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Review

The Impact of the Historical–Architectural Component on Property Value

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Abstract: The historic designation of individual properties and entire neighborhoods has experienced an evolution in its meaning in recent decades. The original passive approach to managing historical buildings, which primarily regarded them as "values" to be defended and preserved for future generations, has been supplemented by strategies aimed at their valorization, derived from an awareness of the potential of such resources for the community, as a means of promoting the economic and social conditions of local populations. This paper proposes a review of all the main research carried out in the literature over the last thirty years concerning the impact of the historical–architectural significance of property values, both from an intrinsic point of view by evaluating the weight that the examined variable assumes in relation to the market value of the individual property and an extrinsic point of view by addressing the issue of the evaluation of "spatial spillovers," positive and/or negative externalities that neighborhoods with historical–architectural significance—understood as historical districts—produce on the values of the properties falling within them. The analysis conducted shows that, according to the studies carried out, historic-architectural value can have both a positive and negative impact on property values. This output is related to the type of historic designation (local rather than national), the architectural style, the building typology, and the conservation and enhancement activities envisaged for the property.

Keywords: historical–architectural significance; marginal prices; multiple regressions; property values

Citation: Manganelli, B.; Tajani, F.; De Paola, P.; Del Giudice, F.P. The Impact of the Historical–Architectural Component on Property Value. *Heritage* **2023**, *6*, 4934–4955. https://doi.org/10.3390/heritage6070263

Academic Editor: Nicola Masini

Received: 12 May 2023
Revised: 16 June 2023
Accepted: 21 June 2023
Published: 24 June 2023

1. Introduction

According to the United Nations Educational, Scientific, and Cultural Organization [1], assets with historical–architectural significance are monuments, buildings or groups of buildings, and sites that can be related to culture, art, or science and that have a global and exceptional value. Now, the question that arises spontaneously is: can the "global and exceptional" value of assets with historical–architectural significance be measured? In other words, is it possible to assign a monetary value to the Royal Palace of Caserta, the Colosseum, or perhaps the Trevi Fountain? As it is well known, most assets with historical–architectural significance are usually characterized by the absence of a price. The lack of a price tag is, in fact, a distinctive condition of such assets. However, this does not mean that they should be treated as priceless assets. Certainly, the historical–architectural characteristic of a property is still often considered difficult to estimate today. The idea of labeling the historical–architectural significance of a property with a specific value is not recent. In fact, several studies have shown that historically designated properties and those located within historic districts show an increase in their market value due to the

presence of historic-architectural significance [2–25]. In rare cases, other studies have shown that the presence of historical–architectural significance has a negative impact on property values [19,26,27]. This is particularly true in the case of properties located in small condominiums due to the high maintenance costs and limitations on the owner's ability to make modifications. This paper aims to provide a review of all the main studies carried out in the literature concerning the impact of historical–architectural significance on property values in the last thirty years. The research focuses on the study areas defined by the literature; therefore, on the United States, Australia, and the Netherlands. Therefore, the present work has a dual purpose. Firstly, the aim is to analyze the impact of historical–architectural significance on the value of individual properties, that is, to evaluate the weight that the examined variable assumes compared to the market value of the property. Secondly, the topic of the evaluation of "spatial spillovers", is addressed, that is, the (positive and/or negative) externalities that neighborhoods with historical–architectural value, intended as historic districts, produce on the values of the properties falling within them. The object of analysis is, therefore, the impact of historical–architectural significance both from an intrinsic point of view, that is, on the value of the individual property, and extrinsic through the externalities that the neighborhood produces on the properties falling within it. The work is organized as follows. The second section examines the characteristics of assets with historical–architectural value, the purposes for which their evaluation is requested, and outlines the specificities of appraisal evaluations when they concern properties with historical–architectural value. The third section defines historical designation, explaining the advantages and disadvantages of this classification and providing a distinction between national and local historical designation. The fourth section discusses the main estimation models of the regression type used in the literature to estimate the increase in market values due to historical–architectural value. The fifth section defines the analysis methodology followed. Subsequently, the sixth section presents a review of case studies from the literature concerning the increase (or decrease) in property values induced by the presence of historical–architectural value. Finally, in the seventh section, the conclusions of the work are drawn, and possible future developments are outlined.

2. Assets with Historical—Architectural Significance

To properly understand the overall objective of this study, it is important to provide a definition of assets with historical–architectural significance. The assets with historical–architectural significance are of anthropic origin and can therefore consist of an artificial resource. As an artificial resource, the assets with historical–architectural significance can be either immovable (monuments, historic buildings, museums, archives buildings, etc.) or movable (archaeological artifacts, works of art, etc.). In particular, an asset with historical–architectural significance is a property publicly recognized or officially designated by a government commission as having historical or cultural significance due to its association with a historical event or period, architectural style, or national heritage [28]. These properties are commonly associated with four characteristics: historical, architectural, and/or cultural significance; statutory or legal importance of the property; constraints and limitations on use, transformation, and transfer; and the frequent obligation in some countries to be accessible to the public. Artificial assets are capable of satisfying individual and collective needs, both of an economic and extra-economic nature (such as housing, recreational, aesthetic needs, etc.). The level of satisfaction of economic needs can be measured by the utility of the artificial goods translated into currency. The satisfaction of extra-economic needs can be measured by the effectiveness with which the asset corresponds to the demands of the community [29]. The appraisal translates the various aspects of the utility of the asset with historical and architectural significance into monetary value. Economic (or extra-economic) value groups in disaggregated terms are the extra monetary aspects of the utility of the asset through the units of measurement most congenial to them. The complex value brings together the heterogeneous aspects of the utility of the

asset into a single "profile". The object of evaluation can be individual goods with historical and architectural significance, their parts and complexes, services and functions provided by them, or rights and restrictions imposed on them. The evaluation can also concern projects, plans, and investment programs that involve individual assets or their ensembles. Therefore, the evaluation itself may involve the methods of protection, redevelopment, and integrated conservation of assets; the processes of extra-economic valorization; and the historical, cultural, architectural, symbolic, landscape components, etc., of individual assets or their aggregates [30,31]. From a legal and economic perspective, ownership of assets with historical–architectural significance can belong to individual private or public entities (historical buildings, museums, art galleries, etc.) or to the entire community (artificial landscape settings). In all cases, assets with historical–architectural significance perform social functions. If the right of ownership belongs to a private or public entity, the asset also performs private functions (historical buildings used as residences). "Mixed" assets whose ownership is private or public are mostly man-made and by type artificial. If the ownership belongs to a private entity, the asset with historical–architectural significance that can be classified as "mixed" also performs social functions (historical buildings used as residences that satisfy collective cultural needs). Similarly, the asset with historical–architectural significance that belongs to the public entity and is capable of performing private functions (public parks with regulated access by appropriate fees) is also "mixed". Assets with historical–architectural significance that can be classified as "pure public" perform exclusively social functions and constitute the heritage of the entire community. "Mixed" assets with historical–architectural significance, both private and public, can be subject to appraisals that affect the commercial sphere and follow the postulate of price.

2.1. Purposes and Specificities of the Evaluation of an Asset with Historical—Architectural Significance

The evaluation of a real estate property with historical and architectural significance can be carried out for the purpose of buying and selling. In these cases, the evaluation aims to express in monetary terms the utility of the property derived from its private functions (housing services provided by historical buildings with cultural significance). Even in the commercial sphere, the evaluation can serve objectives of inheritance division (concerning, for example, historical buildings), compensation for damages (referring to museums, places of worship, art galleries, etc., that are, for example, affected by fire), expropriation for the public interest (concerning buildings with relevant architectural features whose ownership belongs to private entities), setting rates for concessions, or even contractual or tax values. For the purpose of intervening in real estate properties with historical and architectural significance, the evaluation can aim to verify the financial and economic feasibility of plans or investment projects in the fields of conservation, enhancement, and transformation of resources at the local, metropolitan, and territorial levels. It can also pursue objectives of determining the costs of interventions and management systems, estimating the changes in (estimated) value of real estate properties with historical and architectural significance affected by a recovery project, re-functionalization, etc., and estimating monetary values corresponding to economic externalities induced by similar interventions. For the purpose of sustainable territorial development, the evaluation can be carried out to ascertain the aesthetic visual quality of real estate properties with historical and architectural significance and their parts or complexes, the technical quality of project components, and the effectiveness of development methods and conservation strategies. Finally, the determination of the complex value of the real estate property with historical and architectural significance and the optimal methods of management and conservation of the artistic, architectural, and cultural heritage may also be requested [32]. The following analysis focuses on valuations aimed at the market value of real estate properties with historical and architectural significance. First, the categories of assets with historical and architectural significance that can give rise to market evaluations must be

defined. This circumstance does not concern, of course, the assets with historical and architectural significance classified as pure public assets, whose consumption by definition does not generate conflicts between economic entities [33]. Market appreciations may be directed more toward assets with historic architectural significance having anthropogenic origins, for which use limitations often arise from the "capacity limits" of their respective physical and spatial characteristics. In the consumption activities of anthropogenic assets, the occurrence of rivalries among economic actors strictly affects the private component of the resource (for example, residential services provided by a historic monumental building); similar "conflicts" concerning the public functions explicated by the asset (collective utilities derived from the social enjoyment of aesthetic and cultural components of the historic monumental building) should be traced to limitations on the forms of use that can be implemented for it [33,34]. Rivalry or "conflicts" in the consumption activities of assets with historical and architectural significance determine the genesis of their profitability, that is, their capacity to produce income as a counterpart for the use of their private and public functions by economic entities. For valuation purposes, it needs to be investigated in such cases whether profitability can or cannot constitute an adequate methodological reference for estimating the value of the asset with historical and architectural significance, and whether there are portions of the market value of the asset that do not flow into the amount obtained by capitalizing the income at an appropriate rate. To this end, it needs to be verified, on the one hand, whether the amount of income to be capitalized includes the contribution of the historical, architectural, and cultural features of the asset. On the other hand, it needs to be verified whether the effect of these features on the market value can be captured in the amount of the capitalization rate. As for the first point, limiting the analysis to the private functions of assets with historical and architectural significance, especially to the residential components of real estate properties with historical and architectural significance, the levels of prices in the free rental market are often influenced by the historical, architectural, and cultural features of the assets, whose income is indeed different in amount from the income of similar assets except for those features mentioned. However, little information is available on the levels of prices for the extra-residential components of real estate properties with historical and architectural significance (educational, recreational functions, etc.). For these resources, the mechanism of value formation can be independent of market logic and can follow social and administrative objectives, resulting in the fixing of political or conventional prices [35]. It is undoubtedly to be considered that the capitalization rate can capture the effect of the historical, architectural, and cultural features of the asset with historical and architectural significance on the market value. However, at the current state of the real estate appraisal methodology, this appears acceptable only from a logical and argumentative point of view, while it is not from a computational perspective, as the choice of the rate is a problem for which the methodology still does not offer adequate and rational tools for solutions. On the other hand, it is important to investigate, for valuation purposes, firstly, whether market evaluations can be directed towards assets with historical and architectural significance whose profitability consists solely of increases over time in their value (capital gains). Secondly, what are the possible valuation methods for these same assets? There is no doubt that the price formation process can also concern assets with historical and architectural significance that do not produce income derived from their use by economic entities. This can occur, for example, for so-called luxury assets (paintings, furs, jewelry, etc.), whose price, except for speculative motivations, reflects the level of satisfaction of extra-economic demands from the members of the community. From a methodological point of view, it is clear that the valuations of an asset with historical and architectural significance that does not produce income (or whose income is based on political or conventional levels) must necessarily be carried out according to the general principles of real estate appraisal. According to these principles, the comparison assets must be sought through approximations that lead to progressively dissimilar assets compared to the asset to be valued, up to unequal assets. However, as the analogy decreases, the irregularity of

the "grid" of reference for the valuations (known prices and characteristics of comparison assets) increases, to the point that the coordinates of the latter become increasingly rare and evanescent, and the related phases of development become more random. This circumstance is particularly evident in the valuations of assets with historical and architectural significance, as they bear signs of uniqueness due to the specific typology of their features, as well as the different levels of manifestation of the features belonging to the same typology (as can happen, for example, for various historic buildings that exhibit different modes of the traits that define their historical placement). In different valuation situations, determining the market value requires "incorporating" into the price of the most similar (or less dissimilar or unequal) asset to the one with historical and architectural significance to be valued, the modifying effect determined by its historical, architectural, and cultural features. This operation follows the traditional principles of the real estate appraisal method except that it does not involve market values but rather "off-market" values that are more difficult to weigh. This typically occurs when valuing an asset with historical and architectural significance in the presence of prices for assets of the same type that differ in the intensity of their respective historical, architectural, and cultural features. In similar conditions, concerning the inclusion of certain advantages or disadvantages possessed by the asset being valued in the appraisal value, the current real estate appraisal methodology operates empirically and argumentatively, as is well known. A similar approach can also be used in principle when capturing the effect of the historical, architectural, and cultural features possessed by a given resource in the appraisal value. Indeed, the latest appraisal methodology can perform specific quantitative analyses for this purpose. However, at present, this can only be done within the context of appraisals conducted simultaneously with reference to a plurality of properties (mass appraisal), which are also intended to isolate market price variables. Nevertheless, the results of these same appraisals, if formalized within appropriate frameworks, related to various territorial realities and updated regularly, could prove to be effectively used in individual appraisals in which the effect of property features on market price is unknown and, precisely for this reason, determining the "weight" that historical, architectural, and cultural features have on the formation of the value of assets with historical and architectural significance. The concrete applicability of the described approach can only depend on the actual availability of the necessary data for the appraisal. This is difficult to verify when the asset with historical and architectural significance to be valued is very atypical (such as a monument, an archaeological artifact, etc.), but it is likely to occur in cases where the appraisal concerns historic buildings, which are notably present in number and variety in urban realities and can effectively serve the goals of the valuation. The appraisal of assets with historical and architectural significance carried out in the absence of market references related to assets of the same type as the resource being valued is also of methodological interest. Even in such cases, the appraisal can evidently be carried out through appropriate adjustments made to the prices of comparison assets, which of course must be done considering the degree of dissimilarity or inequality that the latter present compared to the resource being valued. In the cases themselves, of no small influence on the magnitude of the adjustment to be made, looms the "bargaining ability" of those involved in the evaluation because of the structure—usually monopolistic—of the market in which the resource will be able to be placed, and above all, the lack of appropriate methodologies borrowable from the schemes proper to the political economy [30]. This typically leads to the need for innovative appraisal models that pursue objectives of deepening, above all, critical revision of traditional principles and procedures, to be adapted to the appraisal purposes typical of the assets under examination.

3. Historic Designation

Historic designation has taken a prominent role in the United States since the early 1960s. Real estate properties with historical and architectural significance, which until then were mainly considered "values" to be defended and preserved in order to transmit

them to future generations, gradually began to be seen as "resources" and services for the community, that is, means by which one can contribute to improving the economic and social conditions of the population [36]. In 1853, Ann Cunningham purchased the home of George Washington, Mount Vernon, with the explicit purpose of conserving and preserving the property for future generations. The purchase marked the beginning of a historic preservation movement in the United States [37]. In fact, it is to this historical moment that the importance of historic designation can be traced, that is, the birth of the process that led to the transition from a "passive" policy for real estate properties with historical and architectural significance, focused exclusively on protection, to an "active" policy for real estate properties with historical and architectural significance, also intended for enhancement [38]. This phenomenon must be linked to the ability to stimulate effective policies for land use and development [39]. Therefore, historic designation can trigger a chain effect of redevelopment and recovery within the central areas of cities [40]. It is no coincidence that many planners have welcomed historic designation policies as tools for managing the conservation and revitalization of real estate properties with historical and architectural significance. Listokin et al., Slaughter, and Wojno (refs. [41–43]) argue that historic designation has become an important tool in preserving the central neighborhoods of cities and promoting urban economic development. One way in which designation presumably achieves these conservation and neighborhood development objectives is through its effect on property values. Eric Thompson et al. [2] stated that historic designation acts as a kind of insurance on the future quality of the neighborhood, raising property values. In the United States, historic designation can be conferred on individual real estate properties with historical and architectural significance as well as entire neighborhoods, known as historic districts, with such significance being the subject of study. In the latter case, the historic designation of entire neighborhoods implicitly confers such designation on every property within the district. Not surprisingly, as Schaeffer and Ahern [3] have observed, "the designation of a historic district can perform a function similar to that of a brand name: it guarantees the quality of the product, reducing the uncertainty of the buyer about the future value of the asset".

3.1. Advantages and Disadvantages of Historic Designation

The historic designation of individual properties and entire neighborhoods is an increasingly widespread tool in urban design and planning. However, at the same time, as N. Edward Coulson and Michael L. Lahr [4] argued, it can prove to be a double-edged sword. As is the case with the vast majority of urban planning tools, historic designation also has both positive and negative aspects. To date, in the United States, owners of historically designated properties or properties located within neighborhoods, known as historic districts, are eligible for a national tax credit of up to 20% of the costs of property maintenance and restoration. Not surprisingly, as Paul K Asabere et al. [5] argued, a property located within a historic district is less likely to suffer from economic obsolescence due to neighborhood deterioration. In addition to the national tax credit, 15 states offer state income tax credits, and an additional 25 states allow some form of property tax reduction for properties with historical and architectural significance. To qualify for many of these incentives, properties often must be officially designated as "historic" [4]. The existence of tax credits makes the preservation of properties with historical and architectural significance an interesting means of promoting urban development and also provides a valid motivation for the use of designation as a political tool. In addition to the positive effects resulting from tax credits for historically designated properties, it is presumed that historic designation also has positive effects on surrounding areas. It is generally believed that the historic preservation of properties with historical and architectural significance confers positive externalities to properties and neighborhoods surrounding such historically designated properties. Owners of surrounding properties are able to indirectly receive some of the benefits of historic designation without incurring the regulatory costs associated with the "status quo ante" of designation. Historic designation thus

provides an incentive for owners of surrounding properties to improve their properties [44]. Therefore, it is believed that historic designation has a "catalytic" effect on surrounding properties and neighborhoods, whereby owners of properties adjacent to historically designated properties or neighborhoods are more likely to maintain and rehabilitate their properties [6]. Furthermore, thanks to historic designation, properties and neighborhoods with historical and architectural significance have attracted significant interest from tourists, real estate investors, and preservationists. For this reason, many states in America have seen significant reinvestment, property appreciation, and commercial success [45]. Although one might think otherwise, the positive returns of historic designation are not only quantifiable in economic terms but can also be expressed in "extra-economic" terms. Some people may derive pleasure or satisfaction from living in a historically significant building or neighborhood. Sometimes, they are willing to accept lower financial compensation or higher risk in order to own a property that produces such enjoyment. Often, such properties have been designed by famous architects or, even more frequently, have been the residence of prominent figures in the history of a city or country. Therefore, the prestige and recognition associated with the historic designation of individual properties and entire neighborhoods increase the satisfaction of the owners. Therefore, in addition to physical characteristics, there may also be what Peter V. Schaeffer et al. [3] defined as "sentimental" reasons, which contribute significantly to the likelihood of purchasing and preserving such historically significant properties. On the other hand, historic designation is not just a tool that creates a tangible connection to the past or a means to obtain tax benefits. In addition to the explicit tax benefits, designation can also cause a reduction in property values. In some American states, historic designation imposes a wide range of restrictions on properties and neighborhoods with historical and architectural significance. These restrictions can negatively affect the desirability of the property, making potential buyers less likely to purchase such historically designated properties [2]. In particular, historic designation imposes restrictions on alterations and demolitions, as well as limits the types of renovations that can be undertaken. The U.S. federal tax code imposes limited constraints on structures officially designated as "historically significant". To preserve the integrity of historically and architecturally significant buildings, at least 75% of the exterior facades of an officially designated structure must be retained during maintenance or reconstruction [5]. As noted by Robin M. Leichenko et al. [7], maintenance work on a property with historical and architectural significance is often more expensive than it would be otherwise, as it must conform to fairly strict guidelines. For example, during maintenance operations to preserve or restore the historical character of a building, only certain types of paint and materials may be allowed so as not to detract from the aesthetics and, consequently, the historical context in which the property is located. The high maintenance costs associated with historically designated properties inevitably raise concerns for both owners and low-income tenants. As demonstrated by Akram Ijla et al. [8], historic designation can stimulate gentrification or the displacement of low-income residents from historically significant properties and districts. This argument notes that the high costs associated with conservation and maintenance regulations and the resulting increase in property values can gentrify areas, reducing residential options for low-income families and small businesses. In this case, low-income property owners will benefit from price increases—if and when they decide to sell—but will face short-term cash flow issues due to increased property taxes and conservation and maintenance costs. Another equity issue concerns low-income tenants of historically significant properties who, fearing the indirect effects of tax increases and high maintenance costs, anticipate that landlords will significantly increase rents to cover the costly expenses. In short, even in the same case, this will lead to gentrification and thus the involuntary displacement of tenants due to excessive financial burdens. Finally, historically significant properties and those located within districts, known as historic districts, are subject to various zoning restrictions, such as minimum lot sizes or not being able to change the use of the building from residential to commercial, for example [45]. Therefore, such restrictions prohibit the

use and enjoyment of the property for other more intensive and profitable uses. In this way, historic designation may not reflect the "highest value" or "best use" of the property, namely, the most profitable use that incorporates those uses legally permitted, physically possible, and financially or economically advantageous [4,7].

3.2. National and Local Historic Designation

It is of primary importance to illustrate the distinction between properties and neighborhoods with historical and architectural significance designated locally and also designated within the National Register of Historic Places (NRHP) of the United States. The National Register of Historic Places, based on the National Historic Preservation Act of 1966, is the official government list of districts, sites, buildings, structures, and objects deemed worthy of preservation for their significant historical and architectural significance. Individual properties and historic districts can be designated either on the national list or within local historic registers, and depending on the type of designation—local or national—restrictions, tax benefits, preservation methods, and the effectiveness of the zoning tool in preserving historic buildings and districts may vary [45]. National designation is largely an honorary designation, which means that a property has been researched and evaluated according to established procedures and deemed worthy of preservation for its historical value. Recognition within the National Register allows the property owner to access certain tax incentives aimed at promoting the conservation and protection of income-generating historic buildings. Not surprisingly, for a private owner, the main practical advantage of National Register listing is access to a federal investment tax credit of 20% that can be claimed against the cost of a certified rehabilitation of a historic property [9]. The listing of a property with historical and architectural significance in the National Register does not obligate or limit a private owner in any way unless the owner seeks a federal benefit such as a grant or tax credit. In other words, it does not impose any restrictions on individual property owners and does not provide procedures for reviewing private sector changes (external alterations to a building or courtyard, demolition and reconstruction, change of use) to properties with historical significance [8]. Local designation, on the other hand, consists of stricter and more restrictive designation programs based on various local ordinances. In particular, owners of locally designated properties, even before making changes to the property, must obtain approval from a local council or commission and are required to adhere to a set of guidelines that specify, among other things, the exterior design of the structure; materials; paint colors; and the shape, style, and placement of windows, doors, outdoor lighting fixtures, and fences. Therefore, through strict building guidelines and architectural review procedures, local designation provides greater protection for historic buildings and neighborhoods than national designation, as it is capable of preserving the historical character of a neighborhood or property. Thus, essentially, unlike the NRHP, local designation programs often have a direct effect on preservation, as they limit property owners' rights through zoning and renovation review [10]. As observed by Swarn Chatterjee et al. [9], in Louisiana, local historic district designation allows the East Baton Rouge Parish Historic Preservation Commission to impose demolition by neglect on property owners who allow their buildings to deteriorate. It should be noted, however, that inclusion in a registry, whether local or national, does not prevent a property from being designated in another registry. In other words, a locally significant structure can also be listed on the National Register [6]. Furthermore, while there are tax benefits associated with the designation of a property listed on the National Register, currently, there are none for properties designated at the local level [9]. A study by Schaeffer and Millerick [3] has shown that the effect of historic designation on property values depends on the type of designation, whether a property is designated locally or nationally. This study found a positive impact on the values of properties designated nationally, but at the same time, a negative impact on the values of properties designated locally. The substantial difference results from stricter controls and regulations for

properties located within local districts and the prestige, as well as tax benefits, associated with being located within a national district.

4. Solutions to Appraisals of the Weight of Historical Architectural Significance in Property Pricing

The appraisal of a property with historical and architectural significance is affected by numerous measurement problems related to the nature of the property itself but also to its broader cultural context, as well as its contribution to socioeconomic development. To determine the economic value of a property with historical and architectural significance, it is necessary to discover how such property generates well-being [46]. Contrary to what one might think, the economic value of a property with historical and architectural significance, whether private or public, is not solely determined by its production cost, but is also determined by the willingness of users to pay for it. Ultimately, it is the willingness of users to pay that determines the economic value of the property. That being said, given a property with a price p, how can p be decomposed into parts corresponding to the weight that individual property characteristics assume in the formation of the property price? In other words, how can the contribution of historical and architectural significance be measured in the formation of the property price? Estimating the contributions that property characteristics bring to the composition of property prices is a recurring problem in real estate appraisal practice [47]. Unlike movable assets with historical and architectural significance, historical and architectural significance in immovable assets is not immediately isolable from the complex, especially if the objective is to determine its value. While the value of a sculpture or painting coincides with its historical and architectural significance, as it is only in that one characteristic that the asset is identified, the market price of a property reflects the set of its characteristics, including the historical and architectural significance. The appraisal of immovable assets with historical and architectural significance involves solving three different problems: measurement, weighting, and determining the marginal price of qualitative variables that characterize such assets. On the one hand, qualitative variables corresponding to characteristics possessed by immovable assets are generally expressible in linguistic terms or on an ordinal scale to be converted, for appraisal purposes, into a cardinal or interval or dichotomous scale. This implies, as a matter of course, the transformation of linguistic expressions into numbers that are appropriately congruent with the need to represent qualitative variables for the purpose of evaluating the unknown price. On the other hand, there is also the problem of explicitly stating, for the same variables, in comparison with the set of characteristics that identify the asset, the weight they exert in the formation of the price. Measurement refers to the procedure that leads to the measurement of the mode or amount expressed on an ordinal or cardinal scale of the real estate variable or characteristic identifying the asset being appraised. Weighting is the operation that allows the determination of the average contribution that the characteristic in question provides to the value of the property. Once the measurement of historical and architectural significance is obtained, the most delicate phase is reached: the determination of the marginal price and alternatively the weight and expression of the influence that historical and architectural significance has on the formation of the price. It is important to pay attention to the distinction between the weight and the marginal price of historical and architectural significance. The term "weight" refers to the percentage ratio between the value attributed to historical and architectural significance and the overall value of the property. Generally, the marginal price of a real estate characteristic expresses the incremental or decremental variation of the total price of the property as the examined characteristic varies by one unit. The "method" used in the literature for estimating the increase in market values due to historical and architectural significance usually relies on the use of multiple regression models, which, in this specific case, allow the market price to be decomposed into ratios of parts to the whole, where the parts are equivalent to the contributions that individual property characteristics make to the formation of the price. The theory of hedonic prices is the basis of the related

empirical model based on the use of multiple regression analysis for estimation purposes. Initially developed by Lancaster [48] and later refined by Rosen [49] and Freeman [50], the hedonic model has been widely used to implicitly evaluate the intrinsic and extrinsic characteristics of real estate. It falls within the range of quantitative estimation procedures increasingly present in the field of real estate appraisal and is based, as previously mentioned, on the use of multiple regression statistical analysis, which in the field of valuation has so far been mainly applied to predicting market prices of real estate and econometrically measuring implicit marginal prices of real estate characteristics (hedonic prices). The measurement of implicit marginal prices, as is known, consists of determining the marginal contribution of individual characteristics to the market price. This is done by defining the variations that occur in the market price as the modalities of the characteristics change. For this purpose, an estimation function represented by a multiparametric regression equation is used, which relates the market price to the variables corresponding to the characteristics of the property. Through the algebraic form of the equation, in linear models, the weights of the real estate characteristics are directly derived based on the coefficients of the regression equation, which themselves constitute the unit prices of the real estate characteristics [51].

5. Methodology

The research has borrowed the potentialities of the Scopus database. Considering its comprehensive and authoritative archive of citation databases, it provides an excellent tool for extracting scientific and technical knowledge. Exploiting its complete and authoritative database, and thanks to its analysis speed, Scopus is the ideal tool for collecting data and performing bibliographic analyses. This study retrieved all the literature from the Scopus database concerning the impact of historical–architectural significance on property values, both from an intrinsic point of view by evaluating the weight that the examined variable assumes in relation to the market value of the individual property and an extrinsic point of view by addressing the issue of the evaluation of "spatial spillovers," positive and/or negative externalities, that neighborhoods with historical–architectural significance, understood as historical districts, produce on the values of the properties falling within them. The articles were searched based on titles, abstracts, and keywords in the English language, specifically searching for terms such as "Marginal Prices", "Multiple Regressions", "Historical–architectural Significance", "Property Values", "Historic Designation", "Neighborhood", and "Spatial Spillovers". Subsequently, after carefully analyzing the titles and abstracts, irrelevant articles were manually discarded. At the end of the bibliographic search, relevant case studies were identified for a total of 28 case studies, all located in the United States, Australia, and the Netherlands. The time frame of these studies ranges from 1989 (the year of the first research on the impact of historical–architectural significance on property values) to 2020 (the year of the latest research on the impact of historical–architectural significance on property values).

6. Review of Case Studies

This section aims to analyze the scope of the literature works with a primary focus, firstly, on the impact of historical and architectural significance on the value of individual properties by evaluating the weight that the examined variable assumes in relation to the market value of the property. Secondly, by addressing the theme of the evaluation of "spatial spillovers", positive or negative externalities that neighborhoods with historical and architectural significance, understood as historic districts, have on the values of the properties located within them. Therefore, this section will examine the impact of historical and architectural significance both from an intrinsic point of view, i.e., on the value of the individual property, and extrinsic through the externalities that the district produces on the properties located within it. Through the Scopus bibliographic database, thanks to its comprehensive and authoritative archive, following an in-depth bibliographic analysis of all the major studies carried out in the literature on the impact of historical–architectural

significance on the value of properties, a total of 28 relevant case studies were identified, focusing on the United States, Australia, and the Netherlands as study areas. The research carried out focuses on a thirty-year time frame, with the first studies on the impact of historical–architectural significance on property values dating back to 1989 [5,17,21, up to the latest studies in 2020 [19,24]. The estimation method used in the literature by authors for estimating the increase in market values due to historical and architectural significance is usually based on the use of multiple regression models. The contributions made by the authors of the works present in the literature are reported in Tables 1 and 2, respectively. Based on the studies conducted in the literature, thanks to the Scopus bibliographic database created by Elsevier, the results of the consulted research have been listed in the respective tables, differentiating the articles based on the object of study, i.e., whether examining the impact of historical and architectural significance on the value of individual properties or analyzing the "spatial spillovers", positive or negative externalities that neighborhoods with historical and architectural significance, understood as historic districts, have on the values of the properties located within them.

Table 1. Overview of studies regarding the intrinsic effects of historical–architectural significance on property values (subject of the study: individual properties with historical–architectural significance).

Period	Authors	Research Area	Key Findings
1989	P.K. Asabere et al. [5]	Newburyport, **MA** (USA)	**21%**
1989	Vandell et al. [17]	Boston—Cambridge, **MA** (USA)	**22%**
1994	P. K. Asabere et al. [26]	Philadelphia, **PA** (USA)	**−24%**
2001	Leichenko et al. [7]	Abilene—Dallas—Grapevine—Lubbock—Laredo—San Antonio—San Marcos—Fort Worth—Nacogdoches, **TX** (USA)	**5–20 %**
2001	N. Edward Coulson et al. [6]	Abilene, **TX** (USA)	**17.6%**
2004	Deodhar [12]	Sydney, **Australia**	**12%**
2006	E. C. M. Ruijgrok [15]	Tiel, **The Netherlands**	**14.85%**
2007	D. S. Noonan [18]	Chicago, **IL** (USA)	**10.6%**
2008	A. Narwold et al. [14]	San Diego, **CA** (USA)	**16%**
2009	Richard J. Cebula [16]	Savannah, **GA** (USA)	**1.7%**
2012	V. Zahirovic Herbert et al. [9]	Baton Rouge, **LA** (USA)	**5–8%**
2012	W. Jeffries [11]	Mosman, **Australia**	**17.9%**
2015	P. Bergen [13]	Tacoma, **WA** (USA)	**12.35%**
2017	T. Oba et al. [10]	Fulton—Atlanta, **GA** (USA)	**12.1%**

Table 2. Overview of studies regarding the extrinsic effects of historical–architectural significance on property values (subject of the study: neighborhoods as historic districts).

Period	Authors	Research Area	Key Findings
1989	Coffin et al. [21]	Aurora—Elgin, **IL** (USA)	**6–7%**
1991	Schaeffer et al. [3]	Chicago, **IL** (USA)	**24–53%**
1994	P. K. Asobere et al. [20]	Philadelphia, **PA** (USA)	**26%**
1997	D. E. Clark et al. [23]	Sacramento, **CA** (USA)	**17.32%**
2005	N. E. Coulson et al. [4]	Memphis, **TN** (USA)	**14–23%**
2007	D. S. Noonan [18]	Chicago, **IL** (USA)	**3–5%**
2009	Richard J. Cebula [16]	Savannah, **GA** (USA)	**20–21%**
2009	J. I. Gilderbloom et al. [22]	Louisville, **KY** (USA)	**58%**
2011	Akram M. Lyla et al. [8]	Atlanta, **GA**—Dallas, **TX**—Phoenix, **AZ**—Cincinnati, **OH**—Cleveland, **OH**—Pittsburgh, **PA** (USA)	**9.5%**
2011	E. Thompson et al. [2]	Lincoln, **NE** (USA)	**13%**
2013	Heintzelman et al. [27]	Boston—Cambridge—Quincy, **MA** (USA)	**−13.55%**

2016	Been et al. [25]	New York City, **NY** (USA)	**17%**
2020	L. Klarnet [24]	Washington D.C., **WA** (USA)	**9%; −6,3%**
2020	T. Oba et al. [19]	Atlanta, **GA** (USA)	**15%; −3%**

6.1. Historic Designation of Individual Properties

The architectural style of a property, both in functional and aesthetic terms, is a significant factor for many buyers and investors. The main goal of the work by Paul K. Asabere et al. [5] was to determine whether the architectural style could affect property values in a sample of 520 properties located in the city of Newburyport over a period of three years, from January 1983 to December 1985. According to Samuel Eliot Morison's famous novel entitled "The Maritime History of Massachusetts", the old port city of Newburyport, located at the mouth of the Merrimack River, experienced two periods of significant economic growth during the 18th and 19th centuries. Both periods led to the construction of architecturally significant buildings, many of which still exist today. Thanks to its economic prosperity, the "architectural design" of the city of Newburyport is characterized by a wide range of overlapping styles, including Colonial, Federal, Victorian, and Garrison. As observed by the authors, architectural styles would attract substantial premiums. The Garrison, Federal, Victorian, and Colonial styles would produce an increase in the market value of the properties studied, respectively, by 21%, 20%, 20%, and 20%. Thus, the authors concluded that buyers and investors are willing to pay higher prices for architecturally significant buildings compared to functionally similar but stylistically and significantly inferior buildings. Crossing the Pacific Ocean and moving to Australia, we arrive in Mosman, one of the oldest and most sought-after suburbs of Sydney. Among the main architectural styles present in the area are Federal, Victorian, Californian Bungalow, and Colonial. In New South Wales, properties with historical and architectural significance can be designated at both the national level by the state government and at the local level by local councils. Properties recognized at the national level are protected by the Environment Protection and Biodiversity Conservation Act 1999 (Cth), while properties designated at the local level are protected by the Heritage Act 1977 (NSW), which provides for strict and restrictive designation programs in which owners are required to adhere to a series of guidelines based on local ordinances. In Australia, the demolition of a historically significant property is severely prohibited. The penalties for violating the Heritage Act can be extremely harsh. The Court for the Territory and the Environment has the power to impose fines of up to 1.1 million dollars and/or imprisonment for up to 6 months. William Jeffries [11] measured the contribution of historical and architectural significance to the formation of the prices of historically significant properties in Mosman. He observes that properties designated historically at the local level on average experience a market value increase of 17.9%. Staying in Australia, Deodhar [12], while evaluating the effects of historical and architectural significance on the values of historically significant single-family and multi-family properties located in Sydney, found that historically designated properties, on average, experience a market value increase of 12%. Leichenko et al. [6] analyzed the weight that historical and architectural significance has on the formation of prices for individual historically significant properties at the local and national level in nine cities in Texas, namely Abilene, Dallas, Grapevine, Lubbock, Laredo, San Antonio, San Marcos, Fort Worth, and Nacogdoches. The results indicate that historical and architectural significance has a positive effect on property values in all the cities studied. Historically designated properties, on average, experience a market value increase ranging from 5% to 20%, with smaller percentage increases observed in Dallas at 4.9%, and larger increases in Nacogdoches at 20.1%. Specifically, in the city of Dallas, where the average value of the properties studied is around USD 64,000, the aforementioned 4.9% value increase associated with historical designation would result in an average property value increase of USD 3200. Similarly, in San Antonio, where historical significance is associated with an 18.6% value increase, considering the average property value of USD

47,970, the increase would result in an average property value increase of USD 8900. Furthermore, the authors found that nationally designated historic properties have an additional 5% increase in value compared to locally designated historic properties. As can be inferred from the aforementioned results, historical and architectural significance generally has a positive impact on property values, with greater weight given to properties designated at the national level rather than at the local level. In turn, P. Bergen [13] examined the impact of historical and architectural significance on the value of single-family residences for the year 2012 in Tacoma, Washington. Tacoma is a city in the United States and the county seat of Pierce County in the state of Washington, founded in the second half of the 19th century. It is known as the "City of Destiny" because the area was chosen as the western terminus of the Northern Pacific Railway, an American railroad company that operated a network of railroad lines built in the central–northern territory of the United States. In 1974, to promote historical preservation, the city established a local historic register, the Tacoma Register of Historic Places. The registration of a property or building in the Tacoma Register of Historic Places follows a procedure that lasts from four to six months. Potential properties or buildings that wish to be designated at the local level by the Tacoma Register of Historic Places must meet two threshold requirements: at the time of candidacy, the property must be at least 50 years old and must preserve an original context sufficient to "convey its historical, cultural, or architectural significance". With the possible inclusion of a property in the local Tacoma register, any changes to the structure are subject to a project review by the Landmarks Commission, thus preserving its historical and architectural significance. In addition to benefiting from tax incentives through a reduction in property taxes, the average value of a single-family property in Tacoma in 2012 was USD 188,361.50, with an average age of 70 years. The author states that there is a positive relationship between the value of single-family properties in Tacoma and historical and architectural significance and concludes that single-family properties in Tacoma, historically designated at the local level, experience an average market value increase of 12.35%, resulting in an average property value increase of USD 23,601.70. Atlanta, the capital of the state of Georgia, is recognized as the jewel of the American South thanks to its historic Colonial-style properties. The city has two main registration programs for the preservation of historic properties: the National Register of Historic Places—NRHP—(for national designation) and the City of Atlanta Historic Preservation Ordinance (for local designation). The Atlanta Urban Design Commission, established in 1975, nominates, registers, regulates, and reviews properties for local designation. Any external modifications to historically designated properties registered at the local level require authorization from the Urban Design Commission. T. Oba et al. [10] examined the impact of local historic designation on the values of historically significant properties in Fulton County and throughout the city of Atlanta for the period 2000–2010. The authors observe that historically designated properties at the local level, on average, experience a market value increase of 12.1%. In the United States, when it comes to the conservation and revitalization of historically and architecturally significant properties, tax incentives play a primary role. In 1972, the state of California passed a law known as the Mills Act, named after California State Senator James R. Mills. The main purpose of the law was to provide incentives to property owners for the conservation and rehabilitation of historically significant structures. The Mills Act requires that the local administration enter into a contract with the owner of the historic building. The contract is valid for ten years and automatically renews each year unless the owner or local administration terminates it, after which the contract expires at the end of the ten-year term. According to the terms of the contract, the owner of the historically significant property agrees to preserve and rehabilitate the exterior facade of the structure in exchange for a reduction in property taxes. The tax savings resulting from the Mills Act contract for a historically significant property vary from 40% to 80%, with an average savings of 49%. Andrew Narwold et al. [14] analyzed the impact of local historic designation on the values of single-family properties with historical and architectural significance in San Diego, California, between 2000 and 2006,

estimating the price differential between properties covered by Mills Act contracts and those with similar characteristics but without such designation. The results indicate that historical designation conferred by the Mills Act produces a 16% increase in the market value of single-family properties with historical and architectural significance in San Diego. In Abilene, Texas, individual properties rather than neighborhoods receive historic designation. N. Edward Coulson et al. [7] examined the impact of historical and architectural significance using a sample of approximately 7600 single-family properties in Abilene. Among the properties studied, 160 were locally designated by the city's local historical commission. Of these 160 locally designated properties, 75 are also listed in the National Register of Historic Places (NRHP). The authors find that single-family properties with historical and architectural significance designated locally experience a 17.6% increase in their market value compared to non-designated properties. This indicates a substantial increase in price, as a property valued at USD 40,000 sees an increase in its market value due to historical and architectural significance of USD 7040. Moving to Europe, E.C.M. Ruijgrok [15] determined the economic value of historical and architectural significance in the Netherlands. The data sample consists of 1255 historically significant single-family and multi-family properties located in Tiel, an urban area in the southeast of the Netherlands rich in historic buildings, windmills, churches, farmhouses, and residences. In the study area, the average market value of a home is EUR 237,000; the author finds, after an in-depth study, that the presence of an architectural style increases the property's market value by EUR 13,000, while the presence of an additional historical architectural element on the facade results in an increase of EUR 3777. Finally, the author concludes that historical and architectural significance has a 14.85% impact on the market value of a property. V. Zahirovic Herbert et al. [9] evaluated the effects of historical and architectural significance on the values of single-family residential properties in Baton Rouge, Louisiana. Using a data sample of real estate transactions between October 1984 and April 2005, the authors found an increase in the market value of single-family properties due to historical and architectural significance ranging from 5% to 8%. Meanwhile, Richard J. Cebula [16] analyzed the impact of historical and architectural significance on the value of single-family properties in the city of Savannah, Georgia. The author showed that a property designated nationally as historically significant experiences an increase in its market value of about 1.7% compared to a non-designated property. Consequently, Vandell et al. [17] examined the impact of historical and architectural significance on the values of single-family residences in Boston and Cambridge, Massachusetts. They found an increase in their market value due to the presence of such historical and architectural significance studied, equal to 22%. Continuing the series of positive results, D. S. Noonan [18] conducted new empirical research on the effects of historical and architectural significance on the values of historically significant properties. For a large dataset of property sales in Chicago during the 1990s (1990–1999), a hedonic price analysis suggests that historically designated properties and properties located within neighborhoods, referred to as historic districts, command a modest premium at the time of sale. In particular, the results suggest that the premium for historically significant properties due to historical and architectural significance is lower if the reference point is a neighborhood, and therefore if the property falls within a historic district, rather than a single historically significant property. In this case, the author arrived at the following observations: historically designated properties experience an average market value increase of 10.6%; in turn, properties located within neighborhoods designated as historic districts only experience a market value increase ranging from 3% to 5%. However, historical and architectural significance can also have a negative impact on property values. Paul K. Asabere et al. [26] conducted an empirical investigation into the impact of local historical designation on the values of historically significant properties in the city of Philadelphia, demonstrating that local historical designation in Philadelphia has reduced the value of properties located in condominiums. The local historical designation program in the city of Philadelphia is characterized by overly rigid and restrictive programs, as well as associated with very

limited state incentives. It is no wonder that the Pennsylvania Supreme Court has declared that the local historical designation in the city of Philadelphia violates the state Constitution. The current local historical designation program gives the local historical preservation commission absolute control over the demolition, modification, construction, and maintenance of historically certified structures in the city of Philadelphia, not to mention the absence of specific incentives for the maintenance or rehabilitation of certified properties. To date, over 15,000 buildings, sites, and properties are subject to the city's strict historical control. The study area is the central business district, known as Center City, of the city of Philadelphia. The data sample consists of all condominium apartment sales from 1980 to 1991, for a total of 118 sales. The results show that local historical designation, as practiced in Philadelphia, is associated with a 24% price reduction due to high maintenance costs, limited incentives, and strict and restrictive regulations. The mentioned studies are summarized in Table 1 and offer a good insight into the available literature on the intrinsic effects of historical–architectural significance on property values.

6.2. Historic Designation of the Neighborhood

Historically significant neighborhoods, understood as historic districts, can have both positive and negative impacts on property values falling within them. As demonstrated by T. Oba et al. [19], this can stem from the type of historic designation, whether it be local or national. Atlanta, the capital of the state of Georgia, presents a case of a large U.S. city with important historic districts designated at both national and local levels. The city primarily hosts two registration systems aimed at preserving historic neighborhoods: the National Register of Historic Places (NRHP) at the national level and the City of Atlanta Historic Preservation Ordinance (CADP) at the local level. The study includes 48 historic districts designated at the national level and 17 historic districts designated at the local level. The authors observe that properties located within the national historic districts experience an average increase in their market value of 15%. Conversely, properties located within local historic districts experience an average reduction in their market value of 3%. Overall, the results show a strong impact of the historic district designation on property values, with such effects clearly varying depending on the type of historic designation. The authors found a positive impact on the values of properties designated at the national level but at the same time a negative impact on the values of properties designated locally. The substantial difference stems from stricter and more severe controls on properties located within local districts, as well as the prestige and the tax benefits, associated with the location of properties within a national district. Staying in the state of Georgia, Richard J. Cebula [16] addressed the issue of evaluating the "spatial spillover effects" that the Savannah Historic Landmark District, as a historic district, produces on the property values within it. Located in Georgia, the Savannah Historic Landmark District is considered the largest historic district containing single-family properties in the United States. The data sample consists of 2888 sales of single-family properties located in the city of Savannah for the period 2000–2005, of which 591 properties are located within the Savannah Historic Landmark District. The study reveals that single-family properties located in the Savannah Historic Landmark District experience an average increase in their market value of 20–21% compared to similar properties not located in the district. The creation of historic districts has become an increasingly common tool for preserving historically significant buildings and neighborhoods. Many supporters of the historic designation of entire neighborhoods assume that this tool can increase, or at least preserve, the values of properties within them, but in rare cases, this may not be the case. Heintzelman et al. [27] conducted an empirical investigation into the impact of local historic district designation on the values of residential properties located in various historic districts in Boston, Cambridge, and Quincy, in Massachusetts, for the period 2000–2007. The results show that local historic district designation is associated with a reduction in the market value of properties ranging from 11.6% to 15.5%, with an average reduction of 13.55% due to high maintenance costs, limited incentives, and strict and restrictive

regulations dictated by Massachusetts conservation policies, particularly the Community Preservation Act (CPA). On the other hand, P. K. Asobere et al. [20] evaluated the impact of national historic district designation on the market values of single-family residential properties located in the historic districts of Philadelphia, Pennsylvania. The data sample consists of 120 sales of single-family residential properties from December 1986 to May 1990. The authors conclude that the inclusion of a property within a nationally designated historic district is associated with a 26% increase in market value due to the tax benefits of national designation. The study by Peter V. Schaeffer et al. [3] on the neighborhoods of Chicago also demonstrated that national historic district designation produces benefits for the property values within them. The study area consists of two neighborhoods in Chicago (Illinois), Beverly Hills and Morgan Park, adjacent to each other in the southwest area of Chicago, 12 miles from downtown. Due to similarities in historic architectural style, they are often considered one neighborhood. In 1976, the Ridge Historic District was established, later listed in the National Register of Historic Places (NRHP), and it is the largest national historic district in the United States and comprises portions of Beverly Hills and Morgan Park. Subsequently, in 1981, two additional national historic districts were established within the Ridge Historic District, known as the Longwood Drive District and the 104th Place District. The designation and administration of the city of Chicago's national historic neighborhoods is the responsibility of the Chicago Historic Landmarks Commission, whose commission is composed of nine members appointed by the mayor. The commission is tasked with providing tools for protection from the demolition of historically significant buildings and reviewing construction permits within Chicago's historic districts to avoid alterations that could diminish the value of a historically significant property or alter its character. The net benefits for property owners were measured based on the effect of national historic district designation on property sales prices. Property sales data were collected for the period 1960–1986 for a data sample consisting of 252 units. Most of them are single-family properties. Of the 252 units, 107 (42%) are located outside the Ridge Historic District and 145 (58%) are located within the district. Of these 145 units, 42 (17%) are located in the two historic districts of Chicago, the Longwood Drive District and the 104th Place District. The results suggest that properties located within the Ridge Historic District experience an average increase in their market value of 24%, properties located just outside the Ridge Historic District experience an average increase in their market value of 29%, while properties located within the Longwood Drive District and 104th Place District experience an average increase in their market value of 53%. Staying in the state of Illinois, unlike the previous study on the impact of national historic district designation on property values, Coffin [21] analyzed the relationship between local historic district designation and the value of residential properties in Aurora and Elgin. In Illinois, the local designation of entire neighborhoods is related to a conservation ordinance, which requires property owners within historic districts to obtain a certificate of appropriateness for any modifications and repairs. On the other hand, Illinois is also one of the few states in the USA to offer tax incentives for local historic district designation. As noted by the author, this would result in an increase in the market value of properties located within local historic districts of 6% and 7%, respectively, in Aurora and Elgin. Furthermore, Akram M. Lyla et al. [8] evaluated the impact of local historic district designation on the market values of single-family residential properties located in six historic districts in the United States: Whittier Mill (Atlanta, GA), Junius Heights (Dallas, TX), Alvarado (Phoenix, AZ), Betts-Longworth (Cincinnati, OH), Ohio City (Cleveland, OH), and Allegheny West (Pittsburgh, PA). In all six locations, properties located within locally designated historic districts experience significantly higher sales prices compared to properties located in comparable non-designated districts. On average, properties located within locally designated historic districts experience an increase in their market value of 9.5%, with increases ranging from a minimum of USD 8590 in Dallas to a maximum of USD 22,002 in Atlanta. The results provide further evidence of the increase in property values associated with local historic district designation. Given Kentucky's appellation as a

national leader in the conservation of historically significant buildings, J.I. Gilderbloom et al. [22] examined the impacts of historic district designation on property values in the city of Louisville. Founded in 1778 by George Rogers Clark, Louisville is one of the oldest cities west of the Appalachians, as well as the largest city in Kentucky. Due to its ancient origins, the city hosts numerous locally and nationally designated historic districts, including Old Louisville, which is the largest Victorian neighborhood in the nation and the third-largest district on the National Register of Historic Places in the United States (Historic Old Louisville 2008). Kentucky is currently one of only 27 states in the nation to offer federal tax incentives for national historic district designation, regulated by the Kentucky Heritage Council, which has the privilege of coordinating one of the most successful federal tax credit programs in the United States. Specifically, tax incentives for properties listed on the National Register of Historic Places (NRHP) provide state tax credits of 30% for residential properties and 20% for commercial properties on rehabilitation and conservation investments. Since 1976, federal tax incentives have allowed for the restoration and rehabilitation of approximately 34,000 structures located within nationally designated historic districts, for a total investment of USD 40.83 billion. Not surprisingly, Kentucky ranks 14th nationally in the number of historic properties rehabilitated through this type of incentive. The data sample consists of property values located within ten nationally designated historic districts in the city of Louisville for the period 2000–2006. The authors find an average increase in the market value of properties located within nationally designated historic districts of 58%, with increases in value associated with tax benefits due to the location of properties within a national historic district. In an attempt to defend, conserve, and preserve historically and architecturally significant real estate properties for future generations, the Sacramento Conservation Program was established on 18 January 1975 in Sacramento, California. The program provides protection and maintenance for architecturally, historically, and culturally significant structures and areas built between 1848 and 1920 through the designation of historic districts. The program's guidelines regulate the types of building materials and color tones that can be used in case of redevelopment. For example, original materials must be used whenever possible instead of imitative ones. The program also regulates architectural details, such as fence styles, roofs, chimneys, cornices, porches, and other accessories, imposing significant restrictions on external alterations, as it is believed that preserving the original design as much as possible increases the value of the properties. In doing so, negative externalities created by the deterioration of buildings due to a lack of adequate maintenance and by recovery interventions that modify the "appearance" of a historically significant structure, and thus implicitly also the "character" of the neighborhood in which they are located, are mitigated by the conservation activities carried out by the historic district designation, which would result in an increase in property values. However, within a historic district in Sacramento, the federal tax law provides for a reduction of up to 20% in taxes for improvements made to properties built before 1936, which could further incentivize owners to enhance their properties. In 1997, D.E. Clark et al. [23] analyzed the effects of positive externalities associated with historic district designation on property values within them. The data sample consisted of 58 properties located in six historic districts in Sacramento. Most of these 58 properties were located within the three largest historic districts by area: Boulevard Park (23 properties), Sutter's Fort (17 properties), and Southside (10 properties). The results indicate that properties located within the six historic districts experienced an average increase in their market value of 17.32%. The increases in property values within the historic districts studied suggest the predominance of positive externalities over negative ones attributable to the rigid restrictions in force. As observed so far, the historical and architectural significance can have both positive and negative impacts on property values, which can also derive in some cases from the building type of the properties. In fact, L. Klarnet [24], using a data sample consisting of property sales in Washington between 1992 and 2019, found that the effect of historic district designation on property values can vary depending on the building type: single-family homes, townhouses, or condominiums. Currently, 4.2%

of residential properties in Washington reside in historic districts. In 1950, Georgetown was designated as Washington DC's first historic district, and 37 historic districts have been designated between 1950 and 2018. The average historic district has an area of 0.183 square miles and contains 1.310 residential properties. Capitol Hill is the largest historic district, with an area of 1.167 square miles and 7797 housing units. Meanwhile, the smallest historic district is Emerald Street, with an area of 0.004 square miles and 173 housing units. As noted by the author, the effect of historic district designation on property values varies, however, depending on the building type. Single-family homes and townhouses located within historic districts experience an average increase in their market value of 9%. In contrast, condominiums located within historic districts show an average reduction in their market value of 6.3%. One possible explanation for the price divergence between single-family homes and condominiums located within historic districts is the higher maintenance costs associated with condominiums, as well as their lesser historical and architectural significance, given that condominiums are, from a building perspective, more recent than single-family homes. The capital of the state of Nebraska, Lincoln, is also the seat of Lancaster County. After Omaha, it is the second most populous city in Nebraska. It is named after the sixteenth president of the United States. In recent decades, multiple historically designated neighborhoods have been established with the explicit purpose of preserving the rich local Native American tradition. E. Thompson et al. [2] evaluated the impact of historic district designation on the market values of single-family residential properties through a dataset containing sales before and after the historic designation for the period 1990–2007 in nine historic districts in Lincoln, Nebraska: Chas Creighton (historically designated in 1985), East Campus (historically designated in 2002), Elm Park (historically designated in 1991), Everett (historically designated in 1998), Franklin Heights (historically designated in 1995), Hawley (historically designated in 1998), Mt. Emerald (historically designated in 1980), South Bottoms (historically designated in 1986), and Woods Park (historically designated in 1991). The results suggest a positive and statistically significant relationship between the historic district designation and the market values of properties within them. Considering that the average age of properties within the historic districts is 81.2 years, the authors found an average increase in their market value due to positive externalities generated by the historic district of 13%. This means that property values in historically designated neighborhoods increased on average by USD 5000 for sales that occurred after the historic designation. Starting in 1965, historic preservation of the built environment began to play a primary role in the "world capital," New York City. New York City is a city in the state of New York, famously known as the "Big Apple" worldwide. The first person to use this term to express admiration for the metropolis was Edward S. Martin in his famous novel "The Wayfarer in New York" in 1909, in which New York was compared to an apple tree with roots that sank down into the Mississippi Valley and whose fruit, the apple, resided in the city of New York. Although the first person to actually use the term "Big Apple" was the sports editor John J. Fitzgerald, who named his column on horse racing "Around the Big Apple" after hearing the New York racecourse called by that name by some horse racing bettors, associating New York with the most coveted and profitable apple from a betting perspective. A big red apple was also the compensation due to jazz musicians in the 1930s who played in clubs in Harlem and Manhattan, thus starting to nickname New York the "Big Apple", the successful capital of jazz music in the world. Later, in 1971, the then-tourism president, Charles Gillet, during a city promotional campaign, compared New York, often seen as a violent and dangerous city, to a big, juicy red apple in order to give it a more attractive and inviting image. Finally, in 1997, the city's mayor Giuliani designated the intersection of 54 West Street and Broadway, where John J. Fitzgerald lived for a long time, as Big Apple Corner. As you can see, there are various reasons why New York is compared to a "Big Apple", but one thing is certain, like any respectable apple, it can be divided into slices. This metaphor implies the division of the city of New York (the big apple) into numerous prestigious historic districts (the slices). In 1965, the New York City Landmarks

Preservation Commission was established, responsible for the protection of the historical, cultural, and architectural heritage of the entire metropolitan area. New York's historic districts range from the Upper East Side Historic District, which includes more than 50 blocks on the east side of Central Park, to the recently designated Perry Avenue Historic District, which includes only nine single-family properties in the Bronx. Overall, almost 60% of historic districts are located in Manhattan, just over 25% in Brooklyn, and just under 10% in the Bronx. Been et al. [25] investigated the impact of historic district designation on property values in various historic districts of New York over a period of 35 years, from 1974 to 2009. The authors found that properties located within historic districts experience an average increase in their market value of 17% compared to comparable properties outside of these districts. The results suggest that the designation of historic districts can have a positive effect on property values, making them more desirable to real estate investors. Finally, Lahr et al. [4] examined the value differential between properties located within historically designated neighborhoods and properties located within neighborhoods that are not officially designated as historic. The sample studied consists of appraisal data from several thousand properties for the period 1998–2002 located in eleven different neighborhoods in Memphis, Tennessee, of which five are non-historic and six are historically designated. Of these six, three neighborhoods have both a national designation, meaning that they are included in the National Register of Historic Places (NRHP), and a local designation conferred by the Memphis Landmark Commission. The other three, Shadowlawn, Hein Park, and East Buntyn, are designated only at the national level. The authors observe that when properties are located in neighborhoods classified as historic districts by the city of Memphis, values increase significantly, with appreciation rates higher by 14–23% compared to properties located in neighborhoods that are not classified as historic. The mentioned studies are summarized in Table 2 and offer a good insight into the available literature on the extrinsic effects of historical–architectural significance on property values.

7. Conclusions

This work has provided an overview of the main studies and results obtained regarding the effects of historical–architectural significance on property values. The conducted research has allowed for the classification of the analyses developed for the evaluation of the impact of the intrinsic historical–architectural component, i.e., on the value of the individual property, and extrinsic, i.e., in terms of externalities that the neighborhood produces on the properties within it. The majority of the analyzed studies have shown that historically designated properties and those located within historic districts report, ceteris paribus, an increase in their market value due to the presence of historical–architectural significance compared to comparable properties but devoid of historical classification. The results suggest that historical–architectural significance can have both positive and negative impacts on property values. Property values can be increased by various factors, such as (a) prestige: As historical designation confers prestige through the official recognition that a building or neighborhood receives from a historical commission. This prestige is recognized by the real estate market, as some people take pleasure or satisfaction in living in a historically significant building or neighborhood. Often, such properties have been designed by renowned architects or, more commonly, have been the residence of notable figures in the history of a city or country. Therefore, the prestige and recognition associated with the historical designation of individual properties and entire neighborhoods inherently increases the satisfaction of the owners. It is not surprising that real estate agents often emphasize this aspect in the sale of a historic property, and most often buyers are willing to pay a premium for this designation. (b) Protection: Historical designation through the inclusion of historic properties or neighborhoods in local or national historic registers provides a certain level of protection; for example, from destructive demolition by highway construction, urban renewal, and other government-funded or authorized projects. Owners of locally designated properties, even before making changes to the

property, must obtain approval from a board or commission and are required to adhere to a set of guidelines. Therefore, through protection from stringent building guidelines and architectural review procedures, historical designation provides greater protection for historic buildings and neighborhoods, able to preserve the historic character of a neighborhood or property. (c) Financial incentives: Federal tax credits and other financial incentives are often offered to historic properties to promote the conservation and preservation of such income-generating historic buildings. Therefore, thanks to the tax incentives, property values benefit from an increase in their market value. Thus, thanks to the prestige, protection, and incentives of a historic property, a designation often has additional positive consequences, such as promoting the revitalization of properties, the preservation of neighborhoods, strengthening the commercial and tourist health of an area, and catalyzing the formation of community organizations and activities. On the other hand, historical and architectural significance can also have a negative impact on property values. Property values can be decreased due to the following factors: (a) regulatory costs, as maintenance work on a historically significant property is often more expensive than it would otherwise be, as it must comply with rather strict guidelines; (b) development constraints, as historical designation can prevent the use and enjoyment of the property for more intensive and profitable purposes. In this way, historical designation may not reflect the "highest value" or "best use" of the property, i.e., the most profitable use that incorporates those uses legally allowed, physically possible, and financially or economically advantageous [52]. Therefore, due to the high regulatory costs and development constraints, historical designation often has additional negative consequences, such as gentrification, which is the displacement of low-income residents from historically significant properties and districts. This argument suggests that the high costs associated with conservation and maintenance regulations and the resulting increase in property values can gentrify areas, reducing residential options for low-income families and small businesses. Contextualizing the analysis to the United States, it can be observed that the largest market value increases associated with the presence of historical–architectural significance are found in the state of Kentucky, while increasing reductions in value are found in the state of Pennsylvania, particularly in the case of properties designated within small condominiums due to the high maintenance costs and limitations on the owner's ability to make modifications. For real estate appraisal purposes, the profitability of a property with historical–architectural significance constitutes an appropriate methodological reference for determining the component of the value of the resource linked to the relative forms of private use, and particularly to the residential functions performed by properties with historical–architectural significance. The formation of exchange values that express the extra-residential functions of properties with historical–architectural significance may not follow the laws of the market and may pursue social objectives that lead to the genesis of administered or conventional prices. Due to the widespread and varied presence of properties with historical–architectural significance worldwide, it is not to exclude an increasing use of econometric procedures aimed at appropriate "grids" of objective and regularly updated valuation references to be used in individual estimates in which it is necessary to weigh the effect on the market value of the historical and architectural features of a given property [53].

Author Contributions: The authors worked together on the publication and contributed equally. All authors have read and agreed to the published version of the manuscript.

Funding: This research received no external funding.

Institutional Review Board Statement: Not applicable.

Informed Consent Statement: Not applicable.

Data Availability Statement: No new data were created or analyzed in this study. Data sharing is not applicable to this article.

Conflicts of Interest: The authors declare no conflict of interest.

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