

Historic Preservation, Downtown Revitalization and Sustainability

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Thank you.

In case you've slept through the last six months, we have fallen into economic chaos.

This is not just one more, albeit deeper, downturn in the business cycle. This is financial Aids. There are fundamental changes taking place and what the economy will look like at the other end no one knows.

The one certain lesson of the last 180 days is that we have to unequivocally commit ourselves to sustainable development not just for the environment but also for the economy and our social and cultural resources.

We are in economic chaos. And, of course, two months ago Congress passed the stimulus package of around \$780 billion dollars.

But forget the \$780 billion dollar number – it's really \$2 trillion. Last spring the Bush administration had a \$150 Billion tax rebate program, then last fall there was a \$700 Billion program to bailout the financial sector. Then there's this \$780 Billion package. So, let's just say \$2 trillion.

But when numbers get this big they lose their significance. So how much is \$2 trillion?

Well it would have been enough to pay for the man on the moon effort, plus the entire interstate highway system, plus the Vietnam War, plus the first Gulf war, plus the entire budget of the United Nations for the next decade, plus all of the Tax Act historic rehabilitation projects of the last 15 years, plus funding the entire municipal budget of Vancouver for the next 90 years, plus the entire Gross Domestic Product of Canada. Oh, and there would still be enough left over to pay this year's room, board and tuition for every college student in America.

The total stimulus expenditures will reach \$2 trillion and keep in mind that it will be on 100% borrowed money. Opps, sorry. After the stimulus package was passed the Washington Post said, "Yeah, it's not \$2 Trillion, it's going to be \$7 Trillion." You're 25 years old and sitting in this audience...your grandchildren will be paying off this bill.

In his address to Congress the President said the stimulus plan would create 3.5 million jobs. OK, that sounds good. But make the next calculation. 3.5 million jobs for \$780 Billion works out to \$223,000 per job. I want to apply for one of those jobs.

But I'm not against the stimulus, it's absolutely necessary, but I just want to make a comparison. There's already a stimulus in the Federal Tax Code – a 20% tax credit for rehabilitating a historic building – stimulating private capital to preserve heritage structures. And what is the cost to the Federal Treasury of that stimulus? \$6,873 per job.

Another way of looking at that is the Senate plan would create around 5 jobs per million of Federal expenditure. The historic rehabilitation tax credit creates 145 jobs per million of Federal expenditure.

Here are five facts we've got to face:

1. The world is in economic chaos
2. The "market" is not going to get us out of it
3. The government is the actor of last resort so has to take the lead to get us out of this
4. There is no money in the bank, so 100% of this stimulus package is going to be paid for with borrowed money.
5. It isn't John McCain or even Barack Obama who are going to pay off the obligations that will be incurred this week – it will be your children and grandchildren.

So if we are saddling children yet unborn to pay off our debts, at least we ought to be spending the money on assets that will still be around for them to use. Unfortunately, that's not remotely the case.

Here's my back of the envelope calculation:

- 57.8% of the money is going to be spent on operating expenses and cash distributions, the impact of which will be entirely in the next 12 months.
- Another 14.8% will be spent on short term assets – those that have a life of 5 years or less.
- 17.4% of the money will go towards assets with a useful life of between 5 and 29 years.
- Leaving 10% of all of that money invested in long-term assets.

And lest you think I'm just pointing fingers at the Democrats, the Republicans are equally at fault. The total sum of their creativity consisted of "No" or "Tax Cuts". The entire Congress owes an apology to their grandchildren not for passing a stimulus plan, but for its components.

Let me just give you three quick contrasts. France is experiencing their worst economic recession since World War II. So of course they do have a stimulus plan. What has their president done? Committed \$130 million per year for the next four years to the restoration of heritage buildings. Why? To create jobs, to extend the life of valuable assets, to make sure valuable skills aren't lost, and to support the local economy.

The national budget of Norway is highly oil revenue dependent. And when the price of oil drops from \$140 per barrel to \$40, obviously there's a huge impact. So the

Norwegians, too, enacted a stimulus package last month. And how did they spend their money? Mostly on long term assets like measures for greater energy efficiency, repairing and developing their railway system, bike paths and walking trails, and 26 million Euros for heritage conservation – most of which is going for rehabilitation and maintenance of privately owned historic properties and to add fire safety systems to historic wood buildings and churches.

Why was this the Norwegian approach? Because heritage conservation was part of their strategy in the last recession in the 80s and here's what they learned:

- Labor intensive, more than new construction
- High multiplier effect; 1 direct job creates many indirect; more than most economic activities
- Most of the funding goes to salaries.
- Most materials are of local origin and are processed locally.
- The invested money remains in the local economy.
- Projects are planned and can be started immediately.
- Demonstrated broader income base for small and medium sized enterprises when economy turns
- Serves to upgrade artisan skills and secure the future for tradition based crafts and techniques.

A month ago the government of Hong Kong announced they were doubling the amount of money for both heritage buildings, half for those owned by the government and the other half as grants to private owners. Again this was announced under the headline, "Global Financial Crisis."

But I'm done complaining about the short-sighted, disingenuous, self-serving, screw-the-next-generations approach of this stimulus plan. But what we have to do now is to restructure our economy so that it represents sustainable development.

The phrase *sustainable development* is tossed around a lot. But at least in this country it is not at all well understood. If we listen to the environmental community, sustainable development is only about saving the snail darter habitat. If we listen to the US Green Building Council we would conclude that sustainable development is all about solar panels and waterless toilets.

We don't yet get it in the United States, but the rest of the world is beginning to. The international framework for sustainable development certainly includes environmental responsibility but also economic responsibility and social/cultural responsibility.

That creates three important nexus: for a community to be viable there needs to be a link between environmental responsibility and economic responsibility; for a community to be livable there needs to be a link between environmental responsibility and social

responsibility; and for a community to be equitable there needs to be a link between economic responsibility and social responsibility.

I'll come back to this holistic approach to sustainable development shortly, but let me move to the economic component of the sustainable development equation.

What would a sustainable economy look like? I would suggest it would have ten characteristics.

First, a sustainable economy would be based on using local assets.

Second, there would be widespread, measurable local benefits.

Third, sustainable economic development would depend primarily on the private sector, particularly small business.

Fourth, the components of a sustainable economy would be contributors in economic downturns as well as up cycles.

Fifth, a sustainable economy would participate in economic globalization but mitigate cultural globalization.

Sixth, sustainable economic development strategies would acknowledge quality of life as a major component of economic competitiveness.

Seventh, sustainable economic development strategies would be long term.

Eighth, sustainable economic development would not be a zero sum game where for one community to win another has to lose.

Ninth, a sustainable economy would advance the cause of environmental responsibility.

Finally, a sustainable economy would advance the cause of the social/cultural responsibility.

Others might have a different list, but perhaps this is a starting point.

How does historic preservation fit the criteria for a sustainable economy?

Let's start with local assets. Obviously, the downtown and its historic buildings themselves are local assets, but it doesn't stop there. Downtown is invariably where millions of dollars of infrastructure investment has already been made by previous generations. All too often that infrastructure is left unrepaired and underutilized as we substitute suburban sprawl for neighborhood reinvestment.

One of the great success stories for cities and for historic preservation in the last two decades has been downtown revitalization. This is where the area where I do most of my work. But I cannot identify a single example of a sustained success story in downtown revitalization where historic preservation wasn't a key component. Not one. Conversely the examples of very expensive failures in downtown revitalization have nearly all had the destruction of historic buildings as a major element. Downtown revitalization through historic preservation is one of the best examples in this country of sustainable economic development.

Widespread, measureable benefits – how does historic preservation stand up there? Well, consider the process of building rehabilitation itself. Here in Washington a million dollars spent in the rehabilitation of an historic building adds 20.5 jobs and ultimately \$797,000 in household income to this state's economy. That is 7 more jobs and \$270,000 more in household income than \$1,000,000 of manufacturing output in Washington.

This greater degree of economic impact is a result of labor intensity. As a rule of thumb, new construction is half materials and half labor. Rehabilitation will be sixty to seventy percent labor with the balance being materials. This labor intensity affects a local economy on two levels. First, we buy an HVAC system from Michigan and lumber from Oregon, but we buy the services of the plumber, the electrician, and the carpenter from across the street. Further, once we install the sink, the sink doesn't spend any more money. But the plumber gets a hair cut, buys groceries, joins the YMCA – each recirculating that paycheck within the community. That is what makes a sustainable local economy.

But those aren't just jobs. They are good, well-paying jobs, particularly for those without formal advanced education. They are not make-work jobs; they are real, productive jobs.

Labor is a renewable resource consuming little in fossil fuel. Materials are often from non-renewable resources, and are nearly always significantly fossil fuel consumptive.

A sustainable local economy should have local economic benefits that are widespread and measurable and downtown revitalization provides both.

Next a sustainable economy is orientated toward the private sector, particularly small business. I am certainly not against public employment. In times like these we need to have public employment as part of our social safety net. But public employment is not a long term generator of economic growth; that comes from the private sector, particularly small business. Ninety percent of all businesses in America employ fewer than 20 people.

It isn't the Fortune 500 who are creating the net new jobs in America. In good economic times around 85% of all net new jobs are created by small firms. But in recessionary times, it is also small businesses who are keeping jobs. Over the last two years, even though firms employing less than 50 people employ 44% of the workforce, those businesses have only be responsible for 21% of the job cut backs. Large firms, on the other hand, those employing more than 500 people, employ around 1 in 6 people but they have been responsible for a third of all job losses.

Times are terrible for small businesses, but they are doing a vastly better job of sustaining jobs than are the darlings of the *Wall Street Journal*. But it's the behemoths that are getting billions in bailout money. If since the beginning of this recession small businesses shed jobs at the same pace as large firms, there would be another 918,000 unemployed today.

Small businesses are the heroes of the American economy, and one of the few costs small firms can control is occupancy costs – rents. A major contribution to the local economy is the relative affordability of older buildings. It is no accident that the creative, imaginative, small start up firm isn't located in the corporate office “campus,” the industrial park or the shopping center – they simply cannot afford the rents there. Older and historic commercial buildings play that role, rarely with any subsidy or assistance of any kind.

Pioneer Square in Seattle is one of the great historic commercial neighborhoods in America. The business management association did a survey of why Pioneer Square businesses chose that neighborhood. The most common answer? That it was a historic district. The second most common answer? The cost of occupancy. Neither of those responses is accidental.

Of course who are getting the billions of dollars of bailout money? Companies like General Motors, Bank of America and Goldman Sachs, all of whom are cutting jobs. Meanwhile small businesses are getting virtually nothing but are struggling to both keep the doors open and their employees paid. The small businesses in your downtown are the only real capitalists left.

Next on my list of a sustainable economy was that its components would contribute in economic downturns as well as up cycles.

Here's where historic preservation plays a role..

First, in economic downturns a variety of factors affect the ability to implement large scale plans. Financial constraints, political conflicts, and environmental concerns are all reasons that large projects are often delayed or shelved. Historic preservation, however, can be done at virtually every scale, from the smallest shop building to massive revitalization of large urban areas.

Because of their scale, cost and labor intensity, historic preservation projects are often possible even in down-cycle periods of economic recession, thus providing a measure of employment and income stability to a local economy.

Number five on my list was globalization.

What neither the supporters nor the critics of globalization understand is that there is not one globalization but two – economic globalization and cultural globalization. For those few who recognize the difference, there is an unchallenged assumption that the second is an inevitable outgrowth of the first.

I would suggest those are two different phenomenon, which while interrelated, are not inexorably linked.

While there are sometimes painful disruptions, on a composite basis economic globalization has far more advantages than disadvantages. But cultural globalization has few if any benefits but has significant adverse social and political consequences in the short term and negative economic consequences in the long term.

If cities are to succeed in the challenge of globalization, they will have to be competitive not only with other cities in their region, but worldwide. However, their success will be measured not just by their ability to foster economic globalization, but equally in their ability to mitigate cultural globalization. In both cases, a city's downtown and its historic built environment can play a central role.

Certainly among the most competitive cities in the world is Singapore. But here's what Belinda Yuen of Singapore National University says, "...the influences of globalization have fostered the rise of heritage conservation as a growing need to preserve the past, both for continued economic growth and for strengthening national cultural identity."

Globalization means change — change at a pace that can be disruptive politically, economically, socially, and psychologically. Adaptive reuse of the historic built environment can provide a touchstone, a sense of continuity that helps counteract the disruption which economic globalization tends to exacerbate.

From the Inter American Development Bank we get, "As the international experience has demonstrated, the protection of cultural heritage is important, especially in the context of the globalization phenomena, as an instrument to promote sustainable development strongly based on local traditions and community resources."

Here's a contribution that you might not connect to globalization – heritage tourism. International tourism is one of the fastest growing of the world's industries and once the economy rights itself, that growth curve will resume.

What do international visitors to the United States do? The Department of Commerce surveyed international travelers arriving by plane and distinguished between cultural travelers and other tourists.

Approximately a third of all visitors were cultural visitors, 73% of whom visited historic places But what differences did they find between cultural visitors and other tourists?

- Cultural tourists spent an average of 21.3 nights in the US as compared with 13 for others
- 44% of Cultural tourists visited two or more states as compared with 23% of others
- The per visitor expenditure for cultural tourist was \$1,660, \$220 more than other

- 470,000 more visitors to the US visited an historic place than an amusement park
- 785,000 more visitors to the US visited an historic place than spent time on the beach
- For every visitor that stopped in a casino, 3 visited a historic place
- For every visitor that played golf, 4 visited an historic place

Wherever in the world heritage tourism has been evaluated these characteristics emerge: heritage visitors stay longer, visit more places, and spend more per day than other tourists. As a consequence the per trip economic impact is decidedly greater.

But when heritage tourism is done right the biggest beneficiaries are not the motels, gas stations or the restaurants, but the local citizens who gain a renewed understanding and appreciation of their own unique history. That, too, is a valuable tool in resisting cultural globalization.

Next, sustainable economic development strategies would recognize that quality of life is a major component of economic competitiveness and that knowledge workers in particular place a high value on quality of life criteria in their choice of where to live and work.

When we finally recover from this economic chaos – and that may well be toward the end of the first Obama administration – the US economy will continue its pattern of a sizable shift in our economic base and the nature of doing business.

Much of the “product” produced by American workers is knowledge and information. And those commodities can be produced virtually anywhere and can be transported for nearly no cost. This means that more businesses and their employees will be locationally indifferent.

Today, perhaps 20 percent of American businesses and a third of American workers can literally be located anywhere. How will that choice be made? On the quality of life the local community provides.

What constitutes “quality of life”? Depending on who makes the list, there are many possible variables including good schools, public safety, the weather. But when the physical attributes of a place are measured, the historic built environment and an active, vibrant downtown are a significant quality of life contributors.

A great Australia study reached these conclusions: 1) a sustainable city will have a sustainable economy; 2) in the 21st century, a competitive, sustainable economy will require a concentration of knowledge workers; 3) knowledge workers choose where they want to work and live based on the quality of the urban environment; and 4) heritage buildings are an important component of a high quality urban environment.

Number seven on my list was that sustainable economic development strategies would be long term, not short term.

There are lots of causes of this economic chaos, but underlying them all has been the short term perspective of Wall Street, consumers, and politicians.

Real estate and real estate mortgages have traditionally and appropriately been long term assets. But too-smart-for-their-own-good MBAs in investment banking converted long term mortgage assets into short term trading vehicles ...looking for a profit in the next fifteen minutes, not the next fifteen years. Wall Street was far more concerned with the next quarterly dividend than the next quarter century. Politicians concerned more with the next election than the next generation.

You cannot have sustainable development without thinking long term. Our downtowns, almost by definition, are long term in perspective – how long they have lasted already and how long they can last into the future if we keep them active..

Sustainable local economies need to think long term. How long? Here's my rule of thumb – we should think as far into the future as the age of the oldest public building still in use.

Earlier I mentioned job creation through historic rehabilitation. But that argument is sometimes challenged saying “Yeah, but those are just short term jobs. Once you've built the building the job creation is done.” Yes, but there are two responses to that. First, real estate is a capital asset – like a drill press or a box car. It has an economic impact during construction, but a subsequent economic impact when it is in productive use. Additionally, since most building components have a life of between 25 and 40 years, a community could rehabilitate 2 to 3 percent of its building stock per year and have perpetual employment in the building trades. Local jobs which are in demand for the foreseeable future is the ultimate in sustainable economic development.

I don't think it is possible for a single community to have a sustainable economic development strategy within a country that does not have one. After all, think about the economic problems we are having now. The most prosperous, forward thinking, sustainable community in America – wherever that it – is suffering along with the rest of us. To truly have sustainable economic development there needs to be at least a national strategy.

But from a national perspective, economic development should not be a zero sum game. But that's how most economic development in the past has been. For Vancouver to recruit an industry some other city had to lose it. When for every winner there has to be a loser is the definition of a zero sum game. But from a national perspective, what's the sense of that. There is no net economic benefit, just a shifting from point A to point B.

But a downtown based economic development strategy is not that way. For one community to effectively revitalize its downtown in no way precludes another city from

doing the same. To the extent that they both use historic buildings, both are advancing sustainable economic development.

So far I've only focused on sustainable economic development. But I don't want suffer from the same myopia as the "green architects" and think that my niche is the only component of sustainable development.

So sustainable economic development has to advance the cause of the environmental component of sustainable development. How does historic preservation do that?

We could begin with solid waste disposal. Solid waste disposal is increasingly expensive in dollars and in environmental impacts and a third of what's dumped at the landfill is construction debris.

So let me put this in context for you. We all diligently recycle our Coke cans because we're told it's good for the environment. Here is a typical North America commercial building – 25 feet wide and 100 or 120 or 140 feet deep. Let's say that today we tear down one small building like this in downtown Vancouver. We have now wiped out the entire environmental benefit from the last 1,344,000 aluminum cans that were recycled. We've not only wasted an historic building, we've wasted months of diligent recycling. And that calculation only considers the impact on the landfill, not any of the other sustainable development calculations like embodied energy.

I have to confess that I hadn't paid much attention to the concept of embodied energy, not until I saw oil hitting \$70 a barrel and it doubled after that. I'm not certain about much in this world, but I am certain that today's hiatus on oil prices is not a permanent one. So I did a bit of research. *Embodied energy* is defined as the total expenditure of energy involved in the creation of the building and its constituent materials. When we throw away an historic building, we are simultaneously throwing away the embodied energy incorporated into that building.

Much of the "green building" movement focuses on the annual energy use of a building. But the energy embodied in the construction of a building is 15 to 30 times the annual energy use. A recent study in Great Britain indicated that it takes from 35 to 50 years for an energy efficient new home to recover the carbon expended in constructing the house.

Razing historic buildings results in a triple hit on scarce resources. First, we throwing away thousands of dollars of embodied energy. Second, we are replacing it with materials vastly more consumptive of energy. What are most historic houses built from? Brick, plaster, concrete and timber, among the least energy consumptive of materials. What are major components of new buildings? Plastic, steel, vinyl and aluminum, among the most energy consumptive of materials. Third, recurring embodied energy savings increase dramatically as a building life stretches over fifty years. You're a fool or a fraud if you claim to be an environmentally conscious builder and yet are throwing away historic buildings, and their components.

Let me put it a different way – if you have a building that lasts 100 years, you could use 25% more energy every year and still have less lifetime energy use than a building that lasts 40 years. And a whole lot of buildings being built today won't last even 40 years.

Finally sustainable economic development would advance the cause of the social/cultural component of sustainable development. My professional practice is in the economic side of both historic preservation and downtown revitalization. But I truly believe that in the long run the economic value is the least important.

The educational, aesthetic, cultural, and social values are far more important. Historic preservation's role in helping us understand who we are, where we have been and where we are going is central to the social/cultural component of sustainable development.

The sociologist Robert Bellah wrote "Communities...have a history – in an important sense they are constituted by their past – and for this reason we can speak of a real community as a 'community of memory', one that does not forget its past." The historic buildings in your downtown are the physical manifestation of memory.

The closest thing we have to a broad-based sustainable development movement is known as Smart Growth. There is no movement in America today that enjoys a more widespread support across political, ideological, and geographical boundaries than does *Smart Growth*. Democrats support it for environmental reasons, Republicans for fiscal reasons, big city mayors, rural county commissioner, there are Smart Growth supporters everywhere.

The Smart Growth movement also has a clear statement of principles, and here it is:

- Create range of housing opportunities and choices
- Create walkable neighborhoods
- Encourage community and stakeholder collaboration
- Foster distinctive, attractive places with a Sense of Place
- Make development decisions predictable, fair, and cost effective
- Mix land uses
- Preserve open space, farmland, natural beauty and critical environmental areas
- Provide variety of transportation choices
- Strengthen and direct development toward existing communities
- Take advantage of compact built design.

But you know what? If a community did nothing but protect its historic neighborhoods and revitalized its downtown it will have advanced every Smart Growth principle. Downtown revitalization IS Smart Growth.

Now if we go back to the graphic representation of sustainable development I would suggest to you that historic preservation and downtown revitalization are, in fact, among the only strategies that are simultaneously environmental responsibility, economic responsibility, and social/cultural responsibility.

Here's the problem. The mentality in this country is so focused on the technologies of green buildings that the concept of sustainable development isn't grasped at all.

But if any one understands it, it must be the EPA, right? I would have assumed that this federal agency is supposed to be our country's lead entity for promoting and fostering sustainable development would get it. In late 2006 they issued their five-year strategic plan, complete with goals, objectives, and standards of measurement – 188 fact-filled pages. How many times was the phrase “sustainable development” mentioned? Exactly twice – both times in footnotes. Once because a document they were citing had “sustainable development” in its title and the other because the database they referenced was maintained by the UN's Division for Sustainable Development. How can you be the agency taking the lead for sustainable development when “sustainable development” never appears in your strategic plan?

Oh, and by the way, the number of times that “historic preservation” was mentioned in the strategic plan? Zero. Downtown revitalization in the plan? Zero.

Within the plan, the EPA has an element targeted to construction and demolition debris. The objective is “Preserve Land” and the sub-objective is “Reduce Waste Generation and Increase Recycling.” But they have missed the obvious – when you revitalize a downtown, you *are* preserving land. When you rehabilitate a historic building, you *are* reducing waste generation. When you reuse a historic building, you *are* increasing recycling. In fact, historic preservation is the ultimate in recycling.

At most perhaps 10% of what the environmental movement does advances the cause of historic preservation. But 100% of what the preservation movement does advances the cause of the environment. You cannot have sustainable development without a major role for historic preservation and downtown revitalization, period. And it's about time we start hammering at that until it is broadly understood.

A few months ago I was greatly heartened when I read a headline on an internet news story saying, “Head of Green Building Council Links Sustainable Development and Heritage Conservation.” I was all excited, thinking “they've finally got it.” Until I read the whole story. It wasn't the head of the US Green Building Council; it was the chair of the green building council of the Philippines.

I don't know how familiar you all are with the LEED rating systems. LEED stands for Leadership in Energy and Environmental Design. Their latest checklist to see who gets a platinum plaque on their porch is called LEED ND for “Neighborhood Development.” This is the one that was supposed to take more than just green gizmos into consideration. Its first version was a total of 114 points with a giant 2 points for adaptively reusing an historic building. After a year and a half of pilot projects they made great strides. The final version of 106 points gives 1 point for reusing an historic building – the same amount as for providing storage for bicycles.

What is beginning to happen more and more is Leed designation being used as the club to demolish historic buildings. Last September in Lexington, Kentucky a proposal was approved to build a 40-story hotel in the middle of downtown. And to do this the developers said it would be necessary to tear down 14 historic structures built between 1826 and 1930. Preservations responded that they certainly don't object to a new hotel downtown but that there is no reason the historic structures couldn't be incorporated into the development. "Not possible" says the developer. But look at the site. The idea that this development couldn't be a mix of old and new suffers from a paucity of the imagination. And their stick to justify the demolition? "Yeah, but we're going to be LEED certified." Oh, and by the way, as a reward for destroying the history of Lexington the developers were rewarded with \$80 million of Tax Increment Financing.

Here's the site today, so I guess they won't have to worry about any adaptive reuse challenges. But, of course, the developer told the City Council that he had financing and investors lined up. But what is happening today? Nothing. Last month the Lexington newspaper reported that the alleged investor has now disappeared.

But it's not just private sector developers. Here's my latest example of myopic idiocy of environmental groups. The Nature Conservancy is building a new state headquarters in Indianapolis. Their director even says, "We're an international conservation organization. If anyone should be walking the walk of sustainability it should be The Nature Conservancy."

I couldn't agree more. So what is their version of "walking the walk?" – tearing down a hundred year old industrial warehouse to build a LEED certified suburban-esque green gizmo building. Why? "Oh, it's deteriorated beyond saving" they say, when in fact engineering reports says that is not the case. "Oh, but it would be too expensive" they say, and yet their budget would permit \$175 per square foot to be spent? Is that enough? Well, another non-profit is renovating an older building of about the same size in Indianapolis that will be LEED certified, and their estimated costs? \$68 per square foot.

OK, I'm not being exactly fair. They are going to be reusing the building – they are going to grind up the bricks and use them for the walkway in their "conservation" garden.

You know those great before and after shots of rehabilitated historic buildings? Well, here's the Nature Conservancy's before and after shot. And here's what's left of the historic building.

A historic building is a renewable resource when it is rehabilitated; it is nothing but landfill when it is razed.

Today cities around the country are racing each other who can adopt "green building" ordinances the fastest. Such centers of environmental activism as San Francisco, Berkeley, and Santa Fe are, of course, leading the way. And what are they doing? Encouraging or mandating central vacuum systems, back draft dampers, bicycle racks and waterless

toilets. And that's fine, I guess, but again misses the larger picture. Santa Fe, certainly one of the most important historic cities in America, adopted a 110-page "Sustainable Santa Fe" document. Historic preservation in that initiative? Not even mentioned.

Meanwhile, in Dubuque, Iowa, is far ahead of any of those places. It is in the process of designating its 28 square block warehouse district as a pilot project for a comprehensive Energy Efficiency Zone. And what does Dubuque have as a basic principle? That the adaptive reuse of those warehouse structures is key for energy conservation for Iowa's future. I'm telling you, the model for real sustainable development is not going to be San Francisco, Santa Fe or Berkley, but Dubuque, Iowa.

Environmentalists cheer when used tires are incorporated into asphalt shingles and recycled newspapers become part of fiberboard. But when we reuse an historic building, we're recycling the whole thing.

If I still haven't convinced you that the green building approach is insufficient, let me offer this last bit of evidence. As you all probably know, Wal-Mart has begun a big environmental initiative. Now I'm not a Wal-Mart basher, and I think they should be commended for this activity.

But let's say Wal-Mart is so successful, that they are able to build a Super Center that uses no external energy at all – the ultimate green building. But here's where the building is going to be built.

In just 15 days, the extra fuel used to get to the Wal-Mart, wipes out the entire savings for the entire year, even if the building itself consumed no energy at all. A huge success as a green building. A huge failure in sustainable development.

The established definition of sustainable development is "...the ability to meet our own needs without prejudicing the ability of future generations to meet their own needs."

By that very definition the demolition of historic buildings is the polar opposite of sustainable development; once they are razed they cannot possibly be available to meet the needs of future generations.

These are not normal times. We have a crisis in the economy and we have a crisis in the environment – two of the three components of sustainable development. And the underlying cause for both crises is our failure to consider either the economy or the environment through the lens of sustainability. And in many parts of the world the social/cultural element of sustainable development is in peril as well.

Historic preservation and downtown revitalization are certainly not the only strategies for reestablishing economic, environmental or cultural responsibility. But in all three areas they are indispensable strategies.

Historic preservation and downtown revitalization are not hangers-on to sustainable development; historic preservation and downtown revitalization are sustainable development. That's what you are doing today, and your grandchildren will thank you for it.

And I thank you for letting me be here today.

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