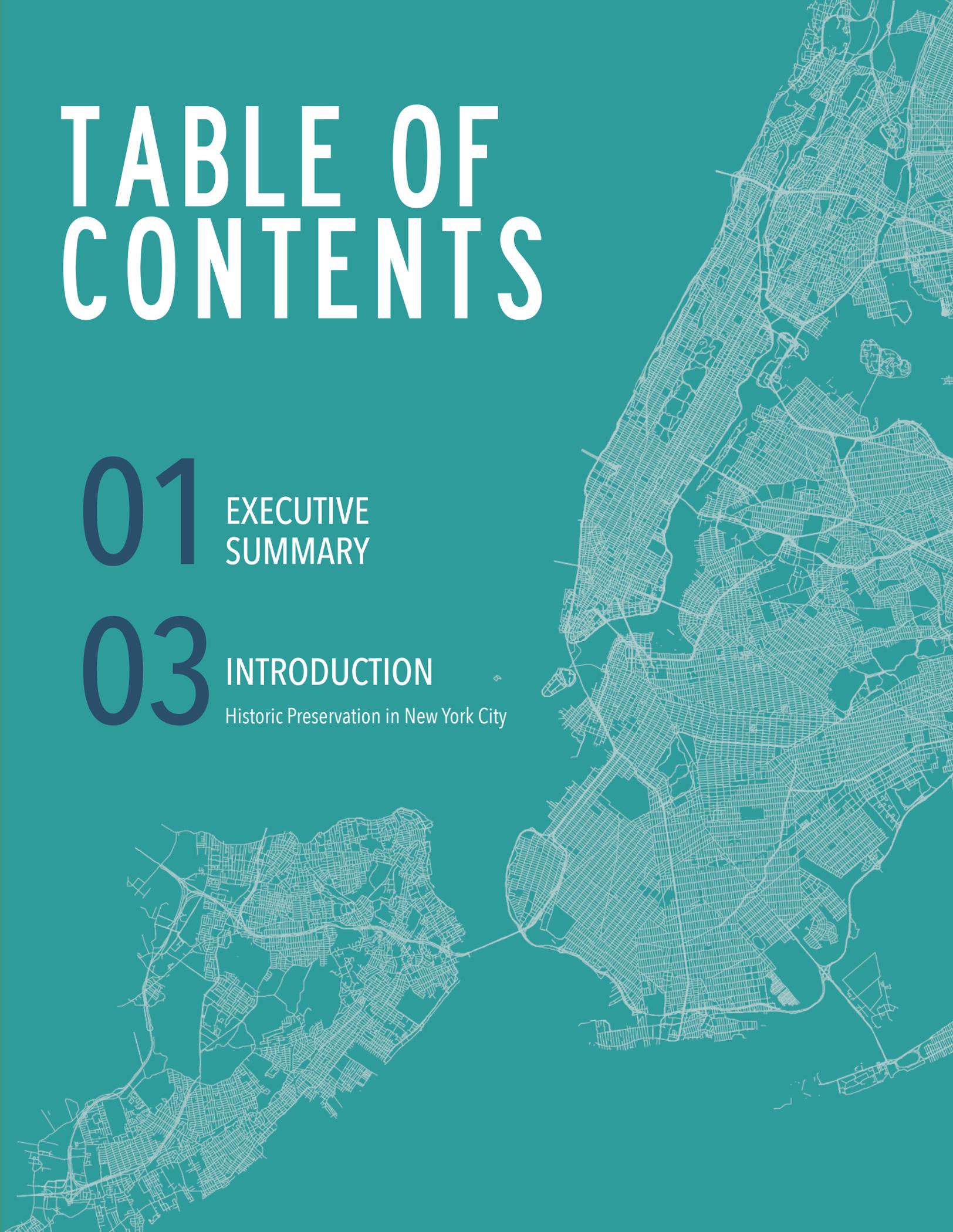


HISTORIC PRESERVATION: AT THE CORE OF A DYNAMIC NEW YORK CITY

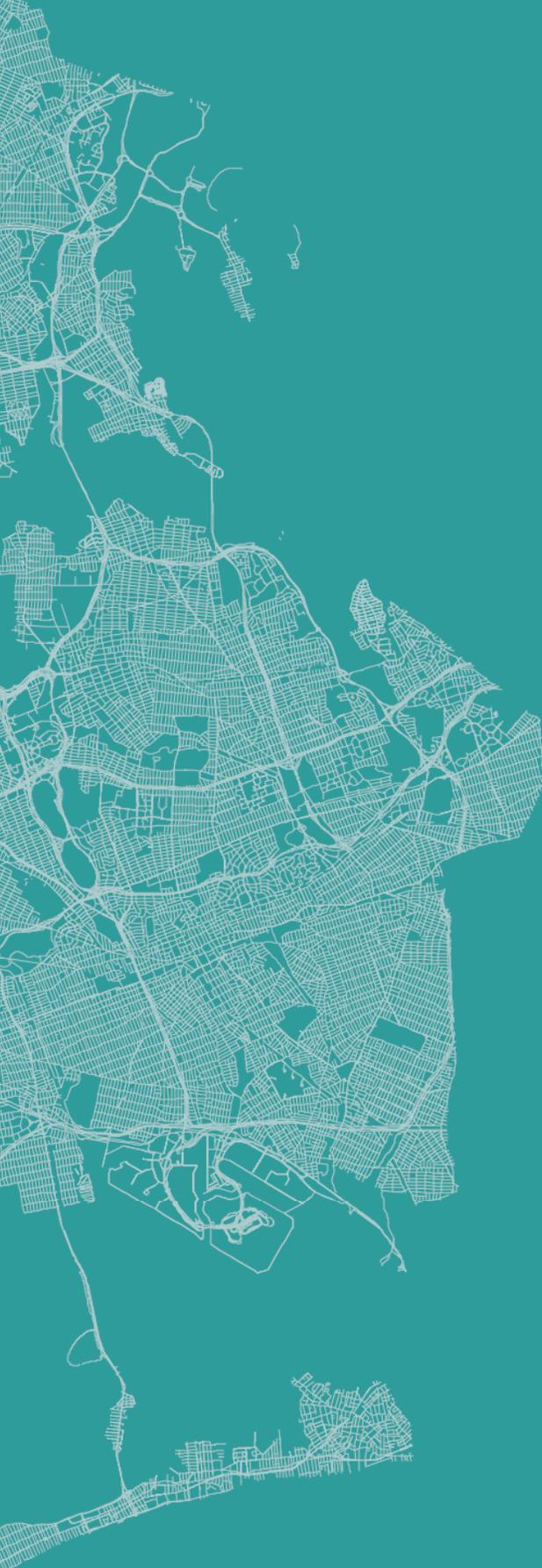
REPORT CREATED FOR THE NEW YORK LANDMARKS CONSERVANCY
PREPARED BY PLACEECONOMICS
APRIL 2016

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1875

EXECUTIVE SUMMARY

On the fiftieth anniversary of New York City's Landmarks Law, the New York Landmarks Conservancy decided this was an appropriate time to systematically look at the impacts of historic preservation in New York. The pages that follow quantify the contributions of historic preservation to the economy, the environment, and the life of the nation's greatest city. Here are some of the key findings of this report:

- **More than \$800 million is invested annually** in New York's historic buildings, creating jobs for 9,000 New Yorkers and providing paychecks of over \$500 million each year.
- The **creative industries** are a rapidly growing and vital component of New York's economy, and jobs in those industries **are disproportionately found in historic districts**.
- **Heritage tourism** is a major component of New York's visitor industry. Just the domestic portion of that visitor segment provides jobs for 130,000 New Yorkers.
- **Historic districts are the densest residential neighborhoods** in every borough of New York City, usually having a density of two to three times that of the borough overall.
- Less than 5% of the lot area in New York City falls under the purview of the Landmarks Preservation Commission.
- While historic districts in Manhattan are overall higher in income and lower in minority populations than the borough as a whole, in many instances the other boroughs demonstrate just the opposite.
- Both historic office and apartment buildings use significantly less energy per square foot than their more recently built competitors.
- Work on buildings in historic districts remained stable, providing good jobs in tough times, when new construction in the City crashed during the Great Recession.
- Jobs at small firms and start-up firms constitute a greater share of employment in historic districts than the City as a whole.
- Of the 13,000 applications the Landmarks Preservation Commission receives in a typical year, 95% are resolved at staff level and less than 3/10 of 1% are ultimately denied.

These quantified facts prove the value of historic preservation beyond characteristics more traditionally associated with the field: aesthetic, social, symbolic, cultural, or educational. Those values are significant but in addition, so are these more immediate and measurable economic factors. Decisions affecting New York's historic resources are being made in the short term. And when the verdict is "tear it down" that is a decision than can never be undone. This report demonstrates that while the long-term values of preservation are as valid as ever, there are compelling reasons in the short term to maintain, and to celebrate, New York's built heritage.



THE OLD STONE HOUSE
336 3RD STREET
PARK SLOPE, BROOKLYN



WEEKSVILLE
BROOKLYN

INTRODUCTION

The New York Landmarks Conservancy has long believed that historic preservation is key to New York City's economy, tourism, and quality of life. The Conservancy also knew there hasn't been sufficient economic data to support these beliefs. This report is intended to reframe the conversation – rebutting some recent attacks on historic districts and landmarking in general – and illustrating preservation's vital contributions to the City's present and future.

By any measure, New York is one of the world's greatest cities. If it were an independent country, New York City would have the 10th largest GDP in the world. Over the last decade, the rate of economic growth in New York City has been nearly double that of the United States. In 2014, the growth rate of New York's GDP was greater than that of two-thirds of the countries in the world.

But it is not just New York City's economy that makes it great. New York is one of the most visited cities in the world because of its culture, its character, and its dynamism. For most of American history, New York has also been the destination of choice for recent immigrants who come for the opportunity the City represents. Each year the New York metropolitan area welcomes more than twice the legal immigrants than the next closest city.

While some sectors have declined in employment in recent years – manufacturing in particular – other areas of the economy have emerged with even greater numbers of jobs. The death knells for the financial services, advertising, and publishing industries, like Mark Twain's death, were greatly exaggerated.

"New York is the most competitive city today and will remain so in 2025." This was the conclusion of a 2013 report commissioned by Citi and researched by the Intelligence Unit of *The Economist*.¹

It is odd, then, that in recent years preservation in New York has come under attack. "Shanghai is eating our lunch" is not only wrong, but silly. Even sillier is the rising volume of voices, mostly from the real estate community, insisting that the ills of New York – expensive housing, economic and racial segregation, and the high cost of development – are a result of protecting the quality and character of the City through historic designation.

¹ *Hot Spots 2025: Benchmarking the future competitiveness of cities*, Intelligence Unit, *The Economist*, 2013.

HISTORIC PRESERVATION IN NEW YORK CITY

In 1965, Mayor Robert R. Wagner Jr. signed the New York City Landmarks Law. The Law was intended to safeguard buildings and places that represent New York City's cultural, social, economic, political, and architectural history – the places that tell the unique New York story. Over 50 years later, the impacts of the law are felt by all who live here and all who visit.

The Landmarks Preservation Commission (LPC) is the entity that determines landmark and historic district designations in New York City and regulates those sites. The Commission's scope includes reviewing alterations to existing historic buildings, reviewing new construction within historic districts, and deciding upon new historic designations. All buildings within designated historic districts, individual landmarks, scenic landmarks, and interior landmarks are included in this oversight.

As of March 2016, there are 115 local historic districts² in New York City as well as 23 historic district extensions, or nearly three designated districts per year on average since the LPC was formed. In addition, some 1,355 sites are protected as individual landmarks, 10 as scenic landmarks, and 117 as interior landmarks. Local historic districts are represented in each borough, as shown in the map to the right.

This map illustrates how relatively small historic districts are in relation to the City as a whole. The Furman Center for Real Estate & Urban Policy at New York University has just released what is surely the definitive finding on how much of New York City is protected by historic designation.³ They have found that **only 3.4% of New York City's total lots are under the purview of the Landmarks Preservation Commission**, and that includes designated historic districts, individual landmarks, and interior landmarks. Specifically, 3.3% of the lots are within historic districts and a mere 0.1% of the lots are individual or interior landmarks. That means that the vast majority of the City – almost 97% of city lots – do not receive any oversight by LPC.

Citywide, those 3.4% of LPC-designated lots cover only 4.4% of New York City's total lot area, leaving over 95% of the land to be developed without LPC oversight.⁴

² The "historic districts" discussed in the report are local historic districts designated by the Landmarks Preservation Commission as of November 2015. There are also National Register Historic Districts within New York City. In some cases the boundaries of the two types of districts are overlapping; in some instances there may be a National Register District without local designation, and some local districts do not have National Register status. The Landmarks Preservation Commission has jurisdiction over the local districts, which are the focus of this report.

³ Furman Center for Real Estate and Urban Policy, *Fifty Years of Historic Preservation in New York City*, and Landmarks Preservation Commission, *Landmark Districts and Sites*, 2016.

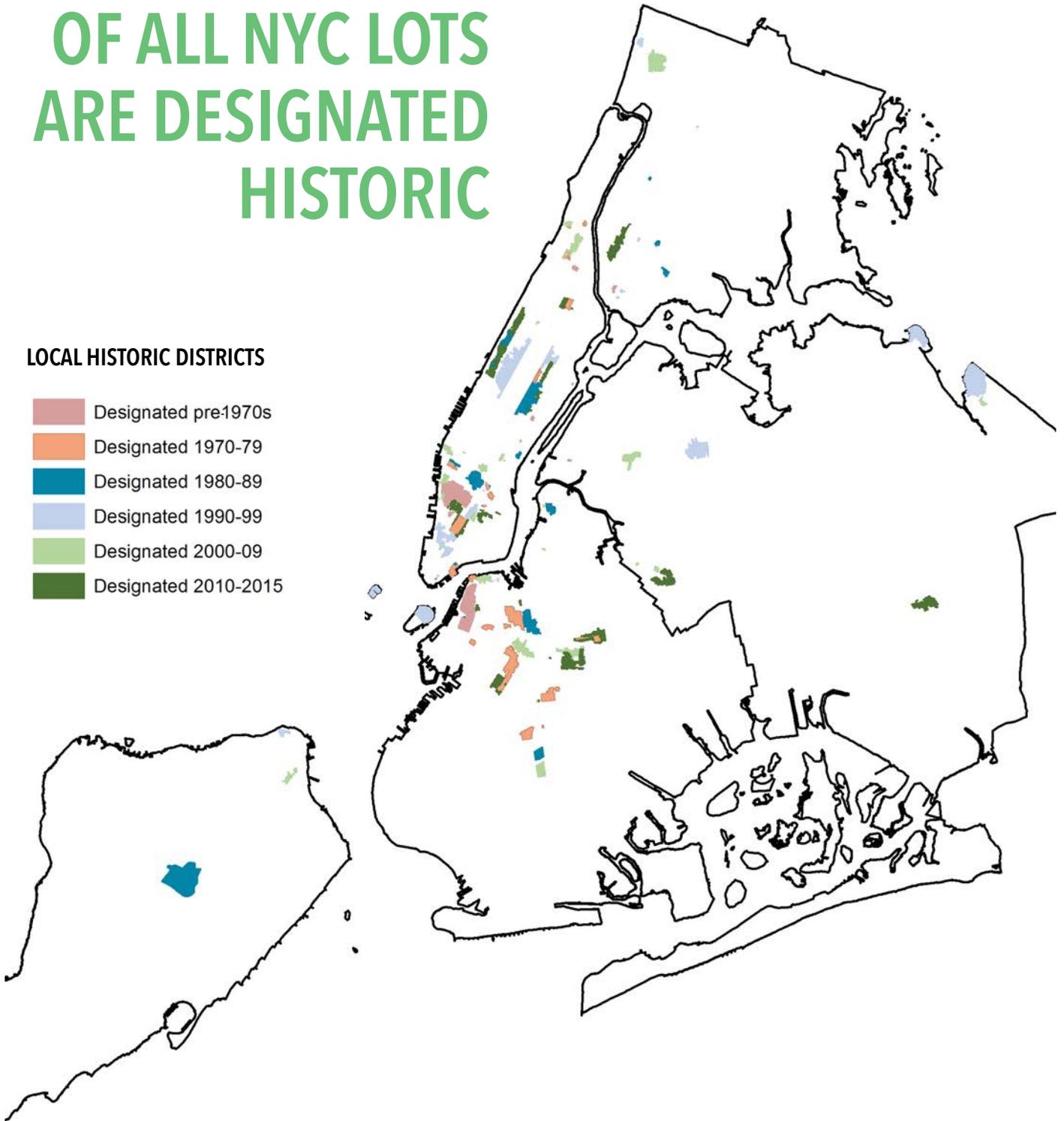
⁴ In the Furman analysis a "lot" is a platted and recorded lot in the City of New York. "Lot area" is the square footage within the lot boundaries. See the Furman Center for Real Estate and Urban Policy's report, *Fifty Years of Historic Preservation in New York City* (2016), for more information.

3.4%

OF ALL NYC LOTS
ARE DESIGNATED
HISTORIC

LOCAL HISTORIC DISTRICTS

- Designated pre-1970s
- Designated 1970-79
- Designated 1980-89
- Designated 1990-99
- Designated 2000-09
- Designated 2010-2015



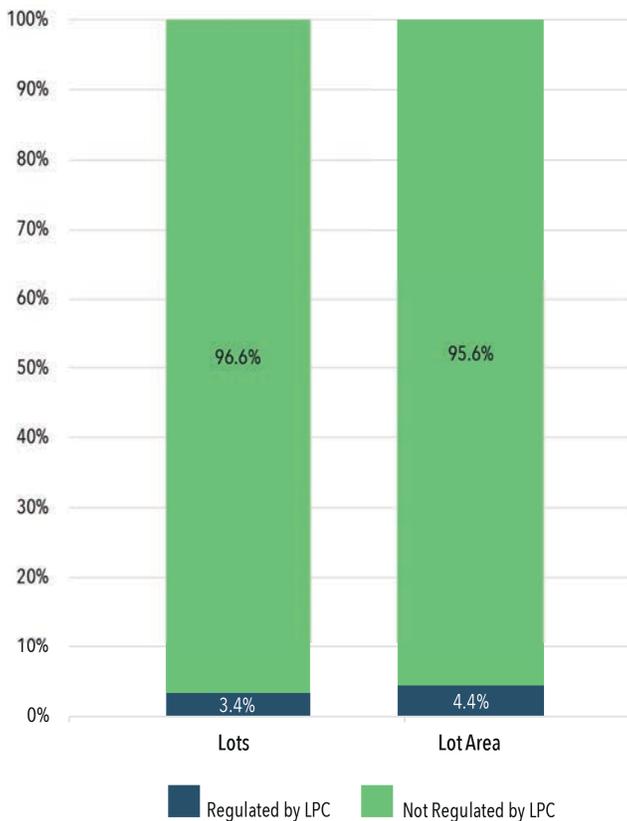
SHARE OF LOTS AND LAND PROTECTED BY LANDMARKS COMMISSION*

	Lots Protected	Lots Unprotected	Lot Area Protected	Lot Area Unprotected
Bronx	1.0%	99%	3.2%	96.8%
Brooklyn	4.5%	95.5%	5.2%	94.8%
Manhattan	27.0%	73.0%	19.9%	80.1%
Queens	1.2%	98.8%	1.6%	98.4%
Staten Island	0.3%	99.7%	3.1%	96.9%
New York City	3.4%	96.6%	4.4%	95.6%

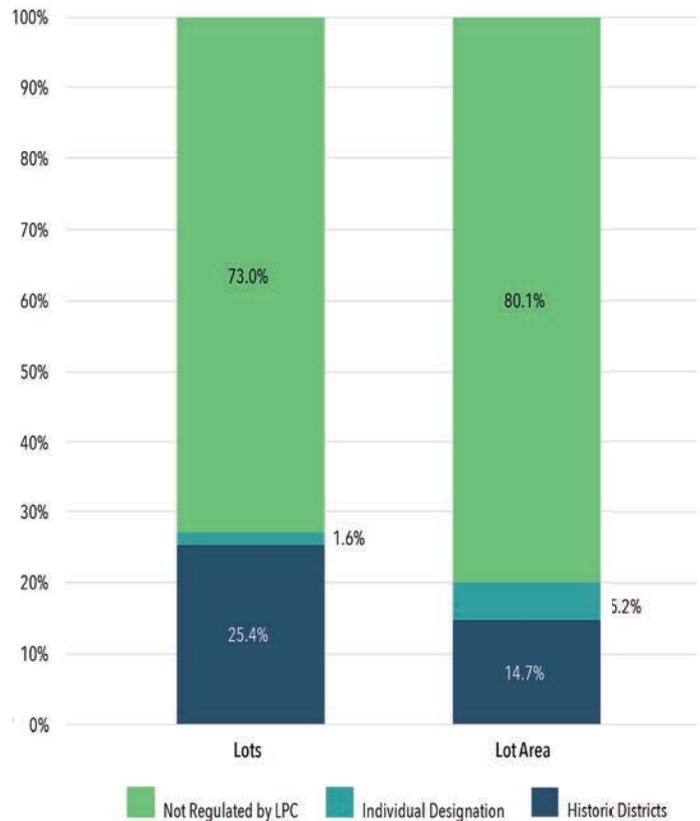
* Including districts, individual landmarks, and interiors (Data provided by The Furman Center)

As can be seen in the table above, the concentrations of these historic designations vary, with the largest share of lots and lot area designated as historic found in Manhattan. Still, the vast majority of Manhattan’s lot area – 80% – does not fall under the LPC’s jurisdiction. A total of 27% of Manhattan’s lots are subject to review from the Landmarks Preservation Commission, which encompasses nearly 20% of lot area in Manhattan.⁵

New York City Lots and Land Under Purview of LPC

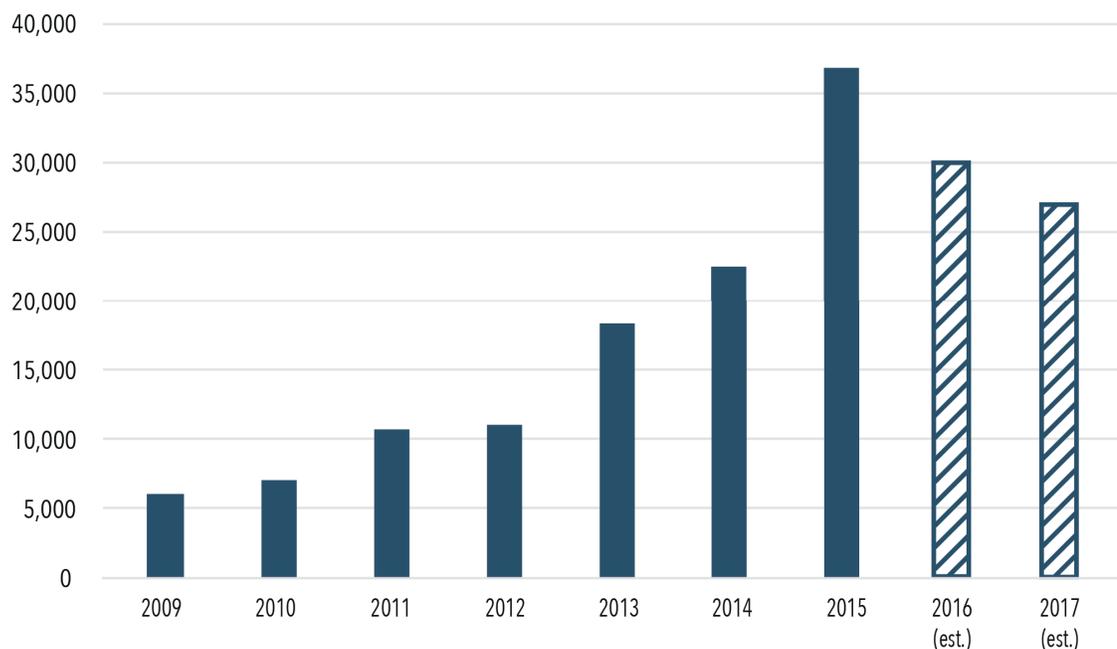


Manhattan Lots and Lot Area Under Purview of LPC



5 For “lot area” the Furman study calculated the land area within platted lots in New York City with the exception of: 1) lots in the land use category of “Open Space and Outdoor Recreation; 2) parks; 3) cemeteries; 4) Ellis Island; 5) Liberty Island; 5) airports; and 6) large underwater lots.

Housing Units Produced New York City, 2009 - 2017



There have been accusations that historic districts are precluding the development of affordable housing. But it is most curious arithmetic that 4.4% of the lot area is stopping development of affordable housing on the 95.6% of New York City lot area over which there is no landmark designation. The real estate industry anticipated this response writing, "Preservationists have noted that with only 3.64% of the City under LPC's jurisdiction, 96% of the City's properties are available for development. This statement ignores the reality that two-thirds of all properties are zoned for one- to two-family homes."⁶ Well there certainly is a reality being ignored.

Based on the Real Estate Board of New York's (REBNY) own calculations, low-density residential zoning is nearly 20 times the problem (if it is indeed a problem) as are the historic districts.⁷

While one part of the New York real estate industry is claiming historic districts are precluding development in general and affordable housing in particular, another arm is providing actual data that tells a totally different story. **The New York Building Congress reports that 2015 was a record year for construction activity in the City including the production of 36,850 units of housing, the highest number of units in recent years.** They additionally estimate that the years 2016 and 2017 will see the creation of another 57,000 housing units.⁸ Further, the Mayor's Office says that 2016 will be a record year for the production of affordable housing.⁹

New York needs housing, and in recent years the real estate development community has been creating housing in record numbers. Affordable housing also needs to be a priority and City Hall programs for creating affordable housing are ahead of schedule. The claim that the 4.4% of the entire city's lot area in New York serves as an insurmountable barrier for new housing is refuted by the development that is taking place.

⁶ *Housing Production on New York Landmarked Properties*, The Real Estate Board of New York, 2015.
⁷ This calculation is derived from MapPLUTO using all zoning where residential is allowed.

⁸ New York Building Congress, *Private Sector Investment Propels New York City Construction to New Heights*, October 29, 2015, <https://www.buildingcongress.com/press/2015-10-29.html>.
⁹ New York Building Congress, *New York City Construction Outlook 2015-2017*, October 2015.



TOBACCO WAREHOUSE
BROOKLYN BRIDGE PARK

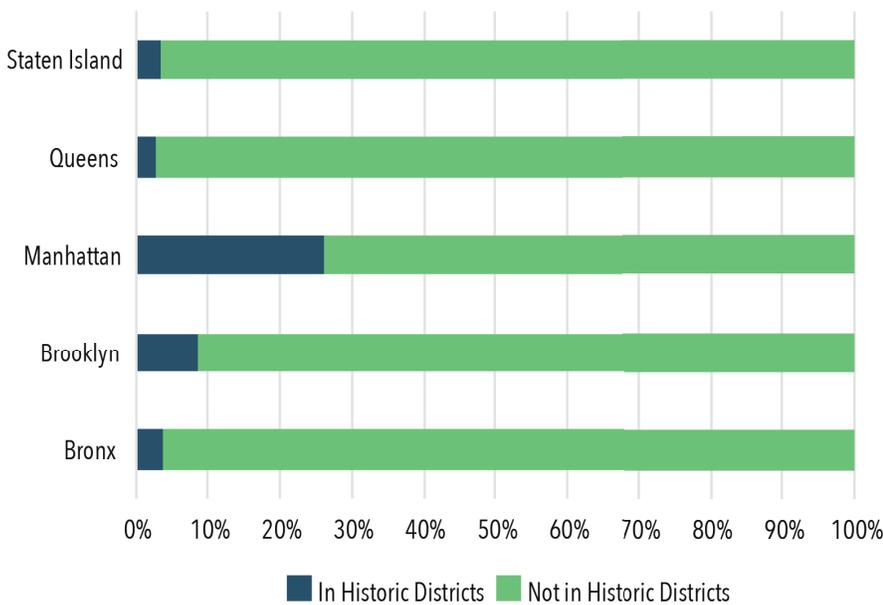


THE UNISPHERE
FLUSHING MEADOWS
CORONA PARK, QUEENS
PHOTO CREDIT: STEVE FISHER

INCLUSIVE

While only 3.4% of New York City's lots are within designated areas, just over 9% of the City's population lives within these historic districts.¹ Not surprisingly, in Manhattan, with the largest number of historic districts, 26% of the borough's residents live in designated historic neighborhoods. In Brooklyn, only 4.4% of the borough's lots are within a designated historic district, yet 8.5% of the borough's population resides within those historic districts. This greater share of people than parcels within historic districts shows how dense they actually are, and reflects New Yorkers' attraction to those neighborhoods.

Population in Historic Districts



¹ US Census Bureau, American Community Survey, block groups for New York City, 2014.

HISTORIC PRESERVATION IN NEW YORK CITY NEIGHBORHOODS



What do historic buildings and districts mean to New Yorkers? Just look to the neighborhood associations and passionate individuals citywide who are leading campaigns to pursue historic designation in their own communities. Advocates in Brooklyn's Bedford-Stuyvesant (Bed-Stuy) and Crown Heights North neighborhoods have been working for years to attain and expand historic designation. They are fighting to protect and celebrate the history and character of their neighborhoods.

Bed-Stuy and Crown Heights North share some important commonalities: breathtaking 19th-century architecture; long-standing African American homeownership going back generations; a rich cultural history; and a deep sense of place and community. "Everybody in Bed-Stuy knows everybody, they look out for each other," says Claudette Brady, local resident and founder of the Bedford Stuyvesant Society for Historic Preservation. Ethel Tyus, treasurer, general counsel, and board member of the Crown Heights North Association, says, "Everybody who lives here should be looking at a community-oriented way of maintaining your property and of new development."

Around 2003, activists in Bed-Stuy and Crown Heights North began to witness the loss of some of their historic resources. They quickly realized this would be a continual threat to their neighborhoods unless the residents themselves took action. It was about this time that Tyus and other community members came together to survey their neighborhood and champion the designation of the Crown Heights North Historic District, with Phase I approved in 2007. Brady also began her pursuit of an expansion of the Stuyvesant Heights Historic District around this time, which ultimately passed in 2013.

Bed-Stuy and Crown Heights North are desirable neighborhoods, in large part due to their historic district designation. Preservation's place there extends beyond the architecture, honoring the areas' exceptional cultural history. "[There are] a lot of well-known minority people who did a lot of work politically, civically, and in the arts that lived in this area, and they're being documented anecdotally in the [Landmarks Preservation Commission] reports," says Tyus. And in Brady's words, "designation is more about preserving neighborhoods than about the buildings."

The low-rise, compact character of the neighborhoods also plays a big role.

Tyus remarked that Crown Heights North is "80% buildings that are 3-4 stories tall," and that investors buying properties as rentals and new developers think only of their investments, and not of the impact these developments have on the character of the neighborhood. "We want people to understand that there's a look and feel that's unique to Crown Heights North and that we want to keep it that way," she continues. "Large buildings change how people function and communicate," says Brady.

Tyus remembers early community meetings where residents voiced their concerns about "being told what to do with their properties," if designated. It took a tall new development, out of context with its neighboring buildings in the area, for residents of Crown Heights North to "realize what would happen if they didn't step up," according to Tyus. "And then I didn't hear anymore from the naysayers." Now these same residents are the boots on the ground, keeping an eye on each other and each other's properties.

"Preservation is a tool, just like zoning is a tool," says Brady. Her goal in pursuing a historic district extension in Bed-Stuy was to preserve that "sense of place" inherent in the neighborhood. About Crown Heights North, Tyus says, "There's a lot of history here. I may not be able to name all the people, but they left a legacy that should be preserved."

**“DESIGNATION
IS MORE ABOUT
PRESERVING
NEIGHBORHOODS
THAN ABOUT THE
BUILDINGS.”**

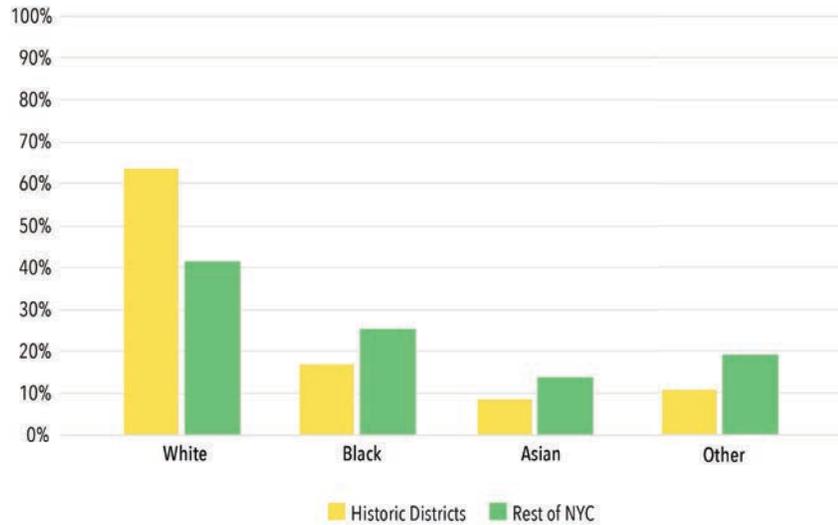
When compared citywide, New York City's historic districts have a larger share of the White population and a correspondingly smaller share of minority populations than the rest of the City.

But, in fact, those overall numbers are skewed by patterns in Manhattan. When looked at on a borough by borough basis, the picture is much different.

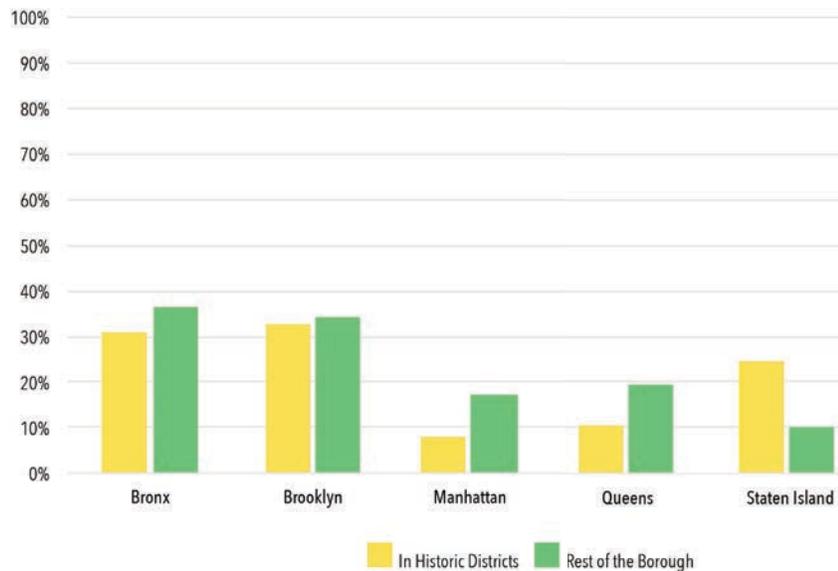
In the Bronx and Brooklyn, the Black population within historic districts is nearly a mirror image of the Black population in the rest of the borough. In Staten Island, historic districts have a larger share of the Black population than the rest of the borough.²

This trend continues with Hispanic populations as well. In both Manhattan and Brooklyn, there is a smaller share of Hispanics in historic districts than in the borough as a whole, but in the Bronx, Queens, and Staten Island, there is a higher share of Hispanic New Yorkers living in historic districts than in the rest of the borough.

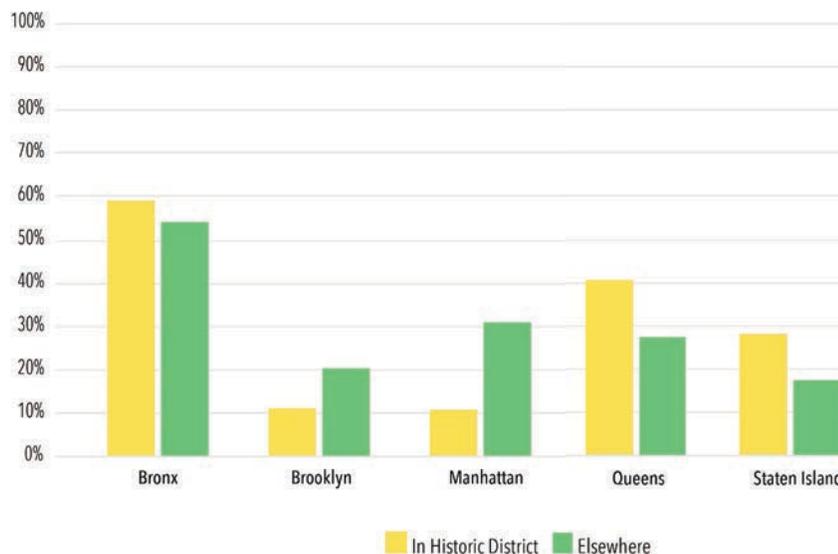
Racial Makeup in New York City Historic Districts



Share of Black Population in Historic Districts by Borough



Hispanic Population in Historic Districts

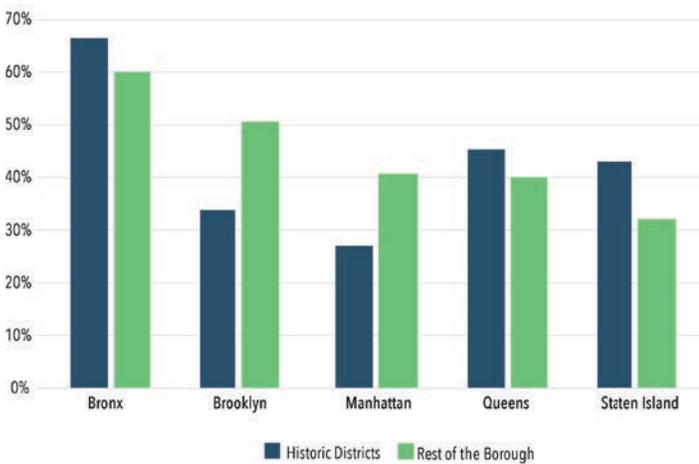


² US Census Bureau, American Community Survey, block groups for New York City, 2014. The Census Bureau classifications on race and ethnicity were shortened from "Black or African American" to "Black" and "Hispanic or Latino" to "Hispanic" for this analysis.

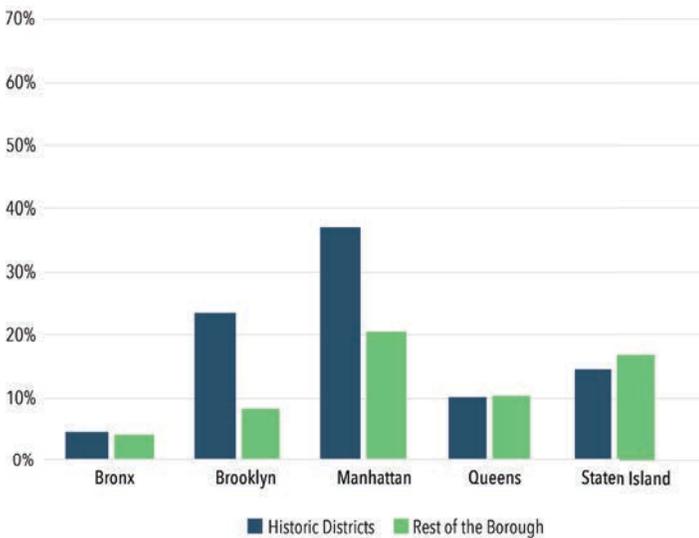
It's an easy caricature to say, "Those historic districts, that's where all the rich White folks live." But in fact, that's not accurate. It is true that historic districts in Manhattan, and to a lesser extent in Brooklyn, tend to have a greater share of high earners than those boroughs as a whole. However, elsewhere the opposite is often true. In the Bronx, Queens, and Staten Island, a greater share of households earning less than \$50,000 a year live within the historic districts than in the rest of each borough.³

Likewise, while those households earning more than \$150,000 constitute a larger share of the population in historic districts than the borough at large in both Manhattan and Brooklyn, the other boroughs show a different reality. **In the Bronx, Queens, and Staten Island, high-income households in historic districts are virtually the same share of the population as in the borough as a whole.**

Share of Households with Income Less than \$50,000



Share of Households with Income Greater than \$150,000



³ US Census Bureau, American Community Survey, block groups for New York City, 2014.

AFFORDABLE HOUSING AND HISTORIC DISTRICTS

Housing is expensive in New York City and addressing affordable housing is an important public policy objective. While it makes a clever sound bite to claim New York's historic districts are to blame for the high cost of housing, there's just one thing wrong – it is demonstrably untrue.

While affordable housing was not a major research area for this study, that issue was the primary focus of a recently released analysis, *Affordable Housing & Historic Districts*, prepared by ThinkBrooklyn and Grimm-Lyon Planning and Design for the Historic Districts Council. The entire study can be found at www.hdc.org, but here are some of the findings:

- Between the years of 1970 and 2010, historic district designation had little to no impact on rental prices and the number of rent-burdened households.
- Rental prices did not increase significantly more in historic districts than they did in non-designated neighborhoods.
- The number of households paying more than 35% of their income on rent did not change at a significantly different rate in historic districts than outside them.
- In Manhattan, historic districts showed a similar increase in household income as non-designated neighborhoods.
- Subsidized housing units were developed at a higher rate in Manhattan, Brooklyn, and Staten Island historic districts than outside them.
- 27% of the subsidized rental units located in historic districts were developed after the historic district was designated.
- Citywide, subsidized rental units in historic districts maintain subsidies at similar rates as subsidized rental developments overall.
- While Manhattan's historic districts are less likely to have maintained affordability subsidies than the City as a whole (with Harlem as the exception), in the boroughs of the Bronx, Brooklyn, and Staten Island a higher percentage of subsidized rental units have maintained subsidies in historic districts than those outside of historic districts.
- Affordability subsidies are maintained in designated historic districts at a rate of 74%.

Housing affordability in New York City is a problem that clearly needs additional solutions. However, historic districts are not a major cause of the problem; in fact, they are making significant contributions as part of the solution.

"Historic district designation had little to no impact on rental prices and the number of rent-burdened households."





LOWER MANHATTAN
& SPRUCE STREET
& THE WOOLWORTH BUILDING

DENSE AND DYNAMIC

ARE SKYSCRAPERS THE ANSWER?

New York City, particularly Manhattan, is a city of skyscrapers, and should remain so. The scale, grandeur, and technological innovation found in New York's skyscrapers is something that makes both the real estate industry and New Yorkers in general rightfully proud. It has been argued that, "too much preservation stops cities from providing newer, taller, better buildings for their inhabitants."¹ That may well be an appropriate definition of "too much preservation." But if so, New York City clearly doesn't meet the test. Since 2000, 60 skyscrapers of over 150 meters in height have been completed in New York and another 37 are currently under construction.² In fact, only Hong Kong tops New York in terms of the number of skyscrapers that size, and New York City has nearly as many as Shanghai and Tokyo combined. That hardly sounds like a city "embalmed in amber."

¹ Glaeser, E.L., *Triumph of the City: How our Greatest Invention Makes us Richer, Smarter, Greener, Healthier, and Happier*, New York, NY: Penguin Press, 2011.

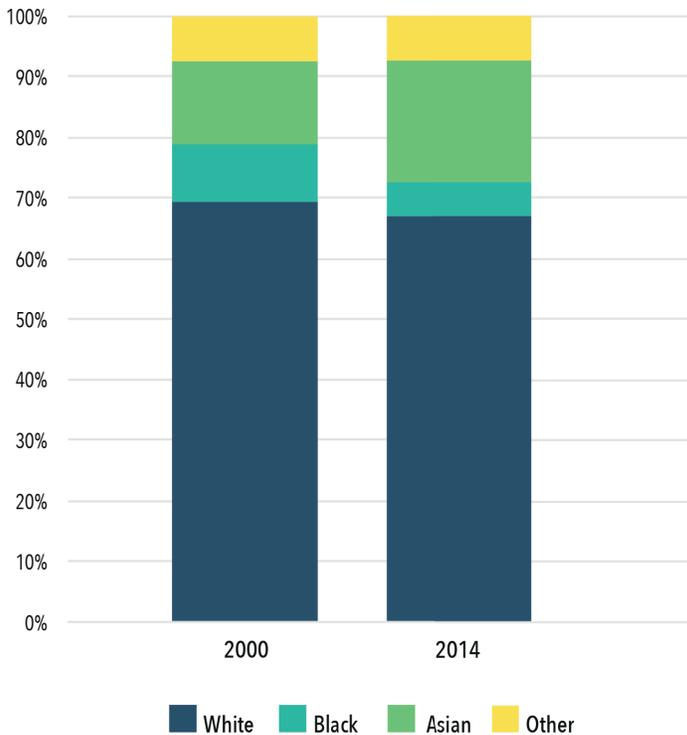
² "New York City." *The Skyscraper Center*, accessed November 17, 2015, <http://skyscrapercenter.com/city/new-york-city>

But the larger question is, when a New York City block has a residential skyscraper built on it, what changes? This change was examined using 18 residential skyscrapers built between 2001 and 2014 in Manhattan. The demographics of each skyscraper's census block group was analyzed in 2000, before the tower was built, and then again in 2014. None of these census block groups contained any portion of a historic district.

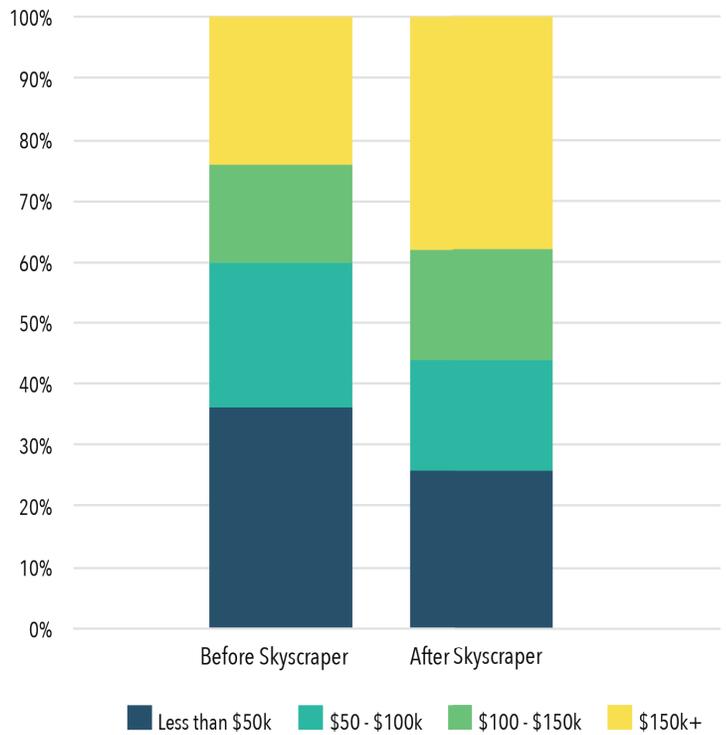
While the number of people who lived in these areas obviously increased, there was a reduction in both the share of Black and White population.³

One of the central critiques of New York City's historic districts is that they are precluding the development of affordable housing. The corollary argument is that it will require more high-rise buildings to be built to address the affordability issue. So are newly constructed residential skyscrapers providing housing for a wider range of household incomes? Again we looked at census block groups within which a residential skyscraper was built between 2001 and 2014. Below can be seen the shift in the share of household incomes over that period.⁴

Racial Makeup Before and After Skyscraper



Household Income Distribution in Skyscraper Census Block Group: 2000 to 2014



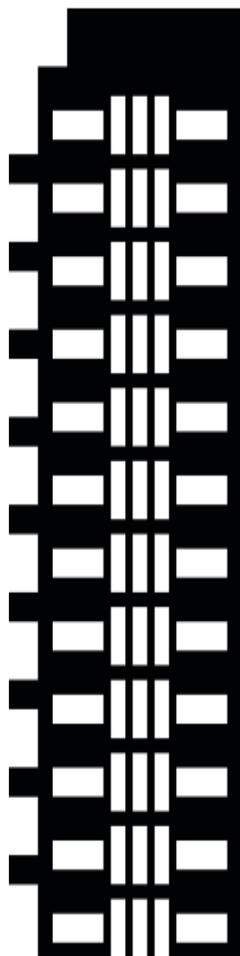
3 US Census Bureau, American Community Survey, Total Population in Block Groups, 2014.

4 US Census Bureau, American Community Survey, Demographics and Income in Block Groups, 2014.

WHILE ON NON-HISTORIC BLOCKS, SKYSCRAPERS ADDED DENSITY...

PEOPLE PER SQUARE MILE
2000-2010

104,750



Density After Skyscraper

9,718



Density Before Skyscraper (non-historic blocks)

Neither the change in racial makeup nor household income should be seen as a criticism of the skyscrapers. It only reflects a truism in real estate development – it is impossible to build new and sell or rent cheaply, barring massive subsidies of some kind.

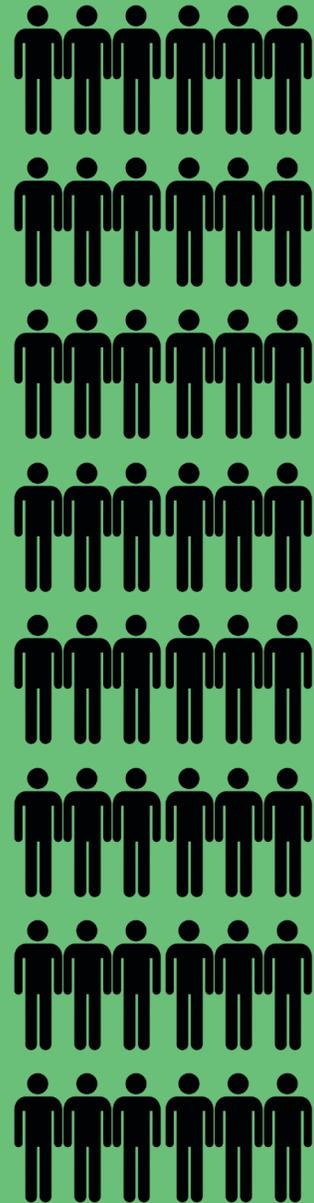
Rather, the data is included to suggest the disingenuousness of the attack and characterization of historic districts as being unrepresentative of the breath of the population of New York. Clearly, the newly constructed skyscrapers skew even further away from the affordable.

But one potentially credible argument for the skyscrapers is as follows: “New York is adding population. Our boundaries are fixed. There is very little vacant land. Therefore our only choice is to build higher.” Seems reasonable. But do the skyscrapers add density? The answer is absolutely yes. This study looked at the data for the Census Blocks within which skyscrapers were built in 2000 and 2010.⁵ In New York City, a census block is usually five or six city blocks. There is no question that density increased dramatically.

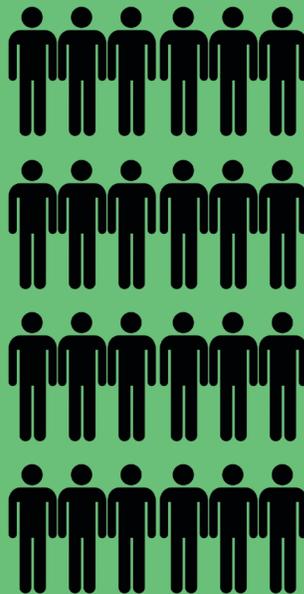
⁵ In the other comparisons we used Census Block Groups rather than Census Blocks and 2014 rather than 2010. The reason for this difference is that the estimated data for 2014 is only available on the Census Block Group basis. A Census Block Group is composed of several Census Blocks. The use of Census Blocks reflects the greatest density impact of a new skyscraper.

**...HISTORIC
DISTRICTS HAVE
THE GREATEST
DENSITY IN EVERY
BOROUGH**

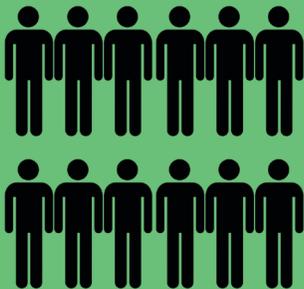
144,835



104,750



80,739



**NON-HISTORIC
RESIDENTIAL AREAS**

SKYSCRAPERS

**HISTORIC
DISTRICTS**

IN MANHATTAN
PEOPLE PER SQUARE MILE

So there is ample evidence that skyscrapers add density. But, in fact, the density provided by a new skyscraper is still less than the density already found in Manhattan’s historic districts.⁶

How can it possibly be true that a building that tall provides that little relative density? The real estate industry gives us the answer. A recent New York Times article quoted Gary Barnett, the founder of Extell Development, developer of One57. Referencing West 57th Street where a number of new skyscrapers are planned, Mr. Barnett explained, “Big as these buildings are, most of them do not have very many units. Maybe there’s a few hundred on the whole stretch.”⁷ Skyscrapers have certainly added height; density – less than might be expected.

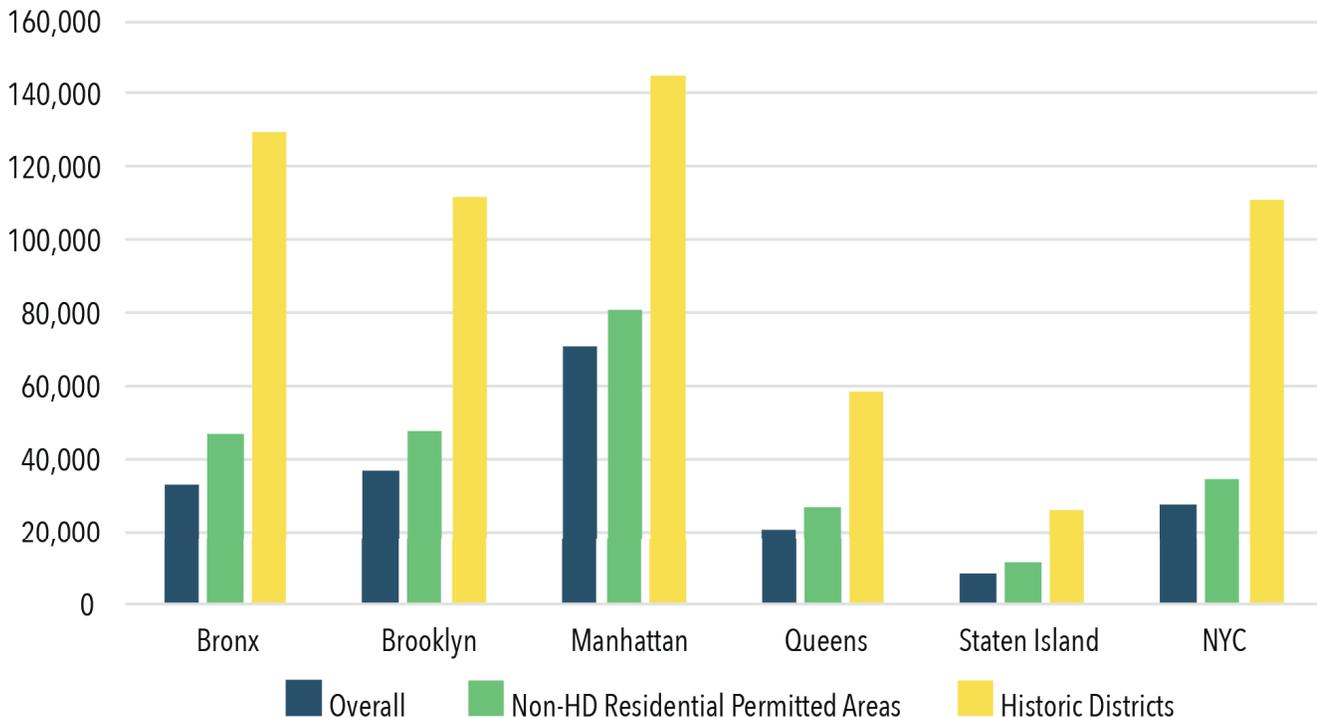
In fact, in every one of New York City’s five boroughs, the densest neighborhoods are the historic districts. As seen in the graph below, historic districts per square mile house two to three times as many people as the borough in general (blue) and usually twice the population as other parts of each borough where residential use is permitted (yellow).

There is little doubt that New York City has to add density and that skyscrapers are one of the ways to do that. But to scapegoat the neighborhoods that are already the densest in the City is both foolish and bad public policy.

“Big as these buildings are, most of them do not have very many units.”

GARY BARNETT
EXTELL DEVELOPMENT

New York City Density by Borough Population per Square Mile



⁶ “Non-Historic Residential Areas” includes all of the land in Manhattan for which the zoning code allows residential development but that is not part of a designated historic district.

⁷ Chaban, Matt A. V. “As a New High Society Climbs in Manhattan, It’s a Race to the Top.” The New York Times. December 21, 2015.



GRACE EPISCOPAL CHURCH
254 HICKS STREET
BROOKLYN HEIGHTS

PRODUCTIVE

"Landmark restrictions on this commercial area will have a chilling effect on the renovation and adaptation of long-vacant buildings, which have helped transform the area into a vibrant retail and commercial district."¹

"Those preservationists fighting for area-wide district designation may unwittingly drain the vitality they wish to perpetuate."²

"[Landmark designation will] seriously impede the modern expansion and progress of the city."³

The three quotations to the left have three things in common:

- 1) they were made in opposition to the protection of historic resources;
- 2) they were made by representatives of the real estate industry; and
- 3) they were demonstrably wrong.

New York City's historic buildings and districts don't drain economic vitality, they embrace it.

LOCATION, LOCATION, LOCATION!



New York City is a vibrant and ever-changing place, and that is as it should be. The construction of new high-rise residential towers is an important component of that change, and part of what makes it a city of continual progress. That said, what is often overlooked is the contribution of nearby historic districts to the marketability and attractiveness of those new skyscrapers. These are parallel truths and to disregard one is to compromise the well-being of the other.

But, if the rest of us don't see the connection, the marketing industry certainly does. Location is everything when choosing a residence, and recent residential developments are capitalizing on the benefits, attractiveness, and amenities of local historic neighborhoods to make new units more alluring.

For example, One Madison, a new luxury condo and rental building, touts its location "at the nexus of New York City's most dynamic neighborhoods." The neighborhoods identified are "Flatiron, Gramercy, NoMad and Chelsea," neighborhoods largely composed of thriving historic districts that contain character-rich buildings and unique small businesses.

Promotional language on the homepage of One Vandam describes the development as "[l]ocated at Prince and Spring streets, adjacent to the West Village and Tribeca, One Vandam overlooks one of the most desirable locations in the city." This puts the building right on the periphery of the SoHo, Cast Iron, Charlton-King-Vandam, Greenwich Village, and South Village Historic Districts, and steps from the Tribeca West Historic District.

And Village Green West, a newly constructed luxury building on West 14th Street, boasts that it is "[p]roudly siting [sic] at the crossroads of three of Manhattan's most vibrant and culturally rich neighborhoods, the West Village, Chelsea, and the Meatpacking District" – neighborhoods well represented by the Greenwich Village, Gansevoort Market, and Chelsea Historic Districts.

The advantages that new – often luxury – developments receive in their proximity to historic areas are clearly desirable and leveraged in advertising, recognition that the existence and protection of older, historic districts provides direct benefit to new development projects.

¹ *New York Times*, October 4, 1986.

² *New York Times*, May 4, 1980.

³ *New York Times*, April 29, 1990.

SMALL FIRM JOBS

New York City has bragging rights as being home to more Fortune 500 companies than any other city in the world. But firms at the other end of the scale are also vital contributors to the City's economic health. More than 1 in 6 New Yorkers work for businesses employing fewer than 20 people.⁴ While the giants get the headlines in the Wall Street Journal, small firms are the laboratories of entrepreneurship and often the entry points into the larger economy for the young, for women, and for recent immigrants.

Historic districts and buildings have a competitive advantage. They contain attractive buildings, spaces, and other attributes desirable to small and start-up businesses as well as creative industries. Small businesses don't just provide convenience and local jobs; they are also the source of the commercial vitality of a neighborhood. These businesses value the unique character inherent in historic buildings and often the competitive rents in older structures. This is a win-win and many are choosing to locate their businesses within historic districts as a result.

While historic districts account for 8% of all private jobs in New York City, these neighborhoods are the place of employment for nearly 10% of the City's jobs in small firms.⁵

NEW FIRM JOBS

This pattern of preference for historic districts is even more pronounced for new and young firms. As noted above, historic districts are home to 8% of all private jobs in the City, but 10.1% of jobs at start-up firms (in business for less than one year) and 10.9% of all jobs in young firms (opened within three years).

It is worth noting that all of the data above only reflects jobs within historic districts and not small, start-up, or young firms located in individually designated landmarks which are not part of a historic district such as the Empire State Building and the Chrysler Building. Were it possible to obtain that data these numbers would be even larger.

WHILE ONLY

3.4%

OF ALL NYC LOTS ARE
DESIGNATED HISTORIC

⁴ U.S. Census Bureau, OnTheMap Application, Longitudinal-Employer Household Dynamics Program, 2015, <http://onthemap.ces.census.gov/>.

⁵ Firms employing fewer than 20 people.

8% OF ALL PRIVATE JOBS IN NYC
ARE IN HISTORIC DISTRICTS

9.9% OF ALL NYC JOBS IN SMALL FIRMS
ARE IN HISTORIC DISTRICTS

10.1% OF ALL NYC JOBS IN START-UP FIRMS
ARE IN HISTORIC DISTRICTS

10.9% OF ALL NYC JOBS IN YOUNG FIRMS
ARE IN HISTORIC DISTRICTS

CREATIVE FIRMS SEEK OLD BUILDINGS



It may sound like a singles ad on a dating website, but it's true: creative firms seek old buildings. In New York City, older and historic buildings are drawing in small firms, architecture studios, and even mega tech companies. Young workers are gravitating to the rich character of these unique spaces, and firms are easily accommodating them with the open, adaptable floor plans and architectural features inherent in these structures. Unique spaces foster unique ideas and inspire those in and around them.

In a 2015 *Commercial Observer* article, a forum for commercial real estate players, author Adam Spagnolo describes these "flexible, creative, friendly, open, sustainable" older spaces as "Creative Class A" buildings. Recognizing that coveted young talent values these qualities, Spagnolo explains that firms are willing to spend top dollar on historic commercial space that's been retrofitted to accommodate their modern workforce, and that these rehabs "can be quicker and more affordable than new construction."¹

Apple sees this value and strives to keep its stores unique, according to a 2015 article on the tech giant's continued expansion into older and historic buildings in New York City.² In addition to the recognizable flagship glass cube, Apple has expanded its physical presence into historic districts in SoHo, the Meatpacking District, and the Upper East Side in addition to iconic landmarks like Grand Central Terminal. Its sixth and most recent store, located on the Upper East Side, occupies a 1920s former bank. Once they moved in, Apple went the extra mile to accentuate the building's distinct architectural character by replicating six chandeliers based on historic photographs and converting the lower level vault into a distinctive VIP room.

A 2014 report by the Alliance for Downtown New York, aptly titled *Everything Old is New Again*, also states that the rehabilitation of Downtown's architectural gems has attracted "a host of modern tenants, including firms in tech, media and advertising." The report cites conversions of older buildings as a catalyst for significant reinvestment in Downtown, allowing the old to stand with the new as economic drivers.³

Of course, it isn't just the historic character of buildings that's in demand from start-ups and creatives, it's also the vibrant historic neighborhoods in which they're situated. When Google moved its offices, it chose 111 Eighth Avenue, a monumental 1930s structure that takes up a full city block in the thick of the historic Meatpacking District and Chelsea neighborhoods. They reportedly paid \$1.9 billion for it in 2010.⁴ Google, which employs thousands of people in their New York office, described the move as "a great real estate investment in a thriving neighborhood," and a Google spokesman acknowledged the neighborhood choice "was more suited to its young employees."⁵ This may be in part because, as Spagnolo notes, neighborhoods containing desirable older and historic buildings "are typically surrounded by restaurants, bars and shopping, and tenants prefer them for those reasons."⁶

Beyond enticing employees with the amenities and rich architectural details ingrained in historic buildings, these highly adaptable structures are seen as enhancing and not impeding creativity and progress. This ability to easily conform to new uses is also a major draw for tenants and recruits because "[r]etrofitting yesterday's building stock is one of the best examples of sustainability that architects and developers can articulate or promote with a tenant," according to SGA Founding Partner Al Spagnolo (and Adam Spagnolo's father).⁷ This adaptability is just one more selling point when recruiting millennials who increasingly want to know if a company has a strong commitment to sustainability.

1 Spagnolo, Adam. "Want to Attract TAMI Tenants? Slap 'Creative' on Your Class A Building." *Commercial Observer*. October 21, 2015. Accessed January 15, 2016. <https://commercialobserver.com/2015/10/want-to-attract-tami-tenants-slap-creative-on-your-class-a-building/>.

2 Alba, Alejandro. "Apple Renovates Old Upper East Side Bank, Opens Retail Store." *NY Daily News*. June 11, 2015. Accessed January 20, 2016. <http://www.nydailynews.com/new-york/manhattan/apple-renovates-old-upper-east-side-bank-opens-retail-store-article-1.2255504>.

3 *Everything Old Is New Again: CONVERSIONS OF HISTORIC PROPERTIES IN LOWER MANHATTAN*. Report. New York City: Alliance for Downtown New York, 2014.

4 Gustin, Sam. "Google Buys Giant New York Building for \$1.9 Billion." *Wired.com*. December 22, 2010. Accessed February 02, 2016. <http://www.wired.com/2010/12/google-nyc/>.

5 Glazer, Emily. "Google Web Grows in City." *WSJ*. February 29, 2012. Accessed February 02, 2016. <http://www.wsj.com/articles/SB10001424052970204653604577251293275921066>.

6 Spagnolo 2015

7 Spagnolo 2015

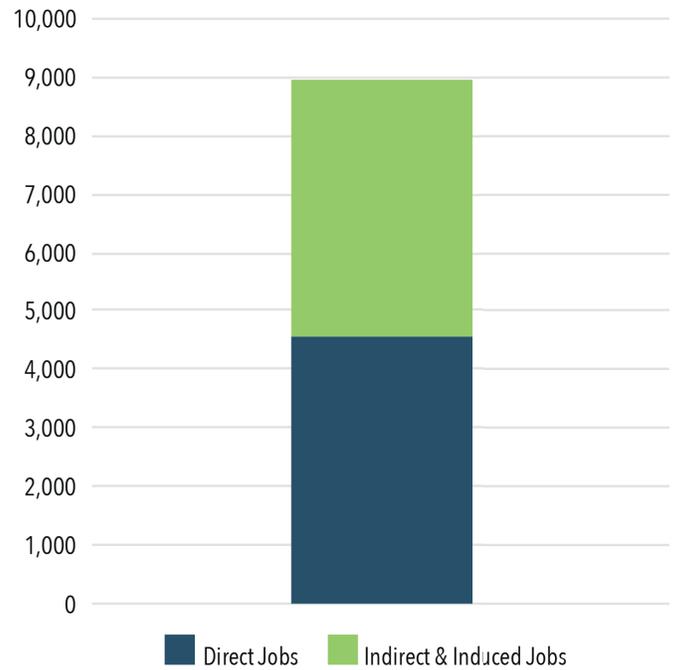
INVESTMENT IN HISTORIC BUILDINGS

Being in a designated historic district doesn't discourage investment, in fact, quite the opposite is true. Furthermore, the rehabilitation of historic buildings creates jobs, and mostly local jobs at that. In New York City, rehabilitation is a major local economic driver, not just a small sector of the construction industry. Using data from the Department of Buildings and the Landmarks Preservation Commission, a conservative estimate of the construction investment in rehabilitation within historic districts in New York City in recent years has been around \$865,000,000⁶ a year.⁷ What does that mean? Jobs for nearly 9,000 New Yorkers.

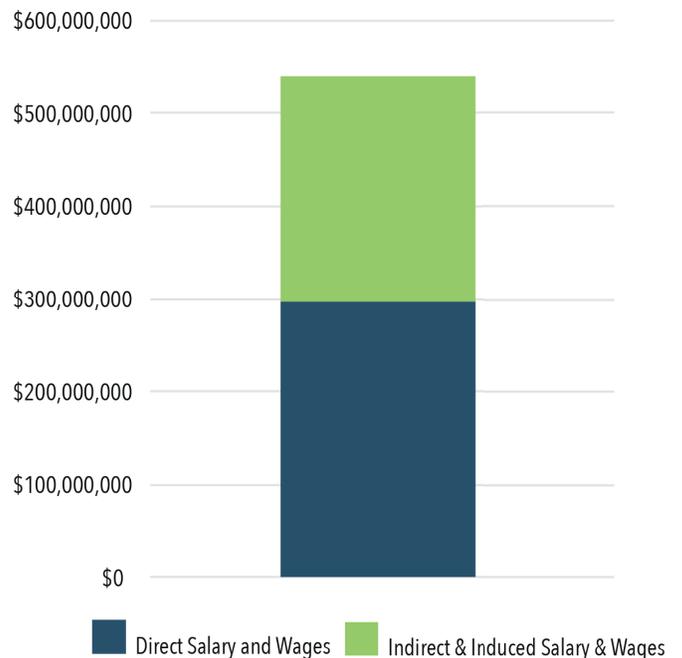
And those jobs have good-sized paychecks. The salary and wages paid each year on the work done in New York's historic districts exceeds \$500 million.

Because rehabilitation is considerably more labor-intensive than new construction, more of the total project investment goes to local labor rather than to the materials needed to construct new buildings. More money going to labor means more re-spent in the City on goods, services, and, of course, taxes.

Annual Jobs Construction in NYC Historic Districts



Annual Salary and Wages From Construction in NYC Historic Districts



⁶ Job and salary and wages calculations based on IMPLAN for New York. Definitions and explanation of methodology can be found at http://www.implan.com/index.php?option=com_glossary&task=list&letter=&Itemid=1866.

⁷ "Archived Building Statistical Reports," New York City Department of Buildings, October 2015, http://www.nyc.gov/html/dob/html/codes_and_reference_materials/foil_instructions.shtml.

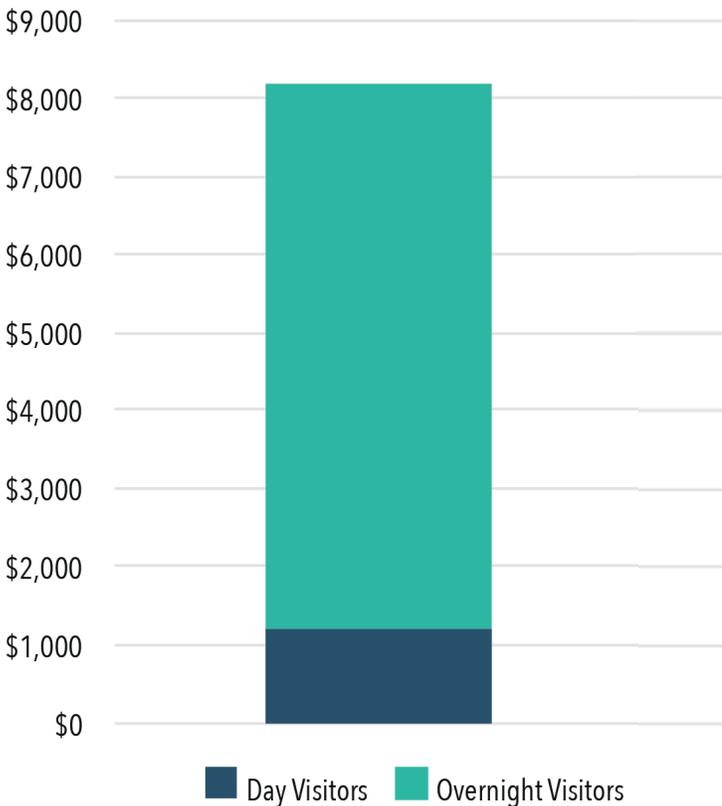
HERITAGE TOURISM⁸

Tourism is a major portion of the economy of New York City. Some 44 million domestic visitors come to the City each year in addition to 12 million international tourists.⁹

New York City's historic sites, places, and landmarks are a major draw for those visitors. For domestic tourists who only come to the City for a day, nearly one-third (31.2%) fall into the "heritage visitor" category. The share is even larger for overnight visitors, with 4 in 10 putting a high priority on visiting historic places.

While New York's tourism industry has a huge impact on the City's overall economy, just the domestic heritage tourism component represents direct spending of more than \$8 billion each year.

Expenditures by Domestic Heritage Visitors (in \$million)



HERITAGE VISITORS
TO NYC ACCOUNT FOR

31.2%
OF DAY VISITORS

39.7%
OF OVERNIGHT VISITORS

⁸ All heritage tourism data and related charts in this section based on survey numbers from Longwoods International, one of North America's leading tourism research firms. "Heritage Visitor" is defined as one who reported visiting a landmark or historic site and/or had a particular interest in historic sites, places, and landmarks.

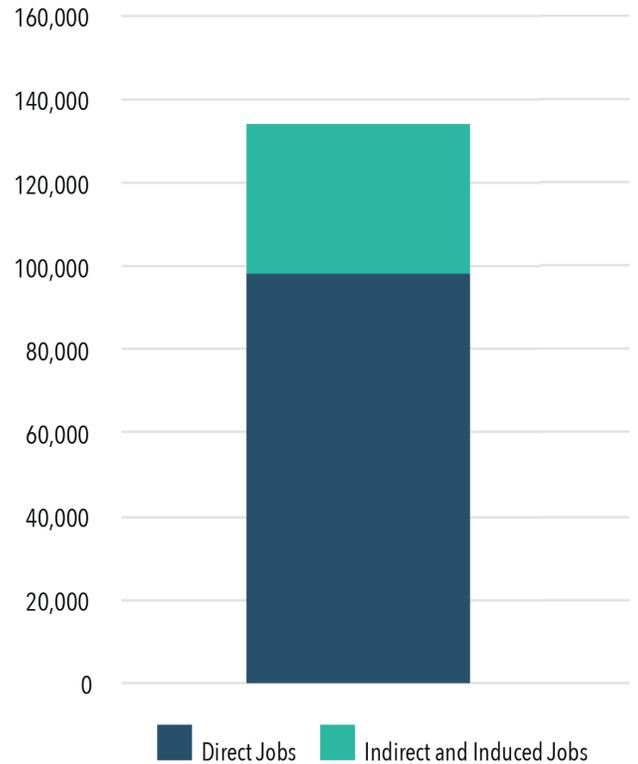
⁹ "New York City Statistics," *New York City & Company*, 2015, <http://www.nycgo.com/research/nyc-statistics-page>.

Those expenditures mean jobs – nearly 135,000 jobs a year. Over 98,000 are jobs directly related to the heritage tourism industry and an additional 36,000 indirect and induced jobs are generated by heritage tourism.

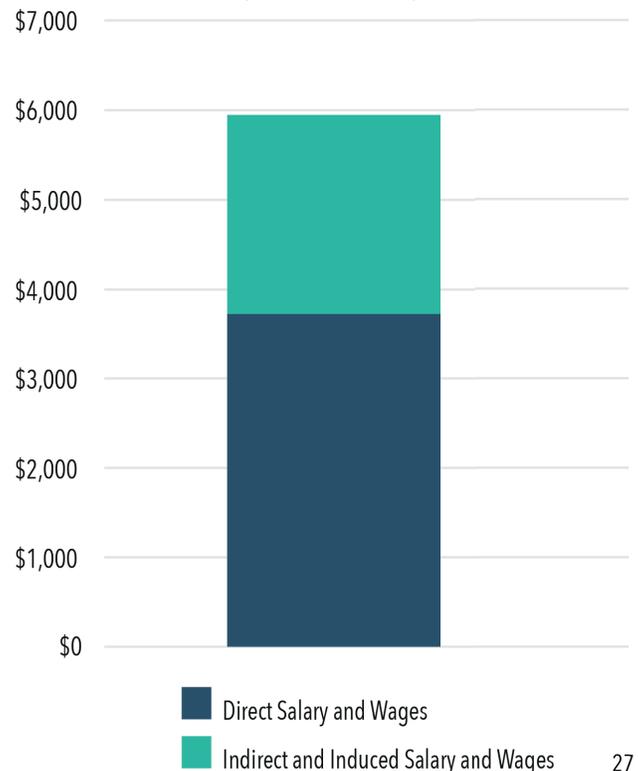
These heritage tourism jobs result in nearly \$6 billion in direct wages to New York City residents and \$738 million in local tax revenue.

HERITAGE TOURISM JOBS RESULT IN NEARLY \$738 MILLION IN LOCAL TAX REVENUE FOR NEW YORK CITY

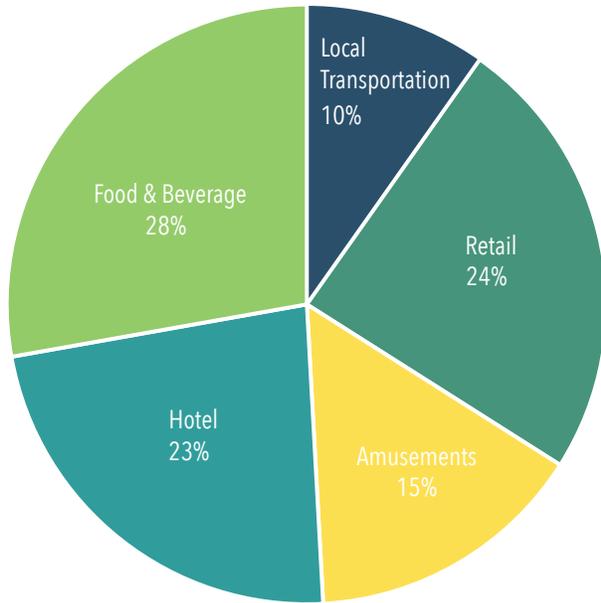
Jobs Generated by Domestic Heritage Visitors



Salaries and Wages from Domestic Heritage Visitation (in \$million)



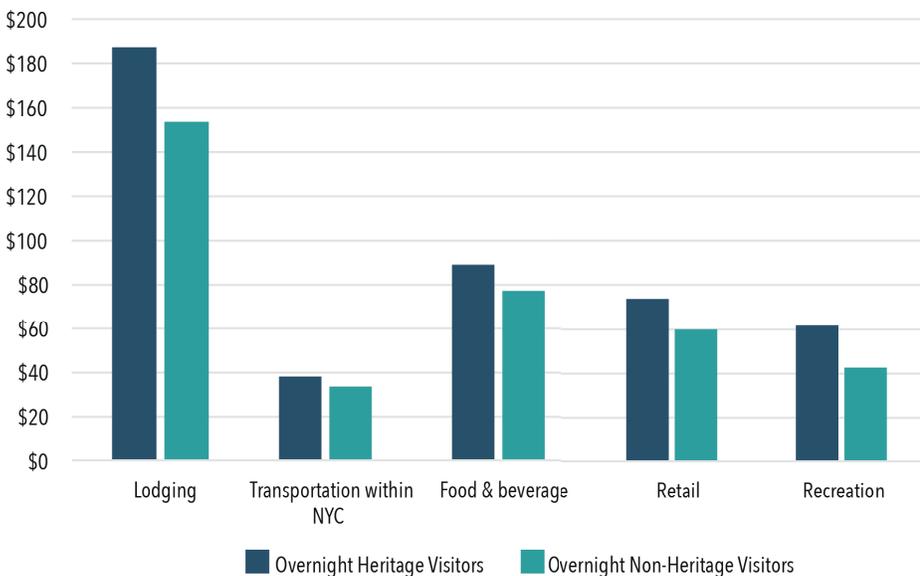
Those jobs are spread across the New York City economy, with just over half in the hotel and restaurant sectors and the rest dispersed among local transportation, retail purchases, and admissions and amusements.



Industry Share of Jobs from Heritage Tourism



But tourists are tourists. Does it really matter whether their interests are in historic places or miniature golf as long as they come and spend money? Well, yes it does. The spending patterns of heritage visitors are greater in all five of the major expenditure categories than visitors who come to New York with no interest in the City's historic sites and places. **Each heritage visitor in New York City spends on average \$83 more during the trip than the non-heritage tourist.**



Heritage Tourism Per Person/Per Trip Expenditure

It is important to note that the numbers above reflect only *domestic* tourists. If comparable data were available for international visitors the impacts shown would be significantly greater.

Visitors to New York City not only prioritize visits to historic neighborhoods but they like to eat and stay in them as well. While historic districts are home to just 8% of total private-sector jobs, **more than 12% of the jobs in hotels, cafes, restaurants, and bars are found in the City's historic districts.**¹⁰

New York City is a great place to visit. And New York's historic places make a trip to New York even better.



8%

OF ALL PRIVATE JOBS IN NYC
ARE IN HISTORIC
DISTRICTS

12.7%

OF FOOD SERVICE AND
ACCOMODATION JOBS IN NYC
ARE IN HISTORIC
DISTRICTS

¹⁰ U.S. Census Bureau, OnTheMap Application, Longitudinal-Employer Household Dynamics Program, 2015, <http://onthemap.ces.census.gov/>.

HISTORIC DISTRICTS AND PROPERTY VALUES

The issue of whether being in a local historic district helps or hurts property values is the area of preservation economic analysis that has been done more often than any other. Different analysts in different parts of the country using different methodologies have, for the most part, found very consistent results: in general, properties subject to the protections of a local preservation ordinance tend to have rates of appreciation greater than the local market as a whole and greater than similar, undesignated neighborhoods.

Not surprisingly, the impact of local designation in New York City is not nearly as clear cut. An analysis done by the New York City Independent Budget Office in 2003 was, in fact, consistent with findings elsewhere. Their most significant conclusions were:

- All else equal, prices of houses in historic districts are higher than those of similar houses outside historic districts.
- Although prices for historic properties have at times increased less rapidly than for similar properties outside historic districts, overall price appreciation from 1975 through 2002 was greater for houses inside historical districts.¹

A more recent study by the Furman Center at New York University was less conclusive, noting that the "... effects of the designation of historic districts on local housing markets, [reveal] that impacts vary with market conditions."² The study found that:

- Designation results in a larger increase to property values in community districts where the value of foregone development potential is lower.

The study further recognized what might be termed the "preservation halo effect."

- The act of designating historic districts appears to offer a boost to the value of properties immediately outside the historic district.

For this report we looked at the average change in square foot values for residential properties in all five boroughs between 2008 and 2015. The results varied greatly by borough:

	Change in HDs	Change All Residential
Bronx	1.6%	-1.3%
Brooklyn	93.3%	38.8%
Manhattan	48.8%	77.1%
Queens	118.1%	117.9%
Staten Island	22.4%	16.5%

In Brooklyn, as can be seen above, historic district properties significantly outperformed the rest of the borough. In Manhattan the increase in value of residential properties not in historic districts saw value increases greater than those within historic districts. In the other three boroughs there was not a major difference in the change in value over the seven year period.

What is evident from all of these studies is that historic district designation does not have an adverse impact on property values. Beyond that, the Furman conclusion seems correct that "impacts vary with market conditions."

¹ *The Impact of Historic Districts on Residential Property Values*, New York City Independent Budget Office, 2003
² *Fifty Years of Historic Preservation in New York City*, NYU Furman Center, September 2014



JUMEL TERRACE HISTORIC DISTRICT
MANHATTAN



HOME LIFE INSURANCE COMPANY BUILDING
256 BROADWAY
MANHATTAN



PARK ROW
LOWER MANHATTAN



BROOKLYN ACADEMY OF MUSIC
30 LAFAYETTE AVENUE
BROOKLYN



STONE DETAIL
BROOKLYN BRIDGE

CREATIVE

It would be hard to find a list of the “most creative” cities – be that in the US or around the world – where New York City isn’t near the top. Music, dance, theater, advertising, architecture, film, television, visual arts, performing arts, publishing – New York is known as the place where the world’s top creatives go to thrive.

But the creative industries in the City of New York aren’t just a nice amenity. They are central to New York’s economy. The Center for an Urban Future demonstrated the importance of this sector in a report, *Creative New York*,¹ which reported that nearly 300,000 jobs in the City are within the creative sector. Further, New York has now surpassed Los Angeles as the largest cluster of creative businesses.

What is also obvious to even the most casual observer is the interrelationship and synergy between New York’s creative industries and its historic buildings. At one end are the great cultural facilities such as Carnegie Hall, most of the Broadway theaters, and venues like the 95-year-old Town Hall and the New York City Center. At the other end are the small galleries, off-off-Broadway production houses, and other lesser-known creative venues sprinkled throughout the City’s historic districts.

And it was artists who saw value in SoHo, Tribeca, DUMBO and elsewhere when others were only interested in razing those buildings.

But it is not just galleries, museums, and artist lofts that need New York’s historic buildings. The *Creative New York* study notes:

Class B and C office buildings, so designated because they are older and have fewer amenities than Class A buildings, are rarely viewed as key engines of the city economy, but because of their lower rents, these buildings are home to a large share of the city’s architects, fashion designers, digital media companies, talent agents and other creative sector businesses.²

There has been significant growth in employment in the creative industries in New York over the last decade, but those jobs haven’t been randomly located. There is an affinity for historic buildings in the creative industries that is reflected in their location decisions.

Historic districts in New York City are home to 8% of all of the private jobs in the City.³ But the three categories within which creative workers are employed are disproportionately represented in New York’s historic districts.⁴ **More than 10% of Professional, Scientific, and Technical Services jobs are in historic districts. More than 13% of jobs in the Information field, and more than 20% in Arts, Entertainment, and Recreation are located in historic districts.** These numbers do not include additional jobs in these creative sectors that are located in individually landmarked buildings – the Empire State Building, the Chrysler Building, etc. – that are not also within historic districts.⁵ These locational choices are driven by both the character and quality of those neighborhoods and the affinity of creative workers and historic buildings, but also, one assumes, the relative affordability as was suggested in the plea to save Class B and C office buildings.

1 Forman, A., *Creative New York*, Center for an Urban Future, 2015.
2 *Creative New York*.

3 U.S. Census Bureau, OnTheMap Application, Longitudinal-Employer Household Dynamics Program, 2015, <http://onthemap.ces.census.gov/>.

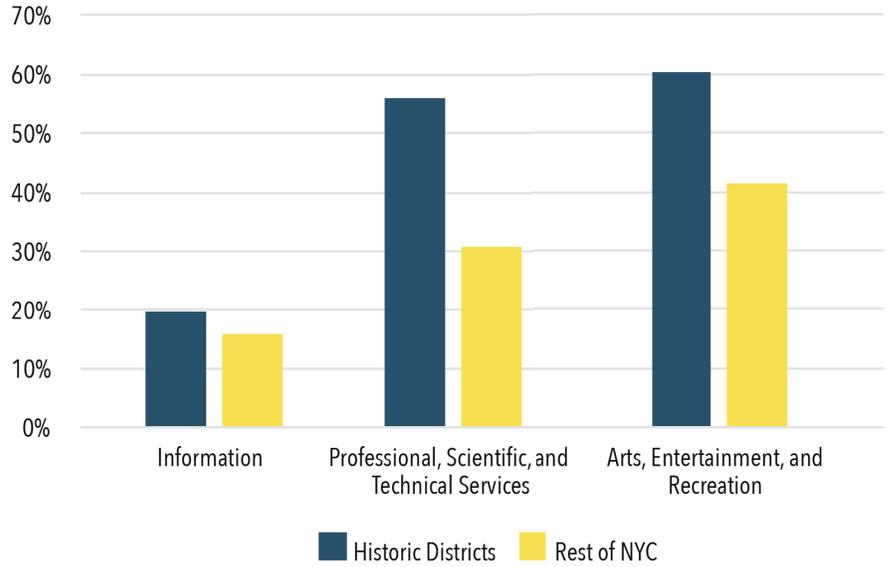
4 Information; Professional, Scientific, and Technical Services; and Arts, Entertainment, and Recreation

5 The reason these additional jobs are not included is that the data is not available on a building-by-building basis. Were these numbers available, the share of creative jobs in historic buildings would be even higher.

Not only are there proportionately more of these creative jobs in historic districts, but that pattern is accelerating. In the last full decade for which data is available, jobs in the Information sector increased by 20% in historic districts compared to slightly less than 16% in the rest of the City. Jobs in the Professional, Scientific, and Technical Services categories increased by 31% in other parts of New York City, but jobs in those categories were up by 56% in historic districts. Finally, in the most creative Arts, Entertainment, and Recreation sectors, while jobs outside historic districts increased an astounding 41% in a decade, those same jobs were up 60% in New York's historic districts.

Workers in the creative industries have spoken. They've said, "We want to be in New York. And in New York it's the historic districts where we want to be."

Rate of Job Growth 2003 - 2013 Historic Districts and the Rest of NYC



HISTORIC DISTRICTS CONTAIN:

8%

OF ALL PRIVATE JOBS IN NYC

10.4%

OF ALL PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES JOBS IN NYC

13.3%

OF ALL INFORMATION JOBS IN NYC

20.3%

OF ALL ARTS, ENTERTAINMENT, AND RECREATION JOBS IN NYC

“All those smaller businesses – the florists, the clothing makers – they’re not in the new high-rise office buildings downtown. They’re in the older industrial fabric of the boroughs.”

STUART SUNA
SILVERCUP STUDIOS

REEL LOVE: FILM AND HISTORIC DISTRICTS



Media and entertainment play an enormous role in New York City's economy. Historic buildings, neighborhoods, and streetscapes are key players in these industries, and film production has proven to be a robust jobs creator and revenue generator for New York City and beyond.

A 2015 report by The Boston Consulting Group, titled *The Media and Entertainment Industry in NYC: Trends and Recommendations for the Future*, identifies approximately 450 media and entertainment startups in NYC with a particularly high “concentration of documentary production companies in Brooklyn Heights and DUMBO,” two highly desirable, historically designated neighborhoods in New York City.

Trickle-down impacts from film, media, and entertainment production mean more local businesses are benefiting. From post-production animation studios to set-building companies to antique stores providing period-specific props to hardware stores, countless businesses are impacted. Often, these businesses are located in older and historic buildings and neighborhoods. As Stuart Suna, co-owner of Silvercup Studios, pointed out: “All those smaller businesses – the florists, the clothing makers – they’re not in the new high-rise office buildings downtown. They’re in the older industrial fabric of the boroughs.”

The older buildings and neighborhoods of New York City also play a significant role in the film industry's continued success. The Boston Consulting Group report identifies New York City's “story” as one of the top four reasons “productions choose to film in NYC.” Specifically, this means an “iconic US urban environment [and] skyline; rich real-life history; and a ‘walking city’ [that] lends itself to coincidence [and] storytelling.” These elements are directly tied to New York's historic fabric, the presence of which drives the desirability of New York City as a top location for film production and entertainment industries.

Suna of Silvercup Studios, which itself is housed in a rehabbed bread factory building, went on to summarize this situation as follows: “Having real, quality historic or landmark districts available to shoot in is a strong foundation block of the film and TV industry's desire to work in New York City and New York State.”



WEST 122ND STREET
HARLEM, MANHATTAN

RESILIENT

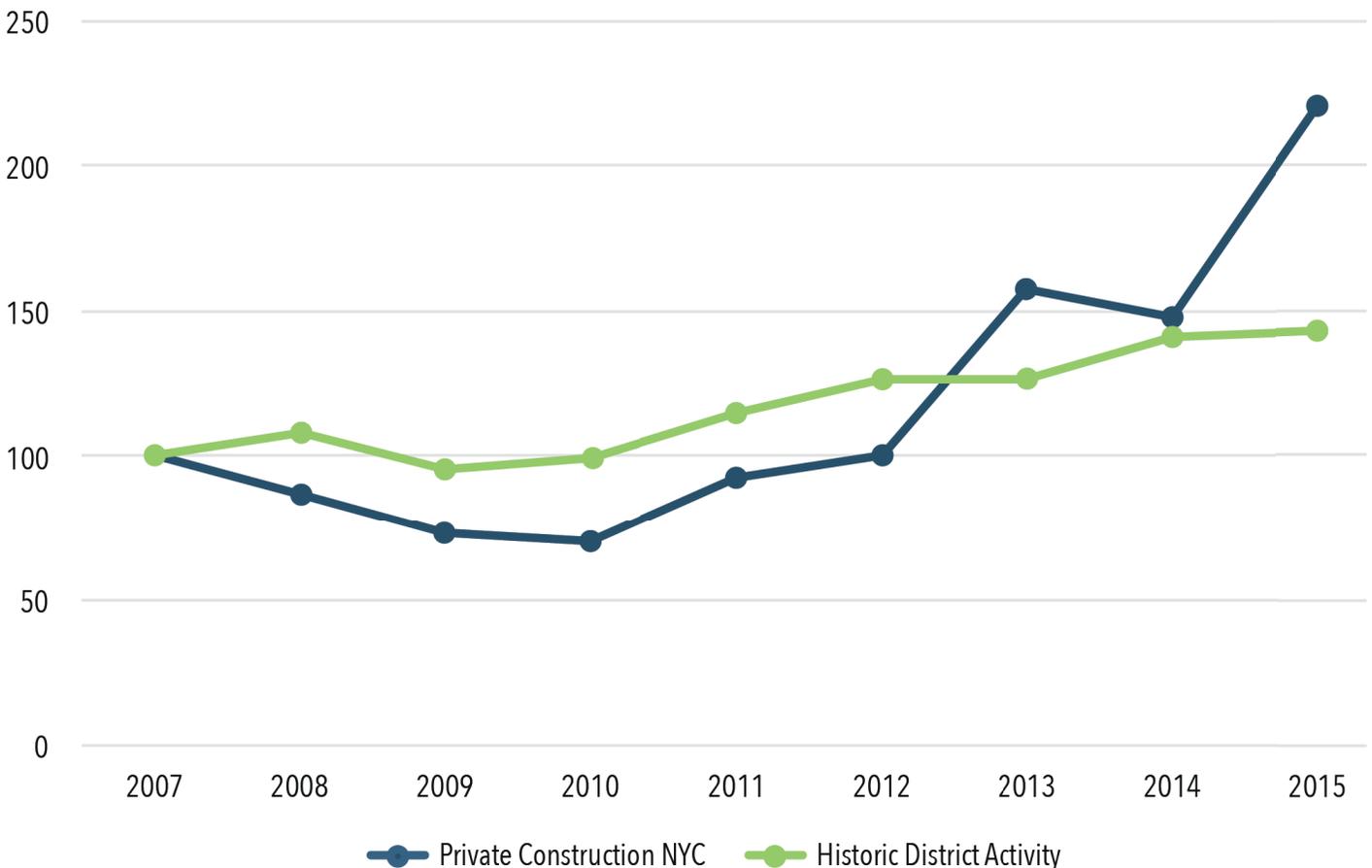
With half of the world's population now living in cities, there has been a good deal of international research on the necessary characteristics a city must have to survive and prosper. Long lists have been made as to what makes a city "sustainable." An emerging concept is resilience. Urban resilience has been defined as "the capacity of individuals, communities, institutions, businesses, and systems within a city to survive, adapt, and grow no matter what kinds of chronic stresses and acute shocks they experience."¹

Few cities have proven their resilience better than New York – first with the tragedy of September 11, 2001, and subsequently during the 2008 economic recession.

Resilience depends on the ability to respond both economically and environmentally. New York's historic buildings and neighborhoods have demonstrated resilience in both of those areas.

The worldwide economic chaos which began in late 2007 affected all sectors of the economy but none more so than real estate. Between 2007 and 2010, new construction in New York City fell 30% and didn't recover to pre-recession levels of activity until 2012.² This collapse in the building industry meant that thousands of New York workers were suddenly without jobs or paychecks. Over that same time, however, activity in historic districts, while suffering a minor one-year decline, maintained a pre-recession level of activity. For rehabilitation work in historic districts, the decline began later, was much less deep, and recovery began sooner as compared to new construction in the City.

Construction Activity in NYC and Historic Districts
2007 = 100



¹ "100 Resilient Cities," The Rockefeller Foundation, 2015, www.100resilientcities.org.

² Private construction data from The New York Building Congress; Historic District Activity from records of New York Landmarks Commission.

If activity in New York's historic districts had declined as much as did new construction, more than 1,600 more New Yorkers would have been on the unemployment line each year between 2008 and 2012. The speculation inherent in new construction left the industry vulnerable to boom and bust, whereas reinvestment and rehabilitation of older buildings acted as a stabilizing force during economic downturns.

But if resiliency has an economic component, it also has an environmental aspect, as the National Association of State Energy Officials has noted:

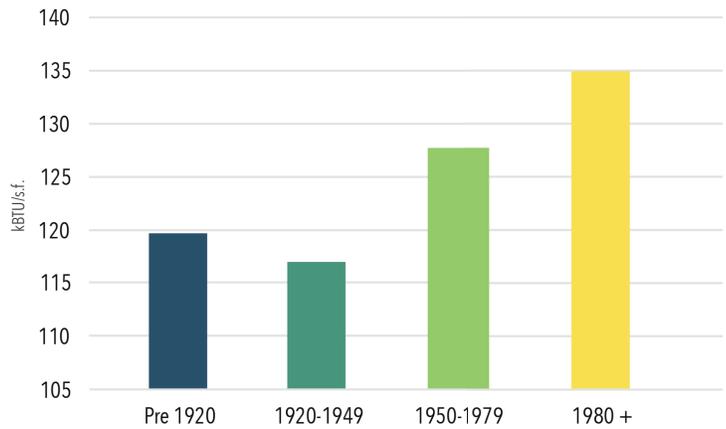
Many resiliency measures in the built environment overlap with energy efficiency measures that can further benefit residents through lower operating costs and benefit the community through energy savings that can lower demand and stress on energy infrastructure.³

And what do those old buildings do for energy efficiency? Aren't most of them drafty energy hogs? In 2009, the New York City Council passed Local Law 84, which requires periodic measurement and reporting of energy use in privately-owned buildings. The requirement extends to individual buildings greater than 50,000 square feet or multiple buildings that together total more than 100,000 square feet on the same lot or under the same condo ownership. In 2014, the results of the most recent were reported.⁴ More than 23,000 buildings including in excess of 2.5 billion square feet of space were analyzed for energy use. The findings, consistent with early analysis, was that contrary to conventional wisdom, in fact the least energy use per square foot was found in buildings constructed more than 70 years ago. **For multi-family properties, a structure built since 1980 used nearly 13% more energy per square foot than did an apartment built prior to 1920.⁵**

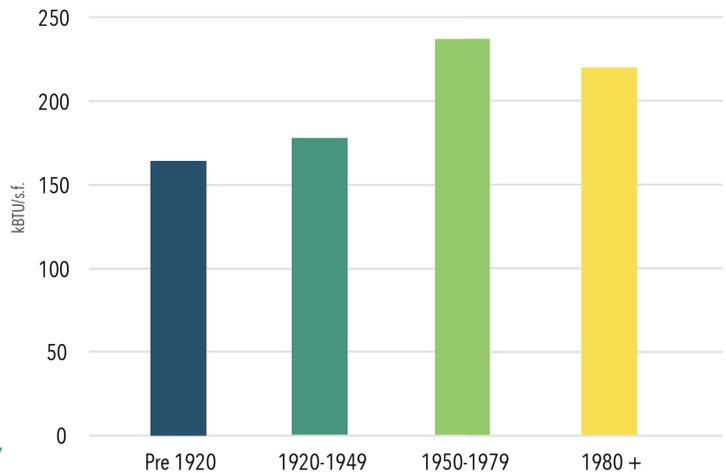
While further, in-depth analysis of monthly energy and water consumption may reveal closer, even seasonal, ties between the two uses, a general correlation is that greater energy and water utilization occurs on a per sq ft basis in newer properties.

New York Local Law 84 Benchmarking Report, September 2014

Energy Use Intensity Multifamily Buildings by Year of Construction



Energy Use Intensity Office Buildings by Year of Construction



³ Resiliency through Energy Efficiency, National Association of State Energy Officials, https://naseo.org/data/sites/1/documents/publications/NASEO-Disaster_Mitigation_and_Rebuilding_Report1.pdf.

⁴ New York City Local Law 84 Benchmarking Report, September 2014.

⁵ The measurement is Energy Use Intensity. That is defined as: "the amount of energy consumed on site (in kBtu, per year, per gross sq ft), in addition to the energy lost in the generation and transmission process."

The differences are even more dramatic for office buildings. While the energy efficiency has improved for buildings constructed over the last 30 years, still an office tower built since 1980 uses 33% more energy per square foot than one built nearly a century ago.

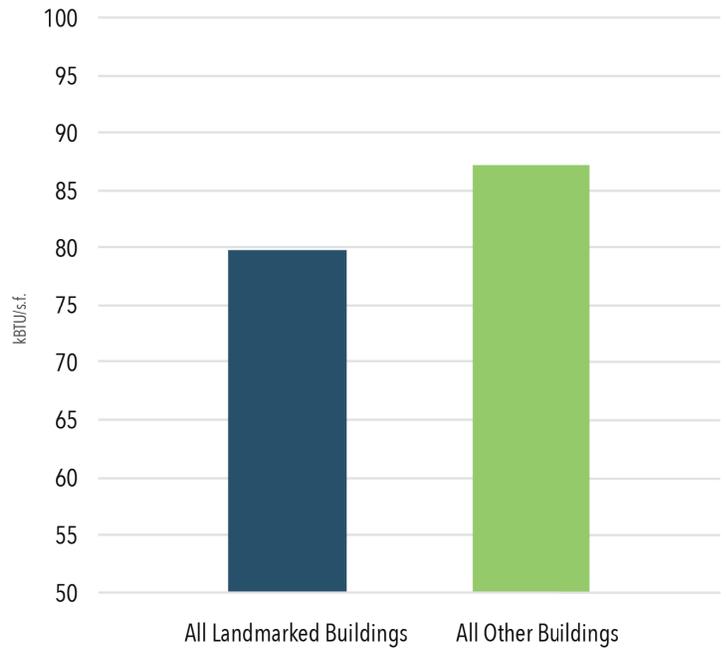
Another measurement in the *Benchmarking* study was each building's ENERGY STAR rating.⁶ The higher the score, the more energy efficient the building is relative to its building type. Because the data upon which the *Benchmarking* study was conducted was available, this report sorted the data by buildings that were landmarked (either individually or as part of a designated historic district) and compared their energy efficiency with buildings that were not landmarked. Just over 1,300 of the buildings that were part of the analysis were historic buildings.

For both offices and multifamily buildings, landmarked buildings outperformed non-landmarked buildings in energy efficiency. In the case of offices, landmark buildings had a score of 76 compared to 75 for other office buildings. The spread was even more dramatic for multifamily buildings. The median score for non-landmarked apartment structures was 54, barely above the national median for that type of building. Historic multifamily buildings, however, scored significantly higher with a score of 64.

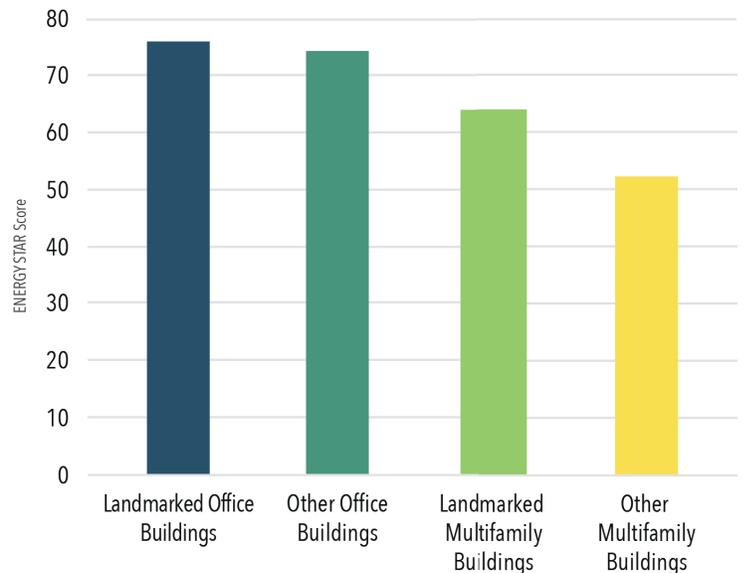
The patterns of energy use per square foot, measured by building age (bottom right graph), reemerges when landmarked buildings of all types are compared with non-landmarked buildings. Landmarked buildings typically use around 10% less energy than non-landmarked buildings.

Are these significantly better environmental scores for landmark buildings because the LPC voted to designate them as historic? Of course not. That would be what academics call confusing correlation with causality. They aren't more energy efficient because they are designated. They are more energy efficient because when they were built, the context of the local environment was considered in every aspect of building design: siting, materials, window operation, ceiling height, and others. In the days before instant heat and cooling, humidity controls, and computer-driven systems, the building itself had to respond to the environment. These environmental scores reflect the effectiveness of the decisions made decades ago by architects, engineers, contractors, and developers. But because of those decisions, buildings decades old are meeting the needs of today. Landmark designation can't take credit for environmentally responsible buildings, but it is only landmark designation that stands between these buildings and the bulldozer.

Energy Use Intensity - All Building Types Landmarked vs Non-Landmarked



ENERGY STAR Median Scores Landmarked and Non-Landmarked Buildings



⁶ ENERGY STAR is a measure of efficiency in the form of a 1 to 100 percentile ranking for specified building types, such as offices, hospitals, and retail, with 100 as the best score and 50 as the median. The ranking compares a building's energy performance against a nationally representative survey. The ENERGY STAR score is normalized for weather and building attributes. Definition from Local Law 84 Benchmarking Report.



WHAT IS IMPORTANT TO NEW YORKERS? — A SURVEY

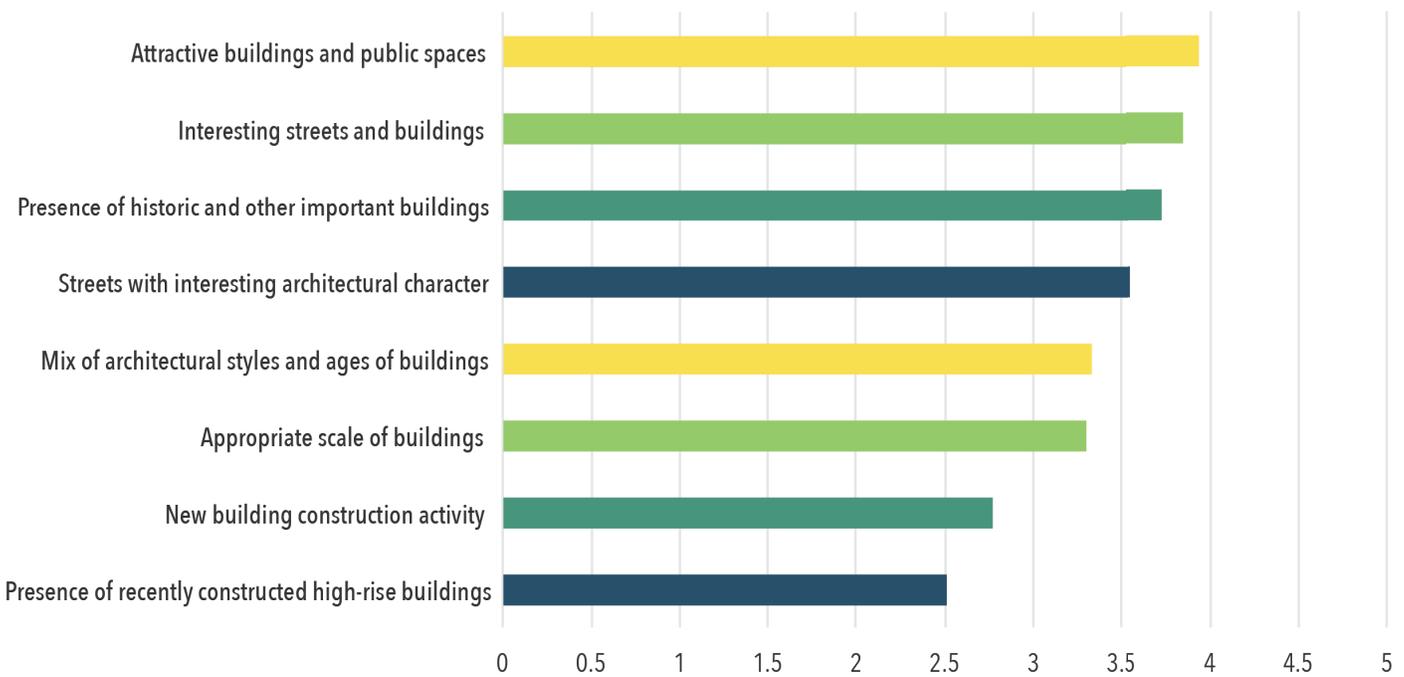
To better understand what urban qualities New Yorkers value, PlaceEconomics conducted a survey using ads on social media and the online tool Survey Monkey. While there were an insufficient number of responses to provide the statistical robustness for an academic journal paper ($n = 162$), particularly for cross tabulations, the surveys did indicate patterns of opinion that merit mention.

Respondents, all New York City residents, were asked to rank the importance of various built character qualities to making neighborhoods desirable. Their responses are found in the graph below.

Respondents saw as important attractive, interesting, and character-rich buildings and streets. While individual landmarking protects individual historic and important buildings, it is a local historic district that is more effective in maintaining attractive buildings, public spaces, interesting streets, and streets with architectural character. Those who would argue that it is only individual historic buildings that should be subject to landmarks protections clearly miss the point. Over 95% of protected buildings in New York City receive their protection through districts rather than individual landmarking. That is the process whereby "interesting streets and buildings," and "streets with interesting architectural character" are maintained.

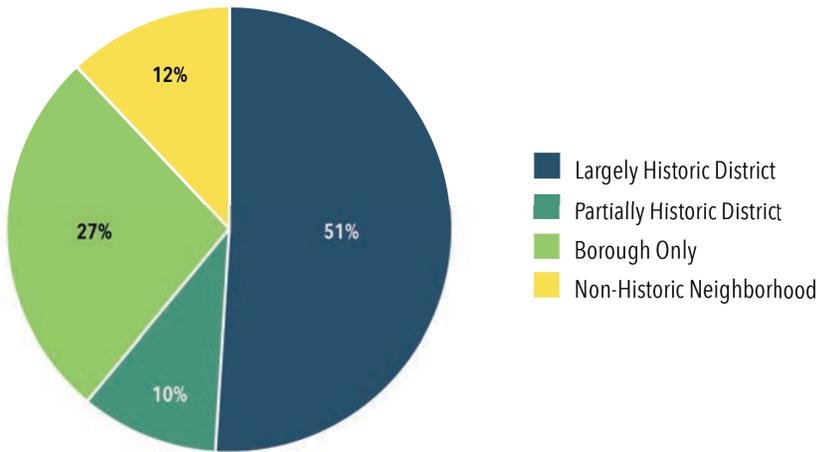
How important are the following built character qualities to making New York City's neighborhoods desirable places?

1 = Not Important
5 = Very Important



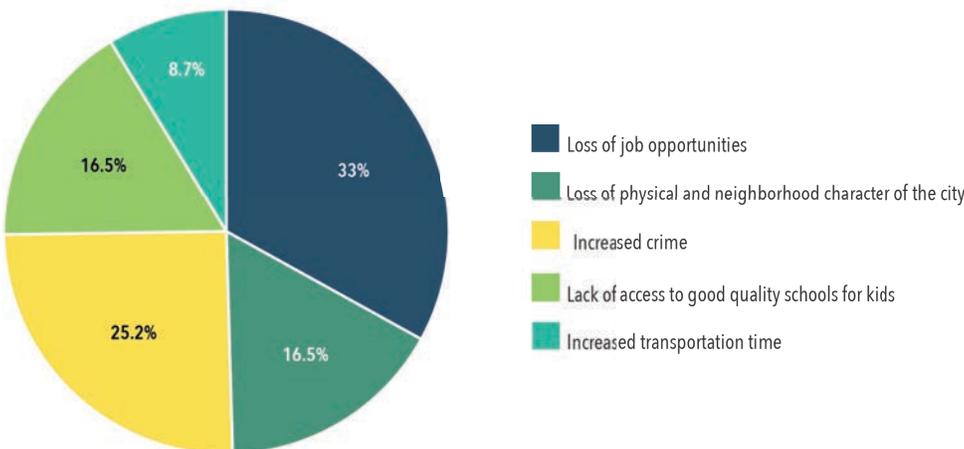
When asked the open-ended question, "If there were no financial or other constraints, what New York City neighborhood would you live in?" just over a quarter of the respondents simply named a borough. But even though less than 10% of New Yorkers live in a designated historic district, over half of the respondents cited historic neighborhoods – West Village, Upper West Side, Park Slope, etc. – as the places they would like to live. Only 22% of respondents chose either non-historic neighborhoods or those with a smaller share of area covered by historic districts (such as Williamsburg).

If there were no financial or other constraints, which New York City neighborhood would you live in? (open ended question)



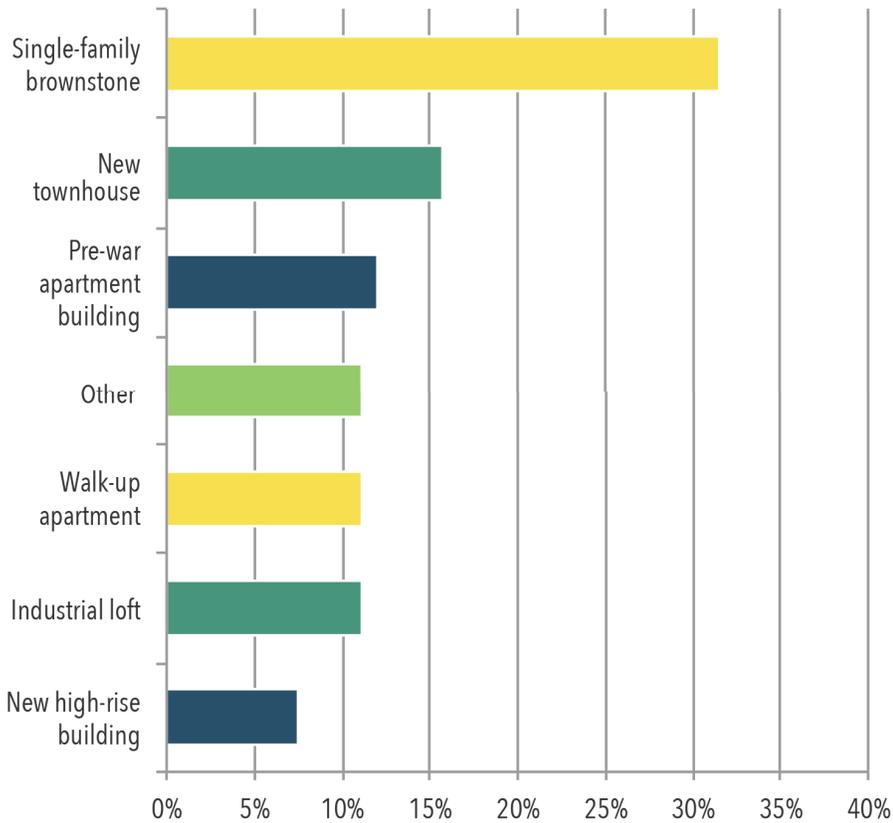
Beyond neighborhood choice, the survey also attempted to understand what changes other than affordability would cause respondents to leave New York City. Not surprisingly, the first reason that would cause respondents to leave the City is a loss of job opportunities, followed by an increase in crime. However, the third highest reason people would choose to leave the City is loss of physical and neighborhood character, indicating that the local character of an area is a top reason people choose to move to and stay in New York.

Beyond affordability concerns, what is the next reason that would cause you to leave New York City?



Finally, respondents were asked if they could live in any type of housing, what would it be? The top choice, representing nearly a third of all respondents, was “Single-family brownstone.” At the bottom of the list, chosen by fewer than 1 in 12, was “New high-rise building.” New Yorkers know what they want, and what they want is what New York’s historic districts are protecting.

If you could live in any type of New York City housing, which would it be?





PARK SLOPE HISTORIC DISTRICT
BROOKLYN



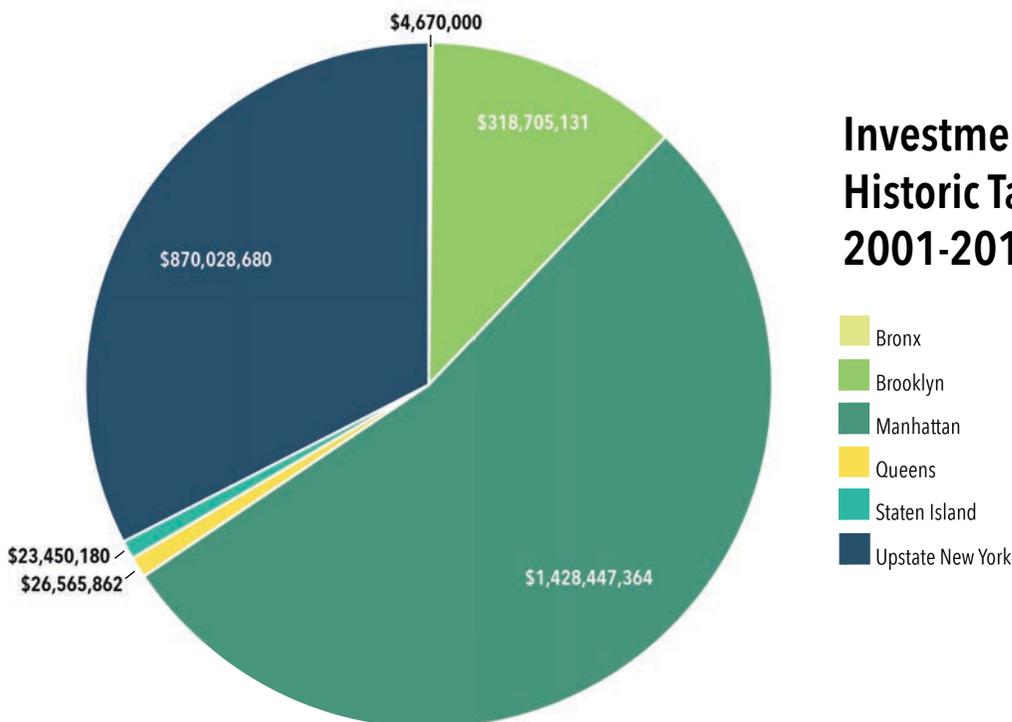
MACDONOUGH STREET
STUYVESANT HEIGHTS HISTORIC DISTRICT
BROOKLYN

LAKI
PO
EAST

HISTORIC TAX CREDITS: A MISSED OPPORTUNITY

The most effective incentive tool for the rehabilitation of historic buildings is the federal historic tax credit. Buildings listed on or eligible for listing on the National Register of Historic Places are eligible for a 20% tax credit on their qualified rehabilitation expenditures. While National Register and local historic districts are different, they often overlap. Since the credits were first made available, more than 44,000 historic buildings have been put back into productive use nationwide, each time generating jobs, income, and local, state, and federal tax revenues.

Federal historic tax credits are one of the best examples of encouraging use of private capital to advance a public good. And it has proven to be an extraordinarily cost effective investment of public resources. Researchers at Rutgers University have concluded that over the lifetime of the federal historic tax credit program, more than \$1.26 has been returned to the US Treasury for every \$1.00 of "tax expenditure" that the tax credits cost.¹



Investment Using Federal Historic Tax Credit 2001-2014

¹ Annual Report on the Economic Impact of the Federal Historic Tax Credit for FY 2014, Edward J. Bloustein School of Planning and Public Policy, Rutgers University, September 2015.

However, as both leaders in the real estate development industry in New York City and professionals in preservation have pointed out, the use of the federal historic tax credit in the City, particularly in Manhattan, is limited by a provision in the tax law requiring “substantial rehabilitation.” Substantial rehabilitation is defined as the greater of \$5,000 or the basis of the building. In slightly oversimplified terms, this means that a developer recently acquiring an historic building would have to spend more in rehabilitation than he/she spent in the building portion of the acquisition cost. For example, if a property is purchased for \$50 million, of which \$45 million is attributable to the building and \$5 million to the land, the developer would have to spend more than \$45 million in rehabilitation. Because of the high acquisition cost for buildings in New York City, and the high portion of the purchase price that the building represents, meeting the substantial rehabilitation test sets such a high expenditure requirement that the federal historic tax credits often don't get used.

This barrier is reflected in where the federal historic tax credit has been used in New York State. Since the start of the 21st century, more than \$2.6 billion has been invested in New York projects using the federal historic tax credit. And while New York City captures around two-thirds of that amount, over the last 15 years there have only been on average six historic tax credit projects in the City each year.²

The challenges noted above notwithstanding, broader use of the federal historic tax credit is a foregone opportunity for two reasons. First, New York State also has a statewide tax credit for historic rehabilitation that can be used in conjunction with the federal historic tax credit in certain low income census tracts.³ The use of the two credits in tandem could make many overly challenging projects feasible.

But there is even a larger foregone opportunity, particularly for those who are committed to providing more affordable housing in New York. Nationally, since the federal historic tax credits began, more than 500,000 housing units have been created, half of them through the rehabilitation of existing residential buildings, and half as units created in space that had been in non-residential use. Furthermore, of that half-million housing units, 141,000 were specifically produced for low- and moderate-income families. In FY 2014 alone, more than 6,500 low- and moderate-income housing units were produced through the use of the federal historic tax credit.⁴ Creative developers around the country have frequently and effectively used the historic tax credit in conjunction with the low income housing tax credit program.

There are those who seem unwilling to step back from the false equation of “historic preservation or affordable housing.” But for others who are serious about helping address housing affordability in New York City, the use of the historic tax credits in addition to other available programs could effectively make historic buildings a key component of a solution.

95%
of all LPC
applications
are handled
by staff

² PolicyMap, New York City Historic Tax Credit Projects, 2001-2014.

³ This tax credit must be used with the Federal Investment Tax Credit Program for Income Producing Properties. Owners of income producing properties that have been approved to receive the 20% federal rehabilitation tax credit automatically qualify for the additional state tax credit if the property is located in an eligible census tract. Owners can receive an additional 20% of the qualified rehabilitation expenditures up to \$5,000,000.

⁴ Annual Report on the Economic Impact of the Federal Historic Tax Credit for FY 2014, Edward J. Bloustein School of Planning and Public Policy, Rutgers University, September 2015.

IMPLEMENTATION - THE LANDMARKS PRESERVATION COMMISSION

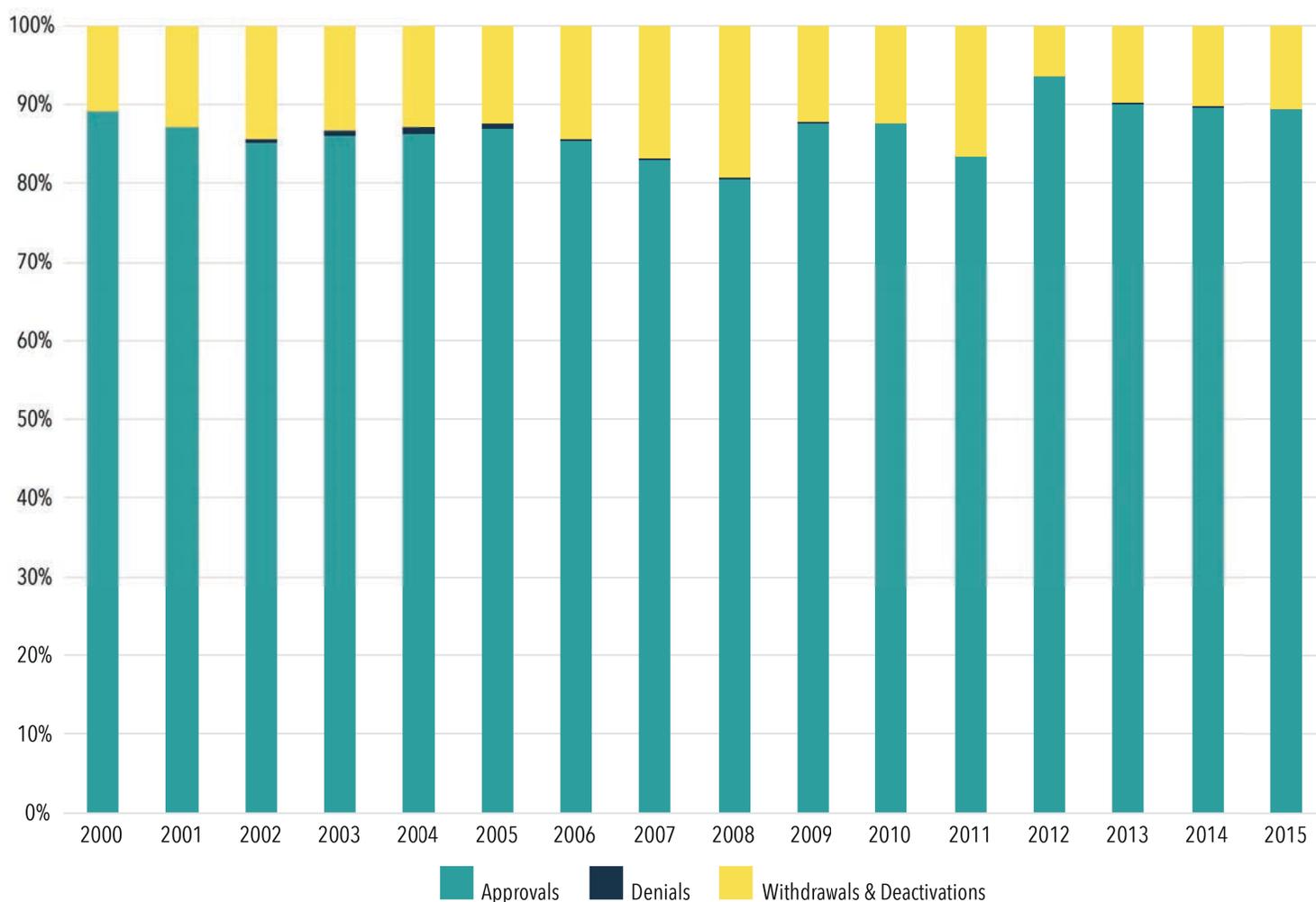
Owners of designated landmark buildings and properties within New York City's historic districts do need to get approval for changes and alterations to existing structures and for new buildings constructed within historic districts. For those not familiar with the processes for review or the appropriate treatment of historic buildings, getting approval from the Landmarks Preservation Commission (LPC) may well seem a daunting task.

The LPC itself is an active City agency, reviewing 12,000 to 13,000 applications annually in recent years.⁵ The good news is nearly 95% of those applications do not require applicants to appear at the Commission's public hearings and are resolved at the staff level.

Sometimes the Landmarks Preservation Commission is described as "those people who won't let me do what I want with my property." Well, there are certainly guidelines that designated landmarks and properties within historic districts must follow. But over the last fifteen years, an average of 86.7% of applications that went before the LPC were approved, 12.9% were withdrawn or deactivated, and 3/10 of 1% or less were denied. Over the last five years more people have been struck by lightning in New York City than have had their application denied at the Landmarks Preservation Commission.

In the 50 years since its passage, the New York City Landmarks Law has influenced preservation practice not just for other US cities but worldwide as an effective, positive tool to allow a city to evolve and grow while maintaining its built heritage for future generations. New York City, always a great city, is an even better place than it was 50 years ago. The identification, protection, and enhancement of its historic places, far from being a damper on that improvement, have been a central part of that positive change.

Actions of the Landmarks Preservation Commission



⁵ Landmarks Preservation Commission. Actions FY 2000-2015.



HIGH BRIDGE FACING WASHINGTON HEIGHTS
MANHATTAN

CONCLUSION

In the 50 years since the Landmarks Preservation Commission was created there has been an important evolution in historic preservation. In New York City, as in the rest of the country, historic preservation began with a nearly exclusive focus on the architectural character of buildings and monuments. These pieces of what can essentially be described as “public art” are certainly appropriate as targets of protection. Some currently argue that it is only these “architectural gems” that are worth preserving. But today, “historic preservation” is about much more than architectural gems. Historic preservation is a tool to recognize the built heritage of the breadth of the City – immigrants, minorities, women, LGBT communities, and others. Frequently, the buildings that manifest the history of those groups are not architectural gems, and certainly not monumental buildings.

There are some who say New York City should have no more than 5,000 designated buildings.¹ To put it another way, that would mean the only buildings protected would be the mansions of rich, dead, white guys. As important as the stories of those men are, they are far from the complete story of New York City. New Yorkers of all colors, classes, and backgrounds deserve to have their stories told. It is through historic preservation that we learn about them.

Historic buildings and neighborhoods reflect a wide range of New York values: creativity, inclusiveness, dynamism, resiliency, productivity. Historic preservation represents New York values, and as a result New Yorkers value historic preservation. This study found that New York City's historic buildings and neighborhoods make a sizable contribution to the economy and the life of the City. Although historic districts cover only 3.4% of the lots and 4.4% of the lot area in New York City, the impacts are significant:

- Historic districts are already the densest neighborhoods in all five boroughs.
- Creative workers, knowledge workers, start-up businesses, and small businesses disproportionately choose historic districts.
- Technology businesses and the film industry both recognize the important role of New York's inventory of historic structures.
- A third of New York's tourists are heritage visitors who spend more per day than tourists in general and generate nearly 135,000 direct and indirect jobs each year.
- The buildings that use the least energy per square foot were constructed nearly one hundred years ago and earlier.
- The rehabilitation industry provides stability and jobs when new construction is in deep decline.
- Construction activity in historic districts generates 9,000 jobs and more than \$500 million in paychecks each year.

Far from being a deterrent to growth, a hamper on development, or a plot to “freeze the City in amber,” historic buildings and neighborhoods are at the center of a dynamic, growing, and diverse New York City. Historic buildings in New York may have been built in the 18th-, 19th- and 20th-centuries, but they are well meeting the needs of businesses, institutions, and residents in the 21st-century.

Although historic buildings tell the story of New York City's past, their most important role is accommodating New York's future.

¹ Glaeser, E.L., *Triumph of the City: How our Greatest Invention Makes us Richer, Smarter, Greener, Healthier, and Happier*, New York, NY: Penguin Press, 2011.

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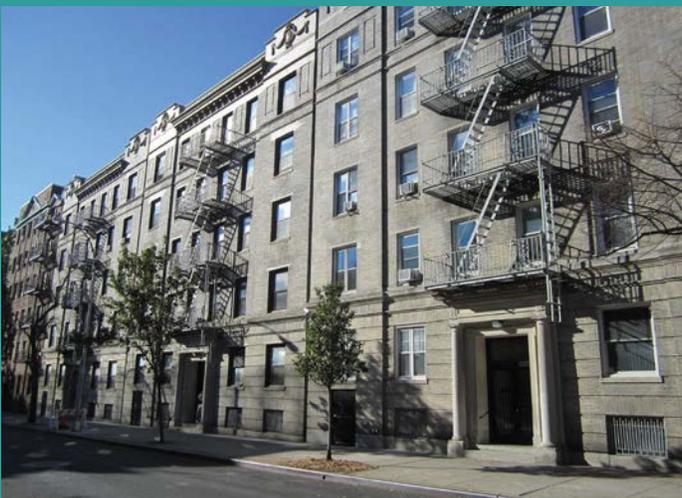
ALICE AUSTEN HOUSE
2 Hylan Boulevard
ROSEBANK, STATEN ISLAND



NOHO HISTORIC DISTRICT
MANHATTAN



FORT GREENE HISTORIC DISTRICT
BROOKLYN



JACKSON HEIGHTS HISTORIC DISTRICT
QUEENS



20 EXCHANGE PLACE DETAIL
LOWER MANHATTAN

**THE NEW YORK
LANDMARKS
CONSERVANCY**