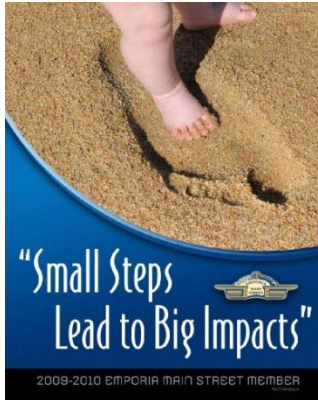


Do YOU want to Improve the Economy?

Think Preservation and Revitalization!



It was my third day on the job last March and I was standing in front of the City Council (not exactly the place where the "new guy" wants to be). We were discussing a potential Historic District from the 300 Block of Commercial Street to the 800 Block of Commercial Street, and I got a question from Commissioner Agler: "How have these historic projects effected other cities in the state? I think we need more information..." I responded with some empirical evidence and the ever present desire of many communities throughout the nation to develop historic districts as a way to encourage economic development in core areas. The city chose not to support a historic district at that time, and I set out to learn the **exact** impact of historic preservation projects on Main Street communities throughout the state of Kansas. Outside of normal working hours, I've spent the last several months compiling national data and quarterly report data from Kansas Main Street

Communities that detail the exact financial impacts of preservation activities upon defined geographic areas, and I compared those activities to other economic development packages. Below is a small sample of what I have learned:

Methodology- Some of what is reported below is cited from other sources, primarily the economist Donovan Rypkema ([Donovan Rypkema's information can also be found as a series of "bytes" on the Kansas Main Street Facebook Fan Page site](#)), but the majority of the data points below are collected from studying sixteen of the twenty-five Main Street communities in Kansas. Each Main Street Community is required by the state to provide quarterly report numbers that detail all economic activity within a given geographic area in well defined statistical categories. The information within those quarterly reports were distributed to me by participating communities at my request and then cross referenced with historic projects within effected reporting districts. All data points were arranged chronologically, and analytical data was collected for each statistical category for the two years prior to the completion of a project using historic tax credits, the year of project completion and the two years following the completion of a project utilizing state historic tax credits.

State findings- The results realized when combining the Main Street four-point approach of sustainable development with the Historic Tax Credit system (common in historic districts) are undeniable. Façade projects completed after a Tax-Credit funded historic project completion increased by nine percent. Building Rehabilitations and New Construction after a historic tax project soared twenty four percent. During the year of a historic tax credit project completion, dollars spent on building rehabilitations and new construction within reporting districts increased a whopping one hundred and fifty seven percent, and steadily increased by twelve percent the two years following the completion of a historic project. New businesses openings during the year a historic project was completed increased by nine percent when compared to the two years preceding the historic preservation activity. Businesses lost in the two years following a State Historic Tax Credit project dropped an astounding forty-two percent. Jobs created during a historic project year increased nearly six percent; while jobs lost during a project year dropped thirty-one percent and thirty-six percent the two years following a historic projects completion. And, while the nation as a whole has experienced job turmoil, the sixteen reporting Main Street cities have realized a net average job gain of thirty-one percent in the last two years within their downtown districts.



According to national economist [Donovan Rypkema](#): "Here in Kansas a million dollars spent in the rehabilitation of an historic building adds 23 jobs to the local economy. That is 5 more jobs than is created

by a million dollars of new construction in Kansas and 7 more jobs than a million dollars of manufacturing output in Kansas."

"Here in Kansas a million dollars spent in the rehabilitation of an historic building ultimately adds \$734,000 in household income to the state's economy. That is \$162,000 more in household income than is created by a million dollars of new construction in Kansas and \$256,000 more in household income than a million dollars of manufacturing output in Kansas."



What does that mean for Emporia?- According to the Small Business Administration, 85% of all jobs in Kansas reside in small businesses (businesses with twenty or less employees). Over the last year, independent perception surveys conducted by the Emporia Main Street Business Enhancement Committee have identified the word "variety" as one of the top "wants" for shopping, dining, entertainment and services. While that may seem fairly simple (people do like choices), it does point to the desire in the community for a diverse economy, i.e. lots of small businesses. We know that most small businesses locate in pre-existing structures, we know that small businesses generally offer variety without seeking to eradicate forms of competition and we know that small business recruitment,

development, transition, maintenance and expansion is realistic in Emporia because we do it every day. In other words, this data gives us a realistic road map on HOW we should develop, WHY we should develop that way and the importance of preserving pre-existing structures instead of simply bull dozing or doing green-fiend development. If you had the chance to go after 85% of a market or 15% of a market, which would you choose?

International Impact Studies- [Again, from Donovan Rypkema](#): "*The European Heads of Heritage Forum spent their meeting last spring talking about heritage stimulus during an economic recession. Here was part of the EHHF statement: All the evidence demonstrates that investment in heritage is an inherently sustainable, long term, and measurably successful solution to economic recession.*

Norway, France, Slovakia, the Netherlands, Luxembourg, Canada, Australia, Hong Kong - every one of them had specific funding for historic preservation in their own stimulus plans. Why? Heritage conservation creates jobs. It creates jobs in the sector most seriously impacted by this recession. It creates jobs where there is a significant shortage of skills. It has extraordinary impact on local economies. And it invests in assets that are both sustainable and long term.

In November the results to date from the stimulus plan were announced. The Washington Post had this as the lead paragraph: The White House on Friday embraced reports showing that the \$159 billion in grants and loans made so far under the economic stimulus package has created or saved about 640,000 jobs. OK, that sounds good. But make the next calculation. 640,000 jobs for \$159 Billion works out to \$248,000 per job. I want to apply for one of those jobs.

A week later the Australian government announced the impact of the heritage investment component of their stimulus plan. And keep in mind that Australia's building and labor costs are not much different than ours. The cost per job created? \$21,818. In other words the cost effectiveness of that program was eleven times the cost effectiveness of whatever (we) spent the money on. Or to put it another way, for the same expenditure they created 11 jobs for every 1 we created."

Comparison to other types of Economic Development Program Incentive Packages- Do the same types of economic impacts exist for all other forms of development incentives? In a word, no. In [St. Louis, the retail development strategy utilizing Tax Increment Financing \(TIF\) was summarized in this way: "Focusing development incentives on expanding retail sales is a losing economic development strategy for the region"](#) . Similar statements have been made about financing packages in Kansas City,

Wichita and other area communities. It's not that these packages are inherently bad, but studies conducted questioned the use of financing packages in areas that were not "blighted" compared to the rest of the community, specifically in areas that were "suburbanized" or "sprawling". In the Economic Stimulus packages advocated on a federal level by both Republican and Democratic Administrations, one job was created for approximately every \$248,000 spent, and when compared to the national and international studies cited above, it becomes clear that when we view our tax dollars as investments in different types of economic development packages, the best bang for our buck comes from sustainable development and preservation activities.

Priorities- We need reinvestment in our communities, job growth, business diversity and general economic activity. The question is, what gives us the best bang for our buck? Preservation, sustainable development and small business focus! Things that help the profitability of our existing properties, like upper story redevelopment, adhering to the concepts detailed in the Community Initiated Development plan and minimum maintenance expectations are all things that can help create an atmosphere for business success. Realizing that we must differentiate ourselves from our much-larger surrounding neighbors, and taking concrete steps to support our existing commercial inventory are just part of the priorities we as members of our community must adhere to in order to create success. To paraphrase a editorial comment made by our local Emporia Gazette after the loss of Hills Appliance Store, we must decide if we will be a community of two or three big boxes, or several small businesses. Emporia, what is our priority?



Last Wednesday, Emporia Main Street board members met with the Kansas Main Street director to discuss goal setting and bench marks for the next five years. Over the past year, we have collected YOUR opinions on a variety of topics utilizing paper and electronic surveys, talking to you individually, meeting with you in committees and listening to you at monthly mingles. However, we want to make absolutely sure your voice is heard! e-mail Emporia Main Street at main.street@emporia-kansas.gov and let us know your vision for Emporia, and how you would like Emporia Main Street to aid you in achieving YOUR vision. We have goals, but goals without action simply are sheets of paper gathering dust on a shelf, and that's not what we are about. Help Emporia Main Street create a brighter future for all of us! Get involved with Emporia Main Street today!

[For past editions of the Emporia Main Street E-News, check out our E-News archives by clicking HERE.](#)

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