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Historic Designations Are Ruining Cities

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Historic preservation is a good idea that's gone too far. What began as a counter movement to the redevelopment of iconic buildings such as [New York City's Penn Station](#) has become a way for government-empowered preservationists to obstruct new development. Today, in cities around the country entire neighborhoods of marginal historical value are frozen in time, hindering the ability of cities and their residents to adjust their built environments in response to changing economic circumstances.

Historic designations protect individual structures and groups of properties. When a group of adjacent properties is the target of preservation, the properties are often combined into a historic district. Charleston, South Carolina is recognized as creating [the country's first](#) local historic district and today there are more than 2,300 such districts across the United States. Both the federal government and local governments can designate an area a historic district (and they often overlap), but local designations have the most restrictions since local governments control zoning and building codes. In most local historic districts residents need permission from preservation boards before making exterior alterations to buildings or demolishing them.

Economists have studied the effect of historic district designation on housing prices and the results are mixed. Several studies find that house prices [are higher](#) in historic districts (e.g. [here](#) and [here](#)) and that prices appreciate faster after a designation. Other studies that control for additional factors that can affect prices, such as price trends prior to historic designation and hard-to-measure

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To understand how historic districts affect cities more broadly, it's important to think about why prices would change after a historic designation. Some real estate professionals [think being in a historic district](#) lowers housing prices because it restricts what people can do with their property. Local historic districts require property owners to go through an approval process before making changes to a property's exterior and any changes must be consistent with the district's historic character. This precludes adding modern home design features and in some cases the use of new technologies, such as solar panels.

Historic designations also make it harder for property owners to develop their property for another use, such as higher-density housing or retail. In 2016, a historic preservation board in Seattle [rejected a proposed apartment](#) building because it didn't match the heights of nearby buildings and thus would have altered the district's historical character. Restrictions on redevelopment options mean less demand for a property which lowers property values.

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Many people want to attribute higher prices after a historic designation to the aesthetic value of the houses themselves or the neighborhood's character, but both these things existed before the designation. A historic district designation preserves a neighborhood's character, it doesn't create it, so the neighborhood's character itself can't be responsible for any price increases.

Only changes can explain other changes, and the big thing that changes after a historic designation is what people can do with their property going forward. Historic districts create neighborhood stability. As architect Christopher Dallmus [put it](#), "When you buy into a historic district, you can rest assured that, in 30 years, it will tend to look very much the same".

To the extent that prices in historic districts increase faster than in other places, it's because historic designations reduce uncertainty for property owners. Owning a home in a historic district means it's easy to avoid the nuisances of change—noisy construction, blocked sidewalks/roads, or unexpected obstructions to views. It also means it's unlikely a developer will buy your neighbor's house and replace it with an apartment building, bar, or store that increases traffic. Historic districts are largely frozen in time—that's the primary goal after all—and it's not surprising that some people will pay a premium for this stability.

But the stability of historic districts is also why they can hold back a city's growth. As I explain in my book, *Dayton: The Rise, Decline, and Transition of an Industrial City*, successful cities are those that ~~foster innovation and adapt to changing economic~~

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In the Midwest, automobiles, steel, and rubber were key industries in the mid-20th century and firms in these industries were major employers in cities like Detroit, Dayton, and Akron, Ohio.

Unfortunately, many of these firms **failed to innovate** to keep up with their foreign competitors in Japan and elsewhere, and as a result they declined over time. Their decline meant fewer jobs, lower wages, and less tax revenue, all of which hurt the region's local economies.

A city's built environment—housing, roads, parks, commercial buildings—is an important part of its economy and it needs to be flexible to adapt to broader economic changes. As the big employers in many cities declined, cities transitioned from places of production to places of consumption. Today, cities that are thriving are those that offer people plentiful dining, retail, and other entertainment options. The population of young college-educated people is growing **in many cities** and old factories and warehouses are being turned into apartments and mixed-use residential/retail space to accommodate them.

By design, this transition is either not occurring or is happening much slower in historic districts. This is especially problematic when historic districts are concentrated in the most walkable areas of a city, such as near downtown **as in Dayton**. Concentrations near downtown are common since cities grow out from the center and thus most of the older historic buildings are near the center.

There's evidence that people **value walkable neighborhoods** and cities looking to increase population growth should enable developers to accommodate them.

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who want something other than a 100-year-old home, historic districts aren't an option. It's counterproductive for the long-term success of cities like Dayton and Akron to limit growth in their most desirable areas because of historic district designations made 30, 40, or even 50 years ago under very different circumstances.

There are also several examples of historic designation being used as a cudgel to stop development. In San Francisco, a project to turn a laundromat into an eight-story apartment building [was delayed for years](#) in order to determine whether the laundromat had enough historical significance to prevent its demolition. In St. Petersburg, Florida, a couple was blindsided by a [third-party historic designation](#) request from their neighbor that delayed a pending sale by six months and cost them \$30,000 in legal fees. In Denver, Colorado, preservationists tried to get [a 1960s diner labeled](#) a historic landmark to prevent its redevelopment into an eight-story mixed-use apartment/retail building. Fortunately, their [efforts failed](#) and the owner is able to sell the property as planned.

Attempts to use historic designation as a bulwark against future development are also common. In the Brooklyn neighborhood Flatbush, some homeowners are trying to get their [rowhouses landmarked](#) to prevent "...development that would alter its historic character". A [similar claim](#) about new apartments not meshing with a neighborhood's "historic character" is being made in Champaign, Illinois.

Historic districts provide many of the same benefits to incumbent homeowners as strict land-use regulations. They limit the types of buildings that can be constructed, the alterations that can be made

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height limits. Historic districts also create opportunities for alliances between property owners who want to protect their investment from outsiders and preservationists who can provide cover behind a veil of protecting history.

Proponents of historic designation claim it's needed to protect the country's history, culture, or some undefined "[quality of space](#)". But a lot of what's protected is not that historic, culturally important, or high quality. In some places it's clear that historic designations have gone overboard. One [analysis finds](#) that over 19% of Washington, DC's properties are covered by a historic designation, compared to only about 2% in Philadelphia and Chicago.

Historic designations are also often imposed on residents. The Bloomingdale neighborhood (pictured above) of Washington, DC [was named a historic district](#) in 2018 despite opposition from the area's Advisory Neighborhood Commission and 55% of the neighborhood's residents, many of whom complained about the added cost and hassle of living in a historic district. A similar debate is [happening now](#) in Montclair, New Jersey. Residents of the city's Wheeler Street neighborhood have concerns about how a historic designation will affect their maintenance costs and their ability to use their property.

While there are cultural and historic benefits associated with preserving some especially important historical properties there are also costs—compliance costs for residents, permitting delays, restrictions that limit housing supply—and too often these costs are downplayed or even ignored. As an extreme example, Washington, DC's Historic Preservation Review Board doesn't [even consider the](#)

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by economist Sevrin Waights examines data on historic districts in English cities to estimate both costs and benefits. He finds that for the average household the cost of higher housing prices due to the restrictions associated with historic districts is greater than any benefits that arise from a historic district designation, resulting in net benefits that are negative. This supports part of what many preservation proponents claim: Historic districts can add value to an area's quality of life. However, many people don't value those benefits enough to justify the associated higher housing prices.

One implication of Waights' study is that neighborhood demographics will change after a historic district designation. There are several [studies that link](#) historic district designation to gentrification and this makes sense if prices go up after designation. Owning a historic home is different than living in a historic district. The latter comes with new rules and restrictions, and some people will not want to pay a higher price for less control over their own house even if it comes with more neighborhood stability.

It's also no secret that many historic districts are populated by the affluent and educated. The historic district of Old Town Alexandria, Virginia outside of Washington, DC has [a median household income](#) of \$139,000 compared to \$89,000 for Alexandria as a whole, and 85% of Old Town's residents have [a post-secondary degree](#) compared to 66% for Alexandria.

Historic designations increase home maintenance and utility costs as well, which is another hurdle for lower-income people. A [recent study](#) in the Journal of Urban Economics finds that energy-saving

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investment increases total private energy costs by approximately \$19,100 per dwelling.

These effects are not unique to England. Historic preservation boards in the United States **have traditionally frowned** upon technologies like solar panels that interfere with a district's historic character and many **don't allow** them. Even when solar panels are permitted, owners are faced with higher costs to ensure **the panels blend in** and often there are still restrictions about where panels can be located that can diminish their efficacy.

Historic buildings won't disappear if historic designations are curtailed. Some people will buy and maintain historic homes simply because they like them. Historic commercial buildings will be maintained for a similar reason or because company owners believe a historic building helps their image or makes it easier to attract workers or customers. Other buildings will be profitable tourist attractions. Buildings with a historical value that is hard to monetize can be purchased and maintained by non-profits. The country's architectural and cultural history can be persevered without entire neighborhoods being frozen in time, often against the wishes of their residents.

To succeed in the modern economy cities must be free to adapt as economic conditions change. Widespread historic designations impede adaptation and may result in a city's past determining its future.

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