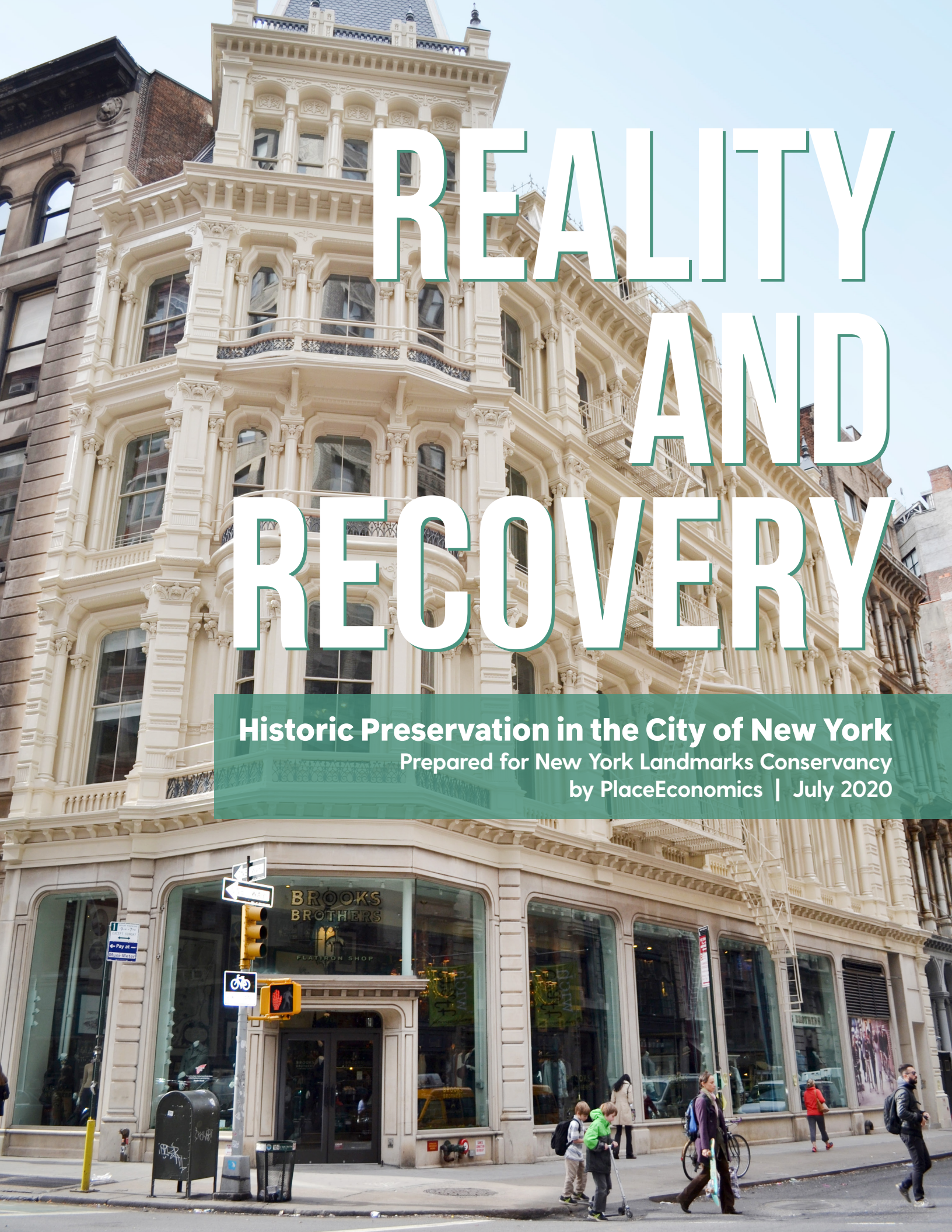
REALITY AND RECOVERY

Historic Preservation in the City of New York

Prepared for New York Landmarks Conservancy
by PlaceEconomics | July 2020



Union Square West
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Preface

The data in this report reflects trends that existed before the COVID-19 pandemic, but these findings illustrate how critical historic preservation will be to recovery.

The following report uses data that was compiled prior to February 2020, before the onslaught of the coronavirus pandemic. Therefore, the analysis contained in this report does not reflect the economic downturn, nor is there any certainty as to how this pandemic will impact cities or historic resources.

While the full extent of this global crisis is still unknown, one thing is clear–historic preservation can be an integral part of the recovery.

It will be some time before the world recovers from this "once in a lifetime" historic economic, social, and physical crisis. However, as this report illustrates, New York City's historic districts are vibrant and strong, and more than capable of persevering.

Executive Summary

Historic preservation is vital to the social, cultural, and economic health of New York City. For this reason, it will be key to recovery.

HISTORIC DISTRICTS COVER LESS THAN 4% OF THE CITY— BUT THEY ARE THE LOCATIONS OF CHOICE FOR BUSINESSES, RETAILERS, AND RESIDENTS.

The pages that follow enumerate dozens of measurements demonstrating the contributions of historic preservation to the City of New York. Among the key findings are these:

- Historic districts cover less than 4% of the lots and lot area in the City of New York.
- 5% of New York's population and 8.4% of jobs are within historic districts.
- Historic districts are the location of choice for a wide range of businesses.
- Jobs in the rapidly growing high-tech sector, and the arts and entertainment industries are particularly drawn to historic districts.
- Historic districts are among the densest neighborhoods in all five boroughs and only 1% of low-density neighborhoods are within historic districts.
- Businesses owned by women and minorities are disproportionately located in historic districts.
- By any real estate measure – vacancy rate, rents, selling prices – buildings in historic districts are preferred assets among both landlords and tenants.
- Younger workers are more likely to have jobs in historic districts.
- Older and historic buildings are much more efficient users of energy than more recent structures.

These findings represent the reality in New York City. These same findings can help in the recovery of the city.

Lessons learned across two studies

Four years ago, the New York Landmarks Conservancy commissioned *Historic Preservation: At the Core of a Dynamic New York City*. In that report we learned that:

- More than $800 million is invested annually in New York's historic buildings, creating jobs for 9,000 New Yorkers and providing paychecks of over $500 million each year.
- Heritage tourism is a major component of New York's visitor industry. Just the domestic portion of that visitor segment provides jobs for 130,000 New Yorkers.
- Historic districts housed a disproportionate share of jobs in both the creative class and knowledge worker categories.
- In each of the five boroughs historic districts represented some of the densest neighborhoods.
- During the Great Recession, work on buildings in historic districts provided stable work in the construction trades when most of the industry fell silent

Through this follow-up report we now also know:

- Historic districts are the location of choice for small businesses, retail businesses, restaurants, and the arts
- Historic districts host a disproportionate share of both businesses and jobs in the high-tech industries and creative class businesses.
- Most historic districts are relatively high density, and only 1.8% of low-density neighborhoods are within historic districts.
- Housing affordability is an issue in every corner of New York. With historic districts covering less than 5% of the lot area in the city, they certainly cannot be responsible for high residential rents everywhere.
- Far from being energy inefficient, older and historic buildings are proving much more environmentally responsible than their 21st century green cousins, and have been so for a hundred years.
- With fewer than 1% of applications to the Landmarks Commission ultimately rejected, "no" is hardly the most common answer.

The need for recovery is imminent. As New York's historic districts have been demonstrably successful at meeting the living, businesses, entertainment, and shopping needs of New Yorkers, they certainly possess the resiliency that New York City will desperately need.

Introduction

The goal of this report is to identify and document the importance of New York's historic resources as critical components in the recovery of the City.

EIGHTY-THREE PERCENT OF THE BUILDINGS IN NEW YORK CITY ARE OVER 50 YEARS OLD, MEANING NEW YORKERS LIVE THEIR LIVES IN AND AROUND OLD BUILDINGS.

The data and analysis found in this report was basically complete in February, 2020. A major purpose of the report was to respond to recent attacks on preservation found in articles in publications as diverse as The American Conservative, The New York Times, and Forbes. But just like the days and years after 9/11, the world changed dramatically overnight. So, while the data found on the following pages has not changed, the focus of this report has. Instead of responding to the usually anecdotal and often deceptive critiques of historic preservation, this report demonstrates the important role that New York City's historic buildings, sites, and neighborhoods should play in the resilience of the City that was so proudly demonstrated nearly 20 years ago in the wake of 9/11.

While New York City is the largest in America, it is one composed of many small parts—small businesses, intimate spaces, blocks divided at a comfortable human rhythm. In the American imagination, the New York City skyline looms large, defined by soaring skyscrapers and increasingly by supertalls. However, New Yorkers know the City at the street level, where the pace and scale is organic and comprehensible. This is due in large part to street patterns and buildings laid out more than a century ago. In Manhattan, the average footprint of a building in a historic district is 2,370 square feet, compared to 5,140 in the rest of the borough. These smaller spaces are home to the places that make New York City vibrant—bustling corner bodegas, 24-hour diners, small boutiques, and sidewalk cafes.

A fine-grained city—one made up of many small parts—is a healthy city from both an economic and urbanist perspective. A city with physical granularity likely also has a granular economy, made up of many small businesses. Such an economy is more resilient than one reliant primarily on a few large corporations. These small and startup businesses need small spaces, and historic buildings provide the perfect incubator.

Eighty-three percent of buildings in New York City are over 50 years old, meaning New Yorkers live their lives in and around old buildings. Not only do older and historic buildings make up the majority of the City's building fabric, they serve as cultural touchstones, connecting New Yorkers through collective memory and place-based interactions, building a shared cultural identity rooted in place. These buildings provide homes, jobs, entertainment, recreation, and pride of place.

Despite the claims made by a small group of critics who rail against historic preservation, residents and workers reveal their preference by choosing to live and work in historic neighborhoods. Consequently, business owners continue to see the value in locating in older or historic buildings and commercial corridors. The goal of this report is to identify and document the importance of New York's historic resources as critical components in the recovery of the City.

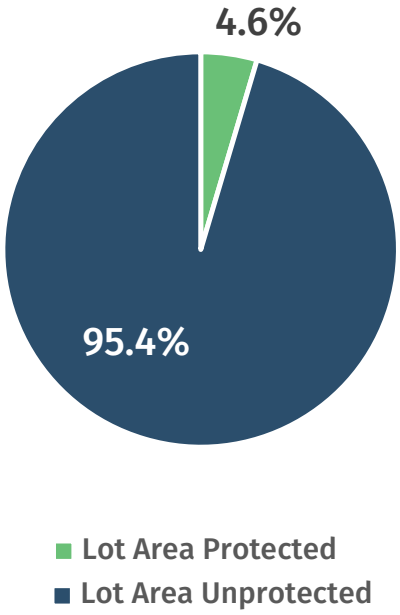
The Basics of Historic Preservation in New York City

Area of the City

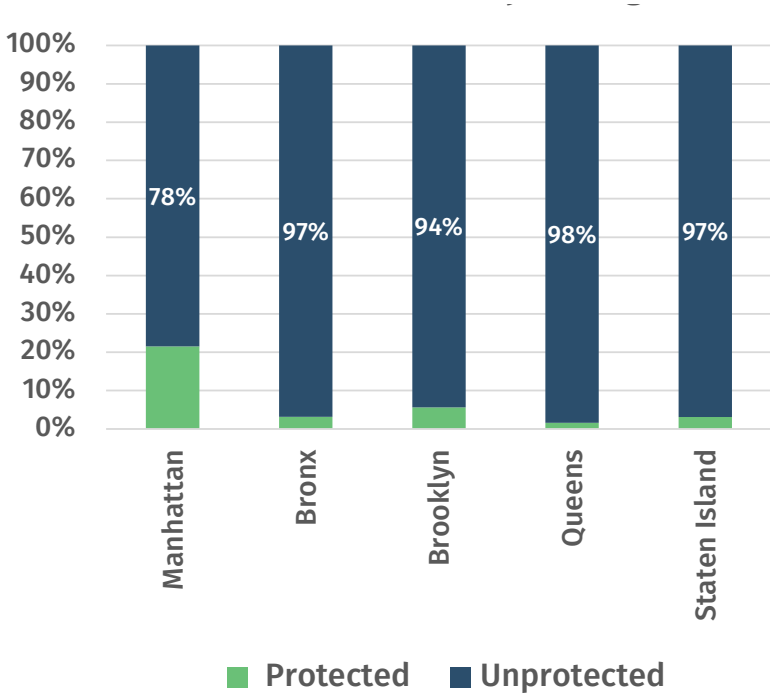
Because much of New York City consists of older buildings, people mistake these areas as protected historic districts. In actuality, very little of the city receives this designation. Today 3.8% of the lots, and 4.6% of the buildable area in the City falls under the purview of the New York City Landmarks Preservation Commission (LPC).[1] The reality is that a relatively small share of the city's overall number of lots and lot area are affected by historic preservation regulations in any way.

On a borough by borough basis, Manhattan has slightly more than 20% of its lot area under the oversight of the Landmarks Preservation Commission and Brooklyn just over 5%. In every other borough, less than 5% of the lot area is under protection.

City Lot Area Under Landmarks Preservation Commission Purview



Lot Area Under Landmarks Preservation Commission Purview by Borough

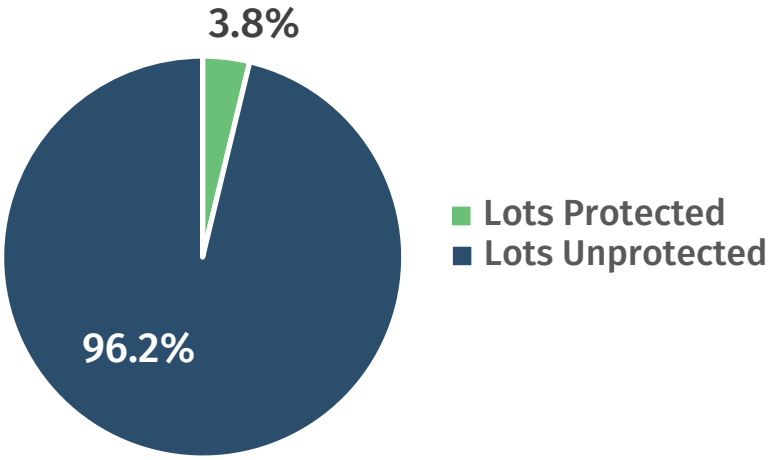


1 In 2016, the Furman Center for Real Estate & Urban Policy at New York University conducted a comprehensive analysis of the scale of historic preservation in New York. The study found that 3.4% of all New York City lots and 4.4% of lot area were designated historic by the New York City Landmarks Preservation Commission (LPC). Lot area is essentially the buildable area within the City. With the designation of 4 new districts and 2 district extensions in the last three years, that number has risen nominally to 3.8% of lots and the lot area to 4.6%.

When measured by number of lots rather than lot area, the share under protection is even less, with more than 96% not covered by any historic preservation regulations.

With only 3.8% of New York City's 853,000 lots, and 4.6% of the lot area falling under the purview of historic preservation regulation, claims that preservation is the cause of high rents, small business vacancy, gentrification, and a myriad of other problems is simply substituting slanted myopia for systematic analysis.

Share of NYC Lots Protected by Landmarks Preservation Commission



LPC Permits

NINETY-NINE PERCENT OF ALL CERTIFICATES OF APPROPRIATENESS WERE APPROVED BY THE LANDMARKS PRESERVATION COMMISSION.

Between 2010 and 2018, the Landmarks Preservation Commission (LPC) reviewed over 112,700 permit applications or an average of 12,500 per year.[2] These applications covered work that ranged from minor repair and signage, to full-scale rehabilitation, additions, and demolition. Nearly two-thirds (63.3%) of these fell under the categories: "Certificates of No Effect," "Minor Repair," and "Expedited Certificate of No Effect." The average time to process these requests was 45 days, 64 days, and 2 days respectively.

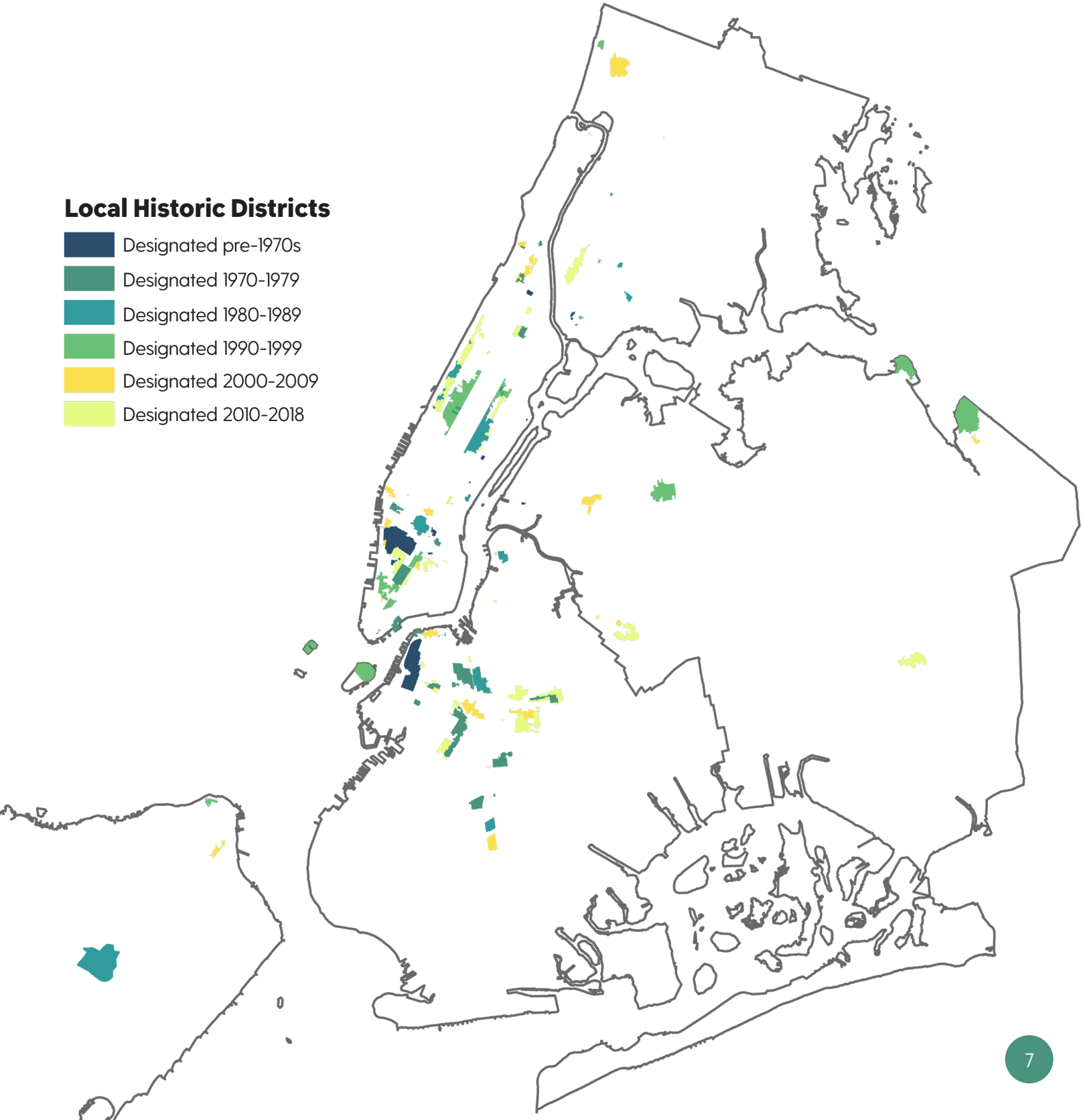
According to Landmarks Preservation Commission data, of all permit applications received by the LPC, 95% are handled at the staff level with no requirement for the applicant to appear before the Commission.

For projects seeking a Certificate of Appropriateness (C of A), applications must be seen by the Commission at a public hearing. In such cases, the LPC is statutorily required to issue a ruling within 90 days if the project materials are all complete. However, on average, this ruling is completed in 80 days.

Between 2010 and 2018, 99% of C of As were approved by the Commission. The claim that the LPC regularly denies applications and is, therefore, precluding development in the City, is demonstrably unsupported by the evidence.

2 At the time of analysis, this was the most recent data.

Only 3.8% of New York City's lots fall under the purview of historic preservation regulation.



Preservation and Real Estate Industry Data

Areas with a high concentration of historic properties are magnets for both building investors and their tenants.

THIS STUDY FOUND THAT THE REAL ESTATE INDUSTRY'S OWN DATA SHOWS THE ECONOMIC STRENGTH OF HISTORIC DISTRICTS.

Preservation advocates have long argued that far from being a deterrent to the local economy, New York's historic districts are magnets for businesses and for investment. But if that is the case it ought to be quantitatively demonstrable. What this study found is that the real estate industry's own data shows the economic strength of historic districts.

For this report, real estate data from The CoStar Group, Inc. the most comprehensive database of real estate data in the country, was examined. Their real estate data for office, multi-family, and retail space includes information on rents, vacancy levels, selling prices, capitalization rates, and other information for thousands of properties in New York City.[3]

In the New York City market, CoStar has identified and aggregated data into multiple submarkets. For this analysis those submarkets were used as a basis of comparison and further divided into submarkets that were High Intensity Preservation (more than 20% of the land area in the submarket in local historic districts); Moderate Intensity Preservation (between 5% and 20% of the land area in local historic districts); and Low Intensity Preservation (less than 5% of land area in local historic districts.)

3 CoStar data from February 2020.

The table below identifies which submarkets fall into which Preservation Intensity category:

Submarket		Land Area in Local Historic Districts
High Intensity Preservation		
	Chelsea	20.95%
	Downtown Brooklyn	25.16%
	Financial District	33.30%
	Greenwich Village	28.56%
	Hudson Square	28.56%
	Insurance District[4]	28.74%
	Tribeca	31.89%
	Upper West Side	39.12%
Moderate Intensity Preservation		
	City Hall	18.17%
	Gramercy Park	8.87%
	Plaza District	7.60%
	SoHo	15.97%
	U.N. Plaza	9.99%
	Upper East Side	15.35%
	World Trade Center	10.75%
	North Brooklyn	5.46%
Low Intensity Preservation		
	Bronx	0.93%
	Central Queens	0.98%
	Columbus Circle	0.90%
	Grand Central	0.40%
	Harlem/North Manhattan	3.99%
	Murray Hill	2.49%
	Northeast Queens	1.70%
	Northwest Queens	2.19%
	South Brooklyn	0.53%
	South Queens	0.24%
	Staten Island	1.06%
	Penn Plaza/Garment	0.00%
	Times Square	0.00%

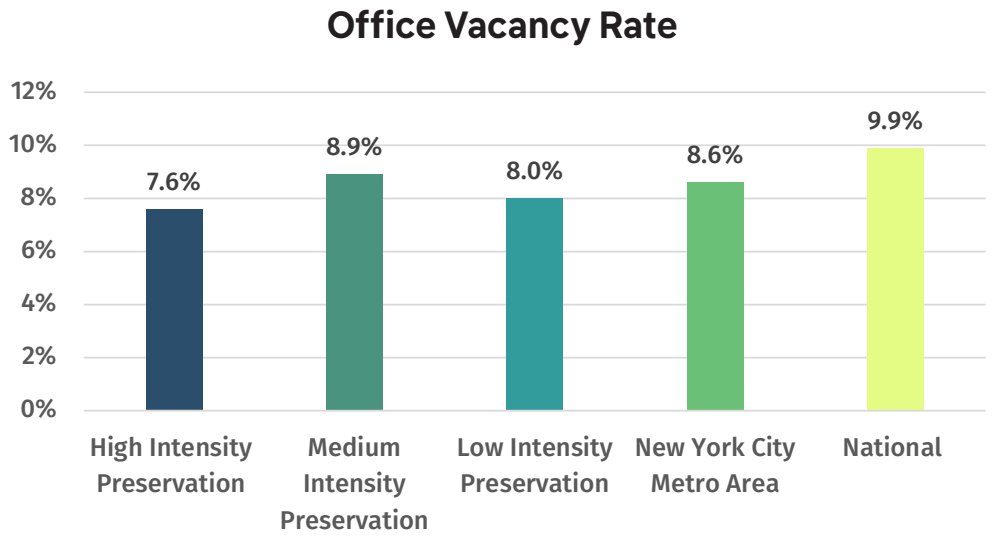
The charts, tables, and graphs below provide the data. But the lesson is this: Areas with a high concentration of historic properties are magnets for both building investors and their tenants.

4 According to CoStar, the Insurance District Submarket is located between the Financial District and City Hall.

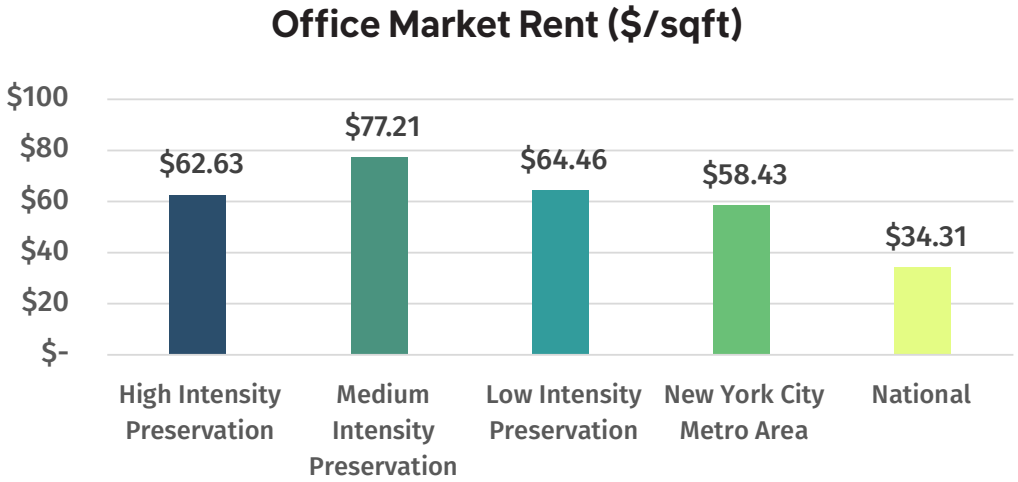
Office

If historic districts are bad for business, then the evidence should bear that out. High Intensity Preservation markets should fare less well than those with a substantially lower share of the land area within local historic districts.

To a large extent the opposite is true. The lowest office vacancy rate is found in the High Intensity Preservation submarkets.

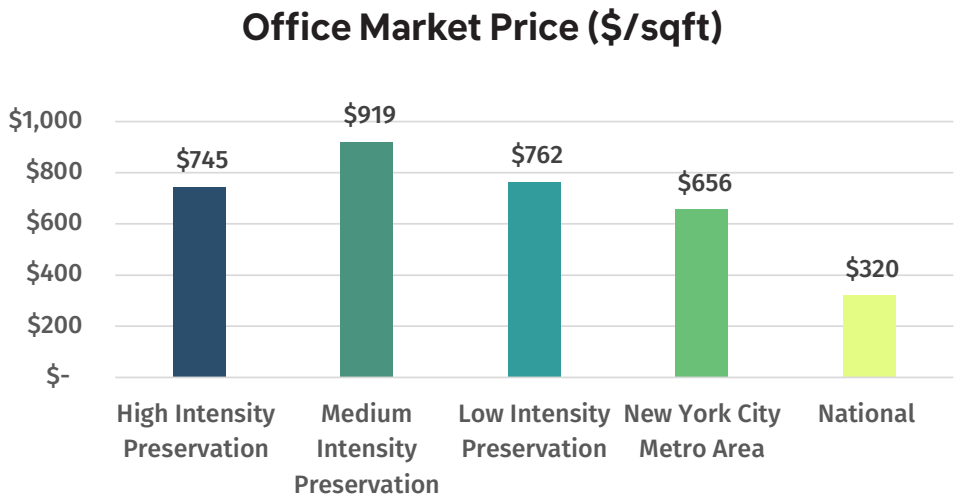


It is fair to note that the Medium Intensity Preservation submarkets have a slightly higher vacancy rate than other submarket areas. But there might be a different explanation for that. The Medium Intensity Preservation submarkets have the highest per square foot rents of any of the submarket groupings.



Forman Building, Williamsburg, Brooklyn

And slightly higher vacancy rates notwithstanding, properties in the Medium Intensity Preservation submarkets have the highest selling price per square foot.

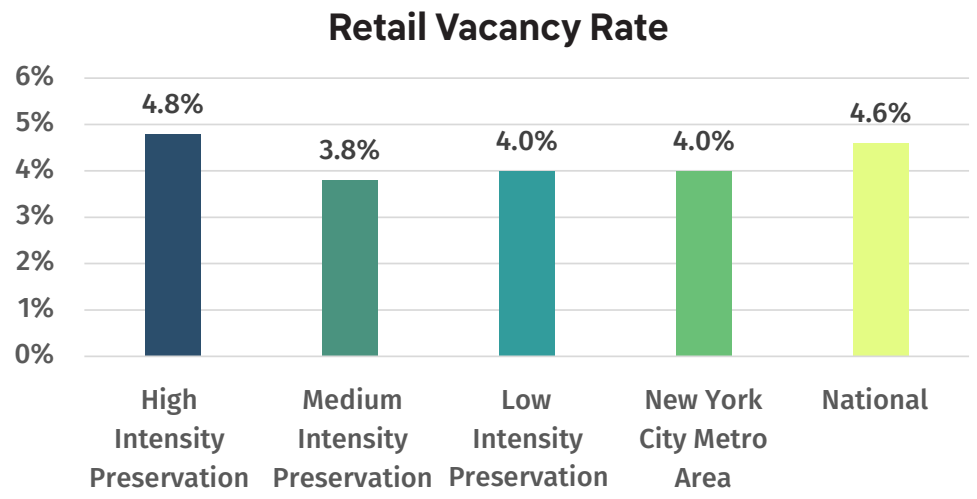


Also significant in the graphs above is that far from pricing tenants out because of high rents, the average office rent is, in fact, lower in the High Intensity Preservation submarkets than the other in-city groupings. The allegation that somehow historic districts have an adverse impact on the real estate market are certainly not evident in the data.

Retail

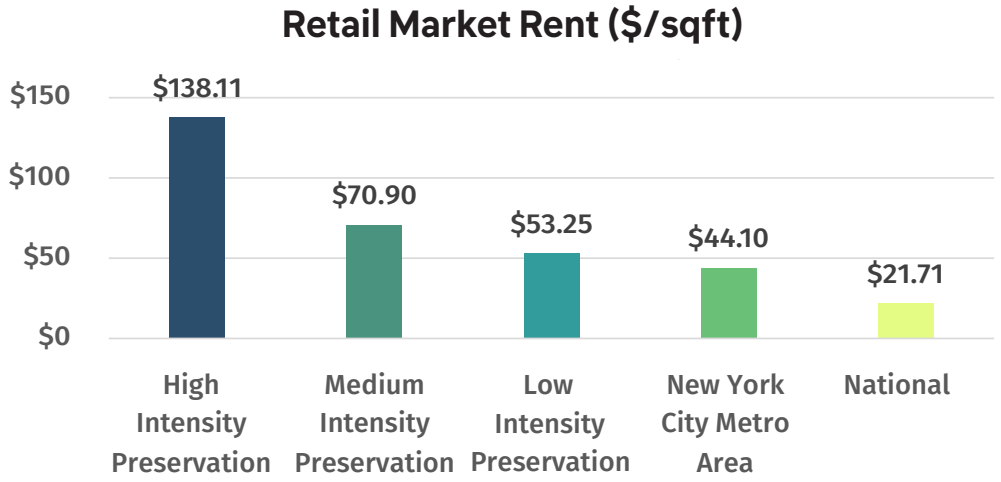
What about retail space? With the rapid growth of online shopping, retail vacancy rates have been increasing nationwide, and to try to place the blame on local historic districts is misrepresenting the underlying cause. Retailing has been one of the hardest hit sectors of the economy as a result of the coronavirus, and vacancies can be expected to increase. But the patterns of success in retail locations should be the basis upon which the recovery of the industry should be based. It is certainly fair, therefore, to compare measures of real estate health in the retail sector as well. The story in the numbers below is that the marketplace reveals its preference for retailing in historic districts.

In retail, there is a nominally higher vacancy rate in the High Intensity Preservation submarkets, although 4.8% would certainly be considered low by historic standards.[5]



THE MARKETPLACE REVEALS ITS PREFERENCE FOR RETAILING IN HISTORIC BUILDINGS.

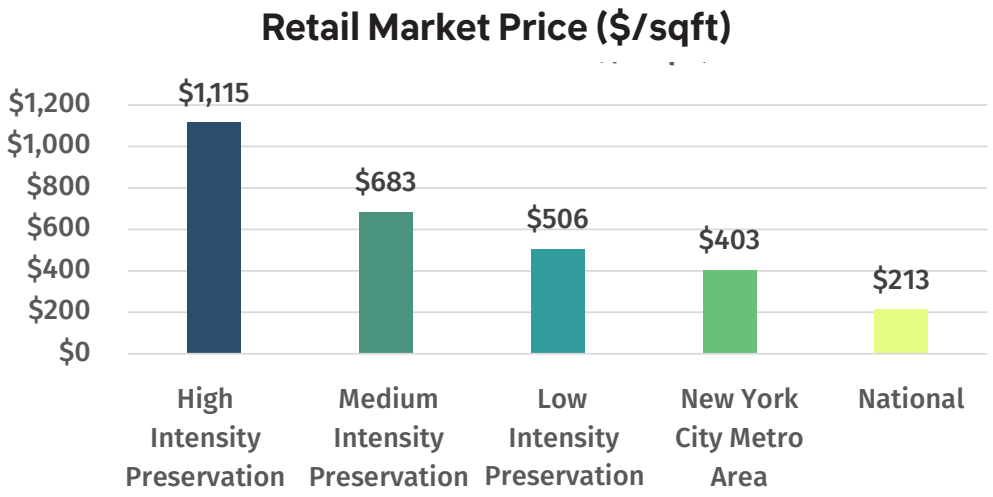
But, again, there are factors for the slight difference. The per square foot rent for retail in High Intensity Preservation submarkets is nearly twice as high as the closest submarket group. If small businesses are having trouble surviving in these areas, maybe landlords should look at their rental rates rather than historic districting as the cause.



5 All data from February, 2020, prior to any impacts of the coronavirus pandemic.

Vesuvio Bakery, Sullivan-Thompson Historic District
Photo by Denis De Mesmaeker, via Flickr, Licensed

Critics may complain about what a problem historic districts are, but why, then, would the retail properties in these areas command the highest prices?



HISTORIC DISTRICTS COMMAND HIGHER RETAIL RENT, REVEALING A PREFERENCE FOR OPERATING A BUSINESS IN HISTORIC AREAS.

If, as critics have claimed, local historic districts are bad for business, the evidence of that should emerge from much higher vacancy, and much lower rents and selling prices. None of those things is true. It is time to quit trying to make the case with anecdotes and look at comprehensive data.

This study did not cherry pick a block or two to try to demonstrate some hardship from preservation. Rather, data from the real estate industry was assembled for the entire city, and areas were compared based on the share of submarkets within local historic districts. The results? Historic districts are locations of choice.

Preservation is Good for Business – Big and Small

Historic neighborhoods are the locations of choice for small businesses, retailers, start-ups, creatives, and the tech industry.

"In its best sense, preservation does not mean merely the setting aside of thousands of buildings as museum pieces. It means retaining the culturally valuable structures as useful objects: a home in which human beings live, a building in the service of some commercial or community purpose. Such preservation insures structural integrity, relates the preserved object to the life of the people around it, and, not least, it makes preservation a source of positive financial gain rather than another expense."

–Lady Bird Johnson, With Heritage So Rich

Historic neighborhoods are good for business. These neighborhoods offer character-rich retail and office locations that vary in size and affordability, making them attractive to a diversity of small businesses, start-ups, creative industries, and technology companies. These characteristics will make older and historic buildings critical to economic recovery following the COVID-19 pandemic. There will need to be accessible and flexible spaces that allow for the return of small business and the creation of new enterprises. This data, although gathered before the onset of the pandemic, suggests that older neighborhoods already provided these incubator spaces and will therefore play an essential role in New York City's economic recovery.

How do businesses in Manhattan's historic districts compare to businesses elsewhere?

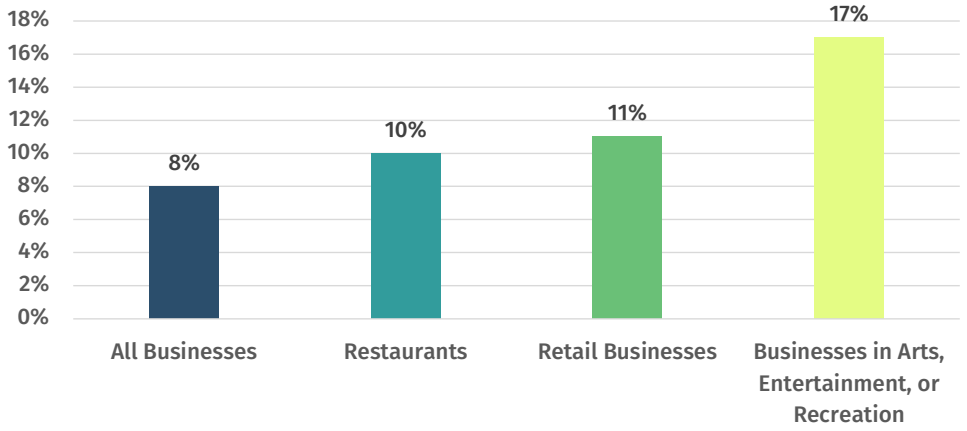
Some critics claim that the regulations that apply to New York's historic districts are a deterrent for businesses to start-up or remain open. But are the criticisms well-founded—is it truly harder to sustain a business in a historic district? The facts demonstrate that businesses large and small see historic districts as their preferred location.

An analysis of Manhattan business data from Dun & Bradstreet, the largest database of business information, revealed that businesses in historic districts are a near perfect mirror of the borough's business environment as a whole. In some cases, they outperform the rest of the borough. There is very little evidence to support the claim that businesses in historic districts are deterred as a result of LPC oversight. Quite the contrary, the data suggests historic preservation has maintained small, affordable, unique spaces that attract diverse businesses and young workers. When the recovery from the current crisis takes place, it is critical that the places where these businesses and workers prefer be given a central role.

BUSINESS PATTERNS IN MANHATTAN'S HISTORIC DISTRICTS ARE A NEAR PERFECT MIRROR OF BUSINESSES IN THE REST OF THE BOROUGH. IN MANY CASES, THEY OUTPERFORM THE BOROUGH.

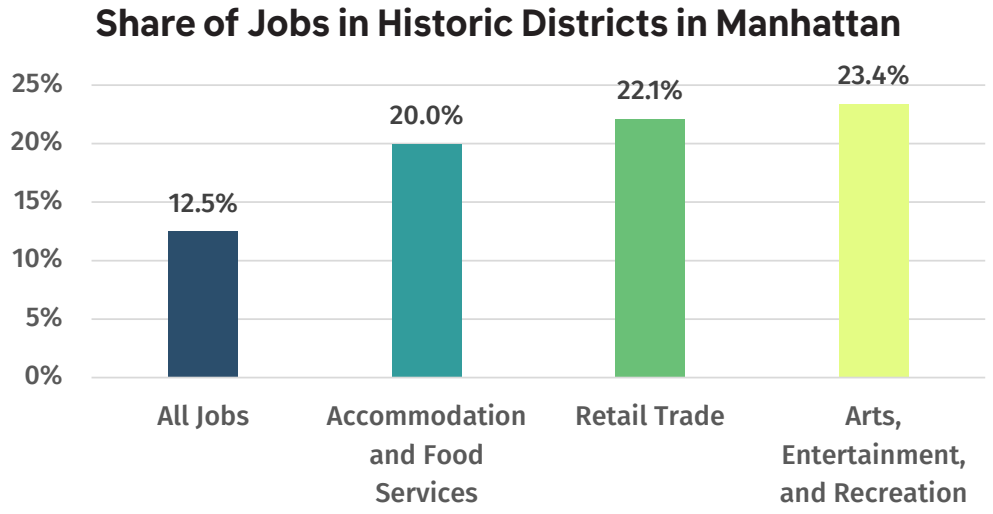
In the business world, three types of businesses are particularly difficult to sustain and generally operate on relatively small margins – restaurants, retail, and arts-related businesses. All three of these business categories are currently being devastated by the economic crisis. Yet, these business types have shown a particular preference to locate in historic districts in New York City. Manhattan has always been the epicenter for commerce in the city. While only 8% of all Manhattan businesses are in historic districts there is a greater share of retail businesses, restaurants, and businesses in the arts/entertainment/recreation categories.[6] These types of businesses help provide round-the-clock activity in historic districts, helping to facilitate a vibrant atmosphere. It is no accident that the businesses that create the vibrancy of the city are disproportionately located in historic districts. The return of that vibrancy will necessitate the return of those businesses to the historic districts that they have shown to prefer.

Share of Manhattan Businesses in Historic Districts



6 Dun & Bradstreet, Inc. (December 2019). Citywide business profile. Retrieved from D&B Hoover's database.

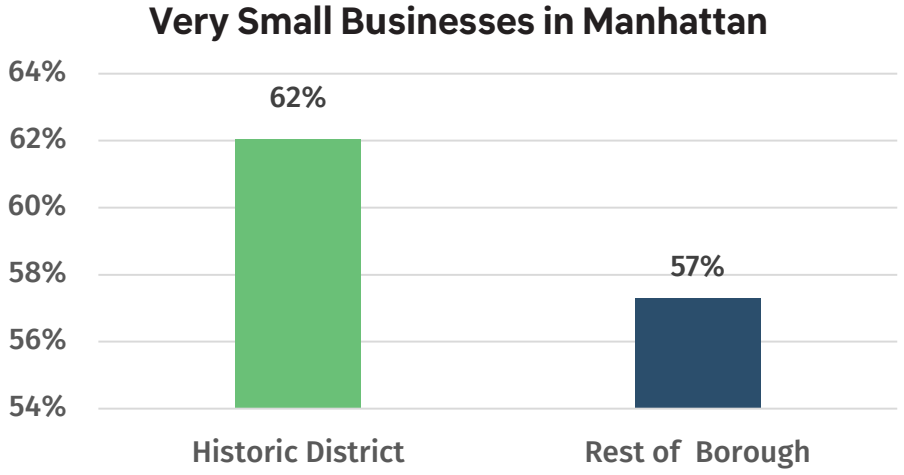
When looking at the number of jobs rather than the number of businesses, this pattern is even stronger. While 12.5% of all Manhattan jobs have been in historic districts, a significantly larger share of jobs in those three industries are located in these historic neighborhoods. If historic districts were bad for businesses, the opposite should be true.



Business Size

While a diversity of business sizes makes for a healthy economy, it is also true that an economy made up of many small enterprises is more resilient than one dependent on a few large corporations. According to the NYC Small Business First Report, 98% of New York City businesses are small (fewer than 100 employees) and 89% are very small (fewer than 20 employees).[7] This analysis found the same to be true in historic districts – 90% of businesses in Manhattan's historic districts employ fewer than 20 people.[8]

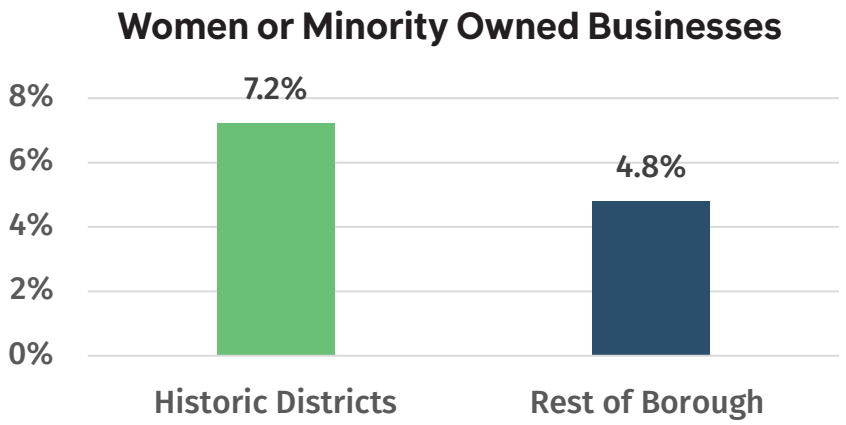
When the smallest of small businesses are considered – those with 5 employees or less–historic districts are actually more likely to be the location of choice. Sixty-two percent of businesses in Manhattan's historic districts employ 5 people or less. This is true of only 57% of businesses in the rest of the borough.



7 https://www1.nyc.gov/assets/smallbizfirst/downloads/pdf/small-business-first-report.pdf
8 Dun & Bradstreet, Inc. (December 2019). Citywide business profile. Retrieved from D&B Hoover's database.

Women and Minority Owned Businesses

Businesses owned by women and minorities also show a preference for locations in historic districts. In Manhattan outside historic districts, 4.8% of all businesses are certified as woman or minority owned. In historic districts, however, the share of women or minority owned businesses rises to 7%. In fact, one in every 8 businesses in Manhattan owned by a woman is located in a historic district.

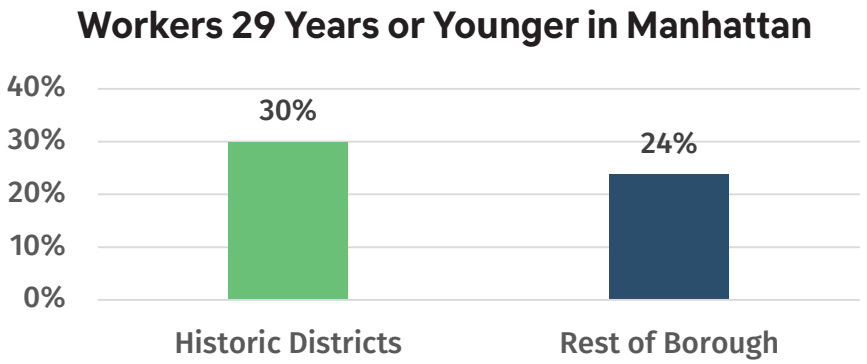


Young Workers in Historic Districts

For most of American history, people followed jobs. The western migration, the pre-World War II movement from the south to the north, the late 20th century movement back to the south and the southwest, were all people following jobs. Today jobs follow people – especially young, educated people. These young workers have the benefit of choice; one survey reported that two-thirds of millennials look for a place they want to live first, and then find employment or create their own job.[9] In the 21st century economy, businesses compete not by paying the cheapest rent in the furthest office park, but by being rich in talent and ideas. They attract this talent by offering their employees total quality of life – that includes an easily accessible place of work in a high-quality, character-rich environment.

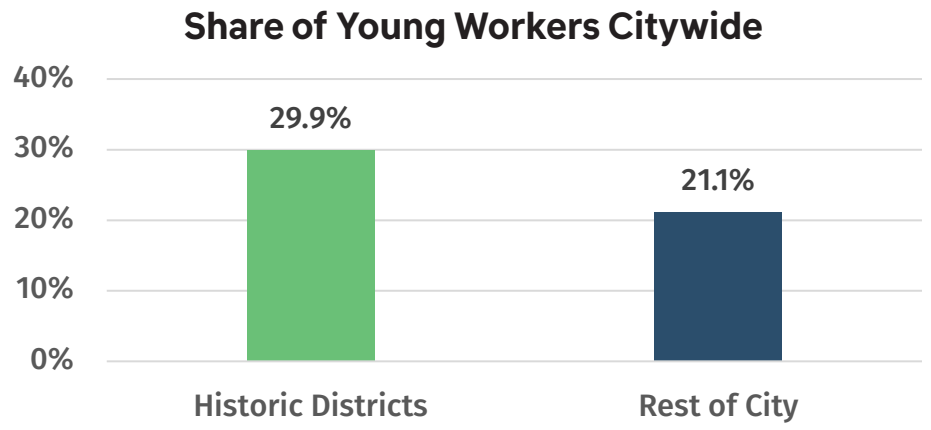
MANHATTAN'S HISTORIC DISTRICTS ARE ATTRACTIVE TO YOUNG WORKERS AND CREATIVES.

Historic districts are attractive to young workers. In Manhattan, 30% of workers employed in historic districts are 29 years old or younger, compared to 24% in the rest of the borough.[10]



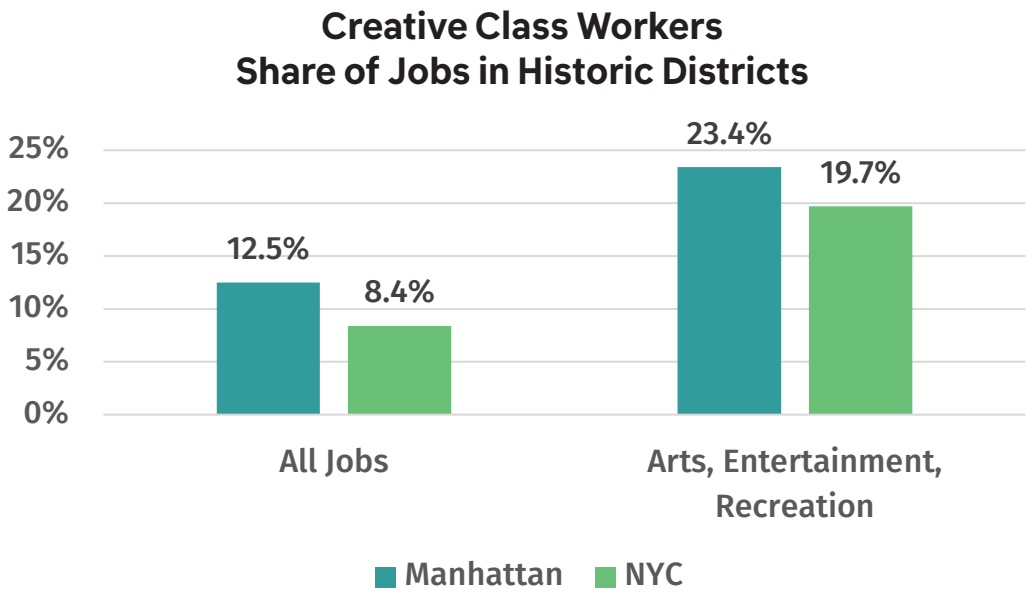
9 "Placemaking is an economic development strategy," Michigan State University, December 31, 2012, https://www.canr.msu.edu/news/placemaking_is_an_economic_development_strategy.
10 LEHD, 2017.

This pattern is also true when the entire city is considered.



Creative Class Workers

Some love New York City; others don't. But no one can deny that it is one of the most creative cities in the world. While only 2.3% of the city's workforce is made up of those in the arts/entertainment/recreation category, those workers play an outsized role in the economy, the vitality, and the appeal of New York. The location of jobs employing those workers is not random. In both Manhattan and also in the City at large, those jobs are disproportionately concentrated in historic districts.



South Village Historic District
Photo courtesy of New York Landmarks Conservancy

Historic Preservation and the Tech Industry

THE TECH INDUSTRY FIRMS ARE OPTING TO ADAPTIVELY REUSE OLDER AND HISTORIC BUILDINGS FOR THEIR MODERN, COLLABORATIVE WORK ENVIRONMENTS.

The technology industry is an emerging trendsetter in creating enhanced workplace environments. Tech firms have redefined run-of-the-mill offices, becoming places that offer more than just desks and conference rooms. These new, improved work spaces provide attractive amenities for employees. Often, these firms are opting to adaptively reuse former industrial and loft-type buildings for their new-age work environments. These buildings are enticing to companies because of their expansive yet flexible floorplates, soaring ceilings, and light-drenched spaces.

"Technology executives say loft buildings are versatile, provide more space and character for less cost than cookie-cutter office towers, and better reflect their collaborative work culture. And the buildings themselves have a past that can be irresistible for companies with so little history of their own. 'Loft buildings offer the open, creative and fun spaces of Silicon Valley, combined with the New York City urban industrial feel,' said Matt Glickman, a vice president of Snowflake, a California-based software company with a Manhattan loft office."[11]

This is also true in New York City, where over the past decade, no industry has played a more pivotal role in changing the landscape of the City's office market than the large technology companies. According to the *New York Times,* "At the end of 2017, tech firms accounted for 29.3 million, or 8%, of the 398 million square feet of office space in New York City. Nine years ago, tech firms had only 17.6 million square feet of office space, or 5% of the office market."[12] There are fewer than 5,000 loft-type buildings citywide, nearly all of which were completed before the 1960s.[13] Companies such as Facebook, Apple, Amazon, Netflix, and Google, known as "FAANG" businesses, are a driving force in creating office environments in older and historic buildings throughout the city. These companies set the trend and others follow. In the historic loft-rich Garment District alone, "more than 70 technology companies have moved in...in the past five years."[14]

One trend these companies repeatedly set in many of the cities they have offices in, is choosing historic buildings. Here's a round-up of the properties the FAANG businesses either own or lease in New York City:

11 "Why New Shiny Tech Companies Love Old Industrial Buildings," New York Times, January 22, 2020. https://www.nytimes.com/2020/01/22/nyregion/nyc-tech-company-buildings.html
12 https://www.nytimes.com/2018/02/07/nyregion/google-chelsea-market-new-york.html
13 "Why New Shiny Tech Companies Love Old Industrial Buildings.
14 Ibid.

Apple

While they do lease space near Union Square, as well as a large apartment in Tribeca that is utilized for product demonstrations and meetings, Apple has been surprisingly slow to join other tech firms in the New York CRE market. The company was recently in talks regarding space in the James A. Farley Post Office building, but those plans have likely changed since it was announced that Facebook may be occupying nearly the entire space.[15] However, the company houses four of their New York City stores in landmark buildings, demonstrating their preference for historic buildings.

Amazon

After the withdrawal of the much anticipated plan for Amazon's HQ2 in Long Island City, it was announced that the company would be leasing 335,000 square feet in the Hudson Yards area of Manhattan.[16] The new lease, which is set to bring 1,500 jobs to the city, is located in the former Master Printers Building. The 20-story, 638,000 square foot building is currently undergoing a major rehabilitation, which the owner says "will honor its industrial heritage."[17] In March 2020, Amazon also acquired the historic former Lord & Taylor building on 5th Avenue in Midtown Manhattan, with plans to repurpose the building.[18]

Netflix

Netflix leases 100,000 square feet of office space in the former ABC Carpet & Home Building in Manhattan's Flatiron District. In November 2019, the video-streaming giant temporarily reopened the 71-year old Paris Theatre in Midtown, the last single-screen cinema in New York City.[19] It was later announced that the movie-house would be permanently partnering with Netflix to screen content. In addition, Netflix will be building out six sound stages and support spaces at 333 Johnson Avenue, a 75-year old, 160,000 square foot industrial building in Bushwick, Brooklyn. The studios are expected to house thousands of production jobs within five years, according to state officials.[20]

Google

Google either owns or leases space in at least three older or historic buildings. In 2010, when Google purchased 111 Eighth Avenue, a 1932 Art Deco building in Chelsea, it made the building one of the largest technology-owned office buildings in the world. In 2018, Google purchased an 1890s building in nearby Chelsea Market that once housed the National Biscuit Company,[21] followed by the Milk Building in the Meatpacking District in 2019.[22]

Facebook

Facebook leases space in at least two old or historic buildings throughout the city,[23] equating to almost a half million square feet of office space. When Facebook was looking to acquire office space in the former Wanamaker Department Store at 770 Broadway in the NoHo historic district, "The company polled its employees before choosing its new location and said more workers than ever will be able to walk to work."[24] The company has also been eyeing a considerable amount of space in the historic James A. Farley Post Office building. If the 700,000 square foot lease comes to fruition, it would make Facebook one of the largest office tenants in the city.[25] There was concern that as a result of the coronavirus, Facebook might end negotiations. But in spite of the pandemic and a decision to let as much as half of its workforce work from home, Facebook has committed to occupy most of the largest historic preservation project in the city. [26]

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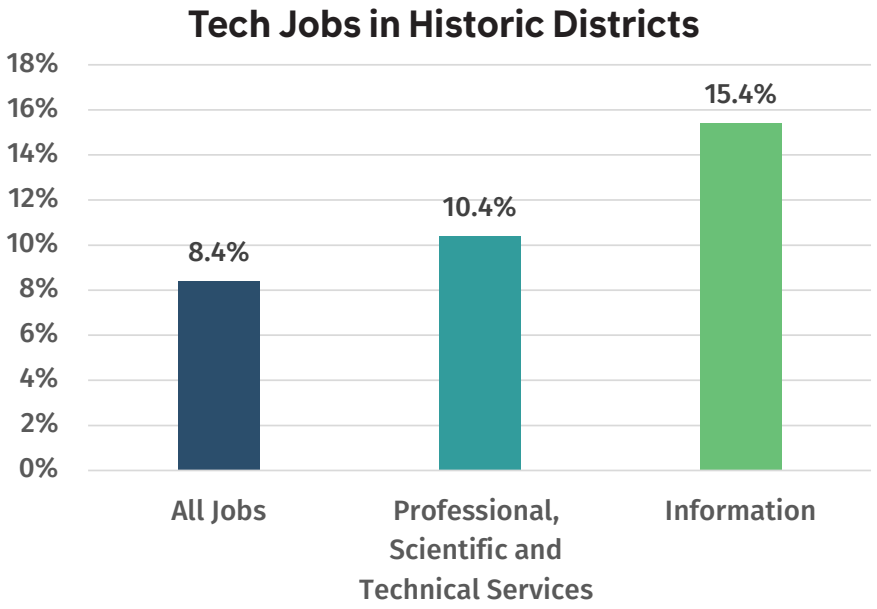
15 "Apple is sitting out the city's tech office boom, at least for now," Crain's New York Business, December 18, 2019. https://www.crainsnewyork.com/real-estate/apple-sitting-out-citys-tech-office-boom-least-now
16 "Amazon Leases New Manhattan Office Space, Less Than a Year After HQ2 Pullout," The Wall Street Journal, December 6, 2019, https://www.wsj.com/articles/amazon-leases-new-manhattan-office-space-less-than-a-year-after-hq2-pullout-11575671243
17 "SL Green Signs Amazon to 335,000 Square Foot Lease at 410 Tenth Avenue," SL Green Realty, press release, December 9, 2019, https://slgreen.com/news/463
18 "Amazon closes on $978 million purchase of Lord & Taylor building," Real Estate Weekly, https://rew-online.com/amazon-closes-on-978m-purchase-of-lord-taylor-building/
19 https://www.businessinsider.com/netflix-leases-paris-theatre-in-new-york-city-2019-11
20 https://variety.com/2019/digital/news/netflix-production-hub-new-york-city-1203192541/
21 https://www.nytimes.com/2018/02/07/nyregion/google-chelsea-market-new-york.html
22 https://www.ft.com/content/e46c1558-7ccf-11e9-81d2-f785092ab560
23 770 Broadway and 225 Park Avenue (former Woolen Building and part of the Flat Iron District)
24 https://www.nydailynews.com/new-york/facebook-move-new-bigger-nyc-digs-770-broadway-article-1.1700980
25 "Facebook to grow West Side fiefdom with giant Farley Building lease," The Real Deal, December 6, 2019, https://therealdeal.com/2019/12/06/facebook-to-grow-west-side-fiefdom-with-giant-lease-at-farley-building/
26 Commercial Observer, May 21, 2020, https://commercialobserver.com/2020/05/facebook-closing-on-740000-square-feet-at-farley-post-office/?pi_list_email=andreagoldwyn%40nylandmarks.org&utm_source=Sailthru&utm_medium=email&utm_campaign=Breaking%20News%20-%20Facebook%20Lease&utm_term=CO%20Daily%20Newsletter

Google Offices, 111 Eighth Avenue
Photo by Eden, Janine and Jim via Flickr, Licensed

This commitment to buildings and neighborhoods with character has resulted in a concentration of high-tech jobs in historic districts. Citywide, while historic districts are home to 8.4% of all jobs, 10.4% of jobs in the category of Professional, Scientific, and Technical Services are found there as are 15.4% of jobs in the Information field.



But not all tech firms are giants. Of the roughly 14,000 businesses in historic districts employing less than 5 people, the majority employ knowledge workers—19% are in the Professional, Scientific, and Technical Services industry and 6% are in Information. Historic districts are the locations of choice for small knowledge industry firms. These small firms are choosing historic districts for their character and quality just as are the much larger companies.

MAJOR TECHNOLOGY COMPANIES AND SMALL TECH STARTUPS REPEATEDLY CHOOSE TO LOCATE IN OLDER AND HISTORIC BUILDINGS FOR THEIR FLEXIBILITY AND CHARACTER.

Demographics and Housing

New York City's historic districts are diverse racially, ethnically, and economically. They offer a variety of housing options to New York City's diverse residents.

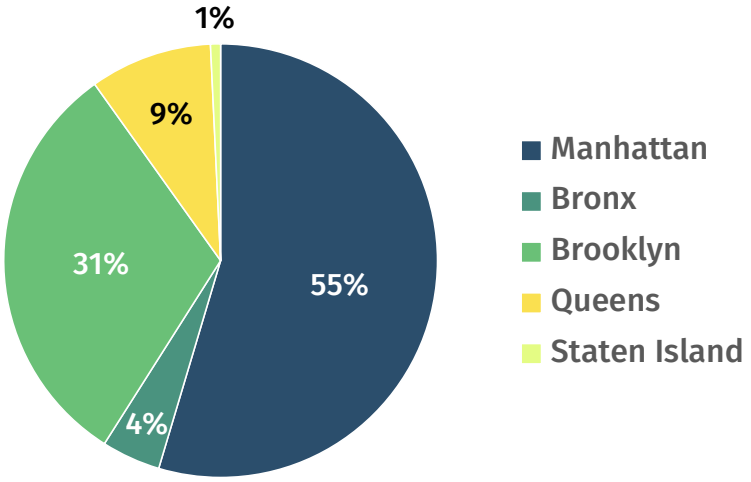
WITH POPULATION DENSITY GREATER THAN THAT IN THE REST OF THE CITY, HISTORIC DISTRICT SHOULD BE SEEN AS MODELS FOR SUSTAINABLE, SMART GROWTH.

New York City is a diverse and desirable place. Like every other major American city, it is also experiencing a housing crisis. Housing is expensive in New York City and addressing affordable housing is an important public policy objective. While it makes a clever sound bite to claim New York's historic districts are to blame for the high cost of housing, there's just one thing wrong – it is demonstrably untrue. New York City's historic districts offer a variety of housing options to New York City's racially and economically diverse residents.

Demographics

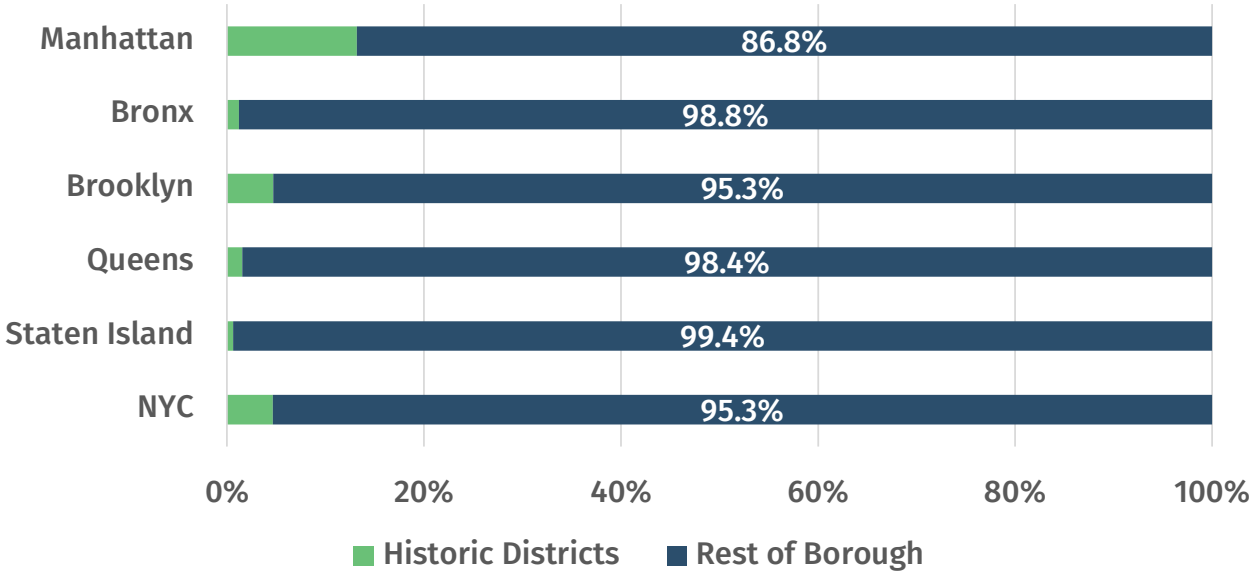
While 3.8% of all New York City lots are in designated historic districts, roughly 5% of the total population resides within these areas. Of that 5%, over 85% live in historic districts in Manhattan and Brooklyn.[27]

Share of Historic District Population



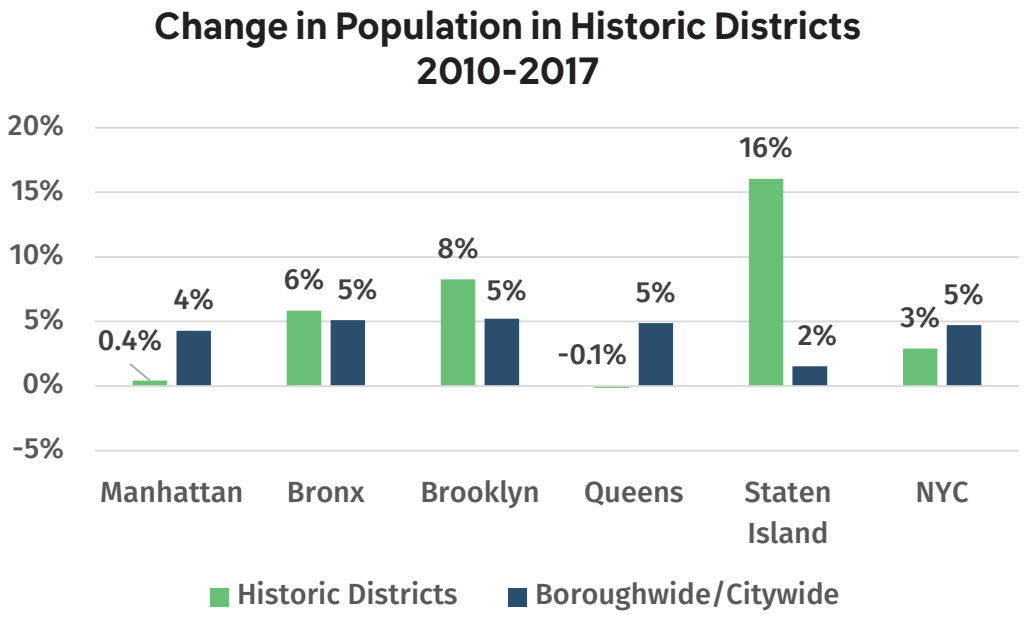
When looking at each borough's population as a whole, in Manhattan, the borough with the largest number of historic districts, approximately 13% of all residents live within historic districts.

Population Distribution by Borough



27 The following demographic analysis includes data up to 2017, the most recent year available at the time of analysis.

Overall, the population of every borough grew between 2010 and 2017. However, in three of the five boroughs, the increase in the share of population living in historic districts outpaced the increase in the borough's total population.[28] This is most dramatic in Staten Island. Between 2010 and 2017 Staten Island's total population increased by only 2%. However, in historic districts, the total population increased by 16%. Similarly, the total population of Brooklyn increased by 5%, but the population residing in historic districts increased by 8%. This reaffirms that people are choosing to live in historic districts, revealing their preference for older, character-rich neighborhoods.

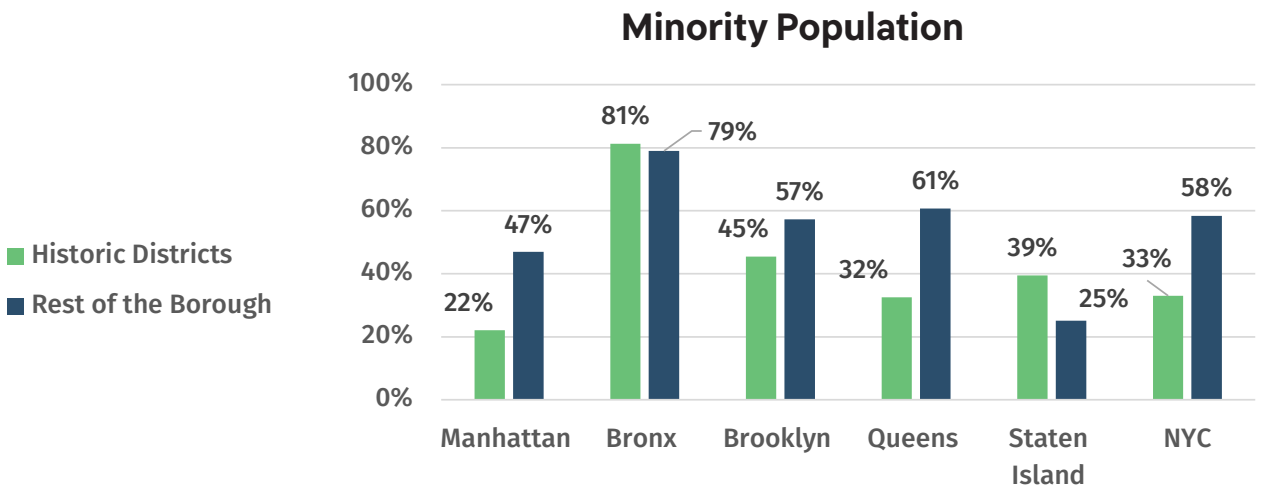


RESIDENTS ARE CHOOSING TO LIVE IN HISTORIC DISTRICTS, REVEALING THEIR PREFERENCE FOR CHARACTER-RICH NEIGHBORHOODS.

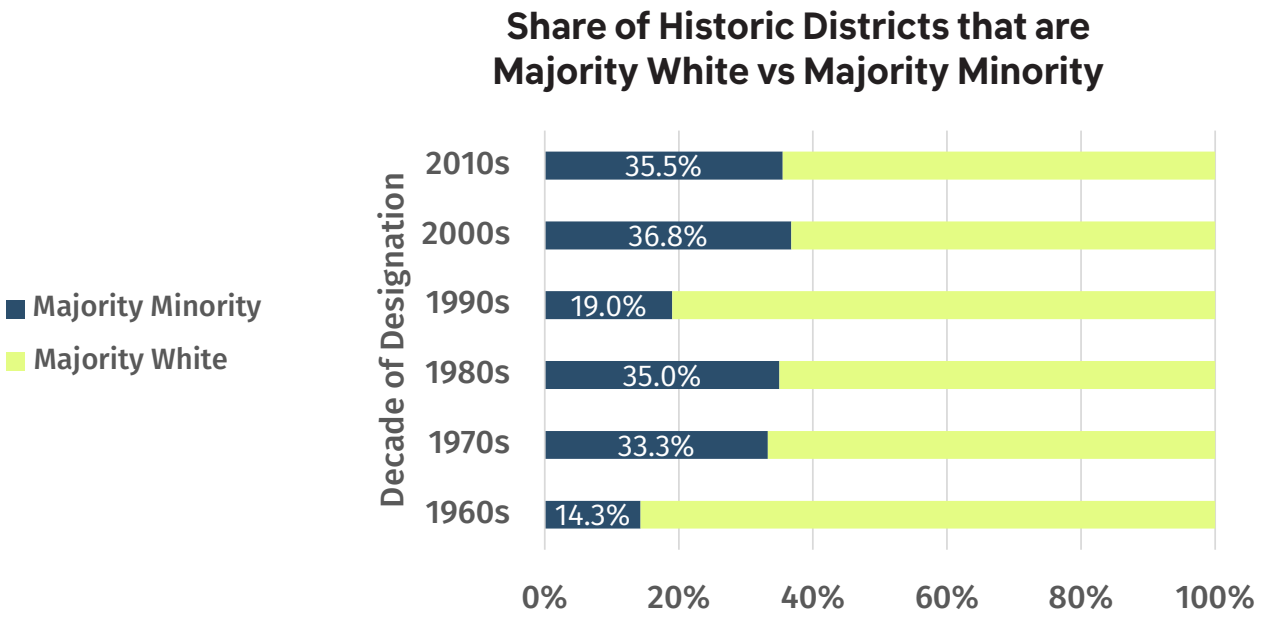
28 Throughout this report, when demographic change over time calculations were made, only those districts that had already been designated in 2010 have been included in the analysis.

Race

When all historic districts across the city are aggregated, historic districts have a larger share of White population than does the rest of the city. However, this aggregated analysis is largely skewed by the racial distribution in Manhattan's historic districts. When taking a closer look at historic districts at the borough level, the data shows that historic districts in the Bronx are particularly diverse–more so than the city overall.



What is most important, however, is the increasing understanding of both the Landmarks Preservation Commission and communities of color that their neighborhoods are worthy of recognition and protection. While in the first decade of the Landmarks Preservation Commission the overwhelming percentage of neighborhoods were majority white, since the beginning of the 21st century, more than a third of all newly designated historic districts had majority/minority populations.



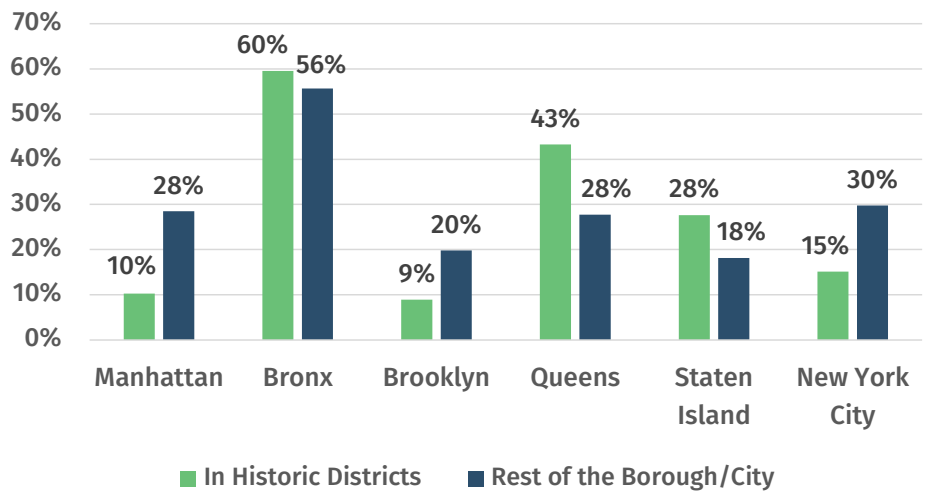
Hotel Theresa, Harlem
Photo by Ajay Suresh via Flickr, Licensed

United Palace, Washington Heights
Photo by Beyond my Ken via WikiCommons, Licensed

Ethnicity

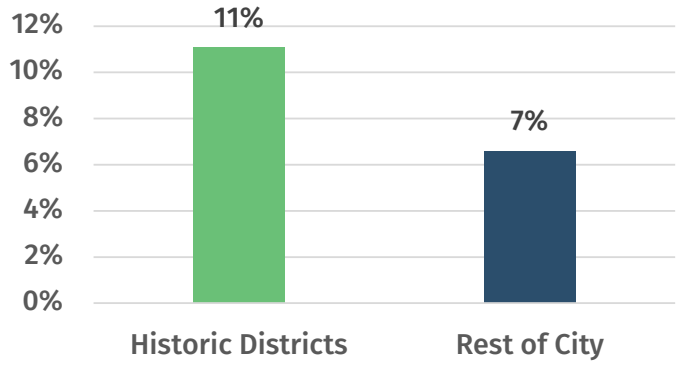
Overall, 29% of New York City's population identifies as Hispanic.[29] While three boroughs have historic districts that have a higher distribution of Hispanic residents than the rest of their borough, in two – the Bronx and Queens – Hispanic residents are particularly drawn to historic neighborhoods. For instance, in Queens' historic districts, 43% of the population identifies as Hispanic. In the rest of the borough, only 28% of the population identifies as Hispanic.

Hispanic Population in Historic Districts



Overall, there was an increase in the number of Hispanic residents in historic districts. Between 2010 and 2017, while the Hispanic population in the entire city grew by 7%, the rate of growth in historic districts was 11%.

Change in Hispanic Population 2010-2017



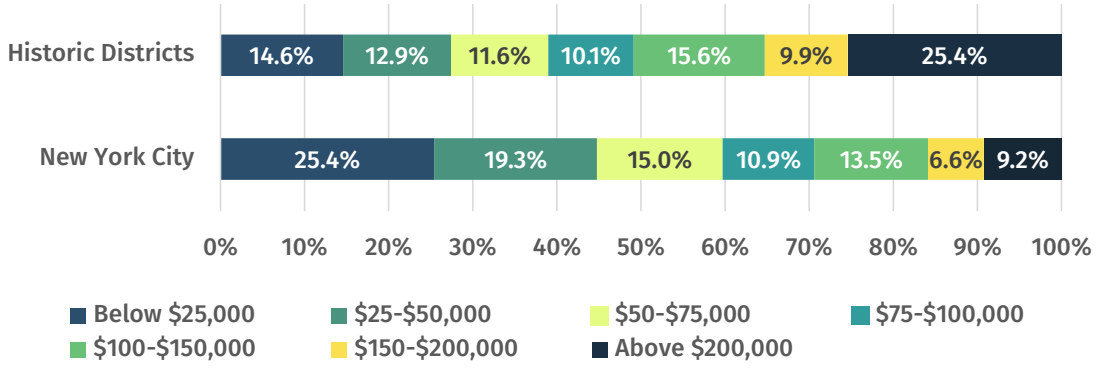
THE GROWTH IN HISPANIC POPULATION IN HISTORIC DISTRICTS OUTPACES THAT IN THE REST OF THE CITY.

29 The United States Census Bureau considers race and ethnicity to be separate and distinct identities, with Hispanic or Latino origin asked as a separate question. Thus, in addition to their race (or races), all respondents are categorized by membership in one of two ethnic categories: "Hispanic or Latino" and "Not Hispanic or Latino." This is because, while a respondent may identify as "Black," they may also have Hispanic or Latino ancestry.

Income

In New York City, around 45% of households make less than $50,000 per year and nearly 30% of households make more than $100,000. In historic districts households, just over a quarter earn less than $50,000 and nearly half more than $100,000.

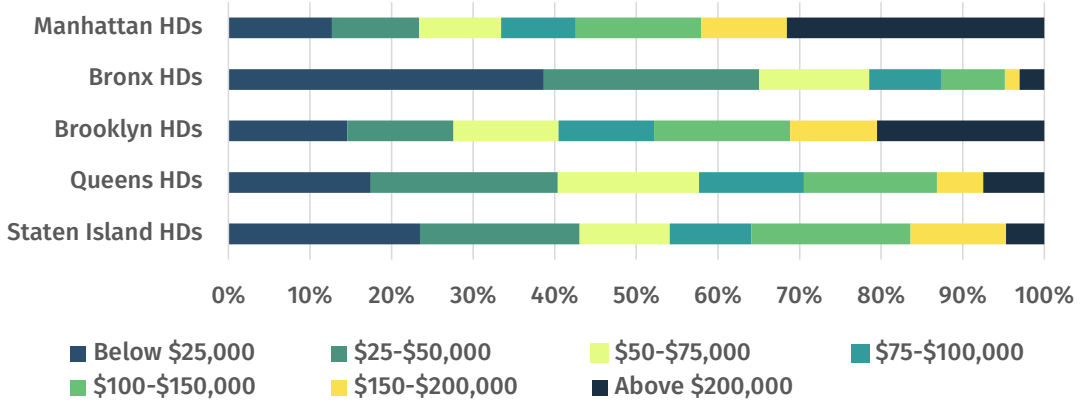
Income Distribution in Historic Districts



HISTORIC NEIGHBORHOODS, LIKE ALL OF NEW YORK CITY, ARE PROUDLY DIVERSE.

Again, this aggregated data is skewed by the income distribution of the historic districts in Manhattan, and to a lesser extent, Brooklyn. However, when considered at the borough level, historic districts in the Bronx have a larger share of households earning under $50,000 than the city as a whole.

Income Distribution in Historic Districts by Borough



While the caricature is that historic districts are exclusively home to rich, white households, the reality is much different. Historic neighborhoods, like all of New York City, are diverse. Driven in large measure by local residents who see their neighborhoods as worthy of celebrating and preserving, the Landmarks Preservation Commission has increasingly recognized the unique architectural, cultural, and social contributions of a diverse array of today's New York City.

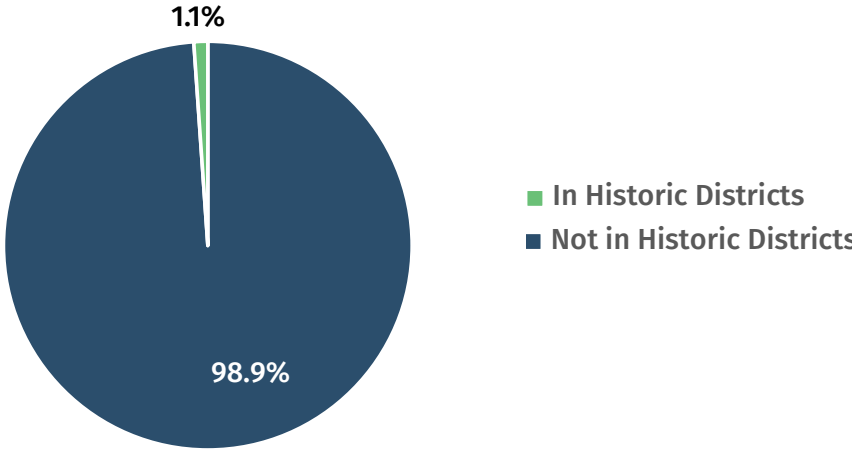
Density

OVER NINETY PERCENT OF HISTORIC DISTRICTS HAVE A POPULATION DENSITY GREATER THAN THE CITYWIDE AVERAGE.

New York has the highest population density of any major city in the United States, with an average of over 27,000 people per square mile.[30] Some of the densest areas in each of the boroughs are found in local historic districts. The argument that historic districts are the locations of low density doesn't fit the facts.

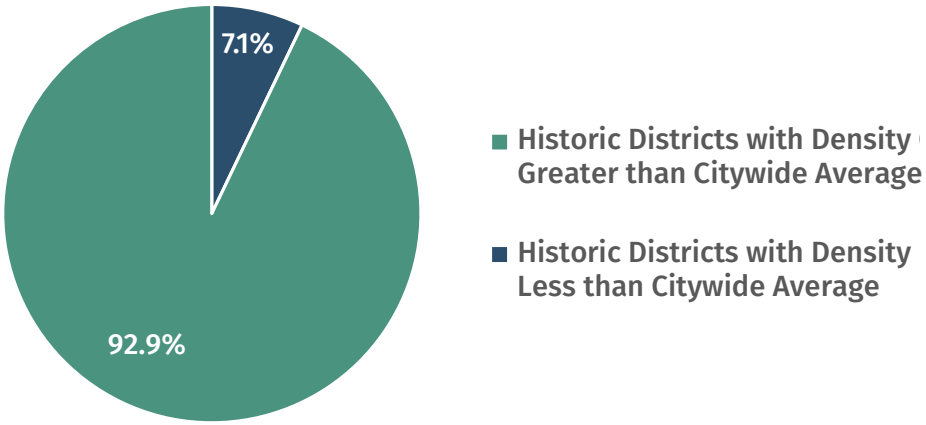
Nearly 55.8% of the city's land area has a population density of less than 20,000 per square mile, but almost none of that land area is in historic districts.

Share of Low Density Areas within Historic Districts



In fact, more than nine in ten historic districts have a density greater than the density of the city overall.

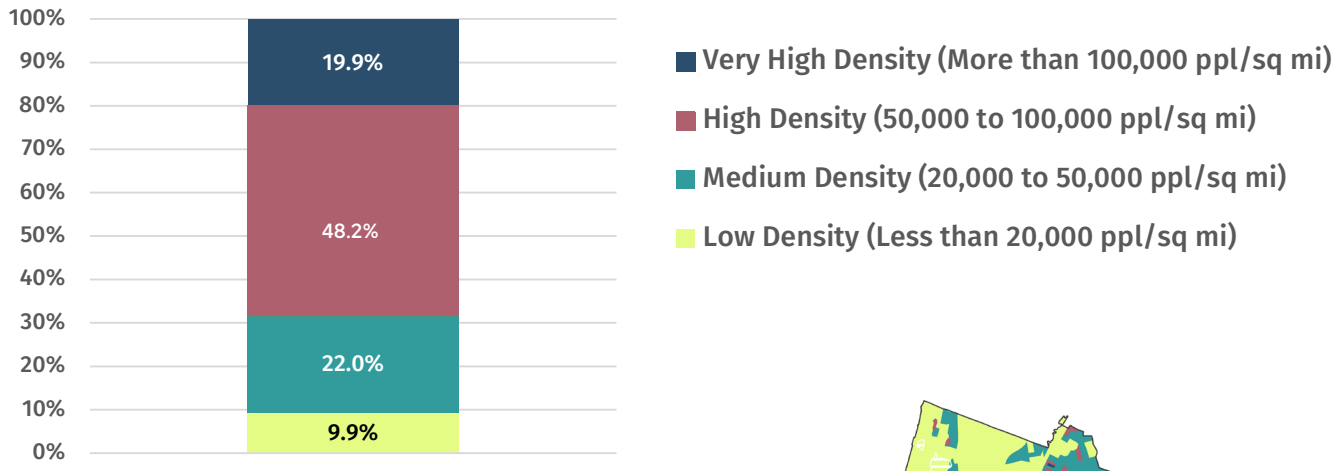
Density in Historic Districts



30 https://www1.nyc.gov/site/planning/planning-level/nyc-population/population-facts.page

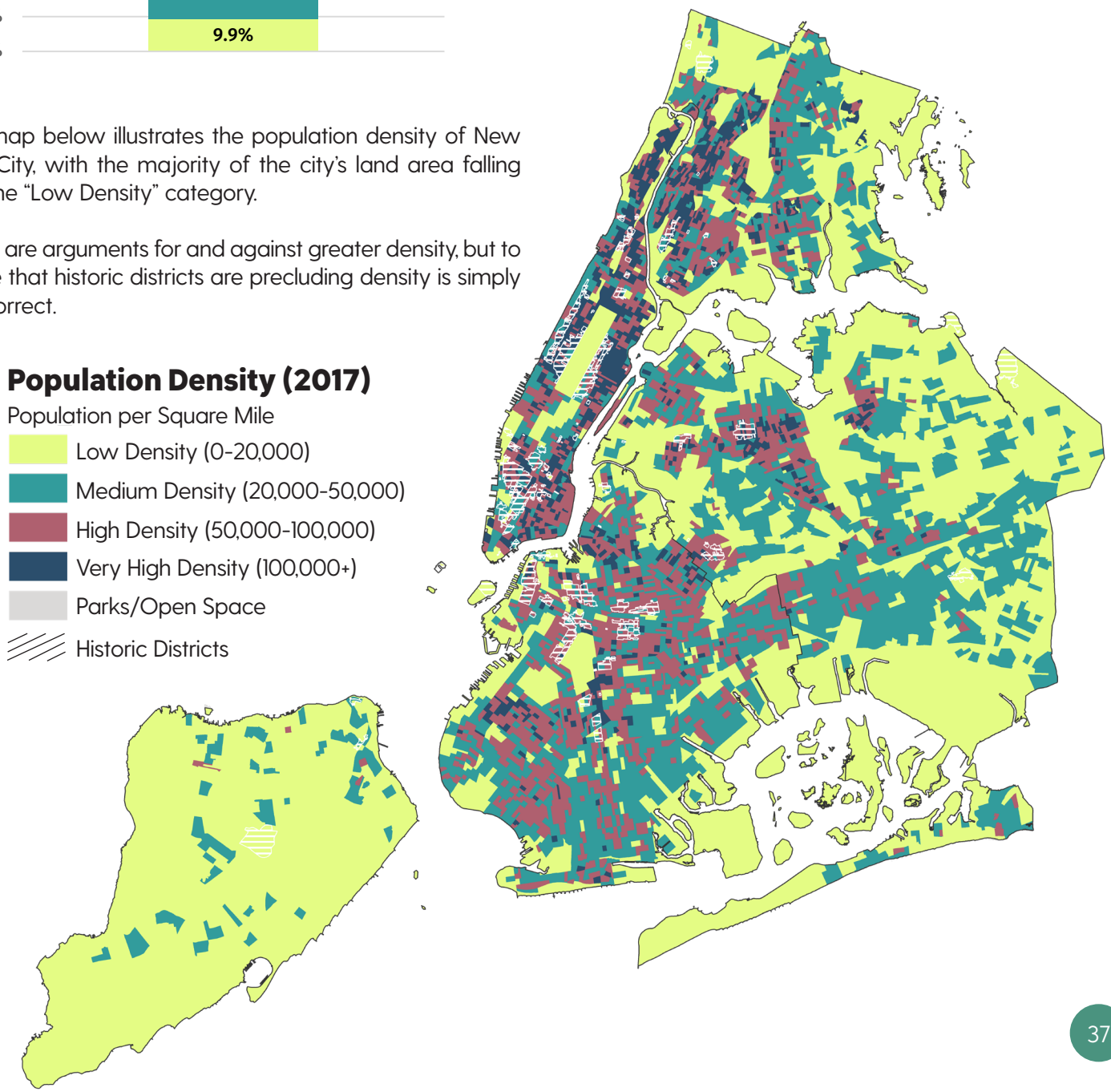
Far from preventing density, New York's historic districts add significantly to the density of the city, with more than two thirds being high density or very high density.

Density of Historic Districts



The map below illustrates the population density of New York City, with the majority of the city's land area falling into the "Low Density" category.

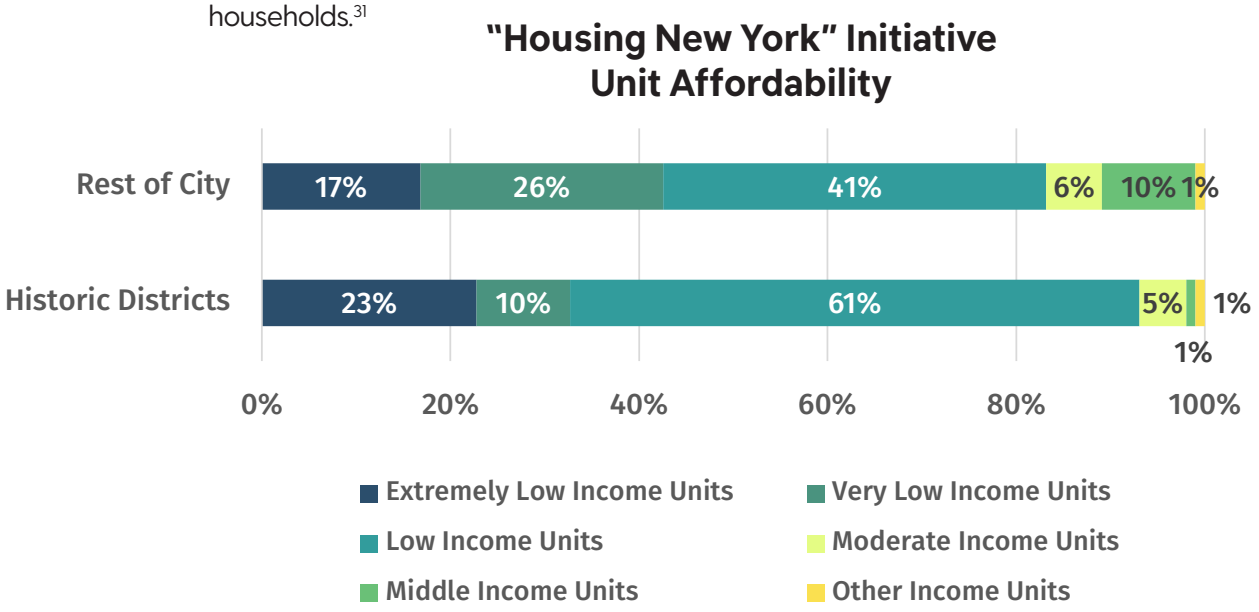
There are arguments for and against greater density, but to argue that historic districts are precluding density is simply not correct.



Affordable Housing Production

Because New York's historic districts are largely fully developed, adding units of affordable housing can be a challenge. But being a challenge does not mean impossible. There are numerous subsidized efforts to provide affordable housing in New York City. One such program is the Housing New York initiative, which was launched in 2014 by Mayor Bill de Blasio with the goal of creating and preserving 200,000 units of high-quality, affordable housing. Over the last five years, more than 1,700 units of affordable housing have been created or preserved through the initiative in historic districts. While critics may argue that historic districts preclude any new construction, that has not been the case. Nearly a quarter (23%) of the Housing NY affordable housing units created in historic districts have been through new construction, not dissimilar to the 33% share of new affordable housing units created in the rest of the city.

Furthermore, historic districts have a greater share of Housing NY initiative units created for those at the lower end of the income range. Ninety-three percent of the units were developed for low income tenants, including 23% for Extremely Low Income households.[31]



This corroborates the findings of a 2016 ThinkBrooklyn study, *The Intersection of Affordable Housing and Historic Districts,* which demonstrated historic districts do not hinder the development of government subsidized affordable housing. In fact, the ThinkBrooklyn study found that in four out of the five boroughs (The Bronx, Brooklyn, Manhattan, and Staten Island) subsidized rental units in historic districts have maintained their subsidies at higher rates than units not in historic districts.[32]

31 Extremely Low Income = 0-30% AMI; Very Low Income = 31-50% AMI; Low Income = 51-80%; Moderate Income = 81-120%; Middle Income = 121-165% https://www1.nyc.gov/site/hpd/services-and-information/area-median-income.page
32 http://hdc.org/wp-content/uploads/2016/05/Intersection-of-Affordable-Housing-Historic-Districts.pdf

Filtering

Filtering is a housing theory contending that as new construction, high-priced market rate housing units are built, those that can afford them will trade up to fill those units. This leaves the older vacated unit to "filter down" to a lower price. Three things, however, are necessary for the theory of filtering to work in practice. 1) the units at the top of the market need to be acquired by a household "moving up" and vacating a less expensive unit; 2) units lower down the price chain need to be kept in place so that they are available to be acquired by households with fewer resources; and 3) the units at the top of the "filtering" pyramid need to be occupied as primary dwelling units. Arguably none of these requisite elements is true in New York City. The highest end units were often bought not by New Yorkers moving up, but by international buyers moving in. This activity, which had been slowing by early 2020, was further impacted by the coronavirus pandemic. Without protections of historic districts, housing lower on the price scale is often demolished rather than kept in the housing market. When the "move up" units are not occupied, full time residences but second or third or fourth homes, there is no filtering taking place.

WITHOUT THE PROTECTION OF HISTORIC DISTRICTS, HOUSING LOWER ON THE PRICE SCALE IS OFTEN DEMOLISHED RATHER THAN RETAINED IN THE HOUSING MARKET.

Researchers have begun to challenge the validity of the whole filtering concept:

"In overheated markets like San Francisco, addressing the displacement crisis will require aggressive preservation strategies in addition to the development of subsidized and market-rate housing, as building alone won't protect specific vulnerable neighborhoods and households. This does not mean that we should not continue and even accelerate building. However, to help stabilize existing communities we need to look beyond housing development alone to strategies that protect tenants and help them stay in their homes."

– *Housing Production, Filtering and Displacement: Untangling the Relationships*[33]

"Second, there is a lack of research on how, and the extent to which, housing filters up or down in various submarkets. Skeptics rightly are wary of "trickle-down" housing policies because of the time the filtering process takes, and because high-end housing rarely trickles down to become affordable to those with very low incomes. But we need more facts about the extent to which new housing filters down to lower price points, and at what pace. Much more research also is needed about how to protect the supply of existing unsubsidized affordable housing – so called "naturally occurring affordable housing"

– *Supply Skepticism: Housing Supply and Affordability*[34]

33 https://www.urbandisplacement.org/sites/default/files/images/udp_research_brief_052316.pdf
34 http://www.law.nyu.edu/sites/default/files/Been%20Ellen%20O%27Regan%20supply_affordability_Oct%2026%20revision.pdf

The Environment

Historic preservation is sustainable development by any measure—culturally, socially, economically, and environmentally.

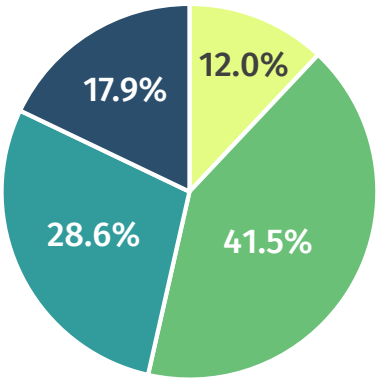
FAR FROM THE CLAIM THAT HISTORIC BUILDINGS ARE INEFFICIENT ENERGY HOGS, IT IS THESE BUILDINGS THAT ARE LEADING THE WAY IN ENERGY CONSERVATION.

Passed in 2009, the New York Benchmarking law (LL84) is one of the most ambitious citywide initiatives attempting to quantify and track energy and water consumption throughout the City. As part of the *Greener, Greater Building Plan*, the law requires owners of buildings over 50,000 square feet to report their energy and water use, as well as a myriad of other metrics. The data is then disclosed to the public through the Mayor's Office of Sustainability. Based on that data, this report analyzed the relative energy consumption of New York's older and historic buildings on a square foot basis.

By Year Constructed

In 2017, over 11,700 buildings supplied clean and sufficient data necessary to complete analysis. Eighty-two percent of those buildings were constructed prior to 1980.

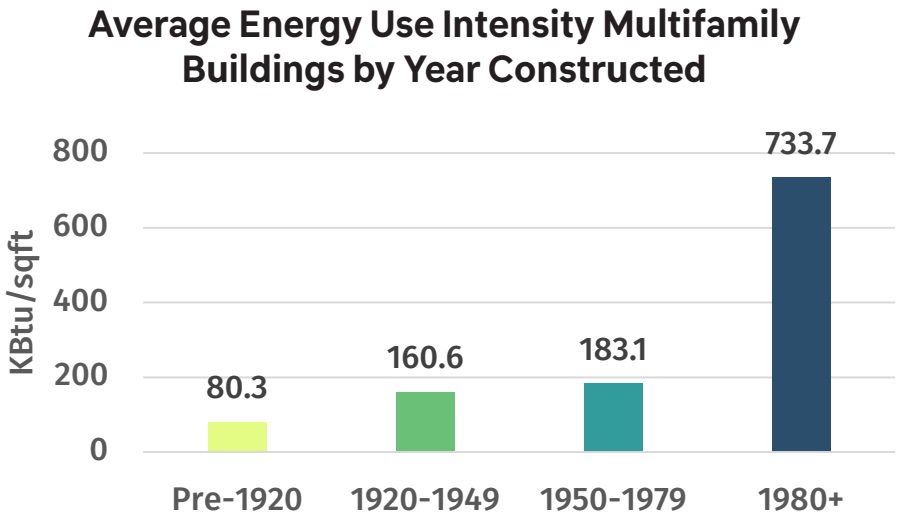
Share of Reporting Buildings by Year of Construction (2017)



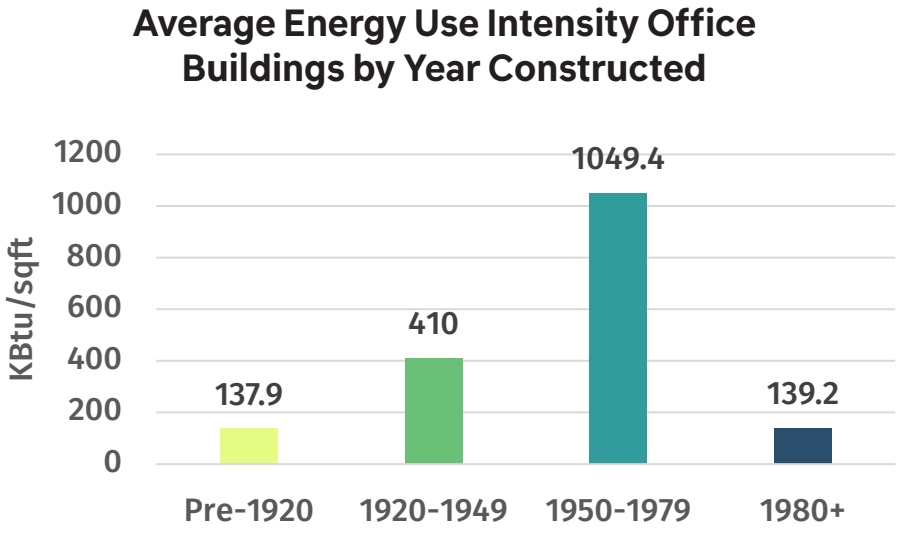
Pre-1920 ■ 1920-1949 ■ 1950-1979 ■ 1980+

Washington Square Park
Photo by Pamela Drew via Flickr, Licensed

Seventy-four percent, or nearly 8,700, of all reporting buildings were Multifamily Housing buildings, of which 84% were built prior to 1980. On average, buildings constructed since 1980 have an energy use intensity that is nine times that of buildings erected a century ago, and substantially greater than all buildings more than forty years old.

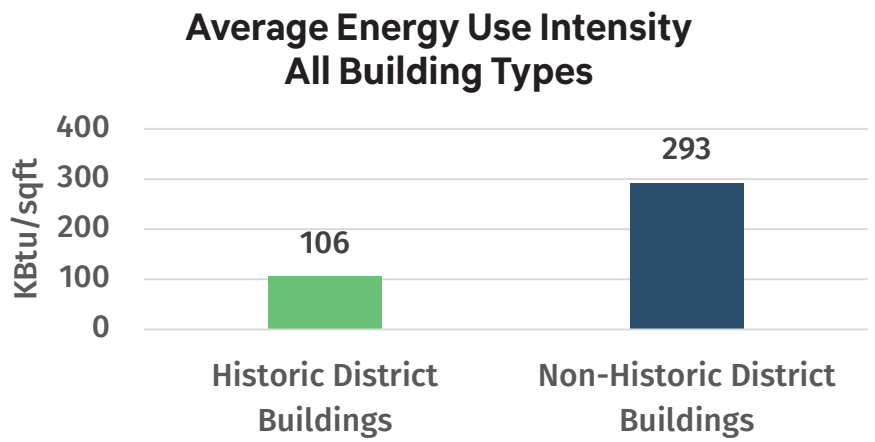


Eleven percent, or over 1,300, of all reporting buildings are office buildings, 87% of which were built prior to 1980. Even the green buildings of recent decades have a slightly higher energy use profile than do New York's most historic structures.



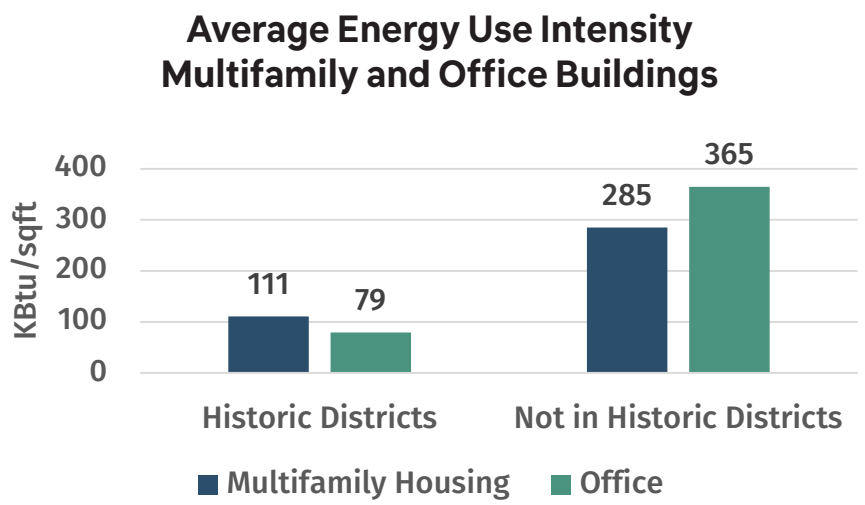
Historic Districts vs Non Historic Districts

In 2017, just over 1,300 of the reporting buildings were located in historic districts. On average, buildings located in historic districts have an Energy Use Intensity that is lower than buildings not in historic districts.



BUILDINGS IN HISTORIC DISTRICTS HAVE AN ENERGY USE INTENSITY THAT IS LOWER THAN BUILDINGS NOT IN HISTORIC DISTRICTS.

Multifamily Housing and Office buildings comprise 91% of all reporting buildings in historic districts. This pattern of significantly lower energy use intensity of historic district buildings is true for both offices and multi-family housing.



Far from the claim that historic buildings are inefficient energy hogs, it is these buildings that are leading the way in energy conservation.

ENERGY STAR™ Rating

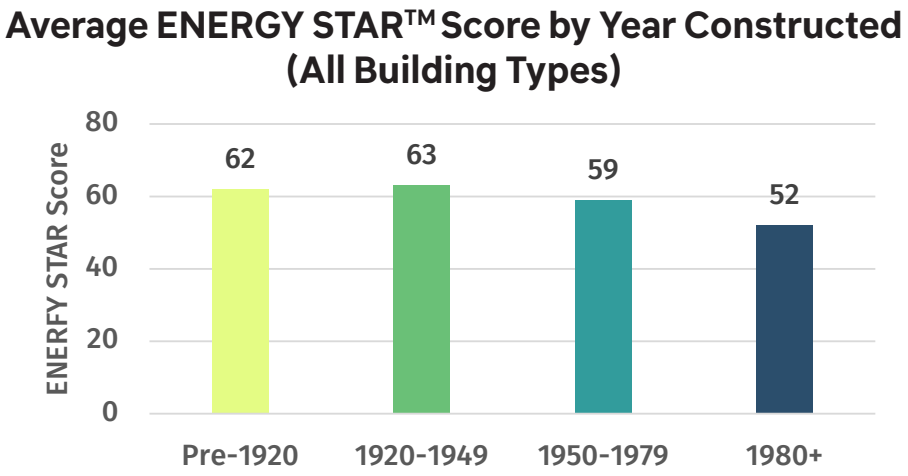
As demonstrated above, older buildings are energy efficient, despite shouts made by critics claiming the opposite. For those that still need convincing, using a second measure of energy efficiency, the ENERGY STAR™ Score, the data below suggests that older buildings have slightly better energy performance ratings than newer buildings. An ENERGY STAR™ Score is a rating that a building earns using the U.S. Environmental Protection Agency's online benchmarking tool. This rating ranges from 1 to 100 and is calculated by comparing energy performance to similar buildings in similar climates across the nation.[35] Therefore, ENERGY STAR Scores are a reliable and consistent rating system throughout the country.

ENERGY STAR Scores helps property owners and City staff identify which properties to target for improvement or recognition. Nationally, a score of 50 is the median.[36] Therefore, if a building scores "below 50, it means it's performing worse than 50 percent of similar buildings nationwide, while a score above 50 means it's performing better than 50 percent of its peers. A score of 75 or higher means it's a top performer and may be eligible for ENERGY STAR certification."[37] The following is the rating system applied to ENERGY STAR Scores:

A	Score is equal to or greater than 85
B	Score is equal to or greater than 70 but less than 85
C	Score is equal to or greater than 55 but less than 70
D	Score is less than 55

35 For a complete listing of the methodologies used to calculate ENERGY STAR Scores by building type, visit https://www.energystar.gov/buildings/facility-owners-and-managers/existing-buildings/use-portfolio-manager/understand-metrics/energy-star
36 https://portfoliomanager.zendesk.com/hc/en-us/articles/211697117-What-is-an-ENERGY-STAR-score
37 https://www.energystar.gov/buildings/facility-owners-and-managers/existing-buildings/use-portfolio-manager/interpret-your-results/what

Overall, older buildings in New York City consistently have higher ENERGY STAR Scores than buildings that were constructed after 1980. On average, buildings in New York that were built between 1920 and 1949 have an ENERGY STAR Score that is 17% higher than those built after 1980.



New York's historic buildings were constructed at a time when the architect, contractor, and developer had to make decisions about the character of the building to effectively respond to the local climate rather than depending on turning a switch. Those decisions, which included ceiling height, wall thickness, window sizes, hallway widths, and dozens of other attributes of the building have resulted in environmentally responsible buildings a century later.

Conclusions

Historic preservation is sustainable development by any measure—culturally, socially, economically, and environmentally.

New York City is facing will face unprecedented challenges in its recovery from the coronavirus and its aftereffects. But it is clear what the central principles of that recovery strategy will need to be:

1. Support reopening and recovery of small businesses, especially food, beverage, and retail.
2. Generate labor-intensive jobs.
3. Retain and expand New York's high-tech businesses.
4. Recapture business and leisure visits.
5. Recovery of the City's arts and culture businesses and institutions.
6. Maintain density at a human scale.
7. Give priority to development and redevelopment that is long-term, sustainable, and economically and environmentally responsible.
8. Retain those places that serve as touchstones of what the City has been, and the memories embodied in those places.

New York's historic resources cannot be the only answer to these challenges, but they will be an irreplaceable component of each of them.


GOLDEN WOK CHINESE FOOD
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Methodology

This analysis relied on data from online research platforms, newspaper and social media outlets, and in-person stakeholder interviews. We want to acknowledge the following data sources:

- Population and demographic data came from the U.S. Census Bureau. Employment data came from the Longitudinal Employer-Household Dynamics program, generated by the U.S. Census Bureau.
- Real estate industry data came from CoStar Group, a provider of information, analytics and marketing services to the commercial property industry in the United States.
- Business data came from Dun & Bradstreet Corporation, company that provides commercial data, analytics, and insights for businesses.
- Permit and COA data provided by the Landmarks Preservation Commission.
- Energy data provided by the City of New York.

Unless otherwise noted, all photos are credited the New York Landmarks Conservancy.

About PlaceEconomics

PlaceEconomics is a private sector firm with over thirty years experience in the thorough and robust analysis of the economic impacts of historic preservation. We conduct studies, surveys, and workshops in cities and states across the country addressing issues of downtown, neighborhood, and commercial district revitalization and the reuse of historic buildings.

This report was prepared and written by Donovan Rypkema, Briana Grosicki, Rodney Swink, Katlyn Cotton, and Alyssa Frystak. Rypkema is principal and founder of PlaceEconomics. Grosicki is Associate Principle at PlaceEconomics and handled research methodologies and data collection. Cotton is the Director of Marketing and Design at PlaceEconomics and handled graphic design. Frystak is a Research and Data Analyst, and handled data analysis. Editing was done by Alyssa Frystak and Rodney Swink. Swink is the Senior Associate for Planning and Development.

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