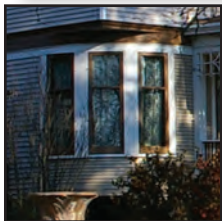
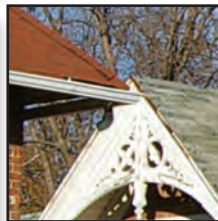


# THE IMPACT OF HISTORIC DISTRICT DESIGNATION ON PROPERTY VALUES

Rockford, Illinois - December, 2008











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SPECIAL THANKS TO:  
NATIONAL PARK SERVICE AND THE  
ILLINOIS HISTORIC PRESERVATION AGENCY.

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:

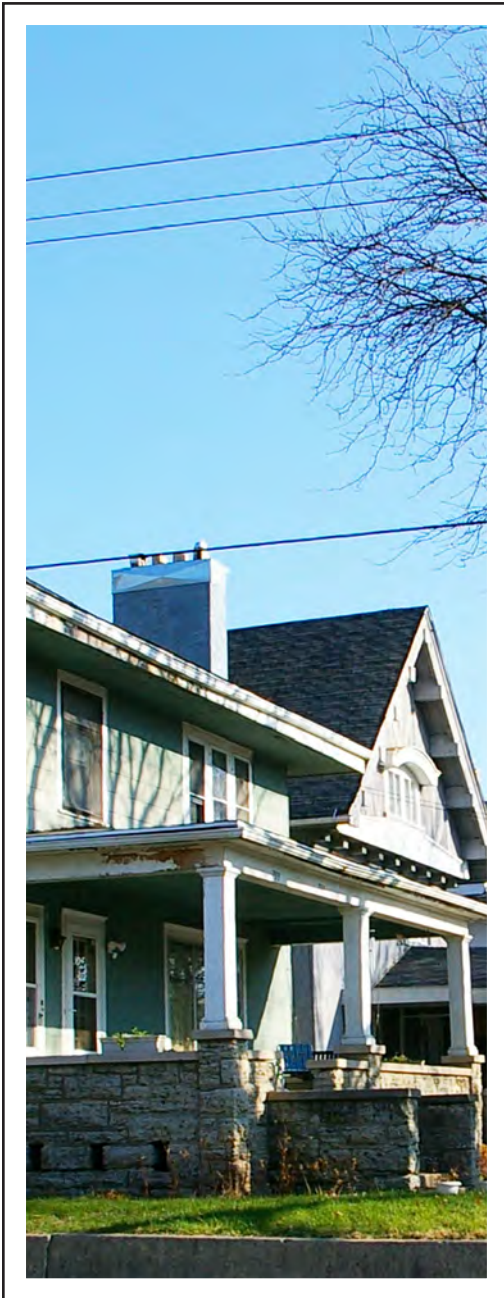
- *1977 assessed valuation;*
- *2007 assessed valuation;*
- *number of owner-occupied properties (based on owner-occupant exemptions);*
- *number of above grade livable square feet (from the Assessor's website); and*
- *last sale price (based on what are termed valid sales on the Assessor's website).*

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%



## THE AREA

Rockford's first local historic district, Haight Village includes the area bounded by South Madison, Walnut and Kishwaukee Streets and, to the south, the railroad. This area formed the southeast corner of the newly incorporated Rockford in 1839 and is the only section of the original square mile settlement to remain intact as a residential area. It was Rockford's most fashionable neighborhood in the late 19th and early 20th centuries. Taken as a whole, the architecture of its homes provides a visible record of Rockford's growth from a small settlement to a late 19th century industrial city. The style and scale of the homes range from modest Gothic and Greek Revival homes that are the District's oldest structures, to the flamboyant Queen Anne homes of the 1890s that were built as a visible expression of their owners' economic success. It also includes a few homes that were built outside this period, including one Lustron home, as well as religious and institutional uses.

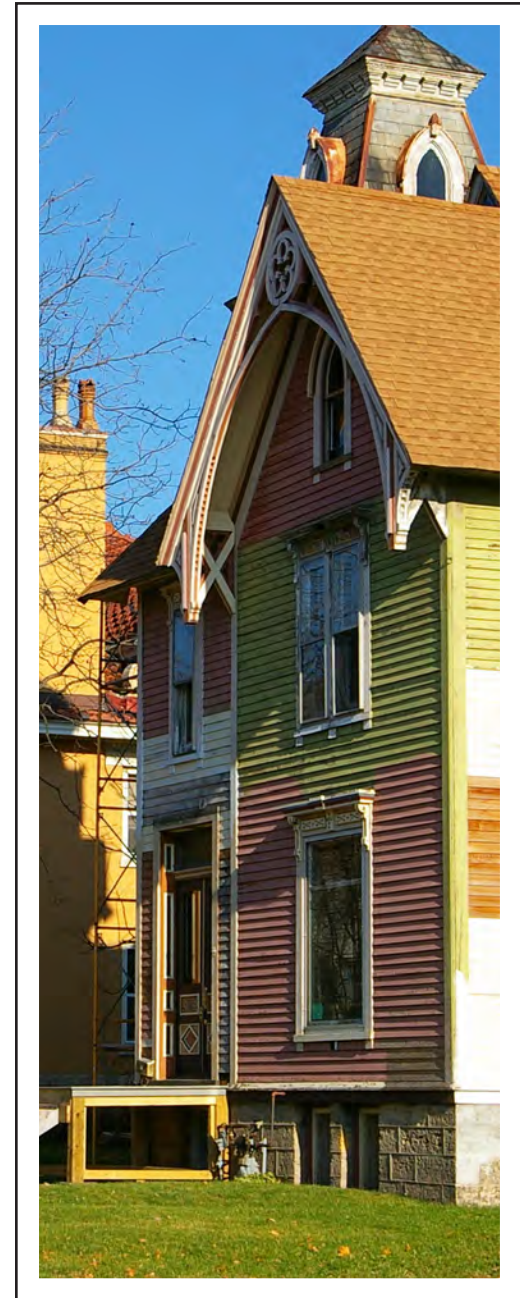
The area being compared to Haight Village, shown in yellow on the map, lies on the other side of

Kishwaukee Street, extending from Second Avenue south to Sixth Avenue, and eastward as far as Fifth Street. In 1977, the area was solidly residential with the exception of the Kishwaukee Street frontage which included several automotive-related businesses as well as General Litho. Major changes since then include relocation of 5th Avenue to line up with College Avenue to the west, which involved elimination of several structures, and construction of Patriot's Gateway Center. General Litho moved to the Main and Auburn area with its building on Kishwaukee now being used as a church. Other uses in this area remain essentially the same now as they were in 1977.

## OUR FINDINGS

### ASSESSED AND FAIR MARKET VALUE

- *Between 1977 and 2007, assessed valuation increased by 257% within Haight Village and by 138% in the area east of Kishwaukee Street.*
- *During that same time, the average fair market value increased from \$22,776 to \$81,285 in Haight Village and from \$20,553 to \$48,816 in the area east of Kishwaukee Street.*





## SALES PRICE

In looking at sales prices, we compared both total sales price and price per square foot of above grade living space in single-family and two-family residential properties. (Haight Village is the only historic district with a significant portion of two-family residences, so it is the only one in which we compared two-family as well as single-family changes over time.)

### FOR SINGLE-FAMILY HOMES:

- *Within Haight Village, single-family homes currently have between 773 and 3,893 square feet of above ground living space. In the 1980s, average sales price for these homes was \$35,140 (ranging from \$5.72 to \$17.69/sq ft); from 2000 to 2007, their average sales price had increased by 135% to \$82,411 (ranging from \$22.70 to \$55.77/sq ft).*
- *In the area east of Kishwaukee Street, the size of single-family homes ranges from 936 sq ft to 2,752 sq ft. Average sales price in the '80s was \$24,000 (ranging from \$6.61 to \$17.22/sq ft); this increased to \$54,736 (128%) during 2000 to 2007 with prices ranging from \$8.10 to \$57.95/sq ft.*

### FOR TWO-FAMILY RESIDENCES:

- *Within Haight Village:*
- *Average square feet of above grade living space/structure is 2,477;*
- *Average sales price in the '80s was \$32,250;*

- *Average sales price, 2000-2007 was \$81,554;*
- *Increase over that time in average sales price, 153%.*

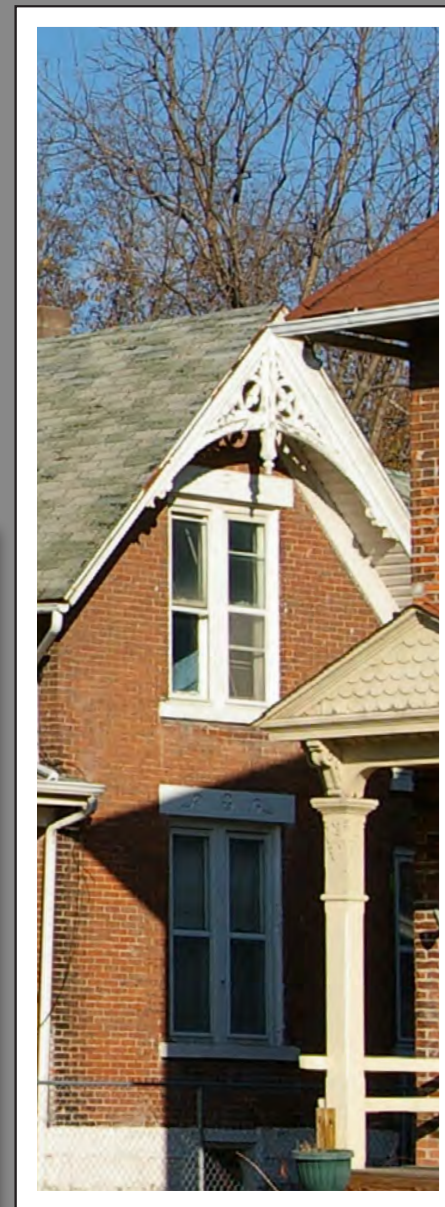
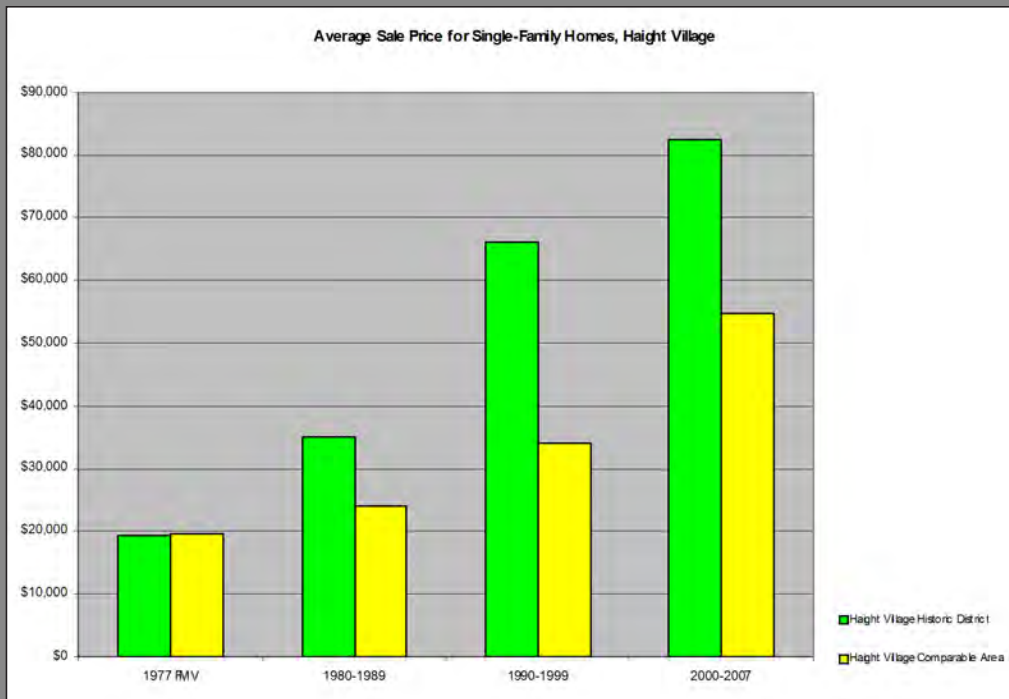
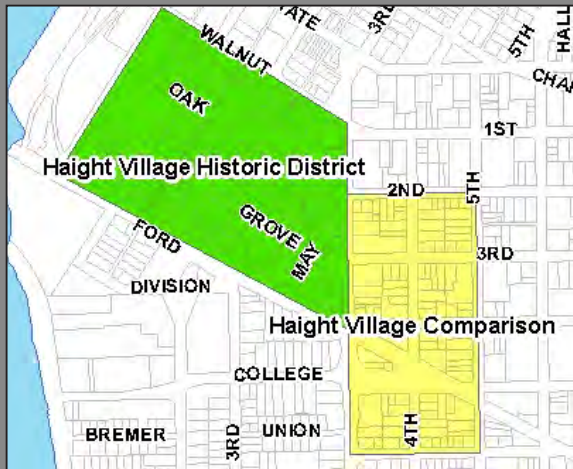
### IN THE AREA EAST OF KISHWAUKEE STREET:

- *Average square feet of above grade living space/structure is 2,189;*
- *Average sales price in the '80s was \$27,500;*
- *Average sales price, 2000-2007 was \$49,688;*
- *Increase over that time in average sales price, 80%.*

## OWNER OCCUPANCY

One last factor we can look at in Haight Village is the level of homeownership now compared with when the District was first designated in 1980. This is the only district application that included maps showing which residential properties were owner-occupied and which were rental. In 1980, only 35% of residential properties were owner-occupied. This figure has since increased to 65%, based on the number of owners claiming the owner-occupant exemption on their property taxes in 2007. Since higher levels of home ownership are generally considered an indicator of neighborhood stability, this can be taken to be one more sign of the value of local historic district status. While we do not have an equivalent figure for the area east of Kishwaukee for 1977 or 1980, we do know that the current level of home ownership is 46%.





## THE AREA

Four blocks of Garfield Avenue on Rockford's northwest side make up the City's second historic district. Homes in the District represent a variety of architectural styles, some dating back to the turn of the last century. Many of the homes represent examples of craftsmanship unique to the early 1900s. Prominent individuals who lived on this part of Garfield Avenue include G. R. Smith, son of the founder of Smith Oil Corporation; Arthur Ziock, owner of Ziock Sock Mills; William H. Barnes, developer of the Garfield Avenue area; and G. David Sundstrand, one of the founders of the Sundstrand Corporation (now Hamilton Sundstrand).

For a comparison, we chose the same four blocks (Ridge Avenue to Winnebago Street) of the streets immediately north and south of Garfield, Ashland and Benderwirt Avenues. Both are strictly residential, as is Garfield.

## OUR FINDINGS

### ASSESSED VALUATION AND FAIR MARKET VALUE

- Between 1977 and 2007,

*assessed valuation increased by 224% on Garfield Avenue, by 158% on Ashland and by 162% on Benderwirt.*

- *Here's how the fair market value changed in each area during that same time:*
  - *Garfield Avenue's increased from \$34,464 to \$111,627;*
  - *Ashland Avenue's increased from \$21,324 to \$55,020; and*
  - *Benderwirt Avenue's increased from \$34,686 to \$90,915.*

## SALES PRICE

Sales prices followed the same pattern on the three streets.

- *Within the Garfield Avenue Historic District, single-family homes (there is one two-family residence) currently have from 1,092 to 4,560 square feet of above ground living area. In the 1980s, average sales price for these homes was \$57,100 (ranging from \$10.79 to \$37.77/sq ft); from 2000 to 2007, the average increased 82% to \$104,300 (ranging from \$39.18 to \$91.91/sq ft).*
- *Single-family homes on Ashland Avenue currently have from 840 to 2,572 square feet of living area.*

*Their average sales price in the 1980s was \$26,000 (\$8.94 to \$27.34/sq ft); sales figures since 2000 show an increase of 101% to an average of \$52,181 (\$14.02 to \$58.12/sq ft in 2007).*

- *Single-family homes on Benderwirt Avenue have from 991 to 1,987 square feet of above ground living space. Average sales price in the 1980s was \$48,225 (\$16.53 to \$35.99/sq ft). This increased by 75% between 2000 and 2007 to \$84,388 (\$46.17 to \$81.93/sq ft in 2007).*

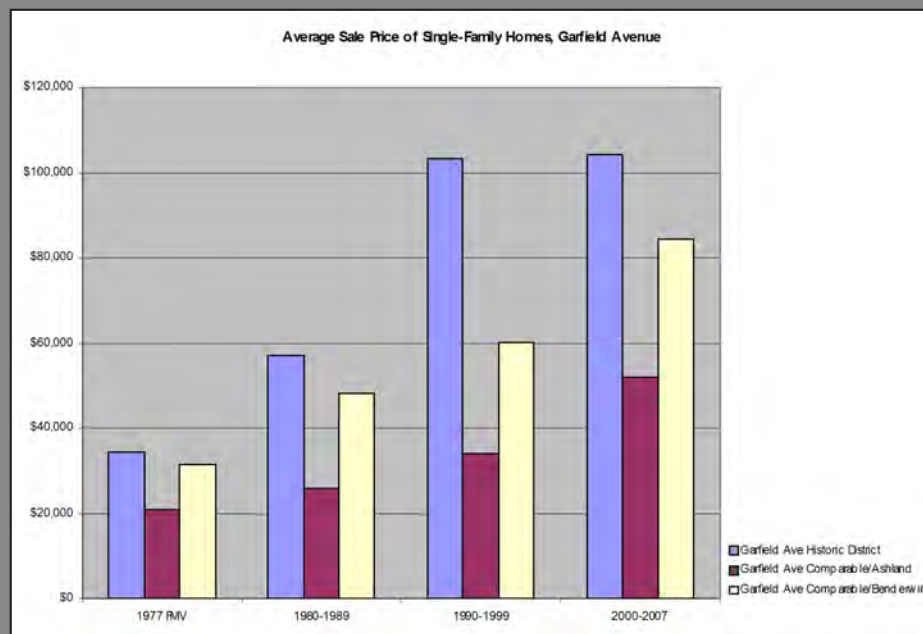
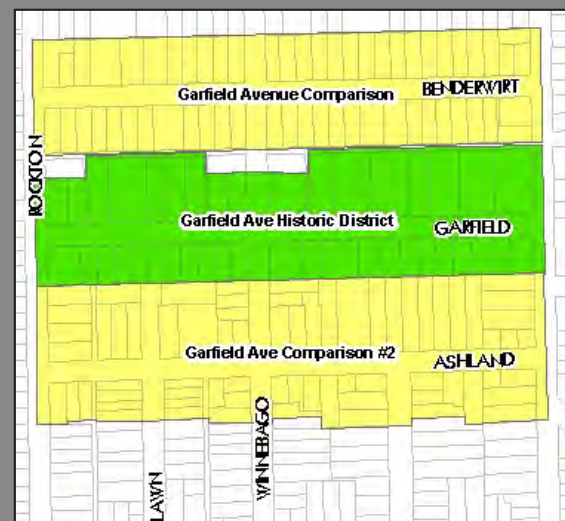
## OWNER OCCUPANCY

Owner occupancy levels in the Garfield Avenue Historic District compare favorably with those on both streets it is being compared with. The 2007 data for owner-occupant exemptions in County records show that 86% of properties in the District are owner occupied, compared with 84% on Benderwirt and 50% on Ashland.











## THE AREA

The Indian Terrace Historic District occupies roughly six acres on Rockford's riverfront, starting with Beattie Park and extending northward to the southern edge of the Armory property. It exists today as an intact, early 20th-century urban neighborhood. It derives its character not from a large number of landmark quality structures, but from a blend of architectural styles with similar massing, scale and proportion. The District also contains visual evidence of another time and culture in the effigy mounds constructed by Native Americans in what is now Beattie Park.

Because of the unique character of the District, it was difficult to find truly comparable neighborhoods to compare it with. One lies between Harlem Boulevard and Franklin Place in the 1000 block of each, while the other lies between Harlem Boulevard and Camp Avenue in the 1200 block. Both are totally residential although the former includes a greater mix of single- and two-family residences than does the Camp Avenue area. (Indian Terrace includes 14 residential properties of which 10 are single-

family, 1 is 2-family and the remaining 3 are 4-family structures.)

## OUR FINDINGS

### ASSESSED VALUATION AND FAIR MARKET VALUE

- *Between 1977 and 2007, assessed valuation increased by 317% in the District, by 287% in the Franklin Place area, and by 240% in the Camp Avenue area.*
- *During that same time, average fair market values for these areas showed the following increases:*
  - \$35,334 to \$147,393 in Indian Terrace;
  - \$33,726 to \$130,410 for Franklin Place; and
  - \$38,430 to \$130,698 for Camp Avenue.

### SALES PRICE

Average sales prices for single-family homes showed increases similar to those in assessed valuation and fair market value.

- *Single-family homes in the District range from 964 to 3,007 square feet in above ground living area. Average sales price in the 1980s for these homes was \$64,250*



with a range of from \$11.41 to \$23.51/sq ft. From 2000 to 2007, their average price had risen to \$161,125 (\$46.78 to \$95.25/sq ft in 2007).

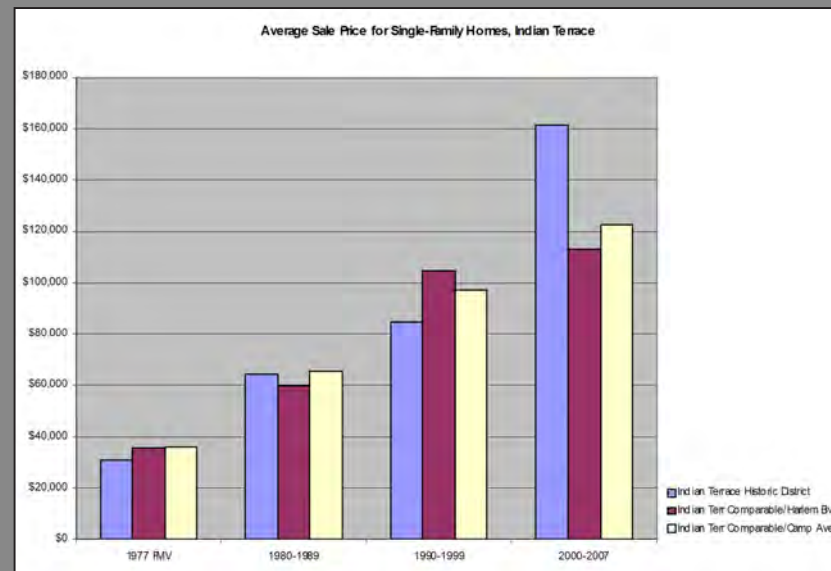
- Homes in the Franklin Place area have from 1,404 to 3,735 square feet of living area and had an average sales prices in the '80s of \$35,494 (\$10.25 to \$23.24/sq ft). During the years 2000 to 2007, the average price had risen to \$104,500 (\$55.89 to 84.71/sq ft in 2007).
- Homes in the Camp Avenue area have from 1,329 to 3,497 square feet of living area. Average sales price in the '80s was \$36,158 (\$12.04 to \$25.45/sq ft). Average price between 2000 and 2007 was \$97,000 with a range of from \$45.31 to \$83.06/sq ft in 2007.

## OWNER OCCUPANCY

The rate of owner occupancy is substantially higher in the Indian Terrace Historic District (71%) than it is in the area on Harlem Boulevard (45%) but somewhat lower than that of the Camp Avenue area (84%).







## THE AREA

Designated in 1984, the Brown's Hills/Knightsville Historic District is by far Rockford's largest local historic district with over 200 properties. It was settled in the 1850s and '60s by Horace Brown, for whom Brown's Hills is named, and Major Elias Cosper who subdivided his land with the aid of B. A. Knight, establishing Knightsville in 1889. The District includes a variety of architectural styles with everything from Victorian-era farmhouses to bungalows to several large homes designed by local architect Jesse Barloga, including one he built for himself. Despite the variety of homes, the District has become a closely knit neighborhood, still isolated from the rest of the City by natural barriers.

Because of the size of the District and the substantial variation in size of the homes there, we split it into two areas, comparing one to the area to its south on the other side of Rural Street while comparing the area bounded by Ridgewood Road, Brownwood Drive, C Street and Greenmount Street to a portion of National Avenue. All areas are completely residential. The

table to the right shows the makeup of those areas.

## OUR FINDINGS

### ASSESSED VALUATION AND FAIR MARKET VALUE

- These areas showed the following changes in assessed valuation between 1977 and 2007:
  - 260% for the District as a whole;
  - 254% for the portion of the District compared with National Avenue;
  - 263% for the portion compared with the area south of Rural Street;
  - 341% for the National Avenue area; and

- 187% for the area south of Rural Street.

- During that same time, fair market values for these areas showed the following increases:

- The District as a whole went from \$38,454 to \$138,384;

- The portion of the District compared with National Avenue went from \$66,324 to \$234,624;

- The portion of the District compared with the area south of Rural Street went from \$30,975 to \$112,563;

- The National Avenue area went from \$60,264 to \$265,500; and

- The area south of Rural Street went from \$29,112 to \$83,610.

Area	# of single-family	# of two-family	# of 3-family	# of 4-family
Historic District (total)	173	18	0	1
District area compared to area to the south	132	18	0	1
District area compared to National Avenue	41	0	0	0
Area south of Rural Street	140	22	1	7
National Avenue area	113	1	0	0



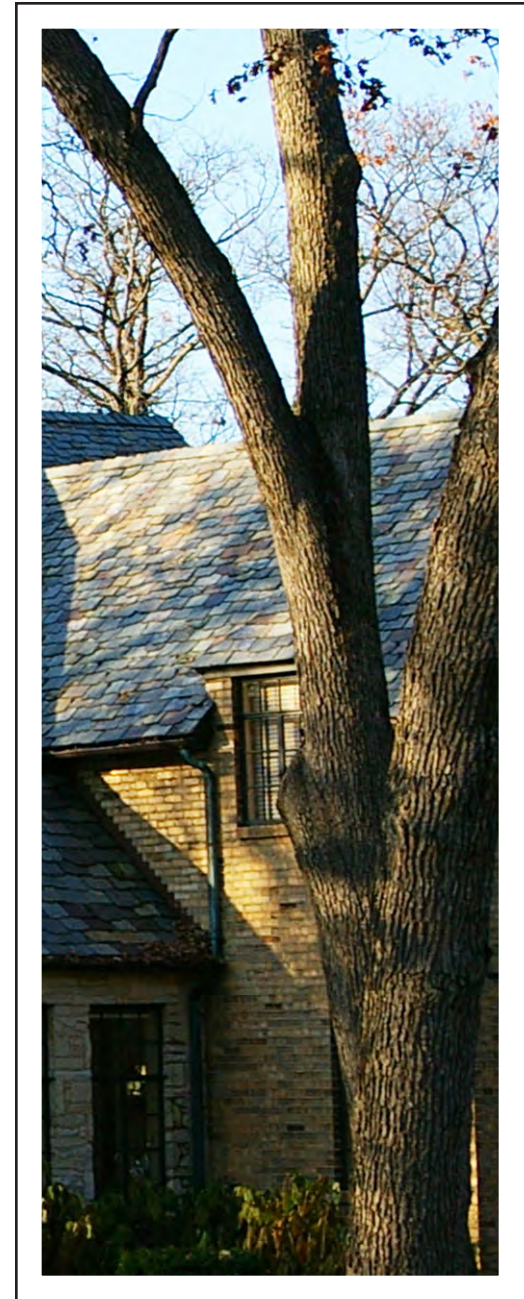
## SALES PRICE

Changes in average sales price are shown in the table below.

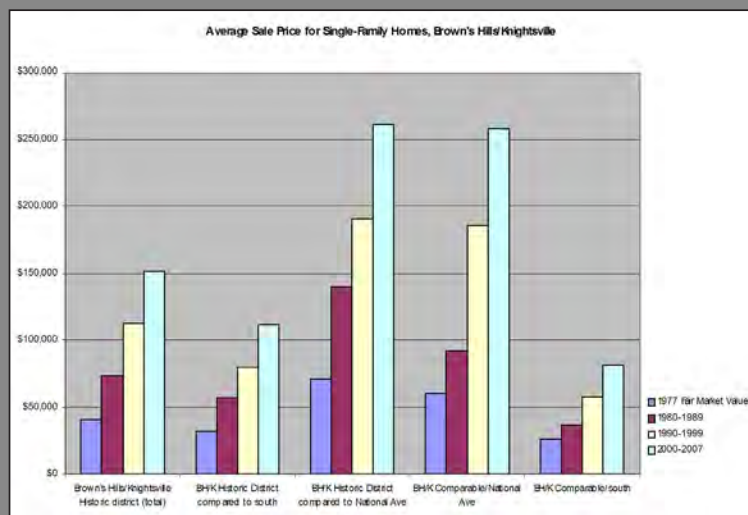
## OWNER OCCUPANCY

Owner occupancy is very high in the District as a whole, in the two component parts it was divided into for this study, and in the comparable areas for each. In one case (National Avenue), the rate approached 100% (96%) while the District as a whole and both of its component parts exceeded 85%. The area with the lowest percentage was the area south of Rural Street at 78%, still well above the City average in the 2000 Census of 61%.

AREA	TYPE OF USE/ (# of properties)	AVG 1977 FMV*	AVG SALE PRICE,		
			1980-1989	1990-1999	2000-2007
<b>Historic district (total)</b>	Single-family residential (173)	\$41,280	\$73,088	\$112,109	\$151,505
	2-family residential (18)	\$38,938	\$69,500	\$52,000	\$103,714
	4-family residential (1)	\$53,688			\$75,000
<b>Historic district -</b>	Single-family residential (132)	\$32,110	\$57,282	\$79,833	\$111,593
<b>portion compared to</b>	2-family residential (18)	\$38,938	\$69,500	\$52,000	\$103,714
<b>area to the south</b>	4-family residential (1)	\$53,688			\$75,000
<b>Historic district - portion</b>	Single-family residential (41)	\$70,719	\$140,250	\$190,250	\$261,363
<b>compared</b>					
<b>with National Avenue</b>					
<b>Comparable area/National</b>	Single-family residential (113)	\$80,644	\$92,014	\$185,947	\$258,185
<b>Avenue</b>	2-family residential (1)	\$58,931			\$111,000
<b>Comparable area/south of</b>	Single-family residential (140)	\$28,551	\$37,025	\$57,673	\$81,722
<b>Rural Street</b>	2-family residential (22)	\$44,634		\$88,258	\$126,267
	3-family residential (1)	\$24,963			\$127,000
	4-family residential (7)	\$58,418		\$116,000	\$136,500









Historic preservation commissions are sometimes viewed as obstacles in the path of historic district property owners who want to improve their homes or businesses, imposing an additional layer of regulations that is not worth the effort it takes to deal with. Based on our investigation, this definitely is not the case. In everything we looked at – assessed valuation, ownership rates, and sale prices – properties in local historic districts generally outperformed those in comparable neighborhoods.

ASSESSED VALUATION – increased by 253% in the four districts, and by 242% in the comparable neighborhoods. If the National Avenue comparable is dropped, the second figure goes down to 182% over the 30-year period.

OWNER OCCUPANCY – 73% of the residential properties in historic districts are owner occupied compared with 68% in comparable areas.

SALE PRICES – average sale prices increased by anywhere from 83% to 151% for single-family homes in the four

historic districts over the past 30 years, with only one district showing an increase lower than 100%. Equivalent figures for comparable neighborhoods ranged from 87% to 181% with the last figure being National Avenue. (The next highest average for one of the comparable areas is 128%.)

These figures show that being included in one of Rockford's local historic districts can have an economic benefit, both for the owner and for the City itself. For property owners, buying a home in a historic district means increased stability in the neighborhood stemming from the assurance that properties around them will be renovated in a manner that is likely to enhance the value of their own property. The clear benefit to the City is that increased property values translates into a stronger tax base.

Rockford has a strong base of local historic districts that not only provide a good investment for this generation, but for future ones as well by conserving the physical resources used in constructing a home. Add this to the economic benefit of being in a historic district, and it becomes clear that inclusion in a district can be a positive for all concerned.



## OF NOTE...

The activity, which is the subject of the booklet, has been financed in part with federal funds from the Department of the Interior, administered by the Illinois Historic Preservation Agency. However, the contents and opinions do not necessarily reflect the views or policies of the Department of the Interior nor the Illinois Historic Preservation Agency, nor does the mention of trade names or commercial products constitute endorsement or recommendation by the Department of the Interior nor the Illinois Historic Preservation Agency.

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