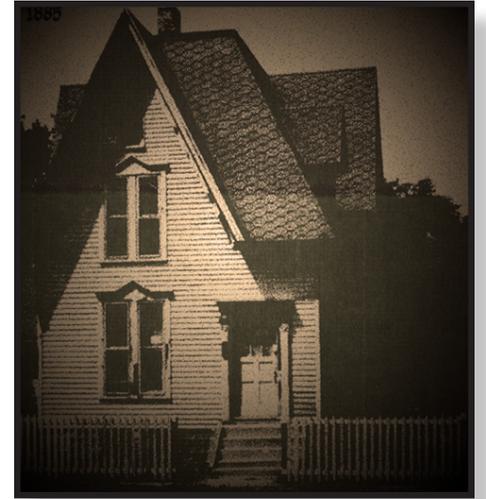


# THE IMPACT OF HISTORIC DISTRICT DESIGNATION ON PROPERTY VALUES

Rockford, Illinois - December, 2008







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STUDY COMPILED BY:  
MEMBERS AND STAFF OF THE ROCKFORD  
HISTORIC PRESERVATION COMMISSION

WITH ASSISTANCE FROM STAFF FROM THE  
DEPARTMENT OF COMMUNITY AND ECONOMIC  
DEVELOPMENT OF THE CITY OF ROCKFORD.

DESIGNED BY STAFF OF THE  
ROCKFORD AREA ECONOMIC DEVELOPMENT  
COUNCIL.

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A common complaint of property owners in Rockford's historic districts is that designation as part of a historic district lowers their property values because of the additional regulations that they must contend with. In 2007, the Rockford Historic Preservation Commission decided to look into this to determine if this is in fact the case. Based on information gleaned from tax records contained in Winnebago County's GIS system (WinGIS) and the online records of the Rockford Township Assessor, we have concluded that just the opposite is the case. Whether we looked at assessed valuations over time or sales prices, properties in Rockford's four residential historic districts generally performed better over the past 30 years than did equivalent properties in comparable neighborhoods.

How did we come to this conclusion? The first step was to determine what would make good comparable neighborhoods for each district. To do this, we found the range of home values in each district in 1977, a figure that is included in WinGIS. Then we looked for adjacent or at least nearby residential neighborhoods with equivalent values

in 1977 and that are still largely residential in nature today. Using GIS and the Rockford Township Assessor's website, we then compiled the following data for each district and comparable neighborhood:

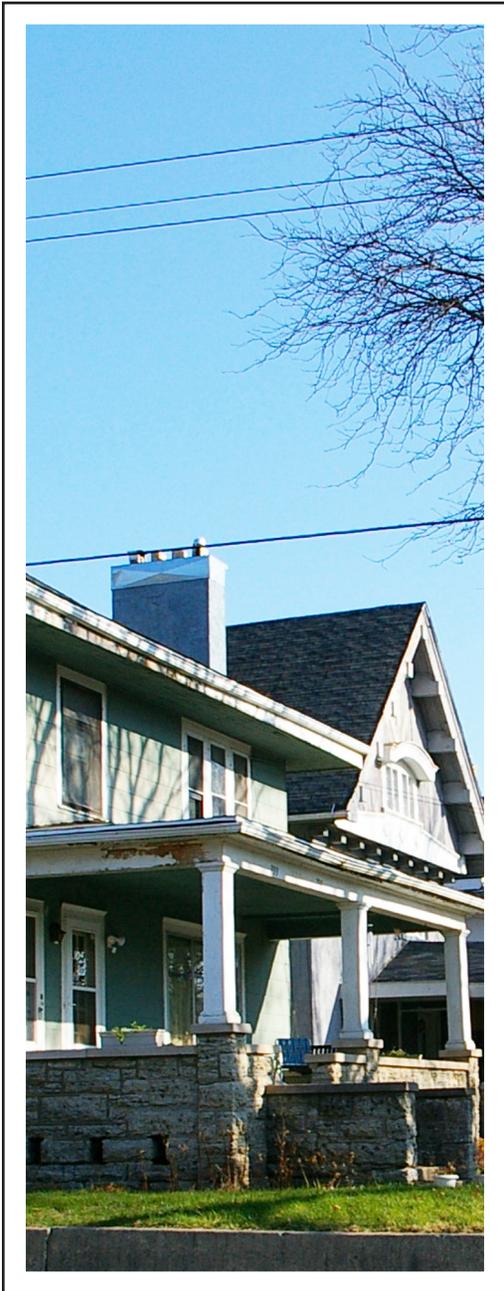
- *1977 assessed valuation;*
- *2007 assessed valuation;*
- *number of owner-occupied properties (based on owner-occupant exemptions);*
- *number of above grade livable square feet (from the Assessor's website); and*
- *last sale price (based on what are termed valid sales on the Assessor's website).*

Starting with these pieces of data, we were able to determine a figure for fair market value (by multiplying assessed value by 3); changes in value, sales price and value/square foot over time; and average and median figures for each piece of data. In doing this, we only included parcels for which we had data in both 1977 and 2007, and we excluded parcels which were shown as tax exempt in either or both years to avoid skewing the results.

We had originally intended to combine this information with data from the 1980 and 2000 censuses. However, because census block boundaries did not line up at all well with the neighborhoods we are dealing with, we concluded this would not provide valid information.

Overall, our findings show that local historic districts not only provide protection for Rockford's historic resources, they protect and enhance their owners' financial resources as well. This also translates into protecting the City of Rockford's financial resources by protecting a part of its property tax base. In looking at our districts, we learned that

- *Changes in assessed value for Rockford's four residential districts grew between 224% and 317% between 1977 and 2007 while comparable neighborhoods grew from between 137% and 341%. More importantly, there was only one instance where a comparable neighborhood outperformed a district, and in this case it was only part of a district. (Specifics for each district are outlined on the following pages.)*
- *Owner occupancy rates in the historic districts generally equaled or exceeded those in comparable neighborhoods. Rates of ownership in the districts range from 52% in Haight Village to 86% in Brown's Hills/Knightsville, while those in comparable neighborhoods range from 38% for the area east of Kishwaukee Street compared to Haight Village, to 96% for the portion of National Avenue compared with a part of Brown's Hills/Knightsville.*
- *Average sale prices for single-family homes increased by between 221%*



*and 469% in the districts between the 1980s and the last 7 years. Comparable figures for the other neighborhoods we looked at were a range of 154% to 388%. Again, the districts outperformed the comparable neighborhoods in all cases except one.*

In light of how well these findings came out, we decided to go a step beyond the original scope of this study and compare values in Rockford’s oldest National Register district – the East Rockford Historic District that stretches along East State Street from the Rock River to the Faust Landmark – with the City’s two newest commercial districts. These are 7th Street, listed on the National Register in 2005, and West Downtown, listed in 2007. While local districts carry with them mandatory design control which can be said to aid in stabilizing and thereby strengthening these neighborhoods, National Register districts have no such controls. What they do have is access to a 20% federal income tax credit for owners who renovate their buildings through the review process managed by the Illinois Historic Preservation Agency and, ultimately, the National Park Service. This added incentive, which is a significant financial one, was the driving force behind creation of the two newest districts. Since neither one has

existed long enough to produce evidence of impacts from tax credits, a comparison with the East Rockford district, which was listed in 1980, seemed to present a good opportunity for looking at the possible impact of the tax credit program as it has been used in Rockford.

What we found in doing this comparison is that the East Rockford district showed a greater increase in assessed value than did either of the other districts. Specifics are in the table below.

In the pages that follow, we review the data for each of the local residential historic districts. As you will see, at the very least, local designation (and the resulting requirement for design review) does not result in a loss of value for properties. Properties in all four of Rockford’s local historic districts have, on average, increased in value at a greater rate than properties in nearby equivalent neighborhoods. This in return results in a stronger financial position for property owners in those districts, as well as a stronger financial position for the City of Rockford as it relates to its tax base.

Name of District	Assessed Value		Change in Value
	1977	2007	
East Rockford	\$1,931,867	\$2,778,465	43.80%
7 <sup>th</sup> Street	\$1,669,812	\$2,232,174	33.70%
West Downtown	\$3,613,766	\$4,034,258	11.60%