Historic Preservation:
Part of the DNA of Pittsburgh
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Executive Summary

The pages that follow demonstrate the contribution that historic preservation makes to the economic, social and cultural life of Pittsburgh. On the quantitative side the numbers are impressive. On the qualitative side, the understanding of the importance of preservation from the city’s political, economic, and institutional leadership is equally impressive. But among the most significant findings are these:

- Historic tax credit projects have added an average of 500 jobs and $18 million in salaries and wages every year for the past 35 years.
- The average value of a single family home appreciated at a greater rate than the city as a whole in every City Historic District in Pittsburgh over the past 13 years.
- Real estate sales activity recovered sooner and stronger in City Historic Districts than in the rest of the city.
- Foreclosure rates in City Historic Districts have been less than a third that of the city as a whole since the beginning of the real estate crisis in 2008.
- Heritage visitors make up 45% of visitors to Pittsburgh.
- Heritage visitors add more than $800 million to the economy of Pittsburgh every year.
- Young knowledge workers and their jobs are disproportionately located in historic districts.
- The racial makeup of both jobs in historic districts and residents in historic districts is a virtual mirror of the city’s racial makeup as a whole.
- When both housing costs and transportation costs are considered, Pittsburgh’s historic districts are actually more affordable than the city at large.
- The density of City Historic Districts is three times greater than the city as a whole, but it is density at a human scale.
- Walk Scores, Transit Scores and Bike Scores are all greater in historic districts than the rest of the city.
- While Pittsburgh lost population between 2000 and 2010, City Historic Districts actually grew in population.

These and other findings are found in the rest of the report. Among the most important findings was this: Historic Preservation is part of the DNA of Pittsburgh. The active use of historic resources is helping to solidify Pittsburgh’s place as one of the great American cities of the 21st Century.
Historic Preservation

Introduction

Some cities keep their historic buildings set off as a museum. Some cities save historic resources exclusively for tourists. Some cities don’t care at all about their built heritage and tear it down with enthusiasm for the prospect of a mediocre new building or even a surface parking lot.

Pittsburgh is none of those cities. Across a wide spectrum—foundations, private developers, bankers, community organization, development authorities, local government—the citizens of Pittsburgh simply use the city’s historic buildings as part of everyday life.

Perhaps the most interesting and unexpected result of this analysis was how commonly individuals, organizations and institutions are using the historic built environment not for “historic preservation” but as a means to advance their broader goals. Whether it was a community development corporation concerned with affordable housing, a cultural organization focused on the arts, a neighborhood group working for commercial revitalization or a charter school educating tomorrow’s scientists, using historic buildings was just the natural thing to do.

“Oh, we’re not in the historic preservation business. It’s just that those buildings are the right place to do what we do.” That statement, or something similar, was heard time and again as this report was being prepared.

There may be no other city of its size in America where historic preservation is so naturally integral to the life of the city across all sectors and across the interests of its citizen than Pittsburgh.

The most significant finding of this report: Historic Preservation is part of the DNA of Pittsburgh.
The Historic Resources of Pittsburgh

The City of Pittsburgh is rich in historic resources with nearly a hundred individual locally designated landmarks. On the grand scale this includes the Cathedral of Learning, the gothic masterpiece which is the pride of the University of Pittsburgh, and the Allegheny County Courthouse, considered to be among the most magnificent such structures in America. But listing also includes buildings more modest architecturally—but extraordinarily important culturally—like the August Wilson House, the boyhood home of the great African-American playwright. The range of schools, commercial and industrial buildings, houses of worship and houses of people represent the range of the architectural, social, cultural and economic evolution of Pittsburgh.

National Register Districts

But beyond individual landmarks, Pittsburgh also has had the foresight to create both National Register Historic Districts and City Historic Districts. While both are important and identify historic resources worthy of preservation, there are difference between the two. The National Register of Historic Places is “…the official list of the Nation’s historic places worthy of preservation. Authorized by the National Historic Preservation Act of 1966, the National Park Service’s National Register of Historic Places is part of a national program to coordinate and support public and private efforts to identify, evaluate, and protect America’s historic and archeological resources.” For commercial properties within National Register Districts there is the availability of the Historic Rehabilitation Tax Credit which is an effective tool in rehabilitating historic properties in an appropriate manner. However, except when federal money is involved, there are no protections of privately owned properties simply as a result of being on the National Register. That protection comes primarily from local ordinances, which in the case of Pittsburgh, are called City Historic Districts.

National Register Historic Districts
City Historic Districts

Pittsburgh has designated thirteen City Historic Districts. Changes, alterations, demolition and new construction within these districts is subject to review by the Historic Review Commission. The Commission “…protects and maintains historically and architecturally significant buildings and neighborhoods in the City. The HRC is comprised of seven members appointed by the Mayor which must include an architect, a preservationist, a realtor, a building inspector, and a planner.

When a building is designated as an historic landmark, the Historic Review Commission has jurisdiction over all proposed new construction, demolition, and exterior work to the building. The review process begins only when an owner decides to do work to the exterior of their building.”

Most of the analyses in this report look at the character and characteristics of historic districts. In many cases a distinction will be made between the National Register Districts and the City Historic Districts. When the term used is only “historic districts” both types of districts are being referred to.

As can be seen in the maps below, in many cases all or parts of National Register Districts are incorporated within City Historic Districts. When this report provides data on City Historic Districts, that data will include all of the properties within that district, whether or not they are also within a National Register District. Conversely when a contrast is being made between the characteristics of National Register Districts and City Historic Districts, the National Register District data will only include those properties not also within a City District. This distinction is important for reasons suggested above. It is those properties within City Historic Districts that are subject to protection (and regulation) by the Historic Review Commission. Properties that are in National Register Districts but not also within a City District are not so protected.

City Historic Districts
Undesignated Older and Historic Properties in Pittsburgh

*Pittsburgh has such a great history. We don’t need to be a modern, everything-new city.*

Mark Bibro, Birmingham Foundation

No one argues that every property that is “old” merits listing on the National Register nor needs to be protected by a City Historic Districts. And this report was commissioned to evaluate the impact of historic preservation on the economy and quality of life of Pittsburgh, not to recommend additional historic designations. But it might be revealing to citizens, stakeholders, and decisions makers to understand the incredible wealth that Pittsburgh has in its older and historic properties and neighborhoods and how many of them at present are unrecognized by either National Register or City designations.

All Historic Districts

![Map of All Historic Districts](image)

Built Before 1939

![Map of Built Before 1939](image)

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1 All quotations come from interviews conducted as part of this study unless otherwise noted.
Historic Preservation and the Economy of Pittsburgh

Historic preservation and revitalization are proven economic growth strategies. People want to live in a city that has preserved and re-activated its historic assets and adapted new uses from old treasures.²

Mayor Bill Peduto

Over the past 50 years there have been dramatic changes in the economy of Pittsburgh. Perhaps more than any other city in America, Pittsburgh has made a conscious effort to evolve from one of the great industrial powerhouse cities in the world to become a world leader in education, technology, and quality of life for its citizens.

And over that 50 year evolution historic preservation has been an important and growing part of the city’s economy. In 1964 a group of Pittsburgh citizens formed the Pittsburgh History and Landmarks Foundation (PHLF). Importantly, it wasn’t just to save old buildings. The organization was created because its founders “passionately believed that historic preservation, rather than massive demolition, could be a tool for renewing communities, creating pride among residents, and achieving sustainable economic development.”

When the first federal tax credits became available in the late 1970s, Pittsburgh property owners, developers, and foundations became early and effective investors in historic buildings.

The contribution of historic resources to the economy of Pittsburgh takes many forms. This study looked at the relationship between historic preservation and the economy in four categories:
1) investment in historic tax credit projects and the jobs and income they create;
2) real estate activity and property values and historic districts;
3) heritage based tourism; and
4) the nature of jobs and workers in historic districts.

Historic Tax Credits, Jobs and Income

The upside [of historic preservation] is so much better than the downside, and I don’t think people realize that.

Chad Wheatley, Millcraft Investment

Coinciding with the enthusiasm and celebration around America’s Bicentennial in 1976, Congress passed the first tax laws to encourage the private investment in historic buildings. While over the past forty years the specifics of the law has changed, the Historic Rehabilitation Tax Credit has proven to be an effective spur to private investment. Here is how the IRS has described the program:

The completed projects have brought renewed life to deteriorated business and residential districts, created new jobs and new housing units, increased local and state revenues, and helped ensure the long-term preservation of irreplaceable cultural resources.

That has certainly been the case in Pittsburgh. Since 1978 nearly $800 million³ has been invested in the rehabilitation of Pittsburgh’s historic buildings.

² http://www.billpeduto.com/2013/02/24/87-building-on-our-past-historic-preservation-as-economic-engine/
³ For accuracy of representation these are nominal numbers. Inflation adjusted dollars would be much greater.
Examples of tax credit projects in Pittsburgh include the Pittsburgh Mercantile Company on East Carson Street, the Park Place School, the G.C. Murphy Store downtown, and the Highland Building in the East Liberty Historic District.

While data specifically for Pittsburgh was obtained for this report, as a rule the National Park Service, who oversees the tax credit program, does not report activity on a city by city basis. However a recent paper published in the Journal of the American Planning Association does provide comparisons for 10 cities over the first decade of the 21st century. Using this information the Pittsburgh activity can be put in context.

<table>
<thead>
<tr>
<th>City</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saint Louis</td>
<td>$1,881,734,635</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>$1,284,043,663</td>
</tr>
<tr>
<td>Richmond</td>
<td>$1,044,895,326</td>
</tr>
<tr>
<td>Baltimore</td>
<td>$923,555,395</td>
</tr>
<tr>
<td>Cleveland</td>
<td>$763,806,674</td>
</tr>
<tr>
<td>Providence</td>
<td>$430,278,610</td>
</tr>
<tr>
<td>Portland</td>
<td>$398,567,909</td>
</tr>
<tr>
<td>Pittsburgh</td>
<td>$325,464,845</td>
</tr>
<tr>
<td>Seattle</td>
<td>$247,498,707</td>
</tr>
<tr>
<td>Denver</td>
<td>$166,202,707</td>
</tr>
<tr>
<td>Atlanta</td>
<td>$111,069,887</td>
</tr>
</tbody>
</table>

While comparable data is not available for the other cities, it should be noted that in the years since 2010 the average annual investment in tax credit projects has been more than 12% greater than in the preceding decade.

Perhaps a more meaningful comparison, however, is to adjust the investment based on each city’s population.

<table>
<thead>
<tr>
<th>City</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saint Louis</td>
<td>$5,894</td>
</tr>
<tr>
<td>Richmond</td>
<td>$5,113</td>
</tr>
<tr>
<td>Providence</td>
<td>$2,416</td>
</tr>
<tr>
<td>Cleveland</td>
<td>$1,929</td>
</tr>
<tr>
<td>Baltimore</td>
<td>$1,514</td>
</tr>
<tr>
<td>Pittsburgh</td>
<td>$1,065</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>$840</td>
</tr>
<tr>
<td>Portland</td>
<td>$681</td>
</tr>
<tr>
<td>Seattle</td>
<td>$406</td>
</tr>
<tr>
<td>Denver</td>
<td>$275</td>
</tr>
<tr>
<td>Atlanta</td>
<td>$263</td>
</tr>
</tbody>
</table>

It is important to note that all five of the cities that rank higher than Pittsburgh are located in states that have a state historic tax credit than can be used in addition to the federal credit. That has only recently been true in Pennsylvania. Philadelphia is a city frequently acclaimed nationally for its use of the historic tax credit, but on a per person basis investment in Pittsburgh is 26% greater than the City of Brotherly Love.

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4 Stephanie Ryberg-Webster, Journal of the American Planning Association, 2013
Historic preservation has been key to downtown’s growth.

Jeremy Waldrup, Downtown Pittsburgh Partnership

But it is not just the buildings that have been beneficiaries of those projects. The men and women who have been the carpenters, the masons, the electricians and the painters have been beneficiaries as well. As have been the lumber dealers, cabinet makers and metal fabricators whose products have been incorporated into those buildings. While the construction industry is a volatile one, and both the US and Pittsburgh have seen cycles of boom and bust, on average there have been more than 500 jobs each year, every year for the last 35 years from Pittsburgh’s historic preservation projects that used the rehabilitation tax credit. Over the last decade that number has averaged nearly 900.

The first table below represents the number of direct and indirect jobs created by historic tax credit projects in Pittsburgh each year since 1979. The table that follows is the salary and wages those jobs generated.

### Jobs from Historic Tax Credit Projects | 1979–2014

Over the last 35 years, an average of 511 jobs have been generated each year by historic tax credit projects.

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5 See section on Methodology for explanations of direct, indirect and induced jobs.
Those jobs have paychecks. Every year for the last 35 years and average of $18.5 million has been paid in salary and wages as a result of those historic tax credit projects. A single firm that averaged $21 million in volume, 500 employees and $18 million in payroll over the last three decades would be among the top 5% of all firms in the Pittsburgh region. That is what the rehabilitation of Pittsburgh’s historic buildings has meant to the local economy.

**Salary and Wages from Historic Tax Credit Projects | 1979–2014**  
(in $Million)

Over the last 35 years, an average of $18.5 million in salary and wages have been generated each year by historic tax credit projects.

**Real Estate**

*When I was planning director in the late 80s and early 90s, we approved a number of historic preservation districts. My belief is that all of those districts have appreciated in value and are doing better than other places in the city. Historic preservation has served to preserve neighborhoods—particularly low income neighborhoods—in Pittsburgh. It’s a great tool.*

_Jane Downing, Senior Program Officer, Economic and Community Development, Pittsburgh Foundation_

It’s well and good for preservationists to argue the value of historic properties, but what about the marketplace? Are people willing to pay for the character, the quality and the locational advantages of homes in historic districts? To measure that, this study looked at thousands of pieces of data on the value of the two types of residential properties lived in by most Pittsburgh homeowners—the single family house and the row house. The change in value was measured on a dollar per square foot basis from 2001 through 2014. That change for every City Historic District and the parts of National Register Historic Districts was compared with the change in the same property types in the rest of the City of Pittsburgh. Here were the findings: the square foot value for single family homes in Pittsburgh not in either a City or a National Register historic district increased 45% between 2001 and 2014. Every City Historic District saw a value increase greater than the average of the rest of the city. Ms Downing was demonstrably correct in her observation.
The value change for National Register districts that were not also part of City Historic Districts fared nearly as well, with seven of the eight outperforming the citywide average. The eighth is Chatham Village, which is co-op housing and not comparable in the same way.
Rowhouses experienced value growth as well, with five of the seven of the City Historic Districts that had rowhouses seeing a greater increase in value than that property type in the rest of the city.

Change in Values of Rowhouses | 2001-2014
Local Historic Districts vs City of Pittsburgh

The only comparison where the citywide average was more closely paralleled was in rowhouses in National Register but not City Historic Districts, where only two-thirds of the neighborhoods did better than the city.

Change in Values of Rowhouses 2001-2014
National Register Districts vs City of Pittsburgh
As can be seen in the table below, however, in the vast majority of instances the positive change in value in historic districts benefitted homeowners in those areas significantly. This is not an abstract concept. At its heart it means that families who chose to live in historic districts saw their equity and family wealth increase much greater than those who chose to buy elsewhere.

### Historic Districts Outperforming City of Pittsburgh | 2001 - 2014

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Districts – Single Family Houses</td>
<td>100.0%</td>
</tr>
<tr>
<td>Local Districts – Rowhouses</td>
<td>71.4%</td>
</tr>
<tr>
<td>National Register Districts – Single Family Houses</td>
<td>87.5%</td>
</tr>
<tr>
<td>National Register Districts – Rowhouses</td>
<td>62.5%</td>
</tr>
</tbody>
</table>

Beginning in the end of 2007 the US experienced the deepest recession since the Great Depression of the 1930s. And the sector of the economy that was most broadly affected by that recession was real estate in general and homes in particular. It is instructive, therefore, to look at sales activity during that period of real estate chaos. Property sales declined both in historic districts and the city as a whole between 2008 and 2009. But then (and before the recession was declared over) the volume of property sales in historic districts began to recover and continued through the end of 2013 (the latest full-year data available). Home sales in the rest of the city continued to decline before picking up once that national recession ended. Where by 2013 the number of sales transactions in historic districts was nearly 10% above the 2008 level, sales in the rest of the city still lagged their 2008 numbers by 10%.

### Real Estate Sales Activity | 2008-2013

(2008=100)
While the Great Recession was discussed in terms of declining Gross National Product, unemployment rates and falling Dow Jones Averages, the real cost, of course, was the human one. And perhaps no economic trauma in eighty years had a deeper impact on American families than the foreclosure crisis. While Pittsburgh’s foreclosure rates were not as devastating as some other parts of the country, there were still thousands of families who lost their homes in the process. From 2008 through 2014, out of every 1000 homes in Pittsburgh, 35 faced foreclosure.

But the story in Pittsburgh’s historic districts was decidedly different. The foreclosure rate in National Register districts was less than half of the citywide average and in the City Historic Districts the foreclosure rate was less than a third of what was experienced in the rest of Pittsburgh. This is not a statistical fluke, but an emerging pattern in Pittsburgh and elsewhere that this issue has been evaluated.

<table>
<thead>
<tr>
<th>Foreclosure Rates</th>
<th>Foreclosures per 1000 Single Family Houses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Local Historic Districts</td>
</tr>
</tbody>
</table>

It is not, by the way, because no one who lives in a historic home ever loses her job, gets a divorce or runs up his credit card balances too much. Rather, it seems to be that because the demand for those houses is more stable and the value change less volatile when prices are in decline, a homeowner in financial trouble can get the property sold before the foreclosure process begins.
Heritage Tourism

You do not see people flocking in to see modern buildings, you see them flocking in to see historic buildings and historic streets. They attract retail in a downtown area and a Main Street area. And retail loves density and it likes buildings right at the sidewalk, and that’s what old buildings present.

Pittsburgh History and Landmarks Foundation President, Arthur Ziegler

When travel writers write about American historic cities their lists usually include places like Boston, Philadelphia, Charleston, Savannah and San Antonio. But rarely do they mention Pittsburgh. Those are great historic cities, of course. But actual travelers (as opposed to travel list makers) see Pittsburgh as a great place to visit for its historic resources. An estimated 45.6% of overnight visitors to Pittsburgh and 44.8% of day visitors fall within the definition of heritage tourist⁶. Tourism is a large and growing industry in Pittsburgh, but just the heritage portion of that industry is responsible for nearly $812 million annually in expenditures in the Pittsburgh area.

What is particularly important about these visitors is that they spend more each day in Pittsburgh as compared to visitors with no interest in historic resources. This difference is the heritage premium. Pittsburgh sees nearly $64 million per year in additional economic activity based on the additional amount heritage visitors spend each day compared to other tourists.

Tourism creates jobs. Just the heritage portion of Pittsburgh’s tourism industry is responsible for 12,300 direct jobs and an additional 4,500 indirect jobs.

Those jobs have paychecks. The salary and wages paid to workers meeting the needs of Pittsburgh’s heritage visitors is $310 million per year with another $223 million to indirect and induced jobs.

Cultural Heritage Tourism Expenditures (in $Million)

<table>
<thead>
<tr>
<th>Category</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation within</td>
<td>114.9</td>
</tr>
<tr>
<td>Lodging</td>
<td>154.3</td>
</tr>
<tr>
<td>Recreation</td>
<td>148.9</td>
</tr>
<tr>
<td>Food &amp; beverage</td>
<td>219.6</td>
</tr>
<tr>
<td>Retail</td>
<td>174.2</td>
</tr>
</tbody>
</table>

⁶ Visitor information was based on research commissioned for the Pennsylvania Tourism Office of Travel, Tourism & Film and conducted by the firm Longwoods International. A “heritage visitor” was defined as a survey respondent who indicated their most recent travel activities included visiting a landmark, historic site or a museum and/or whose special interests were cultural activities and attractions and historic places, sites and landmarks.
Part of the DNA of Pittsburgh

Per Person Per Trip Expenditures | Cultural Heritage Visitors vs Other Visitors

<table>
<thead>
<tr>
<th>Category</th>
<th>Overnight Visitors</th>
<th>Day Visitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lodging</td>
<td>160</td>
<td>140</td>
</tr>
<tr>
<td>Transportation</td>
<td>140</td>
<td>120</td>
</tr>
<tr>
<td>Food &amp; beverage</td>
<td>120</td>
<td>100</td>
</tr>
<tr>
<td>Retail</td>
<td>100</td>
<td>80</td>
</tr>
<tr>
<td>Recreation</td>
<td>80</td>
<td>60</td>
</tr>
</tbody>
</table>

Jobs from Cultural Heritage Tourism

<table>
<thead>
<tr>
<th>Category</th>
<th>Cultural Heritage</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lodging</td>
<td>140</td>
<td>120</td>
</tr>
<tr>
<td>Transportation</td>
<td>120</td>
<td>100</td>
</tr>
<tr>
<td>Food &amp; beverage</td>
<td>100</td>
<td>80</td>
</tr>
<tr>
<td>Retail</td>
<td>80</td>
<td>60</td>
</tr>
<tr>
<td>Recreation</td>
<td>60</td>
<td>40</td>
</tr>
</tbody>
</table>

Labor Income from Cultural Heritage Tourism (in $Million)

<table>
<thead>
<tr>
<th>Category</th>
<th>Cultural Heritage</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lodging</td>
<td>140</td>
<td>120</td>
</tr>
<tr>
<td>Transportation</td>
<td>120</td>
<td>100</td>
</tr>
<tr>
<td>Food &amp; beverage</td>
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<td>80</td>
</tr>
<tr>
<td>Retail</td>
<td>80</td>
<td>60</td>
</tr>
<tr>
<td>Recreation</td>
<td>60</td>
<td>40</td>
</tr>
</tbody>
</table>

Part of the DNA of Pittsburgh
Jobs

Pittsburgh is rightfully proud of its ability in recent years to attract young workers, particularly in the knowledge industries. The excellent document Young Adults Report 2012, commissioned by Pittsburgh Today demonstrates this pattern. This in-migration of young, educated workers bodes well for the future of Pittsburgh’s economic growth. But the location of the jobs held by those workers is not random. Pittsburgh’s historic districts capture a disproportionate share. While around 19% of all workers in Pittsburgh hold a bachelors or advanced degree, more than 35% of workers in historic districts have reached that educational attainment.

While historic districts contain slightly more than 37% of all jobs, those areas are home to 47% of the jobs in finance and insurance, 58% of the jobs in education and 44% of jobs in the information sector. These knowledge worker jobs are the growth areas in the US economy and are concentrated in historic districts in Pittsburgh.

Share of Workers with Bachelors or Advanced Degree Living in Historic Districts

Share of Knowledge Worker Jobs in Historic Districts
But historic districts ought to provide jobs across the demographic spectrum. When the racial makeup of workers in Pittsburgh as a whole is compared to the racial makeup of workers in historic districts, there is nearly no statistical difference. Historic districts are a virtual mirror of the city at large in terms of the race of those working there.
Historic Preservation and the Neighborhoods of Pittsburgh

“In the long march of the [Lawrenceville] neighborhood; historic preservation is a big piece of what’s propelled it forward.”

Kathy Buechel, Benter Foundation

Pittsburgh is known as a city of neighborhoods. Much of the city’s economic development efforts over the past 20 years have been to assist the many great neighborhood business districts. Some of those neighborhoods see themselves as “historic” places; others just recognize the value of older and historic buildings for providing both character and affordability for small and startup businesses.

But it is also important that Pittsburgh’s historic neighborhoods are not enclaves of just the rich, but are home to the breadth of the ethnic, racial, and income diversity of the city as a whole. That is exactly what this study discovered.

As the job distribution discussed earlier was a mirror of the city’s diverse population, so are the residents in Pittsburgh’s historic residential areas.

Racial Makeup | Pittsburgh and Historic Districts

![Racial Makeup Chart](image-url)
Economic Integration

It’s not necessarily preservation from a historical standpoint—it’s preservation from the community standpoint.

LaShawn Burton-Faulk, Manchester Citizens Corporation

It has become a basic premise of public policy in many cities that healthy neighborhoods are not all rich or all poor, but that there is a distribution of incomes within a neighborhood. Having a household of considerable income literally right next door to a household of modest income benefits both, socially, culturally and economically. The emerging phrase for this situation is economic integration.

To a large measure both, National Register districts and City Historic Districts meet the economic integration test. In City Historic Districts there are more of the lowest income households but virtually the identical percentage of the highest income households as the city as a whole. National Register districts have a slightly larger share of both lowest income and highest income households. But on an aggregated basis, the incomes of residents of historic districts are a proportional representation of the city of Pittsburgh.

Economic Integration in Historic Districts

![Bar chart showing the distribution of income levels in National Register Districts, Local Districts, and Rest of Pittsburgh.](chart)
Neighborhood Investment

I’ve used [historic preservation] as a vehicle to talk about neighborhood growth.
Matthew Galluzzo, Lawrenceville Corporation

Almost by definition historic districts contain buildings worth saving. That is exactly what is happening in Pittsburgh’s historic districts. Between 2009 and 2014 more than 1,300 building permits were issued for work on existing buildings in historic districts. That is about 85% of all of the permits given. Demolition, on the other hand, was a relatively rare event, representing only 2% of all the building permits issued.

Building Permits – Pittsburgh Historic Districts | 2009 – 2013

<table>
<thead>
<tr>
<th>New Construction</th>
<th>Rehabilitation</th>
<th>Demolition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Districts</td>
<td>National Register Districts</td>
<td></td>
</tr>
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Building Permits – Historic Districts

- Rehabilitation: 85%
- New Construction: 13%
- Demolition: 2%
The quality, character and—for City Historic Districts—protection that is provided for historic properties is reflected in the difference in building permit patterns within historic districts as opposed to the rest of Pittsburgh. Around a quarter of the permits in the rest of Pittsburgh were for new construction, while 1 in 20 was issued for demolition.

**Building Permits – Rest of Pittsburgh**

![Building Permit Chart]

In addition to the proven economic development benefits, preserving and adapting an existing building is the most sustainable development strategy possible. Even the greenest new building uses more energy than the adaptation of an existing building and the more we can transform our historic structures with energy efficiency upgrades the more money we can save and the cleaner and greener Pittsburgh will be.

Mayor Bill Peduto

Even beyond historic districts, Pittsburgh is doing an excellent job reinvesting, redeveloping and reusing its existing structures. It has been said that the greenest building is the one already built. While there have been excellent, high quality and expensive new buildings erected in Pittsburgh in recent years—as there should be—nearly half of all investment in structures has been in repair and rehabilitation. The environmental mantra of “reduce, reuse, recycle” is happening every time an existing building is redeveloped rather than razed.

**Pittsburgh Building Permits | 2009 – 2014**

![Pittsburgh Building Permit Chart]

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Affordability

Pittsburgh is known for the relative affordability of its housing. Along with the educational institutions and quality of life, one of the major attractions for young people moving to and moving back to Pittsburgh is that housing cost. More recent analysis has focused, however, not just on the cost of rent or the size of a mortgage payment, but what is the economic burden of housing plus transportation. By this measure not only are the historic neighborhoods of Pittsburgh affordable, but they are more affordable than the rest of the city. While the typical household in greater Pittsburgh spends fully half of its income on housing plus transportation, in historic districts that amount is less than 43%. This means that a household with $50,000 in income and living in a historic district has nearly $300 per month more to spend on entertainment, savings, clothes or food than a household with the same income elsewhere in Pittsburgh.

Share of Household Income Spent on Housing Plus Transportation

![Bar chart showing the share of household income spent on housing plus transportation in Historic Districts and Pittsburgh. The bar for Historic Districts is lower than for Pittsburgh.]
Historic Preservation and Quality of Life

What people want in a city isn’t to be in a city that just has development occurring, they want a uniqueness, an authenticity, and Pittsburgh has it. And I don’t want to use government money to lose it, I want to use government money to enhance it.

Mayor Bill Peduto

More and more frequently Pittsburgh rates near the top of various Quality of Life lists. In recent years that had included spots on three different Forbes’ lists, the international Mercer Quality of Living index and even the list prepared by Nerd Wallet. Every list has a different set of criteria, however, which range from housing affordability to health care options to crime rates and dozens of others.

But independent of lists and even particular variables, Pittsburgh is one of the cities in the United States that fundamentally understands the relationship between quality of life and the potential for economic growth. The investment in quality of life features of the city—by local government, foundations, individuals, and institutions—is paying off in the in-migration of the educated young, in business relocation and in the ranking of the city in national quality of life measures.

An interesting element in the quality of life debate is the role of density. From a municipal management and fiscal responsibility perspective, density is very important. At the same time there are those who will say, “If I wanted density I’d move to Manhattan.”

Density | Population per Square Mile

![Density Chart]

Historic Preservation

So a more sophisticated argument has emerged – that density is important, but it should be density at a human scale. And that is exactly what Pittsburgh’s historic neighborhoods are providing. At an overall density of about 5500 per square mile, Pittsburgh is already more dense than many sprawling urban places. This density is in part a function of the city’s topological constraints, but also because of both the city’s age and its predominant building typologies. Because of topological constraints, age of the city, and building typologies, with an overall density of about 5500 per square mile Pittsburgh is already more dense than many more sprawling urban places. But **National Register Historic Districts in Pittsburgh have a density twice the city’s overall rate, and City Historic Districts more than 3 times as dense.**

But most importantly this is density not created through high rise condominiums or skyscrapers, but largely through neighborhoods of closely spaced, modestly sized residences, often identify as density at a human scale.

*From a design standpoint, historic preservation and historic presence has a huge impact on one’s sense of place. The story of how the community evolved is really the identity of the people who live there.*

Evaine Sing, Operations and Program Director, G-TECH

One of the major contributors to livability and quality of life is walkability. In recent years a measurement of walkability has been developed known as Walk Score. This computer based model allows a user to type in any address in America and it will provide a Walk Score of between 1 and 100. The scores themselves are calculated on multiple metrics including proximity to the goods and services that are necessary for everyday life. For this study the Walk Score was calculated for every block in every historic district in Pittsburgh. Then the average scores for historic districts was compared with the city as a whole. The result? While as a dense city the overall Walk Score for Pittsburgh is a very respectable 60, the average block within historic districts in Pittsburgh achieves a Walk Score of 75. Historic neighborhoods are more walkable than in most of a quite walkable city.

**Walk, Transit and Bike Scores**

![Graph showing Walk, Transit and Bike Scores for Pittsburgh and Historic Districts](image)
As the use of Walk Score increased and planners, real estate investors, foundations and others were finding more applications for the data, the researchers who developed the metric expanded the purview of their research. To Walk Score was added Transit Score and Bike Score. The Transit Score includes such variables as the frequency of public transit services, the distance from a transit stop, the nature of the transit service and others. As with the Walk Score, the Transit Score was calculated for every block in every historic district in Pittsburgh and then compared with the city. The results were the same. While the city of Pittsburgh had a Transit Score of 54, blocks in historic districts averaged a Transit Score of 66.

Finally, many cities are consciously incorporating bikes, bike paths, and bike routes into their comprehensive transportation planning. Bike Scores are influenced by measuring bike infrastructure, topography, road connectivity, the number of bike commuters and other factors. Probably because of the number of hills and steep topography the Bike Score for the City of Pittsburgh is just under 40, while the Bike Score for Pittsburgh’s historic neighborhoods is 63.

Density, walkability, public transit, and biking as a transportation alternative are all growing in importance in the quality of life/quality of city measurements. And in every one of them Pittsburgh’s historic districts rise to the top.

*The value of historic preservation is as a placemaking strategy. It supports the uniqueness of a place, which is attracting people back to the city.*

Laurel Randi, McCune Foundation

But the ultimate test of Quality of Life isn’t what is on some list. The real test is, are people making decisions that reflect the priority of Quality of Life factors. Pittsburgh, like many other legacy cities, has lost population in recent years. Although that process has slowed, there was still a loss of 9 percent of the city’s population between 2000 and 2010. The historic districts taken together also lost population, but at the much lower rate of just over 3%. Further there is some evidence that the population of those areas have increased since the 2010 Census.

Population Change | 2000–2010
All Historic Districts vs Rest of Pittsburgh

<table>
<thead>
<tr>
<th>Population Change</th>
<th>2000–2010</th>
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<tbody>
<tr>
<td>Historic Districts</td>
<td>-3.2%</td>
</tr>
<tr>
<td>Rest of Pittsburgh</td>
<td>-9.1%</td>
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But when the City Historic Districts of Pittsburgh are considered a much different picture emerges. While the rest of the city was still shrinking, the City Historic Districts in Pittsburgh gained 3.7 percent in the first decade of the 21st century.
This pattern of attraction to new residents can be seen in other data. Over three quarters of the residents of Pittsburgh’s historic districts moved into their current home between 2000 and 2010. This compares to about 63% for the city as a whole. Some of these residents move in from outside of Pittsburgh, others relocated within the city. Clearly historic neighborhoods are an attractive place to choose to live for both groups—and the quality of life in those neighborhoods, however defined, is a major driver of those decisions.
Historic Preservation and Fiscal Health

If cities are going to provide for their citizens it is necessary that taxes are collected, revenues at least equal expenses and that the municipal government have a positive reputation among bondholders and credit rating agencies. While in the recent past Pittsburgh had more than its share of fiscal problems, it situation is improving of late as evidenced by a recent upgrading of its credit rating and a revision of the city’s economic outlook from stable to positive. Properties in Pittsburgh’s historic districts have assisted the city in this regard. Five percent of properties in historic districts are listed as being tax delinquent, barely half the city rate of more than nine percent. Properties on which taxes are paid on time allow the city to meet its own obligations.

Likewise properties with tax liens are significantly fewer in historic districts than the rest of the city.

There are multiple reasons the credit rating of the City of Pittsburgh are improving, but the property values, lower foreclosure rates, higher tax compliance and a lower rate of tax liens in historic districts certainly adds to that improvement.
Historic Preservation

For fifty years in many, perhaps most, cities in America called “urban redevelopment” has been a code word for “tear down this old stuff, create a vacant site, and wait for the developers to line up to build something.” In far too many instances, historic buildings were torn down decades ago and the city is still waiting for that elusive developer to show up.

The Urban Redevelopment Authority of Pittsburgh has had extraordinary success since its founding in 1946. The challenges of being the city’s economic development agency have changed dramatically. But in acquisitions, project funding, loans and master plans, the URA has been consistent in identifying and then enhancing the fundamental character of Pittsburgh.

The URA is not an historic preservation agency. But in both preservation specific projects they have assisted and in new construction within an historic context, URA has recognized the underlying value of Pittsburgh’s historic buildings, sites and neighborhoods.

In recent years the URA has assisted in the redevelopment of historic neighborhood business districts including Lawrenceville and East Liberty. Market Square was the redevelopment of a historic public space and the redevelopment of historic buildings and high quality new structures. Assistance by the URA to the Strip District helped lead it to be identified and recognized as one of the Great Places in Pennsylvania. That last award, given by the Pennsylvania chapter of the American Planning Association recognizes “unique, memorable places that work not only for their community, but as a model others want to emulate—places of exemplary character, quality, planning, identity, cultural interest and community involvement with a sustainable vision for tomorrow.” That is what historic preservation is about; that is what the URA is about.

And of course nearly every year historic preservation redevelopment projects are part of the URA portfolio. The $130 million Bakery Square project would not have succeeded without the support of, and commitment to, historic preservation by the URA.

Why is Pittsburgh’s URA a national model of economic development excellence? Because it builds partnerships. It leverages resources. It approaches challenges with imagination and creativity. And it utilizes rather than destroys the historic character of the city it serves.
Pittsburgh History and Landmarks

*Pittsburgh’s historic buildings are irreplaceable treasures that make our city unique and give it a character and presence that many newer cities spend millions of dollars to try to replicate. We must start to recognize the incredible value of these architectural gems and use them to our advantage to serve as cornerstones for neighborhood revitalization and economic growth.*

-Mayor Bill Peduto

One couldn’t tell the story about historic preservation in Pittsburgh without noting the huge impact over the last fifty years by the Pittsburgh Historic and Landmarks Foundation. There are other cities with strong preservation and advocacy groups. But none have had the impact as a direct participant in historic building investment than has PHLF. Richard Moe, former president of the US National Trust for Historic Preservation said, “There is not a preservation organization on the local level anywhere in the country that can match the work of the Pittsburgh History & Landmarks Foundation.”

Over the years PHLF has invested in Pittsburgh’s neighborhoods and historic buildings through grants, loans and equity investments. With a modest start as a new organization fifty years ago, the amount by 2014 has surpassed $64 million.

**Cumulative Loans and Investments | 1967–2014**

*Pittsburgh History and Landmarks*

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9http://www.billpeduto.com/2013/02/24/87-building-on-our-past-historic-preservation-as-economic-engine/

10Speech to the Manchester Craftsmen’s Guild, January 8, 1998
The Mexican War Streets: A preeminent example in the city of a historic district playing such a central role in the revitalization of a place.

Eric Stoller, Heinz Foundation

The Mexican War Streets are known in preservation circles nationally as one of the best national models of a preservation-based neighborhood revitalization efforts from a cultural, social and economic perspective. This famed Pittsburgh neighborhood has been a target of PHLF as well as the City of Pittsburgh, the Redevelopment Authority and others for four decades. More than 45 properties have been the recipients of more than 200 separate investments. The successes there have brought national acclaim both to the organization and to Stanley Lowe, the long-time PHLF executive who went on to serve as vice-president of the National Trust. Many of these investments were relatively small, but the consistent attention and commitment of Pittsburgh History and Landmarks have made the Mexican War Streets a national model.

There is another building type that has captured the attention of PHLF over the past 20 years—religious properties. Often grand buildings and distinctive architecturally, these structures have often suffered deferred maintenance due to shrinking membership numbers and expanded social roles of the congregations.

While most grants are of a modest size, many have served as leverage for additional resources from the congregation or elsewhere. The $700,000 contributed by PHLF has leveraged an additional nearly $3 million from other sources. Through investment in more than 20 religious structures those centers of faith (and of the larger community), have been prepared to serve another generation of Pittsburgh citizens.
Finally, it has been argued that the investment in historic buildings is often a catalyst for increased property values and additional investment around that redevelopment. Usually, however, that story is told only anecdotally. So this study looked at nine significant investments Pittsburgh History and Landmarks have made over the past decade. Then the change in property values within a 500-foot radius of the project was measured over the past ten years. That change in value was then compared with the overall change in values for the city as a whole.

For the first five years of the analysis the value of the immediate area around the PHLF was flat even while the city’s values were increasing. Then these catalytic investments took place, the first in 2007 then subsequent investments in 2008, 2011 and 2013. The result? The value of properties in the immediate proximity of the PHLF projects went from lagging behind the value change in the city to exceeding that rate. This was a result of both additional nearby investment by others and also the value enhancement triggered by the PHLF project. Historic preservation as economic catalyst has been well demonstrated by these efforts.

There would have been historic preservation in Pittsburgh without the existence of the Pittsburgh History and Landmarks Foundation. But it is doubtful historic preservation would have become part of the DNA of Pittsburgh without PHLF.
Opportunities for the Future

This report was specifically commissioned to evaluate how historic preservation adds to the economy and quality of life of Pittsburgh. It was not an assignment to make a series of recommendations on how to do preservation even better.

Further there are reasons why specific recommendations are neither necessary nor appropriate in this report. First, an extensive list of recommendations was included in the PreservePGH document, part of the city’s comprehensive plan, many, perhaps most of which have not yet been implemented. For the “next steps” that would be the place to start. Second, Pittsburgh is already ahead of most cities in America in its comprehensive approach to preservation. There simply is not another city in the United States that has the combination of: 1) a redevelopment authority that has as a core priority the reuse of historic buildings; 2) a well-established and nationally regarded, extremely active revolving fund; and 3) a diverse foundation community that more often than not includes the rehabilitation and reuse of historic buildings to advance the organizations’ primary missions. Quite literally, instead of asking “what can we learn from other cities” Pittsburgh should be asking, “What can other cities learn from us?” Additionally to undertake any significant new initiatives on the part of the City, one of the key recommendations from the PreservePGH document would need to be adopted – hire more staff for the preservation department.

Does that mean that there are no additional ideas to ponder or approaches that Pittsburgh might consider? Of course not. Below are a handful of possibilities:

1. The “small house” strategy. Some Community Development Corporations (CDCs) in Pittsburgh are becoming advocates and developers of “small homes” (usually defined as between 400 square feet and 1000 square feet). Given Pittsburgh’s demographics this could be an effective, market-based strategy. But often in Pittsburgh traditional row houses and even single family dwellings of that size are being demolished, sometimes by the same CDCs because “there’s no market for houses of that size”. Pittsburgh CDCs could become the national leaders in the small house movement by prioritizing redevelopment of existing “small houses”.

2. Priority in funding. Pittsburgh has for decades been one of the national leaders in encouraging and assisting economic development at the neighborhood level. Often that has included the redevelopment and reuse of historic buildings. That approach could be expanded and strengthened by: 1) more broadly defining “historic” beyond those properties currently within a historic district or individually designated; and 2) weighting competitive grant and other programs to favor plans that include historic rehabilitation (where this is not already being done).

3. Expanded community outreach activities. Probably the best in the country in community outreach is the Office of Historic Preservation in San Antonio. They hold more than a dozen events a year including Historic Homeowners Fair, monthly walking tours, a full range of Preservation Month activities, tax credit workshops, guided running and walking tours of historic neighborhoods and others. The caution being that they have a staff of 18.

4. Priority of historic buildings for public use. In 1996 then President Bill Clinton signed Executive Order 13006. It specified, “... when locating Federal facilities, Federal agencies shall give first consideration to historic properties within historic districts. If no such property is suitable, then Federal agencies shall consider other developed or undeveloped sites with-
in historic districts. Federal agencies shall then consider historic properties outside of historic districts, if no suitable site within a district exists." A parallel directive could be made on the city level. Also the City could aggressive monitor the actions of the General Services Administration and other federal agencies to assure compliance with the Executive Order.

5. Incentives. Recommendations for specific incentives are beyond the range of this report. But a comparative analysis of incentives offered by other cities might be a useful next step to take. Examples of local incentives commonly used include: a) fast-track permitting; b) fee waivers; c) credit against local income tax liability; d) property assessment freeze; e) exterior improvement grants; f) design assistance; g) low-income historic homeowner maintenance grants; h) use of lodging tax to fund preservation activities; i) building code flexibility; j) low-interest loans.

6. Transferable Development Rights. TDRs are usually thought of as a tool where rapid development is, or is going to be, taking place. But with the resurgence of development in Pittsburgh combined with the topographical constraints to development, it might be a useful tool here. While many cities have authorized TDRs with historic properties defined as the “sending zone,” in few cases has the tool been aggressively used. The reasons for this underutilization are many but include an asymmetry of knowledge about the tool, the lack of transactions to establish the value of the rights, and the failure to actively market the program to potential developers. The City of Pittsburgh (or the URA) could consider becoming a “bank” for TDRs, thereby creating a market. Owners with eligible historic properties could sell rights at a fixed offering price to the “bank”. The price of those rights could be increased, packaged, and resold to developers where an intensity of development greater than the as-of-right FAR in the zoning code could be acceptable.

Again, none of the above should be considered “recommendations”. The only recommendation being look at what was recommended in the PreservePGH document and implement those first. But the above could be considered as possible strategies over the next decade.
Conclusions

*Working in historic preservation is a constant fight and struggle to save buildings. And it seems that once they are saved and reused, the community really appreciates that. There needs to be some way to help people see the importance and impact.*

Ellen Kitzerow, Chair, Young Preservationists of Pittsburgh

It is not easy. Historic buildings are still lost. There will continue to be major challenges in protecting and enhancing the historic resources of Pittsburgh.

But the breadth of commitment—not so much to preservation as an end, but preservation as a means—across the communities of Pittsburgh should be seen as hopeful.

The purpose of this report has been to evaluate the role that historic preservation plays in Pittsburgh, and to measure preservation’s contributions to the economic, social and cultural life of the city.

As both the quantitative and qualitative data demonstrate, historic preservation is not the only element adding to the quality of life of Pittsburgh. But surely the quality of life would be greatly diminished if historic preservation were not an essential part of the tools and strategies of individuals and institutions in Pittsburgh.

Pittsburgh is a great city. Historic preservation helps make it so.
Acknowledgements

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City of Pittsburgh, Department of City Planning
City of Pittsburgh, Urban Redevelopment Authority
Allegheny County Assessor’s Office
Pittsburgh History and Landmarks
University of Pittsburgh Center for Social and Urban Research
Pennsylvania Historical and Museum Commission, Bureau for Historic Preservation

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Robert Rubinstein, Urban Redevelopment Authority of Pittsburgh
Lisa Schroeder, River Life
Evainge Sing, G-Tech
Eric Stoller, Heinz Foundation
Kyra Straussman, Urban Redevelopment Authority of Pittsburgh
Jeremy Waldrup, Downtown Pittsburgh
Arthur Ziegler, Pittsburgh History and Landmarks Foundation
Methodologies

This analysis relied on data from the City of Pittsburgh, Allegheny County, state and federal databases, online research platforms, on-site tours and in-person and phone interviews.

- Jobs and employment industry data based off Longitudinal Employer-Household Dynamics, Center for Economic Studies at the US Census Bureau
- Property and Parcel data from Allegheny County, City of Pittsburgh, and University of Pittsburgh Center for Social and Urban Research
- Construction investment data from City of Pittsburgh Bureau of Building Inspections
- Tax Credit investment data from the Pennsylvania Historical and Museum Commission
- Pittsburgh History and Landmarks Foundation provided data on their loans and investments
- Housing Affordability data based off US Census and Housing + Transportation Affordability Index
- Walkability based on Walkscore.com
- Heritage tourism data from Longwoods International based on their 2013 surveys of business and leisure travelers.
- Historic District data from City of Pittsburgh, Pennsylvania Historical and Museum Commission, and the National Park Service
- Neighborhood level data from PolicyMap and PGHSNAP
- Calculations for jobs and income created through rehabilitation based on IMPLAN, an input-output econometric model. Within the model are identified direct, indirect and induced jobs. The simplest explanation of those distinctions are as follows:
  - A **direct job** in construction, for example, would be a carpenter working on the building.
  - An **indirect job** would be a worker at the lumber yard who sold materials to be incorporated into the building.
  - An **induced job** is a job created by the expenditures that take place because the project takes place. So part of a job of a barber, for example, exists because a carpenter has a paycheck that allows him to get a haircut.
  - A **job** is a full-time equivalent job for one year. Therefore two plumbers who each work on a project for six months would be counted as 1 job.
Other Analyses of the Economics of Historic Preservations

General economic impacts of historic preservation


Tax credit-focused studies


Property values specific


Quality of life impacts

Pennsylvania specific


Background on previous economic studies
The PlaceEconomics Team

This report was prepared and written by Donovan Rypkema and Briana Paxton with research assistance from Cara Bertron, Reina Chano and Carla Bruni. Rypkema is principal of PlaceEconomics, a Washington D.C.-based real estate and economic development consulting firm. He is author of The Economics of Historic Preservation: A Community Leader’s Guide and an adjunct professor in the Historic Preservation Program at the University of Pennsylvania. Paxton is Director of Research at PlaceEconomics. She holds a master’s degree in historic preservation from the University of Pennsylvania and an undergraduate degree from the College of William and Mary. Bertron is Director of the Rightsizing Cities Initiative of PlaceEconomics and a graduate of Stanford University and the University of Pennsylvania. Bruni is an independent consultant based in Chicago, Illinois and Associate for Outreach for PlaceEconomics. She has worked on several projects with PlaceEconomics including assisting in the research for Catalyst for Change: The Federal Historic Tax Credit – Transforming Communities. Chano is a GIS specialist and a recent graduate in Historic Preservation from the University of Pennsylvania.

Report design by Mary Holste of Side x Side Creative based in Tacoma, Washington.