

EXECUTIVE SUMMARY

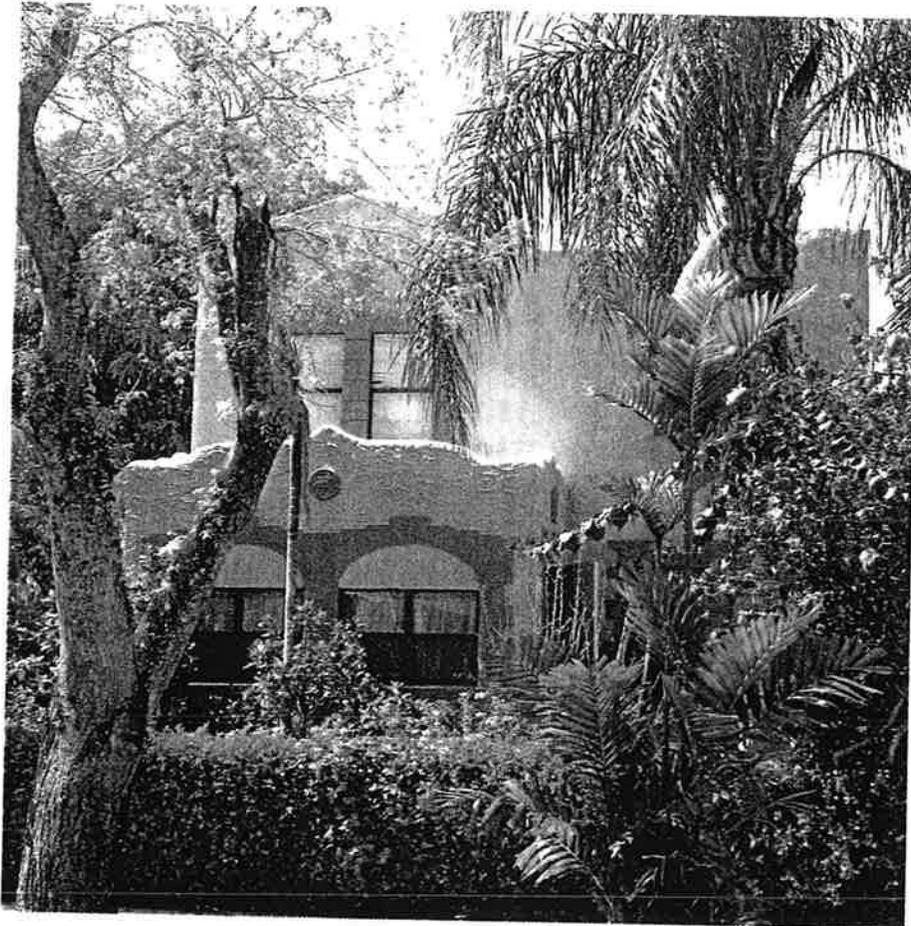
ECONOMIC IMPACTS OF HISTORIC PRESERVATION IN FLORIDA

Update, 2010



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Introduction, Findings & Summary of Benefits

INTRODUCTION

Florida has a deep, rich history as wild and vivid as the lush vegetation and uncontrolled waters that once covered the peninsula. Just like the natural environment, many of Florida's historical features have given way to development, weather, and growth. However, from the forts of Pensacola or St. Augustine to the quaint structures of the Keys, from rural cracker farmsteads and restored Victorian neighborhoods to the mansions of the Gilded Age or the art deco and mid-century modern buildings of South Florida, this State contains a rich and exciting heritage. Its past is reflected by its architecture – all the courthouses, churches, shipwrecks, lighthouses, and other beloved historic structures that make this place special. Today, thanks to concerned citizens and business leaders, working in partnership with local and state governments, Florida continues to offer its citizens and visitors alike the chance to experience the adventures and memories of the past alongside the escapes and everyday life of the present.

With an eye to maintaining its historic treasures, the State of Florida – and its local government and private partners – invests millions of dollars annually in preserving that history for future generations to enjoy, study, and embrace.

This study shows how those investments have a widespread impact in real dollars and presents a snapshot of some successes that preserve Florida's past for future generations.

This executive summary presents the stories of the people and events that gave these places significance yesterday, being told by the people who give them value today. The value of the stories can be measured in actual dollars brought into the state and local community in revitalized downtowns and neighborhoods. The value also can be a memory, a monument, or a tradition.

UPDATE OF 2002 STUDY

In September 2002, "Economic Impacts of Historic Preservation in Florida" was published by the Florida Department of State, Division of Historical Resources and the Florida Historical Commission. The study and report were prepared by the Center for Governmental Responsibility, University of Florida Levin College of Law, and the Center for Urban Policy Research, Rutgers, The State University of New Jersey School of Planning and Public Policy. That report was widely circulated after its first printing and made available online by the Division of Historical Resources at: http://www.flheritage.com/files/economic_impact.pdf. Since its publication in 2002, the report has been reprinted several times.

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THE STORIES OF THE
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Riverside-Avondale
Historic District,
Jacksonville

Florida Historic Districts and Property Values

INTRODUCTION

During the period 2001-2009, the Florida economy emerged from a mild recession and then followed the national economy from boom to bust. This change is reflected in Florida's real estate landscape. From 2000 until about 2007, Florida benefitted from a strong housing market. Because housing and the Florida economy are closely linked (with housing rising from 20% of the economy in 2000 to nearly a quarter in 2006), the housing bubble stimulated both the State's economy and provided employment in unprecedented numbers. Unfortunately, this growth was not sustainable.

Although Florida has traditionally been an economic growth leader in the United States, the reversal since 2007 has been stunning, with Florida falling further than most other states. The lowering of interest rates after the 2001 recession and the emergence of risky financing vehicles such as sub-prime mortgages, made real estate a major factor in the economic downturn from which both Florida and the United States are still struggling to emerge.

After years of accelerating increases in home prices throughout Florida, economists indicate that the decline in prices began around mid-year 2006. The eventual drop approached 50% in some places, and the collapse in home

prices drained many Floridians of their net worth. Many homeowners were left with mortgages worth far more than the real value of their homes. The Case-Shiller housing price index for the Miami area (including Miami-Dade, Broward and Palm Beach counties) shows a peak in home prices in December 2006. Since then the index has plummeted some 47% (as of May 2010). Likewise, the index for Tampa (Hillsborough, Pinellas, Pasco and Hernando counties) peaked in May 2006, and has since fallen 43%. In both Florida cases, this collapse represents a fall back to 2003 prices. In comparison, Case-Shiller's 20 City U.S. housing price index also peaked in May 2006 and declined some 32% through May 2009. Since that time, however, the 20 City U.S. housing index has increased some 10% while no gain is seen for Miami and Tampa, the Florida markets tracked by the index.

Evaluating home values over the past decade presents a challenge to the researcher. The early part of the decade, from 2001-2006 generally show a wild gain in all property values, reflecting the real estate bubble. Since 2006 or

2007, all property values have fallen in Florida, though they did not decline at the same time or at the same rate, nor were all parts of Florida equally affected. However, as the continued

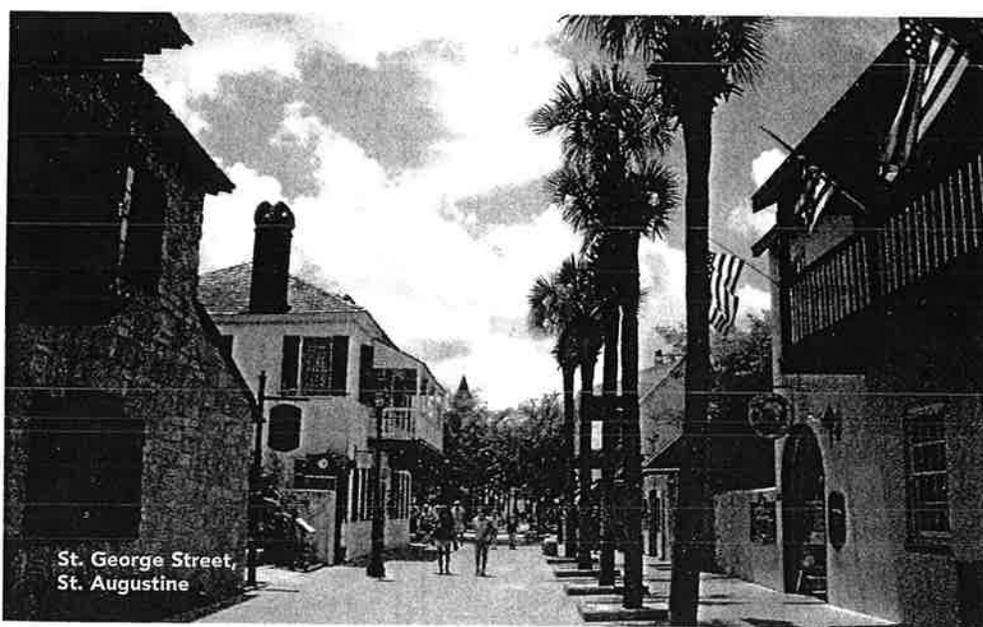
declines in the Case-Shiller index show, it is likely that Florida home values will continue to decline for some time yet. However, the time constraints placed on this study meant that it can only present an interim report card on how historic properties in Florida are performing in

the current downturn.

THE HOUSING BUBBLE STIMULATED BOTH THE STATE'S ECONOMY AND PROVIDED EMPLOYMENT IN UNPRECEDENTED NUMBERS. UNFORTUNATELY, THIS GROWTH WAS NOT SUSTAINABLE.

COMPARATIVE PROPERTY VALUES ANALYSIS

The current property values study represents a continuation of the study in the 2002 *Economic Impacts of Historic Preservation* report, which compared values for 1992, 1997 and 2001. Researchers used the same districts and comparison neighborhoods as in the earlier study where possible, adding only the Tallahassee comparison, and adding additional comparisons where, as in Lakeland and West Palm Beach, a neighborhood previ-



SUSTAINABILITY

An important additional value to historic preservation lies in its contribution to sustainability and energy efficiency.

Historic buildings are, by their nature, sustainable because their initial construction occurred with physical comfort in mind.¹ Built long before modern systems made structures more comfortable, historic buildings incorporated innovative ways to light, heat and cool buildings. Windows were constructed to enhance ventilation and lighting. Canopies, awnings, shutters, porches, balconies and shade trees helped control heating and cooling. Additionally, the historic buildings were fashioned from stronger, longer lasting materials.² The demolition of existing buildings likewise adds further waste to already burdened landfills.

Preservationists want to protect the historic and cultural integrity of buildings, and environmentalists want to protect the earth through "green" building practices. The two goals are not mutually exclusive, but identifying techniques for "greening" the historic buildings is an expanding challenge for researchers, architects, builders, and decision-makers.

National efforts have achieved "green" building standards aimed at constructing buildings that conserve energy. The U.S. Green Building Council and the U.S. government have created a point-based system for evaluating the energy efficiency in buildings, the LEED system, which stands for Leadership on Energy and Environmental Design. The LEED system awards points in five categories, including: indoor environmental quality; sustainable sites; water efficiency; energy and atmosphere; and materials and resources.³ LEED recently adopted a new LEED-EB standard for existing buildings that better allows recognition of historic structures.

While historic buildings rate well on matters of indoor environmental quality and materials and resources, they do not fare so well in the other three categories. As a result, historic buildings often are not rated as high as newer, completed energy-efficient structures.

Preservationists fear that "green" renovations to historic buildings may sometimes harm their historic integrity. They point out that historic buildings contain a certain "embodied energy" that is defined as a value that includes what it takes to extract, prove, manufacture, transport and install building materials. They estimate that a new energy-efficient building doesn't start saving energy for 40 years.⁴

Although many energy-efficient technologies are new, efforts are underway to incorporate new technology in ways that preserves the historic character of older buildings.

¹ "Preservation Briefs" of National Park Service, U.S. Department of Interior: www.nps.gov. "Conserving Energy in Historic Buildings", Baird M. Smith, AIA.

² "Main Street Minute", Published by Florida Main Street, August/September 2008.

³ U.S. Department of Energy, "Trends in LEED and where do historic buildings fit in," U.S. Green Building Council, October 2005.

⁴ "Main Street Minute", Published by Florida Main Street, August/September 2008.

ously used for comparison purposes had been designated as historic since 2001.

Working with the Geoplan Center at the University of Florida College of Design, Construction and Planning, researchers examined more than 20,000 parcels of property in eighteen historic districts and twenty-five comparison neighborhoods for this study. Using the reports from county property appraisers, researchers compared the just values of single family residential property during the period from 2001-2009. Cities and years studied included:

- ❖ Jacksonville (2001, 2006, 2007, 2009)
- ❖ Gainesville (2001, 2006, 2007, 2008, 2009)
- ❖ Ocala (2001, 2006, 2007, 2009)
- ❖ Tampa (2001, 2006, 2007, 2009)
- ❖ St. Petersburg (2001, 2006, 2007, 2009)
- ❖ Lakeland (2001, 2006, 2007, 2009)
- ❖ West Palm Beach (2001, 2006, 2007, 2009)
- ❖ Lake Worth (2001, 2006, 2007, 2009)
- ❖ Tallahassee (2001, 2006, 2007, 2009)

FINDINGS

Notwithstanding the difficulties caused by the ongoing recession and the general decline in property values in Florida starting in 2006, researchers found that:

- ❖ Historic designation does not itself depress property values, and indeed properties located in a recognized historic district generally maintained their value during the period 2006-2009 better than did other comparable non-historic properties (or did not lose as much value).
- ❖ In at least twelve of the eighteen cases studied, property in the historic district appreciated greater than target non-historic areas for the period 2001-2009. In only two cases (one Gainesville comparison and one West Palm Beach comparison) did property in a non-historic neighborhood appreciate at a significantly higher rate than in the historic district. Four comparisons were inconclusive or had mixed results.

JACKSONVILLE

Jacksonville's Riverside/Avondale Historic District is situated along the St. John's River very near to downtown Jacksonville. The district, which is both a *National Register* and local historic district, contains some 3,000 homes and small apartment buildings, and dates from the 1870's through the 1930's. Project staff compared Riverside/Avondale with the adjoining Ortega neighborhood and with San Marco, another waterfront neighborhood on the south side of the St. John's River. Both these neighborhoods were developed since the 1920's and contain a variety of older and newer homes. Ortega was listed in the *National Register* in 2004, but has no local historic designation. Argyle, in south Duval County, is the final comparison neighborhood, and was developed as a residential neighborhood from the mid-1980's.

As the charts show, single family residential property in Riverside/Avondale outperformed the comparison neighborhoods for the 2001-2007 and the 2001-2009 periods. The decline in value from 2007-2009 was likewise less than in the comparison neighborhoods and in Duval County.

LAKELAND

Situated in Polk County, midway between Orlando and Tampa, Lakeland has been a very attractive community with nearly every neighborhood benefitting from at least one of the many beautiful lakes that give the town its name. South Lake Morton Historic District is a residential middle class neighborhood developed from 1900 through 1940. Both a local historic district and in the *National*

Register, South Lake Morton sits next to Florida Southern College which is itself a significant historic landmark with numerous buildings designed by acclaimed architect Frank Lloyd Wright. The adjoining Cumberland neighborhood to the east, with homes from the 1920's to the 1950's was one of the comparison neighborhoods for the 2002 study. However, Cumberland was placed in the *National Register* in 2004. Lake Hollingsworth to the south, Lake Horney to the east of Florida Southern College, and Lakeshore which sits alongside Lake Parker to the north, were added as comparison neighborhoods.

This was one of four comparisons done in Lakeland. Researchers found that single family residential property in the South Lake Morton historic district outperformed property in the comparison districts and in Polk County for the 2001-2006, 2006-2009 and the 2001-2009 periods. These results are shown in the accompanying chart.

WEST PALM BEACH

The Flamingo Park Historic District was designated as a local historic district in 1994, and listed in the *National Register* in 2000. This residential neighborhood contains a variety of mostly single-family residences dating from 1920 through about 1940. The adjacent neighborhood of Sunshine Park was developed at about the same

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time period and shares many of the characteristics of Flamingo Park. Both neighborhoods benefitted from their proximity to the new mixed use developments in downtown West Palm Beach.

The close similarity between Flamingo Park and Sunshine Park is reflected in the almost identical behavior of their respective property values for all periods from 2001-2006, 2006-2009 and 2001-2009. Although both the district and comparison





neighborhood gained value at a significantly higher rate than did all Palm Beach County single-family residential property from 2001-2006, property in the two comparison areas showed comparable declines in value for the period 2006-2009 as with other Palm Beach County property.

GAINESVILLE

The Northeast Historic District is one of Gainesville's oldest and best-preserved residential neighborhoods. Both a local and *National Register* district, the Northeast Historic District consists of some 160 acres with homes dating from 1875 through 1920. Starting in the 1990's, the Northeast Historic District benefitted from a great deal of rehabilitation activity. For this study, researchers continued the comparison with the Golfview Estates subdivision, a single-family residential neighborhood in southwest Gainesville near the University of Florida campus (and bordering the university golf course). Golfview was developed from about 1950 through 1980.

Although the earlier 2002 study had shown the Northeast Historic District outperforming Golfview for

the period 1992-2001, property in Golfview outperformed the historic district for the period 2001-2007. However, since 2007, property in the historic district has held its value better than in the comparison district.

TAMPA

The Hyde Park Historic District is Tampa's oldest and best-preserved residential neighborhood. It was listed in the *National Register* in 1985, and contains some 1700 structures in a variety of styles dating from the 1880's through the 1930's. As with the 2002 study, researchers compared Hyde Park with the residential neighborhood on Davis Island which faces it across Tampa Bay.

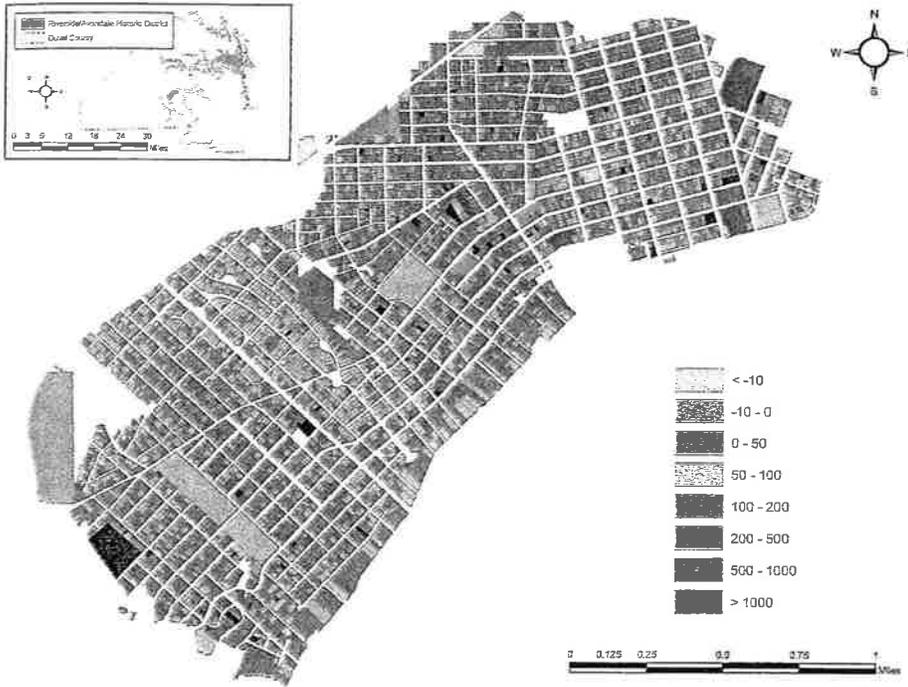
While Hyde Park Historic District Property significantly outperformed Davis Island property during the period of the earlier study (1992-2001), Davis Island property in turn outperformed the historic district during the period 2001-2006. During the downturn since 2006, however, the historic district saw a smaller decline in value than did the comparison neighborhood or Hillsborough County single-family residential property in general.

TALLAHASSEE

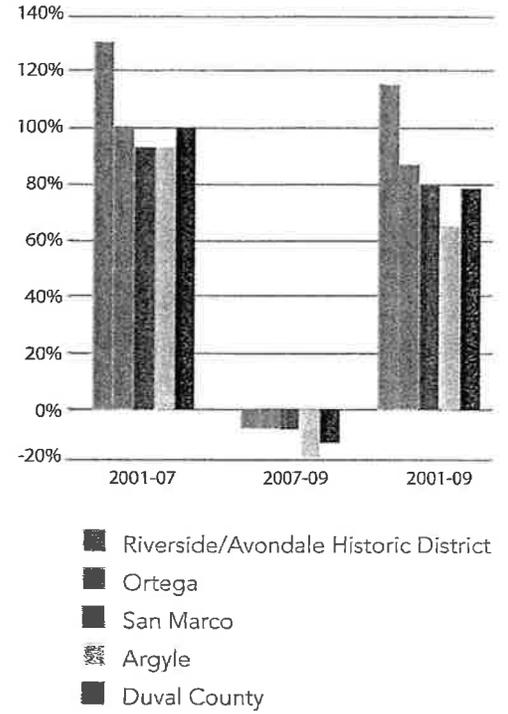
The one completely new comparison added since the 2002 study is in Tallahassee. Myers Park Historic District is located near downtown and the park of the same name and surrounding the Capital City Country Club. One of Tallahassee's first planned neighborhoods, Myers Park was developed mainly from the 1920's through the 1950's. The Melrose Park, Talaflo Terrace and Franklin Park subdivisions to the north were developed mainly from the 1940's and are commonly referred to as the Old Town Neighborhood. Old Town was compared with Myers Park.

Single-family residential property in Myers Park outperformed the comparison district during the 2001-2006 period. However since 2006, the historic district seems to have registered larger declines than the comparison district, though its declines approximate those of Leon County. Still, for the period 2001-2009, Myers Park showed a greater increase in values than both Old Town and Leon County in general.

Riverside Avondale Historic District PERCENT CHANGE OF JUST VALUE 2001-2009



Jacksonville Single Family Residential Property JUST VALUE, 2001-2009



South Lake Morton Historic District PERCENT CHANGE OF JUST VALUE 2001-2009



Lakeland Single Family Residential Property - JUST VALUE, 2001-2009

