YPSILANTI 2020 TASK FORCE

The members of the Ypsilanti 2020 Task Force wish to thank Ypsilanti Mayor Paul Schreiber and the members of city council who gave us the opportunity to envision the future of Ypsilanti in the year 2020 and provide some ideas about how to get there successfully.

We are:

Gary Clark, Chair
Nathalie Edmunds
Karen Maurer
Lisa M. Bashert
Linda Snedacar-Horne
Deborah Strong
Kent Baumkel
Sean Stidd
Kevin Hill
Mark Maynard

With contributions from:

Nicole Brown
Crystallee Crain
Teresa Gillotti
Standard Printing

Once our Task Force decided on the areas we felt were important to Ypsilanti's future, we broke into small groups around our topics of interest and created this report. Although certain themes may run through the report, they were arrived at independently, group to group. However, our final report is a product of the entire group effort over the time we have been meeting.

We would like to acknowledge the efforts of Sean Stidd in helping to prepare our powerpoint presentations.

The presentation that follows will start with a general overview of our vision for the city of Ypsilanti in the year 2020. We will then go forward, page by page through our book describing specific things we hope to achieve in each area then list things that we think we can start on, or have started on, right now. At the end of our presentation we will ask for questions and discuss the ideas that we think are catalysts for moving our city into the year 2020 in each specific area.

The Vision

In the year 2020, Ypsilanti has become one of the most beautiful, vibrant, and self-sufficient small cities in Michigan. Through careful observation of current economic and social factors city residents and governmental officials Ypsilanti has instituted policies consistent with a changing world. Through consultation with U of M's Erb Institute, our progress has been guided by a city-wide energy production and conservation policy, the availability of more local food, a thriving entertainment and cultural life as well as a "Live in Place" philosophy whereby a person who is born here can go through all of life's various cycles without having to look elsewhere for fulfillment. Ypsilanti is a leader in marrying green technology and historic preservation. These ideas have served to guide our city as we moved into the year 2020.

Neighborhoods, each with their own rich history and distinctive character have been encouraged to develop stronger neighborhood associations and neighborhood policing, their own food gardens, nut trees and markets. In many, residential housing and local businesses are situated in distinctive buildings preserved from an earlier era but updated for today's energy economy. The city's 8 commercial districts are thriving with business activity carefully thought out to be complimentary. There are farmers' markets in 2 locations, Water Street and the Freighthouse that feature fresh produce and agricultural products from local farms, ranches, and dairies, helping to preserve and expand the farmland in the surrounding countryside. Citizens have their own gardens at home, but each of the city parks feature either trees that produce nuts and fruits for residents consumption, or in the case of Prospect Park, Recreation Park, Frog Island Park, Water Works Park, Candy Cane Park, Riverside Park and Parkridge Park, community gardens for the nearby residents.

North to south and east to west rail lines connect Ypsilanti to Detroit, Chicago, regional airports and the western part of the state. Trains stop in Ypsilanti, bringing freight, visitors, and workers into and out of the city each day. The city has free wireless internet available to support all residents, students and businesses. EMU is a partner in the ongoing development of Ypsilanti's school system and in the economic development of Ypsilanti's Cross Street, Depot Town and Downtown areas. Weekend transportation is provided for EMU students, visitors, and residents by an intra-urban public transportation system paid for by grants and small contributions from local businesses. The "Ypsi Trolley" makes Ypsilanti's arts and culture, vibrant night life and growing music scene available to all.

City and regional governmental entities have joined in county-wide efforts to connect green spaces, offer regional transportation and recreation, and overlap first responder responsibilities. Ypsilanti and Ypsilanti Township have not merged, however with the help of the Eastern Leaders Group cooperative efforts in recreation, energy production, continuing education and overlapping fire and police responsibilities have been encouraged and accomplished county-wide.

RESOURCES

AMEC Earth and Environmental
Erin Busby - (810) 220-8941

Environmental Cleanup
Brownfields Redevelopment
Pollutants, Groundwater Cleanup
Hazardous Waste
Site Assessment

ERB INSTITUTE
For Global Sustainable Enterprise
University of Michigan

Cindy Cleveland, Program Coordinator
(734) 647-9709

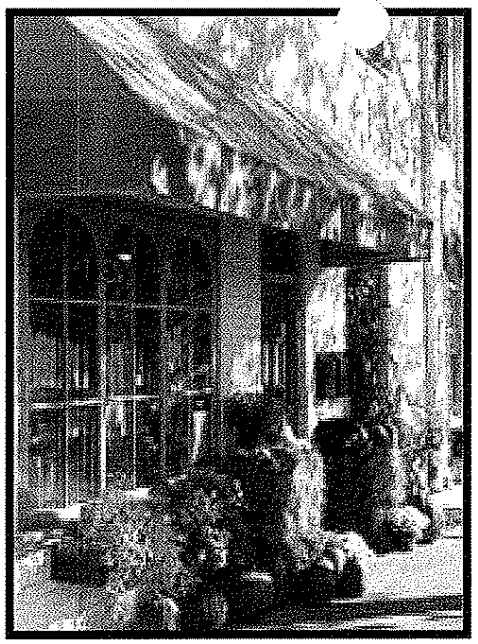
cindyc@umich.edu
www.erb.umich.edu

HERITAGE PRESERVATION

HERITAGE PRESERVATION & ECONOMIC DEVELOPMENT

"For the 21st Century, only the foolish community will make the choice between historic preservation and economic development. The wise community will effectively utilize its historic built environment to meet the economic, social and cultural needs of its citizens well into the future."

– Donovan Rypkema, "The Economic Power of Historic Preservation"



© Corrine Sikorski, Ypsi Food Coop

HERITAGE ASSETS

Ypsilanti's constellation of heritage assets provides our city with a distinctive and unique sense of place. Properly preserved, developed and managed, these assets have the potential to become the centerpiece of Ypsilanti's renaissance and provide multiple opportunities for economic development and prosperity. Ypsilanti's heritage assets include a long multi-faceted history, settlement by diverse groups (and a diverse population today), two historic downtown districts bordering the city's heritage park (Riverside Park), a wide variety of historic homes and neighborhoods, multiple museums and the Eastern Michigan University campus.

VISION FOR 2020

In 2020 Ypsilanti enjoys its rich cultural and architectural heritage, the end-result of centuries of historic migrations to this ancient river crossing. Native American, European American and African American groups settled here, each with a distinct and venerable history. Paleo-Indian ancestors of Native American tribes lived in Michigan as early as 1200 B.C.[1, 2] In 1772, an English officer's report describes a small Native American Bodewadomi ("Potawatomi") settlement on the banks of the Huron River, situated near the intersection of the Potawatomi and Sauk Indian trails, location of present-day Ypsilanti.[3] Explorer Hugh Heward's journal describes a trading post, operated by Jean Baptiste Sanscriante, in 1790 near the Potawatomi settlement (today the Riverside Arts Center Annex).[3] Gabriel Godfroy subsequently acquired the trading post from Sanscriante, submitting a French Claim in 1808 to protect his rights to the trading post and property he had acquired earlier from Sanscriante.[3] European Americans established a settlement here in 1823, and they were later joined by Ypsilanti's first African American settlers in 1837 and 1838.[4]

The Ypsilanti Historical Museum & Archives, founded by the Ypsilanti Historical Society, contains extensive records of Ypsilanti history. In 2020 the Museum's expanded programming includes a highly popular series of interactive exhibits, story-telling events, demonstrations, family activities, lectures and cultural events, drawing residents and visitors to the Museum. The Museum actively collaborates with the African American Cultural & Historical Museum of Washtenaw County and the area's new Native American Cultural Center on research and program initiatives. The area's museums, cultural centers and educational institutions actively cooperate on projects and participate in the "On-line Museum, Cultural History & Library Links Project."

In 2020 Ypsilanti's comprehensive approach to heritage preservation creatively preserves the city's unique sense of place and utilizes its collective heritage assets to fuel economic prosperity. The Historic District Ordinance and Historic District Commission operate perpetuity via City Charter amendment - the 75-80 year debate over the benefits of historic preservation is over. The Commission's charge includes protection of historic parks, promotion of economic development and sustainable energy practices for historic districts and educating the public on preservation issues. Benefits from the city's coordinated participation in the *Preserve America, Michigan Preservation Shore to Shore and National Main Street* programs are evident. Residents take pride in Ypsilanti's multi-cultural history, understand the value of preserving heritage assets, and actively support a wide variety of heritage projects. The City's website provides a one-point portal for easy access to government, business and community life information, and it includes resources on local, state and federal tax credit and grant programs.

Eastern Michigan University (EMU), the University of Michigan (UM) and Washtenaw Community College (WCC) are active partners in the community's thriving heritage movement. These partnerships benefit the community and provide hands-on fieldwork, research, learning and teaching opportunities for students and faculty. All three institutions provide information, training, special project and technical assistance to help preserve and promote heritage assets, and they participate in the SPARK East Preservation Entrepreneurs Program (PEP) which provides assistance to heritage-based businesses. EMU and UM have established excellent national, and international, reputations for collaboration and leadership regarding in-situ cultural and physical heritage preservation. Both offer an array of easily accessible community resources, workshops and seminars, as well as superior university degree programs.

The city's beautiful historic parks and extensive 19th-century architecture connect Ypsilanti with its past - old and new mix in present day restoration, renovation and redevelopment efforts. New development shows respect for the old and serves to enhance the community's unique character. Ypsilanti's downtown districts thrive – people live in upper loft apartments of splendidly renovated historic buildings, above a vibrant mix of retail, restaurant, business, professional and commercial enterprises which include a number of Ypsilanti's highly regarded specialty preservation businesses. Passenger trains traveling between Detroit and Chicago stop at the renovated Depot Town Freight House, restored as a multi-use community center, while the "Ypsi Trolley" circulates throughout the city, making it easy for people to get around.

In 2020, heritage tourism is a significant draw for Ypsilanti. The city's broad offering of visual, performing and literary arts reflect Ypsilanti's dynamic cultural heritage, and its art studios, theaters, galleries, museums, churches and parks are popular destinations. Walking, biking and trolley tours focus on the city's architectural, cultural and natural features, and include stops at popular shopping, dining and entertainment destinations. Dinner and street theater, storytelling events, interactive exhibits and opportunities to participate in hands-on experiences abound, keeping resident and visitor interest high. Ypsilanti's Water Street development, busy farmer's market and extensive festival series draw visitors year-round. Each August, visitors and residents enjoy Ypsilanti's spectacular Heritage Festival - a four-day, citywide celebration of the area's Native American, European American and African American history and culture.

HERITAGE PRESERVATION GOALS

"Communities…have a history - in an important sense, they are constituted by their past - and for this reason we can speak of a real community as a "community of memory', one that does not forget its past." - Robert Bellah, "The Good Society"

Five Heritage Preservation Goals for 2020

1 – Create an integrated, comprehensive heritage preservation strategy. Formally adopt the *Michigan Preservation Shore to Shore, National Main Street Center and Preserve America* models, all of which utilize heritage preservation in economic development. Continue the Historic District Ordinance and Historic District Commission in perpetuity via City Charter amendment. Expand the Commission's charge to include educating the public on preservation issues, and the promotion of economic development and sustainable energy practices for historic properties. Streamline, align and link Historic District, Planning Commission and Building Department information, requirements, reviews and meetings to simplify processes, expedite projects and Increase public satisfaction. Utilize the City's website as a comprehensive information portal for Ypsilanti's government, business and community life assets.

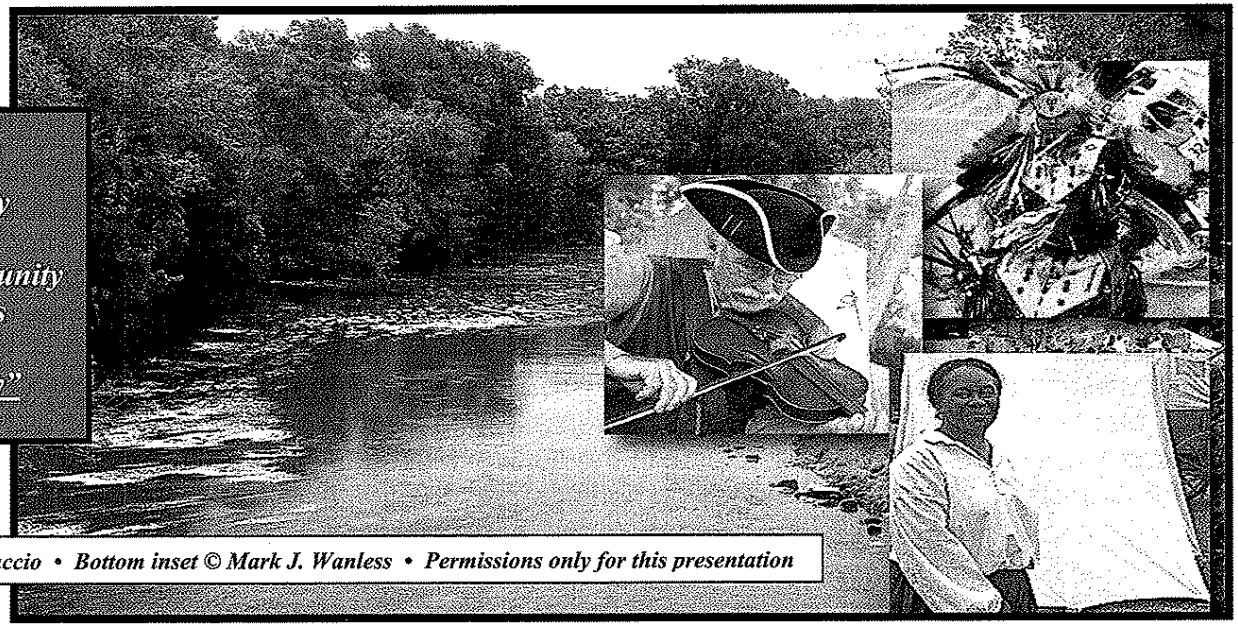
2 – Seek and achieve greater funding for heritage preservation, marketing and tourism, and develop a heritage-based business sector. Obtain *Preserve America Community* designation, and engage the community in collaboration on *Preserve America Grant projects* (50/50) to develop and promote heritage tourism in Ypsilanti. Place information and hyperlinks to tax credit and grant programs on the City's website, and actively support the pursuit of grant funding for heritage preservation, development, marketing and tourism. Foster development of a heritage-based business sector in Ypsilanti, and encourage SPARK East, Eastern Michigan University, Washtenaw Community College and Ypsilanti's Michigan Small Business and Technology Development Center to create Heritage Entrepreneur and Preservation Entrepreneur programs ("HEP" and "PEP") that offer best-practice training and technical assistance to start-ups. Ypsilanti has the potential to become "the" place for experts in preservation, restoration, and renovation, such as specialty architects, builders, carpenters, and art preservation and restoration professionals.

3 – Partner with Eastern Michigan University (EMU) and the University of Michigan (UM) to develop comprehensive demonstration projects to address heritage preservation and tourism in Ypsilanti. Deepen town/gown relationships and efforts in this area to benefit the community and its university partners. These partnerships should provide information, training, special project and technical assistance to the community to help preserve and promote heritage assets, while providing hands-on fieldwork, research, learning and teaching opportunities for students and faculty. Collaborate on museum and heritage tourism programs, and promote heritage assets widely as community treasures. More fully document historic sites, resources and properties. Partner with Ypsilanti museums and the African American Cultural & Historical Museum of Washtenaw County on research and program initiatives. Meet with Native American tribal representatives to discuss interest and pathways to honoring Native American culture and heritage locally. Develop and participate in the "Online Museum, Cultural History & Library Links Project," and jointly seek funding for projects. Offer practical, hands-on heritage preservation and local history workshops and seminars to the public.

4 – Increase public knowledge, pride and respect for Ypsilanti history, heritage assets and the benefits of heritage preservation. Widely promote the area's Native American and African American history and culture, as well as its European-American heritage. Partner with K-12 institutions to use heritage resources in applied learning projects designed to teach practical history, English, art, science, technology, environment and math concepts. Feature rotating displays of Ypsilanti history and successful renovation projects in City Hall. Create a City-sponsored corps of ambassadors and docent storytellers and develop walking, biking and trolley tours that focus on the city's architectural, cultural and natural features, and stop at popular shopping, dining and entertainment destinations. Involve neighborhood associations in researching the history of their neighborhoods, and include this information in neighborhood tours, on signs and in information for realtors. Place historical markers, signs and (information) kiosks throughout the city and in city parks. Make Ypsilanti a stop on Michigan's Heritage Route and establish the city as a National Scenic Byways Community.

5 – Build alliances with diverse groups to encourage participation in Ypsilanti's heritage movement. Develop supportive relationships with minority groups around heritage preservation, foster and support local historic preservation efforts, and strengthen collaboration among museums, preservation groups, organizations and the business sector. Expand the Historical Museum to become the Ypsilanti Historical Museum, Archives & Cultural Center. Display a multicultural timeline of Ypsilanti history, include a comprehensive picture of the city's Native American, European American and African American heritage in exhibits. Recruit residents from all community sectors to develop and carry out multicultural programs and activities. Actively partner with other museums, EMU, UM and cultural organizations on research and fieldwork and sponsor a wide variety of interpretive history projects, family learning and cultural events open to the public. Participate in the development and use of the "Online Museum, Cultural History & Library Links Project.

"Communities...have a history - in an important sense, they are constituted by their past - and for this reason we can speak of a real community as a 'community of memory', one that does not forget its past."
- Robert Bellah, "The Good Society"



RESOURCES

BEST PRACTICE MODELS

- *The Economic Power of Historic Preservation* Donovan Rypkema www.placeeconomics.com/publications.html
- Michigan Historic Preservation Network's *Investing in Michigan's Future: The Economic Benefits of Historic Preservation* www.michigan.gov/documents/hal_mhc_shpo_econ_benies_115616_7.pdf
- *Michigan's Preservation Shore to Shore Plan* www.michigan.gov/documents/hal_shpo_2007_Preservation_Plan251522 (includes 1-page *U.S. Secretary of Interior's Standards for Historic Rehabilitation*).
- National Trust Main Street Center: www.mainstreet.org, MSHDA Michigan Main Street Program: www.michigan.gov/documents/mshda/MMS_Marketing_230625_7-1.doc and Ypsilanti's 2008-2010 Associate Main Street Program www.ydda.org
- National *Preserve America* Community website www.preserveamerica.gov/communities.html
  National *Preserve America* Grant website www.preserveamerica.gov/federalsupport.html
- U.S. President's *Committee on the Arts and Humanities Position Paper on Cultural & Heritage Tourism in the United States*
  Resulted in the establishment of *National Partners in Tourism: Culture and Commerce* website www.culturalheritagetourism.org (information on US heritage tourism success stories by state).
- Michigan's 2010 *Cultural Economic Development Action Strategy*: www.michigan.gov/documents/hal/2008-10_Anderson_Cultural_Economic_Development_Action_Strategy_226912_7.doc
- Kalamazoo, Michigan (best practice model) website www.ci.kalamazoo.mi.us/portal and the model Where Place Prospers: A Preservation, Adaptive Reuse, and Context Development Guide, published by its Historic District Commission.
- Grand Rapids Michigan (best practice model) guidelines www.heritagehillweb.org/guidelines_toc.htm
- Marshall, Michigan (best practice model) www.cityofmarshall.com/econdev/index.taf, Marshall Michigan Historical Society www.marshallhistoricalsociety.org and Marshall Area Chamber of Commerce www.marshallmi.org/information.taf?section+history
- Bath England Tours (best practice model – walking, trolley, biking) www.visitbath.co.uk/site/tours/guided-walking-tours
- National Trust for Historic Preservation - Online Newsletter: www.nationaltrust.org/Magazine
  February 2008: *A Cautionary Tale*, Wayne Curtis, and *Building on What We've Built*, Richard Moe.

- *Preservation Magazine: The Green Issue*, National Trust for Historic Preservation, Jan/Feb 2008.
- Michigan Historic Preservation Network (networking model) www.mhpn.org
- North Carolina's on-line *ECHO Heritage Program* (best practice online heritage model) www.ncecho.org/about/index.shtml
- *MOAC: Community Toolbox, DAMD Project* (free Digital Asset Management Database): www.bampfa.berkley.edu/moac/

FUNDING RESOURCES:

- National Preserve America Grant website www.preserveamerica.gov/federalsupport.html
- *Green Architecture: Sustainability, Green Building, and Historic Preservation* on www.michigan.gov/hal/ (best practice info, funding)
- *Funding Sources for Green Buildings* (MI DEQ) www.deq.state.mi.us/documents/deq-ess-p2-green-funding.doc
- The Kresge Foundation *Green Building Initiative (grant)* www.kresge.org/content/displaycontent.aspx?CID=59
- *Governor Granholm Signs Legislation for Enhanced Historic Rehabilitation Tax Credits; Credit Expected to Boost Historic Property Development*, Brian D. Conway, January 13, 2009 Michigan Department of History, Arts and Libraries Press Release www.michigan.gov/hal
- *Michigan Historic Preservation Credit* website (state and federal tax credit programs website) www.michigan.gov/hpcredit (will soon be updated to include January 2009 changes).
- Michigan Department of Transportation's Heritage Route and Transportation Enhancement programs www.michigan.gov/mdot
- Michigan State University Libraries – Grants for Nonprofits: Historic Preservation website www.lib.msu.edu/harris23/grants/2hispres
- National Scenic Byways Program www.byways.org
- National Trust for Historic Preservation's Nonprofit Organization and Public Agency Funding website www.preservationnation.org/resources/find-funding/nonprofit-public-funding.html
- The History Channel's Save Our History Grant Program www.history.com
- The Society for Industrial Archaeology's Industrial Heritage Preservation Grants Program www.siahq.org/grants

AFRICAN AMERICAN HERITAGE RESOURCES:

- African American Cultural & Historical Museum of Washtenaw County: www.anotherannarbor.org/area_museum.php and www.aachmuseum.org/AACHM%20Timeline%201993-2008.pdf
- Another Ann Arbor website: www.anotherannarbor.org
- The Underground Railroad – Ypsilanti, Michigan: www.artsofcitizenship.umich.edu/about/ugrr.html and www.ur.umich.edu/0001/Feb05_01/9.htm,
- Ypsilanti Historical Museum & Archives www.ypsilantihistoricalsociety.org (A.P. Marshall research, etc.)
- Eastern Michigan University African American Studies Graduate Certificate Program (new in 2008): www.ce.emich.edu/programs/aas.aspx
- University of Michigan Center for Afro-American and African Studies: www.umich.edu/~iinet/caas/
- In Motion: The African American Migration Experience: www.inmotionaame.org/home.cfn
- Schomberg Center for Research in Black Culture (New York Public Library) www.nypl.org/research/sc/sc.html

NATIVE AMERICAN HERITAGE RESOURCES:

- Ypsilanti Historical Museum & Archives www.ypsilantihistoricalsociety.org
- [1] *"Pre-historic and Historic Native American Cultures: Hopewell"* www.michiganepic.org/historythemes/resources
- [2] The Washtenaw Historic District Commission's Native American Trail map www.ewashtenaw.org/government/departments/planning_environment/historic_preservation/.../NA%20Trail%20Marker%20Sign.pdf
- Native Tribes of the United States and Canada: www.dickshovel.com/trbindex.html
- Native American Tribal Histories by Lee Sultzman, edited collectively *(*Michigan and *Ypsilanti area)*
  - Ojibwe/Chippewa History: www.tolatsga.org/ojib.html,
  - *Potawatomi History*: www.tolatsga.org/pota.html,
  - Huron/Wyandot History: www. tolatsga.org/hur.html,
  - Mascouten History: www.tolatsga.org/mas.html,
  - Sauk and Fox History: www.tolatsga.org/sf.html,
  - Iroquois History: www.tolatsga.org/iro.html.
- Citizen Potawatomi Nation: www.potawatomi.org, Huron Potawatomi (Nottowaseppi) website: www.nhbpi.com
- Miriam Schacht, University of Texas – Native American Literature and Film Course Resources (includes history): www.cwrl.utexas.edu/~schacht/e314v/index.html (Chronology includes two local early Native American Authors published in Ypsilanti)

- University of Michigan Native American Studies Program: www.lsa.umich.edu/ac/native
- National Museum of the American Indian: www.nmai.si.edu

ADDITIONAL MICHIGAN AND NATIONAL HERITAGE RESOURCES:

- National Register Of Historic Places www.nps.gov/nr/about.htm
- Michigan Department of History, Arts and Libraries (HAL) www.michigan.gov/hal.
- Michigan's State Historic Preservation Office www.michigan.gov/shpo
- Michigan Historic Preservation Network: www.mhpn.org

ADDITIONAL LOCAL HERITAGE RESOURCES:

- City of Ypsilanti Historic District Commission www.cityofypsilanti.com/boards/bdhistoric
- Ypsilanti Historical Museum & Archives www.ypsilantihistoricalsociety.org (large archives) and Ypsilanti Heritage Foundation www.yhf.org
- Ypsilanti Automotive Heritage Museum www.ypsiautoheritage.org and The Michigan Firehouse Museum in Ypsilanti www.michiganfirehousemuseum.org
- Ypsilanti Freight House www.ypsilantifreighthouse.org
- [3] "*Gabriel Godfroy Wasn't the First*," by Karl Williams. Ypsilanti Historical Society Newsletter, Summer 2008.
- [4] "*The Story of Ypsilanti*," by Harvey C. Colburn, 1923. 1976 re-issue by the Ypsilanti Bi-Centennial Commission
- Ypsilanti District Library www.ypsilantilibrary.org
- Eastern Michigan University Historic Preservation Program www.emich.edu/public/geo/HP/HP.html, Halle Library www.emich.edu/halle/
- Washtenaw County Historical Society Museum www.washtenawhistory.org
- The University of Michigan Museum of Anthropology www.lsa.umich.edu/umma
- Genealogical Society of Washtenaw County – Selected Bibliography for Washtenaw County Research www.hvcn.org/info/gswc/bibliography/bkypsilanti.htm
- The Bentley Historical Library (University of Michigan) www.bentley.umich.edu/research/guides, www.bentley.umich.edu/research/guides/nativeamericans/ and www.bentley.umich.edu/research/guides/african_americans/

Heritage Preservation
(Selected Best Practice Models)

THE ECONOMIC POWER OF RESTORATION

The following was delivered by Donovan D. Rypkema, January 15, 2001, at the Restoration & Renovation Conference, Washington, DC. Mr Rykema is a nationally known consultant on historic preservation economics.

Historic preservation doesn't have a value - it has a multitude of values: aesthetic value, cultural value, social and psychological value, political value, environmental value, educational value. In the long term I believe each of those values is far more important than preservation's economic value. Most of you at this conference can explain those other values far better than can I. Frankly I don't know much about those values. What I do know a bit about is the economic value of preservation.

I am going to try to do three things today: first, identify and quantify a number of aspects of the economic benefits of historic preservation; second, suggest where the challenges to the success of historic preservation are likely to come from in the next decade; and third, propose five key roles for historic preservation in this beginning of the 21st century.

These remarks are entitled The Economic Power of Preservation but I am going to define that economic power broadly. Preservation can mean profits to developers, and homeowners, and bankers, certainly. But also, I believe, it can generate profits for neighborhoods, community activists, visitors, and the city at large.

So first to the economic benefits of historic preservation. We have identified a couple dozen of them here in the U.S. I'm going to tell you about eight of them. And I'll begin with the impact of simply rehabilitating an historic building. The Bureau of Economic Analysis has developed an econometric model to measure the local impact of output from a variety of economic activities. Five hundred twenty eight types of activities are evaluated and then consolidated into thirty-nine industry groups. These range from coal mining to household services, from agricultural production to retail trade. Using this data there are a couple of ways of quantifying the impact of production in each of these groups: one is number of jobs created; another is local increase in household income.

Conventional wisdom suggests that manufacturing activities would have the greatest impact. So I would like to compare for you manufacturing to building rehabilitation.

We will begin with jobs. On average for every $1 Million in output from manufacturing in Ohio, for example, 25.5 jobs are produced. For a Million Dollars in building rehabilitation 38.5 jobs. Now admittedly the 25.5 is an average of seventeen manufacturing sectors. Those of you who can recall your high school math or college statistics will remember that sometimes averages under reflect individual highs and lows. So how many of the 17 components of that average create more jobs per million than building rehabilitation? None. Again in Ohio the average manufacturing firm produces 13 fewer jobs for each million of production than does rehabilitation.

The next measurement is household income - how much does $1 Million in manufacturing in a manufacturing state like Michigan add to the household incomes of Michigan citizens? $561,000. How much does a Million Dollars of building rehabilitation add? $784,000. Now admittedly the $561,000 is an average of seventeen manufacturing sectors. How many of the components of that average create more household income per million than building rehabilitation? None. Again in Michigan a million dollars of manufacturing adds an average of $223,000 less in the pockets of workers than a million dollars of rehabilitation.

So why is there this greater local economic impact? It is a function of labor intensity. As a rule of thumb, in the U.S. new construction will be half labor and half materials; rehabilitation will be sixty to seventy percent labor with the balance materials. So while you might buy an air conditioner from Texas and timber from Oregon, you buy the services of the carpenter, the electrician, the painter and the plumber from across the street. Those tradesmen, in turn, spend their dollars locally on groceries, clothes and new cars. Thus the secondary local effects of labor are significantly greater than that of materials. Labor intensity adds to the local economy. That million dollars of rehabilitation in Ohio adds eight more jobs and $153,000 more in household income than does the same amount in new construction.

Further, construction jobs are generally skilled and therefore generally well paid jobs, particularly for those without advanced formal education.

So the construction trades have traditionally been a path for young people for learning, apprenticeships, advancement, and the building of their own household assets. So the case can certainly be made that the rehabilitation of historic structures is a highly beneficial local economic activity. But this might be countered with, "Yes, but construction is a finite task and once the work is done the job is gone." There are two responses to that argument. First, with building component life cycles of between thirty and fifty years, a community can rehabilitate two to three percent of its building stock per year and have perpetual employment in the construction trades.

Second, and more important is the nature of what is being created. A rehabilitated building is a capital asset, like a drill press or a railroad car. There is an economic impact in its creation but a subsequent economic role in its long-term use. So I would like to move to some of the uses we have found for historic buildings that have additional economic impact.

One area of significant preservation economic impact is heritage tourism. Heritage tourism is among the fastest growing segments of the visitor industry worldwide and will continue to be so. But that does not mean a heritage tourism approach is appropriate for all or even most places with historic assets. I would estimate that of all the heritage resources in economically productive use in the U.S., ninety-five percent are being used for something other than the tourism industry. Furthermore, heritage tourism is based on a rather fragile commodity, the overuse of which can diminish sustainable opportunity. So is the economic use of historic resources limited to heritage tourism? Certainly not.

Having said that, however, heritage based tourism, properly managed, does represent a significant opportunity for many communities. In Virginia preservation visitors stay longer, visit

twice as many places, and spend two and a half times as much money as nonpreservation visitors.

In North Carolina visiting historic sites is far and away the most common visitor activity. And this is a State where much of the business community and political leadership think that their major visitor assets are car races and their professional sports teams - neither of which make more than a minor blip on the visitation statistics. But North Carolina is known for another culturally based activity. For generations in the mountains of western North Carolina has been a vibrant crafts industry. Today that industry - almost entirely made up of one and two person operations - adds over $120 million annually to the economy of that State. What is the connection between the crafts industry and historic preservation? There they have learned that historic buildings make the ideal place both to make and to sell their wares - the authenticity of the historic building adds to the sense of authenticity of the crafts product. It is a natural linkage.

Back to heritage tourism for a moment. In Maryland when we looked at heritage tourism here's what we learned: preservation visitors stayed a full day longer in the State than did other visitors; the average daily expenditure of preservation visitors was greater than other visitors; the consequence of these two factors means that the per trip expenditure is decidedly higher. There are two ways to look at this: either we can take in more revenues with heritage visitors or - since there are many instances where sheer numbers of people may not be desirable - we can take in the same amount of money with far fewer visitors. Either way heritage tourism, when it is appropriate, can have substantial local economic benefit. Further, heritage tourism is the singular form of tourism that, when done right, can preserve the local culture and enhance the quality of life for full time residents as well as for visitors. The same is not true for one more amusement park or one more time-share beach resort. Tourism is inherently a volatile industry, but heritage based tourism means that local assets are preserved for local citizens even in the down cycles of visitation.

A while back I attended a one-day symposium at the Brookings Institute in here in Washington of 30 or so people - both academics and practitioners - who are looking at ways of measuring the economic impact of historic preservation. The president of a tourism analysis firm from Toronto looked at visitor numbers slightly differently. He eliminates those people traveling for business, for example, who happen to visit a historic site incidental to the primary purpose of the trip and concentrates on discretionary travelers and what attracts them. For that person who is traveling for pleasure and has as a major purpose visiting historic places, for every $3 she spends on the historic site itself, $97 are spent elsewhere - food or shopping or hotels. But she came to town because of the historic resources. The leverage of that historic site, therefore, is incredible.

The next on my list of economic benefits of historic preservation is, perhaps, a less obvious one - small business incubation. The vast majority of net new jobs in the U.S. are not created by General Motors or IBM or Texaco. Around 85% of all net new jobs are created by firms employing less than 20 people. One of the few costs firms of this size can control is occupancy costs - rent. Many simply cannot afford the rents demanded in a new office building or in a shopping center or a new building in an industrial park. For many of these firms historic buildings are an attractive alternative. The twenty fastest growing types of businesses in the US have on average 11 employees. How much space to these people require? Well it depends a little

on the specific business type but around 200 square feet per person would be typical. What is the average size of a small historic building downtown? 25' by 100' or 2500 square feet, almost precisely what is needed for this type of small business. Just up the road is Annapolis, Maryland - the most historic of America's state capitals, and there is a wonderful historic district in the downtown there. In that downtown 60 percent of all of the businesses employ five people or less - the perfect match between historic building and small business opportunity.

High tech industries seem to be what everyone wants to recruit today - and probably for good reason. But 70% of all high tech firms employ less than ten people. Some idiots in Duluth, Minnesota tore down a whole block of historic buildings recently in order to build a "high tech center." I don't know; maybe all the planes in Duluth are frozen to the ground year round so they couldn't look at the pattern anywhere else. But in the fast growth high tech areas in Seattle, in Portland, in Boston and Cambridge, in Silicon Alley in Manhattan, where are those types of firms locating? In old industrial and retail buildings, Rennsseler Polytechnic Institute in Troy, New York is one of the great technological colleges in the country. They have a history of graduates forming companies in the high tech fields. The school in the past has partnered with some and provided business incubation space for others. Well they recently ran out of space on campus to accommodate all of the need - and that need includes direct connection to the school's main frame computers, and a variety of communication and data transfer systems. So they built a new glass and chrome building in the industrial park right? Wrong. In partnership with a local bank and a non-profit preservation organization RPI created a state-of-the art high tech business incubator in a historic building in downtown Troy. Less than a mile from here a group of venture capitalists is creating an incubation space for high-tech businesses they want to invest in. Where are they doing this? In an historic building in Washington's Chinatown. The adaptability of historic buildings is one of their most valuable and under-recognized attributes.

There is one more aspect of small businesses and historic buildings that merits mention, and it is on the quality side of the equation. There are certainly some very high quality new commercial buildings being built in America today - but virtually all of them large buildings. Small businesses rarely find a place in these buildings either because the size is inappropriate or the rent is too high. There are almost no high quality, small buildings being built for tenant occupancy anywhere in the U.S. The rehabilitated historic building provides that opportunity for a small business - high quality at an appropriate scale and an affordable price. Many small firms are recognizing that.

The next area of preservation economic benefit is downtown revitalization. For fifty years we have seen a departure from the central city and its downtown to the suburbs. This has had huge adverse consequences socially, economically, politically, and physically. As a result many towns and cities of every size have embarked on downtown revitalization efforts. Some of these efforts have been going on for nearly thirty years; others are more recent initiatives. Today downtowns are making a great turn around - new economic life in areas that not long ago were nearly dead. But I do not know of a single sustained success story in downtown revitalization anywhere in the United States where historic preservation was not a key component of the effort. That doesn't mean it isn't theoretically possible to have downtown revitalization but no historic preservation, but I don't know about it, I haven't read about it, I haven't seen it.

Once consequence of these downtown revitalization efforts is that for the first time in two generations people of middle class means are moving back into the central city - often into the downtown itself. This is happening in places as diverse as Philadelphia, San Francisco, Atlanta, Houston, Denver and Des Moines. But in nearly every instance the housing they are moving back into is rehabbed housing in historic buildings. Obsolete factories, warehouses, department stores, office buildings are now finding new life as apartments. This is historic preservation that has nothing to do with tourism or museums but is making a huge and sustainable economic impact all over America.

At the same time we have seen departure from our central cities there has also been an out-migration from small towns. For 20 years now the National Trust has had the program - economic development in the context of historic preservation - known as Main Street. Main Street is now active in neighborhood commercial districts in several large cities. It has had an incredible success. Over 1500 communities in over 40 States have had their own Main Street programs. Over the last 20 years in excess of $12.8 Billion dollars has been invested in these downtowns. There have been 62,000 building renovations, 51,000 net new businesses and 193,000 net new jobs. There is simply no more cost effective economic development program of any type, on any scale, anywhere in the country and I don't care what standard of measurement you choose. And this is economic development that focuses on historic preservation and retaining community character.

Stable residential neighborhoods may not seem to be central to economic development, but in fact they are critical. Declining neighborhoods means loss of tax revenues for local government. Declining neighborhoods mean the departure of the skilled, the educated, the employed and the middle class. Declining neighborhoods see increased crime, declining property values, underutilized public infrastructure, deficient schools. Both the public and private sectors suffer economically when residential neighborhoods decline.

More and more, historic districts have become the strategy to stabilize and reinvigorate urban neighborhoods. The only way I know to communicate this pattern to you is to give you some examples from around the country. In Kansas City, Missouri the city itself is declining in population, but the historic districts are growing. In Rock Island, Illinois, a Mississippi River town, many of the older homes in close in residential areas had been covered up with cheap and inappropriate materials. A concerted effort of a local group to undo the damage has been in place for six or seven years. The neighborhood has taken on a whole new life. If you were to drive through some of these neighborhoods you might well say, "What is historic about this neighborhood?" And, frankly, on a global scale, nothing. But the neighborhoods have a local history that they now celebrate. The overwhelming majority of what we call "historic properties" have no international, in most cases not even national importance. But they have local importance to the people who live there. Both economic development and historic preservation are essentially local in the United States; that's one reason why the two can work so well together. In Indianapolis an area of very modest housing is seeing rates of property value appreciation far greater than surrounding non-historic neighborhoods. In the small town of Staunton, Virginia, historic district properties appreciate significantly faster than the market as a whole. In Oklahoma City a neighborhood that ten years ago was nearly vacant is seeing new life based on a preservation strategy. Columbus, Ohio has created an entire new neighborhood

through the adaptive reuse of former breweries and warehouses. None of these examples are the enclaves of the rich or famous, not neighborhoods of mansions. But they are all examples of a consistent pattern of effective neighborhood stabilization through historic preservation.

Related to the issue of neighborhood stability is neighborhood diversity. America is a diverse country, ethnically, racially, economically. From a political perspective there's not much unanimity in the U.S. regarding overall urban policy. But I think there is rather widespread agreement on one issue - our cities would be healthier of we had diverse urban districts - that no one particularly benefits from neighborhoods that are all rich or all poor; all white or all black. And while for over thirty years we have had laws prohibiting discrimination based on race or religion, while anyone with the money to buy can live wherever they choose, our neighborhoods as a whole are not very diverse.

Let me give you an example. Philadelphia, one of America's oldest cities, has a population of one and a half million people. It's about 53 percent white, 40 percent black and the balance Asian and Other. But when the census is taken Block Groups are identified. A block group is small - in Philadelphia only eight or nine hundred people in each one. There are about 1,750 Block Groups in Philadelphia. While the city as a whole is certainly diverse, the Block Groups are not. In a recent analysis we said that to meet the test of a diverse neighborhood, the Block Group had to be less than 80% white and less than 80% black, that is no extreme concentration of any race.

Barely one Block Group in five met that test. 79% of Philadelphia small neighborhood clusters were effectively all white or all black. Not so in the National Register Historic Districts, however. In the 106 Block Groups within historic districts nearly half met the diversity test - people of all races living together because of the appeal of the historic neighborhood. These were not all high-income areas, by the way. The income distribution in Philadelphia's historic districts mirrors the income of the city as a whole. There is housing available in historic neighborhoods to accommodate a wide range of income levels.

Philadelphia is a city that is losing people. Since 1980 it has lost between 12 and 14% of the population. Some will argue that a city's diversity is what drives people away. Not true in the historic districts. The historic neighborhoods have lost less than 5%. These historic districts only make up 6.3% of the city's entire population but: fifteen percent of the people that moved in from the suburbs in the last five years went to historic areas; twenty one percent of the people that moved into Philadelphia from other parts of the country moved to historic sectors. Historic neighborhoods are home to nearly 24% of the college graduates and over 28% of those with graduate and professional degrees. Even in a city by many measures in decline, the diverse appeal of historic districts is evident.

So there are eight of the ways we have found historic preservation to be an economic generator: jobs, household income, heritage tourism, small business incubation, downtown revitalization, small town revitalization, neighborhood stability, and neighborhood diversity.

So the story of the economic importance of preservation is a positive one. It is a story that is being heard and understood and adopted by decision makers - bankers, elected officials, city managers, economic development professionals, real estate developers, accountants, and

business people. Those very people that a decade ago were the most vociferous opponents of historic preservation; or at best dismissed it as a cute avocation for the retired librarian. I do not mean to suggest that the need to continue to make these arguments is now over. This economic power of preservation message still needs to be told.

But I think our biggest challenges in the immediate future come not from our former foes. Today our biggest challenges come too often from our friends in preservation. A battle isn't lost when people yell at you. A battle isn't lost when people talk down to you. A battle is lost when you become a joke. And, I would suggest, we are on the verge of that happening far too often. Let me give you four examples.

In the name of historic preservation this is happening all over America. In what absurdist dictionary written by Salvador Dali on drugs can this be called historic preservation? Maintaining a four-inch brick depth of a façade is not preservation. Either a justification can be made for economic hardship or it can't. If there is no feasible way to save the building, we ought to demand a high quality new building be built. If there is not demonstrated economic hardship we ought not settle for this Halloween preservation - saving the mask and throwing away the building. This is the worst of both worlds - no historic preservation, by any sane definition, and yet encumbering the developer with an extraordinary cost of removing an entire building behind the skin and pasting it back on again. Every time some historic preservation commission accepts - or in most cases mandates - this façadeomy as "historic preservation" it not only makes it more likely to happen again, it also has taxpayers and 7 elected officials shaking their heads in wonder and saying, "this is what preservation is about"? The laughter will soon follow.

My second example is on the other end of the spectrum. The Secretary's Standards for Rehabilitation have a clause that says "distinctive features, finishes, and construction techniques or examples of craftsmanship that characterize a historic property shall be preserved." Well that used to mean grand lobbies, ornate stairways, decorative banisters, stained glass windows. Today too often every 8" pine, painted mopboard is declared a "distinctive feature" whose retention is mandated. Again, let me give you a concrete example. A building like this one - this isn't the building, I didn't want to embarrass the parties involved - but a building like this - late 19th century. And you all know how this building is configured on the upper floors - a long, double-loaded hallway with very small rooms and transoms over each door. The property owner and his architect convinced the SHPO and the Park Service that those small rooms simply could not be effectively reused and so were allowed to remove all the walls between them, creating two large, well lighted and usable spaces. But they were required to maintain the hallway - doors, transoms, and all. But the hallway goes nowhere! All because the doors and transoms were identified as "distinctive features". But how can we call a door a distinctive feature if there's no room behind it. It reminds me of this Oklahoma version of façadeomy - a door but no building. A hallway to nowhere - mandated by our friends - makes preservation the subject of laughter.

Example three. I've been involved for the last year with Peter and the National Trust in a cooperative agreement with the U.S. Army to identify the issues and challenges and to look for solutions in trying to deal with the Army's historic buildings. They have 12,000 historic buildings currently and thousands more coming online over the next 20 years. The leadership at the Pentagon recognizes their stewardship responsibilities and is prepared to do what is

necessary for their historic buildings. The responsibility for identifying what is "historic" falls into the hands of Cultural Resources Managers. Very nice people, very committed, most of whom are trained as archeologists, botanists, or entomologists. Trouble is, many, many of them use the term "historic building" to apply to everything over 50 years old. I'll admit to sleeping through some classes in graduate school, but I think if "fifty years old" and "historic" were synonyms I'd have come across it somewhere. Now when some commander is told that every temporary wooden storage building built in 1951 is "historic" and has to be saved, historic preservation is going to be dismissed as simply foolishness.

Example four. There has been lots of discussion lately about the preservation of the recent past. And I think that's great. There are certainly plenty of buildings built since World War II that merit preservation - Dulles Airport, the Seagram building, Transamerica Tower, the motel where Martin Luther King was assassinated and hundreds of others. But to suggest that every roadside motor inn, 1950's strip center, Dairy Queen and Esso gas station is somehow "historic" stretches the limits of credibility. Historic preservation has always held with it an implication of quality and significance. When we allow Gresham's Law to apply to what we consider historic, we dilute the importance of those buildings that are important, that are historic, that do merit saving.

We have made great strides in the last 15 years in cities, in neighborhoods, in economic development because historic preservation has demonstrated it should be taken seriously. But when saving four inches of brick constitutes historic preservation, when every mopboard becomes a "distinctive feature", when everything 50 years old is defined as "historic" and when mediocre structures of no architectural, historical, or aesthetic importance are called landmarks, we will have taken a giant step backwards and laughter will be our departure music.

And this risk of now losing this hard won credibility is particularly troubling to me because of the great opportunity for historic preservation as we enter the 21st Century. I believe there are five crucial roles that historic preservation has the opportunity to play in the decades ahead.

First is globalization. Like it or not the 21st Century will see a globalized economy. 1.2 billion people in the world live in poverty, most of them people of color. You will never tax the industrial world enough to end hunger. The only way it can happen is if there is an opportunity to produce and sell goods and services to world markets. The protesters in Seattle and elsewhere are simply wrong. A globalized economy is not only going to happen, but it is critical on any humanitarian perspective that it does. There will be a rapidly growing demand for goods worldwide. But the manufacture of those goods will require fewer and fewer people. Likewise the need for agricultural products will only increase with world population growth but fewer agricultural workers will be necessary to grow that food.

The areas of the economy that will grow, both in output and in employment are these: Services; Education; Ideas; One-of-a-kind products, individually produced; Culture; Entertainment; Travel. What does that have to do with historic preservation? Three things: 1) every one of those activities can take place within a historic buildings; 2) for each of those growth areas, quality and authenticity will be major variables in consumer choice; and 3) just as with the crafts industry in North Carolina, being in a historic structure adds to the sense of quality and authenticity of the good or service. Historic buildings can house the 21st century economy.

There is a second role for historic preservation in relation to globalization and it is this: for all of the potential benefits of a globalized economy (and there are many) it carries with it the substantial risk of a globalized culture, of which there are few if any benefits. But a globalized economy does not have to lead to a globalized culture. The westernization or the Americanization or the McDonaldization of local and regional cultures will not only have short-term adverse sociological and political consequences but long-term adverse economic consequences. But again, historic preservation can play a critical role. There is no better way to maintain, understand, and appreciate a local culture than the ongoing, evolving use of a community's historic resources. So historic preservation, perhaps only historic preservation, can simultaneously foster economic globalization while resisting cultural globalization.

A third role for historic preservation in the coming years is one that it has been playing all along, and that is community building. In fact I would argue that historic preservation is the singular form of economic development that is simultaneously community development. Not long ago with the creation of the Internet, the growth of telecommunications, and the ability to work around the globe from one's house, there were predictions that the importance of one's physical place would diminish in importance. In fact the opposite has been true. The ability to work anywhere, the ability to electronically be everywhere, has increased our need to be somewhere - somewhere in particular, somewhere differentiated. It is our built environment that expresses, perhaps better than anything else, our diversity, our identity, our individuality, our differentiation. Our historic buildings are the physical manifestation of our community.

We may be dismissive about teenagers, their values, their outlook, but they often understand this better than anyone. Let me tell you about the small town of Rushville, Illinois. There is this school there built in 1919 with an addition built in 1925. The addition was the gymnasium on the lower level and an auditorium space on the upper level. The school board decided the structure no longer worked so they built new schools, added to others, and a year ago the junior high kids who were the most recent users of the school were moved out. But the school board decided that not only didn't the building work as a school - it was unusable for anything and intended to demolish it. When I toured the building I went into one of those little dressing rooms that are usually found behind the stage in high school auditoriums. There written in graffiti on the wall - clearly by a 14 or 15 year old was this: "Those who want to tear this building down have never seen this place as Wonderland." That kid clearly understood what the school superintendent did not - that the evolution of the community was represented in that building and it was a far too precious commodity to be lost. The School Board didn't understand that and the building was torn down.

But if the Rushville School Board didn't understand that, others do. In his book The Good Society sociologist Robert Bellah observes, "Communities, in the sense in which we are using the term, have a history--in an important sense they are constituted by their past--and for this reason we can speak of a real community as a 'community of memory', one that does not forget its past."

The fourth role of historic preservation is its environmental role. I have to credit Dick Moe at the National Trust for bringing this aspect of preservation to the forefront. The relationship between

sprawl in the suburbs and abandonment of historic buildings in the city is so obvious, most of us missed it for years. But now this relationship is better understood. No new land is consumed when a historic building is renovated. Construction debris takes up 24% of increasingly expensive sanitary landfill, and much of that is from buildings being demolished. Historic preservation constitutes a demand side approach to Smart Growth. I'm not at all opposed to acquiring greenbelts around cities or development rights on agriculture properties. Those are certainly important and valuable tools in a comprehensive anti-sprawl strategy. But they only reduce the supply of land to be developed - they do not address the demand for the use of that land. The conversion of a historic warehouse into 40 residential units reduces the demand for ten acres of farmland. The economic revitalization of Main Street reduces the demand for another strip center. The restoration of the empty 1920s skyscraper reduces the demand for another glass and chrome building at the office park. Again, I don't mean to be remotely critical of supply side strategies, but without demand side responses, their success will be limited at best. Historic preservation is in and of itself an environmental strategy, one that addresses the demand for uses.

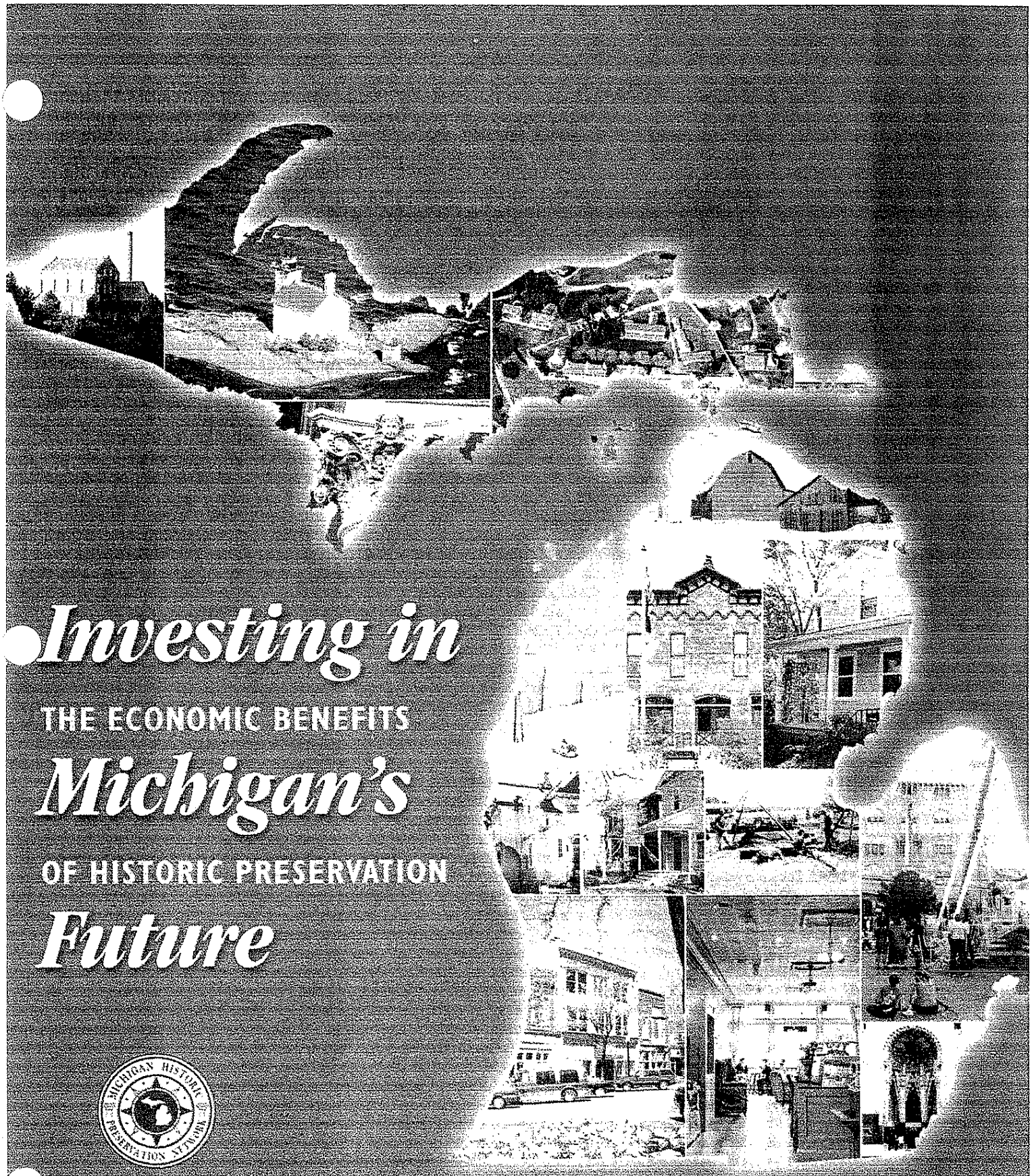
The fifth role for historic preservation is its effectiveness as a vehicle of fiscal responsibility. If Democratic governors, legislators and mayors have gotten onto this Smart Growth movement because of their concern for the environment, Republican governors, legislators and mayors have become advocates for Smart Growth because they are advocates for fiscal responsibility. The huge cost of public resources in providing roads, fire protection, water and sewer, schools and other infrastructure further and further into the countryside while at the same time we are abandoning historic buildings and the infrastructure that's already in place to serve them is the height of fiscal irresponsibility. Preserving historic structures is conservative in the best sense of the word. We are conserving tax payers' dollars, conserving our local heritage, and conserving the natural environment.

So when you go back home, getting your hands dirty restoring that deteriorated white elephant project that no one else would take on, please don't think what you are doing is just fixing up some old building. What you are doing is preparing your community for a globalized economy without being swallowed up by a globalized culture. You are building your community. You are saving the environment. And you are saving scarce public resources.

I know that you've heard them before, but I think, particularly for this audience, the words of John Ruskin are a fitting conclusion. He wrote, "When we build let us think that we build forever. Let it not be for present delight, nor for present use alone; let it be such work as our descendants will thank us for, and let us think, as we lay stone on stone, that a time is to come when those stones will be held sacred because our hands have touched them, and that men will say as they look upon the labor and wrought substance of them, "See! This our fathers did for us." What you are doing for historic preservation your descendants will thank you for. And I thank you for allowing me to be here with you today.

Thank you very much.

Donovan D. Rypkema



Investing in

THE ECONOMIC BENEFITS

Michigan's

OF HISTORIC PRESERVATION

Future

Contents

COVER PHOTOS

Upper Peninsula, from left to right:

Quincy Mine Hoist House, Hancock, Courtesy Charles Pomazal, 2002; Gull Rock Light, Keweenaw Peninsula, Courtesy Environmental Protection Agency, Great Lakes National Program Office; Historic District Detail; Fort Mackinac, Mackinac Island, Courtesy MHPN; Mackinac Bridge, Courtesy Michigan Sea Grant Extension.

Lower Peninsula, from top to bottom:

Michigan Barn, Courtesy Mary Asmus; Pere Marquette Beach, Muskegon, Courtesy Michigan Sea Grant Extension; Lapeer City Hall, Lapeer, Courtesy SmithGroup; Historic District Detail; Rehabilitation in Holland Historic District; Pritchard's Overlook Historic District, Allegan; Archaeological dig, Chippewa Nature Center, Midland County, Courtesy MHPN; Holland Main Street; Crazy Wisdom Bookstore and Tea Room, Ann Arbor, Courtesy Justin Maconochie; DaimlerChrysler Arts, Beats and Eats Festival, Pontiac, Courtesy Janine Saputo; Guardian Building, Detroit, Courtesy Martin Doudoroff.

Prepared by
Clarion Associates
1700 Broadway, Suite 400
Denver, CO 80290

September 2002

All photos courtesy of Clarion Associates unless otherwise noted.
Many thanks to Pewabic Pottery for providing the tile photos that highlight each section.

This report is printed on recyclable paper.

This publication has been financed with Federal funds from the National Park Service, U.S. Department of the Interior, through the Michigan State Historic Preservation Office. However, the contents and opinions do not necessarily reflect the views or policies of the Department of the Interior.

This program receives Federal financial assistance for identification and protection of historic properties. Under Title IV of the Civil Rights Act of 1964 and Section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975, as amended, the Department of the Interior prohibits discrimination on the basis of race, color, national origin, or disability or age in its federally assisted programs. If you believe you have been discriminated against in any program, activity, or facility as described above, or you desire further information please write to: Office for Equal Opportunity, National Park Service, 1849 C Street, NW, Washington, D.C. 20240.

Introduction

Historic preservation adds value to the lives of all Michigan residents and visitors. Michigan's historic properties are invaluable cultural, aesthetic, and educational resources. Historic places provide opportunities each day to appreciate the legacy of Michigan's rich past.

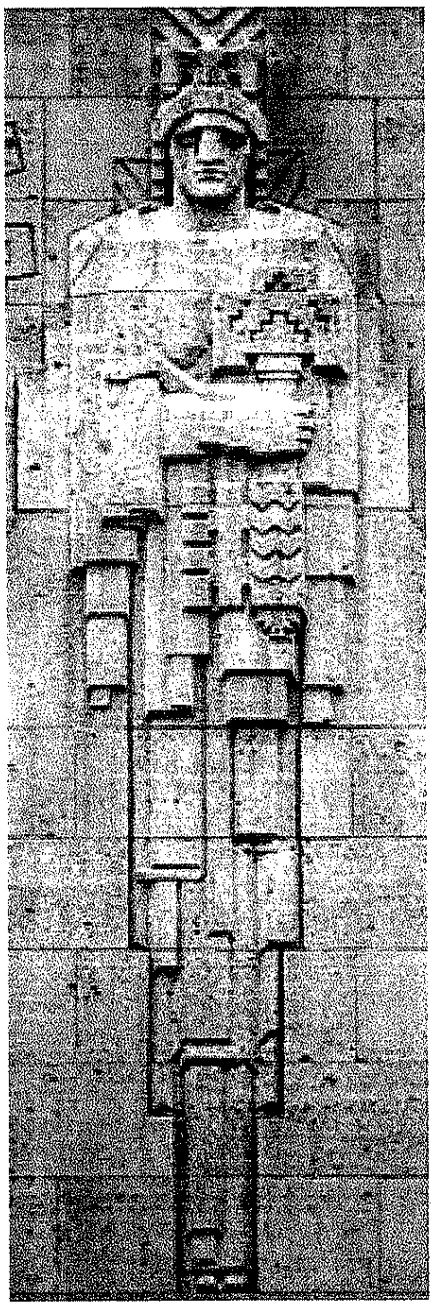
Historic preservation also has a significant economic component. Historic preservation activities are cost-effective tools that may be used to leverage private capital, create jobs, revitalize neighborhoods and business districts, and stimulate a wide range of other economic activities. For example:

- *Preservation protects and revitalizes historic resources.* Michigan property owners can take advantage of federal and state tax credit programs to help rehabilitate historic buildings. Since 1978, the federal rehabilitation tax credit has been utilized by 611 Michigan projects, for a total of $807.6 million in qualified rehabilitation costs. Since 1999, the state rehabilitation tax credit has been utilized by 205 projects, for a total of $8.0 million in qualified rehabilitation costs. This sizeable investment ensures that historic resources continue to serve Michigan's neighborhoods and business districts.
- *Preservation creates jobs and income.* Since 1971, rehabilitation activities in Michigan have created 20,252 jobs and generated a total of $1.7 billion in direct and indirect economic impacts.
- *Preservation benefits neighborhoods.* Examples throughout the state show that historic district designation programs enhance local property values.
- *Preservation attracts Michigan visitors.* The link between preservation and tourism is well established. Preserving historic character helps support tourism by providing interesting and unique opportunities for visitors, and tourism supports preservation by providing resources for ongoing preservation efforts.

In summary, historic preservation not only promotes an increased appreciation of the past; it is often a key feature of successful community planning and economic development.

This project, to document the economic benefits of historic preservation in Michigan, was undertaken by the Michigan Historic Preservation Network, Inc., with the assistance of the Michigan State Historic Preservation Office. This project resulted in three reports. The summary report—this document—provides an overview of the project. A separate, technical report describes the findings in greater detail and discusses project methodology. The third is a brief paper that outlines the Michigan state rehabilitation tax credit.

Michigan's preservation activities have widespread economic impacts. The following pages describe the many ways in which Michigan's past continues to support Michigan's future.



Guardian Building, Detroit, Courtesy Martin Doudoroff

"I choose older buildings for my projects for several reasons: love for their historic character, the availability of rehabilitation tax credits, and because these types of properties are usually located in neighborhoods that are ready for revitalization. Historic preservation is an environmentally, socially, and fiscally responsible strategy for revitalizing communities."

Guy Bazzani, President
Bazzani Associates, Inc., Grand Rapids

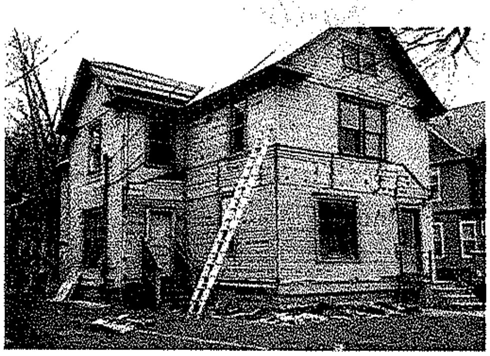
Rehabilitation of Historic Buildings

Historic rehabilitation happens each day in a wide variety of contexts—from minor repairs on historic homes to large-scale renovations of landmark commercial buildings. Many of these projects are eligible for preservation incentives that assist owners in returning underutilized resources back to active service within the community. Program participants typically must conform to the Secretary of the Interior's Standards for Rehabilitation, thus ensuring that a consistent quality standard for rehabilitation is applied. All types of historic properties throughout Michigan, such as Muskegon's Amazon Building, Detroit's Fox Theater, and Petoskey's Perry Hotel, as well as dozens of homes and apartments, have benefited from preservation incentive programs.

The following pages summarize four programs that are available for the rehabilitation of historic properties in Michigan:

- Federal Rehabilitation Tax Credit
- State Rehabilitation Tax Credit
- Historic Preservation Fund
- Michigan Lighthouse Assistance Program

The cumulative economic benefits of these programs are discussed on pages six and seven.



"We never would have tackled this project without knowing that the 25 percent state tax credit was available. This has been a huge project for our family. Thank you! I'm afraid that this historic resource would have been lost if someone like us had not interceded when we did."

[illegible], homeowner, in a letter to the State Historic Preservation Office

This project in Kalamazoo revitalized a historic home.
Courtesy State Historic Preservation Office

The Federal Rehabilitation Tax Credit

The Federal Historic Preservation Tax Incentives Program has been in place since 1976 and is, in the words of the National Park Service, "one of the federal government's most successful and cost-effective community revitalization programs."[1] Administered by the National Park Service in cooperation with the Internal Revenue Service and the nation's State Historic Preservation Offices, this program encourages private investment in historic buildings by offering significant tax credits for rehabilitation. The principal incentive is a 20 percent income tax credit for the certified rehabilitation of a certified historic structure. The 20 percent credit is available for properties rehabilitated for income-producing purposes, such as commercial, industrial, or rental residential uses.

GENERAL MOTORS TECHNICAL CENTER

General Motors Corporation is conducting a $1 billion renovation and expansion of the GM Tech Center in Warren. This 1,000-acre complex was originally designed by the internationally renowned architect Eero Saarinen and completed in 1953. The GM Tech Center in Warren is currently one of the largest and most significant corporate renovation projects in the country. The renovation is utilizing the 20 percent federal rehabilitation tax credit for improvements related to its historic features.

The federal 20 percent tax credit has been used frequently in Michigan. From 1978 to 2001:

- A total of 611 Michigan projects have used the credit, with cumulative qualified rehabilitation costs of $807.6 million.
- Approximately 61 percent of projects utilizing the federal tax credit were located in two counties: Wayne and Kent. In all, 51 of Michigan's 83 counties contain rehabilitation projects that have filed for the federal tax credit.
- The median cost of a Michigan federal tax credit project is $250,000 and the average cost is $1,422,080.

General Motors Technical Center Historical Marker Dedication Ceremony, August 2002, Courtesy General Motors
Pictured from left to right: Gerald L. Elson, GM Vice President, Vehicle Operations; Keith E. Molin, President, Michigan Historical Commission; Mark A. Steenbergh, Mayor, City of Warren; Cecil D. St. Pierre, Councilman, City of Warren.

"There are several very good reasons to renovate the GM Tech Center in Warren. General Motors has long recognized its prominence, not only as an engineering and design center, but also as an innovative and historic architectural work. The GM Tech Center in Warren set an architectural precedent when it was constructed in the 1950s.

The financial potential that the 20 percent rehabilitation tax credit brings has allowed us to pursue types of renovation and restoration that would ordinarily be cost-prohibitive. We are trying to duplicate a number of the Center's original features, such as the original curtain wall. But these types of features often have related costs: they can be difficult to obtain and usually require special fabrication. But we can point to the fact that the 20 percent federal tax credit on all renovation work on historically significant buildings will more than offset these premiums. We've experienced a good level of flexibility with the program by both the State Historic Preservation Office and the National Park Service."

David Witt, Program Manager
Warren Campus, General Motors

"Rehabilitation tax credits are an invaluable resource for the city of Detroit. The availability of tax credits encourages investors to fund projects within the city. These programs also provide a way to save Detroit's important architecture. Without tax credits, many of Detroit's historic resources would have been lost because developers could not obtain the funding to preserve them."

James A. Turner
President, Preservation Wayne

The Michigan Rehabilitation Tax Credit

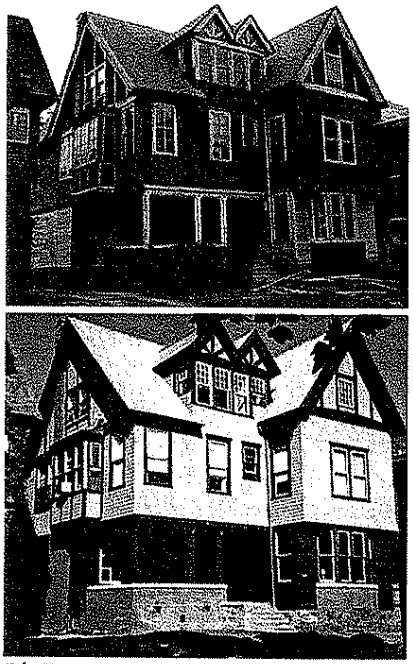
In addition to the federal rehabilitation tax credit, many states have their own rehabilitation tax credit programs; at least 20 such programs have been established since the early 1990s. These programs vary considerably, from the percentage of the available credit to the types of targeted properties. Michigan recently adopted its own tax credit for the rehabilitation of historic properties, which is available to properties listed in the National Register, the State Register, or in a locally designated historic district. Unlike the 20 percent federal tax credit, which specifically targets income-producing properties, Michigan's state tax credit is eligible for owner-occupied properties. The state tax credit offers up to 25 percent of qualified rehabilitation expenditures against state income tax or single business tax liability.[2]

The Michigan program's excellent short-term track record to date, along with the state's high number of designated historic resources, suggests that the rehabilitation tax credit has the potential to contribute significantly to the vitality of Michigan's economy. In only a few years, from 1999 to 2001:

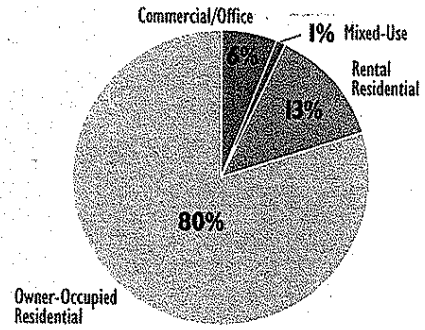
- A total of 205 Michigan projects have used the credit, with estimated, cumulative qualified rehabilitation costs of $8.0 million.
- 24 of Michigan's 83 counties contain rehabilitation projects that have filed for the state tax credit.
- The direct expenditures of Michigan rehabilitation projects utilizing the state tax credit have ranged from a minimum of $2,800 to a maximum of $270,000.
- The median cost of a Michigan state tax credit project is $24,400 and the average cost is $42,159.

Projects that have utilized the 20 percent federal rehabilitation tax credit also are eligible for an additional five percent state rehabilitation tax credit. Since this option has been available 67 federal tax credit projects have utilized Michigan's 5 percent state tax credit, totaling over $101.4 million in rehabilitation expenditures.

Before and After—The Michigan state tax credit helped to transform Detroit's Kales House.



Kales House, Detroit, Courtesy State Historic Preservation Office



Usage of 25% State Rehabilitation Tax Credit Projects, 1999-2001

Source: Clarion Associates, State Historic Preservation Office

1/2009 Additions!

SEE INSERT

Michigan.gov Home

HAL Home | Site Map | Contact HAL | HAL Jobs | HAL Online Services | FAQ

Search

Printer Friendly | Text Version | Email Page | A- A+ Text Size

Publications & Products

> 1870 Michigan Census Index

> Annual Reports & Plans

> Blogs

> Directories

> Forms

> Guidelines, Handouts & Reports - For Professionals

> Guidelines, Handouts & Reports - For the Public

> History e-store

> Mackinac State Historic Parks Museum Store

> Michigan History for Kids

> Michigan History magazine

> Newsletters

> Press Releases

Library of Michigan
Mackinac State Historic Parks
Michigan Council for Arts & Cultural Affairs
Michigan Historical Center
Michigan History Magazine

> Research Guides & Reading Lists

> "SAVE OUR LIGHTS" Specialty License Plates

Agencies

Census and Statistical Data

Cultural Economic Development

Educators and Librarians

Grants

HAL Special Attractions

Services and Collections

Students of All Ages

Family History

Departments/Agencies

Online Services

Surveys

RSS Feeds

Governor Granholm Signs Legislation for Enhanced Historic Rehabilitation Tax Credits; Credit Expected to Boost Historic Property Development

Contact: Brian D. Conway (517) 373-1904
Agency: History, Arts and Libraries

Jan. 13, 2009

Today Senator Jason Allen, former House Majority Leader Steve Tobocman, members of the development community and historic preservation professionals joined Governor Jennifer M. Granholm at a ceremonial bill signing for legislation that enhances the existing federal and state historic preservation tax credits in Michigan. The legislation is expected to produce hundreds of jobs across the state and spur millions of dollars in investment in historic buildings and districts.

The original bills, Senate Bill 973, sponsored by Senator Cameron Brown of Fawn River Township, and House Bill 6496, sponsored by Tobocman of Detroit, were passed after years of advocacy by a coalition led by the Michigan Historic Preservation Network.

"In these challenging economic times, we want Michigan developers who invest in historic properties to stay in Michigan rather than going where they could previously have taken advantage of better incentives," said Mark Hoffman, acting director of the Department of History, Arts and Libraries. "Michigan now offers incentives for historic rehabilitation that are competitive with neighboring states. We want out-of-state investors to come here."

State Historic Preservation Officer Brian Conway stressed that historic preservation, specifically investment in rehabilitating and reusing historic buildings, is a recognized economic driver and community revitalization tool. "We know that six jobs are created for every $250,000 of direct private investment in historic building rehabilitation, and an additional $282,500 is pumped into the economy."

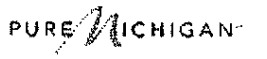
In Michigan in 2008, the state and federal historic preservation tax credit programs administered by the State Historic Preservation Office resulted in private investment in historic building rehabilitations of $47,417,003, leveraging an additional $54,055,383 of indirect investment for an overall economic impact of $101,472,386 and 1,171 jobs.

The new law, which is expected to stimulate even more investment, is designed to enhance the existing state historic preservation tax credits by encouraging the use of both the federal and state credits to finance large commercial historic rehabilitation projects.

The existing state law remains intact so homeowners may still apply for a 25-percent credit for rehabilitating their homes in

Related Content
- Michigan Historical Museum Celebrates State's 172nd Birthday, Resourcefulness of State's Citizen, During Statehood Day Jan. 24
- State Invests in Cultural Economic Development of Four Michigan Main Street Communities
- One of Country's Largest Collections of Civil War Letters Donated to Archives of Michigan
- Michigan's Roadside Tourist Attractions Featured in Special Exhibit Opening at Michigan Historical Museum Jan. 10
- Michigan State University's College Field - Home of MSU Baseball - to be Honored with Michigan Historical Marker
- Consumers Energy Executive Merri Jo Bales Joins Michigan Historical Center Foundation Board
- Warm Up at WinterFest: A Season of Celebrations Dec. 6 at the Michigan Historical Museum
- Well-Known Photographer Helps Promote Cultural Economic Development in West Michigan, Visits Area Nov. 11-12
- Step Back in Time With Victorian Halloween Celebration at Walker Tavern Historic Site Oct. 25
- Learn About 1901 Lenawee County Train Crash - One of State's Worst Railway Disasters - at the Michigan Historical Museum Oct. 19
- Take a Spooky Walk Through Time with 'Haunted History' at the Michigan Historical Museum Oct. 26
- Michigan Historical Center Foundation Honors Teachers' Creativity and Commitment to Michigan History; Teachers from Canton and Williamston Schools to Receive Odyssey Award at Nov. 22 Gala
- Unearth Michigan's Past During Archaeology Day at the Michigan Historical Museum Oct. 11
- Old-Fashioned Fall Fun for the Family at Michigan Historical Museum's Harvest Celebration, Oct. 4
- Historic Bridge in Scio Township Listed in the National Register of Historic Places
- 'Underground Railroad in Michigan: A Decade of Discoveries' Sept. 26-27 Marks 10th Anniversary of Michigan Freedom Trail Commission

(INSERT)



historic districts, and commercial property owners may apply for up to 20 percent in state tax credits in combination with a federal credit of up to 20 percent.

The State Historic Preservation Office (SHPO) administers the historic preservation tax credit programs. Program information is expected to be available at the end of the month and will be posted at www.michigan.gov/hpcredit.

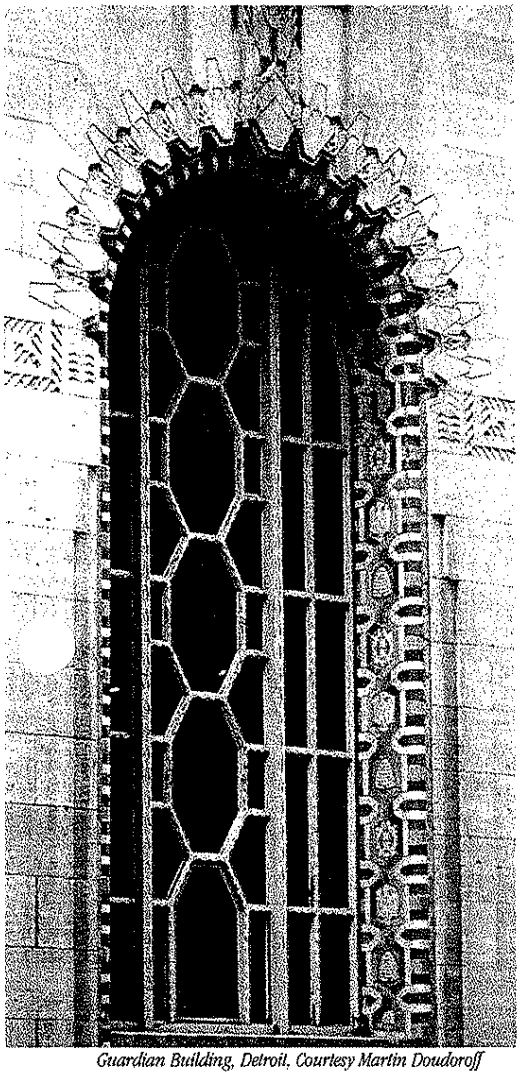
The SHPO assists in the identification, rehabilitation and interpretation of Michigan's historic resources. The SHPO is a division of the Michigan Historical Center, part of the Department of History, Arts and Libraries (HAL). Dedicated to enriching quality of life and strengthening the economy by providing access to information, preserving and promoting Michigan's heritage and fostering cultural creativity, HAL also includes the Mackinac Island State Park Commission, the Michigan Council for Arts and Cultural Affairs and the Library of Michigan. For more information about HAL, visit www.michigan.gov/hal.

Read more press releases from the Department of History, Arts and Libraries (HAL).

- Michigan Iron Industry Museum's 'Fall Fest' Sept. 20-21 Promises Fun for the Whole Family
- Walker Tavern to Get New Paint, Looking for Volunteers to Help
- Pioneer Days Come to Life at Walker Tavern's Annual 'Frontier Fest' Saturday, Aug. 30
- Seven Michigan Properties Added to the National Register of Historic Places

(INSERT)

The Economic Benefits of Rehabilitation



Guardian Building, Detroit, Courtesy Martin Doudoroff

By looking at the cumulative expenditures of the four types of rehabilitation programs discussed previously, it is possible to determine the effects of that investment on Michigan's economy. As seen below:

Projects utilizing the…..

Federal Rehabilitation Tax Credit	$807.6	million
State Rehabilitation Tax Credit	$8.0	million
Historic Preservation Fund[5]	$4.0	million
Michigan Lighthouse Assistance Program	$0.385	million
If added together, total	$819.9	million

These expenditures are only the beginning of rehabilitation's economic benefits. Multipliers are used frequently to estimate the economic impact of various activities, such as rehabilitation, on a regional scale. The principle behind the use of multipliers is that each dollar spent within an industry is spent again in related industries and other activities—thus, multipliers essentially estimate the "ripple" effect of each dollar as it travels through an economy.

Based on a "direct" impact, or original economic activity, economic multipliers estimate the amount of "indirect" impact, or additional purchases related to the direct impact. In the case of rehabilitation, the direct impact would consist of the dollars spent on labor and materials. Economic multipliers may then be used to calculate the amount of indirect impact generated by the direct impact. The indirect impact consists of the purchases of goods and services by the industries that produced the items for the original, direct activity. For example, a contractor may purchase paint for a rehabilitation project. The purchase of the paint is a direct impact, but the purchases made by the paint factory to produce the paint are indirect impacts. In summary:

Direct Impacts. Expenditures directly associated with a rehabilitation project. Examples include construction labor, and purchases of building materials and tools.

Indirect Impacts. Expenditures associated with industrial goods and services by firms that provide rehabilitation materials. Examples include manufacturing labor, and purchases of raw materials such as clay, glass, and gravel.

Total Impact. The sum of the direct and indirect impacts.

By using multipliers, one can determine that $819.9 million in direct rehabilitation expenditures has generated an additional $933.2 million in indirect impacts, for a total of $1.7 billion attributable to rehabilitation activities throughout Michigan.

Economic multipliers also may be used to estimate the direct and indirect number of jobs created, and the dollar amount of total household earnings. "Jobs created" refers to the number of job years, or full time employment for one person for one year. Rehabilitation activities in Michigan have directly created 9,394 jobs and indirectly created an additional 10,858 jobs, for a total of 20,252 jobs. Multipliers also estimate the "total household earnings" of employees either directly or indirectly involved with rehabilitation projects, and reflect income that is spent in the

state economy, generally for consumer expenditures such as clothing, utilities, and medical services. For those employees, historic rehabilitation activities have directly generated $313.5 million in household earnings and indirectly generated an additional $275.5 million, for a combined total of $589.0 million.

Rehabilitation activities create jobs and enhance the local economic climate; they also result in greater tax revenues for state and local governments by increasing the revenues collected from property, income, and sales taxes.

- Rehabilitation in Michigan has accounted for approximately $1.7 million in state business income taxes, $11.3 million in state personal income taxes, and $40.4 million in Michigan sales taxes.
- Property taxes have been increased by at least $31.9 million as a result of rehabilitation activities.

Across the country, the number of jobs created through rehabilitation compares very favorably with the number of jobs created through new construction. A new construction project can expect to spend about 50 percent in labor and 50 percent in materials. In contrast, some rehabilitation projects may spend up to 70 percent in labor costs—labor that is most often hired locally, which helps to keep these dollars within the community.[6] The table below compares jobs created by rehabilitation in Michigan to jobs created by other Michigan industries. As shown below, $1 million spent on rehabilitating buildings creates 11 more jobs in Michigan than $1 million spent on manufacturing chemicals and 8 more jobs than $1 million spent on manufacturing motor vehicle parts and accessories.

Jobs Created: Rehabilitation Compared to Other Michigan Industries (per $1 million of direct impact)

	New Jobs Created
Hospitals	26
Rehabilitating Buildings	25
Computer and Data Processing	23
Trucking	23
Manufacturing Carburetors, Pistons, Rings, and Valves	21
Manufacturing Motor Vehicle Parts and Accessories	17
Manufacturing Farm Machinery and Equipment	16
Manufacturing Chemicals	14

Source: Clarion Associates
Notes: Used rounded RIMS II multipliers for the industries indicated for the State of Michigan Region

Nickels Arcade, Ann Arbor, Courtesy Steve Kuzma Photography

SUMMARY

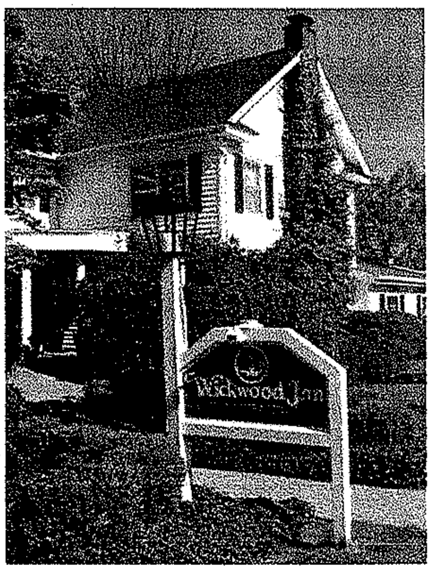
Economic Benefits of Rehabilitation

Since 1971:

$819.9	million spent on rehabilitation projects
$933.2	million indirectly spent
$1.7	billion in total expenditures

These expenditures generated:

$589.0	in total household earnings
20,252	jobs
$1.7	million in business income taxes
$11.3	million in personal income taxes
$40.4	million in Michigan sales taxes
$31.9	million in property taxes



Wickwood Inn, Saugatuck

Historic Districts and Property Values

Many people believe that federal and state historic designation programs, such as listing in the National Register of Historic Places, protect historic resources from being significantly altered or demolished. In reality, these programs are honorary distinctions and provide few protections. Local historic designation programs, however, require review of major exterior alterations in order to help preserve the architectural integrity and the distinguishing characteristics of historic areas. A review by a local historic commission might prevent the demolition of historically or architecturally significant buildings. Or a new infill project might be required to conform to specific standards regarding building height and design, in order to ensure compatibility with the surrounding historic buildings.

Many recent studies of historic districts throughout the country demonstrate that local historic district designation and review provisions not only protect an area's historic character—they often add value to individual properties and to the community as a whole. The stabilizing influence and protection that a historic district provides also may encourage private investment and increase property tax revenues for local governments. Under Michigan's Local Historic Districts Act, 57 communities have enacted historic district ordinances.

This section compares property values inside and outside historic districts in five Michigan communities: Grand Rapids, Ypsilanti, Holland, Saugatuck, and Allegan. These communities were selected to reflect various population sizes and geographic areas of the state. In addition, each of these communities has implemented a local historic designation and design review program for at least ten years.

In each city, a historic district sample was compared to a similar non-designated area with regard to size, predominant building type, construction date, and general scale. The historic district sample and non-designated area were often geographically close, if not adjacent to one another.

For the historic district sample and non-designated area, three property value indicators were tracked over time. In all of the case study communities, these "benchmark" indicators suggest a positive correlation between local historic designation and property value. The three indicators are described below.

- *Total Appreciation Since Designation.* In the five Michigan case studies, the district samples had a greater increase in their total appreciation than the non-designated comparisons. These differences in appreciation ranged widely, from extremely dramatic to fairly slight. These results suggest that local historic designation has had either a positive effect, or an effect that is consistent with the total appreciation of the surrounding area. These findings do not support the contention that local historic designation negatively impacts property values.
- *Value.* The historic district samples and their non-designated comparisons have been generally equivalent in terms of average cost per square foot.

"Saugatuck has a healthy historic district; about 90 percent of all design review applications are approved the first time around. About 90 percent of the next 8 percent are approved on second review. The overall denial rate is about two percent. Most of the applications are for signage and remodeling. Eventually, we would like to offer free rehabilitation advice to homeowners, even for property owners who are not located in the district.

History is not dates, but layers. Our community has recognized its layers of history. We don't want to be a 'Victorian' community or a '1940s' community. Historic preservation is an important tool for us to manage our local resources."

Gordon Gallagher
Saugatuck City Planner

- *Median Sale Price.* Large samples of sales data were not available in three of the case study areas (Ypsilanti, Saugatuck and Allegan). However, in the two other case studies, the median sale price in the district samples were greater than the median sale price in the non-designated comparison areas.

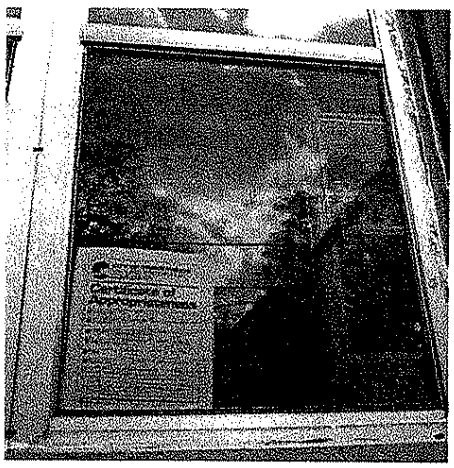
Several other indicator statistics, such as the percentage of renters versus owners and the dollar amount of building permits, were collected, as available, in order to better compare the individual case study areas to one another.

While the historic districts examined here are each unique, there do appear to be several similarities among them. First, an extremely high number (at least 95 percent) of applications to historic district commissions are approved during the first or second submittal. The percentage of renters versus owners is also similar both within the district samples and the non-designated comparisons. In four of the case studies, there are more homeowners within the district sample than in the non-designated comparison. Saugatuck is the one exception—as a resort community, the percentage of rental homes is extremely high in both the designated and non-designated areas.

Perhaps the most significant similarity among the five case study communities is that their historically designated areas are all considered significant parts of local culture and history. In all five communities, historic areas are celebrated in local festivals and house histories are described in walking tours. There are a wide variety of preservation-related organizations (such as historical societies, historic district commissions, and neighborhood organizations) that reflect the work of many committed citizens who are active in promoting and honoring local history.

What remains unknown in all these districts is how the area might have changed if no historic district was ever created. Many residents who were interviewed for this project are passionate believers in the positive effects of historic designation, citing examples of inappropriate developments that had not been built because of the presence of review requirements, increased community involvement and pride, and considerable private investment and overall economic improvement in the area since historic designation.

The question, "What effect does historic designation have on property values?" is a complex issue involving multiple variables that vary considerably depending on the individual conditions in each area. The Michigan research supports the conclusion that historic district designation generally enhances the economic climate already present in the area. Property values in the designated areas experienced value increases that were either greater than, or very similar to, nearby non-designated areas.



This Certificate of Appropriateness in Grand Rapids' Heritage Hill District ensures this rehabilitation project is consistent with the district's applicable design guidelines and standards.

Grand Rapids' Heritage Hill District is a nationally and locally designated historic district.

Heritage Hill Historic District, Grand Rapids

"Historic preservation is a good economic development strategy and that's very obvious from the progress that has been made in Heritage Hill over the years. As a long time resident of the area, I can testify to its success. Urban pioneers took a chance in Heritage Hill—they made an investment in what was a disinvested area and the subsequent improvement there has worked to benefit the entire City."

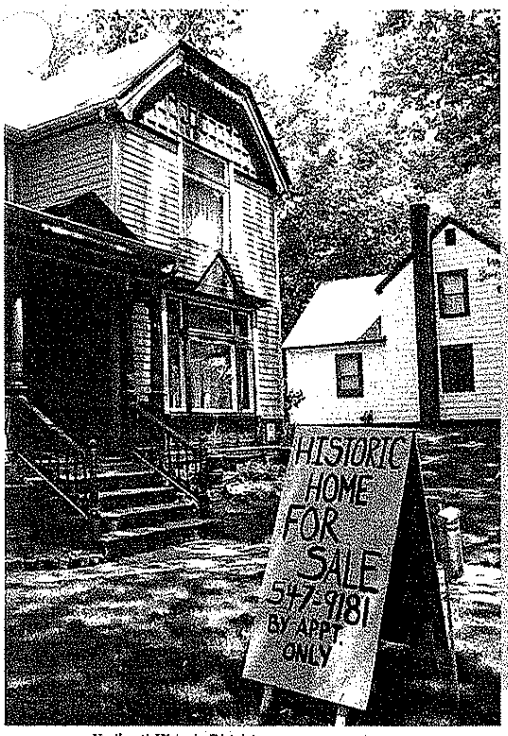
John H. Logie
Mayor, City of Grand Rapids

A SUMMARY OF PROPERTY VALUES RESE

Grand Rapids: Heritage Hill Historic District

Heritage Hill Historic District was locally designated in 1973 and is one of the largest urban historic districts in the country. This district includes many of Grand Rapids' finest surviving structures, with many of these constructed between 1860 and 1920. Both the historic district sample and the non-designated comparison have experienced impressive value increases in recent years. The historic district has appreciated almost twice as fast as the non-designated area – over 1,200 percent in the district and 636 percent in the non-designated area from 1974 to 2002. Home prices are also significantly greater in the district sample versus the non-designated comparison. Several discussions with local realtors confirmed these findings: Heritage Hill is one of the most desirable markets in Grand Rapids.

Heritage Hill Historic District



Ypsilanti Historic District

Ypsilanti: Ypsilanti Historic District

The Ypsilanti Historic District covers approximately 20 percent of the city's 4.4 square miles, includes over 750 buildings, and was locally designated in 1983. This district is notable for its variety of architectural styles, such as Greek Revival and Queen Anne, and high concentration of historic structures. A comparison of multifamily properties on two streets, one within the district and one outside the district, found that assessed values in both areas have remained similar from 1982 to 2002. Sales prices followed the same trend—sales have been comparable since 1989, the earliest year for which sales data was readily available. We also compared assessor data from a historic district area to the entire city of Ypsilanti. From 1997 to 2002, the citywide assessed values rose by 33.3 percent. In contrast, the assessed values during the same time period for the district sample area rose by 52.4 percent.

Preservation and Michigan Tourism

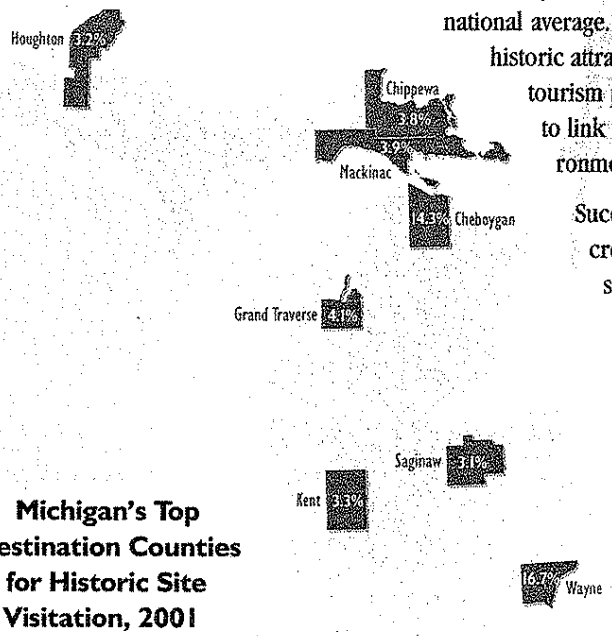
Tourism is a vital component of the Michigan economy and is generally considered to be Michigan's second largest industry, after manufacturing. Tourism creates jobs and income throughout the state in hotels, bed and breakfasts, motels, retail stores, restaurants, and other related businesses.

Archaeological Dig, Chippewa Nature Center, Midland County, Courtesy MHPN

The economic benefits of tourism in Michigan are substantial. In 1999, Michigan tourists spent $11.5 billion for transportation, lodging, food, and recreation. These expenditures generated 163,500 jobs and $3.5 billion in wages and salaries. Additionally, almost $2.2 billion in tax revenue for federal, state, and local governments was generated by travel within the state in 1999.[7]

Visiting historic places, or "heritage tourism," has been a growing trend since the early 1990s, as more and more visitors seek to combine recreation with meaningful educational experiences. Heritage tourism is focused on the experience and preservation of a distinctive place and its stories, from the past to the present. Heritage tourism resources are diverse and may include, for example, historic sites and landscapes, ethnic festivals, and even living traditions, such as the production of local crafts. Historic places are often an important draw for visitors who are seeking authentic, unique sightseeing opportunities and can extend beyond historic sites to other related activities such as walking tours, and visiting historic districts and privat owned historic buildings, including hotels and bed and breakfasts.

As seen in the map of destination counties for historic site visitation, heritage attractions draw visitors to many parts of the state. However, while Michigan has a large amount of overall tourism activity, the amount of heritage tourism activity in Michigan is relatively low compared to the national average. Generally, it is the state's rich water and woodland resources—and not its historic attractions—that have been the primary draw for visitors. Promotion of heritage tourism presents a great opportunity for Michigan's historic preservation community to link the state's vast natural resources with the historical context of the built environment.



Michigan's Top Destination Counties for Historic Site Visitation, 2001

Source: Travel Michigan

Successful heritage tourism destinations are the result of extensive planning and creative partnerships among many stakeholders, such as tourism, natural resources, and historic preservation groups. Regional cooperation among communities who cross-promote their resources is also vital to successful heritage tourism. The following pages highlight several programs that integrate economic development, historic preservation, and tourism activities:

- Main Street Oakland County
- Michigan Main Street
- MotorCities-Automobile National Heritage Area
- Keweenaw National Historical Park
- The Sweetwater Trail®

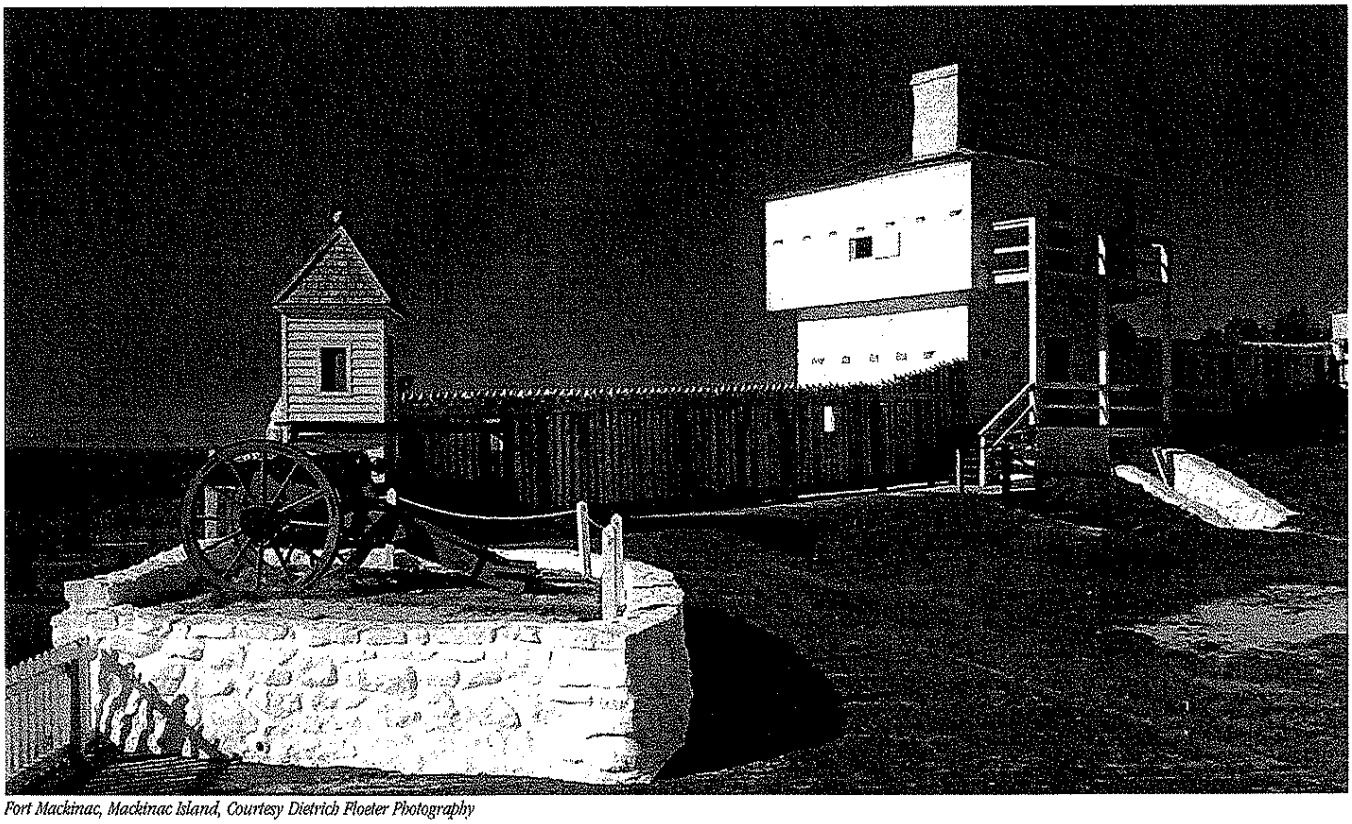
Conclusion and Summary

Historic preservation is a smart investment in Michigan's communities. As seen throughout this report, a variety of programs and tools are being used every day to protect and revitalize Michigan's historic resources. These programs, such as the state and federal rehabilitation tax credits, not only help to preserve the past, but also provide tangible economic benefits. They create jobs, reuse and improve existing infrastructure, attract reinvestment, and increase economic vitality throughout the entire state, from urban neighborhoods in Detroit to small towns in the Upper Peninsula.

In summary, the following economic benefits are documented in this report:

- *Rehabilitation.* Hundreds of historic resources in Michigan have utilized rehabilitation programs, for a total investment of $819.9 million. Taking into account the associated economic impacts adds another $933.2 million, for a total $1.7 billion attributable to rehabilitation activities throughout the state since 1971.
- *Property Values.* Examples from communities throughout the state show that historic district designation leads to property value increases that are either higher than, or consistent with, increases in similar, non-designated areas.

Bank of Lenawee, Adrian
Courtesy Steve Kuzma Photography



Fort Mackinac, Mackinac Island, Courtesy Dietrich Floeter Photography

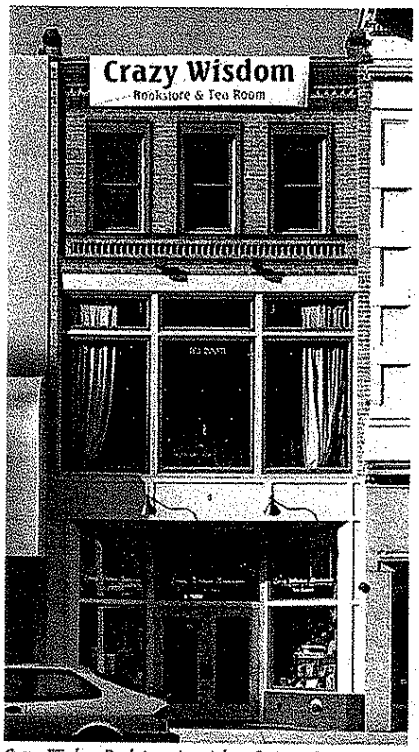
- *Heritage Tourism.* While tourism already is a major industry in Michigan, there still are opportunities to increase the importance of heritage tourism to the state's economy. Diverse and unique resources, such as those that comprise the MotorCities-Automobile National Heritage Area, should help establish an even stronger foundation for heritage tourism in the state.

The programs discussed in this report actually represent just the beginning of historic preservation's many economic benefits. For example, while this report documents the income and jobs created by a tax credit project, that same project might also lead to development of a new business, which can generate substantial economic benefits on its own. Historic preservation is an investment that continues to generate benefits for many years into the future.

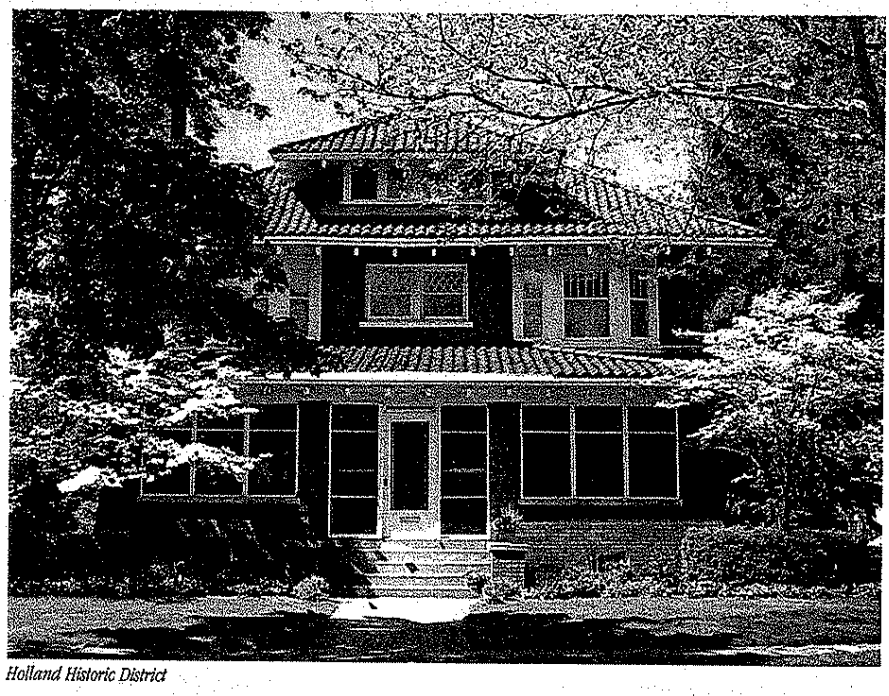
To assist in tracking these future benefits, this project developed a list of "preservation indicators" (such as the estimated employment from heritage tourism attractions) that are designed to assist preservation stakeholders in monitoring the continuing impacts of preservation activities throughout the state. These indicators, which are discussed in detail in the technical report, will provide a valuable resource for local governments, preservation groups, and other organizations that are seeking data on preservation activities.

Michigan already has made tremendous progress in preserving its historic resources. The future of preservation in Michigan looks even brighter, with some promising new programs, such as the state rehabilitation tax credit, helping to ensure that the economics of preservation will only improve in the coming years.

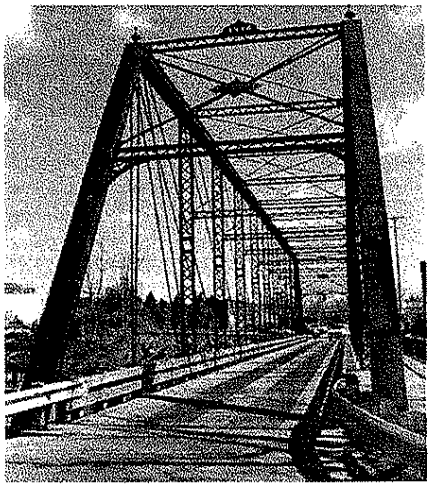
Porritt Barn, Orion Township, Oakland County Courtesy Lori Brown



Crazy Wisdom Bookstore, Ann Arbor, Courtesy Steve Kuzma Photography



Holland Historic District



Second Street Bridge, Allegan

Endnotes

1 United States Department of the Interior. Preservation Tax Incentives For Historic Buildings. Washington, DC: National Park Service, Heritage Preservation Services, 1996.

2 Michigan State Historic Preservation Office, "Michigan's Historic Preservation Tax Incentives" 2000.

3 The Certified Local Government Program is a collaborative program between federal, state and local governments to provide technical support for local historic preservation efforts. Michigan's sixteen Certified Local Government program participants are: Allegan, Ann Arbor, Battle Creek, Canton Township, Detroit, East Lansing, Farmington Hills, Grand Rapids, Holland, Jackson, Kalamazoo, Lansing, Monroe, Saline, Washtenaw County, and Ypsilanti.

4 Michigan Lighthouse Project, http://www.michiganhistory.org/preserve/lights/milights.html

5 The Historic Preservation Fund includes several types of projects, in addition to rehabilitation. Only dollars spent for historic rehabilitation (as opposed to planning or other types of projects) have been included in these calculations. Rehabilitation dollars that have used the Historic Preservation Fund total $4,029,322.

6 Rypkema, Donovan. The Economics of Historic Preservation: A Community Leader's Guide. Washington, D.C.: National Trust for Historic Preservation, 1994.

7 Travel Industry Association of America, "Michigan Travel Statistics" 1999.

8 National Main Street Center, http://www.mainstreet.org.

9 Oakland County Planning and Economic Development Services, 2002.