HISTORIC PRESERVATION: AN OVERLOOKED ECONOMIC DRIVER

A STUDY OF THE IMPACTS OF HISTORIC PRESERVATION IN RHODE ISLAND

2018

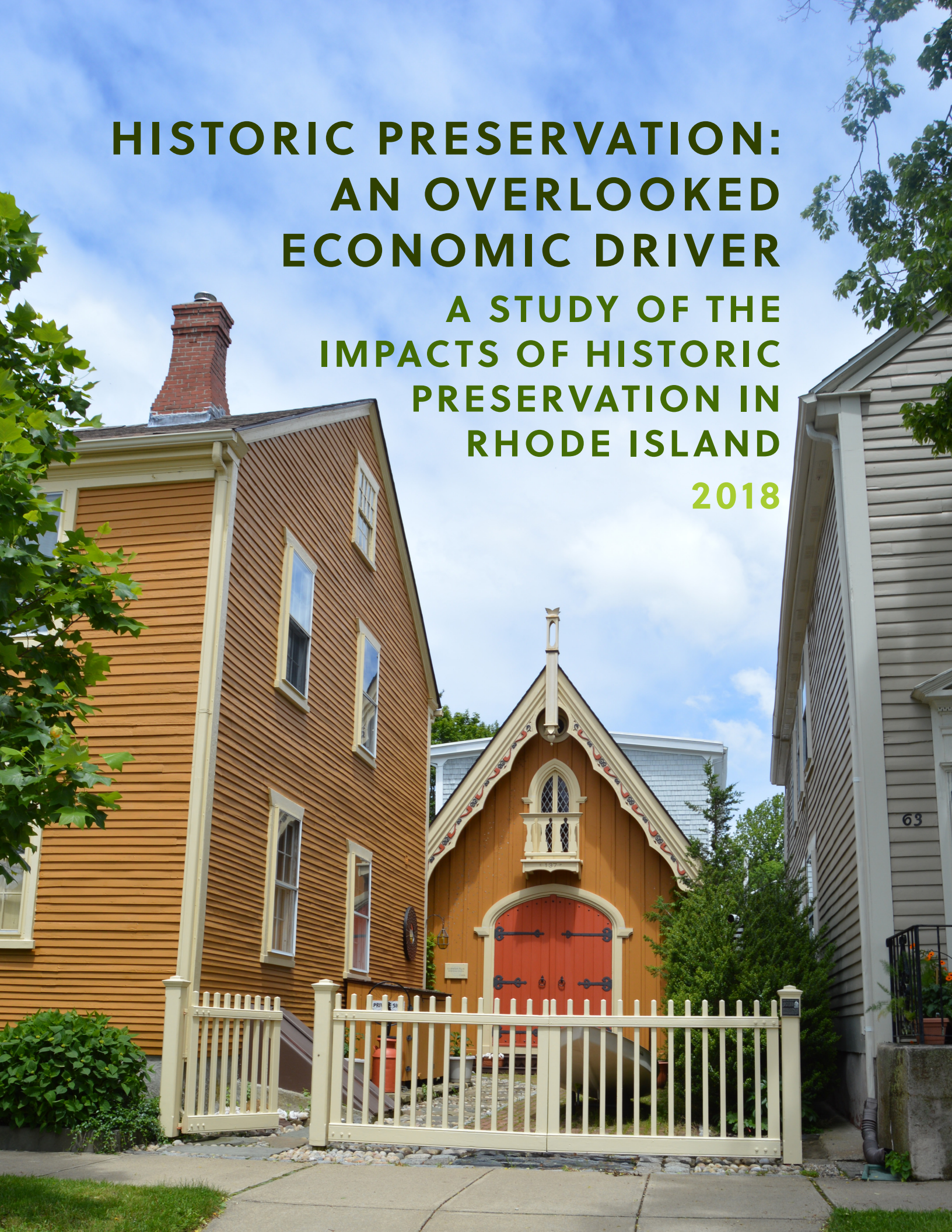


TABLE OF CONTENTS

5 EXECUTIVE SUMMARY
7 INTRODUCTION
8 HISTORIC PRESERVATION AND VISITORS TO RHODE ISLAND
9 VISITOR ACTIVITIES
11 DEFINING HERITAGE TOURISM
11 THE SIZE OF THE HERITAGE TOURISM MARKET IN RHODE ISLAND
13 TOURISM JOBS AND INCOME
21 HISTORIC PRESERVATION TAX CREDITS – TOOL FOR IMPLEMENTATION
21 TAX CREDITS
HOW THE HISTORIC TAX CREDIT WORKS
23 USE OF THE PROGRAM
24 PROGRAM IMPACTS
26 IMMEDIATE RETURNS TO THE STATE OF RHODE ISLAND.
27 LEVERAGING THE TAX CREDIT
28 ACTIVITY BY YEAR
29 PROJECT INVESTMENT AND SIZE
31 HOPE COMMUNITIES
32 IS RESIDENTIAL DEVELOPMENT ECONOMIC DEVELOPMENT?
36 IMPACT OF STATE TAX CREDIT ON THE USE OF FEDERAL TAX CREDIT
38 HISTORIC PRESERVATION AND QUALITY OF LIFE IN RHODE ISLAND
41 HOUSING FOR MILLENNIALS
42 GROWTH IN HISTORIC DISTRICTS
44 SMALL BUSINESS AND ECONOMIC DEVELOPMENT
45 HISTORIC DISTRICTS AND KNOWLEDGE AND CREATIVE WORKERS
47 HISTORIC DISTRICTS AND DIVERSITY
55 HISTORIC PRESERVATION AND SUSTAINABILITY
55 DENSITY
57 ENVIRONMENTAL AND FISCAL IMPACTS
58 LANDFILLS AND THE ENVIRONMENT
59 SMART GROWTH
60 CONCLUSION
62 APPENDICIES
MATRIX OF TAX CREDIT PROGRAMS
PRESERVE RHODE ISLAND
PRESERVATION SOCIETY OF NEWPORT COUNTY
PLACEECONOMICS
ACKNOWLEDGEMENTS
ADVISORY COMMITTEE
METHODOLOGIES



EXECUTIVE SUMMARY

Historic preservation pays dividends for Rhode Island – its economy, its environment, and its quality of life. The pages that follow identify the ways and the means that Rhode Island benefits, but here are some of the highlights of what this study found:

Heritage Tourism

- Rhode Island welcomes 9.8 million heritage visitors each year.
- Those visitors add nearly $1.4 Billion to the state's economy.
- The spending of heritage visitors creates jobs for 19,000 workers directly, and another 7,000 indirectly.
- Those jobs generate paychecks of nearly $1 billion, including $602 million for direct jobs and $358 million for indirect and induced jobs.

Tax Credits

- For every $1 the state invests in a tax credit project, $10.53 of economic activity in Rhode Island is generated.
- Since 2001, the rehabilitation of 326 historic buildings has attracted over $1.4 billion in investment that qualified for historic tax credits. When additional, non-qualifying expenditures are included, the total project investment reaches $1.8 billion.
- Since 2001, tax credits projects have occurred in 26 of Rhode Island's 39 municipalities
- Since 2001, tax credit rehabilitation projects have generated an average 965 direct jobs and an additional 739 indirect and induced jobs each year.
- Since 2001, the rehabilitation of historic buildings using the tax credit has generated direct salaries and wages of $50 million plus an additional $35 million in indirect and induced wages on average.
- The State of Rhode Island receives back nearly half of the historic tax credit before it is even awarded.

Quality of Life

- Local historic districts in Rhode Island disproportionately attract workers in the knowledge and creative fields.
- Rhode Island's local historic districts cover only 1% of the state's land area, but are home to 4% of the state's jobs, and 12% of the population.
- Rhode Island's local historic districts attract new residents. Of the population growth since 2000, more than half occurred within local historic districts.
- While 4% of all Rhode Island jobs are in historic districts, those areas are where 8% of the jobs in arts and entertainment are located.
- The historic districts in Rhode Island are virtual mirrors of the state as a whole in income, race and ethnicity.



INTRODUCTION

No state in America has the concentration of centuries of built history than does Rhode Island. The 1000 square miles that make up the nation's smallest state are home to numerous tribal archeological sites, the oldest synagogue in America, buildings from the beginning of the industrial revolution, mansions of the Gilded Age, 19th century small town Main Streets, vernacular housing of ethnic neighborhoods, magnificent public buildings, and extraordinary religious, commercial, and institutional structures.

The citizens of Rhode Island have long recognized the importance of their built heritage. Less than 50 years after the Declaration of Independence, the Rhode Island Historical Society was founded in 1822 as one of the earliest history organizations in the nation. Thirty years later, the Newport Historical Society was chartered, and in 1884, purchased the Seventh Day Baptist Meetinghouse to preserve an early example of colonial architecture.

This commitment to historic preservation continued into the 20th century. In 1918, The Society for the Preservation of New England Antiquities (now known as Historic New England) acquired the Arnold House in Lincoln. The Providence home of Declaration of Independence signer and Rhode Island Governor Stephen Hopkins was acquired by the state in 1927. The state's first house museum, the Gilbert Stuart Birthplace in present-day Saunderstown, opened in 1931. Rhode Island's first National Historic Site, the Touro Synagogue, was designated in 1946. In 1956, the State Legislature passed the Rhode Island Antiquities Act, which established the Heritage Foundation of Rhode Island, now known as Preserve Rhode Island. Three years later, the Legislature enacted enabling legislation so that local communities could protect historic properties through historic districts. That same year, Kingston and Wickford became the first towns to do so. Today, there are more than 100 historical and preservation organizations in Rhode Island and 19 communities with local historic district zoning.

Because nearly everyone In Rhode Island lives and works in or near historic resources, and because heritage buildings are simply part of everyday life, there is a risk that the significant contributions of historic preservation to the economy and life of the state may be overlooked or taken for granted. This report was commissioned to systematically look at historic preservation in Rhode Island in four broad areas: heritage tourism, the impact of the historic tax credit, life and culture, and sustainability.

What was found was that the historic resources in Rhode Island are significant contributors to the economy, the quality of life, and the environment of the state. The historic cities, towns, and neighborhoods in Rhode Island attract visitors, residents, businesses, and investment.

The assets of the past centuries are the base of a 21st century economy and are often locations of choice for today's Rhode Islanders. The pages that follow demonstrate the numerous ways in which historic preservation benefits Rhode Island.

HISTORIC PRESERVATION AND VISITORS TO RHODE ISLAND

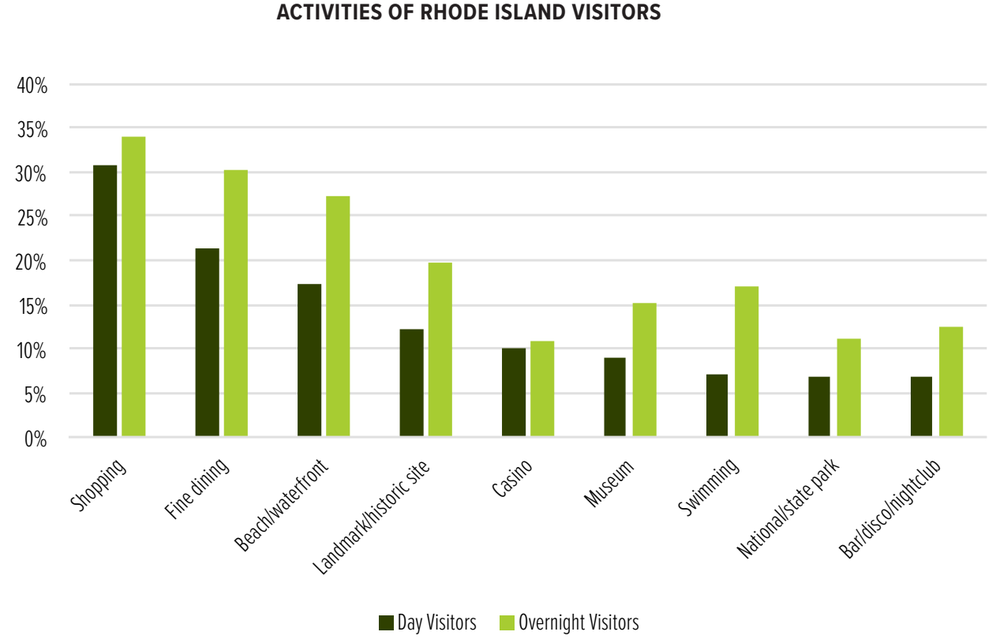
Tourism is big business in Rhode Island. Studies commissioned by the Rhode Island Department of Commerce found that one in eight jobs in Rhode Island are sustained by the tourism industry. Furthermore, each household in Rhode Island would have to pay $1,750 in additional taxes in the absence of the visitor economy. So, tourism is a vital component of the state's economy.[1] But what do visitors do when they come to Rhode Island?

> "...[T]RAVEL INDUSTRY RESEARCH CONFIRMS THAT CULTURAL AND HERITAGE TOURISM IS ONE OF THE FASTEST-GROWING SEGMENTS OF THE TRAVEL INDUSTRY. FOR SOME TRAVELERS, CULTURAL AND HERITAGE EXPERIENCES ARE 'VALUE ADDED,' ENHANCING THEIR ENJOYMENT OF A PLACE AND INCREASING THE LIKELIHOOD THAT THEY WILL RETURN. FOR A GROWING NUMBER OF VISITORS, HOWEVER, WHO ARE TIRED OF THE HOMOGENIZATION OF PLACES AROUND THE WORLD, AUTHENTIC EXPERIENCES ARE AN IMPORTANT FACTOR AND MOTIVATOR FOR THEIR TRAVEL DECISIONS AND EXPECTATIONS."
>
> US DEPARTMENT OF COMMERCE IN *TOURISM AND HOSPITALITY: ISSUES AND DEVELOPMENTS,* 2012

1 From *The Economic Impact of Tourism in Rhode Island, 2015 Analysis*, Tourism Economics, 2016

VISITOR ACTIVITIES[2]

When traveling, most visitors to Rhode Island – both those who come only for the day and those who spend the night – like to shop and like to eat well. Those are the top two identified activities based on extensive polling data from the tourism research firm, Longwoods International. And, of course, Rhode Island is the Ocean State, so the third most common activity is enjoying the beaches and the waterfront. The next most frequent activity for visitors, however, is visiting landmarks and historic sites. One in eight day-visitors and nearly one in five overnight visitors identified visiting historic places as one of their activities. Further, while visiting a beach is a seasonal activity, visiting historic sites occurs year-round, providing stability to what can otherwise be a very volatile industry.



2 Unless otherwise noted, all Rhode Island tourism numbers are based on extensive survey data conducted by Longwoods International.

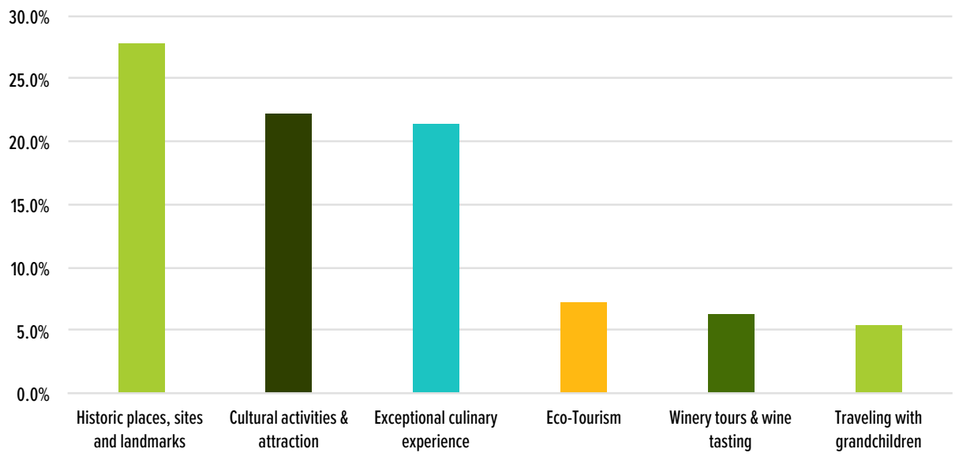
This combination of natural beauty and historic architecture puts Rhode Island in a very strong position to appeal to Millennials. Millennials, born between 1980-2000, are the largest generation in history and travel more than any other generation.[3] In a recent survey[4], 78% of Millennials said they enjoyed travel experiences which explore the natural beauty of the area and 71% enjoy travel experiences which explore the history of an area. Simply put, when Millennials travel, they want to "live like a local."

Rhode Island has an abundance of old buildings, authentic downtowns, and seaside villages. The millions of people who visit Rhode Island each year come to experience the beaches, shop in quaint villages, and dine on local food, but they are also visiting local and National Register Historic Districts. The visitors who come for WaterFire are doing so from the banks of the Providence River, landmarked by the College Hill Historic District. When visitors arrive in Newport, they stay in historic hotels, walk the cobblestone streets of downtown, see the historic Cliff Walk preserved for public use in addition to mansion tours. When school children learn about the American industrial revolution, they do so in Rhode Island's Blackstone Valley, one of America's newest National Parks.

When asked what were the special activities of interest, the most common response among visitors was "Historic places, sites, and landmarks" followed by "Cultural activities and attractions."

As is seen in the graph below, "Exceptional culinary experience" was the third most common special activity of interest. But where are they eating? In restaurants in historic buildings. Of the 25 most favored restaurants on Yelp for Rhode Island, 14 are in National Register Historic Districts. If the search is limited to "Fine Dining" then 16 of the top 25 are in historic districts. So, it's not just the food, it is the historic ambience as well.

SPECIAL ACTIVITIES OF INTEREST



3 "What do millennial travelers want in a vacation?", D. Bair, P. Wright, *Boston Globe*, May 4, 2017.
4 *Millennials and Historic Preservation: A Deep Dive into Attitudes and Values,* Edge Research for American Express and the National Trust for Historic Preservation.

DEFINING HERITAGE TOURISM

Definitions in the tourism industry are always a challenge. A visitor who comes to play golf may also visit a museum. A family visiting the beach may spend an afternoon at the movies and an evening at a concert in the park. A convention attendee may stay an extra day to visit a local casino. For the purposes of this study, a heritage visitor was one who: 1) visited a landmark or historic site; 2) visited a museum; 3) expressed a particular interest in cultural activities or attractions; and/or 4) expressed a particular interest in historic places, sites and landmarks. While this may not be a perfect definition, it at least helps illustrate the characteristics of visitors that fell into one or more of those four categories, and particularly how those visitors compare with a tourist who came to Rhode Island and engaged in none of those four activities.

HERITAGE VISITORS REPRESENT 43.5% OF ALL VISITORS, THEY ACCOUNT FOR 54.3% OF TOTAL TOURIST EXPENDITURES.

THE SIZE OF THE HERITAGE TOURISM MARKET IN RHODE ISLAND

Forty-five percent of all overnight visitors to Rhode Island and forty-one percent of day visitors fall under this definition of "heritage visitor" that is a total of 9.8 million visitors per year.

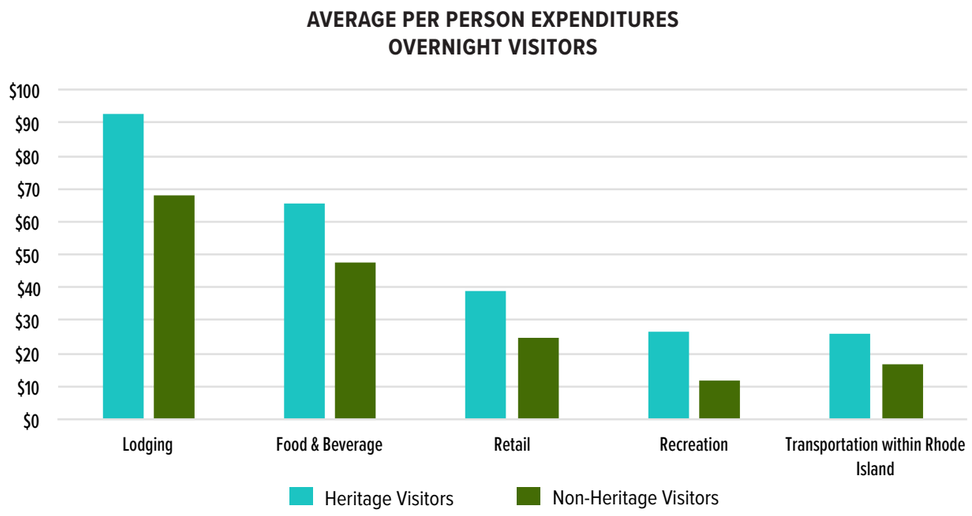
Those visitors spend nearly $1.4 billion dollars in Rhode Island. Internationally, it is generally found that heritage visitors stay longer and spend more per day than tourists in general. That is clearly the case in Rhode Island. While in total, heritage visitors represent 43.5% of all visitors, they account for 54.3% of total tourist expenditures.

Because of higher daily expenditures and longer stays, the heritage day visitor spends an average of 33% more than the non-heritage tourist, and the overnight heritage visitor spends 48% more in Rhode Island than her non-heritage counterpart.

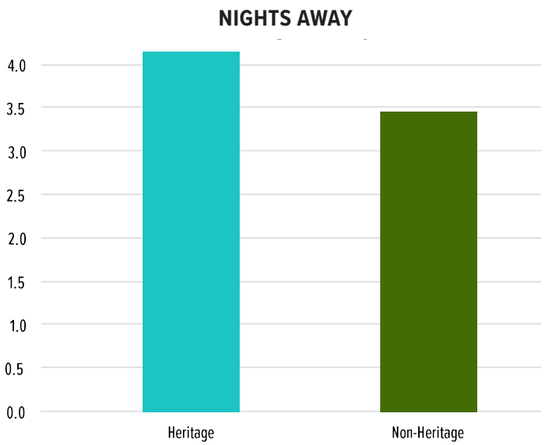
EXPENDITURES BY HERITAGE VISITORS (MILLION)

Lodging	$326
Transportation within Rhode Island	$166
Food & Beverage	$423
Retail	$265
Recreation, Entertainment, Admissions	$192
TOTAL	$1,371

Comparisons were made between survey respondents who met the definition of "heritage visitor" as defined earlier and those who neither engaged in those heritage activities nor had an expressed interest in them. This pattern of greater expenditures is true in each of the major areas within which tourists spend their money: lodging, local transportation, food and beverage, retail purchases and recreation, admissions, and entertainment.



Finally, visitors who fall into the heritage category take slightly longer trips, and therefore have a greater economic impact than those with shorter stays. The overnight heritage visitor to Rhode Island averages nearly one full night more on their trip than does the visitor not interested in heritage activities. Because Rhode Islanders have embraced their historic buildings as part of everyday life, that heritage maintains a sense of authenticity for visitors. Tourism is a major contributor to the Rhode Island economy, and heritage visitors are potent contributors to that industry.



"THE LATE TOURISM ECONOMIST PETER GRAY WAS FOND OF SAYING, "IF YOU DO IT FOR THE LOCALS THE TOURISTS WILL COME; IF YOU DO IT FOR THE TOURISTS, ONLY THE TOURIST WILL COME."

TOURISM JOBS AND INCOME[5]

Heritage tourism in Rhode Island means jobs. Spending by heritage visitors to Rhode Island creates nearly 19,000 direct jobs and another 7,000 indirect and induced jobs.[6] Of the nearly 26,000 total jobs, 8,200 are in the food and beverage industry, 5,800 in retail and another 5,100 in lodging.



Those jobs have paychecks. Labor income generated by heritage tourists totals nearly a billion dollars a year, including paychecks of $602 million for direct jobs and an additional $358 million income from indirect and induced jobs.



5 Throughout this report estimates of numbers of jobs and labor income come from IMPLAN, the leading US firm in creating econometric models and other economic data bases. www.IMPLAN.com

6 Direct employment refers to employment directly related to the production of goods or services such as a construction job. As a result of this job, employment is also generated in the businesses that supply goods and services such as material suppliers. This is referred to as indirect employment. Finally, when these directly and indirectly generated incomes are spent and respent on a variety of items in the broader economy (e.g., food, clothing, entertainment), it provides induced employment effects.



THE BREADTH OF HERITAGE TOURISM IN RHODE ISLAND

BRISTOL

A small waterfront town on Rhode Island's East Bay, Bristol is widely known for its exuberant annual Fourth of July celebrations. Besides the Patriotic parades, Bristol exhibits a "deep interest in the preservation of place" says Catherine Zipf, Executive Director of the Bristol Historical and Preservation Society. In Bristol, preservation issues are viewed as a community issue and the town has a local historic district to guide new construction to not overwhelm the small scale of the built environment.

Bristol also shares this community pride with its younger generation. Since 2000, every 4th grader in Bristol and nearby Warren participates in the Sense of Pride Program, to teach students the value of the town's history, architecture, and natural environment with the goal of stewardship. Run by nonprofit community development corporation Mosaico, the program features presentations, community service projects, and field trips. The program starts with a lecture on Bristol and Warren's history, an architecture lecture, then a walking tour, which is the highlight of the program for the students.

The local's sense of pride is contagious for visitors, who come to walk the downtown, visit the Blithewold Mansion, Coggeshall Farm Museum, Linden Place Museum, Herreshoff Marine Museum, Mount Hope Farm, and the Colt State Park.

BRISTOL ART MUSEUM

The arts scene thrives in Bristol and is deeply intertwined with the town's historic preservation legacy. While many Rhode Islanders are familiar with the history of Linden Place, a Federal-style masterwork designed by Russell Warren for George DeWolf in 1810, saved by Rhode Island voters, and now used as a historic house museum. Few know that the wood-frame, hipped-roof Carriage House built ca. 1866 has its own story of revival.

In 1963, when Linden Place was still a private home, owner Ethel Barrymore Colt invited the young Bristol Art Museum to use the Ballroom for an exhibition, starting a tradition that continued when Friends of Linden Place became stewards of the property. After 46 years of temporary shows, an opportunity presented itself in the form of the underused Carriage House. In 2009, over $1 million was raised to give the Carriage House a new life – and the Bristol Art Museum a new home.

The restorations sensitively installed an ADA accessible museum entrance in Linden Place's brick boundary wall, removed interior partition walls to create a gallery space, reinstalled an original transom window (found in the attic) in the central gallery, renovated rooms for use as artists' studios and classrooms, and installed a reception desk made of salvaged materials. The restored Carriage House provides the Bristol Art Museum with its first dedicated home and room to grow. As museum board member Patricia Woods proudly said, "Linden Place is the crown jewel of Bristol, but we're the hidden gem."

NEWPORT

Since the early 19th century, Newport has been a summer resort destination, earning the city its moniker, “America’s First Resort.” Early visitors included influential groups of artists, writers, and scientists, later followed by elite families who built the city’s famous mansions. Today, Newport is the state’s principal tourist center and resort community, attracting approximately 3.5 million visitors annually.[7] Many of these tourists come to explore the city’s vibrant history and architecture. Newport retains a high level of historic integrity with significant places and stories relating to the Colonial era and the birth of religious freedom, the American Revolution, the founding of the state, maritime trades, the Gilded Era, the US Navy, and even the Kennedy family.

Among those who have contributed to preserving the city’s heritage are The Preservation Society of Newport County (founded 1945) and the Newport Restoration Foundation (founded 1968), both recognized for protecting many of the city’s key architectural landmarks, as well as the Newport Historical Society for its role in conserving artifacts and historic documents. Through stewardship and education, these organizations have preserved centuries of Newport’s history, which has benefited residents and tourists alike. “Newport is a great example of the economic activity driven by preservation,” said Shantia Anderheggen of the Newport Restoration Foundation.

The preservation of Newport’s built environment has provided the city with a unique quality that attracts millions of visitors from around the world. A 2013 study found these visitors spend nearly $76 Million per year, directly supporting 786 jobs in Newport and strengthening the local economy.[8]



Credit: Preservation Society of Newport County

"What [is] especially impressive is the fact that 40% of the visitation at the Newport Mansions occurs during the so-called 'off-season' in Newport, starting after Labor Day through the end of March. The growth of Newport as a year-round destination strengthens the overall economy by supporting hundreds of jobs in related fields year-round, including hospitality, restaurants, retail, transportation and more."

State Representative Lauren Carson (District 75), Chairman of the Special Legislative Commission on Tourism

7 City of Newport, RI Tourism, ***Newport: Seaside Resort, Cultural Authenticity*** http://www.cityofnewport.com/visitors/tourism
8 The Preservation Society of Newport County: A Community Impact Study, pg. 14

THE PRESERVATION SOCIETY OF NEWPORT COUNTY

Founded in 1945, the Preservation Society of Newport County (PSNC) is a nonprofit organization dedicated to the protection, preservation and presentation of Newport County’s historic architecture, landscapes, and decorative arts. The organization took an active role in the preservation of Newport by taking ownership of numerous significant historic sites over the years, mainly in the Bellevue Avenue Historic District. The PSNC now owns and maintains 11 historic properties and 88 acres of landscape. With over 400 employees, a membership of 33,000, and over 1 million ticketed tours in 2016 and 2017, the PSNC has had a significant economic impact on Newport and the State of Rhode Island. Less than one-third of the PSNC operational support comes from donations—instead, the organization mainly relies on earned income from admission tickets and hosting events. Those funds are directly put back into restoration work to maintain the sites and programs.

Further, of PSNC donors, 64% are from out-of-state, marking significant investment in Rhode Island’s heritage that might not otherwise have occurred. PSNC is part of a consortium of New England Museums that collectively have seen an 18% increase in visitation in the last 10 years. The Newport Mansions have seen a 38% increase during that same time period, remain one of the top five most visited attractions in New England, and are a driver of tourism in the state. Their website is visited by individuals from over 100 countries each week. These increased admissions and interest have allowed the PSNC to expand their winter operations with the goal of making Newport a year-round destination. Despite the regional success, national audience, and international reach, PSNC is dedicated to Newport County in more ways than operating house museums.

In 2017, Newport residents enjoyed free admission to all museum sites and programs. Following the impact of Hurricane Sandy at Middletown's Second Beach, the PSNC joined a collaborative effort with other nonprofits to put the power lines underground to prevent another crippling of major infrastructure. PSNC dedicated funds and staff time to the project. As Charlie Vandemoer, refuge manager at U.S. Fish and Wildlife Service Sachuest Point National Wildlife Refuge[9] put it, “It’s just spectacular to see a natural environment instead of seeing a pole line going down the road.”

9 "Buried power lines now a reality along Middletown’s Sachuest Point Road," http://www.providencejournal.com/news/20170511/buried-power-lines-now-reality-along-middletowns-sachuest-point-road



Credit: WaterFire Providence, Taken by Jo Hickerson

PROVIDENCE AND THE ARTS

In Providence, historic buildings and the arts go hand-in-hand. To list a few examples: the Providence Performing Arts Center is located in a restored historic theater, the Providence Art Club owns and maintains four historic buildings, and the Rhode Island School of Design (RISD) owns and maintains over 60 historic properties and was integral in early preservation efforts in Providence. In 1994, local artist Barnaby Evans created a site-specific sculpture called First Fire. The concept was wildly successful, manifesting in on-going fire installations, renamed WaterFire, and the establishment of a nonprofit arts organization called WaterFire Providence. In 2012, WaterFire purchased a vacant building that was part of the U.S. Rubber factory with grants and historic preservation tax credits, and the Waterfire Arts Center opened in 2017.

Providence caters to art-loving travelers and residents alike. The fact that the arts and historic buildings work together is not lost on the city's tourism market. "We have wonderful historic assets to sell, we sell the destination based on the fact that we have a unique blend of cosmopolitan cool and historic charm," said Martha Sheridan, President and CEO of the Providence Convention & Visitors Bureau. She continued, "It is very appealing to our visitors, and a necessary blend for us to compete in the very competitive convention market. For Rhode Island, it is one of our core assets. It never gets old, people are always interested in the history of the place. It is something we can rely on year after year. Visitors are looking for an authentic experience and that's what we can provide with our highly-preserved and well-interpreted built environment."

BLACKSTONE VALLEY

The Blackstone River Valley, famously remembered as the birthplace of the American Industrial Revolution, is home to a wealth of natural and cultural resources telling the story of the nation's transition from "farm to factory."[1] In 1790, with power provided by the falls of the Blackstone River, Samuel Slater created the first successful hydro-powered cotton spinning mill—an experiment that revolutionized the labor and lifestyle of workers in the Northeast and ultimately the nation. His profitable innovation sparked a campaign of mill building along waterways throughout New England, transforming these once purely forested areas with new infrastructure to support industrial and residential development. The Blackstone story is that of invention, immigration, and labor; the valley is a rich cultural landscape that illustrates the interdependence of nature and industry that characterized the early industrial movement.

The landscape's history of diversity, production, and community is reflected in the region still today. Due to the efforts of a hardworking, cooperative community, the Blackstone River Valley region is an internationally recognized destination for cultural and heritage tourism and a leader in environmental education. Unlike Providence or Narragansett, Blackstone boasts no mansions or beaches. Instead, the region's success has been "built upon the belief that healthy, vibrant and unique communities become stronger visitor destinations since proud residents are more likely to encourage people to visit their hometowns."[2] Today, the valley is operated as a National Heritage Corridor, and most recently, a portion of the area was named a National Historical Park by President Obama in 2014. The combination of these designations promotes strong collaboration between local, state, and federal partners, as well as non-profit organizations and business that maximizes benefits to the area.

1https://www.nps.gov/blrv/learn/historyculture/index.htm

2 http://www.blackstonevalleytourismcouncil.org/annual2015.pdf



HISTORIC PRESERVATION TAX CREDITS – TOOL FOR IMPLEMENTATION

"THE REDEVELOPMENT AND REUSE OF THESE HISTORIC STRUCTURES ARE OF CRITICAL IMPORTANCE TO THE ECONOMIC MEASURES AND WILL ASSIST IN STIMULATING THE REUSE AND REDEVELOPMENT OF HISTORIC STRUCTURES AND WILL IMPROVE PROPERTY VALUES, FOSTER CIVIC BEAUTY, AND PROMOTE PUBLIC EDUCATION, PLEASURE, AND WELFARE."

STATE OF RHODE ISLAND GENERAL ASSEMBLY, AN ACT RELATING TO HISTORIC STRUCTURES, (H 5547, CHAPTER 44-33.2)

TAX CREDITS

The General Assembly was right – the redevelopment of historic structures has improved property values, fostered civic beauty, and promoted public education, pleasure, and welfare. In other words, the Rhode Island historic tax credit worked exactly as it was supposed to.

In 2001, the Rhode Island legislature created tax credits for the rehabilitation of the Ocean State's historic properties. Offering a tax credit turned out to be an economic development success. The results of this program can be seen in every corner of the state, having been used in 26 of Rhode Island's 39 municipalities. From a $44,249 project for a small residential structure to the $87 million renovation of the iconic Masonic Temple in downtown Providence, the credits have incentivized preservation and reuse at all scales. The results show restored buildings on Main Streets, revitalized commercial districts, quality housing units in every price range, and landmarks brought back to life.

The Rhode Island Historic Tax Credit program has created jobs, increased the local tax base, and encouraged reinvestment in areas already served by existing infrastructure and public services. The tax program has been successful in attracting private investment to Rhode Island capital assets, as both local and national developers have utilized the credits.

HOW THE HISTORIC TAX CREDIT WORKS

A tax credit is a dollar-for-dollar offset of taxes[13] that would otherwise have to be paid. In simplified terms, if a building owner invests $100,000 in the appropriate rehabilitation of her historic building and uses the State 20% Tax Credit, she will receive a $20,000 credit against her state income tax liability.

Some 35 other states also have historic tax credits, but the vast majority of them are simply a state version of the federal historic tax credit. The General Assembly wanted to create a state tax credit that reflected the particular needs and challenges in Rhode Island. When first enacted in 2001, the program was effective and broadly used. During state budgetary struggles in 2008, the General Assembly ended the program although accommodated projects already in process. In 2013, the program received a one-time allotment of funds. The matrix found in the Appendix to this report illustrates the differences in these programs.

13 A description of how the Rhode Island credits worked and how they compared to the federal historic tax credit can be found in the appendix to the report as "Matrix of Tax Credit Programs"

THE FEDERAL HISTORIC TAX CREDIT

The Federal Historic Rehabilitation Tax Credit has been available in some form since 1978. The current version, in operation since 1986, provides for a tax credit of 20% of a project's Qualified Rehabilitation Expenditures (QREs). The credit is available if a project meets four tests:

1) The property must be an investment property or one held for use in trade or business;

2) The property must be listed on the National Register of Historic Places, either individually or as a contributing building in a National Register Historic District;

3) The work done must be undertaken consistent with the Secretary of the Interior's Standards for Rehabilitation and certified so by the State Historic Preservation Officer and the National Park Service;

4) The investment must be the greater of $5000 or the basis of the building.[14] Once the work is completed, certified as complying with the Secretary's Standards, and placed in service, the owner/investor/developer was entitled to a tax credit equal to 20% of the QRE.

A "tax credit" is a dollar for dollar reduction in one's federal income tax liability. In December 2017, the tax reform bill made one modification to the tax credit. Beginning in 2018, one receiving the tax credit receives it as 4% of the QRE each year for five years.

14 "Basis" is an accounting term that is calculated by the following formula: Purchase price of the property less the share attributable to land, less the accumulative depreciation taken on the property plus capital improvements.



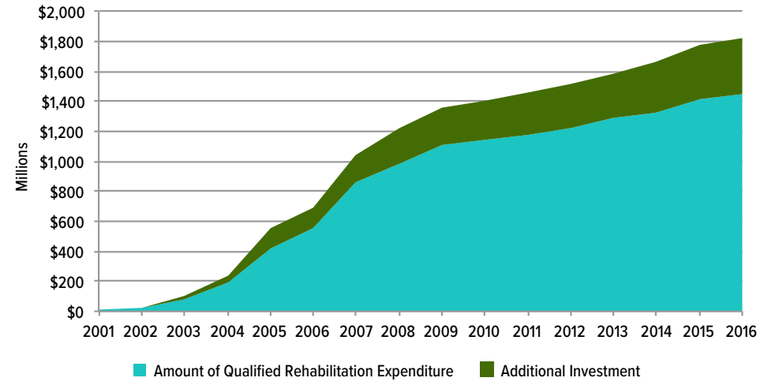
MANY OF RHODE ISLAND'S HISTORIC INDUSTRIAL BUILDINGS HAVE BEEN REVIVED WITH THE HISTORIC TAX CREDITS.

USE OF THE PROGRAM[15]

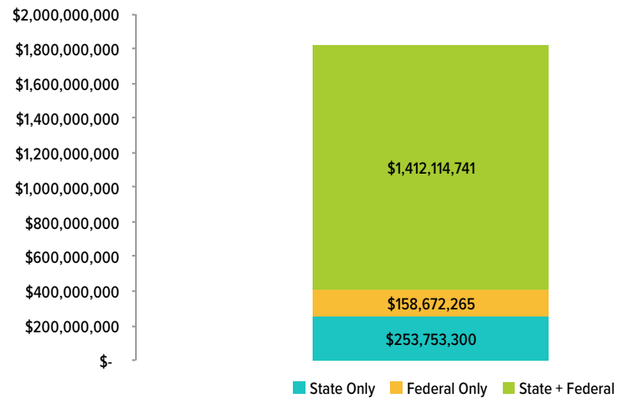
Since the inception of the program, over $1.8 billion has been invested by the private sector in Rhode Island's historic buildings. It is important to note that not all of that investment received the credit. Over the life of the program, approximately 20% of the money invested in these projects was not eligible for the tax credit. The reasons for this are numerous: some projects had a new construction component or new addition that was not tax credit eligible, and other costs such as site improvements, landscaping, etc. are also not eligible. Even the $1.8 billion understates the total investment since it does not include acquisition costs of the buildings. Of the $1.8 million, $1.4 qualified for the state historic tax credit.

Nearly a quarter of all projects utilized the state tax credit only, while the majority – 65% – utilized both the state and federal programs. 12% percent utilized the federal credit only.

CUMULATIVE INVESTMENT TAX CREDIT PROJECTS 2001-2016



INVESTMENT IN HISTORIC BUILDINGS USING TAX CREDIT 2001-2016

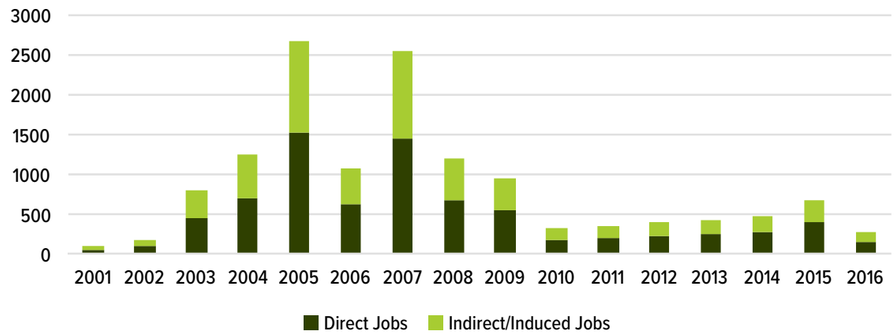


15 All data on the amount of historic tax credit activity comes from the records of the Rhode Island State Historic Preservation Office.

PROGRAM IMPACTS

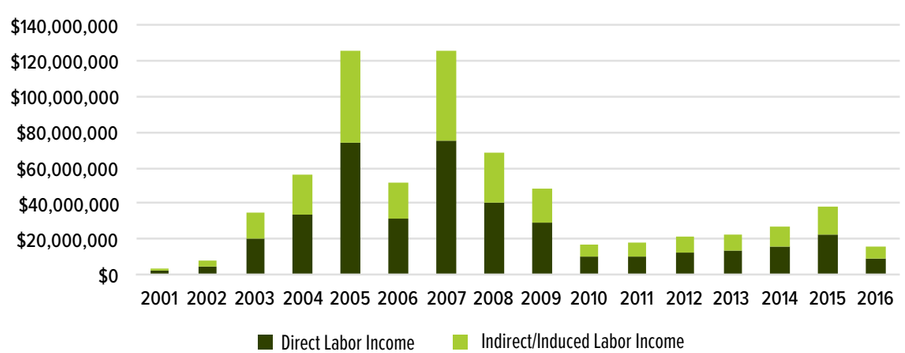
While the ultimate purpose of the historic tax credit program was to put often-vacant historic buildings back into use and on the tax rolls, it became an extraordinarily effective economic development program. While the amount of annual activity varied greatly – affected both by the availability of the state credit and the general economy – on average, each year there have been 965 direct and an additional 739 indirect and induced jobs generated by historic tax credit projects.

RHODE ISLAND JOBS FROM HISTORIC TAX CREDIT PROJECTS



These have been not just jobs, but good jobs. Since 2001 the paychecks for employees working directly on historic tax credit projects has averaged more than $50 million per year with indirect and induced workers receiving another $34.7 million in compensation. In the most recent year, direct workers on these projects averaged $59,800 in wages while induced and indirect workers earned $53,600.

RHODE ISLAND LABOR INCOME FROM HISTORIC TAX CREDIT PROJECTS





Credit: The Providence Journal | David DelPoio

ROOMS&WORKS

55 CROMWELL STREET
PROVIDENCE

QRE: $ 10,394,763
TOTAL INVESTMENT: $ 12,090,457
CREDITS USED: FEDERAL + STATE
OLD USE: INDUSTRIAL MILL
NEW USE: RESIDENTIAL

Brothers Federico and Antonio Managio had a vision to create a vibrant live/work community in Providence's West End, combining modern residences with shared workspace – including the city's first culinary incubator – in a historic setting. The Mechanical Fabric Company Mill Complex, though rundown, had all the right ingredients: plenty of space, light-filled interiors, architectural character and a compelling backstory.

Now known as ROOMS&WORKS, the complex contains 40 apartments, private offices, and shared workspace, including two commercial-grade kitchens where entrepreneurs can test their creations at pop-up restaurants and share their knowledge through culinary classes. The project, which was supported by federal and state historic rehabilitation tax credits, involved a top-to-bottom rehab of three buildings: roofs were replaced and solar panels installed; brick walls were cleaned, repaired and repointed; and over 200 window openings were filled with new sash that replicate the originals. Relics from the buildings' past were incorporated into the interior design. Vintage machinery and metal findings added patina to the public spaces, salvaged beadboard lined office walls, and wash basins were repurposed as planters. Premier Development provided general contracting services, while the Providence Revolving Fund served as a historic consultant and equity partner.

IMMEDIATE RETURNS TO THE STATE OF RHODE ISLAND

Unlike some other incentives, the historic tax credit isn't awarded until all of the work on the building is complete and has been certified to meet the standards for historic rehabilitation work. In the meantime, the State of Rhode Island is receiving sales tax on materials, income tax on wages, and business tax from the contractor.

Suppose a project is proposed that has $1,000,000 in Qualified Rehabilitation Expenditure (QRE). That is the amount that is eligible to receive tax credits. Assuming this was a project that was entitled to a 20 percent credit, that project would ultimately receive $200,000 in credits. However, typically Rhode Island historic tax credit projects have represented investment of around 26% more than is eligible for the credit. So a project with $1,000,000 in eligible expenditures will more likely be an actual investment of $1,260,000. The table below is a conservative estimate of the taxes that will be paid to the State of Rhode Island during the construction process. These will be received by the State before the work is completed and the developer is entitled to use the credit.

In total $99,000, or almost half of the amount of the credit, will go back into the State treasury before the credit is even issued.

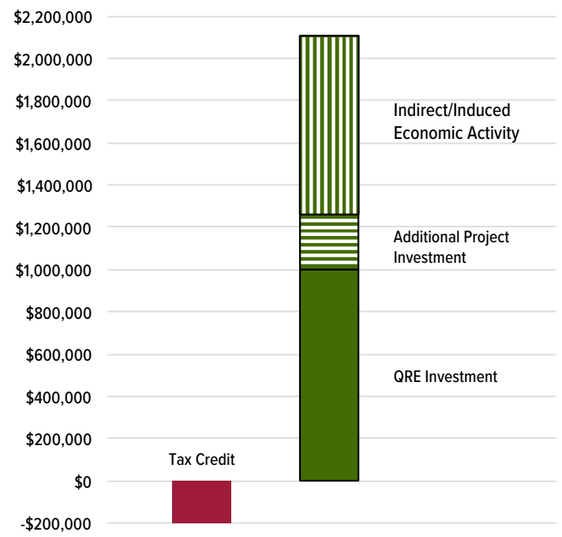
TYPICALLY, RHODE ISLAND HISTORIC TAX CREDIT PROJECTS HAVE REPRESENTED INVESTMENT OF AROUND 26% MORE THAN IS ELIGIBLE FOR THE CREDIT.

	DIRECT	INDIRECT/INDUCED	TOTAL
Income Tax on Labor	$15,578	$11,859	$27,437
Sales Tax on Material	$22,030	$16.770	$38,800
Income Tax on Professional Services	$9,567	$7.283	$16.850
Corporate Tax on Profits	$9,064	$6,900	$15.963
TOTAL	$56,239	$42,812	$99,051

LEVERAGING THE TAX CREDIT

In times of budget challenges, it is both important and appropriate to consider how effective a public incentive is in generating overall economic activity. Using the example shown, a historic rehabilitation project that has $1,000,000 in Qualified Rehabilitation Expenditures, would receive $200,000 in tax credits. But because of non-qualifying expenditures in Rhode Island, the total investment in the project would likely be $260,000 more. But the effect doesn't stop there. In Rhode Island, the investment in historic rehabilitation of $1,260,000 as a direct expenditure would generate an additional $845,345[16] in indirect and induced economic activity within the state. Thus a $200,000 investment in tax credits by the State of Rhode Island ultimately spurs more than 10 times that amount in economic activity.

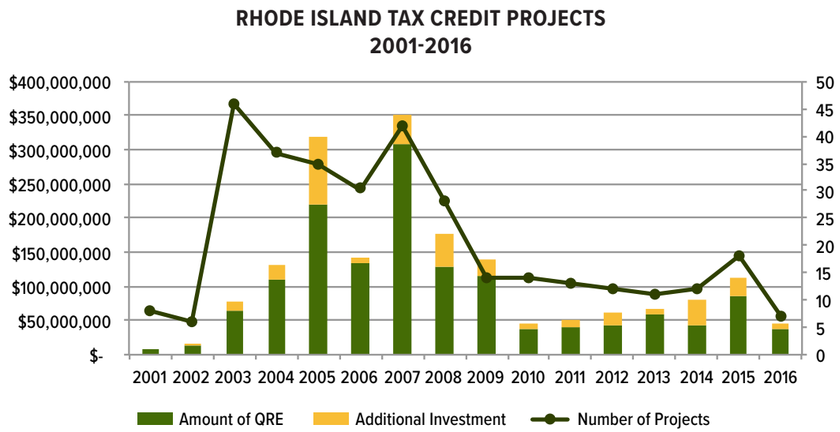
LEVERAGING THE TAX CREDIT



16 Based on IMPLAN output multiplier data for Rhode Island

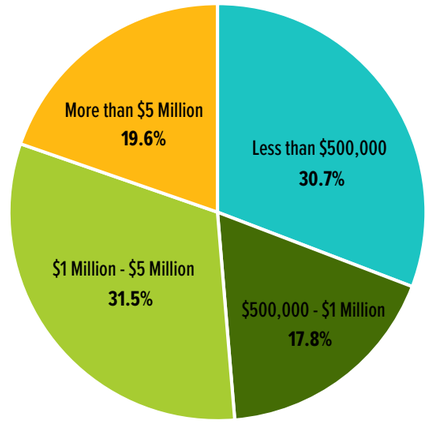
ACTIVITY BY YEAR

The original purpose of the Rhode Island Tax credit was to encourage the rehabilitation of vacant mills and commercial structures. The initial 2001 program grew in popularity and was well-used, even going beyond the original intention and scope until the program was closed in 2008. Following the 2008 amendment and the impact of the Great Recession, only projects already in the pipeline were worked out. Because of this, and the fact that the 2013 version of the tax credit was revived with limited funding and project caps, unlike its previous iteration, the use and investment in the program slowed from an average of 29 projects a year to 13 a year. Investment also dropped following the 2008 amendment, from $152 million a year average to $72 million a year.

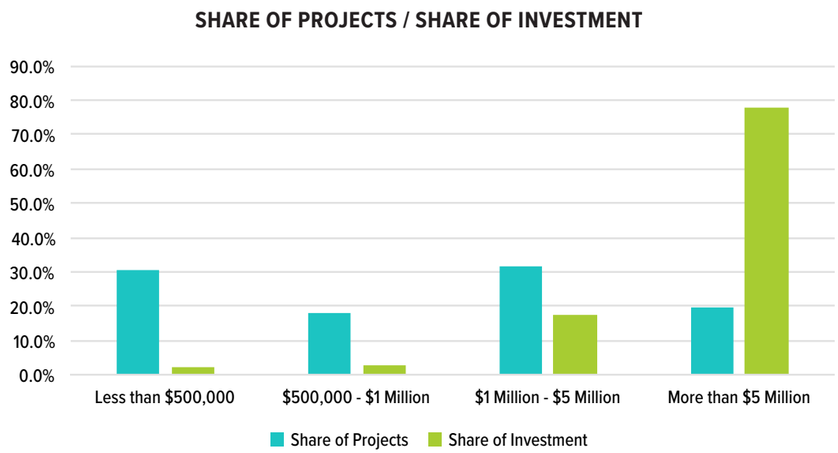


PROJECT SIZE AND INVESTMENT

While the multi-million-dollar projects often get the headlines, nearly half of all Rhode Island historic tax credit projects are very much of the "mom and pop" variety, with a project size less than a million dollars. Only around 1 in 5 of all projects had qualifying rehabilitation expenditures (QRE) of more than $5 million.



But when viewed in terms of the amount of investment, the pattern is quite different. The 80/20 rule emerges.[17] The smallest projects, those less than $500,000, represent around 30% of all projects, but only 2% of the investment (and, by extension, the tax credits). At the other end of the spectrum, projects larger than $5 Million are only 20% of all projects, but nearly 80% (77.7%) of the investment. This pattern could have implications for future public policy discussions regarding the historic tax credit.



17 The 80/20 rule, known more formally as the Pareto principle for the Italian economist who first identified the pattern, states that for many events roughly 80% of the effects come from 20% of the causes.



Credit: The Dean Hotel / thedeanhotel.com

DEAN HOTEL

122 FOUNTAIN STREET
PROVIDENCE

QRE: $ 4,988,177
TOTAL INVESTMENT: $ 5,529,692
CREDITS USED: FEDERAL
OLD USE: ROOMING HOUSE
NEW USE: BOUTIQUE HOTEL

Originally opened as a mission facility by the Episcopal Diocese in 1913, 122 Fountain Street was soon sold and spent decades as a hotel that catered to a transient population, many of whom participated in activities that could be described as contrary to the teachings of the church that built the facility.

In 2011, the building was purchased by partners ASH NYC and Clay Rockefeller. Serving as developers and interior designers, ASH NYC engaged a team of contractors and consultants to collaborate on plans for a new boutique hotel. Behind shag carpeting, mirrors, dropped ceilings, and new partitions, they discovered original materials and finishes including wood transoms, windows, and doors; ornamental wood and plaster trim; multi-color hexagonal tile floors and tile wainscoting; and the arched window openings that once graced a chapel.

Using federal preservation tax credits, the building was rehabilitated to retain historic character. The first floor hosts an inviting lobby, coffee bar, restaurant, and karaoke lounge that show off recovered original features. The upstairs floor plan is largely intact with small-scale hotel rooms that are affordable and attractive. After opening to great fanfare in 2013, the Dean Hotel has received nationwide attention for inviting a young cosmopolitan crowd to experience the vibrant Downtown Providence scene.

HOPE COMMUNITIES

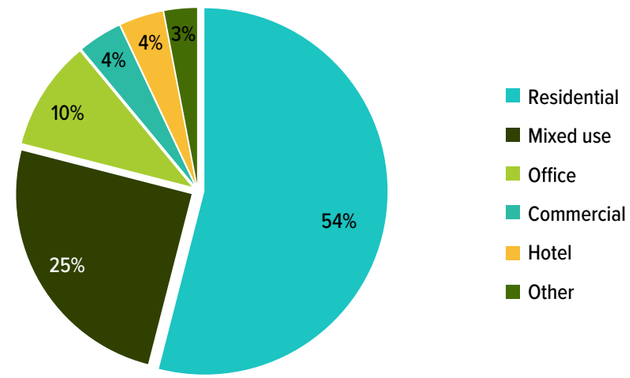
The Rhode Island historic tax credit has provided opportunities for redeveloping buildings of all sizes and uses throughout the state.

As the state's largest city and strongest economy, it is not surprising the Providence has been the location of half of the tax credit projects and 56% of the investment. The Hope communities of Rhode Island have seen significant investment with the tax credit program, accounting for 65% of projects and 68% of the investment.[18]

HOPE COMMUNITIES	# OF PROJECTS	AMT OF INVESTMENT
Central Falls	3	$40,878,288
Pawtucket	18	$128,685,988
Providence	187	$917,472,235
West Warwick	4	$115,926,301
Woonsocket	6	$40,365,186

54% of all rehabilitation projects have been for residential, with another quarter for mixed-use and 10% for offices.

BUILDING USE



18 Hope Communities are those with the highest poverty rates in Rhode Island, defined as a municipality for which the five (5) year average percentage of families with income below the federal poverty level exceeds the state five (5) year average percentage, both as most recently reported by the U.S. Department of Commerce, Bureau of the Census.

IS RESIDENTIAL DEVELOPMENT ECONOMIC DEVELOPMENT?

> "We are simply not building enough housing, which is continuing to drive up the cost, because the supply is not there. The fact is, incomes in Rhode Island have not kept pace with housing costs" - Barbara Fields, executive director of Rhode Island Housing[19]

> "The lack of workforce housing has become an economic development issue as corporations decide not to locate in areas where their employees cannot acquire decent, safe, and affordable housing." Urban Land Institute, *Challenges to Developing Workforce Housing*.

> "[T]he development of rural housing has the potential not only to benefit those that receive the new dwellings, but to improve the economy of the entire community. *The Effects of Housing Development on a Rural Community's Economy*, Housing Assistance Council

From the 1950s through the 1970s there was a fundamental belief among development professionals that housing, while important, should not be considered as part of economic development strategies. But decades later that perception has been reconsidered. That new perspective was articulated in an academic article[20] that concluded, "[H]ousing is a part, rather than a by-product, of the economic development process. And because of this fact, housing can contribute substantially to economic development." Interestingly enough, that conclusion began from analyses in the developing world and was accompanied by commitments by the World Bank to begin investments in housing as part of a country's economic development strategy.

But the view that housing is a critical part of economic development has gained favor in the United States for another reason. For most of human history, people followed jobs. In America, the movement from east to west, from south to north, and in post WWII decades from north to south and southwest, was mostly driven by people following jobs.

Today, more and more people, particularly Millennials, are deciding first where to live and then finding a job once they get there – jobs following people. Those individual decisions are based on multiple factors, but most revolve around quality of life. Those in charge of economic development in Rhode Island implicitly recognize this and have noted in the Economic Development Element of the State Guide Plan that "Place matters. A job anywhere—a home anywhere—is not equal to those things in the best places."[21]

As described earlier, Rhode Island's abundance of historic resources is a key component of the quality of life equation, particularly when they are invested in, and brought back to, productive use. These structures themselves are the draw and play a role in the future of economic development as they will provide the places where the younger generation will want to create jobs. Place-based economic development strategies have altered the 20th century approach. Instead of "chase the businesses and the people will come" a Place-based strategy is "attract the people and the jobs will come (or be created)."

As if sensing this transition in place-based strategy, historic rehabilitation tax credit projects in RI have created over 5,300 units of housing since 2001. Those projects have attracted both people and investment. In a slow growth state like Rhode Island population growth is critical for long-term economic growth and residential development of historic buildings is clearly a magnet for population growth.

19 "Study: RI facing a major shortage of housing," http://wpri.com/2016/04/06/study-ri-facing-a-major-shortage-of-housing/
20 Journal of Housing and the Built Environment, December 2006, Volume 21, Issue 4
21 Rhode Island Rising: A Plan for People, Places, and Prosperity



Credit: M Residential, Diamond Windows and DOors

M RESIDENTIAL CENTRAL FALLS
501, 535, 555 ROOSEVELT AVENUE CENTRAL FALLS, RI

QRE: $24,750,000
TOTAL INVESTMENT: $40,878,288
CREDITS USED: FEDERAL + STATE
OLD USE: INDUSTRIAL MILL
NEW USE: RESIDENTIAL

M Residential on Roosevelt Avenue in Central Falls is a four+ acre complex comprised of three manufacturing mills that were rehabilitated and converted to residential use between 2008-2015. The former Elizabeth Webbing Mill, Bryan Marsh Mill, and Pawtucket Thread Manufacturing Company buildings, situated on the Blackstone River, were last used in 2001. The Tai-O Group acquired the properties in 2005 and began a 10-year transformation in the midst of the recession with the support of state and federal historic tax credits. The resulting 157 units of housing with adjacent landscaped campus with waterfront access and views create a unique real estate experience. While the units are market rate, the complex adds to the revitalization of Central Fall's commercial district, full of a variety of immigrant- and Latino-owned businesses. Tai-O Group, with members who themselves are immigrants, saw the potential in the area. The project served as a turning point for Central Falls, a city that went bankrupt in 2011 and has been climbing back ever since. In 2017, the Tai-O Group entered into an agreement with the City of Central Falls to renovate a second historic mill and build a new structure nearby.

RESIDENTIAL PURCHASING POWER

A residential development means new residents with local purchasing power. This is particularly important to a small and economically struggling town like Central Falls. A recent redevelopment project there converted vacant mill buildings into a 157-unit complex known as M Residential. An estimate[22] of the some of the annual expenditures of the tenants in just those buildings is as follows:

CATEGORY	AMOUNT
Food at home	$591,139
Food away from home	$425,838
Alcoholic beverages	$63,542
Furniture	$52,890
Small appliances; miscellaneous household equipment	$129,191
Men and boys apparel	$67,323
Women and girls apparel	$93,209
Footwear	$59,668
Gasoline and motor oil	$282,099
Fees and admissions	$68,199
Audio and visual equipment and services	$155,188
Toys and hobbies	$17,673
Pets	$64,829
Personal care products and services	$93,489
Reading	$13,688
Cash contributions	$197,463

While not all of those expenditures will be made in the town of Central Falls, it is likely that many city officials there will consider the redevelopment of the long vacant textile mill into a housing complex a boon to economic development.

22 Based on data from the US Department of Commerce, Consumer Expenditure Survey



Credit: PlaceEconomics

ASHTON VILLAGE

FRONT ST AND 4-38 MIDDLE ST
CUMBERLAND

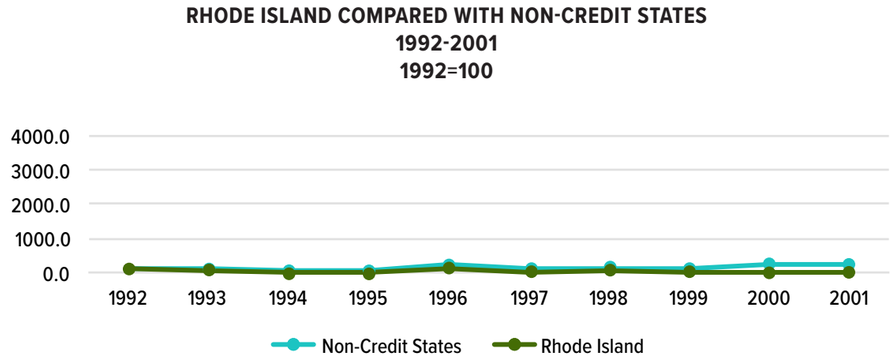
QRE: $ 36,239,662 (MILL),
$8,239,866 (VILLAGE)
TOTAL INVESTMENT: $ 53,593,765
CREDITS USED: FEDERAL + STATE
OLD USE: INDUSTRIAL MILL
NEW USE: RESIDENTIAL

Ashton is the quintessential mid-19th-century Rhode Island mill village. It consisted of a large brick textile mill on the Blackstone River, houses for the families that worked in the mill, a schoolhouse, and a church. This planned community, constructed by the Lonsdale Company in the late 1860s, included a mix of double-houses and tenements, all of brick with side-gable roofs, exposed rafters, and regularly-spaced, segmental-arched window and door openings.

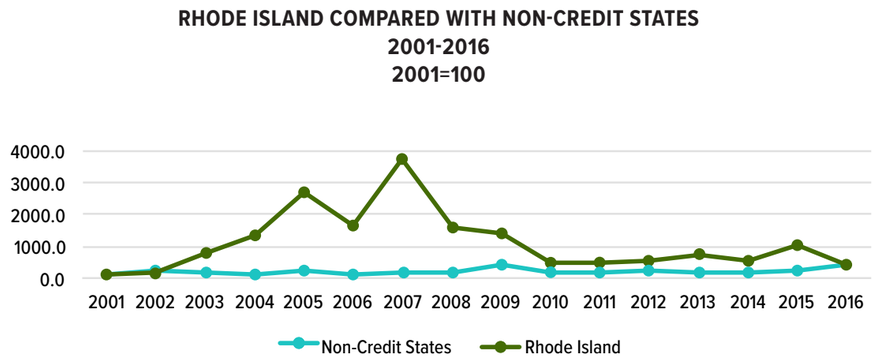
The rehabilitation of the Ashton Mill into market-rate apartments in 2005, along with the development of the Blackstone River Bike Path, injected new life into the village. But the workers' housing, though handsome and well-built, was run-down. In 2012, the non-profit Valley Affordable Housing Corp. purchased seven of the double-houses and two large tenement buildings and began an ambitious rehabilitation. Brick walls were repointed, chimneys rebuilt, new roofs installed, and wood windows restored. The historic floor plans were retained where possible, as were interior features such as wood flooring, paneled doors, plaster walls, beadboard wainscoting, and window and door trim. The project utilized both the historic and low-income housing tax credit programs. Once home to workers who set off for the mill each morning, the historic houses and tenements at Ashton now provide 59 units of much-needed affordable housing for families.

IMPACT OF THE STATE TAX CREDIT ON THE USE OF THE FEDERAL TAX CREDIT

It can be fairly asked, "Wouldn't that historic rehabilitation activity have happened anyway, even if we didn't have a state tax credit?" Fifteen states, the District of Columbia, and the US Virgin Islands have never had a state historic tax credit.[23] The aggregate activity in those state reflect the ups and downs of tax credit historic preservation projects as they are affected by national trends such as the overall economy, interest rates, the real estate market, etc. The first chart below compares the activity between Rhode Island and the non-credit states in the decade before Rhode Island adopted a state tax credit. While the general ups and downs are similar, Rhode Island has slightly less relative activity than do the comparison states.



The second graph covers the period when Rhode Island first enacted a state tax credit through 2016. In 2001, a state tax credit is enacted and almost instantly Rhode Island performs far better than the comparison states. When the tax credit is repealed, the activity drops back to the rate of performance of the non-tax credit states. A brief re-instatement of the credit catalyzes a jump in activity that disappears when the credit expires.



23 This is a representative sample of states that includes large population states (California, Florida), small population states (Alaska, South Dakota), and dispersed regionally (Hawaii, Wyoming, Arizona, New Jersey, Tennessee, New Hampshire). Those states, therefore, represent a baseline of historic preservation activity as it is affected by the overall national economy, the existence of a federal historic tax credit, and other variables that might affect overall activity. Based on the use of the federal tax credit in those states, a comparison can be made by looking at the activity in a state when a state tax credit is enacted.



Credit: hiveminer.org

POIRIER'S DINER

1380 WESTMINSTER STREET
PROVIDENCE

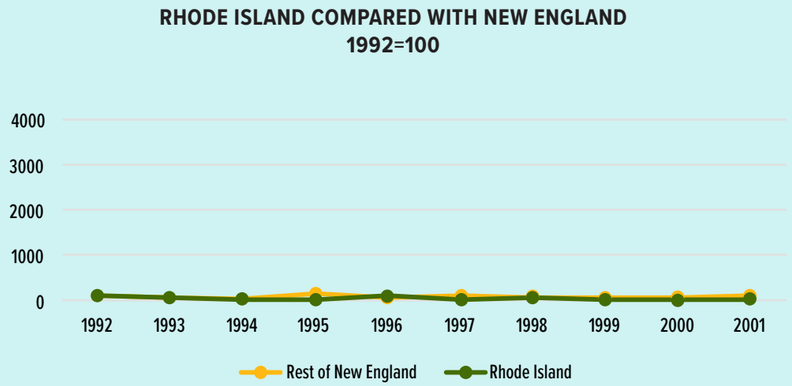
QRE: $ 376,852
TOTAL INVESTMENT: $ 825,885
CREDITS USED: FEDERAL + STATE
OLD USE: DINER
NEW USE: DINER

When Poirier's Diner opened for business in Providence in 1948, it showcased the latest developments in diner design with materials like stainless steel, Formica, and glass block. By the time S. Jon Özbek acquired the building in 2002, many of the original fixtures and finishes were intact but in disrepair. In 2009, Özbek purchased the former Christy & Anton's City Service Station (ca. 1940) on Westminster Street where the diner was relocated. The gas station was converted into a dining room, and a kitchen was built to link it to the diner. From eBay to Craigslist, Özbek searched for vintage glass block, light fixtures, menu boards, stools, and other missing elements. The pitted, rusted, painted-over porcelain enamel ceiling panels were cleaned, reconditioned, and put back in place. Aluminum and glass doors were replicated from historic photographs. Piece by piece, the diner came together, and local restaurateurs Michael Arena and David Penta signed a lease and opened the West Side Diner for business in September 2013.

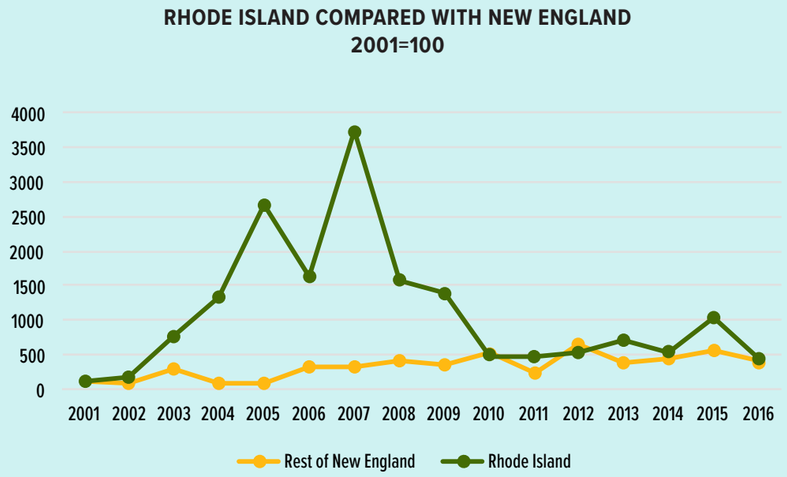
These two graphs quantify the findings that, anecdotally, business reporter Christine Dunn of the *Providence Journal* has found in doing stories on historic rehabilitation projects.

> "A lot of developers tell me that they wouldn't have been able to do these projects without the tax credits. Many of these old factories had both environmental and structural issues—these industrial buildings were built in the 1800s. They require a lot of permitting and work, so they take years to finish. Getting financing is challenging since the crash in 2008, so a lot of things were lined up for the credits, some deferred them or moved them or lost them. They have played a big role in the projects I've written about in the past years." - Christine Dunn, Reporter for the Providence Journal.

A similar comparison can be made with the five other New England states. As the first graph below indicates, in the decade before the adoption of a state historic tax credit in Rhode Island, the state's activity was largely in line with the rest of New England.



But the pattern changes significantly when the state historic tax credit is adopted in 2001. Then a comparison between Rhode Island and the rest of New England changes dramatically. Changes, that is, until the tax credit disappears, at which point the Rhode Island activity falls back to the pattern of the other five states.





HISTORIC PRESERVATION AND QUALITY OF LIFE IN RHODE ISLAND

FOR YEARS, CITIES MEASURED THEIR SUCCESS IN PURELY ECONOMIC TERMS—JOBS CREATED, RISING INCOMES AND WAGES, THE NUMBER OF CORPORATE HEADQUARTERS, OR THE EXTENT OF HIGH-TECH INDUSTRIES. RECENTLY, OTHER THINGS HAVE ENTERED THE PICTURE. PLACE-MAKING EFFORTS IN CITIES ACROSS THE UNITED STATES AND THE WORLD HAVE EMPHASIZED QUALITY DAILY LIFE.[24]

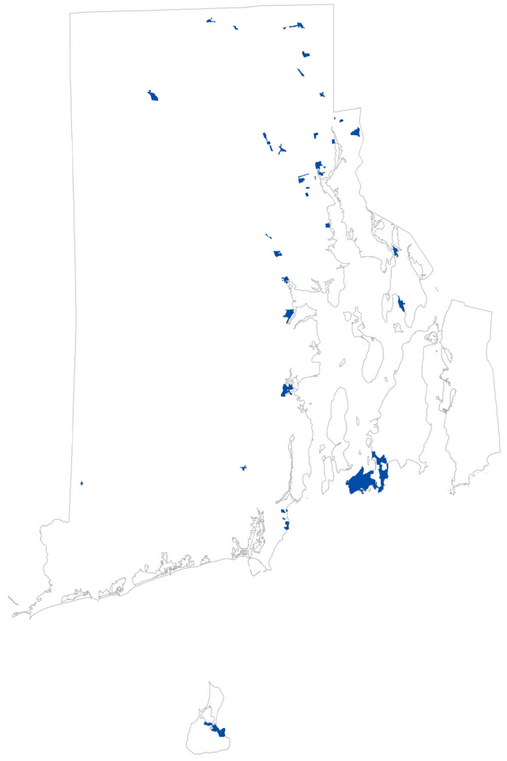
There is no universally accepted definition of what "quality of life" means, but nearly all definitions include the quality and character of place. What is abundantly clear is that the historic resources of the Ocean State are valued by those who live there and those who visit there. As the authors of Rhode Island Rising discovered, "While the people and locations differed, we heard a lot of the same things from place to place, including: Pride and appreciation for the State's assets, particularly its great natural environment, architecture, long-standing institutions, and cultural resources."[25]

Some of that architecture and cultural resources are listed on the National Register of Historic Places, as neighborhoods and individual buildings. As the first sentence of this report suggested, there is no state in America that has the concentration of historic resources as does Rhode Island. There are more entries in the National Register per square mile in Rhode Island than any other state. But while listing on the National Register is an honor, the protection of historic buildings comes from local historic districts. Nineteen Rhode Island municipalities (see list) have enacted a local historic preservation ordinance illustrating their commitment to historic preservation. These local historic preservation districts collectively cover just over 1% of the state land area. But 12% of Rhode Island's population and 4% of that state's jobs are located in local historic districts.

24 Richard Florida and Andrew Small, "Why Quality of Place Matters", CityLab, December 28, 2016

25 Rhode Island Statewide Planning Program, *Rhode Island Rising: A Plan for People, Places, and Prosperity*

RHODE ISLAND LOCAL HISTORIC DISTRICTS



MUNICIPALITIES WITH LOCAL HISTORIC DISTRICTS

BRISTOL
COVENTRY
CRANSTON
CUMBERLAND
EAST GREENWICH
EAST PROVIDENCE
GLOUCESTER
HOPKINTON
NEW SHOREHAM
NARRAGANSETT
NEWPORT
NORTH KINGSTOWN
NORTH PROVIDENCE
NORTH SMITHFIELD
PAWTUCKET
PROVIDENCE
SOUTH KINGSTOWN
WARWICK
WARREN

"SOME THINGS IN WICKFORD ARE HISTORIC, SOME AREN'T, BUT WE WANT A VIBRANT COMMERCIAL AREA, TO PROTECT EVERYONE'S INTEREST. WE WANT OUR HISTORIC VILLAGE TO REMAIN VIBRANT."

HOUSING FOR MILLENNIALS

Millennials – those born between 1980 and 2000 – have surpassed Baby Boomers as the largest demographic group in the country. And they will continue to be the driving force in the economy for decades to come. Millennials are better educated, more diverse, and much more concerned with the quality of the places they live than any earlier generation. The contribution of historic preservation to the quality of life of Rhode Island can be seen in the housing choices of Millennials, the patterns of population growth, the job locations of knowledge and creative class workers, the preferences of small business, and the diversity of Rhode Island.

The rich history of Rhode Island has produced a wealth of historic resources. Rhode Island has over 18,500 properties listed in the National Register of Historic Places with an additional 30,000 surveyed and determined eligible. 31.8 % of the Ocean State's housing stock was built before 1939 per the US Census, ranking 3rd in the country for the oldest housing stock, behind only New York and the District of Columbia.

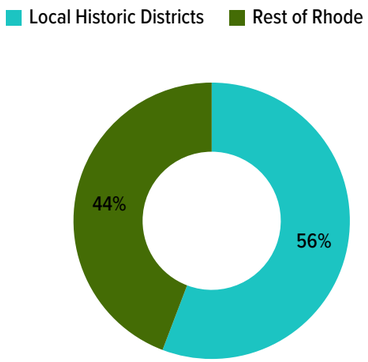
The character, quality, and value found in historic neighborhoods is particularly appealing to Millennials. Nationally,[26] while Millennials made up 34% of all home buyers, they purchased 59% of houses built prior to 1912 and 44% of houses built between 1913 and 1960. Further, the highest rated factor for choosing where to buy was "Quality of the neighborhood" a variable more important to Millennials than any other age group. The next two highest factors were "convenient to job" and "overall affordability of homes." Those two variables were also more important to Millennials than any other age cohort. What historic neighborhoods provide is what this age group is looking for.

26 Based on data found in Home Buyer and Seller Generational Trends, 2017. National Association of Realtors.

GROWTH IN HISTORIC DISTRICTS

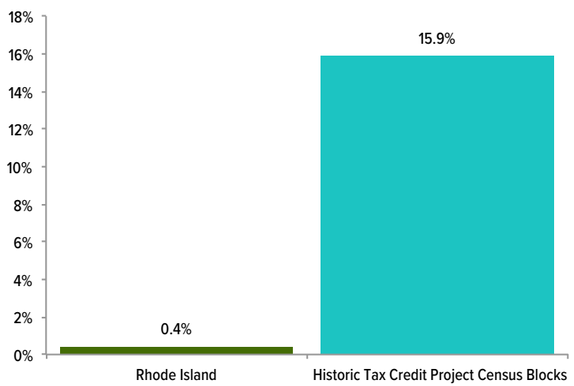
While some believe that historic districts restrict growth, the evidence in Rhode Island proves quite the opposite. As Rhode Island continues to recover from The Great Recession, population growth is one major indicator of economic health. In fact, between 2000 and 2015, the state experienced a net gain of 5,342 residents. But that growth wasn't random. Local historic districts, which house 12% of the state's population, accounted for 56% of the state's population growth.

SHARE OF POPULATION GROWTH 2000-2015



The historic buildings being rehabilitated are often in historic districts. These catalytic projects are often the cause of this population growth. Between 2000-2010, Rhode Island population grew by less than ½ of one percent. Census block groups where tax credit projects occurred gained 16% in population during that same time. Put another way, over half of the state's population growth occurred in or nearby tax credit rehabilitation projects.

POPULATION GROWTH 2000-2010



"PEOPLE COME HERE BECAUSE THERE IS SO MUCH HERE, DENSITY OF HISTORIC BUILDINGS, FARMS, SAILING. THERE IS A WHOLE BUNCH OF STUFF THAT DRAWS PEOPLE AND EVERY TOWN HAS HISTORIC BUILDINGS IN RHODE ISLAND. WE ARE A SMALL ENOUGH STATE TO GET EVERYTHING YOU WANT."



Credit: VBRO / Adam and Kristin Silveira

ADAM & KRISTIN SILVEIRA LITTLE COMPTON

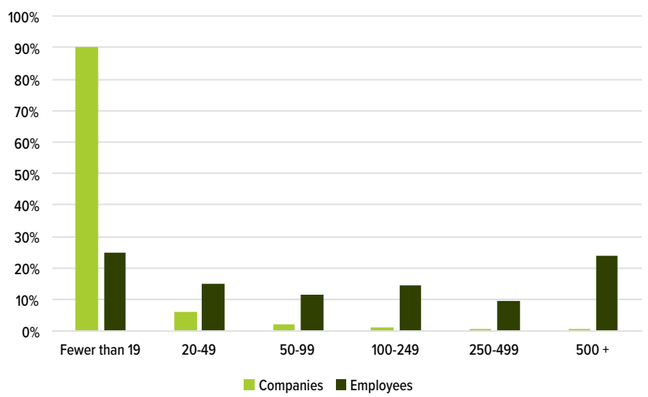
Adam and Kristin Silveira are native Rhode Islanders, having grown up in Middletown and then settling down in Little Compton. Their journey into historic rehabilitation began almost 10 years ago when a farm property with multiple buildings became available for sale just down the street from them. They farmed the land and renovated the main house and started using it as a year-round vacation rental. Then the property next door to the farm became available. They bought that, too. The Silveiras were further intrigued when a neighbor approached them and said, "did you know that used to be a one room school house?" After some digging at the local library, they found a historic photo that showed the former schoolhouse and decided to restore the front and put the bell back up.

The restored Tiverton Four Corners School House Number 1 was immediately successful as a vacation rental. "People love the history," said Kristin Silveira, "it's a way to introduce people to historic sites without forcing them into a museum." The Silveiras have since bought several other historically significant properties in Tiverton and Little Compton and also operate them as vacation rentals. The houses are rented to people near and far, as Kristin explained, "lots of neighbors rent from us when their families come to visit. Some people are having thanksgiving dinner at one of our houses." While the Silveiras have day jobs, they described the restoration work, vacation rentals, and the affirmation of it by the community as fun and "an excellent combination for us."

SMALL BUSINESS AND ECONOMIC DEVELOPMENT

While large firms play an important role in the Rhode Island economy, small businesses play a critical role. 90% of all companies in the state employ fewer than 20 people.[27] The number of workers in those firms are about the same number as work for the 75 businesses in the state who employee more than 500 people. For many small firms cost of rent and character of space are both important variables on where to locate.

COMPANIES IN RHODE ISLAND BY NUMBER AND EMPLOYMENT



The Preservation Green Lab[28] compared blocks of older, smaller, and mixed age buildings in the City of Providence with areas of large new structures. Here is what they found:

Blocks of older, smaller, mixed-age buildings:

- Contained twice the population density
- Had 65% more jobs in small businesses
- Had 44% more jobs in new businesses
- Had 82% more women owned and minority-owned businesses

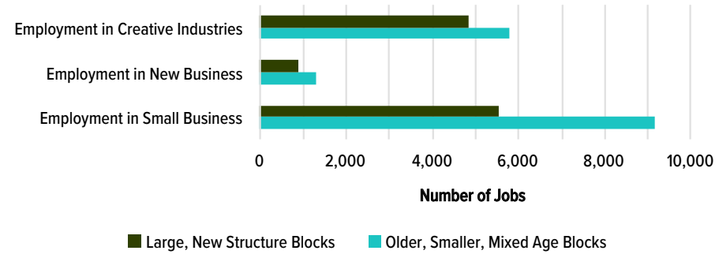
"SMALL TOWNS AND CITIES, OFTEN WITH LIMITED RESOURCES, MUST BE INNOVATIVE, THINKING BEYOND JUST BEING A GOOD PLACE TO DO BUSINESS AND FOCUSING ON USING THEIR DISTINCTIVE ASSETS FOR ECONOMIC DEVELOPMENT." How Small Towns and Cities can use Local Assets to Rebuild their Economies, EPA, May, 2015

27 Rhode Island Department of Labor and Training, March 2017

28 Providence, RI, Preservation Green Lab, 2016 http://forum.savingplaces.org/act/pgl/atlas/atlas-factsheet

Businesses make location decisions on a number of factors. But what the Preservation Green Lab found in their analysis of Providence was that small businesses, new businesses, and creative industry firms disproportionately chose locations in blocks of older, smaller, and mixed-age buildings. When compared in number of jobs, the preference of small and new businesses and creative industry workers is clear.

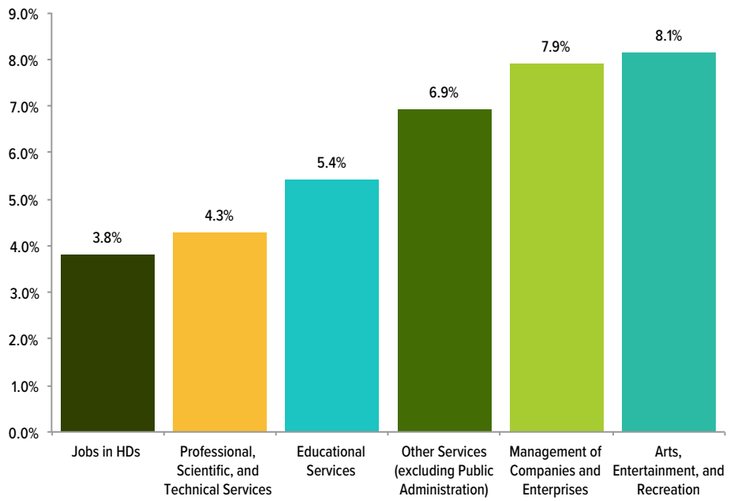
LOCATION OF SMALL, NEW, AND CREATIVE JOBS PROVIDENCE



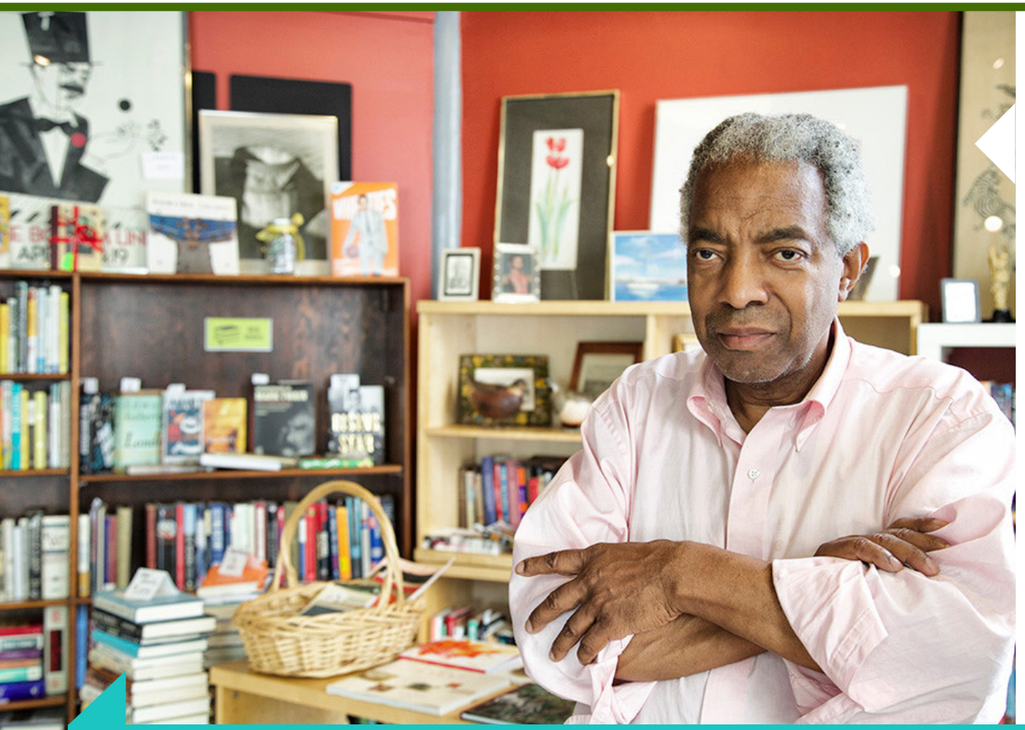
HISTORIC DISTRICTS AND KNOWLEDGE AND CREATIVE WORKERS

This pattern is not exclusive to Providence. Rhode Island's historic downtowns remain centers of commerce from Westerly to Warren. Although only 4% of all jobs in the state are located in historic districts, those areas serve as a particular magnet for firms employing knowledge and creative workers. In the Arts, Entertainment, and Recreation sector, for example, there is twice the share of historic district-based jobs than for jobs in general.

KNOWLEDGE AND CREATIVE WORKER JOBS[29]



29 All jobs data from the U.S. Census Bureau, Longitudinal-Employer Household Dynamics (LEHD) dataset.



Credit: Providence Monthly / Providence

RAY RICKMAN | STAGES OF FREEDOM

While not a native Rhode Islander, Ray Rickman has been a community activist wherever he has lived, and for the past 40 years Providence has reaped the benefits of his efforts. Rickman, a problem-solver by nature, has taken on many roles in his time in Providence: a preservationist, consultant, public-servant, wellness guru, mentor, and more.

He was an early figure in the Providence preservation scene: "I moved to Providence and lived in a house built in 1829. The preservation resources are just unbelievable here," said Rickman. He has fought tirelessly to broaden the preservation movement in Providence and ensure that it includes sites of black history and using plaques to educate the general public as well: "We are trying to develop the proper storytelling. People walk past five houses that they don't know about." To change this, Rickman started leading walking tours of black history sites in Providence in 1982 and hasn't stopped.

Through his efforts, Rickman hopes to educate folks of all colors about understanding and preserving their history and explained, "Historic preservation is not a burning issue to most people of color. A certain number are interested, but the onus is on those who lead the charge. There is strength in numbers."

In 2017, Mr. Rickman opened a storefront location for the Stages of Freedom nonprofit on Westminster Street in Providence. In addition to educating the public about black history, the group provides free swim lessons to youth of color. His efforts are also recognized by other groups, recently he was honored by the National Association of Black Law Enforcement Officers with their 2017 Community Policing Award. What do historic preservation, community policing, and swim lessons have to do with one another? For Rickman, its providing children opportunities to challenge themselves, observe role models, and make connections to successfully navigate society.

HISTORIC DISTRICTS AND DIVERSITY

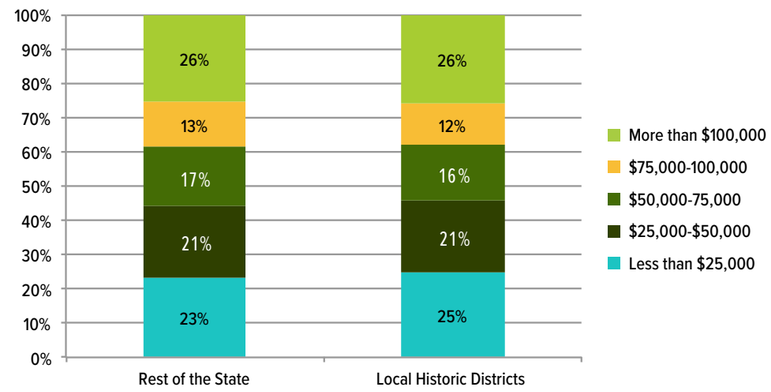
In some parts of the country, historic districts – rightly or wrongly – are perceived as the enclaves of the rich and the white.

Contrary to this perception, Rhode Island was founded on the principles of tolerance, acceptance, and diversity. Four hundred years later, the historic neighborhoods of Rhode Island continue to demonstrate those principles.

While there are differences among individual historic districts, on an aggregate basis, the Rhode Islanders who chooses to live in the state's local historic districts are a virtual mirror of the diversity of the state as a whole, in income, in race, and in ethnicity.[29]

Just over a quarter of households in Rhode Island have annual earnings greater than $100,000. The percentage of historic district residents in that income bracket is identical. At the other end of the scale, just short of a quarter of Rhode Island households make less than $25,000 each year, nearly the exact same proportion of households in historic districts.

POPULATION BY INCOME



29 All data from the US Census Bureau American Community Survey 5 year estimates, 2015

"IN BRISTOL, YOU HAPPEN TO LIVE IN BUILDINGS THAT HAPPEN TO BE OLD. WE HAVE A DEEP AND VESTED INTEREST IN KEEPING BRISTOL, BRISTOL. NOT JUST KEEPING HISTORIC BUILDINGS BUT GUIDING NEW CONSTRUCTION TO NOT OVERWHELM IT."



Credit: Providence Monthly / Providence

MARTA MARTINEZ | PROJECT DIRECTOR AND FOUNDER, RHODE ISLAND LATINO ARTS

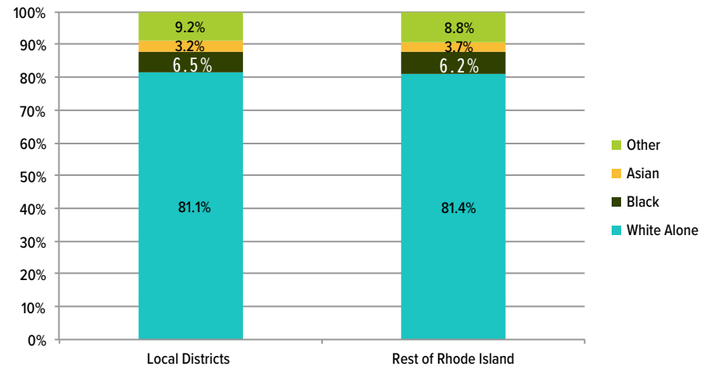
The Latino population of Rhode Island has been growing steadily—in fact, the only population increase in the state between 2000 and 2010 has been with non-white populations. This has not escaped the attention of Marta Martinez, a cultural preservationist based in Providence who founded the Rhode Island Latino Arts organization and who has been collecting the oral histories of Latinos since the early 1990s.

Local preservation organizations have become increasingly aware of the important role Latinos play in Rhode Island's cultural history, and Martinez has worked with the National Trust for Historic Preservation and various preservation organizations to educate them on how to talk about things, nuances within various communities, and the importance of their unique stories. Additionally, she has acted as a bridge between the various local communities—largely Puerto Rican and Dominican—working to show that they have the power to be at the table and have local influence in a positive way.

Currently, Martinez is working to establish Providence's "Latino cultural corridor" along Broad Street, and to explain what that means for those who live and work along that corridor and locally. "Right now, Broad Street is considered a dangerous area, so we're installing art, working with the tourism department, and approaching business owners to help their business grow." She is also working on a survey of the bodegas of Rhode Island, of which there are twenty-five on a single street. In 2018, an arm of the National Trust for Historic Preservation called Latinos in Heritage Conservation will be holding their annual conference in Providence, thanks in large part to Marta's efforts. "I wanted to bring them to the east coast to raise awareness through their stories within our preservation audience, and to start building that relationship more closely with the neighborhood."

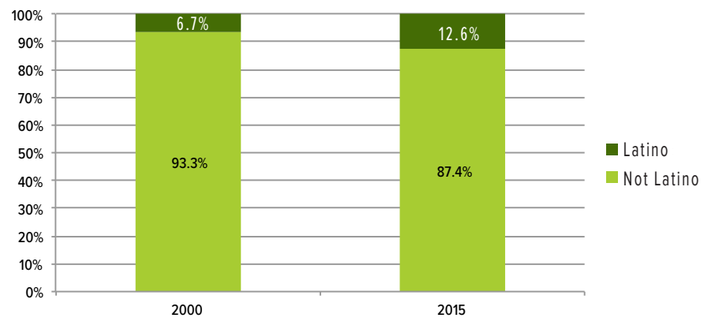
That diversity by income is also true in the racial diversity in historic districts. 81% of the population of Rhode Island is white; 81% of those living in historic districts are white. 9% of the population of Rhode Island is black: 9% of the population in local historic districts is black. Rhode Island's historic districts are a statistical reflection of the state as a whole.

POPULATION BY RACE

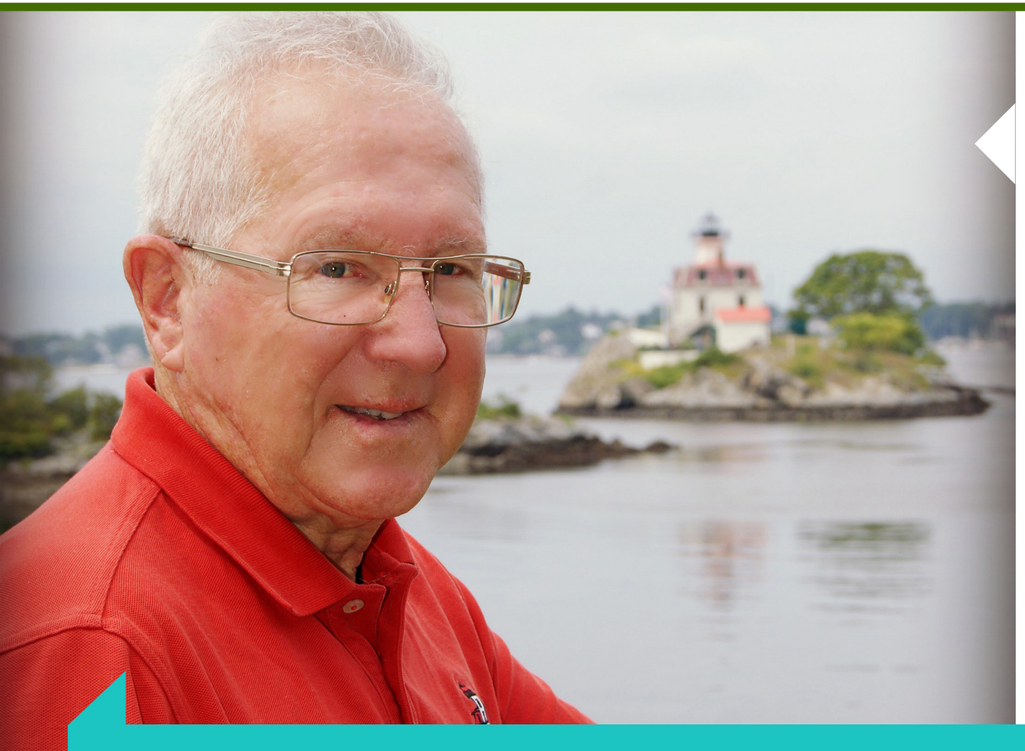


Much of the net population growth in Rhode Island in the last fifteen years has come from the immigration of Latino workers and their families. That growth can be seen in historic districts where Latinos made up only 7% of the population in 2000 but rose to 13% of the historic district population by 2015. This number closely aligns with the 14.9% of the Latino share of the total population of Rhode Island.

LATINO POPULATION
RHODE ISLAND LOCAL HISTORIC DISTRICTS



To Rhode Islanders, these patterns might not seem exceptional, but it is a remarkable representation of the tradition of tolerance and diversity in Rhode Island and is reflected nearly to the decimal point in the diversity of historic districts.



Credit: GoLocalProv News Team

DAVE KELLEHER | EAST PROVIDENCE & POMHAM LIGHT

According to Dave Kelleher, a former educator and historian, "Twenty years ago, no one seemed to care about lighthouses." As the Ocean State, Rhode Island has its fair share of lighthouse sites. But unlike other historic resources, the preservation of a lighthouse presents many challenges: they are in constant danger from weather erosion, ownership issues make reuse challenging, and there are physical obstacles to visiting them. Of course, these factors make their preservation, rehabilitation, and reuse all the more interesting. "For some reason, we didn't knock them down. They were left, and it's been a blessing for us," said Kelleher, "in addition to the beaches, people come to see our lighthouses." Kelleher is part of the Friends of the Pomham Rocks Lighthouse group, which was founded in 2004 to restore the 1871 lighthouse. The Pomham Lighthouse sits 800 feet off the East Providence shore and only 3 miles from downtown Providence.

In partnership with the American Lighthouse Foundation (based in Maine), Kelleher and friends approached the owner, ExxonMobil, and expressed interest in restoring the lighthouse. It took three years to convince them, but ExxonMobil got on board and contributed over $100,000 towards more than $300,000 raised for the restoration. The ExxonMobil partnership contains some business use restrictions, so the group takes an educational focus and has teamed up with Save the Bay to give lighthouse tours. Not only do lighthouse enthusiasts from across the country flock to Rhode Island's shores, the project has also benefitted Rhode Islanders by educating them about this aspect of their home state. And not just local adults--the Save the Bay summer camps for children have just a ten-minute boat ride from their educational center to the lighthouse. In the future, the Friends of the Pomham Rocks Lighthouse would like the site to become self-sustaining but in the meantime, the lighthouse serves as a beacon of the past coastal life, an educational tool, a local source of pride, and a tourist destination.



Credit: Greater Providence Chamber of

THE GUERRA FAMILY | THE FOUNDRY

All over Providence and the rest of Rhode Island, old mill buildings and former industrial spaces are being renovated for new uses. The person who pioneered much of this redevelopment is Tony Guerra, who led the way with the renovation of the former Brown & Sharpe site now called the Foundry. Since 1968, Guerra and his family have been incrementally rehabilitating the multiple-building site as funds allowed. At one point in the 1980s, a reassessment valued the property at zero. They fought off the threat of demolition and numerous real estate ups-and-downs. Only through a variety of financing mechanisms—from state redevelopment funds, private loans, personal savings, and later historic rehabilitation tax credits—was this transformation able to take place. A half century of persistence and perseverance was recognized when Guerra received the 2014 Community Preservation Award by the Providence Preservation Society. "When you consider the sheer size of the Foundry property, more than 20 acres with something like a dozen major buildings, what he was able to achieve is really special," stated Paul Wackrow, formerly of the Providence Preservation Society.

The complex now features a mix of high-end office space and residential apartments, hosts more than 2,000 jobs, and houses over 350 residents. During those times when Rhode Island's economic future looked uncertain, Guerra's vision saw opportunity and the value of underutilized industrial buildings. "Much of his life's work was spent tirelessly working to develop The Foundry, and transform the area into one of Providence's most recognizable industrial landscapes," said Tom Guerra, son and Managing Partner of the Foundry.



Credit: Providence Business News

CLARK SCHOETTLE | THE PROVIDENCE REVOLVING FUND

Clark Schoettle has been running the Providence Resolving Fund (PRF) for over 30 years. The nonprofit development and lending corporation has been committed to historic preservation, community revitalization, and affordable housing in Providence since 1980. The Fund has been utilized in the West Side, South Side, and Downtown neighborhoods of Providence, and mostly, but not exclusively, in National Register historic districts. Through his leadership, the PRF has executed nearly 400 loans to the tune of over $30 million. Loans range from as small as $10,000 on up to $1 million. “We’ve helped revitalize the west side, and now its where every young professional wants to be,” said Schoettle. PRF specializes in assisting the rehabilitation of vacant and challenged buildings and putting them back into productive use. Once the project is completed, the funds are repaid and the process begins again. Through Schoettle, the PRF also serves as a project consultant for numerous area historic rehabilitation projects, sharing their knowledge while sustaining the organization.





HISTORIC PRESERVATION AND SUSTAINABILITY

"THE GREENEST BUILDING IS THE ONE ALREADY BUILT" CARL ELEFANTE, FAIA, PRESIDENT-ELECT, AMERICAN INSTITUTE OF ARCHITECTS

"HISTORIC PRESERVATION: THE ULTIMATE RECYCLING" BUMPER STICKER, PRESERVATION NORTH CAROLINA

Rhode Island cares about its environment. It ranks fourth in the nation on the list of Greenest States.

DENSITY

Rhode Island is second among all states in population density. Organizations ranging from the United Nations, to the American Planning Association, Urban Land Institute, and Smart Growth America have demonstrated that density is a necessary component of a comprehensive sustainable development strategy.

Often "density" is seen as an undesirable outcome and conjures up images of 40-story condominiums and other out of scale development. But historic neighborhoods are frequently where the highest density in a community exists. Statewide local historic districts comprise 1% of the land area, 4% of the jobs, and 12 % of the population. In many Rhode Island towns and cities, the densest neighborhoods are the historic neighborhoods, and it's important to note that this is density at a human scale. Because of building size, lot size, and street configuration, density exists without having to build high-rises. Further, the infrastructure already exists in these neighborhoods so water and sewer lines and streets and sidewalks don't have to be built and extended. That density has positive environmental and fiscal impacts.

The overall density in Rhode Island is 1,019 people per square mile. But in Rhode Island's local historic districts there are 11,322 persons per square mile—which means they are over 11 times as dense.

When density is measured on a city level, the results are even more dramatic.

DENSITY (POPULATION PER SQUARE MILE)

	HISTORIC DISTRICTS	CITY OVERALL
Bristol	4,317	1,617
Cumberland	15,151	1,183
Narragansett	11,990	1,119
Newport	2,585	2,538
Providence	40,607	9,388
Warren	5,774	1,700

These figures are aggregated from several towns with local historic districts.



DENSITY IS NECESSARY FOR SUSTAINABLE DEVELOPMENT. HISTORIC DISTRICTS ARE PROVIDING THAT DENSITY AT A HUMAN SCALE.

ENVIRONMENTAL AND FISCAL IMPACTS

The decision to rehabilitate an existing building within an existing city versus building new at the edge of town has impacts on traffic, walkability, and other quality of life measures. It also has significant environmental and fiscal consequences. In Maryland, commercial real estate consultant Joseph Cronyn and environmental policy analyst Evans Paull teamed up[30] to calculate the differences between a choice to rehabilitate an existing building or to build new at the edge of the city. Using their methodology and the Kinsley Building[31] in Providence as an example, those different impacts are shown below:

BENEFIT	QUANTIFICATION
Lower Vehicle Miles Traveled (20%-40% reduction)	158,000 to 211,200 VMT
Lower travel-related CO2	74 – 98 metric tons CO2
This is equivalent taking vehicles off the road	24 to 28 vehicles
Retained Embodied Energy	44,000 MBTUs
Greenfield Land Preserved	4.2 acres
Lowered run-off per dwelling unit	70%
Less demolition debris in landfills	2,000 tons

Environmental benefit of reuse of the Kinsley Building in Providence.

Adaptive reuse and retrofitting is lowering Rhode Island's carbon footprint and keeping it low.



Credit: Nat Rea courtesy of Cornish Associates.

30 *The Abell Report,* March 2009, http://www.abell.org/sites/default/files/publications/arn309.pdf

31 326 Westminster Street, Providence. 40,000 square feet. More information on the Kinsley Building can be found in the Tax Credits section of this report.

LANDFILLS AND THE ENVIRONMENT

According to the Rhode Island Resource Recovery Corporation's 2015 waste characterization study, 19% of the material going into Rhode Island's Central Landfill is construction and demo debris. The Central Landfill's remaining space is limited, and once the Central Landfill is closed, Rhode Island's options for waste disposal will almost certainly be more expensive, resulting in increased costs for municipalities. So it behooves all Rhode Islanders to do everything we can to limit the waste that is going into the Central Landfill. The renovation and reuse of existing buildings is one way to do this.

KEEPING HISTORY ABOVE WATER

In 2016, the Newport Restoration Foundation organized a conference entitled "Keeping History Above Water." The gathering brought together individuals, nonprofits, city officials, elected officials, and the private sector to discuss topics on the risks posed by sea level rise to historic coastal communities and their built environments. Over four days in April 2016, experts from across the United States and abroad shared experiences, examined risks, and debated solutions with an emphasis on case studies and real world applications. 74 Bridge Street, a property that the Newport Restoration Foundation owns in the Point neighborhood of Newport, was examined as a demonstration project for sea level rise adaptation strategies. The building received pilot funding to develop practical approaches for sea level rise mitigation. The conference took participants on regional tours, as local preservation advocate Richard Youngken led a guided tour on the parts of Wickford that will be accessible by 2030. The conference has received national attention and is trademarked by the Newport Restoration Foundation.


Credit: Washington Post

THE NEWPORT RESTORATION FOUNDATION HOSTED THE FIRST KHAW CONFERENCE IN 2016.

SMART GROWTH

Smart growth is a key strategic initiative for Rhode Island, a small state with a history of sprawling development patterns. A 1999 study projected the costs of continuing sprawl and found that smart growth development would save an estimated $240 million on infrastructure costs over 20 years.[32] Smart Growth is at its core sustainable development--it is growth that serves "the economy, the community, and the environment."[33] Grow Smart Rhode Island is a non-profit public interest group that advocates for the statewide implementation of smart growth principles. Their strategies and proposals align closely with the goals of historic preservation, and they often advocate for preservation policy as a means to smart growth. A key component of their strategic plan is the promotion of balanced and equitable development by capitalizing on Rhode Island's existing built and natural assets.

Grow Smart Rhode Island has been a stalwart proponent of the Rhode Island State Historic Preservation Tax Credit program, in recognition of the contribution of heritage resources to the sustainable growth of cities. In a testimony on behalf of the tax credit, the organization touted the incredible impact that historic preservation has had on smart growth in Rhode Island:

> "We believe that one of Rhode Island's prime assets and economic engines is our extensive, world renowned collection of historic buildings and neighborhoods. Since the State Historic Tax Credit program began in 2002, the rehabilitation of hundreds of underutilized commercial historic buildings has occurred in a diverse array of Rhode Island's cities and towns."

Their statement is a testament not only to the impact of historic preservation on economic development, but on healthy, quality living for residents. In Rhode Island, preservation is a vital tool in a larger, integrated smart growth strategy.

The national Smart Growth movement has a concise set of principles. If Rhode Island communities do nothing but protect and enhance their historic neighborhoods, they will have advanced every Smart Growth principle.

SMART GROWTH PRINCIPLE	HISTORIC DISTRICTS
Mix land uses	✔
Take advantage of compact design	✔
Create a range of housing opportunities and choices	✔
Create walkable neighborhoods	✔
Foster distinctive, attractive communities with a strong sense of place	✔
Preserve open space, farmland, natural beauty, and critical environmental areas	✔
Direct development toward existing communities	✔
Provide a variety of transportation choices	✔
Make development decisions predictable, fair, and cost effective	✔
Encourage community and stakeholder collaboration in development decisions	✔

32 Rhode Island is Making Good on an Old Plan to Grow Smarter, https://smart-growthamerica.org/rhode-island-is-making-good-on-an-old-plan-to-grow-smarter/
33 What Smart Growth Is and Isn't, http://www.growsmartri.org/issues/what-smart-growth-is-and-isnt/

CONCLUSION

Historic preservation comes naturally to Rhode Islanders. Generations have worked to preserve and maintain the buildings that are the physical manifestation of the rich history of the state. The abundance of historic resources, concentrated as they are in a 1000 square mile area, are part of the daily experience of virtually every Rhode Island resident.

Because historic buildings, sites, and neighborhoods are so fully integrated into the life of Rhode Island, there is a risk that the contributions of those resources will be overlooked or taken for granted.

The aesthetic, cultural, social, and educational roles of historic preservation may well be immeasurable, and this report barely considered those attributes at all. Rather, this report measured what was measurable in four specific areas: heritage tourism, the jobs and income generated through the historic tax credit, and the contributions of historic preservation to quality of life and to the environment of Rhode Island.

The results were unequivocal.

- The historic resources of Rhode Island attract visitors who spend significant amounts of money, and the beneficiaries of those expenditures are local workers and businesses who are hosts to that market.
- The historic tax credit encourages investment that otherwise would not take place, and the state tax credit makes effective and frugal use of tax payers dollars while having a major impact on jobs, income, and quality housing in Rhode Island.
- Historic neighborhoods, both residential and commercial, are often the location of choice for Millennials, new residents, small businesses, new businesses, and the creative and knowledge industries. Furthermore, the rich diversity and tradition of tolerance in Rhode Island is reflected—literally block by block—in the state's historic districts.
- Rhode Island is committed to sustainable development, and those who know sustainable development best are among preservation's strongest advocates. In Rhode Island, historic preservation is at the center of the intersection of sustainable development and fiscal responsibility.

The identification, protection, and enhancement of Rhode Island's historic resources pays economic, social, and environmental dividends today and will pay well into the future.

APPENDICES

I. MATRIX OF TAX CREDIT PROGRAMS

II. ACKNOWLEDGEMENTS AND THANKS

III. PROJECT TEAM

IV. METHODOLOGIES



I. MATRIX OF TAX CREDIT PROGRAMS

	FEDERAL HISTORIC TAX CREDIT	2001 RI HISTORIC TAX CREDIT	2008 HISTORIC TAX CREDIT	2013 RHODE ISLAND HISTORIC TAX CREDIT
ELIGIBILITY	Listed on the National Register of Historic Places or within National Register Historic District	Listed on the National Register of Historic Places or within National Register Historic District	Listed on the National or State Register of Historic Places or within a Registered Historic District; applies to structures not placed in service prior to 2008	Listed on the National or State Register of Historic Places, within National Register Historic District, or within a local historic district
PROPERTY TYPE	Income producing	Income producing	Income producing	Income producing
AMOUNT OF CREDIT	20% of Qualifying Expenditures	30% of Qualified Expenditures	25% with processing 3% fee 26% with processing 4% fee 27% with processing 5% fee	20% for QREs or 25% for QREs that made a least ¼ of rentable space available for a business or entire rentable first floor available for a business
TRANSFERABILITY	Complicated; User of credit must be in "ownership" position for at least five years	Easy transfer to other individuals or entities	Easy transfer to other individuals or entities	Easy transfer to other individuals or entities; credits may be allotted to nonprofits and shall be refunded
REHABILITATION STANDARDS	Must meet Secretary of the Interior Standards for Rehabilitation	Must meet Secretary of the Interior Standards for Rehabilitation	Must meet Secretary of the Interior Standards for Rehabilitation	Must meet Secretary of the Interior Standards for Rehabilitation; shortened timeline for construction; requirement for apprenticeship
REVIEW OF WORK	State Historic Preservation Office and-National Park Service	State Historic Preservation Office	State Historic Preservation Office	State Historic Preservation Office and Division of Taxation
MINIMUM INVESTMENT	The greater of $5,000 or the basis of the building		Substantial Rehabilitation Test: QREs incurred in the twenty-four (24)-month period shall equal or exceed fifty percent of the Adjusted Basis of the Certified Historic Structure as of the beginning of the twenty-four (24-) month period.	Substantial Rehabilitation Test: QREs incurred in the twenty-four (24) month period shall exceed the Adjusted Basis of the Certified Historic Structure as of the beginning of the twenty-four (24) month period or July 3, 2013, whichever is later.
MAXIMUM INVESTMENT				Credit amount shall not exceed $5 million
QUALIFIED REHABILITATION EXPENDITURES	Rehabilitation but not acquisition, site improvements or additions	Rehabilitation but not acquisition, site improvements or additions	Rehabilitation but not acquisition, site improvements or additions	Rehabilitation but not acquisition, site improvements or additions.
CARRY BACK; CARRY FORWARD	Carry back 1 year; Carry forward up to 20 years	Forward 10 years	Forward 10 years	Forward 10 years
TAXES ELIGIBLE	Federal income taxes	Business corporation tax, franchise tax, public service corporations tax, taxation of banks, taxation of insurance companies, personal income tax	Business corporation tax, franchise tax, public service corporations tax, taxation of banks, taxation of insurance companies, personal income tax	Business corporation tax, franchise tax, public service corporations tax, taxation of banks, taxation of insurance companies, personal income tax
SUNSET	None		Projects in service before Jan 1, 2008 receive 30%. Projects in progress as of 2008 may continue with reduced credit amount and higher fee. Projects submitted after December 31, 2007 are not eligible for tax credits.	2019

II. ACKNOWLEDGEMENTS AND THANKS

FUNDING FOR THIS REPORT WAS GENEROUSLY PROVIDED BY THE VAN BEUREN CHARITABLE FOUNDATION, AND THE RHODE ISLAND HISTORICAL PRESERVATION & HERITAGE COMMISSION, AND THE NATIONAL TRUST FOR HISTORIC PRESERVATION.

THE VAN BEUREN CHARITABLE FOUNDATION

The van Beuren Charitable Foundation (vBCF) is dedicated to improving the quality of life and quality of place of Aquidneck Island and its surrounding communities. The foundation was established in 1986 and has contributed over $67 million to the Newport region since its inception. vBCF has emerged as a strategic partner to like-minded charitable organizations and remains committed to strengthening the community in its priority areas of interest. These areas are strong starts, healthy lifestyles, community prosperity, and excellence in the commons.

RHODE ISLAND HISTORICAL PRESERVATION & HERITAGE COMMISSION

The Rhode Island Historical Preservation & Heritage Commission is the state agency for historical preservation and heritage programs. The Commission operates a statewide historical preservation program that identifies and protects historic buildings, districts, structures, and archaeological sites. The Commission also develops and carries out programs to document and celebrate the rich cultural heritage of Rhode Island's people. The R.I. Historical Preservation and Heritage Commission awards Certified Local Government Grants annually for eligible municipal historic preservation activities. The Certified Local Government program makes funding available to communities that have demonstrated their commitment to historic preservation by establishing historic district zoning. 18 Rhode Island cities and towns have received this certification, including Newport, the sponsor of this study.

THE NATIONAL TRUST FOR HISTORIC PRESERVATION

This project has been funded in part by a grant from the Antoinette Downing Fund for Rhode Island of the National Trust for Historic Preservation. The National Trust for Historic Preservation, a privately funded nonprofit organization, works to save America's historic places. Their mission is to protect significant places representing our diverse cultural experience by taking direct action and inspiring broad public support.

vbcf

RI Historical Preservation & Heritage Commission

National Trust *for* Historic Preservation
Save the past. Enrich the future.™

ADVISORY COMMITTEE

Special thanks to the following individuals who served as the Advisory Committee for the study.

J. Michael Abbott, Northeast Collaborative Architects
Jan Brodie, The Pawtucket Foundation
Sheila Brush, Preserve Rhode Island
Trudy Coxe, The Preservation Society of Newport County
Morgan Devlin, Preserve Rhode Island
Terry Dickinson, The Preservation Society of Newport County
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Maia Farish, Roger Williams University
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Rupert Friday, Rhode Island Land Trust Council
John Grosvenor, Northeast Collaborative Architects
Wendy Nicholas, Newport Restoration Foundation
Katy Pomplun, Rhode Island Historical Preservation & Heritage Commission
Susanna Prull, Preserve Rhode Island
Arnold Robinson, Roger Williams University
Rachel Robinson, Providence Preservation Society
Brent Runyon, Providence Preservation Society
Kaity Ryan, The Preservation Society of Newport County
Edward "Ted" Sanderson, Rhode Island Historical Preservation & Heritage Commission
Leigh Schoberth, The Preservation Society of Newport County
Clark Schoettle, Providence Revolving Fund
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III. PROJECT TEAM

PRESERVATION SOCIETY OF NEWPORT COUNTY

The Preservation Society of Newport County is a non-profit organization dedicated to the protection, preservation, and presentation of Newport County's historic architecture, landscapes, and decorative arts. The Preservation Society was established in 1945, initially to save and preserve the Hunter House, but expanded over the following decades to include 10 additional historic properties, for a collection that represents some of the finest achievements in art and design from the Colonial era to the Gilded Age. In addition to interpreting these historic sites for public visitation, the Preservation Society also hosts various educational programs, special events, and other activities in an effort to engage the public in the rich story of Newport County's history and its relationships to larger trends within American cultural heritage. www.newportmansions.org/

PRESERVE RHODE ISLAND

Preserve Rhode Island (PRI) is the statewide nonprofit advocate for historic places. PRI's mission is to protect Rhode Island's historic and unique places for present and future generations. PRI works to protect them through advocacy, stewardship and preservation programs. PRI engages with communities around the state: appearing before town councils, testifying at the State House, helping homeowners and working with community groups. PRI owns several historic properties, including the Lippitt House Museum, and provides hands-on preservation services to other non-profits. PRI's small professional staff works as a collaborative team and collaborates with other organizations and individuals, all to preserve Rhode Island as a great place to live, work and play. www.preserveri.org

PLACEECONOMICS

This report was prepared and written by Donovan Rypkema, Briana Grosicki, Carla Bruni, and Katlyn Cotton. Rypkema is principal of PlaceEconomics, a Washington D.C.-based real estate and economic development consulting firm. Grosicki is Director of Research at PlaceEconomics and handled research methodologies and data collection. Cotton is a Research Associate with PlaceEconomics and recent graduate in historic preservation from the University of Pennsylvania. Editing was done by Carla Bruni, Associate for Engagement at PlaceEconomics. Report design by Emilie Evans. Additional research was done by Molly Bolzano, a graduate student at the University of Pennsylvania.
www.placeeconomics.com

IV. METHODOLOGIES

This analysis relied on data from the Rhode Island Preservation & Heritage Historical Commission, National Park Service, other state and federal databases, local city offices, nonprofits, online research platforms, newspaper and social media outlets, and in-person stakeholder interviews.

- Tax credit data from the Rhode Island Historical Preservation & Heritage Commission and the National Park Service
- Calculations for jobs and income created through building rehabilitation were based on IMPLAN, an input-output econometric model
- Tourism data from Longwoods International and DKShifflet
- Population and demographic data from the US Census Bureau

Unless otherwise noted, all photos are credited to PlaceEconomics.



The Preservation Society of Newport County

preserve Rhode Island

Prepared by:



PlaceEconomics