
The Economic Benefits of Historic Preservation in Georgia



FY 2011- FY 2016

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Prepared for:



Prepared by:



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MESSAGE FROM THE DIRECTOR

The Georgia Department of Natural Resources Historic Preservation Division's mission is "...to promote the preservation and *use* of historic places for a better Georgia." The key word in our mission statement is "use." With one eye on the future and the other on our rich history, we work with local officials, private companies, non-governmental organizations, and others to insure that our historic assets are leveraged to support economic development.

HPD administers a wide range of programs that empower local citizens to preserve and *use* their historic buildings. Putting those historic buildings back into productive use doesn't just help connect us to our heritage—it creates jobs, stabilizes and improves our communities and tax revenues, uses existing infrastructure *and* reduces waste going in to our landfills.

One of our most powerful tools to leverage Georgia's historic assets is the State Income Tax Credit for Rehabilitated Historic Property, or SITC. This report details the SITC program as well as its economic impacts. The bottom line however is this: every \$1 in potential tax credits awarded by the state generates \$140 in economic activity—a return on investment that contributes mightily to the economic health of our communities.



Dr. David Crass
Division Director
Deputy State Historic Preservation Officer

EXECUTIVE SUMMARY

The State of Georgia's Historic Tax Credit Program plays an important role in the preservation of privately owned historic properties and spurs economic activity in communities around the state. To quantify the this influence, the Historic Preservation Division (HPD) of the Department of Natural Resources engaged Georgia Institute of Technology (Georgia Tech) to estimate the economic benefits of the historic tax credit program during the FY2011-FY2016 period.

The current law provides a state income tax credit of 25 percent of "qualified rehabilitation expenses," with caps, for properties listed in the Georgia Register and completing a certified rehabilitation.

This report analyzes the economic benefits of the rehabilitation income tax credit using project cost information provided in completed project applications and IMPLAN, a sophisticated and widely used input-output economic model, to quantify such tangible metrics as job creation, wages/salaries, output, and new tax revenue resulting from the investments leveraged from the credit incentive. This report does not address other commonly identified social and economic benefits of rehabilitation, including sustainability issues, such as reduced waste streams when compared to new construction, avoiding loss of embodied energy, and utilization of existing infrastructure.

Key findings of the analysis of the rehabilitation expenditures of completed projects between FY2011 and FY2016¹ include:

- *282 projects* completed rehabilitation utilizing the state's historic tax program
- *Rehabilitation cost totaled \$630.5 million*
- Rehabilitation activities generated *3,891 new direct jobs* and *4,047 indirect and induced jobs* in Georgia.
- 83 percent of the completed projects spent \$1,000,000 or less in rehabilitation expenditures (59 percent invested \$300,000 or less and 24 percent spent between \$300,001 and \$1,000,000); 10 percent spent between \$1,000,001 and \$3 million; and 7 percent spent more \$3 million.

¹ The Historic Preservation Division provided project data, including rehabilitation cost and estimated potential state income tax credit.

- Income producing properties comprise 60 percent of total completed projects. The remainder, 40 percent, were primary residence properties.
- The estimated potential tax credit for the same period was \$27.6 million.
- Construction activities create local jobs, generate additional local economic activity by spending on supplies and construction materials, create a ripple effect as workers spend their income in the local economy, and generate new tax revenues for state and local governments. The completed rehabilitation projects supported by Georgia's Historic Tax Credit program generated the following impacts:
 - \$630.5 million in construction activities
 - 7,938 total jobs - 3,891 direct construction jobs and 4,047 were indirect and induced jobs
 - \$406.5 million in total wages and salaries - \$215.3 million in direct wages & salaries and \$191.2 million in indirect and induced wages & salaries
 - A combined state and local tax revenue of \$37.2 million for the FY2011-FY2016 period - \$18 million in local tax revenues and \$19.2 million in state tax revenues.

SECTION 1

INTRODUCTION

1.1 Georgia's Historic Tax Credits

Georgia is one of the 34 states² currently offering Historic Tax Credits (HTCs) to encourage the redevelopment and preservation of qualifying historic buildings in an effort to help protect the states' unique heritage and spur economic growth by creating new jobs and housing opportunities for new businesses.

The Georgia State Rehabilitation Tax Credit Program is authorized and implemented under O.C.G.A. 48-7-29.8, which went into effect on January 1, 2004. It allows eligible participants to apply for a state income tax credit of 25 percent of qualifying rehabilitation expenses (QREs). To be eligible for the program, a historic residential and commercial property must be a "certified structure," which means it must be listed in the National/Georgia Register(s) of Historic Places. Furthermore, all rehabilitation tax credit projects must be reviewed by the Historic Preservation Division and approved as being consistent with the Department of Natural Resources' Standards for Rehabilitation.

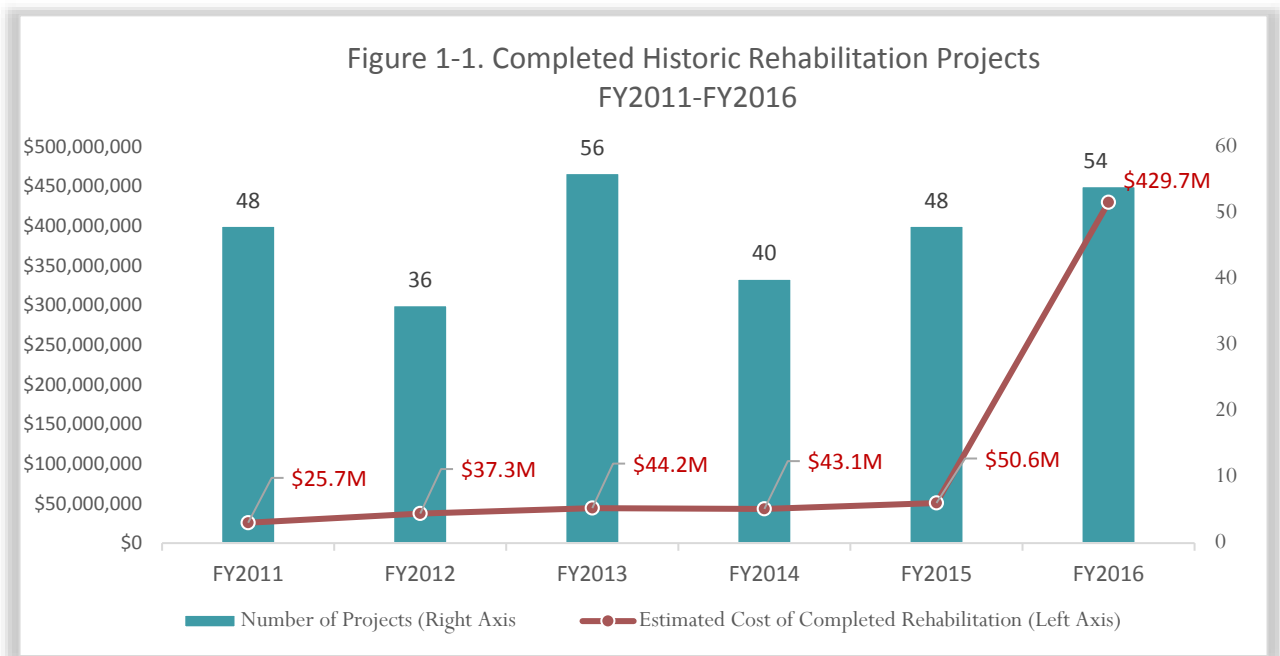
Amended in 2008 and again in 2015 (HB 308 was signed on May 12, 2015 and took effect on January 1, 2016), the credit is available in four categories:

- 1) primary residence (historic home), capped at \$100,000 per project, credit is allowed for the taxable year in which the certified rehabilitation is completed,
- 2) income-producing property, capped at \$300,000 per project, credit is allowed for the taxable year in which the certified rehabilitation is completed,
- 3) income-producing property, capped at \$5 million per project, credit is allocated for a particular year subject to an annual aggregate program cap of \$25 million per calendar year, and
- 4) income-producing property, capped at \$10 million per project with job creation or annual payroll requirements, credit is allocated for a particular year subject to an annual aggregate program cap of \$25 million per calendar year.

² <http://forum.savingplaces.org/blogs/renee-kuhlman/2017/01/13/the-state-of-state-historic-tax-credits>

1.2 FY 2011-FY 2016 activity

Data from the Historic Preservation Division show that **282 rehabilitation projects** were completed in Georgia during the FY2011-FY2016 period. Because of project tracking methods, this number includes several projects that were completed in multiple phases and counted more than once. The cumulative rehabilitation costs totaled \$630.5 million. Figure 1-1 shows the number of rehabilitated projects and the respective rehabilitation cost for each fiscal year. As shown, the number of projects decreased slightly in FY2012 and FY2014, 16 percent and 6 percent respectively. FY2013 and FY2016 saw the highest level of activity with 56 and 54 completed projects respectively. Despite the fluctuations in the number of projects, the rehabilitation cost continued to increase, with the exception of a minor decrease of 2 percent in FY2014. The largest spending occurred in FY2016 when rehabilitation costs were nearly 9 times higher than the cost in previous year (FY2015). The jump in cost from \$50.6 million in FY2015 to \$429.7 million in FY2016 was mainly due to a single project with an estimated cost of \$360 million.

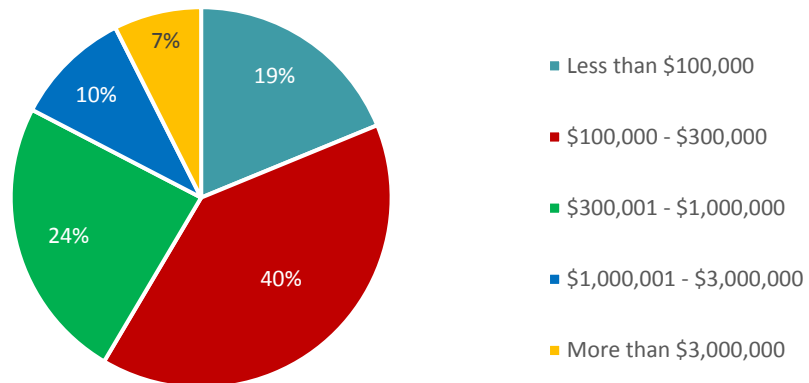


Projects utilizing the rehabilitation tax credit reveal a wide range of investment.

Figure 1-2 provides a breakdown of projects by size of rehabilitation expenditures. 83 percent of the completed projects invested \$1,000,000 or less in

rehabilitation expenditures, including 59 percent spending \$300,000 or less and 24 percent spending between \$300,001 and \$1,000,000. For the remaining projects, 10 percent spent between \$1,000,001 and \$3 million in rehabilitation expenditures and 7 percent spent more than \$3 million.

Figure 1-2. Tax Credit Projects by Cost of Rehabilitation:
FY2011-FY2016



Total available state tax credit amounts are dependent on the type of property. Credit for personal, residential properties is capped at \$100,000 while

credit for income-producing properties is capped at \$300,000, \$5 million, or \$10 million. Figure 1-3 details the state's historic rehabilitation activity by project type. As

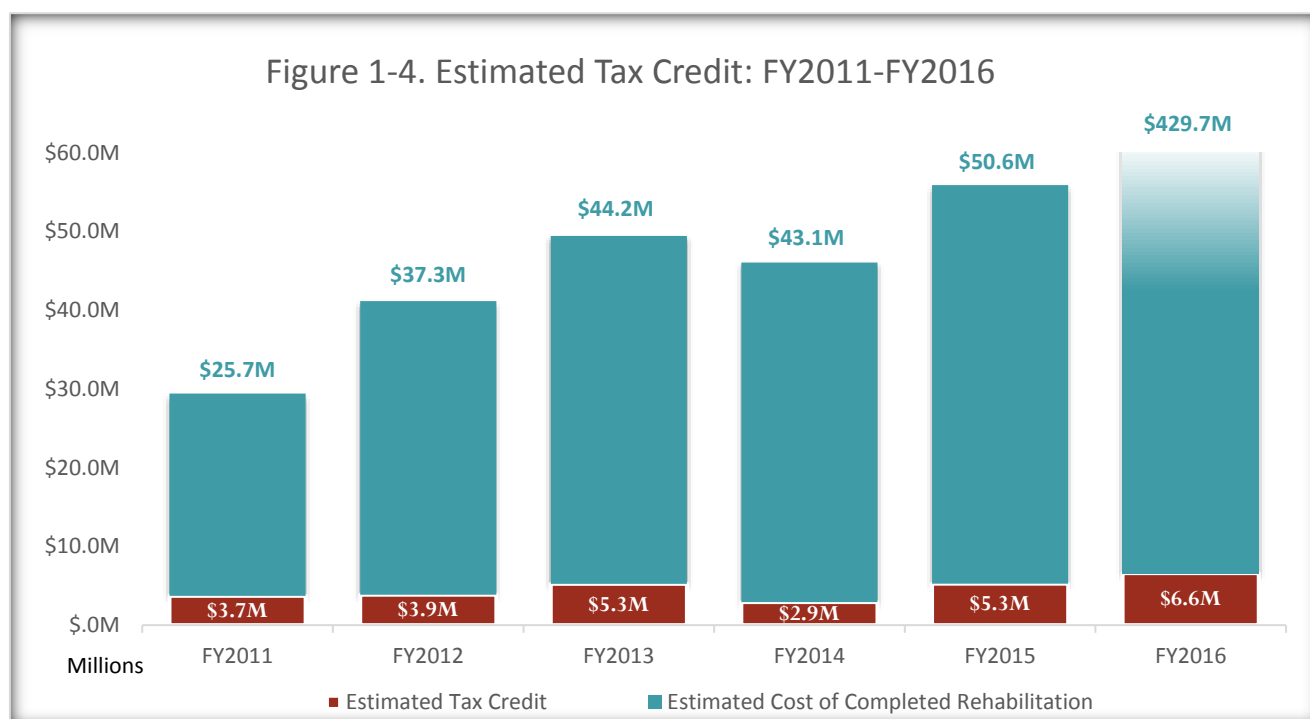
evidenced in the chart, the majority of rehabilitation activity has been in income-producing properties

Figure 1-3. Project Type: FY2011-FY2016



and, although with some fluctuation in FY2011 and FY2012, the proportion of projects rehabilitating income-producing properties is consistently increasing. While rehabilitation activity and improvement of income-producing properties would be expected to increase the value and revenues generated by businesses located in these properties, as well as the value of surrounding properties, these potential increases have not been quantified for this report because source information for these calculations was not readily available.

Based on the reported cost of completed rehabilitation, the potential tax credit available during the FY2011-FY2016 period is \$27.6 million. The amount of potential tax credit basis increased every year, except FY2014 when the tax credit decreased by 44 percent from the previous year. As expected, the highest amount of potential tax credit was in FY2016. Overall, \$27.6 million in tax incentives, leveraged \$630.5 million in private investment during the FY2011-FY2016 period. Specifically, \$3.7 million in tax incentives leveraged \$25.7 million in private investment in FY2011; \$3.9 million in tax incentives leveraged \$37.3 million in private investment FY2012; \$5.3 million in tax incentives leveraged \$44.2 million in private investment FY2013; \$2.9 million in tax incentives leveraged \$43.1 million in private investment FY2014; \$5.3 million in tax incentives leveraged \$50.6 million in private investment FY2015; and \$6.6 million in tax incentives leveraged \$429.7 million in private investment FY2016. Figure 1-4 displays a summary of these figures.



Analysis presented in Section 1 reveals a steady rate of rehabilitation activity resulting from Georgia's Historic Tax Credit Program. It also shows that the tax credits leverage much more investment, nearly \$23 for every \$1, than the corresponding minimum outlay requirement (\$4 per \$1 of credit). Furthermore, per project investment levels indicate they primarily involve relatively smaller buildings, which is consistent with the building stock available in historic commercial and residential districts found in communities throughout the state. Project ownership also indicates these rehabilitations are initiated at a local level, which suggests utilization of local financial and labor resources and increased potential for associated economic benefits to accrue to the local community.

SECTION 2

ECONOMIC AND FISCAL IMPACT ANALYSES

The economic and fiscal impact of historic preservation activities in the state of Georgia measures the impact of rehabilitation to the state's economy by quantifying the economic output³, employment, and wages and salaries. The impact of operations of rehabilitated commercial properties is not included. The study also assesses the impact these activities have in local and state government revenues. These impacts were calculated using IMPLAN⁴, an input-output economic modelling software that accounts for both the direct and indirect economic impact of an industry or economic activity. The economic model is customized to reflect Georgia's economy.

2.1 Economic Impact

The economic impact estimates the direct and secondary (indirect and induced) benefits generated by the construction phase of rehabilitation projects. More specifically, it estimates employment, wages and salaries, and state tax revenues attributable to this phase. Furthermore, the report compares the tax revenues expended by the state for the tax credit program to the new tax revenues generated by the economic investments made because of the tax credit program.

The impact generated by the on-going operations of the businesses operating in the rehabilitated properties is not included in this report, as source information needed for these calculations was not consistently available.

Direct spending, which is defined as the rehabilitation cost of the historic properties supported by the tax credit program, drives the economic impact. The rehabilitation cost includes the construction cost as well as soft costs (engineering, architectural, design fees, etc.), permit fees, acquisition costs and other "non-qualifying costs".

Direct spending generates additional rounds of economic activity, which are referred to as indirect and induced impact. The indirect economic impact accounts for the additional spending and jobs supported in the local economy resulting from spending with local suppliers, such as firms that sell the materials to the companies doing the fabrication and installation work. The induced economic impact accounts for the additional spending and jobs supported in the local economy by individuals' retail spending associated with the direct and indirect effects. These individuals spend part of their income in the local economy, which in turn, produces income for other local residents. The secondary

³ output impact estimates the total dollar value of all the goods or services generated as a result of the construction phase of rehabilitation projects.

⁴IMPLAN Group Inc.

impacts, often referred to as the "ripple" or multiplier effects, are the sum of the indirect and induced impacts.

Completed projects during the FY2011-FY2016 period created **7,938 total jobs**. Of these, 3,891 were direct construction jobs and 4,047 were indirect and induced jobs. These jobs injected **\$406.5 million in total wages and salaries** into the state's communities - \$215.3 million in direct wages & salaries and \$191.2 million in indirect and induced wages & salaries – and generated nearly **\$1.2 billion in total output**, including \$595.1 million in direct output and \$577.1 million in indirect and induced output (see Table 2-1).

Table 2-1. Economic Impact of rehabilitation projects: FY2011-FY2016

Impact Type	Employment ⁵	Wages & Salaries	Output
Direct Effect	3,891	\$215,305,549	\$595,125,362
Indirect Effect	1,900	\$98,525,709	\$280,880,253
Induced Effect	2,147	\$92,704,617	\$296,234,361
Total Effect	7,938	\$406,535,875	\$1,172,239,976

Appendix 1 shows the economic impact of the completed rehabilitation projects for each fiscal year (FY2011-FY2016).

2.2 Fiscal Impact

Rehabilitation activities generate fiscal impacts in the form of new revenues that accrue to the state and local governments in Georgia. The tax revenue calculated with the IMPLAN model includes revenue generated from *sales taxes, property taxes, wages & salaries, corporations and other taxes & revenues*. However, while the IMPLAN model does not distinguish between state and local revenues, data provided by the *Annual Survey of State and Local Government Finances* published by the U.S. Bureau of the Census⁶, allows for the disaggregation of the IMPLAN outputs into separate state and local revenue estimates.

Rehabilitation expenditures of \$630.5⁷ million generated combined state and local tax revenue of \$37.2 million for the FY2011-FY2016 period. Of the total, \$18 million were

⁵ Full time and part-time employment

⁶ <https://www.census.gov/govs/local/>

⁷ Not adjusted for inflation

local tax revenues and \$19.2 million were state tax revenues. The estimated potential tax credit for the same period was \$27.6 million. Table 2-2 shows estimated state/local tax revenues and the potential tax credit for each fiscal year.

Table 2-2. Potential Fiscal Impact of Completed Projects on State and Local Governments: FY2011-FY2016

Period	New State and Local Tax Revenue	New <u>Local</u> Tax Revenue	New <u>State</u> Tax Revenue	Estimated Potential Tax Credit
FY2011	\$1,439,075	\$696,085	\$742,990	\$3,725,361
FY2012	\$2,218,096	\$1,070,341	\$1,147,755	\$3,860,002
FY2013	\$2,558,317	\$1,237,468	\$1,320,849	\$5,254,397
FY2014	\$2,525,507	\$1,221,598	\$1,303,909	\$2,926,105
FY2015	\$2,983,392	\$1,443,079	\$1,540,313	\$5,273,220
FY2016	\$25,496,005	\$12,332,507	\$13,163,498	\$6,596,762
TOTAL	\$37,220,392	\$18,001,078	\$19,219,314	\$27,635,847

The fiscal impact of rehabilitation activities can also be evaluated by looking at the return ratio of the state's "credit investment" in rehabilitation projects. The return ratio is calculated by comparing the estimated outlay by the state in the form of tax credits with the tax revenue generated by the construction activities during the FY2011-2016 period.

Table 2-3. Return Ratio of Georgia's Historic Tax Credit Program FY2011-FY2016

	Cumulative Tax Credit*	Cumulative New State Revenue*	Cumulative Return Ratio
FY2011	\$3,725,361	\$742,990	0.20
FY2011-2012	\$7,585,363	\$1,890,745	0.25
FY2011-2013	\$12,839,760	\$3,211,595	0.25
FY2011-2014	\$15,765,865	\$4,515,504	0.29
FY2011-2015	\$21,039,085	\$6,055,817	0.29
FY2011-2016	\$27,635,847	\$19,219,314	0.70

*See Table 2-2 for annual tax credit and new state revenue figures

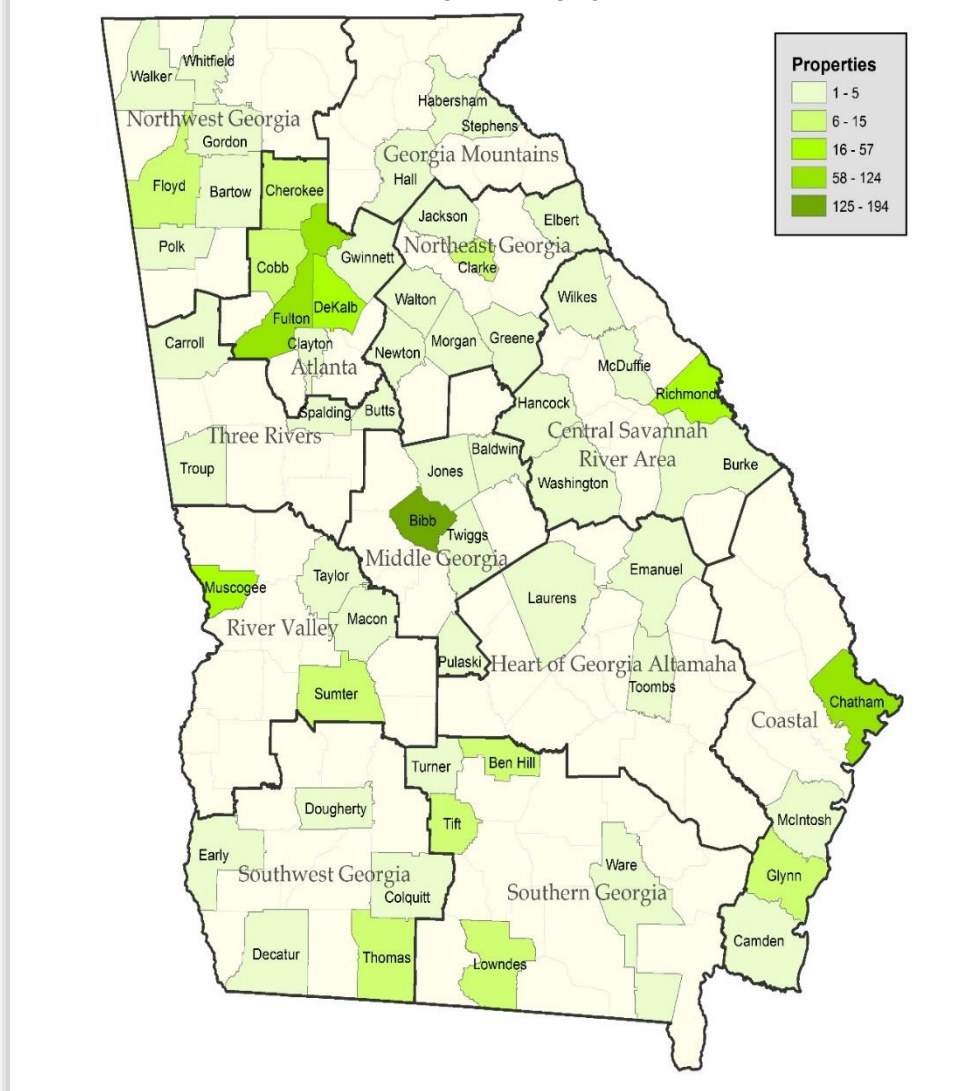
As shown in Table 2-3, the return ratios range from 0.20 to 0.70, meaning that for every dollar of tax credit invested in a Historic Tax Credit program rehabilitation project, \$0.20 to \$0.70 in tax revenue came back to the state. *These ratios are very conservative because they do not include the time cost of money associated with these new revenues accruing to the state well in advance of the credit being issued, nor the tax revenue generated from the on-going operations of businesses located in the rehabilitated properties.* Because of these added new state tax revenues, the actual expended tax credits are partially offset so the net fiscal impact to state revenues over the analysis period is reduced from \$27.6 million to \$8.4 million.

2.3 Location of Completed Projects

ArcGIS, a Geographic Information System (GIS) software, was used to plot the location of completed

Historic Tax Credit program rehabilitation projects in Georgia to determine the level of activity by county. As shown in Figure 2-1, there is a wide geographic distribution of rehabilitation activity with 58 of Georgia's 159 counties having at least one project in the FY2011-FY2016 period. Even so, projects occurred most frequently in Bibb, Chatham, Fulton, Richmond, and DeKalb Counties.

**Figure 2-1. Location of Completed Rehabilitation Projects in Georgia
FY2011-FY2016**



Analysis presented in Section 2 quantifies the economic and fiscal impact generated from rehabilitation projects participating in the Georgia State Rehabilitation Tax Credit Program. The economic impact estimates creation of 7,938 new jobs, generating \$406.5 million in wages, and \$1.17 billion in total economic activity over the course of the reporting period. These numbers demonstrate the cost/benefit leveraging effect of \$27.6 million in tax credits: a 1:23 ratio for the \$630.5 million in direct investment and a 1:42 ratio for total economic activity. The fiscal impact demonstrates that the “cost” to the state in “lost” tax revenue represented by the tax credits is lower than their face value due to new revenues derived from rehabilitation project activity. In addition, the new revenues accrue during project activities, and therefore, are collected before the credits are distributed at project completion. When the net “cost” figure (\$8.4 million) is used, the leveraging cost/benefit ratio is 1:75 for \$630.5 million in direct investment and 1:139 ratio for total economic activity. Furthermore, when local tax revenues are included, overall tax revenues actually increased.

Analysis of project distribution also indicates use of the program over a wide geographical area. While there is notable recurring program activity in places like Macon, Savannah, Atlanta, Columbus, and Augusta, projects have been completed in many other communities as far ranging as Brunswick in the southeast, Metcalf in the southwest, Gainesville in the northeast, and Dalton in the northwest as well as Americus, Fitzgerald, Dublin, Milledgeville, Gray, and Sparta in between. This widespread use of the program demonstrates its applicability and availability to a broad spectrum of properties and taxpayers.

SECTION 3

CASE STUDIES

The benefit of the historic preservation tax credit in Georgia's communities goes beyond the economic and fiscal impact. The tax credit aids the preservation of historic buildings/sites as well supports local job growth and economic activity. As shown in the case studies below, the scope, size and impact of projects, participating in the tax credit program varies for each project. However, they all play an important role in their local community.

3.1 Case Study 1: Greystone Apartments, Rome, GA

What is known today as the Greystone Apartments is, actually, two historic buildings: the 1933-1934 Greystone Hotel and the 1936-1937 Greystone Apartment Building. Prior to the Greystone Hotel's construction, another hotel known as The Armstrong Hotel, was located on this site. The Greystone Hotel incorporated the first floor of the Armstrong Hotel into its new design. In 1993, the buildings were converted to senior living apartments. Although constructed only two years apart, these two buildings display distinctly different architecture. The Greystone Hotel is characterized by its rough granite block construction, contrasting brick work, arched windows on the 6th floor which emphasize the lower level arched openings, and limestone trim on the cornice. In contrast, the Greystone Apartment Building, designed by Odis

Project Profile

Project Name:	Greystone Apartments
Location:	Rome, GA
Original Construction Year:	1933-1934 and 1936-1937
Rehabilitation Year(s):	2013-2015
Estimated Rehabilitation Cost:	\$5,300,000
Estimated State Historic Preservation Tax Credit:	\$300,000



Greystone Apartment Building before rehabilitation

Poundstone, is characterized by its limestone and enamel tile exterior and art deco style. Interesting, while the Greystone Apartment building is named for the apartments located on the second and third floors, 24 hotel rooms were located on the fourth and fifth floors and connected to the Greystone Hotel, demonstrating Rome's need for additional accommodations for businessmen and vacationers.

The Greystone Apartments rehabilitation project included window repair with selective replacement, new flooring, kitchen and bathroom renovation, painting and new décor throughout.

Today, the two buildings are used as senior housing. The convenient location allows seniors access to stores, restaurants, and other



Greystone Apartment Building after rehabilitation

shopping needs all without having to rely on automobile transportation, as well as beautiful views of the rivers and mountains.

Economic Impact in the state of Georgia

The rehabilitation of Greystone Apartments began in 2013 and was completed in 2015. The estimated cost of the proposed rehabilitation was \$5,300,000 and the potential tax credit amount is \$300,000. These rehabilitation expenditures generated 68 total jobs with wages and salaries of nearly \$3.5 million. See Table 3-1 for direct, indirect and induced impact results.

Table 3-1. Economic Impact of the Rehabilitation of Greystone Apartments

Impact Type	Employment	Wages & Salaries	Output
Direct Effect	31	\$1,744,013	\$5,035,000
Indirect Effect	19	\$951,346	\$2,635,994
Induced Effect	18	\$796,834	\$2,543,920
Total Effect	68	\$3,492,193	\$10,214,914

3.2 Case Study 2: House converted to Residential and Commercial Property

The Julius Koox Paired Townhouse was constructed c. 1871. Julius Koox was a Grocer and Liquor dealer and built the properties as a rental investment. The two mirrored three story plus basement townhomes feature masonry bearing walls and are typical for Savannah's Historic District. Many similar Savannah grey brick townhomes can be found and they were often built in pairs or rows. The Italianate style houses have scored stucco exteriors, segmental arch cast iron crowns over windows and doors as well as cast iron window sills.

The building features wood 6/6 and 6/9 windows with operable wood shutters as well as cast iron balconies on the west façade. The interior features a side hallway with two rooms adjacent to the hallway that run the length of the house. This floorplan remains largely intact on the first and second floors.

Project Profile

Project Name:	The Julius Koox Paired Townhouse
Location:	Savannah, GA
Original Construction Year:	1871
Rehabilitation Year(s):	2012-2016
Estimated Rehabilitation Cost:	\$1,460,000
Estimated State Historic Preservation Tax Credit:	\$300,000



Julius Koox Paired Townhouse before rehabilitation

Post-rehab, the two town homes have been converted to 6 apartments and two retail spaces – one of which contains a recently opened commercial art gallery on the garden level



Julius Koox Paired Townhouse after rehabilitation

Economic Impact in the state of Georgia

The rehabilitation of the Julius Koox Paired Townhouse began in 2012 and was completed in 2016. The estimated cost of the proposed rehabilitation was \$1,460,000 and the potential tax credit amount is \$300,000. The rehabilitation expenditures generated 19 total jobs with wages and salaries of nearly \$1 million. See Table 3-2 for direct, indirect and induced impact results.

Table 3-2. Economic Impact of the Rehabilitation of the Julius Koox Paired Townhouse

Impact Type	Employment	Wages & Salaries	Output
Direct Effect	9	\$480,426	\$1,387,000
Indirect Effect	5	\$262,069	\$726,142
Induced Effect	5	\$219,505	\$700,778
Total Effect	19	\$962,000	\$2,813,920

3.3 Case Study 3: Commercial Storefront: 760-768 Confederate Ave., Atlanta, GA

This one story commercial row brick building was built about 1927 in the Grant Park neighborhood of Atlanta. It is characteristic of a 1920's commercial row building designed to service people commuting both by streetcar and automobile as well as pedestrians. The five bay building with Mediterranean Revival style elements was designed for each bay to hold a separate business, but has been modified over time for single businesses to use multiple bays.

Project Profile

Project Name:	Commercial Storefront
Location:	Atlanta, GA
Original Construction Year:	1927
Rehabilitation Year(s):	2014-2016
Estimated Rehabilitation Cost:	\$516,000
Estimated State Historic Preservation Tax Credit:	\$129,000

The building's character defining features are its large display storefront windows, terracotta tile roof, and large decorative brackets. Historically, businesses such as grocers, pharmacies, dry cleaners, barbers, and laundromats were located in these spaces. Today, the building houses a nail salon, personal training space, and an architectural lighting design business.



Commercial Storefront before rehabilitation



Commercial Storefront after rehabilitation

Economic Impact in the state of Georgia

The rehabilitation of this Commercial Storefront building began in 2014 and was completed in 2015. The estimated cost of the proposed rehabilitation was \$516,000 and the potential tax credit amount is \$129,000. The rehabilitation expenditures generated 7

total jobs with wages and salaries of nearly \$334,000 million. See Table 3-3 for direct, indirect and induced impact results.

**Table 3-3. Economic Impact of the Rehabilitation
of the Commercial Storefront**

Impact Type	Employment	Wages & Salaries	Output
Direct Effect	3	\$176,985	\$490,200
Indirect Effect	2	\$81,006	\$230,967
Induced Effect	2	\$76,209	\$243,295
Total Effect	7	\$334,200	\$964,462

SECTION 4

CONCLUSION

The analysis of the Georgia State Rehabilitation Tax Credit Program identifies the program's benefits, including job creation and physical improvement of property (resulting in property value increases), which contribute to the economic health of communities and neighborhoods around the state. The study also quantifies the impact of leveraging public financial incentives to generate economic activity at a remarkable return: every \$1 of net tax credit generates \$75 in direct investment and \$139 in overall economic activity. It further reveals that the fiscal impact to Georgia is moderated by new state tax revenues offsetting a portion of the tax credits. When new local tax revenues are included in revenue calculations, tax credits are completely offset and the overall tax revenues increase.

The Economic Benefits of Historic Preservation in Georgia demonstrates the importance of the Georgia State Rehabilitation Tax Credit Program. The program's tangible and measurable economic benefits, which stem from rehabilitation activity resulting from the tax credit incentives, effectively support inherent public policy goals of economic development and sustaining Georgia's historic communities and neighborhoods.

APPENDIX 1

ECONOMIC IMPACT BY YEAR: FY2011-FY2016

Tables A-1.1 through A.1.6 show the economic impact of historic rehabilitation activities for each year of the FY2011-FY2016 period.

A-1.1. Economic impact of rehabilitation activities in FY2011

Impact Type	Employment	Wages and Salaries	Output
<i>Direct Effect</i>	158	\$8,319,286	\$23,012,925
<i>Indirect Effect</i>	77	\$3,807,739	\$10,865,345
<i>Induced Effect</i>	87	\$3,582,236	\$11,452,212
Total Effect	322	\$15,709,261	\$45,330,482

A-1.2. Economic impact of rehabilitation activities in FY2012

Impact Type	Employment	Wages and Salaries	Output
<i>Direct Effect</i>	238	\$12,957,426	\$35,257,363
<i>Indirect Effect</i>	118	\$5,910,939	\$16,756,476
<i>Induced Effect</i>	134	\$5,574,699	\$17,876,905
Total Effect	489	\$24,443,064	\$69,890,744

A-1.3. Economic impact of rehabilitation activities in FY2013

Impact Type	Employment	Wages and Salaries	Output
<i>Direct Effect</i>	272	\$14,789,621	\$40,786,692
<i>Indirect Effect</i>	133	\$6,769,212	\$19,368,916
<i>Induced Effect</i>	150	\$6,368,324	\$20,465,722
Total Effect	554	\$27,927,157	\$80,621,330

A-1.4. Economic impact of rehabilitation activities in FY2014

Impact Type	Employment	Wages and Salaries	Output
<i>Direct Effect</i>	265	\$14,599,942	\$40,202,071
<i>Indirect Effect</i>	130	\$6,682,396	\$19,041,153
<i>Induced Effect</i>	146	\$6,286,650	\$20,098,672
Total Effect	541	\$27,568,988	\$79,341,896

A-1.5. Economic impact of rehabilitation activities in FY2015

<i>Impact Type</i>	Employment	Wages and Salaries	Output
<i>Direct Effect</i>	312	\$17,246,974	\$47,629,927
<i>Indirect Effect</i>	152	\$7,893,943	\$22,500,275
<i>Induced Effect</i>	172	\$7,426,446	\$23,725,545
<i>Total Effect</i>	635	\$32,567,363	\$93,855,747

A-1.6 Economic impact of rehabilitation activities in FY2016

<i>Impact Type</i>	Employment	Wages and Salaries	Output
<i>Direct Effect</i>	2,646	\$147,392,300	\$408,236,384
<i>Indirect Effect</i>	1,291	\$67,461,480	\$192,348,088
<i>Induced Effect</i>	1,459	\$63,466,262	\$202,615,305
<i>Total Effect</i>	5,396	\$278,320,042	\$803,199,777

APPENDIX 2

METHODOLOGY AND DEFINITIONS

The economic and fiscal impacts of rehabilitation was measured using IMPLAN, an economic impact assessment model customized to reflect Georgia's economy. The model estimates the multiplier (indirect and induced) effects of rehabilitation/construction impact.

Output: Economic output is defined as the total dollar value of all the goods or services generated as a result of the construction phase of rehabilitation projects.

Wages and Salaries: Wages and salaries are defined as income paid by employers, including benefits.

Direct Impacts: Direct impact measures employment, wages and salaries, and expenditures of goods and services attributable to the construction industry.

Indirect Impacts: Indirect impact results from the purchase of goods and services by suppliers to the construction industry.

Induced Impact: Induced impact results from the expenditures of employee wages and salaries.

Total impact: Total Impact is generally referred to as the "multiplier effect." This effect occurs whenever dollars are brought into a region's economy and recirculated before exiting or "leaking out."