Workshop: Cultural Heritage and Urban Revival

Date: 24 January 2014
Location: Tinbergen Institute - Gustav Mahlerplein 117, Amsterdam

08:15 - 08:30  Opening: Jan Rouwendal

Morning session
08:30 - 09:30  Urban resilience: Store Location Dynamics and Cultural Heritage
   Ruben van Loon, Mark van Duijn & Jan Rouwendal
   Discussant: Edward Coulson
09:30 - 10:30  Cultural Agglomeration and its implications
   Stephen Sheppard
   Discussant: Kurt Schmidtke
10:30 - 10:45  Break
10:45 - 11:45  The Economics of Style
   Edwin Buufooy & Frans Schilder
   Discussant: Paul Cheshire
11:45 - 12:45  U.S. Cultural Districts and Urban Renewals
   Douglas Noonan
   Discussant: Jos van Ommeren

12:45 - 13:30  Lunch

Afternoon session
13:30 - 14:30  Investments in Cultural Heritage in The Netherlands
   Hans Koster & Jan Rouwendal
   Discussant: Edward Coulson
14:30 - 15:30  Music in the Air: Estimating the Social Returns to Cultural Amenities
   Stephan Heblich
   Discussant: Paul Cheshire
15:30 - 15:45  Break
15:45 - 16:45  Game of Zones: The Economics of Conservation Areas
   Gabriel Ahlfeldt, Kristoffer Möller, Seurin Weights & Nicolai Wendland
   Discussant: Jos van Ommeren
16:45 - 17:45  Sorting based on Amenities and Income
   Mark van Duijn & Jan Rouwendal
   Discussant: Kurt Schmidtke

17:45 - 18:00  Closing: Jan Rouwendal

19:30  Dinner: In de Waag

Contact: m.van.duijn@vu.nl
## List of participants

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Preliminary list of abstracts

Urban Resilience: Store Location Dynamics and Cultural Heritage
Ruben van Loon, Mark van Duijn & Jan Rouwendal
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Abstract. In this paper we study retail store dynamics at the neighbourhood level in the Netherlands. We compare the total number of stores, number of vacant stores and number of specific types of stores in neighbourhoods within and outside conservation areas while controlling for many other factors. Our hypothesis is that the growth of vacant stores is lower in the presence of cultural heritage and that therefore there is less urban deprivation in these neighbourhoods. We test this by using a unique panel dataset from Locatus which has information on the location and type of stores in the Netherlands over a period of 10 years (2003-2012). The results show that growth rates of the total number of stores and especially fashion stores have been higher in neighbourhoods within a conservation area. On the other hand, growth rates of vacant stores and catering stores have been lower in neighbourhoods within a conservation area. These results suggest that, on average, stores within conservation areas are more resilient than stores outside conservation areas between 2003 and 2012. We also show that the importance of cultural heritage and distance to the city centre for retail activity slowly changes over time. These results show the continuously changing urban environment.

The Economics of Style
Analyzing price differences of ‘contemporary’ and retro architecture
Edwin Buitelaar
Frans Schilder

In the last decade or so, many advanced economies have experienced the proliferation of design styles that refer back to styles from the past. Those have become known as ‘retro’ styles. This trend also occurred within architecture where pre-WWII building styles have grown in popularity. Some have raised the hypothesis that the willingness to pay for these styles – assuming all else equal – is greater than for ‘modern’ or ‘contemporary’ styles. Theoretically this is possible. In restricted housing markets with imperfect market competition (i.e. market concentration), different building styles can lead to different house prices. Whether that is the case empirically is the subject of this paper. While there has been some research on the price effects of iconic architecture and architects, to our knowledge the price effects of different building styles have not been researched yet. This paper reports on a cross-sectional hedonic price analysis of building styles in the Netherlands. In addition, it looks at the price development of building styles by analyzing the interaction between these building styles and time fixed effects.
Game of zones:
The economics of conservation areas*

Abstract: Provided there are positive external benefits attached to the historic character of buildings, owners of properties in designated conservation areas benefit from a reduction in uncertainty regarding the future of their area. At the same time, the restrictions put in place to ensure the preservation of the historic character limit the degree to which properties can be altered and thus impose a cost to their owners. We test a simple theory of the designation process in which we postulate that the optimal level of designation is chosen so as to Pareto maximize the welfare of local owners. The implication of the model is that a) an increase in preferences for historic character should increase the likelihood of a designation, and b) new designations at the margin should not be associated with significant house price capitalization effects. Our empirical results are in line with these expectations.

Keywords: Designation, Difference-in-Difference, RDD-DD, England, Gentrification, Heritage, Property Value

Version: September 2013

JEL: H23, H31, R40, R58

Cultural Agglomeration and its implications

Stephen Sheppard

Abstract

This paper presents some approaches for analysis of culture concentrations. The paper proposes several measures of such concentrations, and calculates them for cultural nonprofits in US urban areas from 1989 to 2009. These measures are then used to explore the impact of cultural concentration on economic outcomes.

The paper finds some strong and potentially important results, and some results that are intriguing if imprecise. Having local cultural nonprofits that are clustered (more dense than all nonprofits) is associated with greater per capita GDP, but so is increasing the median distance between organizations. In addition to these results, increasing the number of distinct clusters appears to be associated with greater per capita GDP. Combining these observations, it appears that the spatial structure for cultural nonprofits most conducive to a positive economic impact would be one with several clusters, scattered widely over the urban area.
U.S. Cultural Districts and Urban Renewals

Douglas S. Noonan

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Director of Research
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Abstract

Large and small U.S. cities have increasingly pursued urban revival and local economic development strategies centered on clusters of cultural heritage and activity known as “cultural districts.” Concentrating economic activity in these formally designated districts marks a new era in the union of cultural policy and urban development arenas in the U.S. The results have been largely successful partnerships as political and planning efforts. The results in the form of on-the-ground impacts on the trajectories of local (urban) development, however, remain largely uninvestigated. This analysis remedies this by extending some of the first results of a national-scale empirical (quantitative and systematic) analysis of the effects of cultural districts on their neighborhoods. The evidence for these districts’ effectiveness in promoting urban renewal is mixed at best (based on fixed-effects regressions pooled across almost 100 cities). As a matter of program evaluation, however, the U.S. experience with cultural districts poses two major problems. First, as a mostly local policy instrument, designating cultural districts proves to be a very heterogeneous treatment with some districts being far more substantial investments than others. Second, even the same policy tool can have wildly different effects if implemented in very different urban contexts. Accordingly, examining the mean effects of districting on patterns of local urban development may mask some of the more interesting heterogeneity in experiences across different U.S. cities. To address both of these issues, more robust models are estimated by testing for different neighbourhood dynamics (inside the district vs. adjacent to the district vs. outside) separately for each metropolitan county. This means 32 separate regressions for the 32 mapped districts that were established in the 1990s. A meta-analysis of the results conveys how often districts had positive, negative, or insignificant impacts on the key indicators. The results show how districts effects appear very promising but only for a minorities of urban areas. Further analysis suggests what features are common among the best performing districts. With this kind of information, cities can adjust their investment in their districts and other cities considering new cultural districts can better understand their counterparts’ experiences during their deliberations.
Sorting based on amenities and income: Insights on social interactions and multiplier effects

Mark van Duijn & Jan Rouwendal

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Abstract. Recent research shows that urban heritage can be an important factor of residential location choice, and that especially highly educated households are attracted by the presence of cultural heritage. In this paper, we use a location choice model to investigate the attractiveness of neighborhood amenities for heterogeneous households in Amsterdam and surrounding municipalities. We control for observed (house prices, proximity to large labor markets, area of historic city center, share of rich households) and unobserved neighborhood characteristics. We use a unique micro data where we identify the marginal willingness-to-pay of different households for living with higher income households. The results show urban amenities attract high income households and that there is a social interaction effect: High income households attract each other. This suggests that there is a multiplier effect on the impact of urban amenities. However, we do not find any evidence that the presence of high income households attract endogenous amenities.