

## **CHAPTER SIX**

### **Profile of, and Economic Impacts from, the Florida Historic Preservation Grants-in-Aid Program**



## INTRODUCTION AND SUMMARY

This chapter examines the economic impact of the Florida Historic Preservation Grants-in-Aid (FHPG) Program. From FY 1996 through FY 2001, the FHPG awarded a total of about \$97 million. The FY 1996–2001 match to that investment was about \$236 million. Therefore, from FY 1996 through 2001, the FHPG helped spur about \$333 million in historic preservation outlay (for capital improvement purposes).

### Economic Impacts of the FHPG

The FHPG has economic effects from both the historic rehabilitation (i.e., construction) it engenders and from the historic tourism it supports (i.e., renovating Florida’s historic resources fosters visitation from history-oriented tourists). We examine only the construction-related benefits.

### FHPG Historic Rehabilitation Economic Impacts (exhibit 6.2)

- The total national economic impacts from the \$333<sup>1</sup> million cumulative FHPG historic rehabilitation investment included the following: 15,233 person-years of work; \$465 million in income; \$727 million in gross domestic product; and \$154 million in taxes. From the cumulative FHPG historic rehabilitation, the state of Florida garnered 10,452 person-years of work; \$317 million in income; \$495 million in gross state product; \$111 million in total taxes (including \$50 million in Florida state and local taxes); and \$434 million in in-state wealth.

#### EXHIBIT 6.1

#### Florida Historic Preservation Grants-in-Aid (FHPG) Activity FY1996–2001 (as of August 2001)

FY	FHPG Award	FHPG Match	FHPG Award and Match
1996	\$14,040,860	\$38,423,386	\$52,464,246
1997	\$14,566,352	\$62,362,913	76,929,265
1998	\$14,428,676	\$42,409,184	56,837,860
1999	\$16,478,356	\$28,059,784	44,538,140
2000	\$17,827,189	\$34,183,199	52,010,388
2001	<u>\$19,635,082</u>	<u>\$29,919,401</u>	<u>49,554,483</u>
Total	\$96,976,514	\$236,357,867	\$332,334,381

<sup>1</sup>Treated as \$350 million in present value terms.

**EXHIBIT 6.2**  
**Total Economic Impacts of the Cumulative**  
**FHPG-Supported Historic Rehabilitation (FY 1996–2001)**

	<b>In Florida</b>	<b>Total (U.S.)</b>
Jobs (person-years of work)	10,452	15,233
Income (\$million)	\$317 million	\$465 million
GDP/GSP (\$million)	\$495 million	\$727 million
Total taxes	\$111 million	\$154 million
Federal (\$million)	\$61 million	\$85 million
State/Local (\$million)	\$50 million	\$69 million
In-State Wealth (GSP Minus Federal Taxes)	\$434 million	—

*Note:* GDP/GSP = Gross Domestic Product/Gross State Product

- The economic benefits from the FHPG-supported historic rehabilitation are enjoyed throughout the national and Florida economies. For instance, of the \$495 million in gross Florida state product, the construction, services and manufacturing sectors of the Florida economy gained \$111 million, \$86 million, and \$85 million, respectively.

**BACKGROUND TO THE FLORIDA  
HISTORIC PRESERVATION GRANTS-IN-AID PROGRAM**

The Division of Historical Resources within the Florida Department of State administers various historic preservation assistance programs. We focus in this chapter on the following major aids which are largely used for capital improvement purposes.<sup>2</sup>

*Historic Preservation Grants:* This program awards \$2 million annually in basic matching grant assistance for the restoration of historic structures, archaeological excavations, recording of the historic and archaeological sites and historic preservation education projects.

*Special Category Grants:* This program funds major historic building restoration, archaeological excavations, and museum exhibit projects on the human occupation of Florida. Funding is dependent on an annual appropriation of funds by the Florida Legislature. This amount has averaged around \$10 million in recent years, and typical grants have ranged from \$50,000 to \$250,000.

**ECONOMIC IMPACTS OF THE FHPG**

Florida offers one of the nation’s most successful programs to foster historic rehabilitation through the FHPG. As noted, from FY 1996 through FY 2001, historic rehabilitation projects amounting to about \$333 million have been completed under the FHPG. The cumulative state cost for this effort has been about \$97 million.

<sup>2</sup>We do not include all aid from the Division of Historical Resources, such as museum grants for basic operating expenses.

The \$333 million<sup>3</sup> in historic rehabilitation activity fostered by the FHPG generates additional secondary economic activity and benefits. These economic impacts, which are added through indirect and induced consequences, are calculated by applying the Preservation Economic Impact Model to the \$333 million in total direct historic rehabilitation activity.

The detail of this \$333 million direct rehabilitation expenditure plus the multiplier effects is detailed in exhibits 6.3 (national) and exhibit 6.4 (in-state) and summarized in exhibit 6.2.

The in-state *benefits* are of particular interest here because the FHPG is a state-level investment. From this perspective, it is clear that Florida benefits significantly from the FHPG's rehab support. The \$97 million in grants returns about \$496 million in wealth to the state—a good rate of return for any public infrastructure investment. Much of this \$496 million (\$317 million, or 64 percent) is income. Further, it creates nearly 11,000 person years of work in the state and adds millions in gross state product.

The benefits from the FHPG's rehab support are felt throughout the economy. For instance, of the \$317 million in Florida income, the construction; services; manufacturing; and finance, insurance, and real estate (FIRE) industries in Florida garnered \$95 million, \$61 million, \$56 million, and \$38 million respectively (exhibit 6.4).

---

<sup>3</sup>Treated as \$350 million in present value terms.

**EXHIBIT 6.3**  
**National Economic and Tax Impacts of**  
**Cumulative Florida Historic Preservation Grants-in-Aid (\$350 Million)**

	Economic Component		
	Employment (jobs)	Income (\$000)	Gross Domestic Product (\$000)
<b>I. TOTAL EFFECTS (Direct and Indirect/Induced)*</b>			
<b>Private</b>			
1. Agriculture	141	2,067.1	7,730.8
2. Agri. Serv., Forestry, & Fish	268	4,503.8	5,059.0
3. Mining	201	5,242.1	16,533.4
4. Construction	3,725	130,101.6	152,128.8
5. Manufacturing	2,691	89,751.6	139,255.2
6. Transport. & Public Utilities	739	27,672.8	58,867.1
7. Wholesale	628	26,123.1	45,444.8
8. Retail Trade	2,057	34,009.6	55,619.8
9. Finance, Ins., & Real Estate	1,675	59,884.6	128,553.3
10. Services	2,986	81,557.2	114,185.5
Private Subtotal	15,110	460,913.5	723,377.8
<b>Public</b>			
11. Government	123	4,024.6	3,953.8
Total Effects (Private and Public)	15,233	464,938.1	727,331.6
<b>II. DISTRIBUTION OF EFFECTS/MULTIPLIER</b>			
1. Direct Effects	5,139	177,890.4	229,054.5
2. Indirect and Induced Effects	10,094	287,047.7	498,277.1
3. Total Effects	15,233	464,938.1	727,331.6
4. Multipliers (3/1)	2.964	2.614	3.175
<b>III. COMPOSITION OF GROSS STATE PRODUCT</b>			
1. Wages—Net of Taxes			408,902.6
2. Taxes			
a. Local/State			69,405.1
b. Federal			
General			46,333.9
Insurance Trusts			38,407.6
Federal Subtotal			84,741.5
c. Total taxes (2a+2b)			154,146.6
3. Profits, dividends, rents, and other			164,282.4
4. Total Gross State Product (1+2+3)			727,331.6
<b>EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE</b>			
Employment (Jobs)			43.5
Income			1,328,395
Local/State Taxes			198,130
Gross State Product			2,076,311

*Note:* Detail may not sum to totals due to rounding.

\*Terms:

Direct Effect (State)—the proportion of direct spending on goods and services produced.

Indirect Effects—the value of goods and services needed to support the provision of those direct economic effects.

Induced Effects—the value of goods and services needed by households that provide the direct and indirect labor.

**EXHIBIT 6.4**  
**In-State Economic and Tax Impacts of**  
**Annual Florida Historic Building Rehabilitation Grants (\$350.3 Million)**

	Economic Component		
	Employment (jobs)	Income (\$000)	Gross Domestic Product (\$000)
<b>I. TOTAL EFFECTS (Direct and Indirect/Induced)*</b>			
<b>Private</b>			
1. Agriculture	16	523.5	1,733.3
2. Agri. Serv., Forestry, & Fish	127	1,737.0	1,585.6
3. Mining	57	2,581.0	5,667.3
4. Construction	2,666	94,572.6	110,786.7
5. Manufacturing	1,654	55,735.7	83,600.2
6. Transport. & Public Utilities	477	17,353.5	34,476.9
7. Wholesale	423	17,099.2	32,643.6
8. Retail Trade	1,700	26,185.7	46,294.8
9. Finance, Ins., & Real Estate	1,168	38,362.1	91,815.5
10. Services	2,107	61,029.0	85,594.4
Private Subtotal	10,395	315,179.4	494,198.4
<b>Public</b>			
11. Government	47	1,627.1	1,607
Total Effects (Private and Public)	10,443	316,806.4	495,805.5
<b>II. DISTRIBUTION OF EFFECTS/MULTIPLIER</b>			
1. Direct Effects	4,434	155,217.6	200,947.5
2. Indirect and Induced Effects	6,008	161,588.8	294,858.0
3. Total Effects	10,443	316,806.4	495,805.5
4. Multipliers (3/1)	2.355	2.041	2.467
<b>III. COMPOSITION OF GROSS STATE PRODUCT</b>			
1. Wages—Net of Taxes			308,717.1
2. Taxes			
a. Local/State			49,945.0
b. Federal			
General			33,309.0
Insurance Trusts			27,583.4
Federal Subtotal			60,892.3
c. Total taxes (2a+2b)			110,837.3
3. Profits, dividends, rents, and other			76,251.1
4. Total Gross State Product (1+2+3)			495,805.5
<b>EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE</b>			
Employment (Jobs)			29.8
Income			904,327
Local/State Taxes			142,568
Gross State Product			1,415,281

*Note:* Detail may not sum to totals due to rounding.

\*Terms:

Direct Effect (State)—the proportion of direct spending on goods and services produced.

Indirect Effects—the value of goods and services needed to support the provision of those direct economic effects.

Induced Effects—the value of goods and services needed by households that provide the direct and indirect labor.

