**Profiting From Preservation**

The Economic Benefits of Historic Preservation in the Mosby Heritage Area

2003

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**Introduction**

In 1999, the Mosby Heritage Area Association commissioned its original survey to determine the impact of historic preservation on the region’s economy. This report provides updated data for that survey. The survey’s message continues to be an exciting one: Preservation in its various aspects — the renovation of historic structures, heritage and cultural tourism, the preservation of open space, and the agricultural sector which includes the equine sector and wineries and vineyards — generates a positive return to entrepreneurs, local governments and all the citizens of the region.

Preservation generates positive returns, and its impact has increased at a startling rate in almost every sector since the 1999 report. The accelerating economic benefits providing more in taxes to state and local governments and more jobs and payroll in the private sector are most remarkable not only in the economic impact of traveler spending, but also in renovation generally and in federal projects using grants. It is abundantly clear that preservation is profitable in both good times and bad.

**Three Centuries of American History**

The Mosby Heritage Area Association, located in the rolling hills of the Northern Virginia Piedmont — which is named for Confederate Colonel John Singleton Mosby, who harried Union troops throughout a region that became known as “Mosby’s Confederacy” — was formed in 1995 to increase awareness of the historic, cultural and natural qualities of this unique part of the nation. The Mosby Heritage Area — one of the first heritage areas in Virginia — is made up of the towns, villages, and open spaces in Clarke County, western Loudoun County, northeastern Warren County, northern Fauquier County, and northwestern Prince William County.

This scenic region, unlike so many other sections of the country, retains more than three centuries of its original historic landscape, byways and landmarks. The Area’s beauty and its historic and cultural heritage provide a rich and rewarding environment for residents and visitors. This study focuses on the economics of preservation and managing future growth in a way that preserves the essential character of the region.

A complete listing of the events that attract visitors to the region throughout the year is beyond the scope of this study. The number of hikers, bikers, and visitors taking part in garden, stable, and farm tours; those visiting wineries, orchards, and historic attractions; and those attending cultural events, fairs and festivals, weddings and receptions, and corporate and other retreats is too numerous to quantify. However, we can get an idea of the number by noting the attendance of several thousand people at the annual Middleburg Garden Tour and the Hunt Country Stable Tour — two of dozens of such events held throughout the region each year. Those who come here to visit take in the physical glories of the region and, of course, also spend money locally on lodging, food, entertainment, and shopping.

In addition to the economics of preservation and revenues delivered through heritage tourism, the data in this study also provide insight into the positive economic contributions made by the agricultural sector to the Mosby Heritage Area. That includes the region’s internationally known wineries and its wide-ranging equine industry.

Finally, while focusing on the economic benefits to the area’s economy and the contribution preservation makes to our quality of life, this updated report also recognizes the exhilarating effects that preservation has on the spirits of those who partake in all that the region has to offer.

**Rewards of Renovation**

**Rehabilitating Historic Structures**

When property owners renovate and restore historic structures, they make a very real contribution to the local economy and help to retain the unique charm and character of our historic communities.

The rehabilitation of historic structures, when compared to new construction, is cost competitive and more labor intensive. Historic rehabilitation provides high-paying employment, thereby giving a positive boost to local employment and earnings. Renovated properties also increase in value, often significantly, which is a substantial plus for local property-tax revenues.

Statewide reports indicate that every one million dollars that is spent rehabilitating historic buildings in Virginia generates 15.6 construction jobs, 14.2 jobs in other sectors of the economy, and $779,800 in household earnings.1

In the Mosby Heritage Area, the profits earned by preserving historic structures can be tracked in three programs: the Virginia Main Street Program; federal and state tax credits; and regional transportation-related projects.

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In the Mosby Heritage Area from July 1996 – July 2002, 12 historic rehabilitation projects were completed, valued at $7.2 million, generating 112 construction jobs, 102 jobs in other sectors, and $5.61 million in household earnings.2

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Purcellville

Conservation-minded builders throughout the Mosby Heritage Area have learned that it makes good business sense to renovate rather than remodel historic structures. Coe Eldredge, for example, has been involved in historic renovations of several properties, including the recently completed old Train Station in the town of Purcellville and the soon-to-be-completed historic Unison Store in rural western Loudoun. “We consider the restoration of the Train Station a success,” Eldredge said. “It was a public-private partnership. A federal ISTEA grant got it rolling. What was once a virtually abandoned building is now being used for community meetings, for the Boy Scouts and the Loudoun Museum.” Using tax credits, he said, “is a big part” of the business process of historic renovation. “Between state and federal credits, we can save a significant amount of money.”

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The Virginia Main Street Program

Warrenton (1989 – July 2002): 324 restoration projects valued at $12.2 million generated 190 construction jobs, 173 jobs in other sectors, $9.4 million in household earnings, 104 net new businesses, and 457 net new jobs.3

Berryville (1982 – June 2002): 158 restoration projects valued at $3.7 million generated 57 construction jobs, 52 jobs in other sectors, $2.9 million in household earnings, 47 net new businesses, and 103 net new jobs.4

Main Street Loudoun: This recently created county-wide program helps volunteers implement economic revitalization and historic preservation efforts in their communities. The main objective of the program is to help Loudoun’s communities preserve their sense of place while enhancing their economic vitality. Modeled after the National Trust for Historic Preservation’s Main Street Program, MSL is customized to help the entire county. Only two other counties in the nation have similar programs: Oakland County, Michigan, and Hamilton County, Iowa.

Currently the towns of Hamilton, Leesburg, Lovettsville, Purcellville, Middleburg and Round Hill are participating in the MSL program. Because Loudoun’s Main Street Program is still in its early stages, there is no economic data available. For more information go to [www.mainstreetloudoun.org](http://mosbyheritagearea.org/www.mainstreetloudoun.org)

**Tax Credit Programs**

Property owners can earn a federal tax credit of 20 percent of the cost of rehabilitating income-producing properties such as office and apartment buildings that are certified as historic. A federal tax credit of up to 10 percent also is available for renovating non-historic buildings built before 1936.

Since 1976, owners of historic buildings in Virginia have successfully rehabilitated more than 800 landmark buildings. They have invested more than $654.5 million in private funds encouraged by the federal tax credits.5

Since 1997, the federal tax credit program has been augmented by a corresponding state tax credit program. Property owners can earn a state tax credit of 25 percent of the cost of rehabilitating income-producing properties that are certified as historic and 25 percent of the cost of renovating owner-occupied buildings.

To date, 86 buildings in Virginia have been rehabilitated using state tax credits only, an investment of $50 million.6 Additional information on tax credit programs can be obtained form the Virginia Department of Historic Resources website, www.dhr.state.va.us

**Federal Enhancement Projects**

In 1991, the federal government earmarked a portion of transportation funds — known originally as ISTEA, and later as TEA–21 grants — to help communities restore and revitalize historic transportation facilities, such as rural roads, bridges and railroad stations or to initiate transportation–related projects.

To date, 13 projects have been completed in the Area, four are under construction; and 30 are planned but not yet begun. These include the Manassas and Purcellville railroad stations, Mount Zion Church, Goose Creek Bridge, Mosby Heritage Area signage, Brentsville Historic Center, Aldie Mill and several projects involving traffic calming, landscaping and sidewalks.

As a result, within the Mosby Heritage Area, the 17 projects completed or under construction have a total construction value of $9.5 million, creating 148 construction jobs, 143 jobs in other sectors, and $7.3 million in household earnings.7

When all of the planned projects are completed, the construction value will be in excess of $18 million. These projects would create 280 construction jobs, 255 jobs in other sectors, and $14 million in household earnings.8

**Dividends from Heritage Tourism**

Nearly 93 million Americans say that they included at least one cultural, arts, heritage or historic activity or event while traveling in the past year. This group has tremendous economic potential for the travel and tourism industry, according to a recent report by the Travel Industry Association of America (TIA).

Many travelers extend their trips to participate in cultural or historic events and activities. In fact, nearly one third (32%) of historic and cultural travelers (29.6 million people) say they added extra time to their trips because of a cultural, arts, heritage or historic activity or event.

The Historic/Cultural Traveler, 2001 Edition, found that this group spends on average $631 per trip, compared to $457 for all American travelers, excluding transportation to the destination. The report also found that compared to overall travelers, historic and cultural travelers tend to take longer trips, are more likely to fly, to participate in more activities while traveling, and to stay more often in hotels, motels and bed and breakfast establishments.

“The historic/cultural traveler is a market to which the travel industry needs to pay close attention in the future,” said William S. Norman, president and CEO of the TIA. “The sheer volume of travelers interested in arts and history as well as their spending habits, their travel patterns and demographics leaves no doubt that history and culture are now a significant part of the U.S. travel experience.”

The report also noted some important differences between historic travelers and cultural travelers. Historic travelers take longer trips than cultural travelers (5.7 nights vs. 5.1 nights on average) and spend more money on average ($722 vs. $603).9

**Mosby Heritage Area Tourism: A Snapshot**

The Mosby Heritage Area boasts 33 unique attractions that attract tourists from around the nation and around the world. That includes six visitor centers and 14 historic sites, museums and history-related events. During the most recent calendar year (or fiscal year), these historic attractions drew an estimated 1,650,000 visitors.

**Savings from Open Space**

The Mosby Heritage Area is well known throughout the nation for its bucolic, rural, rolling landscape and well–preserved historic villages. What may not be so well known and readily apparent, however, is that the Area’s rural lands provide more in tax revenues than they require in public services.

In a 1996 analysis of Loudoun County’s rural economy, the Piedmont Environmental Council found that Loudoun County paid out only 12 cents per dollar of taxes collected for agricultural properties with no residences. That represented a net surplus of 88 cents per dollar of tax to the county. That compared to 38 cents of county services needed for commercial properties and $1.55 for the residential sector for each tax dollar collected.11

The residential sector, therefore, represented a net loss of 55 cents for every dollar of taxes paid to Loudoun County. In other words, a potential surplus of 88 cents per dollar taxed is replaced by a loss of 55 cents for each taxed dollar. These figures clearly show that new housing represents a substantial financial drain to the county. The burden is exacerbated by the fact that taxes increase when housing replaces open space, producing an even greater drain on revenues.

The situation is similar in neighboring Clarke County. A study conducted by the Clarke County Administrator in 1997 reached the conclusion that open space “contributes more local revenue than it requires in local expenditure despite the fact that it is taxed at a value less than its market value.”12

Although the Loudoun and Clarke numbers were compiled several years ago, their message remains the same today: The preservation of open space costs much less than the development of those spaces into residences.

**Profiting from Agriculture**

The Mosby Heritage Area’s traditional land uses — farming and forestry — contribute to the strength and diversity of the local economy as well as to the region’s rural character. More than 2,500 farms in the area cover in excess of a half million acres. In 1997, area farms generated $92 million in sales of livestock, poultry, crops and nursery products.

Nearly 10,000 residents worked full or part-time in agriculture-related jobs in 1997. That represents a much higher proportion of the population than the statewide average. While farm-related jobs represent just 3.6 percent of all jobs statewide, farm jobs account for nearly 21 percent of employment in Clarke County and 14.5 percent of employment

in Fauquier County.

In Loudoun County, the agricultural sector —according to the last year for which statistics are available,1991 — generates at least $5 million of revenue a year over expenses.13

**Profiting from the Equine Industry**

Thousands of jobs depend upon the vitality of Virginia’s equine industry. It is also a major source for tourism, generating substantial tourist revenues for the Area. According to the 2001 Virginia Equine Report compiled by the Virginia Agricultural Statistics Service, Virginia equine operations spent a total of nearly $505 million during 2001.

Loudoun County ranks first in the state in equine population with 15,800; Fauquier County is second with 13,700. Owners of horses spend an average of $2,969 per animal annually; total expenses per equine operation averaged $17,406.14 These expenditures support the local economy through purchased services and products, including trainers, farriers, feed vendors, fence builders, farm equipment suppliers, and other purveyors of equine goods and services. Equine economic data is unavailable for the other counties within the Mosby Heritage Area, but there is no reason to believe that the spending statistics vary significantly.

The value of all horses in Virginia in June 2001 added up to a staggering $1.46 billion.15 There were 12,800 horse sales in 2001, with a sales value of almost $100 million. More than 60% of total sales value occurred in the northern districts of Virginia, of which the Mosby Heritage Area is a part.

**Economic Impact of Wineries and Vineyards**

Wine production has been a part of Virginia since Thomas Jefferson started cultivating vineyards in Albemarle County more than two centuries ago. Today, Virginia wines are renowned throughout the world and the Mosby Heritage Area boasts some of the state’s top wineries.

Those wineries provide a significant economic boost to the Area. In Loudoun County alone, some 1,700 acres are given over to vineyards. Loudoun’s wineries, which employ some 130 full and part-time workers, produce some 35,000 cases of wine a year, with sales of just under $5 million.16

Fauquier County’s wineries produced some 166 tons of grapes in 2001, the last year for which complete statistics are available. In Warren County, the figure was 31 tons. Loudoun County was Virginia’s third-largest grape production county with 475 tons of production.17

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Doug Fabbioli, a local wine-making consultant, estimates that the income from events such as wine festivals and weddings held at Loudoun wineries annually approximates $1 million.

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**Conclusion**

The challenge is to seek new ways to strengthen and support preservation as a profitable segment of the region’s economy.

This report clearly shows that all the different aspects of preservation—restoration, tourism, open space, and agriculture—result in substantial profits to our community. Preservation generates millions of dollars in household income and is responsible for many new jobs and local businesses. That, in turn, produces millions of dollars in local tax revenues at very little public cost.

The preservation of historic structures and traditional farms, villages, towns and open spaces, moreover, contributes something else that cannot be measured in dollars and cents: the region’s high quality of life. The restored historic structures and the scenic beauty of the region, furthermore, are a powerful draw for visitors seeking authentic historic and cultural experiences.

We believe, therefore, that the preservation of our past has the dual benefits of being critical to our sense of place and high quality of life, and to our region’s economic health.

Questions of economic development in the Mosby Heritage Area should never again be framed as preservation versus economic growth.

That’s because preservation is not an alternative to economic growth. Preservation is, instead, a key component of economic growth. The challenge is to seek new ways to strengthen and support preservation as a profitable segment of the region’s economy. It is our hope that this report contributes to that goal

 Endnotes

1 Virginia’s Economy and Historic Preservation, Preservation Alliance of Virginia, 1996.

2 Building Improvement and Business Openings and Closings data

from Virginia Main Street Program.

3 Ibid.

4 Ibid.

5 Certified Historic Rehabilitation Projects in Virginia,

Virginia Department of Historic Resources, July 1996–July 2002.

6 Ibid.

7 Ibid.

8 Ibid.

9 Travel Industry Association of America press release, Jan. 2, 2002.

10 Virginia Tourism Corporation, 1997–1998 Virginia Visitor Study.

11 Loudoun’s Rural Economy, Piedmont Environmental Council, June, 1996.

12 Net Local Revenue of Certain Property Taxes, Clarke County, Nov. 21, 1997.

13 Taxes and Growth in Loudoun County, Piedmont Environmental Council, June,1993.

14 Virginia 2001 Equine Survey Report, Virginia Agricultural Statistics Service.

15 Ibid.

16 Grape Production and Acreage by District and County, 2000–2001,

Virginia Agricultural Statistics Service, 2003.

17 Ibid.

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This report continues the work of the Mosby Heritage Area Association’s 1999 report, Profiting From Preservation: The Economic Benefits of Historic Preservation In the John Singleton Mosby Heritage Area. Research for this report was conducted by Cheryl Sadowski and Bill Gallagher. This report was edited by Merritt Jones, MHAA president; Judy Reynolds, MHAA executive director; Marc Leepson, MHAA board member, Cheryl Sadowski, and Bill Gallagher. Art direction, illustration, design by Maria Nicklin Collins, MHAA advisory board member. Photography by Ben Tankersley and Maria Nicklin Collins. Additional assistance was provided by Childs Burden, MHAA President Emeritus and board member; Megan Gallagher; Linda Glidden, MHAA board member; David Edwards, director of the Winchester Regional Office of the Virginia Department of Historic Resources, and Beverly A. Blois Jr., Dean of the Communications and Human Studies Division at the Loudoun Campus of Northern Virginia Community College.

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MOSBY HERITAGE AREA ASSOCIATION, INC

Addendum to 2003 Profiting from Preservation Report

This sets forth circumstantial evidence which should be convincing that Heritage Tourism which is supported by open space, retained small villages, rehabilitation of worthy old structures and agriculture is very profitable for our community in down times.

Our 2003 updated Profiting from Preservation Report set forth the effects of the economic impact of tourism in a five county area, of which the Mosby Heritage Area comprises only a part, and includes any and all tourism without breaking out the historic/cultural/recreational traveler. However, the Virginia Tourism Corporation estimates that 80% of visitors to Virginia travel for pleasure.

The year 2000 numbers reflecting the impact of tourism show jobs in excess of 20,000, a 50% increase from 1997; payroll at almost ½ billion up 60; and state and local taxes at 50M and 30M respectively, up 70%.

Obviously, 2000 was a bonanza year. Furthermore, the Virginia Tourism Corporation report on the economic impact for 2001 showed that increases in jobs, payroll and taxes were marginally higher in Fauquier, Prince William, Clarke, and Warren Counties, and that Loudoun County was essentially flat. Almost 1/3 of the year was post 9/11, which of course had a substantial effect on air travel. Nevertheless, the net economic benefits derived in 2001 were probably as substantial as those in 2000.

Of even more significance is data from the Travel Industry Association of America (TIA) released on June 30, 2003, after the conclusion of our report. TIA said that historic/cultural travel had increased throughout the United States from 93 million in 2000 to 118 million in 2002, an increase in excess of 25%. To suggest that the Mosby Heritage Area suffered any significant decline in contrast to the national experience in heritage travel would not seem to be credible.

Of course, the reasons for stay-at-home travel are the economy, terrorism fears post 9/11 and the international situation in the Middle East and North Korea. There are other factors such as the increased strength of the euro against the dollar, as well as the negative attitudes prevailing as a result of the perceived lack of support prior to the Iraq invasion. We believe the economy and perhaps fear, are the more compelling reasons.

There is no reason to expect a dramatic decline in these benefits within the foreseeable future so long as long we take reasonable precautions to retain those aspects of our culture which will keep us attractive to heritage tourists. Thus, development decisions should be considered in a way which is sensitive to preservation.

While it is true that the decline in air travel has affected the area, we would speculate that absent other circumstances beyond our present knowledge this will not be a substantive factor much longer, if it still is a factor. It would also seem to us that heritage travelers are probably more likely to drive their own autos into the area, as opposed to flying and renting a car.

So we think it is perfectly reasonable and logical to infer from the circumstances that Heritage Tourism is quite profitable in down times.

We have not mentioned the multiplier or ripple effect which the influx of these dollars provides but the impact must be immense.

We believe the preservation of our past is critical not only to our sense of place and high quality of life, but also to our region’s economic health. Questions of economic development in the Mosby Heritage Area should never again be framed as “preservation verses economic growth.”

Preservation is not an alternative to economic growth, but a key component of it. Our challenge is to seek new ways to strengthen and support preservation as a profitable segment of the region’s economy.

Mosby Heritage Area Association

September 4, 2003