



Saratoga Springs

Enhancing the Values through Historic Preservation

Prepared by PlaceEconomics for the City of Saratoga Springs | November 2018



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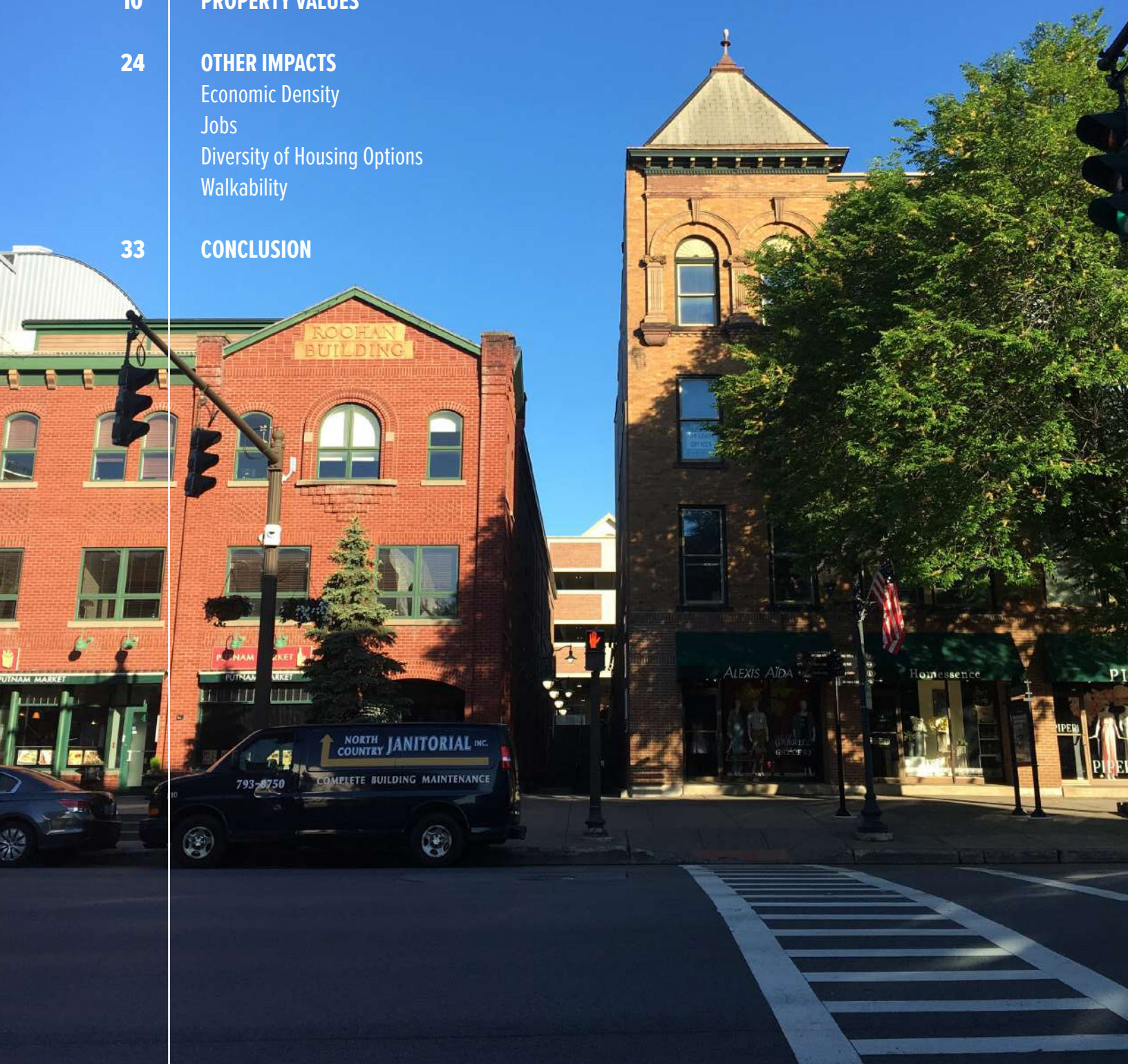
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Executive Summary

Saratoga Springs has worked diligently and intentionally to recognize, protect, utilize, celebrate, and invest in its built heritage for over 40 years. As a result, the city, its residents, and its visitors have been reaping the benefits of these efforts for decades. This report is intended to assist elected officials, community leaders, and the public in understanding the ways historic preservation contributes to the economic, social, and cultural life in Saratoga Springs. This report provides analytical data rather than recommendations. However, the findings may provide a foundation for Saratoga Springs' future historic preservation policies.

Among the most significant findings are:

- Saratoga Springs has 8 local historic districts that collectively cover 6 percent of the land area and 9 percent of the properties within city limits.
- 11 percent of the population lives within a historic district.
- The 6 percent land area in historic districts contributes 14 percent of the total assessed value of the city.
- 22 percent of jobs in the city are located in historic districts.
- Historic districts house 31 percent of all jobs at small firms and 46 percent of jobs at young firms.
- The historic districts are more racially and economically diverse than the city as a whole.
- Houses in local historic districts are more valuable per square foot and are increasing in value more rapidly than comparable properties not in historic districts.



Introduction

“The City Council of the City of Saratoga Springs hereby declares as a matter of public policy that the protection, enhancement and perpetuation of landmarks and historic districts are necessary to promote the economic, cultural, educational and general welfare of the public.”¹

Saratoga Springs has been a popular resort destination for over 200 years. In the early days, the European-style spas and race course were the primary attractions, eventually building to a boom that created Saratoga Springs’ grand legacies such as the United States Hotel and the Grand Union Hotel, some of the hotels that graced downtown. Unfortunately, not all of these assets survived, as the mid-20th century saw disinvestment downtown and Saratoga Springs lost architectural and cultural gems. The vibrant, historic Saratoga Springs seen today is not primarily the result of efforts from outside investors, but a passionate, long-term effort that happened on a local level. Local activists were instrumental in bringing the public and private entities together to preserve and revive the city. The Saratoga Springs Preservation Foundation is one such organization working still today to steward and safeguard the cultural heritage of Saratoga Springs.

Appreciation for heritage and culture is also evidenced by the plethora of museums, arts, and long-standing cultural institutions in Saratoga Springs. The Canfield Casino, the home of the Saratoga Springs History Museum, and the Yaddo artist retreat are National Historic Landmarks – the highest designation given by the National Park Service. The National Dance Museum, the Saratoga Automobile Museum, Home Made Theatre, Opera Saratoga, Roosevelt Baths and Spa, Gideon Putnam Hotel, and local farmer’s market are all located in historic buildings at the Saratoga Spa State Park, also a designated National Historic Landmark. These places along with the Saratoga Race Course, the oldest sports venue in the country; Caffè Lena, the oldest continuously operating folk music venue in the United States; and the New York State Military Museum, all located in a historic building, are key places of local, state, and national heritage. However, not all heritage in Saratoga Springs is physical. These historic buildings support intangible heritage, cultural traditions, and local storytelling practices. This heritage is expressed through music, dance, language, food, arts and crafts, and festivals throughout Saratoga Springs every year.

Together, this blend of tangible and intangible heritage is what makes Saratoga Springs unique. This is no secret to those leading the efforts. Saratoga Springs may not be a huge city, but it is leading by example and others are noticing.

¹ Section 240-7.1, Intent and Purpose from Article VII Historic Review, Approval of the City of Saratoga Springs Zoning Ordinance

TIMELINE OF PUBLIC HISTORIC PRESERVATION IN SARATOGA SPRINGS

- **1963** Mayor established a Temporary Committee on Historic Buildings.
- **1964** Citizens Advisory Committee appointed a Subcommittee on Historic Zoning.
- **1966** Mayor appointed a Committee on Historic Preservation. National Historic Preservation Act of 1966 passed by the U.S. Congress.
- **1967** City Council adopted zoning ordinance with Board of Architectural Review.
- **1976** Federal Tax Act of 1976 (P.L. 94-455) implemented financial incentives to rehabilitate income-producing historic buildings.
- **1977** Saratoga Springs Preservation Foundation incorporated. Saratoga Springs zoning ordinance amended to establish Historic Review Commission and create local historic districts.
- **1980** New York State Historic Preservation Act of 1980 passed, creating a State Register and requiring review of state agency actions affecting historic properties. National Historic Preservation Act Amendments of 1980.
- **1981** Saratoga Springs Urban Cultural Park designated.
- **1986** Saratoga Springs designated New York’s first Certified Local Government making it eligible to receive grants for historic preservation projects.
- **1993** Historic Review Commission renamed Design Review Commission.
- **2001** “A Working Plan for Historic Preservation in Saratoga Springs” is adopted by the city.

The Basics

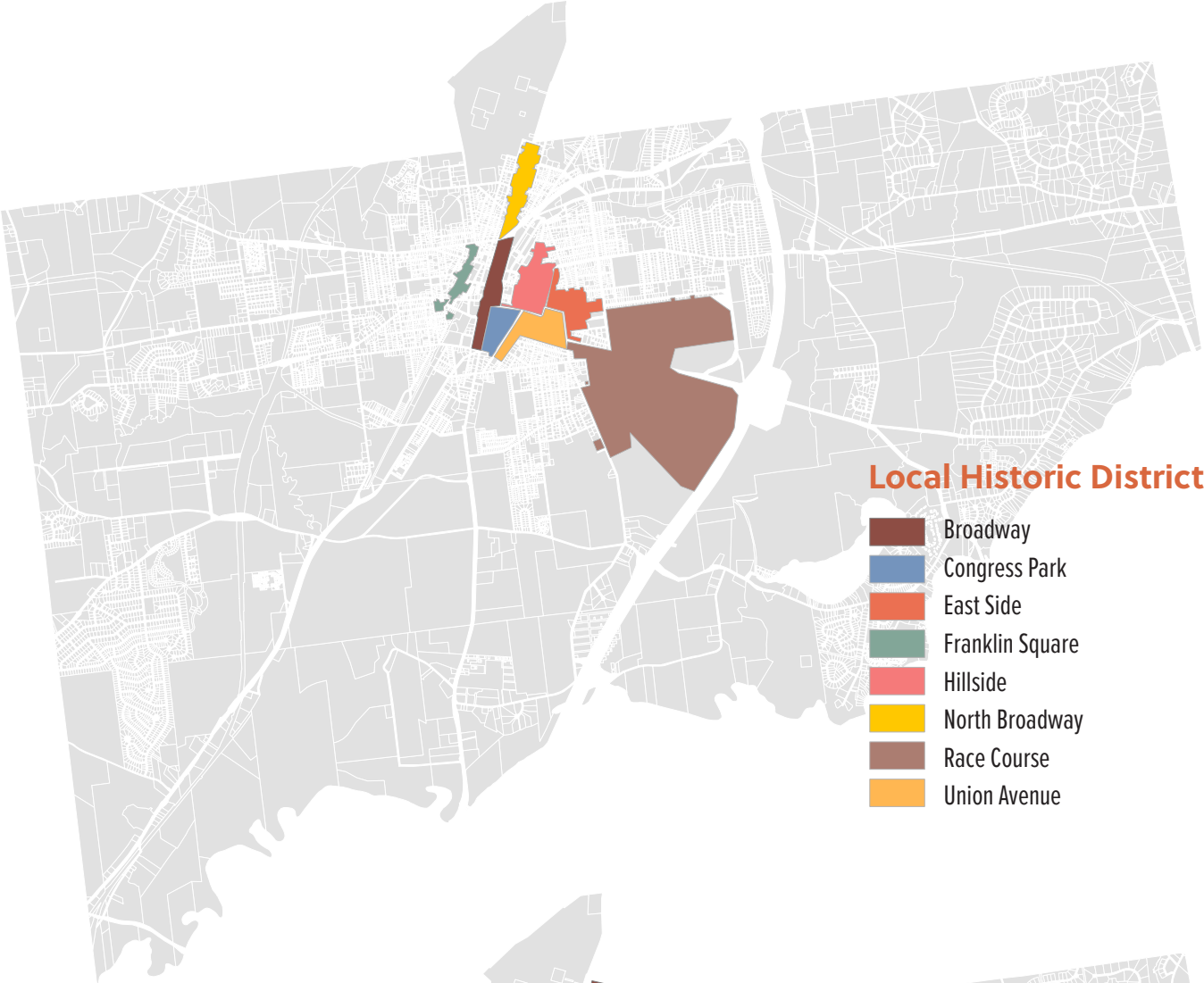
With over 700 properties protected by the City of Saratoga Springs historic review ordinance, the designated properties make up a small, but significant portion of the city. These protected historic resources create a physical timeline and tell the story of Saratoga Springs over the last two centuries.

The City of Saratoga Springs has eight local historic districts that combined create one historic overlay district. Any alterations, demolitions, or new construction within this district are subject to review by the Design Review Commission. The seven-member volunteer commission is appointed by the mayor. Design considerations and standards outlined in the historic review ordinance and illustrated design guidelines are used by the commission to review each case.² Saratoga Springs also has six National Register Historic Districts, which is largely an honorific designation.³ The boundaries of the National Register historic districts resemble, but are not identical to the local historic districts.

These public procedures mean that every property owner in a locally designated district is held to the same standards and thereby reap collective benefits. Not only do the residents of the historic districts benefit from the preserved sense of place, but so do the rest of the city's residents and visitors.

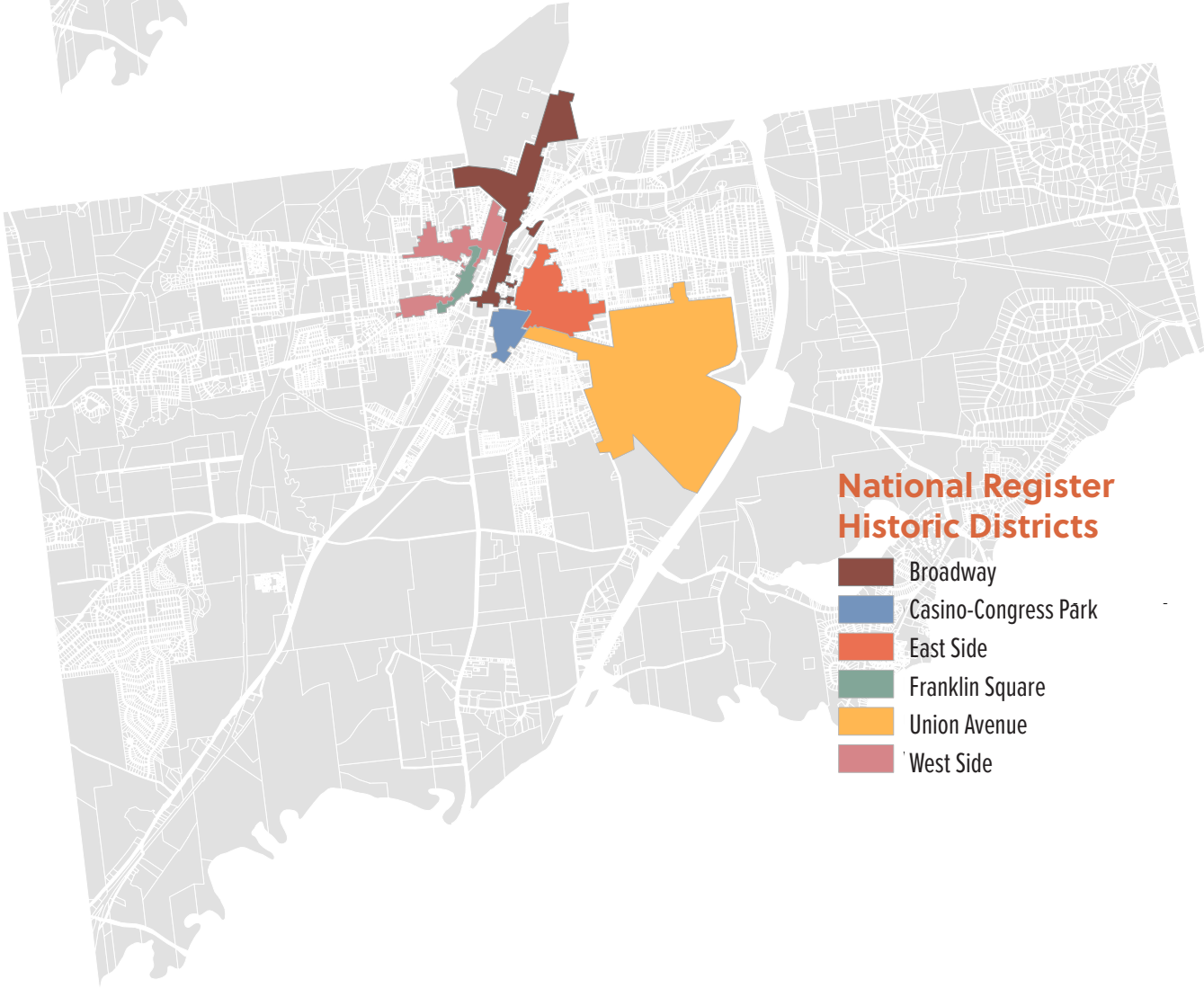
² The Design Review Commission also reviews properties in the Architectural Review District, responsible for exterior changes and signage.

³ Owners of income-producing properties listed on the National Register of Historic Places may be eligible for a 20% federal income tax credit for substantial rehabilitation. If approved for the federal credit, property owners are eligible for the New York State Rehabilitation Tax Credit for Commercial Properties if located in an eligible Census Tract. New York State also has a Historic Homeowner Tax Credit for owner-occupied properties listed on the National Register and located in an eligible Census Tract.



Local Historic Districts

- Broadway
- Congress Park
- East Side
- Franklin Square
- Hillside
- North Broadway
- Race Course
- Union Avenue

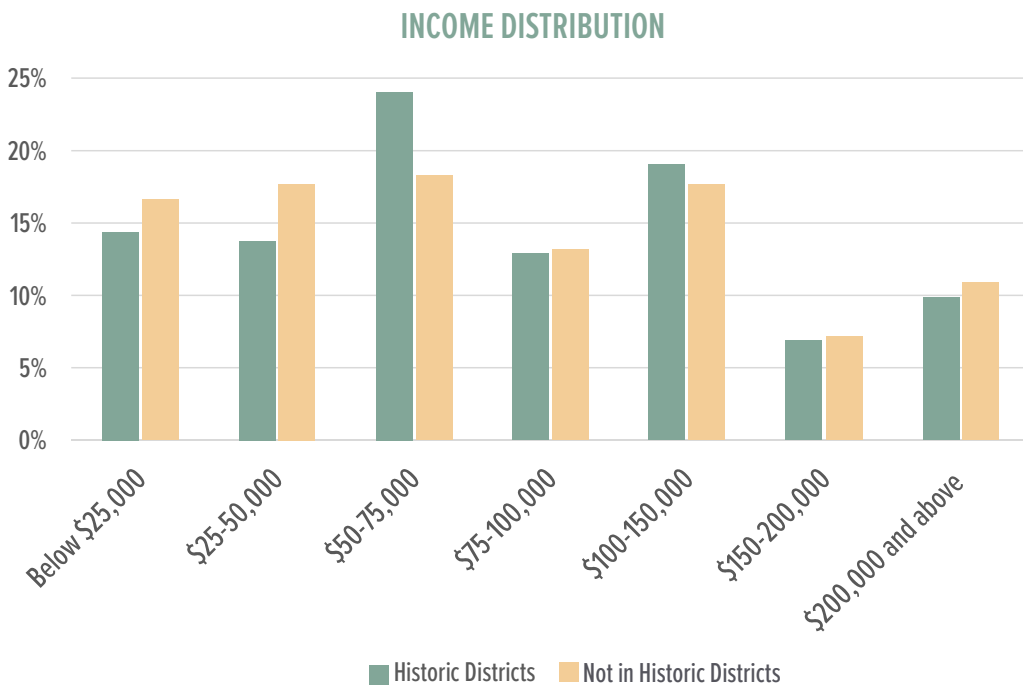


National Register Historic Districts

- Broadway
- Casino-Congress Park
- East Side
- Franklin Square
- Union Avenue
- West Side

Historic districts make up only 6 percent of the land area in Saratoga Springs, but are home to 11 percent of the population.

There is an emerging public policy consensus that healthy neighborhoods are not comprised solely of one class or strata of households, but that there is a diversity of income levels at the neighborhood level. The term for this pattern is “economic integration.” The household income distribution in Saratoga Springs shows a rare, but healthy trend—a nearly even spread of households across income levels. Historic districts substantially mirror the income distribution of the city as a whole.⁴



RACE

In some parts of the country, historic districts are perceived as the enclaves of only the rich and the white. In Saratoga Springs, the residents of the eight historic districts are comprised of the most diverse populations in the city. In fact, the historic districts are home to a larger share of non-white residents than the rest of the city. According to 2016 US Census data, while the overall population of Saratoga Springs is 90% white, the city’s historic districts have greater diversity among African American, Asian, and other minority populations.

⁴ \$200,000 + is the highest bracket of income that is available from US Census data.



"We're fortunate to have a preservation foundation and a city government that work at keeping the historic fabric of the city intact. The challenge of the future will be to handle growth and popularity without destroying what makes us so special." –Mark Straus



Photo Credit: Old Saratoga Restorations



In 2012, Mark Straus's company, Saratoga Historic Restorations received the Paint and Window Initiative Awards for these buildings at 440-446 Broadway, awarded by the Saratoga Springs Preservation Foundation.

Mark Straus Saratoga Historic Restorations, Partner

Mark and Elizabeth Straus graduated from college in 1970. Mark was working as an accountant and Elizabeth was a librarian—they both really hated their jobs. They decided to do something different and in the middle of winter opened a store in the sleepy town of Saratoga Springs, which was full of vacancies at the time. “We fell in love with Saratoga Springs and it’s grand, but empty, old buildings on Broadway. The second and third floors were all vacant, and there was talk of a mall coming into the area, wiping out the rest of downtown. The owners of these places were older, and they weren’t investing in them.”

A number of younger people were moving in and starting businesses. The architecture and cultural potential of Saratoga Springs drew them in. The first building Mark bought hadn’t had any work done in three decades, and its only tenants were pigeons on the third floor. Mark explained, “The bank across the street was upset that the building was being neglected, so they supported us. We bought the building when no one else wanted it. People today walk down the street and say ‘wow, it’s so pretty here!’ At the time, they were practically giving these buildings away.”

Between the 1970s and 1990s, Mark bought and rehabilitated many more historic structures, and currently has four commercial buildings. “I don’t rent to regional or national businesses and my family owns four businesses. We keep it locally-owned, with small businesses that are owner-operated.” While this is rewarding because it supports local businesses, it also makes financial sense to Mark. “People are seeking out locally-owned businesses because nationally-owned businesses are the same everywhere. You never know what you’re going to find with locally-owned places. The point of a downtown experience is to be able to visit 20-30 interesting shops and have your choice of a dozen or so unique restaurants. I have restaurants in my buildings and the chefs and owners are actually there, making sure customers are happy. I’m very proud of the businesses in my buildings and I support them however I can. I have a relationship with my tenants, it’s not just a business contract.”

Property Values

For most Americans two-thirds or more of their family's net worth is represented in their equity in their home. It is neither surprising nor inappropriate that homeowners and potential homeowners are concerned about the impacts of rules, regulations, and restrictions on their property's value. Properties in Saratoga Springs that fall within the local historic districts are subject to restrictions that their neighbors outside of historic districts are not. As was noted earlier, any alterations, demolition, or new construction within local historic districts are subject to review by the Design Review Commission.

Everyone is familiar with the saying that the three most important things in real estate are location, location, location. The economic role of land use regulations in general, and local historic districts in particular, is to protect the context within which individual historic properties exist.⁵ In Saratoga Springs that means maintaining the character and quality of historic neighborhoods – the defining feature of each home's "location." Design review and regulation do in fact influence property values. This report was commissioned to assess the specific impact of local historic districts.

Property Value Methodology

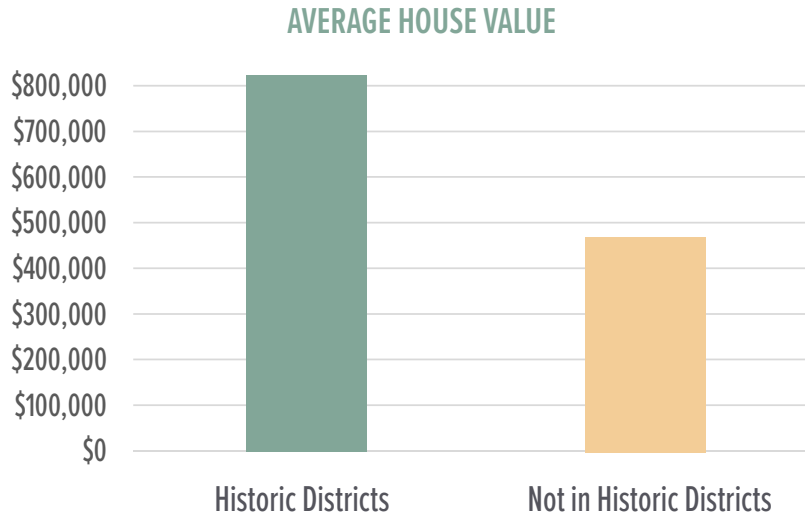
Thanks to the Eastern New York Regional Multiple Listing Service (MLS) for sharing their sales data, more than 8,600 residential transactions between 1997 and September 2018 were evaluated. For some measures the MLS data was combined with Saratoga County property information and Zillow value estimates.⁶

In general, a city-wide comparison was made between properties within Saratoga Springs local historic districts and those not within historic districts. The quantity of data and the extended period over which the MLS data was available meant that comparisons could be made on a number of levels.

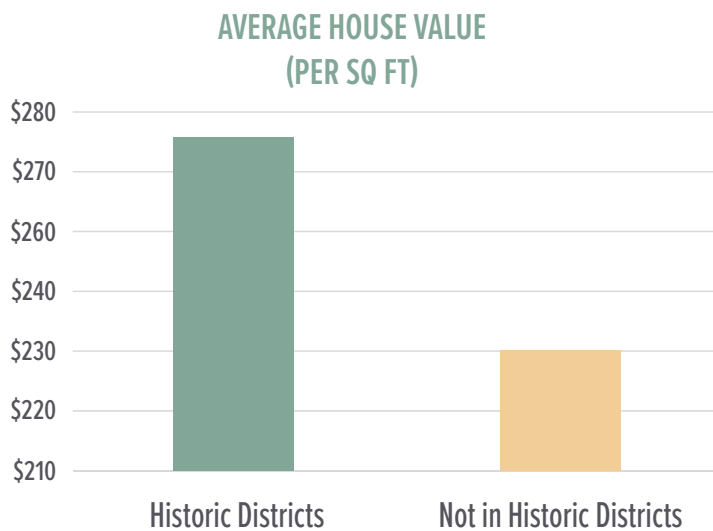
⁵ There are houses in Saratoga Springs that are located in a district listed on the National Register of Historic Places, but not in a local historic district. While there is a degree of design review for these properties, it is not as robust as that of the local historic district properties. Due to the relatively few number of properties, there was insufficient sales and value data to provide a statistically reliable estimate of the impacts, if any, of being in a district listed on the National Register of Historic Places, but not a local district.

Average Value

The most straightforward of the comparisons was simply, what is the average (mean) value of houses in Saratoga Springs' local historic districts and how does that compare with houses not in these districts. Based on the most recent Zillow estimates, houses in historic districts average slightly over \$800,000 or about 75% more than houses not within districts, which have an average value of \$466,000.



As anyone knowledgeable about the local market can attest, average value is not the best comparison, since that number can be affected by a few, very large, and very expensive properties. A fairer comparison is to consider the average value per square foot. Here again, houses in local historic districts reflect higher values at \$265 per square foot compared to \$230 per square foot for houses not in local historic districts – a difference of over 15%.



⁶ Zillow is a private sector real estate research firm that maintains and regularly updates information on its data base of more than 110 million US homes. For this study the Zillow estimate of value Saratoga Springs houses as of October 1, 2018 was utilized.

Chris Bennett
Preservation Craftsman

Chris Bennett has had an affection for historic structures since he was a kid, growing up in old, rent-controlled buildings and hanging out in a brick Victorian that belonged to a family friend. He's been submerged in the trades from a very young age as well, starting with woodshop classes in grade school and then moving onto the North Bennett Street Trade School, the oldest trade school in the country. It is not just about technique for Chris, it is about the materials as well. He explained, "There is something emotionally satisfying about working with clear Eastern White Pine from the Adirondacks. The smell, the workability, what it's able to do—I can bend it, rip it, glue it, it's really a marvel. You can't run a block plane across PVC AZEK. There's some artisanal value to old materials. Why does homemade bread taste better than wonder bread? There's some of that aspect of materials when they are worked by hand."

It's also about the financial rewards. "Sometimes with new construction you assemble parts in a specific order and are essentially a mechanic. If you throw me a pile of lumber and show me a picture of what you want, that's craftsmanship. I'm the one building this stuff. It matters to me how these things turn out. It's important and should have some meaning." Chris also makes more money doing what he feels strongly is more satisfying work. He and his wife have been able to support three children. "Craftsmen make a better living. In terms of cost to the client, I tell people that if you have me build you something the right way, I can build part of it first and then you can add to it as time allows. Don't sacrifice the quality of your building just because you can't afford it all today. Why does everything have to be done immediately? Just do things as you can. This is also much better for the resale value of the home."

While Chris believes that contractors and home inspectors need to be more on board with the emotional, physical, and economical value of historic preservation overall, he believes that his clients are the best clients because they share his passion and understanding. "People who have you in their house want people who are like-minded, thoughtful, and take time to listen and do things right. Most of my clients are interesting, fun, and bright people, and they want a thoughtful person in their home. Preservation is a state of mind. It's how you think. It takes a little extra effort because it matters."

"When homes are in their original state, or close to it, they bring a higher value and a more attractive streetscape. I like to think that we don't really own our property but are more a steward of it. We have a responsibility to the past and future owners of that property. We should try to do no harm." –Chris Bennett

Chris Bennett was the carpenter for the porch restoration at 144 Spring Street.

Patricia Lane
Filmmaker, Owner of Elevation Films
144 Spring Street

Patricia and her husband, Eric Tepper, live in an 1868 Italianate brick rowhouse in what used to be a working-class neighborhood. It had undergone many renovations by the time they purchased it in 2006, but the thing that she was most intent on bringing back was the front porch.

Patricia’s love of porches goes back to her childhood when she lived in a Queen Anne with a large front porch in Hingham, Massachusetts. She explained, “This is our third home. I like to do a project in each home that leaves my mark on it and improves it. I’ve always just loved old porches, but none of our houses ever had them. We couldn’t figure out what happened to it, why it was removed. I scoured photos and couldn’t find anything.

After hitting wall after wall with her research, Patricia decided to replicate the porch of a house nearby that was similar to her own. Then, as her architect, Tom Frost, was in line to get a permit for this work, the elderly couple standing in line with him explained that they used to live in the house and that a tree fell on the original porch in the 1950. They even had pictures.

“We just had fun with this project. I chatted everyone up about it in the neighborhood and they were all for it. It can be a long process to get these things done—we had to get an easement to use a small portion of the public right-of-way because our house was built before the city was established—but it has really enhanced the neighborhood. I think it’s important to preserve these buildings for the fabric of a community.”

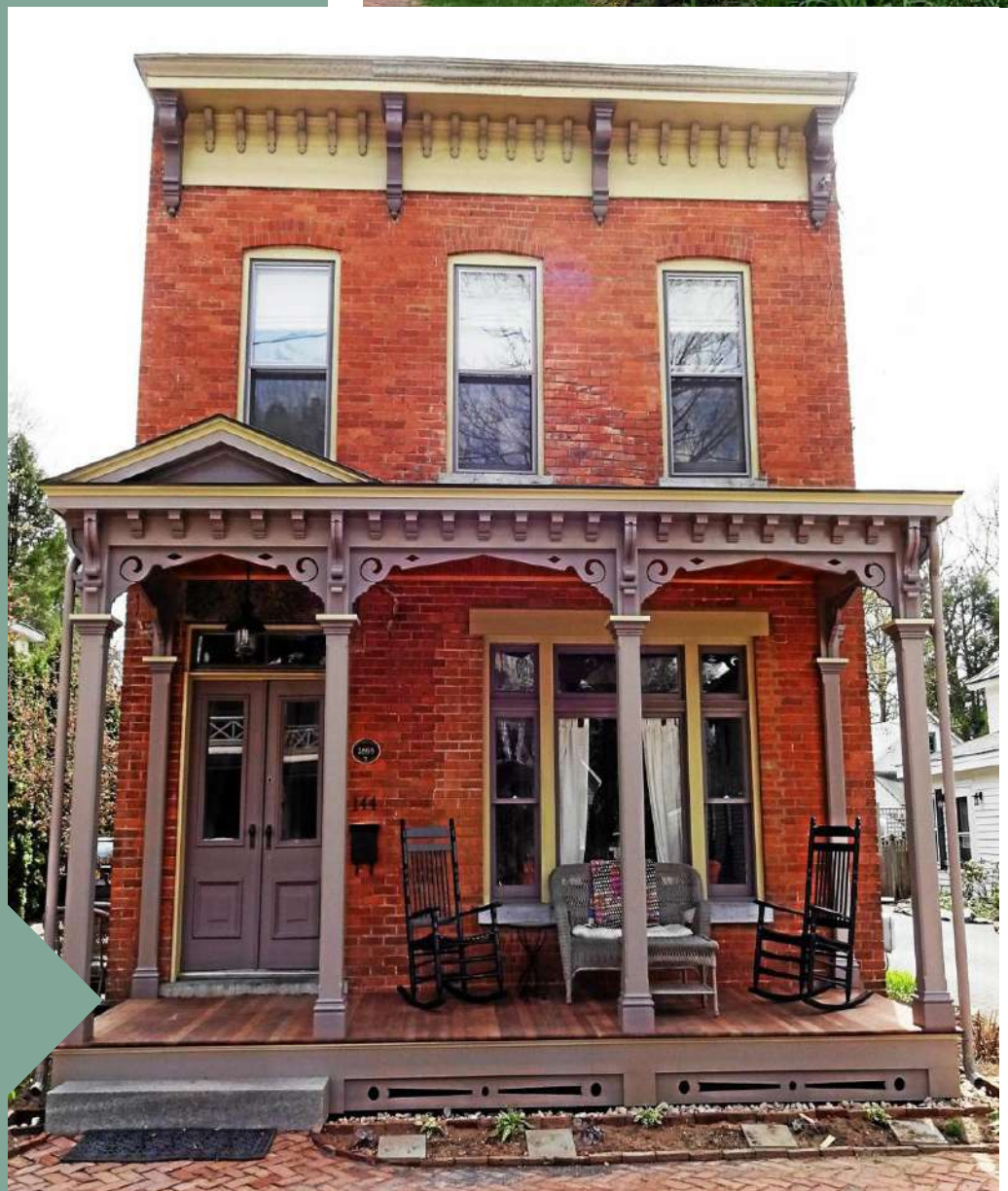
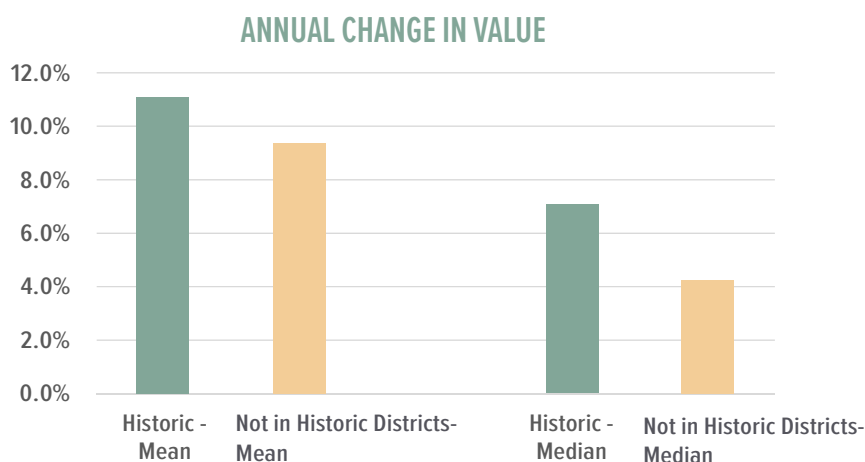


Photo Credit: Times Union
(above)

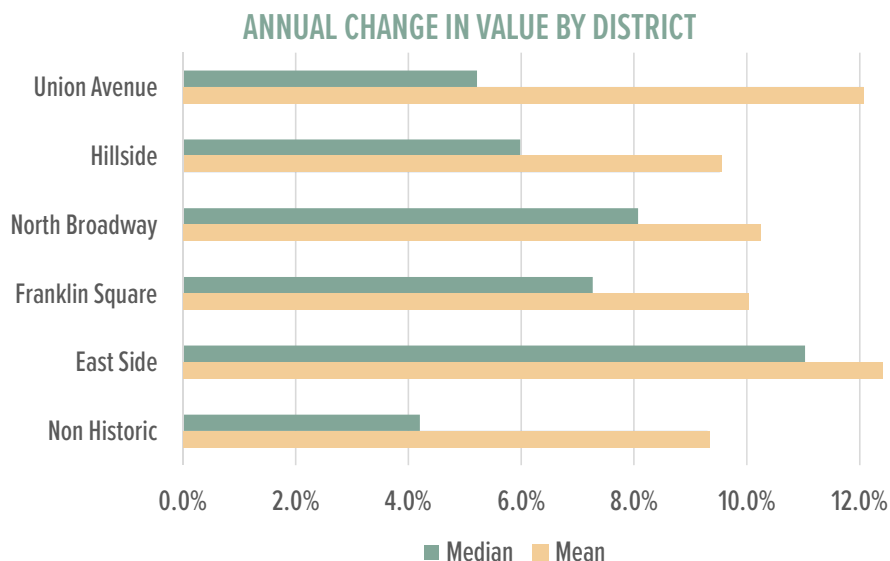
Change in Value

Many homeowners are concerned with the change in value over time – “Yes, my house may be worth more, but how will that change in the future?” Again, because of the quantity and quality of data that was available, the change in value question was approached from several different means of comparison. The MLS data had information on more than 4,000 transactions where the same property was sold more than once over the 20-year period. Both the selling price and the dates of sale were provided. Therefore, a calculation was made of the average annual change in value between the sales, and this average change was compared for properties within and not within one of the local historic districts. In this case both the mean and the median were calculated.⁷ For houses within local historic districts, the average annual change in value between sales was 11.0% while those not in a historic district saw an annual value change of 9.3%. For the more useful median calculation, the annual change in value was 7.0% and 4.2% respectively. It merits mentioning that the change in value is more than just appreciation of the property. Between the dates of sale some homeowners remodeled their kitchen, added a garage, or made other improvements that accounted for part of the value change. This would have been true for both houses in and not in local historic districts.



For the calculation above properties in all the historic districts combined were compared. Of the eight local historic districts in Saratoga Springs, five of them are primarily residential and included sufficient data on residential sales so that comparisons could be made. In each case both the mean and the median annualized change in value was greater for properties in the historic districts than for properties elsewhere in Saratoga Springs.

Not only did properties within historic districts outperform the rest of the market, but each of the four districts did better than the overall market.



⁷ Mean is the average of the sample values. Median is the middle value when the data are sorted. Median is a more robust measurement because it is less susceptible to outliers.

"I'm the builder that lives in an old house. I was born and raised here, and Bonacio Construction has done a lot of restoration in Saratoga Springs and Troy. It's all about revamping the urban cores of these places—we were doing this about 20 years ago, before it was cool to do it, and over time it always seems to pan out. Sometimes a building is restored and sits for a while due to market forces, but we've always found the right fit, and they often stay for 20 years. We also do new construction in historic districts—nobody wants to see those districts go away. We just finished a building using all the best materials—real materials—and everyone said it looked like it was built during the turn of the century. It was the biggest compliment we could have gotten." - Sonny Bonacio, President of Bonacio Construction



Tax Credit Spotlight

Address: 510 Broadway

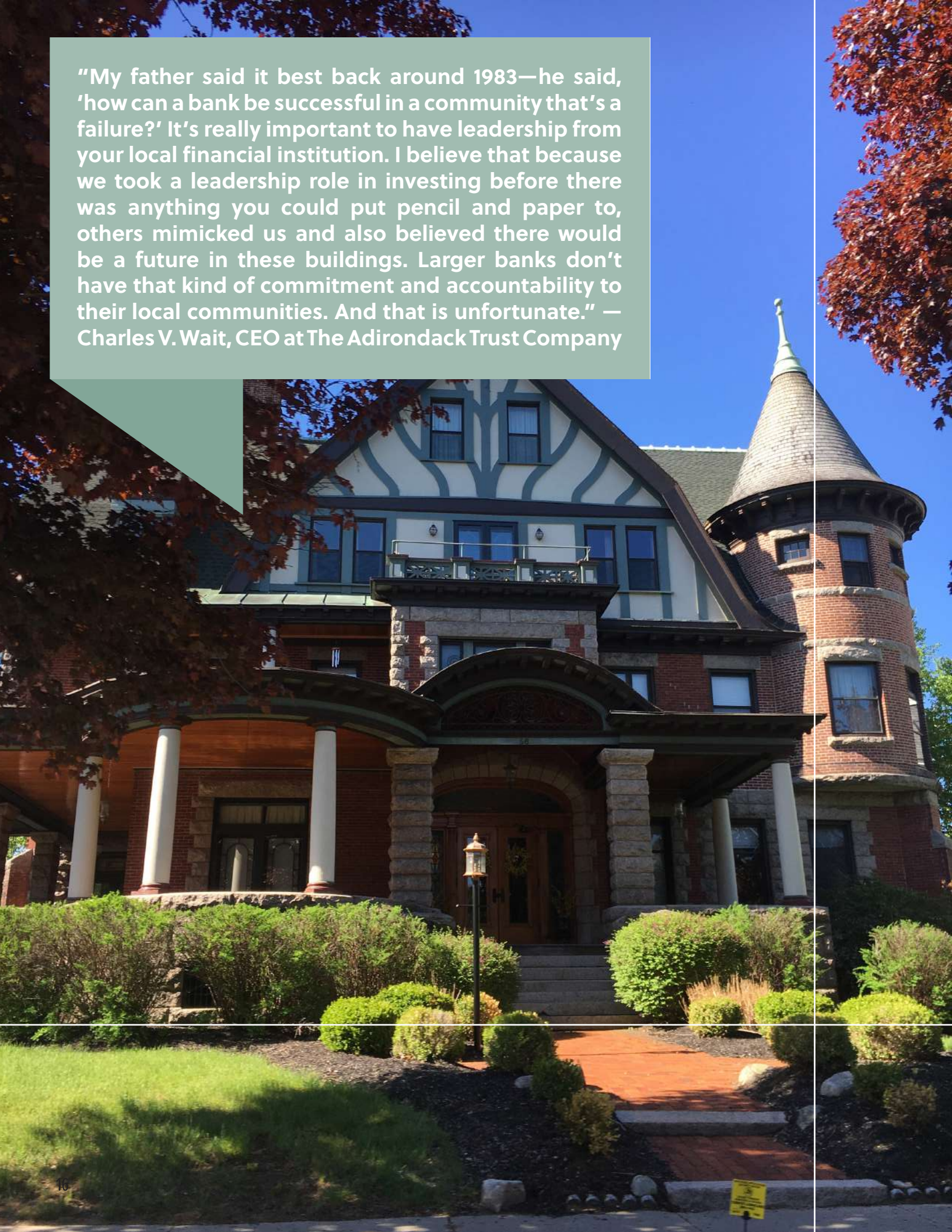
Fiscal Year: 2016

Project Cost: \$7,500,000

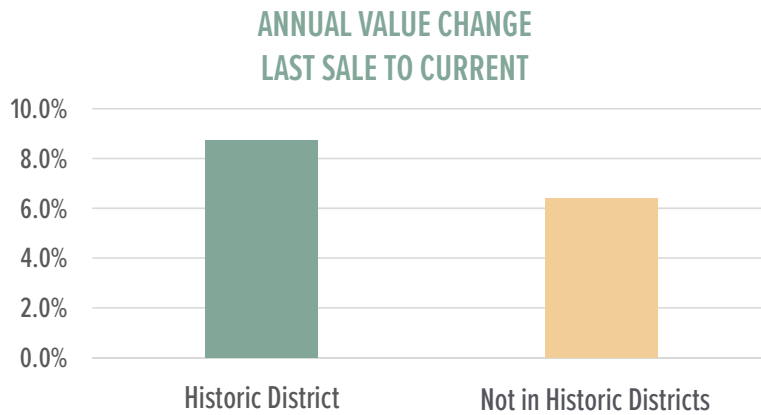
Use Category: Multi-family Housing - 3 Plus Units, Commercial

Located on a corner on Broadway, the Algonquin building is a late-19th century mixed-use building that has always been a prominent feature downtown. The brick Romanesque-style building was subdivided and degraded over the 20th century. In 2013, owner Ben Aronson decided to rehabilitate the residential portions of the building. Over several years, original features were restored, and the space converted into 28 one, two and three bedroom apartments. A combination of federal and state historic rehabilitation tax credits helped make the \$7.5 million project feasible.

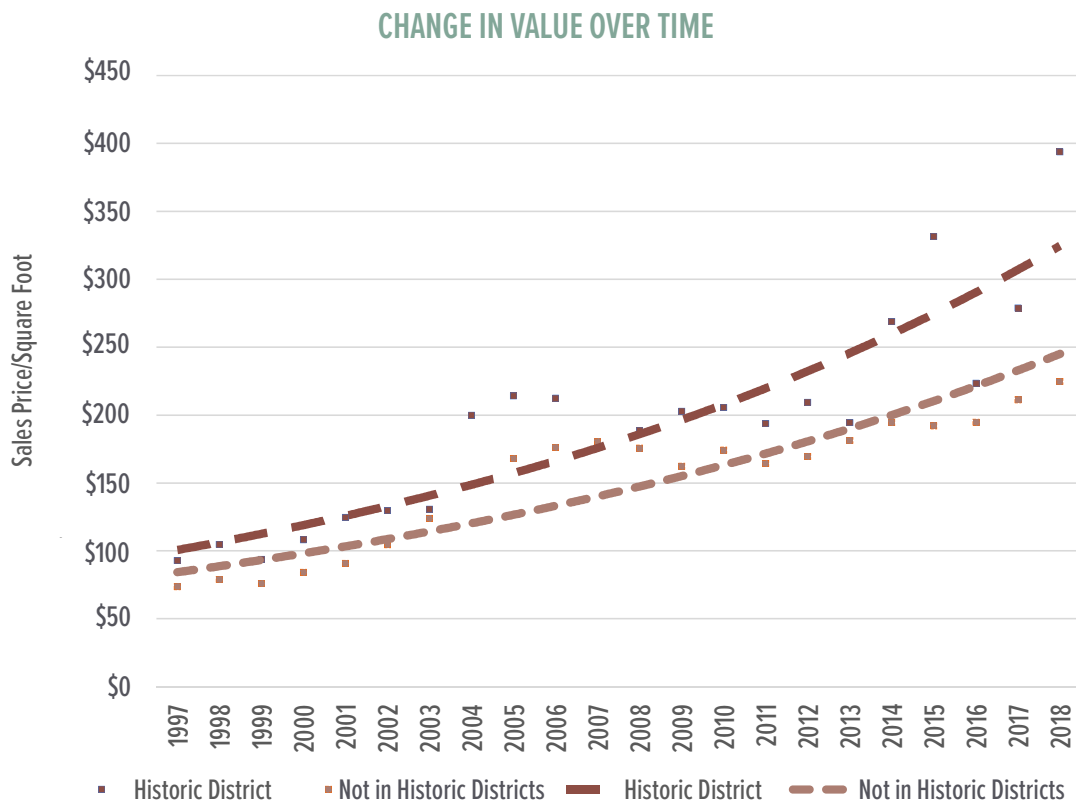
"My father said it best back around 1983—he said, 'how can a bank be successful in a community that's a failure?' It's really important to have leadership from your local financial institution. I believe that because we took a leadership role in investing before there was anything you could put pencil and paper to, others mimicked us and also believed there would be a future in these buildings. Larger banks don't have that kind of commitment and accountability to their local communities. And that is unfortunate." — Charles V. Wait, CEO at The Adirondack Trust Company



The second rate of value change analysis compared the current Zillow value estimate with the most recent selling price. That difference was then annualized. Properties in the historic districts have seen an increase in value of 8.4% per year since the last sale while those elsewhere in Saratoga Springs have had increased value of 6.4% annually since the last sale.

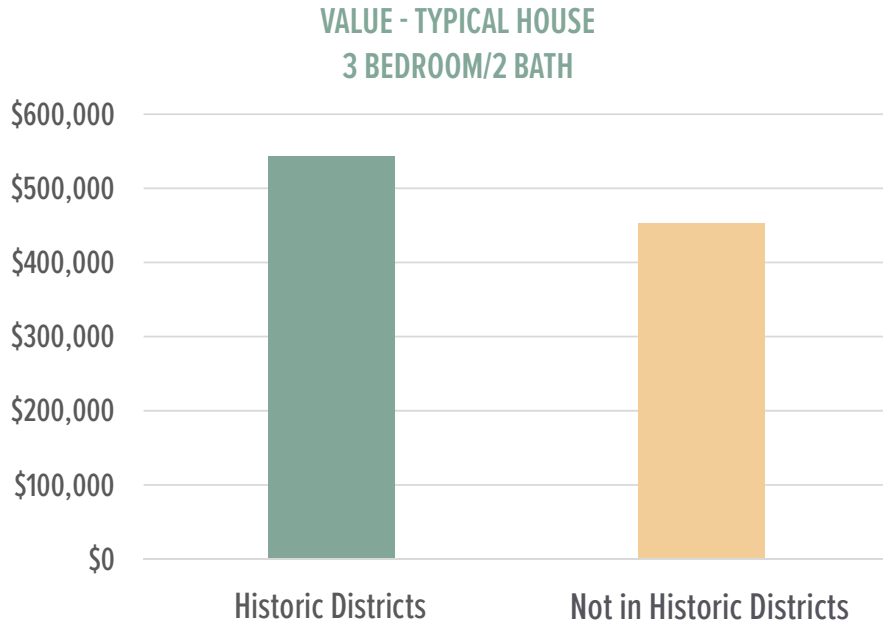


The last measurement of value change over time was to take the average per square foot selling price in each year for properties in both the local historic districts and the rest of Saratoga Springs. Based on the patterns established by these sales prices a trendline could be established. The dotted lines in the graph below are the trendlines established by the sales. The dots represent that year's average per square foot selling price which was used in calculating the trendline. As can be seen, while at the beginning of the period – 1997 – houses in historic districts sold for more per square foot, the difference between the average selling price has consistently expanded over the last 20 years.

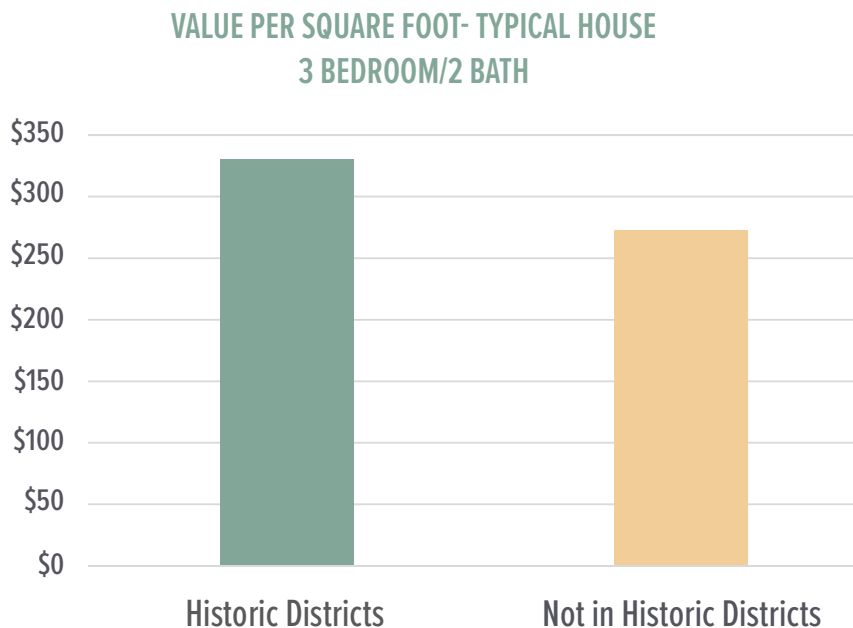


Value of a Typical House

In Saratoga Springs historic districts, as well as elsewhere in the city there are some very large, quite wonderful, but also very expensive properties. Those are not the houses that most homeowners live in. So to focus on the houses more common for most people, this study examined the data for the “typical” house in Saratoga Springs and it was this – a three bedroom, two bath house with above grade finished space of between 1,800 and 1,900 square feet. This “typical house” in a historic district is today worth an average of \$540,000 while the typical house not in a historic district is worth just short of \$448,000.



On a per square foot basis, the historic district “typical house” is worth \$326 per square foot, or just over 22% more than the \$266 average for the house not in a historic district.



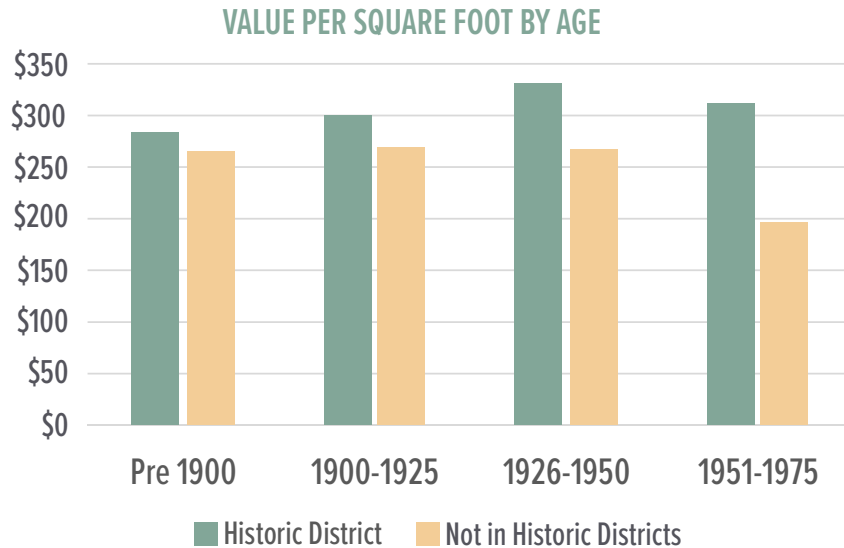


GOOD HOME
SOLD BY
FOR SALE
CALL [phone number]

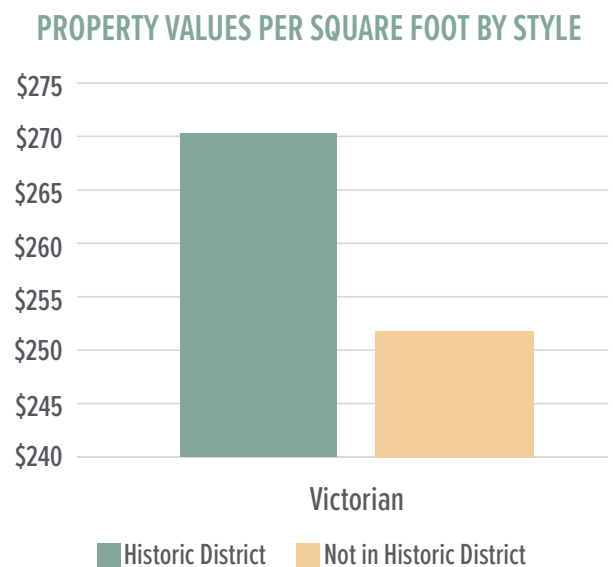
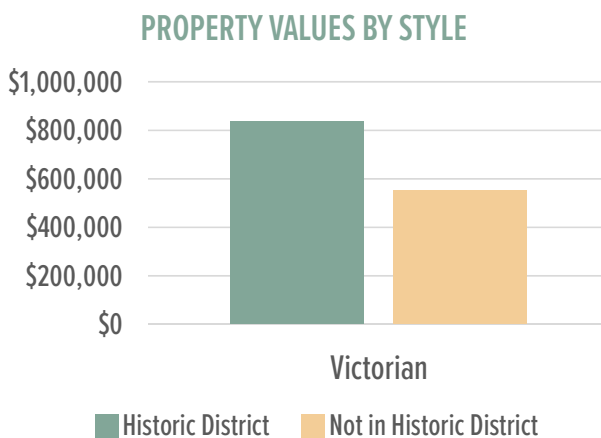


Value by Age and Style

Saratoga Springs is fortunate to have a large inventory of older and historic houses, many of which are not located in one of the local historic districts. Some buyers are specifically attracted to these older properties. Does it make a difference if these houses are in a historic district or not? To answer that question the average value based on current Zillow estimates was compared by year of construction for houses in and not within local historic districts. Properties were sorted by year of construction dates: pre-1900, between 1900 and 1925, 1926 through 1950 and from 1951 through 1975. In every age category, these older properties are worth more if they are in a local historic district than if they are not.



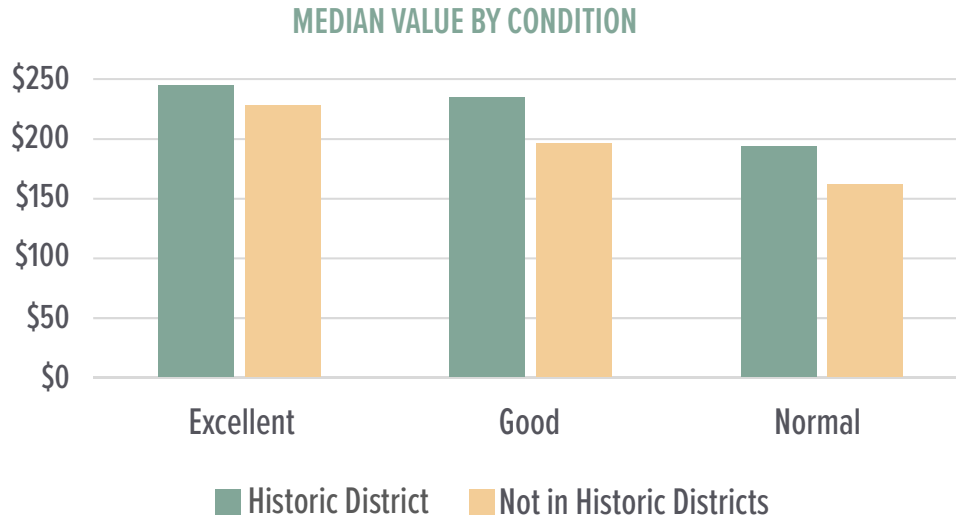
There is a predominant architectural style in older houses in Saratoga Springs – Victorian. There are abundant examples of that style in both local historic districts and elsewhere. If a buyer made a decision to purchase based on preferring a Victorian home, did it make a difference whether the home purchased was in a local historic district or not? A Victorian home in a local historic district has an average value of \$827,000 versus \$435,000 not in a district.



This premium for being within a local historic district also emerges when the comparison is on a per square foot basis. The historic district Victorian house is worth \$270 per square foot on average compared to \$252 not in a district.

Value by Condition

Of course condition has a major influence on the value of a house. The vast majority of homes in Saratoga Springs are rated by the County Assessor as being in excellent, good, or normal condition. Since there is a small sample of data within condition categories for historic district homes, in this case the median rather than the mean was used as comparison. In each of the categories the average square foot value for houses in local historic districts was greater than properties rated in the same condition, but not in historic districts.



The value of one's home and its change in value over time are important considerations for most families. Values are determined by the actions of buyers and sellers in the marketplace. What is clearly evident in Saratoga Springs is that the marketplace is willing to pay more for a house located in a local historic district. The review of demolition, alterations, and new construction, as well as the maintenance of neighborhood character are factors that are having a positive impact on property values.

There are many variables by which properties can be compared, but in Saratoga Springs whether a comparison is made on value, on change of value, on style, condition, or age, the results are consistent: there is a premium attached to properties in local historic districts. The marketplace has spoken.

Hattie's Restaurant

Beth and Jasper Alexander took over Hattie's on September 11th, 2001. They had just opened their doors and found themselves feeding relief workers and first responders from New York City, just hours after they left the rubble. "They looked haunted. We fed them and it meant so much to us to be able to do that. They said it was like being in your grandma's house." That feeling of comfort and home is the soul of Hattie's. It's what keeps people coming back just as much as the food.

That said, even comfortable homes need to be updated. The Alexanders have replaced all the plumbing at Hattie's. They've added insulation, replaced the old heater that smelled like kerosene, and added central air. When they bought the restaurant, the floor was sinking—the joke was that if you put a bottle of hot sauce on its side on the table, it would roll right off. But, as Beth

Alexander put it, "when you own a place as beloved as this place, the thought of moving it will cross your mind, but then it quickly goes away. Hattie's is a historical institution on its own. This old building is part of the charm."

In fact, Hattie's is what brought Beth Alexander back home. She worked at the restaurant while growing up in Saratoga Springs, but left and was living in Seattle when the place went up for sale. "Any other restaurant I would not have come back for, but I had to come back for Hattie's." "We just celebrated our 80th anniversary. We have people who have worked here for over 20 years. It's more than going to work and waiting on tables. It's like a second family." The Alexanders hope this will become a family business in the literal sense as well, as their 12- and 18-year-olds are both interested in continuing the business one day.

"Everybody jokes about the screen door that we have out front. Everyone asks us why we haven't changed the screen door. If you've read articles about Hattie's from years ago, it's always about the banging screen door. And it's the same screen door. We're not changing it, that's Hattie's." –Beth Alexander, Owner

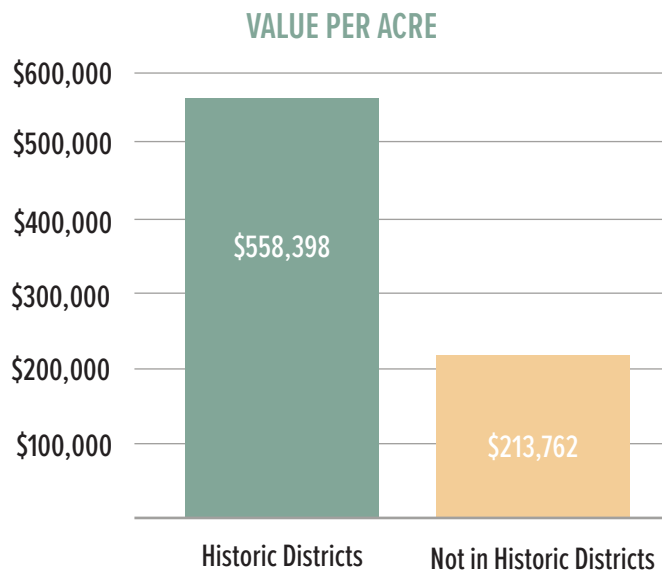


Other Impacts

Economic Density

Most of the analysis for this report focused on property values—how historic designation has created significant patterns of difference in value and value increase compared to the rest of the city, and what those value increases have meant for homeowners. While important, that is not the only significant variable that can be considered.

The primary beneficiary of the “preservation premium” is the homeowner. However, there is a public benefit as well. Local historic districts in Saratoga Springs represent only 6 percent of the land area—14 percent of the assessed value of property within the city. On a cultural level, almost by definition historic districts contain buildings worth saving, but that is true from on a fiscal basis as well. From a tax revenue perspective, the historic districts disproportionately provide the needed revenue stream for the City of Saratoga Springs as well as Saratoga County and the local school districts. Properties in historic districts average 2.5 times the assessed value per acre than the rest of the city. That revenue is critical for paying for teachers, police officers, and fixing potholes.





Tax Credit Spotlight

Project Name: Adelphi Hotel

Address: 365 Broadway

Fiscal Year: 2017

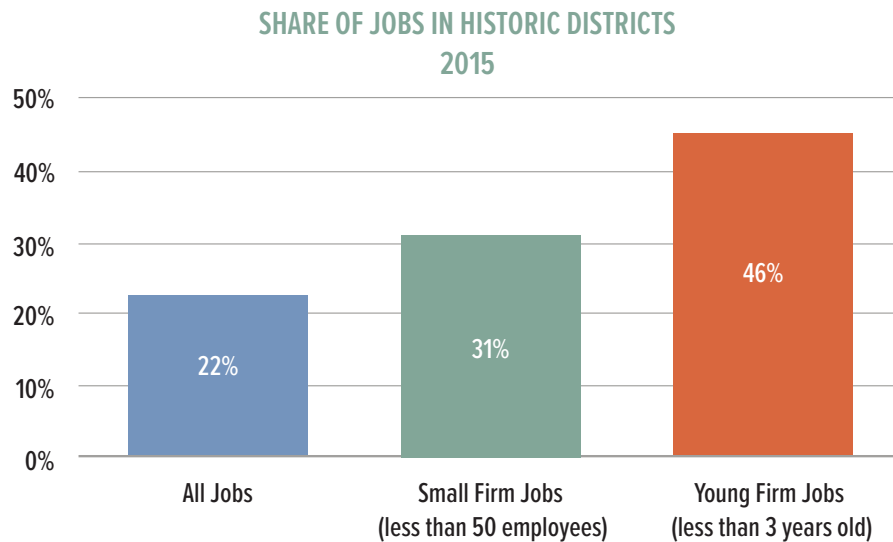
Project Costs: \$36 million

Use Category: Hotel

The Adelphi Hotel reopened in 2017 following a five year, \$36 million restoration. Constructed in 1877, it is the only grand hotel that recalls Saratoga Springs' prominence as a Victorian-era destination for well-heeled vacationers seeking the city's natural spas and springs. The rehabilitation transformed what was formerly a summer seasonal hotel into a year-round luxury hotel, generating tax revenue, job income, and economic activity for the community even in the off-season.

Jobs

The Broadway Historic District is the cultural and economic hub of Saratoga Springs, but businesses and economic activity are found in all of the historic districts. It is no surprise that 22 percent of all jobs in the city are located in the historic districts.



The historic districts are also productive for the future of Saratoga Springs, as 31 percent of jobs at small firms and 46 percent of jobs at young firms are located in these areas. Historic districts and buildings attract small and start-up businesses because of the character of the building, the variety of spaces and sizes available, and because older structures often have more competitive rents. This vibrant business atmosphere is further evidenced by the fact that the historic districts boast 6 jobs per acre as compared to 1 job per acre in the rest of the city.

Saratoga is a “meds and eds” economy from a jobs standpoint. However, the tourism industry is widely regarded as the largest revenue producer for local businesses. The historic districts are the location of a disproportionate share of jobs in the sectors where visitors spend their money: accommodations, food services, and retail.

The concentration of businesses, the density of jobs, and the built character protected by the historic districts contribute to the economic vitality of downtown Saratoga Springs. The historic district guidelines ensure high-quality new construction in the districts, further expanding economic opportunities. This combination is valuable to residents and tourists alike and is exactly what is sought when visiting and choosing to locate a home or business in Saratoga Springs.

Industries with the Most Jobs in Saratoga Springs

Educational Services	19.9%
Health Care and Social Assistance	16.7%
Accommodation and Food Services	11.6%
Retail Trade	7.6%
Finance and Insurance	6.8%

Share of Jobs in Historic Districts

All Jobs	22%
Accommodation and Food Services	37%
Retail Trade	23%

Jim Sasko, President/ Owner Teakwood Builders

Jim Sasko learned that old buildings are different the hard way—by dismantling them. “I got involved with working on fire-damaged residential homes that we had to take apart to repair. It was clear how different the materials were from stock items and we would mill the replacement parts ourselves.”

Jim’s company is now 21 years old and employs 16 carpenters, two interior designers, and a full-time estimator. Everyone is local—Albany is the furthest they’ve recruited. There are very few people who do the kind of specialized work that Jim’s company does, and, according to Jim, even fewer who are actually good at it. “The difference between us and typical developers is that a lot of the larger companies we compete with will subcontract a majority of the work. We have 16 carpenters in the field and employ the best talent in the region. We know how to go into a historic structure and pull off a plaster crown and make a mold of it and enjoy doing it. We’re working with older framing, flooring, plumbing, etc. and every time someone hires a new plumber from out of town it gets destroyed because it’s unfamiliar territory to them.”

While Jim’s company also does new construction and careful modernization of older homes, he has a clear love of older buildings. When looking for a space for their business office, Jim set his sights on a 1940s garage that others—including the city land use boards—did not think was worth saving. After doing his own research on the side about these kinds of garages and other examples where they were salvaged and repurposed, he won the fight and converted it into office space. “When you take historic structures away, what replaces them hold no significance...no matter how hard a builder or architect tries to reproduce something, it’s never the same without the original fabric.”



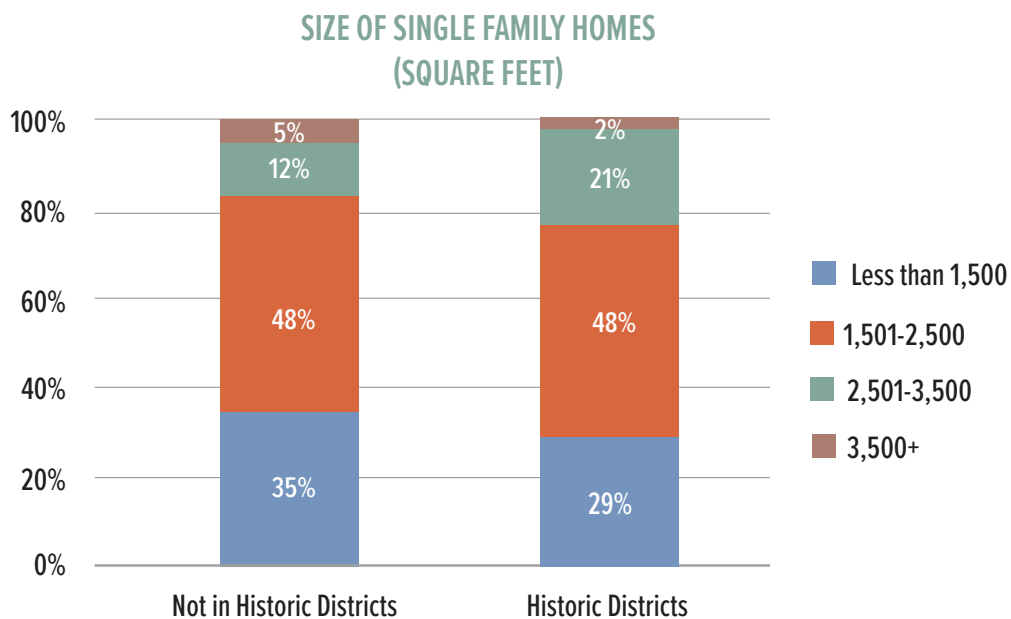
Photo Credit: Scott Bergmann Photography

Diversity of Housing Options

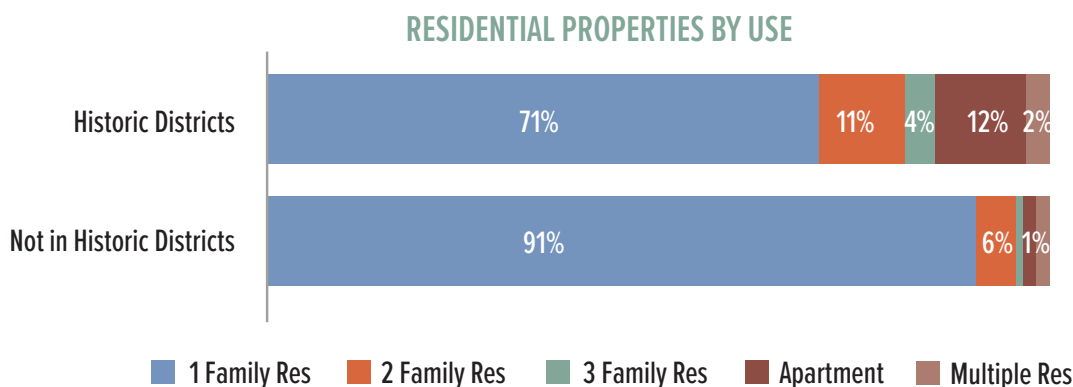
As in many communities across the country, housing is a concern in Saratoga Springs. While there are government-subsidized programs that provide housing to eligible households, these programs are expensive. The average cost to produce a new unit of subsidized affordable housing often exceeds \$250,000 per unit. While utilizing the existing housing stock is essential for maintaining a supply of housing, this strategy is too rarely used in the United States. Saratoga Springs historic districts help preserve the existing rental housing stock in town.

Saratoga Springs has a higher share of renter households than either the national average or other cities in the region. In fact, despite covering just 6% of the land area, 19% of all rental units in Saratoga Springs are located in historic districts. According to the 2016 US Census Bureau American Community Survey, the median rent in Saratoga Springs is \$1,069. Additionally, 51% of units in the historic districts rent for less than \$1,000 a month, accounting for 22% of all units renting for less than \$1,000. As a result, many of these renters are able to call local historic districts home.

Saratoga Springs' historic districts also provide a wide variety of housing sizes and models, which is another important aspect of maintaining housing. There are more housing options in historic districts than elsewhere in the city. This enables residents from a wide range of economic levels, household sizes, and age groups to live in Saratoga Springs.



In fact, 40 percent of all apartment properties are located in historic districts--again demonstrating that historic districts, while covering only a small portion of the land area, are dense, productive, and efficient.



“One of the big advantages of historic preservation is that nobody can replicate what you’re doing. There’s unlimited money and expertise if you’re building high rises, but historic preservation is a specialized area. The people who do this stuff are the people who have a special love for it.” – Robert (Bob) Israel



Robert “Bob” Israel Developer

Bob Israel arrived in Saratoga Springs in 1977 on the same weekend that the former Skidmore Campus went on the market. The sale of the campus took several years. During that time, he was able to purchase one of the old historic buildings that contained four apartments. With this project, Bob was one of the first people to take advantage of a preservation facade easement in exchange for 50% reimbursement for certified exterior improvements.

Having been successful with this first venture in Saratoga Springs, Bob did another facade easement on Broadway and then in 1982, moved on to his third facade easement at 6 Franklin Square, for which he also used the Major Properties Grant and the National Historic Preservation Tax Incentive Program. This project was a large, mixed-use building on the corner of Clinton and Division Streets, and it was a complete game changer for the neighborhood. Shortly after 6 Franklin was developed, he went on to rehabilitate a number of other buildings along Franklin Square in the 1980s, as well as buildings along other nearby streets.

Bob credits his love of historic buildings first to a friend’s house growing up—it was an old carriage house—and then visiting his in-laws’ 1785 farmhouse in Western Massachusetts. Bob started out as a tax attorney in Colorado, then moved to Albany, where he worked at the New York State Historic Preservation Office. After that, he went to work for a developer who focused on historic buildings. He has spent the last 45 years developing and restoring historic properties.

He explained, “I had a natural affinity for [historic buildings], and one of the things I found was that other people my age—Baby Boomers—also liked what I liked. So I’d restore these buildings, one right after the other, and people just really liked to live and work in them.”

More specifically, Bob explained, “developing historic properties is higher risk, but it’s very doable and will pencil out economically. The current tax provisions in New York state have huge potential—you get 20% back from the state, in addition to the 20% credit from the federal government for income-producing properties, making it 40 cents on every dollar you spend from the government. Another really essential thing is having a bank that is willing to participate. Adirondack Trust Company has supported me in all of these projects over these past decades. A community bank that supports local and moderate-sized efforts is absolutely essential.”

There also has to be an emotional component to it. “It adds to the community and it’s a social good.” Bob owns numerous properties in Saratoga Springs, and his work has inspired others to pick up the torch and restore old buildings—his son and daughter-in-law, as well as his daughter and son-in-law, are all working on developing historic residential dwellings. His other son currently lives in the oldest residential structure in Saratoga Springs—a Federal style home built circa 1815 with Gothic Revival details that were added at a later date.

Walkability

“Walkability” has become a major priority for a number of groups. Public health professionals, urban planners, infrastructure specialists, fiscal analysts, and the real estate industry have, in recent years, expressed the importance of walkability in meeting their respective goals.

Walkscore was developed as a way of measuring how walkable any house, neighborhood, or city is. Walkscore.com, now owned by the real estate firm Redfin, provides a score between 0-100 indicating the “walkability” of an address. The criteria for walkability include aspects such as close proximity to a commercial center, parks and public spaces, pedestrian-designed spaces, schools, and workplaces.

“Persons living in walkable, mixed-use neighborhoods have higher levels of social capital compared with those living in car-oriented suburbs. Respondents living in walkable neighborhoods were more likely to know their neighbors, participate politically, trust others, and be socially engaged.” — American Journal of Public Health, October, 2011

The Walkscore categories are:

90–100 Walker’s Paradise

Daily errands do not require a car.

70–89 Very Walkable

Most errands can be accomplished on foot.

50–69 Somewhat Walkable

Some errands can be accomplished on foot.

25–49 Car-Dependent

Most errands require a car.

0–24 Car-Dependent

Almost all errands require a car.

The historic districts are meeting the walkability goals of many advocates, but the relationship between walkability and quality of life is often overlooked. Transportation costs are typically a household’s second largest expenditure following housing costs. Households living in compact, mixed-use, walkable areas, with convenient access to jobs, services, and transit tend to lower transportation costs. Again, this is where Saratoga Springs historic districts provide benefits to the city. Saratoga Springs historic districts are unsurprisingly the most walkable areas of the city.

45

Saratoga Springs Walkscore

83

Historic Districts Walkscore





Tax Credit Spotlight

Project Name: Holmes Block

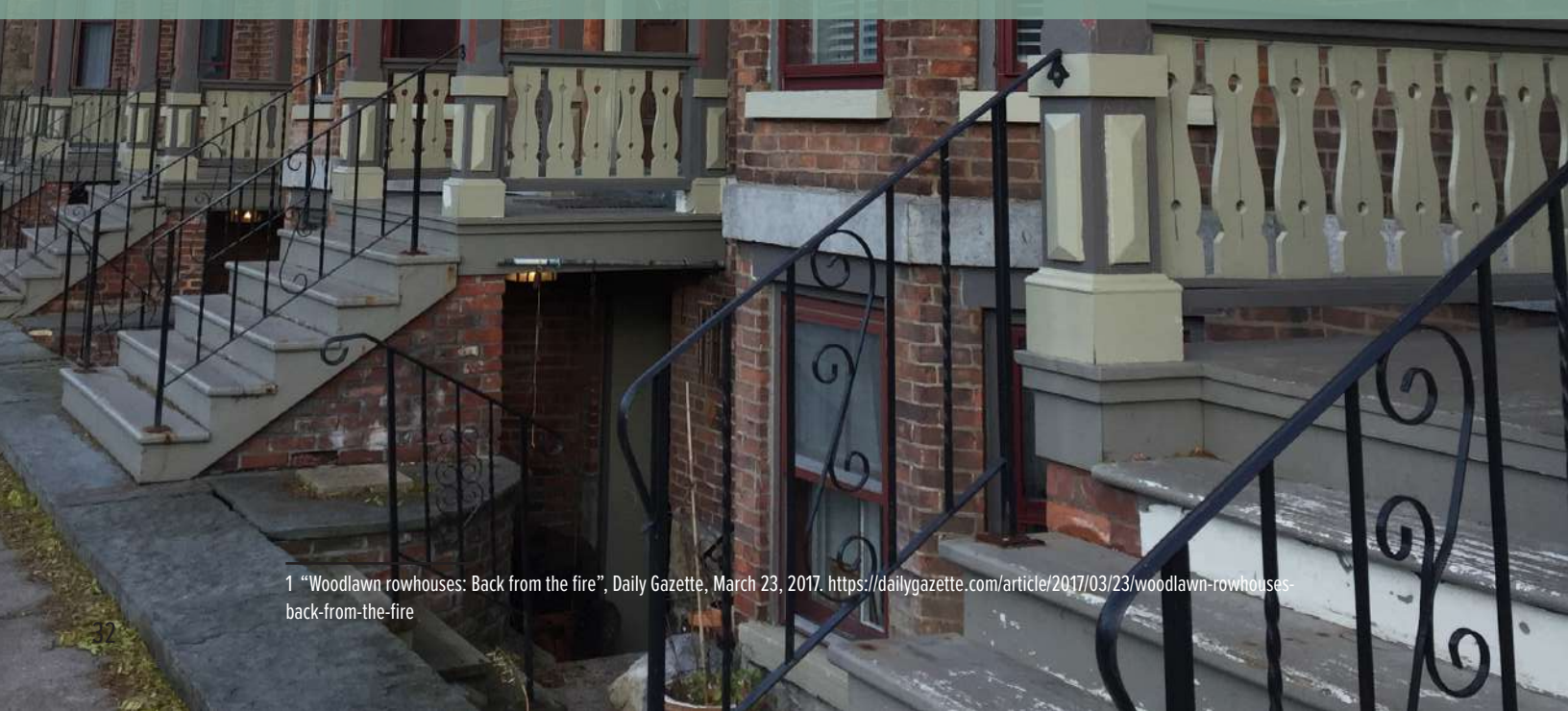
Address: 100-108 Woodlawn Avenue

Fiscal Year: 2016

Project Costs: \$3,550,000

Use Category: Multi-family Housing - 3 Plus Units

The presence of row houses in Saratoga Springs is unique, so when a devastating 2013 fire damaged the 1870s era buildings many were concerned. Luckily for Saratoga Springs, the owner, Bob Israel, was no stranger to historic preservation and not one to back down from a challenge. The rehabilitation was completed in 2015 and received a Restoration Award from the Saratoga Springs Preservation Foundation. Israel notes the historic tax credits were a crucial component to the project, “We would have gotten about three-fourths of the way through it and run out of money,” he said “It was absolutely essential, and it preserved a streetscape that everybody’s used to — they’ve been walking past that their whole life.”¹



¹ “Woodlawn rowhouses: Back from the fire”, Daily Gazette, March 23, 2017. <https://dailygazette.com/article/2017/03/23/woodlawn-rowhouses-back-from-the-fire>

Conclusion

Citizens, political leadership, business operators, and homeowners in Saratoga Springs have recognized the particular contribution of the city's historic resources to the character and quality of the city. This report attempted to quantify some of that contribution, particularly in regard to the effect of local historic districts on property values.

Property values are not established by public decree, pricing decisions of corporations, or even by real estate developers or brokers. Property values are determined by the actions of buyers and sellers in the marketplace. For at least the last twenty years, buyers and sellers of properties in Saratoga Springs have established a "preservation premium" for homes in local historic districts. As evidenced through multiple indicators, buyers are willing to pay more for a house in one of these districts. Why? The National Association of Realtors found in a recent survey⁸ that the number one variable in the choice of a neighborhood was not affordability or convenience to work, or even quality of local schools. The most common reason for choosing where to live was "Quality of Neighborhood." That is what Saratoga Springs' local historic districts are doing – protecting and enhancing the quality of historic neighborhoods.

This study found that it is not just the owners of historic homes who benefit from this preservation premium. Local government entities, small business and start-up business owners, and even renters disproportionately benefit from the local historic districts.

As an unanticipated bonus, it was found that the local historic districts are, in fact, more diverse in both race and income than the city at-large.

In the end, the economic values of Saratoga Springs' historic buildings are probably less important than the aesthetic, cultural, social, environmental, educational, and community values those heritage resources represent. As part of the comprehensive contribution to the City of Saratoga Springs, the economic value of heritage is clearly significant.

Acknowledgements

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Methodology

This analysis relied on data from the City of Saratoga Springs, Saratoga County, the National Park Service, the Saratoga Springs Preservation Foundation, other state and federal databases, newspaper and social media outlets, and in-person and phone stakeholder interviews. All photos were taken by PlaceEconomics or provided by the Saratoga Springs Preservation Foundation unless otherwise credited.

- Real estate values from Eastern New York Regional Multiple Listing Service (MLS), Zillow, and Saratoga County Real Property Tax Service Agency.
- Parcel data from the Saratoga County Planning Department
- All demographics data from the US Census Bureau and PolicyMap.
- Walkability data from Walkscore.com

Saratoga Springs

Enhancing the Values through Historic Preservation

Prepared by *PlaceEconomics* for the City of Saratoga Springs | November 2018



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