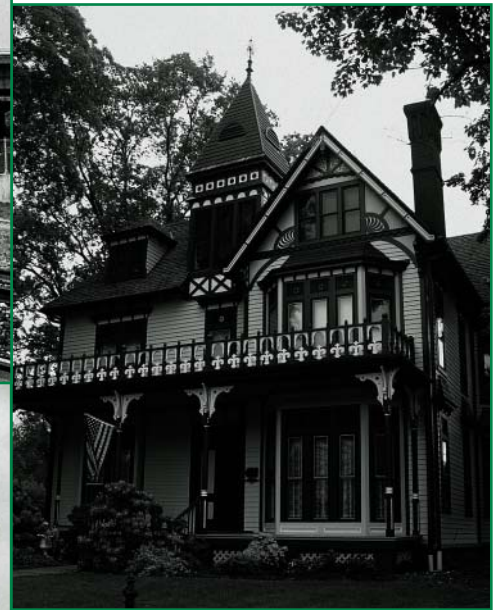




*The Value of*

# Historic Preservation

*in Maryland*



DONOVAN D. RYPKEMA

---

This report was authored by Donovan D. Rypkema, Principal, Real Estate Services Group, Inc., Washington, D.C. It was produced by PRESERVATION MARYLAND in collaboration with the Maryland Heritage Alliance, Maryland Association of Historic District Commissions, and Maryland Association of History Museums. Funding support was provided by the Maryland Historical Trust.

PRESERVATION MARYLAND is a state-wide non-profit organization dedicated to preserving Maryland's rich and diverse heritage of buildings, landscapes and archeological sites. Through advocacy, outreach, and funding programs Preservation Maryland assists individuals and communities with efforts to protect and utilize their historic resources.

Design: Peter Parker, *ArtWorks*  
Editor: Deborah Rager

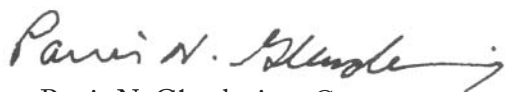
## FOREWORD

Maryland has always valued its historic resources. The cultural, social, historical, educational, and aesthetic value of historic preservation to the cities, towns, suburbs, and rural areas of Maryland is widely recognized. Annapolis, the most historic of the 50 state capitals, is a source of pride to all Marylanders. The more than 220 heritage museums in every corner of the state reflect the value each community gives its own, individual history. From Fort McHenry to Antietam, from downtown Cumberland to the Babe Ruth Birthplace to the Wye Grist Mill on the Eastern Shore, Maryland has a rich variety of historic assets

With the publication of *The Value of Historic Preservation in Maryland* we discover that those historic assets provide valuable economic rewards as well. This study begins to quantify the economic impact of our historic resources. Jobs, visitors, and the film industry each have a significant preservation economic component. Preservation plays an important role in enhanced property values, in local tax collections, and the economic impact of the arts and museums.

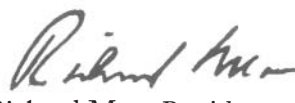
Maryland citizens value not only their history, but also their environment. *The Value of Historic Preservation in Maryland* makes evident the direct link between historic preservation and environmental conservation efforts. When an historic neighborhood is reborn, one more farm is saved; when an historic building is reused, existing infrastructure is reused as well; when we invest in rehabilitating an existing school, the taxpayers do not have to foot the bill for new land acquisition, more water and sewer lines, an additional road, another school bus. In 1997, the Maryland General Assembly passed its nationally acclaimed Smart Growth and Neighborhood Conservation initiatives. Collectively, the five core initiatives along with dozens of complementary State programs support existing neighborhoods, protect the environment and natural resource areas, and save taxpayers from paying the high costs of unnecessary and often redundant infrastructure. Effective State and local historic preservation programs are critical to advancing the goals of Smart Growth.

We are pleased that Preservation Maryland, with financial assistance from the Maryland Historical Trust, has made available the hard evidence of historic preservation's economic value. Maryland has long been known for the wealth of its historic resources; now we have firm evidence that this wealth is paying dividends in dollars and cents to Maryland citizens.



Parris N. Glendening, *Governor*

State of Maryland



Richard Moe, *President*

National Trust for  
Historic Preservation



# CONTENTS

FOREWORD .....	i
INTRODUCTION .....	iv
HISTORIC PRESERVATION &	
JOB CREATION .....	1
PROPERTY VALUES .....	3
HERITAGE TOURISM .....	5
ECONOMIC DEVELOPMENT .....	7
MUSEUMS AND THE ARTS .....	9
FILM PRODUCTION .....	10
SUSTAINABLE COMMUNITIES .....	11
TRANSPORTATION ENHANCEMENTS .....	12
SMART GROWTH .....	13
CONCLUSIONS .....	15
SOURCES AND ACKNOWLEDGMENTS .....	17

# INTRODUCTION

Preservationists, local activists, and many public officials have long believed that the value of Maryland's historic resources was more than cultural and aesthetic. *The Value of Historic Preservation in Maryland* draws on a wide range of resources—single-issue studies that have been conducted in recent years; raw data from a number of State agencies; and interviews with public officials, developers, and preservationists. What was discovered was a bonanza of information quantifying the economic importance of historic preservation in every corner of the State.

The pages that follow tell the story of the values of historic preservation in Maryland; here are several highlights:

- *Over the past 20 years of the Federal Rehabilitation Tax Credit program, the rehabilitation of historic buildings in Maryland has created 15,949 jobs, added nearly \$382 million to Maryland household incomes, and had an overall economic impact in excess of one billion dollars.*
- *Local historic districts create an investment environment that attracts both public and private dollars, which often results in property value appreciation significantly greater than the surrounding areas.*
- *Tourism is a \$6-billion-dollar-a-year industry in Maryland, and*
  - *visiting historic sites and museums is one of the top three activities for visitors throughout the state, plus*
  - *visitors attracted by Maryland's historic resources stay longer and spend more than other visitors.*
- *The State Heritage Area Program is specifically designed to build upon historic preservation as an economic development strategy.*
- *Maryland's recent affiliation with the national Main Street program is already producing positive economic results in the first five communities selected to participate in this program.*
- *The arts industry adds over \$350 million to Maryland's economy each year, and many of those activities take place in historic landmark buildings.*
- *A grant and loan program of the Maryland Historical Trust aids 50 to 60 projects per year. A study of the impact of grants and loans to 18 historic sites produced nearly \$2.9 million in local wages and over \$130,000 in local taxes.*
- *There are over 220 heritage museums in Maryland—with aggregate operating budgets of more than \$19 million—who serve over 275,000 school visitors each year.*

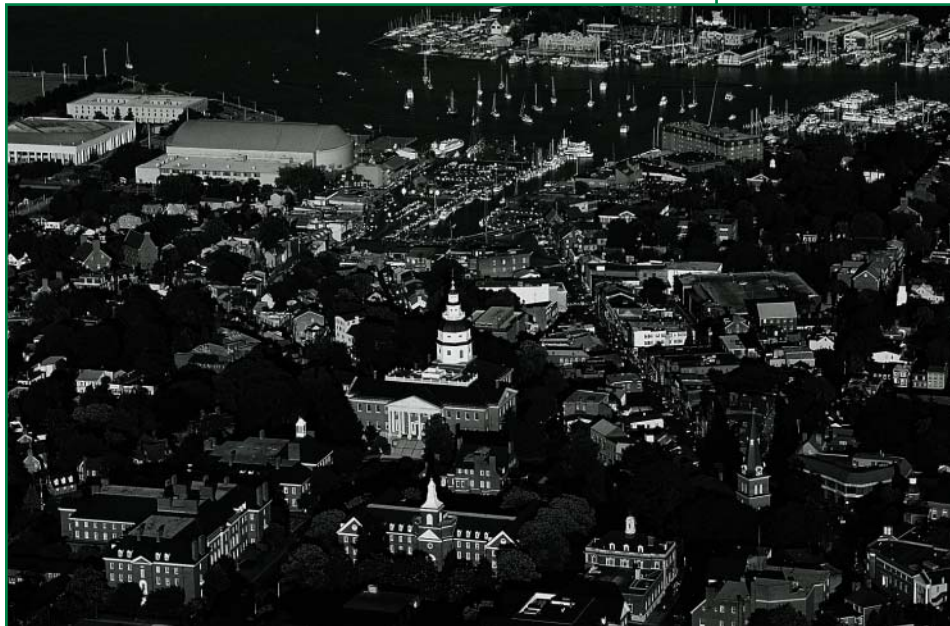


- *Maryland's historic built environment is a major draw for the multi-million dollar film industry.*
- *Using \$16 million of federal ISTEA funds to leverage an additional \$27 million in State, local, and private moneys, the Maryland Department of Transportation has invested in 38 historic preservation-related projects in 12 counties over the past five years.*
- *Historic preservation is a central part of a majority of the recently adopted Smart Growth initiatives, particularly neighborhood conservation programs.*

Historic preservation adds value to the lives of Maryland residents in many ways—an appreciation of local history, the stabilization of a neighborhood, the revitalization of a downtown, the sheer beauty of a landmark building. The value of historic preservation in Maryland also comes in a more quantifiable form—dollars and cents in the pockets of citizens throughout the State.

*Donovan D. Rypkema*

April 1999



# Historic Preservation & JOB CREATION

There are many ways that effective economic development can be measured—increased tax base, loan demand at local financial institutions, vacancy levels at the local industrial park, for example. In the end, though, economic development is about one thing—jobs. Does historic preservation mean jobs? In Maryland the answer is an unequivocal “yes.”

It is not possible to calculate all of the construction expenditures each year that might be included in historic preservation activity. But there is one measuring stick that at least gives a partial indication of the importance of the reinvestment in historic buildings to job creation in Maryland. Since the late 1970s there has been a federal tax credit for the rehabilitation of designated historic structures.<sup>1</sup>

Since 1978 over 1,050 historic buildings in Maryland have been put back into productive use under this program. These projects have ranged in size from the \$30,000 rehabilitation of a commercial building in Hagerstown to the \$20 million reinvested in the American Can Company building in Baltimore.

In mid-1998 Maryland passed the \$500,000,000 mark in reinvestment using the federal tax credits. What has been the value of this 20 year’s worth of historic preservation to Maryland?

Total private investment	\$ 501,545,102
Number of historic buildings rehabilitated	1,058
Construction jobs created <sup>2</sup>	8,197
Jobs created elsewhere in the economy	7,752
Increase in Maryland household income	\$ 381,826,286
Total impact on the Maryland economy	\$ 1,023,753,826

The total is over a billion dollars of total economic impact as a result of saving a thousand historic buildings for the next generation of Maryland citizens. As impressive as these numbers are, they don’t include much of the preservation activity in Maryland. The restored Cumberland Court House in Allegany County, the rehabilitated 1680 Third Haven Meeting House in Easton, the renovated rowhouse in Baltimore, are only three examples of properties not eligible for the federal tax credits, and therefore, are not reflected in the numbers above.

Why do historic preservation projects have such a dramatic impact on a local economy? Very simple—historic rehabilitation is a labor-intensive

<sup>1</sup> To qualify for the Federal Rehabilitation Tax Credit, four tests must be met: 1) the building must be listed or eligible for the National Register of Historic Places; 2) the property must be held for investment or for use in one’s business; 3) the investment must exceed \$5,000 or the owner’s basis in the building; and 4) the rehabilitation must conform to the Secretary of the Interior’s Standards for Rehabilitation to maintain the essential character of the historic building.

<sup>2</sup> A job is a full-time-equivalent job for one year.

**\$1,000,000**

*spent rehabilitating a historic building in Maryland means*

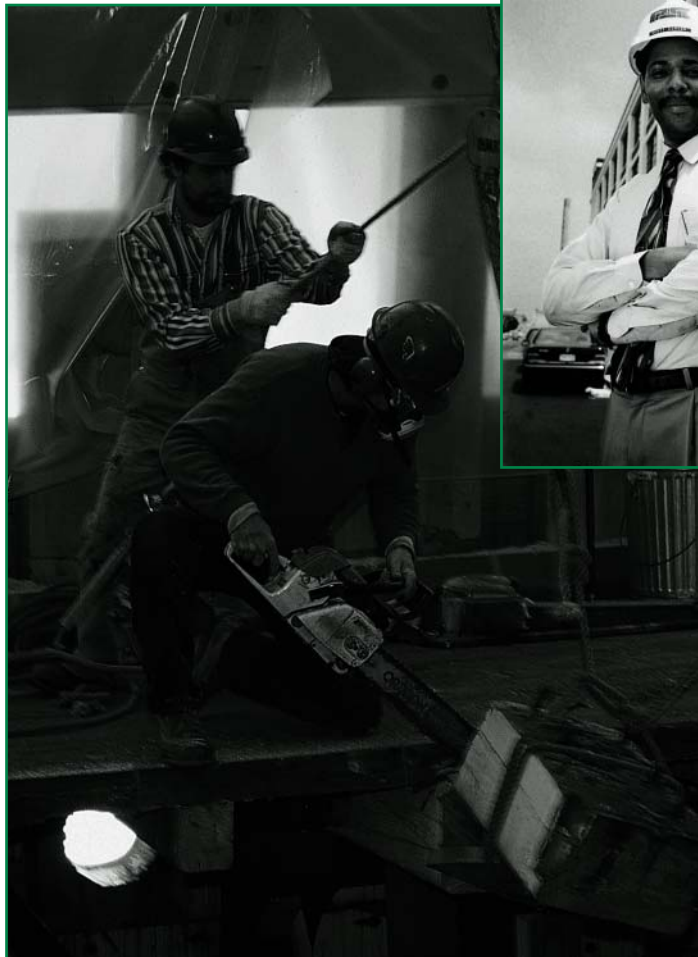
**16.3**  
construction jobs

**15.4**  
jobs elsewhere in the economy

**\$761,300**  
increase in household income

**3.2**  
more jobs than the same amount in new construction

activity, significantly more labor intensive than new construction. The dollars spent renovating an historic building are largely paid as wages to skilled tradespeople, including carpenters, plumbers, and electricians —each of whom in turns spends his or her paycheck in the local community. The value of economic development is the creation of jobs, and the value of historic preservation is the creation of well-paying local jobs throughout Maryland.



# Historic Preservation & PROPERTY VALUES

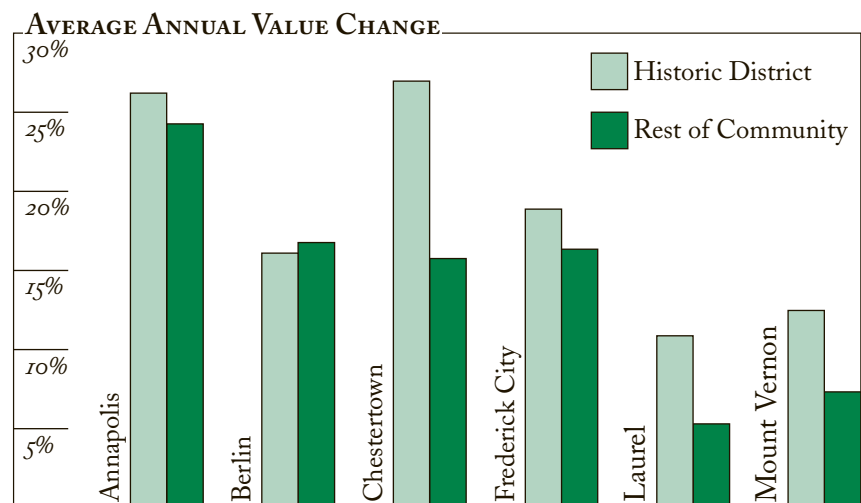


The creation of local historic districts has become an important tool in communities throughout Maryland. Currently there are over 65 local historic districts in the State. The primary purpose of a local historic district is straightforward—to identify, maintain, and enhance neighborhoods through design review guidelines that preserve their distinctive architectural character.

If the protection of local historic character is the primary motive for historic districts, there is a decidedly economic side effect. Recently the economic research firm of Lipman Frizzell & Mitchell conducted an analysis of historic districts in six communities: Annapolis, Berlin, Chestertown, Frederick City, Laurel, and the Mount Vernon neighborhood in Baltimore. Here are several key findings:

- Investment in the six districts totaled over \$208 million in the past five years.
- Private investment is typically higher within the historic district than in the rest of the jurisdiction.
- Direct construction investment by the private sector in the six historic districts studied exceeds \$24 million and creates 434 local jobs annually.
- Public investment as seed money in order to spur private reinvestment is vital to the economic success of these communities.

In addition, a very valuable finding of the study was the change in property values over an extended period. Properties within the local historic districts were compared to those in surrounding neighborhoods and commercial areas. In every instance properties within historic districts experienced significant appreciation. In most instances, the rate of appreciation was significantly greater than the community as a whole.



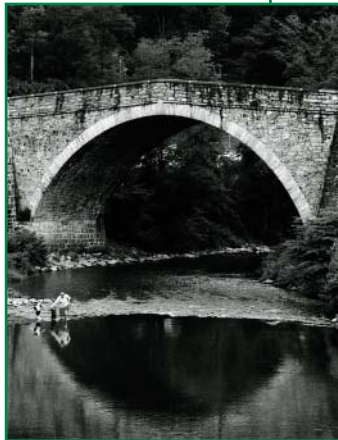
The case study sites were chosen based on their having a local district in place for a sufficient period to produce measurable results and for their diversity in both size and region. But despite that diversity, the results were consistent—historic districts attract investment, add significantly to the local tax base, and create jobs.

Notably, the occasionally heard concern, “If you enact an historic district my property value will be hurt,” has been absolutely, unequivocally demonstrated to be untrue. Local historic districts add value to a community and add value to the properties within. Maryland is not unique in this finding. Over the past several years similar studies have been performed for communities in Virginia, South Carolina, North Carolina, Indiana, New Jersey, and Kentucky. They have all reached similar conclusions.



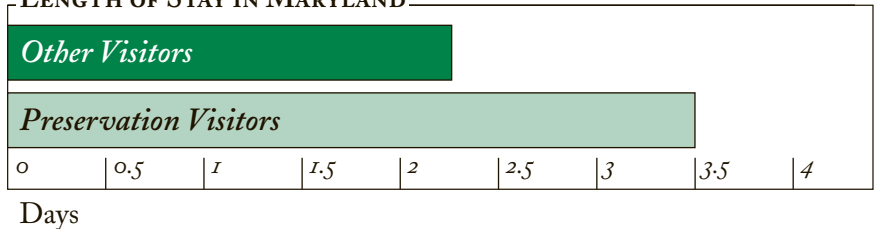
# Historic Preservation & HERITAGE TOURISM

**T**ourism is a crucial component of a healthy Maryland economy. Tourism is a \$6-billion-a-year industry and employs more than 90,000 Maryland citizens. The importance of tourism in general is well-documented and broadly understood by public officials, business leaders, the media, and citizens at large. The Office of Tourism Development has recognized the particular importance of heritage tourism and has identified over 300 sites celebrating Maryland's history. Heritage tourism is the fastest growing segment of the tourism industry nationally, and in Maryland the economic impact of a preservation visitor is particularly impressive.



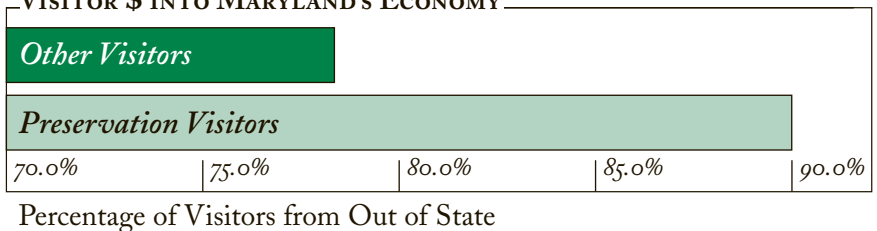
- *Visiting historical sites or museums is among the top three visitor activities state-wide and in every region within Maryland.*
- *In the Eastern Shore community of Berlin (1990 population 2,616), for example, the direct local economic impact of historic district visitors is estimated at \$3.46 million, creating 51 jobs and \$898,600 in wages.*
- *In 1997, visitors to the historic district in Annapolis had a direct local economic impact estimated at \$27.6 million.*
- *Historic preservation visitors stay longer than other visitors when they come to Maryland.*

## LENGTH OF STAY IN MARYLAND



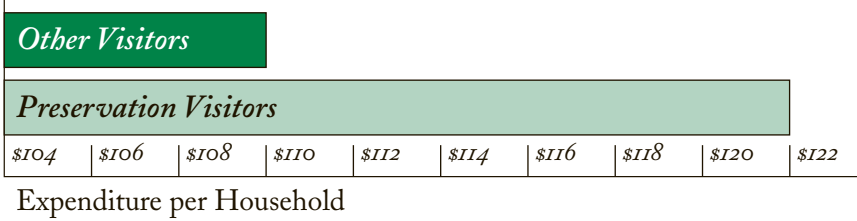
- *More historic preservation visitors come from other states, bringing more new dollars into the Maryland economy than other visitors.*

## VISITOR \$ INTO MARYLAND'S ECONOMY



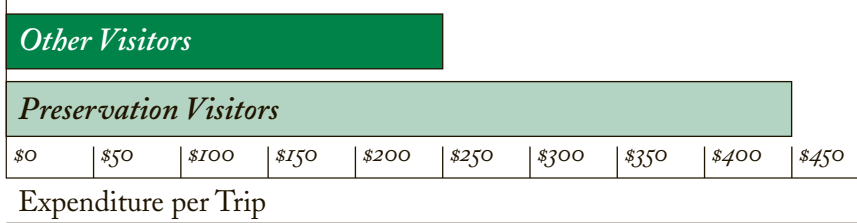
- *Historic preservation visitors spend more each day they are in Maryland.*

**AVERAGE DAILY HOUSEHOLD EXPENDITURE OF MARYLAND VISITORS**



- *These factors result in the total economic impact of a heritage visitor being significantly greater than a non-preservation tourist.*

**AVERAGE HOUSEHOLD TRIP EXPENDITURES**



The tourism industry is certainly vital to Maryland’s economy. The value of historic preservation visitors is particularly so.



# Historic Preservation & ECONOMIC DEVELOPMENT

*MAIN STREET is simple in concept and unmatched in success as an economic development tool. The National Main Street Center, a part of the National Trust for Historic Preservation, has for nearly 20 years been working with communities to build a strategy of downtown revitalization within the context of historic preservation. In recent years the Main Street approach has been applied to neighborhood commercial districts in larger cities as well. There simply is no more cost-effective economic development available. The 1,400 Main Street programs have seen investment over the past two decades of \$8.6 billion—this, in many instances, in downtowns that had been written off as already dead. Every dollar that has been used for the support of a local Main Street program has resulted in \$35 of other downtown investment.*

*While Maryland has for a number of years had programs geared toward downtowns, since the beginning of 1998 there has been a formal relationship with the National Main Street program. Five communities were selected as the initial participants: Cumberland, Easton, Mt. Rainier, Oakland, and the Charles Village Community Benefits District in Baltimore.*



In most Maryland communities “downtown” and “historic resources” are nearly synonymous. It is in the downtown where the largest collection of historically significant buildings are usually located. It is also in the downtown where infrastructure is already in place. Many of Maryland’s downtowns, like those across the country, have suffered in recent decades from urban sprawl, movement of retail to shopping centers built in the countryside, suburban office complexes, and big box retail concentrations. When downtown suffers the historic buildings suffer as well. The financial cost from these things is felt by more than a few building owners. Tax revenues slip away, the infrastructure already paid with taxpayers’ dollars goes underutilized, while new roads, water, and sewer lines are funded with shrinking tax dollars.

In many Maryland towns and cities, however, downtowns are seeing a renewed economic life through the use of their historic resources. Partnerships have provided technical assistance. The Maryland Office of Planning, in conjunction with the School of Architecture at the University of Maryland, has identified important design characteristics for downtowns. The Maryland Downtown Development Association commissioned an analysis of the importance of utilities in downtown revitalization. Several Smart Growth initiatives effectively promote the revitalization of downtown and existing neighborhood commercial centers.

Among the initiatives is the *Main Street Maryland* program. (See sidebar.) This strategy of commercial revitalization within the context of historic preservation has consistently rewarded communities in 1,400 localities in 40 states over the past 20 years. In just the first six months of Maryland’s program, the five communities involved have seen eight net new businesses, the addition of hundreds of employees, and public and private investment in the millions of dollars.

Some Maryland communities, however, have for several years had a preservation based strategy using local historic districts as a tool. The Lipman Frizzell & Mitchell economic and fiscal impact analysis had these findings:

- *Local historic districts set up an environment in which it is logical to invest in residential and commercial properties.*
- *In Annapolis, the historic district contains 10 percent of the city’s properties, but almost 20 percent of its assessable tax base, despite the fact that it contains the highest concentration of tax exempt property in the city.*

- *By the late 1970s, the downtown of Berlin was in decline and vacancies were at least 50 percent. For the past 10 years, downtown commercial occupancies have been above 90 percent.*
- *The downtown commercial district in Chestertown is, by and large, profitable with low vacancy rates.*
- *Properties in the historic district contribute an estimated \$1.4 million in real estate taxes to the City of Frederick budget.*
- *Construction activity in the Laurel historic district typically is responsible for about one-sixth of total activity in the city, averaging perhaps \$2 million per year on an ongoing basis.*
- *The level of investment in the Mount Vernon historic district in Baltimore creates at least 217 full-time equivalent construction jobs paying \$7.5 million in wages each year.*

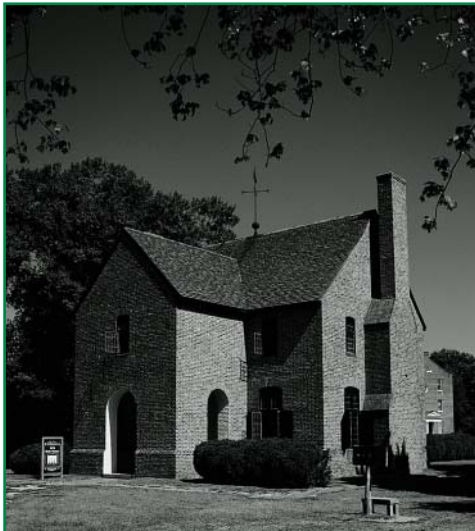
There are certainly many difference among Annapolis, Berlin, and Mount Vernon. But there is one important similarity—each is adding economic value through historic preservation.



# Historic Preservation & MUSEUMS AND THE ARTS

The county history museum and the local theater troupe are sometimes dismissed saying, “Those things are nice if we can afford them, but what we really need to concentrate on is economic development.” A community’s cultural resources are often valued for a variety of reasons, but their economic value is overlooked. It shouldn’t be.

- *Maryland’s non-profit heritage and arts industry contributes over \$350 million to the State’s economy every year.*
- *Much of the Baltimore Zoo is listed on the National Register of Historic Places.*
- *There are more than 220 historical and cultural museums in Maryland.*
- *Seventy-eight percent of them are historic sites or housed in historic buildings.*
- *These museums host over three million people annually, a half million of whom pay admissions.*
- *Eighty-five percent of these museums have formalized programs with the local school systems and serve over 275,000 school group visitors annually.*
- *These museums employ 298 people full-time, 396 part-time, and utilize over 6,200 volunteers annually.*
- *Maryland’s history museums have annual operating budgets of more than \$19 million, including a payroll of nearly \$10 million.*
- *The local history museum is often the catalyst for broader redevelopment and revitalization efforts.*
- *Nearly 60 percent of Maryland’s major arts organizations are housed in historic structures.*



Historic museums in Maryland protect some 20 million artifacts and objects, adding value to future generations of Maryland citizens. Cultural facilities add value to their communities for the six million people who attend a non-profit arts activity in Maryland each year. In addition, museums and the arts and the historic buildings that house them add economic value today in every town and city in Maryland.

# Historic Preservation & FILM PRODUCTION

Maryland's emerging film industry is one of the great economic development success stories of recent years. Certainly the television series "Homicide" is a significant contributor, but far from the only one. Over the past three years 20 feature-length and made-for-TV movies have been shot in Maryland in addition to over 80 television series episodes.

What has this meant to the economy of Maryland? Thousands of jobs and millions of dollars. Also, in the past three years there have been an estimated 973 shooting days reflecting a total economic impact in Maryland of in excess of \$180 million dollars. But this is the film industry; what does that have to do with historic preservation? Plenty, according to Michael Styer, director of the Maryland Film Commission. "It is central. We use it in all our direct pitches; historic buildings are a key asset we have to sell." Here are just a few reasons Maryland is attractive to film makers:

- *Historic and varied architecture is one of Maryland's biggest selling points.*
- *For period movies Maryland can provide settings from Colonial days through the present.*
- *Annapolis and Baltimore are especially attractive for Colonial era movies; Frederick and Washington County for Civil War period settings.*
- *The Disney movie Washington Square was shot in Union Square in Baltimore. Why? Because the real Washington Square in New York has been subject to so many 20th century intrusions that it no longer worked for the movie. The producers told Styer, "Washington Square does not exist anymore". Disney looked everywhere for a location, including England, Canada, and other parts of the U.S., but settled on the historic context that Baltimore provided.*
- *Washington Square alone had a direct impact of \$6.4 million, which becomes \$12.8 million when indirect impacts are included.*
- *It is not just movies set far in the past that make use of Maryland's historic resources. Liberty Heights, a film recently shot in Baltimore has a 1950s time frame, and, of course, Homicide is a contemporary setting.*
- *Why is Baltimore attractive? "Baltimore has real neighborhoods," says Styer.*
- *The success of Maryland as a film location leads to additional opportunities. A Civil War period movie and an HBO mini-series are both on the horizon and Maryland is in the running for two pre-Revolutionary War pictures. In each case, Maryland's historic resources are playing a key role in recruiting the film companies.*



# Historic Preservation & SUSTAINABLE COMMUNITIES

Maryland is going to grow. By 2020, Maryland will have nearly 900,000 more citizens. Those families will need housing, and Maryland has choices to make. One choice is to grow in the same pattern as has taken place for most of the last 30 years, abandoning towns and cities for new, low-density subdivisions built on currently undeveloped land. Land consumption has been growing more than twice the rate of the population, and that pace is increasing. There is certainly enough land presently zoned for residential development—in fact five times more land is zoned residential today than is necessary to accommodate all of the projected growth for the next two and a half decades.

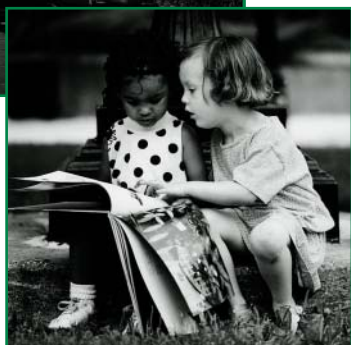
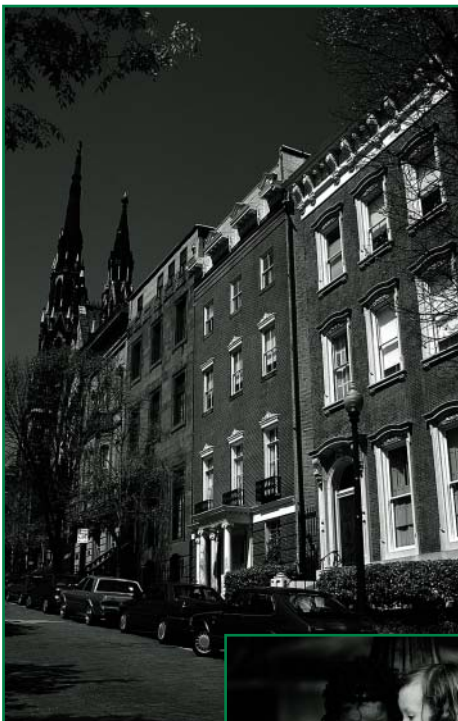
Maryland can grow in this fashion, but it will have costs that taxpayers must bear—the costs of new schools, streets, water and sewer lines, sewage disposal systems, curbs, gutters, and other infrastructure. The cost won't be measured in dollars alone. The cost will be the disappearance of farm land and open space in order to accommodate new subdivisions.

The cost will also be in abandoned historic buildings. Each year Baltimore loses 4,500 households, most of whom lived in older and historic buildings, and this problem does not exist just in Baltimore. In spite of population growth statewide, a fourth of Maryland cities have lost population in the last eight years. This loss means taxpayer-funded infrastructure already in place is being underutilized while new tax dollars are required to develop at the edges. So the existing pattern of accommodating population growth will be an expensive one. There is, however, a viable alternative—the redevelopment of existing neighborhoods in Maryland towns and cities and the historic buildings within those neighborhoods.

Baltimore developer BettyJean Murphy explains why she has chosen the second alternative.

*“Why do I choose to rehabilitate historic buildings? First, they create beautiful units. For me as a developer that translates into high occupancy, which means they are easier to manage. Second, when these buildings are redone, they have an immediate impact on the neighborhood because of their aesthetic quality. Third, it sends a message to the community, ‘This is your history, and your history is important.’”*

The Maryland family of tomorrow will need housing. Historic buildings can provide a diverse range of housing options to households of a wide range of means. Certainly there are the estates of the Eastern Shore that have achieved landmark status, but also the row house in Fells Point, the above-the-store apartment in Frederick, and the bungalow in Takoma Park. If fiscal responsibility, neighborhood stabilization, utilization of existing infrastructure, and saving open space are priorities to Maryland citizens, rehabilitating and reusing Maryland's historic buildings as housing must be part of the strategy.



# Historic Preservation & TRANSPORTATION ENHANCEMENTS

In most of the United States there is little love lost between the State Department of Transportation and historic preservationists. Highway planners often have but one criteria—how can we move more cars faster. This myopia often leads to the wholesale destruction of historic buildings, neighborhoods, even entire communities.

Maryland's Department of Transportation (DOT) has a much different reputation. State agencies are directed to consider the possible adverse impact of their decisions on historic resources. In many states the DOT looks for ways to avoid the question. In Maryland, the Department aggressively seeks ways to meet transportation needs while preserving not only historic sites and buildings but their context as well. In most states there is a constant battle between preservationists and the highway department; in Maryland preservationists and transportation planners look for mutually beneficial solutions.

This preservation-friendly attitude is apparent in a federal program known as ISTEA, the Intermodal Surface Transportation Efficiency Act, and its successor TEA-21, the Transportation Equity Act for the 21st Century. Beginning in 1993, at least ten percent of federal transportation funds had to be used by the states for transportation enhancements. A number of categories qualified as enhancements, including historic preservation, and states had wide discretion on how to spend that money.

In Maryland, 38 historic preservation projects over five years utilized ISTEA funding. These projects totaled nearly \$16.5 million, or 44 percent, of the entire federal share of ISTEA. Those dollars were stretched with \$27 million in additional funds from state, local, and private resources. The projects such as the restoration of the LaVale Toll Gate House in Allegany County, the acquisition of scenic easements in St. Mary's County, and the rehabilitation of the Snow Hill Rail Road Station are each examples of the effective use of transportation dollars to capture the value of historic preservation. In addition, all the farms surrounding the Antietam Battlefield were purchased to protect the viewscape.

*One effective tool for both historic preservation and environmental protection is the PRESERVATION EASEMENT. The Maryland Historical Trust has the largest preservation easement program in the country, covering more than 450 properties and over 10,000 acres. An easement is a partial but permanent interest in property that is sold or donated to the Maryland Trust.*

*Typically, a preservation easement requires that any exterior change in an historic property or its demolition cannot take place without the approval of the Maryland Trust. This tool not only assures the preservation of the historic building, but often also the context of the structure and the land around it.*



# Historic Preservation & SMART GROWTH

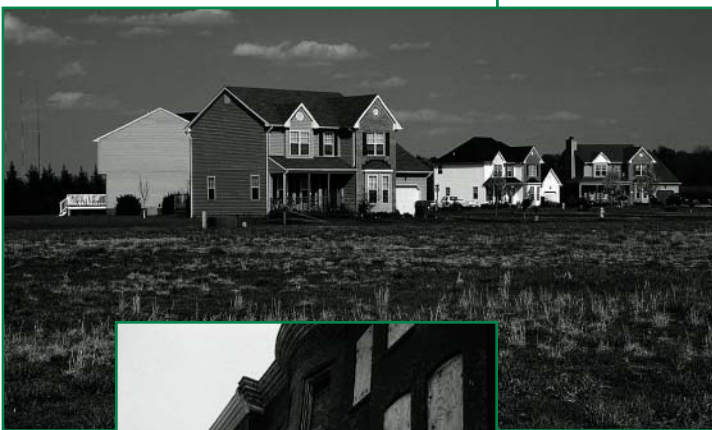
Maryland values its environment. The evidence of that commitment is abundant:

- *The widespread efforts to protect the Chesapeake watershed*
- *An aggressive agricultural easement program*
- *Scenic and environmental easements*
- *The Rural Legacy Program*
- *Program Open Space*
- *Forest conservation programs*
- *Brownfields Clean Up*
- *Ecosystem management assessment program*
- *Stewardship Incentive programs*
- *Conservation Resource Enhancement Program*
- *The Atlas of Farm Land Preservation*
- *Numerous State, local, non-profit, and voluntary efforts to maintain and enhance Maryland's natural environment*

These efforts are effective and will have a long-term positive impact on the health of the environment in Maryland and on the economic health of towns and cities throughout the State. Local and State leaders in Maryland, in and out of the public realm, have reached the conclusion that a sprawling pattern of development not only destroys the countryside but destroys the fiscal health of government.

Sometimes overlooked in the focus on the natural landscape is the direct relationship between environmental protection and historic preservation. What is the relationship?

- *When a vacant townhouse is restored, a new house need not be built in a cornfield.*
- *When an obsolete warehouse is converted into loft apartments, one less farm is converted into a housing development.*
- *When one more historic building is not torn down, tons of construction waste isn't added to the local landfill.*
- *When county commissioners learn to just say no to one more peripheral shopping center, the historic downtown's chance of survival is increased.*
- *When an existing neighborhood is revitalized instead of razed, water-lines, sewer lines, roads, curbs, gutters, fire stations, treatment plants, schools, streetlights, sidewalks, overpasses, and police stations don't have to be built on undeveloped land.*



- *When an historic building is reused, the labor and materials already incorporated into it are conserved.*
- *When historic neighborhoods are protected and enhanced, there is already a pedestrian friendly environment without building a new subdivision and calling it that.*
- *When there is a preservation-based downtown revitalization strategy, offering the opportunity for small business start-up in quality historic buildings, a concrete block strip center isn't needed.*

Historic preservation is an automatic commitment to the environment. Environmental issues—saving farmland, preserving wetlands, keeping forests and open space, reducing solid waste disposal, reducing automobile emissions, increasing pedestrian traffic—are made easier if there is a solid historic preservation policy. At the heart of environmentalism is recycling; historic preservation is the ultimate recycling.



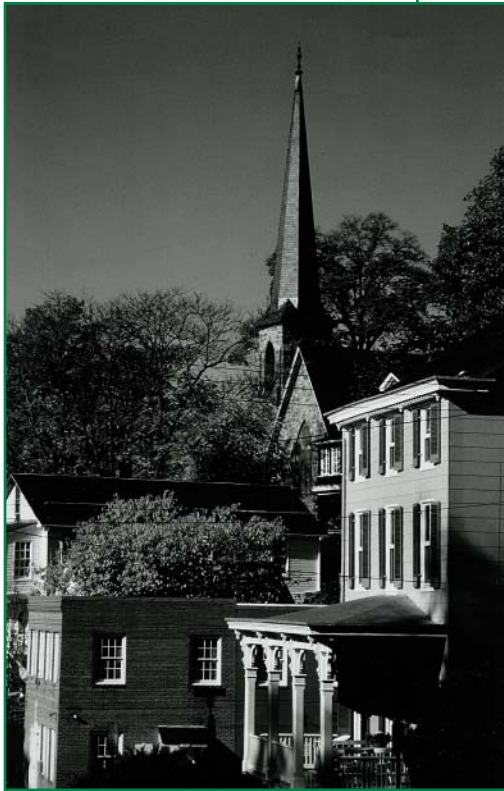
## CONCLUSIONS

The case for the value of historic preservation in Maryland is not hard to make. Historic preservation not only adds jobs but adds more jobs per dollar spent than new construction. Historic preservation not only attracts visitors but those visitors spend more money than other visitors. Historic districts not only add value to properties but add more value than other parts of town. Preservation-based downtown revitalization programs add economic vitality to the business district and have proven to be more effective than any other development approach.

While the breadth of the economic impact of historic preservation may not have been compiled before, it is clear that the citizens of Maryland and their elected officials have understood the values of preservation and put into place many programs to capture that value. Currently available historic preservation-related tools include:

- *Enabling legislation to allow local jurisdictions discretion in designing property tax credits to encourage historic preservation of both residential and income-producing property.*
- *Bond bill funding for historic preservation projects which are then subject to preservation easements.*
- *State income tax credits for the certified rehabilitation of both residential and income-producing historic properties (25 percent beginning in 1999).*
- *Heritage Areas Authority to assist in the creation and funding of Heritage Preservation and Tourism Areas.*
- *Preservation easement programs.*
- *Preservation grants and revolving loan funds.*
- *Main Street Maryland.*
- *Neighborhood conservation programs.*

Each of these programs is adding value to Maryland communities. Of special importance is Maryland's decision to shift capital spending to renovating, improving, modernizing, and adding to existing schools instead of primarily building new schools. In the most recent fiscal year, the vast majority of the State's capital improvement budget went to existing school locations. A specialized fund named the Aging Schools Program has been targeted to schools over 16 years old in need of repairs and modernization. In fact, most of the recipients of these funds aren't historic in the narrow sense of the word, but the neighborhoods surrounding these aging schools are older and historic. Good schools and historic neighborhoods belong together, and this rather modest program is helping that happen.



Few states have the valuable historic resources that Maryland has. Fewer still have the breadth of tools in place to protect and enhance that value. In the long run, the value that historic buildings add to the character of our cities and towns, to teaching children their own history, and to a community's overall quality of life—these values of historic preservation are far more valuable than can be quantified in dollars and cents. In the short run, however, preservationists, public officials, and especially Maryland citizens should understand that historic preservation has extraordinary value as an economic resource as well.



# SOURCES & ACKNOWLEDGEMENTS

*Achieving Environmentally Sensitive Design*, Maryland Office of Planning, 1995  
*Adequate Public Facilities*, Maryland Office of Planning, 1996  
*Annual Report*, Maryland Office of Tourism Development, 1996, 1997  
*Business & The Arts*, *Warfield's Business Record*, 1995  
*Canal Place Management Plan*, Wallace, Roberts and Todd, 1995  
*Clustering for Resource Protection*, Maryland Office of Planning, 1994  
*Community Heritage Investment Tax Credit: Estimated Fiscal and Economic Impacts*, Legg Mason Realty Group Inc., 1996  
*Design Characteristics of Maryland's Traditional Settlements*, Maryland Office of Planning, 1994  
*Destination Maryland*, *Mid-Atlantic Magazine*, 1996  
*Economic Benefits of Historic Preservation in Maryland*, Maryland Historical Trust, 1987  
*The Economic and Fiscal Impact of Rehabilitation Projects Assisted with Maryland Historical Trust Historic Preservation Grants and Loans*, Government Finance Group, Inc. and Legg Mason Realty Group, 1996  
*Local Historic Districts Economic & Fiscal Impact*, Lipman Frizzell & Mitchell, LLC, 1998  
*Managing Maryland's Growth: Models and Guidelines*, Maryland Office of Planning, 1992  
*Maryland Celebrates History*, Office of Tourism Development, 1997  
*Maryland Celebrates '97*, Office of Tourism Development, 1997  
*The Maryland Heritage Preservation and Tourism Areas Program*, Maryland Historical Trust  
*Maryland's History Museums*, Economic Research Associates, Inc. (Unpublished), 1996  
*National Freeway (Interstate 68) Scenic Corridor Study*, Maryland Office of Planning, 1995  
*Preservation Vision 2000: The Maryland Plan*  
*Regional Multipliers: A User Handbook for the Regional Input-Output Modeling System (RIMSII)*, U.S. Department of Commerce, 1992  
"Restoring Communities and Making Them Livable: The Flip Side of Sprawl", (speech) Richard Moe, 1998  
Selected newspaper articles on historic preservation, heritage tourism, central business district, and residential area redevelopment, assembled for Maryland Annual Preservation, Conservation and Revitalization Conference, Maryland Office of Planning, 1996  
*Smart Growth and Neighborhood Conservation*, Maryland Office of Planning, 1998  
*Sprawl Costs Us All*, Pelly, Becker, Bohlen, Winter, Husley, 1997  
*State Transportation Enhancements Program Profile*, (Summary Report), Maryland Department of Transportation, 1997  
*Tax Certified Rehabilitation Projects, 1978-1998*, (Internal Records) Maryland Historical Trust  
*Utilities & Downtown Revitalization*, The Maryland Downtown Development Association, 1996  
*Urban Growth Boundaries*, Maryland Office of Planning, 1995  
502-H Projects, (Internal Records), Maryland Historical Trust, 1988-1998  
*Visitation Survey Data*, Office of Tourism Development, 1998  
*Achieving Environmentally Sensitive Design*, Maryland Office of Planning, 1995

*Special thanks to the following individuals who assisted with the research for this report:*

Joe Cronyn, *Lipman Frizzell & Mitchell*  
Sue Dupont, *Maryland Office of Planning*  
Bob Goodman, *Maryland Department of Housing and Community Development*  
Albert Feldstein, *Maryland Office of Planning*  
JoEllen Hensley, *Maryland Historical Trust*  
Stacy Hopkins, *Office of Tourism Development*  
Jay Ladin, *Department of Budget and Planning*  
Jim Noonan, *Maryland Office of Planning*  
William Pencek, *Maryland Historical Trust*  
Cindy Stone, *Main Street Maryland*  
Barbara Strein, *Public School Construction Program*  
Michael Styer, *Maryland Film Commission*  
Jane Traynham, *Maryland Office of Planning*

PHOTO CREDITS:

Tyler Gearhart, Preservation Maryland  
cover, *Hampton National Historic Sites; Victorian House*  
page iv, *Mt. Vernon, National Colonial Farm Museum*  
page 4, *Fells Point*  
page 6, *Antietam National Battlefield*  
page 11, *Mt. Vernon*  
page 12, *Antietam National Battlefield*  
page 13, *new construction, abandoned rowhouses*

Bill McAllen Photography  
cover, *Chesapeake Bay*  
page v, *Annapolis*  
page 2, *construction workers*  
page 3, *St. Michaels*  
page 9, *St. Mary's City*  
page 14, *landscape*  
page 16, *Constellation*

Mark Praetorius, Maryland Office of Planning  
page 15, *Ellicott City*

Dave Tillman, Maryland Department of Housing  
and Community Development  
cover and page 2, *American Can Company*  
page 7, *store owners*  
page 5, *Casselman Bridge*  
page 11, *children*

Maryland Historical Trust  
cover and page 12, *Western Maryland Railroad*  
page 8, *Westminster*

---

This publication has been financed in part with funds from the Maryland Historical Trust, an agency of the Department of Housing and Community Development of the State of Maryland. However, the contents and opinions do not necessarily reflect the views or the policies of the Maryland Historical Trust or the Department of Housing and Community Development.



**PRESERVATION MARYLAND**  
24 West Saratoga Street  
Baltimore, Maryland 21201  
Telephone: 410.685.2886  
[www.PreserveMd.org](http://www.PreserveMd.org)

NON PROFIT ORG.  
US POSTAGE  
**PAID**  
BALTIMORE  
PERMIT NO. 7630