



Downtown Economics

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Ideas for Increasing Economic Vitality in Community Business Districts

The Importance of Culture and Heritage to Downtown Economics

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When creating strategies to increase community economic vitality, it may not seem appropriate to look to the past. But, the historic perspective can hold the key to future economic gains for small communities across the country.

Looking Back

The first step in using a historical perspective to shape an economic development plan is to understand and catalogue the community's history. According to the Historical Scrapbooking¹ method, developed by the Ontario Ministry of Agriculture, Food and Rural Affairs, it is best to consider a series of questions;

- Who and what were traditionally downtown?
- Where did they [historic residents] live?
- When and what did they build?
- What forces shaped the downtown?

While this list is not exhaustive, the answers to these questions will help identify three key attributes of a historic community¹:

- The economic foundation a downtown is built upon;
- The evolution of the downtown's physical context;
- The presence of cultural architecture and economic traditions.

With this information, the community can begin to consider the potential economic opportunities their unique history presents. For example, a community may decide to highlight or preserve a skilled craft once common to their area, or a unique regional architectural style. These potential opportunities will create direct economic benefits, such as historic rehabilitation and heritage tourism, as well as indirect community benefits that serve to strengthen community identity, ownership and sense of place.

Indirect Community Benefits

When cities and villages first began to take root, location was the primary determinate of economic success. Those near ports, railroad junctions, or natural resource deposits became the leaders of the

national economy. Today, with modern transportation, location has become far less important, and communities of all sizes, in all places, have the opportunity to define themselves as successful.

In response to this shift, Donovan Rypkema, an advocate for historic preservation and economic development, identified new variables that influence local economic opportunities. He refers to these variables as the "five senses of quality communities²." The five senses are listed below with a brief discussion on how a historic perspective can enhance those senses, and therefore create a more economically vibrant community.

1) *Sense of Place*: A commitment to a community's historic character will help foster a built and natural environment that is not "Anyplace, USA," but a distinctive place with authentic experiences.

2) *Sense of Identity*: In a global economy, a product that can differentiate itself from the competition is usually the most successful. Attention to a unique historic story can help differentiate a community from its competitors.

3) *Sense of Evolution*: People want to experience a community that is neither stuck in the past, nor dedicated to only what is "current." Using a historic perspective to frame modern economic development can help a community achieve the proper balance of past and present.



4) *Sense of Ownership*: In order to foster community vitality and health, there must be a sense of ownership among community members. A common historic story may be the incentive necessary to achieve community buy-in and support for economic development plans.

5) *Sense of Community*: A distinctive community is a place of interconnected stories, experiences and people. An acknowledgment of a shared history highlights these connections and helps create an authentic community experience.

The affects of a historic perspective on a community's character and sense of place are created by, and catalysts for, further economic benefits such as historic rehabilitation and cultural and heritage tourism.

Economic Benefits

Once a community understands their historic roots, they can use those roots to leverage economic development. The following discusses two direct economic benefits of the historic perspective; rehabilitation and heritage tourism.

Historic rehabilitation will take a different form in each community. But, in general it can be thought of as the active restoration of a community's historic buildings, sites, people, or traditions. Although historic rehabilitation will require a monetary investmentⁱ, the process offers the opportunity to funnel capitol into your community that may otherwise leak outside. Therefore, the investment will resurface in local wages, buying power and generated taxes, thus aiding in economic development. For example, one study showed that rehabilitation created 16.5% more jobs than new construction³. The economic benefits of historic rehabilitation are multiplied when the potential for creating a heritage tourism opportunity is considered.

By highlighting a unique history through the process of historic rehabilitation, many communities can create a market for cultural and heritage tourismⁱⁱ. Heritage tourism is defined by the National Trust for Historic Preservation as "traveling to experience the places, artifacts, and activities that authentically represent the stories and people of the past and present⁴." Heritage tourist sites can include designated historic houses, state owned historic buildings, and historic downtowns or neighborhoods.

The benefits of heritage tourism are simple; tourists bring money into a community, which supports local jobs and feeds into local buying power. In fact, studies

have shown that heritage tourists stay longer, visit twice as many places, and spend more than twice as much money per visit than other kinds of travelers⁵." Furthermore, research suggests that cultural and heritage tourism is growing at a rate of 10-15% annually, compared to only 6-8% for traditional tourism options⁶.

Conclusion

The advantages of a historic perspective to economic development are many, but they are only as great as your community's unique story. Therefore, the first step is taking a critical look at what your community was, and what it can be. Then, by marrying the past and the present, your community can realize the economic and identity benefits of the historic perspective.

Source and Notes

¹ Draft publication (2007). Ontario Ministry of Agriculture, Food and Rural Affairs. Rrual Development Division – Municipal Economic Development.

² Rypkema, D. (1999). *Culture, Historic Preservation and Economic Development in the 21st Century*. Paper submitted to the Leadership Conference on Conservancy and Development.

³ Rypkema, D. (2005). *Heritage Conservation and the 21st Century Economy*. Presentation. Accessed from http://www.nationaltrust.org/international/don_rypkema-presentation.pdf.

⁴ http://www.nationaltrust.org/heritage_tourism/index.html. accessed March 23, 2007.

⁵ Rypkema, D. (2005). *Heritage Conservation and the 21st Century Economy*. Presentation. Accessed from http://www.nationaltrust.org/international/don_rypkema-presentation.pdf.

⁶ Downtown Research and Development Center. (1999). *Downtown Promotion Reporter*, "Downtowns Stand To Gain A Lot By Tapping Into Cultural And Heritage Travelers." Vol. 24, No. 12, Dec. 1999.

ⁱIf a project meets the standards of the U.S. Secretary of the Interior's definition of rehabilitation, the monetary investment can be tax exempt. Many states also offer tax exemption for historic rehabilitation projects. (<http://www.cr.nps.gov/hps/tps/tax/rhb/stand.htm>)

ⁱⁱSee the May 2007 Downtown Economics for a more detailed discussion on how to create a successful cultural heritage tourism program.

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