

## **ECONOMIC IMPACTS OF HISTORIC PRESERVATION**

The economic impacts and benefits of historic preservation are both far-reaching and profound. Preservation has long been recognized as a vital economic development tool and a proven means for creating jobs, attracting investment, and generating tax revenue.

### **Preservation Creates Jobs**

Because rehabilitation projects are labor intensive, they create comparatively more jobs than new construction or manufacturing. Whereas new construction costs are roughly split evenly between materials and labor, **60-70% of rehabilitation expenses go towards labor costs.**<sup>1</sup> Dollar-for-dollar, rehabilitation projects create two to five times as many jobs as new construction.<sup>2</sup> According to the National Park Service, the federal historic preservation tax incentives program “continues to be a significant stimulus for economic recovery in older communities with the estimated average number of local jobs created per project being 47.”<sup>3</sup> With the City’s recent passage of the **Local Hiring for Construction ordinance**, the role of historic preservation as a labor-intensive activity and a stimulus for local jobs is especially relevant today.

### **Local Economic Impacts**

**Money generated by rehabilitation projects stays in the local economy:** Numerous studies have found that the multiplier for remodeling/rehabilitation projects is higher than that for new construction activities.<sup>4</sup> Consequently, rehabilitation funds are more likely to “leak” to other communities than new construction dollars.<sup>5</sup> This is important not only in terms of the employment potential of historic preservation, but also with regard to an individual project’s multiplier impact on the local economy.

**Historic sites rank high among San Francisco visitor priorities:** Visitors to historic sites and cultural attractions stay longer and spend more money than other kinds of tourists, and therefore make a disproportionate contribution to hotel and restaurant taxes:

- According to a 2010 report issued by the **San Francisco Travel Association**, nearly half (47.7%) say they travel here to “Experience the city’s overall ambiance, atmosphere” – whether by viewing its museums (42.7%) – many in historic buildings – or riding the cable cars (38.7%).
- A new survey released by the San Francisco Travel Association in April 2011 finds that cultural travelers rank the City’s **“historic buildings and architecture” as the number one attraction** among the eight categories tested. Seven of the top ten “most interesting San Francisco attractions” are historic resources, including Alcatraz, Golden Gate Bridge, Japanese Tea Garden, Walt Disney Family Museum (at the Presidio), SF Botanical Garden, the Old Mint, and the Ferry Building.<sup>6</sup>

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<sup>1</sup> Rypkema, 1994. *The Economics of Historic Preservation*, p.14. Also see, The Abell Report, March 2009, “Heritage Tax Credits: Maryland’s Own Stimulus to Renovate Buildings for Productive Use and Create Jobs, an \$8.53 Return on Every State Dollar Invested,” at [www.abell.org/pubsitems/arn309.pdf](http://www.abell.org/pubsitems/arn309.pdf).

<sup>2</sup> Bever, 1983. “Economic Benefits of Historic Preservation.” *Readings in Historic Preservation: Why? What? How?*

<sup>3</sup> National Park Service, 2010. “Federal Tax Incentives for Rehabilitating Historic Buildings,” p.5.

<sup>4</sup> Housing Alliance of Pennsylvania, 2009. “Potential Economic and Fiscal Impacts of a Pennsylvania Housing Trust Fund,” p.9.

<sup>5</sup> Waldrip, 2011. “The Role of Affordable Housing in Creating Jobs and Stimulating Local Economic Development,” p.4.

<sup>6</sup> San Francisco Arts & Cultural Travel Study, December 2010, at [www.sfcvb.org/media/downloads/research/San-Francisco-Arts-Culture-Survey-2010.pdf](http://www.sfcvb.org/media/downloads/research/San-Francisco-Arts-Culture-Survey-2010.pdf).