



News for Immediate Release

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New Study Demonstrates Economic Impact of Historic Preservation in Pennsylvania

Harrisburg - The Pennsylvania Historical and Museum Commission (PHMC) today released a new study titled "Economic Benefits of Historic Preservation Activities in Pennsylvania."

The study provides evidence about the benefits of historic preservation for economic development. The report gathered and analyzed data on five areas of study: Federal Rehabilitation Investment Tax Credits, Potential Impact of a State Tax Credit, Property Values, Heritage Tourism and Qualitative Impacts. Key findings under each area include:

The Economic and Fiscal Impact from the Federal Rehabilitation Investment Tax Credit Projects in Pennsylvania

Historic preservation projects within Pennsylvania have leveraged federal resources through the Historic Rehabilitation Tax Credit program to stimulate considerable private investment statewide, resulting in \$7 billion in project expenditures from 1978 to 2010. Those expenditures have led to \$17.1 billion in total economic impact in the state, supporting 148,000 jobs and generating \$380 million in state tax revenues.

The Potential Economic and Fiscal Impacts of a State Tax Credit Program

The report projects that adding a state-level tax credit would induce an additional \$55 million to \$110 million in historic preservation projects, which would conservatively create an additional \$130 million to \$270 million in total economic impact each year, support 1,200 to 2,300 jobs and generate \$3 million to \$6 million in state tax revenues, and would be equivalent of a 5 percent – 8 percent annual return on the public investment represented by the initial tax credit.

Property Value Impact

An analysis of three historic districts in the state suggests that historic designation increases property values, which shifts the potential role of historic preservation as a statewide strategy. Historic preservation need not only be thought of in aesthetic, cultural or historical terms, but can be included in the discussion by economic development practitioners and neighborhood stabilization and revitalization advocates, as a potential addition to these professional toolkits.

In addition, at a time when many homeowners have negative equity and communities are negatively impacted by the spillover effect of foreclosures and disinvestment, the stabilizing and enhancing effect of historic designations can generate household wealth and prevent further distress in local housing markets.

Also, because many municipalities are facing severe fiscal distress, actions that can increase property values can, if assessments are properly adjusted to account for those market realities, result in much needed property tax revenue increases.

Economic and Fiscal Impacts from Heritage Tourism

Historic preservation safeguards Pennsylvania's heritage assets that serve as significant tourism draws. The report estimates that heritage tourism accounts for 32 million visitors and \$1 billion in visitor spending each year, which, when combined with direct expenditures associated with the ongoing operations of heritage tourism destinations, results in an industry that has a total annual economic impact of \$2.9 billion, supporting 37,000 jobs and generating \$90 million in state tax revenues. Pennsylvania can especially benefit from the importation of purchasing power from outside the state for the benefit of merchants and communities across Pennsylvania.

Qualitative Impacts

Aesthetic and education, environmental sustainability and revitalization and stabilization are in line with the kinds of objectives being pursued by governments at all levels. As a result, historic preservation is increasingly understood in these terms, and there are many opportunities for collaboration, with historic preservation playing its role in stimulating economic development.

The report concludes that historic preservation efforts come in all shapes and sizes. Beyond the aesthetic, cultural and historical benefits of historic preservation, this report adds its many economic benefits: economic stimulus through construction projects, wealth gains and tax revenue generation through property value appreciation, and jobs supported from all of these activities, including heritage tourism.

The full report is available online at www.phmc.state.pa.us. This research and analysis project was supported by a federal Preserve America grant from the National Park Service administered by the PHMC. PHMC partnered with Preservation Pennsylvania, the state's only statewide, private, nonprofit organization dedicated to the protection of historically and architecturally significant resources which, in turn, engaged Econsult Corporation as a research partner to produce the report.

The Pennsylvania Historical and Museum Commission is the official history agency of the Commonwealth of Pennsylvania.

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