



ECONOMIC IMPACT OF HISTORIC PRESERVATION IN TEXAS

UPDATE 2015

EXECUTIVE SUMMARY



RUTGERS

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ECONOMIC IMPACT OF HISTORIC PRESERVATION IN TEXAS

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SPANISH GOVERNOR'S PALACE IN SAN ANTONIO

INTRODUCTION & BACKGROUND

“THERE IS MUCH MORE TO ECONOMIC DEVELOPMENT THAN CASH INCENTIVES AND TAX BREAKS. BUSINESSES CONSIDERING A MOVE TO TEXAS ALSO WANT TO KNOW THAT WE HAVE THE SKILLED WORKERS TO FILL THOSE JOBS. THEY WANT TO KNOW THAT WE HAVE THE INFRASTRUCTURE AND THE WATER THAT THEY NEED TO OPERATE THEIR BUSINESSES. AND THEY WANT TO KNOW THAT TEXANS SUPPORT THE ARTS, AND CULTURE AND PARKS AND OTHER FACTORS THAT ENHANCE THE QUALITY OF LIVES OF THEIR EMPLOYEES.” -TEXAS HOUSE SPEAKER JOE STRAUS

Texans are proud of the rich and diverse heritage of our great state and are committed to the continued economic growth that is a vital part of that heritage. Historic preservation is not an alternative to economic growth but a key component of it.

Historic preservation improves the quality of life for Texas residents and attracts visitors to visit more often and stay longer. For many Texans, a visit to the Alamo fosters an interest in history and historic places. For some, working to save a hometown landmark or to revitalize a historic urban neighborhood or small town can energize a once declining community. For all Texans, preservation creates new jobs, provides quality affordable housing, brings diversified economic development, and efficiently and effectively maximizes private and public investments.

Businesses locate in Texas for numerous reasons, and the state’s quality of life is increasingly one of them. Historic preservation offers attractive and economical spaces for business, stable and interesting historic neighborhoods, lively Main Streets and revitalized downtowns. In turn, these tax-paying properties enhance our quality of life and directly improve the economic well-being of all Texans.

Historic preservation is a major industry in Texas. The numbers tell the story: in 2013 preservation activities in Texas generated more than \$4.6 billion of state gross domestic product (GDP) in Texas, and supported more than 79,000 Texas jobs. This produced significant net tax revenue for both state and local governments in Texas, equaling over \$290 million annually.

When viewed in cost-benefit terms, historic preservation is one of the best investments available today, for both developers and the public. Restored courthouses and other landmarks save materials and embodied energy from the landfill, while enhancing a sense of place and community pride. Preservation programs and initiatives are an important driving force for the Texas economy, as has now been documented over several decades.

**IN 2013, PRESERVATION
ACTIVITIES IN TEXAS
GENERATED MORE THAN \$4.6
BILLION OF STATE GDP IN
TEXAS, AND SUPPORTED MORE
THAN 79,000 TEXAS JOBS.**

The Texas Historical Commission (THC) in 1999 commissioned a study (a collaboration between Rutgers University and UT-Austin) that quantified the economic contributions of historic preservation in Texas. The 1999 study became one of the earliest and most comprehensive research efforts on this topic in the United States. This 2015 study updates the economic impact investigation, and expands it to include programs launched since 1999. Once again, UT-Austin and Rutgers University have collaborated on this 2015 study.



FANNIN BATTLEGROUND STATE HISTORIC SITE

This study uses an advanced economic analysis tool, the Preservation Economic Impact Model, developed by Rutgers to quantify both direct and secondary economic effects. To illustrate: lumber purchased at a hardware store for historic rehabilitation is a direct impact. Secondary impacts include purchases by the mill that produced the lumber and the household expenditures of the workers at both the mill and the hardware store. Cumulative investment is expressed in inflation-adjusted 2013 dollars. Job creation and other impacts are reported as Texas in-state numbers, unless otherwise noted – additional jobs and economic activities are generated elsewhere in the US. The study reports in-state wealth creation, which is Texas GDP minus federal taxes. The full technical report outlining methods and results of this study can be found on the THC website.

The results reported in the study are *conservative*. The positive effects of historic preservation activities on Texas's economy are certainly more extensive, but the numbers reported here are limited to those that can be directly quantified and modeled. Every effort has been made to avoid double-counting. For example, the results of the Texas Main Street Program exclude historic building rehabilitation numbers because they are already counted in the Historic Rehabilitation section.

This Executive Summary begins with an overview of the aggregate economic impacts of historic preservation in Texas. It goes on to review Heritage Tourism, including the Texas Heritage Trails Program, and National Historic Trails in Texas; and Historic Rehabilitation, including the Federal Historic Tax

Credit, and the new Texas Historic Preservation Tax Credit that begins in 2015. Later chapters examine the economic impacts of the Texas Main Street Program and Texas Historic Courthouse Preservation Program, Texas History Museums, State Historic Sites, the Texas Preservation Trust Fund, and finally the effects of historic designation on property values.

All of these preservation initiatives are interrelated. Historic preservation in Texas is fostered through a multi-faceted collaboration of the public and private sectors. Main Street improvements are aided by rehabilitation incentives; together with courthouse restorations they create the settings that the heritage trails use to attract tourists who shop and dine on main streets and stay in rehabilitated historic hotels. Texas's strong and varied historic preservation programs are one underpinning of the state's economic success.

AS TEXAS MOVES FORWARD
TO MEET THE CHALLENGES
OF THE 21ST CENTURY
WITH A SECURE PLACE IN
THE GLOBAL ECONOMY, THE
PRESERVATION OF TEXAS
HERITAGE AND THE
POTENTIAL ECONOMIC
IMPACT OF THAT EFFORT
BECOME EVEN MORE
IMPORTANT.



MORE THAN 2.5 MILLION PEOPLE FROM AROUND THE WORLD VISIT THE ALAMO EACH YEAR

SUMMARY OF CONCLUSIONS

1 TEXAS HERITAGE ATTRACTS TOURISTS

More than 10.5 percent of all travel in Texas is heritage-related, and that number continues to rise. Heritage tourists contribute more than their share to spending, \$7.3 billion or about 12.5% of total visitor spending in Texas. Of that, nearly \$2.26 billion can be attributed directly to the heritage-related portions of their trips. According to a survey of participating sites, the Texas Heritage Trails Program increases revenue and visitation by 13.9%.

2 HISTORIC PRESERVATION CREATES JOBS

Heritage tourism alone created more than 54,000 jobs in Texas in 2013, in diverse areas such as retail, construction, manufacturing, transportation and utilities, as well as services. Overall, historic preservation activities created more than 79,000 jobs in 2013.

3 HISTORIC BUILDING REHABILITATION REBUILDS TEXAS COMMUNITIES

Private property owners invest almost \$741 million annually in rehabilitation of designated historic buildings, more than 7% of all building rehabilitation activity. Public entities add at least \$31 million for a total annual historic rehabilitation investment in Texas of approximately \$772 million.

4 INCENTIVES FOR HISTORIC PROPERTIES ATTRACT REINVESTMENT

Every dollar from federal and state incentive programs triggers \$4 to \$5 of private-sector investment. Since its inception in 1978, the Federal Historic Tax Credit has spurred about \$1.78 billion in private-sector rehabilitation in Texas, generating more than 35,000 in-state jobs and more than \$2.4 billion in state GDP. As the new Texas Historic Preservation Tax Credit takes effect in 2015, the state can expect a strong increase in this investment.

5 HISTORY MUSEUMS BRING ECONOMIC VITALITY TO COMMUNITIES

Texas Historical Museums (there are more than 700) spend over \$93 million annually, not including capital expenditures. Even history museums in the smallest communities across the state attract thousands of visitors annually.

6 REVITALIZATION OF TEXAS MAIN STREETS MAKES GOOD BUSINESS SENSE

Historic downtowns sustain communities and are the focus of the Texas Main Street Program, with 89 cities currently participating. Since the program's inception in 1981, participating Main Streets have produced an average of \$310 million annually in state GDP. Cumulative reinvestment in Main Street areas has totaled over \$5.2 billion since 1981.

7 THE STATE'S INVESTMENT IN COURTHOUSES PAYS GREAT DIVIDENDS

Since 2000, the Texas Historic Courthouse Preservation Program has awarded over \$251 million in grants to 91 counties. These awards made possible about \$403.3 million in total project spending from 2000 through 2013. These projects have created more than 9,600 jobs and added \$615 million to state GDP, while spurring downtown revitalization in counties large and small.



REHABILITATION OF THE HISTORIC WHARTON COUNTY COURTHOUSE

SUMMARY OF ANNUAL ECONOMIC IMPACTS

Historic preservation activities in Texas, including heritage tourism, the rehabilitation of historic buildings, Texas History Museums operations, and activities generated by Texas Main Street Programs, contribute over \$4.6 billion annually to the state. The economic impacts of preservation include the creation of jobs, income to Texas residents, an increase in the gross state product, increased state and local taxes, and increased in-state wealth.

ANNUAL HERITAGE-RELATED SPENDING IN TEXAS (2013)

Heritage Tourism	\$ 2.25 billion
Historic Rehabilitation	\$ 772 million
Net Historical Museum Operations*	\$ 93 million
Net Main Street Program Activity*	\$ 224 million
Total Direct Spending	\$3.34 billion

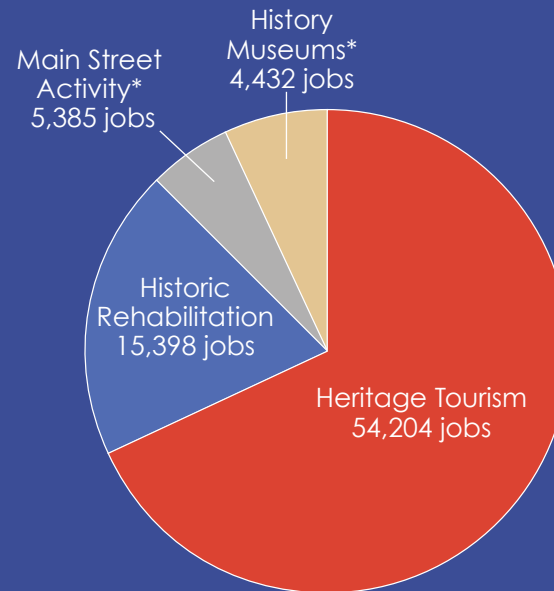
JOBS & INCOME IN TEXAS SUPPORTED BY ANNUAL HISTORIC PRESERVATION ACTIVITIES

	JOBS	INCOME
Retail Trade	7,949	\$ 278 million
Service Sector	50,071	\$ 1,760 million
Construction	7,782	\$ 527 million
Manufacturing	6,602	\$ 378 million
Other Sectors	7,015	\$ 318 million
Total	79,419	\$ 3,260 million



HISTORIC MCKINNEY FARMERS MARKET

ANNUAL EMPLOYMENT EFFECTS OF HISTORIC PRESERVATION (2013) - 79,419 TOTAL JOBS IN TEXAS



TOTAL IMPACT OF HISTORIC PRESERVATION IN TEXAS - \$4.6 BILLION ANNUALLY

In-state benefits of the \$3.34 billion direct annual expenditures, based on multipliers:

Jobs	79,419
Labor Income	\$ 3,260 million
In-state Wealth	\$ 3,785 million
State & Local taxes	\$ 291 million
State GDP	\$ 4,624 million

*Excluding Museum and Main Street impacts already tallied in Heritage Tourism and Rehabilitation.



THE MISSION DE CORPUS CHRISTI DE LA YSLETA IN EL PASO IS RECOGNIZED AS THE OLDEST PARISH IN THE STATE OF TEXAS. THIS PARISH CHURCH WAS RESTORED WITH THE HELP OF A GRANT FROM THE NATIONAL TRUST FOR HISTORIC PRESERVATION

HERITAGE TOURISM

THE TRAVEL AND TOURISM INDUSTRY IS AMONG THE LARGEST AND FASTEST-GROWING SECTORS IN THE U.S. ECONOMY, WITH DOMESTIC AND INTERNATIONAL TRAVELERS SPENDING ABOUT **\$888 BILLION** IN 2013. TOURISM IS A LEADING SECTOR IN THE TEXAS ECONOMY, WITH DIRECT VISITOR TRAVEL SPENDING IN TEXAS COMMUNITIES EQUALING NEARLY **\$58.4 BILLION** IN 2013.



STAGECOACH DEMONSTRATION AT FORT GRIFFIN STATE HISTORIC SITE

In this report we delineate only direct visitor spending by Texas travelers using the results of the DK Shifflet and Associates survey. Because the goal of this study was to estimate direct spending by Texas heritage travelers, some related Texas-based travel services (such as travel agency activity) are not included in these estimates.

Historic sites and cultural heritage are crucial drivers of travel activity in Texas and across the nation. Business and leisure travelers to Texas who cited “visit a historic site” as a primary activity directly spent close to \$7.3 billion in 2013, accounting for approximately 12.5 percent of total direct travel spending in Texas. These expenditures support hotels, motels, bed and breakfasts, food establishments, and other local retail and service businesses.

**DIRECT HERITAGE
TRAVEL ACTIVITY
CREATES MORE THAN
54,000 JOBS ANNUALLY
IN ALL SECTORS OF THE
STATE’S ECONOMY.**

Although the Alamo is the most visited heritage tourism site in Texas, heritage travelers visit all the regions of the state and on average spend more in their travels than the typical visitor. Heritage tourists seek out not only historic sites open to the public, but also the cultural heritage that fills every small town and major city.

Heritage travelers read historical markers, peer through the doors and windows of Spanish missions and western forts, and learn about the state's coastal heritage by stepping onto the decks of the *Elissa* in Galveston or the *USS Lexington* in Corpus Christi. Business travelers also visit historic sites as a major secondary activity. Texas's history and heritage is an important factor that supports business travel in Texas, drawing conventions and meetings.

In addition to the knowledge and pleasure historic places bring to travelers, heritage tourism also generates multiple economic benefits to communities across the state. Sites and smaller towns that invest in historic preservation attract visitors who spend more on local goods and services than non-heritage travelers. Heritage day and overnight travelers spend on average over \$175 per day, while non-heritage travelers spend less than \$145 per day.

DAILY SPENDING BY TEXAS TRAVELERS (2013)

NON-HERITAGE TRAVELERS	\$ 145
HERITAGE TRAVELERS	\$ 175

The \$30 per day premium associated with heritage travelers is in part explained by their higher incomes and levels of education. A larger proportion of heritage travelers compared to non-heritage travelers earn incomes of \$75,000 - \$124,999 annually. On average, heritage travelers tend to have completed more years of formal education; an above-average share of them have obtained college and postgraduate college degrees.

The higher spending of heritage tourists is further demonstrated in the overall visitation and spending data. While travelers who visited a historic site represent only 10.5% of all 2013 Texas visitors, their spending (the sum total of all outlays by heritage travelers) accounted for more than 12.5% of total expenditures.

TEXAS TRAVEL SPENDING (2013)

	All Travelers (millions)	Heritage Travelers (millions)	Heritage Travelers as % of Total
Day Trips	\$ 7,861	\$ 707	9.0% of Day Trip Spending
Overnight Trips	\$ 50,521	\$ 6,591	13.0% of Overnight Spending
Days & Overnight	\$ 58,382	\$ 7,298	12.5% of Total Spending

For this study, the definition of a heritage traveler is one who cited “visit a historic site” as a primary activity. These travelers spent roughly \$7.3 billion in trip expenditures in 2013. It would, however, be unfair to credit the full \$7.3 billion to heritage tourism - this figure would include, for example, all the spending of a Texas business traveler to San Antonio who also visited the Alamo. To calculate the specific economic impact of heritage-related activities, the share of overall travel expenditures focused directly on heritage activity was estimated. This yielded a heritage-attributed outlay estimate of nearly \$2.3 billion in 2013. This total was then used to estimate the full economic impact of heritage travel spending.

Heritage tourism uses historic structures and landscapes to attract and serve travelers. It is an effective economic revitalization strategy. Of course, a good heritage tourism program improves the quality of life for residents as well.

**THIS IS THE ESSENCE
OF HERITAGE TOURISM:
SAVE YOUR HERITAGE,
SHARE IT WITH VISITORS,
AND REAP THE ECONOMIC
BENEFITS THROUGH
TOURIST SPENDING.**

**ECONOMIC IMPACTS OF THE ANNUAL
TEXAS HERITAGE-ATTRIBUTED SPENDING**

Economic Impact	Total Texas
Jobs	54,204
Labor Income	\$ 2,029 million
State Taxes	\$ 62 million
Local Taxes	\$ 130 million
In-State Wealth	\$ 2,405 million
State GDP	\$ 2,976 million

CHILDREN LEARN ABOUT HISTORY
AT THE TEXAS MILITARY FORCES MUSEUM



TEXAS HERITAGE TRAILS PROGRAM

The award-winning Texas Heritage Trails Program (THTP) is a partnership among communities, businesses, and the state developing and promoting Texas's rich historic and cultural resources through ten regional non-profit organizations. The THTP produces high quality marketing materials, educational activities, signage, and other way-finding guides that give visitors comprehensive access to the state's numerous historical and cultural assets in rural communities, small towns, and urban areas.

In response to 1997 legislation calling for a statewide heritage tourism program, the THTP was formed, centered around 10 scenic driving trails originally created in 1968 as a marketing tool by Governor John Connally and the Texas Highway Department (now the Texas Department of Transportation). These trails serve as the nucleus of 10 heritage regions that include



TEXAS HERITAGE TRAILS REGIONS

heritage tourism attractions and communities both on and off the trails. By 2005, all ten trail regions were in operation. Each region is managed by its own board and executive director. Partners include local chambers of commerce, convention and visitors bureaus, museums, and parks as well as individual businesses and historic sites. The Texas Historical Commission's (THC) Community Heritage Development Division provides statewide program coordination along with financial, technical and promotional assistance.

THE 47 YEAR LEGACY OF THE THTP IS ONE OF TEXAS'S BOLDEST, EARLIEST, AND MOST EFFECTIVE TOURISM INITIATIVES.

Over 7.5 million printed travel guides have been distributed since the program's inception. The statewide TexasTimeTravel.com website, together with the ten regional websites, were visited 390,000 times in the most recent year, an 84% increase from the year before. Larger cities may offer many of their own travel services, but they still benefit from the THTP statewide audience. In small towns and rural communities, the THTP is often the main source of information for interesting sites, places and activities available to travelers.

The THTP is the only coordinated statewide resource for heritage travelers. It helps them make decisions about their \$7.3 billion in annual spending. A survey of businesses, sites, and tourist organizations that participate in the THTP, estimates that the program increases visitation and revenue by about 13.9%. Applied statewide, this suggests that roughly \$310 million in heritage-attributed travel spending is related to the program's marketing and promotion activities.



KITCHEN AT THE VARNER-HOGG PLANTATION STATE HISTORIC SITE



TEXAS PLAINS TRAIL SIGN ALONG THE HIGHWAY



BUFFALO SOLDIERS NATIONAL MUSEUM



EXPLORING THE RUINS AT FORT MCKAVETT STATE HISTORIC SITE

THE BIG TEXAN STEAK RANCH (NOW RELOCATED) CONTINUES TO CELEBRATE ITS ROUTE 66 HERITAGE



NATIONAL HISTORIC TRAILS IN TEXAS

The National Park Service's National Trails are a system of 11 scenic, 19 historic, and 1,250 recreational trails throughout the US. There are two historic trails in Texas: El Camino Real de los Tejas stretches from southwest Texas into Louisiana, and El Camino Real de Tierra Adentro passes through El Paso along its route from Mexico to New Mexico. The Texas Cattle Trails are also being considered for National Historic Trail designation; they would extend from Southern Texas to Nebraska along the routes of the Chisholm and Western Trails.

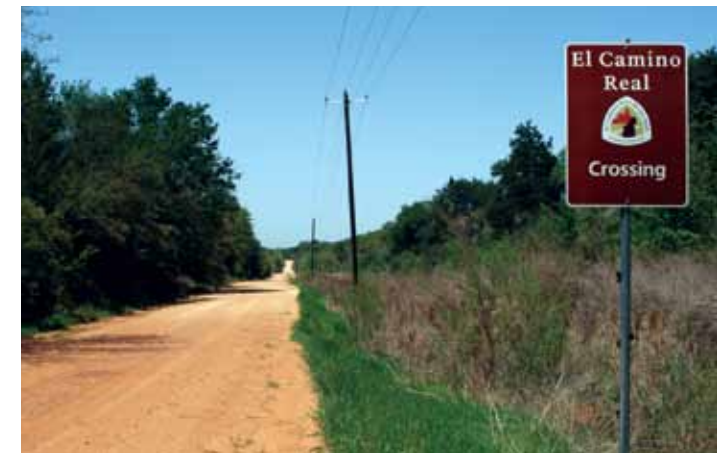
Each National Historic Trail is established by an act of Congress to commemorate historic and prehistoric routes of travel that are significant on a national level. The National Park Service (NPS) coordinates with states to support visitation, provide funding and encourage volunteer projects along the trails. Funding comes from many sources including Transportation Enhancement grants, HUD Block grants, and the NPS Rivers, Trails and Conservation Assistance Program. El Camino Real de los Tejas was designated in 2004 (2,580 miles) and is administered by the NPS. El Camino Real de Tierra Adentro was designated in 2000 (404 miles) and is administered by the NPS and Bureau of Land Management.

Communities including Laredo, San Antonio, Austin, Bastrop, Nacogdoches, and San Augustine lie along the different routes that make up the El Camino Real de los Tejas trail, and each uses the trail as part of its tourism programs. Bastrop (population 7,544) incorporates street signs designating the trail's original route through town. San Augustine (population 2,108)

features the trail prominently on its travel and chamber of commerce websites. The non-profit El Camino Real de los Tejas National Historic Trail Association was organized in 2007 to protect the trail's historic integrity, educate people about its significance, and promote tourism.

El Camino Real de Tierra Adentro includes only a short segment in Texas, through El Paso. In that short distance the trail is lined with important historic sites including two 17th-century missions and the presidio chapel.

The National Historic Trails are an important tool for the state to highlight historic travel, cultural, and trade routes. Modern highways often follow the course of the trails, and many sites along them still continue to affect our understanding of economic and cultural migratory patterns.



EL CAMINO REAL DE LOS TEJAS TRAIL SIGNAGE ALONG ROAD IN THE BRAZOS TRAIL REGION

TEXAS PLAINS TRAIL REGION

The Texas plains are a region of prairie and canyon vistas highlighted by stunning sunsets. This unique part of the state has much to offer travelers interested in landscapes, culture, Texas cattle drives, and historical figures such as Comanche Chief Quanah Parker and rock-and-roll pioneer Buddy Holly. The original Route 66 goes across this region of Texas, including 6th Avenue through Amarillo. Many other attractions along the route are still thriving today.

The Texas Plains Trail Region partners help inform travelers of the rich history and cultural assets of this region, listing more than two hundred worthwhile attractions that travelers can discover and enjoy, from Palo Duro Canyon State Park, rated one of the best in the country, to the famous Cadillac Ranch, to county museums and local musical performances in historic buildings.

Part of the Texas Heritage Trails Program (THTP), the Texas Plains Trail Region is working to ensure that off-the-beaten path points of interest and events are publicized and made easy to find. The program is especially beneficial to towns without their own chamber of commerce or convention and visitors bureau.

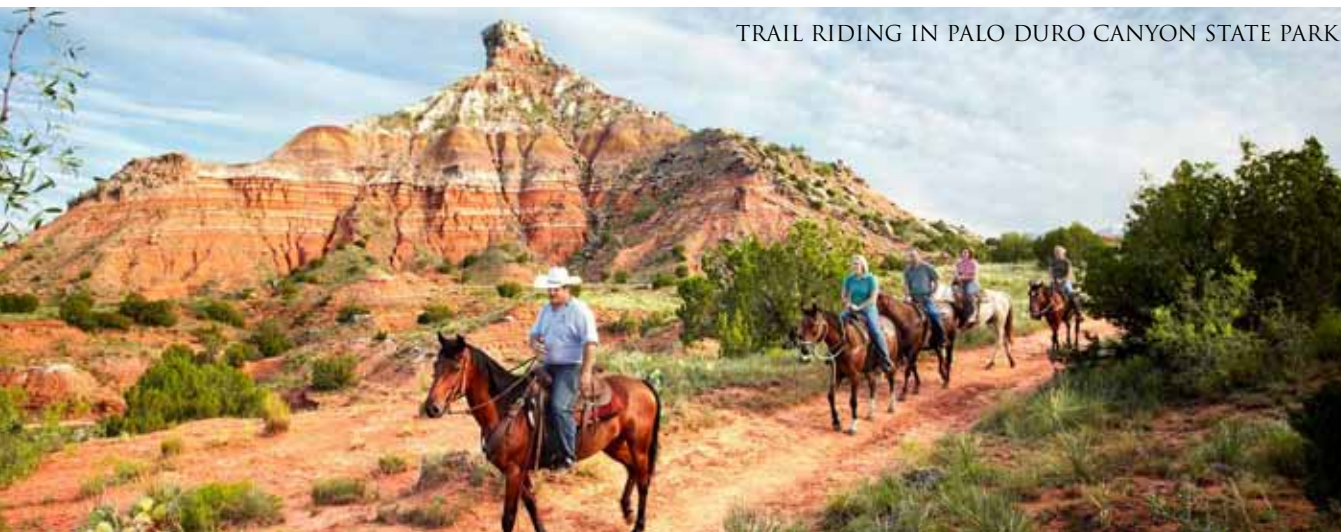
Prior to the Texas Plains Trail Region program, a visitor to the town of Idalou would have a hard time discovering unique attractions like the Apple Country Hi Plains Orchard, which offers locally-made products, and lunch every day of the week. The program helps travelers find local experiences such as festivals, farmer's markets, theatrical events, and local music. It provides comprehensive information through the Texas Plains Trail Region print, newsletters, online, and through social media marketing.

Phil Barefield, who offers horseback trail rides at Pole Canyon Ranch, has seen his visitor numbers increase over the last five years as a direct result of the THTP. Nearby, the program helped publicize the bison herd released at Caprock Canyons State Park, and visitor attendance has nearly doubled in the last two years. The multiplier effect quickly became evident as the increase of park visitors brought new customers to local businesses.

THE TEXAS PLAINS TRAIL REGION CONTRIBUTES TO INCREASES IN HOTEL AND SALES TAX REVENUES THAT GO DIRECTLY BACK TO COMMUNITIES IN THE REGION.

Barbara Brannon, Director of the Texas Plains Trail Region, points out the small town of Pampa, where folk singer Woody Guthrie spent his formative years. The drug store where young Guthrie worked now houses a museum dedicated to the singer-songwriter, and every Friday the town hosts a folk jam with live music. Pampa has built on this history and offers a great experience for music lovers, an experience which would be hard for travelers to discover without the THTP.

The Texas Plains Trail Region Travel Guide takes travelers through all 52 counties in the region, making visible stories that until recently were only available in books. For example, the Texas Plains Trail Region provides travelers with authentic experiences of Texas



TRAIL RIDING IN PALO DURO CANYON STATE PARK



FOLK MUSIC JAM AT THE WOODY GUTHRIE MUSIC CENTER



WOODY GUTHRIE MUSIC CENTER

history. The Quanah Parker Trail, dedicated to the last great Comanche chief, is now one of the region's best-known experiences. Through the use of roadside arrow sculptures to designate sites associated with Quanah Parker, a traveler driving through the region can quickly recognize these sites and explore further. It is a program that prompts conversations about Native American history and culture that is such an important part of the state's history.

The blue and white highway signs are another important and iconic wayfinding system that provide informational markers for the entire region. These widely recognized signs spark curiosity and encourage many travelers to seek information about local attractions.

In addition to the website and program material, the Texas Plains Trail Region produces guides and other marketing materials that are distributed via the Palo Duro Canyon Visitor Center, West Texas TravelHost, and local Texas travel information centers.

In addition to marketing directly to travelers, the program works with a large number of partners. One important partner is TravelHost Magazine. Debbie Wegman of Big Spring sees the value of both the Texas Plains Trail Region and TravelHost: "Visitors have seen our information in the TravelHost Magazine, which is a partner of the program and I would probably not be advertising in that magazine if not for my involvement in the program. We have had several visitors come to Big Spring to stay at our historic hotel after learning about it through the program."

TravelHost's Ramon Johnston said that, "without having a volunteer group of people with a common purpose to come together, there is no way each community or organization would be able to have the kind of impact we currently do." The Texas Plains Trail Region's activities offer support to the region's businesses and communities. Candy Boyer of Seminole Chamber of Commerce adds, "The Plains Trail Region helps unite an area that is very diverse and spread out geographically to assist tourists with a better knowledge of what the region has to offer."

RE-ENACTMENT DEPICTING QUANAH PARKER, THE LAST COMANCHE CHIEF



HISTORIC REHABILITATION

HISTORIC BUILDING REHABILITATION REVITALIZES TOWNS AND CITIES, ATTRACTS HERITAGE TOURISTS, CELEBRATES CULTURAL AND ARCHITECTURAL DIVERSITY, AND MAINTAINS A SENSE OF PLACE AND PRIDE IN COMMUNITIES ACROSS THE STATE.

REHABILITATION OF HISTORIC STRUCTURES IS A \$772 MILLION INDUSTRY IN TEXAS



The President's Advisory Council on Historic Preservation notes that historic preservation is often more economical than new construction, not only in construction costs but also in the return on investment realized through the revitalization of urban areas for both residences and businesses.

The Jefferson Davis Hospital case study (pages 18-19) shows how federal rehabilitation tax credits, together with low-income housing credits, resulted in an investment of \$6.3 million in Houston. It also put an abandoned building back on the local tax rolls while providing 34 units of much-needed low-to-moderate-income housing.

Historic rehabilitation is an important sector of construction in many Texas communities. In 2013 nearly \$772 million was spent on historic rehabilitation in Texas, consisting of \$740.8 million in private residential and non-residential investments, and at least \$31 million annually in historic public building rehabilitation projects.

For the purposes of this study, historic rehabilitation is defined narrowly to include only work done on properties designated as historic landmarks

or included within historic districts. Designated properties represent only a small fraction of the buildings eligible for historic recognition across the state. In this study, "rehabilitation" is defined as encompassing all construction work classified by the US Census as "alterations", such as façade reconstruction, major roof repair, or room alterations.

Most rehabilitation projects are undertaken by private property owners with access to limited financial assistance. The State of Texas exempts from state sales tax all labor on buildings listed on the National Register of Historic Places. Homeowners often benefit from local property tax exemptions on the increased value of a rehabilitated historic home.

**HISTORIC REHABILITATION
IN TEXAS ADDS \$1.04 BILLION
TO THE STATE'S ANNUAL GDP.**

IN 2013, THE ECONOMIC IMPACTS OF THE NEARLY \$772 MILLION IN PRIVATE AND PUBLIC HISTORIC REHABILITATION INVESTMENT IN TEXAS WERE SUBSTANTIAL.

TOTAL ANNUAL ECONOMIC IMPACTS OF THE HISTORIC REHABILITATION IN TEXAS (2013)

Economic Impact	Total Texas
Jobs (person-years)	15,398
Labor Income	\$ 827 million
State Taxes	\$ 14.3 million
Local Taxes	\$ 46.7 million
In-State Wealth	\$ 868 million
State GDP	\$ 1,041 million

RESTORATION CREATES JOBS FOR HIGHLY-SKILLED WORKERS



REHABILITATION MAINTAINS PROPERTY VALUES



TARRANT COUNTY COURTHOUSE COPPER DOME WAS COMPLETELY REBUILT DURING RECENT RESTORATION EFFORTS



FEDERAL HISTORIC TAX CREDIT

Many historic properties are well maintained and have benefited from rehabilitation, but others are in dire need of such investment. Various subsidies aim to bridge the financial gap. The most significant is the Federal Historic Tax Credit (Federal HTC) for rehabilitation of historic properties.

The Federal HTC provides a 20 percent credit towards taxes. This means that \$1 million invested in rehabilitation can realize a \$200,000 credit. This is not a deduction (from taxable income) but a dollar-for-dollar reduction of taxes owed.

The Federal HTC can be carried forward for 20 years. The property must be income-producing (rental, or used in a business). The rehabilitation must be certified by the National Park Service (the process is administered by Texas Historical Commission) as complying with the Secretary of the Interior's Standards for Rehabilitation – for further explanation see <http://www.nps.gov/tps/standards/rehabilitation/rehab/stand.htm>. Federal HTC projects are often “syndicated” to bring in partners who can take advantage of the credits.

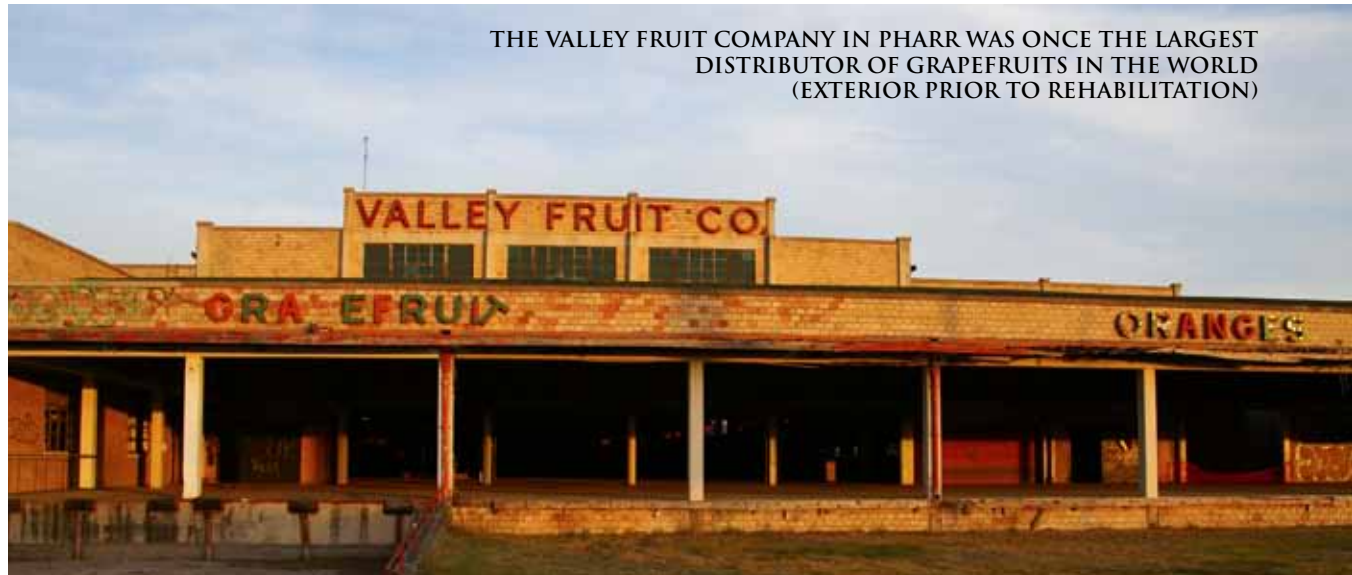
From 1978 through 2013, the cumulative rehabilitation investment in Texas that secured the Federal HTC amounted to almost \$1.78 billion (in inflation-adjusted 2013 dollars), or an average of \$49 million annually over this 36-year span. As elsewhere in the US, Federal HTC usage in Texas fluctuates considerably from year to year, and thus it makes sense to look at averages over several years.

FEDERAL HTC-AIDED REHABILITATION (1978-2013) LED TO 35,746 JOBS AND \$2.4 BILLION TO TEXAS' GDP.

For example, over the past 5 years, the Federal HTC-aided-rehabilitation in Texas ranged from \$184 million in 2009 to \$25 million in 2011 (in inflation-adjusted 2013 dollars), an annual average of \$75 million. The cumulative 1978- 2013 Federal HTC - aided rehabilitation in Texas amounted to \$1.78 billion.

The economic impacts of Federal HTC activity are a part of private historic rehabilitation activity in Texas, and are included in the impact numbers for historic rehabilitation in Chapter 3. We can, however, estimate the contribution of the Federal HTC to private rehabilitation activity in Texas. The \$75 million in annual projects added over 1,500 jobs and \$101 million in state GDP. The economic impacts from the cumulative \$1.78 billion of Federal HTC-aided rehabilitation in Texas (1978-2013) amounted to 35,746 jobs in Texas (of about 2.4 million jobs nationally), leading to \$2.4 billion in state GDP, \$1.9 billion in labor income and over \$2 billion in added in-state wealth. Close to \$140 million went to state and local governments in the form of tax revenue.

THE VALLEY FRUIT COMPANY IN PHARR WAS ONCE THE LARGEST DISTRIBUTOR OF GRAPEFRUITS IN THE WORLD (EXTERIOR PRIOR TO REHABILITATION)



TEXAS HISTORIC PRESERVATION TAX CREDIT

In 2013, the Texas Legislature authorized a state historic tax credit that went into effect in January 2015. Nationally, about 35 states currently offer state tax credit assistance for investments in historic preservation.

The Texas Historic Preservation Tax Credit (Texas HTC) Program establishes a 25% tax credit for the certified rehabilitation of income-producing historic structures. The credit is applied against a business's state franchise tax liability.

SUMMARY OF TEXAS HTC PROGRAM

TEXAS HTC: 25% of eligible costs

MINIMUM PROJECT COST: \$ 5,000

Credits may be sold

Although the program went into effect January 1, 2015, it can be applied retroactively to projects placed in service on or after September 1, 2013. The program is jointly implemented by the Texas Historical Commission and the Texas Comptroller.

It is not possible to accurately predict the impacts of the Texas HTC on rehabilitation and economic activity, as the program is just being launched. However, an illustrative comparison is the Kansas Historic Tax Credit (Kansas HTC), as examined by a Rutgers University study in 2010. The Kansas HTC has markedly increased Federal HTC investment in that state. In 21 years before its enactment (FY 1978-2001), a total of \$114 million (inflation-adjusted 2009 dollars) was expended on Federal HTC-assisted projects in Kansas, an average of about \$5.4 million per year.

In the first eight years after its enactment (FY 2002-2009), \$271 million was invested in projects (both state-alone and state-and-federal-combined); annual average volume rose six-fold to \$33.9 million. Other states adopting a state historic tax credit have similarly witnessed an increase in historic rehabilitation. Delaware experienced over four times as much annual historic preservation activity in the eight years (2001-2008) after adopting its state credit, compared to the eight years (1993-2000) prior to its passage.

The Texas HTC legislation took advantage of lessons from other states to include features that should maximize its effectiveness. For example, unlike the Federal HTC, the Texas HTC can be transferred by simple sale rather than cumbersome syndication. The Texas HTC will likely expand use of the Federal HTC, which stimulates preservation, and the Texas economy, by reducing the amount that leaves the state in federal taxes.

One example, in Mineral Wells, Texas, is the 1928 Baker Hotel. It languished empty for many years through a number of failed redevelopment efforts. The Texas HTC is a catalyst that has allowed a new team to put together a \$54 million redevelopment project for this important property in this community of 16,773.

THE TEXAS HISTORIC PRESERVATION TAX CREDIT WILL BE THE CATALYST FOR IMPORTANT COMMUNITY REDEVELOPMENT.

VALLEY FRUIT COMPANY NOW SERVES AS HEADQUARTERS FOR THE FOOD BANK OF THE RIO GRANDE VALLEY, ONE EXAMPLE OF COMMUNITY REVITALIZATION THROUGH THE FEDERAL HISTORIC TAX CREDIT



CASE STUDY

JEFFERSON DAVIS HOSPITAL

Jefferson Davis Hospital, in Houston's First Ward, is a great example of achievements possible through the Federal Historic Tax Credit (Federal HTC) program. The federal tax credit, used in conjunction with the federal low-income housing tax credit, helped realize \$3.2 million in tax credit equity, making possible the \$6.3 million project.

AVENUE CDC SAW THE POTENTIAL OF THE JEFFERSON DAVIS HOSPITAL TO ONCE AGAIN CONTRIBUTE TO THE LOCAL COMMUNITY

Built in 1924, the building served as a hospital for only a short time before a replacement was built in 1938. Subsequently, it became a clinic, drug treatment facility, and records storage. By the mid-1980s it sat vacant and severely fire damaged, attracting vandals and ghost-hunters who put themselves in danger by trespassing. It was slated for demolition, but neighborhood residents were determined to transform the building into a source of pride.

In 2003, Avenue Community Development Corporation (Avenue CDC) took the lead on a meticulous transformation, completely rehabilitating the building. Today, the building is better known as the Elder Street Lofts, which provides low income housing and studio space to artists. Of the 34 loft-style apartments, 80% are affordable (with lease rates set at less than 30% of the tenants' income).

Securing the Federal HTC requires adherence to the Secretary of the Interior's Standards for Rehabilitation, which ensure that the project protects the qualities and materials that make the property historically significant.

Mary Lawler, Director of Avenue CDC, said that "the historic preservation tax credit worked well as a funding source even with the constraints it put on a project." The protection of characteristic features included preserving original hallway widths and using wood windows. She confirmed that "because it is a significant historic building, we were happy to comply with those types of requirements and regulations because they made sense and led to a good outcome to the project in the end." Avenue CDC stated that it would be open to using the tax credits on future projects. Future projects by Avenue CDC will be able to use the Texas HTC as well.

While the use of the Federal HTC is often a key component when taking on a preservation project, combining incentives can make even more projects possible. Funding from a number of sources can be the key to a successful project meeting the requirements of multiple programs.



AVENUE CDC WAS ABLE TO ATTRACT PHILANTHROPIC FUNDING BASED ON THE REHABILITATION DIMENSIONS OF THE PROJECT. FOUNDATIONS THAT WOULD NOT ORDINARILY GIVE GRANTS TO AVENUE CDC PARTICIPATED BECAUSE THIS WAS A HISTORIC PRESERVATION PROJECT.

The overall rehabilitation budget of \$6.3 million was raised from a variety of sources. In addition to the tax credits, Avenue CDC took advantage of \$1 million in foundation grants, a \$50,000 Restore America Grant from HGTV, a \$200,000 Brownfields grant from the Environmental Protection Agency, and an \$81,000 Tax Increment Reinvestment Zone (TIRZ) grant from Harris County. The partners received \$1.4 million in loans from Amegy Bank of Texas and TIRZ.

Not only is the Jefferson Davis Hospital a leading example of historic preservation, it is a model for how organizations can work together and use a number of programs. Avenue CDC worked with Harris County to purchase the building and partnered with the non-profit organization Artspace Projects, and a for-profit investor who could apply for the Federal HTC.

According to Lawler, the project did more than preserve the building, it transcended the physical nature of the building and “encouraged the revitalization of the eastern edge of the First Ward community.”

“What was once a lonely (and scary) part of the neighborhood is now a lively spot with an active community garden tended by residents of Elder Street Lofts, and across the street a warehouse has been renovated and converted to a large church with a coffee shop and other amenities. The property is one of the anchor institutions of the First Ward Arts District, bringing visitors to the area.” – Mary Lawler

COMBINING THE FEDERAL HISTORIC TAX CREDIT WITH THE LOW INCOME HOUSING TAX CREDIT PROVIDED \$3.2 MILLION IN TAX CREDIT EQUITY FOR THE PROJECT.



INTERIOR OF JEFFERSON DAVIS HOSPITAL PRIOR TO REHABILITATION



GRAND OPENING & RIBBON CUTTING CEREMONY



SHOPPERS ENJOY THE VIBRANT STREET LIFE OF MAIN STREET SAN ANGELO



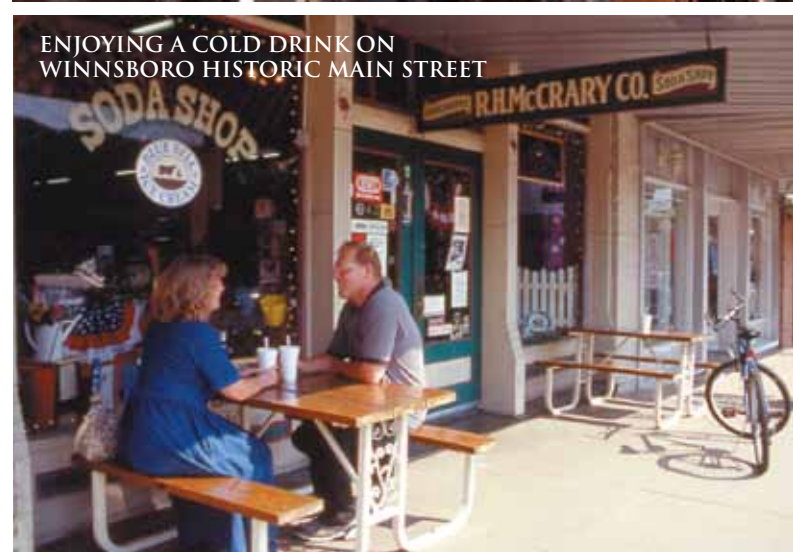
LUFKIN MAIN STREET HAS IMPROVED THE ECONOMIC VITALITY OF THE TOWN



COWBOY DAYS PARADE IS A POPULAR ATTRACTION IN PLAINVIEW



ENJOYING A COLD DRINK ON WINNSBORO HISTORIC MAIN STREET



TEXAS MAIN STREET PROGRAM

SUCCESSFUL, VIBRANT AND ACTIVE MAIN STREETS REFLECT THEIR COMMUNITIES AND ARE THE PLACES OF SHARED MEMORY WHERE EVERYONE COMES TOGETHER. MAIN STREETS ATTRACT VISITORS AND INVESTMENT.

Once thriving centers of our communities, many traditional downtowns have suffered from years of neglect as growth and investment moved outward towards suburban living. The National Main Street Center, established in 1980 to address these issues and attract the public back to downtowns, works with a nationwide network of coordinating programs and local communities to encourage preservation-based community revitalization.

During its 34-year history, the National Main Street Center has equipped more than 2,000 older commercial districts with the skills and organizing framework they need for renewal, using their Four-Point Approach:

- 1) *organization* or partnerships among interest groups;
- 2) *promotion* of a unified community image;
- 3) *design* or the unique physical characteristics of downtown buildings and spaces; and
- 4) *economic restructuring* to target new market opportunities to stimulate investment.

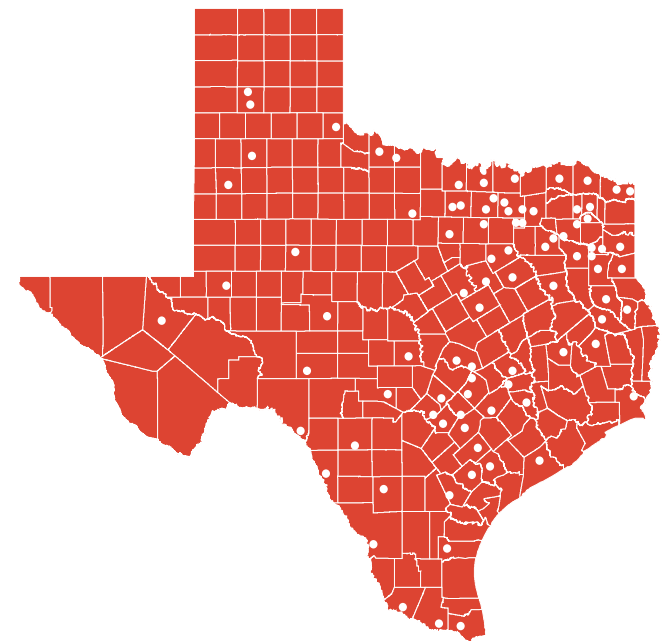
The Texas Main Street Program began in 1981 as one of the first state coordinating programs. Since then, it has designated and provided technical assistance to 173 official Texas Main Streets. Texas

has one of the most extensive and successful Main Street Programs in the nation with 89 cities currently participating.

Across the nation, Main Street Programs return about \$35 in reinvestment for each dollar that a community invests in the operations of their local programs. One role of the Texas Main Street Program is to gather long-term data on program impacts within the “Main Street districts” (generally the historic downtown core) of each participating community. The Rutgers-UT analysis shows that for every job created within these Main Street districts, more than three additional jobs are created elsewhere in Texas by the increased economic activity generated by the Texas Main Street Program.

The Texas Main Street Program is more than an economic development program, it is a community philosophy that uses historic preservation as one of its primary tools. Texas Main Street Program activities have yielded an annual average of \$310 million in state GDP. This investment has translated into 5,385 average annual jobs created, which produced \$240 million in labor income and over \$23 million in state and local taxes. Since its inception in 1981, investment Texas Main Streets has totaled over \$5.2 billion.

CURRENT PARTICIPATING MAIN STREETS



SINCE 1981, THE TEXAS
MAIN STREET PROGRAM HAS
GENERATED OVER \$5.2 BILLION
IN INVESTMENT.

CEREMONY ON BASTROP'S HISTORIC MAIN STREET FOR THE FIRST LADY'S ANNUAL TOUR OF NEW MAIN STREET COMMUNITIES

INVESTMENT IN TEXAS MAIN STREET DISTRICTS*
(ANNUAL & CUMULATIVE, 2013 DOLLARS)

	2013 (millions)	1981-2013 Total* (millions)
Rehabilitation	\$ 25.6	\$ 1,532
New Construction	\$ 5.0	\$ 977
Buildings Sold	\$ 19.6	\$ 1,355
Joint Ventures	\$ 1.2	\$ 419
Public Projects	\$ 27.0	\$ 925
TOTAL	\$ 78.5 million	\$ 5,210 million

**To estimate the full economic impacts of Main Street program activity, the value of buildings sold was not included. Building sales represent property transfers and do not by themselves generate significant net economic activity. The economic impact of Main Street programs did include an estimate of new economic activity from retail sales related to Main Street redevelopment projects. (See technical report)*

EMPLOYMENT AND BUSINESS ACTIVITY FROM TEXAS MAIN STREET PROGRAM
(ANNUAL & CUMULATIVE, 2013 DOLLARS)

	2013	1981-2013 Total*
Net Business Starts (relocated & expansions in Main Street Districts)	289	7,939
Net Jobs Created in Main Street Districts	1,241	31,268
Net Jobs Created in the state of Texas	5,385	126,719
Volunteer Hours	119,412	1,072,646

**All figures are expressed in 2013 dollars*



BASTROP MAIN STREET

Bastrop is one of the most historic small towns in Texas. Bastrop Main Street is a great example of a grassroots approach to spur economic investment through the use of historic preservation. With a history dating to the early 1800s, a town with fewer than 10,000 residents has more than 130 structures on the National Register of Historic Places. Bastrop is also home to one of only seven Civilian Conservation Corps parks in the country that are designated as National Historic Landmarks.

With a vision of capitalizing on Bastrop's rich historical amenities and local attractions through the establishment of a vibrant cultural destination for residents and visitors, application for the Texas Main Street Program was pursued jointly by the Bastrop Economic Development Corporation (BEDC) and the Downtown Business Alliance in 2006. The community already had a number of events and a long established list of historic buildings. The BEDC and Downtown Business Alliance used the Texas Main Street Program to establish a cohesive marketing approach, encourage building maintenance and rehabilitation, and provide needed training.

Established in 2007, the Bastrop Main Street Program district comprises 62 blocks of the city and employs a full-time director through the City. Nancy Wood, the current director, oversees about 50 volunteers organizing various events and programs. Bastrop Main Street events attract thousands of people to the downtown throughout the year.

Bastrop has benefited greatly from the local Mega Grant, a quarter-match grant program, which was

instituted with the founding of Bastrop Main Street. It awards up to \$25,000 per project, with a three-to-one match: a project costing \$100,000 would be eligible for a \$25,000 grant. Any kind of renovation, including interior work – ceiling repairs, plumbing, electrical – is eligible. To date, Bastrop Main Street and the BEDC have invested about \$430,000 and property owners have invested over \$2 million.

The Main Street Program also works with the BEDC on a facade grant program and has helped increase applications and award amounts, for matching grants of up to \$5,000.

“About 90 percent of building owners are not the business owners, but they are taking care of their buildings so businesses are staying in them,” said Nancy Woods. Within four years of the first project, almost every building in the Bastrop Main Street Program area had been rehabilitated in some way. According to Woods, “the interest was already there, but Main Street was able to put a framework around it and make it possible and organized.”

With the help of the Main Street Program, two new big programs have come to life in Bastrop in the last two years, a smart phone app and designation of a culinary district. Bastrop Main Street is now a popular destination for residents and visitors alike. In 2010, the National Trust for Historic Preservation named Bastrop one of “America’s Most Distinctive Destinations.”

While discussing the future of the downtown, a former board member told Woods, “All you have to do is walk through the neighborhood to see people

take care of their homes so that they could last for the next 150 years. That’s what we want for the downtown historic district.”

THE LOOK AND FEEL OF
DOWNTOWN BASTROP HAS
CHANGED DRAMATICALLY
WITH THE AID OF
MORE THAN \$23 MILLION
IN PUBLIC AND PRIVATE
INVESTMENT SINCE 2007.



VINTAGE CAR FESTIVAL IN DOWNTOWN BASTROP

MINEOLA MAIN STREET

As a town founded by the railway, Mineola struggled to maintain its economic presence and historic buildings followed the decline of rail transport. In 1989, 85% of the downtown was vacant and city leaders knew they needed to act before that outlook became even worse.

Fortunately for the future of Mineola, the civic leaders at that time spearheaded the effort and stakeholders were extremely supportive of the efforts of the Texas Main Street Program. Residents and visitors flocked to events and projects, always wanting to be a part of the effort. Mineola Main Street has been a success from the start because the city's leaders had a vision to unite the entire city.

MINEOLA WAS INDUCTED
INTO THE TEXAS
MAIN STREET PROGRAM
IN 1989 AND WORK
BEGAN RIGHT AWAY
ON THE REHABILITATION
OF HISTORIC BUILDINGS
AND STREETS IN THE
DOWNTOWN DISTRICT.

Mineola Main Street is a nonprofit organization headed by a city employee. It runs mainly on the efforts of eleven full time volunteers who are deeply involved in the community. Mineola Main Street raises its own funds for incentive grants through creative fundraising events that benefit the community in three ways. First, the public spends money at the event, raising funds for the grants. Second, the events bring in visitors who spend time and money at local businesses and may even stay overnight in local hotels. And third, they raise awareness of the importance of historic and heritage preservation.

These events help fund the Main Street Incentive Grant Program, which provides funds to businesses for facade improvements such as fixing awnings, signs, doors, windows, and masonry upkeep. The grants started out quite small at the beginning of the program but have increased to \$3000 in 2013. Larger grants may be awarded on a case-by-case basis depending on the scope of the project.

Mineola also successfully capitalized on the railway system that created the town. Using preservation as an incentive, Amtrak agreed to make Mineola a stop on its route if the original Mineola train depot was restored. Mineola Main Street and the City of Mineola received a grant from the Texas Department of Transportation to restore the depot to its original 1906 appearance. Amtrak now stops at Mineola, bringing an average of 22 visitors a day.



MINEOLA MAIN STREET AMTRAK WINE FESTIVAL



MURAL DEPICTING MINEOLA'S RAILWAY HISTORY

Melissa Till Brown, owner of the Dragonfly Art Studio, received one of the Main Street Incentive Grants. She credits the Main Street Program for being right there to encourage her business along the way through advice, project ideas, and marketing. When she was deciding where to open her studio, she looked at the outskirts of town, but Mineola Main Street was so inviting and everything fell perfectly into place. From the beginning she felt welcomed by the town of Mineola and Main Street.

For Rafael Espinoza's music academy, Mineola Main Street supports him with more than just marketing and signage. "They're definitely helping me out a lot. Main

Street has hired me for musical performances for a lot of events and supported me in my career as a way to help promote Mineola and bring people to festivals."

Susan Parks opened Clairee's Closet, a women's clothing boutique, in a historic main street building the day after its renovations were completed in September 2013. Prior to the renovation, the building had been condemned. "They completely redid the building and it is now a work of art. Built in 1900, it has the original wood floors. It was an unpleasant, unappealing, scary place before. They took down walls, put in a work room, and redid the bathrooms. It's absolutely gorgeous."

Mineola Main Street Director, Lynda Rauscher, said, "You can't do anything without the community. If you don't have that support and partnerships, you are not successful. You have to have everybody on board."

The Mineola Main Street program has successfully brought downtown Mineola back to life. Business is thriving and the vacancy rate is now only 7%. The program works constantly to support and encourage downtown businesses, clean and update the downtown, and improve the quality of life for residents and visitors.



THE SELECT THEATRE ON MAIN STREET MINEOLA HAS BEEN SHOWING MOVIES SINCE 1920

OVER THE LAST 25 YEARS,
\$27 MILLION HAS BEEN
PUT INTO PROJECTS IN
MINEOLA'S MAIN STREET.
FOR A TOWN OF JUST
OVER 4,000 PEOPLE,
THAT SHOWS THE PRIDE
MINEOLA'S CITIZENS HAVE
IN THEIR TOWN, AND THEIR
UNDERSTANDING THAT
HISTORIC PRESERVATION
ADDS TO THAT PRIDE.

TEXAS HISTORIC COURTHOUSE PRESERVATION PROGRAM

TEXAS HAS OVER 235 HISTORIC COUNTY COURTHOUSES, MORE THAN ANY OTHER STATE. ABOUT 80 WERE BUILT BEFORE THE TURN OF THE 20TH CENTURY. THE REMAINING ARE MORE THAN 50 YEARS OLD.

The Texas Legislature and Governor George W. Bush, recognizing the important role played by historic county courthouses, established the Texas Historic Courthouse Preservation Program (THCPP) in 1999. THCPP administered by the Texas Historical Commission and aimed at preserving the structural and architectural integrity of the courthouses, began providing matching grants to Texas counties for the restoration of their historic courthouses in 2000. THCPP began with a \$50 million appropriation for construction and planning grants, which were awarded in two rounds.

The THCPP has not only helped preserve these historic buildings, but has also served as a catalyst for revitalization of historic downtowns across the state. The program's success led to continued funding from the Texas Legislature; there have been eight rounds of construction, planning, and emergency grants. Round VII, for the 2012-2013 biennium, received \$20 million in bond funding from the Texas Legislature, while appropriations for Round VIII in 2014-2015 were limited to just \$4 million.

TO DATE, 91 COUNTIES HAVE RECEIVED FUNDING FOR THEIR COURTHOUSE RESTORATION PROJECTS.

In order to quantify the total economic impacts from the THCPP in the state of Texas, one must first determine the direct expenditures deriving from project costs per year.

The total amount spent in these projects, which include full restoration, planning, and emergency projects, from fiscal year 2001 to 2013 totaled \$403.3 million dollars. The average amount of spending per fiscal year on courthouse projects is about \$31 million. While these values indicate the direct investments on courthouse preservation, these projects have also generated millions more in indirect expenditures and associated economic activity.

Based on the average annual investment levels, the THCPP has yielded an annual average of \$41 million in state GDP. This investment has translated annually into 599 jobs created, which produced over \$32 million in labor income and over \$2.4 million in state and local taxes.

HISTORIC COURTHOUSE PROJECT EXPENDITURES BY YEAR

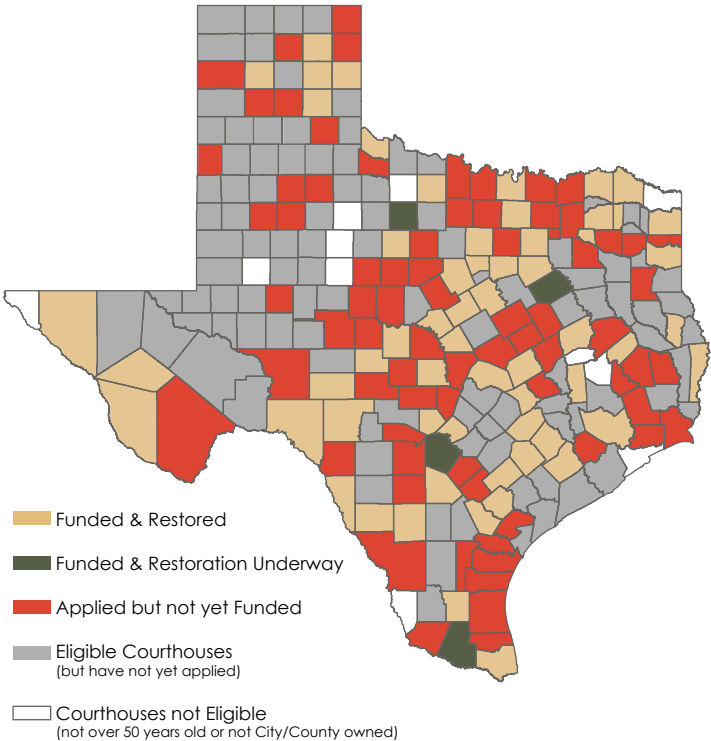
2001	\$ 2.2 million
2002	\$ 25.7 million
2003	\$ 32.8 million
2004	\$ 41.0 million
2005	\$ 3.2 million
2006	\$ 36.8 million
2007	\$ 17.9 million
2008	\$ 17.8 million
2009	\$ 26.2 million
2010	\$ 8.3 million
2011	\$ 113.8 million
2012	\$ 56.0 million
2013	\$ 21.6 million
TOTAL	\$ 403.3 million

HOPKINS COUNTY REDEDICATED
ITS HISTORIC COURTHOUSE IN 2002
AFTER MORE THAN \$3 MILLION IN
RESTORATION WORK

**ANNUAL ECONOMIC IMPACTS OF
THE TEXAS HISTORIC COURTHOUSE
PRESERVATION PROGRAM (2013)**

Economic Impact	Total Texas
Jobs	599
Labor Income	\$ 32 million
State Taxes	\$ 560,000
Local Taxes	\$ 1.8 million
In-State Wealth	\$ 34 million
State GDP	\$ 41 million

STATUS OF TEXAS HISTORIC COUNTY COURTHOUSES



DENTON COUNTY COURTHOUSE

WINNER OF THE 2014 FIRST LADY'S TEXAS TREASURES AWARD, DENTON TIES ITS GROWTH AND SUCCESS TO THE PRESERVATION OF ITS HERITAGE.



FESTIVAL ON THE COURTHOUSE SQUARE



SLATE SHINGLES ARE REPLACED ON THE DOME

Denton County residents have embraced their restored county courthouse and square establishing it as the anchor of downtown Denton's ongoing revitalization. With a growing county population of more than 700,000, Denton is also home to the University of North Texas and Texas Woman's University.

The county had already invested significantly in the historic 1896 Denton County Courthouse. But in order to achieve their vision for a full restoration, they needed the state's participation. The county and local supporters provided \$1.15 million while the Texas Historic Courthouse Preservation Program made the project a reality with an additional \$3.1 million.

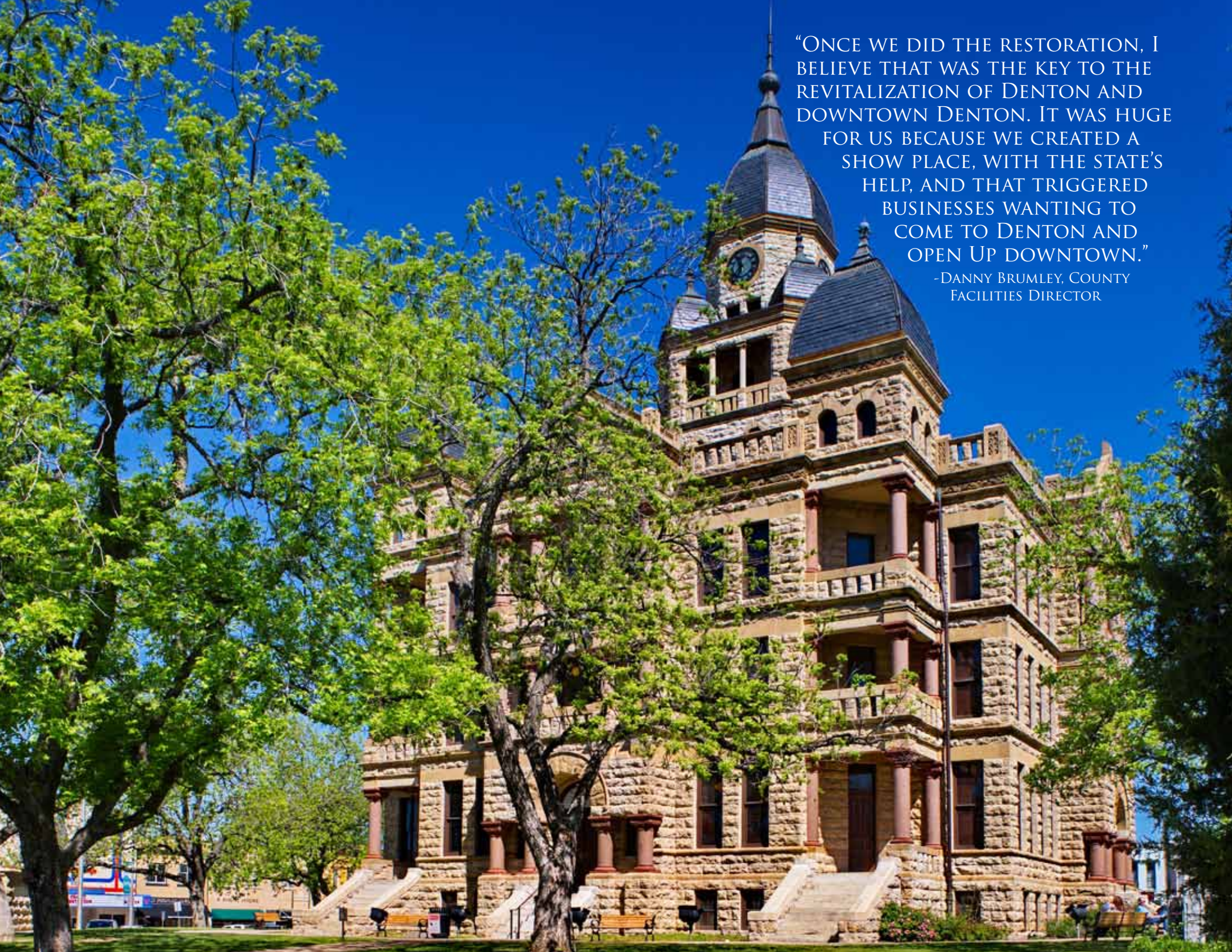
From 2002 to 2004, major restoration work stabilized the building from top to bottom. The slate roof was repaired, matching historic patterns across the central tower and corner cupolas. The building's foundation was waterproofed, and site drainage was improved to eliminate interior flooding issues. The granite, red and brown sandstones, and locally quarried limestone were repaired and damaged stones were replaced. The county was even able to locate the original limestone quarry on a ranch north of town, and briefly re-opened it to provide matching stone. Wooden doors and windows were rehabilitated.

Inside, missing patterned tile flooring was replicated and woodwork and paint colors restored to the 19th century architects' intentions. The electrical, plumbing, and mechanical systems were all replaced so that the building could continue to house county officials, the

Courthouse-on-the-Square Museum, and other county functions and records.

Judge Mary Horn remembers working through a lot of noise and dust. She was temporarily relocated when jackhammers accidentally cut power and phones, forcing her to move the entire Commissioner's Court into the new Sheriff's Department Pretrial Center. She held court there for several months until the restoration was complete. During this time, when asked where to find her, she would reply jokingly, "in jail." In 2014, Judge Horn and her fellow County Commissioners gladly returned to their historic downtown location in the restored courthouse.

The restored courthouse has reinvigorated the historic downtown. Denton also participates in the Texas Main Street Program, and the three-block radius surrounding the courthouse now house numerous shops, restaurants, bars, and music venues. More than 130 revitalization projects have been completed in and around the square since the courthouse restoration. Night and day, the courthouse square is alive with informal gatherings late into the evening, while the shops, cafes, and restaurants surrounding the square bring life to the downtown. It is a welcoming place for car shows, chili cook-offs, concerts, and weddings. In 2014, 15,073 children and adults from around the county, and the world, visited the Courthouse-on-the-Square Museum to learn from its rotating exhibits, while the county conducts business on the floors above.



“ONCE WE DID THE RESTORATION, I BELIEVE THAT WAS THE KEY TO THE REVITALIZATION OF DENTON AND DOWNTOWN DENTON. IT WAS HUGE FOR US BECAUSE WE CREATED A SHOW PLACE, WITH THE STATE’S HELP, AND THAT TRIGGERED BUSINESSES WANTING TO COME TO DENTON AND OPEN UP DOWNTOWN.”

-DANNY BRUMLEY, COUNTY FACILITIES DIRECTOR



FULLY-RESTORED ORNATE RAILINGS IN THE CENTRAL STAIRCASE



A SKILLED ARTISAN CAREFULLY REPAIRS DECORATIVE PLASTER

CONSTRUCTION CREWS PLACE THE EAGLE BACK ATOP THE PEDIMENT DURING THE REDEDICATION CEREMONY



CASE STUDY

HARRISON COUNTY COURTHOUSE

Before restoration work began, the Harrison County Courthouse sat vacant for 25 years and abandonment took its toll. Plaster was falling off, there was no accessible entrance, and the building no longer met safety codes. A major restoration was needed to return the building to its original grandeur as part of a much larger project, revitalizing downtown Marshall.

The Neo-Classical Beaux Arts courthouse was built in 1901 of corn-colored yellow brick. Limestone and pink granite columns support the multiple porches. Harrison County began its exterior restoration before the Texas Historic Courthouse Preservation Program (THCPP), through an enhancement grant from the Texas Department of Transportation. Following that in 2001 the county won one of Texas Historical Commission's (THC) first round of THCPP planning grants, followed by two construction grants. The community came together to raise matching funds for the three grants.

The two-story district courtroom had been floored over and the balcony and decorative plaster had been removed. Restoration efforts included reconstructing the balcony in the district courtroom, updating the mechanical, electrical, and plumbing systems, and providing modern audio-visual and security systems. Original interior and exterior finishes and features were also restored.

RESTORATION OF THE
COURTHOUSE SPARKED
NEW FAITH IN
DOWNTOWN MARSHALL.

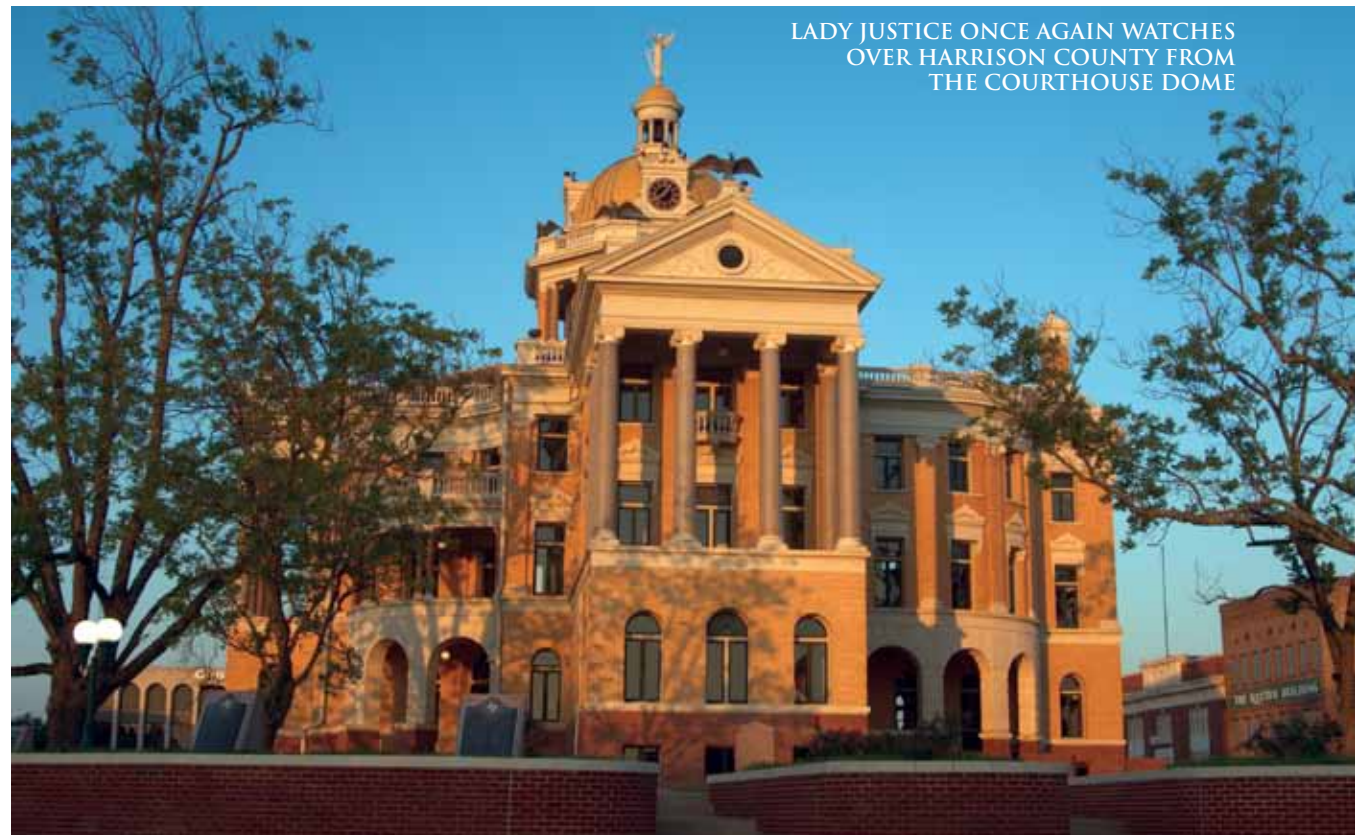
It is amazing what can be learned about a building through the restoration process. Often the details that gave the building character have been removed. However, fortunately, in the case of the Harrison County Courthouse, through the restoration process those details had only been hidden and were rediscovered. It was learned for example that the wings of Lady Justice atop the dome had been turned upside down in order to withstand heavy winds and that there originally had been a circle of large glass floor tiles surrounding the base of the grand staircase allowing light into the basement level. A thorough paint analysis uncovered extraordinary decorative painting motifs throughout the building.

The only record of the design was found in a few historic photographs. The detail turned out to be different than that used on the adjacent band of decorative plaster. Susan Gammage, of the THCPP architectural staff, worked closely on the project and saw something familiar about the photos. They looked similar to drawings of the plaster balcony rail for the Comal County Courthouse. The design had never been used for the Comal building, but artisans were able to use the drawings to replicate the balcony detail in Harrison County.

Much of the square surrounding the courthouse was vacant when restoration efforts began. In 2001 Marshall also rejoined the Texas Main Street Program and investors and developers began starting new businesses in these empty buildings. Soon the square was filled with coffee houses, restaurants, and retail shops. The historic 1929 Hotel Marshall, vacant since the 1970s, was purchased and rehabilitated.

Numerous events now take place on the courthouse square. From March through November, the Second Saturday is a monthly arts and crafts vendor exhibit. During the Wonderland of Lights, the courthouse and downtown are decorated with thousands of white lights, and at least 100,000 people come to see them. Gammage has witnessed Marshall's transformation from a ghost town to one of the most thriving historic downtowns in Texas through one of the state's most successful courthouse restorations.

SINCE RESTORING THE COURTHOUSE, MARSHALL HAS BECOME ONE OF THE STATE'S MOST VIBRANT HISTORIC DOWNTOWNS AND CONTINUES TO SUPPORT NEW RESTAURANTS, SHOPS, AND APARTMENTS AROUND THE COURTHOUSE SQUARE.



LADY JUSTICE ONCE AGAIN WATCHES OVER HARRISON COUNTY FROM THE COURTHOUSE DOME

SAN AUGUSTINE COUNTY COURTHOUSE

The San Augustine County Courthouse restoration is a great example of what can be achieved by a dedicated, passionate, and organized community.

San Augustine is a small county in East Texas with a population of 8,769. Its 1927 courthouse was in extreme disrepair and restoration was long overdue. The original electrical system was still in use and there were significant plumbing problems, making safety concerns and long term maintenance the main factors triggering restoration efforts. In addition, records dating back to the 1820s were stored in the courthouse and needed protection.

Starting in 2000, the San Augustine Garden Club worked diligently to apply for grants from the Texas Historical Commission (THC). It took about eleven years before the project could be realized, but their efforts paid off when they received more than \$3.8 million in two grants through the Texas Historic Courthouse Preservation Program (THCPP), one for planning and another for construction.

Counties are eligible to receive up to 85% of project costs funded through the THCPP. San Augustine County Courthouse was able to receive their full share and the San Augustine Garden Club raised the 15% local match, tirelessly leading efforts to raise \$400,000 in donations from individuals, businesses, organizations and banks, including a generous \$250,000 donation from the TLL Temple Foundation. More than 300 individuals and families made donations, from \$5 to \$10,000 (most were \$50 or less).

“OUR AIM WAS TO SAVE, PROTECT, RESTORE, PRESERVE, AND REHABILITATE THIS WORTHY BUILDING FOR BOTH CURRENT AND FUTURE GENERATIONS.”

-BETTY OGLESBEE

Construction began in early 2008 and the courthouse was completed and rededicated at the end of 2010. Prior to the restoration, the courthouse was crowded, dark and not a friendly place to work or visit. The courthouse is now a building the whole community is proud of, especially those with businesses located near the courthouse square.

In 2013, San Augustine became a Texas Main Street community, accepted partly because of the potential for redevelopment resulting from its restored courthouse. The Texas Main Street Program helped to prepare a plan for addressing common goals around the courthouse square and encouraged several business owners to take on their own restoration projects.

Most of the historic fabric of the town was fortunately still intact, providing opportunities for wonderful rehabilitation projects. With guidance from the Texas Main Street Program and the investment in the courthouse restoration, several building owners have taken on their own restoration projects and new businesses have been attracted to move into vacant spaces.

Most importantly, as a result of this activity, people now see that historic character plays a major role in downtown redevelopment. Betty Oglesbee, a member of the San Augustine Garden Club, has already seen the impact of these improvements: “our historic district surrounding the courthouse square seems to be busier than ever!”

The THC, partners with the Texas Land Title Association as a sponsor to offer stewardship workshops for facilities managers and elected officials. The stewardship workshops provide an opportunity to learn how to properly maintain restored courthouses.

County Judge Samye Johnson understands that restoration and maintenance of the courthouse is an ongoing process and appreciates the continued support from THC to assist counties with planning, budgeting, and maintenance training. “You can’t just fix these courthouses and then walk away. We have to have that support to be able to maintain them.” Johnson attends the stewardship workshops offered every year. “This is the best thing they could have done. If you don’t take care of things like wood windows properly, they will deteriorate.”

This is especially important in smaller counties that have limited maintenance staff and resources. Programs like the THCPP play an especially important role in the vitality of smaller, rural counties like San Augustine. This is why the courthouse restoration was especially significant to Judge Johnson: “If these courthouses are not saved, things that are irreplaceable will be lost. They are everything to us.”

THE SAN AUGUSTINE COUNTY
COURTHOUSE RESTORATION
HELPED THE TOWN
BECOME A MAIN STREET
COMMUNITY, SPURRING
BUSINESS IMPROVEMENTS
THROUGHOUT DOWNTOWN.



SAN AUGUSTINE COUNTY COURTHOUSE
AFTER RESTORATION



SAN AUGUSTINE COUNTY COURTHOUSE BEFORE
RESTORATION



SAN AUGUSTINE COUNTY GARDEN CLUB AT
THE REDEDICATION CEREMONY

HARRIS COUNTY COURTHOUSE

On August 23, 2011, Harris County officials, historians, downtown office workers, and local citizens gathered for the dedication and ribbon cutting for the grand re-opening of the historic 1910 Harris County Courthouse in downtown Houston.

Sitting on the original courthouse square, from the first city plat in 1837, the historic 1910 Harris County Courthouse is actually the fifth structure on the site. The 1910 building was designed in the Beaux-Arts style with the vision of a grand structure reflecting the county's importance in Texas. It is an architectural gem featuring Corinthian columns, a grand circular staircase and rotunda clad in large slabs of ornate marble, and a facade of pink Texas granite and light brown St. Louis brick.

In 1954, the historic courthouse underwent extensive alterations in an effort to make room for additional functions. The grand staircase was demolished, the atrium was eliminated and covered up, and the double-height courtrooms, with balconies, were sliced into two separate floors. Most of the walls were also taken out. The light wells above the courtrooms, skylights, and the stained-glass dome, allowing natural light into the building, were either covered or removed. However, grave the renovations from the 1950s were, the County was thankful that this beloved building was not completely demolished.

By 2004 the building was again in need of major renovations, so the County commenced a complete restoration with a focus on restoring the beloved building to its original appearance. Texas Historical

Commission (THC) staff member Mark Cowan served as the point of contact between Harris County and the THC for the restoration. He worked closely with Dan Reissig, Harris County's architect project manager, to ensure the scope of the work was focused on a full restoration with sensitivity to the building's historic features.

Cowan recalls that the building was in extremely poor condition. Air conditioning ducts installed in the 1950 resulted in dropped ceilings, covering ornamental plasterwork and making the interiors dark and cramped. Two elevator banks with an open iron gate extending to the roof to let in air and light to the center of the building were relocated to make room for air conditioning units. The original 1910 interior included two large courtrooms and three smaller courtrooms,



RESTORED STAINED GLASS DOME



REDEDICATION CEREMONY IN THE RESTORED ROTUNDA



RESTORED TWO STORY COURTROOMS

but when restoration began in 2004 there were about 40 small, cramped courtrooms.

During the latest restoration efforts the false floors were removed and the atrium was restored with its beautiful stained glass window lit by sunlight from the building's dome and skylight.

Many of the building's historic features had been destroyed; however, skilled artisans and specialists in plaster and tile work were brought in to recreate missing features, relying on historic photographs to ensure authenticity. The ornamental plaster detailing has been carefully recreated and all the marble in lobby and hallways has been replaced. Missing historic windows were replicated using more energy-efficient insulated glass. A nearly clear film was applied to windows to reduce heat gain. The tile floor was badly damaged and two years were dedicated to matching and recreating the original tile patterns.

The 1915 Galveston Hurricane damaged the original metal finial that sat on the lantern on the top of the dome, and it was removed as a safety hazard. In the 1990s a group formed to raise funds to recreate the missing finial. However, funding ran out before the new finial could be installed. During the 2004 restoration, the finial was found in storage and later reinstalled on top of the dome.

The building now houses civil courts, and glows with a sense of pride and dignity; a significant landmark for downtown Houston.

“IN THE END, IT WAS WORTH THE TIME AND EFFORT WE PUT INTO THIS AND WORTH THE MONEY. ALL THE TIME YOU SPEND ON SOMETHING, YOU WANT IT TO TURN OUT WELL. IT’S A BUILDING I WALK THROUGH EVERY WEEK AND I NEVER GET TIRED OF WALKING THROUGH THERE. IF I HAVE MY CAMERA, I’LL TAKE A PICTURE OF THE SKYLIGHT EVERY TIME.” -DAN REISSIG.



THE RESTORED HARRIS COUNTY COURTHOUSE GLOWS WITH COMMUNITY PRIDE

RESTORING THE
COURTHOUSE
SQUARE BROUGHT
SOME OF THE
MOST SIGNIFICANT
BENEFITS TO THE
DOWNTOWN.



POTTER COUNTY COURTHOUSE

The Potter County Courthouse in Amarillo was completed in 1932. At that time, the oil, gas, and cattle industries were booming in the Panhandle and Potter County was able to invest in its new courthouse.

Designed in the Art Deco style, the exterior was adorned with terra cotta figures of a pioneer, wolves, and a Native American. Interiors were as detailed as the building's exterior, particularly the metal elevator doors, which depicted cattle brands from the local area.

Over the years, maintenance had been neglected, and there had been years of insensitive changes such as the removal of plaster walls and terrazzo floors in the 1960s. The entire first floor courtroom was removed in 1988 to make way for an elevator leading to an underground tunnel. And the ornate elevator doors were removed. These changes eroded the character of the building; reversing them created a lot of work for skilled craftsmen. The exterior facades remained in good condition save for damaged terra cotta on the south side.

County Facilities Director, Mike Head, established a five-year plan, defining a process for restoring the courthouse. After identifying the critical elements and associated costs, Head and County Judge Arthur Ware, sought funding through a variety of sources. The journey was a long one with some discouragements; fortunately, county leadership persevered, and once the Texas Historic Courthouse Preservation Program (THCPP) began, the County received a grant for planning and construction documents.

In total, the county spent over \$18 million on the project which included recreation of the missing elevator doors, construction of accessible rest rooms, installation of smoke alarms, and upgrades to the building's electrical and plumbing systems.

According to Potter County Commissioner H.R. Kelly, "The THCPP funding was an important component of this project – not merely from a budgetary stand point, but the Texas Historical Commission helped us to keep our focus on preserving the historic integrity of the building."

For Head, the most satisfying part of the journey was knowing that the county gave back to the citizens and taxpayers a part of history that is now well preserved for generations to come.

One of the Texas Panhandle's largest summer events, "High Noon on the Square," takes place Wednesdays in June and July. It consists of food and concerts, drawing over 800 people each week to the courthouse square. It is put on by Center City, Amarillo's Main Street program. Center City also sponsors the Center City Block Party (a music festival in August), Jazztober (a jazz concert every Tuesday night in October), and the Electric Light Parade to ring in the holidays in December.

Center City promotes preservation through a façade grant program in partnership with the City of Amarillo. Its many projects have included the Historic Fisk Building and the Ted Lokey Oil Co. Both of these buildings earned Texas Downtown Association design awards. In 2013, the courthouse project won first place

from the Texas Downtown Association Design Awards. New facades, paint, and restored signs all indicate that Center City is preserving architectural heritage and bringing new life to downtown Amarillo.



"HIGH NOON ON THE SQUARE" DRAWS OVER 800 PEOPLE TO DOWNTOWN AMARILLO EACH WEEK

ART DECO STYLED IMAGE OF A NATIVE AMERICAN



TEXAS HISTORY MUSEUMS

HISTORY MUSEUMS GENERATE DOLLARS AND JOBS FOR THE TEXAS ECONOMY. THEY DIRECTLY AND INDIRECTLY SUPPORT APPROXIMATELY **4,432 JOBS** IN TEXAS, NEARLY **\$163 MILLION** IN TEXAS INCOME AND CLOSE TO **\$296 MILLION** IN STATE GDP. AND, MOST IMPORTANT ECONOMICALLY, THEY DRAW HERITAGE TOURISTS.

In the smallest towns and biggest cities in Texas, history museums are a focal point for their communities and bring people together to celebrate Texas's proud heritage.

Texas Historical Museums are significant economic generators, spending over \$93 million annually. This figure excludes capital expenditures like building rehabilitation and tourism-related spending that is included in other sections of this report. From Crosbyton to Belton, and from Lufkin to Alpine, history museums instill pride and are often a stimulus for local historic preservation and heritage tourism.

The 2014 Institute for Museum and Library Services museum census found that Texas is home to more than 2,000 museums. Over 700 of these are history and history-related museums. Many of these museums are located in rural areas and are operated by part-time staff and volunteers. The American Association of

Museums recently found that 17 percent of museums are located in rural areas with fewer than 20,000 residents. Museums in other urban and rural areas are a key ingredient in creating a vibrant and culturally rich environment. Historical Museums flourish in Texas and make popular destinations for tourists and local citizens alike. Some museums focus on the local history of a city or county while others center their interpretation on a historic place or theme.

Since 1969, the THC has supported the many history museums across the state with training and technical assistance. Each year more than 200 local and regional museums receive assistance from the THC staff in planning, governance, programming, collections care and management, fundraising, marketing and professional development.

ECONOMIC IMPACTS OF ANNUAL HISTORY MUSEUMS SPENDING IN TEXAS (2013)

Economic Impact	Total Texas
Jobs	4,432
Labor Income	\$ 163 million
State Taxes	\$ 2.6 million
Local Taxes	\$ 11.2 million
In-State Wealth	\$ 255 million
State GDP	\$ 296 million



TEXAS MUSEUMS INTERPRET THE STATE'S UNIQUE HISTORY



A NUMBER OF TEXAS MUSEUMS FOCUS ON THE STATE'S AVIATION HISTORY



FULTON MANSION STATE HISTORIC SITE



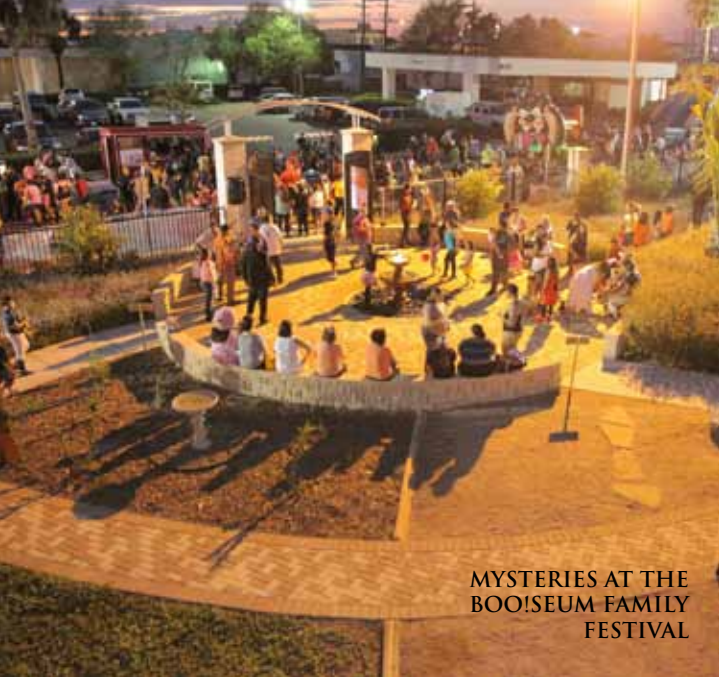
INTERIOR OF THE FULTON MANSION STATE HISTORIC SITE



CROSBY COUNTY PIONEER MUSEUM



BULLOCK TEXAS STATE HISTORY MUSEUM



MYSTERIES AT THE BOO!SEUM FAMILY FESTIVAL



THE MISSION HISTORICAL MUSEUM IS HOUSED IN THE HISTORIC SHARY BUILDING, CONSTRUCTED IN 1939



DIA DE LOS MUERTOS CELEBRATION



DAY OF THE DEAD FAMILY FESTIVAL



CHILDREN'S SUMMER PROGRAM

MISSION HISTORICAL MUSEUM

The Mission Historical Museum collects and promotes the history and culture of the city of Mission and surrounding communities. City leaders established the museum most importantly as an educational resource. Located in the citrus growing region of south Texas, the Mission Historical Museum has helped improve the overall quality of life for residents.

The museum is located in two historic buildings, the Shary Building and the former post office. As one of Mission's early developers who made his fortune in irrigation, John Shary built his business offices in 1939. The City bought this building in 1960. It served as city hall until 2002 when the City decided to establish a historical museum. The post office building was built in 1940 and still contains an original Works Progress Administration mural, the only existing example in the region. The post office building also once served as the City Police Department and there are still jail cells in the basement.

The museum incorporates the history of its buildings in its programming and outreach, such as the "How to Write a Letter" program and the "History of the Postage Stamp" exhibit. These programs are offered mainly to children, but all ages are welcome. In the fall, the museum hosts Mysteries at the Boo!seum Family Festival which includes the Jailhouse Haunted House tour in the basement of the Post Office building. In 2014, this event drew over 2,000 visitors.

The museum has five paid staff, including museum director Luis Contreras. The staff manages the day-to-day operations as well as the many events the museum holds every year. Volunteers, including many area high school students, provide additional support.

Permanent exhibits cover topics such as the construction of the railroad, ranching, school, pioneer families, military, and sports. Contreras is a big believer in reaching out to diverse groups of people who might not generally visit the museum. Temporary exhibits have included the Mexican Revolution's impacts on the region and the genesis of the Texas Cowboy.

The museum also holds festivals to help illustrate the culture and dress of Mexico. In the fall the museum celebrates the Dia de los Muertos Family Festival to teach about the holiday's meaning, which honors the lives of the deceased with food, drinks, and parties. The event features an exhibit of commemorative altars, historical and cultural presentations, and traditional face painting. Mission's location along the Mexico border also lends itself to educational and outreach opportunities on the topic of citizenship.

When Contreras began as museum director, his first project was managing reconstruction of the parking lot. What was once two parking lots and an alley, has become an attractive gated grassy area with native plants and the beginnings of a small citrus grove. As a result, the museum is able to offer outdoor events with increased attendance.

According to Contreras, parents requested more activities for their children; so during the summer of 2014 the museum held the first ever History Pioneer Days. It was a huge success. Attendees made their own butter, created quill art, and listened to Native Americans give presentations, followed by making their own dream-catchers.

Membership has increased recently due to increased benefits such as discounts at the museum store and for special events, early-bird alerts to special events, and the use of the museum's conference room for business partners.

Social media outreach has made a huge impact on the museum's visibility; as a result, a younger generation is becoming more involved and interested in the museum's programming and overall mission. This is important to Contreras, who sees great value in sharing Mission's history through unconventional avenues to appeal to a wider audience.

**IN JUST A FEW SHORT
YEARS, THE MUSEUM'S
OUTREACH HAS GROWN FROM
6,000 PEOPLE A YEAR TO AN
AUDIENCE OF 24,000.**

STATE HISTORIC SITES

IN 2007, THE TEXAS LEGISLATURE TRANSFERRED 18 STATE HISTORIC SITES FROM TEXAS PARKS AND WILDLIFE DEPARTMENT TO THE TEXAS HISTORICAL COMMISSION, AND VOTERS APPROVED A \$34 MILLION BOND TO INVEST IN IMPROVEMENTS TO HISTORIC SITES.

The Historic Sites Division, now the largest division of the Texas Historical Commission (THC), is responsible for overseeing 20 historic properties throughout the state. Staff members provide expertise in archeology, architecture, curation, interpretation, and marketing.

Heritage tourists can learn more about the rich Texas history and experience real places and stories at each of the THC State Historic Sites. The sites range from Native American ceremonial mounds to grand Victorian mansions to sprawling frontier forts. The THC's state historic sites exemplify the breadth of Texas history.

VISITORS TO ALL THE STATE HISTORIC SITES (FY 2013)

From local areas	35,097	13%
From other regions of Texas	152,667	64%
Other states	46,455	20%
International	2,776	1.2%
Total	236,995	

BETWEEN 2008 AND 2013, OVER 1.5 MILLION PEOPLE VISITED THE 20 STATE HISTORIC SITES, REPRESENTING A 51% INCREASE IN VISITATION SINCE 2007. THESE SITES MAKE A SIGNIFICANT CONTRIBUTION TO HERITAGE TOURISM IN TEXAS.

FACTS

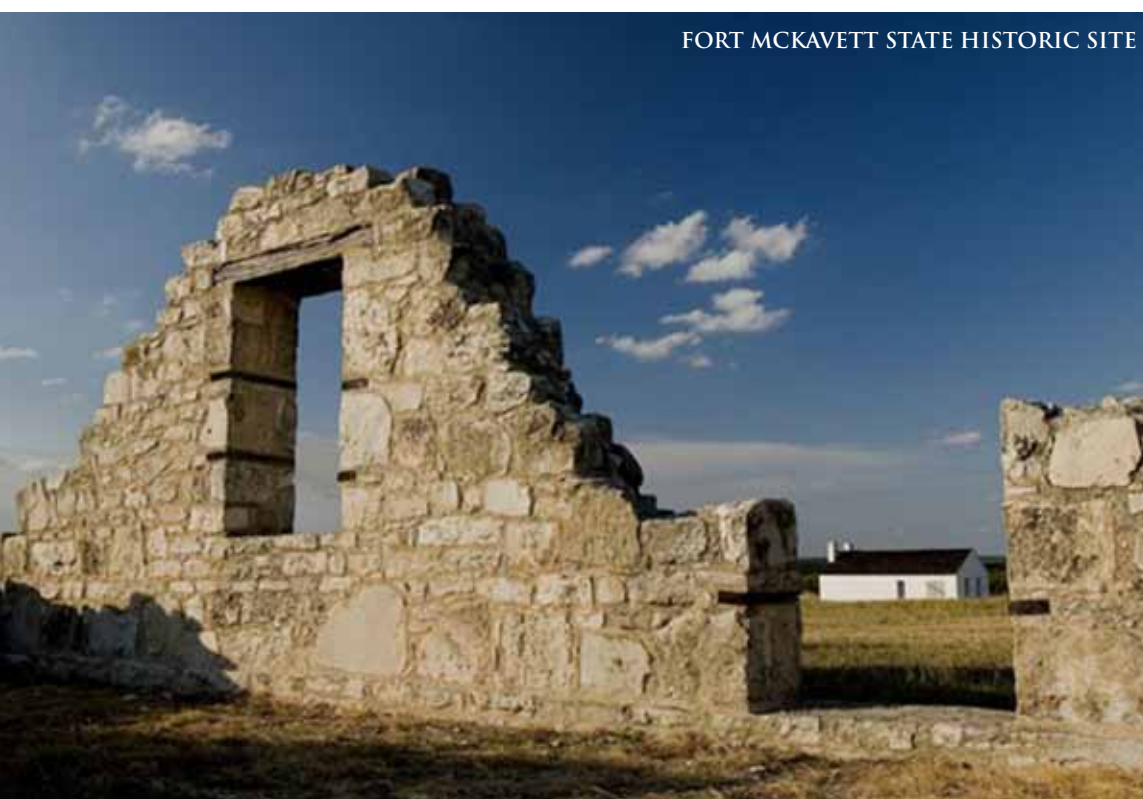
- 236,995 people participated in THC Historic Sites programs in FY 2013.
- Visitations increase by 16% to Historic Sites between FY 2012 and FY 2013 and by 51% between FY 2008 and FY 2013.
- The THC Historic Sites website attracted 122,779 unique visitors in FY 2013.
- FY 2013 volunteers contributed 61,984 hours at THC Historic Sites.

CADDO MOUNDS
STATE HISTORIC SITE

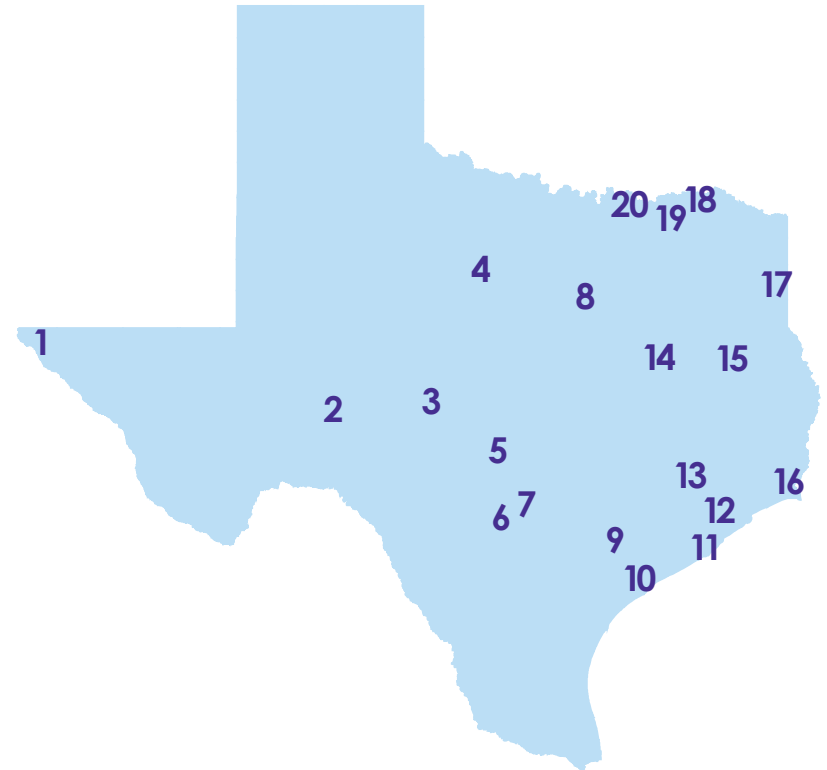


ACTON STATE HISTORIC SITE

FORT MCKAVETT STATE HISTORIC SITE



STATE HISTORIC SITES



1. Magoffin Home, El Paso County
2. Fort Lancaster, Crockett County
3. Fort McKavett, Menard County
4. Fort Griffin, Shackelford County
5. National Museum of the Pacific War, Gillespie County
6. Landmark Inn, Medina County
7. Casa Navarro, Bexar County
8. Acton, Johnson County
9. Fannin Battleground, Goliad County
10. Fulton Mansion, Aransas County
11. Levi Jordan Plantation, Brazoria County
12. Varner-Hogg Plantation, Brazoria County
13. San Felipe de Austin, Austin County
14. Confederate Reunion Grounds, Limestone County
15. Caddo Mounds, Cherokee County
16. Sabine Pass Battleground, Jefferson County
17. Starr Family Home, Harrison County
18. Sam Bell Maxey House, Lamar County
19. Sam Rayburn House, Fannin County
20. Eisenhower Birthplace, Grayson County

NATIONAL MUSEUM OF THE PACIFIC WAR

With more than 180,000 visitors in 2013, the National Museum of the Pacific War is the most visited state historic site. Starting in 1968 as the Admiral Nimitz Museum, it has grown into a nationally-renowned institution.

The museum is located in Fredericksburg, where Chester W. Nimitz spent the first six years of his life growing up in his grandfather's hotel, which is now part of the two-acre multi-building museum complex. The original Admiral Nimitz Museum was located in the Nimitz Hotel on Main Street to recognize the achievements of the World War II Commander in Chief of the U.S. Pacific Fleet.

The museum's mission is to tell the story and honor the veterans of the Pacific Theatre during World War II.

It is this mission that drives Director Joe Cavanaugh and his staff to create an interesting, educational, and moving experience for visitors.

The now six-acre state historic site also includes the George H.W. Bush Gallery, which gives an overview of the war, its causes, and its immediate and long lasting impacts. It contains permanent exhibits and gallery space for a variety of temporary exhibits. In an exterior exhibit space, "The Pacific Combat Zone," is where history comes alive with battle reenactments.

Living history is a vivid way to experience the war. Through re-enactments one can get a sense of what it might have been like to be in a Japanese battlefield entrenchment or stand on the deck of an aircraft carrier and watch a simulation of the launching of

torpedoes. Visitors are immersed in strategy and weaponry, not to mention the lives of the soldiers. Living history programs are presented on weekends between March and November and are one of the museum's most popular features.

WITH MORE THAN 180,000 VISITORS IN 2013, THE NATIONAL MUSEUM OF THE PACIFIC WAR HAS 3 STATE AND 46 FOUNDATION EMPLOYEES, AND OVER 300 DEDICATED VOLUNTEERS.



WORLD WAR II FIELD SET-UP



GEORGE H.W. BUSH GALLERY

The Texas Historical Commission owns the museum as a state historic site, and has partnered with the Admiral Nimitz Foundation to preserve and promote this important history through a unique military collection, outreach activities, and archival research. The Admiral Nimitz Foundation, established in 1971, is the non-profit partner in charge of fundraising and providing staff support for the site. The museum has 3 state and 46 foundation employees, and over 300 dedicated volunteers.

The museum's annual budget is just under \$1.3 million. The legislature provides \$200,000 which goes toward salaries and administration costs. Income from admissions is another important part of the museum's funding. The city and county contribute an additional

\$125,000 for operations from lodging taxes, signifying the site's importance to the community's economy.

The Admiral Nimitz Foundation holds numerous fundraising events throughout the year including a golf tournament and a fall symposium with a reception for discussion on various topics. The symposiums in 2014 and 2015 are a two-part series focusing on the origins of the military's special operations in WWII. The city and county contribute an additional \$125,000 for operations from lodging taxes, signifying the site's importance to the community's economy.



INDEPENDENCE DAY PARADE IN DOWNTOWN FREDERICKSBURG



STATUE OF ADMIRAL NIMITZ

TEXAS PRESERVATION TRUST FUND

TEXANS HAVE INHERITED A WIDE ARRAY OF HISTORIC ARCHITECTURE AND ARCHEOLOGICAL SITES THAT REFLECT THE DIVERSITY OF ALL THOSE WHO HAVE CALLED TEXAS HOME. A SERIOUS CHALLENGE FACING HISTORIC PRESERVATION IN TEXAS IS THE RAPID DETERIORATION AND DESTRUCTION OF THOUSANDS OF TEXAS'S HISTORIC AND PREHISTORIC SITES.

To meet this challenge, the 71st Texas Legislature in 1989 established the Texas Preservation Trust Fund (TPTF) and subsequent legislatures have added to the principal. This interest-earning fund of public and private money provides matching grants for the acquisition, survey, restoration, and preservation of historic architectural and archeological properties and associated collections, and for related planning and educational activities. Competitive grants are awarded on a one-to-one match basis, paid through reimbursement of eligible expenses.

When the 82nd legislature cut budgets in 2011, the TPTF grant program was suspended. In 2013, the 83rd Texas Legislature reinstated the program but grants were not awarded during the 2013-14 biennium. The Texas Historical Commission is in the process of awarding grants during the current fiscal year 2015 and anticipates grant awards to be in the \$10,000 - \$50,000 range, and expects to award approximately \$500,000 from interest earned during the program's suspension. Future rounds of TPTF grants are likely to total in the range of \$250,000 annually. From 1997 to 2011, the program aided about 350 recipients, with average annual awards totaling over \$440,000.

FROM 1997 TO 2011, TPTF GRANTS TOTALED \$6.6 MILLION (REAL 2013 DOLLARS).

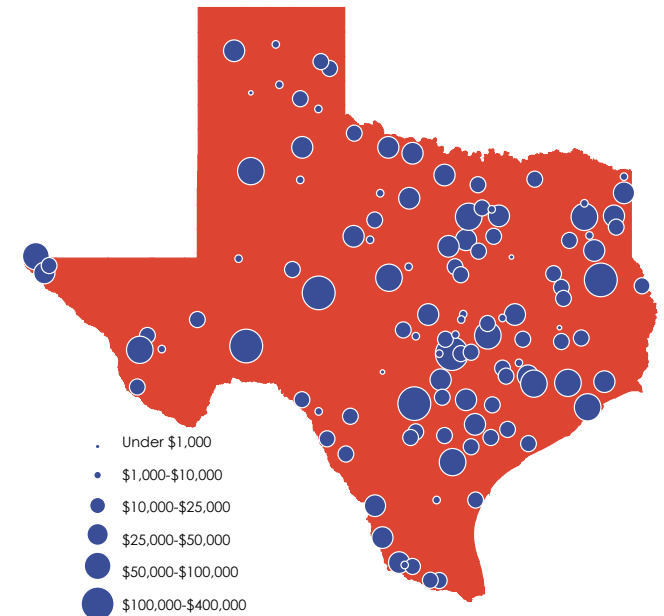
Typically, the TPTF made 20 to 30 grants each year until 2010-2011. By far the most funding has been for development (stabilizing, restoring or rehabilitating historic structures) and planning projects (historical surveys, preservation plans and maintenance studies). Development (\$3.5 million) and planning (\$2.0 million) combined amount to \$5.5 million of the total \$6.6 million TPTF grant funds spent from 1997 to 2011.

The above discussion focuses on the amount of state funding. Since TPTF grants require at least a one-to-one match, TPTF projects to date have totaled at least \$13.2 million. The match is often greater. For example, in the Rufus Hardin High School project in Brown County, TPTF awarded \$30,000, while the total project cost was \$106,000, a 2.5 to 1 match that far exceeded the requirement.

The Texas Preservation Trust Fund is often the first major donor to a proposed project, and the agency's

commitment and oversight lends valuable credibility and helps organizers to leverage additional funding sources. Planning grants are often the prelude to larger preservation construction projects. Historical surveys are a first step toward listing on the National Register of Historic Places, enabling use of the federal and Texas tax credits for historic rehabilitation.

GRANT FUNDS SPENT BY CITY





THE RUINS AT FORT LANCASTER STATE HISTORIC SITE



BERNARD'S MILL IN GLEN ROSE IS ONE OF THE OLDEST STANDING BUILDINGS IN SOMERVELL COUNTY

HISTORIC HOMES
TEND TO STABILIZE
PROPERTY VALUES



PROPERTY VALUES

MORE THAN 50 TEXAS CITIES DESIGNATE HISTORIC PROPERTIES AND DISTRICTS AS CULTURALLY SIGNIFICANT. LOCAL LANDMARK COMMISSIONS GUIDE EXTERIOR REHABILITATIONS OF LOCALLY-DESIGNATED HISTORIC PROPERTIES BY WORKING WITH OWNERS TO ACHIEVE A POSITIVE COMMUNITY IMPACT USING GOOD PRESERVATION TECHNIQUES.

Overwhelming evidence shows that historic designation has a positive effect on property values. In the majority of circumstances, retaining and enhancing historic character supports and augments the value of residential and commercial property.

Partially as a result of the character, quality and prestige of historic properties, protection and designation leads to interrelated positive effects on property values. These include encouraging property rehabilitation, preserving neighborhoods, strengthening retail health and tourist trade, and catalyzing formation of community organizations and activity that maintains neighborhood quality. A full review of the studies on historic preservation and property values is included in the Technical Report accompanying this summary.

A frequently cited late-1990s study by Donovan Rypkema found that local historic districts in Indiana not only provided valuable protection for each community's historical resources but protected and enhanced individuals' financial resources as well. In five Indiana communities (Anderson, Elkhart, Evansville, Indianapolis, and Vincennes) residential

and commercial properties in historic districts appreciated at no less than the city-wide rate, and in four of the five appreciated at a greater rate than the rest of the city.

A 2010 University of Florida study reviewed more than 20,000 parcels in 18 historic districts and a similar number in 25 comparison neighborhoods. The Florida researchers found that over a ten-year period in 15 of the 18 cases, property in the historic district appreciated at a greater rate than comparable non-designated areas.

An extensive statistical analysis on the property value impact of historic designation was conducted in 2001 by Ed Coulson and Robin Leichenko in nine Texas cities: Abilene, Dallas, Fort Worth, Grapevine, Laredo, Lubbock, Nacogdoches, San Antonio, and San Marcos. The results showed that:

- Historic designation was associated with higher residential property values in all of the Texas cities. The higher values were statistically significant in seven of the nine cities: Abilene, Dallas, Fort Worth, Grapevine, Lubbock, Nacogdoches, and San Antonio.

- Among the cities where historic designation had a statistically significant effect on property values, historic designation was associated with average property value increases ranging between 5 and 20 percent.

To summarize, the preponderance of empirical literature indicates that historic district designation and regulation supports and enhances single-family residential property values. There is less evidence about commercial properties, but the few studies on this category show that higher commercial property values also tend to be associated with proximity to historic landmarks and districts. On balance historic preservation is a good deal for local jurisdictions and for property owners across Texas.

OVERWHELMING EVIDENCE SHOWS THAT HISTORIC DESIGNATION HAS A POSITIVE EFFECT ON PROPERTY VALUES.

CONCLUDING REMARKS & ACKNOWLEDGMENTS

PRESERVATION-INDUCED ECONOMIC ACTIVITY RETURNED \$291 MILLION IN STATE AND LOCAL TAXES IN TEXAS LAST YEAR. PRESERVATION MORE THAN PAYS FOR ITSELF. CONSIDER THE \$4.6 BILLION IN STATE GDP, AND 79,000 JOBS GENERATED ANNUALLY BY PRESERVATION, AND IT IS CLEARLY ONE OF THE BEST INVESTMENTS IN TEXAS.

The preservation economy is complex and varied, as are the state and local programs that support it. Their impacts are linked, and they work best together: heritage tourism depends on museums and historic sites, and rehabilitated downtowns. Thriving Main Streets depend on restored courthouses. Returning buildings and places to productive use contributes to environmental and economic sustainability.

Preservation contributes to the Texas economy even beyond its numbers. Sense of place is an essential asset for modern economic development, and Texans are deeply attached to their communities and to the heritage of Texas.

ACKNOWLEDGMENTS

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Larry Clonts, Shamrock EDC

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Beth Duke, City Center - Amarillo Main Street

Rafael Espinoza, Rafael Espinoza Music

Mike Head, Potter County

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The Honorable Samye Johnson, San Augustine County

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Mary Lawler, Avenue CDC

Betty Oglesbee, San Augustine Garden Club

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Debbie Wegman, Big Spring CVB

Nancy Wood, Bastrop Main Street Program



SUNSET OVER FORT MCKAVETT STATE HISTORIC SITE

PHOTO CITATIONS

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Cover: Rachael Orvis, "the base of the monument", San Jacinto monument, Sunday Apr 22, 2012, <http://drorvis.blogspot.com/2012/04/battle-of-san-jacinto.html>, (accessed 09/15/2014)

Contents: Kyle Dreier, "Bradley Oaks Ranch – Athens, TX", <http://www.architecturalphotographernashville.com/architecture/list.php>, (accessed 10/15/2014)

2: Jennifer Whitney, courtesy Texas Tribune, <http://www.texastribune.org/2012/08/31/alamo-plaza-improvements-topic-heated-debate/> (accessed 11/19/2014)

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15 [center bottom]: <http://cacp.utsa.edu/outreach/s.t.a.r.-students-together-achieving-revitalization/>
Photo courtesy of The University of Texas at San Antonio

[right]: Brian Luenser, <http://www.fortwortharchitecture.com/forum/index.php?showtopic=4127>, <http://brianluenser.com/>

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19: [center & bottom]: Jefferson Davis Hospital, Houston, courtesy Mary Lawler

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