

Historic Preservation: Gentrification or Economic Development

Historic preservation has traditionally been simply restoring historically significant architectural or geographical sites for aesthetic value or for the benefit of future generations to better understand the ways and styles of the past. As the National Trust for Historic Preservation explains, “when historic buildings and neighborhoods are torn down or allowed to deteriorate, a part of our past disappears forever. When that happens, we lose history that helps us know who we are, and we lose opportunities to live and work in the kinds of interesting and attractive surroundings that older buildings can provide” (NTHP web site).

Recently the use of historic preservation has also begun to be viewed by cities and towns as a means to economic development and urban renewal. According to advocates, historic preservation has aided in local economic and community revitalization, increased tourism and employment, and preserved regional history, culture, and pride. However, historic preservation has often lacked public support due to a negative reputation. Some see it, not as a means to revitalizing local communities, but rather, as simply driving the problems further under the surface or into other areas, namely, as a means to gentrification. This reputation is not entirely unfounded, as there have been instances when gentrification was exactly the intended goal.

There is a fundamental dichotomy and tension within economic development policies in general, and specifically with historic preservation, between the need to bring in wealthy residents and new businesses and the likelihood that it will drive out or alienate low to moderate-income local residents. Historic preservation will, of course, not work for every struggling area in the nation, but for those that can use it, alone or in conjunction with other methods of economic development it is important to recognize that the only way to have truly sustainable economic development and not simply economic growth at the expense of local community and quality of life issues is to find a balance between this dichotomy and accommodate all members of a community.

Social and Economic Benefits

Organizations such as the National Trust for Historic Preservation

and the US department of Housing and Urban Development, and their state and local counterparts are currently emphasizing the benefits of historic preservation as a method of urban revitalization. According to Judith Kremen, Executive Director of the Baltimore County Historical Trust, historic preservation benefits local economies because it: “creates a bond between a community and its citizens; has significant and ongoing impact beyond the project itself; increases the demand for labor and increases business for local suppliers; is an effective economic development strategy, regardless of the size or location of a community, is an ideal economic development strategy for attracting and retaining small businesses; stabilizes neighborhoods and creates viable business districts; [and] effectively targets areas appropriate for public attention” (Kremen). It has also been connected to saving tax money by reusing buildings and infrastructure, conserving resources, preventing urban sprawl, revitalizing community centers, and can impact and encourage private investment in an area by “demonstrating public commitment to an area” (Kremen). These kinds of direct and indirect measurements of successful economic development are described by economic theorist, Laura A. Reese as “market perspective” “outcome” measurements, such as employment growth or sales increases, “social economy perspective” “outcome” measurements, such as income distribution or job security, and “social economy perspective” “impact” measurements such as life expectancy, literacy, or personal satisfaction with job and community (Reese). It is important that all of these perspectives are considered when measuring the success or failure of an economic development strategy to ensure that the community is experiencing development (sustainable and wholistic improvements in the economic and social sectors) and not simply economic growth regardless of its effects on quality of life issues. Historic preservation has potential to act as a development tool, not just growth, because it creates jobs and increases tax bases and property values, as well as improving the quality of life and the living environment.

Recent studies conducted by institutions such as the Georgia Historic Preservation Division and Rutgers University have analyzed the economic benefits of historic preservation and have found significant impacts on short term job creation in construction related fields, but most importantly, historic preservation can create major developments in the local tourist sector and all related industries. According to John Leithe, researcher for the Georgia Historic Preservation Division of the

Department of Natural Resources, historic preservation has both direct and indirect effects on job creation. Direct increases in employment result from rehabilitation of deteriorating homes, churches, office buildings, etc., which are temporary construction jobs but tend to be longer or needed in greater quantity than simply new building construction jobs. Indirectly, historic preservation is said to increase job creation through an increase of sales in construction related industries and wages from construction workers circling back into their communities in exchange for consumer goods. Also, the tourist industry, which often develops or is enhanced by historic preservation, creates many jobs in entertainment, service and retail industries. Rutgers University's study suggests, "Historic rehabilitation is more economically potent than new construction of roads or buildings." For example, for every \$1 million spent on non-residential historic rehabilitation, 38.3 jobs are created, \$1,302,000 is created in income, \$1,711,000 in GDP, and \$202,000 in taxes. In contrast, \$1 million in non-residential new construction creates 36.1 jobs, \$1,223,000 in income, \$1,600,000 in GDP, and 189,000 in taxes. They have estimated that close to 2,316 jobs are created annually in New Jersey as a result of historic preservation.

Perhaps the most important economic benefit resulting from historic preservation is in its effects on the tourism industry. Tourism is currently the third largest industry in the United States and "heritage tourists" are the largest growing group of tourists with the most money to spend. Heritage tourists tend to be older, likely have a post-graduate degree, take longer trips, spend more money, and participate in more activities. These aging baby boomers and senior citizens spend an average of \$688 per trip compared to the average \$428 of other travelers. Rutgers University found that \$81 million in income taxes have been generated; \$15 million in state and local taxes, \$116 million in GDP, and \$432 million have been pumped into the New Jersey economy from annual heritage tourists.

Savannah, Georgia, where John Leithe of the Georgia Historic Preservation Division of the Department of Natural Resources focused his studies in 1996, has become known for its successful use of historic preservation and heritage tourism to revitalize its formerly declining city center. Their success is largely due to the city's well-established relationship with the Savannah College of Art and Design, which has academic departments dedicated to architecture and historic preservation. In 1996, Savannah tourists spent \$751 million and visitors generated

payrolls of \$388 million supporting 20,529 jobs. (Leithe) According to David Listokin, professor at the Center for Urban Policy Research at Rutgers University in New Jersey, “reliable data on heritage tourism are sparse, but the economic rewards to communities that successfully promote a historic or cultural site could be great” (Dickinson).

As is often the case, corporate sponsors have caught on to the importance of historic preservation and heritage tourism as a way to turn a buck, before the government and with more enthusiasm. American Express Travel Related Services sponsored the National Trust for Historic Preservation in a project to encourage historic and cultural preservation in struggling communities (Dickinson). Alamo Rent a Car, Inc. has also recognized the ability of historic preservation to boost local economies and annually gives the National Trust \$300,000 toward its Preserve and Protect America Project.

Many legislators and urban planning specialists are coming to see historic preservation as a new way to combat urban blight and affordable housing issues while avoiding the mistakes of past decades. In the 1960’s and ‘70’s, legislators in the United States were concerned with affordable housing and urban blight but with no concept of “preserving older, unique communities” (Tangretti). The government “leveled” poor or troubled communities in an attempt to eliminate the problems and built in their places institutional, unattractive temporary low-income housing. As Pennsylvania Representative Thomas Tangretti described, “those who could not afford to leave [this new temporary housing] became trapped in these concrete tracts of despair.” The result of such projects was suburban sprawl and even weaker downtowns. Historic preservation is also valuable in that it “helps conserve scarce economic resources by promoting reuse of existing buildings and infrastructure” (Leithe).

Historic preservation can also work for struggling small towns and rural areas. Areas in Western Massachusetts have successfully used historic preservation to their advantage, particularly in and around the Berkshires, and have created their own sort of heritage tourist clusters between towns like Stockbridge, Lee, and Williamstown, and between Deerfield, Amherst, and Northampton. All of these towns have managed to preserve their historical charm and built substantial parts of their economies on heritage tourism, thanks to a combination of both governmental funding and private investment. Williamstown, Deerfield, Amherst and Northampton have the added advantage of having prominent colleges, universities, and private schools which also help to

draw attention and appeal to Richard Florida's "creative class," while Stockbridge and Lee have the pristine natural surroundings of mountains, lakes, and forests of the Berkshires as well as the popular concert arena, Tangle Wood, as additional tourist attractions. These clusters are also tied together by well-preserved natural and rural landscapes and historic sites such as a section of the Adirondack trail and the massive Quabbin Reservoir, which was created in the 1950's to supply water for Boston by flooding 5 towns. Both are now open to the public for hiking and scenic purposes and draw many both heritage and eco-tourists each year.

Government programs and incentives to use historic preservation

As the benefits of historic preservation have become more widely understood, local, state, and national governments have created programs to increase historical preservation in urban centers and economically depressed areas. One of the largest programs is the Main Street Program, initially created by the National Trust for Historic Preservation in 1977. It began as a pilot program in three midwestern communities with the goal of preserving Main Street heritage and reviving the local economy (Missouri). It proved to be a great success and has since used the lessons of these three communities to help over 1000 towns in over 40 states (Missouri). According to the National Trust of Historic Preservation, the Main Street Program "is designed to improve all aspects of the downtown or central business district, producing both tangible and intangible benefits." They base their program on an understanding that "improving economic management, strengthening public participation, and making downtown a fun place to visit are as critical to Main Street's future as recruiting new businesses, rehabilitating buildings, and expanding parking." It aims to "[build] on downtown's inherent assets -- rich architecture, personal service, and traditional values and most of all, a sense of place" as well as "rekindle entrepreneurship, downtown cooperation and civic concern." The Main Street Program "has earned national recognition as a practical strategy appropriately scaled to a community's local resources and conditions. And because it is a locally driven program, all initiative stems from local issues and concerns" (NTHP web site).

Each participating state has their own specific regulations, strategies, and concerns within the Main Street Program but all follow the same basic mission. Missouri had an incredibly informative web site and is as good an example because it was one of the first states to implement

the program. The Missouri Main Street Program was initiated in 1989 by the Missouri Department of Economic Development and uses a four-point approach focusing on “economic restructuring, design, promotion, and organization.” Economic Restructuring refers to “strengthening existing economic assets and diversifying the economic base.” This includes “market analysis, business restoration/recruitment efforts, and upper floor housing conversions.” Design focuses on visual aesthetics such as “store fronts, signs, [and] window displays.” Promotion entails a pro-active approach to “project a positive, unified image of downtown as inviting to investors, shoppers, and visitors” while organization refers to increasing relationships between local government, non-profit organizations, and local businesses and homeowners to “develop effective management and leadership” as well as fundraise and increase volunteerism. (Missouri)

The National Trust for Historic Preservation has also created the Rural Heritage Program to preserve and increase heritage and eco-tourism to rural and natural historic areas. They are currently heading many projects to preserve roadways such as Route 66 and the Great River Road in Illinois, as well as a project titled “Your Town: Designing its Future” which holds workshops across the country to provide “educational programs, publications, and technical assistance” in addressing “topics as diverse as farmland preservation, scenic byways, heritage areas and parks, historic roads, and sprawl.” (Rural Heritage website)

Federal, state and local governments also use tax credit programs to encourage historic preservation in the area. For example, Missouri enacted their Historic Preservation Tax Credit Program in 1997 to “aid in the redevelopment of historic structures in the state of Missouri.” This program gives a tax credit of 25% of the total expenses of rehabilitation, which is issued at the completion of the entire project when the building is back in use. (Missouri) Partnerships with local and federal government, private investment, and tax incentives results in actually little cost for individual states (Leithe). Federal programs such as the Rehabilitation Investment Tax Credit is federally initiated but administered by state agencies. For instance, in Georgia, this program is run by the Historic Preservation Division of the Georgia Department of Natural Resources in conjunction with the National Parks Service. It is a 20% tax credit offered for certified historic rehabilitation projects for income producing properties, such as apartments and office buildings. Georgia also put an eight-year freeze on property tax assessment for

certified historic properties with substantial rehabilitation. (Leithe)
Another advantage of tax incentives is in attracting businesses and homebuyers to older urban areas and historic districts in hopes of encouraging the re-use of old buildings rather than adding to suburban sprawl with new buildings (Tangretti).

Gentrification and other negative repercussions

Historic preservation can be and is recognized as a legitimate means to economic development and urban revitalization. However, there continues to be many real and perceived socio-economic problems associated with historic preservation. Because successful historic preservation often attracts greater tourism, new businesses, venture capitalists, and well-off young professionals, there is also a tendency for property value (and therefore rent prices) to rise and long-term lower income residents of the community to be forced to leave. While some communities may foolishly do this on purpose to clean up the streets by alienating their residents, in the long run, this is not a sustainable or effective goal. Renewed communities, such as Old Town Pasadena, CA, Cambridge, MA, or Chelsea, NY have often become “victims of their own success” (Kotkin) as the private owners and long term residents that brought about the preservation of their community from the ground up are bought and driven out by “wealthier urbanites and the national specialty chains that cater to them” (Kotkin). The city of Saratoga Springs, NY, which has been very successful in using historic preservation and heritage tourism to turn its economy around since the 1970’s is beginning to face this problem as the South end of Broadway (its main street) is being developed by massive, however tastefully done, corporate chains such as Starbucks, Borders, and an enormous Gap/Old Navy/Banana Republic complex, all of which are quickly challenging and driving out the small, privately owned businesses in the center of town that helped make the city what it is today.

The issue of gentrification is one of great controversy and many interpretations. If one is defining gentrification as simply urban revitalization, it is hard to understand why people are offended by the idea. The more broadly understood definition, found in the Merriam-Webster dictionary, among others, is “the process of renewal and rebuilding accompanying the influx of middle-class or affluent people into deteriorating areas that often displaces earlier usually poorer residents” (Webster). The last section of this definition is the issue that is

being addressed here and which makes historic preservation as controversial as it sometimes is.

There are many case studies that can demonstrate how historic preservation can lead to these problems, whether intentionally or not, and also, how negative public perceptions of historic preservation can sometimes trump private and/or public efforts to revitalize communities. Because the concept of using historic preservation as a means to economic development has become so popular and wide-spread, there are examples nearly anywhere one turns in the United States, especially in the older communities of the North East and South, who's economies and employment rates have suffered the most from post-industrial globalization era.

Coastal Massachusetts has wrestled with issues of historic preservation and economic development in towns since the 1970's. One issue that has a great effect on public perception is the amount of restrictions put on residents to keep all projects and maintenance within the guidelines of the historic preservation plans. Santoro gives the example of a blue-collar laborer who has no money and is not allowed to patch together his front step with scrap wood and paint because it is not compliant with the local regulations on historic appearance. I have even encountered these issues in Saratoga where my landlord cannot afford to replace a jammed window in my apartment because it is a historic building facing Broadway and would need to be done in a very specific manner. However, Santoro also points out that a young couple who buys an old Victorian house with 1960's aluminum siding as their first home can get a grant from historic preservationists to remodel. New York Times writer, Laura Mansnerus reported public sentiments that zoning and planning ordinances "dictate how high the grass can grow, colors and sizes for garbage containers, and determine what, if anything, can be parked in a driveway over night" (Mansnerus). In the same article, Joseph Szostak, resident of Fair Haven, was quoted in reference to historic preservation, "I think this is all about gentrification and snob appeal, not about history." Others were concerned with questions about the effects of historic preservation restrictions on their ability to sell their houses or paint the color they want (Mansnerus).

Examples such as these demonstrate that historic preservation is often only beneficial to those who know how to play the game and who will apply and can qualify for specific grants. This can potentially lead to significant divisions between different economic classes, races, and other

groups within communities as some residents begin to view building and renovation regulations as “limiting or beyond their financial means”(Santoro). These negative public perceptions and subsequent community divisions are creating somewhat of a roadblock for historic preservationists and economic developers. As Richard C. Howard, Mayor of the small Eastern Massachusetts town of Malden, expressed in regards to a recent proposal for a historic preservation grant and lending program in his town, “in the end, there was about a 50-50 split...that’s not the kind of overwhelming endorsement we were looking for” (Santoro). Some cities have found that voters are more open to focusing historic preservation regulations more on commercial rather than residential property, preserving local character through store fronts, signs, and window displays instead of private residents’ homes (Mansnerus). However, even this has its problems, as places like Long Hill Town in Morris County, NY “prohibit things like hospitals, hotels, liquor stores, flea markets, and fast food restaurants” (Mansnerus) or Palmer, MA where there was controversy in the local Chamber of Commerce over whether or not to allow an adult video store to advertise on an old style sign that listed other local businesses at the turnpike exit.

One of the biggest concerns about historic preservation is the gentrification that may divide communities and cause resentment once an area has begun to redevelop. A New York Times article from June 4, 2001 presented the effects that the historic preservation and economic revitalization of New York City’s Meat Packing District has had on long time residents and the actual meat-packers from whom the area gets its name. In some ways, this is an example of very successful use of historic preservation, but which could have been even greater had it looked out for the actual inhabitants of the neighborhoods, local business owners and workers, and the true history of the community. Historic preservationists were attracted to the “gritty charm” or the meat-packing districts “cobble stone streets, low rise buildings, and waterfront” and have been very successful in selling the idea to ultra hip new restaurants, bars, and shops which now occupy old meat-packing plants and store houses (Dewan). All of this has certainly given new life to the formerly depressed area, but there are many problems and complaints now coming from the local residents whose rent has quadrupled since new landlords moved in and whose neighborhoods are over run every night with wealthy young professionals with an appetite for a wild nightlife. It was reported that 25 to 30 meat companies have left out of the 100 that were

there ten years ago and there is a growing perception in the older community that was captured in a 3rd generation meat packer, Mr. Nemecek's comment that, "[the new owners, residents, and visitors] are just yuppies from Washington D.C. They don't care at all about the neighborhood" (Dewan). While many buildings have been restored and saved from decay and abandonment by preservationists and have been filled with new businesses, restaurants, and offices, the high rents have obviously been detrimental to the meat packers. Preservationists recognize that "the meat-packing district presents an unusual challenge because landmark status would protect only the exteriors of the buildings, not their use" (Dewan). It seems that there needs to be a compromise and balance in government priorities between preserving buildings to boost the economy through tourism, and preserving the livelihoods, well-being, and true local history and culture.

The final problem with using historic preservation as a means to economic development is again one that could apply to all economic development strategies. This is the fact that it simply will not be able to work for all areas that struggle from physical, social and economic decay. Not all areas are equally inviting or capable of supporting tourism, and there are only so many heritage tourists in the world to support every widespread little tourist town, rural landscape, and historic urban neighborhood. Also, historic preservation often must be done in conjunction with other strategies such as manufacturing, research and development parks, high-tech clusters, or business incubators.

For struggling areas, such as those found in Central and most of Western Massachusetts, other than the success stories mentioned earlier, historic preservation could only be part of the answer. Massachusetts is one of the most densely populated states and, although these are still largely rural communities, there are too many of them, very similar in style and nature, to each be its own tourist attraction. Each town has some combination of an old town center with a few run down store fronts, Victorian and Colonial houses dating to back to the Revolutionary war, an abandoned or decaying mill or two, and acres of old sprawling or re-forested farmland outlined in crumbling hand made stone walls. No doubt, each of these towns could and should potentially benefit from historic preservation if it is done effectively and along side other economic development initiatives. There is a definite need felt in the area to start focusing on preservationist methods as a way to draw in tourist dollars and also to stop the suburban sprawl and corporate big box stores

that have begun to litter the no-mans land between town centers and is eating away at rolling fields and farm land. There is no way that heritage tourism can be the sole livelihood of these areas, but combined with other development strategies, historic preservation will certainly draw in some additional money and improve the quality of life immensely through its social economy impact measures.

In utilizing historic preservation in economic development and urban revitalization, it is extremely important to do specific planning and consideration before any projects are presented to the public. As Jay Ash, the former city planner of Chelsea, Ma. emphasized, “You first have to decide what type of downtown you want, for example, some might argue that there is no sense in working for a historical designation if the type of revitalization you seek is centered around chain retailers” (Santoro). There has been a tendency in many areas that begin to economic revitalization efforts with low-budget, grass-roots historic preservation projects, which help to get the community back on its feet, attract privately owned, small businesses who’s owners and workers live and are active in the community, but then, as the area becomes more successful and well known, corporate chain stores move in, raise rent, perform at lower costs, and drive out local markets. A long time resident of Chelsea in New York City, Robert Trentlyon captured the resentment about this problem in his neighborhood when he said, “we used to be a place no one heard of, or if they did, they never would move to; then we got discovered about ten years ago” (Kotkin). When this happened, property values and rents skyrocketed, making it difficult for long-term residents to afford to live there (Kotkin). Some redevelopers do not see this as a bad thing, such as leading officials in Baltimore, MD. who see a “need to attract middle income shoppers and residents back to the urban core” (Kotkin), even if it means driving away long term, lower income residents and small business owners.

-Denise Lapenas, December 2002, State and Local Economic Development, Professor Bob Turner, Skidmore College-

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