

Lisbon, 20 November 2009

Launching Colloquy of  
« Heritage and Beyond »

a publication on the contribution of the Council of Europe  
Framework Convention on the value of cultural heritage for  
society (Faro Convention)

**Mr Donovan Rypkema**

*Heritage Conservation as Sustainable Economic  
Development*

## ***Heritage Conservation as Sustainable Economic Development***

Heritage and Beyond Colloquy

Council of Europe

Lisbon, Portugal

November 20, 2009

Donovan D. Rypkema

Too often when we hear the phrase *Sustainable Development* we only think about environmental issues – saving the rain forest, responding to climate change, using solar panels.

Of course the environmental component of sustainable development is important, but it is not the whole story. Comprehensive sustainable development is about environmental responsibility, certainly, but also about economic responsibility and social/cultural responsibility.

Heritage conservation is at the core of sustainable development in general and sustainable economic development in particular.

Economic development should be about jobs. Heritage conservation means jobs. The act of rehabilitating a heritage building is among the most potent local economic activities in the combination of the two measurable variables – numbers of jobs created and increased household income.

Some industries – restaurants for example – have a greater number of jobs per million Euros of output. But those are generally lower paid jobs so the impact on household income is less significant. Other industries – nuclear power plants as an example – have relatively high household income impact per employee. But since it doesn't take many workers to run the plant, the numbers of jobs is nominal.

Because the restoration of a heritage building is labor intensive, multiple jobs are created. Because those are generally well paid jobs – particularly for those without advanced formal education – the amount of household income generated is significant.

In Europe the ultimate local economic impact of historic building rehabilitation is decidedly greater than such industries as automobiles, computers, steel and highway construction.

Historic building rehabilitation also has a greater local economic impact than does new construction. Typically new construction will be half labor and half materials, while rehabilitation will be 60 to 70% labor with the balance being materials. In the case of the exacting restoration of monuments, the labor proportion will be even higher.

At the same time there is a serious labor shortage in Europe for artisans and craftsmen in a variety of restoration skills. In England, for example, although 109,000 people work on heritage buildings less than a third of them are equipped to work with traditional building materials. But his skills shortage isn't limited to the craftspeople. A recent study in the UK noted that the most severe skills shortages were among conservation proficient architects and engineers.

Because most building components have useful lives of between 25 and 40 years, a city could commit to rehabilitating 2-3% of its building stock per year and have perpetual employment in the construction trades.

Local jobs, positively affecting the local economy, for which demand exists for the foreseeable future is the ultimate in sustainable economic development.

If there is going to be sustainable economic development, there needs to be a major role for small business. In Europe, small businesses are responsible for 70% of all jobs and nearly 70% of the gross domestic product. Small business is the backbone of the European economy yet the connection between small business and heritage conservation is not well understood.

If the concept of cultural heritage had not moved beyond the "monument" it might be hard to make the case for the relationship between heritage conservation and small business. But when the concept of the built heritage is broadened to include the surrounding context for the monument and also the vernacular but locally important cluster of historic buildings, the importance of small business emerges.

First, most of heritage buildings that are in commercial use and are owner-occupied are owned by small businesses. Second, most commercial heritage buildings that are tenant-occupied house small businesses. The rents of those tenants allow the property owner to make the mortgage payment, pay property taxes, and make repairs on the heritage asset. The location, character, and often prestige of the heritage building add not only to the marketing but the ultimate profitability of the small business tenant.

In addition to the building's heritage status, it is often the relative affordability of the older structure that appeals to the tenant. There are certainly examples in cities of Europe where rents in heritage buildings are the highest in the market place. But there many more examples of heritage buildings being affordable, of being chosen by the tenant because of the relatively low cost of occupancy. This cost of occupancy is one of the few costs that a small business owner can control. Heritage buildings often provide the business space at a rental rate that allows the small business to survive, usually with no public assistance of any kind, but allows those businesses to serve their clients from high quality buildings.

The interrelationship between heritage conservation and small business does not stop there. The heritage industry itself is largely made up of small businesses – contractors, architects, conservationists, historians, consultants. Unlike building highways or

skyscrapers where the bid winners are invariably giant, multi-national firms, on heritage projects the expertise is usually in small firms who hire workers locally and spend their profits at home.

When “heritage conservation” and “economics” are mentioned in the same sentence the default response is, “Oh, you must mean heritage tourism”. Tourism is certainly important and accounts for over 5% of European GDP. Cultural tourism is a major contributor to tourism overall and is among the fastest growing segment of the tourism sector.

Analyses of heritage visitors indicate that they stay longer, visit more places, and spend more per day than tourists in general. This means that the per trip economic impact is decidedly higher than other types of tourism.

Further, research in Norway (and consistent with analysis elsewhere) is that while the historic site was the magnet that brought a visitor to a city, only 6 to 10% of the expenditures were at the historic site itself. Over 90% of the expenditures were at local hotels, restaurants, retail shops and elsewhere. This extraordinary leveraging of heritage resources is an important contributor to sustainable economic development.

Other areas where historic buildings are key to sustainable economic development include center city revitalization, where heritage conservation has been a central component of nearly every sustained success story internationally.

Recent analysis has reached these conclusions: 1) a sustainable city will have a sustainable economy; 2) in the 21<sup>st</sup> 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.

Others will talk about the role that heritage buildings play in the social/cultural component of sustainable development.

But it would be a mistake not to acknowledge the contribution of heritage conservation to the environment as well. In Europe 13-30% of what is dumped at the landfill is from construction and demolition debris. That landfill is increasingly expensive in both Euros and environmental quality. To the extent that we reuse rather than raze heritage buildings we are generating both economic and environmental returns.

In the United States there is a popular television show, “Are You Smarter than a Fifth Grader?” Well if you’re at least as smart as a fifth grader you’ll know what they all have learned – that saving the environment means reduce, reuse, recycle.

Rehabilitation of heritage buildings reduces the demand for land and new materials; reuses energy embodied in the existing materials, the labor, skills and the urban design

principles of past generations, and recycles the whole building. In fact, heritage conservation is the ultimate in recycling

We can preserve wetlands and be environmentally responsible...but have no effect on economic or cultural responsibility.

We can teach local history in the elementary school and be culturally responsible...but have no effect on economic or environmental responsibility.

We can have an equitable tax system and be economically responsible...but have no effect on cultural or environmental responsibility.

But if we go back to the graphic representation of sustainable development I would suggest that heritage conservation is, in fact, the only strategy that is simultaneously environmental responsibility, economic responsibility, and social/cultural responsibility.

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." The demolition of heritage buildings is the polar opposite of sustainable development; once they are razed they cannot possibly be available to meet the needs of future generations.

Sustainability requires stewardship. There can be no sustainable development without a central role for heritage conservation. For those who are doing that today, future generations will thank tomorrow.

And I thank you for allowing me to be here today.