Historic buildings are the embodiment of our past and define the rich character of Missouri and all of America, both rural and urban. By being a physical link to our past, they are the illustrations to our history. They are reminders of the past, which ever help us to shape our future. They remind us of our hopes, our aspirations and the rituals of human existence and experience. But aside from the obvious cultural enrichment they bring to us, old buildings offer us practical and tangible solutions to the need to conserve our resources and effect economic development. The "greenest" building is the one that's already there. Contrary to popular belief, building rehabilitation – not new construction - is the best way for us to achieve energy efficiency and conserve resources. According to a study commissioned by the National Trust for Historic Preservation, even the most energy efficient buildings must stand at least 80 years before their energy savings offset the negative environmental impacts of constructing them.

Noted preservation economist Donovan Rypkema, who just last week was recipient of the National Trust's highest award, attended Missouri Preservation's 2008 Annual Conference and shared with us some valuable results brought about by the Historic Preservation Tax Credit in Missouri:

In addition to the cultural enrichment and energy efficiency potential that are locked in historic building renovations, they create more jobs and they have more profoundly positive effects on our economy than do either new construction or investments in infrastructure, including the building of roads and bridges. And while the building of infrastructure usually represents 100% investment by governments, most historic rehabilitation is done using private financing. As a rule of thumb, the cost of new construction is comprised of 50% materials and 50% labor. But rehabilitation, on the other hand, represents 60 to 70% labor and the balance in material. Labor intensity affects local economies on two levels. First we purchase materials that may or may not be locally produced, but local sales taxes are still collected and more importantly, while the materials may come from another locale, the tradesman or craftsman comes from across town or across the street. Rypkema says that, "further, once we buy and hand the sheetrock, the sheet rock doesn't spend any more money. But the plumber gets a hair cut on the way home, buys groceries and joins the YMCA – each recirculating that paycheck within the community."

Renovation jobs vs. Manufacturing: Rypkema adds that a million dollars of <u>manufacturing</u> output in Missouri will add, on average, about $470,000 to local household incomes. But a million dollars in <u>rehabilitation</u> will produce nearly $704,000. While you can claim that after the building renovation is complete that the job creation is already done, you can conversely argue that once a building is placed in service it will have an additional economic impact on the community, especially in higher tax assessments – the main funding mechanism for public schools. Also, since most building components have a useful life of between 25 and 40 years, a

community could rehabilitate only 2 to 3 percent of its building stock per year and sustain perpetual employment in the building trades – the kinds of jobs that can't be shipped overseas.

In summary, our State's Historic Preservation Tax Credit Program has proven that historic preservation does not simply support economic development - it IS economic development. And not just in St. Louis and Kansas City – it's happening in many smaller Missouri towns like West Plains, Sedalia, Excelsior Springs, Glasgow, Fayette, Farmington, Poplar Bluff and even tiny Blackwater where the needed impact is sometimes more essential and its effects on the local economies even more pronounced.