

# Executive Summary

## **Kentucky is a national leader in preservation**

Kentucky ranks No. 1 in the White House's Preserve America Initiative, with 73 designated recognized communities and neighborhoods. Kentucky ranks fourth in the nation in total listings in the National Register of Historic Places. In addition, the Kentucky Heritage Council (KHC) has documented more than 40,000 historic structures in Kentucky.

## **State of the art historic preservation methodology**

This study used a number of state of the art methodologies, including a survey yielding 172 responses, multiple regression analysis, computer simulation models, detailed qualitative comments from preservationists, and up-to-date census analysis.

## **Historic buildings are affordable housing for the poor, elderly, and minorities**

A significant portion of Kentucky's housing stock is 50 years or older and census analysis shows older housing is disproportionately occupied by the poor, elderly and minority populations. This is because older housing provides affordable rents for low-income populations. For this reason, communities should make a major effort to preserve older housing.

## **Designated historic districts have higher increases in property values**

Properties located in local and National Register historic districts experience larger increases in property values than in unprotected or undesignated neighborhoods. Local historic designations are a vital tool because they provide investors with a greater assurance that their neighborhood is protected from inappropriate changes to architectural details.

## **Tax incentive programs have been an effective tool for creating positive changes in historic areas**

Kentucky is one of just 27 states in the country that provides tax incentives at the state level for commercial and residential historic rehabilitation projects. Since it was signed into law in 2005, a total of 172 projects have been reviewed, representing a total investment of \$171,112,857 from the private sector in only three years. Eliminating the \$3 million cap is critical toward encouraging historic preservation in our communities. In 2006, 91 federal tax projects were reviewed in Kentucky with qualified restoration expenses totaling \$52,752,656.

## **Heritage tourism is a vital component of Kentucky's economy**

Tourism is Kentucky's third largest industry and second largest employer. Visitor spending surpassed the \$10 billion mark for the first time in the state's history in 2006. Heritage sites are vital tourism attractions that help to stimulate local economies in nearly every county in the Commonwealth. Kentucky contains a wide assortment of significant historic sites and landscapes, which the state has only begun to embrace economically.



*St. James Art Fair 2007, Old Louisville*

**Investing in downtown areas creates tangible economic benefits**

The Main Street program is a nationally recognized economic strategy that has benefited Kentucky cities of all sizes, both urban and rural. There are currently 86 cities that participate in the Renaissance/ Main Street program in Kentucky. In 2006, there was a total reinvestment of \$292 million in participating Main Street cities in Kentucky, with approximately \$128 million in private investment, \$70 million in public improvements (streetscape, etc.), and nearly \$95 million in new construction. Since Kentucky’s involvement in the program began in 1979, a total investment of more than \$2 billion has been reinvested in Kentucky downtowns.



*Paris Pike, Lexington*

**Rural heritage areas are threatened by urban sprawl and unplanned growth**

Rural areas across the state are threatened by new large-scale neighborhood projects and the construction of big box stores. Programs such as the Rural Heritage Development Initiative (RHDI) have been established to promote heritage sites and revitalize rural landscapes. Policies in local governments need to be implemented to regulate these new developments. Establishing new policy regulations and programs seeking to protect the rural landscape will help preserve the idyllic Bluegrass and other landscapes unique to Kentucky.

**Historic preservation creates jobs for Kentuckians**

Historic preservation results in more job creation than most other investments. Studies have shown that historic rehabilitation actually creates more jobs than the average job in new construction. Our data shows that 43 jobs are created for every \$1 million in investment in historic rehabilitation. The newly established state tax credit has led to the creation of 7,365 jobs (2005-2007), federal rehabilitation projects created 2,236 new jobs (2006), the Renaissance/ Main Street program led to 4,720 new jobs (2006), and heritage tourism sites employ 2,700 Kentuckians. These programs alone create at least 17,021 jobs directly related to preservation. Thousands of other jobs are also created by both small and large investors in the private sector to restore historic houses.

**Historic preservation is green living at its best**

Older neighborhoods are generally closer to downtown areas where people work and play, and therefore save energy and fuel consumption in their commute. Also, most of the historic resources built before the 20<sup>th</sup> century were designed to accommodate residents without the technology of air-conditioning. High ceilings, transoms, operable windows, and large attic and basement spaces provide current occupants the opportunity to practice good environmentalism by reducing energy costs associated with heating and cooling.

**Historic preservation is a win-win for neighborhoods, towns, cities, and the Commonwealth**

Government can use an array of bold and innovative steps to enhance historic preservation efforts, such as raising the cap on state tax credits, establishing additional historic zoning overlays, providing soft second loans, providing grants for façade restoration, and expanding educational opportunities to historic property owners.