transportation Equipment (37)	4.8	0	1.3	2.3
Instruments & Rel. Prod. (38)	3.0	0	0.9	2.1
Misc. Manufacturing Ind's. (39)	3.3	0	1.1	1.1
Printing & Publishing (27)	25.8	0	8.5	12.4
Transport. & Public Utilities	**211.2**	**1**	**52.8**	**91.3**
Railroad Transportation (40)	0.0	0	0.0	0.0
Local Pass. Transit (41)	5.0	0	2.1	2.8
Trucking & Warehousing (42)	48.8	1	23.2	41.8
Water Transportation (44)	0.1	0	0.0	0.0
Transportation by Air (45)	10.0	0	3.5	5.4
Pipe Lines-Ex. Nat. Gas (46)	0.2	0	0.0	0.2
Transportation Services (47)	2.9	0	1.1	1.1
Communication (48)	61.2	0	13.3	27.2
Elec., Gas, & Sanitary Serv. (49)	83.0	0	9.5	12.7
Wholesale	**201.2**	**2**	**81.8**	**101.8**
Wholesale-Durable Goods (50)	75.5	1	30.7	38.2
Wholesale-Nondurable Goods (51)	125.8	1	51.1	63.6
Retail Trade	**1,821.7**	**62**	**703.7**	**1,046.6**
Bldg. Mat.-Garden Supply (52)	19.4	0	8.4	12.0
General Merch. Stores (53)	414.9	13	149.6	256.9
Food Stores (54)	409.1	14	159.5	253.3
Auto. Dealers-Serv. Stat. (55)	56.4	1	14.9	34.9
Apparel & Access. Stores (56)	391.2	18	183.8	242.2
Furniture & Home Furnish. (57)	9.5	0	4.4	5.9
Eating & Drinking Places (58)	470.2	15	159.8	209.9
Miscellaneous Retail (59)	51.1	2	23.4	31.6
Finance, Ins., & Real Estate	**369.6**	**4**	**120.5**	**232.8**
Banking (60)	54.8	0	14.5	30.8
Nondep. Credit Institut. (61)	78.1	1	40.9	37.0

EXHIBIT 4.9 (continued)
Annual In-State Economic Impacts (Industry Detail)
of Nebraska Main Street Activity ($4.04 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Security, Comm. Brokers (62)	11.3	0	5.6	6.1
Insurance Carriers (63)	85.0	1	34.2	65.1
Ins. Agents, Brokers (64)	23.5	0	9.0	10.7
Real Estate (65)	105.5	1	10.3	78.1
Holding and Invest. Off. (67)	11.4	0	6.0	5.1
Services	**454.7**	**8**	**201.9**	**211.2**
Hotels & Other Lodging (70)	5.9	0	2.1	3.5
Personal Services (72)	27.4	1	9.6	11.1
Business Services (73)	95.4	1	37.9	45.7
Auto Repair, Serv., Garages (75)	28.2	0	7.2	12.9
Misc. Repair Services (76)	11.4	0	4.4	5.2
Motion Pictures (78)	7.0	0	1.7	1.8
Amusement & Recreation (79)	10.4	0	3.5	6.5
Health Services (80)	37.3	1	20.4	20.8
Legal Services (81)	13.2	0	6.1	6.8
Educational Services (82)	14.0	0	7.3	8.0
Social Services (83)	8.8	0	4.3	4.4
Museums, Gardens & Mem. Orgs. (84, 86)	27.5	1	14.9	13.1
Engineer. & Manage. Serv. (87)	150.4	2	74.6	63.8
Private Households (88)	0.9	0	0.9	0.9
Miscellaneous Services (89)	17.1	0	7.0	6.8
Government	**26.0**	**0**	**7.9**	**12.3**
Total	**4,891.3**	**103**	**2,040.9**	**2,816.7**

Note: Detail may not sum to totals due to rounding.

EXHIBIT 4.10
Location of Active Main Street Programs in the State of Nebraska



CHAPTER FIVE

ECONOMIC IMPACT ANALYSIS OF HISTORIC SITES AND MUSEUMS

INTRODUCTION AND SUMMARY

Historic sites and museums deserve separate consideration when evaluating the impact of economic activity related to Nebraska's heritage. Specifically, as the upkeep and capital expenditures related to the facility often fall under the umbrella of historic rehabilitation, these organizations are often the destination of heritage tourism activity. While their contributions are both partially covered by the discussions in Chapters 2 and 3, separate consideration of the unique, synergistic role these sites play in the Nebraska economy is necessary.

The Center for Urban Policy Research (CUPR) sent a survey form consisting of sixteen questions regarding the organizational structure, attendance, budget, and staffing patterns of the various museums and other facilities to every historical organization identified by the Nebraska State Historical Society (NSHS). A total of 111 responses were collected, constituting a representative sample that covered roughly one-third of these historical organizations. Statewide, historic sites attracted about 3 million visitors annually, spent $25 million in operating and capital expenditures, and employed a total of 372 workers in paid positions. Importantly, 19 percent of the revenues come from entry fees and goods purchased by visitors—39 percent of which come from outside Nebraska. This represents tourist dollars that are added to the state's economy, typically with the positive characteristics attributed to heritage tourism expenditures.

The gross impacts from the $25 million of spending attributed to historic sites brings about increases of $50.9 million in industrial output, 660 jobs, $16.9 million in earned income, and $21.7 million in gross domestic product. These impacts were largely contained within services, which includes the historic sites themselves, manufacturing (notably printing and publishing, food production, and assembly of products used in construction and maintenance of facilities), and retail (i.e. gift shops and restaurants at the site). Generally, at least two-thirds of these impacts were retained within the state, with the exception of those related to manufacturing. For the purposes of computing the total effects, however, it is necessary to exclude capital expenditures and visitor spending from the direct impacts to avoid double-counting, as these outlays were already counted under rehabilitation and heritage tourism; therefore, net historic site spending is $19.25 million. The effects of net spending for purposes of a grand total are included at the end of the chapter as Exhibits 5.16 through 5.19.

SURVEY OF NEBRASKA HISTORIC SITES AND MUSEUMS

In order to discern trends and highlight the importance of historic preservation to the economy in Nebraska, the research team sent a survey in late 2006 and early 2007 to Nebraska's historical organizations. These included organizations that administer facilities such as museums, archives, and historical attractions. The survey contained 16 questions organized into four main sections: organization, visitation, budget, and staffing. Prominent results are located and discussed below. (Totals may differ from indicated subtotals because of rounding.)

Exhibits 5.1 and 5.2 offer a profile of historic sites and organizations in Nebraska. The majority (96 percent) of respondents were either directly or indirectly public-sector actors, with 76 percent being publicly held nonprofits and the remainder directly controlled by various levels of government. The remaining respondents comprise privately held nonprofits, generally those owned and operated as a business enterprise.

EXHIBIT 5.1
Ownership Shares of Nebraska Historic Sites and Museums

Type of Entity	Share
a. Private, nonprofit	4%
b. Public, nonprofit	76%
c. Government	20%
(i) Federal	*2%*
(ii) State	*12%*
(iii) Local	*6%*
	100%

EXHIBIT 5.2
Age of Nebraska Historic Sites and Museums

Year Founded	Share
a. before 1900	5%
b. 1900-1949	16%
c. 1950-1965	22%
d. 1966-1975	30%
e. 1976-1995	21%
f. after 1995	7%
	100%

Exhibits 5.3 through 5.6 detail the scope of the population that contributes to historic sites' economic impact. The core, naturally, is membership (Exhibit 5.3). While many organizations are small in terms of their base of support, over half have 100 or more active members, most of which pay dues to support the budget of the facility. The distribution of facility size is highly skewed by a number of very large institutions, as indicated by the average (mean) being radically higher than the median. Overall, statewide, there are approximately 150,000 members of historical organizations.

Exhibits 5.4 through 5.6 develop a profile of visitors to historic sites in Nebraska. While a significant share of historic sites attract relatively few visitors, over a third of survey respondents reported annual visitation figures of more than 3,000. Nearly 1.1 million people that responded to the survey visited the sites, translating to a projected statewide tally of roughly 3 million. The sample was dominated by three sites with annual visitation totals of 100,000 or more. This skewed distribution of Nebraska historic site visitation is again embodied in the fact that the mean attendance figure was over 10,000, while the median was just over 1,000.

EXHIBIT 5.3
Membership of Nebraska Historic Sites and Museums

Active Members	Share
a. 1-49	33%
b. 50-99	13%
c. 100-199	18%
d. 200-299	18%
e. 300-499	8%
f. 500 or more	10%
	100%
Survey Average	570
Survey Median	100
Survey Total	51,343
Est. State Total	150,000

EXHIBIT 5.4
Visitor Counts at Nebraska Historic Sites

Annual Visitors	Share
a. 0-299	21%
b. 300-499	14%
c. 500-999	12%
d. 1,000-2,999	18%
e. 3,000-9,999	15%
f. 10,000 or more	21%
	100%
Sample Average	10,256
Sample Median	1,150
Sample Total	1,097,345
Est. State Total	3 million

EXHIBIT 5.5
Visitor Profile by Age at Nebraska Historic Sites

Visitor Age	Share
a. Children (< 19 years)	32.4%
b. Adults (19-64 years)	39.5%
c. Seniors (> 64 years)	28.1%
	100.0%

In terms of the visitor profile by age (Exhibit 5.5), those who visit historic sites can be divided roughly into thirds: children and adolescents (typically as part of a school trip), senior citizens, and the remaining adult population. These figures were not appreciably different regardless of who owned the site, the number of visitors, or the location of the site.

Last is the visitor profile by place of residence (Exhibit 5.6), which is crucial because out-of-state visitors inject money into the Nebraska economy (as detailed in Chapter 3). Indeed, 38.5 percent of visitors came from outside the state. Despite this, many individuals stayed close to home, with 29.2 percent of visitors coming from within the county in which the site is located.

EXHIBIT 5.6
Visitor Profile by Place of Residence at Nebraska Historic Sites and Museums

Response	Share
a. Nebraska, same county	29.2%
b. Nebraska, other counties	32.3%
c. Outside of Nebraska	38.5%
	100.0%

Exhibits 5.7 through 5.9 detail the financial profile of historic sites and organizations in the state. Survey respondents reported that they spent a staggering $8.9 million annually, which can be extrapolated to a statewide total of approximately $25 million. While 25 percent of sites reported that they spend a nominal sum (under $5,000), 18 percent reported that their annual budgets top $100,000. Overall, the mean budget is around $95,000, while the median of the survey set is $15,000, again indicating the skewed distribution with a few large sites dominating the state.

EXHIBIT 5.7
Annual Budget Expenditures of Nebraska Historic Sites and Museums

Annual Budget	Share
a. $0-$4,999	25%
b. $5,000-$9,999	13%
c. $10,000-$19,999	18%
d. $20,000-$49,999	10%
e. $50,000-$99,999	11%
f. $100,000-$199,999	9%
g. $200,000 or more	9%
	100%
Survey Average	$95,286
Survey Median	$15,000
Survey Total	$8,861,588
Est. State Total	$25 million

While the overall totals are useful, a breakdown of expenses by category (Exhibit 5.8) is much more instructive. In the survey, the research team asked for reported expenses to be divided between operating costs (labor and otherwise) and capital expenditures. Simply averaging the results without accounting for the size of the organization indicates that a majority of costs accrue to non-labor operating expenses (60 percent). A weighted average, however, indicates that labor entails the greatest expenditure in the aggregate, though the ranges in the right-hand column indicate wide variation in this regard. This finding is not surprising, considering that the majority of sites statewide, which are often rather small, rely almost exclusively on volunteer labor. Hence, according to an estimated total expenditure of $25 million, this would imply that historic sites and landmarks spend about $13 million on labor costs, $11 million on other operating expenses, and $1 million on capital expenditures.

On the flip side, the survey asked for a breakdown of revenue streams. Exhibit 5.9 illustrates these results. Government is the largest source of revenue for heritage sites; in terms of total dollar value, foundations provide an equal amount of support. Endowments are the least tapped sources, though the range indicates that some sites receive the vast majority of funds from them. Based on the low median values and wide ranges, generalized conclusions are hard to draw from this information, other than that a wide variety of entities support the Nebraska heritage community.

EXHIBIT 5.8
Spending by Category at Nebraska Historic Sites and Museums

Budget Share	Simple Average	Weighted Average	Median	Range
a. Labor (operating)	27%	53%	10%	0-83%
b. Non-labor operating	60%	43%	50%	0-100%
c. Capital Expenditures	14%	4%	2%	0-100%
	100%	100%		

EXHIBIT 5.9
Funding Sources for Nebraska Historic Sites and Museums

Revenue Share	Simple Average	Weighted Average	Median	Range
a. Government	30%	32%	10%	0-100%
b. Foundations	18%	32%	5%	0-99%
c. Endowment	7%	5%	0%	0-90%
d. Visitor Spending	19%	19%	10%	0-100%
e. All other sources	26%	12%	12%	0-100%
	100%	100%		

Finally, Exhibits 5.10 and 5.11 detail the workers employed at historic sites in Nebraska. The vast majority of historic sites rely upon limited volunteer labor, with over half of the attractions having no paid labor and ten or less volunteers. Surveyed organizations reported a total of 296 paid positions and over 2,500 volunteers statewide. The Nebraska State Historical Society estimates indicated that 53 full-time-equivalent positions were situated at historic sites that did not respond to the survey; dividing this into full-time and part-time workers in the proportions suggested by the sample (assuming a part-time schedule of 20 hours per week) results in an estimated statewide total of 372 paid employees. Sample volunteer labor, on the other hand, was assumed to be proportional to the actual statewide total and was therefore estimated to be approximately 7,500 workers. Last, Exhibit 5.11 indicates that income earned by workers at Nebraska heritage sites is largely retained within the community in which the site is located. Ninety-four percent of those who work for historic sites and organizations reside in the same county as the site. Less than one percent of workers live outside Nebraska, so any "leakages" to surrounding states would be tiny.

EXHIBIT 5.10
Staff Profile for Nebraska Historic Sites and Museums

Type of Worker	Survey Mean	Survey Median	Survey Range	Survey Total	Est. State Total
a. Full-time paid staff	1	0	0-27	116	146
b. Part-time paid staff	2	0	0-20	180	226
c. Unpaid Volunteers	23	10	0-300[4]	2,509	7,500

EXHIBIT 5.11
Share of Workers by Location for Nebraska Historic Sites and Museums

Residence of Worker	Share
a. Nebraska, same county	94%
b. Nebraska, other counties	5%
c. Outside of Nebraska	1%
	100%

TOTAL ANNUAL ECONOMIC IMPACTS OF NEBRASKA HISTORIC SITES AND MUSEUMS

As noted in Exhibit 5.7, it is estimated from the survey data that historic sites and museums in Nebraska account for approximately $25 million annually. By definition, that value is the direct economic impact of those entities. In constructing a total economic impact of the entire historic rehabilitation sector, however, one must be careful to avoid double-counting. The capital expenses undertaken by historic sites (4 percent of expenditures) are included as part of the historic rehabilitation tally computed in Chapter Two, while visitor spending (19 percent of revenues) is included under tourism expenses as detailed in Chapter Three. Therefore we must subtract 23 percent, or $5.75 million, from the gross tally, leaving a net economic impact of $19.25 million.

[4] Excludes a site that reported 11,000 volunteers, which was greater than that site's number of annual visitors.

As done earlier, PEIM was employed to estimate the effects on output, employment, income, and GDP/GSP both nationally and within the state of Nebraska. The results are detailed in the following paragraphs and the tables at the end of this chapter. The narrative and first set of tables refer to the gross impacts based on the $25 million value, while the second set of tables is based on the net impacts from a $19.25 million direct effect.

National Effects

Perhaps the most notable feature in Exhibit 5.12 is the fact that spending at historic sites has the highest set of multipliers of any segment of historic preservation discussed in this report; the ripple effects of spending by historical organizations generated 1.4 times as much value added gain as the initial $25 million expenditure. The overall effects are $50.9 million in additional industrial output, 660 jobs created, $16.9 million in added income, and $21.7 million of wealth injected into the national economy. It is not at all surprising that the services sector received the largest share of the impacts, since this includes the museums, gardens and memorial organizations "industry" itself.

Beyond this, the manufacturing sector had the second-largest impact in all fields except employment, where retail trade placed second; again, this is because retail trade produces a large number of low-pay, low-skill jobs, while manufacturing relies on a small pool of high-pay, high-skill employees to operate machinery. Of the rest, the finance, insurance, and real estate (FIRE) sector generated 45 jobs and over $3 million in GDP, while wholesale trade and transportation/utilities were the only other sectors to have national impacts of 20 jobs and $1 million in wealth. By industry (Exhibit 5.13), aside from the direct effects localized in the historic sites subsector, the two next-largest industries in terms of employment are apparel and accessories stores (59 jobs) and eating and drinking establishments (27 jobs). Presumably, this is the case due to gift shops and cafeterias that are attached to such sites. The second-largest industry in terms of income was printing and publishing ($796 million along with 24 jobs). Notable industries employing ten or more workers include business services (23), wholesale trade in durable goods (18), special trade contractors (11), and trucking and warehousing (10).

In-State Effects

Based on the very local nature of historic site visitation and employment, it is not at all surprising that the most economic benefits are retained within the state of Nebraska; for example, 516 of 660 jobs (78 percent) are retained within state lines (Exhibit 5.14). Overall, the effects are very similar to those at the national level, but Nebraska's low levels of industrial activity lead to increased "leakages" in that sector; only $2.66 million of $9.72 million (27 percent) of manufacturing output impact is retained within the state. The retail sector contributes four times as many jobs as the FIRE sector (125 vs. 30) and about 50 percent more income ($1.5 million vs. $1.0 million), but the output and GSP values are comparable. State and local governments gain $790,000 in additional tax revenue from historic sites expenses; $18.8 million in wages accrues to Nebraska workers. At the industry-detail level (Exhibit 5.15), roughly half of the in-state impacts are allocated to the historic sites industry as well. Outside of this, the other industries fall out in roughly the same order as the national impacts, but deflated in proportion based on out-of-state leakages and with higher levels of leakage in less place-dependent industries, e.g., manufacturing.

EXHIBIT 5.12
Annual Gross National Economic and Tax Impacts of Nebraska Historic Site Visitation ($25 million)

	Economic Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross State Product ($000)**
I. TOTAL EFFECTS (Direct and Indirect/Induced)				
1. Agriculture	741.1	5	46.1	144.9
2. Agri. Serv., Forestry, & Fish	59.3	2	25.2	53.4
3. Mining	193.2	1	37.8	42.6
4. Construction	1,355.1	15	495.2	705.3
5. Manufacturing	9,723.9	64	2,287.3	4,128.1
6. Transport. & Public Utilities	2,778.8	20	813.1	1,244.8
7. Wholesale	2,296.6	24	933.9	1,161.3
8. Retail Trade	4,032.8	137	1,611.5	2,347.1
9. Finance, Ins., & Real Estate	4,916.8	45	1,473.2	3,126.5
10. Services	24,587.1	345	9,072.7	8,651.0
11. Government	241.7	2	73.3	114.9
Total Effects (Private and Public)	50,926.3	660	16,869.2	21,719.9
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	24,969.2	359	8,894.2	8,991.9
2. Indirect and Induced Effects	25,957.1	301	7,974.9	12,728.0
3. Total Effects	50,926.3	660	16,869.2	21,719.9
4. Multipliers (3/1)	2.040	1.837	1.897	2.416
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages--Net of Taxes				23,135.2
2. Taxes				6,910.7
a. Local				3,000.5
b. State				2,115.2
c. Federal				1,795.0
General				390.3
Social Security				1,404.7
3. Profits, dividends, rents, and other				-8,326.0
4. Total Gross State Product (1+2+3)				21,719.9
IV. TAX ACCOUNTS	**Business**	**Household**		**Total**
1. Income --Net of Taxes	23,135.2	13,101.4		---------
2. Taxes	6,910.7	2,665.0		9,575.6
a. Local	3,000.5	317.7		3,318.3
b. State	2,115.2	327.9		2,443.1
c. Federal	1,795.0	2,019.3		3,814.3
General	390.3	2,019.3		2,409.6
Social Security	1,404.7	0.0		1,404.7
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				
Employment (Jobs)				26.4
Income				674,766
State Taxes				97,724
Local Taxes				132,730
Gross State Product				868,797
INITIAL EXPENDITURE IN DOLLARS				25,000,000

EXHIBIT 5.13
Annual Gross National Economic Impacts (Industry Detail) of Nebraska Historic Site Visitation ($25 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Agriculture	**741.1**	**5**	**46.1**	**144.9**
Dairy Farm Products	147.0	1	8.8	15.0
Eggs	2.2	0	0.1	0.2
Meat Animals	248.8	1	12.0	28.5
Misc. Livestock	35.4	0	3.0	6.9
Wool	16.2	0	1.4	3.1
Cotton	3.8	0	0.4	1.1
Tobacco	0.4	0	0.0	0.1
Grains & Misc. Crops	32.0	0	0.8	10.3
Feed Crops	92.4	0	2.0	27.5
Fruits & Nuts	65.7	1	11.1	19.8
Vegetables	6.3	1	0.8	2.1
Greenhouse & Nursery Products	8.2	0	1.5	4.0
Sugar Beets & Cane	6.6	0	0.1	2.7
Flaxseed, Peanuts, Soybean, Sunflower	76.1	0	4.0	23.5
Agri. Serv., Forestry, & Fish	**59.3**	**2**	**25.2**	**53.4**
Agri. Services (07)	45.6	2	23.5	41.0
Forestry (08)	10.9	0	1.0	9.8
Fishing, Hunting, & Trapping (09)	2.9	0	0.8	2.6
Mining	**193.2**	**1**	**37.8**	**42.6**
Coal Mining (12)	57.4	0	17.8	0.4
Oil & Gas Extraction (13)	125.9	1	16.9	37.0
Nonmetal Min.-Ex. Fuels (14)	8.4	0	2.7	4.0
Metal Mining (10)	1.4	0	0.4	1.2
Construction	**1,355.1**	**15**	**495.2**	**705.3**
General Bldg. Contractors (15)	303.8	3	99.2	151.7
Heavy Const. Contractors (16)	64.8	1	32.1	40.7
Special Trade Contractors (17)	986.5	11	363.9	512.8
Manufacturing	**9,723.9**	**64**	**2,287.3**	**4,128.1**
Food & Kindred Prod. (20)	2,225.6	8	302.4	500.1
Tobacco Manufactures (21)	101.3	0	14.5	88.0
Textile Mill Prod. (22)	210.9	2	51.3	134.9
Apparel & Other Prod. (23)	256.3	3	72.4	101.4
Lumber & Wood Prod. (24)	231.9	2	51.2	72.6
Furniture & Fixtures (25)	92.7	1	27.3	37.2
Paper & Allied Prod. (26)	615.4	3	134.3	267.3
Chemicals & Allied Prod. (28)	375.0	1	67.8	308.3

EXHIBIT 5.13 (continued)
Annual Gross National Economic Impacts (Industry Detail)
of Nebraska Historic Site Visitation ($25 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Petroleum & Coal Prod. (29)	370.4	0	19.6	260.1
Rubber & Misc. Plastics (30)	184.7	2	52.1	87.6
Leather & Leather Prod. (31)	325.7	4	98.4	293.2
Stone, Clay, & Glass (32)	99.9	1	31.0	46.4
Primary Metal Prod. (33)	110.6	0	24.3	47.8
Fabricated Metal Prod. (34)	274.6	2	78.1	108.8
Machinery, Except Elec. (35)	189.4	1	57.5	71.9
Electric & Elec. Equip. (36)	339.1	2	87.6	153.9
Transportation Equipment (37)	934.7	4	172.7	290.9
Instruments & Rel. Prod. (38)	94.4	0	23.5	65.8
Misc. Manufacturing Ind's. (39)	366.2	3	125.7	135.8
Printing & Publishing (27)	2,325.3	24	795.5	1,056.3
Transport. & Public Utilities	**2,778.8**	**20**	**813.1**	**1,244.8**
Railroad Transportation (40)	68.9	0	28.6	62.0
Local Pass. Transit (41)	70.4	2	30.4	39.8
Trucking & Warehousing (42)	578.9	10	354.6	490.9
Water Transportation (44)	57.6	1	17.2	30.5
Transportation by Air (45)	167.8	2	58.4	90.8
Pipe Lines-Ex. Nat. Gas (46)	4.5	0	0.5	3.9
Transportation Services (47)	36.3	0	13.6	13.3
Communication (48)	890.1	5	201.8	375.5
Elec., Gas, & Sanitary Serv. (49)	904.3	0	108.1	138.1
Wholesale	**2,296.6**	**24**	**933.9**	**1,161.3**
Wholesale-Durable Goods (50)	1,691.9	18	688.0	855.6
Wholesale-Nondurable Goods (51)	604.7	6	245.9	305.8
Retail Trade	**4,032.8**	**137**	**1,611.5**	**2,347.1**
Bldg. Mat.-Garden Supply (52)	256.7	6	111.5	159.0
General Merch. Stores (53)	466.5	15	168.2	288.8
Food Stores (54)	379.7	13	148.0	235.1
Auto. Dealers-Serv. Stat. (55)	366.9	5	96.6	227.1
Apparel & Access. Stores (56)	1,308.8	59	614.7	810.3
Furniture & Home Furnish. (57)	62.2	2	29.0	38.5
Eating & Drinking Places (58)	866.0	27	294.4	386.6
Miscellaneous Retail (59)	325.9	11	149.1	201.8
Finance, Ins., & Real Estate	**4,916.8**	**45**	**1,473.2**	**3,126.5**
Banking (60)	510.2	4	134.7	286.2
Nondep. Credit Institut. (61)	806.6	12	422.5	382.0

EXHIBIT 5.13 (continued)
Annual Gross National Economic Impacts (Industry Detail)
of Nebraska Historic Site Visitation ($25 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Security, Comm. Brokers (62)	446.9	4	219.7	239.0
Insurance Carriers (63)	702.2	6	282.5	537.6
Ins. Agents, Brokers (64)	169.6	3	65.3	77.0
Real Estate (65)	1,987.0	13	194.3	1,472.2
Holding and Invest. Off. (67)	294.3	3	154.1	132.6
Services	**24,587.1**	**345**	**9,072.7**	**8,651.0**
Hotels & Other Lodging (70)	234.5	6	79.7	132.9
Personal Services (72)	256.3	7	91.4	106.3
Business Services (73)	1,692.2	23	668.9	794.7
Auto Repair, Serv., Garages (75)	247.3	2	62.4	112.7
Misc. Repair Services (76)	130.4	2	51.1	59.6
Motion Pictures (78)	233.2	4	62.8	54.7
Amusement & Recreation (79)	143.2	4	55.9	93.7
Health Services (80)	262.9	4	142.2	145.1
Legal Services (81)	263.2	2	121.7	136.0
Educational Services (82)	303.8	6	122.2	178.4
Social Services (83)	60.2	2	29.2	30.1
Museums, Gardens & Mem. Orgs. (84, 86)	19,603.8	263	7,050.4	6,317.8
Engineer. & Manage. Serv. (87)	828.1	14	397.3	355.2
Private Households (88)	5.9	1	5.9	5.9
Miscellaneous Services (89)	322.1	5	131.5	127.9
Government	**241.7**	**2**	**73.3**	**114.9**
Total	**50,926.3**	**660**	**16,869.2**	**21,719.9**

Note: Detail may not sum to totals due to rounding.

EXHIBIT 5.14
Annual Gross In-State Economic and Tax Impacts of Nebraska Historic Site Visitation ($25 million)

	Economic Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross State Product ($000)**
I. TOTAL EFFECTS (Direct and Indirect/Induced)				
1. Agriculture	170.0	1	8.4	30.0
2. Agri. Serv., Forestry, & Fish	27.6	1	14.4	24.8
3. Mining	4.1	0	0.9	1.5
4. Construction	963.7	11	356.6	506.2
5. Manufacturing	2,664.2	20	679.9	917.8
6. Transport. & Public Utilities	1,536.5	11	466.0	673.7
7. Wholesale	1,811.3	19	736.6	915.9
8. Retail Trade	3,637.5	125	1,469.3	2,143.6
9. Finance, Ins., & Real Estate	3,328.2	30	966.8	2,146.6
10. Services	21,331.0	296	7,858.6	7,369.8
11. Government	186.5	1	56.3	87.4
Total Effects (Private and Public)	35,660.6	516	12,613.7	14,817.5
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	21,933.5	329	8,018.6	7,856.2
2. Indirect and Induced Effects	13,727.1	186	4,595.1	6,961.3
3. Total Effects	35,660.6	516	12,613.7	14,817.5
4. Multipliers (3/1)	1.626	1.566	1.573	1.886
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages--Net of Taxes				18,760.5
2. Taxes				2,398.5
a. Local				371.5
b. State				419.1
c. Federal				1,607.9
General				255.5
Social Security				1,352.4
3. Profits, dividends, rents, and other				-6,341.6
4. Total Gross State Product (1+2+3)				14,817.5
IV. TAX ACCOUNTS		**Business**	**Household**	**Total**
1. Income --Net of Taxes		18,760.5	12,613.7	---------
2. Taxes		2,398.5	2,565.7	4,964.3
a. Local		371.5	305.9	677.4
b. State		419.1	315.7	734.8
c. Federal		1,607.9	1,944.1	3,552.0
General		255.5	1,944.1	2,199.6
Social Security		1,352.4	0.0	1,352.4
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				
Employment (Jobs)				20.6
Income				504,548
State Taxes				29,394
Local Taxes				27,096
Gross State Product				592,699
INITIAL EXPENDITURE IN DOLLARS				25,000,000

EXHIBIT 5.15
Annual Gross In-State Economic Impacts (Industry Detail) of Nebraska Historic Site Visitation ($25 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Agriculture	**170.0**	**1**	**8.4**	**30.0**
Dairy Farm Products	47.8	0	2.9	4.9
Eggs	0.0	0	0.0	0.0
Meat Animals	55.7	0	2.5	5.9
Misc. Livestock	14.0	0	1.2	2.7
Wool	0.0	0	0.0	0.0
Cotton	0.0	0	0.0	0.0
Tobacco	0.0	0	0.0	0.0
Grains & Misc. Crops	10.5	0	0.3	3.4
Feed Crops	23.5	0	0.5	7.0
Fruits & Nuts	0.0	0	0.0	0.0
Vegetables	0.9	0	0.1	0.3
Greenhouse & Nursery Products	1.2	0	0.2	0.6
Sugar Beets & Cane	1.2	0	0.0	0.5
Flaxseed, Peanuts, Soybean, Sunflower	15.3	0	0.8	4.7
Agri. Serv., Forestry, & Fish	**27.6**	**1**	**14.4**	**24.8**
Agri. Services (07)	26.9	1	14.3	24.2
Forestry (08)	0.6	0	0.1	0.5
Fishing, Hunting, & Trapping (09)	0.1	0	0.0	0.1
Mining	**4.1**	**0**	**0.9**	**1.5**
Coal Mining (12)	0.1	0	0.0	0.0
Oil & Gas Extraction (13)	2.1	0	0.3	0.6
Nonmetal Min.-Ex. Fuels (14)	1.9	0	0.6	0.9
Metal Mining (10)	0.0	0	0.0	0.0
Construction	**963.7**	**11**	**356.6**	**506.2**
General Bldg. Contractors (15)	184.5	1	42.9	76.9
Heavy Const. Contractors (16)	26.8	0	12.5	16.2
Special Trade Contractors (17)	752.4	10	301.2	413.1
Manufacturing	**2,664.2**	**20**	**679.9**	**917.8**
Food & Kindred Prod. (20)	866.0	3	127.2	183.2
Tobacco Manufactures (21)	1.4	0	0.1	1.3
Textile Mill Prod. (22)	3.4	0	0.9	2.4
Apparel & Other Prod. (23)	14.0	0	3.8	5.6
Lumber & Wood Prod. (24)	66.4	1	15.9	20.5
Furniture & Fixtures (25)	18.3	0	4.8	7.2
Paper & Allied Prod. (26)	35.6	0	9.1	14.9
Chemicals & Allied Prod. (28)	45.2	0	8.7	38.4

EXHIBIT 5.15 (continued)
Annual Gross In-State Economic Impacts (Industry Detail)
of Nebraska Historic Site Visitation ($25 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Petroleum & Coal Prod. (29)	0.6	0	0.1	0.6
Rubber & Misc. Plastics (30)	5.2	0	1.4	2.4
Leather & Leather Prod. (31)	0.9	0	0.2	0.8
Stone, Clay, & Glass (32)	36.3	0	11.2	16.6
Primary Metal Prod. (33)	8.6	0	2.0	3.8
Fabricated Metal Prod. (34)	100.9	1	26.9	39.2
Machinery, Except Elec. (35)	27.0	0	9.4	10.8
Electric & Elec. Equip. (36)	31.2	0	9.1	16.0
Transportation Equipment (37)	308.7	2	72.3	56.7
Instruments & Rel. Prod. (38)	17.0	0	4.5	11.7
Misc. Manufacturing Ind's. (39)	62.9	1	21.1	21.9
Printing & Publishing (27)	1,014.6	11	351.0	463.7
Transport. & Public Utilities	**1,536.5**	**11**	**466.0**	**673.7**
Railroad Transportation (40)	0.0	0	0.0	0.0
Local Pass. Transit (41)	33.7	1	14.6	19.1
Trucking & Warehousing (42)	328.5	6	220.8	276.9
Water Transportation (44)	0.1	0	0.1	0.1
Transportation by Air (45)	91.0	1	31.7	49.3
Pipe Lines-Ex. Nat. Gas (46)	0.7	0	0.1	0.6
Transportation Services (47)	20.3	0	7.6	7.4
Communication (48)	580.8	3	135.9	247.5
Elec., Gas, & Sanitary Serv. (49)	481.3	0	55.3	72.8
Wholesale	**1,811.3**	**19**	**736.6**	**915.9**
Wholesale-Durable Goods (50)	1,465.3	16	595.9	740.9
Wholesale-Nondurable Goods (51)	346.0	3	140.7	175.0
Retail Trade	**3,637.5**	**125**	**1,469.3**	**2,143.6**
Bldg. Mat.-Garden Supply (52)	245.3	6	106.6	151.9
General Merch. Stores (53)	442.8	14	159.7	274.1
Food Stores (54)	358.8	12	139.9	222.2
Auto. Dealers-Serv. Stat. (55)	330.5	5	86.9	204.6
Apparel & Access. Stores (56)	1,280.7	57	601.5	792.9
Furniture & Home Furnish. (57)	56.0	1	26.2	34.7
Eating & Drinking Places (58)	627.5	20	213.3	280.1
Miscellaneous Retail (59)	295.9	10	135.3	183.2
Finance, Ins., & Real Estate	**3,328.2**	**30**	**966.8**	**2,146.6**
Banking (60)	386.0	3	101.9	216.5
Nondep. Credit Institut. (61)	495.6	8	259.6	234.7

EXHIBIT 5.15 (continued)
Annual Gross In-State Economic Impacts (Industry Detail)
of Nebraska Historic Site Visitation ($25 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Security, Comm. Brokers (62)	331.3	3	162.8	177.2
Insurance Carriers (63)	537.7	5	216.4	411.7
Ins. Agents, Brokers (64)	145.9	2	56.2	66.2
Real Estate (65)	1,361.5	9	133.2	1,008.7
Holding and Invest. Off. (67)	70.1	1	36.7	31.6
Services	**21,331.0**	**296**	**7,858.6**	**7,369.8**
Hotels & Other Lodging (70)	52.0	1	19.1	31.2
Personal Services (72)	165.1	4	57.9	66.9
Business Services (73)	1,199.9	17	475.3	564.8
Auto Repair, Serv., Garages (75)	180.7	2	44.8	82.3
Misc. Repair Services (76)	58.2	1	23.0	26.5
Motion Pictures (78)	54.0	1	13.8	13.4
Amusement & Recreation (79)	65.6	2	22.6	41.5
Health Services (80)	235.2	4	128.1	130.6
Legal Services (81)	196.5	2	90.9	101.6
Educational Services (82)	209.7	5	87.5	122.9
Social Services (83)	53.5	1	25.8	26.7
Museums, Gardens & Mem. Orgs. (84, 86)	17,931.7	240	6,438.0	5,767.7
Engineer. & Manage. Serv. (87)	677.2	12	326.1	290.6
Private Households (88)	5.4	0	5.4	5.4
Miscellaneous Services (89)	246.2	4	100.5	97.8
Government	**186.5**	**1**	**56.3**	**87.4**
Total	**35,660.6**	**516**	**12,613.7**	**14,817.5**

Note: Detail may not sum to totals due to rounding.

EXHIBIT 5.16
Annual Net National Economic and Tax Impacts of Nebraska Historic Site Visitation ($19.25 million)

	Economic Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross State Product ($000)**
I. TOTAL EFFECTS (Direct and Indirect/Induced)				
1. Agriculture	260.0	2	18.1	49.1
2. Agri. Serv., Forestry, & Fish	41.9	1	18.9	37.7
3. Mining	153.9	1	29.9	33.4
4. Construction	809.7	5	183.6	318.6
5. Manufacturing	5,986.2	42	1,512.5	2,723.8
6. Transport. & Public Utilities	2,308.1	17	692.5	1,034.6
7. Wholesale	771.9	8	313.9	390.3
8. Retail Trade	1,906.8	56	698.0	1,056.9
9. Finance, Ins., & Real Estate	4,246.9	38	1,251.6	2,711.0
10. Services	23,953.1	334	8,814.1	8,352.2
11. Government	197.8	1	60.0	94.0
Total Effects (Private and Public)	40,636.3	507	13,593.1	16,801.6
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	19,250.0	255	6,876.1	6,161.6
2. Indirect and Induced Effects	21,386.3	252	6,716.9	10,640.0
3. Total Effects	40,636.3	507	13,593.1	16,801.6
4. Multipliers (3/1)	2.111	1.991	1.977	2.727
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages--Net of Taxes				20,056.0
2. Taxes				4,991.8
a. Local				2,142.2
b. State				1,452.7
c. Federal				1,396.9
General				248.4
Social Security				1,148.5
3. Profits, dividends, rents, and other				-8,246.2
4. Total Gross State Product (1+2+3)				16,801.6
IV. TAX ACCOUNTS		**Business**	**Household**	**Total**
1. Income --Net of Taxes		20,056.0	10,712.1	---------
2. Taxes		4,991.8	2,178.9	7,170.8
a. Local		2,142.2	259.8	2,402.0
b. State		1,452.7	268.1	1,720.8
c. Federal		1,396.9	1,651.0	3,047.9
General		248.4	1,651.0	1,899.4
Social Security		1,148.5	0.0	1,148.5
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				
Employment (Jobs)				26.3
Income				706,134
State Taxes				89,394
Local Taxes				124,779
Gross State Product				872,810
INITIAL EXPENDITURE IN DOLLARS				19,250,000

EXHIBIT 5.17
Annual Net National Economic Impacts (Industry Detail) of Nebraska Historic Site Visitation ($19.25 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Agriculture	**260.0**	**2**	**18.1**	**49.1**
Dairy Farm Products	51.0	0	3.0	5.2
Eggs	0.2	0	0.0	0.0
Meat Animals	102.2	0	4.8	11.5
Misc. Livestock	6.7	0	0.6	1.3
Wool	2.1	0	0.2	0.4
Cotton	1.5	0	0.1	0.4
Tobacco	0.2	0	0.0	0.0
Grains & Misc. Crops	9.8	0	0.2	3.2
Feed Crops	28.0	0	0.6	8.3
Fruits & Nuts	39.1	1	6.6	11.2
Vegetables	1.9	0	0.2	0.6
Greenhouse & Nursery Products	6.4	0	1.2	3.1
Sugar Beets & Cane	3.1	0	0.1	1.3
Flaxseed, Peanuts, Soybean, Sunflower	7.8	0	0.4	2.4
Agri. Serv., Forestry, & Fish	**41.9**	**1**	**18.9**	**37.7**
Agri. Services (07)	34.3	1	18.0	30.8
Forestry (08)	6.3	0	0.6	5.7
Fishing, Hunting, & Trapping (09)	1.4	0	0.4	1.2
Mining	**153.9**	**1**	**29.9**	**33.4**
Coal Mining (12)	45.9	0	14.3	0.4
Oil & Gas Extraction (13)	101.8	0	13.6	29.9
Nonmetal Min.-Ex. Fuels (14)	5.5	0	1.8	2.6
Metal Mining (10)	0.7	0	0.2	0.6
Construction	**809.7**	**5**	**183.6**	**318.6**
General Bldg. Contractors (15)	244.4	2	77.0	119.5
Heavy Const. Contractors (16)	51.3	1	25.0	31.8
Special Trade Contractors (17)	514.1	3	81.7	167.2
Manufacturing	**5,986.2**	**42**	**1,512.5**	**2,723.8**
Food & Kindred Prod. (20)	682.5	2	91.9	149.7
Tobacco Manufactures (21)	39.7	0	3.7	35.0
Textile Mill Prod. (22)	111.1	1	27.1	72.6
Apparel & Other Prod. (23)	200.3	2	56.5	79.3
Lumber & Wood Prod. (24)	105.1	1	23.2	33.5
Furniture & Fixtures (25)	71.4	1	21.2	28.8
Paper & Allied Prod. (26)	519.4	2	112.4	226.8
Chemicals & Allied Prod. (28)	286.8	1	52.1	236.6

EXHIBIT 5.17 (continued)
Annual Net National Economic Impacts (Industry Detail)
of Nebraska Historic Site Visitation ($19.25 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Petroleum & Coal Prod. (29)	298.1	0	15.6	209.5
Rubber & Misc. Plastics (30)	127.6	1	36.2	60.7
Leather & Leather Prod. (31)	37.4	1	10.1	33.6
Stone, Clay, & Glass (32)	56.7	0	17.7	26.6
Primary Metal Prod. (33)	54.3	0	12.2	23.9
Fabricated Metal Prod. (34)	140.5	1	42.9	58.7
Machinery, Except Elec. (35)	134.8	1	39.4	50.8
Electric & Elec. Equip. (36)	257.2	1	66.1	117.0
Transportation Equipment (37)	458.8	1	70.3	184.0
Instruments & Rel. Prod. (38)	79.3	0	19.5	55.3
Misc. Manufacturing Ind's. (39)	101.7	1	32.5	33.5
Printing & Publishing (27)	2,223.4	23	762.0	1,008.0
Transport. & Public Utilities	**2,308.1**	**17**	**692.5**	**1,034.6**
Railroad Transportation (40)	49.8	0	20.7	44.8
Local Pass. Transit (41)	58.5	2	25.3	33.1
Trucking & Warehousing (42)	481.6	9	309.1	407.4
Water Transportation (44)	43.9	0	13.4	23.5
Transportation by Air (45)	144.1	1	50.1	78.0
Pipe Lines-Ex. Nat. Gas (46)	3.6	0	0.4	3.1
Transportation Services (47)	29.3	0	11.0	10.8
Communication (48)	767.7	4	175.3	322.3
Elec., Gas, & Sanitary Serv. (49)	729.5	0	87.3	111.4
Wholesale	**771.9**	**8**	**313.9**	**390.3**
Wholesale-Durable Goods (50)	339.7	4	138.1	171.8
Wholesale-Nondurable Goods (51)	432.2	4	175.7	218.5
Retail Trade	**1,906.8**	**56**	**698.0**	**1,056.9**
Bldg. Mat.-Garden Supply (52)	95.3	2	41.4	59.0
General Merch. Stores (53)	205.9	6	74.2	127.5
Food Stores (54)	175.4	6	68.4	108.6
Auto. Dealers-Serv. Stat. (55)	297.5	4	78.3	184.2
Apparel & Access. Stores (56)	102.9	5	48.3	63.7
Furniture & Home Furnish. (57)	50.5	1	23.6	31.2
Eating & Drinking Places (58)	715.6	23	243.2	319.4
Miscellaneous Retail (59)	263.7	9	120.6	163.3
Finance, Ins., & Real Estate	**4,246.9**	**38**	**1,251.6**	**2,711.0**
Banking (60)	419.4	3	110.7	235.2
Nondep. Credit Institut. (61)	662.0	10	346.8	313.5

EXHIBIT 5.17 (continued)
Annual Net National Economic Impacts (Industry Detail)
of Nebraska Historic Site Visitation ($19.25 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Security, Comm. Brokers (62)	423.9	4	208.3	226.6
Insurance Carriers (63)	574.8	5	231.3	440.0
Ins. Agents, Brokers (64)	138.7	2	53.4	63.0
Real Estate (65)	1,786.8	12	174.8	1,323.8
Holding and Invest. Off. (67)	241.3	2	126.4	108.7
Services	**23,953.1**	**334**	**8,814.1**	**8,352.2**
Hotels & Other Lodging (70)	200.1	5	68.3	113.7
Personal Services (72)	208.4	6	74.3	86.4
Business Services (73)	1,499.9	21	591.5	703.1
Auto Repair, Serv., Garages (75)	202.7	2	50.8	92.3
Misc. Repair Services (76)	99.9	2	39.3	45.6
Motion Pictures (78)	200.0	3	54.0	46.8
Amusement & Recreation (79)	120.9	3	47.3	79.1
Health Services (80)	213.1	3	115.7	117.9
Legal Services (81)	235.2	2	108.8	121.6
Educational Services (82)	284.3	6	112.2	167.1
Social Services (83)	48.9	1	23.7	24.5
Museums, Gardens & Mem. Orgs. (84, 86)	19,553.1	262	7,024.2	6,294.5
Engineer. & Manage. Serv. (87)	783.6	13	377.3	336.2
Private Households (88)	4.8	0	4.8	4.8
Miscellaneous Services (89)	298.4	4	121.8	118.5
Government	**197.8**	**1**	**60.0**	**94.0**
Total	**40,636.3**	**507**	**13,593.1**	**16,801.6**

Note: Detail may not sum to totals due to rounding.

EXHIBIT 5.18
Annual Net In-State Economic and Tax Impacts of Nebraska Historic Site Visitation ($19.25 million)

	Economic Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross State Product ($000)**
I. TOTAL EFFECTS (Direct and Indirect/Induced)				
1. Agriculture	56.8	0	2.8	8.5
2. Agri. Serv., Forestry, & Fish	23.8	1	12.5	21.4
3. Mining	3.1	0	0.7	1.1
4. Construction	488.2	2	67.2	152.6
5. Manufacturing	1,502.5	13	448.3	627.1
6. Transport. & Public Utilities	1,308.4	10	408.2	578.7
7. Wholesale	498.5	5	202.7	252.1
8. Retail Trade	1,585.2	46	582.3	891.5
9. Finance, Ins., & Real Estate	2,908.6	26	829.7	1,882.6
10. Services	20,951.5	289	7,697.6	7,187.8
11. Government	155.8	1	47.0	73.0
Total Effects (Private and Public)	29,482.2	394	10,299.0	11,676.4
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	17,732.0	235	6,333.9	5,675.7
2. Indirect and Induced Effects	11,750.3	159	3,965.1	6,000.7
3. Total Effects	29,482.2	394	10,299.0	11,676.4
4. Multipliers (3/1)	1.663	1.680	1.626	2.057
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages--Net of Taxes				16,581.0
2. Taxes				1,739.7
a. Local				249.5
b. State				230.2
c. Federal				1,260.1
General				155.9
Social Security				1,104.2
3. Profits, dividends, rents, and other				-6,644.4
4. Total Gross State Product (1+2+3)				11,676.4
IV. TAX ACCOUNTS		**Business**	**Household**	**Total**
1. Income --Net of Taxes		16,581.0	10,299.0	---------
2. Taxes		1,739.7	2,094.9	3,834.7
a. Local		249.5	249.8	499.2
b. State		230.2	257.8	488.0
c. Federal		1,260.1	1,587.4	2,847.5
General		155.9	1,587.4	1,743.2
Social Security		1,104.2	0.0	1,104.2
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				
Employment (Jobs)				20.5
Income				535,015
State Taxes				25,351
Local Taxes				25,933
Gross State Product				606,564
INITIAL EXPENDITURE IN DOLLARS				19,250,000

EXHIBIT 5.19
Annual Net In-State Economic Impacts (Industry Detail) of Nebraska Historic Site Visitation ($19.25 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Agriculture	**56.8**	**0**	**2.8**	**8.5**
Dairy Farm Products	17.6	0	1.0	1.8
Eggs	0.0	0	0.0	0.0
Meat Animals	27.1	0	1.2	2.9
Misc. Livestock	1.0	0	0.1	0.2
Wool	0.0	0	0.0	0.0
Cotton	0.0	0	0.0	0.0
Tobacco	0.0	0	0.0	0.0
Grains & Misc. Crops	3.3	0	0.1	1.1
Feed Crops	5.0	0	0.1	1.5
Fruits & Nuts	0.0	0	0.0	0.0
Vegetables	0.2	0	0.0	0.1
Greenhouse & Nursery Products	0.9	0	0.2	0.5
Sugar Beets & Cane	0.6	0	0.0	0.3
Flaxseed, Peanuts, Soybean, Sunflower	1.0	0	0.1	0.3
Agri. Serv., Forestry, & Fish	**23.8**	**1**	**12.5**	**21.4**
Agri. Services (07)	23.5	1	12.5	21.1
Forestry (08)	0.3	0	0.0	0.2
Fishing, Hunting, & Trapping (09)	0.1	0	0.0	0.1
Mining	**3.1**	**0**	**0.7**	**1.1**
Coal Mining (12)	0.1	0	0.0	0.0
Oil & Gas Extraction (13)	1.8	0	0.2	0.5
Nonmetal Min.-Ex. Fuels (14)	1.2	0	0.4	0.6
Metal Mining (10)	0.0	0	0.0	0.0
Construction	**488.2**	**2**	**67.2**	**152.6**
General Bldg. Contractors (15)	143.9	1	29.6	56.6
Heavy Const. Contractors (16)	19.4	0	8.5	11.2
Special Trade Contractors (17)	325.0	1	29.1	84.8
Manufacturing	**1,502.5**	**13**	**448.3**	**627.1**
Food & Kindred Prod. (20)	239.4	1	31.9	42.5
Tobacco Manufactures (21)	0.7	0	0.1	0.6
Textile Mill Prod. (22)	2.7	0	0.7	1.9
Apparel & Other Prod. (23)	10.8	0	2.9	4.3
Lumber & Wood Prod. (24)	28.8	0	7.1	9.1
Furniture & Fixtures (25)	13.5	0	3.6	5.3
Paper & Allied Prod. (26)	27.8	0	7.2	11.8
Chemicals & Allied Prod. (28)	36.9	0	7.1	31.4

EXHIBIT 5.19 (continued)
Annual Net In-State Economic Impacts (Industry Detail)
of Nebraska Historic Site Visitation ($19.25 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Petroleum & Coal Prod. (29)	0.5	0	0.1	0.4
Rubber & Misc. Plastics (30)	3.5	0	1.0	1.6
Leather & Leather Prod. (31)	0.5	0	0.1	0.4
Stone, Clay, & Glass (32)	18.3	0	5.7	8.5
Primary Metal Prod. (33)	3.7	0	0.8	1.6
Fabricated Metal Prod. (34)	36.5	0	10.4	15.2
Machinery, Except Elec. (35)	17.5	0	6.1	7.0
Electric & Elec. Equip. (36)	23.1	0	6.7	11.8
Transportation Equipment (37)	18.4	0	4.9	8.7
Instruments & Rel. Prod. (38)	14.0	0	3.6	9.7
Misc. Manufacturing Ind's. (39)	27.5	0	9.2	8.8
Printing & Publishing (27)	978.5	10	339.1	446.4
Transport. & Public Utilities	**1,308.4**	**10**	**408.2**	**578.7**
Railroad Transportation (40)	0.0	0	0.0	0.0
Local Pass. Transit (41)	28.2	1	12.2	15.9
Trucking & Warehousing (42)	284.0	5	197.4	238.9
Water Transportation (44)	0.1	0	0.0	0.1
Transportation by Air (45)	79.7	1	27.7	43.2
Pipe Lines-Ex. Nat. Gas (46)	0.5	0	0.1	0.5
Transportation Services (47)	16.7	0	6.3	6.1
Communication (48)	506.3	3	119.3	214.5
Elec., Gas, & Sanitary Serv. (49)	392.9	0	45.2	59.4
Wholesale	**498.5**	**5**	**202.7**	**252.1**
Wholesale-Durable Goods (50)	234.3	3	95.3	118.5
Wholesale-Nondurable Goods (51)	264.1	3	107.4	133.6
Retail Trade	**1,585.2**	**46**	**582.3**	**891.5**
Bldg. Mat.-Garden Supply (52)	86.1	2	37.4	53.3
General Merch. Stores (53)	186.7	6	67.3	115.6
Food Stores (54)	158.7	5	61.9	98.2
Auto. Dealers-Serv. Stat. (55)	268.4	4	70.5	166.2
Apparel & Access. Stores (56)	80.0	4	37.6	49.6
Furniture & Home Furnish. (57)	45.5	1	21.2	28.2
Eating & Drinking Places (58)	520.4	16	176.9	232.3
Miscellaneous Retail (59)	239.4	8	109.5	148.2
Finance, Ins., & Real Estate	**2,908.6**	**26**	**829.7**	**1,882.6**
Banking (60)	321.8	3	84.9	180.5
Nondep. Credit Institut. (61)	406.9	6	213.1	192.7

EXHIBIT 5.19 (continued)
Annual Net In-State Economic Impacts (Industry Detail)
of Nebraska Historic Site Visitation ($19.25 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Security, Comm. Brokers (62)	318.4	3	156.5	170.3
Insurance Carriers (63)	441.0	4	177.5	337.6
Ins. Agents, Brokers (64)	119.3	2	45.9	54.2
Real Estate (65)	1,243.8	8	121.6	921.5
Holding and Invest. Off. (67)	57.5	1	30.1	25.9
Services	**20,951.5**	**289**	**7,697.6**	**7,187.8**
Hotels & Other Lodging (70)	45.5	1	16.7	27.4
Personal Services (72)	134.3	4	47.1	54.5
Business Services (73)	1,083.1	15	427.7	509.2
Auto Repair, Serv., Garages (75)	150.2	1	36.9	68.3
Misc. Repair Services (76)	46.3	1	18.4	21.0
Motion Pictures (78)	45.8	1	11.7	11.3
Amusement & Recreation (79)	54.6	2	18.8	34.5
Health Services (80)	192.3	3	104.8	106.8
Legal Services (81)	179.3	1	82.9	92.7
Educational Services (82)	194.1	4	79.3	113.9
Social Services (83)	43.7	1	21.1	21.8
Museums, Gardens & Mem. Orgs. (84, 86)	17,900.2	239	6,420.9	5,752.7
Engineer. & Manage. Serv. (87)	647.3	11	312.8	277.9
Private Households (88)	4.4	0	4.4	4.4
Miscellaneous Services (89)	230.3	3	94.0	91.4
Government	**155.8**	**1**	**47.0**	**73.0**
Total	**29,482.2**	**394**	**10,299.0**	**11,676.4**

Note: Detail may not sum to totals due to rounding.

CHAPTER SIX

HISTORIC PRESERVATION TAX CREDIT PROGRAMS IN NEBRASKA

THE FEDERAL HISTORIC REHABILITATION INVESTMENT TAX CREDIT

Until 1976, the tax code in the United States favored new construction. The fastest depreciation schedule—a 200 percent declining balance (DB) write-off[5]—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[6]); 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 a 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.

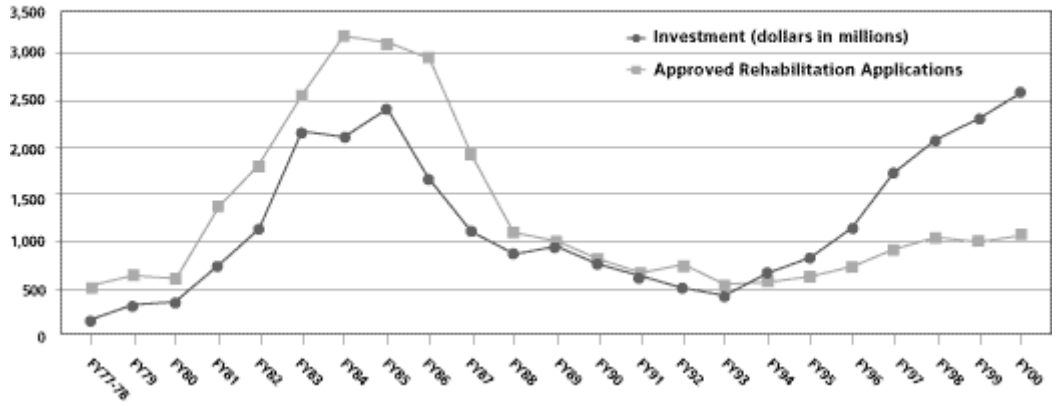
The new tax credit was a powerful lure. Investment under the ITC grew from $738 million in FY1981 to $1.128 billion in FY1982 to $2.165 billion in FY1983 and reached a high of $2.416 billion by FY1985. There was a spectacular increase in the number of projects as well. The 1986 Tax Reform Act, however, 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 ITC for historic rehabilitation was reduced to a 20 percent credit. Most significantly, the 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 "nonpassive 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 housing units were applicable under the Historic Rehabilitation Investment Tax Credit. Housing does not qualify under the 10 percent ITC.

[5]This tax write-off schedule is at twice the straight-line depreciation on the declining balance being depreciated.

[6]A state or local district may also qualify if these districts and their enabling statutes are certified by the Secretary of the Interior.

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 1,000 projects totaling around $2.6 billion in FY 2000 (see Exhibit 6.1).

EXHIBIT 6.1
Federal Tax Incentives For Rehabilitating Historic Buildings Since 1976



The most recent figures released by the National Park Service for FY 2005 show that this has since increased to 1,100 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 have occurred, creating approximately 350,000 housing units (including 80,000 low/moderate-income units).

STATE HISTORIC PRESERVATION INCOME TAX CREDITS

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, 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 6.2). The magnitude of the state credits range from 5 percent to 50 percent; states have many different targets for their programs, in terms of both 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 restrict the overall number or value of credits and/or require projects to be explicitly approved, while others grant credits widely. Most states mandate a minimum level of investment and restrict the ways in which the tax credit can be distributed.

EXHIBIT 6.2
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
Massachu-setts	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	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 Cap: $2,000/project for owner-occupied residential	Freely transferable Carry forward: 10 years Interior work ineligible

State	Credit Level	Applicability	Requirements and Limitations	Other Information
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).

MISSOURI'S HISTORIC REHABILITATION INCOME TAX CREDIT

The state of Missouri has one of the most extensive state tax credits for historic rehabilitation. To demonstrate what a state like Nebraska could generate in the way of financial benefits if it were to implement a state income tax credit, its detailed are presented here.

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 6.3 below, 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, in 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.

EXHIBIT 6.3
Comparison of Federal and Missouri Historic Rehabilitation Tax Credits

Characteristic	Federal Credit	Missouri Credit
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).

PROPERTY TAX HISTORIC PRESERVATION INCENTIVES

Many state and local governments, in addition to (or in lieu of) income tax credits, have various programs that provide incentives to conduct rehabilitation of historic properties; specifically, such programs generally entail a reduction in property tax burdens. In 18 states, there is an option granted to local governments to completely or partially exempt increases in valuation from property taxation for some period of time. Florida (51 localities) and the state of Washington (46) have the most widely adopted programs in their counties and municipalities among those for whom data is currently available. Often these policies do not require historic designation or approval for the property in question, just merely that it be sufficiently old as to require repair. Two states, Hawaii and Maine, go as far as to exempt certain sites from any property tax if they meet historic designation criteria. Further, six states and the District of Columbia consider encumbrances on redevelopment in the valuation process or value the property site based on its current use, rather than its "highest and best use" if placed on the open market, reducing the opportunity costs of maintaining a historic property's current condition.

Meanwhile, as of 2005, ten states (Alabama, Arizona, Georgia, Illinois, Indiana, Kentucky, New Jersey, North Dakota, Oregon, and South Dakota) provided statewide property tax relief in some form for historic properties. Alabama has by far the most generous program, offering a 50 percent cut in property tax liability in perpetuity for historic properties. All others in the group offered property tax abatements that maintained the pre-rehabilitation property value on a historic site for a period of time ranging from five to fifteen years. Georgia and Illinois structured their programs to offer an eight-year abatement on increases in property value, then increase the valuation incrementally over a number of years until it reaches full market value. It was this approach that Nebraska followed in adopting its program in 2006.

NEBRASKA'S VALUATION INCENTIVE PROGRAM

Nebraska's state historic preservation incentive is the "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 owner-occupied and 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 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 program began only in January of 2006, applications for 15 projects totaling $25,691,012 in rehabilitation expenses have been processed (see Exhibit 6.4). Eleven projects are for residential rehabilitation by private property owners. Clearly, the dominant project is the 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 projects that have been initiated to date, the majority are by private homeowners.

THE FEDERAL HISTORIC REHABILITATION INVESTMENT TAX CREDIT IN NEBRASKA

Data on the federal Historic Rehabilitation Investment Tax Credit (ITC) in Nebraska was available for this analysis. The Nebraska State 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 6.4
Historic Rehabilitation Projects in Nebraska
Covered by the Valuation Incentive Program

Year	Property	City	County	Assessed Value	Rehabilitation Expenditures
2006	Augustus B. Slater House	Omaha	Douglas	$149,500	$45,412
2006	Dundee Theater	Omaha	Douglas	$254,600	$140,740
2006	N.Y. Life Insurance Bldg.	Omaha	Douglas	$3,730,000	$22,500,000
2006	Residence (3332 Pine St.)	Omaha	Douglas	$103,100	$25,775
2006	Residence (3517 Pine St.)	Omaha	Douglas	$122,300	$68,634
2006	William Bostwick House	Omaha	Douglas	$271,500	$75,000
2006	The Hub Building	Burwell	Garfield	$34,955	$8,739
2006	George Townsend House	Tecumseh	Johnson	$84,610	$27,000
2006	Stevens House	Brownville	Nemaha	$3,195	$20,000
2007	Farrell Block	Hastings	Adams	$113,155	$879,000
2007	Residence (5205 California St.)	Omaha	Douglas	$298,500	$74,625
2007	Wilkinson House	Omaha	Douglas	$190,800	$47,700
2007	Harry T. Jones House	Seward	Seward	$194,179	$48,545
2007	Nebr. City National Bank Bldg.	Nebr. City	Otoe	$40,250	$10,063
2007	Matthew R. Bentley House	Red Cloud	Webster	$5,145	$1,029
				TOTAL	**$25,691,012**

EXHIBIT 6.5
Quantitative History of Nebraska's Participation in the Federal Historic Rehabilitation Investment Tax Credit Program, 1978-2006

Year	Num. of Projects	Housing Projects	Total Value (current $)	Total Value (in 2006 $)	Housing Units	L/M Units
1978	2	0	$4,200,000	$12,986,503	0	0
1979	0	0	$0	$0	0	0
1980	0	0	$0	$0	0	0
1981	6	2	$11,955,174	$29,249,552	3	0
1982	18	3	$14,556,783	$30,431,746	26	25
1983	24	6	$13,044,500	$26,403,325	174	163
1984	15	8	$10,739,035	$20,837,242	229	220
1985	21	15	$32,221,742	$60,370,847	501	501
1986	14	8	$12,349,239	$22,715,389	269	266
1987	14	7	$11,488,500	$20,388,042	147	63
1988	10	8	$14,765,000	$25,161,657	229	228
1989	14	7	$13,129,516	$21,346,052	126	118
1990	5	2	$2,840,000	$4,380,597	51	28
1991	12	6	$4,362,861	$6,457,803	58	39
1992	14	6	$12,286,670	$17,654,973	202	197
1993	9	0	$658,000	$918,012	0	0
1994	11	7	$13,419,309	$18,254,607	147	61
1995	11	3	$31,844,479	$42,124,980	98	24
1996	4	2	$20,369,000	$26,172,023	166	133
1997	11	8	$23,061,434	$28,966,885	115	110
1998	21	14	$64,066,685	$79,238,305	506	108
1999	12	7	$15,356,675	$18,582,867	137	132
2000	7	2	$10,501,830	$12,294,825	23	0
2001	8	1	$11,080,000	$12,612,806	3	3
2002	8	2	$13,522,604	$15,153,735	80	39
2003	3	2	$17,741,906	$19,438,958	414	114
2004	8	6	$27,815,608	$29,685,689	226	96
2005	14	3	$45,305,406	$46,766,871	149	0
2006	5	2	$22,940,740	$22,940,740	7	1
TOTAL	301	137	$475,622,696	$671,535,031	4,086	2,669

Notes: “Year” indicates the year when the first portion of a project’s application arrived at the Nebraska State Historic Preservation Office. “Total Value” includes qualified and non-qualified (i.e. new construction costs attributed to a historic preservation) expenditures. “L/M Units” indicates the number of housing units that are designed for low- and moderate-income individuals.

Since the state's first project in 1978, the federal government has issued approvals for 301 projects statewide. These projects generated historic preservation activity with the rehabilitation value of the projects adding up to over $671 million (in 2006 dollars). Of those, at least 137 projects had a residential component to the development, contributing 4,086 added housing units to the state. Eighty-nine of the housing projects were at least partially developed for those with low to moderate income, with roughly two-thirds (2,669) of the units falling into this category.

The number and value of tax credit redevelopments has varied greatly over the course of the program's existence (see Exhibit 6.5).While the highest number of credits issued was in 1983, the sixth year of the tax credit, this was nowhere near the peak of either housing units constructed or rehabilitation value. Not surprisingly, the nature of the program is cyclical, with all measures of program activity rising in boom times and/or housing market surges, with declines largely during recessions.

A number of peaks appear in the data. The years 1985 and 1998 were the two largest years in terms of both residential units and rehabilitation value; both years saw approximately 500 housing units in historic preservation tax credit properties. Total real value was nearly $80 million (1998) and just over $60 million (1985) in those two years. A third peak appears in the housing boom earlier this decade; over 400 housing units were built in 2003, the third-highest total of any year, but the third-highest property valuation tally occurred two years later, in 2005 ($47 million).

On the flip side, several troughs are clearly identified as well. First, the initial years of the program saw very little activity; 1979 and 1980 saw no tax credits issued at all. Between the relative newness of the program (and hence, perhaps, limited information about it) and the severe "misery index" combination of inflation and unemployment, this is not a surprising finding. Another trough occurred in 1990 and 1991—an era marred by recession and the S&L crisis – with less than $8 million in combined tax credit property values. Last, a moderate decline took place in 2000 and 2001, especially with regard to housing properties.

Of the projects undertaken in the state, the vast majority were in Omaha, followed by Lincoln. Other large projects or significant numbers of projects were located in Norfolk, Broken Bow, Fairbury, Fremont, Plattsmouth, Nebraska City, Blair, Hastings, Scottsbluff, and Grand Island.

TOTAL ANNUAL IMPACTS OF THE FEDERAL TAX CREDIT IN NEBRASKA

Given these data, it is possible to extrapolate the effects that this statute has had on the economy of Nebraska and the nation as a whole, just as we were able to do previously in this report. Following the method established in estimating the economic impact of historic rehabilitation in Chapter 2, we took the average of the last five years of tax credit activity (adjusted for inflation) as our direct-effect expenditure, which comes out to $26.8 million. Based on this value, the main findings generated by PEIM were as follows:

National Effects

Overall, the federal Historic Rehabilitation Investment Tax Credits (ITCs) issued to owners of Nebraska properties generated 585 jobs, $26.4 million in added wealth, $47.9 million in additional industrial output, and $18.3 million in new earned labor income nationally (Exhibit 6.6). Naturally, considering the intermediate goods required to conduct historic preservation activity, the largest sectors of the economy to benefit from this injection of funds are construction and manufacturing. There is more output generated by the manufacturing sector, since its goods are pricier, while the construction sector employed more workers as a result of the ITC, which in turn led to higher contributions to labor income and wealth. The services sector is third-ranked in each category, the only other component of the economy to generate over 100 jobs and $5 million in output. Retail trade contributes 74 jobs; its fiscal impacts are dwarfed by the finance, insurance, and real estate (FIRE) sector, home to fewer but higher-paying jobs. Of the increased wealth total, wages constituted over half of this ($15.5 million), with taxes collected by subnational governments picking up a large piece as well ($8.9 million).

Among individual industries (Exhibit 6.7), it is not at all surprising that the dominant industry was general contractors, contributing nearly 150 jobs and over $6 million in wealth. Among the individual manufacturing industries, primary contributors were fabricated metal products; lumber and wood products; stone, clay, and glass; and rubber and miscellaneous plastics. Engineering and business support dominated the services sector, with significant contributions to the eating/drinking establishment industry.

In-State Effects

When only impacts within the state of Nebraska are considered, the picture is very similar, indicating again that the historic rehabilitation sector is a solid engine of local economic development and that Nebraska's economy as a whole is relatively well-balanced. Under the historic rehabilitation investment tax credit (ITC) program, all investment in historic rehabilitation is from the private sector. Most of the economic impact is retained in Nebraska; specifically, the in-state impacts are 435 jobs, $17.3 million in gross state product (GSP), $29.7 million in industrial output, and $13.5 million in income (Exhibit 6.8). This comprises roughly 60-70 percent of the overall national figures, depending on the measure employed. Manufacturing becomes a much less important sector; the construction sector now constitutes just under half of in-state impacts (e.g. 200 of 435 jobs). Just over $600,000 is retained in tax revenues by state and local government; Nebraska laborers earn $11.3 million while $3.5 million accrues to capital through profits and economic rents.

Exhibit 6.9 shows effects similar to the national picture, but with leakages of manufacturing jobs and income to out-of-state firms. The three contractor subsectors and engineering services firms dominate the economic impacts, with these four groups constituting over half of the economic impacts themselves. Fabricated metal and masonry firms are the only manufacturing industries to produce more than ten jobs; low-end retail and business services also supply double-digit jobs. Notably, these economic impacts are not included in the aggregate impacts detailed at the beginning of the Executive Summary. These effects are not ignored; rather, as they are part of the level of historic preservation activity in Nebraska, they are included within the total impact derived in Chapter Two.

EXHIBIT 6.6
Annual National Economic and Tax Impacts of Nebraska's Federal Historic Rehabilitation Investment Tax Credits ($26.8 million)

	Economic Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
I. TOTAL EFFECTS (Direct and Indirect/Induced)				
1. Agriculture	330.5	2	23.5	64.6
2. Agri. Serv., Forestry, & Fish	272.9	7	98.7	245.6
3. Mining	809.1	6	245.7	333.7
4. Construction	11,878.6	203	6,983.9	8,637.4
5. Manufacturing	17,157.4	118	4,112.0	8,240.8
6. Transport. & Public Utilities	2,441.1	15	631.1	1,185.0
7. Wholesale	1,968.6	20	800.5	995.5
8. Retail Trade	2,533.8	74	933.1	1,425.0
9. Finance, Ins., & Real Estate	3,238.7	33	1,188.1	1,955.2
10. Services	7,104.1	105	3,237.5	3,236.9
11. Government	200.7	1	60.9	95.7
Total Effects (Private and Public)	47,935.5	585	18,315.0	26,415.3
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	26,799.9	338	11,901.4	16,015.9
2. Indirect and Induced Effects	21,135.6	247	6,413.6	10,399.4
3. Total Effects	47,935.5	585	18,315.0	26,415.3
4. Multipliers (3/1)	1.789	1.731	1.539	1.649
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages--Net of Taxes				15,537.5
2. Taxes				10,968.1
a. Local				5,379.0
b. State				3,551.6
c. Federal				2,037.4
General				549.6
Social Security				1,487.8
3. Profits, dividends, rents, and other				-90.3
4. Total Gross State Product (1+2+3)				26,415.3
IV. TAX ACCOUNTS		**Business**	**Household**	**Total**
1. Income --Net of Taxes		15,537.5	13,876.7	--------
2. Taxes		10,968.1	2,822.7	13,790.7
a. Local		5,379.0	336.5	5,715.5
b. State		3,551.6	347.3	3,899.0
c. Federal		2,037.4	2,138.8	4,176.2
General		549.6	2,138.8	2,688.4
Social Security		1,487.8	0.0	1,487.8
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				
Employment (Jobs)				21.8
Income				683,396
State Taxes				145,484
Local Taxes				213,265
Gross State Product				985,646
INITIAL EXPENDITURE IN DOLLARS				26,800,000

EXHIBIT 6.7
Annual National Economic Impacts (Industry Detail) of Nebraska's Federal Historic Rehabilitation Investment Tax Credits ($26.8 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Agriculture	**330.5**	**2**	**23.5**	**64.6**
Dairy Farm Products	65.9	0	3.9	6.7
Eggs	0.3	0	0.0	0.0
Meat Animals	124.1	0	5.6	13.4
Misc. Livestock	1.9	0	0.2	0.4
Wool	0.6	0	0.1	0.1
Cotton	6.3	0	0.6	1.8
Tobacco	0.2	0	0.0	0.1
Grains & Misc. Crops	12.7	0	0.3	4.1
Feed Crops	37.0	0	0.8	11.1
Fruits & Nuts	51.0	1	8.6	14.6
Vegetables	2.6	0	0.3	0.9
Greenhouse & Nursery Products	13.4	0	2.5	6.6
Sugar Beets & Cane	4.0	0	0.1	1.7
Flaxseed, Peanuts, Soybean, Sunflower	10.4	0	0.5	3.2
Agri. Serv., Forestry, & Fish	**272.9**	**7**	**98.7**	**245.6**
Agri. Services (07)	167.1	6	89.0	150.3
Forestry (08)	104.2	0	9.2	93.8
Fishing, Hunting, & Trapping (09)	1.7	0	0.4	1.5
Mining	**809.1**	**6**	**245.7**	**333.7**
Coal Mining (12)	60.1	0	18.7	0.5
Oil & Gas Extraction (13)	140.0	1	18.8	41.1
Nonmetal Min.-Ex. Fuels (14)	602.3	5	206.6	286.7
Metal Mining (10)	6.6	0	1.7	5.5
Construction	**11,878.6**	**203**	**6,983.9**	**8,637.4**
General Bldg. Contractors (15)	8,517.4	149	4,876.4	6,088.1
Heavy Const. Contractors (16)	2,095.5	31	1,411.9	1,678.5
Special Trade Contractors (17)	1,265.7	23	695.7	870.8
Manufacturing	**17,157.4**	**118**	**4,112.0**	**8,240.8**
Food & Kindred Prod. (20)	867.1	3	116.8	189.9
Tobacco Manufactures (21)	51.9	0	4.8	45.8
Textile Mill Prod. (22)	1,084.3	7	179.9	650.0
Apparel & Other Prod. (23)	287.1	4	81.9	115.9
Lumber & Wood Prod. (24)	2,629.7	20	604.1	812.3
Furniture & Fixtures (25)	115.2	2	35.7	47.5
Paper & Allied Prod. (26)	226.6	1	50.2	98.6
Chemicals & Allied Prod. (28)	1,441.9	6	288.9	1,158.2

EXHIBIT 6.7 (continued)
Annual National Economic Impacts (Industry Detail) of Nebraska's Federal Historic Rehabilitation Investment Tax Credits ($26.8 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Petroleum & Coal Prod. (29)	1,454.1	6	240.8	1,231.6
Rubber & Misc. Plastics (30)	1,031.2	10	281.2	479.9
Leather & Leather Prod. (31)	48.9	1	13.2	44.0
Stone, Clay, & Glass (32)	2,075.8	18	642.9	891.9
Primary Metal Prod. (33)	559.9	2	117.7	235.3
Fabricated Metal Prod. (34)	2,660.4	23	799.1	1,116.9
Machinery, Except Elec. (35)	576.2	5	183.8	227.8
Electric & Elec. Equip. (36)	862.0	4	207.0	377.2
Transportation Equipment (37)	598.9	2	91.7	239.9
Instruments & Rel. Prod. (38)	132.2	1	40.0	88.5
Misc. Manufacturing Ind's. (39)	190.0	1	49.7	65.4
Printing & Publishing (27)	263.9	2	82.5	124.2
Transport. & Public Utilities	**2,441.1**	**15**	**631.1**	**1,185.0**
Railroad Transportation (40)	136.9	1	56.8	123.2
Local Pass. Transit (41)	63.4	2	27.4	35.8
Trucking & Warehousing (42)	635.1	9	267.3	547.7
Water Transportation (44)	88.3	1	25.1	45.5
Transportation by Air (45)	99.6	1	34.6	53.9
Pipe Lines-Ex. Nat. Gas (46)	5.8	0	0.6	5.0
Transportation Services (47)	34.2	0	12.8	12.3
Communication (48)	514.5	2	104.5	228.1
Elec., Gas, & Sanitary Serv. (49)	863.4	0	102.1	133.5
Wholesale	**1,968.6**	**20**	**800.5**	**995.5**
Wholesale-Durable Goods (50)	763.0	8	310.3	385.8
Wholesale-Nondurable Goods (51)	1,205.6	12	490.3	609.6
Retail Trade	**2,533.8**	**74**	**933.1**	**1,425.0**
Bldg. Mat.-Garden Supply (52)	150.8	4	65.5	93.3
General Merch. Stores (53)	299.5	9	108.0	185.4
Food Stores (54)	256.0	9	99.8	158.5
Auto. Dealers-Serv. Stat. (55)	417.7	6	110.4	258.6
Apparel & Access. Stores (56)	138.2	6	64.9	85.5
Furniture & Home Furnish. (57)	69.8	2	32.6	43.2
Eating & Drinking Places (58)	832.1	26	282.8	371.4
Miscellaneous Retail (59)	369.8	13	169.0	229.0
Finance, Ins., & Real Estate	**3,238.7**	**33**	**1,188.1**	**1,955.2**
Banking (60)	423.1	3	111.7	237.4
Nondep. Credit Institut. (61)	824.9	13	432.1	390.6

EXHIBIT 6.7 (continued)
Annual National Economic Impacts (Industry Detail) of Nebraska's Federal Historic Rehabilitation Investment Tax Credits ($26.8 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Security, Comm. Brokers (62)	125.5	1	61.7	67.1
Insurance Carriers (63)	720.4	6	289.9	551.5
Ins. Agents, Brokers (64)	178.4	3	68.7	81.0
Real Estate (65)	662.1	4	64.8	490.6
Holding and Invest. Off. (67)	304.3	3	159.4	137.1
Services	**7,104.1**	**105**	**3,237.5**	**3,236.9**
Hotels & Other Lodging (70)	174.4	4	56.4	95.2
Personal Services (72)	268.7	7	95.8	111.4
Business Services (73)	876.5	12	340.2	422.5
Auto Repair, Serv., Garages (75)	235.5	2	62.0	108.0
Misc. Repair Services (76)	150.3	3	57.8	69.1
Motion Pictures (78)	158.1	3	41.6	38.0
Amusement & Recreation (79)	114.1	3	43.2	74.3
Health Services (80)	272.3	4	148.1	151.2
Legal Services (81)	819.3	7	378.9	423.5
Educational Services (82)	117.9	3	60.1	67.9
Social Services (83)	66.1	2	32.4	33.2
Museums, Gardens & Mem. Orgs. (84, 86)	281.6	8	147.5	130.7
Engineer. & Manage. Serv. (87)	3,358.0	43	1,683.5	1,424.5
Private Households (88)	6.3	1	6.3	6.3
Miscellaneous Services (89)	204.7	3	83.5	81.3
Government	**200.7**	**1**	**60.9**	**95.7**
Total	**47,935.5**	**585**	**18,315.0**	**26,415.3**

Note: Detail may not sum to totals due to rounding.

EXHIBIT 6.8
Annual In-State Economic and Tax Impacts of Nebraska's Federal Historic Rehabilitation Investment Tax Credits ($26.8 million)

	Economic Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross State Product ($000)**
I. TOTAL EFFECTS (Direct and Indirect/Induced)				
1. Agriculture	73.9	0	3.7	11.5
2. Agri. Serv., Forestry, & Fish	161.4	6	80.7	145.3
3. Mining	299.3	3	103.3	142.6
4. Construction	11,589.7	200	6,890.6	8,498.9
5. Manufacturing	5,263.4	43	1,440.2	2,247.6
6. Transport. & Public Utilities	1,153.1	7	289.5	521.7
7. Wholesale	1,364.9	14	555.0	690.2
8. Retail Trade	2,129.1	62	786.9	1,214.8
9. Finance, Ins., & Real Estate	2,058.9	21	739.0	1,269.0
10. Services	5,425.3	78	2,546.2	2,473.7
11. Government	141.1	1	42.6	66.0
Total Effects (Private and Public)	29,660.0	435	13,477.6	17,281.4
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	19,700.4	287	10,069.1	12,272.2
2. Indirect and Induced Effects	9,959.5	148	3,408.5	5,009.2
3. Total Effects	29,660.0	435	13,477.6	17,281.4
4. Multipliers (3/1)	1.506	1.517	1.339	1.408
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages--Net of Taxes				11,325.2
2. Taxes				2,471.4
a. Local				309.7
b. State				294.8
c. Federal				1,866.9
General				421.9
Social Security				1,445.0
3. Profits, dividends, rents, and other				3,484.8
4. Total Gross State Product (1+2+3)				17,281.4
IV. TAX ACCOUNTS		**Business**	**Household**	**Total**
1. Income --Net of Taxes		11,325.2	13,477.6	---------
2. Taxes		2,471.4	2,741.5	5,212.9
a. Local		309.7	326.8	636.5
b. State		294.8	337.4	632.1
c. Federal		1,866.9	2,077.3	3,944.2
General		421.9	2,077.3	2,499.2
Social Security		1,445.0	0.0	1,445.0
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				
Employment (Jobs)				16.2
Income				502,896
State Taxes				23,587
Local Taxes				23,750
Gross State Product				644,829
INITIAL EXPENDITURE IN DOLLARS				26,800,000

EXHIBIT 6.9
Annual In-State Economic Impacts (Industry Detail) of Nebraska's Federal Historic Rehabilitation Investment Tax Credits ($26.8 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross State Product ($000)**
Agriculture	**73.9**	**0**	**3.7**	**11.5**
Dairy Farm Products	22.8	0	1.4	2.3
Eggs	0.0	0	0.0	0.0
Meat Animals	34.8	0	1.5	3.7
Misc. Livestock	0.1	0	0.0	0.0
Wool	0.0	0	0.0	0.0
Cotton	0.0	0	0.0	0.0
Tobacco	0.0	0	0.0	0.0
Grains & Misc. Crops	4.3	0	0.1	1.4
Feed Crops	7.5	0	0.2	2.3
Fruits & Nuts	0.0	0	0.0	0.0
Vegetables	0.2	0	0.0	0.1
Greenhouse & Nursery Products	2.1	0	0.4	1.0
Sugar Beets & Cane	0.8	0	0.0	0.3
Flaxseed, Peanuts, Soybean, Sunflower	1.3	0	0.1	0.4
Agri. Serv., Forestry, & Fish	**161.4**	**6**	**80.7**	**145.3**
Agri. Services (07)	148.5	6	79.5	133.6
Forestry (08)	12.9	0	1.1	11.6
Fishing, Hunting, & Trapping (09)	0.1	0	0.0	0.1
Mining	**299.3**	**3**	**103.3**	**142.6**
Coal Mining (12)	0.1	0	0.0	0.0
Oil & Gas Extraction (13)	2.3	0	0.3	0.7
Nonmetal Min.-Ex. Fuels (14)	296.8	3	102.9	141.8
Metal Mining (10)	0.1	0	0.0	0.1
Construction	**11,589.7**	**200**	**6,890.6**	**8,498.9**
General Bldg. Contractors (15)	8,433.5	148	4,836.4	6,035.1
Heavy Const. Contractors (16)	2,070.4	30	1,399.1	1,662.5
Special Trade Contractors (17)	1,085.8	21	655.1	801.2
Manufacturing	**5,263.4**	**43**	**1,440.2**	**2,247.6**
Food & Kindred Prod. (20)	306.4	1	40.8	54.4
Tobacco Manufactures (21)	0.9	0	0.1	0.8
Textile Mill Prod. (22)	11.5	0	2.2	7.2
Apparel & Other Prod. (23)	29.8	0	8.8	13.2
Lumber & Wood Prod. (24)	1,079.6	9	262.5	324.9
Furniture & Fixtures (25)	37.6	0	12.1	15.9
Paper & Allied Prod. (26)	12.1	0	3.2	5.0
Chemicals & Allied Prod. (28)	217.1	1	43.4	179.5

EXHIBIT 6.9 (continued)
Annual In-State Economic Impacts (Industry Detail) of Nebraska's Federal Historic Rehabilitation Investment Tax Credits ($26.8 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross State Product ($000)**
Petroleum & Coal Prod. (29)	229.2	1	48.0	206.2
Rubber & Misc. Plastics (30)	60.8	1	16.9	28.4
Leather & Leather Prod. (31)	0.6	0	0.2	0.6
Stone, Clay, & Glass (32)	1,182.8	12	388.5	526.6
Primary Metal Prod. (33)	73.3	0	15.4	31.2
Fabricated Metal Prod. (34)	1,501.2	13	436.2	618.6
Machinery, Except Elec. (35)	239.0	2	74.9	95.1
Electric & Elec. Equip. (36)	143.8	1	45.5	74.2
Transportation Equipment (37)	23.5	0	6.2	11.0
Instruments & Rel. Prod. (38)	16.1	0	4.4	11.1
Misc. Manufacturing Ind's. (39)	18.9	0	6.0	6.0
Printing & Publishing (27)	79.3	1	25.2	37.6
Transport. & Public Utilities	**1,153.1**	**7**	**289.5**	**521.7**
Railroad Transportation (40)	0.0	0	0.0	0.0
Local Pass. Transit (41)	29.9	1	12.9	16.9
Trucking & Warehousing (42)	308.4	4	138.9	264.7
Water Transportation (44)	0.2	0	0.1	0.1
Transportation by Air (45)	48.4	0	16.9	26.2
Pipe Lines-Ex. Nat. Gas (46)	1.1	0	0.1	0.9
Transportation Services (47)	18.3	0	6.8	6.5
Communication (48)	301.3	1	63.2	137.2
Elec., Gas, & Sanitary Serv. (49)	445.6	0	50.5	69.0
Wholesale	**1,364.9**	**14**	**555.0**	**690.2**
Wholesale-Durable Goods (50)	546.2	6	222.1	276.2
Wholesale-Nondurable Goods (51)	818.6	8	332.9	414.0
Retail Trade	**2,129.1**	**62**	**786.9**	**1,214.8**
Bldg. Mat.-Garden Supply (52)	137.6	3	59.8	85.2
General Merch. Stores (53)	273.2	9	98.5	169.2
Food Stores (54)	233.0	8	90.8	144.3
Auto. Dealers-Serv. Stat. (55)	378.5	5	100.0	234.4
Apparel & Access. Stores (56)	107.7	5	50.6	66.7
Furniture & Home Furnish. (57)	63.1	2	29.5	39.1
Eating & Drinking Places (58)	598.4	19	203.4	267.1
Miscellaneous Retail (59)	337.3	11	154.2	208.8
Finance, Ins., & Real Estate	**2,058.9**	**21**	**739.0**	**1,269.0**
Banking (60)	303.6	2	80.1	170.3
Nondep. Credit Institut. (61)	508.2	8	266.2	240.6

EXHIBIT 6.9 (continued)
Annual In-State Economic Impacts (Industry Detail) of Nebraska's Federal Historic Rehabilitation Investment Tax Credits ($26.8 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross State Product ($000)**
Security, Comm. Brokers (62)	68.9	1	33.9	36.8
Insurance Carriers (63)	552.9	5	222.5	423.3
Ins. Agents, Brokers (64)	154.3	2	59.4	70.1
Real Estate (65)	398.6	3	39.0	295.3
Holding and Invest. Off. (67)	72.5	1	38.0	32.7
Services	**5,425.3**	**78**	**2,546.2**	**2,473.7**
Hotels & Other Lodging (70)	32.7	1	11.7	19.3
Personal Services (72)	173.4	5	60.8	70.2
Business Services (73)	518.3	7	202.2	249.5
Auto Repair, Serv., Garages (75)	167.1	2	43.1	76.5
Misc. Repair Services (76)	65.6	1	25.3	30.1
Motion Pictures (78)	42.1	1	10.3	10.8
Amusement & Recreation (79)	61.1	2	20.9	38.8
Health Services (80)	246.4	4	134.5	137.2
Legal Services (81)	722.1	6	334.0	373.3
Educational Services (82)	93.4	3	49.0	53.7
Social Services (83)	57.0	2	27.5	28.4
Museums, Gardens & Mem. Orgs. (84, 86)	178.4	6	97.2	85.3
Engineer. & Manage. Serv. (87)	2,916.6	37	1,464.7	1,237.1
Private Households (88)	5.8	1	5.8	5.8
Miscellaneous Services (89)	145.4	2	59.3	57.7
Government	**141.1**	**1**	**42.6**	**66.0**
Total	**29,660.0**	**435**	**13,477.6**	**17,281.4**

Note: Detail may not sum to totals due to rounding.

OTHER HISTORIC PRESERVATION SUBSIDIES

One way developers in both the nation and Nebraska use the federal historic rehabilitation investment credit (ITC) to create affordable units for low- and moderate-income (LMI) households is by "piggybacking" the ITC's benefits with other subsidies. Piggybacked financing packages can include many sources discussed in this chapter (e.g., reduced property taxes). One additional aid particularly important to producing affordable historic housing units is the low-income housing tax credit (LIHTC).

Created by the Tax Reform Act of 1986, the LIHTC gives states 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. From the beginning of the program in 1987 through 2005, the LIHTC has allocated $7.5 billion ($7,531,622,106) for federal tax credits granted for the production of 1,520,393 units of affordable housing. For 2005, the LIHTC national allocation amounted to $612 million, aiding 70,630 housing units. Over the life of the program, about 40 percent of LIHTC activity has involved rehabilitation.

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 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 cannot 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 [QCTs] and difficult-to-develop areas [DDAs]).

There are numerous advantages in combining the LIHTC and federal historic rehabilitation investment tax credit (ITC). For instance, more equity can be made available to the project when the two tax credits are combined. This makes for a less risky investment.

The gain in equity yielded from combining the LIHTC with the ITC is shown in Exhibit 6.9—for example, a $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 ITC 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 federal ITC be subtracted from the housing expenditures in calculating the LIHTC, this is more than offset by two features of the ITC unavailable with the LIHTC: (1) the ITC is applicable to the non-housing portion of the project; and (2) the ITC's credit allowance—20 percent—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 6.10
Example of Applying the Historic Rehabilitation and Low-Income Housing Tax Credits

Item	Amount	Equity
Historic Rehabilitation Investment Tax Credit (ITC)		
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
Low-Income Housing Tax Credit (LIHTC) combined with the ITC		
Housing expenditures	$2,000,000	
Less ITC	<$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
LIHTC alone		
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.

There are numerous examples in Nebraska where the LIHTC has been used in historic buildings and, additionally, where the LIHTC has been combined with the federal historic rehabilitation investment credit. To further the synthesis of historic preservation and the LIHTC, the Nebraska Investment Finance Authority (the state entity administering the Nebraska LIHTC), working together with the Nebraska SHPO and others in the housing preservation-economic development community, may wish to consider modifications to the Nebraska Qualified Allocation Plan (QAP) criteria that govern selection of applications for LIHTC funding.[7]For instance, at least eight states (Indiana, Louisiana, Oklahoma, Rhode Island, Texas, Vermont, Virginia, and Washington) give extra points in the QAP to historic rehabilitation projects. This historic criterion is directly supportive of the rehabilitation of historic buildings that also can provide affordable housing with assistance of the LIHTC.[8]

[7] The LIHTC is jointly administered by the Internal Revenue Service (IRS) and state agencies. The process of securing tax credit is competitive. Awards are based on the project criteria specified in the QAP prepared by each individual state, following IRS guidelines. QAPs take into account such factors as proposed project location, cost, amenities, and other characteristics.

[8] Nebraska does not have a points ranking system that is incorporated into the LIHTC. It does, however, have an Affordable Housing Agency Cooperative (AHAC), a technical committee composed of representatives of the Nebraska Investment Finance Authority (administrator of the LIHTCs), Nebraska Department of Economic Development, U.S. Department of Housing and Urban Development, U.S. Department of Agriculture/Rural Development, and the Nebraska State Historical Society. This team facilitates housing projects and funding sources through the Nebraska Affordable Housing Trust Fund, federal urban and rural development programs, federal historic rehabilitation investment tax credits (ITC), and the LIHTCs, all available for low- to moderate-income housing. Team members are committed to building greater capacity to develop housing opportunities in Nebraska and interact with the widest range of community housing organizations. AHAC has facilitated a number of housing projects in historic buildings. As this chapter indicates, the ITC has been a major force in the development of housing units in Nebraska.

CHAPTER SEVEN

HISTORIC PROPERTY VALUATION: ISSUES AND IMPACTS

INTRODUCTION AND SUMMARY

The study thus far has considered the multifaceted economic impacts of historic preservation in Nebraska. 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[9] 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 Nebraska.
- 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 effects an empirical analysis of property values in numerous Nebraska neighborhoods, including National Register Districts, locally designated historic districts, and control areas without any historical designation. The findings follow.

PART ONE: OVERVIEW

In Nebraska, 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. Entire districts can be eligible. Final listing is accomplished through a strict review made by the Nebraska State Historical Society and the National Park Service.

[9]The reader should remember that although historic preservation often involves the designation of properties on an official register, preservation and designation are not synonymous.

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, 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 (ITC). The ITC has been responsible for many rehabilitation projects to historic buildings that otherwise might have been left underutilized, neglected or demolished. According to the National Park Service, these tax incentives have stimulated over $18 billion in private rehabilitation nationally: more than 27,000 historic properties have been rehabilitated.

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 Nebraska, nearly 1,000 entries are included in the National Register, including farms, houses, churches, public buildings, residential and commercial districts, and archeological sites.

Local Landmark Designation

Some communities 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 provides interpretation for the ordinance and oversight in the responsibilities it assigns. Within the state, five communities have enacted local ordinances to date: Lincoln, Omaha, Plattsmouth, Red Cloud, and Sidney.

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.

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 encompasses 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.[10]

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 cannot ultimately stop these development constraints.

One point must be made clear. No special tax assessments are made on the basis of historic 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 imposed. While legally permissible, historic designation may have a dampening effect on property value by limiting the maximum development of a parcel, but no differently from 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

[10]See Advisory Council on Historic Preservation, *The Contribution of Historic Preservation to Urban Revitalization* (Washington, D.C.: U.S. Government Printing Office, 1979).

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), 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 of 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 valuated differently than other structures. Soon after, arguments promulgated that just compensation 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 analyzed 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 arguments similar to those in the preceding paragraph on price levels can be made with regard to price changes, 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 Schaeffer 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 that 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 Coulson 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 occurred 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 in both the non-designated comparison area and 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

Empirical studies conducted throughout the United States overwhelmingly conclude that historic designation enhances property values. Such studies date back as far as Reynolds and Waldron (1969). The examination of historic and non-historic neighborhoods in New York City by Heudorfer (1975) was the first major study to conclude that historic designation alone had a statistically significant impact on property appreciation rates. Schaeffer and Ahern (1988) were the first to examine different types of historic designation, finding that national designation (i.e. listing of a district on the National Register of Historic Places) increased appreciation rates and turnover of residential properties in Chicago, while local designation did not. Coulson and Lahr (2005), however, are among a number of recent studies that contradict this particular assertion. A frequently cited study by Rypkema (1997) found a mixture of positive and neutral effects to historic designation in five Indiana cities. Subsequent studies of nine Texas certified local government preservation programs (CLGs)—communities that show a statutory commitment to preservation—by Coulson and Leichenko (1999, 2001) found positive effects from historic designations in seven of the municipalities.

Much of the literature focusing on historic designation's effect upon property values has analyzed 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 limited statistical controls.) A multivariable statistical approach, as used in Clark and Herrin (1997); Schaeffer and Millerick (1991); Coulson and Leichenko (1999 and 2001); Leichenko, 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.

Superior analyses, as in Clark and Herrin (1997) and Coulson and Leichenko (1999 and 2001), call 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 NEBRASKA

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 Nebraska 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 Nebraska? 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 United States 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 Lincoln, Nebraska

Our empirical approach was to compare neighborhoods that had had been designated historic with similar "control" neighborhoods that had not been designated.[11] Criteria for developing the control neighborhoods included similarity in general characteristics, age, size and style of buildings, and similarity of demographic characteristics. Control neighborhoods were adjacent as well, ensuring historic and control neighborhoods were in the same general area of the city. Control neighborhoods also send younger residents to similar schools. Input from the county assessor's office and a local preservation expert were instrumental in selecting the control neighborhoods. Designated neighborhoods, along with their boundaries, are listed in Exhibit 7.1. Both districts that were listed in the National Register and districts that were locally landmarked were investigated.

The UNL Bureau of Business Research used a standard economic approach to predict property values for single-family homes. Exhibit 7.2 defines all of the variables that were utilized in the model. We begin with the basic general characteristics of the home such as the year in which the house was built, its square footage, and its general condition. Recently built homes were expected to have higher values, as were larger homes with a greater square footage. Homes in better condition also were expected to have a higher value. Additional factors influencing home value were the number of bedrooms. The value of the land that the home sits on was expected to control for size of the lot. The presence of a garage also was expected to raise the home's value.

[11]There are two basic types of historic designation. Designation by listing in the National Register of Historic Places is administered by the National Park Service and is the "honor roll" of historic properties throughout America. Either individual properties or districts can be listed on the National Register, which is more honorary than regulatory. It does not restrict private owners from changing or even demolishing their properties, but it does trigger reviews of any actions affecting those properties that are federally funded or licensed.

Properties can also be locally designated. In Lincoln, Nebraska, both districts and individual properties can be designated as Lincoln Landmarks under chapter 27.57 of the Lincoln zoning code. Unlike National Register listing, designation as a Lincoln Landmark provides a degree of protection for (and restriction upon) individual property owners. When the City Council approves a Landmark, it also approves a set of preservation guidelines for exterior changes to the landmark. Before an owner can make changes to the property, the plans must be reviewed in light of those guidelines, especially if a building permit is required.

EXHIBIT 7.1
Neighborhoods with Historic Designation and Paired Control Neighborhoods

Designated Neighborhood And Boundaries	Designation	Year	Boundaries of Control Neighborhood
East Campus (Idyllwild to 40th, Apple to Holdrege)	Local	2002	40th to 45th, Holdrege to Univ. Place
Chas Creighton (49th to 54th, Walker to Garland)	Local	1985	49th to 44th, Baldwin to Madison
Elm Park (27th to 30th, N to Randolph)	Local	1991	33rd to 35th, L to N
Everett (9th to 13th, A to G)	Local	1998	13th to 15th, A to H
Franklin Heights (23rd to 27th, South to Sumner)	Local	1995	20th to 23rd , South to Sumner
Hawley (23rd to 27th, R to U)	Local	1998	28th to 31st, R to U
Mt. Emerald (18th to 20th, A to E)	National	1980	15th to 17th and 22nd to 24th, A to E
South Bottoms	National	1986	North Bottoms
Woods Park (30th to 33rd, J to Randolph)	Local	1991	33rd to 37th, J to Randolph

Note: North Bottoms and South Bottoms are well-known neighborhoods in Lincoln and have complex boundaries. As a result, these are simply listed by name. "Year" indicates year that the historic neighborhood was designated.

EXHIBIT 7.2
Variables and the Definitions for the Property Value Analysis

Variable	Definition
Year Built	Year structure was built
Sqft	Number of square feet in dwelling
Condition	Discrete variable showing average condition of property. 1 = Low, 3 = Average, 6 = Excellent
Bath02	Number of two-fixture bathrooms
Bath03	Number of three-fixture bathrooms
Land Value	Assessed land value in 2006
Garage	Number of stalls in garage or 0 if no garage
Bedrooms	Number of bedrooms
ALL1 – ALL9	Dummy variable for each of nine neighborhoods. 1 = Property is in indicated neighborhood, regardless of designation. 0 = property is not in indicated neighborhood, regardless of designation.
Historic	Dummy variable. 1 = designated property, 0 = undesignated property
Historic1 – Historic9	Dummy variable for historic designation for each of nine neighborhoods. 1 = Property is in indicated neighborhood and has designation. 0 = otherwise.
Value 2003	Assessed land and building value in 2003
Value 2006	Assessed land and building value in 2006

The analysis also had variables to control for neighborhood characteristics as well as home characteristics. Variables were included to indicate which treatment/control pairing a particular property was located in. Including these variables (ALL1 – ALL9) controlled for the influence of neighborhood characteristics, including schools, on property values (ALL1-ALL9). Finally, a dummy variable was included to account for whether a property value was located in the designated neighborhood in its pair (the Historic1-Historic9). This variable reflects the influence of designation on assessed property values, after controlling for the influencing of home characteristics or neighborhood characteristics on price.

As indicated in Exhibit 7.2, property values were based on assessed values for each single-family home in designated and control neighborhoods for the years 2003 and 2006. These years were chosen since these were assessment years. Therefore, all properties had a current year value. Data were not available from the Lancaster County Assessor for earlier assessment years.

The analysis first considered the influence of historic designation on both the value of homes in the most recent assessment year, 2006. The analysis then considered the impact of historic designation on price on growth in home values between 2003 and 2006.

Exhibit 7.3 shows factors influencing the value of homes in the nine pairs of treatment and control neighborhoods in 2006. There were approximately 2,300 observations in the regression. Exhibit 7.3 shows the influence of each variable on the natural log of assessed property values.[12] Location within a historic neighborhood (rather than its control neighborhood) did not have a statistically significant effect on property values in 2006. Housing characteristics such as age, square footage, condition, and presence of a garage all had the expected impact on assessed value. Neighborhood pair characteristics also were an important indicator of property values. Results for many of the ALL variables were statistically significant.[13]

Exhibits 7.4 and 7.5 show the effect of historic designation on the change in assessed values. This may be the best measure of the influence of historic designation on home values, since it even better controls for long-run differences in prices between designated (i.e., treatment) and control neighborhoods. On the other hand, the test as a whole is weaker. Many of the independent variables, such as home characteristics, and neighborhood pair, are insignificant. The test is able to describe only an estimated 3 percent of the variation in home value growth rates. However, historic designation is one variable that is statistically significant. In other words, there is a statistically significant difference between the growth rate of historic-designated and control neighborhoods. The nine historic-designated neighborhoods as a group grew faster during the period under study.[14]

[12] Similar results are achieved in terms of the sign and statistical significance of variables if the actual assessed value is used rather than the natural log of assessed value.

[13] The influence of neighborhood pair on price must be considered relative to the omitted pair, Chas Creighton.

[14] The value of homes with more square footage grew marginally less quickly, by a lower percentage. As is well known (and demonstrated in Exhibit 7.3), homes with more square footage are more valuable. This does not imply that the value of these homes would grow any more quickly, however. So, these findings for home characteristics are not at odds with the results in Exhibit 7.4.

EXHIBIT 7.3
Impact of Historic Designation on Natural Log of Lincoln Residential Property Values, 2006

Independent Variable	Coefficient	Standard Error
Constant	3.02**	(0.36)
Historic	0.002	(0.01)
Bath02	0.05**	(0.01)
Bath03	0.06**	(0.01)
Garage	0.05**	(0.00)
Bedrooms	0.03**	(0.01)
Year Built	0.004**	(0.00)
Sq Ft of Space	0.001**	(0.00)
Land Value	0.001**	(0.00)
Condition	0.12**	(0.01)
ALL2 (East Campus)	-0.01	(0.02)
ALL3 (Elm Park)	0.02	(0.02)
ALL4 (Everett)	-0.06*	(0.02)
ALL5 (Franklin Hts.)	0.09**	(0.02)
ALL6 (Hawley)	-0.11**	(0.02)
ALL7 (Mt. Emerald)	-0.06*	(0.02)
ALL8 (South Bottoms)	-0.09**	(0.02)
ALL9 (Woods Park)	0.09**	(0.02)
$\overline{R}^2$	0.83	

* = Statistically different than zero at 95 percent using two-tailed test.
** = Statistically different than zero at 99 percent using two-tailed test.

But did this happen in all nine historic-designated neighborhoods? Exhibit 7.5 reports results separately for each designated neighborhood. Property values grew more quickly in historic-designated neighborhoods for two of the nine pairs. There was no difference for six of the nine pairs, and the historic-designated neighborhood grew less quickly in one pair.

These findings provide some perspective for the results in Exhibit 7.4. On balance, we must say that we found only mixed evidence that historic designation increased property value growth in Lincoln neighborhoods, and that any effect was modest. That said, the results also suggest that cities in Nebraska can pursue the other benefits of placing a historic designation on neighborhoods, such as preserving neighborhood character, without fear of a negative impact on property values.

EXHIBIT 7.4
Impact of Historic Designation on the Difference in the Natural Logarithms of Lincoln Residential Property Values, 2003-2006

Independent Variable	Coefficient
Constant	0.53
ALL2 (East Campus)	0.012
ALL3 (Elm Park)	0.014
ALL4 (Everett)	0.015
ALL5 (Franklin Heights)	0.023
ALL6 (Hawley)	0.041
ALL7 (Mt. Emerald)	-0.085**
ALL8 (South Bottoms)	0.024
ALL9 (Woods Park)	0.004
Historic	0.033**
Bath02	-0.015
Bath03	0.016
Garage	-0.007
Bedrooms	0.011
Yearbuilt	-0.001
Sqft	-0.001**
LandValue	0.001**
Condition	-0.008
$\overline{R}^2$	0.03

* = Statistically significant at 95 percent using two-tailed test.
**= Statistically significant at 99 percent using two-tailed test.

EXHIBIT 7.5
Impact of Designation on the Difference in the Natural Logarithms of Property Values in Individual Designated Neighborhoods, 2003-2006

Independent Variable	Coefficient	Impact of Designation
Historic1 (Chas Creighton)	0.048	not significant
Historic2 (East Campus)	-0.079**	NEGATIVE
Historic3 (Elm Park)	-0.010	not significant
Historic4 (Everett)	-0.052	not significant
Historic5 (Franklin Heights)	0.004	not significant
Historic6 (Hawley)	0.116**	POSITIVE
Historic7 (Mt. Emerald)	0.015	not significant
Historic8 (South Bottoms)	0.090**	POSITIVE
Historic9 (Woods Park)	0.038	not significant

* = Statistically significant at 95 percent using two-tailed test.
**= Statistically significant at 99 percent using two-tailed test.

Influence on Property Values in Omaha, Nebraska

Lincoln was the focus of our most comprehensive analysis of property values in historic districts. However, we also wanted to examine the impact of historic designation in Omaha, Nebraska's largest city. In Omaha, we analyzed a single residential historic district. In particular, we examined property values in 2006, and growth in property values from 2003 to 2006 in the Bemis Park Landmark District, a locally landmarked district designated under the city's Landmarks Heritage Preservation Commission in 1983. The control district was the Fontenelle neighborhood along Fontenelle Boulevard. Data on assessed property values in 2006 and housing characteristics come from the Douglas County Assessor's office. We conducted a similar regression analysis as in Lincoln, except again there was only a single pair of designated/control neighborhoods. Thus, there was no need for the "ALL1-ALL9" variables included in the regression analysis from Lincoln.

Exhibit 7.6 contains the results of the econometric analysis for the Bemis Park Landmark District and its control. Approximately 300 observations were available for use in the regression. Results indicate that homes in the Bemis Park Landmark District had higher assessed property values than homes in the control neighborhood, even after adjusting for property characteristics. That result was statistically significant. Further, the natural logarithm of assessed property value increased as building square footage increased, and with the year built (newer buildings had higher assessed values). These results are consistent with those for the Lincoln neighborhoods. An increase in lot size also increased property values.

The growth in property values for 2003 through 2006 was faster in the historic neighborhood of Bemis Park than its control neighborhood. The difference was also statistically significant. The presence of both higher property values and faster growth in property values in the designated neighborhood are supportive of the notion that historic designation of a neighborhood improves residential property values. Recall that a positive relationship also was found for several individual historic districts in Lincoln.

EXHIBIT 7.6
The Impact of Historic Designation on Property Values in the Bemis Park District, Omaha

Independent Variables	Coefficients for 2006 Value	Coefficients for Change 2003-2006
Intercept	2.54	2.69
	(2.72)	(2.46)
Lot Area	--0000159**	-0.00000775*
	(.00000373)	(-0.00000337)
Building Area (sqft)	0.000198**	0.0000317
	(0.0000303)	(0.0000274)
Year Built	0.0039**	-0.0012
	(0.0014)	(0.0013)
Condition	0.22**	0.058**
	(0.025)	(0.023)
Land Value	0.00000886**	0.0000015
	(0.0000028)	(0.0000025)
Bathrooms	0.062*	0.051*
	(0.026)	(0.24)
Bedrooms	.082**	-0.23
	(0.020)	(0.017)
Number of Stories	0.030	-0.078*
	(0.033)	(0.031)
Historic	-0.012	0.17**
	(0.040)	(0.036)
$\overline{R}^2$	0.509	0.164

Notes: Numbers in parentheses are standard errors.
* = Statistically significant at 95 percent using two-tailed test.
** = Statistically significant at 99 percent using two-tailed test.

Influence on Property Values in Non-Metropolitan Nebraska

Our analysis in the two main metropolitan areas of Nebraska found evidence that historic designation of neighborhoods raised the value of homes in selected neighborhoods. But, historic designation efforts are not limited to metropolitan areas. Many individual properties in non-metropolitan Nebraska are designated historic. Further, several non-metropolitan communities have designated their downtown areas as historic districts, and many communities will consider this option in the future. In this section, we estimate the impact of historic designation on property values in a non-metropolitan context, using the example of Red Cloud, Nebraska.

Red Cloud is the county seat of Webster County, Nebraska. Red Cloud's historic district encompasses four blocks of commercial properties in its "Original Town." Properties in the downtown area are commercial buildings and included no single-family homes. The city has a local preservation ordinance. Red Cloud's downtown historic district was listed in the National Register of Historic Places in 1982 and is locally designated.

As with the metropolitan areas, a key component of the analysis is the selection of an appropriate control city. The control city used for the purpose of this study is Franklin, which is the county seat of Franklin County, Nebraska. Commercial properties (which have not been designated historic) from a similar section of four blocks in Franklin's "Original Town" are used for the purposes of control. Franklin seems suitably similar to Red Cloud to be used here as a control; both are county seats of adjacent counties, and the 2000 U.S. Census population of the former is 1,026 persons compared to 1,131 persons for the latter.

Data was collected for assessed property values in both cities, as well as for a variety of potential explanatory variables which might be thought to influence those commercial property values. The list of explanatory variables is a bit different again in this case, due to what information was available. But, key variables such as age of the building and square footage (building area) were available. All data was obtained through the Webster County assessor's website[15] for Red Cloud and via facsimile from the Franklin County assessor's office. Data was available for yearly assessed property values from 2000-2006 (excluding 2002). In addition, data for the following structural characteristics was obtained for each property in 2006: the lot area in square feet, the building interior area in square feet, the number of buildings on the property, the age of the building, the interior height of the building, and whether or not the building had a heating and cooling system.

Exhibit 7.7 shows the results of statistical tests comparing the level of property values in Red Cloud and the control city in 2006, adjusting for building characteristics. The variable "historic" indicates properties located in Red Cloud. Exhibit 7.7 also shows the impact of historic designation on growth in assessed property values from 2000 through 2006.

Statistical results for property values in the two cities in 2006 indicate that the lot area and the building area both have positive coefficients, as was expected. None of those coefficients, however, are statistically significant at even the 90 percent confidence level. There are positive and statistically significant coefficients for three variables: heating/cooling, age of buildings and historical designation. Age has a negative effect on property values in the sample, as to be expected, and it is significant at the 95 percent level. The presence of a heating/cooling system has a positive value, and is significant at the 90 percent level. Historic designation has a positive effect, and it is significant even at the 99 percent level. The positive coefficient on the "historic" variables indicates that buildings located in Red Cloud, with its historically designated downtown neighborhood, had higher property values in 2006 even after adjusting for building characteristics

Statistical results for the growth in property values show that property values also grew more quickly in Red Cloud from 2000 to 2006. However, the strength of the test is very weak, even weaker than in the property value growth regressions for Lincoln (there was a negative value for adjusted R-square). Regression results do show faster growth in the historic downtown district of Red Cloud, but these results should be interpreted with caution.

[15] http://websterne.taxsifter.com

EXHIBIT 7.7
The Impact of Historic Designation on Property Values in Red Cloud, Nebraska

Independent Variables	Coefficients for Value 2006 (Natural Log)	Coefficients for Value Change 2003-2006 (Natural Log of Value Ratio)
Intercept	10.79510764	0.449226
Lot Area	0.0000461 (0.9542)	-0.0000254 (-0.7053)
Building Area (sqft)	0.0000868 (1.3980)	0.00000779 (0.1692)
# of buildings	0.1687066 (0.4055)	0.031653 (0.2388)
Heating/Cooling	0.378593+ (1.6996)	-0.02989 (-0.1807)
Height	-0.063207 (-1.3236)	-0.01363 (-0.3849)
Age	-0.014526* (-2.0868)	-0.00408 (-0.7911)
Historic	0.827737** (3.4937)	0.329835+ (1.8808)
$\bar{R}^2$	0.41985	-0.03586

Notes: Numbers in parentheses are standard errors.
+ = Statistically significant at 90 percent using two-tailed test.
* = Statistically significant at 95 percent using two-tailed test.
** = Statistically significant at 99 percent using two-tailed test.

Overall, results for the non-metropolitan town of Red Cloud again provide some support for the notion that historical designation of neighborhoods raises property values; in this case, commercial property values. At a minimum, designation has no effect on value (a negative effect is highly unlikely). This is quite similar to our findings from historically designated neighborhoods in metropolitan Nebraska, and is a good summary of our findings for historic designated neighborhoods in the State of Nebraska.

Omaha and Lincoln Warehouse Districts

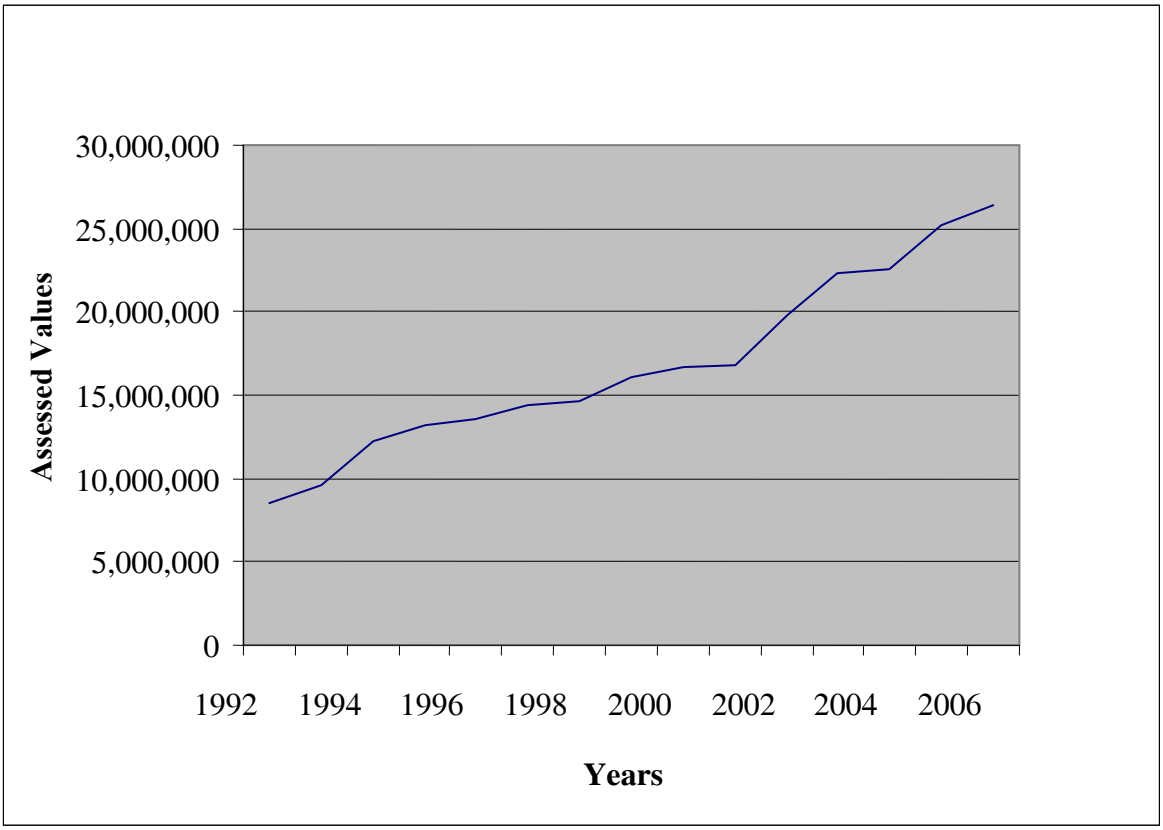
A special study was made of the Omaha and Lincoln warehouse districts. Unfortunately, neither city had comparable nonhistoric districts to these historic warehouse districts, so no statistical controls applied. As a result the analysis is relegated to an assessment of property valuations since their designation as being historic.

The Lincoln Haymarket district was declared a local landmark district in 1982, part of an overall effort to bring vitality to the area. It is composed primarily of former jobbing houses and has been an area of concerted effort by the city of Lincoln to encourage revitalization. Redevelopment has resulted in what has become a retail and entertainment destination.

Immediately following its historical designation, private redevelopment commenced when two major rehabilitations were unveiled to utilize the historic preservation rehabilitation investment tax credits (ITC). City assistance was also directed to the Haymarket under a redevelopment plan adopted in 1983. Tax increment financing (TIF) was used in numerous infrastructure projects from sanitary sewers to parking lots, loading dock upgrades, and streetlights. Federal grants for urban development were utilized for façade renovation grants and loans. $15.7 million has been invested in the Haymarket under the Federal Historic Preservation Investment Tax Credit program.

A database of property values for the Lincoln Haymarket district was produced from data obtained from the Lancaster County Assessor's Office. Some electronic data on that district were not available for years prior to 1992. Exhibit 7.8 shows a strong and steady improvement in assessed property values in the Lincoln Haymarket for the fifteen years from 1992 to 2006. Since the neighborhood was designated historic in 1982, the figures show strong property value increases continued for decades after historic designation. Annualized growth in the value of properties in the Haymarket District was 8.5 percent over the full 15-year period and 9.4 percent for the five-year period extending from 2001 to 2006.

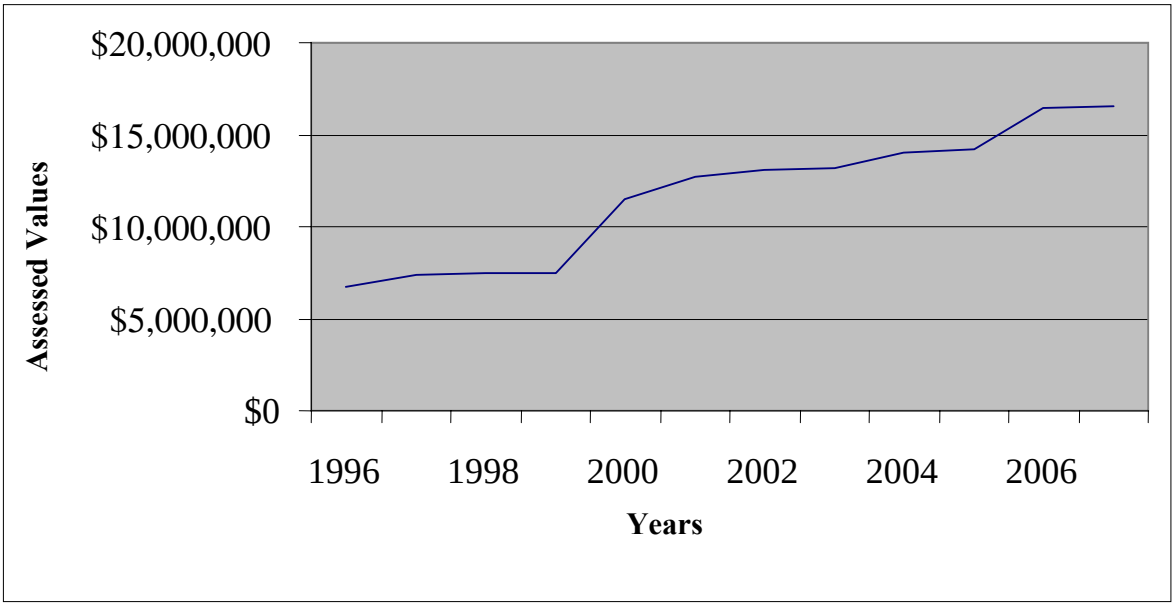
EXHIBIT 7.8
Aggregate Assessed Value of Properties
in the Lincoln Haymarket District, 1992-2006



Omaha's Rail and Commerce District was listed in the National Register of Historic Places in 1996. Located directly south of the Omaha Old Market, it straddles the main railroad yards. It is composed of former warehouses and jobbing houses. It has also been an area of concerted effort by the city of Omaha to encourage revitalization. Redevelopment has resulted in numerous housing units, retail, restaurants and art studios. Its most substantial project, initiated under the National Register designation, was a complex of four former warehouses. The project combined the use of the historic rehabilitation investment tax credits (ITC), low income housing tax credits, and tax increment financing.

For Omaha, property values were not available from the Douglas County Assessor's Office for some properties in years prior to 1996. Exhibit 7.9 shows property values for the Omaha Rail and Commerce District for the 11-year period from 1996-2006.[16] As in the case of the Lincoln Haymarket District, the Rail and Commerce District also has revealed strong, steady improvement in assessed property values since it was declared historic. More specifically, these values rose at an annualized average rate of increase of about 8.5 percent during the period—almost identical to the rate experienced during the same timeframe by properties in Lincoln's Haymarket District. Since 2001, however, property values in Omaha's Rail and Commerce District have risen by an annualized average rate of about 4.7, which is about half that experienced in Lincoln's Haymarket District during the same period. Hence, the jump in values experienced between 1999 and 2000 apparently accounts for close to half of the rise during the study period.

EXHIBIT 7.9
Aggregate Assessed Values of Properties
in the Omaha Rail and Commerce District, 1996-2006



[16] The analysis of the Omaha Rail and Commerce District excluded values for several subdivided properties since we were not yet able to verify the data for them.

While some of the improvements in property valuations in the two commercial districts may be attributed to large-scale projects that were initiated as redevelopment under public-private partnerships, other contributions come from the historic rehabilitation investment tax credit (ITC). Unfortunately, it is not possible to disentangle the contribution of historic designation from the contributions made by the various policies and events that affected assessed values of commercial real estate pictured in either Exhibits 7.8 and 7.9. The inability to isolate historic designation effects stems from the lack of nonhistoric, yet similar districts to which the Haymarket and the Rail and Commerce districts can be compared. No cities within Nebraska are close to being as large as Lincoln or Omaha. Moreover, the two cities are sufficiently small that finding nonhistoric equivalents within them is impossible. As a result, no control districts exist. Hence, it is not possible to do more than speculate as to what might have happened to property values in these two neighborhoods in the absence of their designation as historic or federal historic tax credits.

Economic theory does give some reason to expect that historic designation, particularly the associated tax credits, would contribute to improved property prices in these districts. Unfortunately, given the lack of control districts within Nebraska, the effects of designation and federal historic tax credits are indistinguishable from other types of tax incentives, such as tax increment financing, for which downtown developments also are eligible. Further, over the last decade or so there has been a strong general increase in property values both cities, particularly in downtown developments—both historic and nonhistoric. For these reasons, as noted, it is not possible to tease out how much historic designation and federal tax credits, contributed to the property value growth seen in Exhibits 7.8 or 7.9. The two graphs do nevertheless document the very positive progress that has been experienced by property values in the two commercial districts.

Overall Findings on Historic Designation Effects on Nebraska Property Values

We examined levels and changes of property values in designated historic neighborhoods in three Nebraska communities: Lincoln, Omaha, and Red Cloud. In each case, we compared property values in historically designated neighborhoods, and, except for the cases of the warehouse districts, a control neighborhood. In Lincoln and Omaha, control neighborhoods were other neighborhoods within the same city that had similar characteristics, and were located nearby. In Red Cloud, which is markedly smaller, the control neighborhood was in a nearby city.

Comparisons of property values also adjusted for the characteristics of each individual home or building such as square footage or condition. After accounting for these factors, we were able to estimate the impact of historic designation on the value of homes (or commercial buildings) within a neighborhood, and on the growth in the value of homes in recent years. Note that the focus was on the historical designation of neighborhoods. The study did not examine the impact on property values from the historical designation of individual properties.

As noted above, our analysis of historical designation and property values controlled for the characteristics of property, such as square footage, or condition. This has important implications for considering the empirical results derived in this chapter. In particular, historical designation of neighborhoods may have encouraged some owners to expand their homes, or to significantly

refurbish their homes. If this occurred, it would have been in part reflected, and controlled for, in our variables measuring home square footage, or condition. Our statistical technique would control for these investments and would not tie these investments directly to historical designation. Thus, when we estimate the impact of historical designation on property value growth in our model, we measure its impact on the "cachet" of historic neighborhoods, or the impact on increased confidence in the future condition of the designated neighborhood. We do not capture any property value impact due to new investments in historic neighborhoods. That activity, however, is addressed in other chapters of this report. Even with this caveat, we find mixed evidence that historic designation had a positive impact on property values, at least at the neighborhood level. The effect of historic designation on property values is best seen in our results for Lincoln, Nebraska. We examined nearly all designated neighborhoods in Lincoln.[17] We examined only one residential neighborhood in Omaha and the central business district in Red Cloud.

In Lincoln, property values grew faster from 2003 to 2006 in properties in historic-designated neighborhoods as a group. However, these overall results were not found in most individual neighborhoods. In fact, property values grew faster in only two of nine individual designated neighborhoods. In six of the remaining neighborhoods, designation had no statistically significant impact on property value appreciation rates, and in one neighborhood property values grew slower in the designated neighborhood than in the control neighborhood. Thus, in Lincoln, there was only mixed evidence of higher levels of property value, and faster growth in property values, in designated historic districts.

In the Bemis Park Landmark District in Omaha, property values in the neighborhood grew faster than in its control neighborhood from 2003 to 2006. In non-metropolitan Red Cloud, Nebraska, we found that property values were higher in the historic downtown area of Red Cloud than in the downtown area of a control city in an adjacent county. Property values also grew more quickly in Red Cloud than the control city in the 2000 to 2006 period.

In total, results for historic-designated neighborhoods in Lincoln, Omaha, and Red Cloud provide some support for the notion that property values are higher and grow faster in historically designated neighborhoods than control neighborhoods. These results apply even after controlling for property and neighborhood characteristics. It is worth noting, however, that no difference was found in many of the historic neighborhoods in Lincoln. The best way to summarize the results may be to argue that historic designation may or may not raise property values in a neighborhood, but it is unlikely to reduce values. Quantitative impacts on the Nebraska economy are therefore difficult to compute authoritatively.

[17] The only residential historic neighborhood excluded was UNL's Fraternity Row. There was no similar neighborhood within Lincoln to use for comparison purposes.

CHAPTER EIGHT

ECONOMIC BENEFITS OF HISTORIC PRESERVATION IN CONTEXT

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, calculated conservatively, include $46 million in historic rehabilitation spending, $100 million in heritage tourism spending, $4 million in Main Street Program activity, and $19 million in historic site activity—for a total of nearly $170 million.

In all cases, base data were assembled and input-output analyses applied to project total effects (direct and indirect/induced) of these activities. Results are summarized in Exhibits 8.1 and 8.2. When multiplier effects are taken into account from the $170 million annual investment, the total annual impacts to the nation include a gain of 4,454 jobs, $95 million in income, $291 million in overall output, $143 million in GDP, and $66 million in tax revenues. These are the effects realized by the entire nation. The renovation of a historic home in Omaha, for instance, may call for lumber from Oregon, plumbing fixtures from Ohio, and paint from Texas. Because of such high reliance on other states for raw materials and manufactured goods, Nebraska garners about half or more of total jobs, income, wealth, and tax benefits of preservation activities that accrue to the nation. On an annual basis, the in-state effects include 3,689 jobs, $72 million in income, $201 million in output, $100 million in gross state product (GSP), and $17.7 million in taxes ($10.4 million federal and $7.3 million state/local). The net in-state wealth added to the economy is roughly $89 million annually ($99.6 million GSP added minus $10.4 million in federal taxes).

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 large. As of 2005, Nebraska had approximately 1.2 million people employed and a total personal income of $58 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 much economic activity associated with rehabilitation and heritage tourism leaks out of that state. Recall the Omaha 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 130 million individuals employed in the United States as of the mid-1990s, "only" 650,000 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.

EXHIBIT 8.1
Summary of the Annual Economic Impacts of Historic Preservation in Nebraska

		I	II	III	IV	
		Historic Rehabilitation	*Heritage Tourism*	*Nebraska Lied Main Street Program*†	*Historic Sites*†	***Total Examined Economic Impacts***
NEBRASKA DIRECT EFFECTS		**$46.03** million annually of historic rehabilitation expenditures results in:	**$100.34 million** annually of heritage travel-attributed expenditures results in:	**$4.04 million** annually of construction and added retail payroll results in:	**$19.25 million** of heritage site/organization operating expenditures results in:	**$169.66 million** ***(Sum I-IV)***
↓		**National Total (Direct and Multiplier) Impacts**				
	Jobs (person-years)	1,004	2,824	119	507	**4,454**
NATIONAL TOTAL IMPACTS (DIRECT AND MULTIPLIER)	Income ($ million)	31.3	47.7	2.6	13.6	**95.2**
	Output ($ million)	82.1	162.2	6.9	40.6	**291.8**
	GDP* ($ million)	45.4	77.2	3.8	16.8	**143.2**
	Taxes ($ million)	32.9	26.2	1.6	5.0	**65.7**
	Federal ($ million)	3.5	6.3	0.3	1.4	**11.5**
	Local/State ($ million)	29.4	19.9	1.3	3.6	**54.2**
↓		**In-State Nebraska Total (Direct and Multiplier) Impacts**				
	Jobs (person-years)	746	2,446	103	394	**3689**
NEBRASKA PORTION OF NATIONAL TOTAL IMPACTS	Income ($ million)	23.0	36.4	2.0	10.3	**71.7**
	Output ($ million)	50.7	116.1	4.9	29.5	**201.2**
	GSP* ($ million)	29.5	55.6	2.8	11.7	**99.6**
	Taxes ($ million)	4.2	11.3	0.5	1.7	**17.7**
	Federal ($ million)	3.2	5.7	0.2	1.3	**10.4**
	Local/State ($ million)	1.0	5.6	0.3	0.4	**7.3**
	In-state wealth* ($ million)	26.3	49.9	2.5	10.4	**89.1**

Source: Rutgers University, Center for Urban Policy Research, 2007.
*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.
†Net of associated historic rehabilitation and heritage tourism spending.

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 Nebraska employer in the totality of all employment, preservation is a contributor to the travel industry, and travel comprised 42,100 jobs as of 2003, roughly 3 percent of all employment in Nebraska. For further perspective, this was more than two-thirds of Nebraska's employment in the agricultural sector (60,210 jobs) and eclipsed major fields such as real estate (30,389 jobs), hospitals (31,427 jobs), and truck transportation (32,563 jobs).[18]

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 Nebraska communities. In these localities, Main Street specifically and historic preservation generally, are 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 microscale 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.

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 Omaha, 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 Nebraska'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.

[18] Information obtained from Bureau of Economic Analysis, an agency of the U.S. Department of Commerce

COMPONENTS OF THE BENEFITS OF HISTORIC PRESERVATION

Of the benefits from historic rehabilitation noted earlier and summarized in Exhibit 8.1, 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 $100.34 million in annual spending, followed by the $46.03 million in historic rehabilitation, $19.25 million in net spending by heritage sites and organizations, and modest annual expenditures of $4.04 million for the Main Street programs.

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 Nebraska. In fact, the multiplier effects from the historic rehabilitation compare quite favorably with those of the heritage tourism, as is shown in Exhibit 8.2. 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 8.2. 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. It is historic preservation in its collective whole that impacts the economy, and certain activities would not realize their maximum vigor in the absence of others (e.g., heritage tourism without historic rehabilitation).

Nationwide Impacts

The details of the economic effects of the $170 million in direct spending related to historic preservation activity are contained in Exhibits 8.3 and 8.4. Exhibit 8.3 (Section II) shows, for instance, that the direct effects to the nation of spending related to Nebraska historic preservation activity translate into $157 million in output, 2,941 new jobs, $56 million in income, and $78 million in GDP. The GDP/investment ratio (0.46) 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 rather to other activities (e.g., heritage tourism). Multiplier effects then add $134 million more in output, 1,512 more jobs, $39 million more in income, and $65 million more in GDP. Therefore, the total economic impacts of spending related to Nebraska historic preservation activity—the sum of its direct and indirect and induced effects—include $292 million in output, 4,454 new jobs, $95 million in additional income, and $143 million added to GDP. In all instances, the indirect and induced effects do not exceed the direct effects (the traditional multipliers are less than 2.0).

EXHIBIT 8.2
Economic Effects by Component of Historic Preservation Activity

Economic Sector	Historic Preservation Activity	
	Historic Rehabilitation	Heritage Tourism
	Effects Per Million Dollars of Initial Expenditure	
National		
Employment (jobs)	21.8	28.1
Income	$680,900	$475,711
State/Local Taxes	$686,457	$217,455
GDP	$986,259	$768,976
State		
Employment (jobs)	16.2	24.4
Income	$500,218	$363,185
State/Local Taxes	$47,028	$73,747
GSP	$642,955	$553,975
	Ratio of Total to Direct Effects (Multiplier)	
National		
Output	1.784	1.837
Employment	1.726	1.397
Income	1.536	1.741
GDP	1.643	1.821
State		
Output	1.504	1.476
Employment	1.513	1.249
Income	1.338	1.448
GSP	1.406	1.503

Source: Rutgers University, Center for Urban Policy Research
Notes: GDP = Gross Domestic Product, GSP = Gross State Product

Of the total 4,454 jobs generated nationally by activities related to Nebraska historic preservation, nearly seven in ten are concentrated in two major sectors: retail/trade (1,754 jobs or 39 percent) and services (1,351 jobs or 30 percent). Other significant contributors are the manufacturing (415 jobs, 9 percent) and construction (395 jobs, 9 percent). Combined, these four sectors account for a similar combined share of the total output, labor income and GDP generated (Exhibit 8.3). 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 job supporting activity related to historic preservation is $11,329 for retail trade, $21,250 for services, $36,437 for manufacturing, and $34,198 for construction. 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 $16,901, substantially lower than the $31,213 average income for jobs generated through the state's historic building rehabilitation. Most of these jobs are in the higher-paying construction industry, however.

The dichotomy in job quality is similarly stark between jobs created indirectly and directly by Nebraska activity related to historic preservation. Exhibit 8.3 (Section II) reveals that indirectly created jobs pay on average $25,726, while directly created jobs pay on average $19,157—a difference of $6,569 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 8.4) shows that of 1,351 jobs created in the service industries, fully one-third (451 jobs) are in hotels and lodging. Further, 1,344 jobs, or 77 percent of 1,754 retail jobs created through Nebraska historic preservation, are in eating/drinking establishments. These industries are notorious for paying low wages and offer most jobs on a part-time basis.

An evaluation of the job productivity (GDP per job) reveals a much larger gap of $16,117 ($42,789 versus $26,672) between indirect and direct jobs supporting Nebraska's activity related to historic preservation (Exhibit 8.3). A major reason for that gap is that for comparable jobs, Nebraska wages are much 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.

State-Level Impacts

Exhibits 8.5 and 8.6 present the total economic effects of the $170 million in direct historic preservation spending within the state of Nebraska. Exhibit 8.5 shows that Nebraska retains about 2,767 jobs (94 percent of the 2,941 direct jobs created nationally) by activity related to Nebraska historic preservation. This implies that indirect and induced employment has a much lower retention rate (922 of 1,512 jobs, or 61 percent), since suppliers of manufactured goods for rehabilitation or souvenirs for sale at heritage sites are often out-of-state.

In sum, through activity related to historic preservation, Nebraska annually gains $201 million in output (69 percent of the national total), 3,689 jobs (83 percent), $72 million in income (76 percent), and $100 million in GSP (70 percent). Economic benefits of historic preservation–related activity that accrue to Nebraska are concentrated primarily in the direct effects. A larger proportion of the direct jobs are in the relatively high-paying construction industry. Nevertheless, the impact of these jobs is offset by the even larger proportion of low-paying service and retail jobs. Hence, at $19,464, the average labor income per job in Nebraska generated through the state's historic preservation activity is less than the national labor income per job of $21,383.

Industry detail of state impacts (Exhibit 8.6) reflect concentrations similar to those noted at the national level. Of the 3,689 total state-level jobs derived from historic preservation, the greatest concentrations are in eating/drinking places (1,301 jobs) and in hotels/ lodging (432). Likewise, those industries contribute $41 million and $19 million of the total $201 million in output respectively. Of the total $72 million generated in annual income, the eating/drinking and hotels/lodging industries garner $21 million combined. Eating/drinking and hotels/lodging industries also comprise $30 million of the $100 million increase in GSP (Exhibit 8.6).

EXHIBIT 8.3
Total National Economic and Tax Impacts of Nebraska Historic Preservation Activity ($170 million)

	Economic Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross State Product ($000)**
I. TOTAL EFFECTS (Direct and Indirect/Induced)				
1. Agriculture	3,948.5	24	241.7	688.7
2. Agri. Serv., Forestry, & Fish	819.7	20	316.3	737.8
3. Mining	2,429.4	16	594.9	783.2
4. Construction	25,313.0	395	13,508.4	17,136.8
5. Manufacturing	67,673.4	415	15,121.2	31,181.1
6. Transport. & Public Utilities	16,855.7	119	4,506.3	7,735.1
7. Wholesale	10,964.8	112	4,458.8	5,544.5
8. Retail Trade	56,504.5	1,754	19,871.1	27,620.7
9. Finance, Ins., & Real Estate	24,882.2	231	7,436.7	15,829.9
10. Services	80,909.2	1,351	28,710.0	35,139.6
11. Government	1,565.2	11	474.7	743.7
Total Effects (Private and Public)	291,865.4	4,454	95,240.1	143,141.2
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	157,372.8	2,941	56,342.0	78,443.5
2. Indirect and Induced Effects	134,492.6	1,512	38,898.0	64,697.6
3. Total Effects	291,865.4	4,454	95,240.1	143,141.2
4. Multipliers (3/1)	1.855	1.514	1.690	1.825
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages--Net of Taxes				94,867.8
2. Taxes				65,789.1
a. Local				31,950.2
b. State				22,371.2
c. Federal				11,467.7
General				3,474.7
Social Security				7,992.9
3. Profits, dividends, rents, and other				-17,515.9
4. Total Gross State Product (1+2+3)				143,141.2
IV. TAX ACCOUNTS		**Business**	**Household**	**Total**
1. Income --Net of Taxes		94,867.8	74,550.3	---------
2. Taxes		65,789.1	15,164.3	80,953.4
a. Local		31,950.2	1,807.9	33,758.1
b. State		22,371.2	1,866.0	24,237.3
c. Federal		11,467.7	11,490.4	22,958.0
General		3,474.7	11,490.4	14,965.0
Social Security		7,992.9	0.0	7,992.9
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				
Employment (Jobs)				26.3
Income				561,384
State/Local Taxes				341,848
Gross State Product				843,732
INITIAL EXPENDITURE IN DOLLARS				169,652,409

EXHIBIT 8.4
Total National Economic Impacts (Industry Detail)
of Nebraska Historic Preservation Activity ($170 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Agriculture	**3,948.6**	**24**	**241.7**	**688.7**
Dairy Farm Products	798.8	5	47.7	81.3
Eggs	15.7	0	0.7	1.7
Meat Animals	1,813.7	5	81.5	195.0
Misc. Livestock	22.2	0	1.9	4.3
Wool	7.0	0	0.6	1.3
Cotton	23.5	0	2.3	6.6
Tobacco	1.4	0	0.1	0.4
Grains & Misc. Crops	124.0	0	3.0	40.1
Feed Crops	452.3	0	9.9	135.0
Fruits & Nuts	406.2	10	68.3	116.7
Vegetables	57.2	4	7.1	19.6
Greenhouse & Nursery Products	61.9	0	11.6	30.5
Sugar Beets & Cane	50.7	0	1.2	21.0
Flaxseed, Peanuts, Soybean, Sunflower	113.6	0	5.9	35.2
Agri. Serv., Forestry, & Fish	**819.8**	**20**	**316.3**	**737.9**
Agri. Services (07)	535.3	19	281.9	481.7
Forestry (08)	231.4	1	20.5	208.4
Fishing, Hunting, & Trapping (09)	53.3	0	14.1	47.8
Mining	**2,429.6**	**16**	**595.0**	**783.3**
Coal Mining (12)	393.6	3	122.4	3.1
Oil & Gas Extraction (13)	1,077.2	4	144.4	316.0
Nonmetal Min.-Ex. Fuels (14)	938.1	8	322.8	447.2
Metal Mining (10)	20.6	0	5.5	17.0
Construction	**25,315.3**	**395**	**13,509.6**	**17,138.3**
General Bldg. Contractors (15)	16,605.7	282	9,206.4	11,606.2
Heavy Const. Contractors (16)	3,706.8	54	2,442.8	2,915.7
Special Trade Contractors (17)	5,002.8	61	1,860.5	2,616.4
Manufacturing	**67,675.8**	**415**	**15,121.7**	**31,182.2**
Food & Kindred Prod. (20)	12,264.9	43	1,716.1	2,847.9
Tobacco Manufactures (21)	347.5	0	31.1	306.4
Textile Mill Prod. (22)	2,798.1	20	513.8	1,715.0
Apparel & Other Prod. (23)	1,805.5	22	508.0	718.2
Lumber & Wood Prod. (24)	5,156.8	39	1,159.1	1,583.6
Furniture & Fixtures (25)	546.6	8	165.2	222.5
Paper & Allied Prod. (26)	1,929.0	9	422.9	836.7
Chemicals & Allied Prod. (28)	5,339.6	20	972.9	4,450.0

EXHIBIT 8.4 (continued)
Total National Economic Impacts (Industry Detail)
of Nebraska Historic Preservation Activity ($170 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Petroleum & Coal Prod. (29)	6,098.1	13	609.6	4,664.6
Rubber & Misc. Plastics (30)	2,541.0	25	699.4	1,188.4
Leather & Leather Prod. (31)	315.5	5	85.2	284.0
Stone, Clay, & Glass (32)	4,018.6	34	1,241.9	1,744.3
Primary Metal Prod. (33)	1,430.6	6	306.9	608.4
Fabricated Metal Prod. (34)	5,649.3	47	1,679.1	2,340.0
Machinery, Except Elec. (35)	1,704.3	15	539.0	665.8
Electric & Elec. Equip. (36)	2,788.6	15	686.4	1,232.6
Transportation Equipment (37)	3,341.3	10	532.9	1,334.9
Instruments & Rel. Prod. (38)	1,007.1	4	255.7	696.5
Misc. Manufacturing Ind's. (39)	4,123.1	38	1,531.2	1,675.6
Printing & Publishing (27)	4,470.1	44	1,464.8	2,067.0
Transport. & Public Utilities	**16,856.6**	**119**	**4,506.6**	**7,735.7**
Railroad Transportation (40)	782.3	3	324.4	704.1
Local Pass. Transit (41)	1,181.2	31	509.9	667.8
Trucking & Warehousing (42)	3,433.2	50	1,623.9	2,949.3
Water Transportation (44)	441.5	4	129.5	231.8
Transportation by Air (45)	701.2	6	244.0	379.6
Pipe Lines-Ex. Nat. Gas (46)	43.8	0	4.7	37.6
Transportation Services (47)	289.2	3	109.2	112.6
Communication (48)	4,003.8	18	841.4	1,738.2
Elec., Gas, & Sanitary Serv. (49)	5,980.2	3	719.5	914.4
Wholesale	**10,965.2**	**112**	**4,459.0**	**5,544.7**
Wholesale-Durable Goods (50)	5,646.9	60	2,296.3	2,855.6
Wholesale-Nondurable Goods (51)	5,318.3	52	2,162.6	2,689.2
Retail Trade	**56,504.9**	**1,754**	**19,871.3**	**27,621.0**
Bldg. Mat.-Garden Supply (52)	748.2	17	325.0	463.2
General Merch. Stores (53)	2,872.0	89	1,035.5	1,778.1
Food Stores (54)	2,068.6	70	806.6	1,280.8
Auto. Dealers-Serv. Stat. (55)	2,840.7	40	748.0	1,758.7
Apparel & Access. Stores (56)	1,269.1	58	596.0	785.7
Furniture & Home Furnish. (57)	364.1	9	170.1	225.3
Eating & Drinking Places (58)	42,620.5	1,344	14,488.0	19,024.9
Miscellaneous Retail (59)	3,722.0	128	1,702.0	2,304.4
Finance, Ins., & Real Estate	**24,882.8**	**231**	**7,436.9**	**15,830.3**
Banking (60)	2,699.7	22	712.5	1,514.2
Nondep. Credit Institut. (61)	4,623.6	70	2,421.8	2,189.4

EXHIBIT 8.4 (continued)
Total National Economic Impacts (Industry Detail)
of Nebraska Historic Preservation Activity ($170 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Security, Comm. Brokers (62)	1,040.7	9	511.5	556.3
Insurance Carriers (63)	3,879.9	34	1,561.3	2,970.5
Ins. Agents, Brokers (64)	957.4	14	368.7	434.7
Real Estate (65)	9,994.5	68	977.5	7,404.9
Holding and Invest. Off. (67)	1,687.1	15	883.7	760.1
Services	**80,910.5**	**1,351**	**28,710.6**	**35,140.2**
Hotels & Other Lodging (70)	24,712.1	451	6,873.5	12,077.4
Personal Services (72)	2,764.2	75	1,004.4	1,135.7
Business Services (73)	6,264.9	95	2,578.7	3,009.8
Auto Repair, Serv., Garages (75)	3,707.4	29	792.5	1,653.5
Misc. Repair Services (76)	1,201.0	22	457.5	553.1
Motion Pictures (78)	2,638.3	46	686.5	641.1
Amusement & Recreation (79)	4,214.5	128	1,558.7	2,397.1
Health Services (80)	2,082.8	33	1,104.6	1,148.9
Legal Services (81)	2,153.2	17	995.9	1,113.0
Educational Services (82)	816.5	21	384.0	473.5
Social Services (83)	382.4	10	190.7	193.0
Museums, Gardens & Mem. Orgs. (84, 86)	21,028.1	301	7,768.4	6,955.6
Engineer. & Manage. Serv. (87)	7,721.6	102	3,795.9	3,281.9
Private Households (88)	33.8	3	33.8	33.8
Miscellaneous Services (89)	1,189.7	17	485.6	472.5
Government	**1,565.3**	**10**	**474.7**	**743.7**
Total	**291,874.2**	**4,454**	**95,243.4**	**143,146.0**

Note: Detail may not sum to totals due to rounding.

EXHIBIT 8.5
Total In-State Economic and Tax Impacts of Nebraska Historic Preservation Activity ($170 million)

	Economic Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross State Product ($000)**
I. TOTAL EFFECTS (Direct and Indirect/Induced)				
1. Agriculture	912.6	2	43.6	131.1
2. Agri. Serv., Forestry, & Fish	464.1	15	232.5	417.6
3. Mining	472.2	5	162.0	223.4
4. Construction	23,224.8	374	12,781.5	16,087.1
5. Manufacturing	16,751.0	106	4,175.8	6,455.6
6. Transport. & Public Utilities	8,635.7	63	2,307.0	3,751.2
7. Wholesale	7,952.7	82	3,233.9	4,021.6
8. Retail Trade	54,218.4	1,683	19,047.4	26,438.9
9. Finance, Ins., & Real Estate	16,831.6	154	4,761.9	10,930.4
10. Services	70,468.3	1,180	24,681.7	30,627.9
11. Government	1,243.0	10	375.5	583.6
Total Effects (Private and Public)	201,174.3	3,689	71,802.9	99,668.7
II. DISTRIBUTION OF EFFECTS/MULTIPLIER				
1. Direct Effects	133,449.2	2,767	50,237.9	65,722.0
2. Indirect and Induced Effects	67,725.2	922	21,565.0	33,946.7
3. Total Effects	201,174.3	3,689	71,802.9	99,668.7
4. Multipliers (3/1)	1.507	1.333	1.429	1.517
III. COMPOSITION OF GROSS STATE PRODUCT				
1. Wages--Net of Taxes				73,788.3
2. Taxes				17,746.7
a. Local				3,320.7
b. State				3,978.6
c. Federal				10,447.5
General				2,749.2
Social Security				7,698.4
3. Profits, dividends, rents, and other				8,133.5
4. Total Gross State Product (1+2+3)				99,668.7
IV. TAX ACCOUNTS		**Business**	**Household**	**Total**
1. Income --Net of Taxes		73,788.3	71,802.9	---------
2. Taxes		17,746.7	14,605.4	32,352.2
a. Local		3,320.7	1,741.3	5,061.9
b. State		3,978.6	1,797.3	5,775.9
c. Federal		10,447.5	11,066.9	21,514.6
General		2,749.2	11,066.9	13,816.0
Social Security		7,698.4	0.0	7,698.4
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE				
Employment (Jobs)				21.7
Income				423,235
State/Local Taxes				43,025
Gross State Product				587,488
INITIAL EXPENDITURE IN DOLLARS				169,652,409

EXHIBIT 8.6
Total In-State Economic Impacts (Industry Detail)
of Nebraska Historic Preservation Activity ($170 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Agriculture	**912.6**	**2**	**43.6**	**131.1**
Dairy Farm Products	252.6	1	15.1	25.7
Eggs	0	0	0	0
Meat Animals	499.6	1	21.9	53
Misc. Livestock	1.2	0	0.1	0.2
Wool	0	0	0	0
Cotton	0	0	0	0
Tobacco	0	0	0	0
Grains & Misc. Crops	36.7	0	1	11.8
Feed Crops	80.6	0	1.7	24.4
Fruits & Nuts	0	0	0	0
Vegetables	7.6	0	0.9	2.6
Greenhouse & Nursery Products	9.1	0	1.8	4.5
Sugar Beets & Cane	10.8	0	0.2	4.4
Flaxseed, Peanuts, Soybean, Sunflower	14.2	0	0.7	4.5
Agri. Serv., Forestry, & Fish	**464.1**	**15**	**232.4**	**417.7**
Agri. Services (07)	427.3	15	228.3	384.4
Forestry (08)	31.3	0	2.6	28
Fishing, Hunting, & Trapping (09)	6	0	1.5	5.5
Mining	**472.3**	**5**	**162.1**	**223.6**
Coal Mining (12)	0.4	0	0.1	0
Oil & Gas Extraction (13)	14.4	0	1.9	4.2
Nonmetal Min.-Ex. Fuels (14)	457	5	159.9	219.2
Metal Mining (10)	0.5	0	0	0.4
Construction	**23224.9**	**374**	**12781.4**	**16087**
General Bldg. Contractors (15)	15974.8	273	8907.4	11209.8
Heavy Const. Contractors (16)	3497.9	52	2337.4	2783.8
Special Trade Contractors (17)	3752.4	50	1536.7	2093.6
Manufacturing	**16751**	**119**	**4175.9**	**6455.5**
Food & Kindred Prod. (20)	4264.4	17	615.6	781
Tobacco Manufactures (21)	6.1	0	0.4	5.4
Textile Mill Prod. (22)	38.6	0	8.4	25.2
Apparel & Other Prod. (23)	139.6	1	38.2	58.1
Lumber & Wood Prod. (24)	2035.5	16	482.7	607.8
Furniture & Fixtures (25)	135.8	0	40.2	55.8
Paper & Allied Prod. (26)	131.3	1	33.8	53.7
Chemicals & Allied Prod. (28)	703.7	4	135	603.6

EXHIBIT 8.6 (continued)
Total In-State Economic Impacts (Industry Detail)
of Nebraska Historic Preservation Activity ($170 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Petroleum & Coal Prod. (29)	148	0	10.5	39.1
Rubber & Misc. Plastics (30)	77.4	0	13	21.9
Leather & Leather Prod. (31)	4.3	0	1	4
Stone, Clay, & Glass (32)	2229.5	22	721.5	989.8
Primary Metal Prod. (33)	157.2	0	34.6	67.6
Fabricated Metal Prod. (34)	2910.4	23	842.2	1194.3
Machinery, Except Elec. (35)	547.4	4	175.5	218
Electric & Elec. Equip. (36)	385.3	3	118.5	197.9
Transportation Equipment (37)	158.2	1	42.3	73.7
Instruments & Rel. Prod. (38)	174.9	1	43.7	121.7
Misc. Manufacturing Ind's. (39)	407.8	3	125.9	136.7
Printing & Publishing (27)	1780.3	19	594.7	829.6
Transport. & Public Utilities	**8635.7**	**63**	**2307**	**3751.4**
Railroad Transportation (40)	0	0	0	0
Local Pass. Transit (41)	607.6	18	262.2	343.4
Trucking & Warehousing (42)	1825.5	29	933.7	1559.5
Water Transportation (44)	1.1	0	0.5	0.7
Transportation by Air (45)	367.5	3	127.7	198.9
Pipe Lines-Ex. Nat. Gas (46)	5.8	0	0.7	5.2
Transportation Services (47)	179.1	2	67.7	70.6
Communication (48)	2488.2	12	543.4	1103.5
Elec., Gas, & Sanitary Serv. (49)	3161.4	1	371.2	469.4
Wholesale	**7952.8**	**82**	**3233.9**	**4021.5**
Wholesale-Durable Goods (50)	4471	49	1818.3	2260.7
Wholesale-Nondurable Goods (51)	3481.9	34	1415.9	1760.7
Retail Trade	**54218.5**	**1683**	**19047.3**	**26438.8**
Bldg. Mat.-Garden Supply (52)	678.8	15	294.8	420.2
General Merch. Stores (53)	2729	86	983.9	1689.7
Food Stores (54)	1943.7	65	757.8	1203.2
Auto. Dealers-Serv. Stat. (55)	2623.9	39	690.5	1624.4
Apparel & Access. Stores (56)	1104.9	50	519.1	684.2
Furniture & Home Furnish. (57)	327.4	8	152.9	202.7
Eating & Drinking Places (58)	41268.6	1301	14028.6	18421.6
Miscellaneous Retail (59)	3542.7	122	1620	2193.2
Finance, Ins., & Real Estate	**16831.8**	**154**	**4761.9**	**10930.6**
Banking (60)	2028.7	17	535.4	1138.1
Nondep. Credit Institut. (61)	2839	43	1487	1344.3

EXHIBIT 8.6 (continued)
Total In-State Economic Impacts (Industry Detail)
of Nebraska Historic Preservation Activity ($170 million)

	Industry Component			
	Output ($000)	**Employment (jobs)**	**Income ($000)**	**Gross Domestic Product ($000)**
Security, Comm. Brokers (62)	661.5	5	325.1	353.8
Insurance Carriers (63)	2960	26	1191.2	2266.1
Ins. Agents, Brokers (64)	823.1	13	316.9	374
Real Estate (65)	7118.7	48	696.1	5274
Holding and Invest. Off. (67)	401.3	3	210.3	180.7
Services	**70468.2**	**1180**	**24681.6**	**30628**
Hotels & Other Lodging (70)	23861.4	432	6599.9	11615.1
Personal Services (72)	2143.7	59	776.2	867.7
Business Services (73)	4201.6	66	1765.8	2027.7
Auto Repair, Serv., Garages (75)	3348.2	25	695	1488.6
Misc. Repair Services (76)	763.4	15	288.2	352.4
Motion Pictures (78)	1570.1	30	393.8	395.1
Amusement & Recreation (79)	3669.7	116	1346.3	2051.4
Health Services (80)	1881.6	30	1004.4	1044
Legal Services (81)	1765.4	14	816.4	912.6
Educational Services (82)	616.1	16	300.4	356.5
Social Services (83)	317.9	9	155.3	159.3
Museums, Gardens & Mem. Orgs. (84, 86)	18855.7	267	6915.7	6188.4
Engineer. & Manage. Serv. (87)	6568.5	88	3237.2	2791.5
Private Households (88)	30.7	1	30.7	30.7
Miscellaneous Services (89)	874.6	12	357.1	347.4
Government	**1242.9**	**10**	**375.5**	**583.6**
Total	**201174.3**	**3688**	**71802.9**	**99668.7**

Note: Detail may not sum to totals due to rounding.

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 8.7 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 8.7 reveal that across all building and investment types, historic preservation, in the form of historic rehabilitation, is a reasonably comparable economic pump-primer vis-à-vis new construction. One million dollars spent on historic rehabilitation, for instance, generates, at the national level, 25.5 jobs, $696,000 in income, and $56,000 in state and local taxes. The same $1 million spent on new nonresidential building generates nationally 26.4 jobs, $799,000 in income, and $74,000 in state and local taxes. The same size investment in new highway construction induces 23.1 jobs, $737,000 in income, and $97,000 in taxes. At the state level, $1 million spent on nonresidential historic rehabilitation generates 20.6 jobs, $549,000 in income, and $44,000 in state and local taxes. The comparable figures for the $1 million investment on new nonresidential buildings are 17.1 jobs, $487,000 in income and $12,000 in state and local taxes. The comparable new highway construction yields 14.8 jobs, $461,000 in income and $11,000 in taxes. Further, the figures in Exhibit 8.7 do not include the added benefits from investment in historic rehabilitation as opposed to new construction, such as enhanced heritage tourism.

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 8.8.

EXHIBIT 8.7
Relative Economic Effects of Historic Rehabilitation versus New Construction per $1,000,000 Spent

Geographic Level/ Economic Effect	Construction Activity—Historic Rehabilitation and New Construction					
	Historic Rehabilitation	New Construction				
	Various Building Types	Single-Family	Multifamily	Nonresidential	Highway	Civic/ Institutional
		Effects Per Million Dollars of Initial Expenditure				
National						
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
In-State						
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, 2007.
Notes: GDP = Gross Domestic Product
GSP = Gross State Product

EXHIBIT 8.8
Economic Impacts Per Million Dollars of Initial Expenditure

Economic Effect	Commercial Historic Rehabilitation	Meat Packing	Data Processing	Insurance Carriers	Truck Transportation
National					
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
In-State	Commercial Historic Rehabilitation	Meat Packing	Data Processing	Insurance Carriers	Truck Transportation
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

APPLICATIONS OF THE FINDINGS OF THIS STUDY

As noted earlier, this is one of the most comprehensive state-level studies of the economic effects of historic preservation 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 Nebraska 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 8.7 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 single-family historic district rehabilitation would generate 217 jobs, $4.2 million in income, $5.9 million in GSP, and $430,000 in taxes for the state's economy.

The point of providing these data, 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."

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 the body of knowledge for Nebraskans.

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 Nebraska. The "recipes" for 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 shows how the effectiveness of historic preservation can be improved.

The present investigation also brings forth a powerful economic tool in the form of the input-output Preservation Economic Impact Model (PEIM). 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 Nebraska and the nation.

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

$$\mathbf{t} = \mathbf{x} + \mathbf{l}$$

For simplification, we create the ratio **a** as

$$\mathbf{a} = \mathbf{l}/\mathbf{t}$$

so that $\mathbf{l} = \mathbf{at}$

then substituting into the first equation, we obtain

$$\mathbf{t} = \mathbf{x} + \mathbf{at}$$

By bringing all of the terms with t to one side of the equation, we get

$$\mathbf{t} - \mathbf{at} = \mathbf{x} \text{ or } \mathbf{t}\,(1-\mathbf{a}) = \mathbf{x}$$

Solving for **t,** we get $\mathbf{t} = \mathbf{x}/(1-\mathbf{a})$

Thus, if we know the amount of export-oriented employment, **x,** and the ratio of local to total employment, **a**, we can readily calculate total employment by applying the economic base multiplier, 1/(1-**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 **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 effected 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 **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:

$$\mathbf{a} = \mathbf{l}/\mathbf{t} = \Sigma \mathbf{l}_{ii}/\Sigma \mathbf{t}_i$$

Although accurate, this approach facilitates only 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 2002. 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 (**Z**) and the final demand vector (**y**) is equal to vector of production by industry (**x**). That is,

$$\mathbf{x} = \mathbf{Zi} + \mathbf{y}$$

where **i** is a summation vector of ones. Now, we calculate the direct requirements matrix (**A**) by dividing the interindustry transactions matrix by the production vector or

$$\mathbf{A} = \mathbf{ZX}^{-1}$$

where $\mathbf{X}^{-1}$ is a square matrix with inverse of each element in the vector **x** on the diagonal and the rest of the elements equal to zero. Rearranging the above equation yields

$$\mathbf{Z} = \mathbf{AX}$$

where **X** is a square matrix with the elements of the vector **x** on the diagonal and zeros elsewhere. Thus,

$$\mathbf{x} = (\mathbf{AX})\mathbf{i} + \mathbf{y}$$

or, alternatively,

$$\mathbf{x} = \mathbf{Ax} + \mathbf{y}$$

solving this equation for **x** yields

$$\mathbf{x} = (\mathbf{I}-\mathbf{A})^{-1}\ \mathbf{y}$$

Total Output = Total Requirements * Final Demand

The Leontief Inverse is the matrix $(\mathbf{I}-\mathbf{A})^{-1}$. 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 *change*s 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,

$$(\mathbf{I}-\mathbf{A})^{-1}\,\Delta\mathbf{y} = \Delta\mathbf{y} + \mathbf{A}\,\Delta\mathbf{y} + \mathbf{A}(\mathbf{A}\,\Delta\mathbf{y}) + \mathbf{A}(\mathbf{A}(\mathbf{A}\,\Delta\mathbf{y})) + \mathbf{A}(\mathbf{A}(\mathbf{A}(\mathbf{A}\,\Delta\mathbf{y}))) + \ldots$$

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.[19] 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.[20]

[19]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.

[20]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,[21] **r**, in the following manner:

$$(\mathbf{I}-\mathbf{rA})^{-1}\,\mathbf{r}\cdot\Delta\mathbf{y}$$

or

$$\mathbf{r}\cdot\Delta\mathbf{y} + \mathbf{rA}\,(\mathbf{r}\cdot\Delta\mathbf{y}) + \mathbf{rA}(\mathbf{rA}\,(\mathbf{r}\cdot\Delta\mathbf{y})) + \mathbf{rA}(\mathbf{rA}(\mathbf{rA}\,(\mathbf{r}\cdot\Delta\mathbf{y}))) + \ldots$$

where the vector-matrix product **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™ I–O model. CUPR has had the privilege of using them all. (R/ECON™ 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™ I–O) and IMPLAN, respectively.

Model Accuracy

RIMS II, IMPLAN, and RECON™ 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

[21]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 replies 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. Te 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

$x = k\, Z_1^{a1} Z_2^{a2}\, P_j\, Z_j^{aj}$ and D is its total local demand.

Since for a given industry RPC = LS/D then

$$\ln\{-1/[\ln(\ln LS/\ln D)]\} = \ln k + a_1 \ln Z_1 + a_2 \ln Z_2 + S_j\, a_j \ln Z_j$$

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 cover only 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 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 recessional 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

TRAVELSCOPE SURVEY RESULTS

	Traveler Type			
	Day Trip*	Overnight Heritage*	Overnight Nonheritage***	Total
Type of Traveler (weighted by Person Trip)		6%	94%	100%
Type of HH Traveler (weighted by HH Trip)		7%	93%	100%
Age of Respondent [4]				
TOTAL	100%	100%	100%	100%
18 – 34 Years Old	45%	34%	34%	34%
35 – 49 Years Old	27%	26%	31%	31%
50 – 64 Years Old	16%	25%	25%	25%
65+ Years Old	12%	15%	10%	11%
Average Age of Traveler				
Education of Respondent				
TOTAL	100%	100%	100%	100%
Some Grade School	0%	0%	0%	0%
Grad Grade School	1%	0%	0%	0%
Some High School	7%	7%	3%	3%
Grad High School	31%	30%	30%	30%
Attended College	26%	29%	27%	27%
Graduated College	25%	18%	25%	25%
College Post Grad	10%	16%	14%	14%
Household Income				
TOTAL	100%	100%	100%	100%
Under 25,000	17%	16%	13%	14%
25,000 - 49,999	41%	23%	25%	25%
50,000 - 74,999	25%	25%	27%	27%
75,000 and over	17%	36%	34%	34%
Mean Income	$49,692	$62,144	$66,495	$66,281
Median Income	$45,680	$56,260	$59,830	$59,590
Occupation of Respondent				
TOTAL	100%	100%	100%	100%
Manager, Prof	27%	31%	38%	37%
Tech, Sales, Admin	24%	16%	16%	16%
Service	7%	12%	7%	7%
Farming, Forestry, Fishing	3%	0%	2%	2%
Craftsman, Repairman	3%	6%	4%	4%
Operator, Laborer	9%	4%	9%	8%
Retired, Student, Other	26%	30%	25%	25%
Race of Respondent				
TOTAL	100%	100%	100%	100%
White	87%	93%	92%	92%
Black	2%	0%	1%	1%
Asian/Pacific Islander	0%	0%	1%	1%
Other	4%	4%	1%	1%
Not Specified	6%	3%	5%	5%

Marital Status				
TOTAL	100%	100%	100%	100%
Now Married	72%	80%	74%	74%
Never Married	18%	9%	17%	16%
Div/Wid/ Sep	10%	11%	9%	10%
Trip Composition [8]				
TOTAL	100%	100%	100%	100%
One Man	16%	3%	24%	23%
Two Men	4%	5%	5%	5%
One Female	15%	17%	12%	12%
Two Females	2%	3%	2%	2%
One Man and One Female	26%	31%	22%	22%
At Least Three Adults	7%	6%	6%	6%
Children Present	30%	35%	30%	30%
TS/D Accommodation Type				
TOTAL	***	100%	100%	100%
Hotel/Motel, Resort, All Suite Hotel		72%	55%	56%
Timeshare		0%	0%	0%
Bed & Breakfast		1%	0%	0%
Camping/RV		8%	5%	5%
Other		4%	5%	5%
Home/apt/condo (not mine) [Private Home]		14%	34%	33%
Ship/Cruise		0%	0%	0%
My 2nd home/apt/condo		1%	1%	1%
TS/D Trip Purpose (Person Trip Weighted)				
TOTAL	100%	100%	100%	100%
Convention, Training/Seminar, Other Group Meeting	8%	22%	13%	14%
Other Business	24%	11%	25%	24%
Visit Friends or Relatives	24%	20%	30%	30%
Getaway Weekend	2%	22%	10%	11%
General Vacation	2%	19%	4%	5%
Other Leisure	40%	6%	17%	17%
TS/D Trip Purpose (HH Trip Weighted)				
TOTAL	100%	100%	100%	100%
Convention, Training/Seminar, Other Group Meeting	5%	13%	10%	10%
Other Business	20%	7%	16%	15%
Visit Friends or Relatives	30%	20%	37%	35%
Getaway Weekend	2%	30%	14%	16%
General Vacation	2%	26%	4%	6%
Other Leisure	41%	4%	19%	18%
Activities				
No TOTAL since more than one activity can be done	****	****	****	****
Attend an Olympic event	0%	0%	0%	0%
Snow Ski, Snow Board	0%	0%	2%	2%
Play Golf	2%	0%	2%	2%
Boat/Sail	0%	0%	1%	1%
Beach/Waterfront	1%	3%	3%	3%
Hike, Bike, etc.	2%	6%	8%	7%
Hunt, Fish	6%	1%	4%	4%

Watch Sports Events	14%	4%	10%	10%
Gamble	8%	7%	10%	10%
Theme/Amusement Park	1%	8%	2%	2%
Park: National, State	4%	28%	7%	9%
Beach/Waterfront	2%	1%	1%	1%
Festival, Craft Fair	11%	4%	5%	4%
Touring/Sightseeing	18%	51%	19%	22%
Night Life	12%	14%	8%	8%
Nature/Culture	4%	10%	7%	8%
Concert, Play, Dance	6%	9%	6%	6%
Other Adventure Sports	1%	2%	3%	3%
Look at real estate	2%	3%	4%	4%
Shopping	47%	22%	25%	25%
Entertainment	25%	15%	18%	17%
Group Tour	1%	8%	4%	4%
Camping	0%	7%	8%	8%
Dining	36%	30%	34%	34%
Origin State				
TOTAL	100%	100%	100%	100%
Alabama	0%	0%	0%	0%
Alaska	0%	0%	0%	0%
Arizona	0%	0%	1%	1%
Arkansas	0%	0%	1%	1%
California	1%	9%	4%	4%
Colorado	3%	10%	7%	7%
Connecticut	0%	1%	0%	0%
Delaware	0%	0%	0%	0%
Washington, D.C.	0%	0%	0%	0%
Florida	0%	2%	1%	1%
Georgia	0%	4%	1%	1%
Hawaii	0%	0%	0%	0%
Idaho	0%	0%	0%	0%
Illinois	1%	3%	2%	2%
Indiana	0%	1%	1%	1%
Iowa	8%	17%	12%	12%
Kansas	7%	9%	7%	7%
Kentucky	0%	0%	0%	0%
Louisiana	0%	0%	0%	0%
Maine	1%	0%	0%	0%
Maryland	0%	0%	0%	0%
Massachusetts	0%	0%	0%	0%
Michigan	0%	1%	1%	1%
Minnesota	0%	7%	2%	3%
Mississippi	0%	0%	0%	0%
Missouri	1%	4%	4%	4%
Montana	0%	0%	0%	0%
Nebraska	73%	18%	40%	38%
Nevada	0%	1%	1%	1%
New Hampshire	0%	0%	0%	0%
New Jersey	0%	0%	0%	0%

New Mexico	0%	0%	0%	0%
New York	0%	1%	1%	1%
North Carolina	0%	0%	0%	0%
North Dakota	0%	0%	0%	0%
Ohio	0%	0%	1%	1%
Oklahoma	0%	1%	1%	1%
Oregon	0%	0%	0%	0%
Pennsylvania	0%	1%	0%	0%
Rhode Island	0%	0%	0%	0%
South Carolina	0%	0%	0%	0%
South Dakota	2%	2%	3%	3%
Tennessee	0%	1%	0%	0%
Texas	0%	2%	3%	3%
Utah	0%	0%	1%	1%
Vermont	0%	0%	0%	0%
Virginia	0%	0%	0%	0%
Washington	0%	0%	1%	1%
West Virginia	0%	0%	0%	0%
Wisconsin	0%	1%	1%	1%
Wyoming	1%	1%	1%	1%

Notes: *Day Trip Visitors to Nebraska

** Overnight visitors who reported to have visited a historic place or museum as a trip activity

*** Overnight visitors who did not report to have visited a historic place or museum as a trip activity.

**** Multiple Responses permitted

Source: TIA Travelscope/DK Shifflets

APPENDIX C

BIBLIOGRAPHY: ECONOMIC IMPACTS OF PRESERVATION

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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 Vision*s. 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: 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 effect 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 nonresidential 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 2*3: 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 conduced with three housing characteristics and four neighborhood variables. The author finds that designation has a significant positive effect 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.

Effects 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 effect 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 all. 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 Nonprofit Organizations." Symposium on Historic Preservation. *Pace Law Review* 1, 3: 699-704.

Bailken provides a brief discussion of four economic development programs that where, 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/abatements, 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, led 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 though 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.

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 are 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).

_____. 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/profiting_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)

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 a 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 Atlan*ta. 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 ISTEA 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. 199*4. 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.* Stauton, 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 effects 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."416 Planning in the 1960s and '70s recognized and sought to delineate and map "functional zones," "functional areas," "functional sub districts" and retail clustering. 417 Subarea analysis continued into the 1990s, but after 1975, it "became accepted background rather than an exciting discovery." 419 [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." 419 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. 422

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 Pla*n. 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 nonprofit 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." J*ournal 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 Krumholz); 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 12th 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 nonprofit 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 extant 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."

_____. "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 relfexion [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. April1-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 careful 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 morn 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 it 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 while 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 a 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 establish 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 1976s 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 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."

Nasser, 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 pro forma 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 loose 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 samples 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 9th 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 a historically preserved enclave—and others like it—represent the real, historical city." 42