



Buffalo Rising



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## Just the Facts: The Economic Benefits of Historic Preservation



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By Derek King:

*"Facts do not cease to exist because they are ignored."* -Aldous Huxley

You would think that Buffalo understands what is possible with preservation. You would think that with the successes of Shea's Theatre, Hotel Lafayette, and Larkin Square, people would finally recognize that preservation is not the antithesis of progress. You would think that with so much wonderful architecture, Western New York would have some pride for the buildings that define this city.

You would think that, right?

A recent article on [Buffalo Rising](#) highlighted many of the region's attitudes toward preservation, aired through comments on a WBEN Facebook Status that asked, "Do we try to save too much in this town?"

The response was overwhelmingly negative, and David Steele's juxtaposition of the commenters' callousness against photos depicting the city's historic architecture is powerful and infuriating.

It is infuriating not because of an "us/them" dynamic, but for the simple lack of informed opinions, replaced with vitriolic condemnation of preservationists as "stuck in the past," or "stopping progress." It is infuriating because it is not just an uninformed public, but elected officials like Lackawanna Mayor Geoff Szymanski, who allow local treasures to be destroyed and [repeat the same misinformed ideas about preservation](#).

Rather than point any fingers however, preservationists should stop relying on emotional and ideological appeal to drive their argument. The historic nature and the aesthetic beauty of these buildings is clearly not enough to convince the people of Buffalo that its architecture is worth saving.

So, let's lay out the facts:  
preservation **IS** progress.

Don't believe me? Here are some points you may consider:

## **1) Historic Preservation**

### **Creates Jobs:**

How many jobs does a demolition create? Would it create more work than a project that requires plumbers, electricians, carpenters, contractors, window specialists, roofers, and painters? Studies from around the country have proven that preservation related work creates more jobs than nearly any other industry in the country, including some of our nation's staples. In Michigan, \$1 million in building rehabilitation creates 12 more jobs than \$1 million in car manufacturing. In West Virginia, that \$1 million creates 20 more jobs than coal mining, and in Oklahoma, \$1 million worth of building rehabilitation is 29 more jobs than pumping oil.

This is because labor accounts for 70% of the cost of historic rehabilitation. Unlike manufacturing, which can move its production to wherever a cheaper workforce is, historic preservation is limited to the labor near the buildings being rehabbed, meaning that a large portion of money spent on these projects stays within the community. [Between 2009-2010](#), 145,000 jobs were created merely through rehabilitation projects that utilized tax credits, not even counting projects that did not pursue any federal assistance. Those same tax-credit deals have generated over \$6.2 billion in income as well.

This invariably leads to one of the next most vocal complaints, that historic preservation is a “tax-payer money trap,” but, if we actually look at the numbers...

**2) Historic rehabilitation tax credit programs actually increase tax revenue.**

The same [2011 Rutger's study](#) found that between 2009 and 2010, Federal and State tax credit programs allocated \$1.5 billion in tax credits, and received \$1.6 billion in tax revenue. Between 1978 and 2011, the federal government's allocation of \$23.4 billion in tax credits has resulted in \$90.4 billion dollars in economic activity, creating over 2 million jobs the last three decades.

[In 2011 alone](#), the historic tax credit program created 64,000 jobs, 23,000 of which were in construction and 15,000 of which were in manufacturing. The program lead to \$1.2 billion of investment overall to construction, and \$1 billion to manufacturing, accounting for \$3.7 billion overall to the GDP, and \$2.7 billion in income.

But, since this is a federal program, it must be bloated and inefficient, no? Well...

**3) Historic preservation is one of the most effective economic development tools there is**

Dollar for dollar, no program is more efficient than historic preservation. Since 1981, 1,600 communities have revitalized their downtowns using “Main Street” principles of preserving historic nature of the neighborhood, investing \$16.1 billion. The 89,000 building renovations led to 56,000 new businesses, and 227,000 new jobs, largely because every dollar of public investment lead to \$40 of leverage for private funds (Federal and local funding help investors secure more loans from banks, who have more confidence in the financial tenability of the project). As a result, the amount of public investment per job created is only \$2,500, compared to the \$50,000-\$100,000 for other publicly funded programs.

This efficiency goes right back to point #2: if the government subsidizes these programs, how can they be making profit? As a former Philadelphia Mayor Edward Randell noted however, “\$1 million rehabilitation expenditure would cost the Treasury \$200,000 in lost tax revenue, it would at the same time generate an estimated \$779,478 in wages. Taxed at 28%, the investment would produce \$218,254 in federal tax revenue.” Not only does it create jobs, but it actually increased total tax-revenue.

As many anti-preservationists say, “preservationists should put their money where there mouths are,” but I’ll take that one step further: *municipalities* should put more money into historic preservation funding, because...

#### **4) Historic preservation is sound public policy**

This is not just because of the aforementioned job-creation from downtown-revitalization projects, but because the current model of sprawling suburban neighborhoods, moving further away from the central core, and continuing to neglect our already-built housing stock, is unsustainable.

For many, “sustainable” has become a dirty word, associated with hybrid-driving hippies and hipsters, but it is not just environmental sustainability we should be concerned with, but economic sustainability. Did you know that new-construction actually contributes 31.5 million tons of construction waste annually? Often containing hazardous materials, this represents almost 24% of the country’s total municipal solid waste, and contributes to the shortage of available landfill. Disposal costs for construction and demolition in the Northeast now ranges between \$60 and \$140 per ton, and is even being shipped across the country to find available space.

Since 1950, the urbanized area around Buffalo and Niagara Falls has [grown three-fold, but the population has remained the same](#). This is unsustainable growth, and the patterns around the country already show how this kind of development is harmful to public expenditure. Sprawl requires infrastructure, including roads, sewer and water, firehouses, and schools, and the Urban Land Institute estimates that the cost of suburban development is 40 to 400 times greater than compact urban development. The cost of roads around Baltimore will be in excess of \$3.6 billion by 2020, and Minneapolis-St. Paul is expected to spend \$3.1 billion on water and services by 2020.

There are many arguments for continuing the sprawl outwards, including that these houses will last longer than historic structures, but...

**5) When it comes to life expectancy, energy efficiency, and cost effectiveness, sometimes OLD is better than NEW**

The life expectancy of a new building is between 30 and 40 years. The hardiness of 100 year old buildings means, properly maintained, they will last at least that long, if not longer. Part of this is the stronger building materials, but it is also connected to better building practices, including load-bearing walls on the exterior rather than the interior of the building that carried a majority of the weight. Historic buildings often have thicker walls, not only making them more expensive to demolish, but actually giving them excellent thermal insulation.

Demolishing a historic building doesn't make much sense, even it is being replaced with an environmentally friendly and energy efficient new build. The cost to demolish one 2-story masonry building in a Washington neighborhood is equal to the entire environmental benefit of 1,344,000 recycled aluminum cans, not to mention the landfill issue noted above that comes with it. *Without demolition*, a rehab project for a commercial building will cost between 12 percent *less* to 9 percent *more* than a comparably sized-new build, but for a new-build *with demolition*, rehabs would cost between 3 and 16 percent less. Even when demolition costs are factored, they are often

underestimated: the fact that a building is old does not mean that it will come down easily. These buildings were designed to last.

This post is merely an introduction to help clarify some of the glaring misinformation regarding historic preservation. These five points summarize a handful of ideas from Dovovan D. Rypkema's book "The Economics of Historic Preservation. The book details 100 points in total, and I have excerpted quite liberally from points #1-14, 22, 39, and 81-84. Dozens of other sources repeat the same things, however, including [Rutgers Third Annual "Economic Impact of the Federal Historic Tax Credit" report published in 2012](#). This post doesn't even address the benefits for tourism, the misinformation regarding historic districts, or community participation, all of which make historic preservation even more important to consider.

The facts are out there, but more pertinent should be the examples around us. The rehabilitation of Hotel Lafayette has triggered a series of investments downtown, including this [planned mixed-use adaptation of the Rand-Tishman building](#). The money pumped into the enormous Larkin Complex has led to a thriving concert and event venue (Larkin Square will be hosting a [St. Patrick's Day event](#) this Friday, March 15th) as well as precipitated the development of other buildings nearby, [like 500 Seneca](#). The iconic Grain Elevators were the site of the inspirational and exciting [City of Night last September](#), and have dozens of examples [around the world of how they could be utilized](#).

The facts are there, but perhaps that doesn't matter. Perhaps the same people who cheer when an iconic building gets



destroyed simply don't care what the facts say, preferring to be blissfully ignorant than accept that anything "old" could be a part of progress.

That choice is fine for someone commenting on a Facebook status, but not for elected officials who control the future of their cities and towns. Buffalo, Lackawanna, and Western New York deserve better leadership, because while it may be okay for internet commentators to continue living in ignorance, blissful as it may be, it is unfair to damage this region's future when you don't know the facts.

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