

Designing a 21st-Century City:
**Historic Preservation
and the Raleigh of Tomorrow**

PlaceEconomics
Washington, D.C.
June 2014





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Introduction

After years of steady growth, Raleigh is receiving significant national attention. In the last year alone, Raleigh has been recognized as the second fastest-growing city (*Forbes*), the best city for new college graduates (Rent.com), and the second-best place to start a business in the U.S. (National Federation of Independent Business).¹ Things are happening in Raleigh, and other communities are paying attention.

This creates opportunities for Raleigh to be a national model in planning as well. The City's 2030 Comprehensive Plan, adopted in 2009 and last amended in early 2014, focuses on increasing density and bringing jobs back downtown, after decades of hot development and population growth outside the urban core.

Historic resources and preservation efforts have contributed to Raleigh's success as a growing metropolis. From the green squares of the early capital city to streetcar suburbs to modernist neighborhoods, historic fabric helps to make Raleigh a distinctive city for living, working, and playing. This historic fabric remains essential as Raleigh looks to reshape itself as a 21st century city, and the comprehensive plan acknowledges with a chapter on preservation.

The plan recognizes that Raleigh's historic assets reinforce historic and cultural identity and economic development, and outlines policy actions accordingly. This study takes the analysis a step further to look at how historic preservation contributes to the overall quality of life in Raleigh—and how it can help lay the groundwork for an innovative, sustainable, and equitable future.

¹ "What They're Saying," Raleigh Economic Development, accessed June 6, 2014, www.raleigh4u.com/living/what-theyre-saying.



Report Framework

The 2030 Comprehensive Plan was adopted after months of broad public participation and input from every sector of the Raleigh community. The plan established six vision themes² to serve as goals for the city's future:

- Economic prosperity and equity
- Expanding housing choices
- Managing growth
- Coordinating land use and transportation
- Greenprint³ Raleigh – sustainable development
- Growing successful neighborhoods and communities

This report uses these themes as a framework to explore how historic neighborhoods contribute to the city's broader goals. It utilizes a wide range of indicators to quantify how Raleigh's historic buildings and districts help to achieve each theme: from jobs and businesses to diverse, affordable housing options to sustainable development to compact, walkable neighborhoods. The data that is presented under each vision theme demonstrates that historic neighborhoods have benefits far beyond architectural character and local history: they have the potential to be central in the strategy for Raleigh becoming a thriving, equitable 21st-century city

² These six themes can be found on page 17 of the Introduction and Framework section of the 2030 Comprehensive Plan <http://www.raleighnc.gov/cp>

³ Greenprint is used to convey environmental "sustainability" in the 2030 Comprehensive Plan.

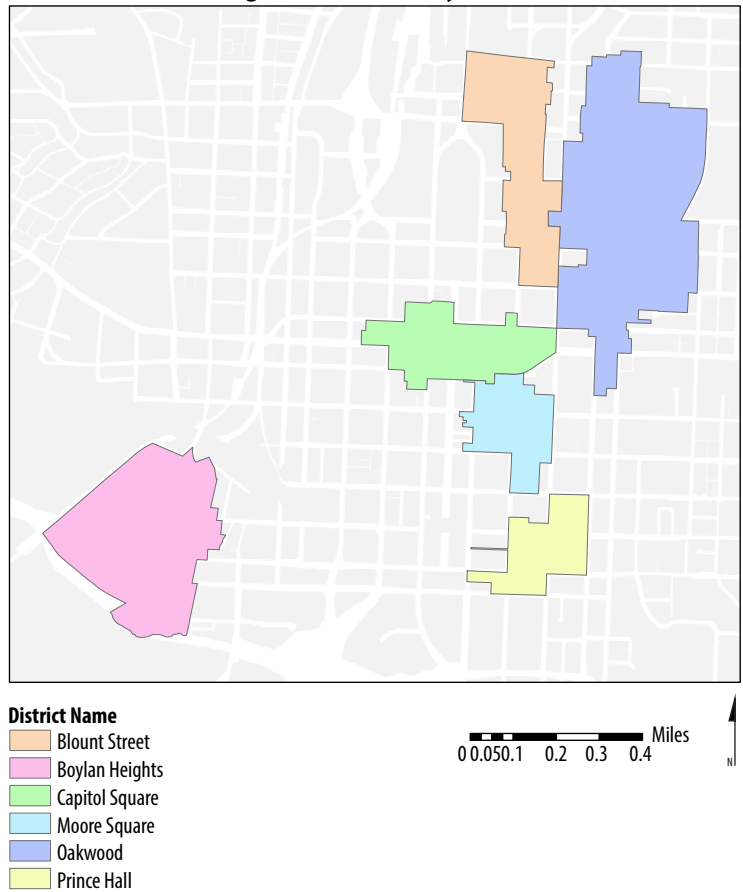
Historic Resources

Raleigh contains a wealth of historic resources, which are classified in two ways. The city holds six locally designated historic districts (Historic Overlay Districts) and 156 Raleigh Historic Landmarks. Local designation requires owners to obtain a Certificate of Appropriateness for exterior changes to or demolition of any designated property. Proposed changes are reviewed by the Raleigh Historic Development Commission, which also considers and designates new historic districts.

Raleigh also holds 23 National Register historic districts.⁴ These are areas that have been designated as being historically significant, but are not locally regulated. Contributing income-producing properties in National Register districts are eligible for Federal Historic Rehabilitation Tax Credits, a significant incentive in both large and small rehabilitation projects.

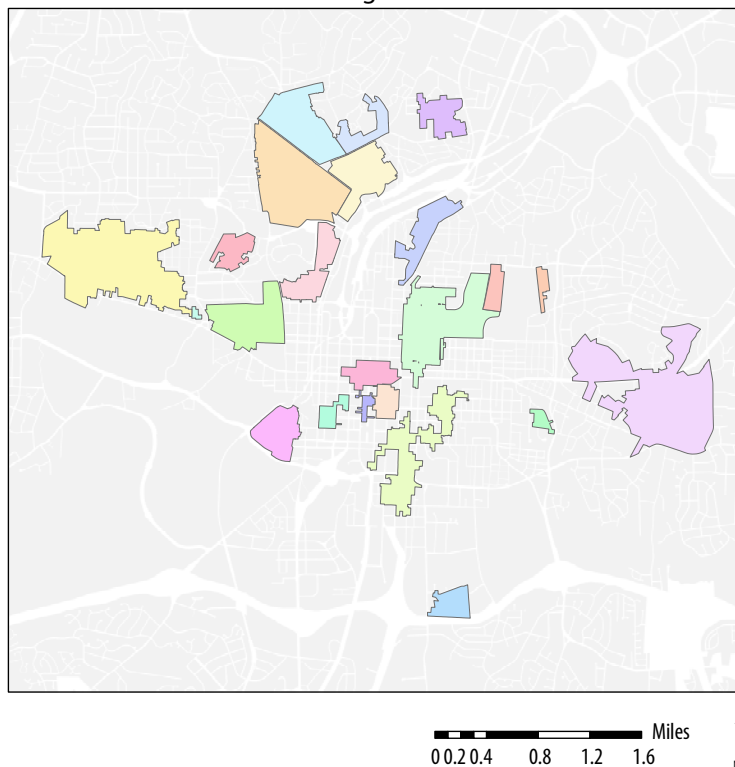
Unless otherwise noted, in this report “historic districts” refers to both locally and nationally designated areas in Raleigh.

Raleigh Historic Overlay Districts



National Register Districts

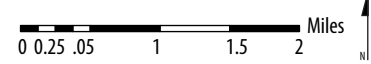
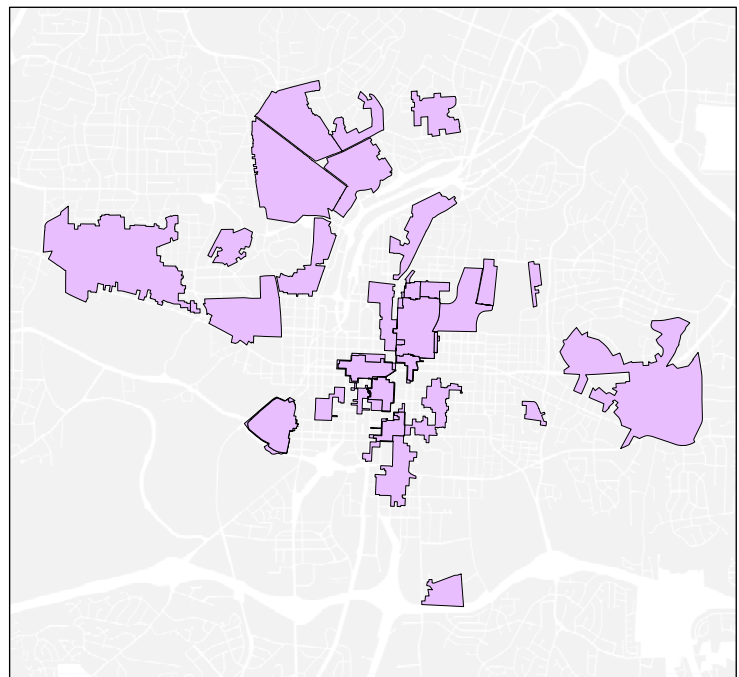
- Battery Heights
- Bloomsbury
- Boylan Heights
- Cameron Park
- Cameron Village
- Capitol Area
- Capitol Heights
- Depot
- East Raleigh-South Park
- Fayetteville Street
- Glenwood-Brooklyn
- Hayes Barton
- Hi-Mount
- Longview Gardens
- Madonna Acres
- Maiden Lane
- Moore Square
- Mordecai Place
- Oakwood
- Roanoke Park
- Rochester Heights
- Vanguard Park
- West Raleigh



⁴Five of Raleigh’s National Register Historic Districts are single properties that contain multiple resources, such as the Isabelle Bowen Henderson House and Gardens, thereby qualifying for the title “District.”



Local and National Register Districts



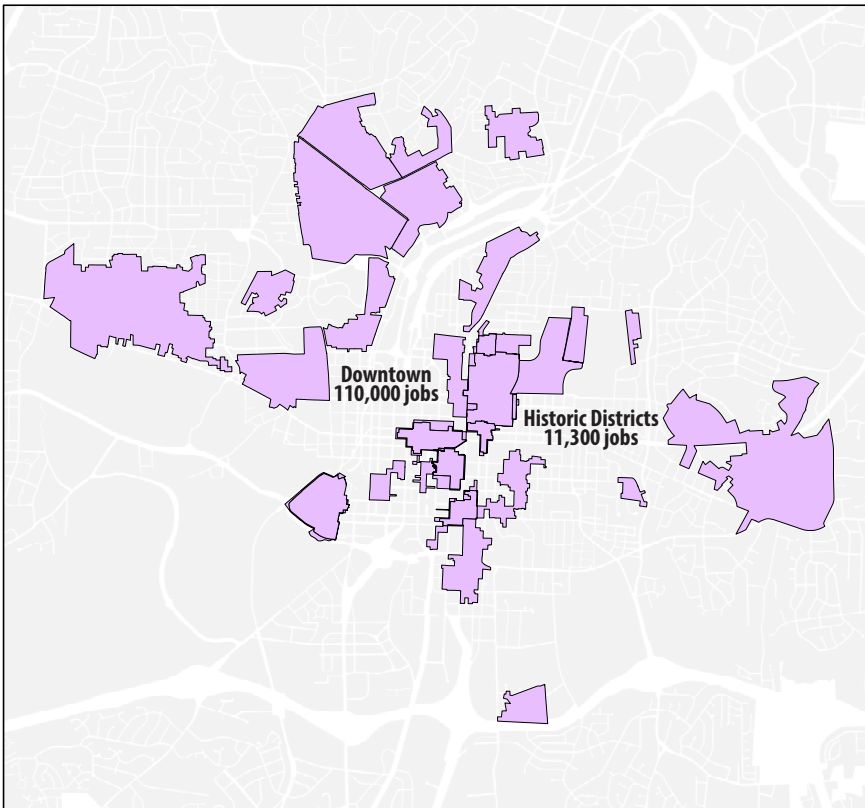
Economic Prosperity and Equity

Raleigh prioritizes diversity, economic opportunity, and quality of life for its residents. The Economic Prosperity and Equity theme sets several goals to achieve these: developing high-tech research firms, creating quality residential and employment opportunities, and embracing the creative sectors.

Historic districts in Raleigh are well on their way to meeting or exceeding these goals. They have a variety of industries and jobs, including a high concentration of knowledge-worker jobs and an above-average share of creative industry jobs. They offer solid employment options for workers who live in and near historic districts, reducing commuting time, cost, and pollution. And rehabilitation of historic buildings creates jobs, while the buildings themselves nurture entrepreneurs in distinctive, inexpensive spaces.

Jobs

Employment opportunities are an integral part of economic prosperity, providing income, education, and training. The City of Raleigh has over 331,000 jobs, one third of which are located downtown.⁵ Raleigh’s historic districts in and adjacent to the downtown business improvement district (BID) add to this nexus of economic activity with over 11,300 jobs.

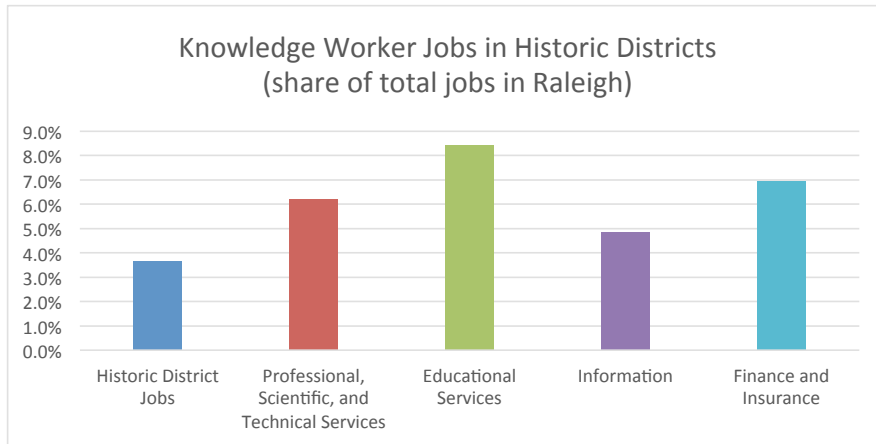


⁵ *State of Downtown Raleigh*, Raleigh Downtown Alliance (2014), 29.



Knowledge Workers

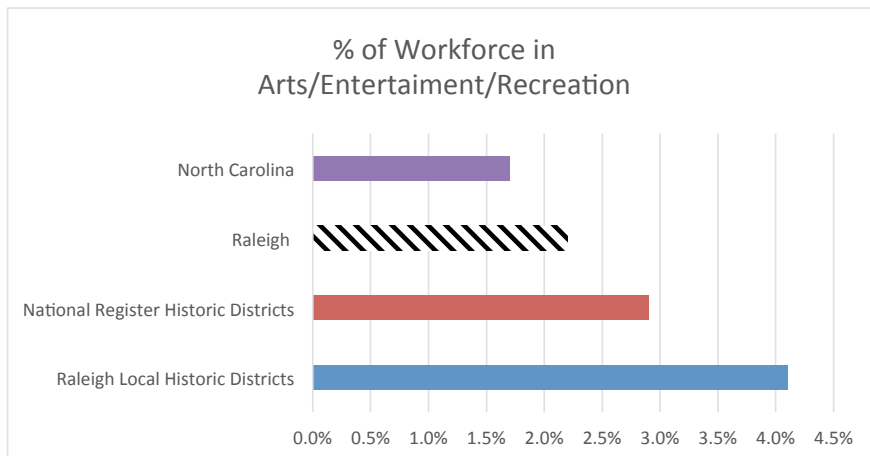
While Raleigh’s historic districts contain just under 4 percent of all jobs in Raleigh, they hold 7 percent of the city’s knowledge-worker jobs.³ Historic district employees fill an important niche as trained professionals who have significant expertise—and who are able to fill the needs of high-tech firms and attract other prime employers.



The Creative Economy

Around the country, the creative and cultural economy is increasingly being recognized as a driver of local prosperity. Though Raleigh’s creative economy is developing, it is not currently a main sector of local employment. Just over 2 percent of workers are employed in creative industries in the city, compared to 1.69 percent in North Carolina.

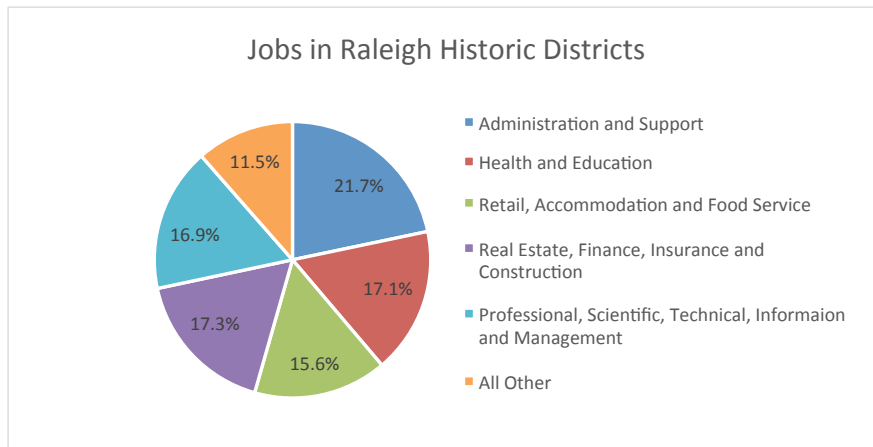
Raleigh’s historic districts capture a slightly higher share of creative industry jobs, with 2.88 percent of workers. Local historic districts alone have an even higher share, with 4.2 percent. And the East Raleigh-South Park National Register Historic District, near Shaw University, is an impressive outlier, with 13 percent of its jobs classified as creative industry jobs.



⁶ Knowledge workers are people whose main capital is knowledge. Examples include engineers, doctors, architects, scientists, public accountants, lawyers, teachers, and other jobs where employees “think for a living.”

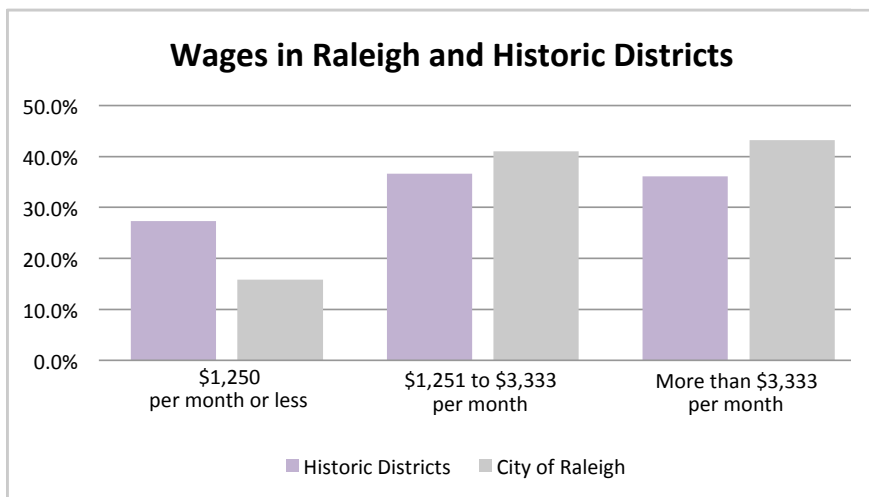
Diverse Industries

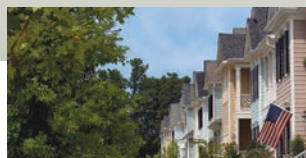
Other industries representing the workforce employed in Raleigh’s historic districts include Administration Support, Retail, Accommodation and Food Service, among others. With the wide variety of job types, skills required, and industries represented, Raleigh’s historic districts serve as employment centers for workers of all education and skill levels. This employment diversity also adds a measure of stability as the ups and downs of the regional and national economy do not affect all job categories in the same way.



Wages

The income levels of jobs in Raleigh historic districts are well balanced. Many of the jobs are high-paying, with more than a third paying more than \$40,000 per year. At the other end of the scale, 27% of the historic district jobs pay less than \$1250 per month. This is a reflection both of the diversity of employment opportunities with the historic districts, but also of the role for business start-ups and entry level jobs that the historic districts provide.

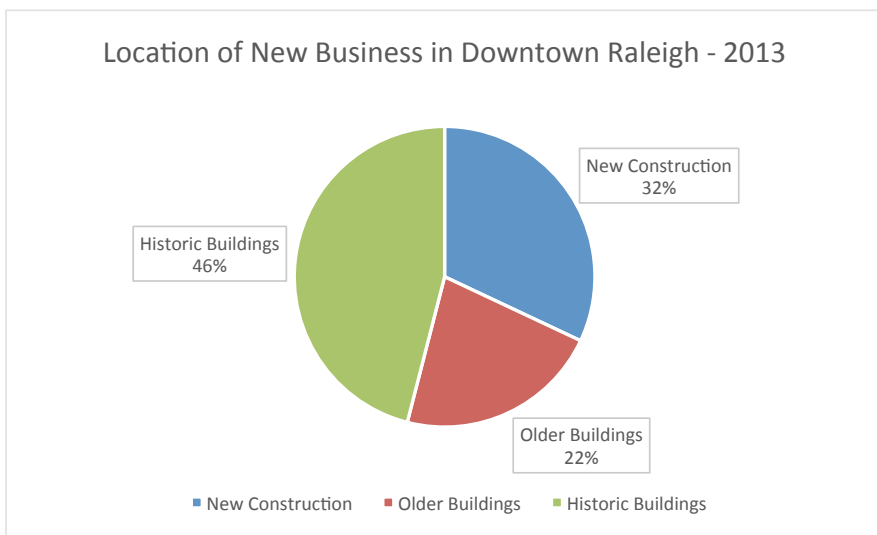




Commuting Patterns

Dense, mixed-use neighborhoods like many of Raleigh’s historic districts clearly benefit residents—who can pop around the corner for milk or bread—but they also benefit those in the workforce. Historic districts hold a concentration of businesses and jobs, as well as a variety of available job types.

Of course, many historic district residents work outside their neighborhood. Roughly twice the number of workers commute into Raleigh’s historic districts than workers who live in the districts and commute elsewhere. And nearly 40 percent of the incoming workers travel less than 10 miles to get to their workplace in the districts, compared to only 33 percent in the city as a whole. This shows that people who live around historic districts are benefitting from their concentration of businesses and jobs as well.



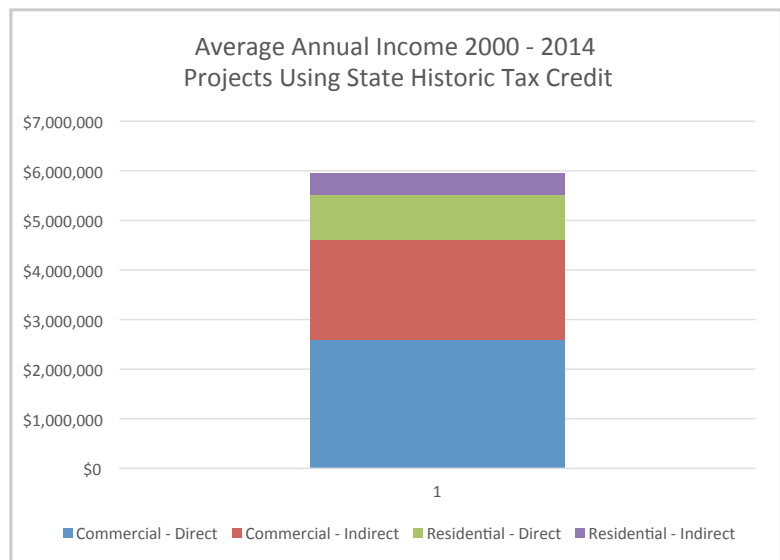
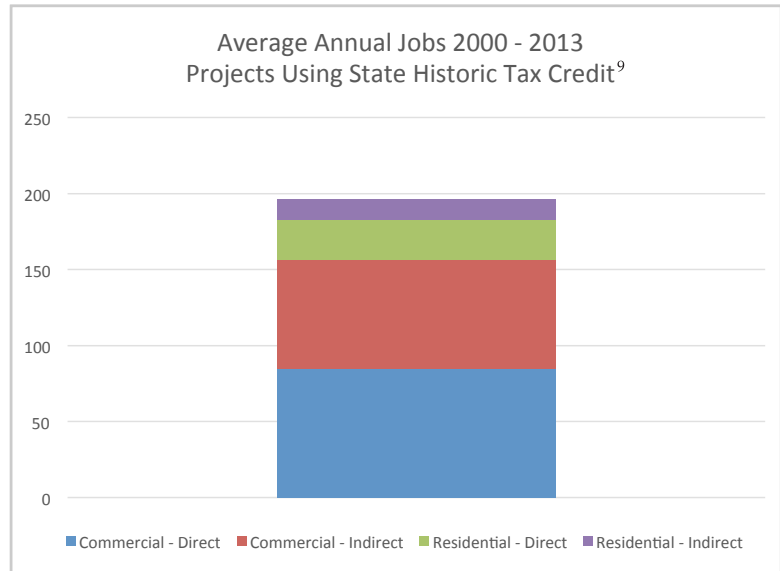
Entrepreneurship

Entrepreneurship is a key ingredient in a strong local economy. In recent years, a wave of local entrepreneurs have established stores and restaurants in Raleigh’s local historic districts or in historic buildings. Besides offering distinctive architecture, older and historic buildings contain a greater variety of commercial spaces, which often rent for lower rates and meet more nuanced needs than new buildings. This is clear in the concentration of businesses in historic neighborhoods. In fact, when the *New York Times* ran a feature on what to see and do in 36 hours in Raleigh, 15 of the 22 recommended businesses to visit were located in historic districts.

The Raleigh Downtown Alliance reported 44 new businesses downtown in 2013. Where did those businesses locate? **Two-thirds of them in older and historic buildings.**

Construction Investment

The downtown Raleigh area has seen significant construction investment in the past ten years—nearly \$1 billion since 2000—and historic districts and historic buildings are a part of that.⁷ Since 2000, 47 commercial projects and nearly 300 residential projects have been rehabilitated using the North Carolina Historic Tax Credit. These projects have attracted \$152 million in investment, creating an average of nearly 200 jobs⁸ per year. And the jobs from these projects have paychecks averaging nearly \$6 million per year for Raleigh and North Carolina workers. Commercial projects nearly always use both the federal and state tax credits. Owner-occupied residential projects are not eligible for the federal credits but can use the state credits.¹⁰



⁷"The Case for Downtown Revitalization: Wichita, Kansas," March 2009, <http://www.downtowncrossvilleinc.net/Documents/downtownrevitalizationfinal.pdf>.

⁸A "job" is a full-time equivalent job for one year.

⁹The commercial projects reflected in the graphs above used both North Carolina and Federal rehabilitation tax credits. These include residential rental properties. The data labeled "residential" only used the state tax credit as they are owner-occupied residential property that is not eligible for the Federal credit.

¹⁰State rehabilitation tax credits sunset December 2014.

Downtown Prosperity

After years of losing ground to suburban offices and housing developments, downtown Raleigh is regaining momentum as a great place to work and live. New establishments and younger residents are intermingling with existing businesses and long-term residents. This momentum carries over into the built environment, where infill projects and tall skyscrapers are rising among historic buildings.

This evolving landscape of new buildings interspersed with older, smaller buildings holds great potential. A recent study by the Preservation Green Lab¹¹ shows that commercial and mixed-use neighborhoods that contain a mix of new and older smaller buildings—such as the downtown Raleigh area—support greater levels of positive economic and social activity than areas dominated by newer, larger buildings.¹²

Six of the key research findings of this study are evidenced in the downtown Raleigh area:

1. Older, smaller buildings provide space for a strong local economy.

The *New York Times* '36 hours' list mentioned previously may be the most prominent buzz around local businesses in historic districts, but it is not alone.¹³ Of Raleigh's top 20 restaurants on Yelp, nine—nearly half—are located in historic districts. And Raleigh's North Person Street area made *USA Today's* top 10 list for up and coming neighborhoods in the country.

Smaller buildings in close proximity generate lots of foot traffic, which benefits local businesses. For example, the Fayetteville Street National Register historic district sees nearly 34,000 pedestrians during an average day's lunchtime.¹⁴

2. The creative economy thrives in older, mixed-use neighborhoods.

Local historic districts contain an above average share of creative jobs: 4.2 percent, compared to 2.2 percent in the entire city.

3. Older business districts provide affordable, flexible space of entrepreneurs from all backgrounds.

Two-thirds of new businesses in downtown Raleigh in 2013 chose historic and other older buildings for their location.

4. Older commercial and mixed-use districts contain hidden density.

This is true both for residents and businesses. On the commercial side, Raleigh's historic districts average 5 jobs per acre. This may not sound like much, but it is *twice* the city's average of 2.4 jobs per acre.

5. Young people love older buildings.

According to the *2014 State of Downtown Raleigh Report*, the median age of a downtown area resident is 30. Younger people are also attracted to older buildings as places to work: over 22 percent of employees in historic districts are age 29 or younger.

6. Nightlife is most alive on streets with a diverse range of building ages.

Raleigh areas bear this finding out as well. For example, the nightlife in the Glenwood District accounted for over 17,000 pedestrians between 8 p.m. and 2 a.m.¹⁵

¹¹The Preservation Green Lab is a research center established by the National Trust for Historic Preservation and is located in Seattle, Washington. <http://www.preservationnation.org/information-center/sustainable-communities/green-lab/about.html>

¹²"Older, Smaller, Better: Measuring How the Character of Buildings and Blocks Influences Urban Vitality," Preservation Green Lab (Washington, DC: National Trust for Historic Preservation, 2014).

¹³*New York Times*, March 6, 2014

¹⁴Pedestrian count by Raleigh Downtown Alliance (2014).

¹⁵2014 State of Downtown Raleigh Report, Downtown Raleigh Alliance (2014), 35.

Expanding Housing Choices

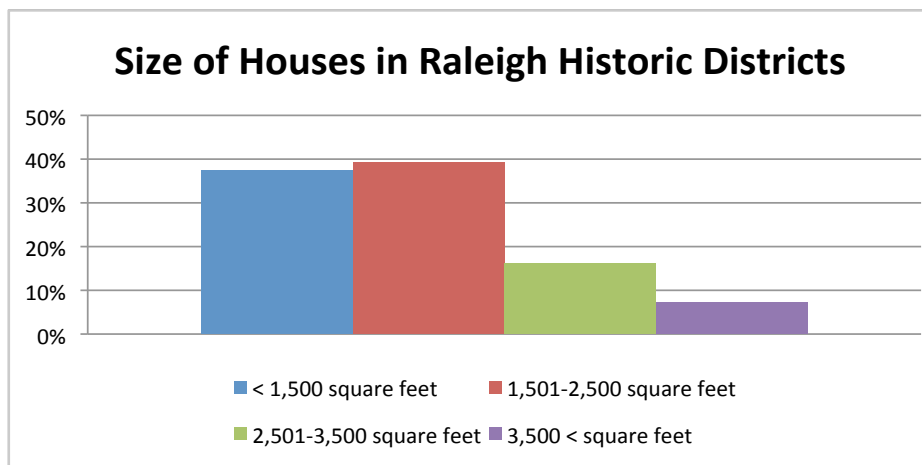
With a fast-growing housing market, it is essential to make sure all residents have good housing choices. Raleigh recognizes that in the 2030 Comprehensive Plan, which sets the goals of expanding the supply of decent affordable housing for families, improving opportunities for educational and career advancement, and reducing homelessness. Historic districts help to achieve all these goals by providing time-tested housing options for a range of household sizes and incomes, while fostering a balance of neighborhood stability and healthy change.

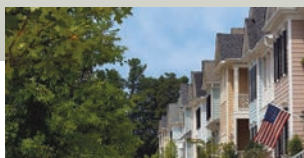
Housing stock

Raleigh’s historic districts contain nearly 24,000 residents living in more than 7,000 residential buildings, which take a variety of forms. Close to 90 percent of residential buildings in historic districts are single-family homes. Eleven percent of buildings are small two- to four-family buildings. Low-rise garden apartments or higher “elevator buildings” make up a handful of buildings.

Housing units come in a variety of sizes. The vast majority—over 75 percent—are modestly sized, with fewer than 2,500 square feet. A diversity of housing sizes results in a diversity of housing price points for both renters and potential owners. It is this range of price options that leads to economic integration within a neighborhood.

There is another advantage in Raleigh of the smaller housing found in historic districts. Some of this housing may be, in fact, too small for the household made up of husband, wife, and children under 18. But that family model only makes up 18% of all of the households in Raleigh. However nearly a third (32.8%) of all Raleigh households are composed of just one person. Those households span the chronological spectrum from young people getting started, middle aged families that have separated, and older households where one spouse is gone. For many of these households a home of 2,500 square feet or less is usually more than adequate.





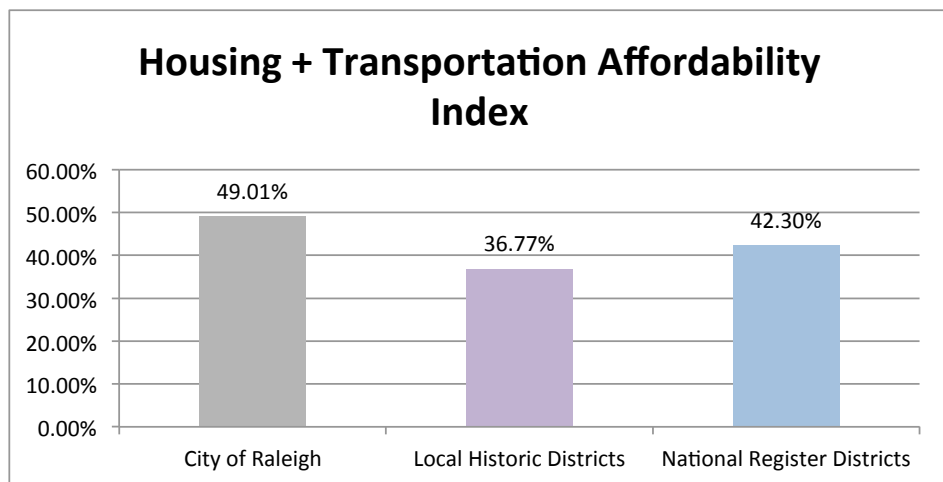
Affordability

Affordability is a central focus for Raleigh, and rightly so. It is easy for home prices and rents in fast-growing cities to rise quickly, pushing long-term residents out and preventing other households from settling in the city. Providing good housing choices requires preserving and expanding housing options for a wide range of incomes.

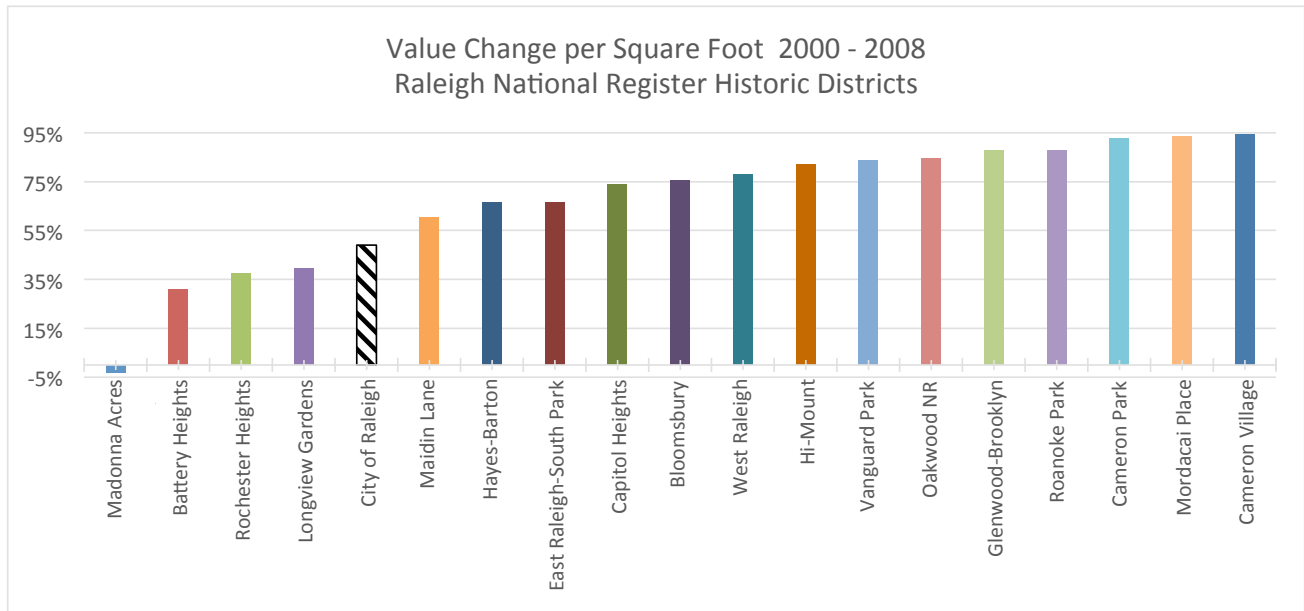
The Census defines cost-burdened households as those that spend more than 30 percent of their income on housing. In Raleigh, just over 25 percent of homeowners and nearly half of all renters are cost-burdened. The figures are similar in historic districts, where 31 percent of homeowners and 41 percent of renters are cost-burdened.

However, rent is not the only factor in housing affordability. The NerdWallet website named Raleigh the top city for car drivers in 2013, and most residents use cars to reach jobs, shopping, and school. The Housing + Transportation (H+T) Affordability Index measures housing affordability through a combination of rent levels and transportation costs. According to this index, 49 percent of all Raleigh residents spend more than 45 percent of their income on housing and transportation—a situation deemed unaffordable. In the historic districts, the numbers are lower. Denser neighborhoods located in closer proximity to jobs and amenities mean that 42.3 percent of residents are in unaffordable situations. Raleigh’s local historic districts are even more affordable: only 36.7 percent of residents are in unaffordable situations.

Across the city, residential properties in historic districts have a range of affordability. While many historic districts have residential per-square-foot prices that are higher than the city average, per-square-foot prices in one third of historic districts are lower than the average. This variety, combined with a broad spread of unit sizes, makes historic districts a good fit for both lower- and higher-income households.



In this table, “Oakwood NR” utilizes the National Register Historic District boundaries, while “Local Historic Oakwood” utilizes the local historic overlay district boundaries.



Long-term Residents

Long-term residents are a strong indicator of neighborhood stability. People who have lived for years in a place often feel a heightened sense of responsibility to maintain their homes and shared community spaces. Research shows that they are more likely to invest physically, monetarily, and socially in the neighborhood.¹⁶

Raleigh’s historic districts have a mix of long-term residents and newly established homeowners. This suggests several things:

- Historic district homeowners stay put. Over 27 percent of historic district homeowners moved into their current residence in 1989 or earlier—nearly double the citywide number of 15 percent.
- Yet historic districts remain dynamic places to live. Just over half of historic district homeowners moved in between 1990 and 2004, compared to nearly 80 percent of homeowners citywide.
- Historic districts are still attractive to homebuyers today, even in a changing real estate market. Twenty-one percent of homeowners have moved in since 2005, compared to 5 percent of homeowners citywide.

Renters are generally more recent arrivals to Raleigh’s historic districts. Still,

- Long-term renters in historic districts are not as rare as might be expected. Close to 10 percent (8.7%) of renters moved into their current residence 1990 or earlier—again, double the citywide statistic of long-term renters, which is roughly 4 percent.
- Nearly 40 percent of renters have lived in their historic district residence for more than a decade, moving in before 2004.
- Historic districts have seen an influx of new renters in recent years, reflecting increased interest in living in the downtown area. Just over 60 percent of renters moved in since 2005, compared to around 30 percent of citywide renters.

¹⁶Erin M. Graves, “What Do the Neighbors Think? Assessing the Community Impact of Neighborhood Stabilization Efforts,” New England Community Developments (Federal Reserve Bank of Boston, 2012), <http://www.bostonfed.org/commdev/necd/2012/issue1/what-do-the-neighbors-think.pdf>.



Homeownership

Homeownership is another measure of neighborhood stability. Homeowners make up 54.8 percent of the citywide housing market. Historic districts have a lower homeownership rate, with 43 percent homeowners and 56 percent renters.

This higher rental rate may have several root causes. The median age of a downtown area resident is 30; these younger people may be seeking to live in a distinctive neighborhood—perhaps a historic district—but not ready to purchase a home. Historic districts may have lower rental rates. Affordability of housing is a serious issue everywhere, but the problem is somewhat less acute in historic districts. While nearly half of all Raleigh renters are cost-burdened, only 41 percent of renters in historic districts are cost-burdened. People who rent—by choice or necessity—are seeing housing opportunity in Raleigh’s historic districts.

Managing Growth

Managing rapid growth is a priority for Raleigh. The 2030 Comprehensive Plan sets the goal of providing desirable spaces to live, work, and play, with several strategies: using integrated land uses, expanding alternative transportation options, fostering green technologies, conserving open space and natural resources, and providing adequate infrastructure for development.

Preserving historic fabric is an important tactic for managing the growth of a city. Raleigh’s historic districts are composed of some of the oldest and densest parts of the city. These areas are also some of the most sustainable, as they are close to jobs, shops, and schools and serve as anchors for future development.

Transportation Options

Having a range of transportation options is a central part of shaping a more sustainable city. Walkable and bike-friendly neighborhoods improve quality of life and public health outcomes. Traffic congestion and pollution can be reduced if enough people choose to walk, bike, or take public transportation instead of driving.

Walking

Raleigh’s local historic districts represent some of the most walkable parts of the city. Walk Score is a widely recognized rating system for gauging walkability with assigned scores from 1 to 100. For example, a Walk Score above 70 lands a neighborhood in the second highest category, where most errands can be accomplished on foot; a Walk Score below 50 means that most errands require a car; a Walk Score of 24 or lower means that all errands require a car. Raleigh’s historic districts average a 73 Walk Score.¹⁷ Conversely, the city of Raleigh has an average Walk Score of 29, meaning that most neighborhoods are car-dependent.

	<i>Average Walk Score</i>	<i>Designation</i>
Raleigh	29	Car-dependent
Local historic districts	82	Very walkable
National Register historic districts	64	Somewhat walkable
All historic districts	73	Very walkable

Walk Scores aren’t only important to pedestrians—they also increase properties’ value. Research shows that a 10-point increase in walkability increases property values by 1 to 9 percent.¹⁸ Walkability is also associated with lower capitalization rates and expectations of less risk, making compact, walkable historic neighborhoods a good investment decision.

¹⁷ “Raleigh, NC,” Walkscore.com, <http://www.walkscore.com/NC/Raleigh>

¹⁸ Gary Pivo and Jeffrey D. Fisher, “The Walkability Premium in Commercial Real Estate Investments,” 2010, 1.



Biking

Biking has become more popular as a form of transportation in recent years, and Raleigh is no exception. The city recently was ranked 27th in the nation for cities with the most bike commuters.¹⁹ Similar to Walk Score, the Bike Score system measures whether a location is good for biking. It considers bike lanes, hills, destinations and road connectivity, and the number of bicycle commuters. On average, Raleigh’s historic districts outperform the city significantly. Local historic districts show a Bike Score of over 70, which means it is convenient for residents to bike for most trips.

	<i>Average Bike Score</i>	<i>Designation</i>
Raleigh	39	Somewhat bikeable
Local historic districts	71	Very bikeable
National Register historic districts	59	Bikeable
All historic districts	65	Bikeable

Public Transportation

Access to quality public transportation enables people of all ages, physical abilities, and income levels to move around neighborhoods, cities, and regions. It also pays off for individual property owners, and thus for city revenue in the form of property taxes: according to a 2013 study commissioned by the American Public Transportation Association and the National Association of Realtors, properties located close to public transportation showed stronger resiliency during the recent recession, almost 42 percent on average.²⁰

In areas like Raleigh’s historic districts, residents have a variety of choices, including ready access to public transportation. This is especially true in local historic districts, which are located near or in the downtown area and consequently have access to more transit options.

	<i>Average Transit Score</i>	<i>Designation</i>
Raleigh	23	Minimal transit
Local historic districts	55	Good transit
National Register historic districts	42	Some transit
All historic districts	49	Some transit

¹⁹ “Where We Ride: Analysis of Bicycling in American Cities,” Annual American Community Survey Data Report for 2012.

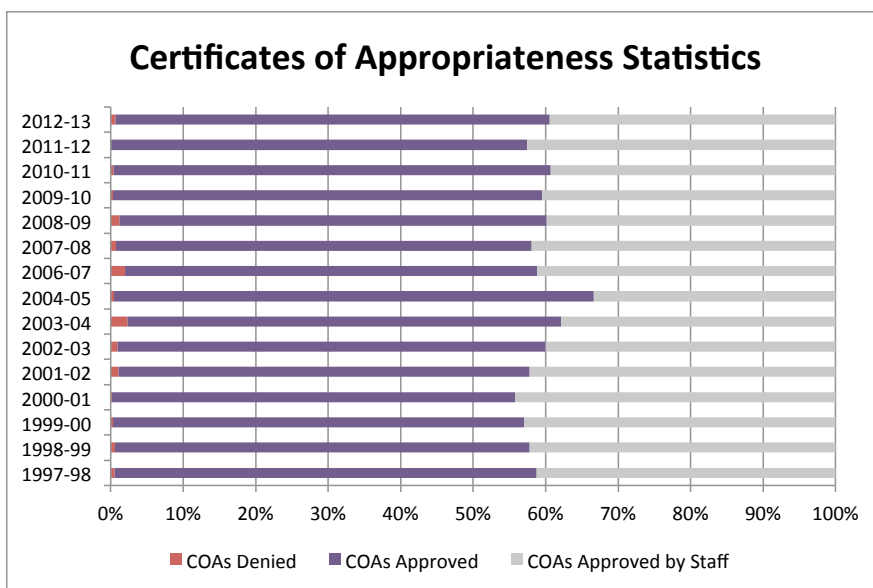
²⁰ “The New Real Estate Mantra: Location Near Public Transportation,” The Center for Neighborhood Technology (March 2013), www.apta.com/resources/statistics/Documents/NewRealEstateMantra.pdf.



Managing development

Managing development in historic districts means safeguarding existing assets and ensuring that new construction is appropriately scaled. In most historic districts, this preserves a high level of density and variety of residential and commercial buildings.

The process of managing development is accomplished by obtaining a Certificate of Appropriateness (COA) for proposed exterior changes, additions, or new buildings. COAs can be issued by City staff or after review by the Raleigh Historic Development Commission. Sometimes preservation commissions are seen as “naysayers” who only exist to tell property owners “no.” That simply is not the case in Raleigh. COA denials are rare: only 2 percent of applications are denied. Many COAs are approved at the staff level, making the process even faster. This does not suggest that there is not rigorous review of proposed changes. Rather it reflects that staff well prepares property owners on what the expectations are and how the Historic Development Commission is likely to rule.





Infill

Urban infill—building on vacant land in the urban core—helps to conserve open space and natural resources outside developed areas, uses existing infrastructure, and offers even more options for prospective residents and businesses. One of Raleigh’s historic districts stands out as an opportunity for appropriate infill development: Prince Hall. Prince Hall holds 37 vacant lots, many of which are contiguous. All the vacant lots total over 5 acres of underutilized land.

If Prince Hall were to become a focus for appropriately scaled infill development, at least 37 units of housing could be added. This is environmentally sustainable and fiscally responsible at the citywide level, as that could mean at least 5 fewer acres of greenfield development and far lower associated costs. It is sustainable at the neighborhood level, where adding residents would increase the use of existing infrastructure. And it is sustainable from the perspective of potential residents: the neighborhood has a Walk Score of 90, making it one of the most walkable areas in the city.

Prince Hall District Vacant Parcels



Value of Existing Infrastructure

Existing infrastructure is a significant benefit of infill development. Raleigh’s historic districts include 784,401 linear feet of existing water and sewer lines and over 75 million square feet of roads. These public assets represent taxpayer money that has already been invested. Infill development helps these investments to be used even more efficiently, and means that less public money is spent on new infrastructure in greenfield development.

Coordinating Land Use and Transportation

Raleigh prioritizes coordinating land use and transportation planning to effectively utilize infrastructure and implement its growth management strategies. The 2030 Comprehensive Plan calls for creating more high-density residential and mixed-use developments, along with increasing the number of bicycle and pedestrian facilities.

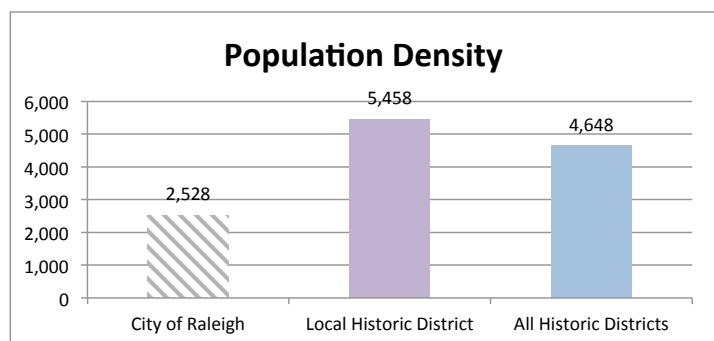
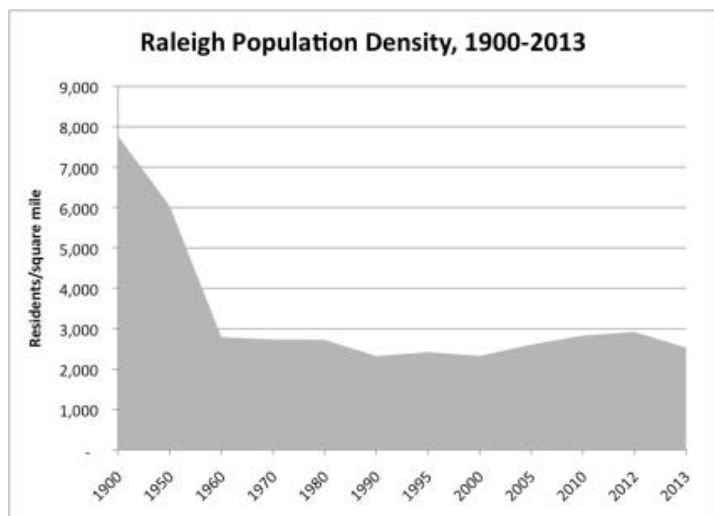
As shown in the previous sections of this report, Raleigh’s historic districts are some of the most livable areas of the city. They are walkable and compact, house a variety of uses, and are in close proximity to jobs, services, transportation, and recreation. These areas have the potential to be a benchmark, as other areas of the city look to better align land use, transportation needs, and opportunities.

Density

Over the past 50 years, suburban growth has lowered Raleigh’s population density significantly. But the downtown and historic neighborhoods tell a different story. Resident density in historic districts is 4,647 people per square mile—nearly double the city’s average of 2,528 residents per square mile. Local historic districts are even denser, with 5,458 residents per square mile.

Density is often promoted for its contribution to the ability of a city to deliver services effectively, including public transportation. But what Raleigh’s historic districts do is provide density at a human scale. It is this scale that not only means more interesting neighborhoods, but neighborhoods that are conducive to walkability, to mixed-use, and to human interaction in an environmentally responsible way.

But there are sizable fiscal consequences of density as well. To make a comparison, two Raleigh neighborhoods of approximately the same size were compared. One is a local historic district (Oakwood) and the other a subdivision built in the early 1990s (Reedham Oaks/Wyndham). It is perfectly appropriate that within a dynamic city like Raleigh there should be a wide range of options both for houses and for neighborhoods. Some people will simply prefer a less dense, larger lot neighborhood, while others will prefer a historic neighborhood with density at a human scale. At the same time, it is important to recognize the fiscal implications of those two development alternatives—bottom line: you get more tax dollars per square foot in Oakwood.





	Oakwood	Reedham Oaks/Wyndham
Population	1664	507
Size (acres)	114.5	114.0
Housing Units	794	127
Average Year of Construction	1925	1992
Average Size of House (square feet)	2473	3515
Average Value	\$315,004	\$524,077
Taxes Per Unit	\$2,887	\$4,805
Population Per Acre	14.5	4.4
Square Feet of Road Per Unit	1045	2209
Taxes Per Acre	\$22,022	\$5,531
Water/Sewer Line Per Person (Linear Feet)	33	49
Water/Sewer Line Replacement Cost Per Unit	\$8,811	\$24,781
Annual Property Taxes	\$2,292,278	\$610,235

Mixed-use Development

Raleigh’s historic districts are composed of a mix of building ages, types, sizes, and uses. This dynamic density creates an environment where residents can walk or bike to work, restaurants are open late, and downtown flourishes after office workers head home.

As discussed earlier in this report, the Preservation Green Lab’s recent “Older, Smaller, Better” study demonstrates that mixed-use and commercial neighborhoods with a mix of smaller-scale old and new buildings have quantifiable benefits.²¹ They hold a significantly higher portion of new businesses, women- and minority-owned businesses, and locally-owned non-chain businesses than areas with predominantly larger, newer buildings. The creative economy thrives in these neighborhoods.

Raleigh’s historic districts contain a rich concentration of mixed-use buildings. Over 4 percent of parcels in local historic districts are listed as mixed-use, compared to 0.2 percent across the city. And approximately 15 percent of parcels in locally-designated historic districts contain a neighborhood amenity such as a business, school, or office. These uses not only create jobs and provide services—they enliven streetscapes and make compact neighborhoods even more interesting and walkable.

²¹ “Older, Smaller, Better: Measuring How the Character of Buildings and Blocks Influences Urban Vitality”, Preservation Green Lab, May, 2014.



Greenprint Raleigh – Sustainable Development

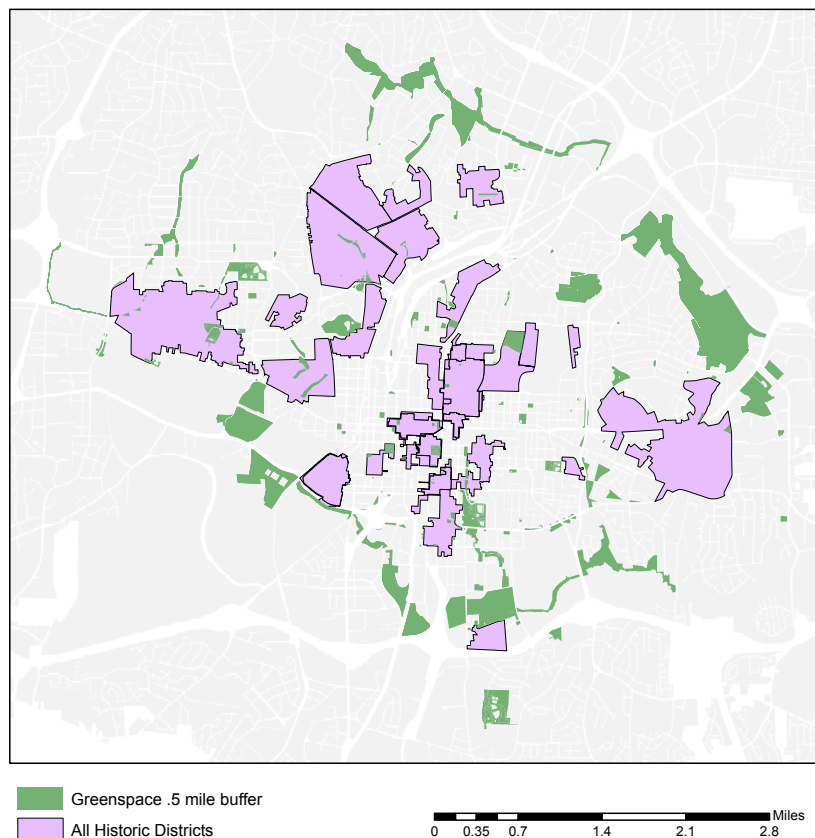
Raleigh hopes to be recognized nationally as a model green city. To this end, it seeks to protect and wisely use its resources—goals well-articulated by the 2030 Comprehensive Plan. While historic districts may not immediately come to mind when thinking about sustainable development, this analysis has demonstrated clear connections.

Green Space

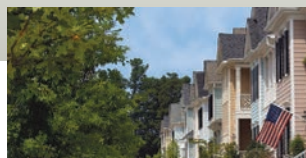
Urban green space has environmental, economic, and quality of life benefits. On the environmental side, it regulates air quality, helps protect water quality, reduces soil erosion, and lowers temperatures. It supports the economy by improving property values, lowering heat and air conditioning bills, and increasing retail activity. And it improves quality of life by supporting additional human capital, reducing stress, and providing a better atmosphere for learning.²²

Raleigh’s historic districts have ample access to green space. There are nearly 300 acres of park space within a half mile (a 10-minute walk) of historic districts, as well as nearly 60 acres of other recreational space such as pools and tennis courts.

Greenspace and OpenSpace Within .5 miles



²² "Lifestyle Benefits of Green Spaces," Project EverGreen (2013), <http://projectevergreen.org/resources/lifestyle-benefits-of-green-spaces/>.



Tree cover

Sustainability also comes at the micro level, with something as small as a tree. Trees provide shade, purify air, and mitigate storm water runoff. A 2010 study found that the benefits of street trees extend to the economy: they can increase the sale price of a home, reduce time on the market, and increase the values of surrounding homes.²³ It is both unusual, and evidence of the City's commitment to a green environment, that the removal of trees in local historic districts is reviewed through the Certificate of Appropriateness process.

Raleigh's title as the City of Oaks is well deserved. The city's percentage of tree cover is 36 percent. The historic districts match up with a tree canopy that covers 32 percent of the area.²⁴

Embodied Energy²⁵

One strong measure of sustainability is embodied energy: resources that have already been invested. For buildings, embodied energy measures the energy involved in harvesting raw materials, manufacturing them to finished products, transporting them, and incorporating them into the building.

Buildings in Raleigh's local and National Register historic districts contain roughly 49.2 billion MBTUs²⁶ in embodied energy. In common terms, that is the equivalent of more than 354 million gallons of gas. That gas could power a car around the Earth 665 times—or, more realistically, put 1,465 new cars on the road for a year. And that is just for the energy it took to build these buildings. If demolition is added to the equation, the energy costs skyrocket.

To put these environmental costs in context, when a decision is made to demolish one modestly sized house in a Raleigh historic district, 62.5 tons of waste is generated for the landfill.²⁷ That's as much waste as one person would generate in 79.5 years. When the energy cost of razing and hauling to the landfill are added to the embodied energy already within the existing building, the demolition of a modest sized historic home in Raleigh is equivalent to throwing away 15,285 gallons of gasoline.

²³ "Calculating the Green in Green: What's an Urban Tree Worth?" Science Findings, United States Department of Agriculture (September 2010).

²⁴ I-Tree Canopy, www.itreetools.org/canopy.

²⁵ "The quantity of energy required by all of the activities associated with a production process, including the relative proportions consumed in all activities upstream to the acquisition of natural resources and the share of energy used in making equipment and in other supporting functions i.e. direct energy plus indirect energy." *A Comprehensive Embodied Energy Analysis Framework*, HJ Treloar, 1997

²⁶ Thousand British Thermal Units (BTUs) A BTU is the amount of energy required to heat or cool one pound of water one degree Fahrenheit

²⁷ See *Profits Through Preservation*, Utah Heritage Foundation, 2014, specifically Sustainability chapter by Professor Robert Young, PE.

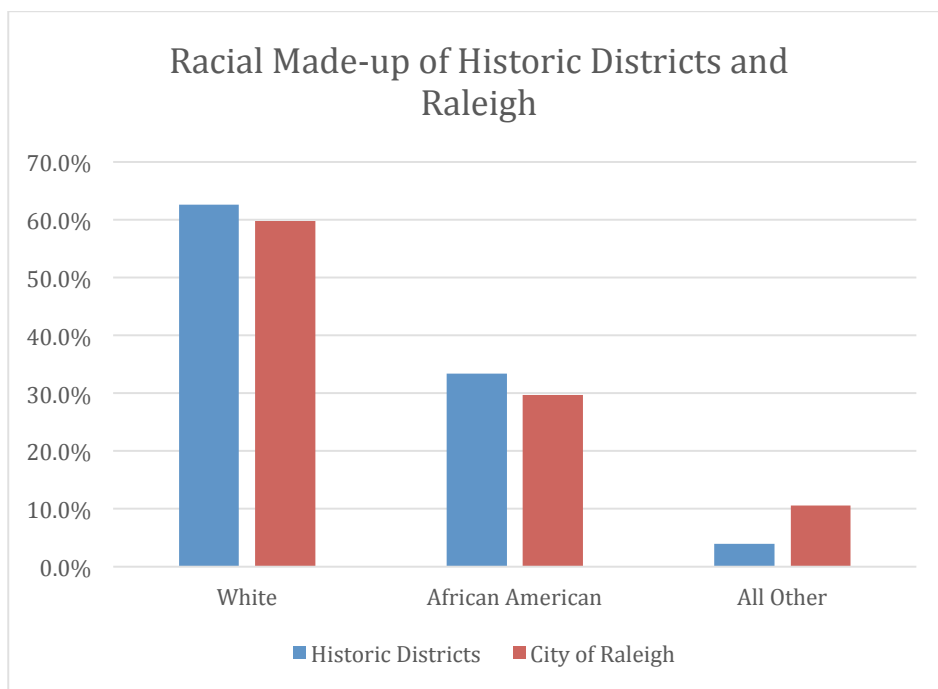
Growing Successful Neighborhoods and Communities

Raleigh is looking to creative solutions that preserve existing neighborhoods even as it encourages wise development of new communities. The 2030 Comprehensive Plan sets the goal of establishing healthy and safe neighborhoods that feature thoughtful infill and development that responds to natural features. Preserving historic resources and creating diverse walkable neighborhoods—whether new or old—are both essential to achieving this goal.

Population

Raleigh’s population has grown to 431,746, a 43 percent increase since 2000. The areas with the greatest population change remain the outlying suburbs, but the population of Raleigh’s historic districts grew by nearly 9 percent between 2000-2010.

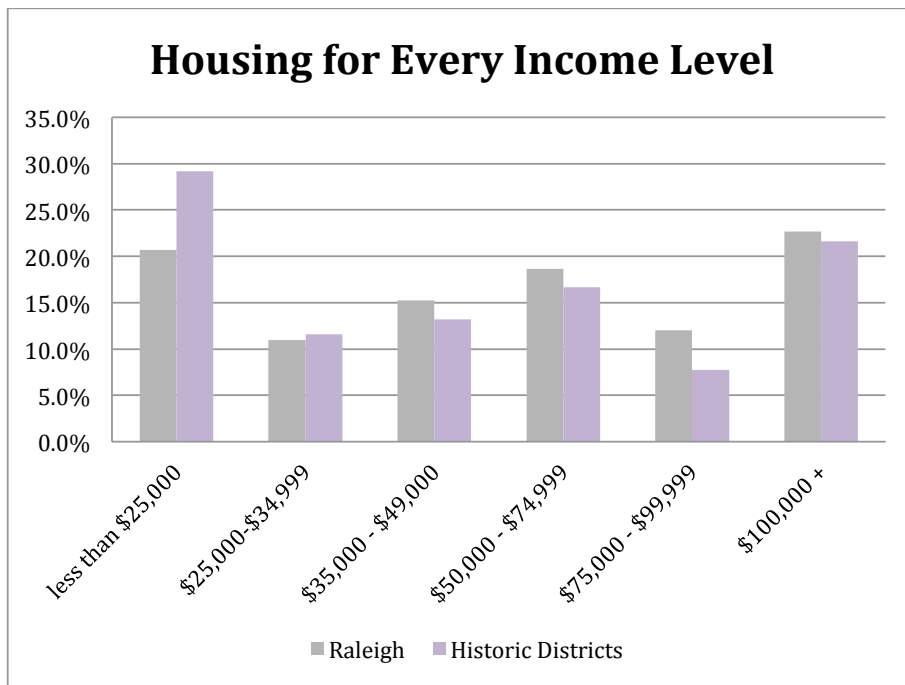
As a whole, Raleigh’s historic districts are an ethnic mirror of the City of Raleigh with just a slightly greater share of both White and African American residents than the entire city. The most recent census also identified an increase in other groups residing in historic districts with a 63 percent increase in Asian residents and a more than 40 percent increase in Hispanic residents.





Income Diversity

As Raleigh's historic districts are diverse by race, so are they diverse by income. There is a slightly larger share of lowest income households and a slightly smaller share of the highest income households in the historic districts than in the city as a whole. Slightly over-represented relative to the City of Raleigh are those middle income households with incomes between \$35,000 and \$100,000.

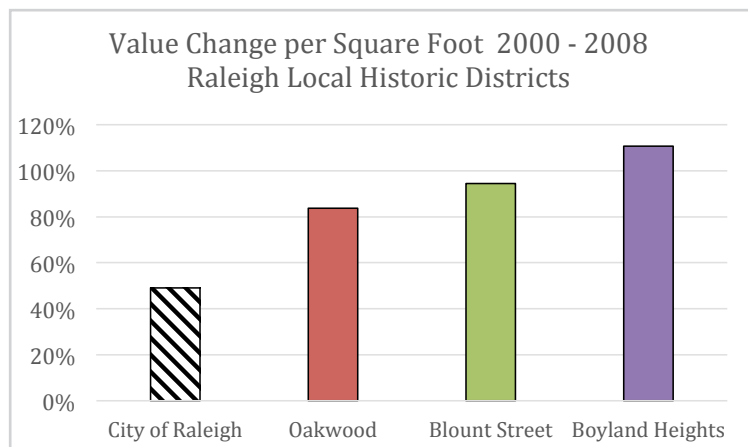




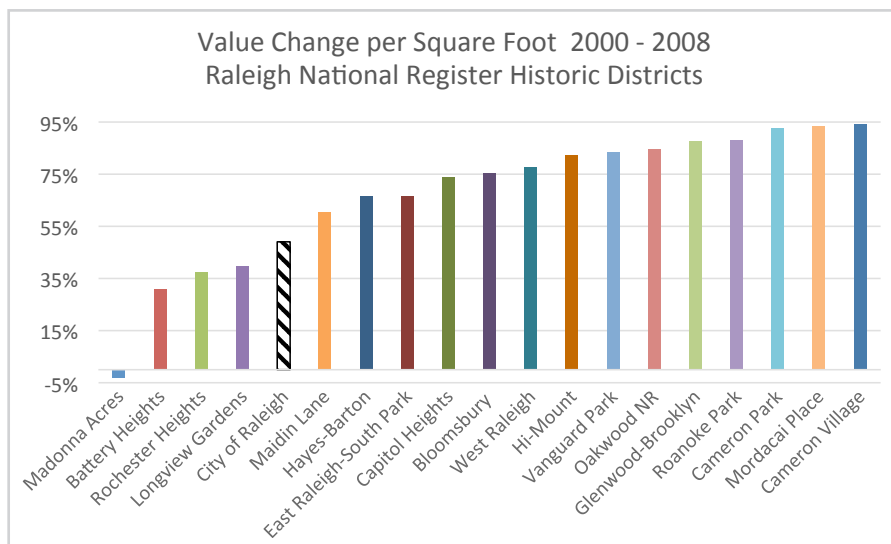
Property values

The housing market is not the only measure of neighborhood stability, but it is a strong indicator of the likelihood of long-term investment in a neighborhood. Over the past fifteen years, Raleigh has seen three distinct periods in the real estate market. From 2000 to 2008 residential properties generally experienced significant rates of appreciation. With the national real estate crash beginning in late 2007, many properties lost much of their value. Finally the market began to recover in 2012.

Raleigh's historic districts fared better than the city as a whole in each of these periods. Between 2000 and 2008 single-family residential properties in Raleigh increased in value 49 percent on a per square foot basis. Over that same time period value increases in three local historic districts increased in value between 84 percent and 111 percent.²⁸ There are actually four primarily residential local historic districts in Raleigh but Prince Hall was not included in the chart below as it was designated a historic district in 2012 which is subsequent to the most recent property tax revaluation.



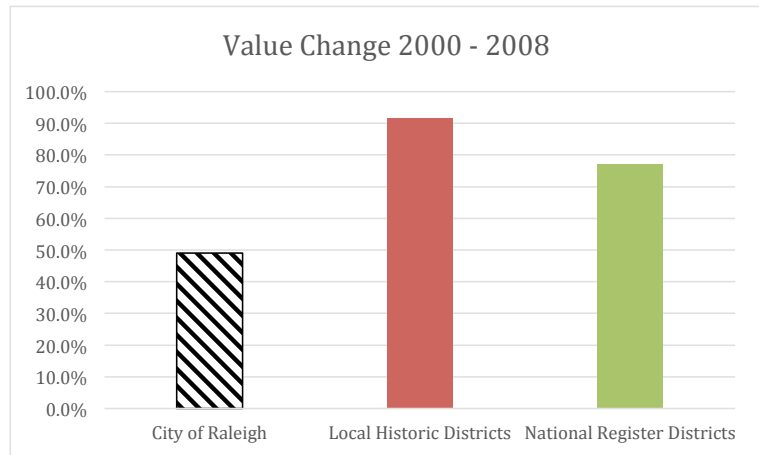
²⁸ Four of the six local historic districts are primarily residential. The other two are exclusively commercial therefore not included here.



The marketplace also rewarded properties in National Register historic districts, with 15 of the 19 neighborhoods outperforming the city as a whole.

On a composite basis, local historic districts increased in value over that period by just over 90 percent, properties in National Register districts saw values up an average of 77 percent while the properties throughout the City of Raleigh increased just short of 50 percent.

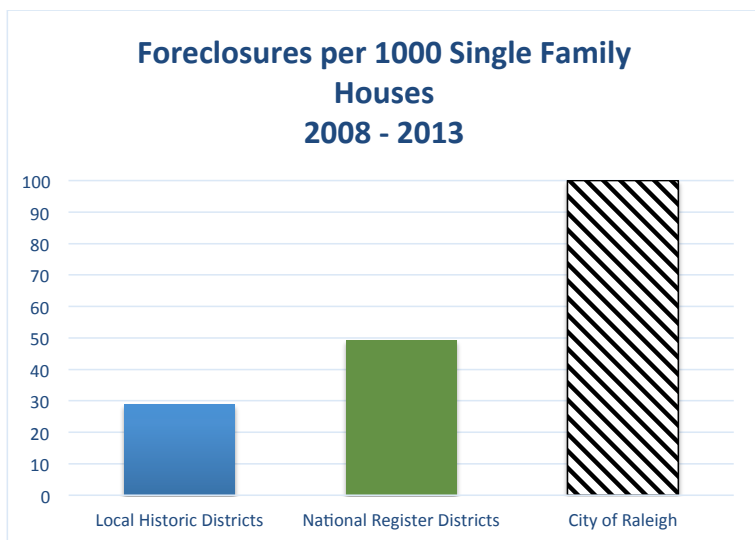
But if historic properties did better when the overall market was increasing, how did they fare during times of real estate chaos and declining home values? For this answer foreclosure rates were examined.



In late 2007 the real estate market throughout the United States began to collapse. Depending on location, this real estate recession lasted for four or five years. In some parts of the country, real estate values have still not reached 2006 levels. Raleigh, although with a more stable economy than many places, was certainly not immune to the real estate crash. Between January of 2008 and December of 2013, 10,731 single family houses went through foreclosure in the City of Raleigh, nearly one in ten of all such properties.

But the patterns were very divergent within the city. For Raleigh single family houses not in either National Register or local historic districts, for every 1000 houses, 100 faced foreclosure over that six year period. The rate for houses within National Register historic districts was less than half of that, with 49.3 foreclosed homes per 1000. Local districts were even lower with only 28.8 houses per thousand foreclosed upon.

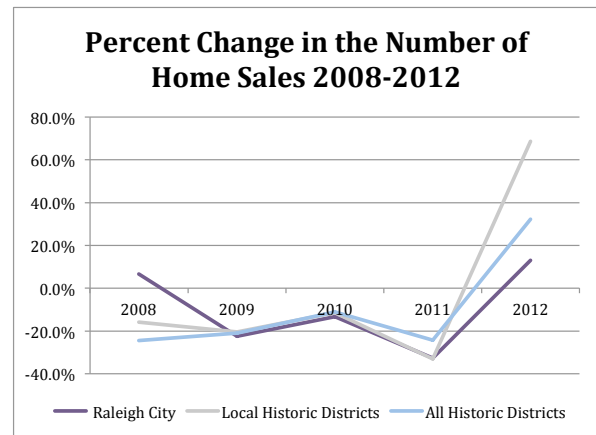
In fact every local historic district and 18 of 19 National Register districts had foreclosure rates lower than the citywide average.





RATES OF SINGLE FAMILY FORECLOSURES RALEIGH – 2008 - 2013	
NATIONAL REGISTER HISTORIC DISTRICTS	FORECLOSURES PER 1000 HOUSES
BATTERY HEIGHTS	0.0
MAIDEN LANE	0.0
WEST RALEIGH	12.1
VANGUARD PARK	12.2
ROANOKE PARK	17.2
CAMERON PARK	20.5
HI-MOUNT	22.1
HAYES BARTON	24.3
GLENWOOD-BROOKLYN	26.3
CAMERON VILLAGE	29.7
OAKWOOD	33.6
CAPITOL HEIGHTS	49.5
MADONNA ACRES	68.2
MORDECAI PLACE	80.2
BLOOMSBURY	80.8
LONGVIEW GARDENS	81.7
EAST RALEIGH - SOUTH PARK	87.0
ROCHESTER HEIGHTS	223.9
LOCAL HISTORIC DISTRICTS	
BLOUNT STREET	0.0
PRINCE HALL	0.0
BOYLAN HEIGHTS	10.4
OAKWOOD	46.1
BALANCE OF RALEIGH NEIGHBORHOODS	
CITY OF RALEIGH	100.0

Raleigh’s path to recovery in the housing market began in 2012. At present, there are too few sales to get a statistically reliable estimate of relative value changes since the recovery began. What can be looked at, however, is the increase of activity. That year, the city as a whole recorded a 13 percent increase in the number of home sales. Raleigh’s historic districts rose faster, with a 32 percent increase in activity in 2012. The local historic districts boast an even more impressive 68 percent increase in number of sales between 2011 and 2012.



Conclusions

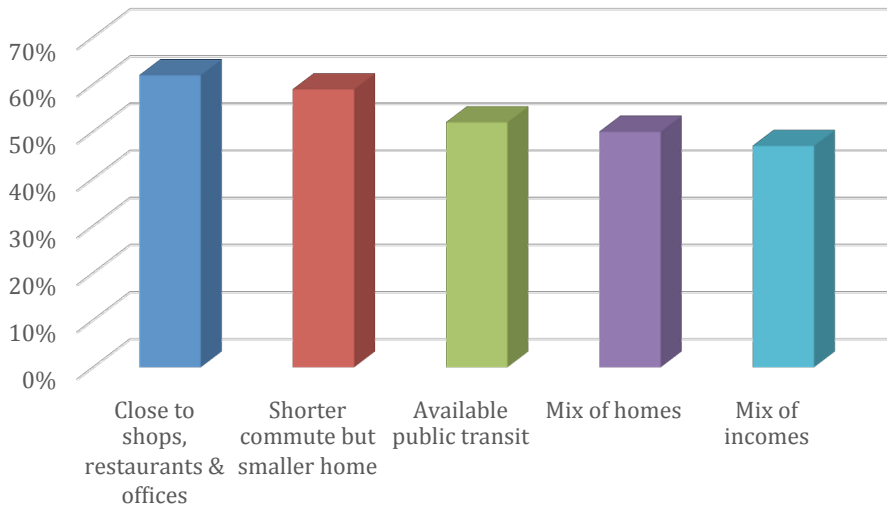
In their recent report *Older, Smaller, Better*, the Preservation Green Lab said “[Older and historic buildings] punch above their weight class.” That has absolutely proven to be the case in Raleigh. Raleigh’s historic districts contain only 3 percent of the city’s population and constitute less than 2 percent of the land area. But that relatively small portion of the city not only adds character and distinction, it also leads the city in a multitude of economic and quality of life metrics:

- Properties in historic districts outperform the market with values that are rising, and have significantly fewer foreclosures when the market is in decline.
- Historic neighborhoods and buildings are the locations of choice for knowledge workers, the creative class, and new businesses.
- Walk Scores and Bike Scores are much higher in historic districts than elsewhere in Raleigh.
- While property values are increasing faster than the overall market, historic districts remain affordable with fewer households in a “cost burdened” situation, particularly when transportation is considered, than the city as a whole.
- The approval process for changes and modifications of buildings in historic districts is an equitable and efficient one, with 98 percent of all applications being approved.
- Taken together, Raleigh’s historic districts are a mirror of the entire community with economic, racial, occupational, and age diversity that is unusual in urban neighborhoods today.
- A greater share of both renters and owners are long-term residents in historic districts than is true of the city overall, adding a degree of stability and community commitment not found elsewhere.
- Historic neighborhoods are not just providing density, but density at a human scale--an important attribute if quality of life and walkability are also to be part of neighborhood goals.
- Local historic district property owners contribute exponentially to the property tax base when compared to comparable new-construction neighborhoods.

When the vision principles of Raleigh’s comprehensive plan are considered, the historic districts are not just consistent with those goals – historic neighborhoods are setting the standard towards meeting those goals for the rest of the city.



Preferences of Those Planning to Buy within 5 Years



So what's the future for historic buildings and neighborhoods in Raleigh? Some will say they have outlived their usefulness, that those buildings should be razed for bigger, newer, green gizmo buildings. In response, it might be useful to look at a 2013 survey undertaken by the Urban Land Institute, a real estate development organization.²⁹ They asked people intending to purchase a home in the next five years what they were looking for.

That could be the description of Raleigh's historic neighborhoods. While they may have been constructed a century ago, they are accommodating the need of Raleigh citizens in the 21st century.

They had this to say:

- Close to shops, restaurants, and offices
- Shorter commute and smaller home
- Available public transportation
- Mix of homes
- Mix of incomes

²⁹ American's Views on their Communities, Housing and Transportation, Urban Land Institute, March, 2013

Appendix

Acknowledgments

This project would not have been possible without the help of dedicated contacts in the city and county governments. Special thanks go to Martha Lauer, Dan Becker, Ray Aull, and Tania Tully in Raleigh Planning and Development; Jason Hare in the City of Raleigh; and Ken McArtor in the Wake County Department of Real Estate.

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Methodology

This analysis relied on data from the City of Raleigh and Wake County, state and federal databases, online research platforms, peer-reviewed journals, and newspaper and social media outlets.

- Parcel-level data, infrastructure data, and historic district boundaries come from Wake County and Raleigh City GIS.
- Additional data on historic districts was obtained from the State of North Carolina Historic Preservation Office and the National Park Service.
- A variety of neighborhood-level data was accessed through PolicyMap.
- Jobs and employment industry data come from the Longitudinal Employer-Household Dynamics, Center for Economic Studies at the U.S. Census Bureau.
- Business data was sifted from Yelp and newspaper sources.
- Housing affordability data was obtained from the U.S. Census and the Housing + Transportation Affordability Index.
- Data on public transportation, walkability, and bike facilities was drawn from Walkscore.com.
- Data on tree cover came from I-Tree Canopy.
- Calculations for jobs and income were created through rehabilitation based on IMPLAN, an input-output econometric model.



Project Team

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