



Saratoga Springs

Enhancing the Values through Historic Preservation

Prepared by PlaceEconomics for the City of Saratoga Springs | November 2018



Executive Summary

Saratoga Springs has worked diligently and intentionally to recognize, protect, utilize, celebrate, and invest in its built heritage for over 40 years. As a result, the city, its residents, and its visitors have been reaping the benefits of these efforts for decades. This report is intended to assist elected officials, community leaders, and the public in understanding the ways historic preservation contributes to the economic, social, and cultural life in Saratoga Springs. This report provides analytical data rather than recommendations. However, the findings may provide a foundation for Saratoga Springs' future historic preservation policies.

Among the most significant findings are:

- Saratoga Springs has 8 local historic districts that collectively cover 6 percent of the land area and 9 percent of the properties within city limits.
- 11 percent of the population lives within a historic district.
- The 6 percent land area in historic districts contributes 14 percent of the total assessed value of the city.
- 22 percent of jobs in the city are located in historic districts.
- Historic districts house 31 percent of all jobs at small firms and 46 percent of jobs at young firms.
- The historic districts are more racially and economically diverse than the city as a whole.
- Houses in local historic districts are more valuable per square foot and are increasing in value more rapidly than comparable properties not in historic districts.

Introduction

*"The City Council of the City of Saratoga Springs hereby declares as a matter of public policy that the protection, enhancement and perpetuation of landmarks and historic districts are necessary to promote the economic, cultural, educational and general welfare of the public."*¹

Saratoga Springs has been a popular resort destination for over 200 years. In the early days, the European-style spas and race course were the primary attractions, eventually building to a boom that created Saratoga Springs' grand legacies such as the United States Hotel and the Grand Union Hotel, some of the hotels that graced downtown. Unfortunately, not all of these assets survived, as the mid-20th century saw disinvestment downtown and Saratoga Springs lost architectural and cultural gems. The vibrant, historic Saratoga Springs seen today is not primarily the result of efforts from outside investors, but a passionate, long-term effort that happened on a local level. Local activists were instrumental in bringing the public and private entities together to preserve and revive the city. The Saratoga Springs Preservation Foundation is one such organization working still today to steward and safeguard the cultural heritage of Saratoga Springs.

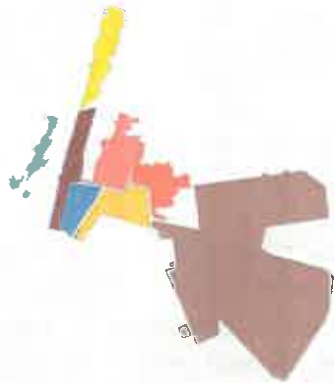
Appreciation for heritage and culture is also evidenced by the plethora of museums, arts, and long-standing cultural institutions in Saratoga Springs. The Canfield Casino, the home of the Saratoga Springs History Museum, and the Yaddo artist retreat are National Historic Landmarks – the highest designation given by the National Park Service. The National Dance Museum, the Saratoga Automobile Museum, Home Made Theatre, Opera Saratoga, Roosevelt Baths and Spa, Gideon Putnam Hotel, and local farmer's market are all located in historic buildings at the Saratoga Spa State Park, also a designated National Historic Landmark. These places along with the Saratoga Race Course, the oldest sports venue in the country; Caffè Lena, the oldest continuously operating folk music venue in the United States; and the New York State Military Museum, all located in a historic building, are key places of local, state, and national heritage. However, not all heritage in Saratoga Springs is physical. These historic buildings support intangible heritage, cultural traditions, and local storytelling practices. This heritage is expressed through music, dance, language, food, arts and crafts, and festivals throughout Saratoga Springs every year.

Together, this blend of tangible and intangible heritage is what makes Saratoga Springs unique. This is no secret to those leading the efforts. Saratoga Springs may not be a huge city, but it is leading by example and others are noticing.

TIMELINE OF PUBLIC HISTORIC PRESERVATION IN SARATOGA SPRINGS

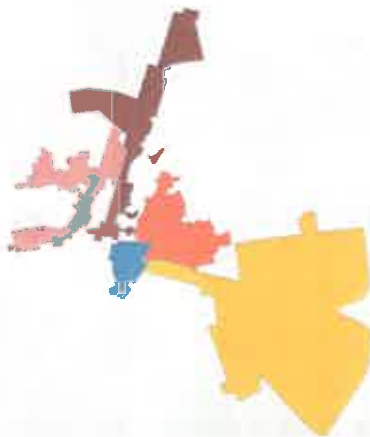
- **1963** Mayor established a Temporary Committee on Historic Buildings.
- **1964** Citizens Advisory Committee appointed a Subcommittee on Historic Zoning.
- **1966** Mayor appointed a Committee on Historic Preservation. National Historic Preservation Act of 1966 passed by the U.S. Congress.
- **1967** City Council adopted zoning ordinance with Board of Architectural Review.
- **1976** Federal Tax Act of 1976 (P.L. 94-455) implemented financial incentives to rehabilitate income-producing historic buildings.
- **1977** Saratoga Springs Preservation Foundation incorporated. Saratoga Springs zoning ordinance amended to establish Historic Review Commission and create local historic districts.
- **1980** New York State Historic Preservation Act of 1980 passed, creating a State Register and requiring review of state agency actions affecting historic properties. National Historic Preservation Act Amendments of 1980.
- **1981** Saratoga Springs Urban Cultural Park designated.
- **1986** Saratoga Springs designated New York's first Certified Local Government making it eligible to receive grants for historic preservation projects.
- **1993** Historic Review Commission renamed Design Review Commission.
- **2001** "A Working Plan for Historic Preservation in Saratoga Springs" is adopted by the city.

¹ Section 240-7.1, Intent and Purpose from Article VII Historic Review, Approval of the City of Saratoga Springs Zoning Ordinance



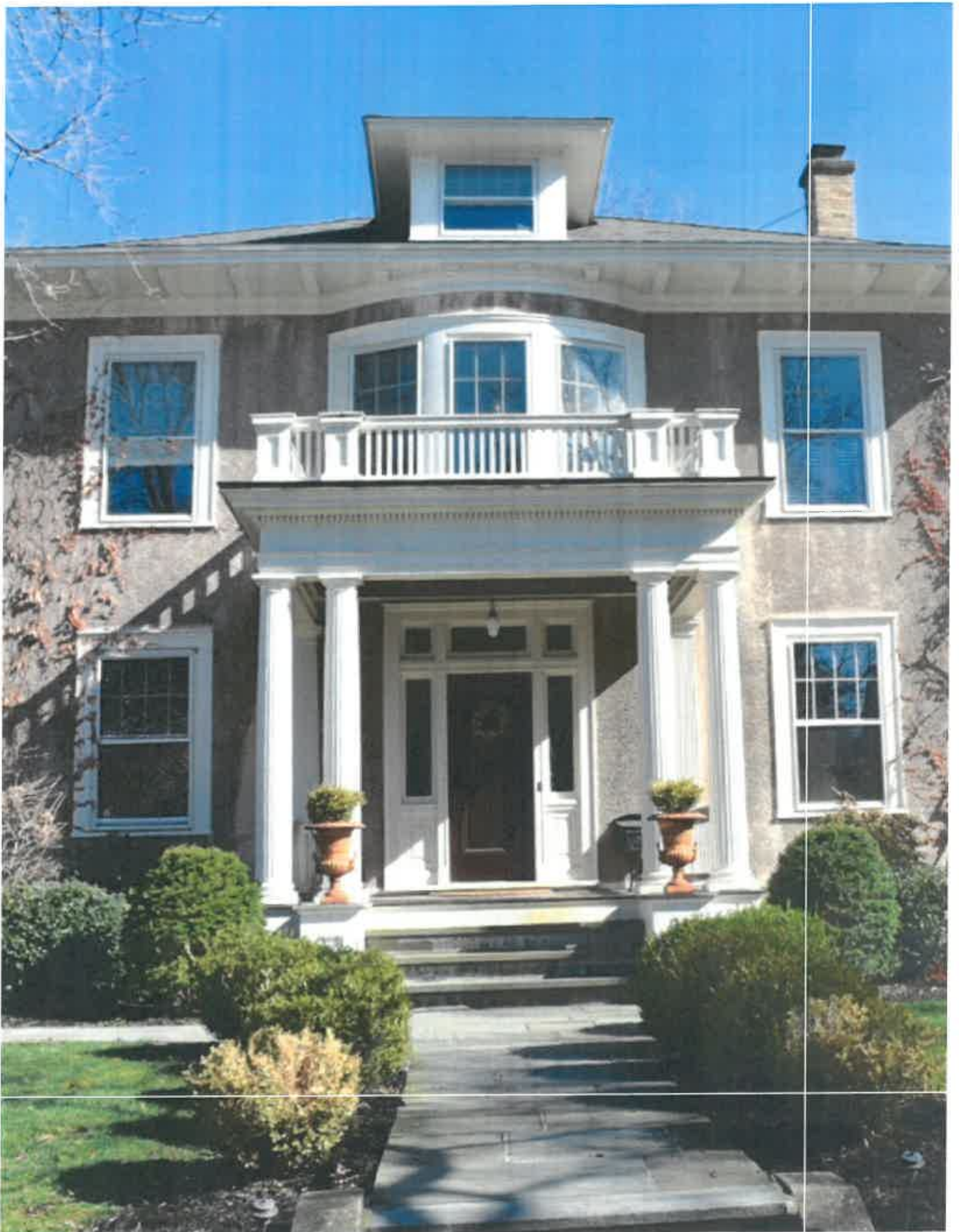
Local Historic Districts

- Broadway
- Congress Park
- East Side
- Franklin Square
- Hillside
- North Broadway
- Race Course
- Union Avenue



National Register Historic Districts

- Broadway
- Casino-Congress Park
- East Side
- Franklin Square
- Union Avenue
- West Side





In 2012, Mark Straus's company, Saratoga Historic Restorations received the Paint and Window Initiative Awards for these buildings at 440-446 Broadway, awarded by the Saratoga Springs Preservation Foundation.

Mark Straus Saratoga Historic Restorations, Partner

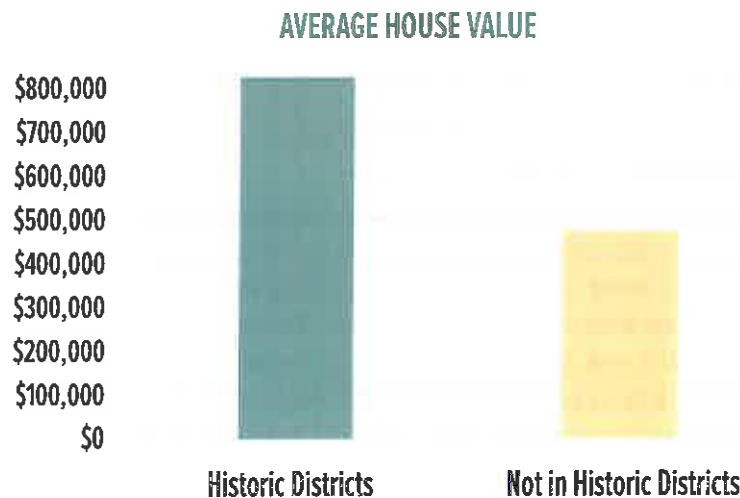
Mark and Elizabeth Straus graduated from college in 1970. Mark was working as an accountant and Elizabeth was a librarian—they both really hated their jobs. They decided to do something different and in the middle of winter opened a store in the sleepy town of Saratoga Springs, which was full of vacancies at the time. “We fell in love with Saratoga Springs and it’s grand, but empty, old buildings on Broadway. The second and third floors were all vacant, and there was talk of a mall coming into the area, wiping out the rest of downtown. The owners of these places were older, and they weren’t investing in them.”

A number of younger people were moving in and starting businesses. The architecture and cultural potential of Saratoga Springs drew them in. The first building Mark bought hadn’t had any work done in three decades, and its only tenants were pigeons on the third floor. Mark explained, “The bank across the street was upset that the building was being neglected, so they supported us. We bought the building when no one else wanted it. People today walk down the street and say ‘wow, it’s so pretty here!’ At the time, they were practically giving these buildings away.”

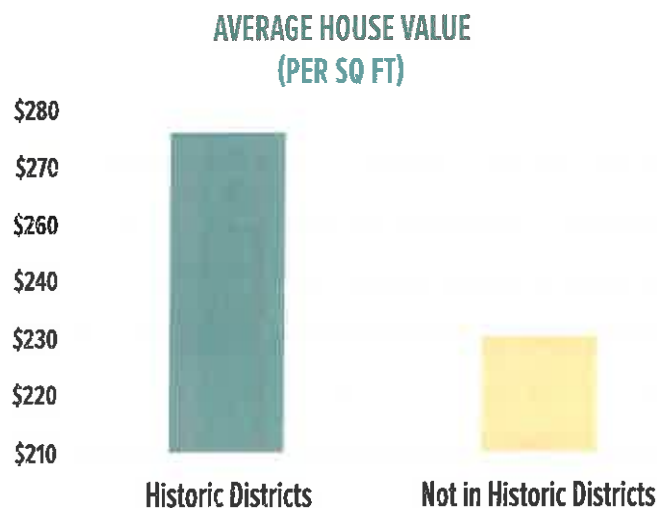
Between the 1970s and 1990s, Mark bought and rehabilitated many more historic structures, and currently has four commercial buildings. “I don’t rent to regional or national businesses and my family owns four businesses. We keep it locally-owned, with small businesses that are owner-operated.” While this is rewarding because it supports local businesses, it also makes financial sense to Mark. “People are seeking out locally-owned businesses because nationally-owned businesses are the same everywhere. You never know what you’re going to find with locally-owned places. The point of a downtown experience is to be able to visit 20-30 interesting shops and have your choice of a dozen or so unique restaurants. I have restaurants in my buildings and the chefs and owners are actually there, making sure customers are happy. I’m very proud of the businesses in my buildings and I support them however I can. I have a relationship with my tenants, it’s not just a business contract.”

Average Value

The most straightforward of the comparisons was simply, what is the average (mean) value of houses in Saratoga Springs' local historic districts and how does that compare with houses not in these districts. Based on the most recent Zillow estimates, houses in historic districts average slightly over \$800,000 or about 75% more than houses not within districts, which have an average value of \$466,000.



As anyone knowledgeable about the local market can attest, average value is not the best comparison, since that number can be affected by a few, very large, and very expensive properties. A fairer comparison is to consider the average value per square foot. Here again, houses in local historic districts reflect higher values at \$265 per square foot compared to \$230 per square foot for houses not in local historic districts – a difference of over 15%.



⁶ Zillow is a private sector real estate research firm that maintains and regularly updates information on its data base of more than 110 million US homes. For this study the Zillow estimate of value Saratoga Springs houses as of October 1, 2018 was utilized.

Patricia Lane
Filmmaker, Owner of Elevation Films
144 Spring Street

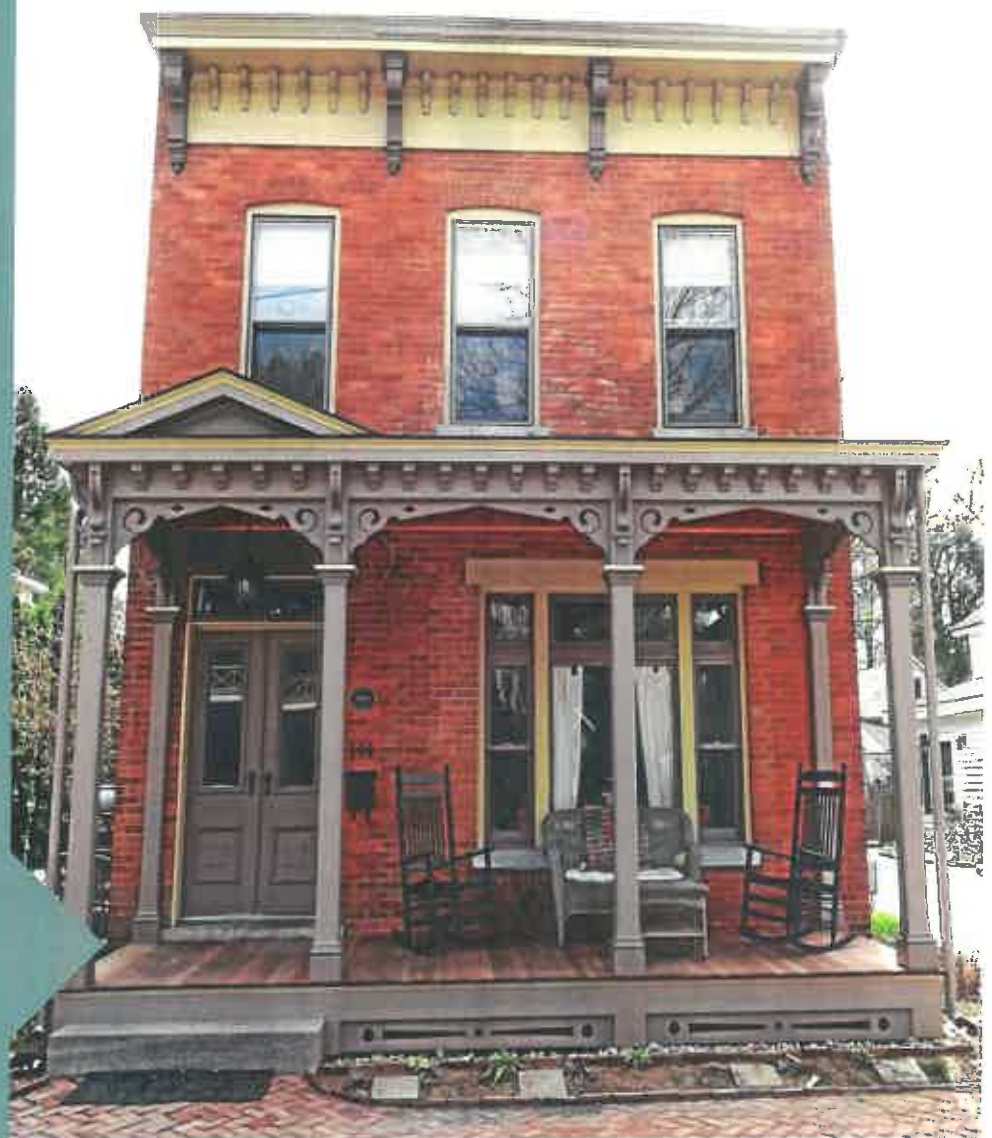
Patricia and her husband, Eric Tepper, live in an 1868 Italianate brick rowhouse in what used to be a working-class neighborhood. It had undergone many renovations by the time they purchased it in 2006, but the thing that she was most intent on bringing back was the front porch.

Patricia's love of porches goes back to her childhood when she lived in a Queen Anne with a large front porch in Hingham, Massachusetts. She explained, "This is our third home. I like to do a project in each home that leaves my mark on it and improves it. I've always just loved old porches, but none of our houses ever had them. We couldn't figure out what happened to it, why it was removed. I scoured photos and couldn't find anything.

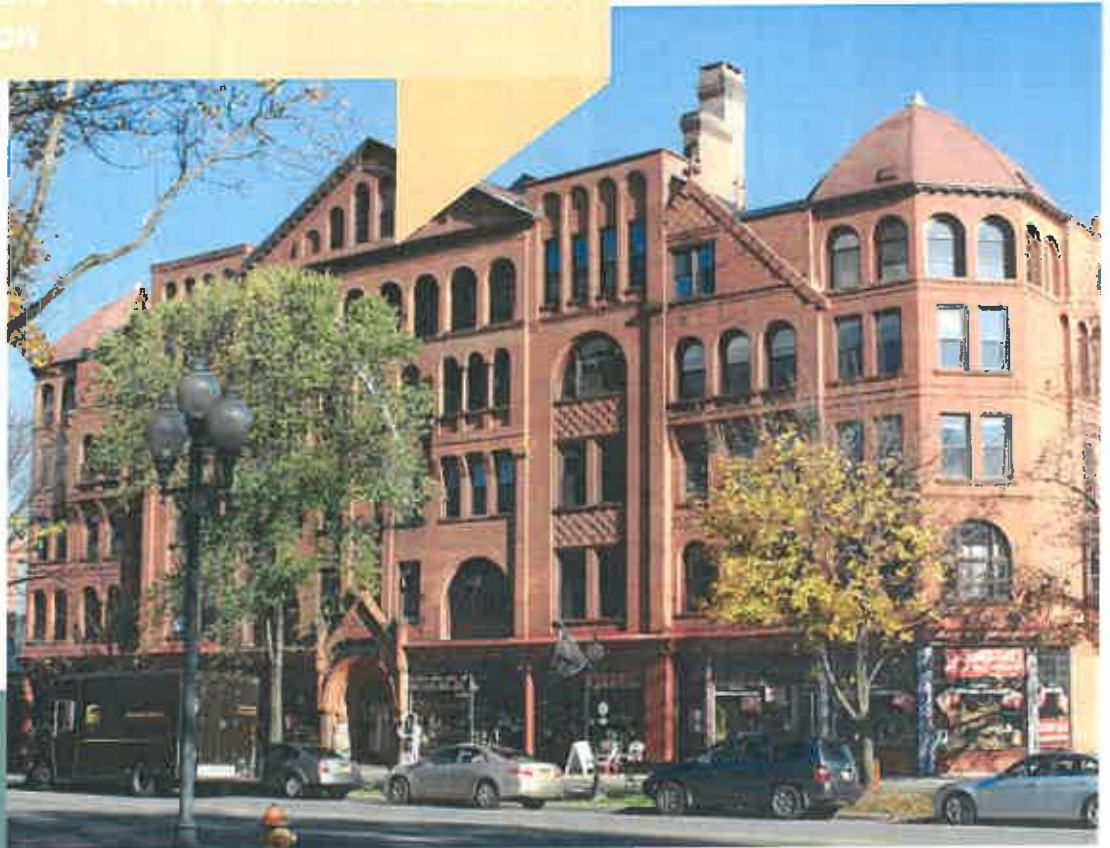
After hitting wall after wall with her research, Patricia decided to replicate the porch of a house nearby that was similar to her own. Then, as her architect, Tom Frost, was in line to get a permit for this work, the elderly couple standing in line with him explained that they used to live in the house and that a tree fell on the original porch in the 1950. They even had pictures.

"We just had fun with this project. I chatted everyone up about it in the neighborhood and they were all for it. It can be a long process to get these things done—we had to get an easement to use a small portion of the public right-of-way because our house was built before the city was established—but it has really enhanced the neighborhood. I think it's important to preserve these buildings for the fabric of a community."

Photo Credit: Times Union
(above)



"I'm the builder that lives in an old house. I was born and raised here, and Buccini Construction has done a lot of restoration in Saratoga Springs and Troy. It's all about revamping the urban cores of these places—we were doing this about 20 years ago, before it was cool to do it, and over time it always seems to pan out. Sometimes a building is restored and sits for a while due to market forces, but we've always found the right fit, and they often stay for 20 years. We also do new construction in historic districts—nobody wants to see those districts go away. We just finished a building using all the best materials—real materials—and everyone said it looked like it was built during the time of the century. It was the biggest compliment we could have gotten." – Sonny Buccini, President of Buccini Construction



Tax Credit Spotlight

Address: 510 Broadway

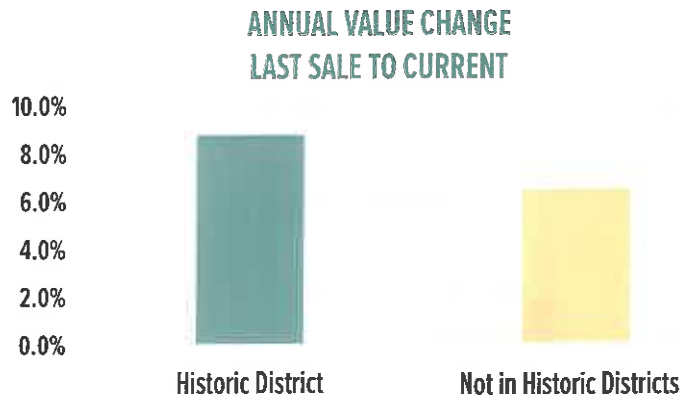
Fiscal Year: 2016

Project Cost: \$7,500,000

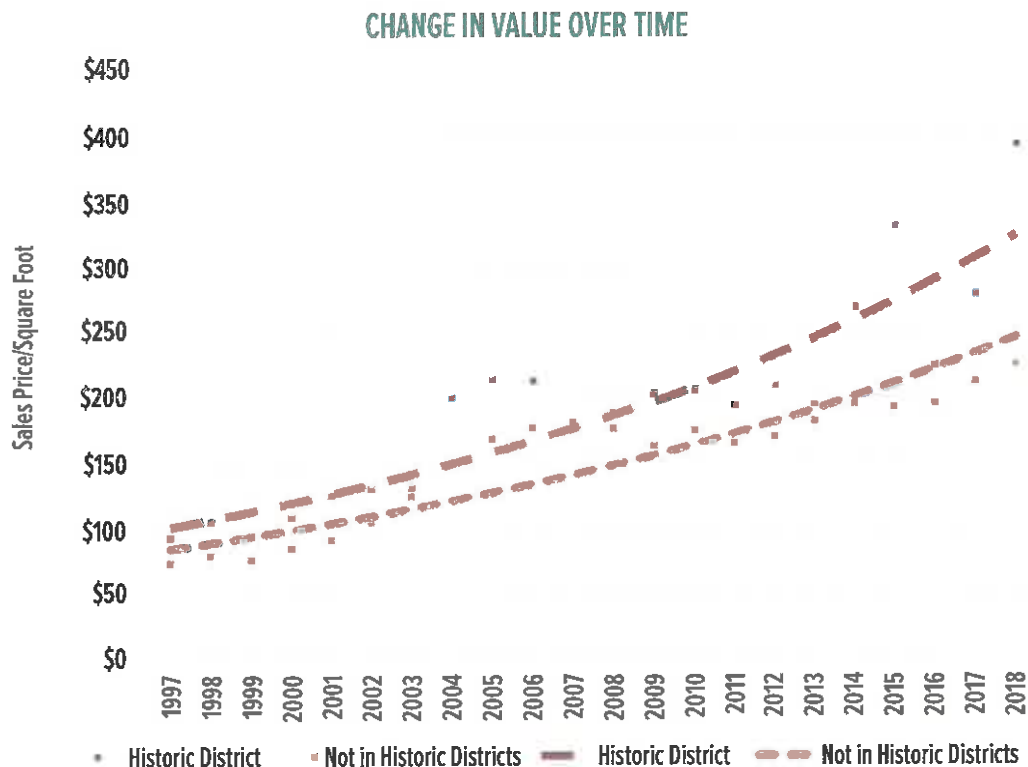
Use Category: Multi-family Housing - 3 Plus Units, Commercial

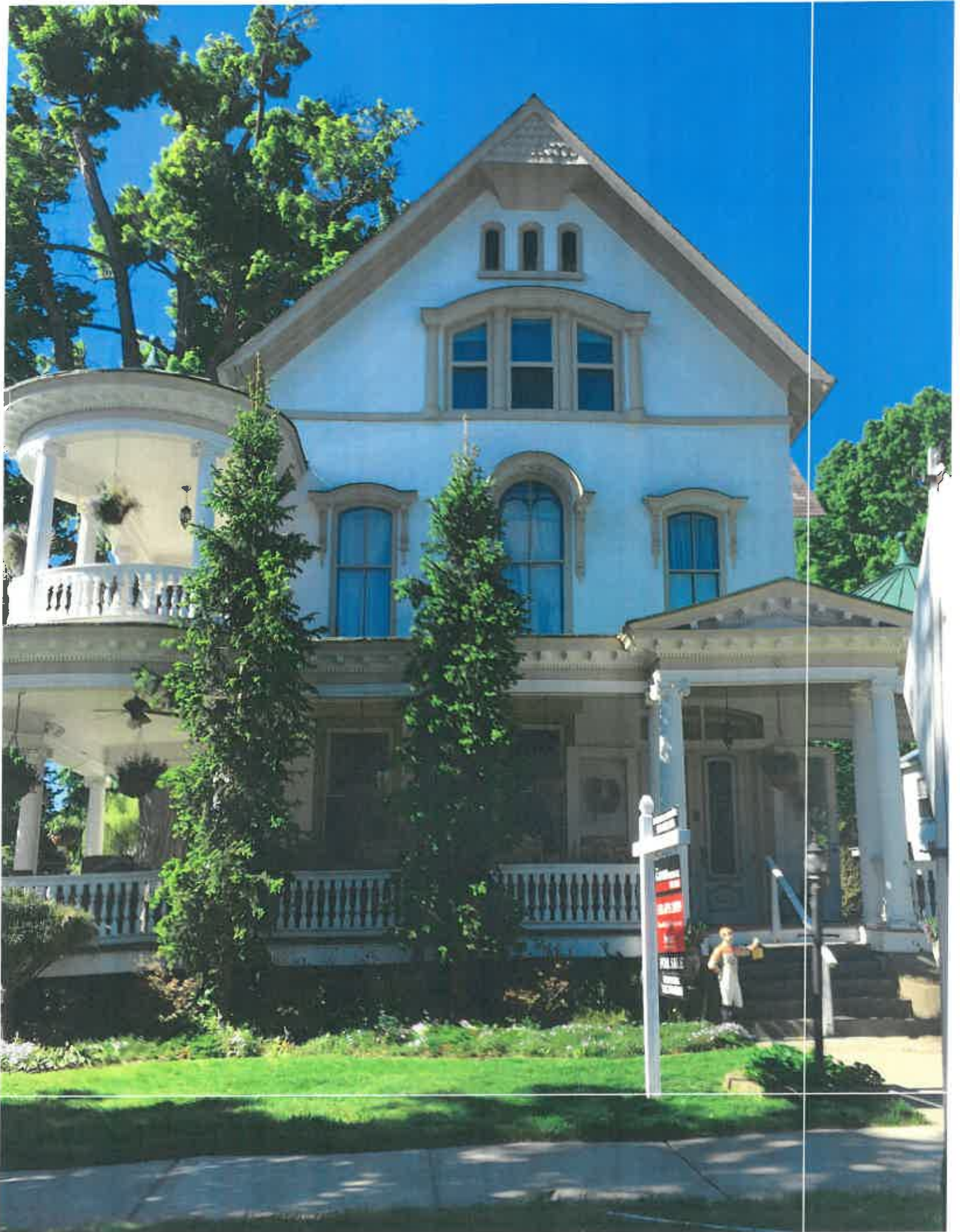
Located on a corner on Broadway, the Algonquin building is a late-19th century mixed-use building that has always been a prominent feature downtown. The brick Romanesque-style building was subdivided and degraded over the 20th century. In 2013, owner Ben Aronson decided to rehabilitate the residential portions of the building. Over several years, original features were restored, and the space converted into 28 one, two and three bedroom apartments. A combination of federal and state historic rehabilitation tax credits helped make the \$7.5 million project feasible.

The second rate of value change analysis compared the current Zillow value estimate with the most recent selling price. That difference was then annualized. Properties in the historic districts have seen an increase in value of 8.4% per year since the last sale while those elsewhere in Saratoga Springs have had increased value of 6.4% annually since the last sale.



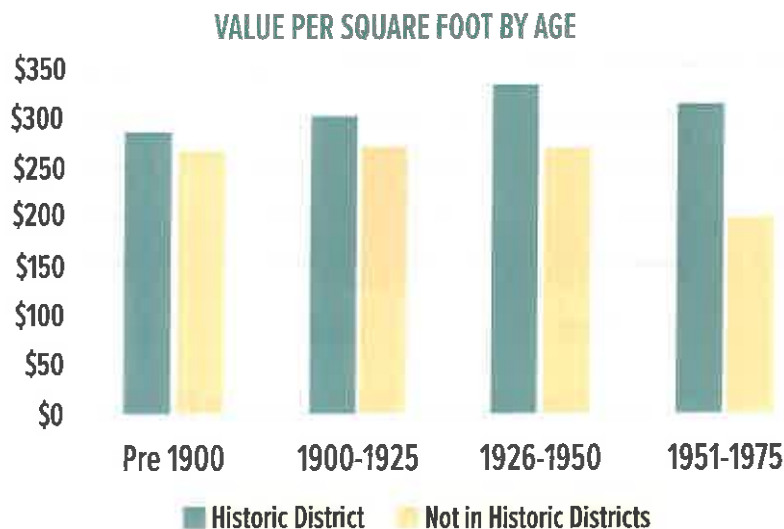
The last measurement of value change over time was to take the average per square foot selling price in each year for properties in both the local historic districts and the rest of Saratoga Springs. Based on the patterns established by these sales prices a trendline could be established. The dotted lines in the graph below are the trendlines established by the sales. The dots represent that year's average per square foot selling price which was used in calculating the trendline. As can be seen, while at the beginning of the period – 1997 – houses in historic districts sold for more per square foot, the difference between the average selling price has consistently expanded over the last 20 years.



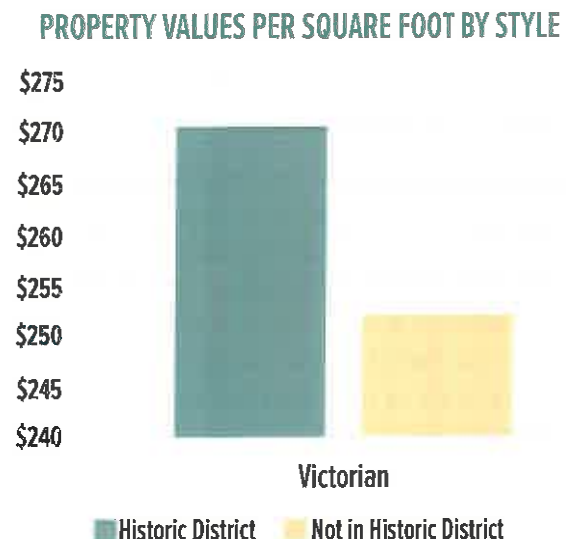


Value by Age and Style

Saratoga Springs is fortunate to have a large inventory of older and historic houses, many of which are not located in one of the local historic districts. Some buyers are specifically attracted to these older properties. Does it make a difference if these houses are in a historic district or not? To answer that question the average value based on current Zillow estimates was compared by year of construction for houses in and not within local historic districts. Properties were sorted by year of construction dates: pre-1900, between 1900 and 1925, 1926 through 1950 and from 1951 through 1975. In every age category, these older properties are worth more if they are in a local historic district than if they are not.



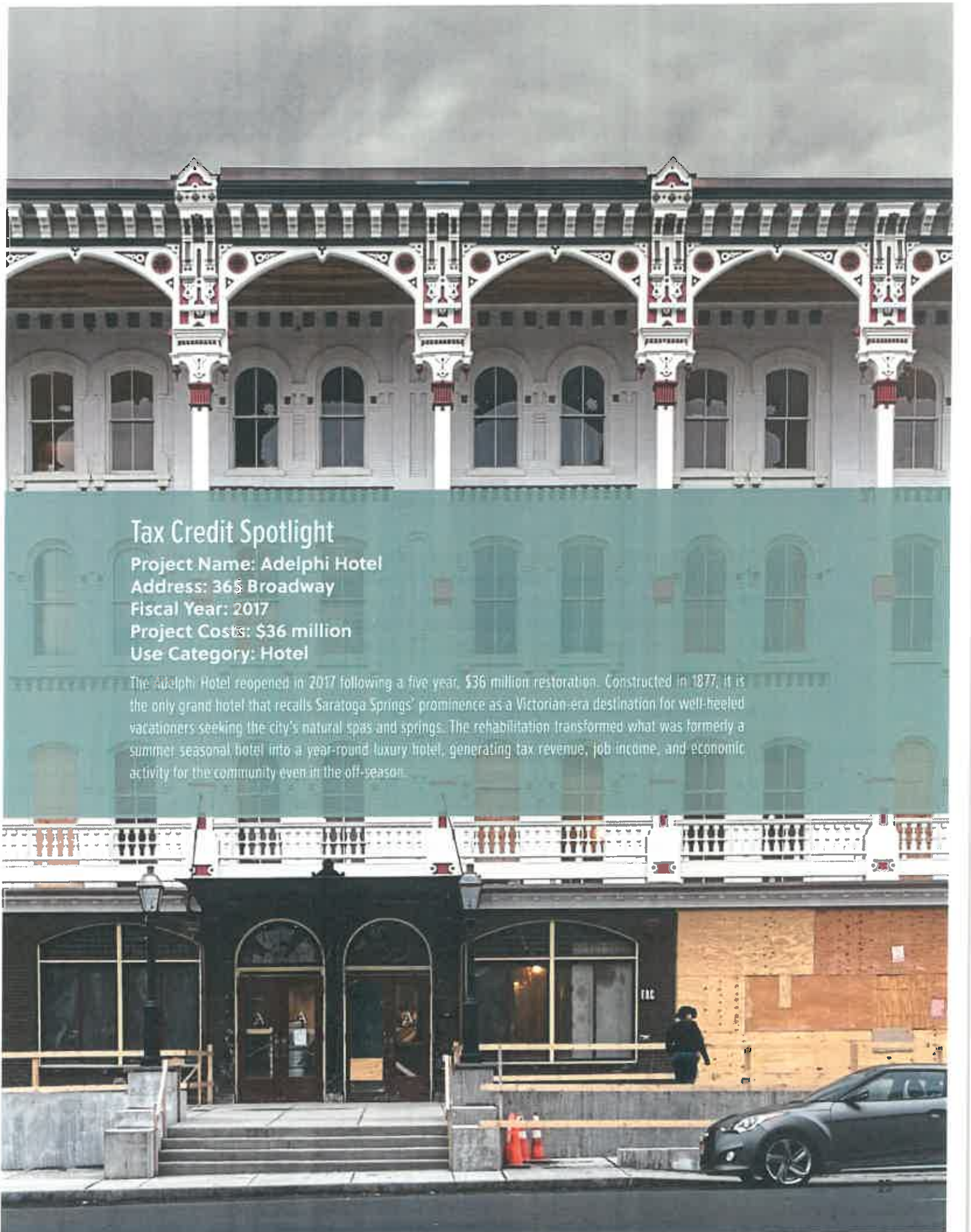
There is a predominant architectural style in older houses in Saratoga Springs – Victorian. There are abundant examples of that style in both local historic districts and elsewhere. If a buyer made a decision to purchase based on preferring a Victorian home, did it make a difference whether the home purchased was in a local historic district or not? A Victorian home in a local historic district has an average value of \$827,000 versus \$435,000 not in a district.



This premium for being within a local historic district also emerges when the comparison is on a per square foot basis. The historic district Victorian house is worth \$270 per square foot on average compared to \$252 not in a district.

"Everybody jokes about the screen door that we have out front. Everyone asks us why we haven't changed the screen door. If you've read articles about Hattie's from years ago, it's always about the banging screen door. And it's the same screen door. We're not changing it, that's Hattie's." -Beth Alexander, Owner





Tax Credit Spotlight

Project Name: Adelphi Hotel

Address: 365 Broadway

Fiscal Year: 2017

Project Costs: \$36 million

Use Category: Hotel

The Adelphi Hotel reopened in 2017 following a five year, \$36 million restoration. Constructed in 1877, it is the only grand hotel that recalls Saratoga Springs' prominence as a Victorian-era destination for well-heeled vacationers seeking the city's natural spas and springs. The rehabilitation transformed what was formerly a summer seasonal hotel into a year-round luxury hotel, generating tax revenue, job income, and economic activity for the community even in the off-season.

Jim Sasko, President/ Owner Teakwood Builders

Jim Sasko learned that old buildings are different the hard way—by dismantling them. “I got involved with working on fire-damaged residential homes that we had to take apart to repair. It was clear how different the materials were from stock items and we would mill the replacement parts ourselves.”

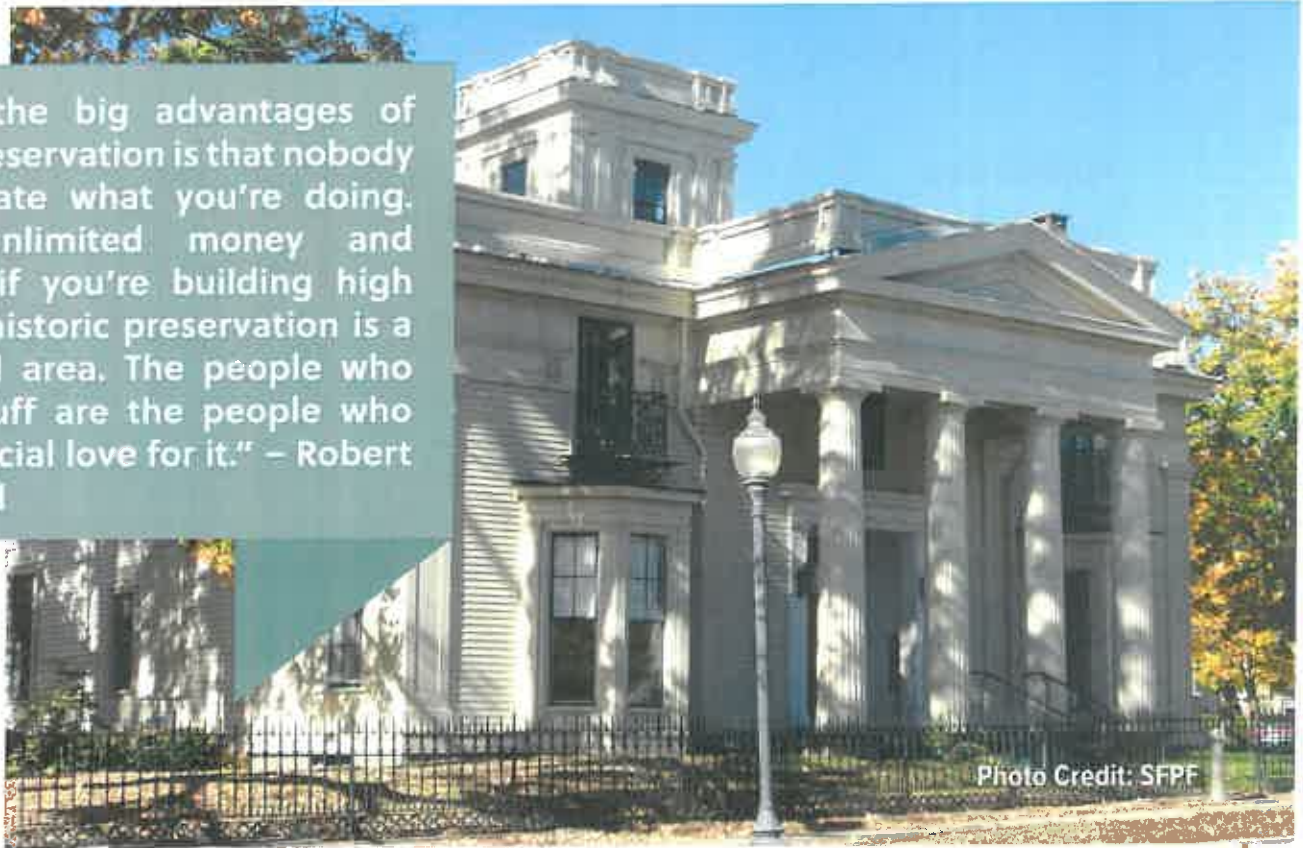
Jim’s company is now 21 years old and employs 16 carpenters, two interior designers, and a full-time estimator. Everyone is local—Albany is the furthest they’ve recruited. There are very few people who do the kind of specialized work that Jim’s company does, and, according to Jim, even fewer who are actually good at it. “The difference between us and typical developers is that a lot of the larger companies we compete with will subcontract a majority of the work. We have 16 carpenters in the field and employ the best talent in the region. We know how to go into a historic structure and pull off a plaster crown and make a mold of it and enjoy doing it. We’re working with older framing, flooring, plumbing, etc. and every time someone hires a new plumber from out of town it gets destroyed because it’s unfamiliar territory to them.”

While Jim’s company also does new construction and careful modernization of older homes, he has a clear love of older buildings. When looking for a space for their business office, Jim set his sights on a 1940s garage that others—including the city land use boards—did not think was worth saving. After doing his own research on the side about these kinds of garages and other examples where they were salvaged and repurposed, he won the fight and converted it into office space. “When you take historic structures away, what replaces them hold no significance...no matter how hard a builder or architect tries to reproduce something, it’s never the same without the original fabric.”



Photo Credit: Scott Bergmann Photography

"One of the big advantages of historic preservation is that nobody can replicate what you're doing. There's unlimited money and expertise if you're building high rises, but historic preservation is a specialized area. The people who do this stuff are the people who have a special love for it." – Robert (Bob) Israel



Robert "Bob" Israel Developer

Bob Israel arrived in Saratoga Springs in 1977 on the same weekend that the former Skidmore Campus went on the market. The sale of the campus took several years. During that time, he was able to purchase one of the old historic buildings that contained four apartments. With this project, Bob was one of the first people to take advantage of a preservation facade easement in exchange for 50% reimbursement for certified exterior improvements.

Having been successful with this first venture in Saratoga Springs, Bob did another facade easement on Broadway and then in 1982, moved on to his third facade easement at 6 Franklin Square, for which he also used the Major Properties Grant and the National Historic Preservation Tax Incentive Program. This project was a large, mixed-use building on the corner of Clinton and Division Streets, and it was a complete game changer for the neighborhood. Shortly after 6 Franklin was developed, he went on to rehabilitate a number of other buildings along Franklin Square in the 1980s, as well as buildings along other nearby streets.

Bob credits his love of historic buildings first to a friend's house growing up—it was an old carriage house—and then visiting his in-laws' 1785 farmhouse in Western Massachusetts. Bob started out as a tax attorney in Colorado, then moved to Albany, where he worked at the New York State Historic Preservation Office. After that, he went to work for a developer who focused on historic buildings. He has spent the last 45 years developing and restoring historic properties.

He explained, "I had a natural affinity for [historic buildings], and one of the things I found was that other people my age—Baby Boomers—also liked what I liked. So I'd restore these buildings, one right after the other, and people just really liked to live and work in them."

More specifically, Bob explained, "developing historic properties is higher risk, but it's very doable and will pencil out economically. The current tax provisions in New York state have huge potential—you get 20% back from the state, in addition to the 20% credit from the federal government for income-producing properties, making it 40 cents on every dollar you spend from the government. Another really essential thing is having a bank that is willing to participate. Adirondack Trust Company has supported me in all of these projects over these past decades. A community bank that supports local and moderate-sized efforts is absolutely essential."

There also has to be an emotional component to it. "It adds to the community and it's a social good." Bob owns numerous properties in Saratoga Springs, and his work has inspired others to pick up the torch and restore old buildings—his son and daughter-in-law, as well as his daughter and son-in-law, are all working on developing historic residential dwellings. His other son currently lives in the oldest residential structure in Saratoga Springs—a Federal style home built circa 1815 with Gothic Revival details that were added at a later date.



Conclusion

Citizens, political leadership, business operators, and homeowners in Saratoga Springs have recognized the particular contribution of the city's historic resources to the character and quality of the city. This report attempted to quantify some of that contribution, particularly in regard to the effect of local historic districts on property values.

Property values are not established by public decree, pricing decisions of corporations, or even by real estate developers or brokers. Property values are determined by the actions of buyers and sellers in the marketplace. For at least the last twenty years, buyers and sellers of properties in Saratoga Springs have established a "preservation premium" for homes in local historic districts. As evidenced through multiple indicators, buyers are willing to pay more for a house in one of these districts. Why? The National Association of Realtors found in a recent survey⁸ that the number one variable in the choice of a neighborhood was not affordability or convenience to work, or even quality of local schools. The most common reason for choosing where to live was "Quality of Neighborhood." That is what Saratoga Springs' local historic districts are doing – protecting and enhancing the quality of historic neighborhoods.

This study found that it is not just the owners of historic homes who benefit from this preservation premium. Local government entities, small business and start-up business owners, and even renters disproportionately benefit from the local historic districts.

As an unanticipated bonus, it was found that the local historic districts are, in fact, more diverse in both race and income than the city at-large.

In the end, the economic values of Saratoga Springs' historic buildings are probably less important than the aesthetic, cultural, social, environmental, educational, and community values those heritage resources represent. As part of the comprehensive contribution to the City of Saratoga Springs, the economic value of heritage is clearly significant.



Methodology

This analysis relied on data from the City of Saratoga Springs, Saratoga County, the National Park Service, the Saratoga Springs Preservation Foundation, other state and federal databases, newspaper and social media outlets, and in-person and phone stakeholder interviews. All photos were taken by PlaceEconomics or provided by the Saratoga Springs Preservation Foundation unless otherwise credited.

- Real estate values from Eastern New York Regional Multiple Listing Service (MLS), Zillow, and Saratoga County Real Property Tax Service Agency.
- Parcel data from the Saratoga County Planning Department
- All demographics data from the US Census Bureau and PolicyMap.
- Walkability data from Walkscore.com