

Benefits of Historic Preservation

While there are many benefits beyond economic, often what matters most to developers and property owners with a positive return on investment. In order to fully understand the economic benefits, you need a good understanding of the big picture. These are not intangible benefits. There is considerable value in economic preservation for everyone involved, but it can be difficult to see how this benefit is derived. Before delving into the details, immediately below are a few direct benefits available for locally, and then nationally, recognized sites.

City of Scottsdale historic register: The Historic Preservation Program has developed an incentive program to assist the homeowners in historic district neighborhoods with protecting and maintaining the exterior features of their homes that give their neighborhood a distinct character. City Council has budgeted funds specifically to assist homeowners in historic districts. Please refer to the city of Scottsdale web site and search for the Historic Residential Exterior Rehabilitation (HRER) Program information or use either of the links below.

[Exterior Rehabilitation Program for Homeowners in Historic Districts](#)
[Historic Residential Exterior Rehabilitation Application Guidelines](#)

National register: Additional benefits are available for historic sites and districts that are listed on the National Register of Historic Places. These benefits fall under two categories, for residential and commercial property owners.

Owner-occupied incentives: The National Register listing affords property owners fast-track consideration for tax breaks. Reclassification as a non-commercial historic residential property on the state level will reduce by one-half the taxable portion of the property versus an owner-occupied primary residence. This reclassification, however, requires compliance with a list of criteria that reflects the requirements for the National Register. Once classified as “non-commercial historic property,” the tax valuation ratio decreases from 10% to a 5% . This special rate will be in effect for 15 years and then the property owner must reapply for the tax reduction. This reclassification is available to anyone in a historic home, listing on the local or National Register streamlines the process. The property owner must complete and submit the State of Arizona [Historic Property Tax Reclassification Application](#) for Residential, Owner-Occupied Properties.

Commercial incentives: The National Register of Historic Places and state level incentives aid commercial property owners. The federal government provides tax incentives to commercial, historic properties. By being listed on the National Register, a property owner of a depreciable (income producing) building can apply for a 20% tax credit. If a property is not on the National Register, but was in use before 1936, then a 10% tax credit might apply. These two credits cannot be combined but are not the only options for federal aid in historic preservation. Other tax benefits for granting an easement exist. This benefit is calculated by taking the fair market value of the property before the easement and comparing it to the fair market value of the property after the easement. If there is a positive impact on the value of the property, the

taxation rate does not increase. This benefit can be combined with the 20% tax credit if other conditions are met. In addition to tax incentives, the Federal Historic Preservation Fund exists as a source of funds to encourage non-federal spending and investment in historic preservation. The State Historic Preservation Office administers the disbursement of this fund, and a minimum of 10% of the fund is earmarked for certified local governments. It requires a 2/3 match from a non-federal source. [Historical Application for Income Producing Properties](#).

A Closer Look

It is okay if the preceding benefits are not substantial enough for your interests, there are much greater economic benefits as well as innumerable communal benefits. Further, some of these benefits are intertwined.

Property value typically increases in Historic neighborhoods. In Scottsdale, existing historic homes commonly sell for 15% more than equivalently sized and located homes. This is a consistent trend which can be seen across the nation. The average increase in value for Scottsdale is around 15%, but historic homes in other cities can see a value increase up to 70%.

Perhaps the greatest benefit comes from the least apparent source, revealed preference. Research across the nation illustrates a clear pattern between individual preference and historic preservation. Entertainment, dining, and tourist dollars spent clearly illustrate the value found here. Data from Yelp shows us that people prefer lodging, transportation, dining, retail, and recreation found in historic districts, giving these locations higher ratings and more responses than from comparable establishments without this designation. Certainly any 1:1 comparison here can be difficult because many of these establishments do not have non-historic counterparts. Further, one might assume that there are other factors at play: good service, unique selections, excellent quality, and so on. In this case, however, these are the more intangible qualities. Their historic status is the constant, all these other pieces are variable. Who is to say what exactly attracted these guests to these locations, or what they were even looking for when they got there? Maybe they wanted to experience something different or even challenging! This all speaks to a somewhat intangible quality of historic preservation: character.

Around the country, businesses and profit benefit greatly from Historic status. Those located in historic districts, or are simply themselves registered, receive better reviews and more business compared with equivalent non-historic locations. At present, Scottsdale does not have many historic businesses, so our data is insufficient to make these claims currently. However, increasing the number of Historically recognized sites typically improves in this way. Finally, historic preservation is much more cost efficient and environmentally friendly than new construction. Preservation is an excellent source of job creation, and not just in the short term. There will always be need for physical labor jobs, and innovative designers who can maintain and improve existing locations.