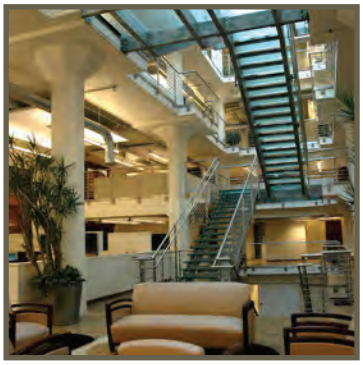
# PROFITS THROUGH PRESERVATION

## The Economic Impact of Historic Preservation in Utah

- Jobs and Income
- Heritage Tourism
- Property Values
- Sustainability
- Downtown Revitalization
- Fiscal Responsibility



UTAH HERITAGE FOUNDATION

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Historic preservation in Utah is not about putting a fence around monuments. The historic resources of Utah are part of the daily lives of its citizens. However, the historic resources of Utah are also providing a broad, significant contribution to the economic health of this state.

## JOBS AND INCOME

Rehabilitating a historic building in Utah reclaims an asset and is also a powerful act of economic development that creates jobs, household income, and property value.

Because of the labor intensity of rehabilitation and the relatively high wages for workers, very few industries create more jobs and household income for Utah workers per $1 million of economic activity than historic preservation.

| $1,000,000 INVESTED IN REHABILITATING A HISTORIC BUILDING IN UTAH MEANS: | |
|---|---|
| Direct Jobs | 10.2 |
| Indirect Jobs | 7.5 |
| Direct Salary & Wages | $536,894 |
| Indirect Salary & Wages | $310,660 |
| Economic Activity Elsewhere in the Economy | $998,772 |
| Indirect Business Tax | $12,127 |
| State Sales Tax | $22,090 |

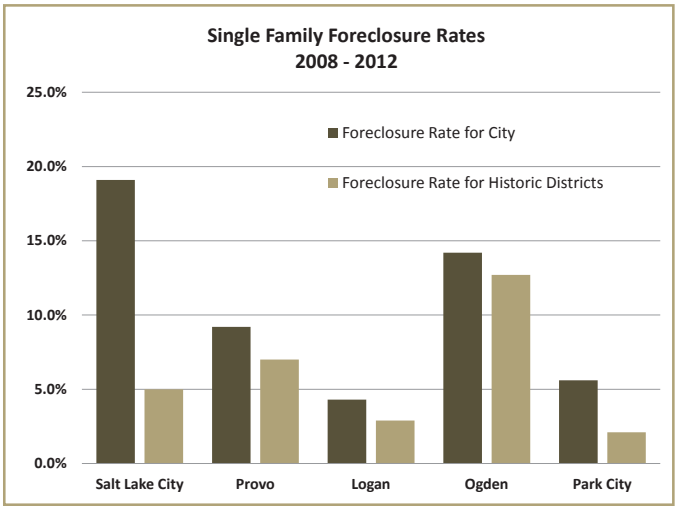
## HERITAGE TOURISM

In some states, “heritage tourism” is a discrete set of activities. In Utah, heritage is incorporated in a wide range of visitor experiences. The 4 million people who visit Temple Square each year come for religious, business, or genealogical reasons, but they are visiting a National Historic Landmark. The 500,000 movie-goers who attend the Sundance Film Festival do so in one of the great historic towns in the West. Nearly 5.5 million visitors travel to Bryce Canyon and Zion national parks for their incredible scenery and unique geology, but they get there by traveling through the Mormon Pioneer Heritage Area, one of 49 National Heritage Areas in the country.

For this study, only the visitation to 62 heritage sites and events were measured. Even so, that represented over 7.2 million visitors with direct expenditures of nearly $400 million.

## PROPERTY VALUES – IN GOOD TIMES AND BAD

Utah citizens appreciate their built heritage, and many of them choose to live in landmark buildings and historic districts. They choose these houses for many reasons — quality of construction, architectural character, convenience of the neighborhood, and others. And the admiration they hold for historic houses is repaid with higher rates of appreciation in value. National and local historic districts were analyzed in five cities: Logan, Ogden, Park City, Provo, and Salt Lake City. In every instance, the rates of appreciation of homes in historic districts were greater than those in the city as a whole.




When everyone’s property is going up in value, perhaps a percentage point or two in higher annual appreciation rates isn’t surprising. But what happens to historic houses in times of declining property values? Foreclosure rates over the last five years of real estate chaos were examined in those same five cities.

Both homeowners and their bankers should be happy the decision was made to live in a historic district. In each city, the rate of foreclosure of single family houses in historic districts was lower than that in the city as a whole.

## SUSTAINABILITY

The 19th century pioneers who settled in Utah were good stewards because they had to be. Neither land nor resources could be wasted, so when they built buildings, those buildings were built to last. And many of them are still standing today. In the 21st century Utahns are good stewards because they have learned to be. From the restoration of the Tabernacle in Provo to a new roof on a bungalow in the Avenues to the pioneer courthouse in St. George, institutions, governments and individuals are reinvesting in the resources of yesterday for use tomorrow. They are doing so for economic reasons, but also for environmental reasons. In Utah, building an identical house in another location or demolishing and replicating a house on the existing site would mean 4 to 7 times more materials produced, transported and disposed of than rehabilitating an existing historic house in its current location. Historic preservation has appropriately been called the ultimate in recycling.

## DOWNTOWN REVITALIZATION

Not so long ago, downtowns were written off as a relic of the past. But many Utah towns and cities decided that the historic built environment of the past could be brought back to life, and that downtown could reclaim its rightful place as the heart of the community. In almost every example of successful, sustained downtown revitalization in Utah, the rehabilitation and reuse of historic buildings has been a key component.

Historic downtowns provide a natural incubator for local entrepreneurs. These businesses are central to local economic stability. Historic downtowns communicate the identity of the community. Focusing on historic downtowns provides the means for effectively and efficiently managing growth in a fiscally responsible manner.

## FISCAL RESPONSIBILITY

Fiscal responsibility means being prudent with taxpayers' dollars. That is exactly what the Utah State Historic Preservation Tax Credit program does. Since it was adopted by the Legislature in 1994, over 1,100 projects have used this credit as the catalyst for more than $119 million of private-sector investment. Every dollar of state tax credit generates a minimum of $4 of private investment. This has resulted in stabilized neighborhoods, revitalized downtowns, sales taxes, property taxes, income taxes, and infrastructure savings — not just restored historic buildings.

▲ *before*

▼ *after*

The Federal Historic Rehabilitation Tax Credit has also been used on projects throughout the state. Since 1990, this credit has kept more than $35 million in Utah, creating jobs and income here, instead of leaving the state for Washington to invest elsewhere.

# BY THE NUMBERS

## HISTORIC PRESERVATION IN UTAH

**$717,811,000** Direct and indirect spending by visitors to Utah heritage sites and special events. *

**$198,379,272** Salaries and wages paid as a result of historic preservation projects using Federal or State Historic Rehabilitation Tax Credits. ⊠

**$177,276,340** Amount of private investment in historic buildings using the Federal Historic Rehabilitation Tax Credit. ⊠

**$119,273,302** Amount of private investment in historic buildings using the Utah State Historic Preservation Tax Credit. #

**$35,455,268** Investment that stayed in Utah rather than sent to Washington because of the Federal Historic Rehabilitation Tax Credit. ⊠

**7,300,000** Number of visitors to Utah heritage sites and special events each year. *

**$4,374,000** Additional statewide annual property tax revenues from investment in historic preservation projects. *

**7,313** Direct and indirect jobs generated by the heritage portion of Utah's tourism industry. *

**4,969** Jobs from historic preservation projects using Federal or State Historic Tax Credits. ⊠

**2,470** Housing units rehabilitated using the State Historic Tax Credit. #

**1,128** Number of projects using the State Historic Tax Credit. #

**350** Tons of raw and waste materials generated when an older house is demolished and replaced with a new one. Rehabilitating the same older house generates *only 50 tons* of materials.

**100%** Cities where foreclosure rate was lower in historic districts than the rest of the city.

**68** Average "Walk Score" for historic preservation projects in Salt Lake City, as compared to an overall city score of 58.

**33%** Increase in downtown sales volume in Mt. Pleasant in the decade after it became a Main Street community. ^

**15%** Tourists in Utah who visited a historic site during their stay. *

* Annual ⊠ Aggregate 1990-2012 # Aggregate 1993-2012 ^ Aggregate 1997-2012

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# INTRODUCTION

Utah is well known for having one of the strongest, most stable economies in the country. There are multiple reasons for this: a well-educated workforce, economic diversity, fiscally responsible state and local governments, and substantial year-in, year-out production from the agriculture, natural resources, high-tech, and tourism sectors.

Utahns are rightfully proud of their state's economy.

They are also proud of the depth and breadth of the heritage resources found throughout the state's 29 counties. Temple Square in Salt Lake City, the vibrant business district on 25th Street in Ogden, the Stagecoach Inn at Camp Floyd, and the Jens Nielson House in Bluff may not seem to have much in common. Some are owned by an institution, some by the private sector, and some by government. Some are grand in scale; some are modest. But they have one thing in common: each is a physical representation of the history of Utah.

But "economy" and "historic preservation" do not often appear in the same sentence. The citizens of Utah have been good stewards of historic buildings for their cultural, aesthetic, social, symbolic, religious, and educational values. And that is as it should be. Those "values" of the built heritage may well be beyond measure.

However, some of the values of historic preservation can be measured, and those are the economic ones. This report looks at the quantitative impact of historic preservation in six areas: jobs and income, sustainability, downtown revitalization, heritage tourism, property values, and fiscal responsibility.

The results are clear: preservation creates jobs and income to support local communities and the state economy. It helps increase environmental sustainability by reducing waste, improving energy efficiency, and reducing development sprawl pressures. It brings new life to downtowns and attracts tourists from around the U.S. and the world to spend money in local communities. It boosts and stabilizes property values. And it is a key part of fiscal responsibility.

This study was commissioned by the Utah Heritage Foundation, which exists to preserve, protect, and promote Utah's historic built environment through public awareness, advocacy, and active preservation. This report is aligned with the organization's work across the board. It quantifies some of the impacts of active preservation efforts, and raises public awareness of preservation as an effective tool for economic growth. It provides substantial support for preservation advocacy. In short, it shows that preserving, protecting, and promoting Utah's built heritage all pay off richly in the state's economy, giving Utahns something else to be proud of.

# JOBS AND INCOME

Ask anyone who is in the business of economic development what ultimately is the most important measure, and the answer will be the same—jobs. It is no accident that Utah gauges its economic success in part by having one of the lowest unemployment rates in the nation.

Every day, Utah citizens, governments, and institutions are assuring a future for their historic buildings by investing in, maintaining, and rehabilitating them. While not all of this economic activity can be reliably tracked, a sizable amount can be measured. Specifically, a substantial amount of data exists on the investment in historic buildings by property owners who use the Federal Historic Rehabilitation Tax Credit and the Utah Historic Preservation Tax Credit. Over the 23-year period between 1990 and 2012, nearly $300 million in private capital was invested in historic buildings using one of these two programs.

Table 1

| PRIVATE INVESTMENT IN HISTORIC BUILDINGS USING TAX CREDITS 1990 – 2012 | | | |
|---|---|---|---|
| | FEDERAL | STATE | TOTAL |
| Projects | 109 | 1,128 | 1,237 |
| Investment | $177,276,310 | $119,273,302 | $296,549,642 |

* A few projects used both credits

These two tax credit programs are explained below.

While a large number, the $300 million represents only a fraction of the historic preservation work that is taking place in Utah. Since the tax credits are only useful to taxpaying entities, investment made by state and local governments, as well as institutions such as The Church of Jesus Christ of Latter-day Saints (LDS Church) and the University of Utah, are not reflected in these expenditures. Nor are the millions spent annually by individual property owners who either cannot or do not choose to use the tax credits. Even so, the economic impact of tax credit investment is impressive.

## PRESERVATION TAX INCENTIVES

Historic buildings are tangible links with the past. They help give a community a sense of identity, stability and orientation. Preservation tax credits recognize the benefits of historic buildings by providing incentives to rehabilitate them.

A tax credit differs from an income tax deduction. An income tax deduction lowers the amount of income subject to taxation. A tax credit, however, lowers the amount of tax owed. In general, a dollar of tax credit reduces the amount of income tax owed by one dollar.

### Federal Historic Rehabilitation Tax Credit

The Federal government encourages the preservation of historic buildings through various means. One of these is the program of Federal tax incentives to support the rehabilitation of historic and older buildings. The Federal Historic Preservation Tax Incentives program is one of the Federal government's most successful and cost-effective community revitalization programs.

The National Park Service administers the program with the Internal Revenue Service in partnership with State Historic Preservation Offices. The tax incentives promote the rehabilitation of historic structures of every period, size, style and type.

The 20% Federal Historic Rehabilitation Tax Credit is jointly administered by the U.S. Department of the Interior and the Department of the Treasury. The National Park Service (NPS) acts on behalf of the Secretary of the Interior, in partnership with the State Historic Preservation Officer (SHPO) in each state. The Internal Revenue Service (IRS) acts on behalf of the Secretary of the Treasury. Certification requests (requests for approval for a taxpayer to receive these benefits) are made to the NPS through the appropriate SHPO. Comments by the SHPO on certification requests are fully considered by the NPS. However, approval of projects undertaken for the 20% tax credit is conveyed only in writing by duly authorized officials of the National Park Service.

The 20% tax credit applies to any project that the Secretary of the Interior designates a certified rehabilitation of a certified historic structure. The 20% credit is available for properties rehabilitated for commercial, industrial, agricultural, or rental residential purposes. It is not available for properties used exclusively as the owner's private residence.

### *What is a "certified historic structure?"*

A certified historic structure is a building that is listed individually in the National Register of Historic Places — OR— a building that is located in a registered historic district and certified by the National Park Service as contributing to the historic significance of that district. The "structure" must be a building—not a bridge, ship, railroad car, or dam. A registered historic district is any district listed in the National Register of Historic Places.

A State or local historic district may also qualify as a registered historic district if the district and the enabling statute are certified by the Secretary of the Interior.

### *What is a "certified rehabilitation?"*

The National Park Service must approve, or "certify," all rehabilitation projects seeking the 20% rehabilitation tax credit. A certified rehabilitation is a rehabilitation of a certified historic structure that is approved by the NPS as being consistent with the historic character of the property and, where applicable, the district in which it is located. The NPS assumes that some alteration of the historic building will occur to provide for an efficient use. However, the project must not damage, destroy, or cover materials or features, whether interior or exterior, that help define the building's historic character.

*(Above information from the National Park Service, U.S. Department of the Interior)*

### Utah Historic Preservation Tax Credit

A 20% nonrefundable tax credit (not a deduction) for the rehabilitation of historic buildings occupied by owners or used as residential rentals is also available. Through the program, a property owner can deduct 20% of all qualified rehabilitation costs from personal Utah income or corporate franchise taxes.

As an example, $22,000 in qualified rehabilitation cost will yield a $4,400 state income tax credit.

*Does my building qualify?*

Any building listed in the National Register of Historic Places qualifies if it is used as a residence (owner-occupied or rental) after rehabilitation. The credit cannot be taken for any property used for commercial purposes, including hotels and bed-and-breakfasts. If the historic B&B is also owner-occupied, the owner-occupied portion of the rehabilitation may qualify.

The building does not need to be listed in the National Register at the beginning of the project, but a complete National Register nomination must be submitted when the project is finished. The property must be listed in the National Register within three years of the approval of the completed project.

Utah SHPO staff can evaluate the eligibility of a building and provide instructions on nomination requirements.

*What rehabilitation work qualifies?*

Interior and/or exterior repair, rehabilitation, and restoration all qualify for the state tax credits. Work may include historic, decorative, and structural elements, as well as mechanical systems. All proposed, ongoing, or completed work must meet the Secretary of the Interior's Standards for Rehabilitation and be approved by the SHPO.

Depending on the building conditions and the specifics of the proposed project, some examples of eligible work items include:

- Repairing/upgrading windows
- Plumbing repairs and fixtures
- Refinishing floors, handrails, etc.
- Repairing or replacing roofs
- Compatible new kitchens and baths
- Reversing incompatible remodels
- Painting walls, trim, etc.
- Repointing masonry
- Reconstructing historic porches
- New furnace, A/C, boiler, etc.
- New floor and wall coverings
- Electrical upgrades
- Architectural, engineering, and permit fees

The purchase price of the building, site work (such as landscaping, sidewalks, fences, and driveways), new additions, work on outbuildings, and the purchase and installation of moveable furnishings or equipment (such as window coverings and refrigerators) do not qualify for the credit.

All work must meet the Secretary of the Interior's Standards for Rehabilitation. The tax credit cannot be taken on any portion of the work.

*(Above information from the Utah State Historic Preservation Office)*

## JOBS AND INCOME FROM HISTORIC TAX CREDIT INVESTMENT

As noted above, the investment in Utah's historic buildings through the Federal and State tax credits has been nearly $300 million dollars. But the benefit to the state's economy does not stop with investment in those buildings. Jobs are created, and those jobs generate paychecks.

It is possible to calculate the number of jobs and the amount of income that investment generates, using the IMPLAN1 economic modeling system. Both jobs and income are calculated on a direct, indirect, and induced basis. A simplified explanation of those terms is as follows:

- A direct effect is a result of activity within the industry itself. If a carpenter is working on the historic rehabilitation project, her job and her paycheck are direct effects.
- An indirect effect is economic activity generated because the direct activity is taking place. The salesman at the lumberyard selling two-by-fours to the project has an indirect job and his paycheck is indirect income.
- Both the carpenter and the lumberyard salesman ultimately spend their paychecks. This creates additional economic activity (jobs and income) in the community, which are called induced effects.

For simplicity's sake, indirect effects and induced effects have been combined for this report.

As can be seen in the table below, Federal and State historic tax credit projects have meant nearly 5,000 jobs and $200 million in income over the past 30 years.

Table 2

| | Federal | State | Combined |
|---|---|---|---|
| JOBS | | | |
| Direct | 2,114 | 737 | 2,851 |
| Indirect/Induced | 1,539 | 580 | 2,118 |
| Total | 3,653 | 1,317 | 4,969 |
| INCOME | | | |
| Direct | $93,039,882 | $32,303,365 | $125,343,247 |
| Indirect/Induced | $53,835,258 | $19,200,767 | $73,036,025 |
| Total | $146,875,140 | $51,504,132 | $198,379,272 |

Nearly 5,000 jobs and $200 million in income sounds like a lot. Still, a skeptic might say, "Those are numbers over 23 years! On an annual basis, it's just not that much." It is true that, since 1990, these projects have generated an average of just over 200 jobs and $8,500,000 in paychecks each year. But if that were a single business, it would be larger than 98.9 percent of all Utah firms.

[1] See Appendix E for fuller explanation of IMPLAN.

The jobs and income each year as a result of the Federal Historic Rehabilitation Tax Credit are found in the table below:

Table 3

| FEDERAL TAX CREDIT PROJECTS | | | | | | | |
|---|---|---|---|---|---|---|---|
| YEAR | INVESTMENT | JOBS - DIRECT | JOBS – INDIRECT/ INDUCED | JOBS - TOTAL | INCOME - DIRECT | INCOME – INDIRECT/ INDUCED | INCOME - TOTAL |
| 1990 | $7,000,000 | 110.1 | 80.1 | 190.3 | $3,448,768 | $1,995,546 | $5,444,314 |
| 1992 | $252,364 | 3.9 | 2.8 | 6.7 | $124,922 | $72,283 | $197,205 |
| 1993 | $2,799,889 | 42.5 | 30.9 | 73.4 | $1,392,483 | $805,727 | $2,198,210 |
| 1994 | $747,611 | 11.1 | 8.1 | 19.3 | $373,553 | $216,147 | $589,700 |
| 1995 | $297,378 | 4.4 | 3.2 | 7.5 | $149,281 | $86,378 | $235,658 |
| 1996 | $381,486 | 5.5 | 4.0 | 9.5 | $192,390 | $111,322 | $303,711 |
| 1997 | $4,165,126 | 58.6 | 42.7 | 101.3 | $2,110,233 | $1,221,035 | $3,331,268 |
| 1998 | $3,401,808 | 47.0 | 34.2 | 81.1 | $1,731,419 | $1,001,843 | $2,733,263 |
| 1999 | $1,516,662 | 20.5 | 14.9 | 35.4 | $775,465 | $448,704 | $1,224,169 |
| 2000 | $29,016,277 | 384.5 | 279.7 | 664.2 | $14,903,464 | $8,623,526 | $23,526,990 |
| 2001 | $648,563 | 8.4 | 6.1 | 14.5 | $334,627 | $193,624 | $528,251 |
| 2002 | $2,198,000 | 27.9 | 20.3 | 48.2 | $1,139,176 | $659,156 | $1,798,332 |
| 2003 | $5,792,735 | 72.0 | 52.3 | 124.3 | $3,015,729 | $1,744,978 | $4,760,706 |
| 2004 | $16,719,173 | 203.1 | 147.7 | 350.8 | $8,742,996 | $5,058,921 | $13,801,917 |
| 2005 | $15,330,618 | 182.0 | 132.4 | 314.4 | $8,052,550 | $4,659,412 | $12,711,962 |
| 2006 | $14,315,250 | 166.0 | 120.7 | 286.7 | $7,552,530 | $4,370,087 | $11,922,618 |
| 2007 | $5,892,663 | 66.7 | 48.5 | 115.2 | $3,122,601 | $1,806,817 | $4,929,418 |
| 2008 | $6,237,402 | 68.9 | 50.1 | 119.0 | $3,319,797 | $1,920,920 | $5,240,717 |
| 2009 | $17,226,775 | 185.5 | 134.9 | 320.4 | $9,208,872 | $5,328,489 | $14,537,361 |
| 2010 | $11,603,305 | 121.8 | 88.6 | 210.3 | $6,229,749 | $3,604,692 | $9,834,442 |
| 2011 | $28,283,255 | 288.2 | 211.0 | 499.1 | $15,250,936 | $8,824,582 | $24,075,518 |
| 2012 | $3,450,000 | 35.2 | 25.6 | 60.7 | $1,868,342 | $1,081,070 | $2,949,412 |
| TOTAL | $177,276,340 | 2113.8 | 1538.7 | 3652.5 | $93,039,882 | $53,835,258 | $146,875,140 |

A close examination of the numbers above will reveal that the relationship between the total investment and the numbers of jobs and the respective income changes from year to year. That is due to generally increasing overall building costs and wages and some degree of greater labor efficiency. Thus, there is a pattern of fewer total jobs but slightly more income per million dollars of investment from year to year. In other words, in 1990 there were a larger number of jobs per million dollars of investment than there were in 2012.

The table on the following page enumerates the investment, jobs, and income resulting from the use of the Utah Historic Preservation Tax Credit. If one adds the total jobs (and income) from the Federal tax credit to the total jobs (and income) from the Utah tax credit the result will be greater than the numbers indicated in Table 2. That is because some projects used both tax credits. The combined totals in Table 2 reflect that adjustment to avoid double counting and overstating the number of jobs and income.

Table 4

| STATE TAX CREDIT PROJECTS | | | | | | | |
|---|---|---|---|---|---|---|---|
| YEAR | INVESTMENT | JOBS - DIRECT | JOBS – INDIRECT/ INDUCED | JOBS - TOTAL | INCOME - DIRECT | INCOME - INDIRECT/ INDUCED | INCOME - TOTAL |
| 1993 | $3,145,875 | 15.2 | 12.0 | 27.2 | $1,650,220 | $980,873 | $2,631,092 |
| 1994 | $1,689,212 | 14.8 | 11.6 | 26.5 | $876,419 | $520,934 | $1,397,353 |
| 1995 | $1,384,917 | 14.4 | 11.3 | 25.7 | $710,601 | $422,373 | $1,132,974 |
| 1996 | $2,892,669 | 14.0 | 11.0 | 25.0 | $1,467,645 | $872,352 | $2,339,998 |
| 1997 | $2,867,442 | 13.6 | 10.7 | 24.3 | $1,438,407 | $854,973 | $2,293,380 |
| 1998 | $5,398,366 | 13.2 | 10.4 | 23.6 | $2,677,056 | $1,591,213 | $4,268,268 |
| 1999 | $4,142,946 | 12.8 | 10.1 | 22.9 | $2,030,740 | $1,207,050 | $3,237,790 |
| 2000 | $5,232,034 | 12.4 | 9.8 | 22.2 | $2,534,581 | $1,506,527 | $4,041,108 |
| 2001 | $3,370,047 | 12.0 | 9.5 | 21.5 | $1,613,248 | $958,897 | $2,572,146 |
| 2002 | $3,535,625 | 11.6 | 9.1 | 20.8 | $1,672,241 | $993,962 | $2,666,203 |
| 2003 | $4,600,455 | 11.2 | 8.8 | 20.1 | $2,149,498 | $1,277,638 | $3,427,136 |
| 2004 | $6,891,740 | 10.8 | 8.5 | 19.4 | $3,180,559 | $1,890,489 | $5,071,048 |
| 2005 | $6,032,560 | 10.4 | 8.2 | 18.6 | $2,749,460 | $1,634,249 | $4,383,708 |
| 2006 | $14,852,462 | 10.0 | 7.9 | 17.9 | $6,684,156 | $3,972,989 | $10,657,146 |
| 2007 | $3,615,642 | 9.6 | 7.6 | 17.2 | $1,606,444 | $954,853 | $2,561,296 |
| 2008 | $2,858,816 | 9.2 | 7.3 | 16.5 | $1,253,793 | $745,241 | $1,999,035 |
| 2009 | $20,770,659 | 8.8 | 7.0 | 15.8 | $8,990,328 | $5,343,752 | $14,334,080 |
| 2010 | $10,569,271 | 8.4 | 6.6 | 15.1 | $4,635,375 | $2,755,216 | $7,390,591 |
| 2011 | $7,564,456 | 8.1 | 6.3 | 14.4 | $3,274,183 | $1,946,138 | $5,220,321 |
| 2012 | $7,036,501 | 7.7 | 6.0 | 13.7 | $3,005,324 | $1,786,331 | $4,791,655 |
| TOTAL | $118,451,695 | 228.6 | 179.7 | 408.3 | $54,200,277 | $32,216,052 | $86,416,328 |

Of course, no economy could exist where the only economic activity was fixing up old buildings. The strength of the Utah economy is the diversity of economic activities in the state. But it is useful to see the kind of impact historic rehabilitation has on the state's economy as compared with other sectors.

Table 5

| INDUSTRY COMPARISONS IN UTAH JOBS AND INCOME PER $1,000,000 IN PRODUCTION | | | |
|---|---|---|---|
| INDUSTRY | JOBS | INCOME | INCOME PER JOB |
| Gas and Oil Extraction | 7.5 | $358,859 | $47,956 |
| Computer Manufacturing | 3.4 | $181,593 | $54,157 |
| Gasoline Station | 16.7 | $612,350 | $36,752 |
| Data Processing, Web Hosting | 8.9 | $435,748 | $49,108 |
| Legal Services | 13.6 | $731,663 | $53,831 |
| Home Health Care Services | 26.3 | $985,310 | $37,451 |
| Restaurants and Bars | 25.6 | $621,447 | $24,300 |
| New Construction | 16.8 | $809,808 | $48,203 |
| Historic Building Rehabilitation | 17.6 | $847,555 | $48,026 |
| Average of 434 industries | 11.3 | $456,804 | $40,497 |

The table above demonstrates that historic rehabilitation is a relatively labor-intensive activity that provides good wages, particularly for those without advanced formal education. Historic preservation creates more jobs per $1 million of output than 84 percent of Utah industries and more income per $1 million of output than 90 percent of Utah industries.

Both the U.S. Congress and the Utah Legislature enacted historic tax credits to encourage the private sector to invest in historic buildings. But legislation that was intended to encourage good stewardship has turned out to be an effective economic development tool.

# HERITAGE TOURISM

Utah is home to some of America's most highly visited parks, monuments, and nature areas; world-famous ski resorts; and the international headquarters of The Church of Jesus Christ of Latter-day Saints. These sites and activities drew more than 22 million visitors in 2011, generating nearly $6.9 billion in economic activity and creating 82,584 direct jobs and 41,475 indirect and induced jobs throughout the state.[2]

This section digs deeper to examine the economic impact of heritage sites and heritage-related events in Utah. Sixty-two sites and special events that fall within the definition of heritage attractions were studied. In total, these attractions recorded nearly 7.3 million visits and generated $384.6 million in direct visitor spending in 2012 (Table 6). These sites and events directly supported more than 200 direct jobs and thousands of labor hours donated by volunteers. (For information on sources and methodology, see Appendix C.) But that is only the beginning of the jobs generated from Utah's heritage tourism.

Table 6

| OUTPUT | | | |
|---|---|---|---|
| | DIRECT | INDIRECT/INDUCED | TOTAL |
| Lodging | $97,120,475 | $89,504,305 | $186,624,780 |
| Restaurants | $61,220,194 | $54,257,058 | $115,477,252 |
| Groceries | $28,238,636 | $24,865,682 | $53,104,318 |
| Shopping/Gifts/Souvenirs/Other | $33,930,143 | $31,834,676 | $65,764,820 |
| Entertainment and Amenities | $28,968,316 | $25,193,611 | $54,161,927 |
| Transportation-related | $135,122,236 | $107,555,612 | $242,677,848 |
| TOTAL | $384,600,000 | $333,210,944 | $717,810,944 |

The direct expenditure of nearly $385 million of heritage visitor expenditure spurs an additional $333 million in indirect and induced economic activity. The combined amount of more than $700 million generates jobs in a number of economic sectors (Table 7).

Table 7

| JOBS | | | |
|---|---|---|---|
| | DIRECT | INDIRECT/INDUCED | TOTAL |
| Lodging | 967 | 735 | 1702 |
| Restaurants | 1155 | 411 | 1566 |
| Groceries | 486 | 205 | 691 |
| Shopping/Gifts/Souvenirs/Other | 657 | 262 | 919 |
| Entertainment and Amenities | 450 | 205 | 655 |
| Transportation-related | 892 | 888 | 1780 |
| TOTAL | 4607 | 2706 | 7313 |

As in the construction industry, those jobs translate into income for Utah citizens (Table 8).

[2] "Statewide Performance Indicators," Utah Office of Tourism (2011).

Table 8

| INCOME | | | |
|---|---|---|---|
| | DIRECT | INDIRECT/INDUCED | TOTAL |
| Lodging | $51,468,754 | $28,830,532 | $80,299,286 |
| Restaurants | $22,212,115 | $15,832,992 | $38,045,107 |
| Groceries | $14,964,995 | $7,697,254 | $22,662,249 |
| Shopping/Gifts/Souvenirs/Other | $15,578,873 | $9,880,826 | $25,459,698 |
| Entertainment & Amenities | $10,450,972 | $7,712,027 | $18,162,999 |
| Transportation Related | $84,497,189 | $33,359,715 | $117,856,904 |
| TOTAL | $199,172,897 | $103,313,345 | $302,486,243 |

## DEFINING HERITAGE TOURISM

Heritage tourism is a form of tourism oriented towards local history and cultural heritage. It involves travel to places and activities that represent and communicate the stories and people of the past. Some heritage sites can take several days to explore, while others take just a few hours. Heritage visitors are attracted to places that offer cultural learning experiences, such as:

- Historic sites, communities, neighborhoods, landmarks, and monuments
- Significant architectural and archaeological resources
- Parks that incorporate historic features and assets
- History and art museums that showcase artifacts or work of past generations
- Places of worship in historic locations
- Ethnic communities and neighborhoods that practice traditional ways of living
- Fairs, festivals, outdoor plays, pageants, and reenactments that represent local or state heritage

Some sites and special events are "destination attractions" that drive a visit to the state. "Signature attractions" are destinations or activities that have strong recognition and/or marketing that draws long-distance visitors. Signature attractions include the LDS Temple Square in Salt Lake City and a number of state and national parks. Historic towns such as Park City, St. George, and Ogden have heritage attractions that create unique identities and generate widespread recognition among visitors. Major annual events like festivals and pageants related to Utah's unique history and heritage can also be described as signature attractions.

Other attractions simply provide new experiences and added value during other travel. For example, visitation to heritage sites is often boosted by proximity to major attractions such as national and state parks, religious sites of significance to the LDS Church, and ski resorts.

Heritage attractions can be found in virtually every part of the state. Through various sites, visitors can learn about the way people lived and their achievements and struggles in the history of Utah's development, including:

- Native American cultures, from ancient Indian tribes to peoples encountered by early settlers to present-day communities
- Early explorers, trappers, and pioneers
- History and sites of the LDS Church
- Traditional industries such as ranching, farming, and mining
- Handicrafts and art
- The evolution of historic towns
- The construction and connection of the Transcontinental Railroad
- People of other cultures and nationalities who have settled in Utah

Heritage sites and events add value to Utah's identity and generate substantial economic benefits for their communities and regions. Significant periods in the state's history have been well memorialized, and continuing investments in historic preservation and interpretation create added value each year for the tourism economy.

## UTAH'S HERITAGE VISITORS

Since the 1970s, the tourism industry has targeted travelers seeking authentic experiences. In Utah, as in many other parts of the world, heritage tourism is a growing niche in a broad market. Although it cannot easily be disaggregated from other forms of tourism for analysis, Utah is a natural destination for heritage visitors because of its wide range of sites and experiences.

Many visitors are likely members of the LDS Church who come to Temple Square and other sites as a religious pilgrimage, though no exact numbers are available. This has particular economic significance when considering the seasonality of tourism. In contrast with more seasonal festivals, people travel year-round to visit places of worship and places that they consider their homeland. Additionally, approximately 8.2 million of the LDS Church's 14 million members live outside of the U.S.[3] This represents substantial visitor potential, though only 3.6 percent of recent visitors to Utah were from other countries.[4]

Among the larger pool of tourists, heritage visitors have certain things in common. Research suggests that they are typically:

- High-spending. These visitor parties tend to spend more than average travelers on accommodations, food, outdoor recreation, art, and handicrafts. A 2008 study in Colorado found that heritage tourists spent $114 more per trip than other tourists, $62 of which was on recreational activities.[5]
- Well-educated. Education is the single most important factor that influences heritage travel.
- Older. Between the ages of 45 and 65, people have more time, are typically at the height of their careers, and have more discretionary income to engage in heritage activities.
- Well-traveled. Heritage tourists not only travel to more places, but they travel more often.
- Longer-staying than other visitors. On average, heritage tourists stay 5.8 nights, whereas other tourists stay 5.2 nights.[6]

Interviews conducted for this study with operators of heritage attractions suggest that these patterns hold true in Utah. Heritage tourists take more time to visit and spend more on hotels, historic B&Bs, restaurants, museum shops, art galleries, antique stores, Indian jewelry, and handicrafts.

[3] "Facts and Statistics," The Church of Jesus Christ of Latter-day Saints, last modified December 31, 2012, www.mormonnewsroom.org/facts-and-stats.
[4] "Economic Report to the Governor," Utah Governor's Office of Planning and Budget (November 2011), http://travel.utah.gov/research_and_planning/documents/2011ERG.pdf
[5] "Colorado Travel Year 2008: Final Report," Longwoods International (August 2009), www.colorado.com/ai/Final20Report20200820Online.pdf.
[6] "Colorado Travel Year 2008: Final Report."

"Many tourists are more interested in recreation and sightseeing, but the tourist that is interested in heritage tourism typically spends more money in the local community. They tend to stay longer to explore every aspect of the culture and history. They invest in art from the area and spend more generously because they want to keep the history alive. These individuals also tend to feel more invested in a community when connecting through heritage tourism."

- Travis Schenck, Director, Museum of Moab

## TOURISTS' ECONOMIC IMPACT IN UTAH

With the exception of the ski visitor market, there has never been a survey of Utah's visitors that would allow for the development of niche market profiles. However, certain studies and surveys provide useful information about visitors on both leisure and business trips that can be used to better understand heritage visitors.

First, visitation levels for certain types of heritage attractions in the Mountain Division—which includes Utah, Colorado, Wyoming, Idaho, Montana, Nevada, Arizona, and New Mexico—are considerably higher than for the U.S. as a whole (Table 9). A notable portion of visitors to the region visit heritage-related attractions: state and national parks, historic sites and churches, museums, and special events and festivals. This is likely because the region is well known for its unusual geological features and beautiful scenery, state and national parks, and many significant historic sites. In addition, Utah has unique international recognition for its identification with the headquarters and other heritage sites of the LDS Church.

Table 9

| COMPARISON OF VISITATION LEVELS FOR SELECTED VISITOR SITES | | |
|---|---|---|
| | MOUNTAIN DIVISION | U.S. |
| State and national parks | 16% | 8% |
| Historic sites and churches | 12% | 8% |
| Museums | 10% | 8% |
| Special events and festivals | 5% | 4% |

Source: "U.S. Domestic Travel Market Report," U.S. Travel Association and TNS TravelsAmerica (2011).

With this in mind, information on general visitors can be extended to apply to heritage visitors. According to surveys of domestic travelers:

- Visitor parties to Utah spent an average of $420.29 per trip, excluding airfares.[7]
- On average, visitors to the region around Utah, the Mountain Division, traveled in groups of 2.1 persons for about 3.78 days.[8]
- In 2012, each visitor spent an average of $52.95 per day. This includes both leisure and business travelers.

Only 51 percent of overnight travelers in Utah stayed in paid accommodations in 2012.[9] In contrast, 42 percent stayed in private homes. This affected the direct economic impact of tourism since these travelers did not pay

[7] "Overview of U.S. Domestic Travel," TNS TravelsAmerica (2012). This figure is the weighted average of leisure and business travelers.

[8] "Domestic Travel Market Report," U.S. Travel Association and TNS TravelsAmerica (2011).

[9] "Overview of U.S. Domestic Travel" (2012).

lodging fees and taxes. Though foreign visitors typically spend more money, the low number of foreign visitors to Utah (3.6 percent) is not enough to significantly skew accommodations or other spending data.[10]

A different set of data is available for convention and business travelers. This information is highly relevant for Utah, as a high volume of travelers visits the Salt Palace Convention Center and LDS Convention Center each year in connection with religious training and missions.[11] According to a recent study:[12]

- Convention visitors to Utah take greater advantage of available activities than general business visitors: 8 percent visit historic sites and churches, 8 percent visit museums, and 5 percent visit state and national parks.
- General business visitors on overnight stays occasionally visit heritage attractions: 5 percent visit museums, 4 percent visit churches, and 3 percent visit state and national parks.
- Convention visitors stay overnight 91 percent of the time, while general business visitors stay overnight 76 percent of the time.

*(See Appendix D for additional relevant data.)*

Utah travel guides show 19 tourism regions across 29 counties. Most visitors who are traveling for three to four days stay within one region during their visit. This probably holds true for visitors wishing to maximize their slope time on ski trips and people who are traveling to Salt Lake City for religious activities. Trips via motorcoach tours are also common. These tours typically make stops at multiple parks and heritage sites on established routes to Yellowstone National Park, Las Vegas, or the Grand Canyon.

Park City offers one example of the symbiotic relationship between heritage tourism and other tourism markets. Each year, nearly 100,000 visitors to the Canyons, Deer Valley, and Park City resorts take the time to visit the Park City Museum. This museum, which makes creative use of a former mining shaft and city jail, provides a memorable experience that adds value to ski vacations. It also helps direct business to dozens of locally owned restaurants and stores.

## WHAT ECONOMIC IMPACT DO HERITAGE VISITORS HAVE IN UTAH?

The total value of direct heritage tourism in Utah in 2012 was $384.6 million, according to visitor spending data and other information (Appendix F). This portion takes a detailed look at different types of heritage attractions, their visitation levels, and the number of direct and indirect jobs they generate.

Like many other tourist attractions, the economic impact of heritage attractions is affected by traveling periods and weather. Visitation levels and tourism dollars generated also vary according to location and ease of access.

### National and State Parks

Utah's national and state parks are highly visited attractions for out-of-state visitors and state residents alike. Five national parks are located in Utah, as well as the Golden Spike National Historic Site that marks the completion of the first transcontinental railroad in 1869. Utah also has 41 state parks that collectively receive more than five million visitors annually.

Significant heritage sites were identified in nine state parks and the National Historic Site (Table 10). These parks attracted nearly 1 million visitors, employed 77 people, and created an additional 372 jobs in local

[10] "Economic Report to the Governor."
[11] The LDS Church has a policy of not publicly releasing visitation figures. Data was provided by the church for this study and was aggregated with other sites for purposes of projecting overall economic impact of heritage sites.
[12] "Domestic Travel Market Report" (2011).

communities in fiscal year 2012. Their overall impact from visitor spending was $13.1 million.[13] Utah's public lands also include national monuments, and lands managed by the Bureau of Land Management and the Forest Service.

Table 10

| SIGNIFICANT HERITAGE SITES IN STATE AND NATIONAL PARKS | |
|---|---|
| NATIONAL PARKS | |
| *Location* | *Site Name* |
| Corinne | Golden Spike National Historic Site |
| STATE PARKS | |
| *Location* | *Site Name* |
| Blanding | Edge of the Cedars State Park Museum |
| Boulder | Anasazi State Park Museum |
| Cedar City | Frontier Homestead State Park Museum |
| Fairfield | Camp Floyd-Stagecoach Inn State Park and Museum |
| Fillmore | Territorial Statehouse State Park Museum |
| Midway | Wasatch Mountain State Park, John Huber House and Creamery |
| Sevier | Fremont Indian State Park and Museum |
| Syracuse | Antelope Island State Park, Fielding Garr Ranch |
| Vernal | Utah Field House of Natural History State Park Museum |
| Total Employees | 77 |
| Total 2012 Visitation | 953,181 |
| Overall Direct Impact | $13,100,000 |

### Sites of Historical interest

Utah contains many sites of historical interest outside parks, including historic sites, landmarks and monuments, architectural and archaeological treasures, places of worship in historic locations, and other places where visitors can learn about traditional ways of living. In 2012, these sites employed 60 people and attracted more than 5.7 million visitors in total (Table 11).

Table 11

| SITES OF HISTORICAL INTEREST | |
|---|---|
| LOCATION | NAME |
| Bluff | Bluff Fort Historic Site |
| Brown's Park | John Jarvie Ranch |
| Cove Fort | Cove Fort Historic Site |
| Fairview to Page | Mormon Pioneer National Heritage Area |
| Hanksville | Wolverton Mill |
| Logan | Logan Utah Temple |
| Logan | Logan Tabernacle, Family History Center |
| Logan | Historic Downtown Logan |
| Manila | Swett Ranch |
| Mount Carmel | Maynard Dixon Living History Museum |
| Parowan | Parowan Historic Cemetery |
| Parowan | Dr. Meeks Pioneer Farmstead and Urban Fishery |
| Salt Lake City | Historic Temple Square, location of the Salt Lake City Tabernacle, the Beehive House, Church History Museum, Family History Museum, and other historic buildings established by the LDS Church |

[13] "Economic Impact of Park Visitor Spending FY2012," Utah State Parks Division of Parks and Recreation.

| | |
|---|---|
| St. George | Brigham Young Winter Home, St. George LDS Tabernacle, and Jacob Hamblin Home |
| Stansbury Park | Historic Benson Grist Mill |
| Total Employees | 60 |
| Total 2012 Visitation | 5,753,372 |

### Museums

Utah contains approximately 260 museums operated by public and private organizations throughout the state. These museums provide extensive learning opportunities for visitors and residents alike. Nearly 7 million people visited Utah's museums in 2012—a significant increase from the 4.4 million visitors reported in 2011.[14]

Most museums are operated by volunteers who donate tens of thousands of hours annually to care for museum collections and keep facilities open for visitors. However, 15 of the largest museums employ nearly 40 professional curators and full-time administrative staff and attract close to 350,000 visitors each year (Table 12).

Table 12

| MUSEUMS WITH PAID STAFF | |
|---|---|
| LOCATION | NAME |
| Cedar City | Cedar City Daughters of the Utah Pioneers Museum |
| Delta | Great Basin Museum |
| Hyrum | Hyrum City Museum |
| Logan | Museum of Anthropology |
| Moab | Museum of Moab |
| Monument Valley | Goulding's Museum and Trading Post |
| Ogden | Union Station |
| Paradise | Paradise Daughters of Utah Pioneers Museum |
| Park City | Park City Museum |
| Parowan | Parowan Historic Cemetery |
| Parowan | Rock Church Museum |
| Richmond | Richmond Daughters of Utah Pioneers Museum |
| Roy | Roy Historical Museum |
| Springdale | Zion Human History Museum |
| Wellsville | American West Heritage Center and Festivals |
| Total Employees | 39 |
| Total 2012 Visitation | 346,268 |

### Heritage Events

Special events help convince people to travel and spend money in other local economies. In Utah, thousands of visitors—both state residents and out-of-state visitors—participate in heritage events each year. Some of the largest annual events keep records of their visitors, but many public events do not. A look at 11 of the most well known heritage events in Utah shows that they generate about 30 jobs and attract more than 200,000 visitors each year (Table 13).[15]

[14] "2013 Museum Survey," Office of Museum Services, Utah Division of Arts & Museums, http://arts.utah.gov/resources/publications_surveys/documents/museum_survey_report_13.pdf; "2012 Museum Survey," Office of Museum Services, Utah Division of Arts & Museums, http://arts.utah.gov/resources/publications_surveys/documents/museum_survey_report_12.pdf.

[15] For event listings, see Now Playing Utah (www.nowplayingutah.com) and the Utah Office of Tourism (http://www.travel.utah.gov/events_calendar/index.html).

Table 13

| HERITAGE EVENTS | |
|---|---|
| LOCATION | NAME |
| Blacksmith Fork Canyon | Old Ephraim's Mountain Man Rendezvous |
| Boulder | Boulder Heritage Festival |
| Brigham City | Brigham City Heritage Arts Festival |
| Clarkston | Clarkston Pony Express Days |
| Corinne | Golden Spike National Historic Site Railroaders' Festival |
| Logan | Echoing Traditional Ways Pow Wow |
| Logan | Logan Pioneer Day Celebration |
| Manti | Mormon Miracle Pageant at the Manti Utah Temple |
| Ogden | Pioneer Days |
| Salt Lake City | Living Traditions Festival |
| Spring City | Heritage Day |
| Total Employees | 31 |
| Total 2012 Visitation | 209,917 |

Listed sites were identified by the State Tourism Office and other stakeholders.

## CONCLUSIONS

- In Utah, tourism is a major contributor to the state's economy. The wide variety of Utah's heritage attractions makes the state an ideal destination for heritage tourism.
- Utah's heritage sites counted 7,262,738 visits and provided a direct economic impact of $384.6 million in 2012.
- Heritage sites draw tourists, businesspeople, and volunteers who spend money in local businesses.
- Heritage tourism is difficult to separate and quantify from other market sectors because visitors typically patronize more than one type of activity while traveling. However, it is evident that heritage attractions add value to visits for other purposes, such as religious pilgrimages and seasonal attractions like skiing.
- At this time, there is insufficient data to separate the missionaries, skiers, business travelers, and outdoor recreational tourists from heritage tourists. The necessary data can be obtained through a visitor survey that asks Utah travelers questions about their motivations in visiting, their demographics, what they did during their trips, how long they stayed, how many people were in their travel parties, and how much money they spent.

## CASE STUDY: THE MORMON PIONEER HERITAGE TRAIL, A NATIONAL HERITAGE AREA

The Mormon Pioneer National Heritage Area (MPNHA) runs through 400 miles of scenic landscapes and small towns in central and southern Utah. It is the first and only Congressionally designated heritage area in the state. More than six million visitors come to the trail each year to learn about the Mormon colonization experience.[16] Since its establishment, the MPNHA has generated more than $24 million toward the area's economy through increased tourism and business.[17]

The original enabling legislation in 2006 authorized a budget of $1 million per year for the first five years from the National Park Service. These funds are required to be matched by receiving entities, chiefly the cities, small towns, nonprofit organizations, and other partners within the area. One hundred community partners have united in efforts coordinated by the Highway 89 Alliance, a nonprofit organization that manages competitive grant funding and marketing and measures economic progress.

The Alliance has used federal funding to pursue the development of a $4 million interpretive center that will preserve Utah Pioneer heritage arts and other artifacts. Community partners have contributed matching funds and leveraged other resources to encourage economic progress that is vital to communities within the area. In 2012 alone, partners invested over 39,000 volunteer hours of labor worth more than $705,000. They have also contributed more than $1 million towards heritage projects and historic building preservation, interpretation, and wayfinding signage.

According to Monte Bona, the executive director of the Alliance, next steps are to increase marketing and promotion to build the MPNHA's awareness and visitation. The Alliance has produced a map to guide visitors through the area, as well as two feature-length videos that share the stories, struggles, and successes of the pioneers who established small towns every 50 miles—the maximum distance a telegraph could carry messages in the 19th century.

The experience doesn't stop with the pioneer era. Visitors travel to the area via the Utah Heritage Highway 89 and Scenic Byway 12, also known as Utah's first "All-American Road." For those who appreciate traditional farms, parks, monuments, memorials, replicas, churches, and cultural events, driving on Highway 89 is a trip through time. Old-fashioned drive-in ice cream shops, family-owned motels, and B&Bs along the route offer the distinctive ambiance of the 1950s and 1960s.

[16] This figure includes nearly 5.4 million in visitation to Bryce Canyon and Zion National Parks, two of America's most visited parks that are internationally known for their unique geology. While they are significant draws for tourism, these parks are not heritage sites within the definition of this study. Subtracting their visitation, the MPNHA received an estimated 621,130 visitors in 2012.

[17] "Mormon Pioneer National Heritage Area," prepared by the Utah Heritage Highway 89 Alliance for the Alliance of National Heritage Areas (2009-2012), http://history.utah.gov/events_and_news/press_room/documents/PRESS%20RELEASE%20-%202012%20MPNHA%20Annual%20Report.pdf.

# PROPERTY VALUES

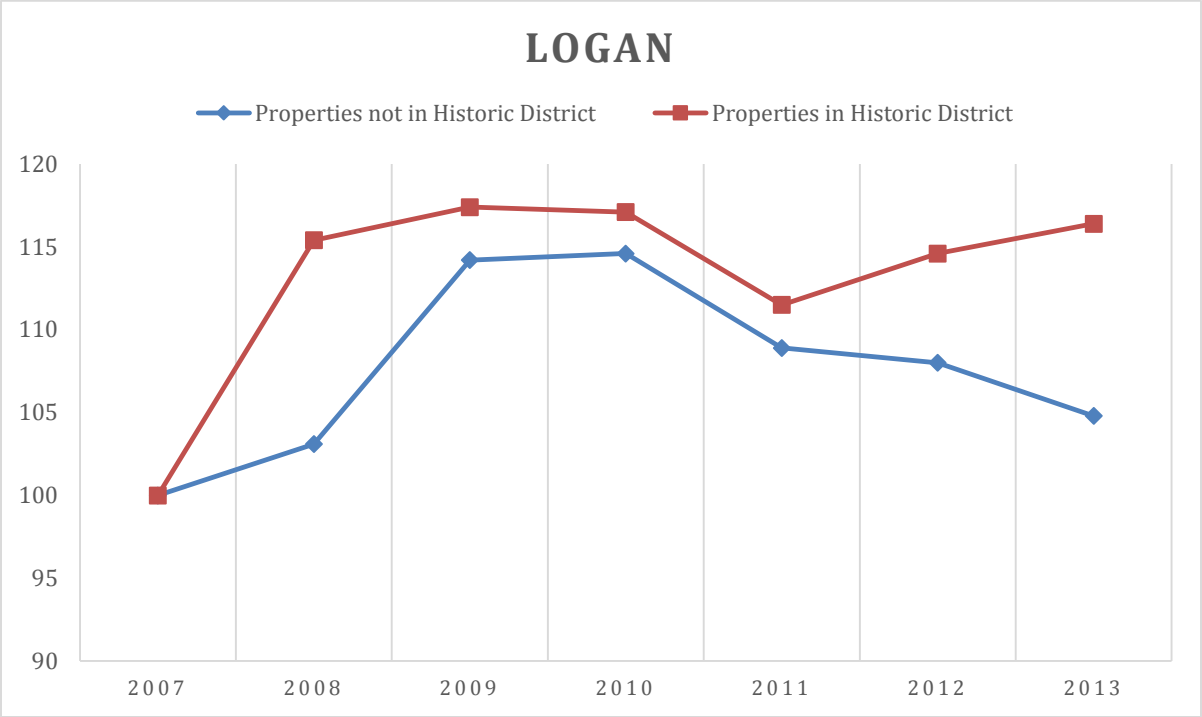
In Utah, 70 percent of households own their homes. For most of those families, their largest asset is their house. Some see the value of that house as the source of funds for a comfortable retirement. For others, it will be the biggest legacy they leave to their children. And that building is not just a financial asset: It is also the family home.

For these reasons, Utah citizens are rightly concerned if there is a proposed set of restrictions that might reduce the value of their property. Homeowners sometimes oppose historic districts with the belief that another layer of regulations will diminish the value of their primary asset. Because of this concern, it is essential to understand the relationship between historic districts and property values.

To understand historic districts' impact on property values, multiple years of assessment data in five Utah cities were evaluated. Average values were calculated for single-family houses within historic districts. Those values were compared with the average values of single-family homes not in historic districts. The average value in each category was assigned an index number of 100. Then, annual changes in value were measured against the base year of available data. The results were clear.

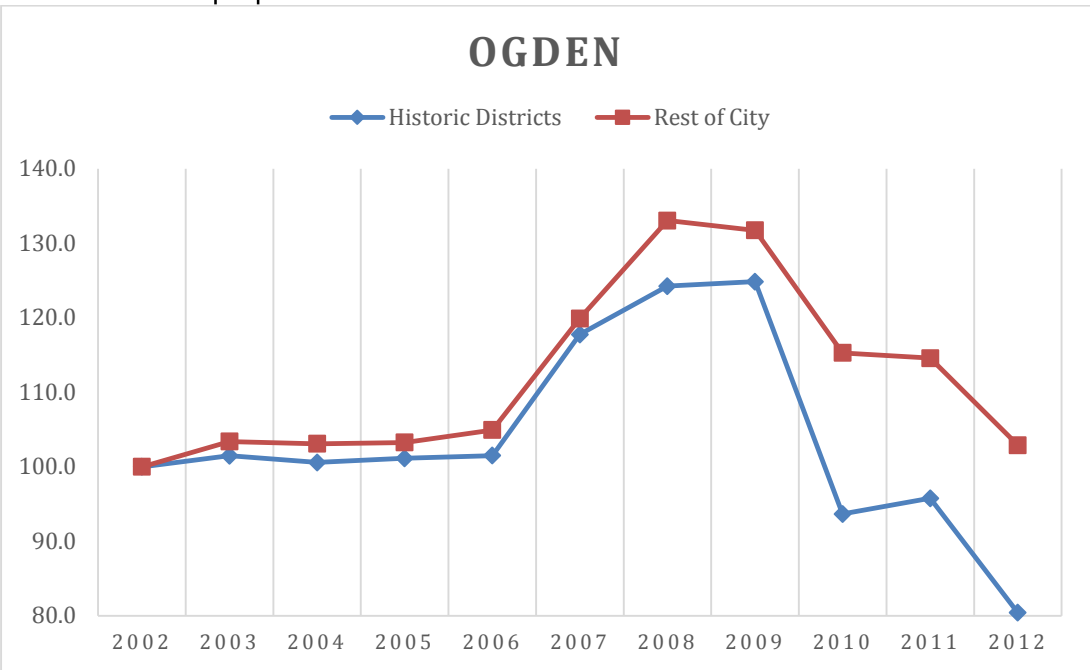
### Logan

Using 2007 as base, properties in Logan's historic district appreciated at a faster rate than the rest of the city. Like properties all over Utah, the second half of the decade saw a decline in values, a pattern that has continued for most houses in Logan. Beginning in 2011, however, property values in the historic district began to recover. By 2013, the average values had nearly reached their pre-crash peak.



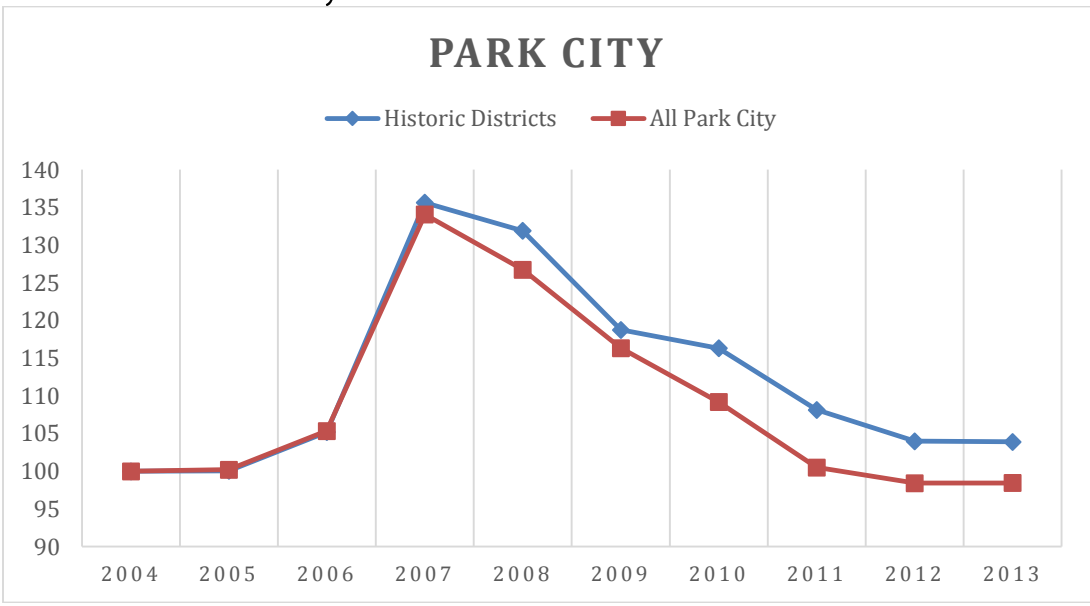
### Ogden

Ogden was the one city that did not follow the pattern of the other four. For the first six years of available data (2002-2007), the value change of properties within historic districts paralleled the rest of the city. However, when the real estate crisis hit, the decline in the assessed value of homes in historic districts was steeper than other houses. Local experts named several possible reasons for this: 1) the very large size of the historic district, 2) a much lower rate of homeownership than in other parts of the city, and 3) undervaluation of historic houses for taxation purposes.



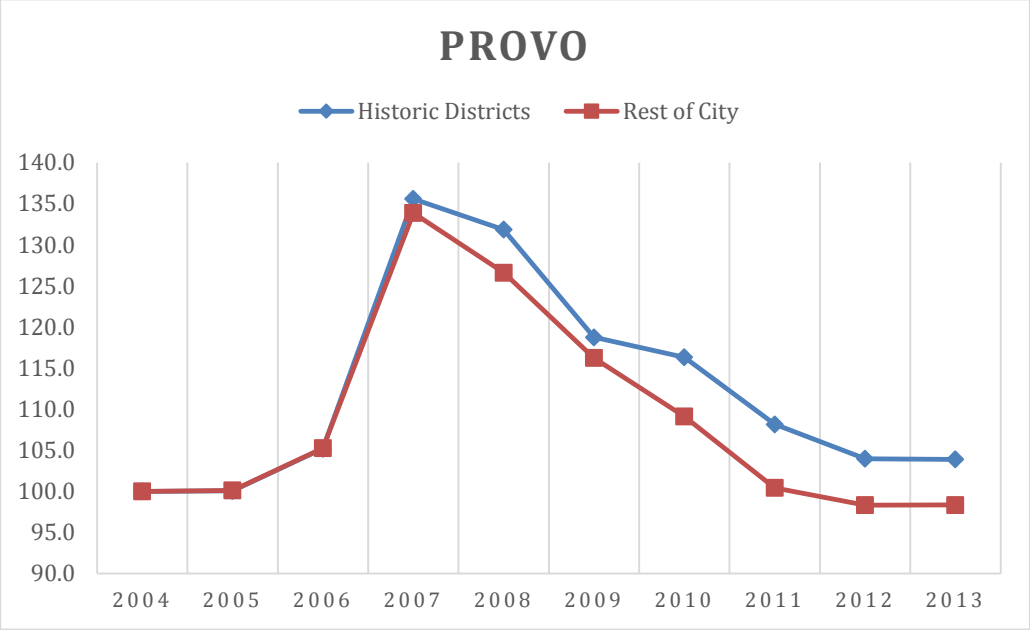

### Park City

Park City includes some of the state's most expensive real estate. During the boom years between 2004 and 2007, property values rose rapidly, with the rate of appreciation of houses in historic districts slightly greater than other housing stock. Both historic and non-historic houses have declined significantly from the peak, but houses in historic districts measurably less so.



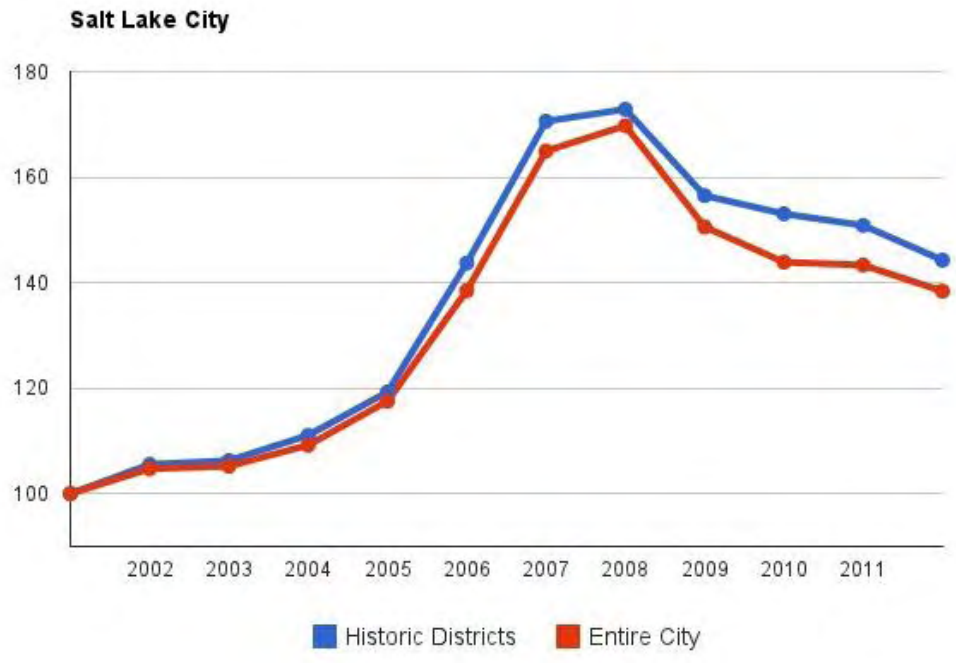
### Provo

In a pattern strikingly similar to Park City, houses in Provo's historic districts slightly outpaced the rest of the city in appreciation between 2004 and 2007. In the decline of values from their peak, houses in historic districts have fared better. The average value today of a house in a historic district is about 4 percent greater than it was a decade ago, while the other houses are still below their 2004 values.



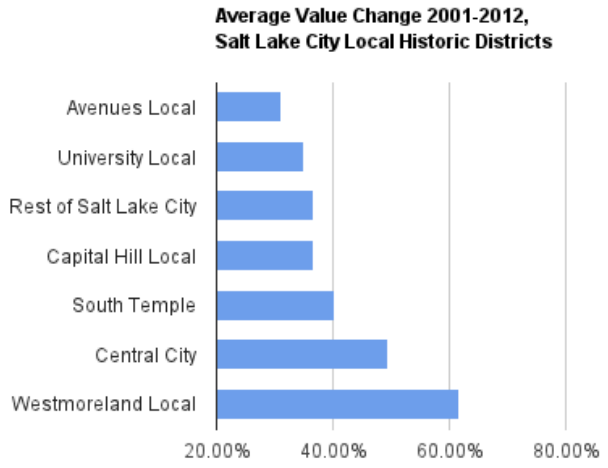

### Salt Lake City

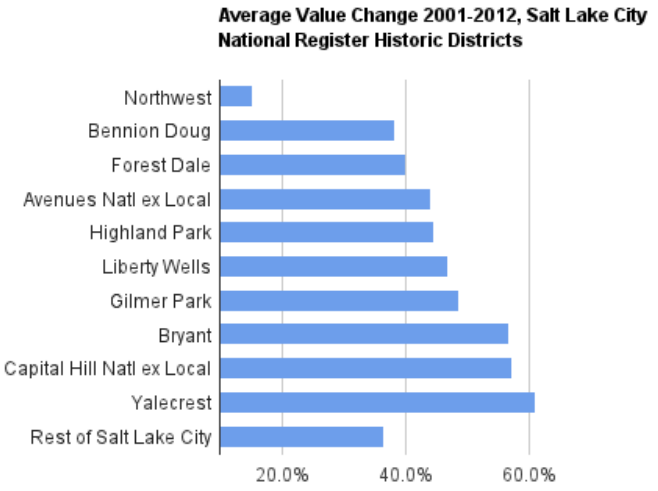
Again, in a pattern strikingly similar to Park City and Provo, houses in Salt Lake City's historic districts slightly outpaced the rest of the city in appreciation between 2004 and 2007. In the decline of values from their peak, houses in historic districts have fared better. The average value today of a house in a historic district is about 4 percent greater than it was a decade ago, while the other houses are still below their 2004 values.



Salt Lake City has a number of both National Register historic districts and locally designated historic districts. The change in value from 2001 to 2012 was calculated for each of these districts and compared to the average change in value for all single-family houses in Salt Lake City not located in any historic district. In that decade, the average value of a single-family house in Salt Lake City increased 36.6 percent. Four of the six local historic districts and nine of the ten National Register districts had rates of appreciation. There was no evidence that being in either type of historic district negatively impacted the value.

*National Register calculations exclude properties in local districts.*

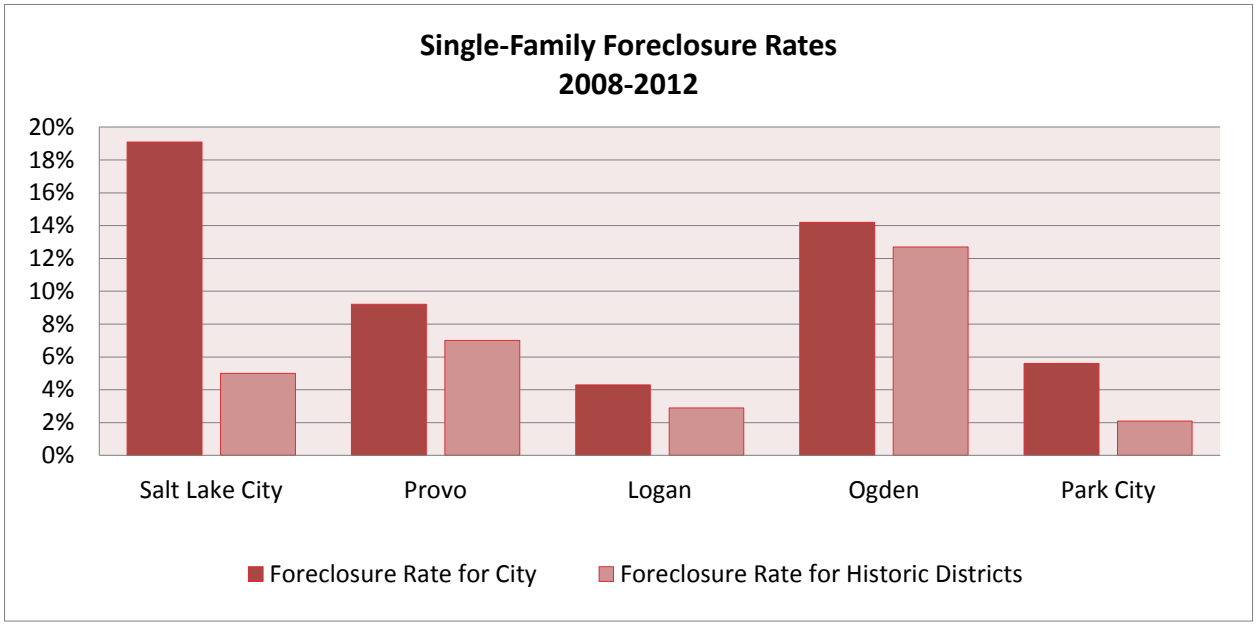


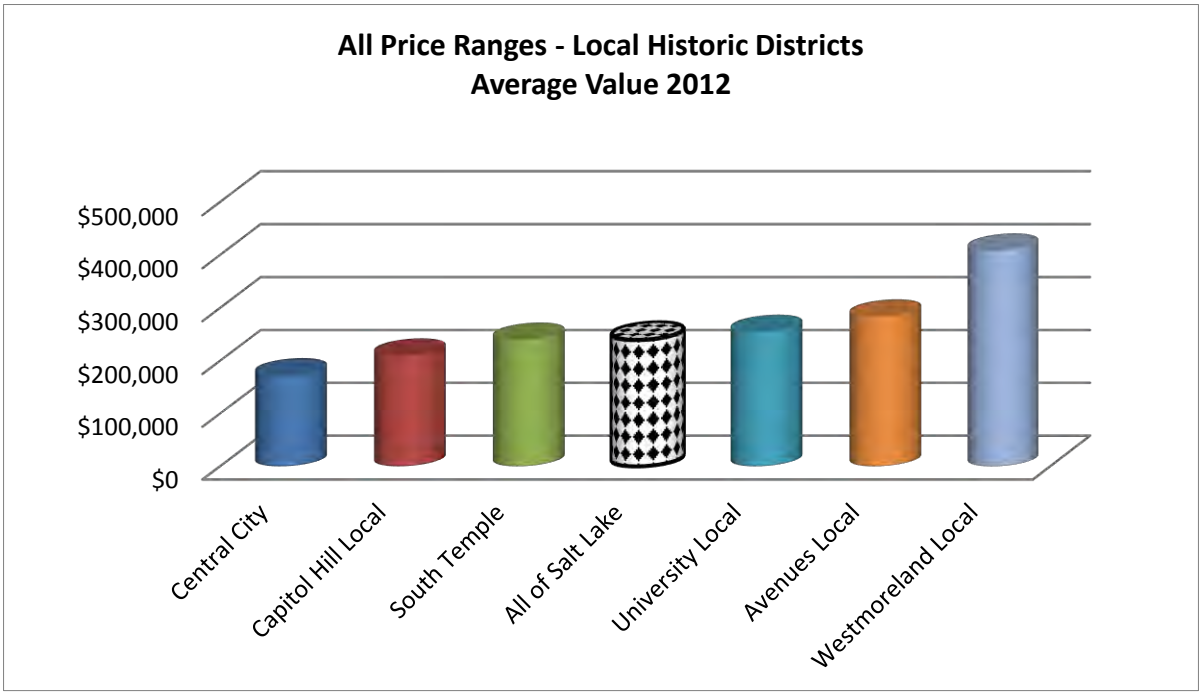

## PROPERTY VALUES IN A DECLINING MARKET

For a decade or more, bankers, real estate brokers, and homeowners were focused on—sometimes obsessed with—the annual appreciation rates of houses. The data on the previous pages demonstrates that houses in historic districts were a good bet for higher than average rates of appreciation. But then came the nationwide real estate crash and subsequent foreclosure crisis in 2007, from which the country is still recovering. How have houses in Utah historic districts weathered that storm?

Over the last five years, in every one of the five cities studied, the rate of foreclosure of single-family homes in historic districts was less than the rate in the rest of the community—often substantially so. The fundamental value of historic houses and the greater stability of historic district properties meant that fewer homeowners lost their houses and fewer banks were saddled with foreclosed properties than elsewhere in the same city.



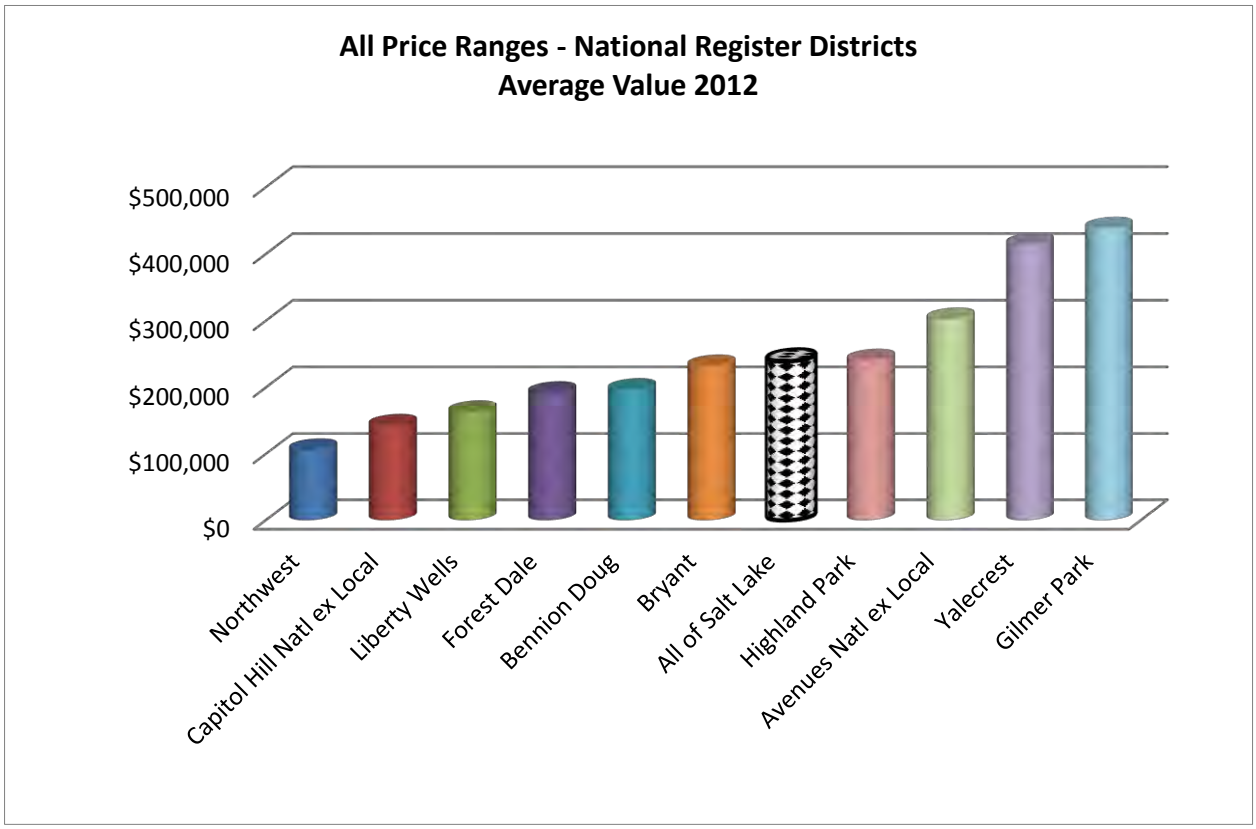

A skeptic might say, "OK, but that's just because those historic districts are where rich people live and the houses all have high property values—of course there were fewer foreclosures." That simply is not the case in Salt Lake City. While some historic districts certainly have very expensive homes, home values in historic districts actually provide a wide range of price options.



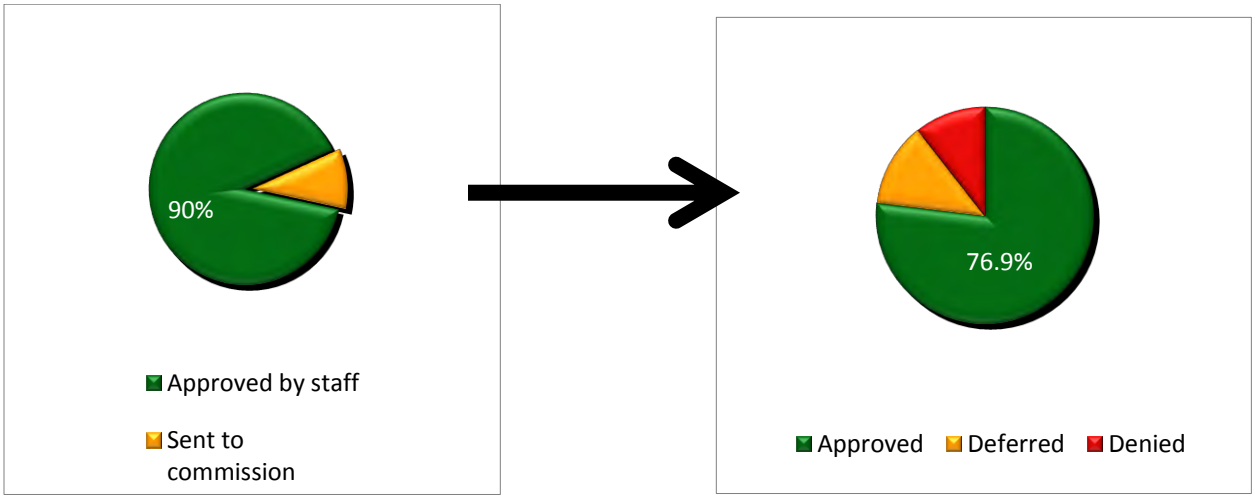

In 2012, the average value for a single-family house in Salt Lake City that was not located in a historic district was $239,257. Of Salt Lake City's six local historic districts, the average home value was higher than the citywide average in three and lower in three.

For properties located within National Register historic districts but not in a local district, the same pattern holds true. Of the ten National Register districts in Salt Lake City, four have average values greater than the

citywide average, and six have averages below that of the city. This is solid evidence that historic districts are providing quality housing for Utah households at nearly every income level.




Then what of the claim that local preservation commissions make it exceedingly difficult to make changes to one's home? Again, the reality and the claim are far apart. For this study, the records of the Salt Lake City Historic Preservation Commission from 2004 through 2012 were examined. Of the applications that were presented, over 90 percent were approved at the staff level with no need for the applicant to appear before the commission at all. Of the ten percent forwarded to the commission, nearly 77 percent were approved and another 12 percent deferred, most of which were ultimately approved when requested modifications in the plans were made. Only 10 percent of all cases heard by the commission – roughly 1 percent of all applications – were denied. This is hardly a pattern that supports a "they're just in business to say no" claim.



## CONCLUSIONS

- In good times, properties in most historic districts outperform the rest of the market.
- In tough times, the decline in value is usually less.
- The quality and relative value stability of homes in historic districts reduces the likelihood of foreclosure.
- There are homes in historic districts that are affordable for households across a wide range of income brackets.
- The overwhelming percentage of proposed changes to houses in local historic districts are quickly approved.

# SUSTAINABILITY

Preservation in Utah demonstrates how responsible stewardship of the built environment can ensure the long-term availability of the natural environment for cultural, recreational, and economic uses.

Early preservation advocates focused narrowly on cultural values. However, after the National Historic Preservation Act passed in 1966, many preservationists expanded their perception of the field and its role. They recognized preservation's ability to save energy and material resources, and they noted the economic revitalization stimulated by the preservation and adaptive reuse of historic buildings.[18] This expanded view is echoed in the current definition of sustainability as a practice with social, environmental, and economic elements.

A number of iconic buildings in Utah have gained national attention for using historic preservation as a sustainability strategy. For example, the designers of the Utah State Capitol seismic upgrade incorporated fly ash concrete in its foundations, beams, and shear walls, which reduced the amount of concrete used.[19] In turn, this lowered carbon emissions. Fort Douglas was repurposed as a Community of Scholars for the University of Utah instead of razing and replacing buildings. Historic warehouse buildings such as the Fuller Paint Company Warehouse in Salt Lake City and the Scowcroft Warehouse in Ogden have been successfully adapted for reuse. And commercial buildings like the First Security Bank Building have been rehabilitated using both Historic Rehabilitation and New Markets Tax Credits.

These diverse projects have social and economic benefits, but they don't stop there. They also foster environmental sustainability by avoiding demolition, concentrating development in established areas, and preserving open land.

This chapter focuses on the significant intersections of historic preservation and environmental sustainability. It begins with a brief discussion of the inherently sustainable elements in historic buildings. It then explains the indicators used to gauge building performance, with particular attention to the preservation and reuse of historic buildings. Finally, it discusses how current tools and retrofit technologies are making historic buildings even more energy-efficient.

## HISTORIC BUILDINGS: INHERENTLY SUSTAINABLE

Older buildings were constructed with heavier masonry materials for thermal mass, natural ventilation strategies for cooling, and strategically placed openings for daylighting. These passive approaches provided basic thermal and lighting comfort.

Yet these elements disappeared from commercial buildings with the advent of new technologies. Fluorescent lamps and double-paned windows were introduced in the 1930s, and air conditioning became widely used after World War II. Aluminum curtain walls became a common element in commercial buildings beginning in the 1950s.
These products transformed commercial buildings. Problems created by thermal deficiencies in newer building designs were "solved" by increasingly larger and more complex heating, ventilating, and air conditioning systems powered by cheap electricity. However, greater environmental awareness in the 1960s

[18] Diane Maddex, ed., *New Energy from Old Buildings* (Washington, DC: National Trust for Historic Preservation/Preservation Press, 1981); Advisory Council on Historic Preservation, *The Contribution of Historic Preservation to Urban Revitalization* (Washington, DC: U.S. Government Printing Office, 1979).
[19] P. Kumar Mehta and Helena Meryman, "Tools for Reducing Carbon Emissions Due to Cement Consumption," *STRUCTURE* (January 2009), 11-12, 14-15.

and the energy crises of the 1970s prompted a review of how buildings directly and indirectly impacted the environment. By the 1990s, energy-sensitive designs had become popular, and the concept of sustainability continues to evolve in the commercial building industry today.

Older houses also incorporate natural ventilation and daylighting into their designs, but they have more issues with energy efficiency. These stem from little or no insulation, inefficient performance of existing windows, poorly controlled air infiltration, and inefficiencies in mechanical and electrical systems. However, building envelopes and mechanical, electrical, and plumbing (MEP) systems can be upgraded to improve residential energy performance. (See Making Historic Buildings More Energy Efficient section.)

## ENVIRONMENTAL INDICATORS

A range of indicators helps to quantify the energy consumption of new and historic buildings. The LEED rating system is the primary contemporary indicator used to comprehensively assess building sustainability. Other environmental indicators allow designers and analysts to compare the potential performance of particular design options in future building performance. These indicators include the energy utilization index (EUI), embodied energy, material flows, life cycle assessment, and public health costs.

### LEED

The United States Green Building Council, a private nonprofit organization, developed the first LEED (Leadership in Energy and Environmental Design) rating system in 1993. Originally focused on new construction, the LEED now includes nine rating systems for different building types and project scales:

- New Construction and Major Renovations
- Existing Buildings Operations and Management
- Commercial Interiors
- Core and Shell Development
- Retail
- Schools
- Homes
- Neighborhood Development
- Healthcare

The rating systems include five primary credit categories that award points when specific criteria are met. These main categories are sustainable sites, water efficiency, energy and atmosphere, materials and resources, and indoor environmental quality. Additional credit categories exist for aspects found within a particular building type (e.g., location and linkage credits for Homes or Neighborhood Development). The point total determines the level of success, from Certified (lowest) to Silver, Gold, and Platinum (highest).[20]

While the original LEED for New Construction rating system was not intended to be applied to the rehabilitation of existing buildings, it was the only rating system available. As a result, many early rehabilitation and reuse projects were evaluated under the New Construction rating system. It was not impossible for rehabilitation projects to score well, but the rating system's focus could be insensitive to the construction technologies and historic character-defining features found in historic buildings. Despite this, projects like the Fuller Paint Company Building and the Scowcroft Warehouse were able to successfully respectively achieve LEED Gold and Silver ratings and still qualify for Historic Rehabilitation Tax Credits. Subsequent review and reallocation of credits in the ranking system now provide an enhanced opportunity for even further success in applying LEED to historic buildings. As a result, there have been more and more buildings that have qualified for both LEED Platinum and Historic Rehabilitation Tax Credits, including the

[20] United States Green Building Council. *LEED*. accessed June 23, 2013. http://www.usgbc.org/leed/rating-systems

Christman Construction Company in Lansing, Michigan, which became the first historic building to earn triple platinum status.[21]

### Energy Utilization Index

The Energy Utilization Index (EUI) measures energy consumption per square foot per year. This provides a way to compare the energy performance of buildings that are similar types but different sizes or ages. In a study released in 2008, the U.S. Department of Energy found that commercial buildings constructed in the 1960s, 1970s, and 1980s are poor energy performers with high EUIs (Table 14). Most surprising to many, however, was that buildings constructed before 1920 and after 2000 have very similar low EUIs. In fact, buildings built after 2000 have an EUI only 0.6 percent better than that of commercial buildings built prior to 1920.

Residential buildings are a different story. Recently constructed residential buildings have the lowest (best) EUIs, while houses built in the early 20th century consume the most energy (Table 15). Older houses' low energy performance has prompted calls for upgrades (See Making Historic Buildings More Energy Efficient section).

Table 14

| ENERGY UTILIZATION INDEX FOR NON-MALL COMMERCIAL BUILDINGS[22] Average energy consumption in kBtu/sf | |
|---|---|
| Before 1920 | 80.2 |
| 1920 – 1945 | 90.3 |
| 1946 – 1959 | 80.3 |
| 1960 – 1969 | 90.9 |
| 1970 – 1979 | 95.0 |
| 1980 – 1989 | 100.1 |
| 1990 – 1999 | 88.8 |
| 2000 – 2003 | 79.7 |

Table 15

| ENERGY UTILIZATION INDEX FOR RESIDENTIAL BUILDINGS[23] Average energy consumption in kBtu/sf | |
|---|---|
| Before 1939 | 56 |
| 1940 – 1949 | 54 |
| 1950 – 1959 | 49 |
| 1960 – 1969 | 47 |
| 1970 – 1979 | 46 |
| 1980 – 1989 | 41 |
| 1990 – 1999 | 39 |
| 2000 – 2001 | 37 |

### Embodied Energy

The next performance metric is embodied energy, which the Advisory Council on Historic Preservation (ACHP) defined in 1979 as "the energy used to process the materials required to construct the building and that [energy] needed to put them into place."[24] The idea found limited acceptance at the time, and modern arguments around embodied energy are still met with doubt. However, a new idea has emerged in the past two decades: the concept of "avoided impacts," or minimizing (if not eliminating) energy use for demolition and new construction.

The concept of avoided impacts recognizes that the energy used to construct a new building must be "recovered" before the new building saves net energy. Building construction involves manufacturing and transporting new building materials to the job site, as well as fabricating the building. Even a new energy-efficient house can take 12 to 15 years to recover that energy. Razing a house to replace it with a similar but more energy-efficient house will nearly double the recovery period.[25] This is due to the energy involved in demolition and transportation of waste materials, as well as the embodied energy of the original house. For a

[21] Robert A. Young. *Stewardship of the Built Environment*. Washington, DC: Island Press, 2012, 176-182.
[22] U.S. Energy Information Administration, "Residential Energy Consumption Survey" (2010).
[23] U.S. Department of Energy, "Commercial Building Energy Consumption Survey, 2003" (2006).
[24] Advisory Council on Historic Preservation, *Preservation and Energy Conservation* (Washington, DC: Advisory Council on Historic Preservation, 1979).
[25] Wayne Curtis, "A Cautionary Tale: Amid Our Green Building Boom: Why Neglecting the Old in Favor of the New Just Might Cost Us Dearly," *Preservation* (January/February 2008).

new office building, the recovery period for construction is 40 years, while it is closer to 65 years if demolition of an existing building is involved.

Many sustainability proponents talk of creating a sustainable environment by tearing down old buildings and replacing them with buildings that are more energy efficient. They typically justify the benefits based on the new building's lower operational energy usage. However, this view does not account for the energy needed to construct the new building or the demolition energy needed to remove the existing building. It also disregards the inherent embodied energy within the existing building itself.

As shown in Table 16, the recovery period for a new building is excessive even if it is constructed on undeveloped land. In fact, the full recovery period exceeds the expected useful life of buildings being constructed today. There is no full recovery of energy, since the building will most likely be demolished before the recovery period ends.

Table 16

CALCULATING ENERGY RECOVERY RATE[26]

The time needed to recover the energy used to construct a new energy-efficient building can be calculated by comparing the energy performances of new and existing buildings.

Embodied energy for new building: 1,200 kBTU/sf
Existing building annual operating energy: 70 kBTU/sf
New building annual operating energy: 35 kBTU/sf

The energy recovery rate is the consumption difference between the new and existing buildings:

Energy Recovery Rate = $\text{Energy Rate}_{\text{existing}} - \text{Energy Rate}_{\text{new}}$
= 70 kBTU/sf – 35 kBTU/sf
= 35 kBTU/sf

The recovery period is calculated by dividing the embodied energy expended to construct the new building by the energy recovery rate:

Energy Recovery Period = Initial Embodied Energy ÷ Energy Recovery Rate
= 1,200 kBTU/sf ÷ 35 kBTU/sf
= 34.2 years

It will take 34.2 years to recover the energy used to construct the building before any energy is actually saved.

[26] Mike Jackson, "Embodied Energy and Historic Preservation: A Needed Reassessment," APT Bulletin 38, no. 4 (2005).

### Material Flows

Material flows are the volume of construction and demolition materials that flow into and out of the site. Quantifying material flows offers a relative indicator of the impacts of converting raw materials into new building material, as well as the impacts of demolition and construction waste on landfills. In many cities nationwide, deconstruction and salvage companies remove materials from the construction and demolition waste stream: bricks, concrete, masonry, lumber, paving materials, shingles, glass, plastics, aluminum, steel, drywall, insulation, roofing materials, plumbing fixtures, electrical materials, and siding. In many cases, these materials provide replacement components for preservation or adaptive use projects. While deconstructing buildings and recycling the materials is an increasingly common demolition practice, the potential extent of this activity has yet to be reached. The Environmental Protection Agency reports that much of the estimated 170 million tons generated from building, renovation, and demolition projects across the United States can be reused.[27] A number of communities have passed local ordinances requiring recovery of construction and demolition materials.[28]


"Reduce, reuse, and recycle" is often cited to keep recyclable materials out of the landfill. This concept has public support when it comes to aluminum, glass, and plastic containers, but falls short of the same public application when it comes to buildings. This is despite the fact that building construction uses 40 percent of the world's resources and generates 40 percent of the material going into landfills.[29]

One alternative to razing a building is to move it. Older buildings have been moved despite the potential obstructions posed by overhead telephone and power lines. Moving masonry buildings is more difficult due to the building weight and the need to stabilize unreinforced masonry. Still, a recent example in Salt Lake City demonstrates in rather spectacular fashion that relocation is possible. The Odd Fellows Hall in Salt Lake City was constructed in 1891 of unreinforced masonry. When a planned addition to the Frank Moss U.S. Federal Courthouse threatened the building, it was moved across the street. This move prevented six million pounds of building material from going to a landfill—a significant environmental win.

An investigation of the 1904 G. H. Schettler House in Salt Lake City compared the flow of new material used in construction with the flow of demolition materials in three scenarios. Each scenario reflected a national trend: retention and rehabilitation of the existing house (#1), construction of a similar house in the suburbs (#2), and the demolition and duplication of the existing house (#3).[30] In Scenario #3, the replacement house was calculated to be identical to the original two-story brick house, though replacement houses are typically much larger.

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[27] U.S. Environmental Protection Agency, "Reducing Waste," accessed June 23, 2013, http://www.epa.gov/greenhomes/ReduceWaste.htm.

[28] Institute for Local Self-Reliance, "The New Rules Project: Recycling and Solid Waste," accessed June 23, 2013, http://www.ilsr.org/rule/recycling-and-solid-waste.

[29] "Green Builders" (Trenton, NJ: NJN Public Television and Radio, 2009), DVD.

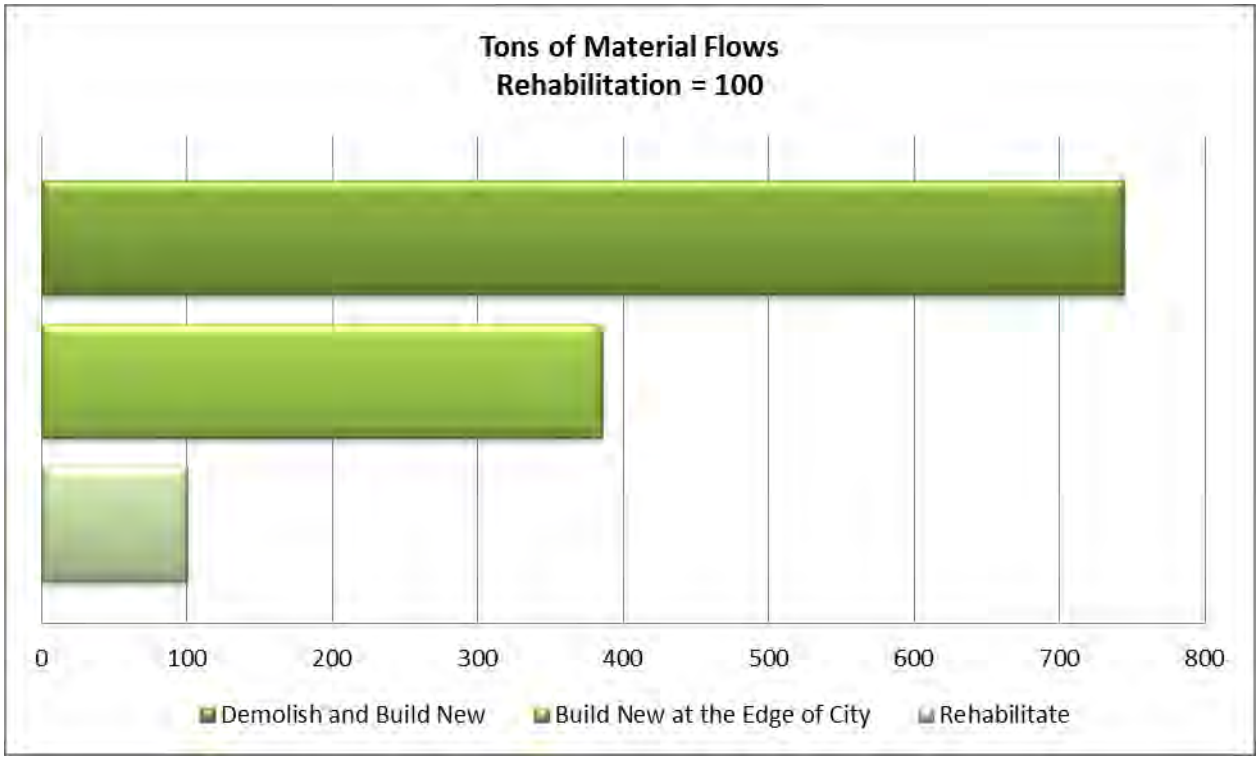
[30] Robert A. Young, "Stewardship of the Built Environment: The Emerging Synergies from Sustainability and Historic Preservation," in *Archipelagoes: Outposts of the Americas: Enclaves amidst Technology*, eds. Robert Alexander Gonzales and Marilys Rebecca Nepomechie (Washington, DC: Association of Schools and Colleges of Architecture, 2004), 35-50.

The study analyzed the material flows for each scenario, including the extraction of new raw materials and the impacts of construction and demolition wastes on the landfill (Table 17). The rehabilitation of the existing house had the lowest cumulative amount of material flows by far. New suburban construction generated a material stream 4 times greater than rehabilitation, while the material stream of demolition and duplication was 7.4 times greater.

Table 17

| MATERIAL FLOW COMPARISON | |
|---|---|
| SCENARIO | TOTAL MATERIAL STREAM |
| #1 Rehabilitation | 47.3 tons |
| #2 New suburban construction | 182.4 tons |
| #3 Demolition and duplication | 351.8 tons |

When considered on an indexed basis, the Materials Flow calculations can be represented as in this chart:




### Life Cycle Assessment

Life Cycle Assessment (LCA) assesses a product's environmental performance over its full life cycle. Environmental performance is measured in terms of avoided impacts, or minimizing energy and resource use.[31] Some examples of avoided impacts include:

- Fossil fuel depletion
- Other non-renewable resource use
- Water use
- Global warming potential
- Stratospheric ozone depletion

[31] Wayne Trusty, "Renovating vs. Building New: The Environmental Merits" (Merrickville, Ontario, Canada: Athena Sustainable Materials Institute, 2003), accessed June 23, 2013, http://nshistoricplaces.ca/conservation_resources/documents/RenovsBuildNewTrusty.pdf.

- Ground-level ozone (smog) creation
- Nutrification/eutrophication of water bodies
- Acidification and acid deposition (dry and wet)
- Toxic releases (e.g., harmful pollutants and carcinogens) to air, water, and land

The LCA of a building would be calculated using an EcoCalculator® or similar software system to determine what the overall avoided environmental impacts would be for a number of design alternatives.[32] The Athena Sustainable Materials Institute conducted an investigation on the reuse potential of four separate buildings.[33] In all four instances, the strategy to reuse and rehabilitate the buildings proved to be more environmentally advantageous than the raze-and-replace alternative.

Applying LCA to a building is difficult due to the many components involved in construction. Still, the Preservation Green Lab of the National Trust for Historic Preservation noted: "It takes 10 to 80 years for a new building that is 30 percent more efficient than an average-performing existing building to overcome, through efficient operations, the negative climate change impacts related to the construction process."[34]

### Preservation of Open Space

Through the preservation and reuse of buildings, communities can offset growth pressures on open lands. Similarly, vacant urban lands or underutilized parcels such as parking lots could hold new construction that takes advantage of existing infrastructure. A study funded by the EPA estimated that redeveloping one acre of brownfields is equivalent in environmental impact to preserving 4.5 acres of open space.[35] Brownfields redevelopment is particularly relevant to urban areas, but it can also be applied in smaller communities and rural towns. In fact, it helps ease growth pressures so that open lands in rural areas can be preserved for agricultural and recreational uses.

### Public Health Impacts

In helping to preserve open lands, preservation of buildings also brings a public health benefit. Preventing suburban sprawl helps reduce driving, along with its associated environmental and health costs. Conversely, creating an urban environment in which walking is a pleasant experience has significant public health benefits.

In urban areas, building preservation and brownfields redevelopment can help avoid further increases in vehicle miles traveled (VMT). More intensive use of existing built areas leads to a greater concentration of activities. This encourages both residents and visitors to get out of their vehicles and walk to multiple destinations. National research has correlated walkable communities with higher levels of exercise and lower levels of obesity and body mass index.[36]

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[32] EcoCalculator is a free software system developed by the Athena Sustainable Materials Institute. Additional information is available at http://www.athenasmi.org/our-software-data/ecocalculator.

[33] Athena Sustainable Materials Institute, *A Life Cycle Assessment Study of Embodied Effects for Existing Historic Buildings* (2009), accessed June 24, 2013. http://www.athenasmi.org/wp-content/uploads/2012/01/Athena_LCA_for_Existing_Historic_Buildings.pdf.

[34] Preservation Green Lab, "The Greenest Building: Quantifying the Environmental Value of Building Reuse" (National Trust for Historic Preservation, 2012), 76f.

[35] Jonathan P. Deason, George William Sherk, and Gary Carroll, *Public Policies and Private Decisions Affecting the Redevelopment of Brownfields: An Analysis of Critical Factors, Relative Weights and Areal Differentials* (U.S. Environmental Protection Agency, 2001), accessed June 23, 2013, http://www.gwu.edu/~eem/Brownfields/.

[36] Lawrence Frank et al., "Linking Objectively Measured Physical Activity with Objectively Measured Urban Form: Findings from SMARTRAQ," *American Journal of Preventative Medicine* 28, no. 2S2 (2005), 117-125; R. Ewing et al., "Relationship between Urban Sprawl and Physical Activity, Obesity and Morbidity," *American Journal of Health Promotion* 18, no. 1 (2003), 464-474; Lawrence Frank, Martin Andresen, and Tom Schmid, "Obesity Relationships With Community Design, Physical Activity, and Time Spent in Cars," *American Journal of Preventive Medicine* 27, no. 2 (2004), 87-96.

A reduction in VMT also has public health impacts at the community scale. The Utah Department of Environmental Quality estimates that 57 percent of greenhouse gas emissions in the state come from mobile sources such as automobiles and trucks, so reducing VMT can have a direct positive impact on public health conditions.[37] For example, in early 2013, prolonged thermal inversions in Utah's northern valley posed a threat to public health due to reduced air quality. Reducing VMT—and the pollutants that make up the smog associated with these inversions—can reduce the occurrences of asthma and other respiratory problems.

## MAKING HISTORIC BUILDINGS MORE ENERGY EFFICIENT

The building envelope and mechanical, electrical, and plumbing systems are the elements most often targeted for energy efficiency upgrades. This section compares options for retrofitting and replacing building elements and systems.

### Building Envelope

The energy performance of the building envelope (windows, doors, walls, ceilings and roofs, and floors) can be improved through weatherization and increasing or controlling the admission of natural light. Replacement windows and insulation are two common modifications to the building envelope.

#### *Replacement windows*

Since heated air naturally rises, the amount of conductive energy lost through windows is lower than heat lost through other parts of the building envelope, such as under-insulated attics and roofs. Consequently, many building scientists and energy auditors recommend installing storm windows and weatherstripping, caulking around openings in the building envelope, and sealing openings leading to or from unheated spaces like attics, basements, and stairwells.

In economic terms, one-for-one replacement of wood windows with more efficient vinyl units is not cost-effective. In terms of simple payback—the period of time it takes for energy savings to recover the additional cost incurred when choosing a more expensive alternative—the most cost-effective solution is to add a storm window to an existing single-pane window unit (Table 5). This modification costs $50 and takes less than 4 years to pay back via energy savings. New double-pane windows, the often-advertised alternative, take 34 to 40 years—or more—to pay back. And because the average American family moves roughly every five years, the original purchaser may not realize any cost savings at all.

Table 18

PAYBACK ANALYSIS FOR WINDOW UPGRADE OPTIONS[38]

| OPTIONS | COST ($) | R-VALUE | ANNUAL BTUS SAVED | ANNUAL COST SAVINGS ($) | PAYBACK PERIOD (YRS) |
|---|---|---|---|---|---|
| Original Window (OW) | ------ | 0.9 | 0 | 0 | 0 |
| OW + storm window | $50 | 2.0 | 722,218 | 13.20 | 3.8 |
| Double pane | $450 | 1.7 | 625,922 | 11.07 | 40.5 |
| Low-e double pane | $550 | 2.9 | 902,722 | 16.10 | 34.0 |
| Low-e double pane for OW + storm window | $550 | 2.9 | 132,407 | 2.29 | 240.0 |

SOURCE Keith Haberern, Collingswood (NJ) Historic District Commission. Cited in Noelle Lord, "Embracing Efficiency," Old House Journal 35, no. 5 (September/October 2007), 43.

[37] Utah Department of Environmental Quality, "Emission Sources of Winter PM 2.5," last modified February 27, 2013, accessed February 28, 2013, http://www.deq.utah.gov/FactSheets/sources.htm.

[38] The R-value refers to the ability of a material to resist heat flow. Materials with higher R-values resist heat flow better than materials with lower R-values. A BTU (British thermal unit) is a measure of heat energy. The BTU is used to define a common basis for all heat lost or gained in a building regardless of the fuel source used to overcome the heat loss or gain. One BTU is the amount of energy needed to raise one pound of water 1° F.

Furthermore, recent research indicates that the useful life of vinyl windows is lower than manufacturers' claims. Thirty percent of vinyl replacement windows are replaced within just ten years.[39] Unlike wood windows, individual components of vinyl windows cannot be repaired when damaged and must be completely replaced. And despite the 15- to 20-year warranties offered by manufacturers, some manufacturers may be out of business before the life of the warranty ends.

With any of the vinyl replacement window options, the payback period exceeds the expected life of the window. In contrast, repairing wood-frame windows has been shown as cost-effective both in terms of initial costs (material and labor) and the ability to replace broken or damaged parts.

Window replacements also raise preservation concerns about how envelope modifications impact historic integrity. When a building is located in a local historic district, the local historic landmarks commission may have requirements for preserving original windows and/or selecting new windows. Similarly, if the project is seeking federal historic rehabilitation tax credits, the state historic preservation office (SHPO) will scrutinize the proposed window treatment for compliance with the Secretary of the Interior's Standards. Installation of inappropriate windows may result in the denial of a proposed project or tax credits.

#### *Insulation*

The thermal efficiency of the building envelope is a major concern for many building owners. Sealing air infiltration paths—e.g., putting weatherstripping and gaskets around doors and windows—can reduce infiltration and heat exchange significantly. Likewise, insulating the attic will suppress the natural upward flow of heat.

Walls are the final opportunity for insulation upgrades. However, adding insulation to the interior face, the exterior face, and within the interior cavity presents various problems. Insulating the interior face reduces occupied space and can compromise original surface details such as woodwork, ornamental plaster, and paint finishes. Insulating the exterior face can significantly alter the exterior appearance, which may be historically significant. And adding insulation to the wall cavity can create moisture problems. In fact, in all three instances, adding insulation can lead to condensation inside the wall and freeze-thaw related problems toward the exterior of the wall. Consultation with an insulation specialist is advised before starting any insulation upgrades to ensure that potential moisture issues are addressed as part of the upgrade.

### Mechanical, Electrical and Plumbing (MEP) Systems

Many MEP upgrade projects involve replacing less efficient components (e.g., burners, motors, pumps, incandescent lamps) with more efficient replacements. Additional strategies to improve sustainability performance include:

- Digital controls: These include programmable thermostats for residential buildings and energy management systems for commercial, retail, institutional, and industrial buildings.
- Enhanced air circulation and free cooling: Nighttime free cooling can flush heat out of a building during the evening when outdoor temperatures are cooler. That outdoor air is used to cool the building.
- Heat pumps: Geothermal heat pumps enhance thermal comfort without creating a significant visual or spatial disruption to the building or its surroundings.[40]

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[39] National Trust for Historic Preservation, "Historic Wood Windows: A Tip Sheet from the National Trust for Historic Preservation" (Washington, DC: 2009), 2.

[40] At approximately 12 feet below ground, the soil temperature is relatively constant year-round and is approximately the average annual air temperature. A ground-coupled heat pump is a mechanically based system that rejects heat into the ground when cooling is needed and absorbs heat from the ground when heat is needed. For more information on this technology, see http://energy.gov/energysaver/articles/geothermal-heat-pumps.

- Raised floor air supply: This technology has been successfully used nationwide to integrate new HVAC systems into industrial and warehouse facilities being repurposed for office and residential uses.[41] One example is the IRS Operations Center in Ogden.
- Photovoltaic panels: These panels transform solar energy into electricity, but they can be visually obtrusive. The former Stratford Hotel in Salt Lake City provides a good example of how to successfully conceal them.
- Low-flow plumbing fixtures: A wide variety of products has been introduced to reduce water demand, including low-flow faucets and showerheads, low-flow and dual-flush toilets, and waterless urinals.

Daylighting interior spaces with skylights, clerestories, and transom windows was a common design strategy before the advent of modern lighting technology such as the fluorescent light. Modern projects are now revisiting the use of natural light as a significant contributor to saving energy and enhancing occupants' emotional wellbeing and productivity. Digital technology can be used to reduce or turn off electric lighting when daylight meets occupant needs.

The broader preservation concern with MEP-related energy upgrades stems from the physical disruption and visual impact of piping and ductwork, especially on the interior finishes and spatial qualities of historically significant spaces. These elements must be routed to avoid compromising the visual and physical qualities of the spaces involved. Historic rehabilitation tax credit projects strongly discourage the installation of mechanical equipment, solar panels, and photovoltaic panels in locations visible from a public right-of-way.

## RETROFIT EXAMPLE: G. H. SCHETTLER HOUSE

The G. H. Schettler House in Salt Lake City—discussed earlier as the subject of a material flows study—was rehabilitated in 2000. Constructed in 1904, the two-story single-family brick house is located in locally and nationally designated historic districts. In the recent rehabilitation, mechanical, electrical, and plumbing systems were completely replaced; deteriorated plaster on the interior walls was replaced; and all interior finishes were restored or upgraded. Other improvements included:

- Weatherizing windows and doors,
- Adding attic insulation,
- Replacing the roof,
- Upgrading bedroom windows to meet fire and life safety codes, and
- Installing high-efficiency appliances, low-flow plumbing fixtures, and programmable controls for the HVAC system and exterior lighting.

These enhancements reduced heating loads by 37 percent and cooling loads by 22 percent. The project was a Utah Historic Preservation Tax Credit project that was reviewed by the local Historic Landmark Commission, the State Historic Preservation Office, and the National Park Service for adherence to local design guidelines and the Secretary of the Interior's Standards for Rehabilitation. The total rehabilitation costs were $215,000 ($84/sf); the Utah Historic Preservation Tax Credit reduced the cost to $173,200 ($68/sf). As this was an owner-occupied property, the Federal Historic Rehabilitation Tax Credits were not available.

[41] A raised floor system is one where the walking surface is constructed several inches or more above the floor slab. In the space between the floor and the slab, wiring, communication cabling, and heating and cooling distribution networks are installed to provide service to individual workstations and cubicles. This process allows flexibility in arranging workspaces without the visual and physical clutter that occurs when these services are provided from the ceiling. For more information on this technology, see www.ufad.net/GSAGuideonRaisedFloor2_1.pdf.

## WALKABILITY

Recent urban research has demonstrated the importance of "walkability" for quality communities and for public health, transportation, and other reasons. In 2008, a group of Seattle software developers created an online system that measures the "walkability" of neighborhoods and addresses. They make the case for walkable neighborhoods as follows.[42]

Walkable neighborhoods offer surprising benefits to the environment, health and finances, and communities:

- Environment: Cars are a leading cause of climate change. Your feet are zero-pollution transportation machines.
- Health: The average resident of a walkable neighborhood weighs 7 pounds less than someone who lives in a sprawling neighborhood.
- Finances: One point of Walk Score is worth up to $3,000 of value for your property.
- Communities: Studies show that for every 10 minutes a person spends in a daily car commute, time spent in community activities falls by 10%.

They define a walkable community as having:

- A center: Walkable neighborhoods have a center, whether it's a main street or a public space.
- People: Enough people for businesses to flourish and for public transit to run frequently.
- Mixed income, mixed use: Affordable housing located near businesses.
- Parks and public space: Plenty of public places to gather and play.
- Pedestrian design: Buildings are close to the street, parking lots are relegated to the back.
- Schools and workplaces: Close enough that most residents can walk from their homes.
- Complete streets: Streets designed for bicyclists, pedestrians, and transit.

| WALK SCORE RATING DESCRIPTION |
|---|
| 90–100 Walker's Paradise — Daily errands do not require a car. |
| 70–89 Very Walkable — Most errands can be accomplished on foot. |
| 50–69 Somewhat Walkable — Some amenities within walking distance. |
| 25–49 Car-Dependent — A few amenities within walking distance. |
| 0–24 Car-Dependent — Almost all errands require a car. |

As part of the analysis for this study a Walk Score was calculated for every Salt Lake City property that utilized the Utah Historic Preservation Tax Credit, over 900 addresses, and compared those scores with the Walk Scores for Salt Lake as a whole. The comparison can be seen in Table 19.

[42] Walk Score, http://www.walkscore.com/walkable-neighborhoods.shtml.

Table 19

| WALKABILITY IN SALT LAKE CITY | | | |
|---|---|---|---|
| SCORE | CATEGORY | TAX CREDIT PROJECTS IN HISTORIC DISTRICTS | CITY OF SALT LAKE (OVERALL) |
| 90-100 | Walker's Paradise | 3.1% | |
| 70-89 | Very Walkable | 41.6% | 21.4% |
| 50-69 | Somewhat Walkable | 51.4% | 48.6% |
| 25-49 | Car Dependent | 3.9% | 30.0% |
| 0-24 | Car Dependent | 0.0% | |

Walkability is important on the regional environmental level by reducing vehicle miles traveled and the corresponding effect on air quality. It also has direct benefits for individuals. The American Journal of Preventive Medicine reported, "Neighborhoods built a half-century or more ago were designed with 'walkability' in mind. And living in them reduces an individual's risk of becoming overweight or obese."

The LDS Doctrine and Covenants directs church members to "be diligent in preserving what thou hast, that thou mayest be a wise steward" (D&C 136:27). "And the benefits shall be consecrated unto the inhabitants of Zion and unto their generations" (D&C 70:8).

When written, that stewardship probably referred to the land and water and the production of the early pioneers. But today Utahns are being wise stewards of their historic built environment, preserving those benefits for future generations and practicing sustainable development at the same time.

## CONCLUSIONS

Sustainable design is typically measured by how a building is sited or how a community is designed to mitigate sprawl and its attendant environmental degradation. Overall, however, consideration should be given to the relationships between LEED ratings, the energy utilization index, embodied energy, material flows, life cycle assessment, public health impacts, the preservation of open lands, and walkability. As discussed in this section, many older buildings and neighborhoods already have characteristics that are highly valued in contemporary design for their contributions to sustainability. These design elements are being rediscovered by architects for both new construction and reuse projects. Society needs to recognize that preservation and reuse is an effective sustainable design strategy that should be considered at the start of each discussion about future building plans.

Beyond residential and commercial buildings, many of the older buildings being rehabilitated today are industrial and warehouse buildings with large open floor plans. The openness of these spaces meets the needs of large open office plans or can be easily subdivided into smaller retail or residential units. At the scale of multifamily housing, buildings can be repurposed to accommodate a variety of market sectors ranging from affordable to high-end. All these project types have proven to be successful nationwide and are gaining in popularity. As architects, developers, and building managers become more familiar with the processes, the social, environmental, and economic opportunities presented through the preservation and reuse of buildings will become even more attractive to a larger market.

# DOWNTOWN REVITALIZATION

After World War II, Utah's downtown economies were hugely impacted by widespread highway construction. The new mobility offered by the automobile transformed the landscape of commercial development. New commercial centers began rising at the edge of town in a rush to capture modern Utah consumers. At one point in the early 1960s, *The Salt Lake Tribune* called shopping mall development in Salt Lake County a "war."

Oriented to cars rather than pedestrians, strip malls and shopping malls generated stiff competition for downtowns around the state. The new commercial centers lacked the character of historic business districts, but they offered selection and pricing that most downtown retailers could not match—and acres of parking that downtowns could not provide. Consequently, they captured large trade areas, with customers traveling long distances to do business, from Helper to Provo, Panguitch to Cedar City, or Tremonton to Logan.

Downtown business and property owners tried to compete with the new commercial centers on the new terms. Property owners replicated the neutral design of malls and giant retailers by installing "slipcovers" on their buildings. Merchants installed billboard-sized signs to attract passing motorists. And communities demolished historic buildings to create space for more parking. In fact, the "modernization" only worsened downtowns' economic decline by diminishing their inherent competitive advantages: unique historic character and pedestrian environment.

In the last 30 years, the concept of downtown revitalization has received attention from across the country. It is increasingly recognized as a viable, cost-effective approach to local economic development. Both public officials and private-sector leaders have come to recognize that "the health and economic vitality of a community is best reflected in its downtown, the heart of the city."[43] And there is proof: communities that have engaged in downtown revitalization based in historic preservation have not only achieved substantial economic growth—they have established a strong identity that has led to further economic opportunities.

## WHY DOES DOWNTOWN MATTER?

The importance of downtown is not always obvious to communities that have seen their downtowns decline. It is especially hard to see in communities where extensive strip development, big box retail, or a regional mall has generated substantial public revenues. Why reinvest in downtown?

- Downtown is an incubator for local entrepreneurs. Their businesses create a stable foundation for economic growth, because they do not rely on economic interests based elsewhere. In addition, the multiplier of local businesses—that is, the percent of business income returned to the local economy—is much higher than that of national corporations. A 2012 study in Salt Lake City concluded that local businesses returned over 50 percent of their income to the local economy, while national chains returned less than 15 percent.[44]
- Historic buildings and public places tell the story of the community and give a sense of its current direction. A clear sense of community identity has very real economic impacts. In marketing terms, it creates differentiation by establishing a clear brand for downtown and the broader community. This brand increases a community's ability to compete economically.
- Focusing on downtown helps to manage growth in the entire community. Communities throughout Utah—even those that would have recently been considered remote—are experiencing the

[43] "The Heart of Our City," City of St. George, www.sgcity.org/townsquare/pride.php.

[44] Civic Economics, "Indie Impact Study Series: A National Comparative Survey with the American Booksellers Association" (Salt Lake City, Utah: Summer 2012).

pressures of population growth. Concentrating development in the urban core allows for more cost-effective allocation of public resources like infrastructure and preserves open land for productive long-term alternatives. In other words, communities are economically healthier when they grow from the inside out.

- Local economies work better when they are based on a density of activity. When economic activity is concentrated in a smaller area like downtown, consumer activity intensifies and businesses can feed one another more effectively.

## DOWNTOWN REVITALIZATION IN UTAH

This section of the report will assess the impacts of downtown revitalization based in historic preservation. This approach to restoring downtown's physical and economic vitality is based on restoring a business district's historic character, primarily by returning its buildings to their original, historic appearance and by creating an environment that promotes pedestrian activity.

However, it should be noted that some communities in Utah have taken different approaches to addressing the economic decline of their downtowns. Most have simply ignored downtown or taken a laissez-faire approach, allowing downtown to essentially remain dormant. For these communities, however, the real issue is not necessarily that they don't want to revitalize their downtowns—it's that they don't know how.

There are other approaches to downtown revitalization. In a few cases, revitalization efforts have focused more on new construction than on preservation and reuse of historic buildings. In Salt Lake City, Downtown Rising seeks to create a new downtown identity through the creation of new spaces and buildings like the mixed-use City Creek Center, the Utah Performing Arts Center, and the planned public market. Sugarhouse's business district will be characterized more by new construction than by the rehabilitation of its historic buildings, many of which have been inappropriately modified. Provo and Cedar City have tried to balance new construction with historic preservation.

And some communities seek to create centers of commerce and civic life from whole cloth. South Jordan has constructed a new "Towne Center" that includes public and commercial uses in a downtown-like setting. Other communities, including Draper, West Valley City, and Holladay have considered or are attempting to do the same. Ironically, these alternatives mimic the physical qualities of historic downtowns: distinctive architecture in a mixed-use, pedestrian-friendly environment.

The challenge of approaches that are not based in preservation lies in their uncertainty. This is especially true as commercial development has become more competitive. The cycles of commercial design are growing shorter, which means that commercial center concepts that may have been successful 10 or 15 years ago are no longer competitive. Recently, the Gateway Shopping Center in Salt Lake City announced a $2 million renovation project—and it is not even 20 years old. But there is one exception: commercial development based in historic preservation. This is embodied in the Main Street Approach. Downtowns that have fully and actively engaged in the Main Street Approach have not only regained their economic competitiveness—they have maintained it.

### Main Street

In the late 1970s, the National Trust for Historic Preservation conducted a pilot project in several Midwest communities to better understand the dynamics of downtown and how to restore its economic value. The Trust learned that effective economic revitalization of downtown was based in restoring its historic character through a holistic approach. The resulting Main Street Approach addresses downtown's physical condition, its business environment, and its brand. It incorporates four points:

- Design: Design focuses on restoring downtown's primary competitive advantage: its historic character. Design is not simply beautification, though. It addresses both aesthetic and functional elements with very clear economic objectives. It requires the private sector to actively reinvest in downtown's historic commercial buildings and the public sector to actively reinvest in downtown's civic buildings and public spaces.
- Promotion: Through Promotion, communities work to rebrand downtown and reposition it in a constantly changing marketplace. Promotion includes public relations, innovative retail events, and distinctive community events.
- Economic Restructuring: Economic Restructuring initially involves creating an environment that supports local businesses while welcoming compatible national businesses. It also works to stimulate reinvestment on the part of downtown's property owners (both private and public). This point addresses the two most immediate impacts of downtown's decline: decreased business activity and lower property values.
- Organization: Organization is the management structure for the Main Street Approach. This element focuses on organizing and managing the revitalization process over the long term. To accomplish this, it brings together key players from local government and the business community, as well as interested residents.

The National Trust established the National Main Street Center in 1980 to help communities undertake effective downtown revitalization. Since then, over 1,000 communities in the U.S. and several foreign countries have adopted the Main Street Approach. The results are impressive. From 1980 through 2012, Main Street communities saw a cumulative reinvestment of $55.7 billion, with nearly 110,000 net new businesses and more than 470,000 net new jobs.[45]

In 1992, the Utah legislature established the Utah Main Street Program in the Department of Community and Economic Development. Until the program's termination in 2006, Utah Main Street provided a range of services to over 40 communities. Fifteen partner communities received a full set of services—funding, training, and technical assistance—to implement the Main Street Approach.

### Chapter Structure

This chapter examines the impacts of historic preservation on the economies of Utah downtowns. Using case studies, it analyzes downtowns on two levels:

- The impacts of preservation-based downtown revitalization through (1) the Main Street Approach and (2) a less holistic process that incorporates historic buildings as a key element of downtown revitalization; and
- The impacts of the historic rehabilitation of individual properties on downtown economic activity.

[45] "Main Street Reinvestment Statistics," National Trust for Historic Preservation, http://www.preservationnation.org/main-street/about-main-street/reinvestment-statistics-1.html#.UUd4Jlc1CSo.

## IMPACTS OF PRESERVATION-BASED REVITALIZATION INITIATIVES

Communities in Utah have taken a number of different approaches to downtown revitalization. Most have simply allowed downtown to evolve without actively directing its development. Some have attempted to balance the preservation and reuse of a few historic buildings with extensive demolition and new construction. Some have integrated historic buildings into their downtown revitalization strategies. And others have undertaken preservation-based revitalization through the holistic process of the Main Street Approach.

Successfully implementing the Main Street Approach is not easy. The primary challenge is managing expectations, as preservation-based revitalization happens by degrees. Many communities lack the patience, persistence, or ability to contemplate a process of incremental change that takes place over a period of years. Economic development has become focused on creating jobs through short-term recruitment projects. But sustainable economic change takes time to develop.

The second challenge of the Main Street Approach is that it requires the active collaboration of both the public and private sectors. Each sector has particular interests in downtown and brings specific strengths and resources to the revitalization effort. But achieving this collaboration can be difficult. Long-term disinvestment and failed past attempts at revitalization have generated skepticism and mistrust between local government and the business community. Even within the local business community itself, relationships are often dysfunctional.

The final challenge lies in the mistaken perception that historic preservation not only does not generate economic growth—it inhibits economic progress. Communities often wrongly assume that the source of downtown's decline is its historic buildings, and that removing those buildings will successfully reinvent downtown. Investing resources in the rehabilitation and reuse of historic buildings is not seen as an option.

Because of these challenges, only a handful of communities in Utah have undertaken the Main Street Approach for an extended period of time. Those communities include American Fork, Brigham City, Heber City, Helper, Logan, Midvale, Mt. Pleasant, Panguitch, Parowan, Price, Provo, Roosevelt, Springville, and Tooele. These communities have undertaken the Main Street Approach to varying degrees, with different levels of commitment to historic preservation as the foundation for downtown revitalization.

The first part of this section focuses on case studies of Mt. Pleasant and Panguitch, two Utah communities that have undertaken the Main Street Approach for the longest period of time and that have most fully embraced historic preservation as the basis for their downtown revitalization efforts. The economic impacts of those efforts may appear to be modest. However, given the economic challenges that both of these communities have faced, they are substantial. Local revitalization efforts have allowed Mt. Pleasant and Panguitch to support stable, sustainable economic activity—no small accomplishment.

The second part of this section examines St. George, Ogden, and Brigham City. These communities have not adopted the Main Street Approach, but they have made historic preservation a linchpin of downtown revitalization initiatives.

### Main Street Case Study: Mt. Pleasant

Located in agricultural Sanpete County, Mt. Pleasant's economy has historically been based on farming, initially of sheep and later of turkeys. In 1993, Mt. Pleasant was designated one of Utah's first Main Street Partner communities. At the time of the designation, however, Mt. Pleasant's downtown revitalization efforts were already well underway.

In 1989, the community approved a $500,000 bond to install streetscape improvements along Main Street, including lighting, benches, sidewalk enhancements, and trash receptacles. City leaders added to that investment with an $83,000 Community Development Block Grant. This money funded architectural drawings of buildings along Main Street and served as seed funding for matching grants with downtown property owners.

Private property owners undertook 17 historic building rehabilitation projects totaling an estimated $200,000. Most of these individual projects were relatively simple, focusing on restoring facades to their original historic character. Still, their collective impact was significant. By 2000, Mt. Pleasant had seen as much public and private reinvestment per capita in its downtown as any community in Utah.

Over the past 20 years, downtown vacancy has decreased and the use of buildings has intensified. But perhaps the best measure of downtown Mt. Pleasant's economic health is the increasing diversification of the business mix. What once was a fairly typical inventory of small retail and service businesses now includes a violinmaker, a technology retailer, the offices of distributors of recreational equipment, and the offices of a home healthcare company. In addition, longtime businesses—including a home furnishings store, a clothing store, a florist, and a pharmacy—have continued to flourish. As with any investment, a more diverse downtown "portfolio" is a more stable portfolio.

This diversity of economic activity includes a key ingredient for downtown economic health: housing. Housing intensifies the density of local activity while allowing the community to manage residential growth more efficiently. This is essential in communities like Mt. Pleasant, where the population has increased by approximately 60 percent since 1990. With the upcoming completion of the rehabilitation of the Wasatch Block building, Mt. Pleasant will have 23 housing units downtown.

But the primary economic impact of Mt. Pleasant's revitalization efforts has been to position its business community against major changes in the regional retail environment. In 1998, a regional mall with 800,000 square feet of leasable space opened in Provo, less than an hour's drive from Mt. Pleasant. A couple of years later, Wal-Mart opened a "Supercenter" in Ephraim, 15 miles to the south.

Based on the experience of communities in other parts of the country, the effects of these changes should have been immediate and catastrophic. For example, sales in Iowa communities with less than 4,000 residents dropped by nearly 30 percent within five years of Wal-Mart's entering their trade areas.[46] As a similar small rural community, Mt. Pleasant should have anticipated similar impacts.

But Mt. Pleasant's experience was different. In the five years following Wal-Mart's opening, downtown businesses in Mt. Pleasant did experience a decrease in sales. However, the drop was only 14 percent—half of what happened in Iowa.[47]

Another way to measure the relative effects of Mt. Pleasant's revitalization efforts is by comparing its experience with that of Manti and Gunnison, two similarly sized Sanpete County communities that did not

[46] Ken Stone, "An Overview of Wal Mart and Other Big Box Stores," presented at the Utah Main Street Conference. Richfield, Utah, 2003.
[47] Calculation based on retail sales data obtained from the Utah State Tax Commission.

undertake downtown revitalization. Manti and Gunnison had significant market advantages as the county seat and the location of the Utah State Prison, respectively, but downtown sales in Mt. Pleasant outperformed them. In the five years after Wal-Mart opened in Ephraim, Manti and Gunnison both saw their downtown sales fall by about 24 percent. Taking a longer comparative view, between 1997 (the first year for which detailed data are available) and 2010, downtown sales in Mt. Pleasant increased by 33 percent, while those in Gunnison increased by 14 percent and those in Manti actually decreased by 6 percent.[48]

While the private sector should certainly be applauded for the success of downtown Mt. Pleasant, local government also deserves credit. In addition to substantial public investment in the streetscape, Mt. Pleasant City has also undertaken its own building rehabilitation projects, including the Carnegie library, City Hall, and the Armory. The city currently is completing rehabilitation of one of downtown's most significant buildings, the Wasatch Block, capitalizing on a unique public-private partnership that will result in the addition of four apartments on Main Street. In addition, the city is rehabilitating historic Liberal Hall across from the Wasatch Block. These two projects alone have brought over $1 million in outside funds into the community.[49]

Beyond monetary impacts, the economic value of downtown Mt. Pleasant can be measured by a different kind of investment: the collaboration of the city and downtown property owners in the designation of downtown Mt. Pleasant as a national historic district. The city and the business community have also adopted a historic overlay zone to protect downtown's historic character and help sustain property values.

### Main Street Case Study: Panguitch

With a population of approximately 2,400, Panguitch is one of the more remote communities in Utah. Located in a high mountain valley in south central Utah, Panguitch grew up around farming and ranching. In recent decades, its economy has become increasingly dependent on tourism. So when Panguitch was designated a Main Street partner community in 1996, one of the community's goals was to increase visitor spending by strengthening Panguitch's identity, or brand.


That goal revolved around the rehabilitation of buildings along Main Street. Over the next 15 years, a range of projects was undertaken, from the relatively simple restoration of the façade of the state liquor store to the comprehensive rehabilitation of the Gem Theater. The City of Panguitch added to the investment of private property owners when it rehabilitated the historic Social Hall that, according to retired City Manager Allen Henrie, sees "constant use." The city also obtained $650,000 in funding to install streetscape improvements along Main Street and Center Street, including "gateway" welcome signs.

Panguitch's Main Street organization complemented these projects by organizing business development programs and creating events that highlight and reinforce the character of the community. One of the most prominent is the Quilt Walk, a quilting festival based on the story of early residents who saved the community during a particularly harsh winter. Started in 1998, the Quilt Walk attracted 65 participants in its first year. It now brings over 200 participants from around the west for four days, filling motel rooms, restaurants, and local shops.

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[48] *Ibid.*

[49] Based on information provided by Monte Bona, Mt. Pleasant City, via email, February 5, 2013.

This combination of projects—building rehabilitations, streetscape enhancements, business assistance, and promotional events—closely aligned with the holistic structure of the Main Street Approach. The primary effect was to intensify Panguitch's brand as a historic destination. And the impacts on the local tourism-based economy have been significant. In the first ten years of the Main Street organization's existence, sales at Panguitch's motels and bed-and-breakfast inns increased by nearly 60 percent. By contrast, transient room tax revenues (a comparable measure of activity in the lodging industry) in the whole of Garfield County grew by just 18 percent during this period.[50] These included Ruby's Inn, a large hotel next to Bryce Canyon. In the state of Utah, those revenues increased by 35 percent—half of Panguitch's growth rate.

Several pieces of additional information make the increase even more impressive. First, during these ten years, no new motels were constructed in Panguitch. Second, due to Panguitch's elevation at 6,600 feet, the economy is seasonal, with high season for tourists generally beginning in May and ending in September. This makes the fiscal year for local businesses essentially five months long.

At the same time that Panguitch was capturing more visitor dollars, its economy was also diversifying. For the same ten-year period (1996-2005), sales in Miscellaneous Retail expanded by over 300 percent, even as large-scale retail development intensified in nearby Cedar City and Richfield.[51] Given the nature of development in Panguitch, it is reasonable to conclude that almost all of these sales occurred on Main Street.

Some of this increase can be attributed to Panguitch's growing population, which increased by 32 percent between 1990 and 2010. But the only change in the local business community was the Main Street Approach.

### Preservation-based Case Study: St. George

In the 1970s, St. George began to transform from a quiet desert community into a haven for retirees. From 1970 to 2010, its population grew by nearly 900 percent—an average of over 20 percent per year. This dramatic increase naturally led to higher commercial demand, which generated significant large-scale commercial growth in the form of malls and big-box retailers. These expanded commercial activity and drew dollars from the community's historic center.


But St. George did not ignore its downtown. Instead, the community focused on downtown as an important economic and cultural resource. The first step was the designation of a downtown historic district in 1980 and the establishment of a façade grants program to encourage property owners to restore the historic character of their buildings. Both worked: Over the past 30 years, over two dozen façade rehabilitations have been completed downtown, and more than $10 million of private investment has gone into historic rehabilitation and compatible new construction.

The City of St. George has been an active partner. To date, municipal investment in downtown totals well over $10 million and includes historic renovations of the Washington County Courthouse, Dixie Academy Building, and St. George Opera House; as well as architecturally compatible new buildings such as the St. George

[50] Based on retail sales data obtained from the Utah State Tax Commission and transient room tax data provided in 1997 and 2005 annual reports by the Utah State Tax Commission.

[51] Miscellaneous Retail is a category in the NAICS classification system. It includes various types of retail stores for which there is not a stand-alone category. These stores include, but are not limited to, drug stores, sporting goods, bookstores, jewelry stores, et al. More detail can be found at: www.naics.com/free-code-search/siclist.html?sictwo=59.

Library. The City's investments have been complemented by other government entities, with the Washington County School District and the State of Utah constructing compatible new buildings in downtown at an estimated total cost of over $15 million.

In one of the more innovative public design projects in Utah, the City turned the need to update aging downtown infrastructure into the opportunity to create Town Square and Water Walk, a public space that now hosts festivals, concerts, and outdoor movies. As the local paper noted in 2012, "Town Square, on the southwest corner of the intersection of Main and Tabernacle streets, has been the city center's biggest attraction…"[52]

This range of projects reflects the diversity and intensity of use in downtown St. George. Perhaps more than any other community in Utah, St. George has successfully integrated commercial, civic, and cultural uses. They serve as both a reflection of and a catalyst for downtown's economic vitality.

That vitality continues to intensify as downtown businesses expand. Even more telling, however, is the fact that existing local businesses are relocating to downtown. Newcomers include a technology company, medical offices, and an ophthalmology practice. As ophthalmologist Dr. Sharon Richens explained, "St. George has such a sense of character. I wanted our new building to have a sense of place, to be within walking distance of the downtown."[53]

But perhaps the strongest evidence of the impacts of historic preservation on downtown is found in Ancestor Square, a shopping center developed more than 30 years ago at the intersection of Main Street and St. George Boulevard. Its developers characterize it as "an example of architecture, entrepreneurship, and history nicely interwoven."[54] Ancestor Square contains 12 buildings, half of which are listed on the National Register of Historic Places and half of which are new. Its website proclaims that "visitors to this park-like area might have a challenge deciding which of the buildings are historic and which are new. Talented architects have worked to make it that way." While specific sales data for Ancestor Square businesses are unavailable, the most salient indicator of its economic success is its vitality. Ancestor Square houses over 15 businesses in its fourth decade, including retail, personal and professional services, and restaurants; it is also the site for the Downtown Farmers Market.

This economic growth throughout downtown is the direct result of a sense of place, which grew from the business community and local government's focus on sustaining the historic character of downtown. That focus is articulated in and regulated by design guidelines for downtown that serve to "ensure the creation of an environment, blending the existing and new developments into a harmoniously functioning area."[55]

#### Preservation-based Case Study: Brigham City

More than any other element, the signature feature in Brigham City is the historic arch that spans Main Street, welcoming people to the downtown. The steel and glass arch was constructed in 1928 with resident donations and restored in 1984. Its restoration is a compelling metaphor for the revitalization of downtown Brigham City. This began as early as 1978, when the city established a redevelopment agency that funded streetscape improvements and grants and loans for façade rehabilitations downtown.

Since then, the city has invested nearly $4 million in downtown through a combination of redevelopment funds, city general funds, and federal funds. One indicator of downtown's economic value is that the city

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[52] David DeMille, "Downtown Draws Tourists and Weekend Crowds," *The Spectrum*, August 27, 2012.

[53] "Richens Eye Center Grand Opening," Richens Eye Center, www.richenseyecenter.com/news/richens-eye-center-grand-opening.

[54] "The History of Ancestor Square," Ancestor Square, www.ancestorsquare.com/history.php.

[55] "10-13C-6: Design Guidelines," City of St. George ordinance.

continues to commit ongoing funding of loans and grants for rehabilitation of downtown buildings. The private sector has invested over $500,000 in property improvements, with significant impacts. Over the past 35 years, the total assessed value of downtown property has increased by over 300 percent, and downtown businesses have generated $13 million in sales taxes.


These figures are especially notable given a few key facts. First, downtown Brigham City comprises a very small geographic area—only nine square blocks. Second, the city has purchased several privately owned properties, reducing the number of properties in downtown that might generate property and/or sales taxes. Finally, over the same 35-year period, numerous large-scale retail developments have been constructed within an hour's drive of Brigham City, which has seen its own share of large-scale retail development outside downtown.

For several years, Brigham City participated in Utah Main Street as a partner community. Although the local Main Street organization was unable to sustain itself for various reasons, its presence and activities intensified and accelerated revitalization efforts. In particular, it encouraged historic façade rehabilitations and creating promotional events that strengthened downtown's role as center of community activity.

As in St. George, the mix of private and public uses in Brigham City has strengthened the economic impacts of restoring downtown's historic character. As a counterpart to private-sector reinvestment, Brigham City's government has maintained both the historic and functional vitality of its public buildings, including the library, historic City Hall/fire station, and county courthouse. The City's commitment to downtown revitalization is evidenced by the ongoing planning for the reuse of the Christensen Dance Academy building, a structure that many communities might have deemed an unusable "white elephant" building and demolished.

Design guidelines are an essential part of Brigham City's downtown growth. These guidelines provide property owners with clear standards for building rehabilitations that make economic sense, given the historic context of downtown. As city planner Paul Larsen said, "The economy of downtown is tied directly to its desirability as a business destination and/or center, and historically appropriate development, rehabilitation, and other activity is directly related to this desirability."[56] Perhaps even more importantly, the design guidelines provide an objective basis for city officials and property owners to work collaboratively to find the nexus between responsible preservation and economic growth.

## THE SUSTAINED ECONOMIC IMPACTS OF HISTORIC BUILDING REHABILITATION

Preservation-based downtown revitalization depends on the rehabilitation of historic buildings. This section provides an overview of historic commercial buildings and historic character. It then presents a series of rehabilitation case studies from 12 communities in Utah that demonstrate the impacts of projects ranging from the simple to the complex, in small and large communities, and by private- and public-sector property owners.

[56] Paul Larsen, Brigham City, via email February 11, 2013.

Ultimately, the goal of this section is to provide a broad picture of how historically appropriate rehabilitation work benefits downtown's economy. The case studies demonstrate the value of restoring an individual building's historic character.

### What Happened To Downtown's Historic Commercial Buildings?

Historic buildings have always been defining features of the downtown landscape. Traditionally, they communicated a distinctive physical image through architectural style and detail. But in an effort to compete with new commercial centers, many downtown business and property owners "modernized" their buildings with bland materials and designs that imitated corporate design formulas for shopping malls and strip malls. Other property owners tried to link their buildings to the Wild West or the American frontier by installing kitschy wood or vinyl siding.

These treatments obscured or altered important historic features and compromised functional design elements. In many cases, confronted by increasingly intense competition, downtown property owners simply abandoned their buildings, leaving them to suffer neglect and deterioration.
Rather than making downtown buildings more competitive, these various responses—modernization, contrived history, or neglect—had the opposite effect. They actually diminished the historic character that distinguishes older downtown buildings from contemporary commercial centers. These treatments did not only cause cosmetic or structural damage—they reduced the marketability and functionality of the buildings.

As the buildings became less marketable, their rents decreased. Consequently, maintenance was deferred or ignored altogether. The collective impact of this cycle of disinvestment was a gradual physical deterioration and economic stagnation that caused customers, residents, elected officials, and business owners to redirect funding and energy away from downtown.

The cycle of disinvestment leads to vacant or underutilized downtown buildings. Some buildings that are vacant often appear to be occupied. In other cases, buildings can be functionally vacant: they may be occupied, but by tenants who are not actively conducting business and/or are not paying rent. Or they may simply be underutilized, as when upper floors are used for storage.

The situation varies, but the costs are always high. And they affect diverse stakeholders, not just the property owner. Costs include the loss of:

- Rents
- Property taxes
- Payroll and related spending
- Business spending
- Utility payments
- Property taxes
- Sales taxes
- Utility payments
- Property value

The total value of lost economic activity due to vacancy can exceed $200,000 per year, even in a small community.[57] But as demonstrated by the case studies below, historic building rehabilitation has an immediate and direct impact on vacancy rates, converting former liabilities into community assets.

[57] *Getting Results: The Economic Impact of Main Street Iowa, 1986-2012*, PlaceEconomics for the Iowa Economic Development Authority, 2013

Downtown revitalization begins with breaking the cycle of disinvestment and reestablishing the functionality of historic buildings. Although the public sector can and should be an active participant in rehabilitating public buildings, the most important ingredient in downtown revitalization is private-sector reinvestment.

### What's The Value of Historic Character?

The general problem with the treatments applied to historic commercial buildings in Utah and elsewhere is that they have compromised the buildings' functionality as commercial spaces. As a result, the buildings' economic potential is limited. Rents are diminished and functional elements in the building are marginalized or rendered useless.

Rehabilitation is the process of restoring a building's historic character—and functionality. The primary goal of rehabilitation is to return a building to its full use and maximize the property owner's financial return. Generally, this process involves the removal of non-historic or inappropriate materials (e.g., aluminum siding) and the repair and restoration of a building's historic features. More specifically, rehabilitation seeks to:

- Enhance a building's marketability as distinctive retail or office space;
- Mitigate damage caused by inappropriate modifications; and
- Restore functional elements of the building.

To assess the impacts of historically appropriate rehabilitations in Utah, the Utah Department of Community and Economic Development conducted an analysis of 67 such projects from around the state in 2003. It concluded that every dollar invested in rehabilitation generated $11.84 in economic impacts, including payroll, property values, and spending; and that these impacts generated $1.53 in public revenues. These are exceptional returns. And they are even more impressive given the average cost of a project (slightly less than $12,000) and the size of the communities in which the rehabilitations took place (slightly over 14,000 residents, on average). It's reasonable to assume that, given economies of scale, larger investments would lead to exponentially greater impacts.

The analyzed projects were drawn from more than 100 rehabilitation projects that received matching grants from Utah Main Street between 1995 and 2002. The interest in the grants program is another indicator of the value of rehabilitation. During the seven years of its existence, Utah Main Street received over 300 applications from around the state, even with stipulations that projects had to comply with historic rehabilitation standards and a maximum grant size of $5,000.

In some ways, historic rehabilitation is a "back to the future" approach to downtown real estate development. The historic character of a building—whether simple or grand—has a timeless market value. Utah developer Ben Logue refers to this quality as a "constant" whose sustained value has been demonstrated by thousands of historic rehabilitation projects across the country.[58]

More than half of the following case studies involve buildings that were vacant for an extended period before rehabilitation transformed them into commercial space that has seen continuous use since. And these examples are not rare—they are representative of the long-term impacts of historic building rehabilitation.

The immediate effects are also dramatic. In 2001, Utah Main Street surveyed recipients of its rehabilitation grants. Twenty-nine owners responded to a range of questions about the grants program, most of which addressed how the program actually worked. But two questions generated responses that are particularly instructive for the purposes of this study: Was the building vacant before the project? Is it vacant now [after the project]? The responses indicated that the rehabilitation projects reduced the overall vacancy rate from 27 percent to 10 percent.

[58] Ben Logue, interview conducted on March 19, 2013.

One of the goals of any downtown revitalization initiative is to stimulate reinvestment by downtown property owners. Of the 29 property owners who responded to the Utah Main Street survey, 23 stated that their project stimulated interest among other property owners. One respondent noted that his downtown neighbor did "work on his building for the first time in 30 to 40 years." Another observed an even more extraordinary event: collaboration among downtown property owners, who "grouped together…and shared ideas" about restoring their buildings.

In a telling turnaround, the commercial development industry is now attempting to incorporate the traditional design principles of historic commercial buildings into new commercial centers. With commercial design trends cycling ever more quickly over the past 30 years, shopping centers have increasingly been configured to imitate historic downtowns in an effort to achieve historic buildings' timeless—and highly marketable—qualities. New commercial centers such as Riverwoods in Provo and Gateway in Salt Lake City have incorporated an open-air, pedestrian-oriented "Main Street" lined by individual storefronts that attempt to recreate the feel of historic facades. The shift is occurring in existing centers as well. University Mall in Orem, Fashion Place Mall in Murray, and Red Cliffs Mall in St. George have functionally turned themselves inside out, applying facades to exterior walls that were previously blank.

While these examples indicate the inherent competitive advantages of historically rehabilitated buildings, the value of historic rehabilitation is made most directly and succinctly with a simple anecdote. Paul Larsen, Community and Economic Development Director for Brigham City, tells the story of a downtown historic building that initially went through a plain, non-historic rehabilitation that had little impact on the business inside the building. In fact, the building eventually fell into vacancy. The current owner then purchased the building and opened a store. After a few years, he undertook a historically appropriate rehabilitation. After the project was completed, people walked in the store and remarked that they didn't know a business had even been operating in the building. One visitor offered to buy the building on the spot as a location for a restaurant.

Given this information and the outcomes of the projects described below, a natural question arises: Why aren't there more historic building rehabilitations in Utah? The answer is complex, but generally stems from a misperception of risk among property owners and developers. To be sure, rehabilitating a historic commercial building can be an uncertain undertaking. However, as the eight case studies below demonstrate, the outcome can be a substantial, sustained economic return.

### 148 South Main Street, Helper

In 2002, Mark Stuckenschneider and Julie Hunt purchased the Mutual Building on Helper's Main Street. Formerly a furniture store, the building had sat vacant for four years before Mark and Julie opened Balance Rock Eatery. At the same time, they undertook a two-month rehabilitation process that included removal of aluminum siding and restoration of the upper façade with a total cost of $22,000. Their work was guided by local design guidelines, as well as guidelines associated with a Utah Main Street Program rehabilitation grant.

Prior to and during rehabilitation, gross sales for the restaurant totaled $200,000. After the project was completed, sales grew regularly until the owners sold the building and the business in 2008 at a significantly higher value than the purchase price.

Balance Rock Eatery still thrives in the building—a remarkable achievement for a business in a very

small market that is part of an industry that anticipates failure. A recent study by the Perry Group concluded that a majority of restaurants close within the first year and, of those that survived the first year, 70 percent closed within three to five years.[59]

A specific cause-and-effect relationship between the rehabilitation and the restaurant's success is difficult to determine. But it is worth noting that online reviewers of the restaurant—generally visitors from far away—consistently remark on the building. "Very well maintained older building" writes one, while another notes that "the charm of the historic building…adds to the dining experience." A third simply says, "What a cool old place."[60]

### 1 North Main Street, Tooele

For decades, the Crystal Drug Store building at 1 North Main Street in Tooele housed the community's pharmacy. By 2004, however, it had become underutilized. The latest tenant, a video game store, had been evicted for failing to pay rent. The building was functionally vacant.


In 2005, owner Darrell Moore removed the metal slipcover from the façade, restored the brick, replaced windows and doors, and updated the interior with new floors and other finishes at a total cost of $40,000. According to Moore, restoring the building's historic character was more cost-effective than applying another treatment such as aluminum siding.

Before the rehabilitation was completed, Moore had rented the building to Homebodies, a new home décor and consignment store. Becki Bryant, the original owner of Homebodies, said, "When I saw the renovation progress, I really wanted the space."[61] Perhaps more important for Bryant, the "beauty of the building helped [her] feel confident to move forward" in starting the business.

Bryant and current Homebodies owner Ada Goodworth agree that the building's character has had a significant impact on Homebodies' success. As Goodworth said, "We are a home decor business. The restoration of the building impacts our business because it is more attractive to our customers. Usually people who are shopping for their home are looking for something aesthetically pleasing, and this building is interesting and holds many memories for some of our customers."[62] A once-underutilized building now houses a growing business and generates sales, public revenues, and rent 40 percent higher than its pre-rehabilitation levels.

### 4841 South State Street, Murray

In 1997, Bruce and Thelma Parsons purchased the historic Warenski Home at 4841 South State Street in Murray. Built in 1898, the house had been converted into apartments that were increasingly underutilized and

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[59] "Experts in Hotels and Restaurants Blog," Perry Group International, www.perrygroup.com/blog/bid/73004/Foodservice-Expert-Overview-on-How-Long-Restaurants-Last.

[60] "Balance Rock Eatery and Pub," tripadvisor.com, www.tripadvisor.com/Restaurant_Review-g57010-d511215-Reviews-Balance_Rock_Eatery_and_Pub-Helper_Utah.html.

[61] Becki Bryant, email to Bim Oliver, March 7, 2013.

[62] Ada Goodworth, email to Bim Oliver, February 26, 2013.

eventually became the home for one of the children of the previous owner. The building itself generated no economic activity. A concrete addition to the front of the home created a storefront that was rented to several businesses, but the rents generated only modest income. In effect, both structures were functionally vacant.


Rehabilitation of the building included removal of the concrete commercial structure, removal of a lean-to on the rear of the building, removal of an exterior stair on the north side of the building, and extensive interior renovations, including installation of modern heating and cooling systems. The project was guided by design guidelines from the City of Murray, as well as architectural assistance from the Utah State Historic Preservation Office. In total, the rehabilitation cost approximately $50,000.

For the six years after rehabilitation, the building was occupied by a sequence of several tenants. Then in 2002, Capri Salon signed its first lease and has remained in the building ever since. A once functionally vacant building has now seen regular economic activity six days a week for over ten years. It generates jobs and wages, sales dollars, and public revenues. Not least, the Warenski Home now brings in $2,000 per month in rent—up from no rent in 1997.

#### 47 South Main Street, Payson

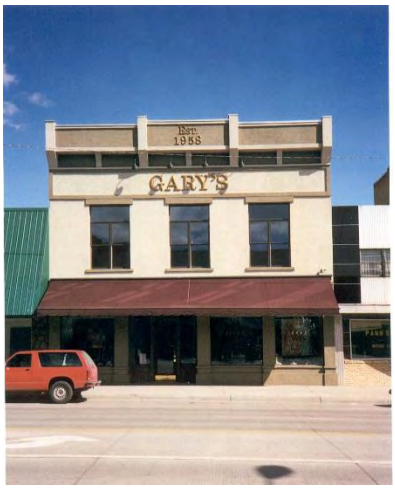
When Dennis and Tim Morganson purchased the building at 47 South Main Street in 2001, it had been vacant for more than four years. They first undertook a ten-month rehabilitation of the exterior and interior of the building. The building's structural integrity was strengthened, masonry was repaired, a new roof was constructed, and both floors of the interior were totally remodeled. The total cost of the project was $275,000, including installation of state-of-the-art restaurant equipment.[63]

The result was a building that went from not being used to one that was fully occupied. According to the Morgansons, the rehabilitation "dramatically increased the marketability of the building." The second floor apartment rented for $500 per month, while the ground floor was initially rented to the Morgansons' restaurant for $1,200 per month. In 2004, they sold their interest in the building to their partner, who later sold the building to another owner. Even with these changes in ownership, the building has seen almost continuous use since the rehabilitation. It currently houses Boudreaux's Bistro, a Cajun restaurant.

#### 126 North Main Street, Richfield

In some cases, the rehabilitation of a historic commercial building is undertaken by a business owner who simply seeks to make a good thing better. Such was the case with Scott Jensen, owner of Gary's Shoes. Gary's Shoes has been a Richfield institution since 1958, with sales well over $600,000 by 1999.

[63] Based on a survey of 700 restaurants, the average cost of equipment is approximately $115,000. ("Industry Survey: How Much Does It Cost To Open a Restaurant?", RestaurantOwner.com, accessed June 14, 2013, www.restaurantowner.com/public/Industry-Survey-How-Much-Does-it-Cost-to-Open-a-Restaurant.cfm)


In the early 1970s, the previous owner installed aluminum siding and a billboard-sized sign in an effort to modernize the building and the identity of the shoe store. While the business was highly successful even as these treatments aged, a matching grant encouraged Jensen to rehabilitate the building's historic character in 1999.

On the advice of a historic architect from the Utah State Historic Preservation Office, Jensen removed the siding and sign. When these materials were removed, Jensen discovered that the building had previously been covered with stucco. Given the likelihood that removing the existing stucco would damage the building, Jensen applied fresh stucco but retained the historic proportions, character, and details of the building. The project exemplifies some of the challenges property owners often confront in undertaking historic rehabilitation. The goal is often about returning the building to its original character as much as is practically possible rather than fully restoring that character.

The impacts of the rehabilitation were dramatic. Jensen estimates that he recovered the $33,000 in project costs within two years. By 2007, his annual sales had doubled, compared with a total increase of five percent for the eight years before the rehabilitation. The project also stimulated additional interest and reinvestment in downtown Richfield. According to Jensen, eight other buildings have since been remodeled, though not all to historic standards.

### 111 South State Street, Fairview

In September 2008, Phil and Katie Shell purchased the historic Reece's Service Station at the south end of Fairview's Main Street. The Shells and their daughter Christine envisioned a family-run gift, toy, and home décor store in this central Utah community of about 1,200 residents.


The rehabilitation of the property had begun several years earlier, when David and Jenny Smith replaced the roof and heating system and opened an artisan blacksmith shop. The ancillary Fairview Dairy Association building served as a retail storefront for pottery, soaps, and metalwork. When the Smiths sold the property to another owner, the buildings went into a period in which they were underutilized. By the time the Shells purchased the property, it had changed to residential use and generated no rent, sales, or public revenues—another functionally vacant building.

Over a six-month period in 2008, the Shells undertook an extensive rehabilitation of the Service Station building. They overhauled the mechanical, electrical, and plumbing systems; replaced non-historic windows and doors; and upgraded interior finishes. According to Katie Shell, all of the labor was local and approximately 90 percent of materials were purchased from local vendors.

The Shells are currently rehabilitating the Dairy Association building, which had been subjected to some historically inappropriate modifications that compromised its structural integrity. Although they currently use

this building as storage, the Shells intend to use it as retail space after rehabilitation is complete. The total cost for the service station rehabilitation is approximately $35,000 plus the family's sweat equity. According to Katie Shell, the costs for a non-historic remodel would have been roughly equivalent to the historically appropriate rehabilitation.

Reece's Service Station now sees more traffic than comparable retail outlets in the county and even draws customers from outside of town. A local planner says that the store draws customers from other towns, and generates significant sales tax revenues.[64] According to Katie Shell, the authentic character of the property is essential: "There is no question we owe much of our success to the history, appeal and architecture of the station. We branded our business identity around it." In fact, says Shell, "We likely would have faced hostility from the community if we had inappropriately altered the building." As for the property itself, the Shells have fielded purchase inquiries from potential buyers.

### 202 South Main Street, Salt Lake City

The Continental Bank Building was constructed at the corner of South Main Street and South Street in Salt Lake City in 1924. One of Salt Lake's earliest skyscrapers, the 13-story building served as a center of commerce for nearly forty years. But after the death in 1961 of Walter Cosgriff, President of Continental Bank, the building went through a series of changes in ownership. Eventually, it fell into vacancy compounded by neglect.

Proposals were submitted to Salt Lake City for the building's demolition as early as 1981. Developers claimed that the building's narrow footprint severely limited its potential uses and that the costs of upgrading mechanical and safety systems made rehabilitation prohibitively expensive. By the mid-1990s, the Salt Lake Tribune described the building as "shuttered" and "destined for destruction", observing that "real estate brokers predicted any deal would hinge on first tearing down the Continental Bank building, because it is too old and would cost too much to renovate."[65]

But in 1998, the Kimpton Group of San Francisco purchased the building and several others to the south on Main Street. Investing an estimated $35 million, including a low-interest loan from the Salt Lake Redevelopment Authority, Kimpton converted the Continental Bank Building into the Hotel Monaco. Upper floors were remodeled to accommodate hotel rooms. The lobby was restored with historic elements incorporated into contemporary uses.

For nearly fifteen years, the Hotel Monaco has offered 225 luxury lodging rooms and 3,100 square feet of meeting spaces in a building that once seemed destined to become a vacant lot. In addition, the ground floor houses the upscale Bambara Restaurant. A conservative estimate is that these two businesses now generate close to $1 million per year in lodging, restaurant, and sales taxes, while property taxes exceed $350,000 annually.[66] Of the property's $22 million assessed value, $20.5 million is attributed to the building value. And the hotel filled a critical market gap in Salt Lake's lodging inventory, focusing on a target segment of business executives.

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[64] Katie Shell, email to Bim Oliver, March 4, 2013.

[65] Guy Boulton, "Hotel Company Set to Remake Bank Building," *Salt Lake Tribune*, June 30, 1998; Jay Baltezore, "New Use for Old Building?" *Salt Lake Tribune*, May 21, 1997; Jay Baltezore, "Bank May Soon Be Hotel," *Salt Lake Tribune*, November 12, 1997.

[66] Based on 2012 property tax data obtained from the Salt Lake County Assessor, assessor.slco.org/cfml/Query/valuationInfo.cfm.

The Kimpton Group's approach seems to be working well beyond Salt Lake: It currently operates 58 hotels in 24 cities, many in historic properties. It has been recognized in the Wall Street Journal, Bloomberg, and Smart Business.

## WHAT HAPPENED TO DOWNTOWN'S HISTORIC NON-COMMERCIAL BUILDINGS?

The same cycle of disinvestment that affected downtown's historic commercial buildings affected historic non-commercial buildings as well. Civic buildings, schools, cultural buildings, and churches were neglected and abandoned as downtown's overall vitality diminished.

While the viability of commercial buildings is generally related to their marketability, the viability of non-commercial buildings is related directly to their perceived usefulness as public space. In many communities, historic non-commercial buildings were abandoned and/or demolished as their uses moved into newer modern structures. For example, as the community expanded, so too did local government, eventually outgrowing the historic city hall. As local demographics changed, so too did the need for the historic school. As the congregation grew, the historic church could no longer accommodate everyone. As these uses moved to new buildings, their historic counterparts appeared to lose their functionality. When they survived—most often because the community lacked the funds to dispose of them—they remained architectural afterthoughts.

Another key distinction between downtown's commercial and non-commercial buildings is that the latter were never intended to generate economic activity in and of themselves. But they do represent "activity centers." That is, they can serve as anchors that feed activity to nearby businesses. They are the equivalent of large department stores in a mall, such as Macy's, Nordstrom, and Sears.

Thus, downtown's non-commercial buildings have significant economic impacts on the business district. But those impacts can be more difficult to measure. A library patron may extend her trip to the library by shopping at a downtown store or eating dinner at a nearby restaurant. Unless the library and/or the restaurant are tracking her activity—say, through surveys taken at either location—the connection between the two places is unclear.

The other economic impact of downtown's non-commercial buildings is even less direct but no less significant. For many communities, the historic library or city hall or theater serves as an iconic statement of community identity. Salt Lake City features the City-County Building in its logo. The community image projected from the City of Provo's webpage is that of the Brigham Young Academy, now the city library. Parowan's logo highlights the Old Rock Church, now a community museum.

The following five case studies explore the economic impact of rehabilitating non-commercial buildings on the broader downtown.

### Casino Star Theatre, Gunnison

Constructed in 1913, the Casino Star Theatre is the oldest continuously operating theatre in Utah. Although its original uses included both movies and live performances, it eventually was used only to show movies. For many years, it operated only three days a week. Even when the screening schedule was expanded to six days a week in 1991, patronage declined due to the theatre's visibly deteriorated condition. The building included two rental retail spaces, but only one was occupied. In short, the theatre was neglected and underutilized.

In 2004, the Casino Star Theatre Foundation acquired the building with the intent of restoring it and intensifying its use. Over the next several years, the foundation invested over $1 million in a complete restoration of the theatre's interior and exterior, with the majority of funds secured from outside Gunnison.

The City of Gunnison contributed vital matching funds as well as logistical support. Approximately 50 percent of the expenses for the project went to vendors and contractors from Sanpete County.

The result is an anchor not only for downtown, but for the entire community. The theatre's screening schedule has been expanded significantly. Now, first-run movies are complemented by midnight screenings of "fad" movies like Harry Potter and the Twilight series, as well as matinees for school groups and private parties. And its uses have diversified. For the first time in 80 years, live music and dance performances take the stage. Live performances often include workshops for local schools. In addition, the theatre hosts heritage programs in conjunction with the Mormon Pioneer National Heritage Area.

The theatre currently maintains two full-time employees and has an annual budget of $185,000. The theatre breaks even financially. But as with many public venues, its economic significance revolves more around its impacts on local businesses. Its events are a consistent attraction for residents, creating a steady stream of traffic for local businesses that rely on Gunnison residents. In the past, residents would go elsewhere for entertainment, but now they stay in Gunnison—and their spending stays there too.

This change in behavior is reflected in sales patterns in the business sectors that are the most common downtown tenants: restaurants, apparel and accessories, and general/miscellaneous retail. Between 2003 and 2010, gross sales in these categories increased by nearly 25 percent, even as per capita income in Gunnison was declining.[67] For the two sectors for which detailed data are available—restaurants and miscellaneous retail—the contrast is striking: In the six years before the theatre's rehabilitation, sales in these categories increased by approximately $60,000. In just the two years immediately following completion of the rehabilitation, sales in these two categories increased by more than $350,000.

The rehabilitation of the theatre has also had direct impacts on downtown properties. As a result of the project, the City of Gunnison instituted a façade rehabilitation program. To date, 25 projects totaling more than $250,000 have been completed through this program. Sanpete County is now extending the program to other communities in the county, and communities in neighboring Juab and Sevier Counties are developing similar programs.

### Midvale City Hall

In 1976, the City of Midvale moved its offices from the 1939 City Hall to new offices just down the street. The historic City Hall, one of few Art Moderne buildings in the entire state of Utah, then sat dormant for nearly 30 years. To its credit, Midvale City maintained the building, rather than neglecting or even demolishing it. However, its use diminished and the building became a storage unit for city property.

By 2000, the City of Midvale had begun a conversation about the building's use, or lack thereof, and options for disposition. To determine what to do with the building, the city surveyed residents. Alternatives included demolition, green space, and a center for the arts. The third option was the overwhelming favorite, so the city undertook a rehabilitation of the interior. (The exterior had remained essentially intact.) Investing nearly $500,000, the city extended the existing stage, installed new seating, added two basement dressing rooms, updated the electrical system, and replaced the roof.

[67] Calculation based on retail sales data obtained from the Utah State Tax Commission.

In 2004, the historic City Hall reopened as the Midvale Center for the Performing Arts, serving as a home for the Midvale Arts Council. The theater has permanent seating for 100 people and temporary seating for up to 50 more. Ironically, the primary pressure on the building now is not from potential demolition, but excess demand. According to Suzanne Walker, vice president of the Midvale Arts Council, the theater is overbooked, with demand coming from local and regional arts organizations in addition to the Midvale Arts Council.


The building also houses a community outreach program, Community Building Community (CBC). As a result, the building sees almost constant use. During the day and into the evening, CBC hosts community engagement activities, including classes in ESL, parenting, and preschool. In the evening and on weekends, arts organizations such as the Midvale Arts Council, Pinnacle Acting Company, and the New Horizon Orchestra hold rehearsals and performances. In addition, the building hosts private events such as dance groups and piano recitals.

The building generates economic activity through facility rentals, ticket sales, and concessions. Individual performances generate more than $500 per night in ticket sales, with concessions supplementing this income. (Ticket sale revenues could as much as double if tickets were priced at market value.) The value of the facility is also reflected in the fact that Murray, Taylorsville, and Salt Lake City are currently planning new performing arts facilities.

What was essentially a storage unit is now a center of community activity that is constantly in use. On a typical day, the historic City Hall attracts hundreds of people to downtown Midvale throughout the day and into the evening. From employees and clients of CBC to performers and audience members for theater productions, downtown businesses now have a ready market to capture. And a corner in downtown Midvale's most prominent intersection that could have become a vacant lot now communicates a clear sense of activity to residents and potential customers.

### Ephraim United Order Cooperative Building

By the late 1860s, an increasing non-Mormon population threatened to destabilize Utah's utopian internalized economy, developed by leaders of the Mormon to ensure that members of the Mormon Church did business with each other and limited business with non-Mormons. As a response, the Church sponsored the construction of over 150 local cooperative stores across the state, including the Ephraim United Order Cooperative Building constructed in 1871. Over the years, the United Order Cooperative Building served as Ephraim's first post office as well as a community store. The second floor housed a dance hall and was the site of the Sanpete Stake Academy, town meetings, and educational activities.

By the 1960s, the Co-op could no longer sustain itself, and the building was transferred to private ownership and housed various retail enterprises, from a general store to a farm implement store to an auto repair center to a granary. In the 1950s, the building was abandoned. Over the following decades, it deteriorated to the point that residents considered it not only a safety hazard, but an embarrassment. Sandra Lanier, president of the Sanpete Trade Association, recalls that "when Highway 89 became a 'backwater' route," residents of Ephraim dismissed "everything old and wanted to join the 'modern' world."[68] That modern world, says Lanier, "did not include old dilapidated buildings" like the Co-op. In fact, she says, residents of Ephraim "had been

[68] Sandra Lanier, email to Bim Oliver, March 7, 2013.

ashamed of it in its forlorn state." Even during this period of uncertainty—from the late 1960s through the 1970s—a small group of residents unsuccessfully sought financing to purchase and restore the Co-op.

In the late 1980s, the building's owners threatened to demolish it and replace it with a car wash. But in 1989, the City of Ephraim purchased the property for $32,000. It then transferred ownership to the nonprofit Sanpete Development Corporation. With active participation from the city, the corporation began to restore the building. The interior was gutted from the bottom of the trusses to the bare floor. The oolite stone exterior was thoroughly examined and repaired. (At one time, the building had been used to store large bins of grain, causing the thick walls to bow in some places.) The total costs to purchase the property and restore the building exceeded $350,000.


The Ephraim Co-op reopened in 1990 as the home of the Sanpete Trade Association, a cooperative of local artisans. In addition, the second floor Social Hall was restored as a reception center and event space. The first impact of the rehabilitation was a dramatic shift in attitude among Ephraim residents. According to Sandra Lanier, "Suddenly people were telling us stories of how their grandmother and grandfather met there at a dance and other wonderful tales of how much the old building had meant to their past. It was literally as if seeing it now in its beautifully restored Greek Revival splendor awoke them to the heritage that they suddenly remembered they cherished." For many years following the rehabilitation, the Co-op was featured in the City of Ephraim's logo.

As with the Midvale City Hall, the rehabilitation and reuse of the Ephraim Co-op transformed what could have become a valueless vacant lot into a downtown activity center. The retail store features crafts produced by 60 to 100 local artisans and is open six days a week. The Social Hall sees regular use for receptions, luncheons, recitals, and other events. In 2012, revenues for the Co-op totaled nearly $70,000, including income from merchandise sales and rental fees for the Social Hall.[69] And nearly 100 local artisans were paid over $50,000 for sale of their crafts. Based on these figures, a reasonable estimate would conclude that the Ephraim Co-op has generated nearly $1 million in total sales in return for the city's investment of approximately $350,000.

Those returns have not gone unnoticed. In 2012, the U.S. Small Business Administration awarded the Ephraim Co-op with its Home-based Business Advocate Champion of the Year award for Region 8, an area covering Utah, Wyoming, Colorado, Montana, North Dakota and South Dakota. More broadly, the Co-op building stands as one of the icons of the Mormon Pioneer National Heritage Area and is the primary outlet in the heritage area for local arts and crafts.

### 300 West Block, Pierpont Avenue, Salt Lake City

Located at the edge of Salt Lake's downtown, the Eccles Browning Warehouse was constructed in 1910. For many years, it housed wholesale grocery companies. However, by 1983 only about 60 percent of the space was being used—as a warehouse for auto parts and sales, a shoe repair supply store, an antique store, and a photography studio. The largest tenant, the auto parts store, was in receivership. At that time, Artspace, a cooperative of local artists led by sculptor Stephen Goldsmith, leased the property.

[69] Revenue data (including sales data) provided by Sandra Lanier via email March 7, 2013.

The 300 West block of Pierpont Avenue (stretching from 300 West to 400 West) was an unlikely prospect for reinvestment. Located outside the core of economic and cultural activity, it was geographically isolated from the rest of downtown. Pierpont Avenue is not a continuous street; the 300 block is accessed from 300 West or 400 West, not from Pierpont Avenue (the most direct route downtown).

Artspace looked past these factors and, over the next 10 years, invested $1.5 million in the warehouse. Approximately half of its investment was in the form of low-interest loans from Salt Lake City. All interior systems were brought up to code, the building was seismically stabilized, and the interior was rehabilitated into live-work spaces. Exterior work included reconstruction of the loading dock and creation of an exterior garden area. In a textbook example of adaptive reuse, a space that had degenerated into functional vacancy was transformed into a 24/7 live-work community with a mix of uses, including residences, studios, professional offices, and educational facilities.

That round-the-clock activity continues to the present, with the result that a historic building in what was once an "edge district" has now exceeded the City's goal that rehabilitated buildings in downtown remain economically viable for at least 20 years. But Artspace's economic impact is more pronounced in its influence on the broader redevelopment of the west side of Salt Lake City. The success of Artspace demonstrated the viability of development on Salt Lake's west side and stimulated extensive rehabilitation activity as well as new construction. Notable rehabilitation/reuse projects include the Kimball Electronics building, the Firestone building, the Salt Lake Stamp building, the California Tire and Rubber building, and the Fuller Paint building. New construction includes the Gateway shopping center and various hotels.

Ironically, as with the historic Midvale City Hall, the success of Artspace's Pierpont development has created challenges. The Eccles-Browning Warehouse now has an assessed value of $1.5 million, but the development value may be far greater than the artist live/work uses originally envisioned by Artspace. Local blog utahstories.com interviewed Salt Lake real estate agent Babs De Lay several years ago. De Lay estimated that Artspace contained 15 units worth over $1 million per unit.[70]

### Moab City Center

Moab City undertook the rehabilitation of the historic Central School in 2004 with the goal of consolidating city services. Built in 1934, the building was converted to a middle school in the 1960s before being closed by the Grand County School District in 1997.

Though the city obtained ownership in 1998 through a land exchange with the school district, the building sat vacant until the rehabilitation project started. The city had two architectural goals: to preserve as much as possible of the building's historic fabric and character, and to incorporate environmentally sustainable technologies and materials. Through the rehabilitation, the city was able to preserve 95 percent of the original structure and achieve LEED Silver certification.

[70] Richard Markosian, "Artspace in Salt Lake City," Utah Stories, January 11, 2007, www.utahstories.com/2007/01/11/artspace-in-salt-lake-city.

The historic school, now called the City Center, houses programs and services that were formerly dispersed throughout the community. Municipal uses include the city council chambers, the mayor's office, offices of administrative city staff, and police administrative offices. In addition, the Moab Chamber of Commerce, the Utah State School and Institutional Trust Lands Administration, and the Utah State probation and parole administration have offices in the building.

The most obvious immediate impact is more efficient delivery of services from a "one-stop" location. But there are many other benefits as well. The city achieves greater administrative efficiencies through lower utility bills and receives nearly $50,000 in revenues annually for rented offices in the building. Additionally, it was able to sell the building that formerly housed its administrative offices to Utah State University (USU) for $650,000. The sale offset the city's rehabilitation costs for the historic school and allowed USU to expand its academic offerings in Moab, thereby achieving one of its long-term goals.

Broader advantages of the rehabilitation and sale include the preservation of future development options and sustainability benefits. Rather than constructing two new buildings (a new city hall and campus) on open land, Moab was able to save those open sites for future development scenarios. Meanwhile, reuse of the two existing buildings helps to concentrate development, reduce sprawl, and intensify economic activity in the existing urban core.

# FISCAL RESPONSIBILITY

There are many good causes in the world. But the reality is, particularly in times of shrinking public budgets, economic challenges, and a cloudy financial future, fiscal responsibility should be a priority for both taxpayers and elected officials across the political spectrum. Not every cause that deserves public-sector support will receive it.

How does historic preservation rate on the fiscal responsibility scale? The most direct public financial support for private-sector investment in historic properties comes through the Utah Historic Preservation Tax Credit, so it merits a special look.

In 1992, the Utah Legislature enacted a 20% historic preservation tax credit to encourage private investment in historic residential properties, both rental and owner-occupied. The goal of the Legislature was to leverage $4 of private investment for every $1 of state tax credit.

As with any tax incentive, it is appropriate to ask three questions:

1) Does it work?
2) Does it advance the public purpose for which it was enacted?
3) Is it cost-effective for Utah taxpayers?

The answer to all three questions is a resounding Yes.

In the last 20 years, over 1,100 historic residential properties have been rehabilitated under this program, representing private-sector investment of nearly $120 million.

The Utah Historic Preservation Tax Credit program was designed by the Legislature to encourage substantial investment—there is a $10,000 project minimum—and requires that only projects that are consistent with good preservation practice receive the credit. These two provisions mean that the program has long-term benefits for Utah citizens.

When the State of Utah provides $200,000 in tax credits:

- A minimum of $1,000,000 is invested by the private sector;
- That investment spurs an additional $674,481 of economic activity in the state's economy;
- This results in the creation of 5.9 jobs directly and another 5.2 jobs indirectly;
- Those workers receive paychecks totaling $550,095;
- Business owners receive $177,495 in proprietors' income and $107,958 in profits;
- Local governments receive $16,762 in sales tax and $15,000 each year in additional property taxes; and
- The state receives $40,940 in income taxes, $39,390 in sales taxes, and $10,127 in indirect business taxes.

When the additional economic activity is included and the money returned to the State Treasury is considered, over $15 of economic activity is generated in the private sector for every $1 provided by the state tax credit. The Utah Historic Preservation Tax Credit was enacted to save historic buildings, not as an economic development tool. But its effectiveness in leveraging private-sector investment is a model for economic development professionals around the country.

But it is not just the historic preservation tax credit that meets the fiscal responsibility test.

- 100 percent of the Federal Historic Rehabilitation Tax Credit stays in Utah rather than being sent to Washington. Since 1990, that means that more than $35 million remained in Utah instead of in the coffers of the U.S. government.
- Local governments receive more than $4 million each year in additional property tax revenue from projects that used the federal or state historic tax credits. That amount is enough to pay for 121 new teachers or 150 new police officers.
- In Salt Lake City, if properties in historic districts had declined as much as houses outside historic districts, there would be $175 million less in property value in the city.
- Occasionally, historic preservation is accused of being excessively expensive. But data shows that simply isn't the case. The average investment under the Utah Historic Preservation Tax Credit is $23.03 per square foot.
- Projects using the Federal Historic Rehabilitation Tax Credit tend to be larger, are generally commercial rather than residential, and are more frequently complete renovations. Even so, the rehabilitation costs for these projects ranged from $44.89 to $273.31, with an average of $133.12 per square foot.
- On average, each homeowner in a local historic district in Salt Lake City saved $11,646 in property value decline between 2008 and 2012.

Fiscal responsibility certainly means that governments spend taxpayers' money judiciously. It also means recognizing that we are beneficiaries today of investments that others made in the past. That understanding brings with it the responsibility of making decisions today that benefit citizens not just through the next election, but the next generation.

For the citizens of Utah, historic preservation meets both definitions.

# APPENDIX

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APPENDIX A

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Downtown Revitalization Chapter Photo References:

Mount Pleasant: Credit Wikipedia; Found at http://en.wikipedia.org/wiki/Mount_Pleasant,_Utah
Brigham City: Credit Steve Greenwood; Found at http://broadband.utah.gov/resources/local-government/
148 South Main Street, Helper: Credit NoeHill Travels in Utah; Found at http://www.noehill.com/ut_carbon/default.aspx
4841 South State Street, Murray: Credit Google Maps Streetview
111 South State Street, Fairview: Credit Google Maps Streetview
202 South Main Street, Salt Lake City: Credit Expedia; Found at http://www.expedia.com/Salt-Lake-City-Hotels-Hotel-Monaco-Salt-Lake-City.h284793.Hotel-Information

APPENDIX B

# Project Team

This report was prepared and written by Donovan D. Rypkema with research assistance from Courtney Williams. Rypkema is principal of PlaceEconomics, a Washington, D.C.-based real estate and economic development consulting firm. The firm specializes in services to public and non-profit sector clients who are dealing with downtown and neighborhood commercial district revitalization and the reuse of historic structures. Rypkema is author of The Economics of Historic Preservation: A Community Leader's Guide and an adjunct professor in the Historic Preservation Program at the University of Pennsylvania. Courtney Williams was the principal researcher; Chelsea Gauthier also assisted with research. The report was edited and designed by Cara Bertron, Director of the Rightsizing Cities Initiative at PlaceEconomics.

Lynn Knight of Management Analysis, Incorporated in Vienna, Virginia, conducted tourism research.

Bim Oliver of Bim Oliver Consulting in Salt Lake City was responsible for research and case studies on downtown revitalization.

Robert A. Young, FAPT, PE, LEED-AP completed research and case studies on environmental sustainability. Young is Professor of Architecture and Director of the Historic Preservation Program at the University of Utah College of Architecture + Planning, where he teaches courses in historic preservation and sustainability. He is the author of Stewardship of the Built Environment: Sustainability, Preservation, and Reuse (Washington, DC: Island Press, 2012).

APPENDIX C

# Methodology

## HERITAGE TOURISM

Tourism research began with a review of existing sources that quantified the value of heritage tourism in Utah. A review of state, national, and international research reports on relevant topics was also undertaken.

Visitors are defined as people who have traveled 50 miles or more to a destination, with the exception of commuting to work. The terms "tourists," "travelers," and "visitors" are often used interchangeably, with "visitor" used most commonly. The World Tourism Organization reserves the term "tourist" to refer to overnight visitors only. Because very few attractions gather data on visitor origin, this study necessarily considered all visitors—whether they were from another part of the state, out of state, or from another country. The researchers made certain assumptions utilizing the studies from the Utah Office of Tourism and TNS TravelsAmerica.

The Utah Office of Tourism under the Governor's Office of Economic Development is the recognized authority on visitor industries. It collects data and provides statewide reports to the government and the public. However, with the exception of the ski visitor market, there has never been a survey of Utah's visitors that would allow for the development of niche market profiles.

An annual study of domestic travelers by TNS, a market research firm, provides national and regional data from surveys. This survey provides rich data on traveler expenditures, the size of visitor parties, and duration of stay. Some data is available for Utah specifically, while other data is aggregated into the "Mountain Division," consisting of Utah, Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, and Wyoming.

The Utah Division of Arts and Museums is required by statute to collect information on Utah's museums through an annual survey. The survey's raw data on museums identified as heritage museums was analyzed in this study.

State and national parks count vehicles and make assumptions about visitation based on assumed average vehicle occupancies. In the case of certain heritage sites within parks, Utah State Parks counts visitors to specific areas separately from overall park visitors.

It is important to note that visitation numbers cannot simply be added together to provide a total number of tourists. While traveling, many people do more than one activity to add more value to their trip. This means that aggregating visitation counts for different attractions would considerably exaggerate the number of visitors to the state.

### Heritage Attraction Surveys

For research on visitation and employment data, a list of attractions was created that met the definition of heritage sites and events. This list was generated through interviews with the Utah Office of Tourism, representatives of Utah State Parks, listings from the Office of Museum Services of the Utah Division of Arts and Museums, the Utah Museum Association, and interviews with other stakeholders in the tourism sector.

The research team created and circulated a survey to the operators of the heritage attractions on the list. The survey collected visitation numbers and determined whether or not the sites and events capture demographic data on their visitors. It also collected the number of jobs at each site and event. (See Appendix E for survey questions.)

Approximately 60 percent of heritage attractions—including all of the largest sites and special events in Utah—provided data for this study through surveys, interviews, and/or reports. The results were compared to those of a museum survey conducted during the same period in early 2013 by the Office of Museum Services at the Utah Division of Arts and Museums.

Fourteen history and art museums not counted within state and national parks were identified as meeting the definition of heritage tourism sites. Some of these museums may be considered "destination museums" for tourism purposes. But other museums—especially those located in small towns—are open only on a limited basis and do not play a significant role in attracting visitors to the towns. Site visits and interviews with museum docents and paid staff supplemented information from the museum survey. Sites that were visited and/or had personnel interviewed were the Daughters of Utah Pioneers (DUP) in Salt Lake City, Park City Historical Society & Museum, the Brigham Young Winter Home in St. George, the Union Station Railroad Museum in Ogden, and the Heritage Highway 89 Alliance.

Through the survey and stakeholder interviews, it was found that even the largest heritage attractions do not capture data on where their visitors come from or their primary purpose in traveling. Very few heritage sites collect zip codes on a voluntary basis when a visitor is making a purchase, though some sites such as museums have guest books or mailing lists that visitors can choose to sign.

#### Other Research

The researchers also reviewed tourist brochures and websites from various attractions, site visits, and interviews in key regions of the state that are frequented by tourists. This included a tour through the Mormon Pioneer National Heritage Area, a 400-mile route through central and southern Utah.

#### Economic Modeling

Visitor spending data and other data from the TNS TravelsAmerica study were used to calculate the total value of direct heritage tourism using the Utah IMPLAN model. The model is explained in the Appendix E.

Another common method of measuring tourism impact is the National Park Service's Money Generation Model (MGM). MGM utilizes a set of spreadsheets to estimate the impacts that park visitors have on the local economy in terms of their contribution to sales, income, and jobs in the area. The model was updated in 2010.[71] It assigns percentages of visitors to local day, non-local day, and overnight staying factors. MGM was not used in this study because the Utah IMPLAN model generated more state-specific data.

## PROPERTY VALUES

This study was conducted with a database composed of the property tax records of 5 communities: Logan, Ogden, Park City, Provo and Salt Lake City. The available data varied among the communities and varied from 6 to 15 years. All data was consolidated into Excel spreadsheets that could be sorted for analysis. The data was then sorted to include only single-family dwellings. The properties were then sorted into: 1) those that were in a local historic district; 2) those within a National Register historic district but not in a local historic district; and 3) those that were not in a historic district.

At the beginning of this project the researchers decided on a relatively straightforward analysis to be done consistently in all five locations. This process was as follows:

1. Convert the values of each property into dollar per square foot based on the above ground square footage reported in the tax records.

[71] Stynes, D.J. "Economic Benefits to Local Communities from National Park Visitation and Payroll, 2010." National Resource Report, National Park Service, 2011.

2. For the base year (year of first available data) calculate an average value per square foot for the properties in each of the three categories (within a local historic district; within a National Register historic district but not in a local district; no in a historic district).
3. Convert the base year average into an index number (base year average value per square foot = 100)
4. Calculate the average square foot value for each year subsequent to the base year for all three property categories.
5. Calculate an index number for each subsequent year based on the percentage change of the average value from the average value the Index 100 year represented.

From an analytical standpoint, however, this was also a useful approach for several reasons:

1. The data is a composite of all properties.
2. The high level of competence and expertise of Utah assessors meant that the data was reliable.
3. By their nature, these appraised values are a reflection of the aggregated preferences of individual buyers and sellers.
4. While there are no doubt occasionally erroneous valuations included in the records, the sheer number of data points minimizes the skewing potential for those errors.
5. This approach greatly diminishes the "small sample error" problem that often occurs when property value analysis is done solely on sales transactions.
6. This approach mitigates the problems of using sales data alone, which are exacerbated because of an unprecedented volatility of real estate prices over the last decade.

For the foreclosure analysis, we purchased a database of all of the foreclosures in Utah which included the 5 cities under analysis from RealtyTrac (www.realtytrac.com), a private firm that maintains the most comprehensive foreclosure base in the country. The period of the foreclosures was from January 2008 through December 2012.

## DOWNTOWN REVITALIZATION METHODOLOGY

The case studies in the Downtown Revitalization section are revitalization initiatives and rehabilitation projects that, in most cases, were undertaken ten or more years ago. The reason for selecting these projects is that real economic impacts take time to develop. In many cases, the full range of those impacts—both positive and negative—does not appear until 10 or 15 years later.

Data was collected through research and surveys of property owners and local organizers.

APPENDIX D

# Heritage Tourism Background

## QUICK FACTS

These studies report the results of national surveys of U.S. residents in 2011 and 2012.[72] They estimate the national and regional activities of domestic visitors throughout the country.

### Characteristics of Utah Visitors

- 90% of all travelers were leisure travelers; 10% were business travelers
- 28% traveled on day trips
- 72% traveled overnight

Local Trip Spending and Transportation

- $413 per leisure visitor party, excluding airfares
- 51% of those staying overnight stayed in paid accommodations
- 79% traveled in a car/truck, RV/camper, or rental
- 15% traveled on an airplane
- 6% traveled by other means of transportation, including buses

### Characteristics of Mountain Division Visitors

- 79% of all travelers were leisure travelers; 12% were business travelers
- 46% of all travelers were from the same state; 54% of travelers resided out of state
- 19% traveled on day trips
- 30% traveled overnight for 1 to 2 nights; 35% traveled for 3 to 6 nights
- Visitors stayed an average of 3.78 nights (average includes travelers on day trips)
- Visitors who stayed for 1 night or more stayed an average of 4.6 nights
- 16% traveled 7 nights or more
- Mean travel party size for multi-person travel parties was 2.8 persons

Local Trip Spending and Transportation

- $823.80 per business and leisure visitor party, excluding transportation
- 60% staying overnight stayed in a hotel/motel or B&B
- 66% traveled in their own car/truck
- 22% traveled on an airplane
- 5% rented a car
- 8% traveled by other means of transportation, including buses

Heritage Activities[73]

- 16% visited a state or national park
- 12% visited historic sites/churches
- 10% visited museums
- 5% visited special events/festivals

[72] "Overview of U.S. Domestic Travel," by TNS TravelsAmerica (2012) and "Domestic Travel Market Report," by the U.S. Travel Association and TNS TravelsAmerica (2011).

[73] Multiple responses were possible. Therefore, percentages cannot be added together.

**Selected Characteristics of All Leisure Visitors in the U.S.**

- $503.39 per visitor party, excluding transportation
- 8% visited a state or national park
- 8% visited historic sites and churches
- 8% visited museums
- 4% visited special events/festivals

## CALCULATIONS FOR DIRECT ECONOMIC IMPACT OF HERITAGE TOURISM

These calculations are based on visitation to Utah heritage attractions.

| NATIONAL AND STATE PARKS WITH HERITAGE FEATURES | | | |
|---|---|---|---|
| Visitations (days) | | Total visitor expenditures | |
| 953,181 | | $50,470,934 | |
| | | | |
| SITES OF HISTORIC INTEREST (INCLUDES TEMPLE SQUARE) | | | |
| Visitations (days) | | Total visitor expenditures | $304,641,047 |
| 5,753,372 | | | |
| | | | |
| MUSEUMS (NOT COUNTED WITHIN PARKS) | | | |
| Visitations (days) | | Total visitor expenditures | |
| 345,268 | | $18,334,891 | |
| | | | |
| HERITAGE EVENTS | | | |
| Visitations (days) | | Total visitor expenditures | |
| 209,917 | | $11,115,105 | |
| | | | |
| TOTAL (with Heritage Events) | | | |
| Total visitations (days) | | Total visitor expenditures | $386,561,977 |
| 7,261,738 | | | |
| | | | |
| TOTAL (without Heritage Events) | | | |
| Total visitations (days) | 7,051,821 | Total visitor expenditures | $375,446,872 |

## 2012 UTAH VISITOR SPENDING PER DAY

| ALL TRAVELERS (LEISURE & BUSINESS) | | |
|---|---|---|
| SPENDING CATEGORY | EXPENDITURE PER PERSON PER DAY | |
| Lodging | $ | 13.31 |
| Restaurants | $ | 8.39 |
| Groceries | $ | 3.87 |
| Shopping / Gifts / Souvenirs | $ | 2.99 |
| Transportation | $ | 7.94 |
| Parking | $ | 0.28 |
| Gasoline | $ | 10.55 |
| Entertainment | $ | 2.27 |
| Gaming (Bingo) | $ | 0.34 |
| Amenities (golf, spa, health club, ski passes, etc.) | $ | 1.36 |
| Other | $ | 1.66 |
| Mean cost per day per person | $ | 52.96 |

## HERITAGE SITES AND SPECIAL EVENTS SURVEY

NAME OF ORGANIZATION / SITE / MUSEUM / EVENT_____

We are a (check all that apply):
Site of Historic Interest_____
Museum _____
Special Event Held Annually _____

1) How many visitors came to your site / museum / event? _____in 2011 _____in 2012?

2) Do you keep demographic information about your visitors? If so, are you able to determine the percentage of visitors that came from: a) Utah, b) out of state, c) international locations? Please estimate the percentage of each.

3) Does your organization have paid staff? If so, how many jobs does your organization fund?

4) Does your site or event charge an entry fee? Yes _____No_____ If so, what is the fee?

5) How is your site or heritage activity funded? (please check all that apply)
____ Visitor or participant fees _____ Private donations _____ Public funding or grants

6) Do you have any additional comments to share about the value of heritage tourism to your local economy?

APPENDIX E

# IMPLAN System

*From David Mulkey and Alan W. Hodges, University of Florida, IFAS Extension (http://edis.ifas.ufl.edu/fe168)*

The economic data for IMPLAN comes from the system of national accounts for the United States based on data collected by the U. S. Department of Commerce, the U.S. Bureau of Labor Statistics, and other federal and state government agencies. Data are collected for 528 distinct producing industry sectors of the national economy corresponding to the Standard Industrial Categories (SICs). Industry sectors are classified on the basis of the primary commodity or service produced. Corresponding data sets are also produced for each county in the United States, allowing analyses at the county level and for geographic aggregations such as clusters of contiguous counties, individual states, or groups of states.

Data provided for each industry sector include outputs and inputs from other sectors, value added, employment, wages and business taxes paid, imports and exports, final demand by households and government, capital investment, business inventories, marketing margins, and inflation factors (deflators). These data are provided both for the 528 producing sectors at the national level and for the corresponding sectors at the county level. Data on the technological mix of inputs and levels of transactions between producing sectors are taken from detailed input-output tables of the national economy. National and county level data are the basis for IMPLAN calculations of input-output tables and multipliers for local areas.

IMPLAN Multipliers. The IMPLAN software package allows the estimation of the multiplier effects of changes in final demand for one industry on all other industries within a local economic area. Multipliers may be estimated for a single county, for groups of contiguous counties, or for an entire state; they measure total changes in output, income, employment, or value added. Definitions are provided below. More detail on the derivations of multipliers is available in the earlier cited IMPLAN Users Guide.

For a particular producing industry, multipliers estimate three components of total change within the local area:

- Direct effects represent the initial change in the industry in question.
- Indirect effects are changes in inter-industry transactions as supplying industries respond to increased demands from the directly affected industries.
- Induced effects reflect changes in local spending that result from income changes in the directly and indirectly affected industry sectors.

IMPLAN allows the analyst to choose from multipliers that capture only direct and indirect effects (Type I), multipliers that capture all three effects noted above (Type II), and multipliers that capture the three effects noted above and further account for commuting, social security and income taxes, and savings by households (Type SAM). Total effects multipliers usually range in size from 1.5 to 2.5 and are interpreted as indicated below:

- Output multipliers relate the changes in sales to final demand by one industry to total changes in output gross sales) by all industries within the local area. An industry output multiplier of 1.65 would indicate that a change in sales to final demand of $1.00 by the industry in question would result in a total change in local output of $1.65.
- Income and employment multipliers relate the change in direct income to changes in total income within the local economy. For example, an income multiplier for a direct industry change of 1.75 indicates that a $1.00 change in income in the direct industry will produce a total income change of $1.75 in the local economy. Similarly, an employment multiplier of 1.75 indicates that the creation of one new direct job will result in a total of 1.75 jobs in the local economy.

- Value added multipliers are interpreted the same as income and employment multipliers. They relate changes in value added in the industry experiencing the direct effect to total changes in value added for the local economy.

APPENDIX F

# Walk Score

*From [http://www.walkscore.com/methodology.shtml](http://www.walkscore.com/methodology.shtml).*

Street Smart Walk Score calculates a score by mapping out the walking distance to the closest amenity locations of 9 different amenity categories. Different numbers of amenities are counted in each category (for instance the first 10 restaurants and bars are counted, while only 1 park is counted), which are referred to as counts. Each category receives different weights as well, which shows that category's importance relative to other categories.

The distance to a location, the counts and the weights determine a base score of an address, which is then linearly expanded to range from 0 to 100. After this, an address may receive a penalty for having poor pedestrian friendliness metrics, such as having long blocks or low intersection density.

The following categories, counts and weights are used:

amenity_weights = {
"grocery": [3],
"restaurants": [.75, .45, .25, .25, .225, .225, .225, .225, .2, .2],
"shopping": [.5, .45, .4, .35, .3],
"coffee": [1.25, .75],
"banks": [1],
"parks": [1],
"schools": [1],
"books": [1],
"entertainment": [1],}

The numbers after a category indicate the assigned weight and number of counts of that amenity. More than one number means that more than one count of that amenity is included, with the second nearest amenity of that type receiving the weight of the second number, etc. At this point, the weights indicate the relative importance of categories to one another. So having a grocery store nearby is 3 times as important as having a bank nearby.

These weights were determined from the research literature and testing the algorithm. Lee and Moudon (2006) find evidence that nearby grocery stores, restaurants/bars, banks and schools increase walking, as do areas with grocery/retail/restaurant clusters. Moudon et al. (2006) and Cerrin et al. (2007) both cite collected survey data showing that grocery stores, restaurants/bars, retail locations, coffee shops, and banks are common walking destinations. The Cerrin et al. (2007) survey responses find that people frequently walk to parks as well. The categories we use here are also similar to ones used in studies and work on walkability by Iacono et al. (2010), El-Geneidy and Levinson (2010), and Piekarski (2009).

The amenity categories have been determined from the available research to be of either of high importance to walkability, medium importance or low importance. This is reflected in the category weights. Grocery store and restaurants/bars have total category weights summing to 3, while shopping and coffee shops have weights summing to 2, while the other categories sum to 1.

Grocery stores receive the heaviest weight because they have been found to be drivers of walking (Lee and Moudon 2006), as well as the most common walking destination in surveys (Moudon et al. 2006, Cerrin et al. 2007).

Restaurants and bars are combined into a single category due to their overlapping nature: many restaurants have bars and many bars serve food. Restaurants/bars are found to be some of the most frequent walking destinations (Moudon etal. 2006, Cerin et al. 2007), so this category has a combined total weights of 3. Variety and options are important, so 10 counts of restaurants/bars are included, with the first counts receiving greater weight than the later counts to account for diminishing returns. Including 10 counts of restaurants also allows for more differentiation among high scoring locations, as 10 restaurants or bars must be very nearby to receive a 68 perfect score.

The shopping category includes clothing stores and stores categorized as “gift shops”, which defines a broad range of retail locations (e.g. specialty food store, flower store, children’s store, etc.). The “gift shop” category is used as a proxy for the breadth of retail stores near an address.

Shopping and retail are commonly used categories in the research literature, are one of the more common walking destinations (Cerin et al. 2007) and are found to increase walking (Lee and Moudon 2006). The category has a combined total weight of 2, and there are 5 counts included. Giving this category 5 counts demands a certain density of shopping locations for an address to score well. The stores looked at in this category are important in themselves, but are also meant to proxy to a degree for other shopping stores. Not every retail location falls under clothing store or gift shop, but an address that scores well in this category is likely to have these other retail locations close by as well.

For coffee shops, variety is also important, but not to the same degree that it is for restaurants and shopping. Two counts are included, so that in the ideal walkable area some choice is available. Additionally, coffee shops are found by both Cerin et al. (2007) and Moudon et al. (2006) to be important destinations, and the presence of nearby coffee shops gives an indication of the overall walkability of an area. Because of this, we have made the total weight of this category 2.

The other categories are deemed to be more or less equal and all receive a weight of one and have one count. The literature does not give a clear indication of which of these other categories should have a greater weight, while still indicating that they are important. However, they are not generally found to be as important as grocery stores, restaurants/bars, and retail, and it does not seem appropriate to include more than one count for any of them.

APPENDIX G

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## Nondiscrimination Statement

This program receives Federal financial assistance for identification and protection of historic properties. Under Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975, as amended, the U.S. Department of the Interior prohibits discrimination on the basis of race, color, national origin, 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 if you desire further information, please write to: Office for Equal Opportunity, National Park Service, 1849 C Street NW, Washington, D.C. 20240.