THE ECONOMIC POWER OF HERITAGE AND PLACE

HOW HISTORIC PRESERVATION IS BUILDING A SUSTAINABLE FUTURE IN COLORADO
THE ECONOMIC POWER OF HERITAGE AND PLACE
HOW HISTORIC PRESERVATION IS BUILDING A SUSTAINABLE FUTURE IN COLORADO

Prepared for the Colorado Historical Foundation and funded by a State Historical Fund grant from History Colorado

Prepared by
Clarion Associates of Colorado, LLC
October 2011
Overview | 1
The Power of Preservation in Colorado | 1

Introduction | 2
Organization of this Report | 2

Preservation and the Economy | 6
Preservation of Historic Resources | 7
Case Study: Putting Main Street® to Work in Brush | 14
Case Study: Growing Local Businesses in Historic Olde Town Arvada | 15
Heritage Tourism | 18
Case Study: Creating Jobs through Preservation in San Juan County and Silverton | 20

Preservation and Communities | 22
Property Values and Neighborhood Stability | 23
Case Study: Building Community through History Colorado Museums and Historic Sites | 30

Preservation and the Environment | 32
Case Study: Hydroelectric Power Generation at San Juan County’s Historic Shenandoah—Dives Mill | 34
Case Study: Sustainable Management of Historic City Facilities in Steamboat Springs | 35
Case Study: Alliance Center, A Home for Green Organizations | 36
Case Study: Sustainable Rehabilitation of Emerson School | 37

Acknowledgments | 38

About this 2011 Update

In 2001, the Colorado Historical Foundation kicked off a major effort to regularly identify, study, and document the economic benefits of historic preservation in Colorado. The first study was released in 2002 and received the 2003 Stephen H. Hart Award from History Colorado for “Outstanding Achievement in Preserving Colorado’s Cultural Heritage.” An update to the first report was released in 2005.

This report summarizes a major update of the research that concluded in 2011. It carries forward and updates many of the significant issues addressed in previous editions. It also contains important new features, including:

- a new overall focus on the relationship between historic preservation and sustainability;
- new case studies that document recent success stories of how preservation creates jobs and generates positive economic impacts around the state; and
- highlights from similar studies of the benefits of historic preservation from throughout the country.

Overview

The Power of Preservation in Colorado

Colorado citizens can easily understand and appreciate the economic benefits of historic preservation. In their own neighborhoods they can see first-hand how preservation boosts local economies by creating jobs and household income, leveraging capital, and encouraging reinvestment in local communities. This report identifies and explains preservation’s significant economic benefits, both at the local level and for the state as a whole, and also for the owners and users of historic properties.

The benefits of preservation are not just economic. This report shows how preservation supports long-term community sustainability by revitalizing neighborhoods, raising and protecting property values, and preserving cultural traditions. Historic preservation also helps the environment by promoting energy efficiency and the conservation of natural resources.

In summary, the benefits of historic preservation in Colorado are substantial:

- **Preservation Creates Jobs.** Approximately 32 new jobs are generated for every $1 million spent on the preservation of historic buildings. Since 1981, historic preservation projects in Colorado have created almost 35,000 jobs and generated a total of nearly $2.5 billion in direct and indirect economic impacts. Acquisition and development projects supported by State Historical Fund grants have leveraged approximately $4 million in additional funds for each $1 million in grant funding, meaning that public investment in preservation is paying off for Colorado. In addition to creating jobs and income, preservation also is a key driver behind the state’s powerful tourism industry, providing interesting and unique historic destinations for visitors in every corner of the state, from Durango to Sterling, and from Steamboat Springs to Rocky Ford. In one year alone (2008), heritage tourism in Colorado generated $244 million in visitor spending.

- **Preservation Builds Strong Communities.** Designation of local historic districts stabilizes and strengthens neighborhoods by protecting their character, typically enhancing property values as a result. Preservation programs also foster community pride, learning, and creativity, thus making historic neighborhoods desirable places to live and work. Beyond protecting history and improving aesthetics, preservation also creates cultural vitality and defines community identity, which helps communities attract visitors and engage volunteers.

- **Preservation Protects the Environment.** Preservation is a natural partner with sustainable development and environmental stewardship. Through preservation, communities are able to address many environmental goals such as conserving energy, reducing waste, curbing sprawl, and improving air quality. In fact, one of the most environmentally friendly development practices is the decision to repair and reuse an existing building, rather than replace it, especially when considering the overall life-cycle costs and energy use of the building.

Cover photos (clockwise from upper left): County courthouse restoration, Logan County (photo courtesy of AE Design Associates); Avery Building restoration, Old Town Fort Collins; Shenandoah-Dives Mill, Silverton; Bastiens Restaurant and Steakhouse, Denver
**INTRODUCTION**

Historic preservation has contributed to Colorado’s economic growth and well-being for decades. Starting in 2001, the Colorado Historical Foundation and History Colorado (formerly known as the Colorado Historical Society) partnered together to regularly identify, study, and document the economic benefits of historic preservation in Colorado. An update to the original report was published in 2005.

In terms of organization, each of these studies examined the benefits of preservation at two levels:

- At the statewide level, the reports documented the economic benefits of preservation by looking at the cumulative impacts of the rehabilitation of historic buildings, heritage tourism, and statewide economic development programs such as Colorado Main Street®.

- At a more focused level, the reports documented the economic importance of preservation for the owners and users of historic properties, looking at issues like property value trends in historic districts and the relationship of affordable housing to preservation.

This report continues to examine the economic benefits of historic preservation in Colorado at these levels; it also introduces new topics to further explain the benefits of historic preservation to the state and its communities.

**Organization of this Report**

Sustainability is a concept that individuals, organizations, businesses, and communities throughout the state, nation, and world all embrace. While sustainability embodies numerous definitions that vary depending on context, simply put it is about endurance, longevity, and the ability to thrive.

The overarching theme of...
As defined by the Brundtland Commission of the United Nations, sustainable development is “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” Many view sustainability as an ongoing effort to achieve balance between three or more “pillars” or core components: economic vitality, environmental stewardship, and social responsibility.

In the context of historic preservation, “sustainability” refers to not only the physical development of buildings and places, but also economic resiliency and prosperity, the conservation of resources, the strengthening of people and communities, and the protection of history and culture. The National Trust for Historic Preservation’s position on sustainability is that “historic preservation can—and should—be an important component of any effort to promote sustainable development. The conservation and improvement of our existing built resources, including reuse of historic and older buildings, greening the existing building stock, and reinvestment in older and historic communities is crucial to combating climate change.”

Because the many benefits of historic preservation are so closely intertwined with sustainability, the overarching theme of this report is sustainability. As illustrated in the diagram at left, this report addresses how preservation enhances sustainability in Colorado through its many economic, community, and environmental benefits.

The major chapters of this report include Preservation and the Economy, Preservation and Communities, and Preservation and the Environment. Each chapter is color-coded to help relate the section back to this overall theme of sustainability. In addition, small versions of the sustainability graphic at left are included at the beginning of each chapter to quickly illustrate the types of benefits that are discussed within the chapter (economic, community, or environmental).
In 2011, History Colorado published *The Power of Heritage and Place*, the statewide plan for historic preservation in Colorado. The plan establishes a vision and action agenda for preservation in the state through the year 2020. The action agenda is organized around six goals that will guide statewide, regional, and local preservation efforts:

**GOAL A: Preserving the Places that Matter**—The ongoing identification, documentation, evaluation, protection, and interpretation of Colorado’s irreplaceable historic and cultural resources.

**GOAL B: Strengthening and Connecting the Colorado Preservation Network**—Building the capacity of preservation partners and networks statewide to nurture local leaders and leverage assets.

**GOAL C: Shaping the Preservation Message**—The promotion and messaging of historic preservation’s mission and vision to all citizens.

**GOAL D: Publicizing the Benefits of Preservation**—The documenting and sharing of the benefits of historic preservation.

**GOAL E: Weaving Preservation into Education**—The education of students and citizens of all ages about their shared heritage.

**GOAL F: Advancing Preservation Practices**—The provision of historic preservation technical outreach to assist in defining, describing, and preserving Colorado’s historic and cultural resources.

This report, *The Economic Power of Heritage and Place*, is a companion document to the statewide plan. It provides quantifiable data, research, and findings to support Goal D and History Colorado’s efforts to publicize, document, and share the many benefits of historic preservation.
The 2011 Colorado research also included a review of various studies of the economic and other benefits of historic preservation conducted by states, communities, and organizations throughout the country. To provide a broad perspective about how widespread the benefits of preservation are, illustrative quotes from some of these various studies are highlighted in this document. For a complete bibliography, please refer to the 2011 Technical Report.

Studies reviewed include the following:


*Preservation at Work for the Nebraska Economy*, Nebraska State Historical Society, 2007 (cited on page 22).


Historic preservation benefits Colorado’s economy in many ways. To begin, the restoration, preservation, and rehabilitation of historic properties provides high-quality employment opportunities for workers in the construction industry. This includes jobs for those involved with specialized physical preservation work (like repairing historic windows or woodwork), as well as jobs in many related fields, including the manufacturing, supply, and distribution of building materials. These workers spend their wages on items such as food, health care, and other goods and services—expenditures that circulate throughout the economy and benefit businesses and local communities throughout the state.

The Colorado research shows that the job-creation potential of preservation activities is significant—approximately 32 new jobs are generated for every $1 million spent on preservation projects. Between 1981 and 2010, historic preservation projects in Colorado generated nearly 34,400 jobs (full-time employment for one person for one year), and approximately $843 million in household earnings. Estimated at having a total economic impact of $2.5 billion, the preservation of historic resources contributes to the Colorado economy in a tremendous way.

The economic benefits of preservation are not limited to the construction industry. Tourism also plays a vital role in the Colorado economy, as millions of tourists flock to the state each year to experience the Rocky Mountains and the state’s unique communities. Surveys consistently show that visitors to Colorado are especially drawn to destinations with historic character and attractions that are interesting and authentic. Visitors with these types of interests generally stay longer and spend more money in the state than other tourists. As a result, heritage tourism has become a major economic generator, providing significant income and thousands of jobs across the state.

In addition to detailing how historic building preservation and heritage tourism benefit the Colorado economy, this chapter also illustrates how historic preservation is creating jobs and strengthening Colorado’s communities. Important efforts in Brush, Arvada, and San Juan County serve as three examples of the many successful preservation and economic development initiatives occurring across the state.
Preservation of Historic Resources

The preservation of historic properties occurs in communities throughout the state, encompassing projects of all magnitudes and budgets, from small repairs to major rehabilitation and building restorations. This chapter focuses on preservation projects and activities that involve physical improvements to historic resources including rehabilitation, reconstruction, and restoration. Preservation projects not only improve the quality and appearance of historic resources, but can also enhance functionality and can return underutilized resources back to active use. For example, rehabilitation of a historic, unused office building might transform the facility into a new community center.

Many projects are eligible for, and take advantage of, the various economic incentives available to support historic preservation in Colorado. Three of the most well-established economic incentive programs available to Coloradoans include the following:

- **Federal Rehabilitation Tax Credit**—A 20–percent tax credit available for properties rehabilitated for commercial, industrial, or agricultural purposes.

- **Colorado State Rehabilitation Tax Credit**—A 20–percent tax credit for projects (including owner–occupied residences) with qualified rehabilitation expenditures totaling $5,000 or more (with a maximum credit of $50,000 per qualified property).

- **State Historical Fund Grants**—Competitive and non–competitive grant funds awarded for Colorado preservation projects with public benefit.

These three incentive programs help leverage private investment throughout the state, creating significant benefits for Colorado’s economy and communities. The economic benefits of these incentive programs are discussed on the following pages. The cumulative economic impacts of the preservation projects associated with these incentive programs are also examined and discussed at the end of this section.

“Historic preservation is more than creating museums. It involves bringing back to life old structures through restoration, adaptive reuse, and creative renovation. It also means injecting new life into an older neighborhood by constructing new structures that complement the existing community fabric and allow for pedestrian interaction.”


Preservation projects create jobs and help revitalize properties and communities (photo courtesy of David Singer).
Federal Rehabilitation Tax Credit

Established in 1976, the Federal Historic Preservation Tax Credit is a preservation incentive program administered by the National Park Service in cooperation with the Internal Revenue Service and state historic preservation offices throughout the nation. The principal incentive is a 20–percent tax credit to encourage private investment in the rehabilitation of historic structures.

The tax credit is available for properties rehabilitated for commercial, industrial, or agricultural purposes. It is also available for rental residential purposes, but not for exclusively owner–occupied residential properties. To be eligible for the credit, the property must be a “certified historic structure,” meaning it must be listed or eligible for listing on the National Register of Historic Places, or be a contributing property within a registered historic district. In order to receive the credit, the property rehabilitation must be consistent with the Secretary of the Interior’s Standards for Rehabilitation and be certified by the National Park Service.

The tax credit is for 20 percent of the total amount of “qualified rehabilitation expenditures,” which include the costs associated with the work undertaken on the historic building, development–related fees, and other construction–related costs. They reflect money spent on construction and other related activities—expenditures that help boost local economies throughout the state. The credit does not include costs of acquiring or furnishing the building, new additions that expand on the existing building, new building construction, or other facilities related to the building.

From 1981 to 2010:
- 374 projects in Colorado
- $526.1 million in total rehabilitation costs

From 1981 to 2010, a total of 374 projects have taken advantage of the federal rehabilitation tax credit in Colorado. These projects have infused millions of dollars into the state economy. The cumulative total of qualified rehabilitation expenditures for these 374 projects is approximately $526.1 million.

When this report was last published in 2005, the median cost of a Colorado federal rehabilitation tax credit project was $218,939 and the average cost was $1.6 million. Since 2005, 30 additional projects have been certified to utilize this tax credit with a median cost of $890,621 and an average cost of nearly $1.1 million per project.
Colorado State Tax Credit

Colorado is among 29 states with a state-level rehabilitation tax credit incentive program. Originally adopted in 1990, the Colorado state tax credit went into effect in 1991 and was reauthorized by the state legislature in 1999 and 2008. The available credit is 20 percent of $5,000 or more of approved rehabilitation on qualified properties, with a maximum credit of $50,000 per qualified property.

A “qualified property” is a property located in Colorado that is listed individually or as a contributing property in a historic district on the State Register of Historic Places, designated as a landmark by a Certified Local Government, or listed as a contributing property within a designated historic district of a Certified Local Government, and is at least 50 years old.

As with the federal tax credit, state tax credit rehabilitation projects must follow the Secretary of the Interior’s Standards for Rehabilitation. Projects taking advantage of the federal tax credit that have received the necessary federal approvals can claim the state credit on the basis of those federal approvals.

Qualified expenditures for projects include the “hard costs” associated with the physical preservation of a historic property (e.g., demolition and carpentry) but do not include improvements related to normal wear and tear, routine maintenance, or enlargements or additions.

Unlike the federal rehabilitation tax credit, the state tax credit is available for owner-occupied residences, and many of the state tax credit projects have been for that purpose. State tax credit projects are typically smaller in scale and cost than federal rehabilitation tax credit projects, although more state tax projects have been completed. From 1991 through 2010:

- A total of 951 projects in Colorado have used the state tax credit, with a cumulative total of qualified rehabilitation costs for these projects of approximately $98.5 million.
- The median qualified rehabilitation cost of a Colorado state tax credit project is $42,116 and the average cost is $103,641.

While the largest share (55 percent) of state tax credit projects are located in the Denver Metro region encompassing Adams, Arapahoe, Broomfield, Denver, Douglas, and Jefferson counties, all regions of the state and half of Colorado’s 64 counties have state tax credit projects.

Since the previous version of this report was published in 2005, 346 projects have filed to use the state tax credit.

**Summary: State Tax Credit**

From 1991 to 2010:
- 951 projects
- $98.5 million in total rehabilitation costs
**State Historical Fund**

Colorado’s State Historical Fund was created as part of a 1990 amendment to the state constitution authorizing limited-stakes gambling in three communities: Black Hawk, Central City, and Cripple Creek. State Historical Fund revenue comes from the state’s Limited Gaming Fund, which is in place to distribute the money generated from the gaming tax, application and license fees, and other Division of Gaming revenues.

Twenty-eight percent of the Limited Gaming Fund revenue is allocated to the State Historical Fund, with 20 percent of that amount returned to the three gambling towns for their use in local preservation projects. The remaining 80 percent of that amount is allocated to History Colorado, with the majority going to the State Historical Fund for use in preservation grants and projects throughout the state. In fiscal year 2010, History Colorado distributed more than $14.9 million from state gaming tax revenues.

State Historical Fund use is intended for preservation projects with public benefit, so only public entities and nonprofit organizations may apply for grant funding. However, many private entities and businesses have received funding by arranging for a public entity or nonprofit organization to apply for and administer a grant on their behalf; this is acceptable so long as there is a clear public benefit to the proposed project. In most instances, a minimum cash match of 25 percent of the total project cost is required from nonprofit and municipal applicants, though a larger cash match is sometimes provided. For privately owned buildings, grant seekers must bring a minimum cash match of 50 percent to the table.

Both competitive and non-competitive State Historical Fund grants are awarded for preservation projects. Competitive grants are awarded for three types of projects:

- Acquisition and Development (involving such physical work as the rehabilitation, preservation, restoration, or reconstruction of a designated property or site);
- Survey and Planning (involving the identification, recording, evaluation, designation, and planning for the protection of significant historic resources); and
- Education (providing the public with information about preservation or historic sites).

State Historical Fund grants have been used to support many preservation projects throughout the state. From state fiscal years 1993 to 2010:

- A total of 5,857 requests were submitted for State Historical Fund grants. Of these grant requests, 3,712 of these projects (63 percent) were awarded.
- Nearly $239 million in grant funding has been awarded since 1993; the State Historical Fund awarded $14.9 million in 2010 alone.
As with previous versions of this report, this study examines Acquisition and Development (A&D) projects in more detail because these types of projects consist largely of physical work and preservation expenditures (i.e., construction and other related activities), the economic benefits of which can be readily tracked. The economic benefits associated with A&D projects are significant:

- A total of $175.4 million in grant funding was awarded to 1,789 A&D projects from 1993 to 2010.

- A total of $701.8 million was spent on A&D projects from 1993 to 2010, which included the $175.4 in grant funding, plus an estimated $526.3 million in matching contributions and other funds. This means that for each $1 million in A&D grant funding distributed between 1993 and 2010, approximately $4 million in additional funds was leveraged for historic preservation.

All of Colorado’s 64 counties have received at least one State Historical Fund grant. About half of the A&D projects are located in urban areas such as the Denver Metro area and communities up and down Colorado’s Front Range, with the other half located in the state’s mountain communities and rural areas.

More than 500 A&D grants, totaling over $69 million, were awarded between 2005 (the date of the last version of this report) and 2010. In addition to the $175.4 million awarded in A&D grants, $63.4 million has been awarded for nearly 2,000 Education and Survey and Planning projects since 1993.

**RESTORING A STATE ICON**

Approximately $4 million from the State Historical Fund was allocated in 2010 to pay for the initial start-up cost of restoring the State Capitol’s iconic but deteriorating gold dome. History Colorado expects to allocate additional funding for the following three years, depending on the amount of private donations raised.

**SUMMARY: STATE HISTORICAL FUND**

From 1993 to 2010:

- More than 3,700 total grants awarded
- More than 1,700 acquisition and development projects with $701.8 million spent (grants awarded plus matching and other funds)
STEAMBOAT SPRINGS
Routt County National Bank

Restoration of the Routt County National Bank, originally built in 1919, was made possible through the use of State Historical Fund grant funds, the federal rehabilitation tax credit, and additional local historic preservation incentives provided by the City of Steamboat Springs. The front of the building was restored to the original 1919 façade, while the east side of the building was actually restored to a later façade from the Post World War II era. The first floor continues to operate as retail space, and the second floor remains property of the Masonic Temple.

CORTEZ
Community Radio Project

Constructed in 1908, the Montezuma Building is the only building in the heart of Cortez listed on the State Register of Historic Places. The local non-profit Community Radio Project (CRP) leveraged State Historical Funds to purchase the building for eventual rehabilitation as a multi-tenant nonprofit center that will include CRP’s radio station, a performance area, and gallery.

DENVER
SlaterPaull Architects

Engine House No. 5, formerly a Lower Downtown (LoDo) fire station built in 1922, was acquired by SlaterPaull Architects in order to transform the building into a sustainable office space for the company’s headquarters. The project includes a variety of energy-efficient systems and green building techniques and is the state’s first historic building to achieve LEED® Platinum certification. A State Historical Fund mini-grant was awarded to the project for masonry repair and restoration. The project has also applied for federal and state tax credits.
Across Colorado

Denver

Colorado Springs

Walsenburg

STERLING
Logan County Courthouse

Elaborate ornamentation and Renaissance Revival architecture characterize the Logan County Courthouse, constructed in 1909. One of the building’s most notable features is a central interior rotunda. The rehabilitation and restoration of the building have been made possible through use of eight State Historical Fund grants, totaling nearly $1.6 million, with matching funds provided by the Colorado Department of Local Affairs. Rehabilitation work included improvements to the interior central rotunda and handicap accessibility.

WALSENBURG
Spanish Peaks Main Library

Constructed in 1920, the historic Huerfano County High School building sat vacant for years before it was transformed into the new Spanish Peaks Main Library in 2010. Extensive fundraising, combined with approximately $800,000 in grant funding from the State Historical Fund, made acquisition and rehabilitation of the building possible. Rehabilitation work included the installation of replicas of the original windows and a geothermal energy system.

COLORADO SPRINGS
Frantz House

The Frantz House, built in 1899, is a private residence in Colorado Springs. The homeowner took advantage of the state tax credit for the removal of the aluminum siding, repair of the original wood trim, replacement of 1960s steel columns, and replica decorative corbels on the eave of the porch.
When the pharmacy in downtown Brush moved out in 1997, other local business owners, the City of Brush, and the Chamber of Commerce realized they would need to take action if they wanted to prevent further decline in the already-small downtown.

Local leaders decided to embrace the Main Street® program, sensing that it could provide a strategy for downtown revitalization, a powerful network of linked communities, and national support. Originally developed by the National Trust for Historic Preservation, the Main Street® program is a national economic development program aimed at helping communities revitalize downtown and neighborhood business districts by leveraging local assets such as historic resources and community pride. Brush was established as a Main Street Community® in 2001.

Today, the Brush Chamber of Commerce runs the Main Street® program and uses the program as an important economic development tool to strengthen downtown businesses. The chamber has developed a business strategy, market analysis, and architectural streetscape plan. Additionally, city officials wove the Main Street® approach and its emphasis on urban design and historic preservation into the city’s comprehensive plan. The elements of the Main Street Four-Point Approach® include organization, promotion, design, and economic restructuring. Ron Prasher, Executive Director of the Brush Chamber of Commerce, emphasized the importance of all four elements of the Main Street® approach, noting, “It’s like a four-cylinder engine—without one cylinder, it won’t work.”

The Main Street® program requires the city, chamber, and downtown businesses to work together, which has resulted in stronger working relationships. According to the partners, “The community looks better from working together.”

Perhaps the most notable program to emerge so far has been the Façade Grant Program, funded by the city. The program first awarded six $500 matching fund grants in 2007. Grants have since been increased to $2,500. To date, the $18,000 total public investment in the program has yielded more than $74,000 in private investment. The program has resulted in a domino effect in which each façade improvement has inspired others, some of which have been completed without matching public funds.
Shortly after the Arvada Downtown Historic District was established in 1998, public interest in revitalizing this authentic and historic downtown increased. Soon, local businesses and residents formed the Historic Olde Town Arvada Association to advocate for the downtown. With help from the Arvada Urban Renewal Authority (AURA) and the City of Arvada, Arvada became a Main Street® community in 2002. In recent years Olde Town Arvada has flourished due to extensive public investment, including $1.1 million in street improvements to Grandview Avenue, $2.5 million in street improvements to Old Wadsworth Boulevard, and $1 million in improvements to Arvada Town Square. This significant public investment put construction crews to work and has also helped spur private investment. In addition, the City of Arvada and its nonprofit partners have received six State Historical Fund grants for various projects in Olde Town. The total $357,070 in grant funding has leveraged more than $1.3 million in private funding for the area.

The A.L. Davis block is located at the heart of Olde Town Arvada. Built in 1916, this building has served as a car dealership, drug store, candy shop, and most recently a stationery store with apartments on the second floor. Local architect Deborah Andrews and her husband bought the building with the intention of maintaining the character of the landmark building while making the space useful and attractive to businesses. With financial assistance from the Arvada Economic Development Authority and the City of Arvada, the rehabilitation of this historic building is nearing completion. Improvements include restoration of the building’s storefront windows, a new high-efficiency heating and cooling system, and the installation of a fire sprinkler system. Not only has this redevelopment employed a local architect; it has also provided work to a local general contractor and various construction trades for roughly two years. The redeveloped A.L. Davis building is proving to be an enticing space for local businesses. The majority of the first-floor tenant space is leased out to two local start-up businesses, increasing the site’s appeal as a destination for residents and visitors. Interestingly, there are only two chain businesses in Olde Town, which may be attributable to the eclectic mix of buildings with historic character.
The Combined Economic Benefits of Preservation Projects

Direct and Indirect Economic Impacts

Economic activities including the preservation of historic buildings generate direct impacts: purchases and expenditures that immediately result from the project, like construction labor, building materials, and tools. The direct impact of a preservation project is equal to the total amount of funds or qualified expenditures used on the project.

Historic preservation projects also result in indirect impacts as the original dollars ripple through the economy. Indirect impacts may include expenditures such as household items and groceries that the construction workers could purchase with their wages.

While direct impacts are often easy to track, indirect impacts can be more challenging to identify. Economists frequently use economic formulas called “multipliers” to estimate the indirect impacts associated with various activities. Using regional economic multipliers, it is possible to estimate the direct and indirect impacts associated with the preservation of historic properties in Colorado by examining the total cumulative expenditures from the three preservation incentive programs discussed in the previous sections: the federal rehabilitation tax credit, the state rehabilitation tax credit, and the State Historical Fund Acquisition and Development (A&D) grant projects.

Together, the total direct impact of the projects taking advantage of these three programs is $1.3 billion. However, recognizing that some of these projects have taken advantage of multiple incentives (for example, received the federal credit and also a grant from the State Historical Fund), some adjustments to this total are necessary. Based on interviews and review of project records, approximately $0.2 billion must be removed from the total direct impact to account for projects that have been counted more than once due to their use of multiple incentives.

As a result, between 1981 and 2010, nearly $1.1 billion was directly spent on historic preservation projects throughout the state of Colorado.

Through the ripple effect of spending the $1.1 billion in direct impacts, an additional $1.4 billion in indirect impacts has been generated from preservation activities. The total combined economic impact of preservation activities throughout Colorado is $2.5 billion (sum of direct and indirect impacts).

<table>
<thead>
<tr>
<th>Economic Impact of All Preservation Projects</th>
<th>Total Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct economic impacts</td>
<td>$1.1 billion</td>
</tr>
<tr>
<td>Indirect economic impacts</td>
<td>$1.4 billion</td>
</tr>
<tr>
<td>TOTAL ECONOMIC IMPACT</td>
<td>$2.5 billion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DIRECT IMPACTS</th>
<th>INDIRECT IMPACTS</th>
<th>TOTAL IMPACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditures directly associated with preservation project. <em>Examples:</em> purchase of construction labor, building materials, and tools.</td>
<td>Expenditures made by individuals or firms involved with or influenced by preservation activities. <em>Examples:</em> manufacturing labor and groceries.</td>
<td>The sum of the direct and indirect impacts.</td>
</tr>
</tbody>
</table>
Jobs and Earnings

Every $1 million spent on the preservation of buildings in Colorado generates approximately 32 new jobs. A “job” refers to full-time employment for one person for one year. Between 1981 and 2010, building preservation directly created an estimated 15,250 jobs and indirectly created an additional 19,148 jobs—a total of 34,398 jobs.

Historic preservation projects tend to be more labor-intensive than typical new construction projects and thus more beneficial for local economies. On average, costs for new construction are evenly divided between labor and materials (roughly 50 percent for each category). In contrast, up to 70 percent of costs for historic preservation projects may be for labor. Labor for preservation activities is often more specialized than general construction activities, and such technical skills present opportunities for workers throughout the state.

The estimated total household earnings of employees directly or indirectly involved with preservation projects is substantial. Household earnings represent employment income that is spent on consumer goods and services such as clothing, food, transportation, and utilities. Between 1981 and 2010, historic preservation activities generated $418.8 million in household earnings that, when spent, indirectly generated $424.3 million.

Combined, these direct and indirect impacts generated $843 million in household earnings.

Tax Revenue

Preservation activities have also generated significant tax revenue for the State of Colorado and local communities. Tax revenue helps fund a wide variety of government services and programs, including local historic preservation programs. From 1981 to 2010, historic preservation projects generated an estimated $6.5 million in total business income taxes, $17.5 million in personal income taxes, and $49.1 million in Colorado state sales taxes.

Thanks to historic preservation efforts, local governments throughout Colorado have benefited from increased property tax revenues. Between 1981 and 2010, an estimated $14.2 to $17.8 million in additional property tax revenue has been collected statewide (based on a range of possible tax rates) due to building preservation. Unlike other taxes that are collected once per expenditure, property taxes are collected annually and provide an ongoing source of revenue for communities to use for programs and services, including preservation programs.

Summary: Economic Benefits of Preservation

From 1981 to 2010:

$1.1 billion spent on preservation projects

+ $1.4 billion indirectly spent

= $2.5 billion in total expenditures

These expenditures generated:

• 34,398 jobs
• $843 million in household earnings
• $6.5 million in business income taxes
• $17.5 million in personal income taxes
• $49.1 million in Colorado sales taxes
Heritage Tourism

Tourism is a major industry in Colorado. In 2010 more than 28.9 million people visited the state on overnight trips, contributing significant sums to state and local coffers. The majority (86 percent) of visitors come to Colorado on trips for pleasure, seeing friends and family, or engaging in other leisure activities, but others also visit for business purposes.

While many visitors to Colorado come to experience the beauty and abundance of activities in the Rocky Mountains, a significant portion of visitors can be considered “heritage tourists.” Heritage tourism is defined by the National Trust for Historic Preservation as travel to experience the places, artifacts, and activities that authentically represent the stories and people of the past and present. This could include anything from a visit to the Denver Museum of Nature and Science, the Royal Gorge, or Mesa Verde.

Heritage tourism is an increasingly popular segment within Colorado’s tourism industry. Recent data from Longwoods International’s Colorado Travel Year 2010 Visitor Study shows that visitors to Colorado were more likely than visitors to other destinations to have an interest in historic places (31 percent of Colorado visitors, compared to the national norm of 21 percent) and cultural activities and attractions (22 percent of Colorado visitors, compared to 18 percent nationally).

The Longwoods 2008 Visitor Study includes the most recent detailed study of Colorado’s heritage tourists. According to that study, approximately half the overnight leisure trips to Colorado in 2008 (11.8 million trips) involved heritage tourism activities.

Colorado’s Heritage Tourists

Colorado’s heritage tourists rank the preservation of historic areas, historic towns, locally owned and unique shops, fairs or events, and cultural sites as the most important features that would make a place enjoyable to visit. Not only are Colorado’s heritage tourists more likely to visit historic places, but they are also more likely than other visitors to seek out specialized, location–based activities, like shopping for local arts and crafts and trying unique local foods.

Visitors to Colorado are more likely to have an interest in historic activities.
Colorado’s heritage tourists spend more, on average, per person on total expenditures per trip compared to all Colorado overnight visitors. Heritage tourists spent an average of $447 in total expenditures, whereas all overnight leisure visitors spent on average $333 in total expenditures, a difference of $114. Heritage tourists are also more likely than other visitors to come from out of state, and their trips generally last longer in duration than typical overnight leisure trips (an average of 5.8 nights away from home compared to 5.2 nights).

### Summary: Heritage Tourism

In Colorado in 2008:

- 11.8 million trips involved heritage tourism activities
- Heritage tourists spent $190 million on cultural activities and $54 million on historic activities

On average, Colorado’s heritage tourists:

- Stay longer than other visitors
- Spend $114 more per person per trip
- Are more likely to come from out of state

### Economic Impacts

According to *The Economic Impacts of Travel on Colorado*, prepared for the Colorado Tourism Office, tourists spent more than $1.6 billion on arts, entertainment, and recreation (including heritage tourism activities) in 2009.

Longwoods International’s Colorado Travel Year 2008 Visitor Study reports that Colorado’s heritage tourists spent approximately $244 million on cultural and historic activities ($190 million on cultural activities and $54 million on historic activities). Like historic preservation activities do, heritage tourism generates quality jobs across the state, and the wages earned by these workers ripple through and benefit local communities as they are spent.

### Building the Heritage Tourism Program

The continued protection, preservation, and promotion of Colorado’s singular historic and cultural resources is critical in ensuring that heritage tourists keep visiting the state. In 2005, the Colorado Tourism Office worked with a wide range of local and statewide officials to establish a Heritage Tourism Program and develop a strategic plan for enhancing heritage tourism in Colorado. The plan, which can be found online at www.colorado.com, identifies a range of important steps that Colorado communities can take to strengthen the crucial infrastructure that supports the heritage tourism industry, such as establishing stronger linkages between tourism providers.

In addition to promoting strategies, research, and marketing, the Heritage Tourism Program provides grant opportunities to advance heritage tourism through regional projects. Recently, the program awarded grants to initiate heritage tourism pilot projects in four regions across the state (Southeast, San Luis Valley, Park County, and Southwest). Beginning with an initial $220,000 investment, the pilot program initiative has leveraged over $1.1 million to date, and the heritage tourism industry in these regions is blossoming. These projects are also helping establish the foundation for the expansion of similar regional heritage tourism projects in other locations across Colorado.
Two major events shook the Silverton/San Juan County region in the early 1990s: the 1991 closing of the major local employer, the Shenandoah–Dives Mill, and a devastating fire that destroyed the historic Town Hall in 1992. Yet good things ultimately sprang from these tragic events, as local leaders planning the region’s future identified historic preservation as an important tool that could help retain local jobs and put money back into the local economy.

Working with local officials, the San Juan County Historical Society (SJCHS) took the lead in developing a strategy to rely on historic preservation as an economic development engine. The strategy focused initially on hiring the laid-off miners to reconstruct Town Hall and teaching them specialized building preservation techniques like masonry repair. In the process, local jobs were created and a local team of historic preservation advocates was formed. Hiring locally was a key part of the SJCHS strategy and proved to be a great way to retain residents that otherwise might have moved out of the region to find work.

Shortly after Town Hall was rebuilt in 1994, SJCHS officials turned their attention to the preservation of the 1903 San Juan County Jail, which is used as the Historical Society Museum. The project is ongoing; to date, two phases are complete. The most recent phase, which involved restoration of the exterior building envelope, created six full-time jobs for Silverton’s local workforce. The SJCHS estimates that the project generated $157,715 in local wages, involved direct purchases of $35,350 in materials and equipment rental, paid $40,150 to local subcontractors, and contributed $63,570 in taxes into federal, state, and local coffers.

An example of a more recent project involves the Shenandoah–Dives (Mayflower) Mill, which was donated by the Sunnyside Gold Corporation to the SJCHS after the mill shut down. The mill was named a National Historic Landmark in 2000, and today the SJCHS operates tours of the facility (and also operates a hydropower project there, featured as another case study on page 34). The SJCHS is completing much-needed stabilization repairs through a phased scope of work. Budgeted at $352,000, Phase 1 provided six full-time jobs and was completed in August 2011. Phase 2, budgeted at $225,000 and scheduled to begin in the spring of 2012, will focus on the restoration of the exterior of the Assay Office Building that will provide income through renting office and laboratory space.
Another ongoing effort is the renovation of the historic Animas Power and Light Transformer Building at the mill site, which has been adaptively reused and turned into a “business incubator.” A few light–industrial businesses currently operate out of the historic buildings, and the SJCHS hopes to use this site to stimulate investment in San Juan County by attracting additional light–industrial businesses. At the industry standard of 67–percent occupancy, Phase 1 of the business incubator project is projected to generate $36,398 in revenues, while costs are estimated at $32,863.

Collectively, projects like the reconstruction of Town Hall, the jail/museum restoration, and the reuse of the Shenandoah–Dives Mill have provided local jobs and injected much–needed funding into the local economy. These projects have also allowed the historic properties to continue to generate revenue and attract tens of thousands of visitors to this scenic and exciting part of the state, while also fulfilling the SJCHS mission of interpreting the area’s history for the enjoyment of future generations.

Currently, the SJCHS continues to build local training capacity and to focus on preservation as an economic development tool for the region. According to Director Beverly Rich, the SJCHS’s themes are:

- buy local, hire local;
- use State Historic Funds to leverage other funding;
- attract heritage tourism;
- preserve history unique to the area; and
- prosperity promotes preservation.

“Our focus was on making history and preservation the economic engine of San Juan County. This is what we turned to after the mill shut down.”

Beverly Rich, San Juan County Historical Society
Preservation is not just about dollars and cents. Beyond the substantial economic benefits, preservation also builds distinctive places. Across the country, the new reality is that home or business location is a real choice for many people, and communities that wish to thrive will have to be attractive places to live and work. Historic preservation is an effective and tested strategy for creating unique places and cultural vitality. Beyond protecting history and improving aesthetics, successful preservation programs foster community pride, learning, and creativity, which are critical to an educated workforce. A strong economy and a strong community are inextricably linked, and historic preservation supports both.

This section of the report looks at the “community” aspect of sustainability, focusing on how preservation activities help build healthy neighborhoods, towns, and cities throughout Colorado. In particular, this section examines how preservation leads to more vital communities through the stabilization and enhancement of local property values. A key feature of each edition of this report has been an emphasis on local historic districts, and specifically the effects of local historic designation on property values. This 2011 edition carries forward this important topic with updated data from all the case study neighborhoods examined previously, located in Denver, Durango, and Fort Collins. The report confirms earlier findings that rather than depressing property values, local designation in fact leads to appreciation rates that are consistent with—and often are higher than—rates in similar, non-designated areas.

“Historic preservation draws ownership into historic districts and protects investment in real estate.”

From Preservation at Work for the Nebraska Economy, Nebraska State Historical Society, 2007.
Property Values and Neighborhood Stability

One common myth about national and state historic designation programs is that they automatically protect historic resources from significant alterations or demolition. On the contrary, such programs provide only minimal protection—though they do offer important recognition and raise awareness, and often trigger eligibility for tax credits.

Local historic designation programs, however, often provide better protection of historic resources because they have real teeth. Local programs are designed to ensure that new construction projects and alterations to existing properties are compatible with the traditional character of the area. Typically, oversight is provided by a local preservation commission that has the authority to delay or deny projects that do not meet the adopted standards.

Yet, though local historic designation programs impose an additional layer of review on property owners, such programs do not lead to reduced property values in historic areas. In fact, studies throughout the nation demonstrate that local historic designation programs not only help preserve an area’s historic character, but they can also add value, stability, and desirability to homes and neighborhoods. Local historic designation typically leads to appreciation in property values at rates that are consistent with, and often greater than, rates in similar, non-designated areas.

In order to help readers understand the impact of local historic designation on property values in Colorado, this study examines ongoing property value trends from various local historic districts throughout the state. The analysis builds on previous work completed in the 2002 and 2005 editions of this report and focuses on several residential neighborhoods in Denver, one in Durango, and a commercial area in Fort Collins.

The analysis for each case study focuses on properties within a locally designated historic area, as compared to properties in similar, nearby areas that are not designated. Property value and sales information from the local assessors’ databases were obtained for each property for a period spanning more than two decades. That data provided the basis for analyzing and tracking the following indicators over time:

- **Total Appreciation Since Designation**—The change in cumulative property values in a locally designated historic district compared to the change in value in a nearby, non-designated comparison area.
- **Average Value**—The amount of property for the money in a locally designated historic district versus a non-designated comparison area.

Selecting the Case Studies

To obtain a statewide perspective, the case study communities are focused in three regions in the state: the northern Front Range (Fort Collins), Denver Metro area (Denver), and a small-town mountain area (Durango). These case study communities were originally selected for analysis in the 2002 and 2005 update; this 2011 report continues the property values analysis for these locations since last reported in 2005, providing more information about what happens to property values in these areas over a longer period of time.

Within each of the communities, locally designated historic districts with design review requirements were identified for analysis. Next, for comparison purposes, other areas were identified that are located near the historic districts and that are similar in terms of age, scale, predominant building types, and population demographics. Simply put, these comparison areas are as similar as possible to the designated historic areas, but lack historic designation.
Summary of Findings

Several decades’ worth of data about property values in these designated historic districts was tracked and analyzed against nearby comparison areas. The research supports the following overall findings and conclusions:

- **The designation of historic districts does not decrease property values.** The property values in designated historic districts, as well as those in nearby non-designated comparison areas, have appreciated substantially over the past 20 to 30 years. Rates of property value appreciation exceed 100 percent for all areas examined (meaning that property values have at least doubled since designation of the historic district), and reach as high as 1,700 percent within Fort Collins’ Old Town designated historic district (meaning that property values in that area have increased nearly twentyfold).

- **Historic district designation supports neighborhood stability and uniqueness.** Preserving the uniqueness of a neighborhood often increases the entire area’s desirability. In several of the districts studied, average sale prices for homes within the designated historic district, as well as in the non-designated comparison areas, surpass the average sale prices for the larger surrounding neighborhoods. This demonstrates that the preservation of historic districts often has a spillover effect into nearby areas, increasing overall desirability of homes in and near a historic district.

Given the length of time and the diversity of the neighborhoods looked at in this report, the overall results do vary. Appreciation rates in some designated neighborhoods far outpace rates in their comparison areas, while in other locations the non-designated areas have kept pace with or sometimes even exceeded the values in designated areas. A summary for each district follows; additional details are in the Technical Report.
Residential Neighborhoods

Three of Denver’s historic districts are included in the ongoing analysis of property values in residential neighborhoods: the Wyman District, the Witter–Cofield District, and the Quality Hill District. Also included in the analysis of residential property values is Durango’s Boulevard Historic District.

Within each of these districts, a specific sub-area was identified (the “designated study area”) consisting of several blocks. A matching “non-designated comparison area” located nearby but outside the historic district was also identified. For each building within both the designated study area and the non-designated comparison area, historic property value and sales data was collected from the appropriate county assessor’s office through the year 2010.

Wyman District, Denver

Established in 1993, the Wyman Historic District is one of the largest historic districts in Denver. It is between East 17th Avenue and East 11th Avenue, and stretches from York Street on the east to Williams and Franklin streets on the west. The district features a high concentration of historic buildings that encompass many diverse styles and uses, from 1920s-era multi-family buildings to affluent Cheesman Park mansions and historic commercial properties along Colfax Avenue. Most of the district’s buildings were built between 1880 and 1920 and reflect the major architectural styles of this period. One of the organizations that spearheaded the historic district’s nomination, Capitol Hill United Neighborhoods, remains active in the monitoring of development activity in the Wyman District and the surrounding neighborhoods.

The study area includes a total of 49 single-family properties from the original 2002 analysis: 27 within the designated study area and 22 within the non-designated comparison area. The designated study area and the non-designated comparison area are similar in a number of key features, including: predominant building age, size, and style; mix of older, single-family dwellings and more contemporary multi-family buildings; and overall traffic flow. Both areas are located in close proximity to popular neighborhood amenities including Cheesman Park and the Denver Botanic Gardens.

Key findings from the Wyman Historic District study area property values analysis include:

- **Total Appreciation Since Designation**—From its designation in 1993 to 2009, the designated historic district has seen property values for single-family detached dwellings increase over 100 percent more than property values for homes in the nearby non-designated comparison area (444 percent increase in the designated study area, versus 361 percent for properties in the non-designated comparison area).

- **Average Value**—The average cost per square foot of single-family dwellings within the designated study area has remained consistent with the average cost per square foot of properties in the non-designated comparison area.

The analysis shows that values in the Wyman Historic District and comparison area have remained close since historic district designation. In other words, historic designation has not had a negative impact on property values in the designated district during this time period. Moreover, sales data show that homes in both the designated and comparison areas remain desirable places to live, since properties in these well-located areas sell for more, on average, than homes in the surrounding neighborhood and Denver as a whole.

Witter–Cofield District, Denver

Located in northwest Denver off of Federal Boulevard, the Witter–Cofield District contains a large and diverse collection of single-family residential houses from the late 19th and early 20th centuries. The district is situated between Federal Boulevard and Irving Street, from West 21st Avenue to West 25th Avenue. Home sizes and styles in the neighborhood reflect the high level of socioeconomic diversity historically found in the area and range from large, ornate Victorians to modest bungalows. The
area was designated as a Denver historic district in early 1993 as the result of an active citizen effort and the support of the Sloan’s Lake Citizen Group.

The study area includes 99 properties from the original 2002 analysis: 52 in the designated study area and 47 in the non-designated comparison area. All of the single-family detached dwellings studied were constructed within the period of significance of the district (1885–1940), and reflect a range of housing types.

Analysis of residential property values in the Witter–Cofield District study area revealed the following:

• **Total Appreciation Since Designation**—The property values for single-family dwellings in the designated study area and the non-designated comparison area have increased to more than four times what they were in 1993 when the historic district was designated (412 percent total appreciation in the designated study area, versus 403 percent for properties in the non-designated comparison area).

• **Average Value**—The average value of historic single-family dwellings within the Witter–Cofield District has increased steadily at a similar cost-per-square-foot basis as values in the non-designated area.

While overall appreciation of property values in the designated Witter–Cofield area has been higher than the nearby non-designated area, the two areas closely parallel each other in average cost per square foot and median sales price since designation. Like the Wyman study area, properties in the Witter–Cofield study area have remained consistently above the median sale price for the entire city of Denver.
Quality Hill District, Denver

Quality Hill, designated as a local historic district in 1992, is a small district that grew rapidly as an exclusive enclave of the wealthy in the early years of the 20th century. The district is located along the 900 blocks of Pennsylvania, Pearl, and Washington streets, as well as a small segment along Logan Street. The area is considered representative of Denver’s architectural development at the turn of the 20th century, and many large single-family mansions remain from the 1900s, as do row houses and elegant apartment buildings dating from the 1920s. In the 1970s, several of the large single-family homes were converted to multi-unit residences. Demolitions also made way for newer condominium buildings, adding to the eclectic mix of properties in the area.

Included in the study area were 32 single-family properties from the original 2002 analysis: 12 within the designated study area and 20 within the non-designated comparison area. Key findings from the analysis of property values in the Quality Hill District study area include:

- **Total Appreciation Since Designation**—Unlike in the other two Denver districts, the Quality Hill area’s total appreciation since the time of historic designation has been greater in the non-designated comparison area than in the designated study area (120 percent total appreciation in the designated study area, versus 287 percent for properties in the non-designated comparison area).

- **Average Value**—The average value of historic single-family dwellings within the Quality Hill District, as measured on a cost-per-square-foot basis, increased at a similar rate as in the nearby non-designated comparison area.

In recent years, the non-designated comparison area has appreciated faster than the designated area, which may be because surrounding areas are catching up to the high values within the designated district. The median sales price in the designated historic district has continued to rise at a faster rate than the median sales price just outside the district. Despite a substantial amount of modern multi-family residential infill, which in some neighborhoods might tend to depress the values of adjacent single-family residential houses, sales prices in the Quality Hill District and non-designated comparison area have remained much higher compared with the entire city and surrounding neighborhood.

Median sales prices in the Quality Hill District have remained much higher than in the surrounding neighborhood.
**Boulevard District, Durango**

The Boulevard Historic District consists of roughly 12 blocks along East 3rd Avenue, a main residential boulevard adjacent to downtown Durango. The district was established as a National Register historic district in 1987 and later as a local historic district with design review by the City of Durango in 1993. The architecture lining the boulevard is eclectic, consisting of ornate Victorians and more modest dwellings.

The study area included 173 single-family properties from the original 2002 analysis: 55 within the designated historic district and 118 in the non-designated comparison area. The non-designated comparison area contains architecture that is similar in scale and style to that on the Boulevard. The following findings result from the analysis of properties within and near the Boulevard District study area:

- **Total Appreciation Since Designation**—The property values in the Boulevard District have appreciated since the area was designated, but not quite as much as properties in the non-designated comparison area (330 percent total appreciation in the designated study area, versus 394 percent for properties in the non-designated comparison area).

- **Average Value**—Homes within the designated historic district generally are larger in size and have sold for more money than homes in the comparison area. The average value of single-family dwellings in the designated historic district rose slightly less than the average value of homes in the non-designated comparison area, when measured on an average cost-per-square-foot basis.

The analysis confirms that the Boulevard District remains one of the more desirable and expensive markets in Durango as property values have appreciated significantly over time and median sales prices are higher in the area than in the rest of the city. Since the last study was conducted, the increased rates of appreciation and average cost per square foot in the non-designated comparison area show that the comparison area is also gaining in popularity.

**Commercial Area**

One commercial area, Old Town Fort Collins, was included for examination. Like the residential areas, a specific study area was identified, consisting of several blocks of commercial properties within the designated historic district, as well as a matching non-designated comparison area located nearby but outside the historic district. Historic property value and sales data were collected from the Larimer County Assessor’s Office through the year 2010.

**Old Town District, Fort Collins**

Designated a National Register District in 1978 and a local district in 1979, the Old Town Historic District is the centerpiece of downtown Fort Collins. The district encompasses portions of North College and Mountain Avenues, and Linden and Walnut streets. Many fine examples of commercial architecture from the late 19th and early 20th centuries characterize the district. The National Register boundaries mostly overlap the local district boundaries, but do extend slightly northward of the local district.

The district and non-designated area share many key features, including predominant building age and style, a variety of older and more contemporary buildings, a thriving mix of businesses, and strong pedestrian usage. Both areas have a long history of commercial use.

The study area examined included 49 commercial properties from the original 2002 analysis: 24 properties within the Old Town Historic District and 25 properties within the nearby non-designated comparison area. Analysis of the property values in the Old Town Historic District study area resulted in the following findings:

- **Total Appreciation Since Designation**—The research shows that, from designation in 1979 to 2009, total cumulative property values within the designated historic district increased significantly more than the total cumulative property values in the similar non-designated comparison area did (1,707 percent total appreciation in the designated study area, versus 729 percent for properties in the non-designated...
Historic Old Town Fort Collins has transformed into a thriving commercial district since historic district designation in 1979.

Inset: A grant from the State Historical Fund will support the restoration of a historic Coca-Cola sign in Old Town Fort Collins.

The tremendous increase in property values demonstrates how Old Town Fort Collins has thrived over the past 30 years since its designation as a historic district. Both the designated district and the non-designated comparison area have remained comparable to one another in the marketplace, and both have continued to enjoy strong gains in the market. It is possible that the Old Town area’s popularity as a historic destination and major activity center of the city has led to increased values in both the designated district and the nearby non-designated comparison area.

• Average Value—Despite the high rate of appreciation, the designated area has slightly lower property values on a per-square-foot basis than the non-designated comparison area. However, the average value per square foot within the designated area did increase in value at a roughly equivalent rate as in the non-designated comparison area.

comparison area). In other words, property values in the Old Town designated area skyrocketed and increased nearly twentyfold, while properties in the nearby non-designated comparison area increased nearly tenfold.
History Colorado manages or operates historic sites and museums throughout the state. Each property contributes to the local economy as a significant cultural and community focal point and as an important tourist destination. The network of museums and historic sites helps strengthen local communities statewide and serves as a model for historic preservation practices. These museums and historic sites provide a sense of place and evoke the past in real and exciting ways by allowing visitors to observe historic preservation as it occurs, experience the historic site in an active and sensory manner, and learn the cultural diversity of the state’s rich history.

History Colorado museums and historic sites help draw thousands of visitors annually to communities across Colorado. In fiscal year 2010, nearly 300,000 people visited History Colorado’s museums and sites in communities statewide. Not only do these sites engage visitors in the state’s heritage, but they also serve the traveling public and support local economies. Visitor centers located in or associated with History Colorado’s museums support the sale of local products and also function as centers for local information and orientation.
In 2010, History Colorado saw an increase in revenue for its museums. Between 2009 and 2010, there was a 26-percent increase in admission revenue, a 40-percent increase in rental income, and a modest increase in gift-shop sales. These increases show that, even in the face of the economic downturn and reduced visitation to museums nationwide, Colorado’s public is willing to spend their money on heritage tourism and to pay for authentic, sensory, and enlightening experiences.

History Colorado’s museums and historic sites exemplify successful partnerships with many community organizations. These partnerships engage local chambers of commerce, economic development organizations, governmental agencies and departments, arts and cultural organizations, libraries, educational institutions, business associations, and numerous others in museum operations and activities, which in turn help generate broad support for historic resources and preservation activities. In addition to support from various partners, the success of History Colorado’s museums and sites is largely attributable to local volunteers who are deeply committed to protecting and showcasing the history of their communities.
Many people consider “sustainability” to be an environmental concept at its core. Across Colorado, various innovative projects illustrate how historic preservation can serve as an effective strategy for addressing a range of environmental challenges and opportunities, with benefits in areas such as increasing energy efficiency, reducing waste, curbing sprawl, and improving air quality.

A now–familiar saying goes, “The greenest building is the one that already exists.” In other words, one of the most environmentally friendly development practices is the decision to repair and reuse an existing building, rather than replace it. The key link between historic preservation and environmental sustainability lies in the concept of “embodied energy,” which refers to the life–cycle energy that is represented in an existing structure. This includes all the energy involved in harvesting, processing, fabricating, and transporting raw materials during the original construction.

Demolition of a historic structure for redevelopment has a very high associated energy cost. Not only is the energy embodied in the structure lost, but significant energy is involved in the demolition itself, and more energy is used to construct a new building. Plus, new materials must be consumed to construct the replacement building. In today’s global marketplace, these materials may come from numerous countries around the world, meaning that significant energy is involved simply in bringing the materials to the site. A new, earth–friendly, energy–efficient building may require 50 to 60 years or more to recover the energy lost in demolishing an existing structure. Seen in this light, the reuse of a historic structure can often be the most energy–efficient option and the most sustainable form of development.

In addition, historic construction methods and materials incorporate more energy–saving features than are typically appreciated. For example, tests on wood windows in historic homes have shown them to be as efficient as new double–paned vinyl windows when the older windows are properly maintained. Also, older development patterns often made good use of building and tree placement to maximize the potential of passive solar heat. And historic buildings are often located in areas already served by existing infrastructure and thus do not require expensive service extensions to the suburban fringe.

“Historic preservation is a natural ally of environmentalism. The best ‘green’ house is an old house that lies within a functioning historic downtown neighborhood.”

“A sustainable neighborhood is, by default, a historic neighborhood designed before the invention of the automobile or air conditioning. The layout of these neighborhoods placed stores, churches, schools, jobs, and recreation in close proximity to one another. Houses were designed with high ceilings, transoms, and operable windows, which now provide contemporary residents with an energy–conscious alternative to modern heating and cooling systems. These types of neighborhoods have lasted from past generations to the present and will allow future generations to live, work, and play there.”

There are many technical resources available to help to document the environmental benefits of historic preservation. The National Trust for Historic Preservation (NTHP) has invested considerable effort in becoming a full-service clearinghouse for information about preservation and sustainability practices. According to the organization, “The conservation and improvement of our existing built resources, including reuse of historic and older buildings, greening the existing building stock, and reinvestment in older and historic communities, is crucial to combating climate change.” The NTHP’s website contains a variety of resources, including speeches on sustainability, tips for homeowners, and case studies of specific rehabilitation projects.

This section of the report illustrates how preservation can support not just economic and community sustainability, but also environmental sustainability. Indeed, preservation can—and should—be a cornerstone of Colorado’s efforts to promote sustainable development. In projects from San Juan County and Steamboat Springs to Denver, preservationists are showing how green building is mutually compatible with the best historic preservation practices.

The key link between historic preservation and environmental sustainability lies in the concept of “embodied energy,” which refers to the life-cycle energy that is represented in an existing structure.

Left: Preparation of a geothermal field at the historic Emerson School in Denver (photo courtesy of Jim Lindberg);
Below: Solar panels on the roof of the State Capitol building
The Sunnyside Gold Corporation shut down the Shenandoah–Dives (Mayflower) Mill in 1991 and generously donated the land and buildings to the San Juan County Historical Society (SJCHS). Built in 1929, the mill remains intact and serves as an outstanding example of an early 20th-century mill. The mill was named a National Historic Landmark in 2000. (Also see the earlier case study on the mill on page 20.)

The donated mill and associated land came with the water rights and a water-supply pipeline. To display how mills all over the San Juan Mountains historically used hydroelectric power, the rehabilitators are currently working to transform the failing water-supply pipeline into a functional “micro-hydroelectric” power source. This project will preserve the site’s heritage while also linking it to the future by reintroducing an alternative energy source. The energy produced will offset the facility’s $600 per month electricity bill, and the savings gained will make the continuation of summer tours and lighting of the mill more feasible within the available budget. Additional energy produced will be sold back to the coal-burning plants to reduce their carbon footprint. The micro-hydroelectric power at the Shenandoah–Dives Mill will also:

• provide an additional attraction to the mill tour, showcasing Colorado’s mineral extraction industry;
• create local jobs and provide micro-hydroelectric training to the in-house preservation crew, while creating a skilled workforce for future projects;
• enhance fire protection at the mill;
• provide water to the nearby business incubator site, allowing it to operate more effectively;
• serve as a regional model for installation of micro-hydroelectric power; and
• set the standard for engineering documentation of mill structures in Colorado and the country.

A State Historical Fund grant provided a significant amount of funding for the mill project, since the project was a perfect fit for the fund’s new sustainability initiative. Additional funding was provided by the SJCHS; the U.S. Department of Agriculture’s Rural Energy for America program; the Colorado Water Resources and Power Development Authority; the Colorado Division of Reclamation, Mining and Safety; and Telluride Energy LLC.

“We’re finally getting back to using hydropower, a non-polluting energy source that was commonplace in the Rocky Mountains a hundred years ago.”

Beverly Rich, San Juan County Historical Society
Maintenance plays a vital role in preserving historic properties and buildings as functional contributors to their communities. In 2006, the City of Steamboat Springs’ Green Team, with assistance from The Brendle Group, published the Steamboat Springs Sustainability Management Plan. This document identifies 11 priority opportunities for maintaining public facilities in a sustainable manner, with special attention paid to historic buildings. The city owns more than a dozen historic properties, so an early consideration in the development of the plan was how to improve building performance and occupant comfort while still protecting the historic integrity of these buildings. Focusing on sustainable practices in updating historic structures can reduce needed maintenance, cut operating costs, and generally reduce the economic burden that historic structures may place on a cash-strapped local government. The focus on “greening” historic buildings also gave city officials a chance to lead by example and promote sustainability throughout the town and region.

One example of the city’s efforts in maintaining and improving its historic buildings is the adaptive reuse of the Carver Power Plant, built in 1900. The project, completed in 2001, incorporates sustainable practices such as new lighting and HVAC system improvements to better the building’s overall energy efficiency. Another example is the historic First National Bank/Rehder building, where recent upgrades have included roofing and truss replacement, roof insulation, masonry and window restoration, and structure reinforcement. These projects have increased energy efficiency, reduced waste, and conserved water, while still maintaining the historic integrity of the unique structures.

By calculating estimated total energy usage and maintenance costs over a project’s entire life cycle, the city knows it can save money in the long term by making smart (though sometimes more expensive) initial investments. Generally, the city will commit to an investment if the payback period is less than or equal to 10 years. Performance contracting through the Colorado Governor’s Energy Office has been utilized for some projects; the city is hopeful that more funding will be available in the future for historic preservation and energy-efficiency or sustainability projects that consider the building holistically rather than just for its structure.

Building tenants have also appreciated the city’s focus on sustainable building improvements. Reduced operations and maintenance costs have allowed tenants of city facilities, such as the Steamboat Art Museum and Steamboat Springs Arts Council, to invest more of their resources into operations and programming, which in turn helps support the community’s cultural activities and heritage tourism efforts.
Located in Denver’s historic Lower Downtown (LoDo) neighborhood, the Alliance Center for Sustainable Development is home to 35 nonprofit organizations that focus on sustainability issues across the nation. Not only does this 1908 building serve as a center for collaboration, but it also serves as an example of how green building techniques can be used in rehabilitated historic structures.

The effort initially began when the nonprofit Alliance for Sustainable Colorado recognized an opportunity to not only preach sustainability, but also to practice it. The group’s idea was to buy a building, rehabilitate it using green building techniques, and then offer below–market–rate rent to other leaders in sustainability from across the state. This building would provide an opportunity for nonprofits to collocate and thus have a larger impact through collaboration and sharing their resources.

The idea became a reality in 2004 when Alliance for Sustainable Colorado purchased the former Otero Building, an old warehouse. Funding came from various sources, including the Governor’s Office of Energy Management and Conservation and a local solar company. A State Historical Fund grant allowed for the preparation of a historic structure assessment and preservation plan.

After renovation, the Alliance Center became the first historic building in the country to earn two LEED® certifications (one for an existing building, the other for a commercial interior). Improvements included a digital HVAC control system, a lighting control system, translucent wall panels, sun shades, energy–efficient fixtures and appliances, a rooftop photovoltaic array, and a recycling program. Since rehabilitation, energy consumption dropped 40 percent and water consumption 84 percent. The cost of the lighting improvements was recovered in about two–and–one–half years, while the payback period for the water fixtures was less than five years.

As a leader in green building technology, the Alliance Center gives about 1,000 free tours annually to show how sustainable practices can be implemented in businesses and homes. These tours attract people who want to learn about specific green building practices, exposing them to a variety of tenants and allowing new partnerships to form. The tours of the historic green building are, in the words of Phillip Saieg, Alliance Center Director, the “honey that attracts the bees.”
Denver’s 1885 Emerson School building, listed on the National Register of Historic Places, will soon be the new home of the regional office for the National Trust for Historic Preservation (NTHP), Colorado Preservation Inc., Historic Denver, and other nonprofits. The NTHP plans to rehabilitate this locally designated landmark building to serve as an example of sustainable historic rehabilitation. The Emerson School building will become a center for historic preservation—linking local, state, and national preservation partners.

As Jim Lindberg, Director of Preservation Initiatives at the NTHP notes, the Emerson School will create less construction waste by reusing the old building (and avoiding demolition), and will take advantage of existing community infrastructure like sidewalks and transit. Preliminary plans aim to reduce electricity and natural gas consumption through high–efficiency lighting and appliances, natural ventilation and lighting, better insulation, restored and tightened original windows, and a geothermal heating and cooling system.

The Emerson School building was donated to the NTHP from Capitol Hill Senior Resources, Inc. This donation also included a $1.8 million endowment that was established specifically for long–term maintenance. Additional funding has been secured from the State Historical Fund, U.S. Bancorp, Gates Family Foundation, Boettcher Foundation, and private donors. A loan provided by the Colorado Historical Foundation will be utilized and paid back from the tenants’ rent. Funding for the $3.2 million cost of rehabilitating and greening the historic building including landscaping improvements is secured; however, additional funds to enhance the project continue to be pursued.

The short–term goal for the building is to reduce energy consumption by 30 to 50 percent and achieve LEED® certification. The long–term goal is to be net–zero (only using the energy produced on–site) by 2030. To kick off the project, the NTHP organized an innovative eco–charette, where contractors, design professionals, prospective building tenants, and other local stakeholders gathered to define sustainable goals and strategies. In general, the established goals focus on positive environmental, economic, social, and historical outcomes.

Rehabilitation work on the Emerson School building recently began. NTHP officials hope that the project will help spur revitalization in the surrounding Capitol Hill neighborhood, while also showcasing how old buildings can be as energy–efficient, or even more energy–efficient, as a new building.

“Preserving and reusing old buildings is sustainable because they are in the right place.”
Jim Lindberg, Director of Preservation Initiatives
Acknowledgments

Many thanks to the following people and organizations for their assistance and expertise:

- Lane Ittelson, Executive Director, Colorado Historical Foundation
- The staff of History Colorado and the State Historical Fund (including Steve Turner, Kathy Belyea, Dan Corson, Dawn Fenimore, Shannon Haltiwanger, Ashley Lauwereins, Patti Kinnear, Cynthia Nieb, Joseph Saldibar, and Andy Stine)
- The staff of the State of Colorado’s Department of Local Affairs (including Elizabeth Garner)
- The staff of the National Park Service’s Heritage Preservation Services (including Liz Petrella)
- The staff of the Colorado Tourism Office (including Laura Libby)
- The staff at the Denver and the La Plata County Assessor’s Offices
- The local CLG coordinators and other preservation program administrators who provided data on numerous State Tax Credit projects across Colorado
- The historical societies, economic agencies, building owners, and various other contacts who provided data and information on preservation efforts throughout the state, including but not limited to:
  - Deborah Andrews, D.S. Andrews Architect
  - Alexis Casale, City of Steamboat Springs
  - Kim Grant, City of Arvada
  - Steve Hoots, City of Steamboat Springs
  - Janet Krohn, J and J’s Hairstyling, Brush, CO
  - Jim Lindberg, National Trust for Historic Preservation
  - Ron Prasher, City of Brush Chamber of Commerce
  - Beverly Rich, San Juan County Historical Society
  - Phillip Saieg, Alliance for Sustainable Colorado
  - Karen Schminke, City of Brush
  - Lynn Sierras–Krone, Historic Olde Town Arvada Association
  - David Singer, Silverton Restoration Consulting

Published by:
The Colorado Historical Foundation
P.O. Box 40910
Denver, CO 80204
303.894.2503
www.cohf.org

Consulting Team:
Clarion Associates of Colorado, LLC
Denver, Colorado

Authors:
Matthew Goebel
Shelby Sommer
Shay Ives

All photos courtesy of History Colorado unless otherwise noted.
The Economic Power of Heritage and Place

How Historic Preservation is Building a Sustainable Future in Colorado

This project was prepared for and published by the Colorado Historical Foundation. The Colorado Historical Foundation is a private nonprofit organization that was established in 1965 to support history and preservation projects. While much of its effort goes toward pursuing projects of special interest to History Colorado, the foundation regularly assumes supporting roles for other entities charged with the preservation of history. In addition to these collaborative efforts, the foundation carries out numerous preservation–related projects on its own initiative, including the Revolving Loan Fund for Colorado and an active statewide preservation easements program.

This project was paid for by a State Historical Fund grant from History Colorado, the Colorado Historical Society. The contents and opinions contained herein do not necessarily reflect the views or policies of History Colorado, the Colorado Historical Society.

Top: Historic Georgetown Loop Railroad, Georgetown/Silver Plume
Right: HistoriCorps volunteers at Lamb Spring Archaeological Preserve, Douglas County