

Heritage
Conservation and the Economic
Benefits to
Auckland

Auckland, New Zealand March 10, 2015 Donovan Rypkema Heritage Strategies International

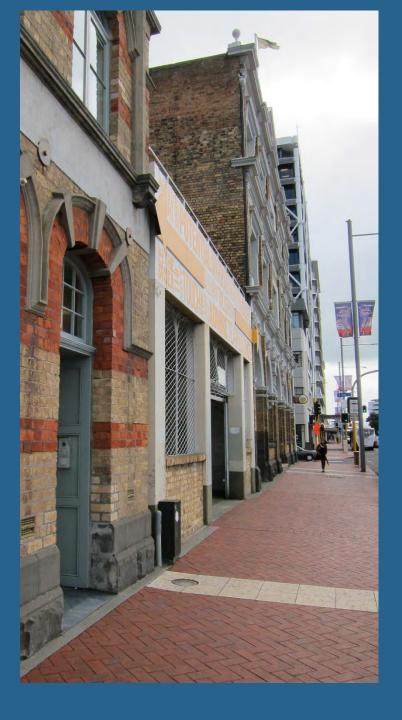
Public-Private Partnerships and Heritage:

A Practitioner's Guide

Donovan Rypkema Caroline Cheong











Economics and Heritage

Know what we've got

Heritage as a Public Good

Heritage Economic Benefits

Heritage and Good Urbanism

Heritage Environmental Benefits

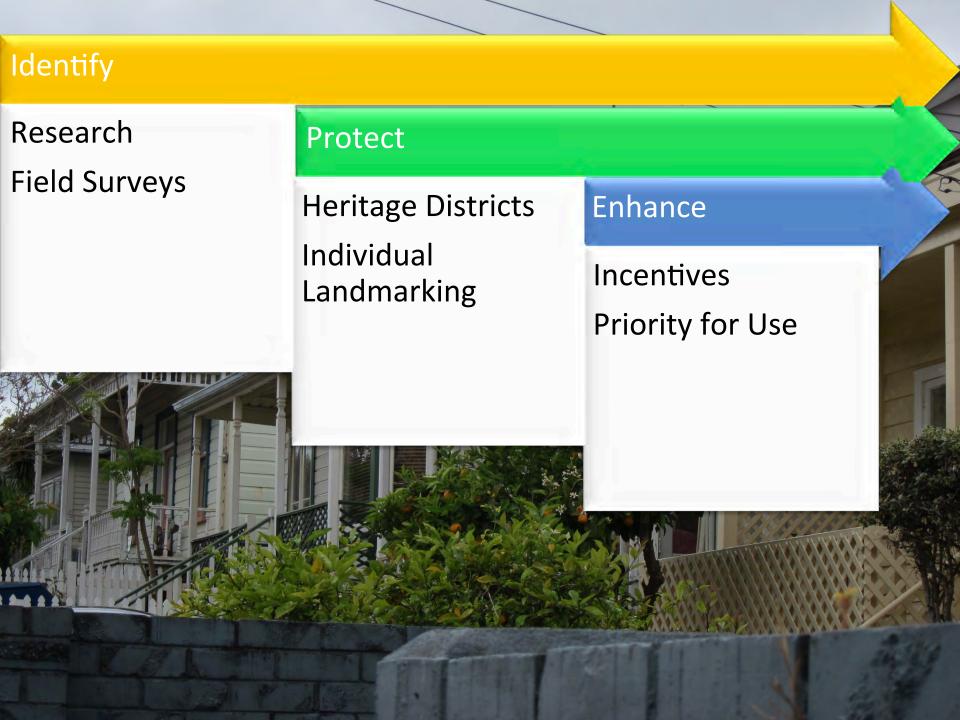
Need for Incentives

International Competitiveness

International Attention

Know what we've got











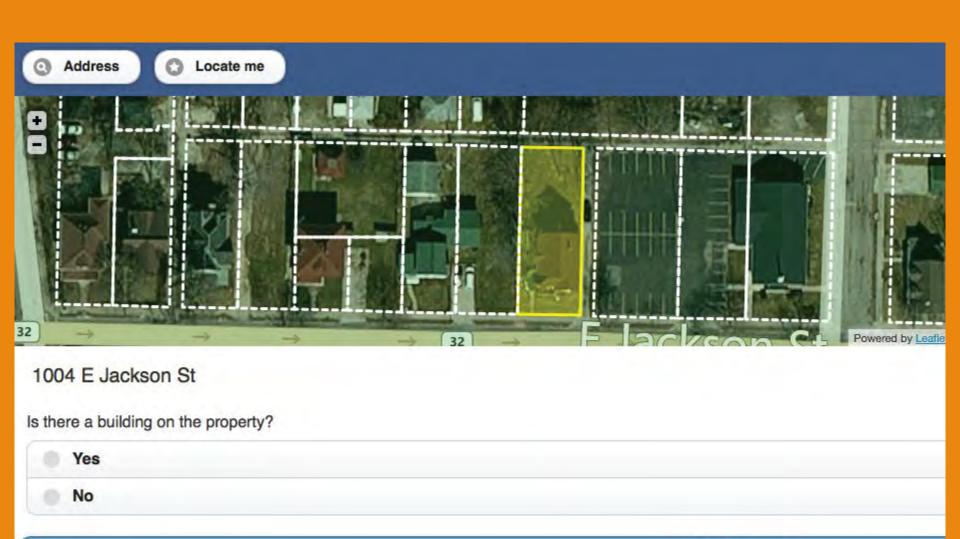




Field Work



- Use "Local Data" smartphone-based survey system
- Gather limited information on neighborhood
- Gather limited information on individual properties

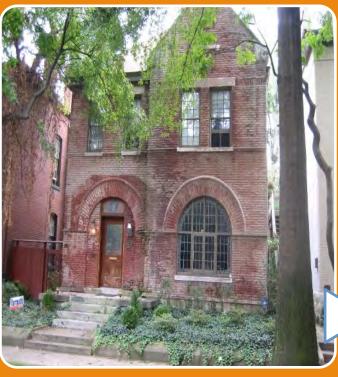


Submit answers

Character

Quality

Condition

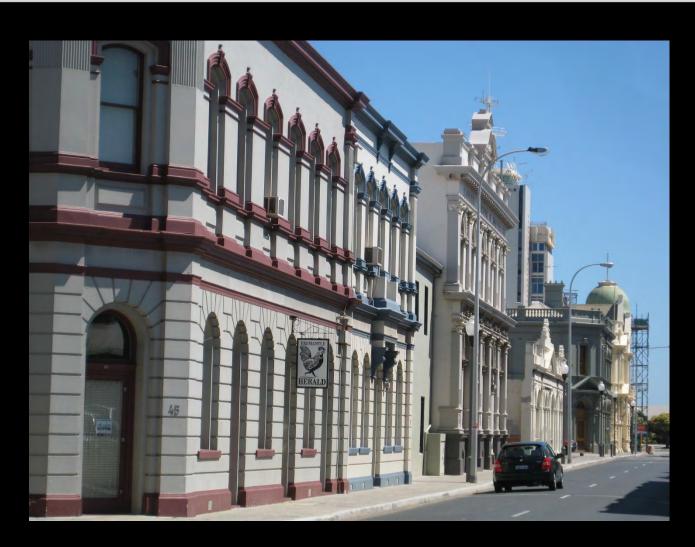




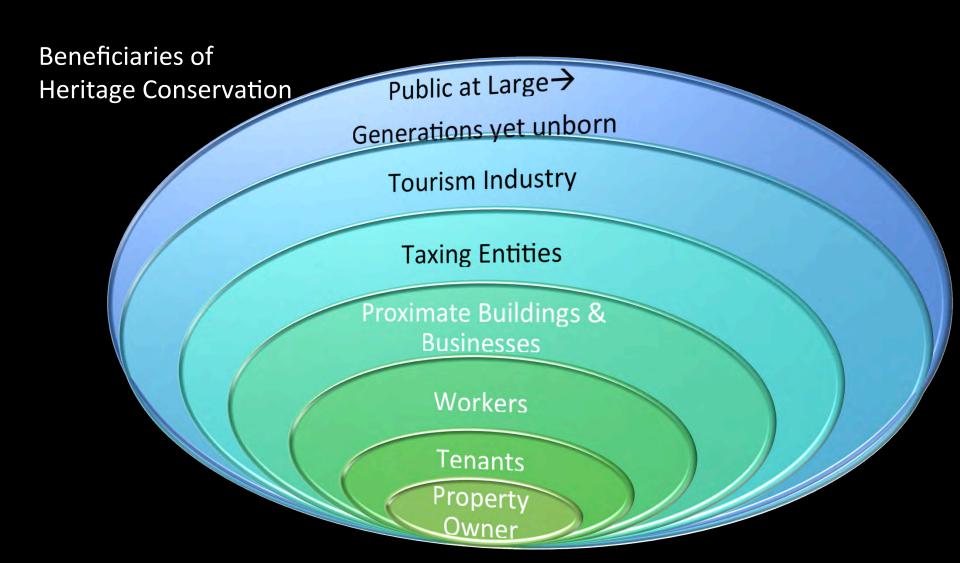




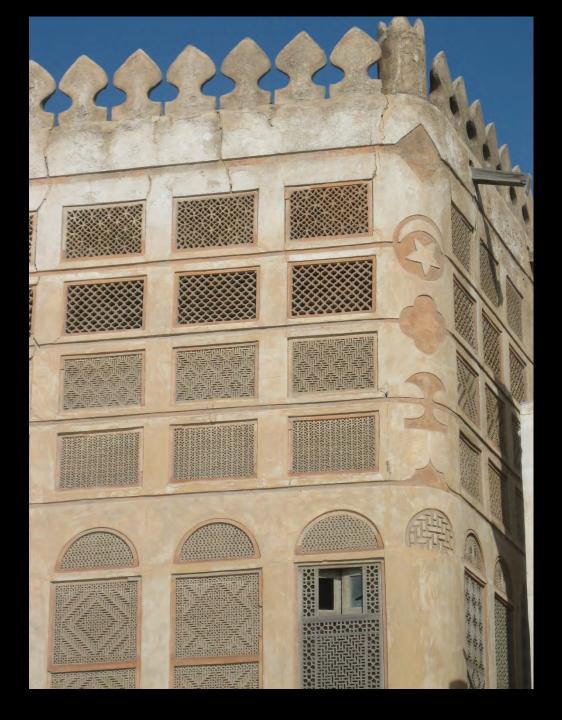
Heritage as a Public Good







The owner/ developer/ investor in a heritage building is (hopefully) creating economic value for herself. But at the same time is creating a public value for which she is not the primary beneficiary.



Heritage Economic Benefits



Two Requirements to receive full economic benefit of heritage...

1. Thinking beyond the monument





2. Commitment to adaptive reuse

Heritage conservation contributes to the economy



Directly



Indirectly



Functionally

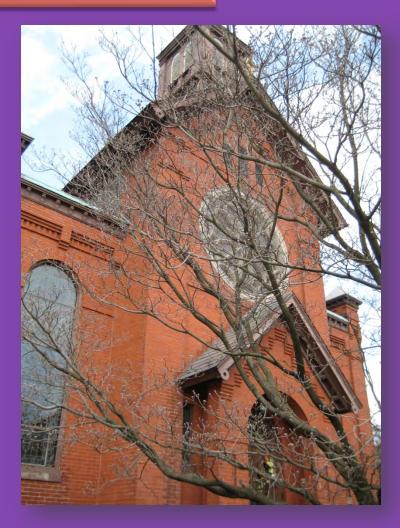


By providing context



Jobs

Jobs in Delaware Per \$1 Million of output



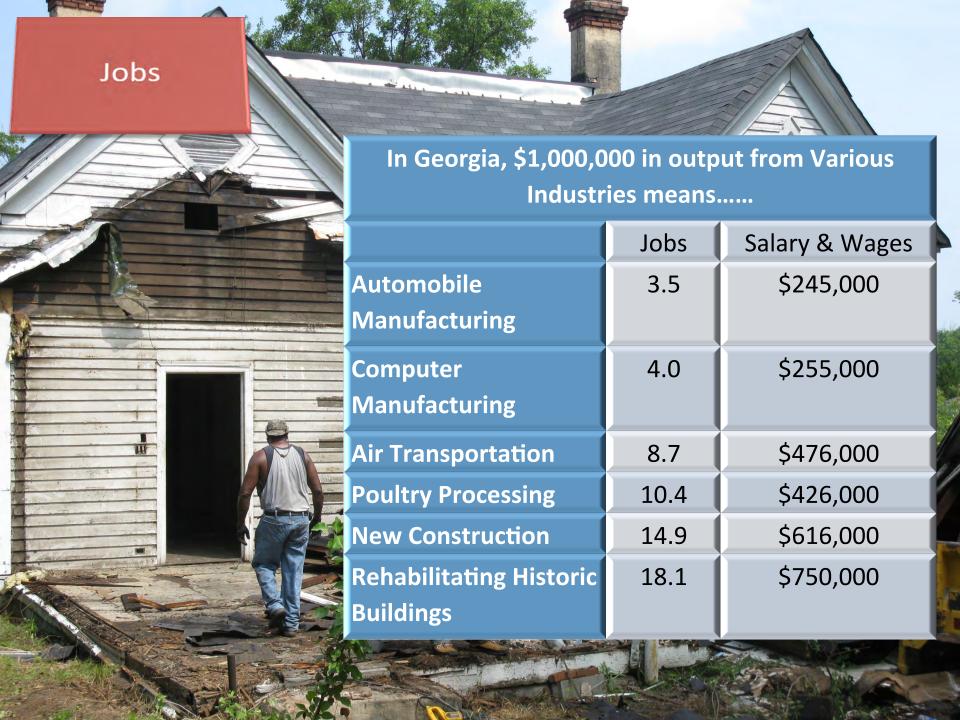


Jobs

Household Income in Delaware Per \$1 Million of output

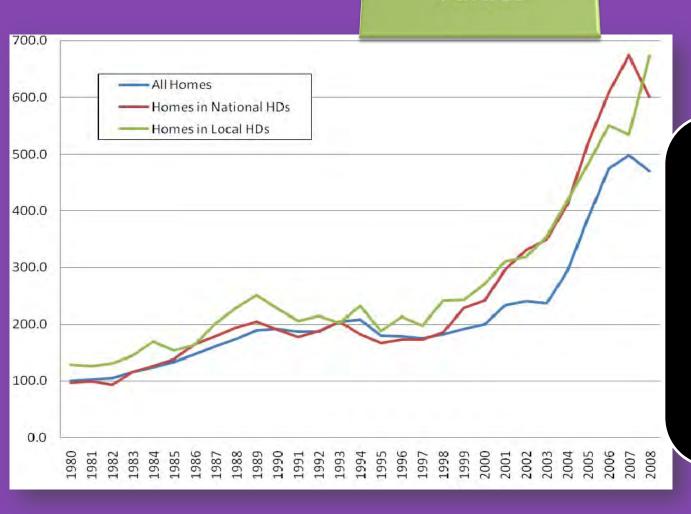






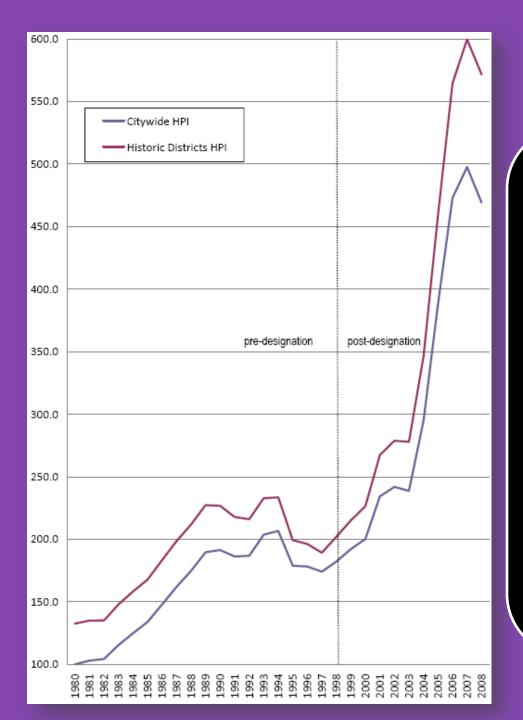


Property Values



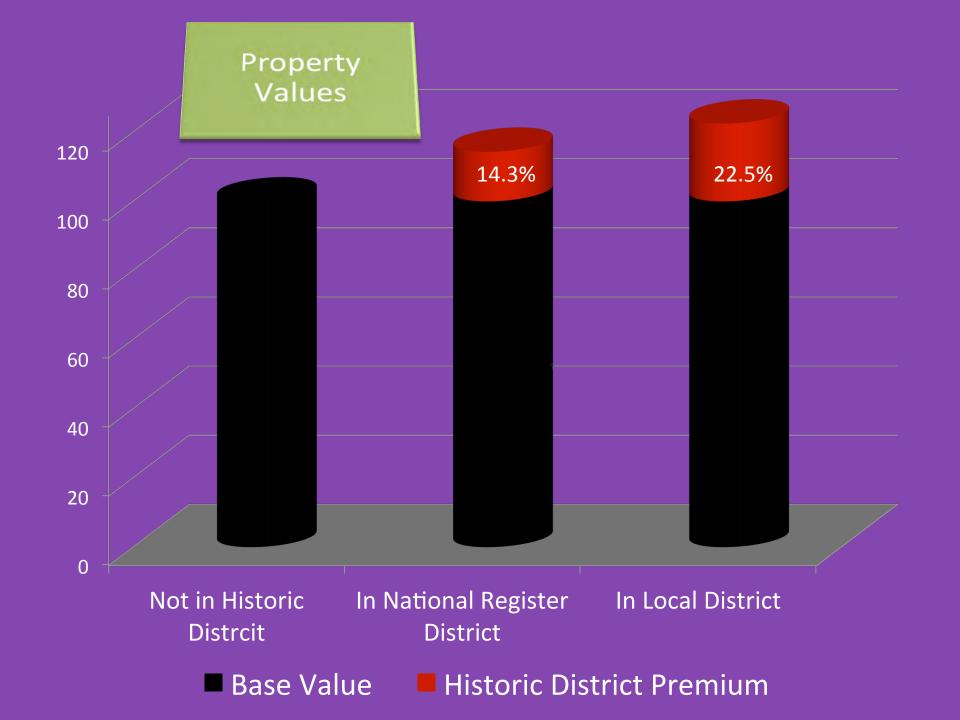
Homes in both local and national historic districts appreciated in value at a higher rate than houses outside historic districts

House Price Appreciation Over Time (Indexed, 1980 = 100)



Property Values

Homes in local historic districts enjoy an immediate 2 percent increase in values relative to the city average, once local designation has taken place; and thereafter, they appreciate at an annual rate that is 1 percent higher than the city average.



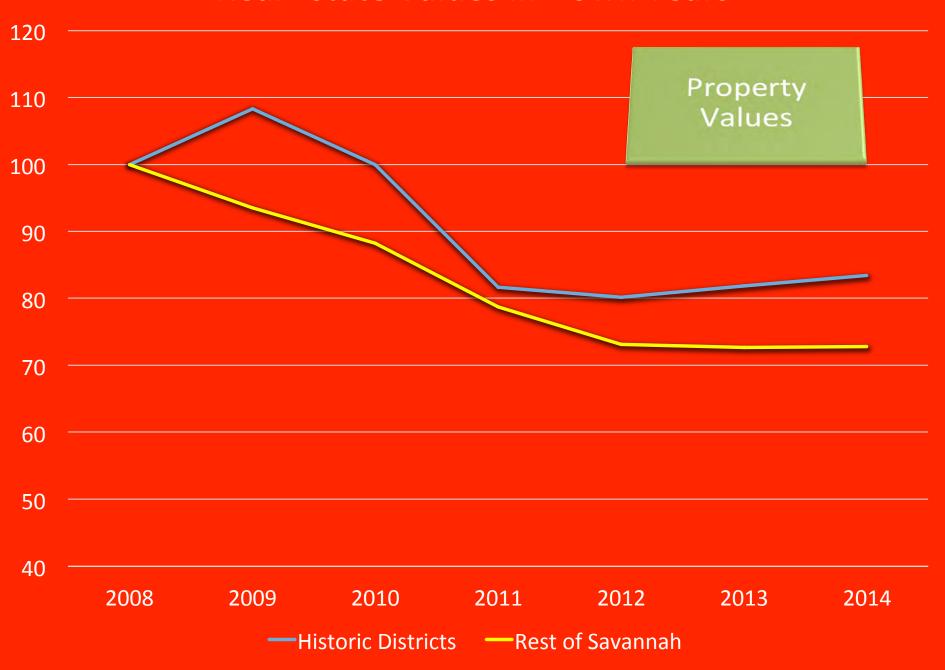
Value Change 1999 - 2014 Savannah Local Historic Districts

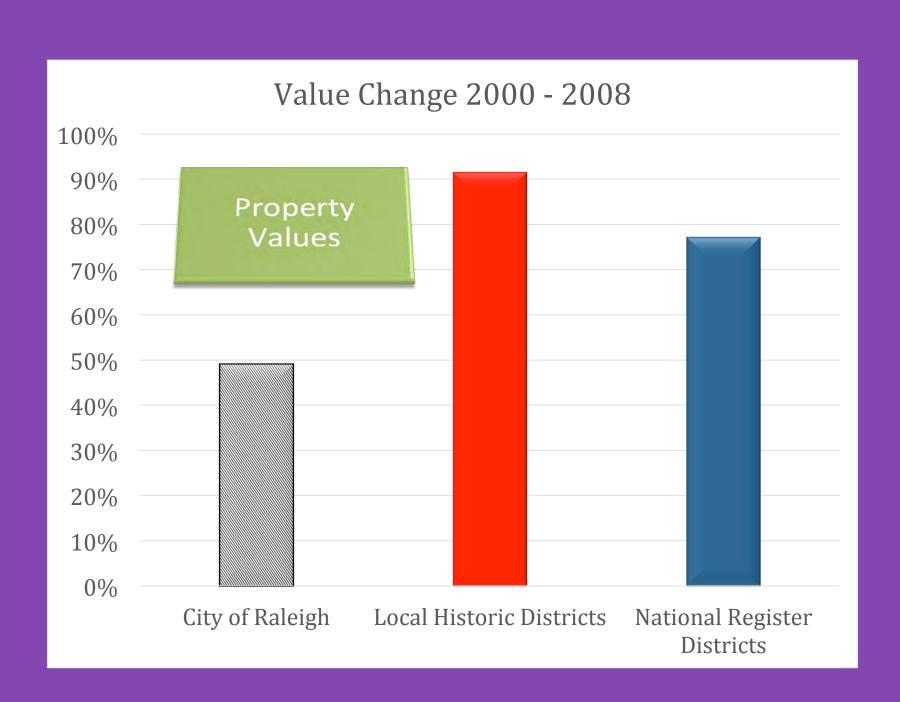


Real Estate Values in Up Years

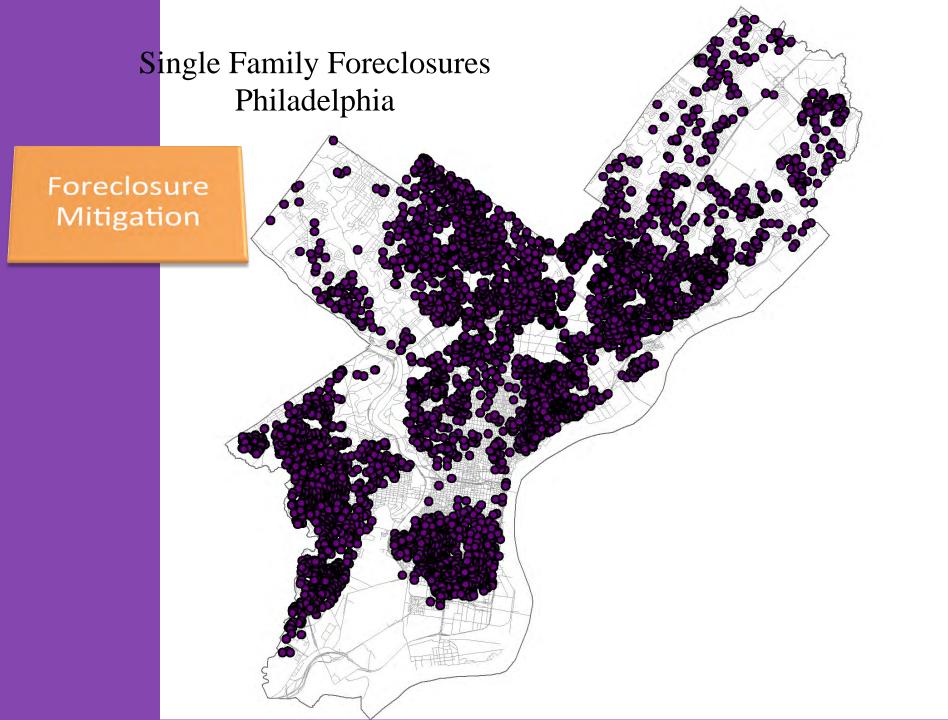


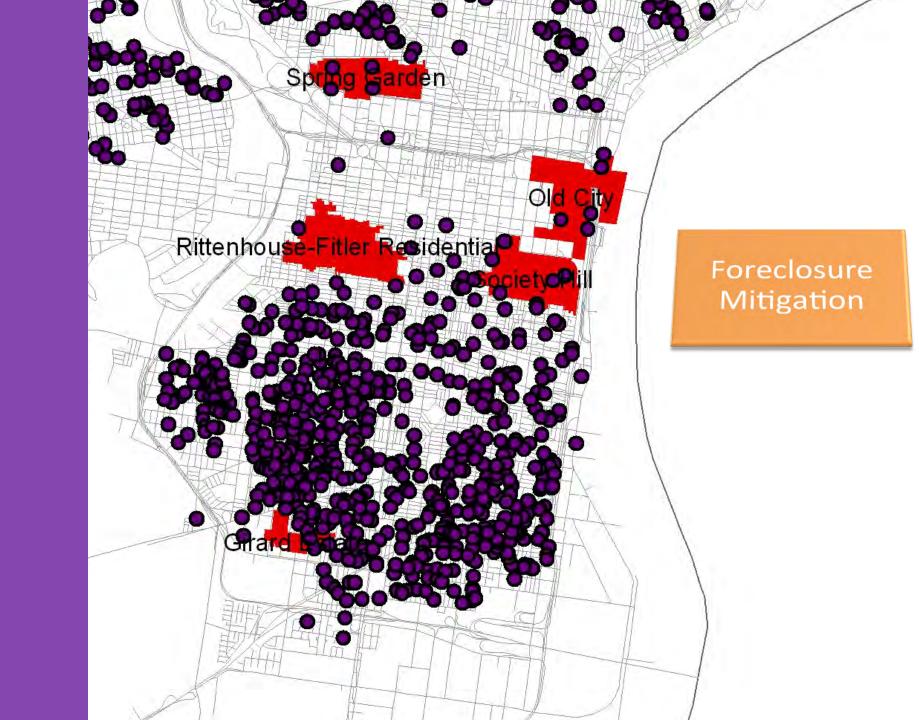
Real Estate Values in Down Years











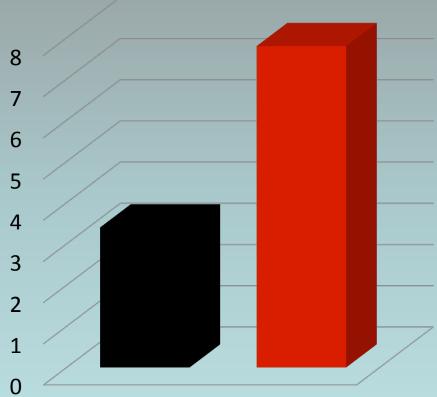
Philadelphia

Analysis of:

Single Family Houses
6 Historic Districts
10 Comparable
Neighborhoods
10/09 – 9/10



Foreclosures per 1000 Housing Units

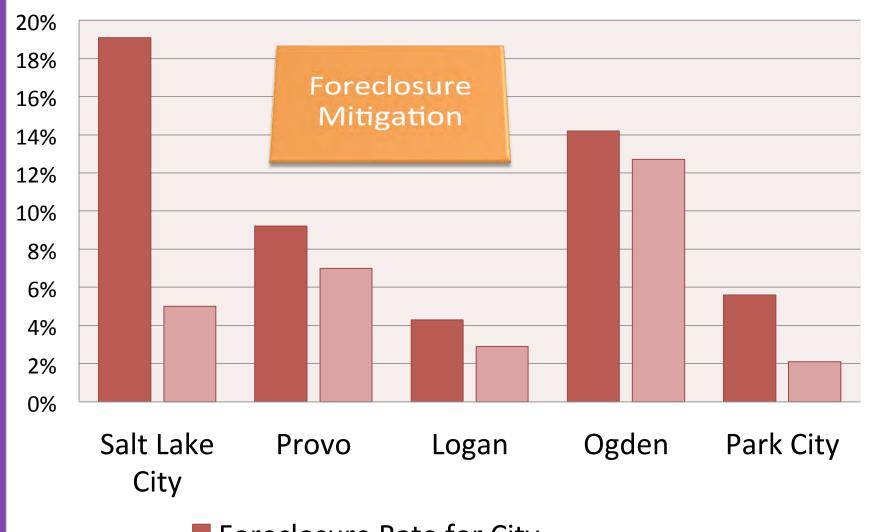


- **■** Historic Districts
- Comparable Neighborhoods

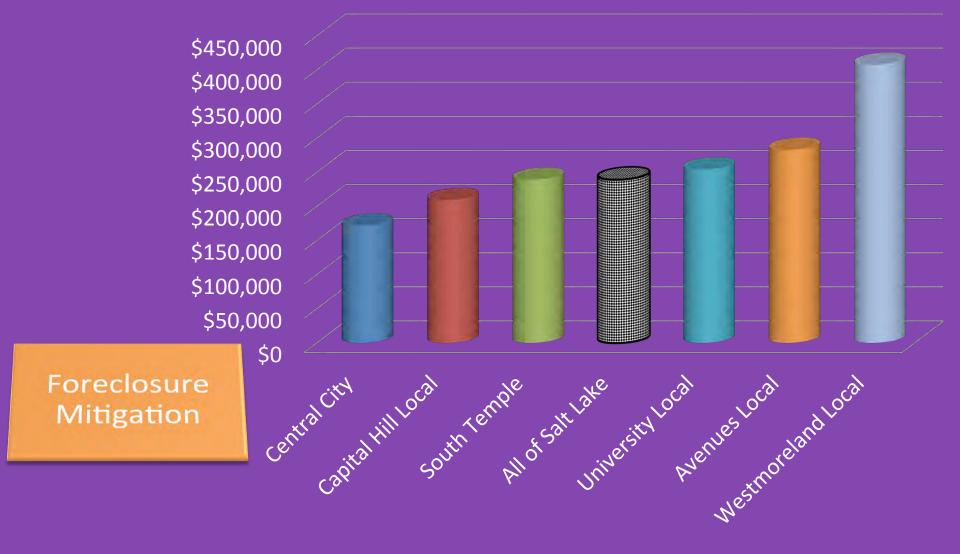
Foreclosure Mitigation

Foreclosures per 1000 Properties		
	Overall	In Local Historic Districts
Canton	10.0	6.4
Milford	14.7	0.0
Norwich	28.9	19.9
Windsor	17.7	16.1
Composite Total	19.70	9.96

Single Family Foreclosure Rates 2008-2012



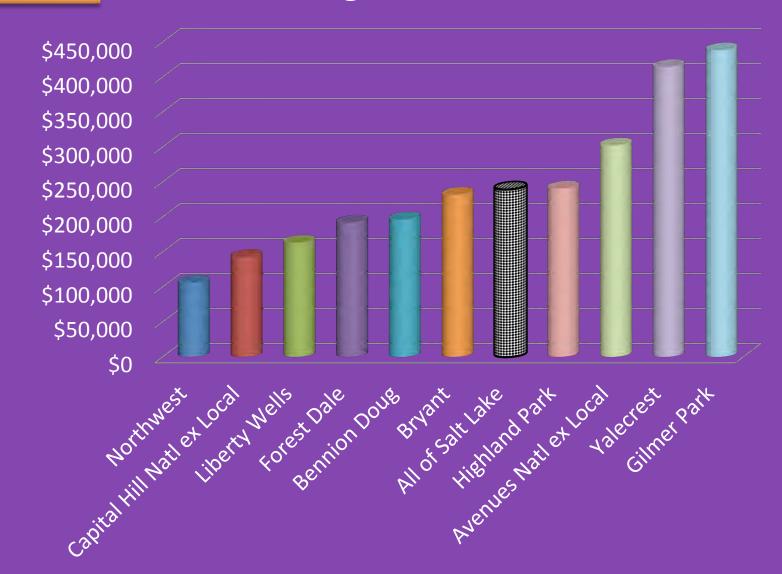
- Foreclosure Rate for City
- Foreclosure Rate for Historic Districts



All Price Ranges - Local Historic Districts
Salt Lake City Average Value 2012

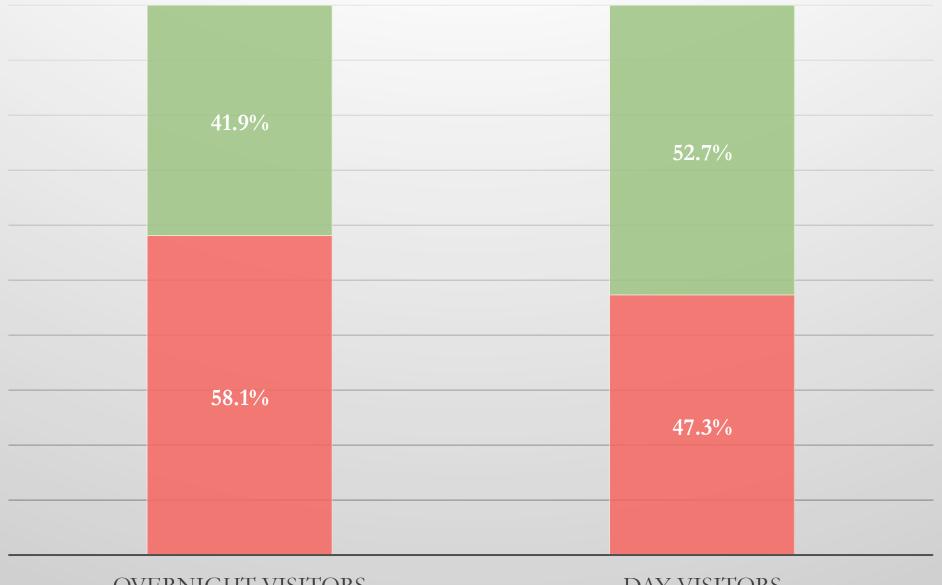
Foreclosure Mitigation

All Price Ranges - National Register Districts Average Value 2012





Share of Heritage Visitors in San Antonio



OVERNIGHT VISITORS

DAY VISITORS

Heritage Visitors Non-Heritage Visitors

Per Person Per Trip Overnight Visitors to San Antonio



Jobs from San Antonio Heritage Tourism





Heritage Tourism

Heritage tourism in the Philadelphia 5-county area contributes over \$3 billion in total output, supporting over 45,000 jobs and \$975 million in earnings, within the Commonwealth of Pennsylvania each year. Heritage Tourism



16% of Arkansas Tourists are Heritage Tourists

Heritage
Tourism
generates
\$891 Million/
year

- But they spend 30% more than other visitors
- More likely to be out-of-state visitors
- Supports 21,552 Jobs
- Adds \$319 Million in income
- Generates \$74 million in tax revenues



Heritage Tourism

Hotel Room Nights

Cultural Tourists













































Others























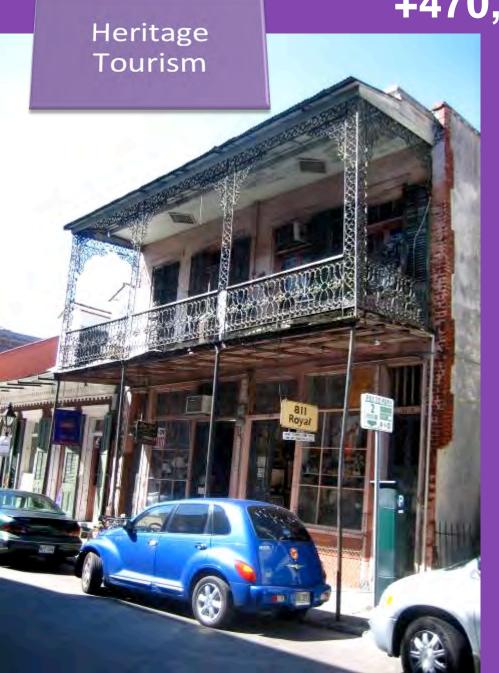




Visited 2 or More States Heritage **Tourism** 50% 40% Cultural 30% Visitors Other 20% Visitors 10% 0% ■ Cultural Visitors
□ Other Visitors

Per Visitor US Expenditure Heritage Tourism \$1,700 Cultural \$1,600 **Visitors** \$1,500 Other \$1,400 **Visitors** \$1,300 ■ Cultural Visitors
□ Other Visitors

+470,000 Visitors





+785,000 Visitors











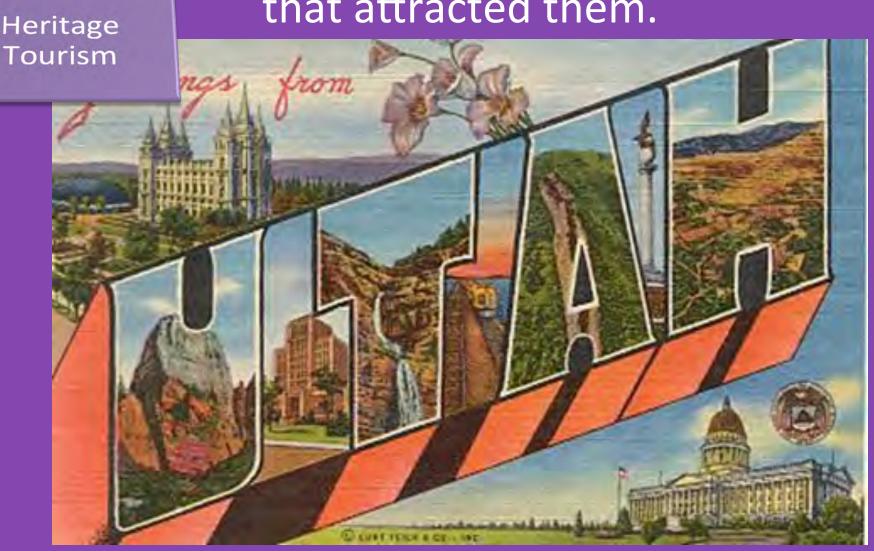




Less than 7% of Heritage Tourism

Dollars are spent at the Heritage Sites

that attracted them.



Heritage and Good Urbanism



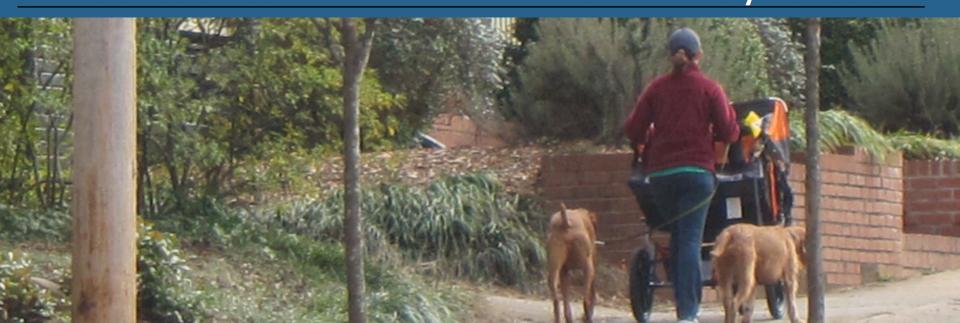
Walk Scores for San Antonio Historic Districts

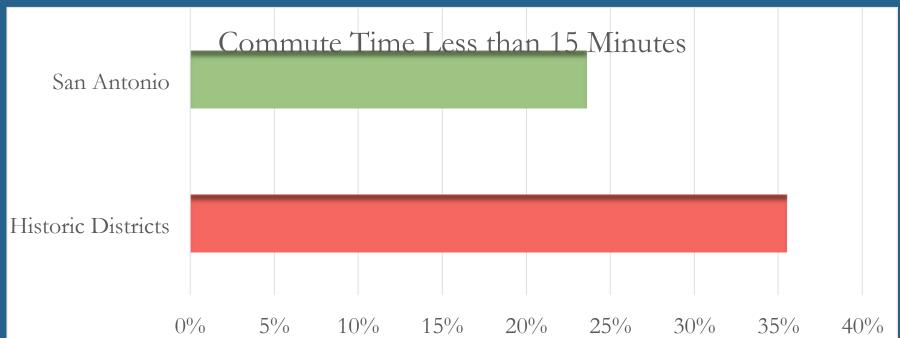




Walkability

	Average Walk	Designation
	Score	
Raleigh	29	Car-dependent
Local historic districts	82	Very walkable
National Register historic districts	64	Somewhat walkable
All historic districts	73	Very walkable

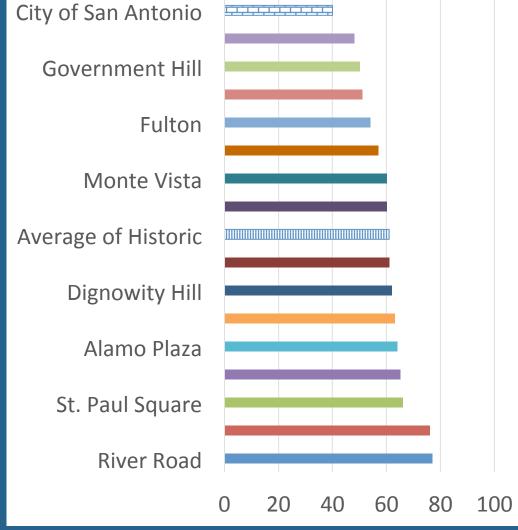




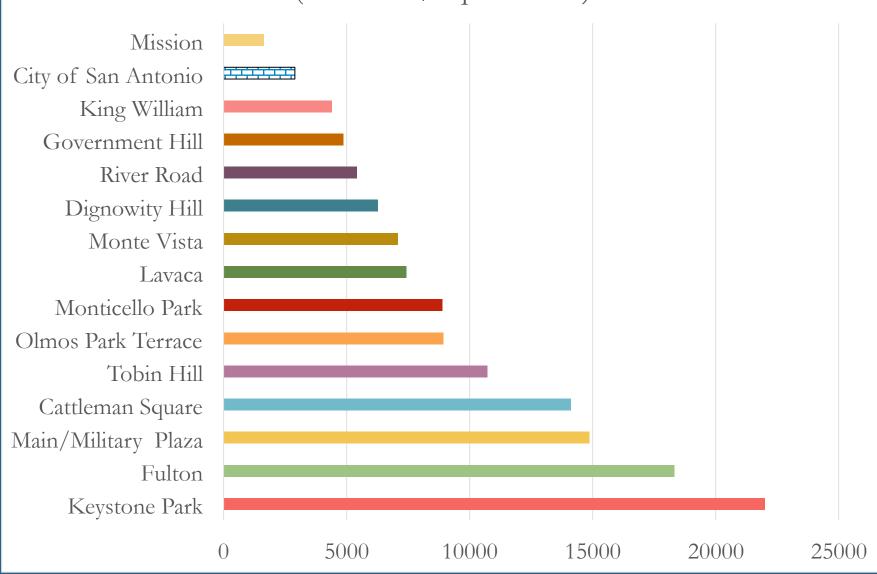




Bike Scores in San Antonio Historic Districts



Density (Residents/Square Mile)



The Tale of Two Neighborhoods	Oakwood	Reedham Oaks/ Wyndham
Population	1664	507
Size (acres)	114.5	114.0
Housing Units	794	127
Average Year of Construction	1925	1992

Average Size of House (square feet)

Average Value

Taxes per Unit

Taxes per acre

Population per acre

Annual Property Taxes

Square feet of Road per Unit

Water/Sewer Line Replacement Cost per Unit

URBAN DEVELOPMENT INTENSITIES IN THE WASHINGTON, DC METROPOLITAN AREA

A COMPARATIVE ANALYSIS

Most people, urban planners included, have a difficult time determining a neighborhood's density simply by observation. Perceptions can be deceiving, especially when trying to compare areas with varying building heights, population sizes and geographical time. Density is a complex concept that incorporates measured density, perceived density, and crowding'. Each disciplina – planners, economists, sociologists, demographers – uses the term to mean, and connote, different concepts. While the term is often described as objective, it is also relative; meanity everyone has a different interpretation of low, medium and high densities. What do measures of jobs per acre, or population per acre, feel like to employees or residents of a neighborhood? How do the places in which we live and work measure up and compare? Can objective, numeric measures really reflect the 'urban-mess' of a place?

Regional Activity Centers

The Metropolitan Washington Council of Governments (COG) has developed a typology of regional

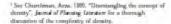
activity centers - essentially clusters of employment. Starting with the D.C. core and moving outward, they include mixed-use centers, amployment centers, and suburban employment centers. Each classification represents a different type and scale of development. There are, however, significant differences within the classifications themselves.



Washington DC Core

The D.C. core includes downtown Washington, D.C., the government center of the nation and the businest center of the region. However, the core also includes Georgetown, which along with

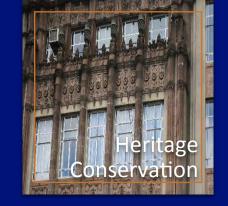
Alexandria, Virginia constitutes the two 18% control cities that pre-date the formation of Washington itself. The mixed-use centers include the Metrorali-served markets of the Rosalyn-Balliston corridor, Crystal City, Pentagon City, Silver Spring and Bethesda. Employment centers include what have been characterized as "edge cities" such as

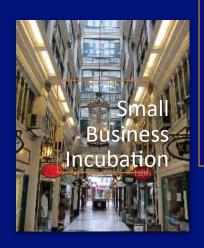




Relatively high intensity development can be achieved within constraints posed by the height, form and texture of traditional communities as is demonstrated in places such as Georgetown and Alexandria.

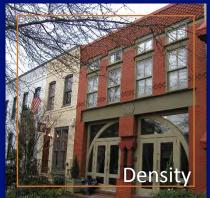










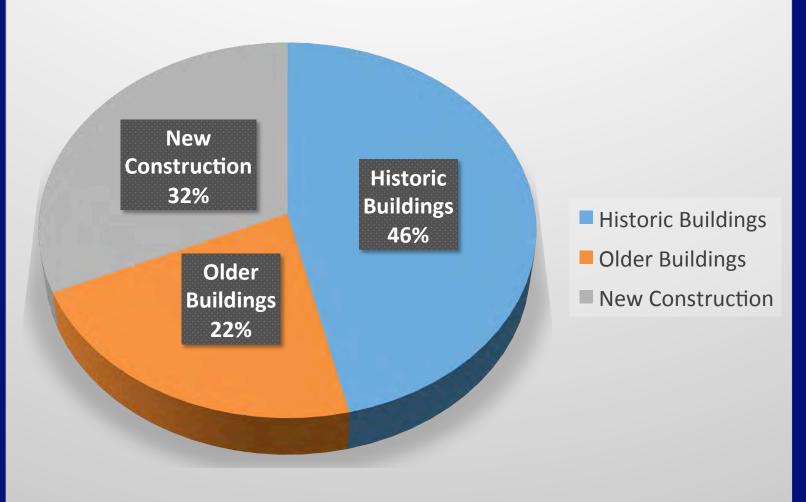


Small Business Realities

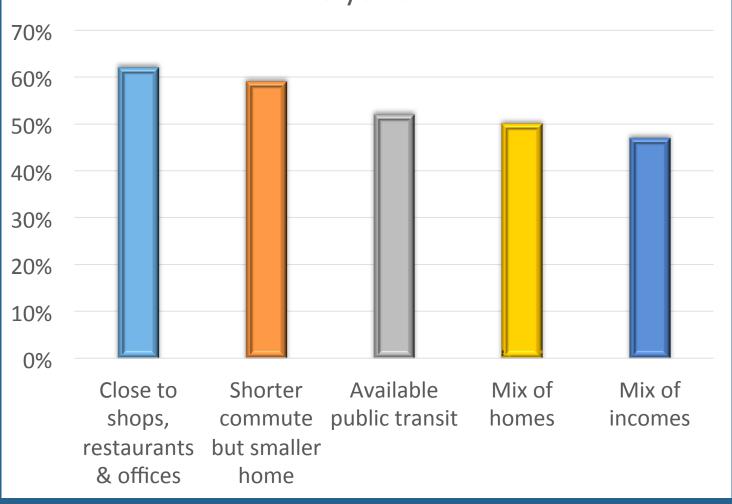
- 97% of NZ business are fewer than 20 people
- 96% of them are independent businesses
- They account for 28% of GDP and 31% of jobs
- In 2012 they were responsible for 41% of new jobs
- 23% of them are exporting
- You cannot build new and rent cheap
- For most small businesses the share of revenue that goes for rent and that goes for profit are about the same number
- A huge contribution of older and historic buildings is their role as natural incubators of small business



Location of New Business in Downtown Raleigh - 2013







Heritage Environmental Benefits





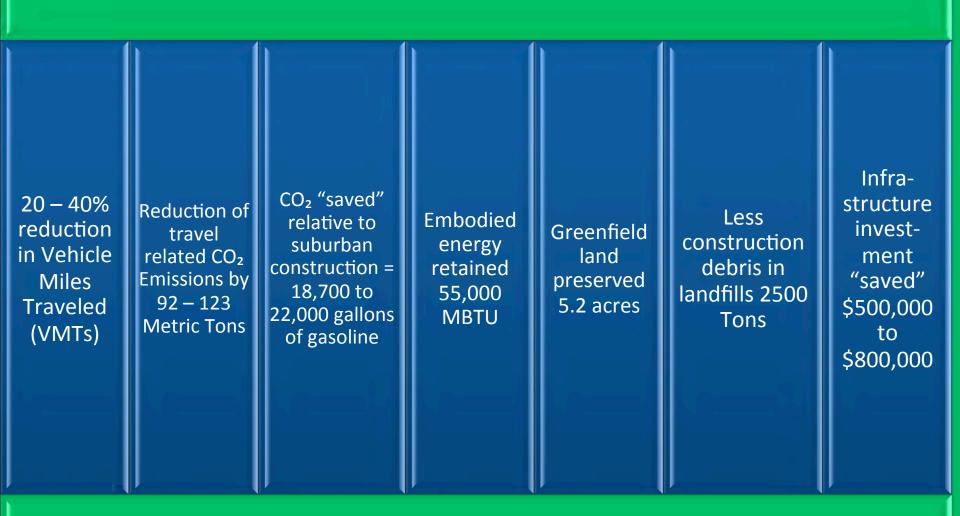
PRESERVATION GREEN LAB:

Looking for the Greenest Building? Start with the one that already exists.

It takes 10 to 80 years of an energy efficient new building to make up for the negative climate change impacts of construction

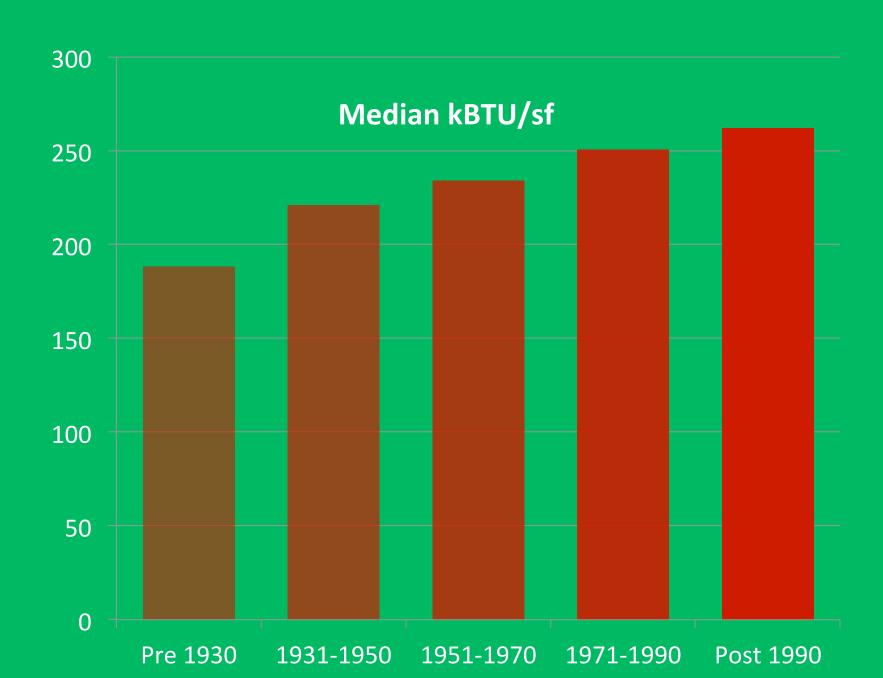
Building reuse almost always offers environmental savings over demolition and new construction

Environmental Impact of Rehabilitating 50,000 s.f. Warehouse in Maryland



Preservation projects
save 50 to 80
percent in
infrastructure costs
compared to new
suburban
development.





Material Flows



Material Flows



Rehabilitation

47.3 Tons



Suburban Construction

182.4 Tons



Demolition and Infill

351.8 Tons

You cannot truly be an environmentalist without having heritage conservation as the core of your agenda.



Need for Incentives



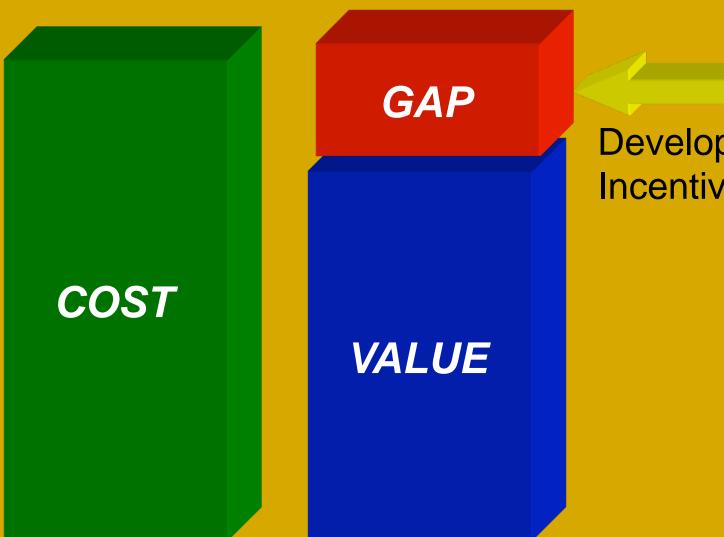
The Cost/Value Relationship

COST

VALUE

When Value
Exceeds Cost
Capital will
flow quickly
to the
opportunity

The Cost/Value Relationship



Development **Incentives**

The Cost/Value Relationship



GAP

VALUE

Partial Payment for Benefits of Heritage that accrue to the public rather than the property owner

CITY OF SEATTLE DEPARTMENT OF PLANNING & DEVELOPMENT

SEATTLE UNREINFORCED MASONRY RETROFIT POLICY: Benefit Cost Analysis

Prepared by Gibson Economics and CollinsWoerman

APRIL 11, 2014





















Examples of Incentives in US

Grants

- Special purpose
- Code Compliance
- General Rehabilitation

Property Tax

- Assessment Freeze
- Seismic Improvements not added to Assessment
- Tax Freeze
- Preferential Rate

Loans

- Low Interest
- Deferred Payment
- Loan Guarantee

Income Tax

- Federal Credit
- State Credit
- Easement Deductions

Policy/Regulatory

- Alternative Building Code
- Zoning Requirement Waivers
- Non-conforming waivers

Technical Assistance

- Training
- Direct Assistance
- Technical Documents

Other

- Transferable Development Rights
- Public Insurance Pool

Effect of Historic Tax Credit on Federal Treasury



Net Gain to US Treasury of \$5.6 Billion since 1981

International Competitiveness





Does Heritage Matter?

Research collaboration with Erasmus

University in Rotterdam

- 1. If today jobs are following people, and
- If people (especially young, knowledge workers) are choosing where to live based on Quality of Life factors, and
- 3. If heritage is a significant Quality of Life indicator, then
- 4. There ought to be more examples of Foreign Direct Investment in strong Heritage Cities

Research Approach

- 1. Identify European cities that are
 - a) World Heritage Cities
 - b) Belong to the Organization of World Heritage Cities (29)
- 2. Identify comparable cities accounting for other factors size, human capital, density, etc. (190)
- 3. Compare instances of FDI with similar nonheritage cities

Between 2003 and 2013 Heritage Cities typically attracted 41 more instances of Direct Foreign Investment than the non-heritage Cities





Pioneer Square/Waterfront Technology Ecosystem





International Attention





EUROPEAN HERITAGE HEADS FORUM



International Attention

All the evidence demonstrates that investment in heritage is an inherently sustainable, long term, and measurably successful solution to economic recession.

International Attention









Heritage: The Driver of Development



Value the
Heritage!
Heritage during
the recession –
luxury or
necessity?



LONDON Conference

Thursday 30 May 2013, Fulham Palace

International Attention

European investment Bank Institute - European investment Bank Institute - European Investment Bank Institute - European Investment Bank Institute



Innovative Financing of Cultural Heritage

International Attention



THE ECONOMICS OF UNIQUENESS

Investing in Historic City Cores and Cultural Heritage Assets for Sustainable Development

Guido Licciardi and Rana Amirtahmasebi, Editors







Thank you very much

Donovan D. Rypkema

Heritage Strategies International

www.HS-Intl.com

