The Economics of Historic Preservation
St. Charles, Missouri
September 11, 2008
Donovan D. Rypkema

Thank you.

Karen Baxter contacted me some time ago to speak at this conference. And, of course, she asked me to talk about the only thing I know anything about – the economics of historic preservation. But she asked that I particular spend some time looking at what's happened here in Missouri over the last ten years since you've had a state tax credit in place.

Well, I knew that things were happening in Missouri. And two years ago when Laura Bush and the Advisory Council held the Preservation Summit in New Orleans, the task force I was on held a prefatory meeting in St. Louis so I had a bit of a look there. But I have to tell you when I put the numbers together I was absolutely astounded. And I'll get to that in just a moment.

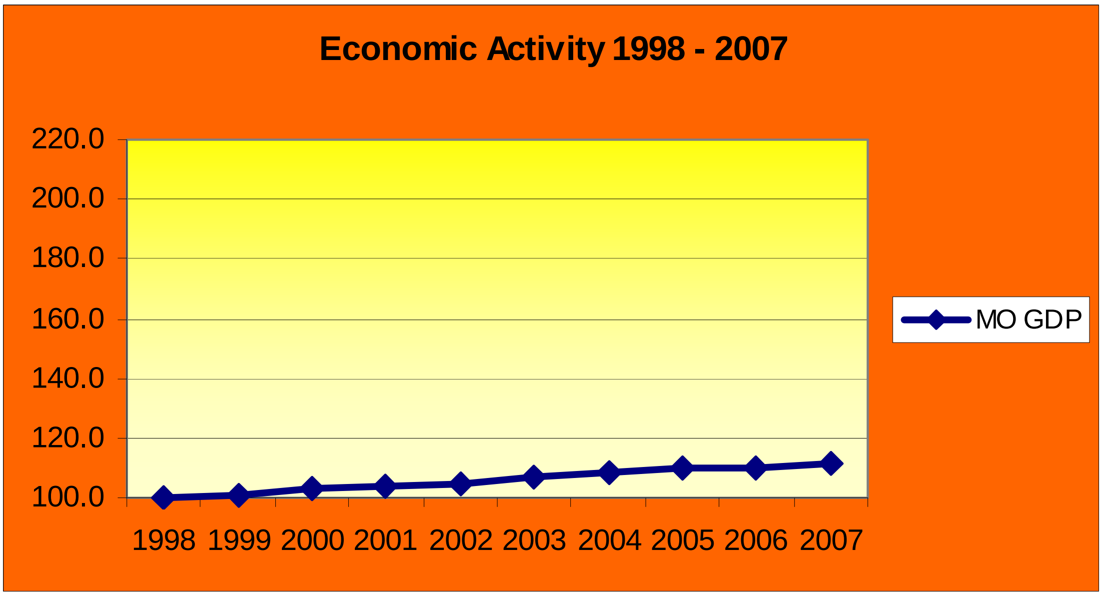
But I remember well when the tax credit here was first passed and preservationists organized what I recall were actually two one-day briefing sessions – one in St. Louis and one in Kansas City. I remember two things about those sessions – first, there were overflow crowds...not an empty seat in the rooms. Second, there was barely a preservationist in sight. The target audience for the sessions was not preservationists, but developers, tax attorneys, accountants, and bankers. They were the ones that the organizers decided needed to understand the tax credits. And were they ever right.

Five great steps have been taken by the people of Missouri in this regard. First was the passing of the credit itself. Second was from the beginning focusing the outreach to those who had capital to invest or access to investors. Third was staving off the legislature's interest in repealing the credit and doing so by demonstrating with David Listokin's great study that in the long run the credit generated far more than it cost. And fourth, the way that the credit was structured – that it could be stacked with the Federal credit, that personal residences were eligible, and that the credits themselves could actually be sold, not just euphemistically sold as in the Federal credit. . By making the credits transferable the ever creative and imaginative non-profit sector could get in on the action. On the Federal level, frankly, if a project isn't a couple of million dollars, trying to "sell" the credits just doesn't work – the fees for lawyers, accountants and syndicators eats up the benefit of the tax credit

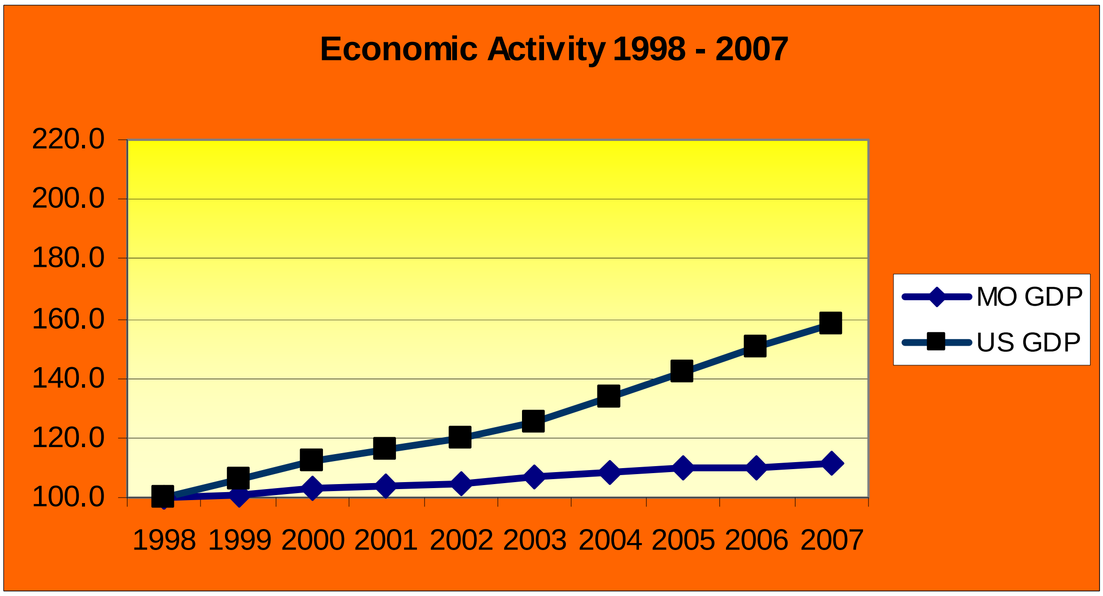
But the big fifth in my list is the incredible amount of investment in historic buildings that has taken place. In the last decade in excess of $2 Billion has been invested in the rehabilitation of Missouri's historic buildings. But numbers that large tend to lose their significance. So at the risk of being an economics numbers geek here I want to put that in context.

Here's what I have done. I have made calculations of a number of economic indicators over the last ten years, so you can look at what's happened with historic buildings in Missouri in context. So that patterns can be seen, I have made 1998 the base year for this analysis with the amount in 1998 being 100. Then if, over the course of a decade, that variable grew 10% the number 10 years later would be 110.

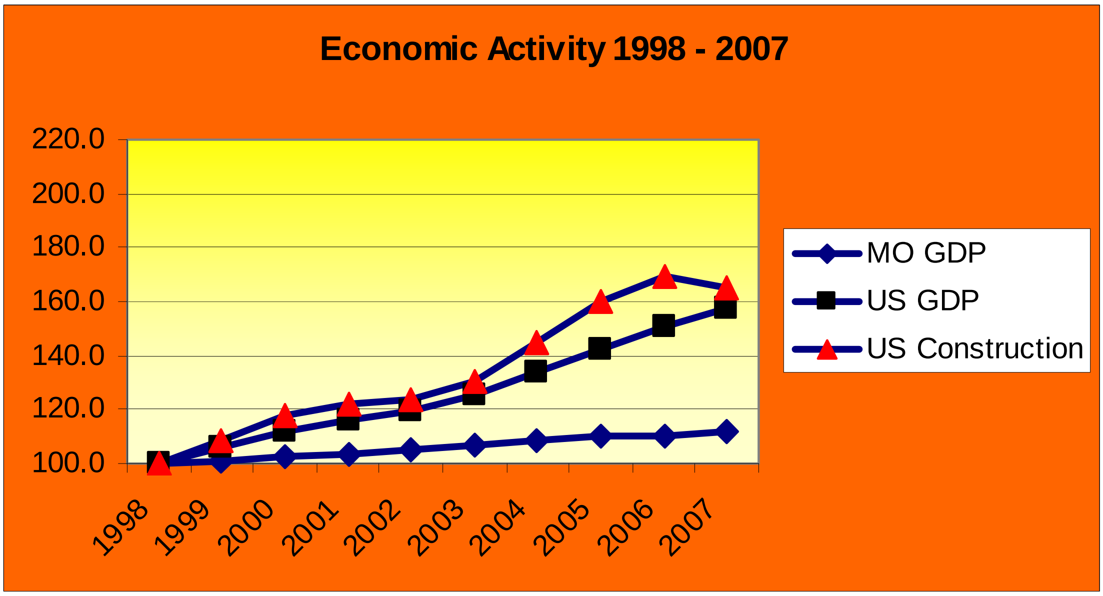
So here's the first measurement – the Gross State Product for Missouri. As you can see it grew nominally between 1998 and 2007.



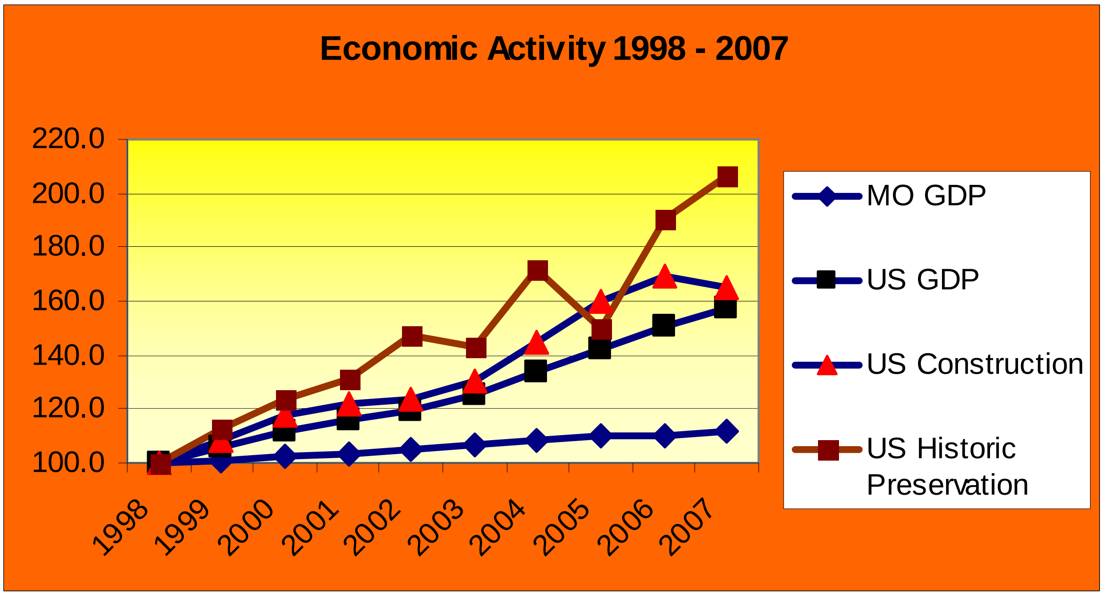
Now compare that with how the national economy grew...the Gross Domestic Product of the United States grew an average of between 5 and 6 percent per year without adjusting for inflation.



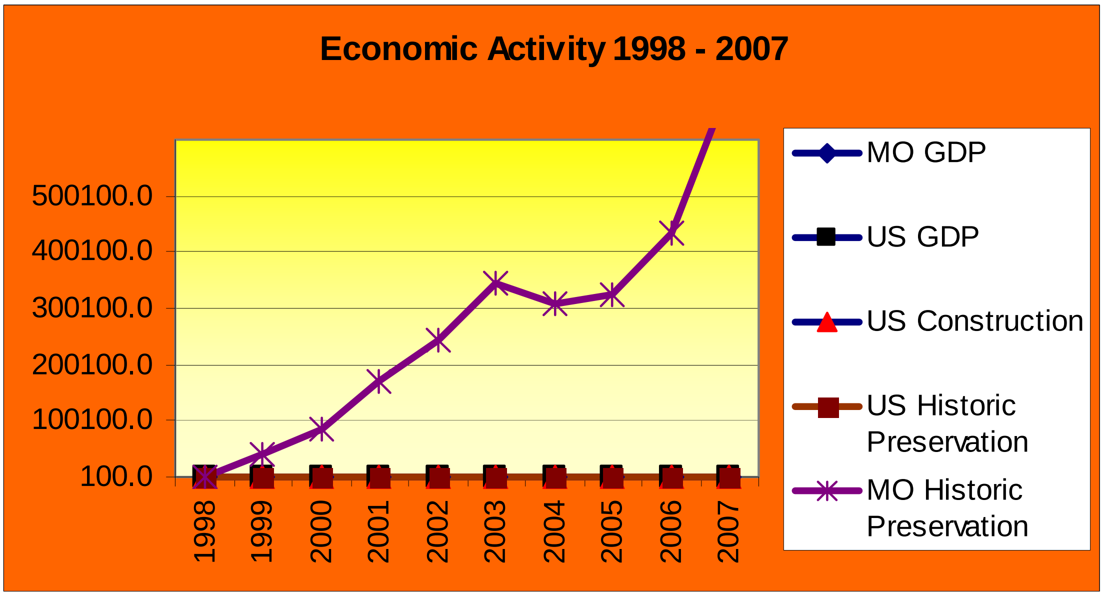
Well, the construction segment of the economy often moves slightly different that the economy as a whole – sometimes faster, sometimes slower. But over the decade between 1998 and 2007 here what happened in the construction industry in America. You can see it beginning to fall between 2006 and 2007 as the real estate recession was beginning.



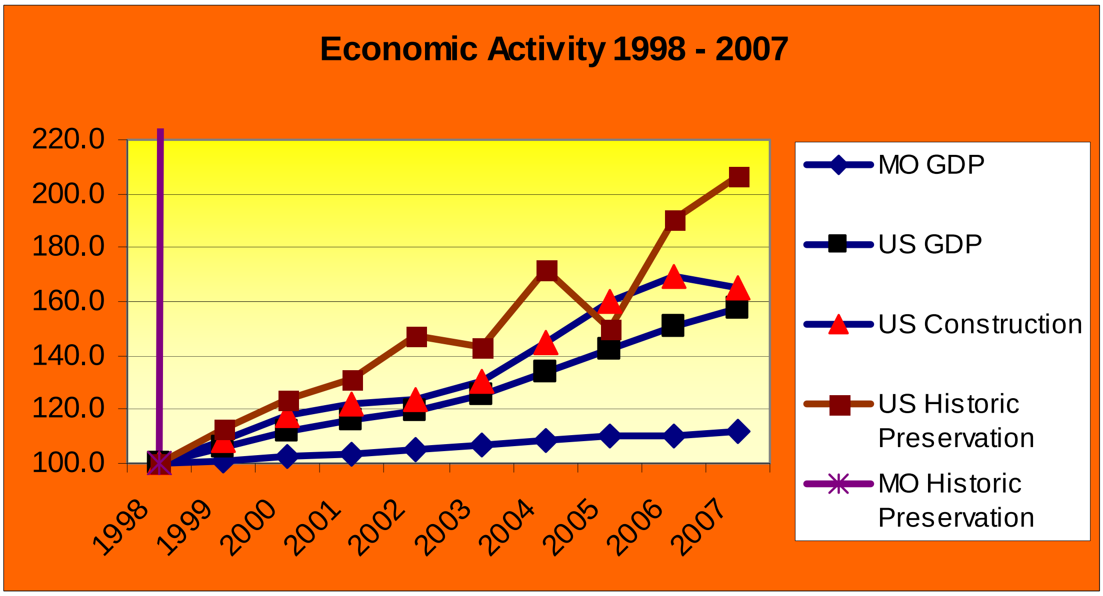
Now how about activity national for projects using the Federal Rehabilitation Tax Credit. As you can see this historic preservation activity outpaced the Missouri economy, the national economy, and construction over that decade – great news for us preservationists.



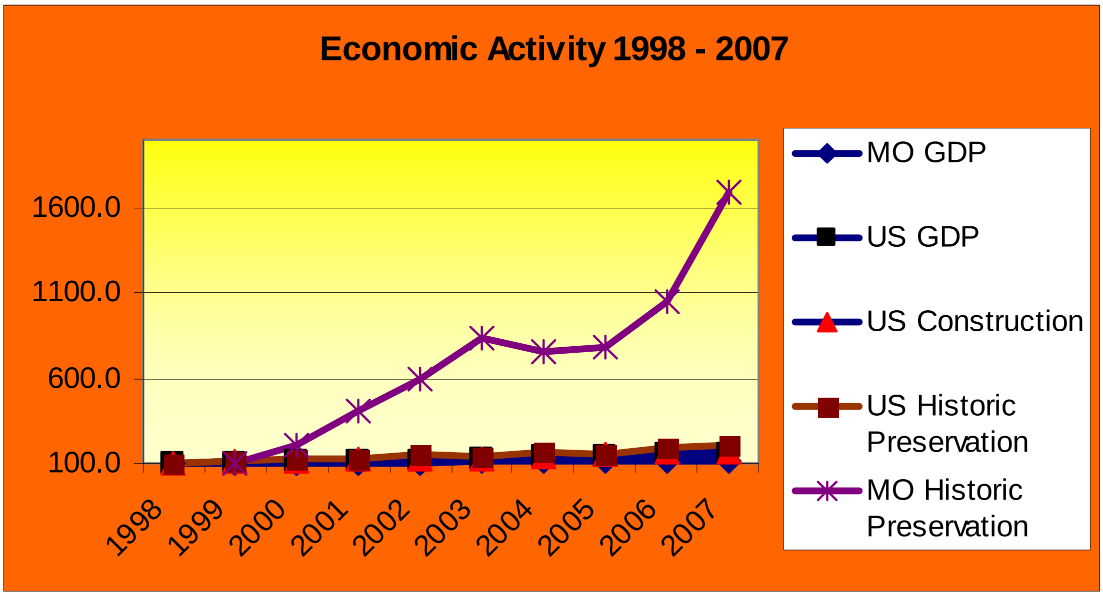
But here is Missouri's tax credit curve. Now for those of you who remember your college freshman statistics class you'll note something here – I have changed scales on the graph. On all the earlier graphs I had a range of between 100 – the base year – and 220. Here I have the upper limit of the graph not 220 or even 1000 but 600,000..



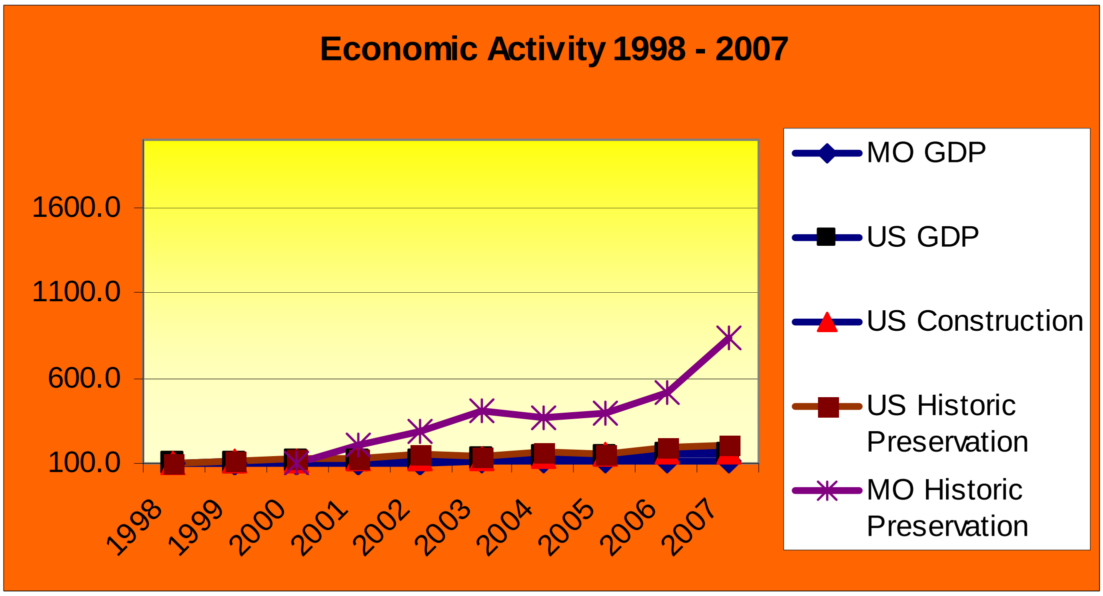
Why? Well let me put the same data on the screen using the earlier scale. That's why. That's what that old saying "off the charts" refers to. Your activity here in Missouri is off the charts.



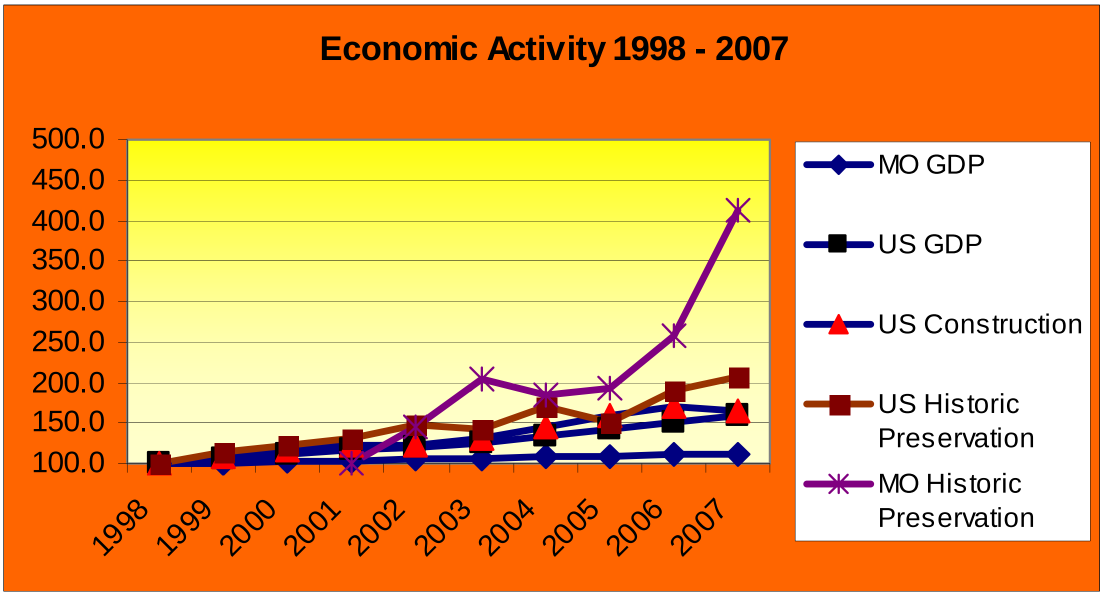
But now I know there are at least a few bankers or accountants in the audience with expertise in statistical representation and they'll say, "yeah, but that's not exactly fair, you used as a base 1998 and the tax credit was just passed. So the base is going to be low therefore the growth curve out of whack. And that's probably right. So I'll move the base to 1999 instead. Now I can lower a bit the maximum on the scale, but still a huge difference in activity.



And even if one said, “Well, it takes a couple of years for the thing to really get started, maybe you should use 2000 as the base year.” OK. Still a dramatic pattern.

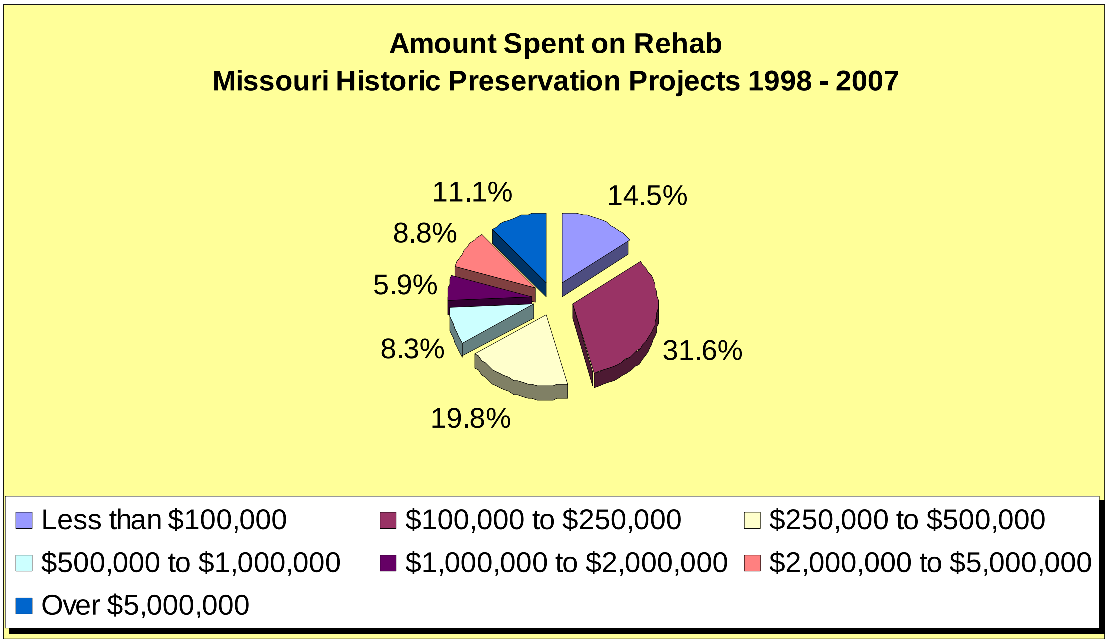


“Well, maybe the third year of the tax credit should be the base.” Again, that allows me to lower the scale a bit more, but the conclusion is inescapable...these tax credits caused a huge investment attributable to absolutely no other factor. For those of you who think in sports analogies rather than statistics this one is like running a marathon but you don’t start until all the other runners are at the 8 mile marker and when you cross the finish line the fastest other runner is at mile marker 12. Absolutely
incredible.



Now I know many of you are already past being sated with graphs, but please forgive me for a couple more. The big headlines in the Kansas City Star or the St. Louis Dispatch are about the giant projects...and I'm certainly glad those developments are taking place. But that is not the only story of the Missouri tax credits.

I looked at all of the projects over the last decade and broke them down as to size. About 11% of all projects were the big ones – over $5 million in rehabilitation expenditures. But one in 7 was less than $100,000 and another 30% were between $100,000 and $250,000. All told, two projects in three were less than $500,000. Missouri really has figured out how to provide an effective investment incentive for mom and pop.



I can't be here and not mention what's happened in St. Louis over the last decade. As you all know better than I, Downtown St. Louis had experienced decades of decline and departure. But over the last ten years there has been a dramatic change. Over $4 billion has been invested, 90 new retail businesses have opened, 2500 new hotel rooms have been created and 5000 new residents now call downtown St. Louis home.

There has certainly been sizeable investment in new construction, including the $387 million stadium and a $220 million Federal courthouse. But the vast majority of the projects and nearly half of the total investment dollars have gone into the rehabilitation of historic buildings. In fact, nearly 100 vacant or abandoned historic buildings have been rehabilitated into hotels, offices, apartment buildings, retail facilities and condominiums. Just the 15 largest historic preservation projects represent private investment of over $1 billion.

As someone whose primary professional focus is downtowns, I've reached the conclusion that St. Louis is the biggest turnaround story of American downtowns. And it has done so by utilizing its historic asserts.

I want to read a quotation to you.

> *Economically, restoration projects have created well-paying jobs and increased tourism dollars. Property values have increased, as well as revenue to local municipalities. Environmentally, restoring versus demolishing old buildings has helped reduce construction debris and conserve energy. Psychologically, more people are considering downtown as a viable place to work, play and live.*

Well, that could have come from a speech of Dick Moe's or a press release from Preservation Action, or in some essay I wrote. Instead it came from an OpEd piece in the St. Louis Dispatch last month and was written by John Williams, president of the St. Louis Association of Realtors.

Here's what's happened in the last decade – the *show me State* as shown the rest of the country how to attract private capital into our historic buildings. On behalf of the other 49 states, thank you very much.

Well, that's what I've learned about the effects of the Missouri tax credit program, but I now want to move on to some other lessons that have been learned from around the country. I often tell my preservation clients, in the long run preservation's economic impact is far less important that its educational, environmental, cultural, aesthetic, historical, and social impact. In the long run none of us really care what the compounded, discounted, internal rate of return on an after-tax basis is for the plazas in Florence, nor are we particularly interested in the job creating impact that the building of Monticello had on the Charlottesville economy. In the long run, all of those other values of historic preservation are more important than the economic value. But as the great economist John Maynard Keynes said, "In the long run we're all dead."

In the short run, however, those who have the most influence on what happens to our historic resources – property owners, mayors and legislators and city managers, bankers, developers, investors – many of those interests – legitimately in my opinion – do care about the economic value of heritage buildings. And often it is through the door of economic impact that those decision makers become advocates for historic preservation on the other, more important grounds.

Almost fifteen years ago Peter Brink at the National Trust asked me to write the book on the Economics of Historic Preservation. Almost twenty five years ago I was getting my preservation degree at Columbia University and at that time the discussion of historic preservation and money in the same sentence was considered déclassé, something akin to attending an Episcopal Church social then eating your dessert with a salad fork. It just wasn't done in polite company. Well, that's no longer true. Twenty years ago historic preservation was an end in itself – save old buildings in order to save old buildings. Today the historic preservation movement is a broad-based, multi-faceted movement where historic resources are means, not ends. And preservation has become a means of downtown revitalization, neighborhood stabilization, affordable housing, luxury housing, heritage tourism, education, and, my little niche in the world, economic development.

In the last decade particularly, considerable research has been done on the economic role of historic preservation. I'd like to quickly go through some of the ways this has been true, and give you a factoid or two from the lessons that have been learned.

While most of my clients are local or state governments, downtown organizations, non-profit organizations or preservation groups, what I really am is an economic development consultant. And at the top of the list for economic development measurements are jobs created and increased local household income. The rehabilitation of older and historic buildings is particularly potent in this regard. As some of you may know, as a rule of thumb, new construction will be half materials and half labor. Rehabilitation, on the other hand, will be sixty to seventy percent labor with the balance being materials. This labor intensity affects a local economy on two levels. First, we buy an HVAC system from Ohio and lumber from Georgia, but we buy the services of the plumber, the electrician, and the carpenter from across the street. Further, once we buy and hang the sheet rock, the sheet rock doesn't spend any more money. But the plumber gets a hair cut on the way home, buys groceries, and joins the YMCA – each recirculating that paycheck within the community.

Many people think about economic development in terms of manufacturing, so let's take a look at that. The average manufacturing concern in Missouri for every million dollars of production 13.9 jobs are created. But that same million dollars in the rehabilitation of an historic building here in Missouri? 20.2 jobs.

A million dollars of manufacturing output in Missouri will add, on average about $470,000 to local household incomes. But a million dollars of rehabilitation? Nearly $704,000. Now of course the argument can be made, "Yeah, but once you've built the building the job creation is done." Yes, but there are two responses to that. First, real estate is a capital asset – like a drill press or a box car. It has an economic impact during construction, but a subsequent economic impact when it is in productive use. And we'll talk about some of those uses to which historic buildings have been placed. Additionally, however, since most building components have a life of between 25 and 40 years, a community could rehabilitate 2 to 3 percent of its building stock per year and have perpetual employment in the building trades. And these jobs can't be shipped overseas.

There are a range of estimates of what the Missouri tax credit has meant to this state, but let me give you mine. Under economic modeling systems, a "job" means a full time equivalent job for one year. Well my number for jobs? 17,900 direct jobs and another 22,500 indirect for a total of over 40,000 jobs. As for household income, these projects have added $673 million to the pockets of Missouri citizens directly and another $700 million indirectly. Find me another economic development program that's done that.

Now there are some economists and politicians who would argue that in economic down turns like we're having now public expenditures should be made to create employment. And I'm certainly not going to argue with that. And as you all know, among politicians' favorite forms of public works is building highways.

David Listokin at the Center for Urban Policy Research at Rutgers has calculated the relative impact of public works. Let's say a level of government spends $1 million building a highway. (And these days that means a highway not quite the length of this room) but anyway a million dollar highway – what does that mean? 34 jobs, $1.2 million in ultimate household income, $100,000 in state taxes and $85,000 in local taxes.

Anyway, we could build highways or we build a new building for $1 million. 36 jobs, $1,223,000 in household income, $103, 000 in state taxes and $86,000 in local taxes. Or we could spend that million rehabilitating an historic building. 38 jobs, a million three in household income, $110,000 in state taxes and $92,000 in local taxes. Now you tell me which is the most economically impacting in public works projects.

A second broad area of the economic impact of historic preservation is downtown revitalization. There really is a resurgence of city centers in towns and cities of every size all over America and not just in St. Louis. This is the area where I do most of my work, so I could talk for hours about why this is important. But I'll leave it at this – I cannot identify a single example of a sustained success story in downtown revitalization where historic preservation wasn't a key component of that strategy. Not a one. Conversely the examples of very expensive failures in downtown revitalization have nearly all had the destruction of historic buildings as a major element. Now the relative importance of preservation as part of the downtown revitalization effort will vary some, depending on the local resources, the age of the city, the strength of the local preservation advocacy groups, and the enlightenment of the leadership. But successful revitalization and no historic preservation? It ain't happening.

In fact by far the most cost effective program of economic development - not just of historic preservation or downtown revitalization - but the most cost effective program of economic development of any kind is a program you're all familiar with – Main Street. Main Street is commercial district revitalization in the context of historic preservation. Main Street started as a program for downtowns of small towns. In the last 25 years some 2200 communities in all 50 states have had Main Street programs. Over that time the total amount of public and private reinvestment in those Main Street communities has been nearly $45 Billion. There have been 83,000 net new businesses created generating nearly 370,000 net new jobs. There have been 200,000 building renovations. Every dollar invested in a local Main Street program leveraged nearly $27 of other investment. The average cost per job generated - $2,500 - less than a tenth of what many state economic development programs brag about.

Another area that consistently emerges as a major component of preservation's economic impact is heritage tourism. Ask someone who is in the business of economic analysis and they'll tell you how tricky trying to figure out exactly what "tourism expenditures" are. I live in Washington, D.C. If I rent a car and drive to New York City for a weekend is the toll on the Jersey Turnpike a tourism expenditure or not? Well, I'm not an expert in econometric modeling, so I've avoiding trying to calculate composite numbers. Instead I've simply looked at the incremental difference between the expenditures of heritage visitors and other types of tourists. Virginia is one of the states that subscribe to a giant survey data base that questions households about did they travel, where, how much did they spend, etc. The data is sortable. So in a study a few years ago we sorted out the patterns of heritage visitors. We defined heritage visitors as those who did one or more of the following: visited a museum (in Virginia around 90% of the museums are history museums), visited a Civil War battlefield, or visited an historic site. And we contrasted those patterns with visitors to Virginia who did none of those things. Here's what we found: heritage visitors stay longer, visit twice as many places, and on a per trip basis spend 2 ½ times as much money as other visitors. Wherever heritage tourism has been evaluated this basic tendency is observed: heritage visitors stay longer, spend more per day, and, therefore, have a significantly greater per trip economic impact.

Some individual historic sites have done their own analysis. Biltmore, the great historic estate in the mountains of Western North Carolina commissioned a study of their local impact – and you can see these numbers – 760 employees, $215 million to the local economy, $5 million in taxes, etc. But to me the most impressive number is this one – for every $1 a visitor spent at Biltmore itself, over $12 was spent elsewhere – hotels, restaurants, gas stations, retail shops, etc. Biltmore was the magnet to come to Ashville, but for every dollar the Biltmore reaped, others garnered another $12 – impressive leveraging of resources.

Now I said that I've never tried to estimate total tourism dollars, but there are lots of people smarter than I who have. The University of Florida in conjunction with Rutgers did an economic analysis of historic preservation in Florida. Now for non-Floridians, this is not a state that immediately comes to mind as being heritage tourism based. We tend to think of Disney World, beaches, and golf courses. Tourism is clearly the largest industry in Florida. But just the heritage tourism portion of that industry has impressive impacts, with over $3 billion in expenditures, half a billion in taxes, and over 100,000 jobs. And while most of the jobs, predictably, are in the retail and service industries, in fact nearly every segment of the economy is positively affected.

I am not a tourism expert, but I'm even less of a Biblical scholar. But there's a bible verse that many of you will recognize. It comes from Matthew 16:26, and goes, "So what is a man profited, if he shall gain the whole world, and lose his own soul?" I would suggest to you that the verse can be altered just a bit to ask the question, "So what is a community profited, if it shall gain the whole world, and lose its own soul?" When historic preservation is done right, the biggest beneficiaries are not the tourist, or even the restaurants, motels, and gas stations. The biggest beneficiaries are the local citizens who gain a renewed appreciate of their own community and its unique history.

Perhaps the area of preservation's economic impact that's been looked at most frequently is the effect of local historic districts on property values. It has been looked at by a number of people and institutions using a variety of methodologies in historic districts all over the country. And the most interesting thing is the consistency of the findings. Far and away the most common result is that properties within local historic districts appreciate at rates greater than the local market overall and faster than similar non-designated neighborhoods. Of the several dozen of these analyses the worst case scenario is that housing in historic districts appreciates at a rate equivalent to the local market as a whole.

Particularly important today is recent analysis that indicates that historic districts are also less vulnerable to the volatility that real estate values are often subject to during interest rate fluctuations and economic downturns.

For a long time local historic districts were opposed by some property owners, elements of the real estate community, and a handful of anti-government activists on the grounds that one more layer of regulation would, prima facie reduce property values. Now that that argument has been effectively refuted local historic districts have been under attack from two new sources.

The first you've no doubt heard about and perhaps are seeing in some towns here in Maine – the McMansion. This is where a developer buys a lot with a modest scale home, demolishes it, and the replacement is a large, out-of-scale, out-of-context structure. These are parasite buildings. They are taking advantage of the character of the existing neighborhood, but are fundamentally destroying that character. They look out the lumberyard Palladian window of their 1000 square foot master bedroom suite on a great residential neighborhood. And their neighbors now have to look out the window at a residential structure on steroids. I recently heard them called "starter castles."

I said that local historic districts are now under attack on two fronts, I'll come back to the second shortly.

Every five years or so *Time* and *Newsweek* will have a cover story on the "back to the city" movement. And indeed that really is happening all over the country. Washington DC where I live is certainly no exception. I live about downtown exactly half way between the White House and the Capitol and a block and a half from the National Archives. The 1990 population in what is now my zip code was 11 – and that was probably mostly homeless. The 2000 population was 901 and I can look out my window and see 1000 units built since the Census.

But wherever you look, the "back to the city" movement hasn't been back to the city in general, but back to the historic neighborhoods within the city. There may be new construction and new neighborhoods built eventually, but the first attraction back to the city is invariably historic areas. The St. Louis pattern in that sense is the norm rather than the exception.

Our former mayor in Washington, Anthony Williams, established an ambitious but commendable goal of attracting 100,000 new residents to Washington over the next decade. So we looked at what had happened to Washington during the decade of the 90s. The overall population of Washington fell in that 10 year period from 607,000 to about 572,000. But that pattern certainly was not consistent throughout the city. Had Washington's historic districts declined at the same rate as did the rest of the city, the 2000 population would have been less than 562,000. Conversely had the entire city grown at the rate the historic districts grew, our population in 2000 would have been over 621,000. When "back to the city" happens, historic districts are the first magnet.

A frequently underappreciated component of historic buildings is their role as natural incubators of small businesses. It is not the *Fortune 500* who are creating the net new jobs in America. It is small business. A frequently underappreciated component of historic buildings is their role as natural incubators of those small businesses. Ninety percent of all businesses in the United States employ fewer than 20 people; sixty percent fewer than five people. One of the few costs firms of that size can control is occupancy costs – rents. In both downtowns but especially in neighborhood commercial districts a major contribution to the local economy is the relative affordability of older buildings. It is no accident that the creative, imaginative, small start up firm isn't located in the corporate office "campus" the industrial park or the shopping center – they simply cannot afford the rents there. Older and historic commercial buildings play that role, nearly always with no subsidy or assistance of any kind.

Pioneer Square in Seattle is one of the great historic commercial neighborhoods in America. The business management association there did a survey of why Pioneer Square businesses chose that neighborhood. The most common answer? That it was a historic district. The second most common answer? The cost of occupancy. Neither of those responses is accidental.

After decades of declaring that communities had to choose between historic preservation and economic development, professionals in the field are finally realizing that is a false choice. That instead historic preservation is an excellent vehicle for economic development.

Perhaps the most visible change in this attitude comes from the Economic Development Administration of the U.S. Department of Commerce. This year for the first time, in addition to their awards for innovation in such categories as Excellence in Rural Economic Development, Excellence in Technology-led Economic Development, and Excellence in Enhancing Regional Competitiveness, EDA has added Excellence in Historic Preservation-led Strategies to Enhance Economic Development. And the first winner of this award is the Main Street program in Silver City, New Mexico.

One area that is a bit less obvious. You know we all diligently recycle our Coke cans. It's a pain in the neck, but we do it because it's good for the environment. Land fill throughout the country is increasingly expensive in both dollars and environmental quality. Now even though a quarter of everything dumped at the landfill is from construction debris, we don't often think about the environment in relation to the demolition of historic buildings. But let me put it in context for you. Let's say that today we tear down one small building like one of these in downtown Biddeford. We have now wiped out the entire environmental benefit from the last 1,344,000 aluminum cans that were recycled. We've not only wasted an historic building, we've wasted months of diligent recycling by the good people of your community. Now why doesn't every environmentalist have a bumper sticker saying "Recycle your aluminum cans AND your historic buildings." Either that or let us off the hook from having to sort those Coke cans every week.

There is no movement in America today that enjoys a more broad based support across political, ideological, and geographical boundaries than does *Smart Growth*. Democrats support it for environmental reasons, Republicans for fiscal reasons, big city mayors, rural county commissioner, there are Smart Growth supporters everywhere. The increasing public volume and political expenditures of Smart Growth's opponents is in direct relationship to Smart Growth's broad and growing support.

And the Smart Growth movement has a clear statement of principles, and here it is:

- Create range of housing opportunities and choices
- Create walkable neighborhoods
- Encourage community and stakeholder collaboration
- Foster distinctive, attractive places with a Sense of Place
- Make development decisions predictable, fair, and cost effective
- Mix land uses
- Preserve open space, farmland, natural beauty and critical environmental areas
- Provide variety of transportation choices
- Strengthen and direct development toward existing communities
- Take advantage of compact built design.

But you know what? If a community did nothing but protect its historic residential and commercial neighborhoods it will have advanced every Smart Growth principle. In fact, any Smart Growth strategy that doesn't have historic preservation at its core is stupid growth, period.

Having said that, we are beginning to see the divergence of interest between Smart Growth advocates and historic preservation. The argument goes like this: "If density is good, if proximity to the center of the city is good, then let's tear down those little old houses and replace them with six story condominiums." Recently I heard one of the idiot spokesmen for the New Urbanists say, "you preservationists are going to have to accept saving only the façade because density is a moral imperative." Well, I'm not so sure I want a former real estate developer who now bills himself as a "metropolitan land strategist" deciding what moral imperatives are. Furthermore, not a dictionary written by Salvador Dali on drugs would call this lunacy "historic preservation". We might as well have this Oklahoma version of the facadomy.

As preservationists we're going to have to be prepared for this assault, because with $4 gasoline, the pressures are beginning to rise quickly. I think the answers are going to have to be four fold:

1. It should not be just density, but density at a human scale, and that's what both residential and commercial historic districts around the country are providing right now.
2. If we do need to raze existing structures to densify, we should be doing it in those very low density, mediocre quality, automobile oriented subdivisions of the 60s and 70s, not our historic neighborhoods.
3. We need to have more of the kind of research that was recently undertaken by Terry Holzheimer, the director of economic development in Arlington, Virginia. He looked at density patterns in the entire Washington metropolitan region, and concluded, "Relatively high intensity development can be achieved within constraints posed by the height, form and texture of traditional communities as is demonstrated in places such as Georgetown and Alexandria."
4. We need to point out that a policy where density trumps everything else, it will be at the expense of not only historic preservation, but also small business incubation and affordable housing.

Which brings me to the next question I have for you: what is the most pressing economic development challenge of 2008? Affordable housing. For a long time housing affordability was a social service issue – how do we house the least fortunate among us. Today it has become a central economic development issue. And this is beyond, and frankly independent of the real estate crash driven by sub-prime lending.

And what is the most significant economic development variable in the year 2008? Quality of life.

And I would suggest to you that historic preservation has a vital role to play in both of those.

Some of you probably know Dick Moe, the president of the National Trust. Well Dick is a smart guy, and has been around Washington for a long time and since he's been at the Trust he's pushed the Trust to be more active on the policy front. Dick was early on in the Smart Growth movement, in many cases dragging other preservationists kicking and screaming into the anti-sprawl movement. Many preservationists, frankly, didn't initially understand the connection. But we do now and that's to Dick's credit.

So four years ago Dick looked around, saw that Smart Growth had its own momentum and pondered internally what the next major Trust policy initiative should be. He'd been hearing this emerging issue of affordable housing so wanted to understand what link, if any, there was between housing affordability and older and historic houses. So we took a look.

Of the many lessons learned, here are some of the most telling:

- In the market place older and historic houses – those built before 1950 – disproportionately meet the housing needs of those of modest means
- The majority of this older, affordable housing is simply provided by the market, with no subsidies, incentives, or government intervention of any kind.
- If today we had to replace the pre-1950 housing being occupied by households living at the poverty level, using the most cost effective Federal program it would cost the tax payers $335 Billion dollars – that's like paying for another Iraq war.

Well if affordable housing – what the ULI calls workforce housing – is a critical need and if older housing is disproportionately meeting that need, then there must be a major effort going on to keep this housing inventory viable, right? Alas, that's not the case. In the every day, seven days a week, 52 weeks a year for the last thirty years we've lost 577 units of older and historic housing – 80% of which were single family dwellings. I say "lost", but it's not that we misplaced them. A few were destroyed by tornados and a few hit by lightning, but the vast majority of them were consciously torn down.

And for those with the most historic significance? The 90s are generally seen as a decade rather enlightened about historic preservation. But during that ten years removed forever were 772,000 housing units built before 1920, arguably our most historic.

The result? We are systematically tearing down what is affordable and building what is not. The McMansion is compounding that problem as is a myopic policy of density above all.

But people of modest means need more then just low rent. They also need proximity – to schools, shopping, work, and transportation. Where are those daily needs nearly always nearby? In our older and historic neighborhoods. Where are those daily needs almost never nearby? – new subdivisions.

I earlier said that affordable housing was the most critical economic development challenge today and that that cliché – quality of life – was the most significant economic development variable. Now there are some who think that "quality of life" is simply a function of urban design. And everybody has their own name for it – New Urbanism, Traditional Neighborhood Development, Transportation Oriented Development, and at the National Governors Association they call it New Community Design.

Well I agree that good urban design is a part of "Quality of Life". But ultimately quality of life will be determined by five senses: the sense of place, the sense of evolution, the sense of ownership, the sense of identity and the sense of community itself.

The Greeks had a phrase – *horror vacui* – the intolerability of no-place-at-all. Many places in America have approached that *horror vacui*. On a trip to California I picked up a copy of the Sacramento Bee one morning and read a local columnist – Steve Weigand – and here's what he wrote. "And from the Brave New World of the Internet comes the following new term. "Generica:

fast food joints, strip malls and subdivisions, as in 'we were so lost in Generica, I didn't know what city it was.'"

Generica isn't just a California phenomenon or just a city or suburban phenomena. Generica is happening everywhere and I would suggest it is at the heart of the challenge of economic development, smart growth and place economics. Generica undermines all five senses – the sense of place, of evolution, of ownership, of identity and of community.

In his book *The Good Society* sociologist Robert Bellah observes, "Communities, in the sense in which we are using the term, have a history – in an important sense they are constituted by their past – and for this reason we can speak of a real community as a 'community of memory', one that does not forget its past." Generica diminishes each of the five senses; preservation of the historic built environment enhances each of the five senses, and constitutes the physical manifestation of a "community of memory". Historic preservation builds both community and place; Generica destroys both community and place.

As we are all painfully aware, this is an election year. And every side in every race is supported by hundreds of advocacy movements. And most of them are "rights" movements: animal rights, abortion rights, right to life, right to die, states rights, gun rights, gay rights, property rights, women's' rights, and on and on and on. And I'm for all of those things – rights are good. But I would suggest to you that any claim for rights that is not balanced with responsibilities removes the civility from civilization, and gives us an entitlement mentality as a nation of mere consumers of public services rather than a nation of citizens. A consumer has rights; a citizen has responsibilities that accompany those rights. Historic preservation and downtown revitalization are responsibility movements rather than rights movements. They are movements that urge us toward the responsibility of stewardship, not merely the right of ownership. Stewardship of our historic built environment, certainly; but stewardship of the meaning and memory of our communities manifested in those buildings as well.

The widely admired American author Eudora Welty in her collection of essays entitled *The Eye of the Story* wrote, "it is our describable outside that defines us, willy-nilly, to others, that may save us, or destroy us, in the world; it may be our shield against chaos, our mask against exposure; but whatever it is, the move we make in the place we live has to signify our intent and meaning."

I conclude with the Welty quotation because her last line ought to be our guidepost for how we act toward our own communities – "…the move we make in the place we live has to signify our intent and meaning." Our communities – the places we live – ought to be strong, vigorous, in good health. The places we live ought to be valuable places, places with significance, places with meaning.

Historic preservation adds significance, adds meaning, and importantly adds value. That's why historic preservation needs to be a central strategy of every community. Thank you very much for having me here this morning.

Place Economics
1785 Massachusetts Avenue, NW
Washington, DC 20036
202-588-6258
DRypkema@PlaceEconomics.com