Restoring Urban America:
The Use and Impacts of Historic Rehabilitation Tax Credits

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Penn Design, University of Pennsylvania

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Presentation Outline

1. Context
2. Rehab Tax Credits (RTC) Overview
3. Research Framework
4. Data
5. Analysis
6. Next Steps

HISTORIC REHABILITATION TAX CREDITS

IN 2009:

$4.69 billion in private investment

70,992 jobs

13,743 housing units created

6,710 low-/moderate-income units produced

SINCE 1976:

Over $55 billion in private investment

5 to 1 private-public investment ratio

Over 36,000 completed projects

National Park Service:

"…the most effective Federal program to promote urban and rural revitalization"

"…generates needed jobs, enhances property values, creates affordable housing, and augments revenues for Federal, state and local governments"

"…responsible for revitalizing thousands of underused and derelict historic buildings and developing them into community assets"

"…an effective tool for transforming vacant and underutilized buildings into safe, decent, and – in many cases – affordable places to live and do business"

(National Trust for Historic Preservation)

"Historic tax credits improve communities. Historic renovation creates jobs; increases surrounding property values; revamps inner cities and rural places; improves local residents' quality of life; lessens government spending; encourages tourism and trade"

(Bank of America)

"…historic preservation is a key strategy for successful community planning and economic development"

(The Economic Benefits of Historic Preservation in Colorado, 2005 Update)

"…visionary leaders are taking another path that offers a significant competitive advantage…using historic preservation as a central component to long-term economic development, and the strategy is working"

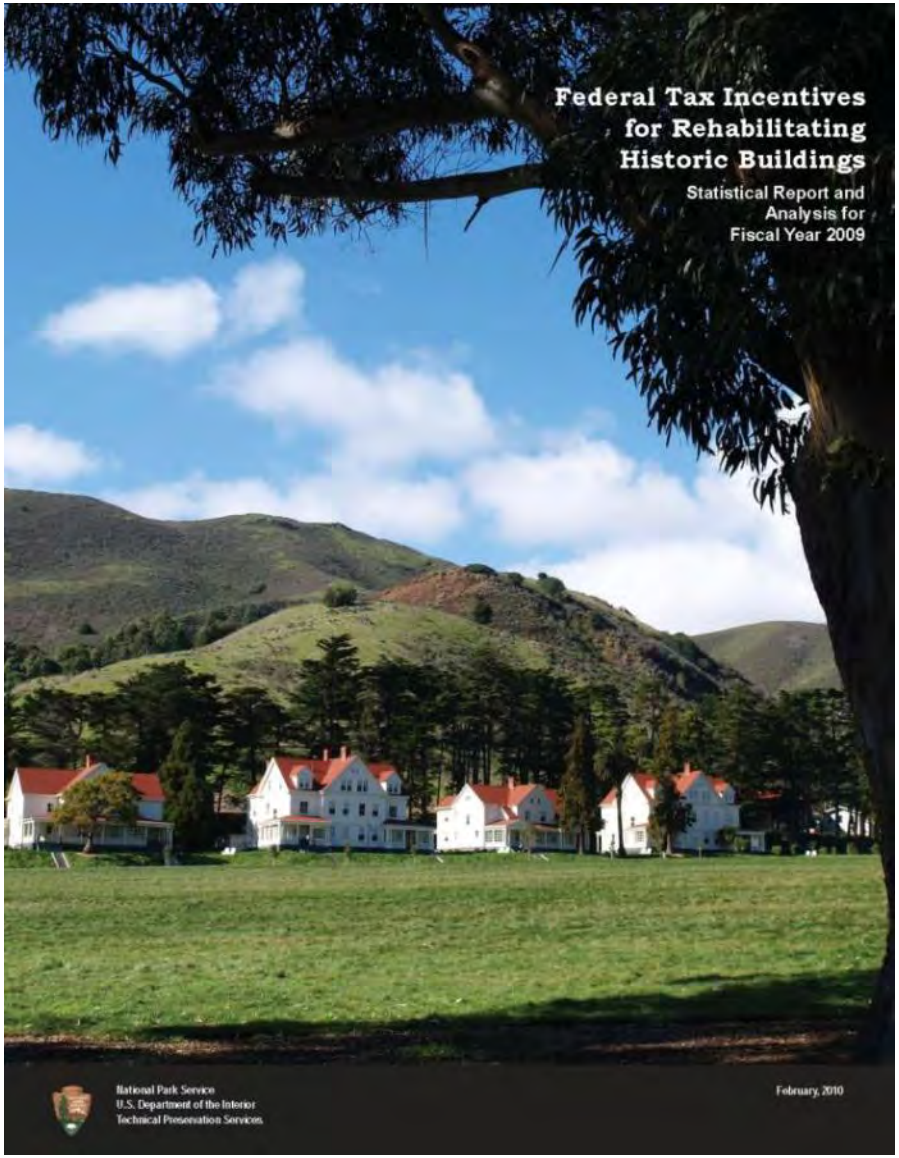
(New York: Profiting through Preservation)

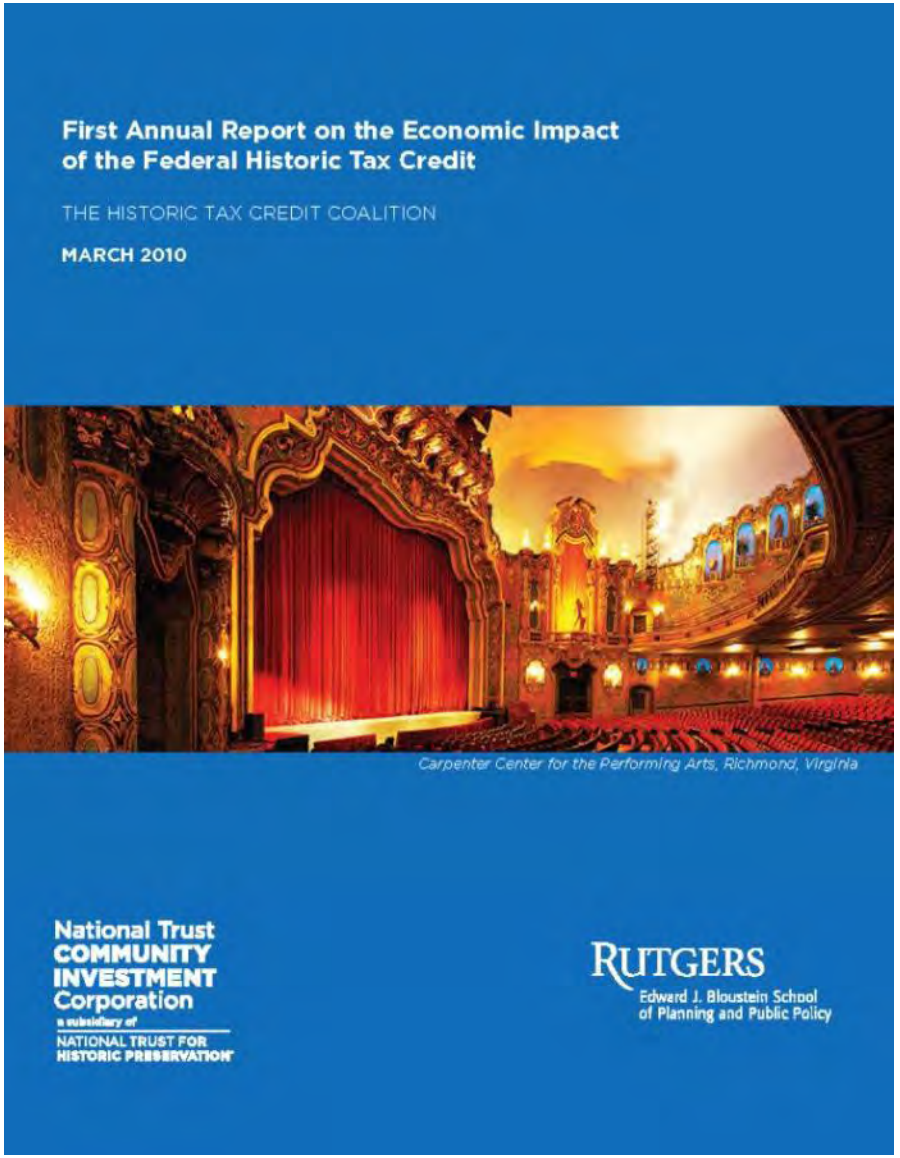
Preservation is an economic development, housing, community development, urban quality, and environmental/smart growth strategy. It's benefits include:

Jobs	Household Income	Heritage Tourism
Downtown Revit.	Neighborhood Revit.	Mixed-Use Devel.
Housing	Sense of Place	Community Pride
Local Identity	Walkability	Economic Integration
Safety	Transit-Friendly	Less Waste/Landfills
Embodied Energy	Preserves Farmland	

(Planning for the Future, Using the Past:
The Role of Historic Preservation in Building Tomorrow's Washington, DC)

"…the federal HTC is a strategic investment"





REALLY?

RTC PROGRAM

Cleveland Arcade

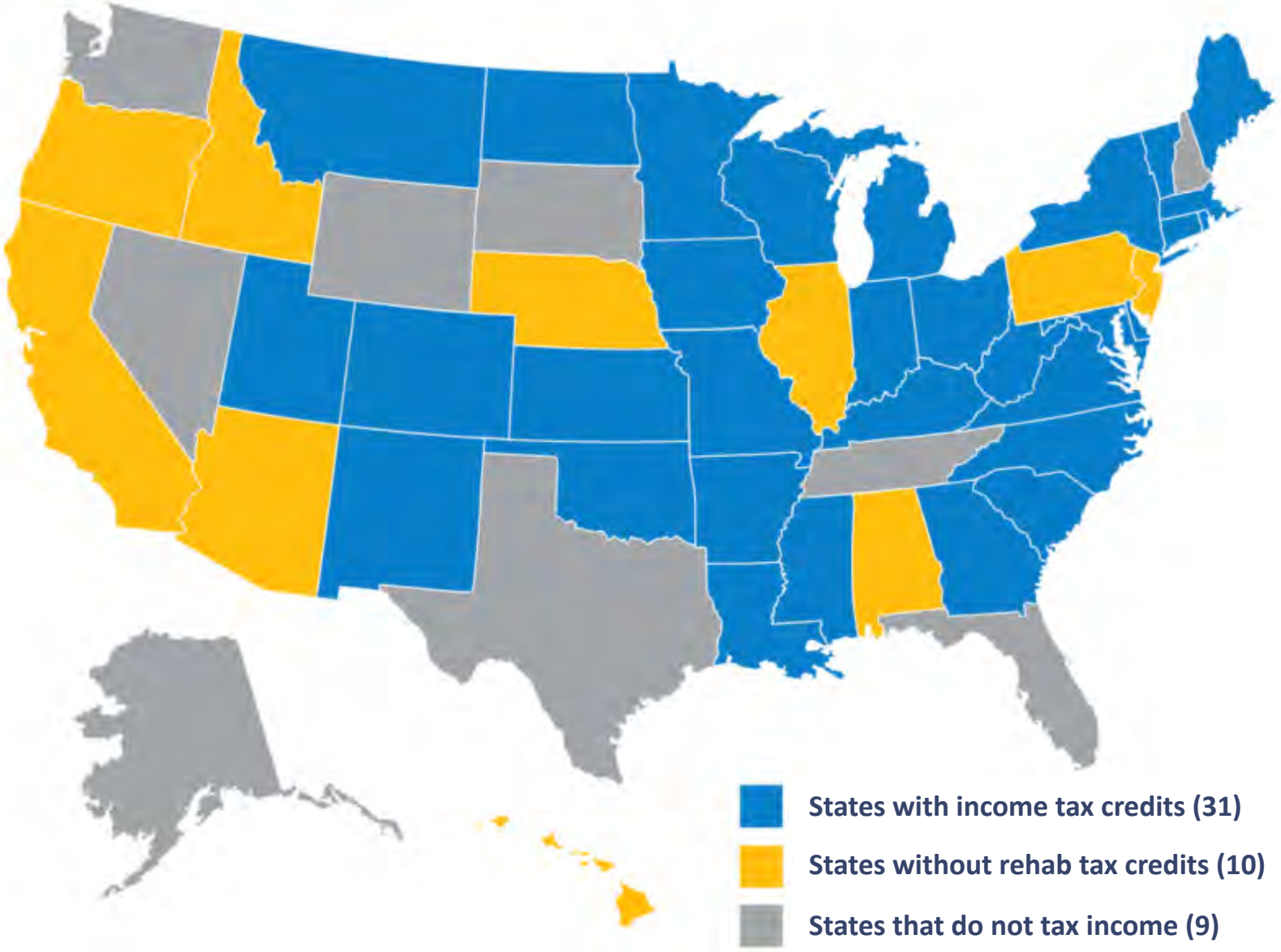
San Francisco's Ferry Building

Policy Advancements

National Trust for Historic Preservation's
Model "Green" Rehab
Emerson School, Denver

Single-Family Housing
East Boulevard Historic District, Cleveland

State Historic Tax Incentives



RESEARCH FRAMEWORK

Scale of Analysis

Swan's Market, Oakland, CA

Parkside, Philadelphia, PA

- ✓ Nation
- ✓ States
- ✗ Cities
- ✗ Neighborhoods, Downtowns
- ✓ Individual buildings

Initial Research Questions

Over time, how and where have developers used RTCs within cities and neighborhoods?

- What is the geography of RTC investments? How has this changed over time?
- In what types of neighborhoods do RTC investments occur?

Does the RTC program generate positive benefits for cities and their neighborhoods?

- If so, what are these benefits?
- How can they be evaluated?

DATA

RTC Projects in 12 Cities

Atlanta

Baltimore

Cleveland

Denver

Dubuque

Omaha

Philadelphia

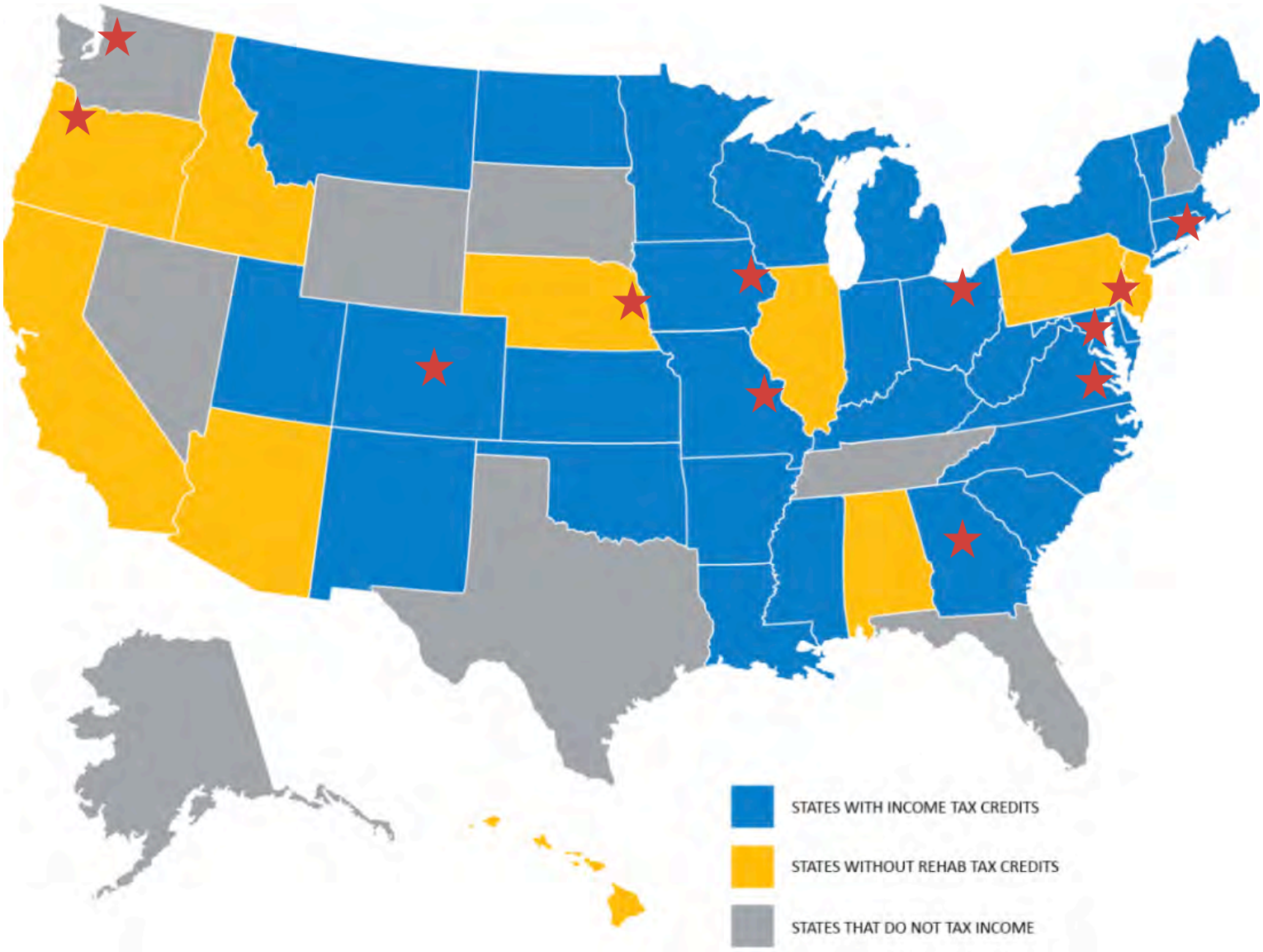
Portland

Providence

Richmond

Seattle

St. Louis



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Pre-2000 State RTC Program			
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St. Louis	✓	✗	✗ *(1998)*
Richmond	✓	✗	✗ *(1997)*
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National Park Service

- Federal RTCs from Jan. 1, 1997-June 30, 2010 (3,514 entries)
- Address
- Received & Approved Dates for Part 1, 2, 3 Applications
- Estimated & Final Cost
- Use Before/After Rehab
- Sq. Ft. Before/After Rehab
- Date Building Constructed
- Building Count

State HP Offices

- Federal RTCs, pre-1997 (if available)
- State RTCs (if applicable and available)

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ANALYSIS

RTC Projects Per 10,000 Residents 1997-2010

City	Population *(2009 est.)*	Number of Federal RTCs	RTCs/10,000 residents	State RTC (date adopted)
Richmond	**204,451**	**742**	**36.29**	**Y (1997)**
St. Louis	**356,587**	**1,032**	**28.94**	**Y (1998)**
Baltimore	637,418	494	7.75	Y (1997)
Providence	171,909	117	6.81	Y (2002-2008)
Cleveland	431,369	224	5.19	Y (2007)
Dubuque	57,241	25	4.37	Y (2000)
Philadelphia	1,547,297	343	2.22	N
Portland	566,143	84	1.48	N
Omaha	454,731	65	1.43	N
Denver	610,345	76	1.25	Y (1991)
Atlanta	540,922	49	0.91	Y (2002)
Seattle	616,627	41	0.66	N

Estimated Cost of RTC Projects 1997-2010

City	Population *(2009 est.)*	Total Est. Cost of RTC Projects	Cost/Capita	State RTC (date adopted)
St. Louis	**356,587**	**$2.66 B**	**$7,455**	**Y (1998)**
Richmond	**204,451**	**$1.30 B**	**$6,378**	**Y (1997)**
Providence	171,909	$521 M	$3,035	Y (2002-2008)
Dubuque	57,241	$172 M	$3,010	Y (2000)
Cleveland	431,369	$1.20 B	$2,774	Y (2007)
Baltimore	637,418	$1.37 B	$2,150	Y (1997)
Philadelphia	1,547,297	$2.10 B	$1,335	N
Portland	566,143	$475 M	$840	N
Omaha	454,731	$278 M	$612	N
Denver	610,345	$325 M	$532	Y (1991)
Seattle	616,627	$317 M	$514	N
Atlanta	540,922	$153 M	$283	Y (2002)

Housing Units Produced 1997-2010

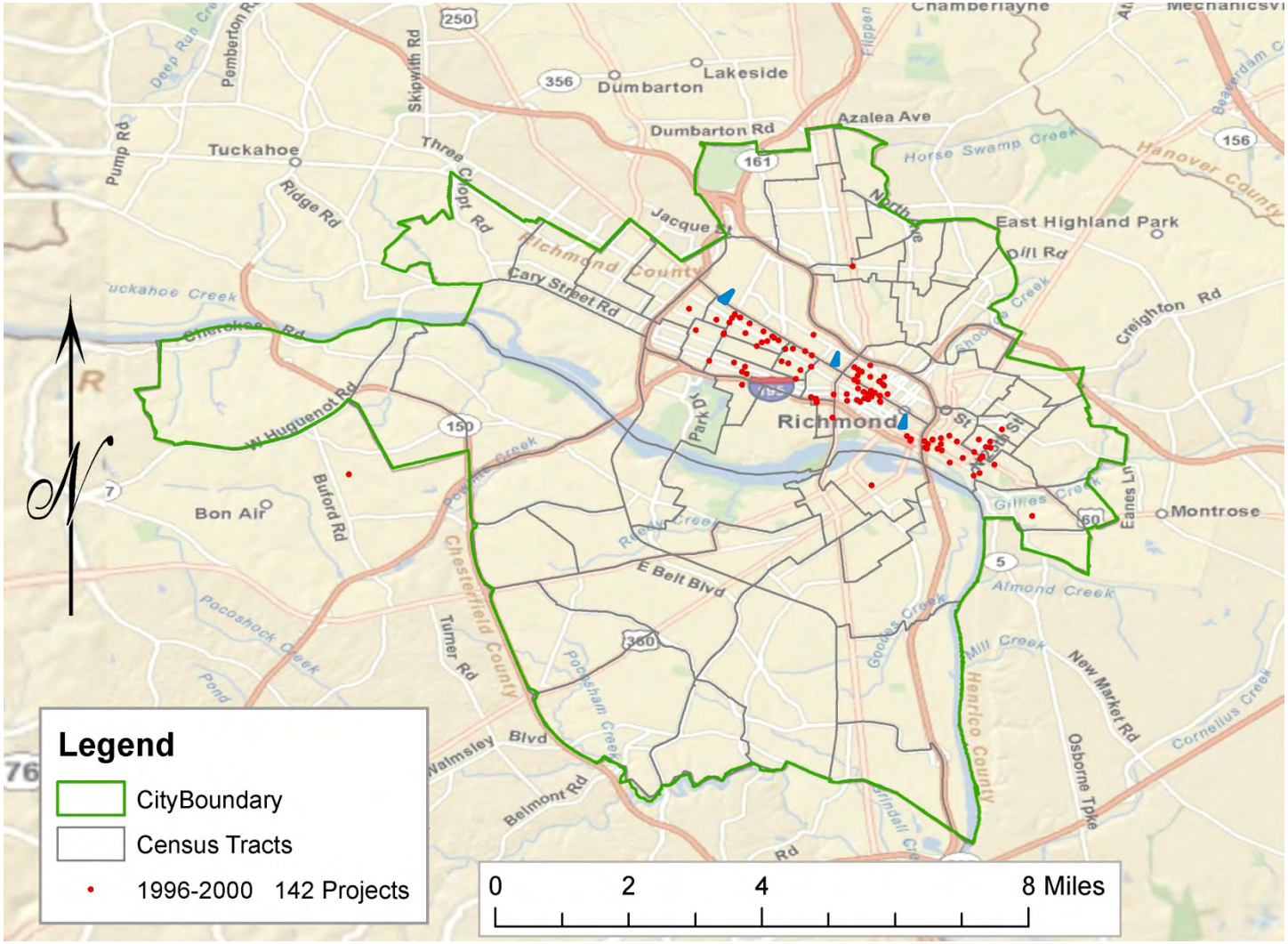
City	Units Before	Units After	Net Units Produced	Units/10,000 Residents	State RTC *(date adopted)*
Richmond	**2,779**	**8,743**	**5,964**	**291.71**	**Y (1997)**
St. Louis	**6,182**	**11,976**	**5,794**	**162.48**	**Y (1998)**
Cleveland	1,805	4,854	3,049	70.68	Y (2007)
Providence	435	1,501	1,066	62.01	Y (2002-2008)
Baltimore	1,314	4,243	2,929	45.95	Y (1997)
Philadelphia	2,080	7,680	5,600	36.19	N
Omaha	652	1,990	1,338	29.42	N
Dubuque	40	206	166	29.00	Y (2000)
Denver	294	1,670	1,376	22.54	Y (1991)
Atlanta	292	763	471	8.71	Y (2002)
Portland	553	827	274	4.84	N
Seattle	1,008	1,165	157	2.55	N

Low-Income Housing Units Produced 1997-2010

City	Units Before	Units After	Net Units Produced	Units/10,000 Residents	State RTC *(date adopted)*
St. Louis	**1,294**	**4,478**	**3,184**	**89.29**	**Y (1998)**
Richmond	**896**	**1,637**	**741**	**36.24**	**Y (1997)**
Dubuque	0	106	106	18.52	Y (2000)
Omaha	247	714	467	10.27	N
Denver	240	738	498	8.16	Y (1991)
Philadelphia	916	1,873	957	6.18	N
Providence	255	342	87	5.06	Y (2002-2008)
Seattle	776	1,020	244	3.96	N
Portland	413	635	222	3.92	N
Baltimore	416	623	207	3.25	Y (1997)
Atlanta	0	144	144	2.66	Y (2002)
Cleveland	**1,158**	**1,215**	**57**	**1.32**	**Y (2007)**

RTC Use Over Time: Richmond

(State RTC Since 1997)



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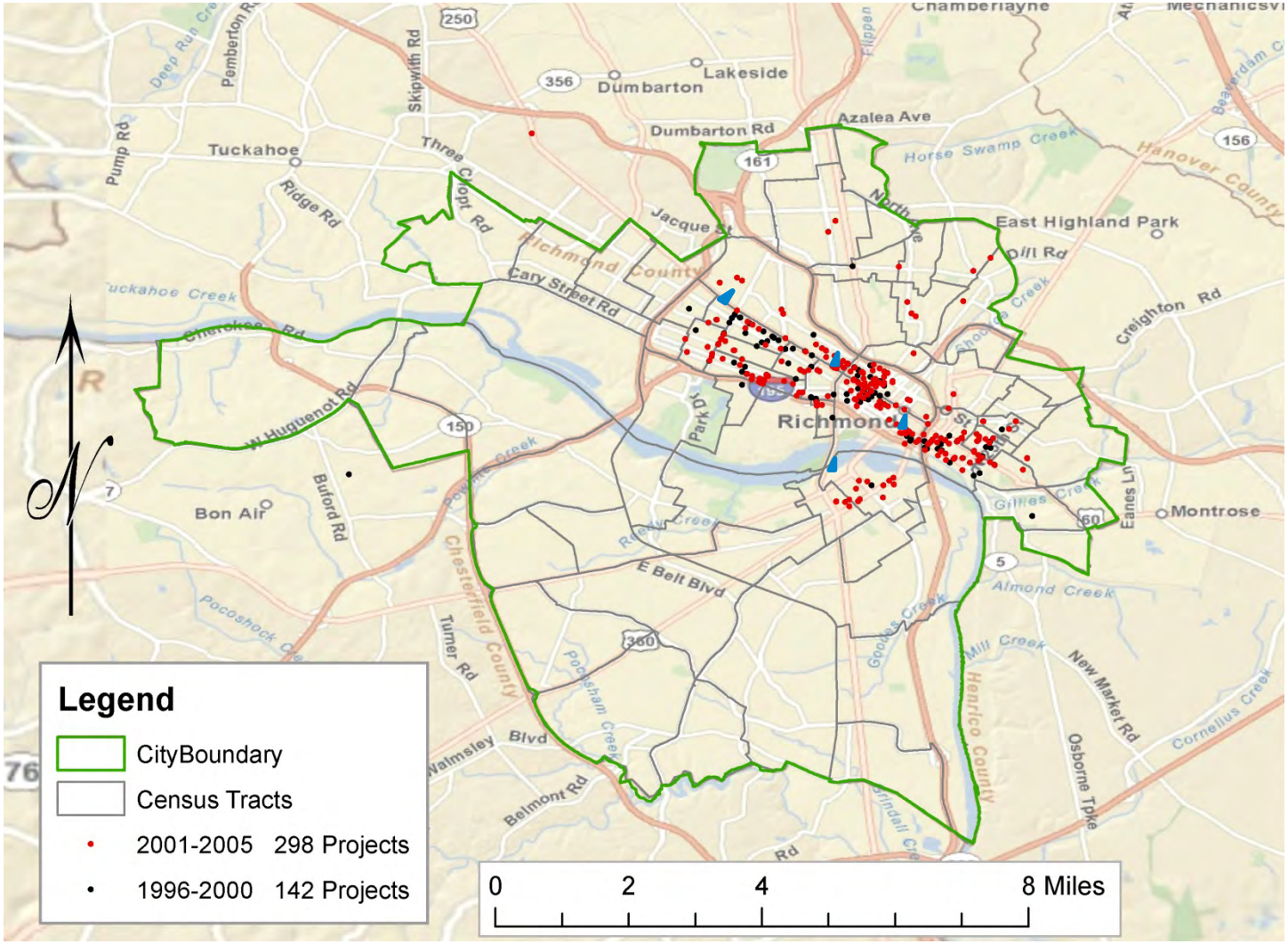

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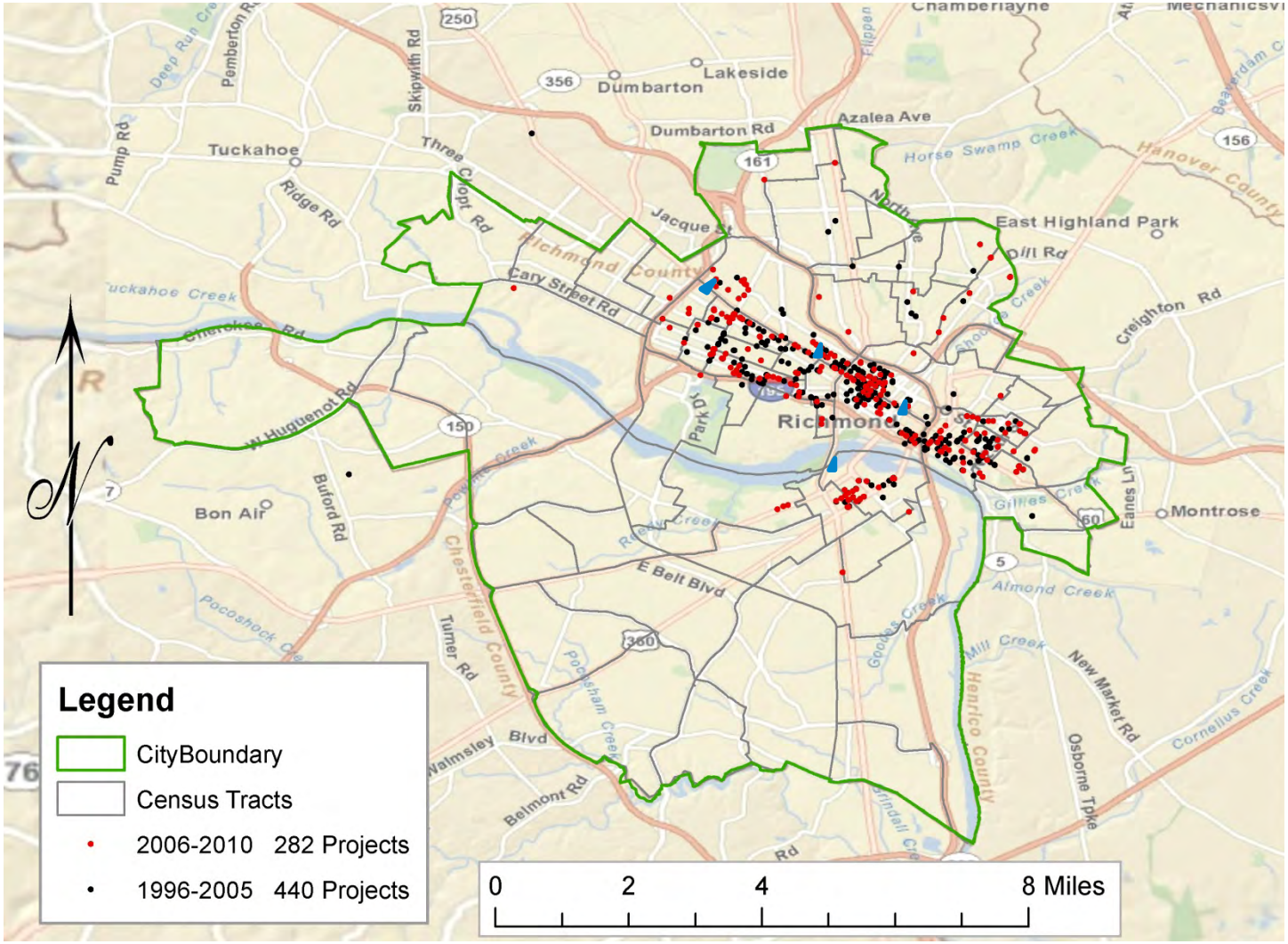

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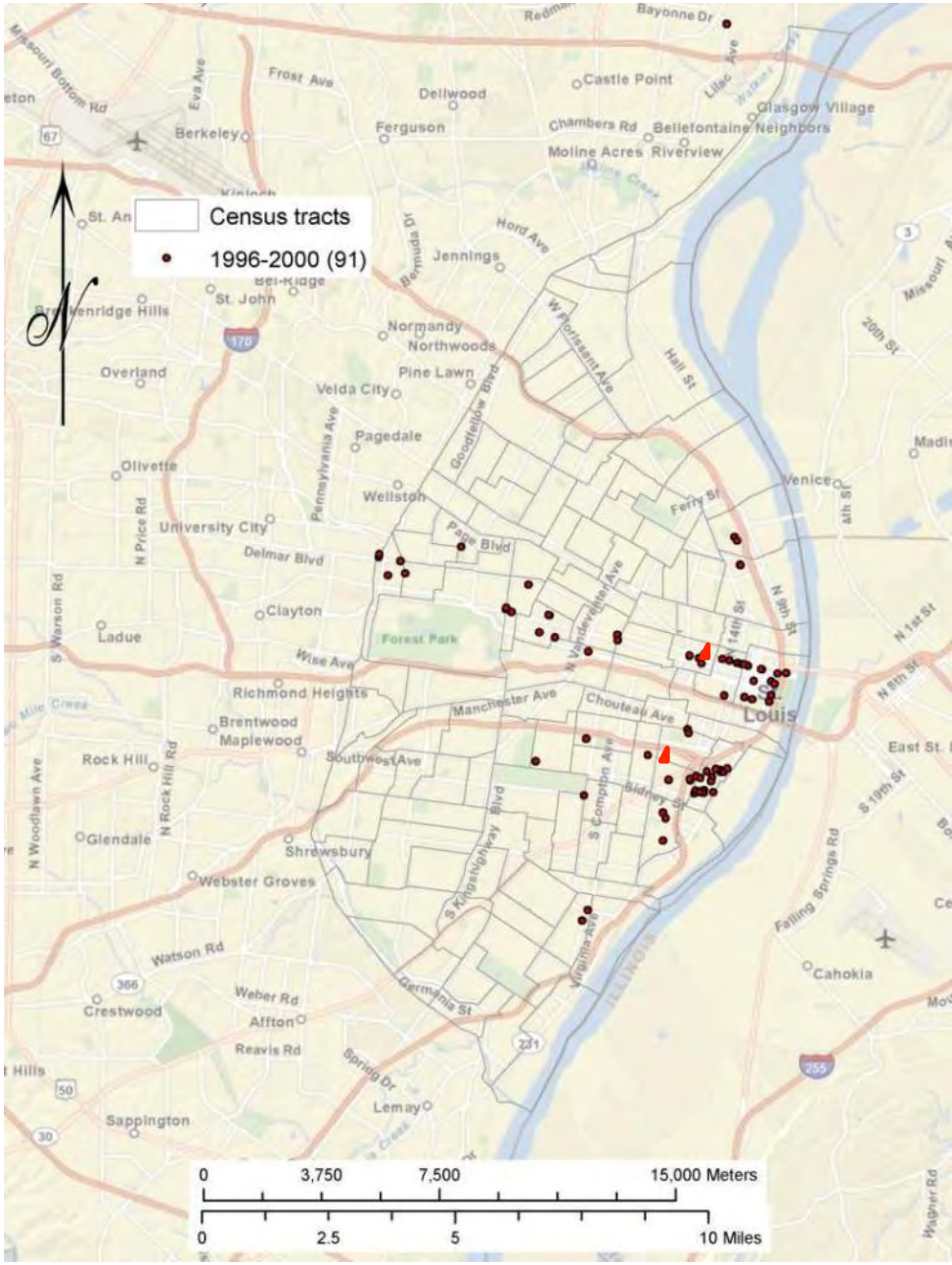

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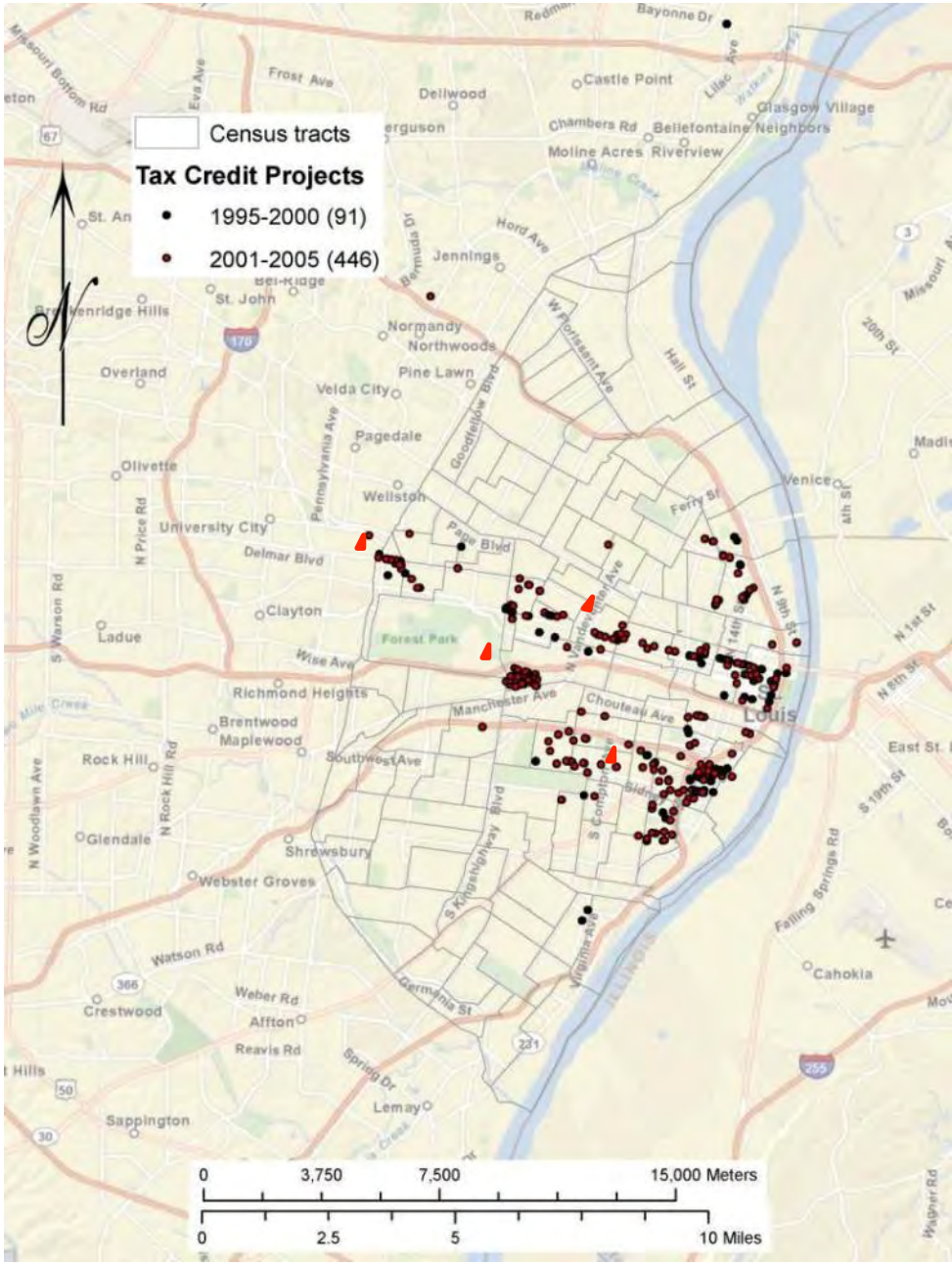

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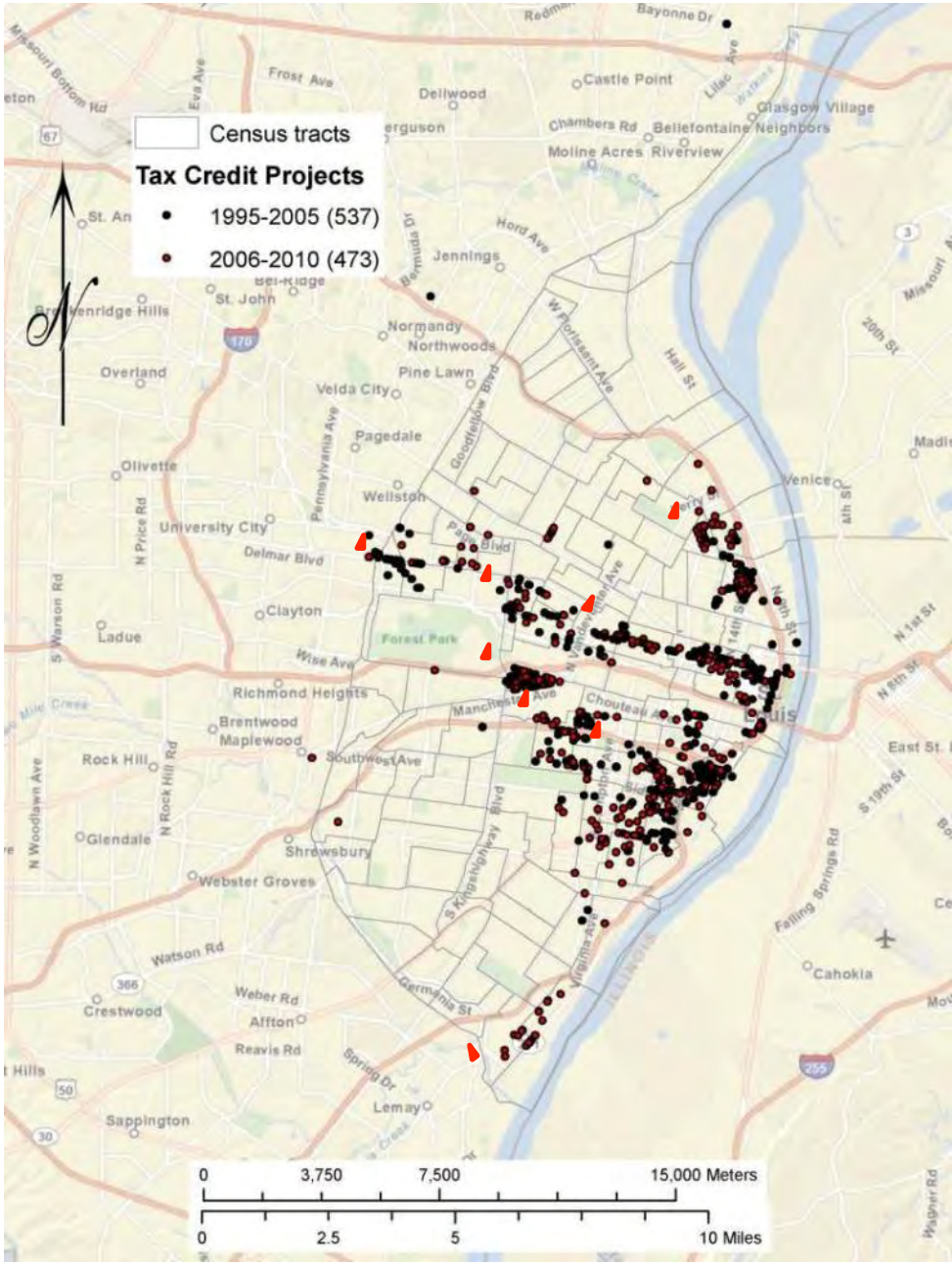

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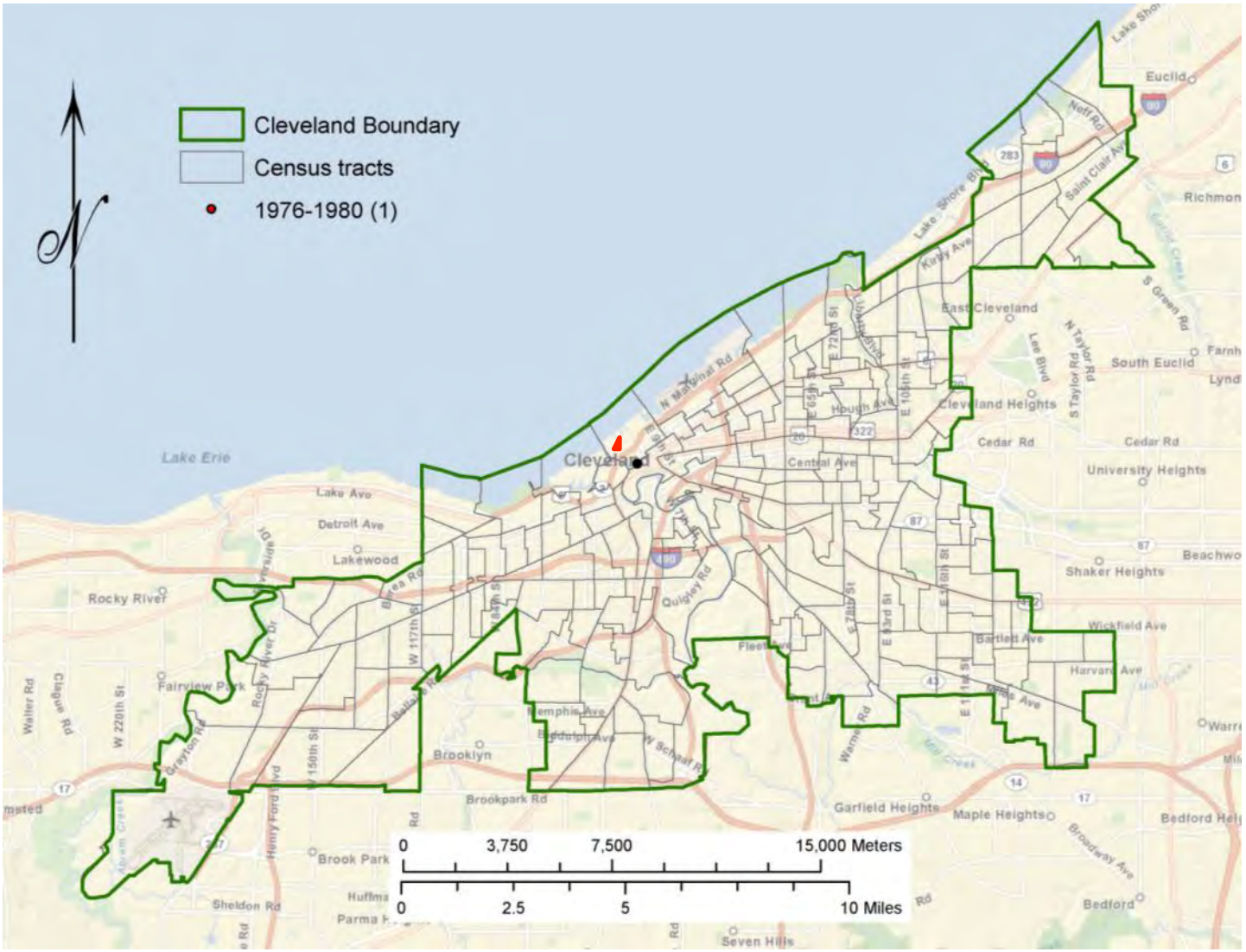

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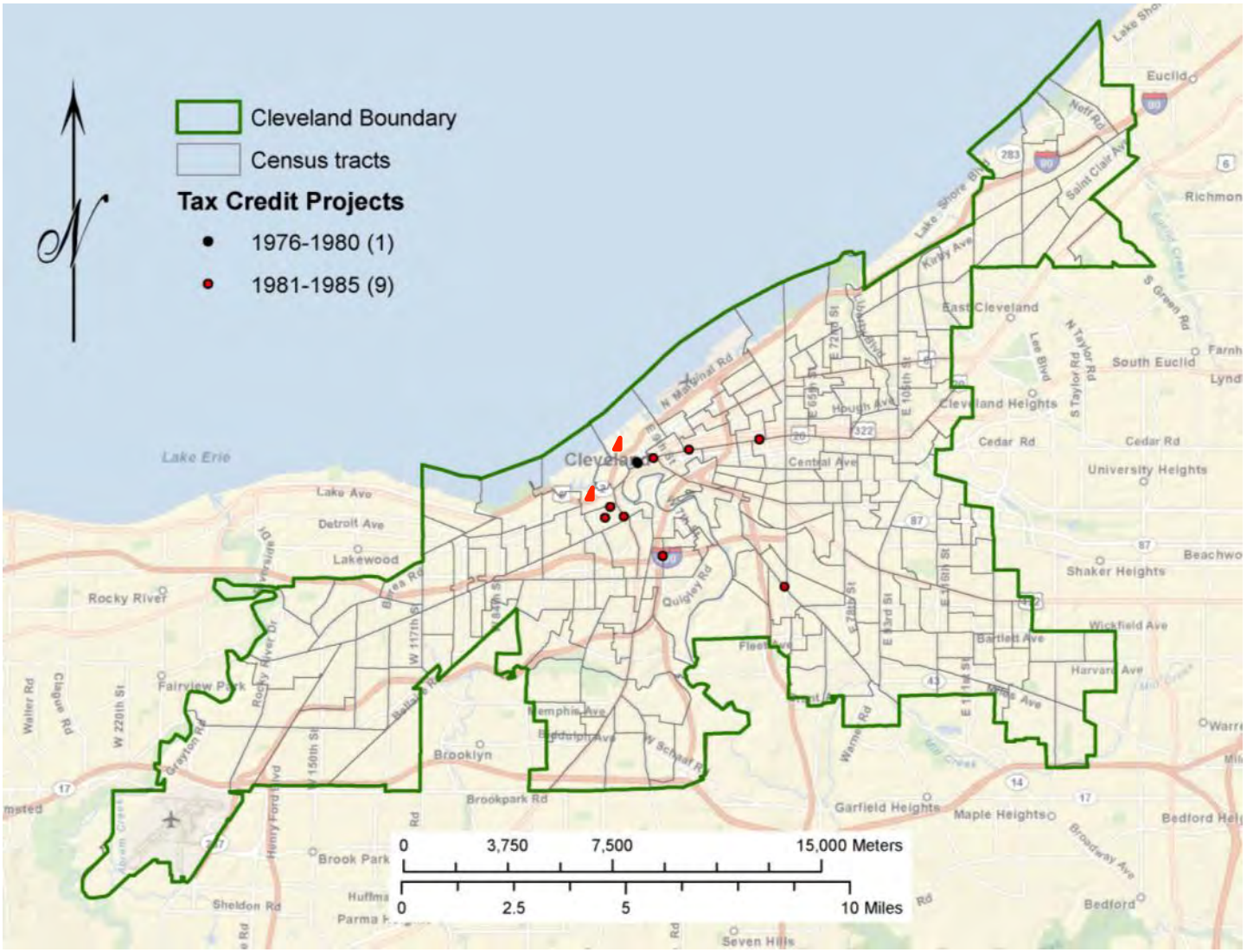

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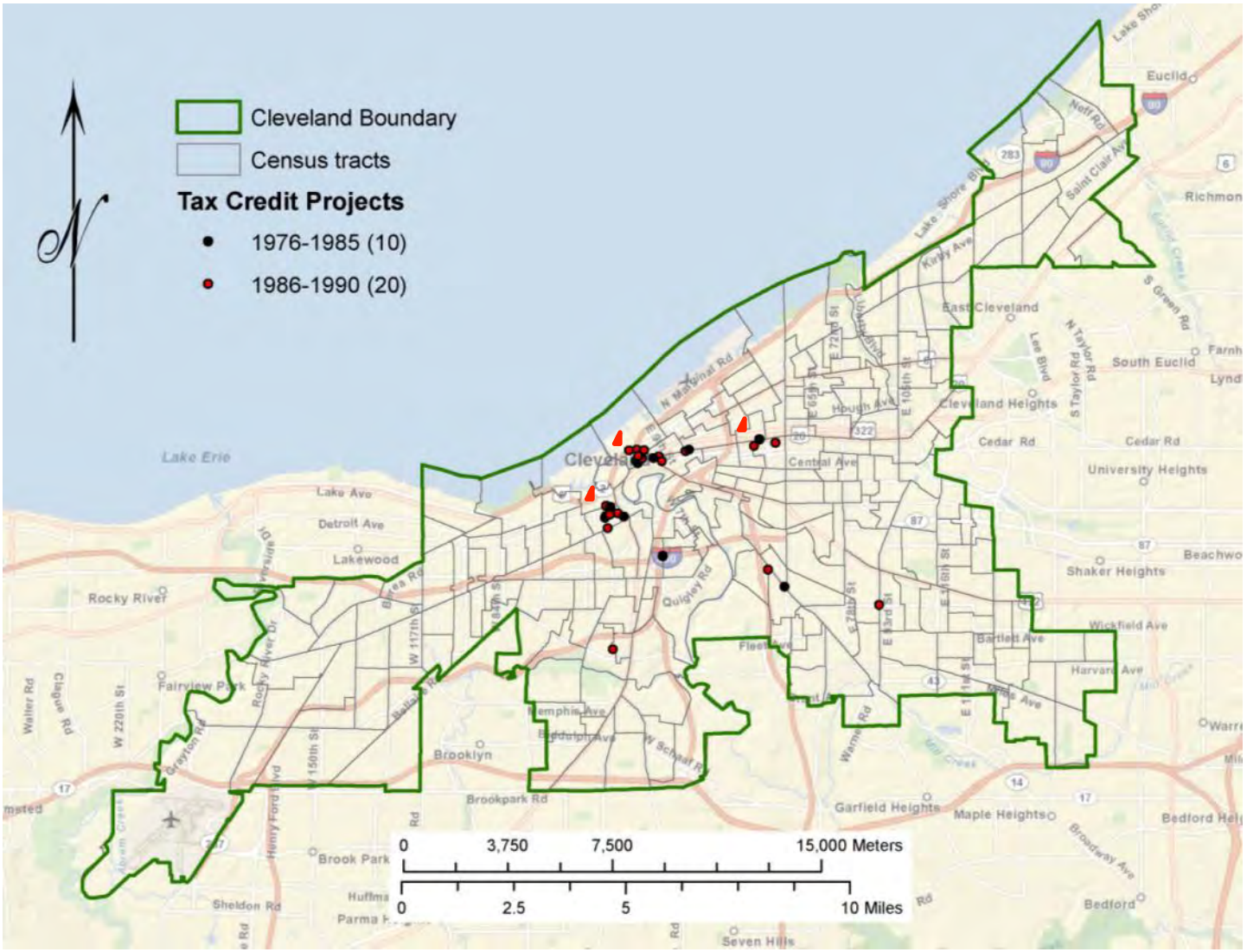

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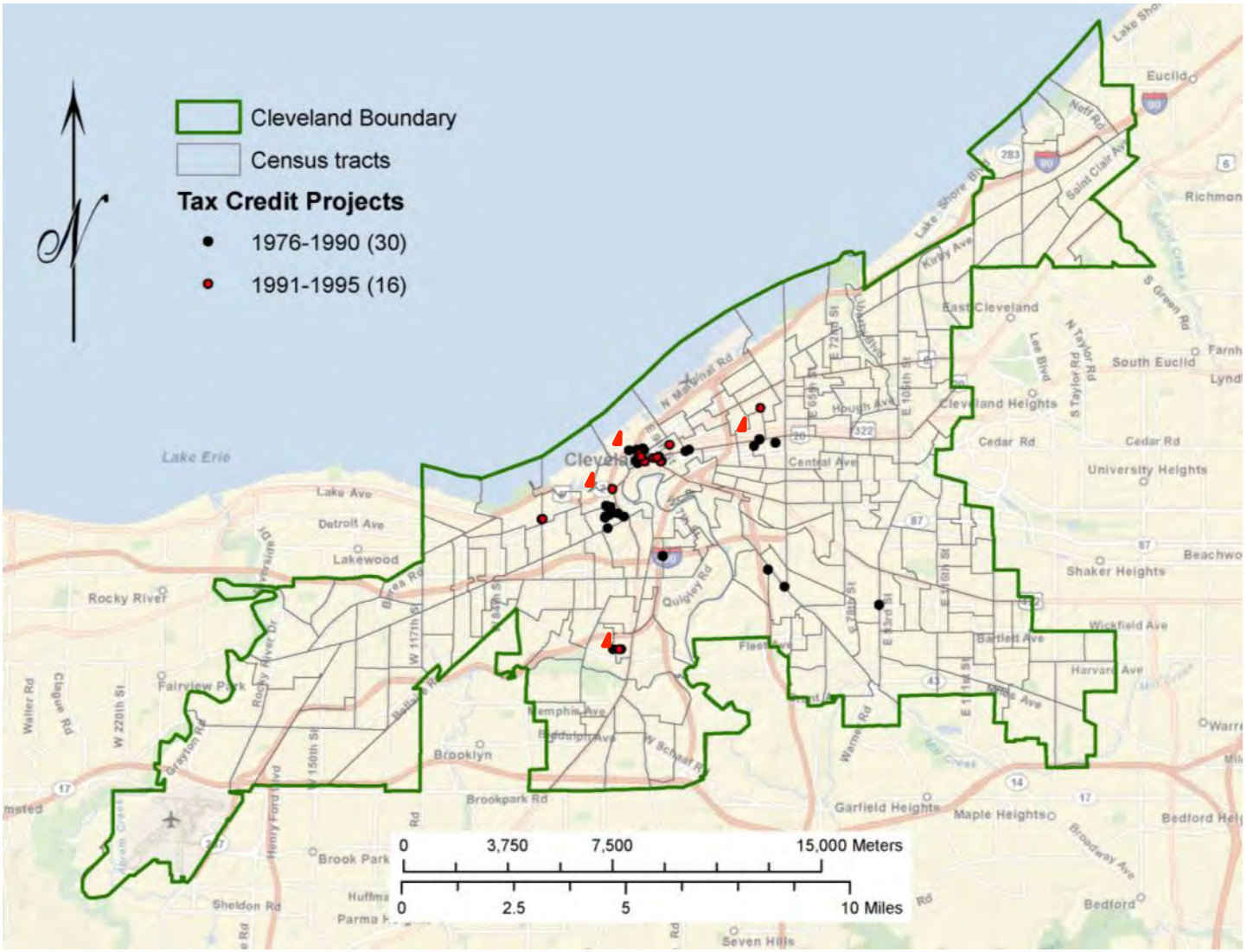

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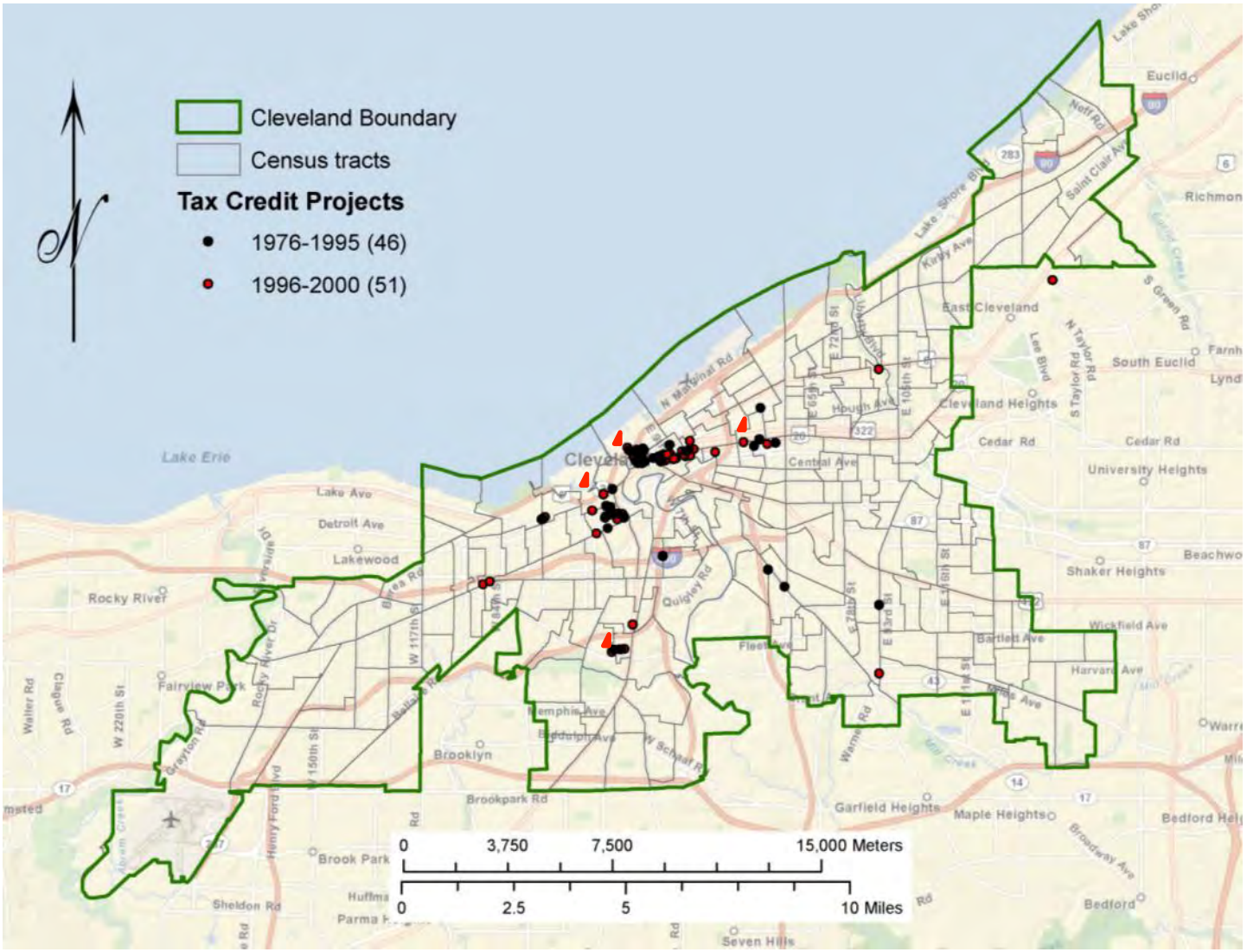

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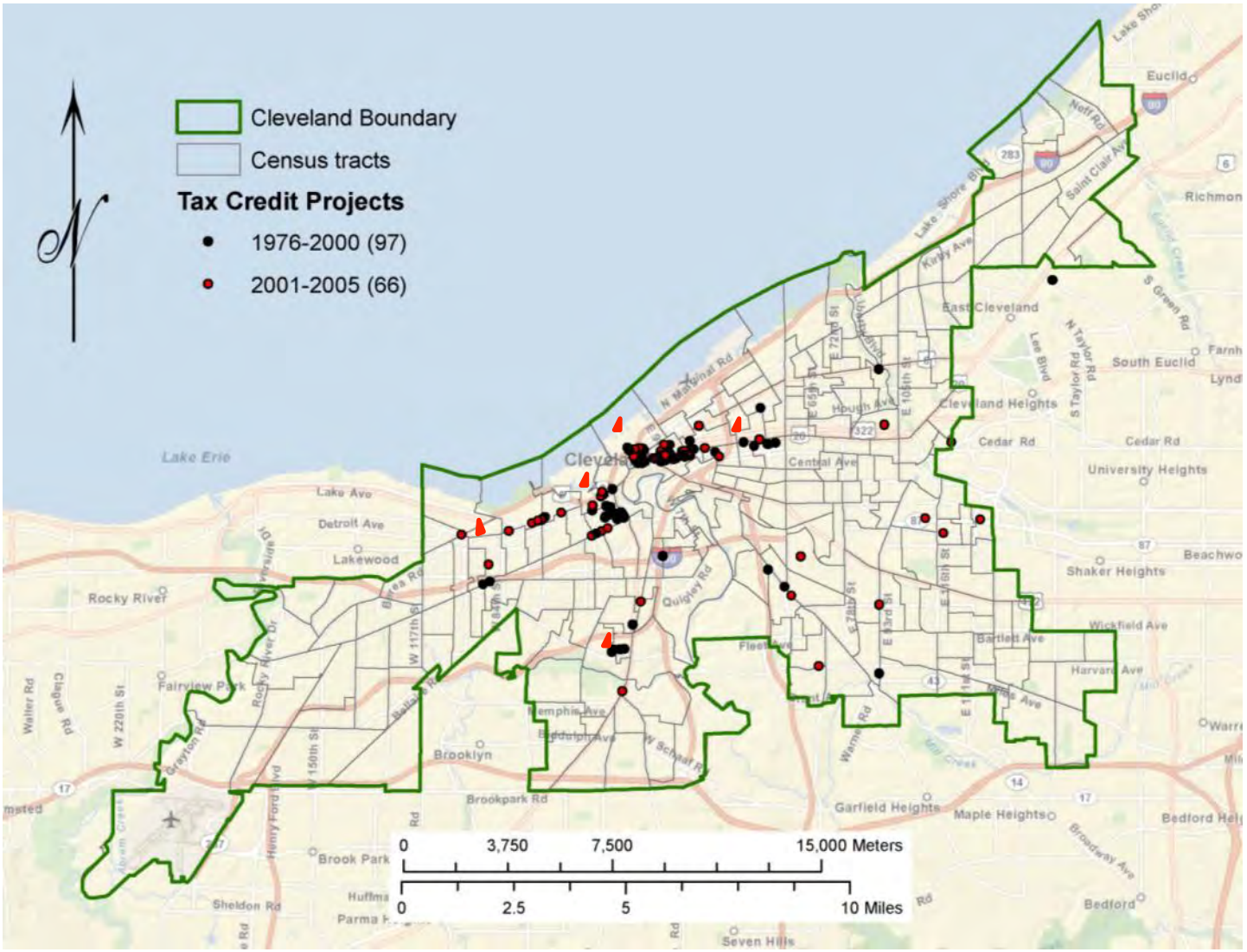

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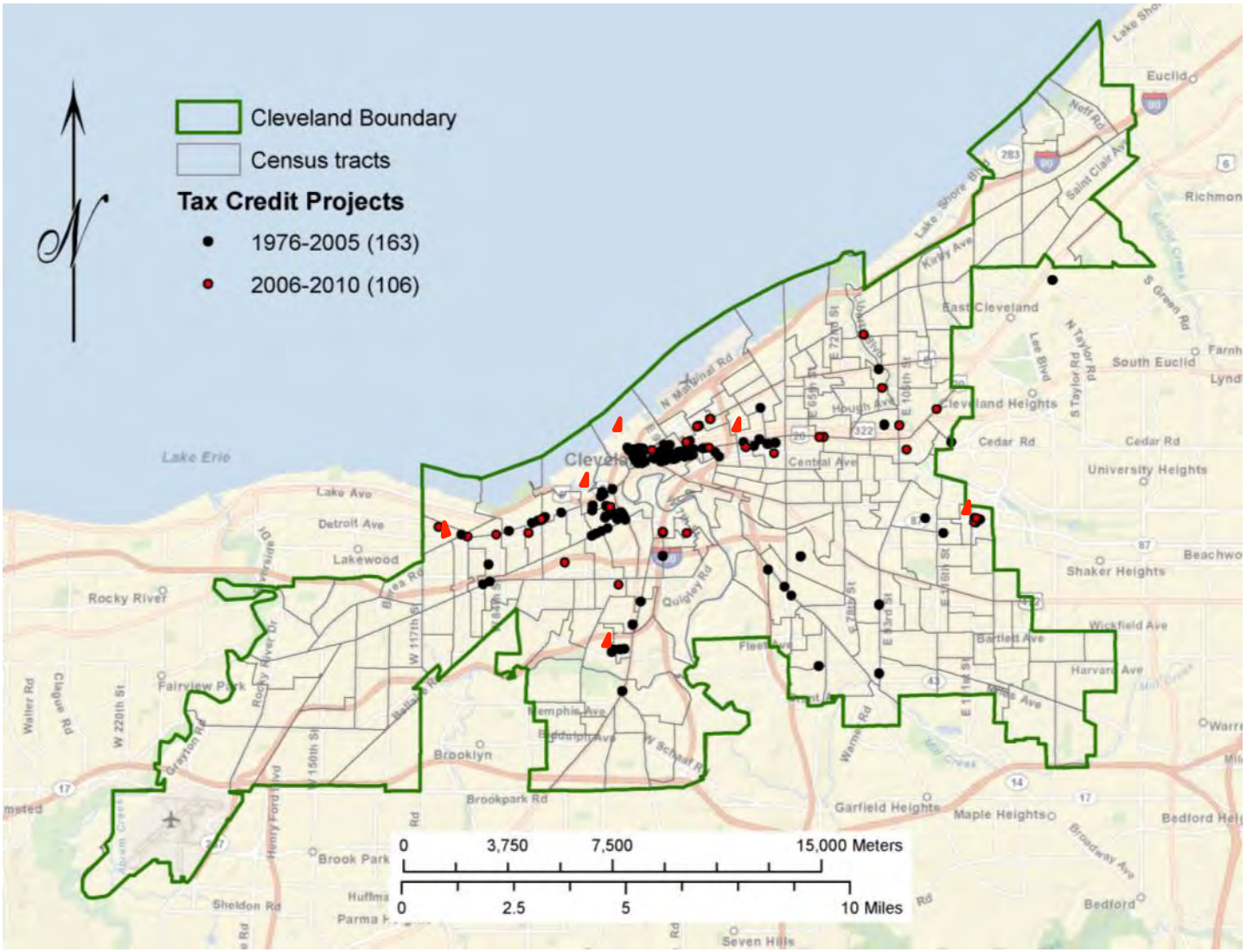
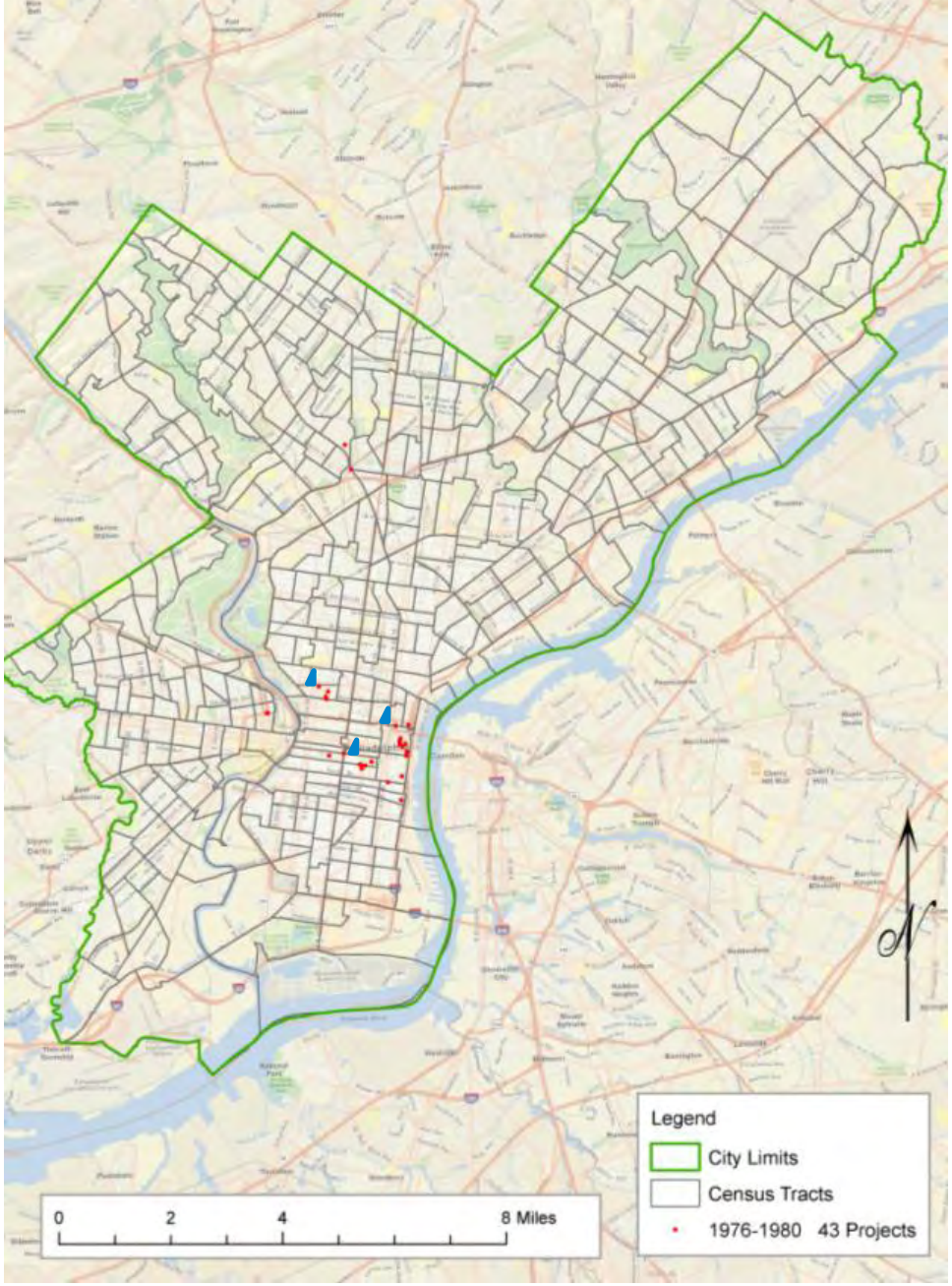


RTC Use Over Time:

Philadelphia

(No State RTC)



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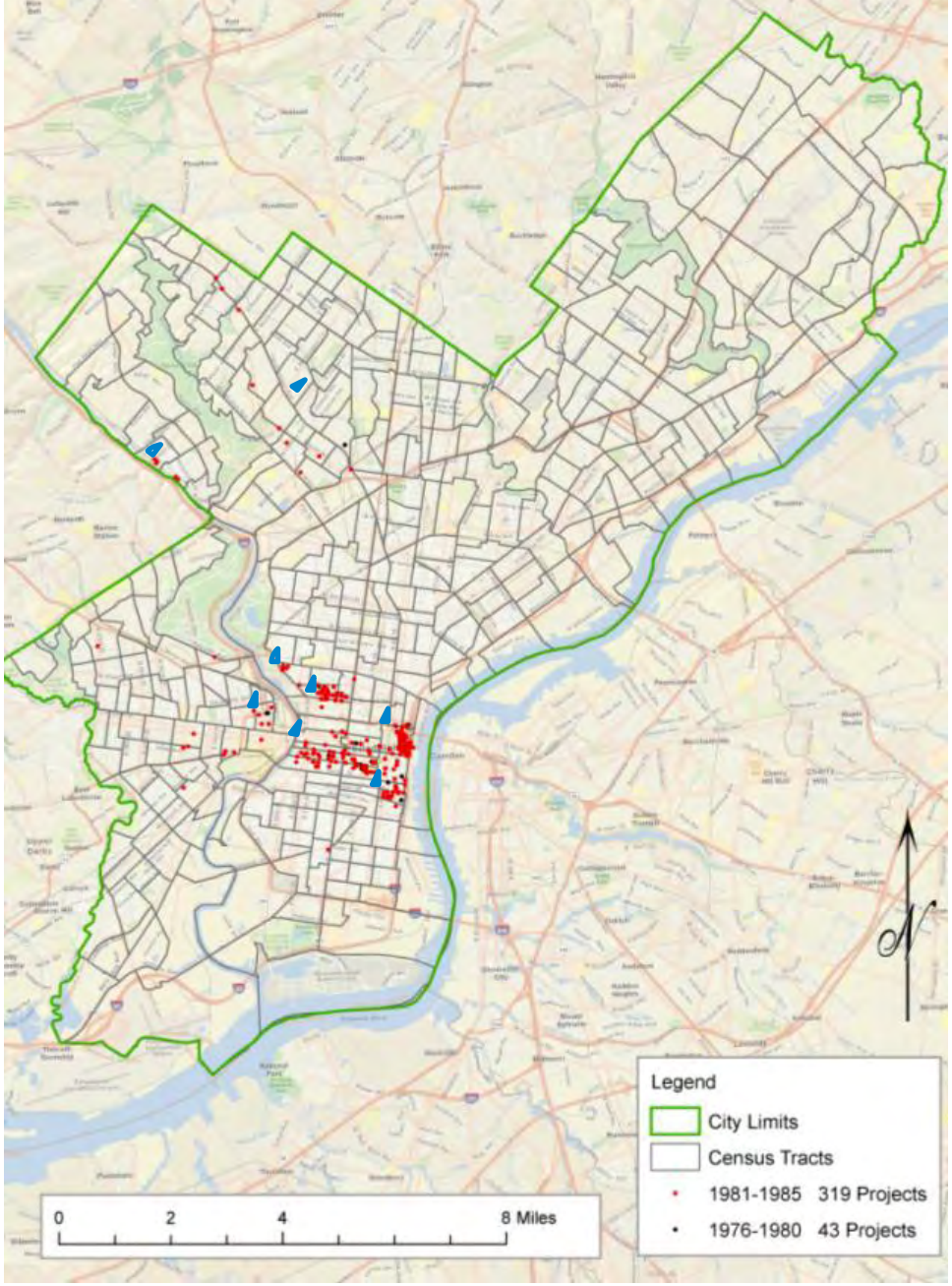

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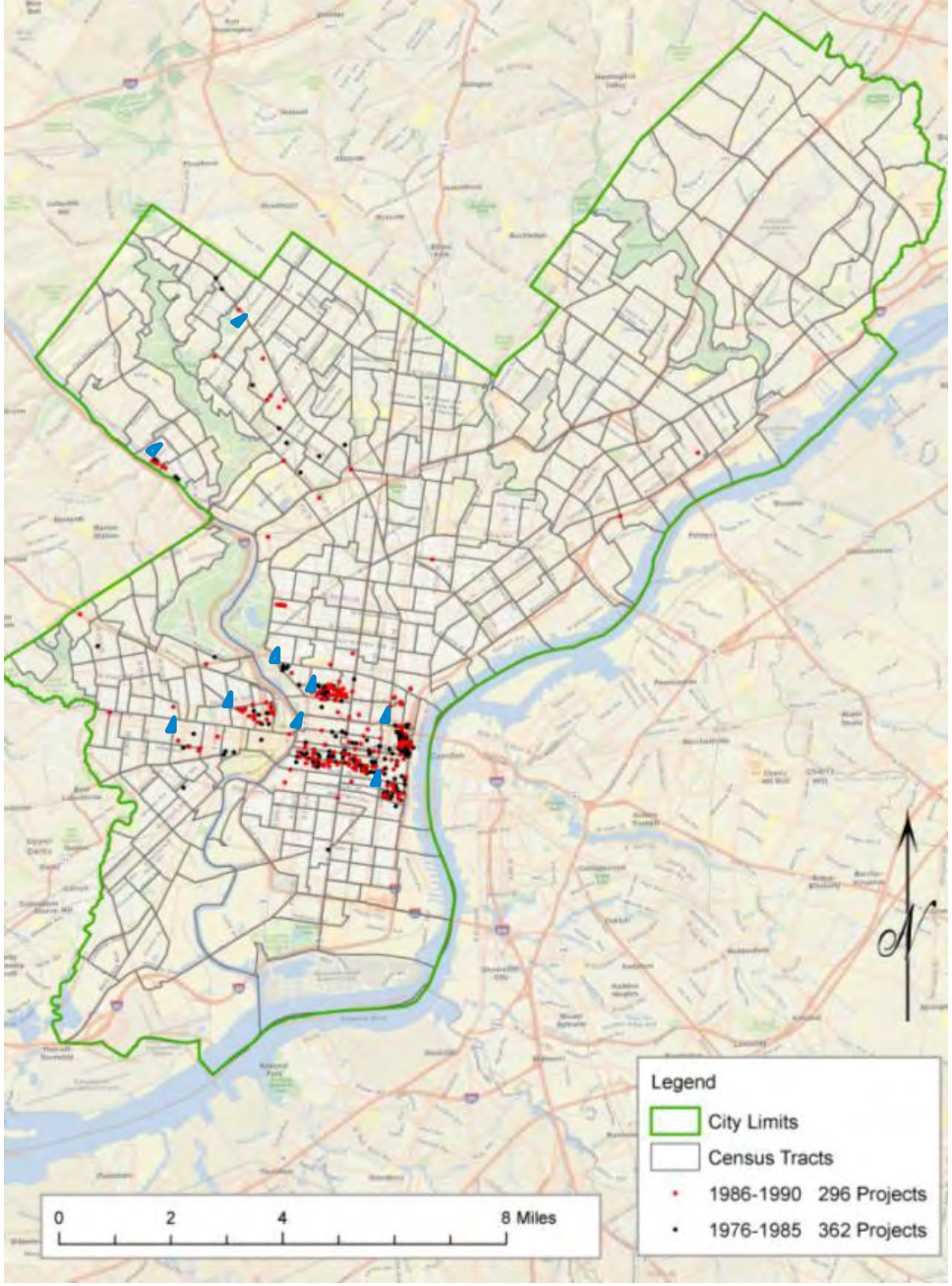

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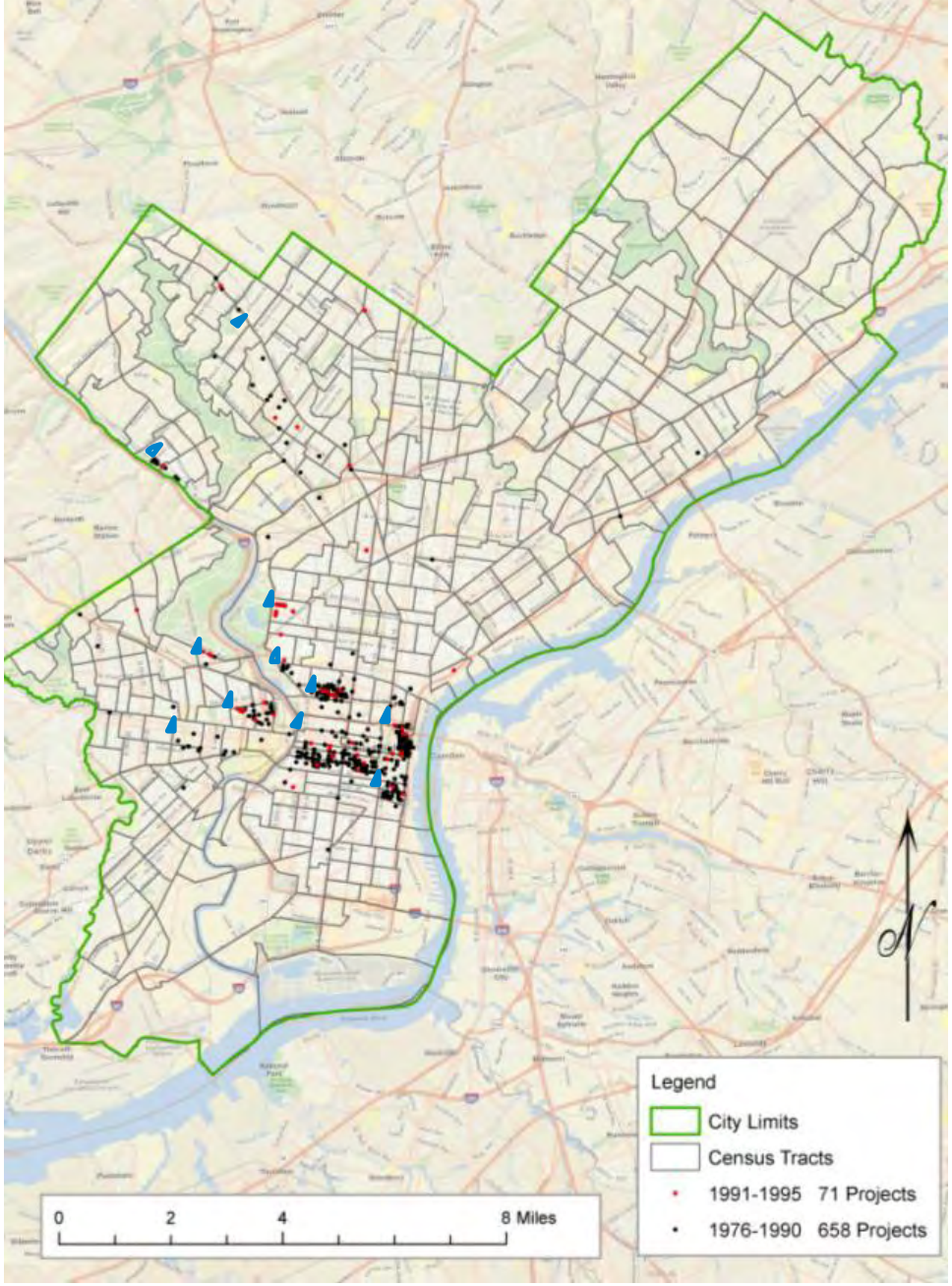

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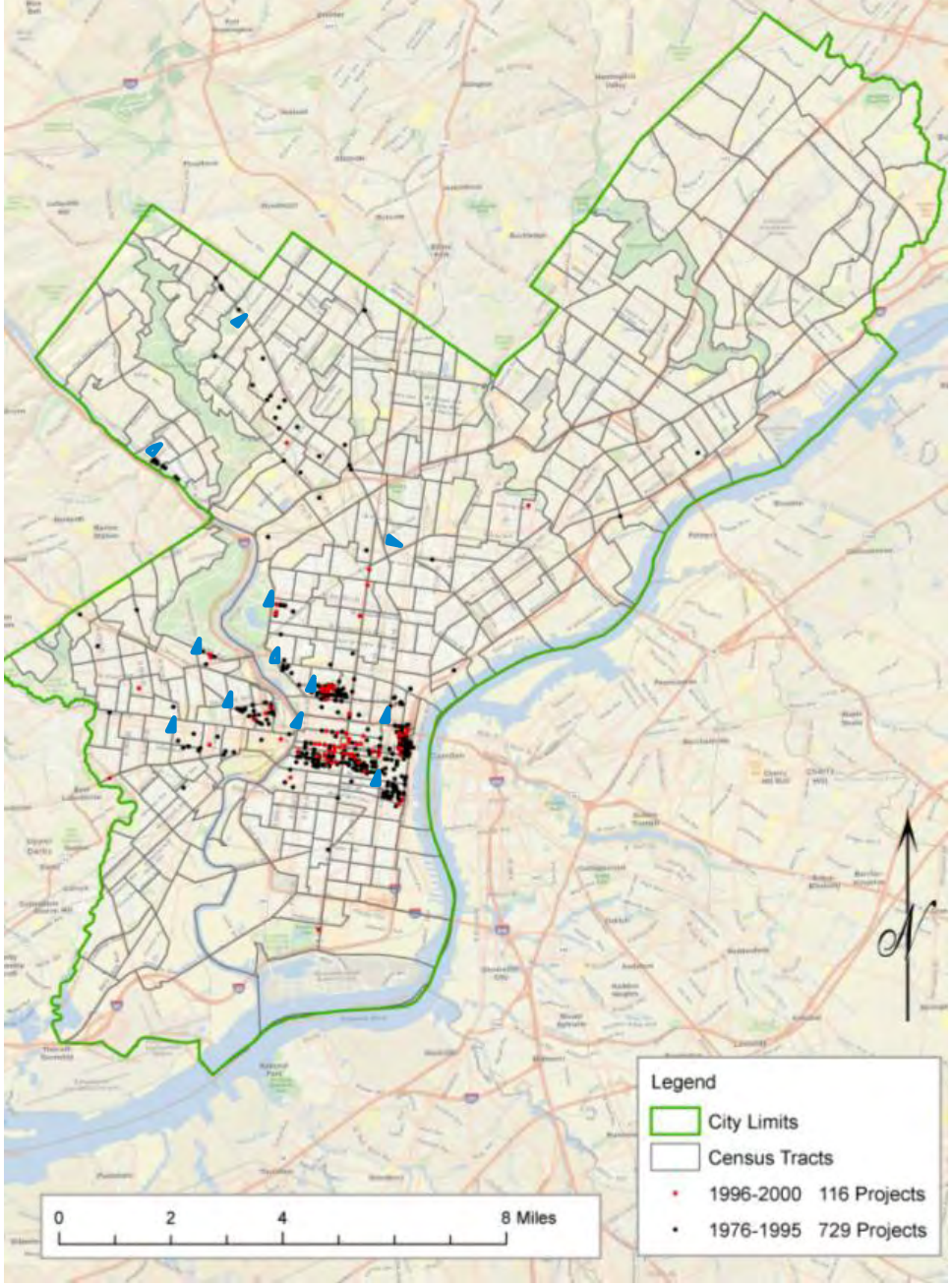

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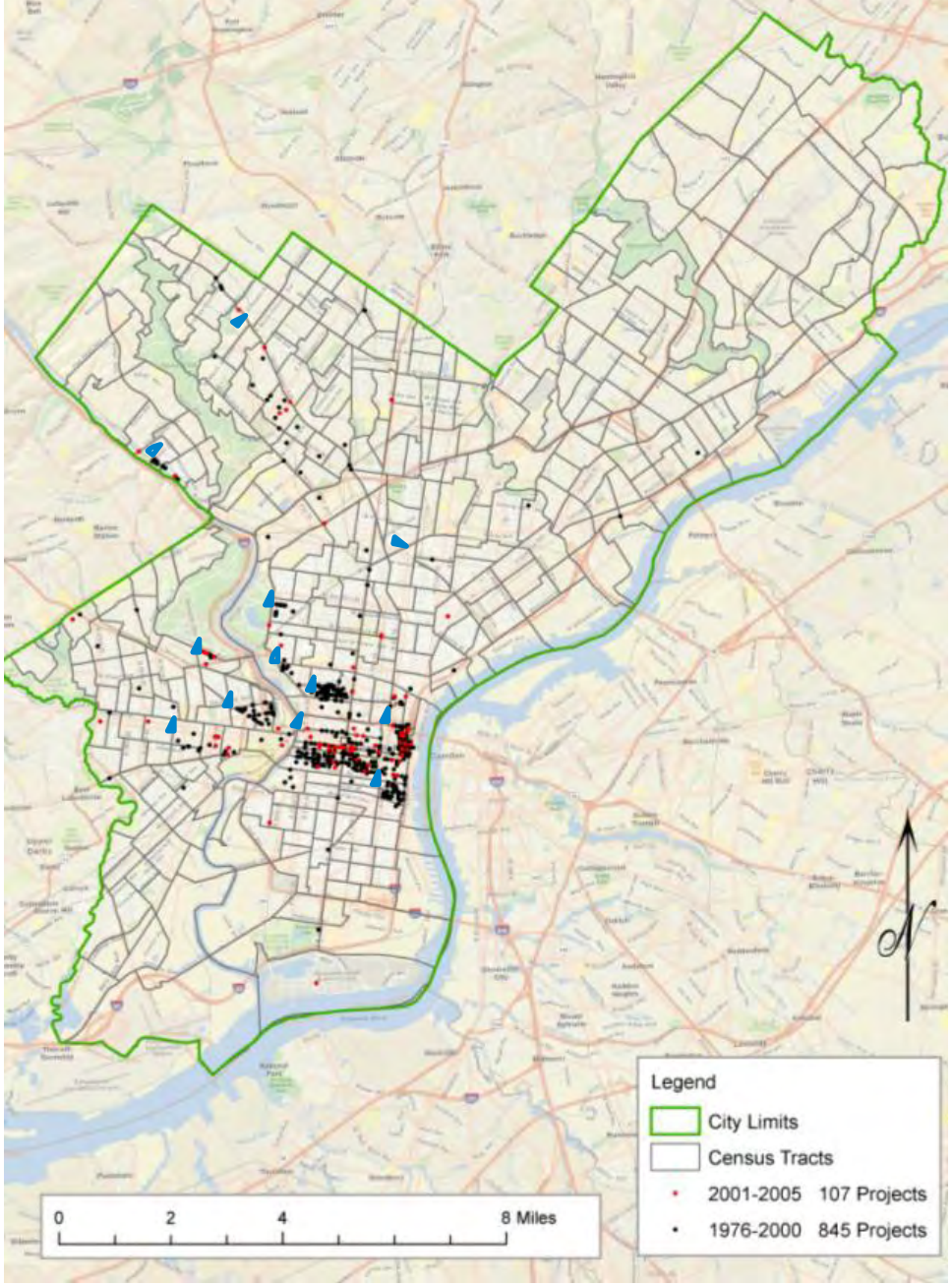

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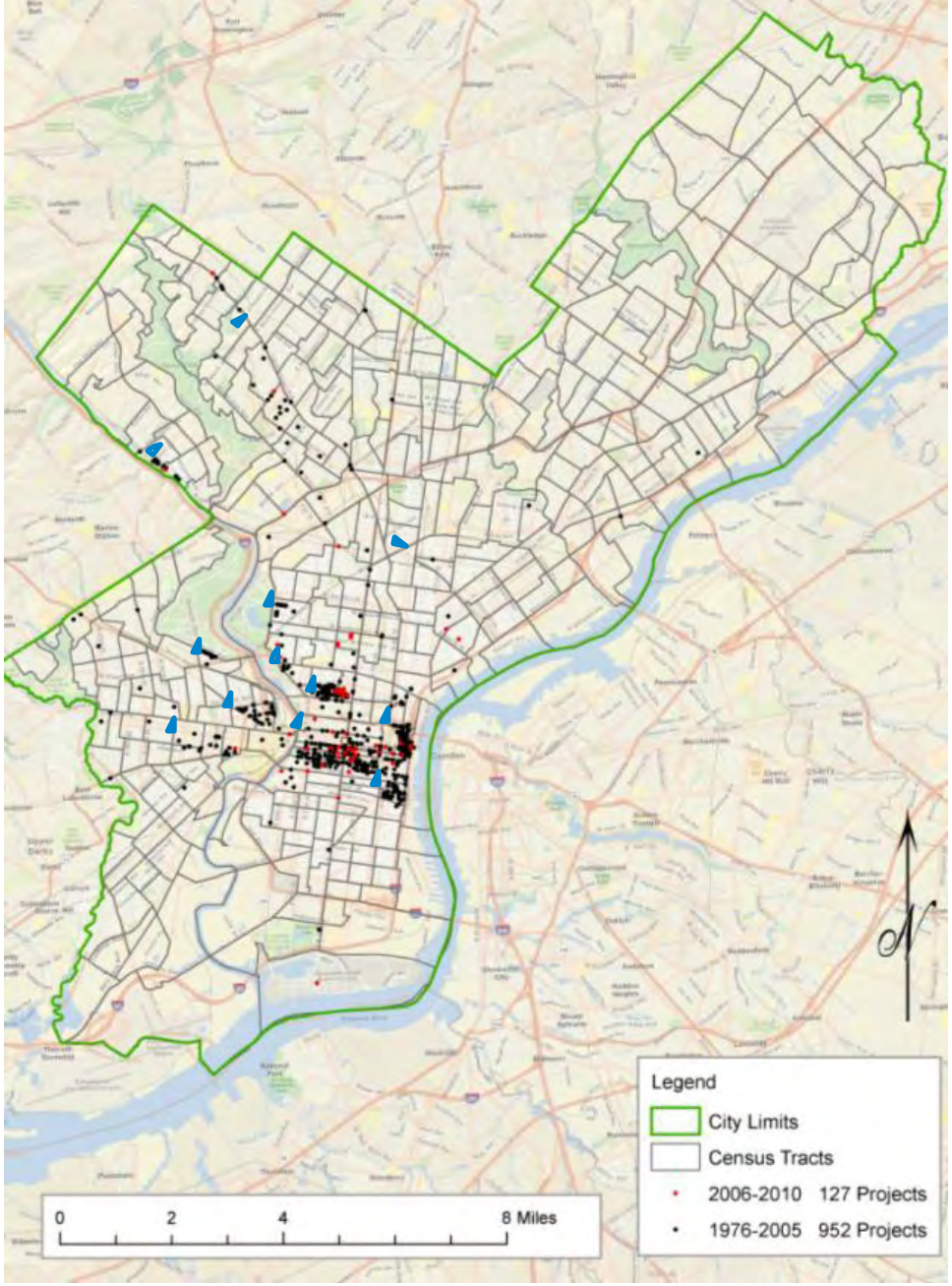


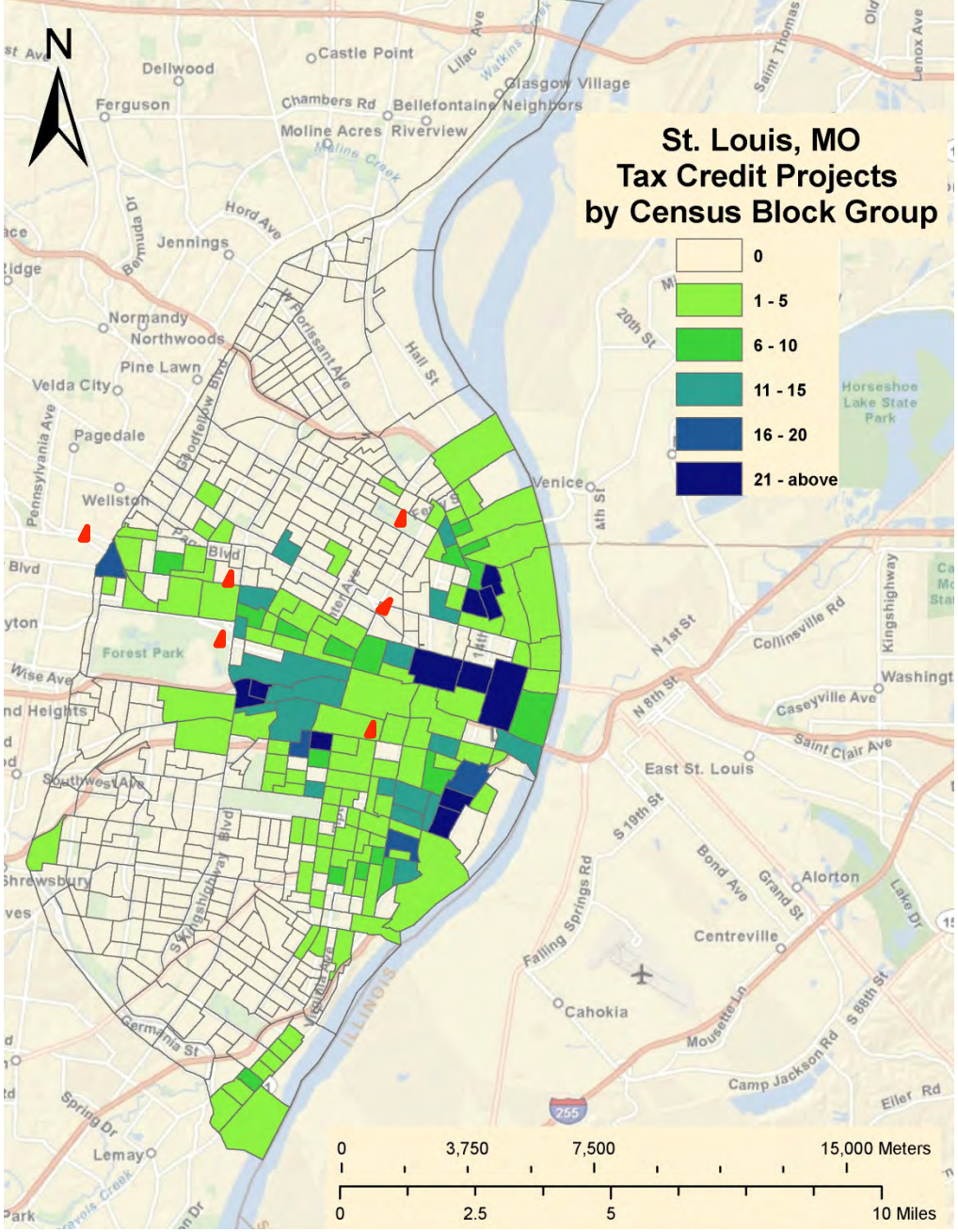
RTC Projects, by Block Group

Richmond (State RTC since 1997)

RTC Projects, by Block Group

St. Louis

(State RTC since 1998)



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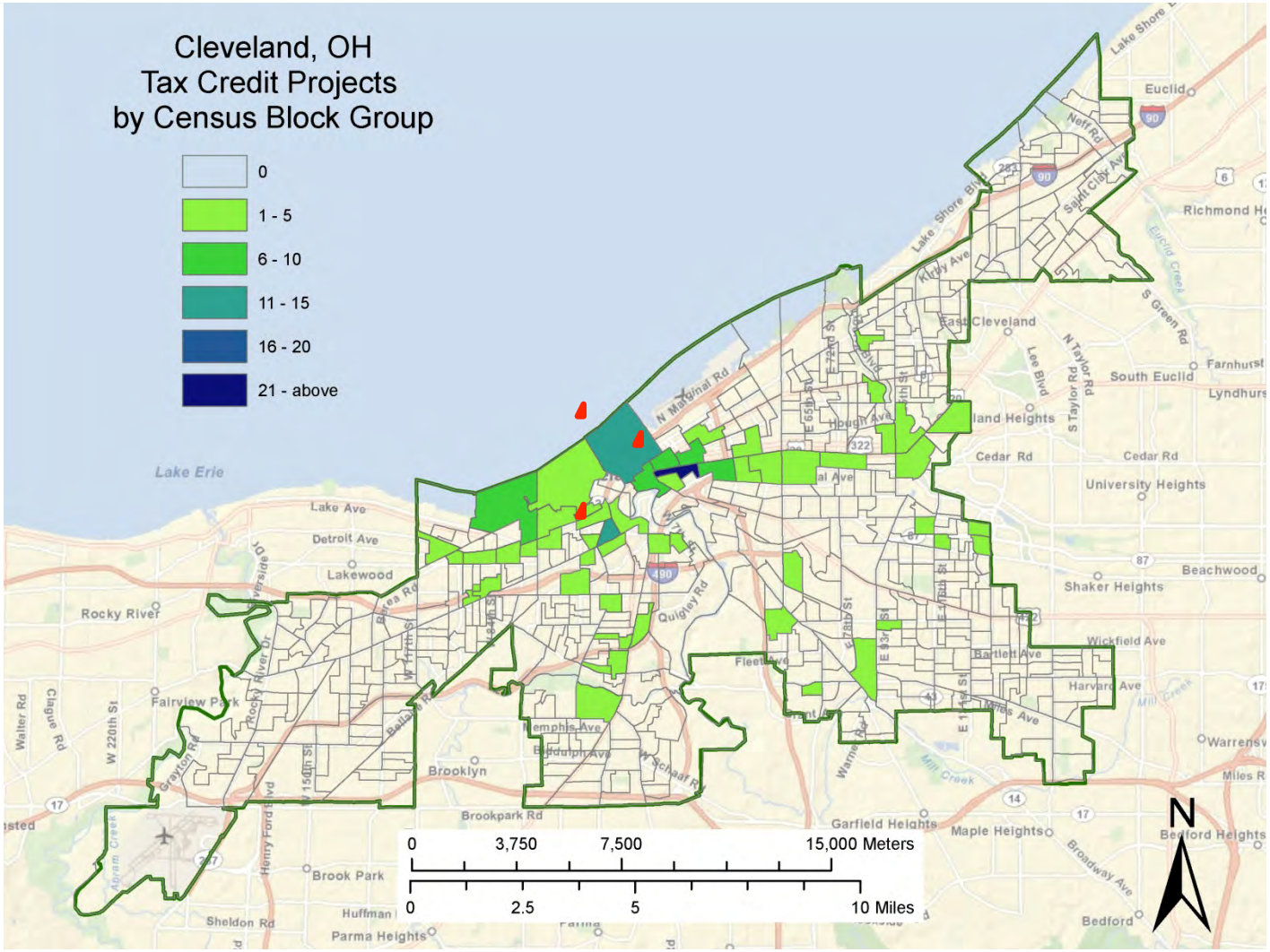
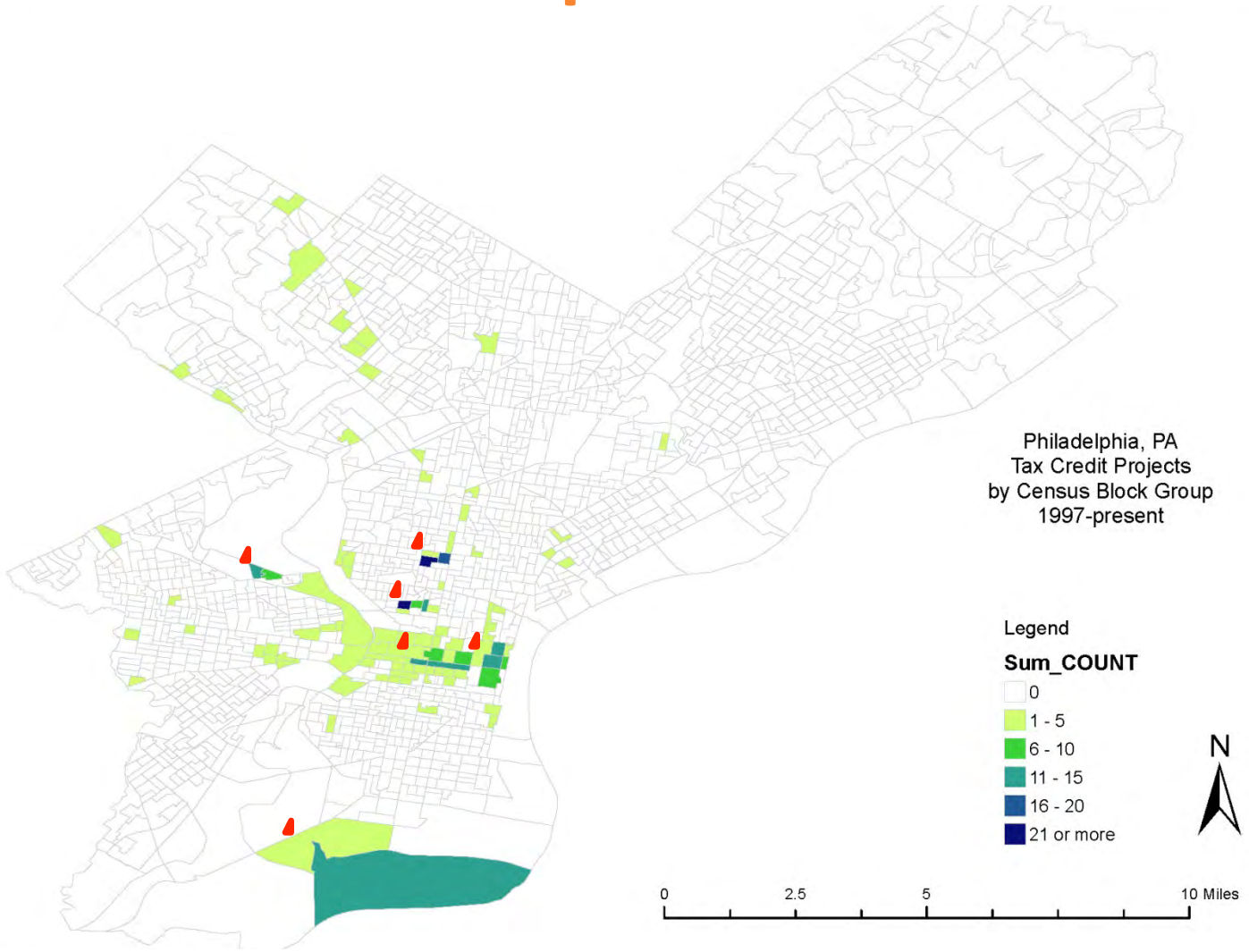
Cleveland (State RTC since 2007)



RTC Projects, by Block Group

Philadelphia (No State RTC)



NEXT STEPS…

Analyzing RTC Investments

Metrics of Investment

- Cost/tract
- Building area/tract

Land Use Impact

- Housing
- Commercial
- Industrial
- Mixed Use

Location

- Neighborhoods
- Traditional Downtowns
- “New” Downtowns

Downcity Arts District, Providence

Lower Downtown, Denver

Analyzing RTC Neighborhoods

Socioeconomics

- Poverty rate
- Median household income
- Educational attainment

Demographics

- Race
- Age

Building age

Hough, Cleveland

Ohio City, Cleveland

Downtown, Cleveland

Other Approaches

- Matched-Pair Analysis (neighborhood impacts)
- Historical Assessment & Evaluation (mixed-methods)
- Comparison of State RTC Influence
- Comparison of Weak-Market & Strong-Market Locations
- Contribution of RTC Projects to "New Downtowns"
- Analysis of RTC Development Story

Superior Avenue (Cleveland, OH)

Pioneer Square (Seattle, WA)

Strong or Stable-Market	Weak-Market		
	Strong MSA	Moderate MSA	Weak MSA
Atlanta	Richmond	Philadelphia	Baltimore
Denver			Cleveland
Dubuque			Providence
Omaha			St. Louis
Portland			
Seattle			

Source: Brookings Institution, Metropolitan Policy Program

Restoring Urban America:

The Use and Impacts of Historic Rehabilitation Tax Credits

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