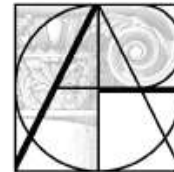


A Comparative Analysis of Property Values: Designated Historic Districts vs. Non-Designated Historic Neighborhoods

UNIVERSITY of
HOUSTON

HOBBY CENTER FOR PUBLIC POLICY



GREATER
HOUSTON
PRESERVATION
ALLIANCE

Part 1: Definitions

Definitions

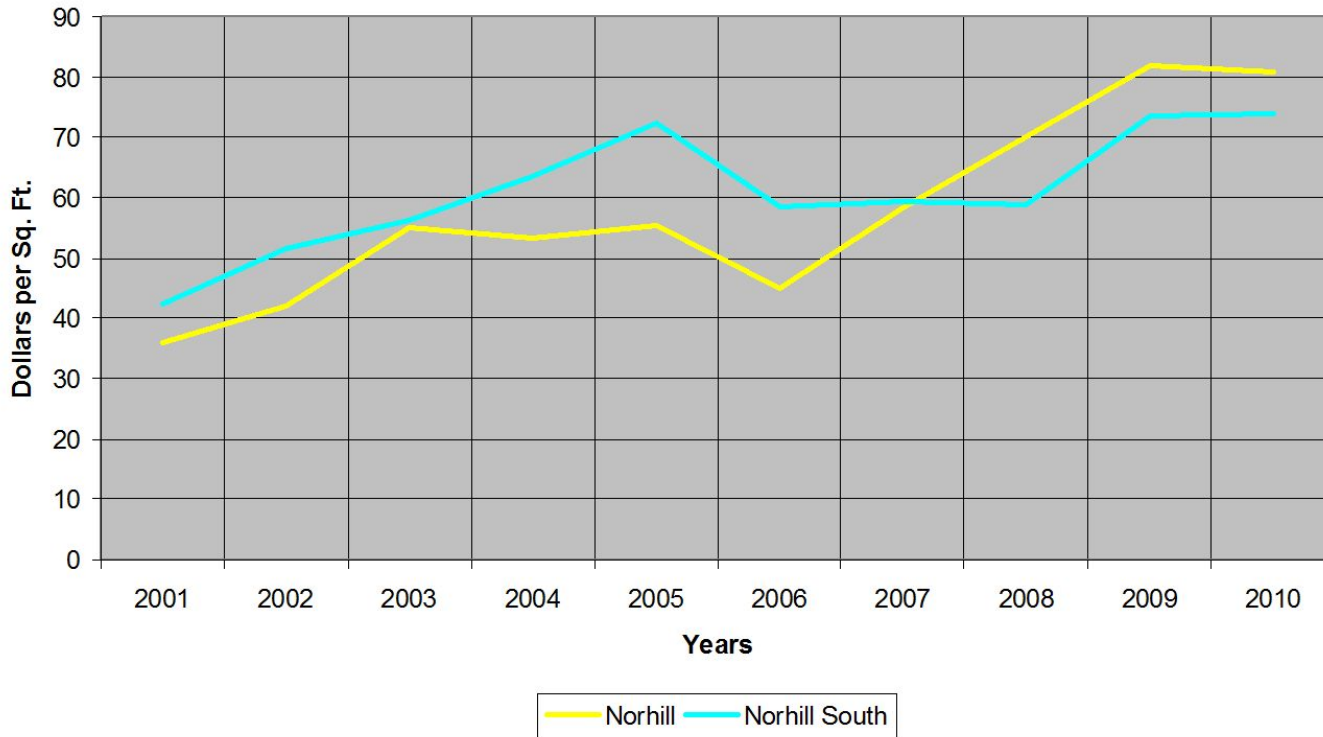
- Control groups – neighborhoods that are not yet designated historic districts but that include historic houses similar to those of adjacent City of Houston historic districts. This study considers 3: First Ward, Norhill South, and the Bute Addition.
- Designated historic districts - groups of historic houses designated as City of Houston historic districts. This study considers 3: Old Sixth Ward, Norhill, and Westmoreland.

Definitions Continued

- Dollars per square foot - the appraised value of a property in dollars divided by the square area spanned by the property in feet.
- Improvements value - Harris County Appraisal District (HCAD) appraised value of the house or building on a property, given in dollars per square foot.
- Land value - HCAD appraised value of the land a property covers, given in dollars per square foot.

Part 2: Observations & Findings

Improvements: Norhill vs. Norhill South

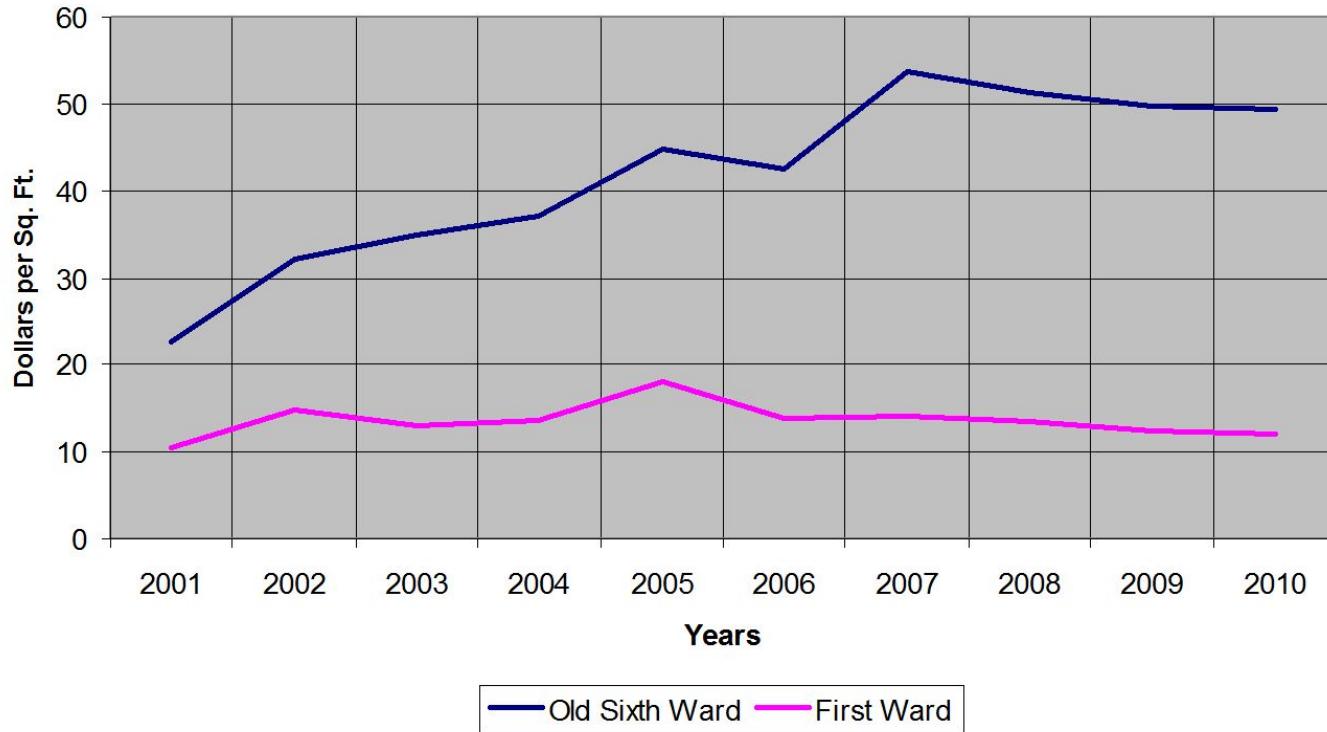


Norhill Historic District vs. Norhill South – Improvements Values

Norhill Historic District vs. Norhill South - Improvements

- From 2001 to 2010, the appraised values of houses in Norhill Historic District and Norhill South are relatively close in magnitude (dollars per sq. ft.).
- The appraised values of houses in both areas decreased beginning in 2005, however, Norhill Historic District began a four-year rebound in 2006.
- The appraised values of houses in Norhill Historic District increased rapidly enough to surpass Norhill South in 2007 and stay above Norhill South from that point forward.
- Conclusion: In this case, the values of houses in the designated historic district appear to rebound faster from decreases and can eventually overtake the control counterparts.

Improvements: Old Sixth Ward vs. First Ward



Old Sixth Ward Historic District vs. First Ward - Improvements

Old Sixth Ward Historic District vs. First Ward - Improvements

- From 2001 to 2010, houses in Old Sixth Ward Historic District have substantially higher appraised values than in the control counterpart, First Ward.
- From 2001 to 2007, appraised values of houses in Old Sixth Ward Historic District more than double, and generally maintain, those new higher values until 2010.
- From 2005 to 2010, appraised values for houses in First Ward are in consistent decline.
- Conclusion: In this case, houses in the historic district are more likely to have higher appraised values and to increase in value compared to their control counterparts.

Improvements: Westmoreland vs. Bute Addition

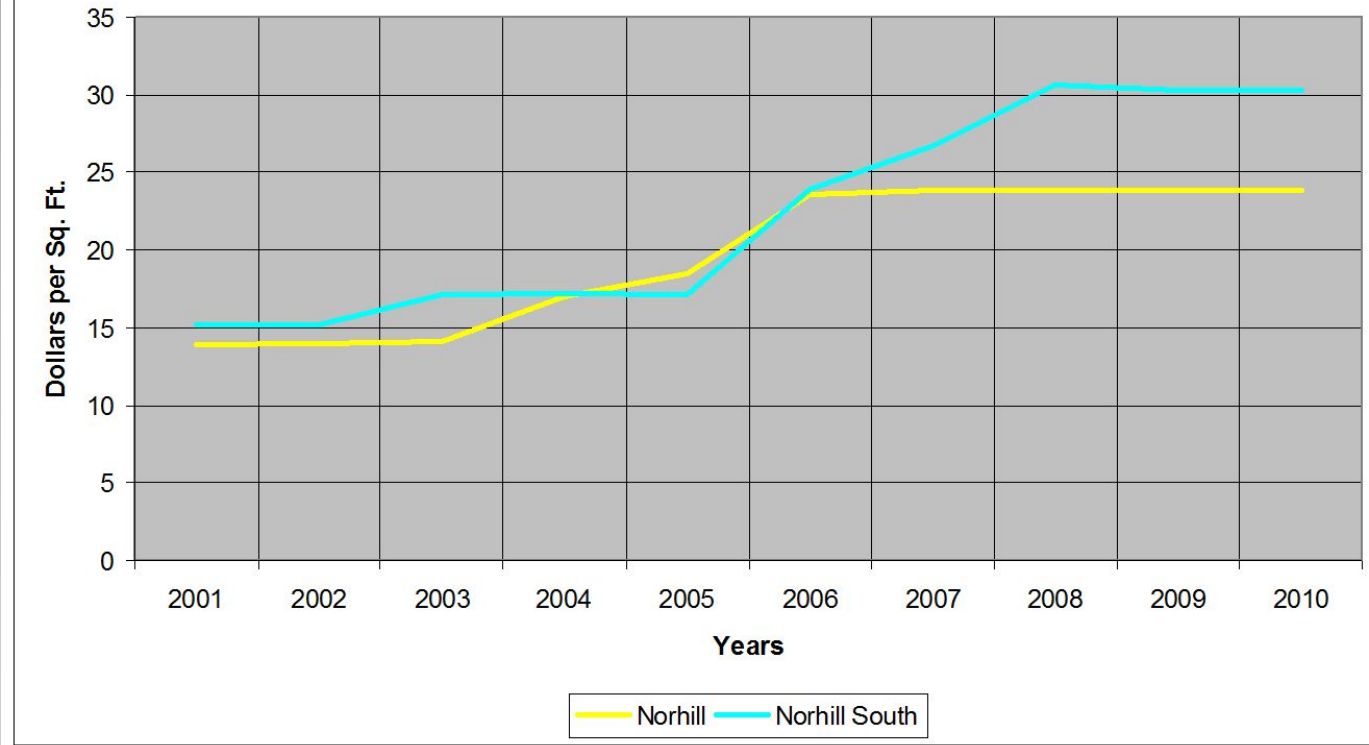


Westmoreland Historic District vs. Bute Addition - Improvements

Westmoreland Historic District vs. Bute Addition - Improvements

- From 2001 to 2010, houses in the Westmoreland Historic District have substantially higher appraised values than those in its control counterpart, Bute Addition.
- Both areas exhibit similar increases and decreases in appraised values with the only difference being a dip in the value of Bute Addition houses in 2008.
- Conclusion: In this case, houses in the historic district avoid temporary dips in value as compared to their control counterparts.

Land: Norhill vs. Norhill South

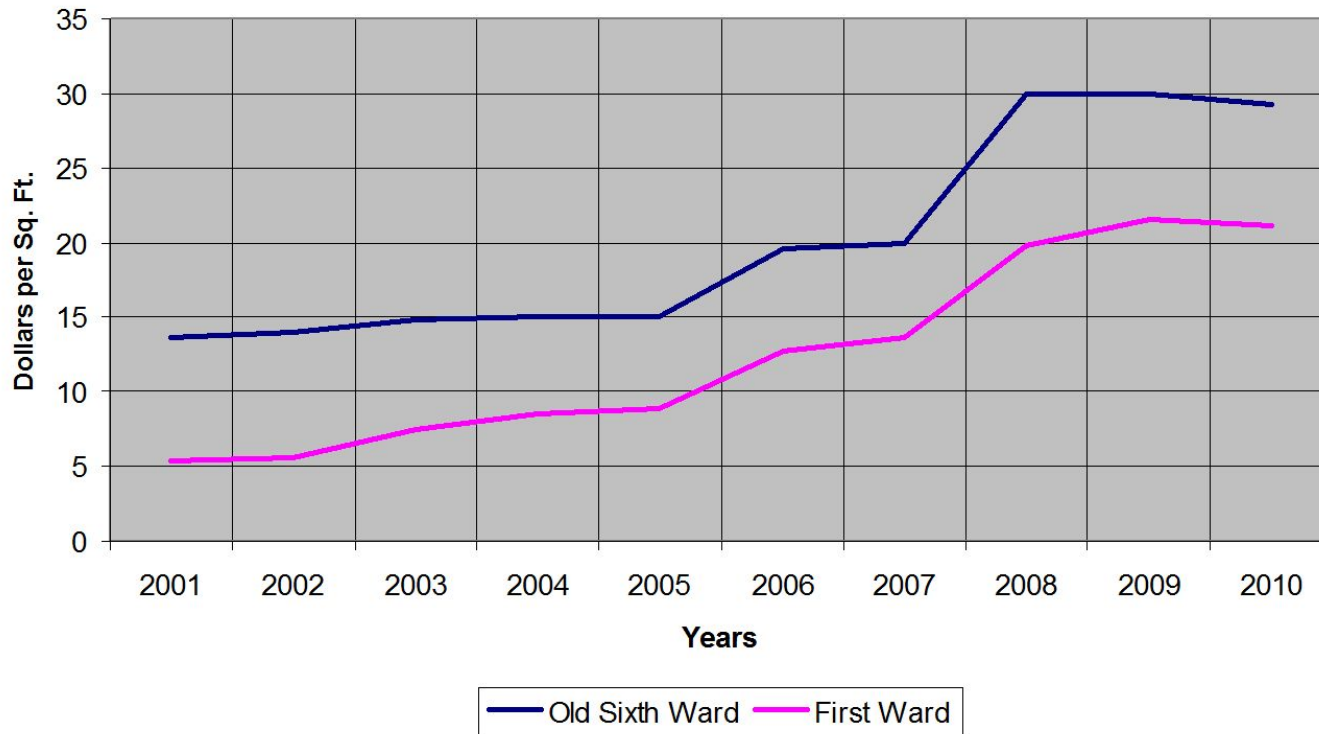


Norhill Historic District vs. Norhill South - Land

Norhill Historic District vs. Norhill South - Land

- From 2001 to 2006, Norhill Historic District and Norhill South had very similar appraised land values.
- For an undetermined reason, appraised land values in Norhill Historic District remained essentially constant from 2006 to 2010 and were lower than its control counterpart.
- Conclusion: Aside from a constant value from 2006 to 2010, Harris County Appraisal District sees no particular difference in land values between Norhill Historic District and Norhill South.

Land: Old Sixth Ward vs. First Ward



Old Sixth Ward Historic District vs. First Ward – Land

Old Sixth Ward Historic District vs. First Ward - Land

- From 2001 to 2010, appraised land values in Old Sixth Ward Historic District remained consistently higher than appraised land values in First Ward.
- For the entire period, appraised land values in Old Sixth Ward Historic District and First Ward increased and decreased at roughly the same rates.
- Conclusion: In this case, Harris County Appraisal District sees no reason to treat these two areas differently in terms of increases or decreases in land values.

Land: Westmoreland vs. Bute Addition

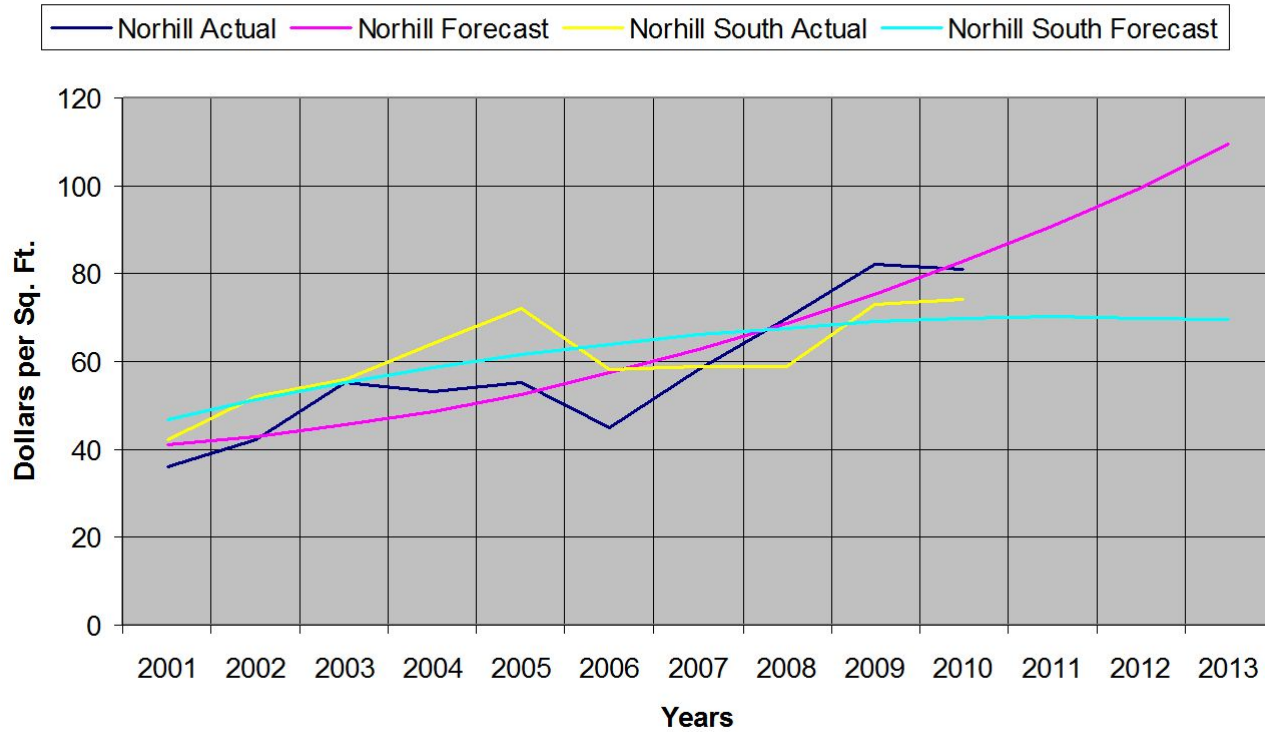


Westmoreland Historic District vs. Bute Addition – Land

Westmoreland Historic District vs. Bute Addition - Land

- From 2001 to 2010, Westmoreland Historic District and Bute Addition had very similar appraised land values.
- For the entire duration, appraised land values in Westmoreland Historic District and Bute Addition increased and decreased at roughly the same rates.
- Conclusion: In this case, it appears that Harris County Appraisal District places no difference on appraised land values between the designated historic district and non-designated historic neighborhood.

Future Improvements: Norhill vs. Norhill South

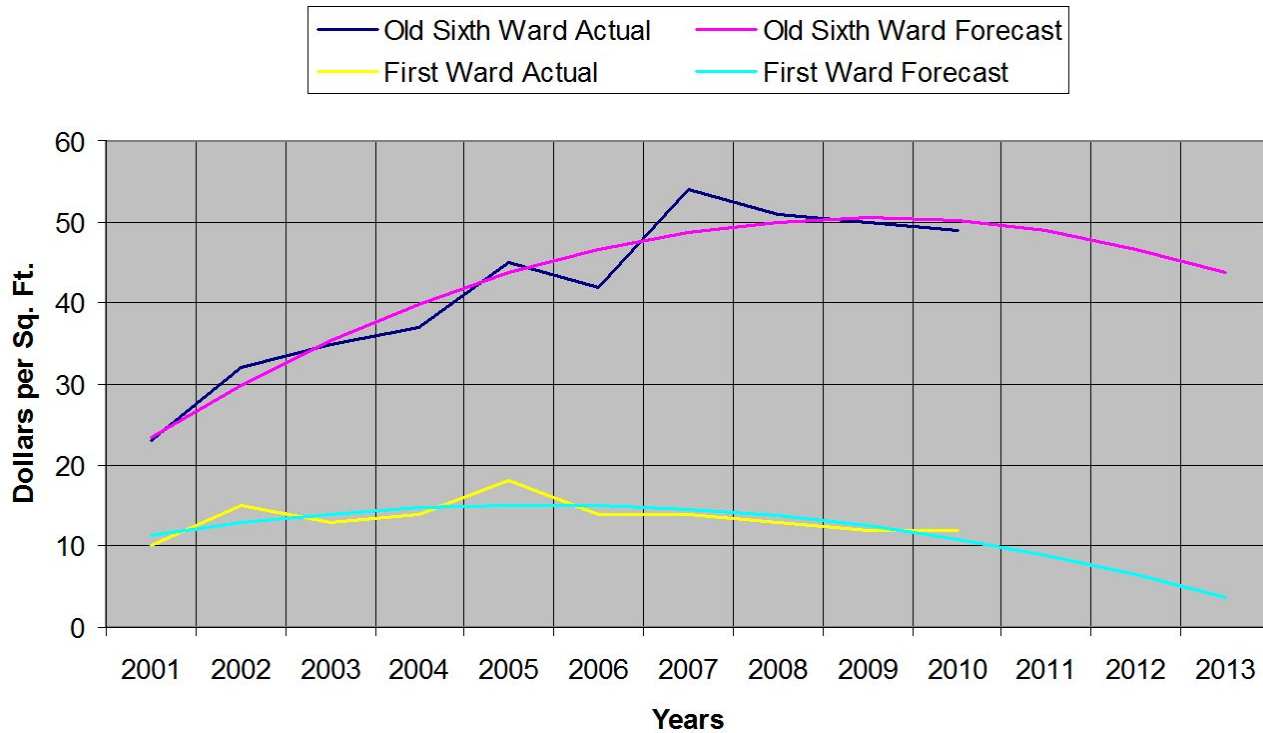


Norhill Historic District vs. Norhill South – Projected Values

Norhill Historic District vs. Norhill South – Projected Values for Improvements

- The Norhill Historic District forecast shows a consistent increase in the projected value of houses from 2001 to 2013.
- The Norhill South forecast shows a more modest increase in the projected value of houses from 2001 to 2007, with a level-off of value from 2007 to 2013.
- Conclusion #1: In this case, houses in the designated historic district are much more likely to increase in value in the future.
- Conclusion #2: When considering the value of houses, Norhill South appears to be the best candidate from the control group for future historic district designation.

Future Improvements: Old Sixth Ward vs. First Ward

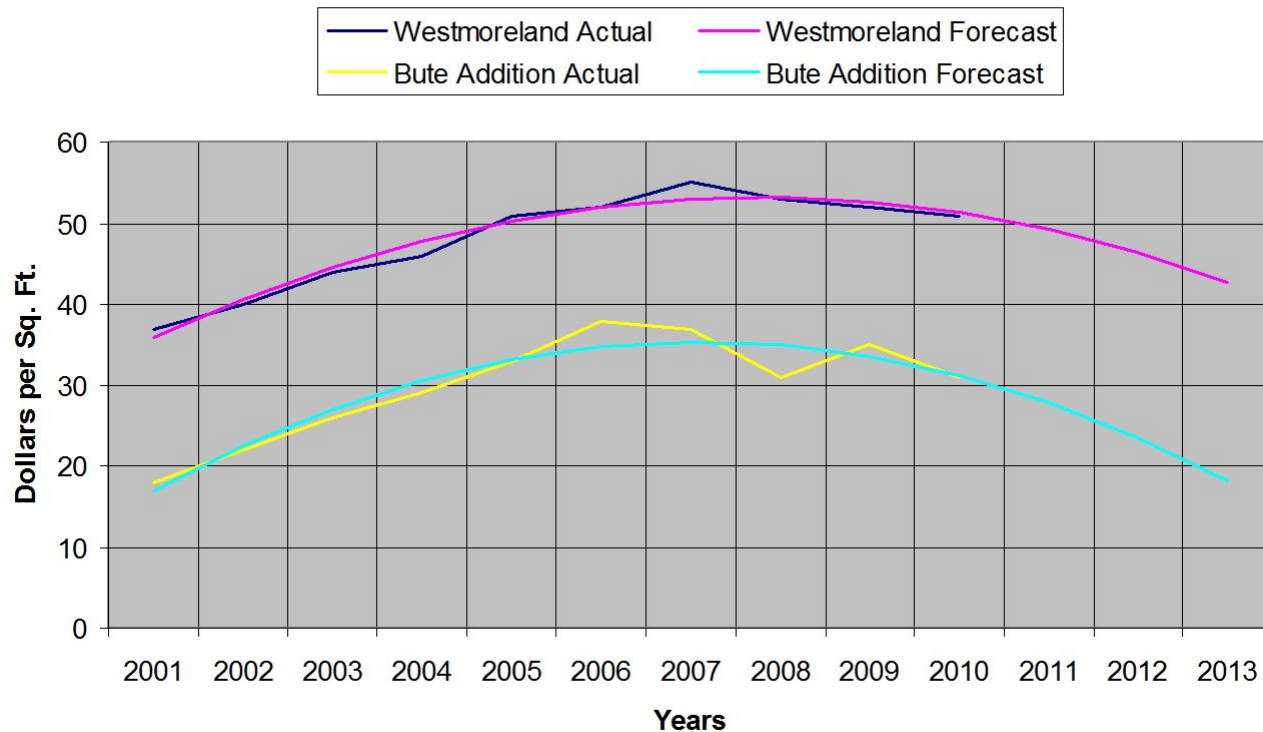


Old Sixth Ward Protected Historic District vs. First Ward – Projected Values

Old Sixth Ward Historic District vs. First Ward – Projected Values for Improvements

- Both the Old Sixth Ward Historic District and First Ward forecasts project a decrease in the value of houses from 2009 to 2013.
- The projected rate of decrease for First Ward houses is almost twice the projected rate of decrease for Old Sixth Ward in that time.
- The projected downward trend for First Ward actually starts earlier, in 2006, while houses in Old Sixth Ward Historic District show increasing value at that time.
- Conclusion: In this case, houses in the designated historic district are more likely to hold their value longer and decrease in value at a slower rate than in the non-designated area.

Future Improvements: Westmoreland vs. Bute Addition



Westmoreland Historic District vs. Bute Addition – Projected Values

Westmoreland Historic District vs. Bute Addition – Projected Values for Improvements

- Forecasts for the projected value of houses in Westmoreland Historic District and Bute Addition are very similar in terms of projected increases and decreases from 2001 to 2013.
- From 2005 to 2010, both forecasts exhibit their largest deviations from the known data points.
- The Bute Addition has larger deviations (both high and low) from 2005 to 2010 implying more unpredictability in that time frame.
- Conclusion: In this case, houses in designated historic districts are more likely to have less volatile value changes than their counterparts in non-designated areas.

Hobby Center for Public Policy Contacts

Jim Granato, PhD, Director, Hobby Center for Public Policy, jgranato@uh.edu, 713 743 3887

Renee Cross, MLA, Associate Director, Hobby Center for Public Policy, rcross@uh.edu, 713 743 3972

Terry Mayes, Manager, Hobby Center for Public Policy – Concept Visualization Lab, mayes@pfmtx.com, 713 743 8685

Mike Angel, Executive Administrative Assistant, Hobby Center for Public Policy, mangel2@uh.edu, 713 743 3976

Lauren Neely, JD, Department Business Administrator, Hobby Center for Public Policy, Ineely5@.uh.edu, 713 743 3975

UNIVERSITY of
HOUSTON

HOBBY CENTER FOR PUBLIC POLICY

www.uh.edu/cpp