

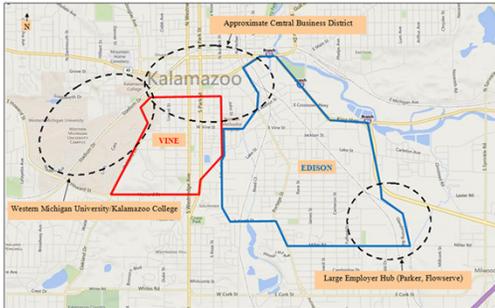
Residential Property Values and Historic Districts: A Kalamazoo Case Study

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Historic districts have been a point of contention in political, economic and community circles since their inception in the early twentieth century, but their impact has grown since the 1966 passage of the National Historic Preservation Act. Often cited by proponents as a productive tool for preserving the cultural and physical elements of the American built environment, historic districts are alternately branded as burdensome and regressive to future development by critics. In order to provide a quantitative assessment of the economic impact of historic districts, this project compares assessed property values from 1990, 2000 and 2010 in both a historically designated and a non-designated neighborhood in Kalamazoo, Michigan. Through tedious sampling techniques and statistical analysis, the results of the project indicate a link between historic districts and higher property values.

1. Project Introduction
In order to measure the economic impact of historic districts on residential property values in Kalamazoo, Michigan, two similar neighborhoods were selected for analysis. One of the neighborhoods, Vine, has been designated historic, and the other, Edison, is eligible, but has never been officially designated as historic. Copied below is a map indicating the geographic location of the two neighborhoods. Photos of houses in the two neighborhoods indicate the similarities in housing stock in both the Edison and Vine neighborhoods.

Neighborhood Location Map



Vine House Examples



Edison House Examples



2. Project Design (Part 1)
All streets within each neighborhood were carefully recorded and numbered. Once assigned numbers, sample streets were selected using a random number generator. Fifty sample streets from each neighborhood were selected, which subsequently activated the individual parcel selection process listed in Table 1 to begin.

Table 1	North-South Street	East-West Street
Street Selection Criteria	North-South Street	East-West Street
First Time Street Selected by Random Number Generator	Second House from South, Odd Address Number	Second House from West, Even Address Number
Second Time Street Selected by Random Number Generator	Fifth House from North, Even Address Number	Fifth House from East, Odd Address Number
Third Time Street Selected by Random Number Generator	Tenth House from South, Even Address Number	Tenth House from West, Odd Address Number
Fourth or More Time Selected by Random Number Generator	New Street Generated	New Street Generated

3. Project Design (Part 2)
Once the one hundred sample properties were selected, the following data was collected from the Clerk's office at the City of Kalamazoo:

- 1990 Assessed Property Value
- 2000 Assessed Property Value
- 2010 Assessed Property Value
- Year Built of House on Parcel
- Square Footage of House on Parcel
- Assessed Values Calculated Per Square Foot for 1990, 2000 and 2010

A Comparison of Means test was run to measure the differences and similarities between the two neighborhood as they relate to each of the variables listed above. OLS Linear Regression testing was also conducted in order to predict changes in the 1990, 2000 and 2010 Assessed values based on the Year Built of the House, the Square Footage of the House, a Neighborhood DUMMY variable (Edison or Vine), and the Assessed Values Calculated on a Per Square Foot Basis.

4. Project Results

- The Comparison of Means test indicated that assessed property values in the Vine neighborhood, which is designated historic, grew at a faster rate than those in the non-designated Edison neighborhood (see Figure 1).
- While houses in the Vine neighborhood were slightly larger on average than those in the Edison neighborhood, the assessed values calculated on a per square foot basis verify that values in the Vine neighborhood are still growing faster than those in the Edison neighborhood. It is also worth noting that Edison's assessed values per square foot were actually higher than those in Vine in 1990, but the gap eroded in 2000 and reversed in 2010 (see Figure 2).
- The OLS Regression testing indicated that the year built of the house was an insignificant predictor of overall assessed value in 1990 and 2000, but it had become significant by 2010. As anticipated, the assessed value per square foot is a significant factor in the overall assessed value. Although its significance weakened in 2010, the neighborhood (Edison or Vine) is a strong predictor of overall assessed value. (see Table 2).

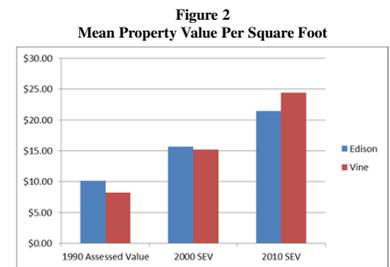
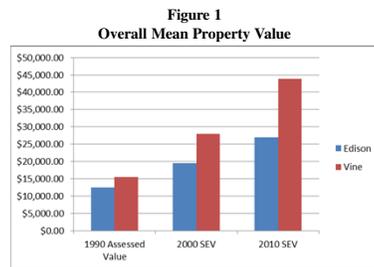


Table 2
Regression Analyses

Year	Model	Unstandardized Coefficients	Std. Error	Standardized Coefficients	t	Sig.
- 1990		B	Std. Error	Beta		
	(Constant)	54132.030	101023.505			.536
	Year Built	-29.756	53.194	-.048	-.559	.577
	NeighborhoodDUMMY	6018.378	1766.655	.278	3.407	.001
	1990 Assessed Value PSF	1523.903	197.242		6.76	7.726
	a. Dependent Variable: 1990 Assessed Value					
- 2000		B	Std. Error	Beta	t	Sig.
	(Constant)	100305.804	169964.199		.590	.557
	Year Built	-58.283	89.629	-.058	-.650	.517
	NeighborhoodDUMY	9916.262	2988.384	.284	3.318	.001
	2000 SEV PSF	1965.961	314.629		6.249	.000
	a. Dependent Variable: 2000 SEV					
- 2010		B	Std. Error	Beta	t	Sig.
	(Constant)	567955.385	292446.575		1.942	.055
	Year Built	-319.005	155.901	-.202	-2.045	.044
	2010 SEV PSF	3210.142	518.979		6.185	.000
	NeighborhoodDUMMY	8653.009	4928.071	.157	1.756	.083
	a. Dependent Variable: 2010 SEV					

5. Project Conclusions
While some factors outside the scope of this project may impact property values in the Edison and Vine neighborhoods, this research suggests that there is a strong link between historic district designation and increased residential property values in Kalamazoo, Michigan.