



Historic Preservation

Smart Growth Recommendations from New Jersey Future

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Why New Jersey Needs Historic Preservation

In the 21st century, New Jerseyans continue to struggle with how to achieve a society where all citizens have a chance to share in the benefits of economic productivity while we simultaneously conserve, protect, and replenish our historical, cultural, and natural resources. Historic preservation can help achieve this goal. New Jersey's past is intrinsically linked to its future.

Settled in the 1630s, New Jersey is home to some of the oldest places in the country. According to Preservation New Jersey, a non-profit statewide historic preservation organization, 45 percent of New Jersey's dwellings were built before 1959, and in urban areas, that percentage is much higher – two out of three in Newark, for example.

Instead of neglecting structures in our existing communities, we should preserve them as a critical part of our ongoing effort to save natural resources and limit sprawling development. By valuing our existing resources and reusing them, we can reduce the need to consume open space, natural resources, and farmland. We can create new housing close to transit, shopping, and jobs. We can save money by using the sewers, streets, and utility lines we've already built, instead of spending money on new infrastructure and neglecting our previous investments. We can spur heritage tourism throughout the state.

Saving History, Saving Money

The rehabilitation of existing buildings does more than preserve our history and communities, limit sprawling development, and preserve natural resources. It also saves money and makes money. Particularly in older communities, historic preservation contributes to community revitalization by increasing property values – both for the restored property and neighboring properties – and by stimulating "heritage tourism," according to many studies including a 1998 study by the New Jersey Historic Trust and the Center for Urban Policy Research at Rutgers.

Historic preservation is also a powerful contributor to the economic engine of the whole state. The Rutgers study

found that each \$1 million spent on nonresidential historic rehabilitation creates 2 jobs more than the same money spent on new construction. It also generates \$79,000 more in income, \$13,000 more in taxes and \$111,000 more in wealth. Increased income and wealth result not only from money spent on the actual labor, materials, and services involved in the rehabilitation, but also from property appreciation and tourism.

The study also found that the New Jersey Historic Trust's \$55 million grants and loans awarded by the end of 1997, together with private and other funds used to match the grants, leveraged \$403 million in total historic rehabilitation efforts, 6,200 jobs, \$222 million in income and \$307 million in gross domestic product for New Jersey.

Learn More

- **New Jersey.** The NJ Historic Trust and the Rutgers Center for Urban Policy Research studied the impacts of preservation in *Partners in Prosperity: The Economic Benefits of Historic Preservation in New Jersey*, found at: www.njht.org/pdf/ec_impct.pdf
- **Other States.** Other states' studies on the economic impacts of preservation are listed on the National Confer-

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Recommendations in Brief

To make historic preservation efforts easier and more effective as a smart growth tool, the state should:

1. Improve coordination between state planning and historic preservation.
2. Educate municipalities on the preservation tools available in the Municipal Land Use Law by providing them with improved outreach and tools.
3. Encourage redevelopment and preservation of privately owned historic resources by passing the Historic Property Reinvestment Act
4. Include historic preservation language in the State Plan.
5. Improve data and mapping of historic properties to prevent accidental loss of historic resources.

For details, see page 4.

ence of State Historic Preservation Officers website: www.ncshpo.org/HPFPreservation/EconomicImpacts.htm

- **Other Studies.** The Advisory Council on Historic Preservation links to studies on the economic impacts of preservation: www.achp.gov/economicstudies.html



The RCA Victor building in Camden, an historic preservation success. See page 4 for the Victor's story.

Historic Preservation at the Local Level

State programs can only preserve publicly owned buildings. According to Preservation New Jersey, there are approximately 35,000 parcels of land in New Jersey listed in the New Jersey and/or the National Register of Historic Places. Some 28,000 of those are privately owned – meaning they are at risk unless municipal action is taken.

The Municipal Land Use Law grants towns the planning and zoning authority to preserve privately owned structures. This authority can take the form of preservation master plan elements, comprehensive zoning ordinances, and regulated code enforcement.

Despite the fact that municipalities have this authority, however, most do not use it. According to the state's Historic Preservation Office, only 165 towns have Historic Preservation Commissions (HPCs) established by local ordinance. HPCs may be either Advisory, where the Commission only makes recommendations to the planning board, or Regulatory, where the Commission itself is empowered to make final decisions on projects. Only a handful of those 165 towns have Regulatory Commissions with real teeth.

Historic Rehabilitation: A Look at the Numbers

Historic preservation is not just important culturally and aesthetically, but also fosters economic benefits.

- Of the \$2 billion spent on rehabilitation of existing properties in New Jersey in 1994 (the most recent year measured), an estimated \$123 million was used on historic properties (properties designated on national, state, and/or local registers of historic sites). This estimate of historic rehabilitation volume is quite conservative; it does not include construction in properties eligible for, but not yet on, a register.
- Historic rehabilitation is especially important in New Jersey's cities and older suburbs. Almost \$80 million of historic rehabilitation (out of the \$123 million statewide total) was used in older communities. That's about 9 percent of all the rehabilitation in New Jersey's cities and older suburbs.
- The total economic impact from the \$123 million spent on statewide historic rehabilitation included: 4,607 new jobs; \$156 million in income; \$207 million in gross domestic product; and \$65 million in taxes. New Jersey garnered about half of these economic benefits, and captured \$93 million in in-state wealth.
- During the 1993-1995 period, an estimated 9.1 million trips were made annually in New Jersey that had some heritage linkage (5 million daytrips and 4 million overnight trips). The 9.1 million trips made up 1 in 20 of all 1993-1995 annual travel trips in New Jersey.
- The total yearly economic impacts from the \$432 million in spending by New Jersey heritage travelers included, at the national level: 15,530 jobs, \$383 million in income, \$559 million in gross domestic product, and \$216 million in taxes. New Jersey received roughly half of these gains and realized annual in-state wealth creation of about \$230 million.

From "Partners in Prosperity: The Economic Benefits of Historic Preservation in New Jersey," by the New Jersey Historic Trust and the Center for Urban Policy Research at Rutgers.

Historic Preservation at the State Level

Department of Community Affairs

The Department of Community Affairs (DCA) administers two programs involved in historic preservation: Main Street New Jersey, and the New Jersey Historic Trust.

Main Street New Jersey is a downtown revitalization program focusing on the historic and economic redevelopment of traditional business districts. Participating communities receive technical assistance including education on historic preservation.

New Jersey Historic Trust was created by the state to provide financial support and technical assistance to historically significant sites and resources in the state.

The Trust drafted a State History Plan that provides guidelines for specific action to direct public policy. The Plan calls on the state to, among other things:

- Preserve all state-owned historic structures and sites.
- Fund an historic structures report and master plan of all state-owned historic sites.
- Protect preserve county, local and private non-profit historic sites by increasing funds for grant programs administered by the Historical Commission, the Historic Trust, and the Cultural Trust.
- Encourage preservation through tax incentives for property owners, downtown districts, and businesses.
- Encourage local governments to adopt historic preservation ordinances and create historic commissions.
- Expand existing programs to include historic preservation as a criterion for funding when the project includes or impacts historically significant places.

Department of Environmental Protection

The Department of Environmental Protection (DEP) administers the **State Historic Preservation Office (HPO)**. Every state has an HPO; under federal law, HPOs must, among other things: maintain a survey of the state's historic resources; nominate historic sites to the National and NJ Register of Historic Places; provide preservation funds; comment on projects under consideration for the federal historic preservation tax incentive; review federal projects for impact on historic properties; and provide assistance on preservation activities to federal agencies, state and local governments, and the private sector.

New Jersey's HPO has a state Historic Preservation Plan,

Partners for Preservation: A Blueprint for Building Historic Preservation into New Jersey's Future 2002 – 2007 (www.state.nj.us/dep/hpo/4sustain/njhpp2002_low.pdf).

The State Plan

The State Development and Redevelopment Plan's intent is to manage new growth and encourage development in existing communities. Historic preservation is an important component of this goal.

The State Plan's purpose is to: *“Coordinate planning activities and establish Statewide planning objectives in the following areas: land use, housing, economic development, transportation, natural resource conservation, agriculture and farmland retention, recreation, urban and suburban redevelopment, **historic preservation**, public facilities and services, and intergovernmental coordination.”*

However, to date, there are no historic preservation-specific objectives in the Plan. In fact, there is only one sentence in the Plan that mentions historic resources.

The Historic Property Reinvestment Act (S1416/A781)

A number of states offer tax credit programs that encourage historic preservation. In New Jersey, a bill that would do just that – the Historic Property Reinvestment Act – has been introduced in the Legislature but not yet passed into law. The Act would provide homeowners and corporations with a tax credit for revitalizing older neighborhoods and re-using historic structures. The bill would allow a credit of 25 percent of the costs of a completed rehabilitation. The Act could help restore properties and property values in blighted neighborhoods, increase local tax revenues, rebuild existing communities, reduce the use of open lands, and generate state tax revenues.

Maryland offers a similar tax credit program that has been enormously successful as a preservation and economic development tool. It has generated approximately \$400 million in private investment for completed projects certified since 1997, and generates an average rate of return to the state of approximately \$1.02 for each dollar of the tax credit amount the first year the tax credit is taken, and an average of \$3.31 on the dollar for years two through five.

To learn about Maryland's program, visit the Maryland Historical Trust: www.marylandhistoricaltrust.net/taxcr.html

To learn about tax credits in other states, visit the National Trust for Historic Preservation: www.nationaltrust.org/help/taxincentives.pdf

Historic Preservation in Action: Saving the Nipper

Camden was once a thriving center of commerce. But after World War II, the manufacturing base left the city; by 2000, it had lost a third of its population and its per-capita income levels ranked Camden the poorest municipality in the state.

The RCA "Nipper" Building on the waterfront was a physical manifestation of this disinvestment. The building, the birthplace of the Victrola phonograph, was abandoned and deteriorating.

Despite its weakened physical condition, the Nipper – renamed The Victor — has assets that could not be ignored. One of the region's most visible landmarks, it was designed by Ballinger & Perot, famous for factory design work. It is well positioned near multiple transportation options, the State Aquarium, the Tweeter Center concert venue, the Rutgers-Camden campus, Campbell's Field minor league baseball and many other city attractions. Above all, it has a waterfront location with sensational views of the Philadelphia skyline.

In 2002, Dranoff Properties began renovating the building — while preserving the building's many unique architectural features — into luxury apartments, a concierge lobby, a fitness center, conference centers, and retail space on the first floor that caters to the neighborhood's needs.

Because the Victor is on the National Register of Historic Places, Dranoff was able to finance the project with the federal historic rehabilitation tax credit. Without the tax credit, the project would have been much more difficult and less desirable.

The redevelopment of the Victor is the largest private investment in market-rate housing in Camden in 40 years. Its tenants will repopulate the area and create demand for local businesses. The apartments will attract middle- and upper-income residents to the city. The Victor's preservation is an important step in Camden's revival.

Recommendations for Effective Historic Preservation

To make historic preservation efforts easier and more effective as a smart growth tool, the state should:

1. **Plan for historic preservation** by dramatically improving coordination between state-level planning and historic preservation. Specifically, DCA's Office of Smart Growth must work much more closely with DEP's Historic Preservation Office in the review and approval of local plans, such as redevelopment plans.
2. **Educate municipalities** on the historic preservation tools available to them in the Municipal Land Use Law (MLUL) and encourage them to create historic preservation ordinances and commissions. Consider amending the MLUL to require towns to include a historic preservation element in their master plans.
3. **Encourage redevelopment and preservation** of privately owned historic resources by passing the Historic Property Reinvestment Act. Some 33 other states are already offering such a credit and are reaping increased state tax revenues as a result.
4. **Modify the State Plan** to include meaningful language about historic preservation; establish a strong State Plan policy that includes preservation as a goal. A good start would be to include the NJ Preservation Plan in the State Plan; now, the Preservation Plan is not even mentioned in the State Plan.
5. **Improve data and mapping** of historic properties throughout the state. Both the New Jersey and National Registers of Historic Places require that when a local, county, state or federal undertaking occurs that might alter or destroy a historic resource, there must be a review and consultation process. But without a comprehensive inventory and mapped data layer of historic resources (as there are for environmentally sensitive areas, for example) it is difficult for towns or developers to know where these resources are – meaning historic resources can be destroyed by accident. Planning for the protection of historic resources is difficult if we don't know where those resources are.

New Jersey Future thanks Preservation New Jersey for their assistance in creating this policy brief. Visit their website, www.preservationnj.org, to learn more about New Jersey's historic preservation efforts.

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