



**Ministry of  
Foreign Affairs**

**UNECE**



United National Economic Commission for Europe

On Promoting Successful **P**ublic-**P**rivate **P**artnerships in the UNECE region

# **Public-Private Partnerships for Heritage Buildings**

# A 10 Minute Presentation in 11 words



- *Heritage Conservation is Economic Development*
- *PPPs are appropriate for Heritage Conservation*

# *Heritage Conservation is Economic Development*

## Jobs

Job Creation/  
Labor Intensity

### New Construction



### Rehabilitation



Materials



Labor

# *Heritage Conservation is Economic Development*

## Jobs

Jobs & Household Income in the United States  
(per \$1 Million of Output)

### **Jobs**

- **Manufacturing**
  - 23.9
- **New Construction**
  - 30.6
- **Rehabilitation**
  - 35.4

### **Household Income**

- **Manufacturing**
  - \$515,000
- **New Construction**
  - \$653,000
- **Rehabilitation**
  - \$762,000

# *Heritage Conservation is Economic Development*

Jobs

In NORWAY

Historic Rehabilitation

16.5% more jobs than  
New Construction



# *Heritage Conservation is Economic Development*

## Jobs

In PALESTINE

The Riwaq Center

**\$100,000 project =  
3000 to 3500 workdays**

**70% Labor**



# *Heritage Conservation is Economic Development*

## Heritage Tourism



**In Virginia**

### **Heritage Visitors:**

- **Stay Longer**
- **Visit twice as many places**
- **Spend 2 ½ times as much money per trip**

**than do non-heritage visitors**

# *Heritage Conservation is Economic Development*

## Heritage Tourism

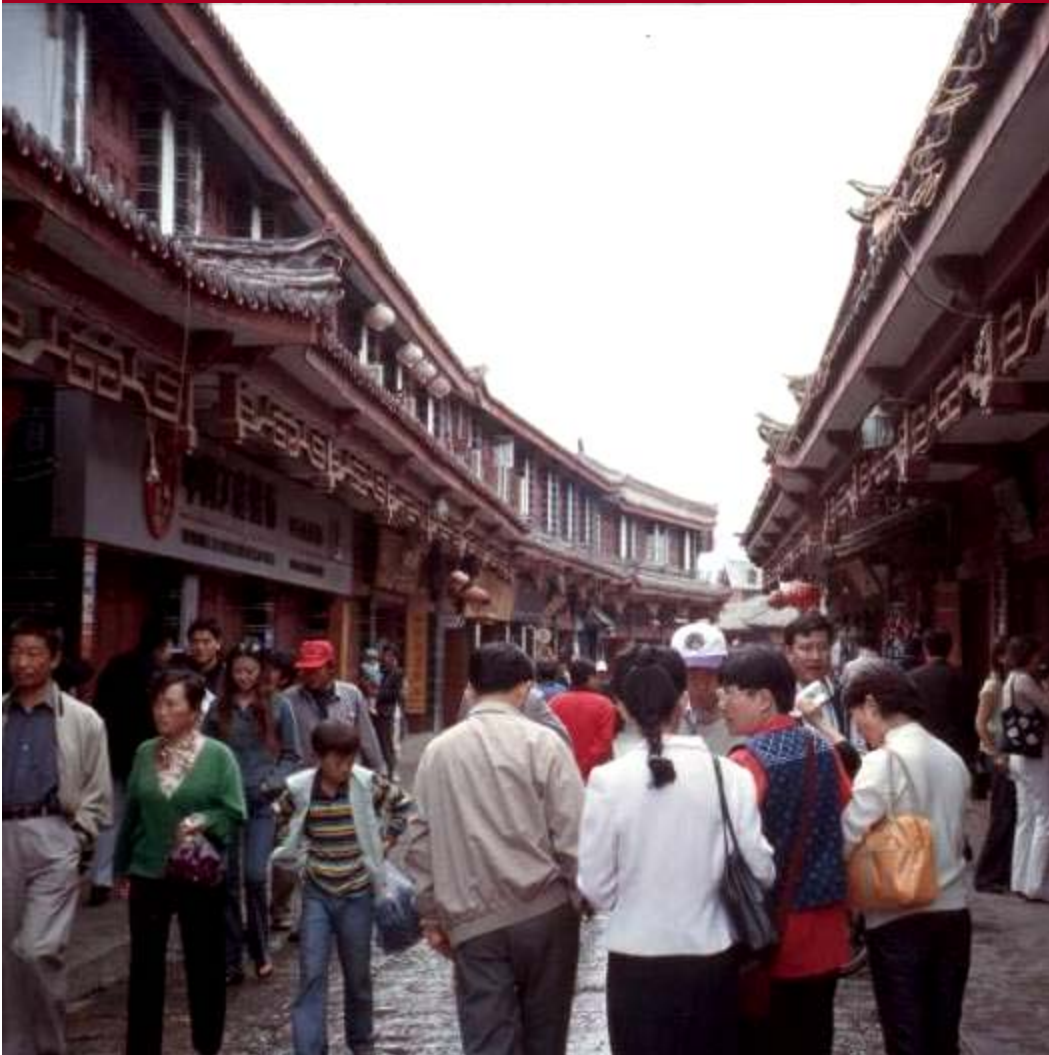
In NORWAY

Only 6 – 10% of  
visitor \$ spent at historic  
site. Balance spent  
elsewhere in community



# *Heritage Conservation is Economic Development*

## Heritage Tourism



In MACAO

60% of retail sales  
come from heritage  
districts

# *Heritage Conservation is Economic Development*

## Center City Revitalization



In the US

Virtually all  
successful  
center city  
revitalization  
programs  
include historic  
preservation as  
key element of  
the strategy



## ***Main Street***

**Over the past 25 years in *Main Street* Communities**

- **\$23.3 Billion invested in Physical Improvements**
- **67,000 Net New Businesses**
- **308,370 Net New Jobs**
- **107,179 Building Rehabilitation & Construction Projects**
- **Cost per Job Created - \$2,394**
- **Leverage of Public Funds - \$26.67 to \$1.00**

# *Heritage Conservation is Economic Development*

## Center City Revitalization



In TUNIS

Restoration of Old Medina

- Return of Middle Class
- Leverage of 3 to 1

# *Heritage Conservation is Economic Development*

## Center City Revitalization



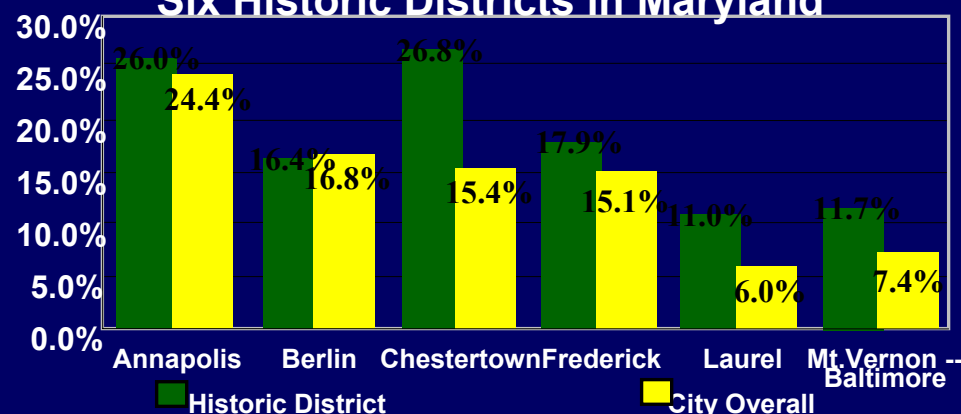
### In QUITO

- New Businesses
- Property value increase
- Reinvestment by property owners

# Heritage Conservation is Economic Development

## Property Values

**Property Value Appreciation Rates  
Six Historic Districts in Maryland**



**Historic District Impact on Property  
Values – South Carolina**

- **Columbia** – Historic district values increased **26% per year faster than market as a whole**
- **Beaufort** – Historic District houses sold for **21% more** than similar non-district houses
- **Greenville** – Historic district caused **increased value of housing**
- **Six smaller towns** also all had **positive value impacts** on historic district properties

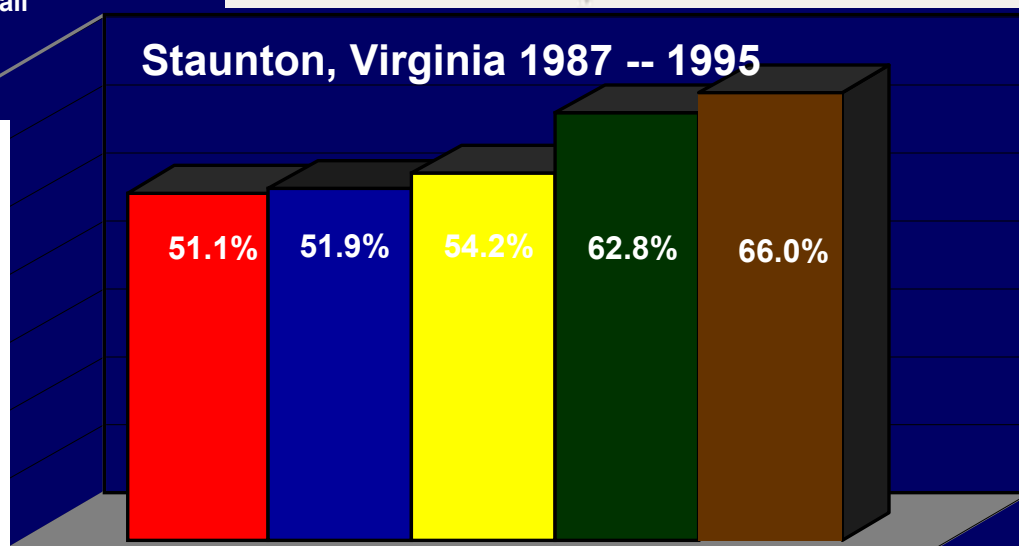
Historic Districts are Good for Your Pocketbook, Morton, 2000

**Historic District Impact on  
Property Values – Texas**

- **9 Cities Examined**
- **Statistically significant impact of Historic District on property values in 7 of 9**
- **In every instance impact was positive**
- **Value increases ranged from 5% to 20%**
- **Average increases in housing values ranged between \$3,000 and \$29,000**

Economic Impacts of Historic Preservation in Texas, Listokin et al. 1999

**Staunton, Virginia 1987 -- 1995**

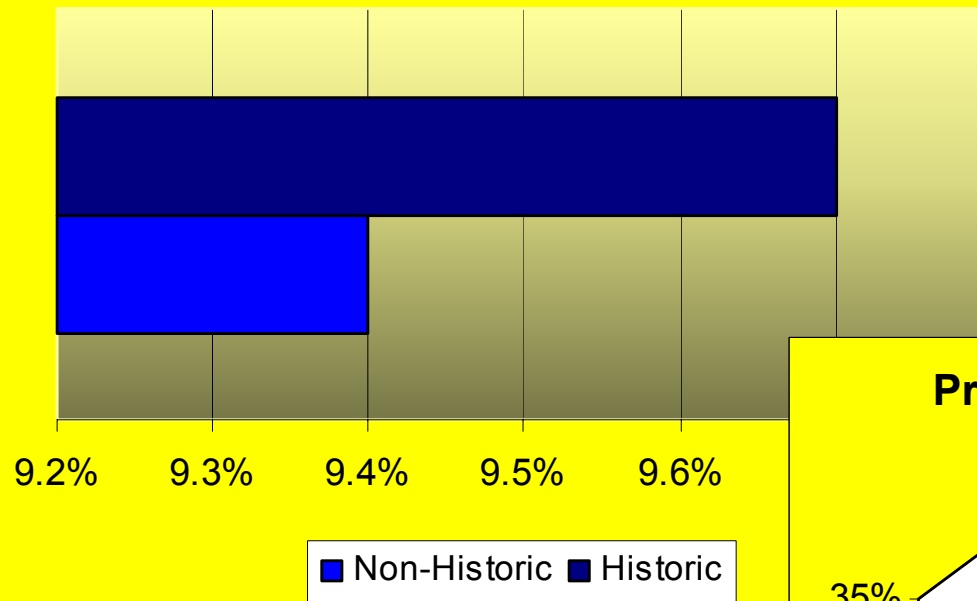


# *Heritage Conservation is Economic Development*

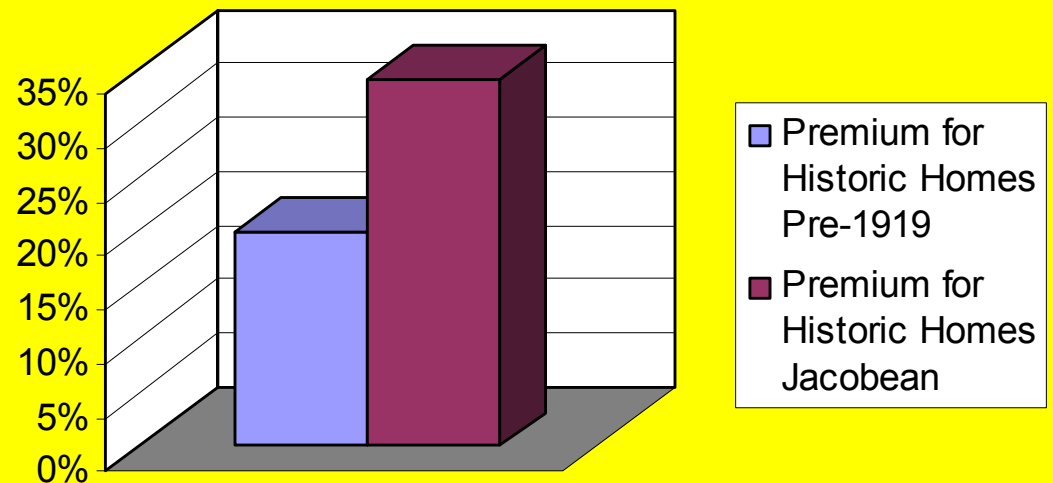
Property Values

In ENGLAND

Overall Return on Office Buildings



Premium for Historic Homes in England



# *Heritage Conservation is Economic Development*

## Property Values

In CANADA

Historic districts  
more stable in  
periods of real  
estate volatility



# *Heritage Conservation is Economic Development*

## Small business incubation

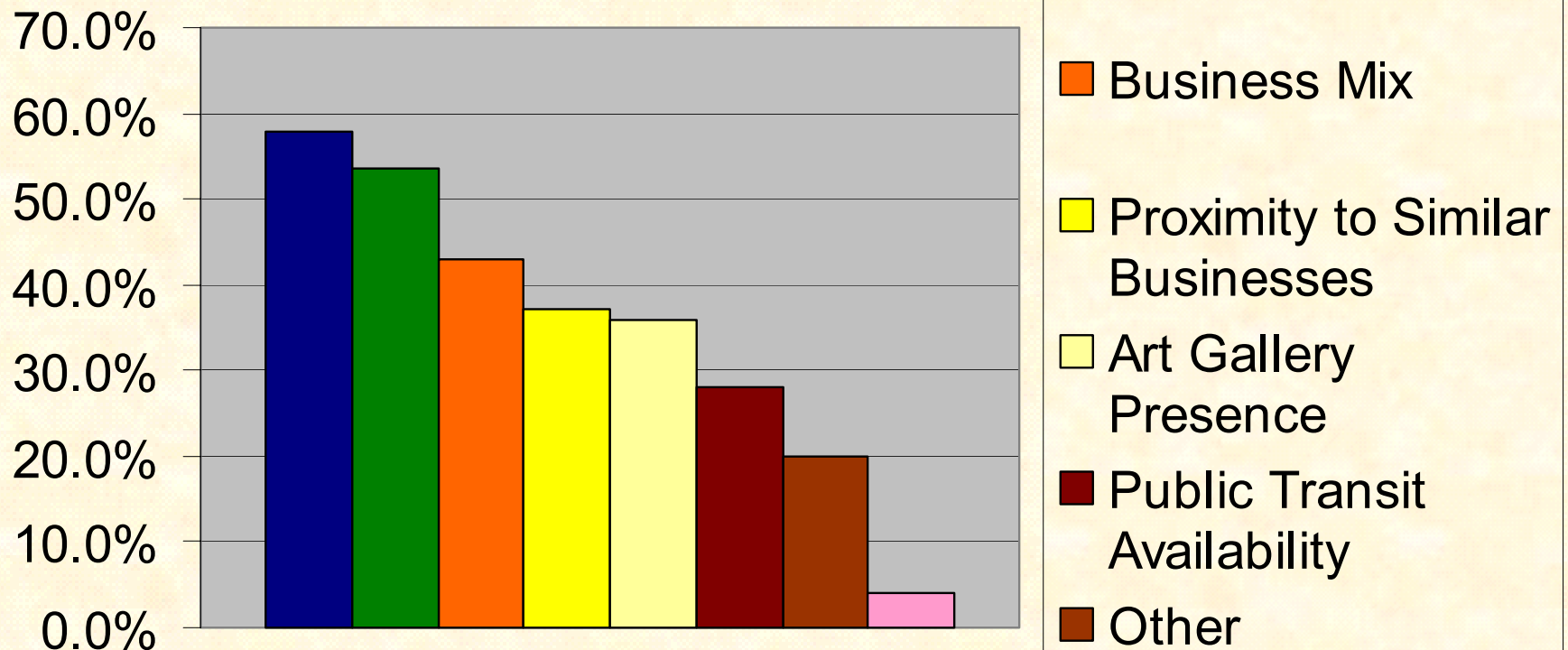


In EUROPE and  
NORTH AMERICA  
80%+ of net new  
jobs are created by  
SMEs

# *Heritage Conservation is Economic Development*

## Small business incubation

**Factors Influencing Business Location  
Pioneer Square -- Seattle**



# *Heritage Conservation is Economic Development*

## Small business incubation



In developing world up to 99% of jobs come from small business

# *Heritage Conservation is Economic Development*



Small business incubation

Older and historic buildings provide affordable space usually with no assistance or intervention.

# When are PPPs Needed?

Public interest or benefit

Need private capital

Need to leverage public capital

Want to share risks

Need management expertise

Want enhanced value of asset

Need innovation

Need ongoing public influence

Want reversionary interest

# What's true about *Heritage Buildings*?

- ✓ Public interest or benefit
- ✓ Need private capital
- ✓ Need to leverage public capital
- ✓ Want to share risks
- ✓ Need management expertise
- ✓ Want enhanced value of asset
- ✓ Need innovation
- ✓ Need ongoing public influence
- ✓ Want reversionary interest

# PPP Vehicles for Heritage Buildings?

- Build-Own-Operate-Transfer (BOOT)
- Build-Operate-Transfer (BOT)
- Build-Lease-Operate-Transfer (BLOT)
- Design-Build-Finance-Operate (DBFO)
- Other iterations

# Conclusions



Heritage assets  
need both  
protection  
and capital

# Conclusions

PPPs can be structured to provide both



# Conclusions



Heritage building transactions can be the laboratory for building PPP skills, legislation, and citizen confidence.



Thank  
you  
very  
much

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