



Gaithersburg
A CHARACTER COUNTS! CITY

Fiscal Impact of Local Designation **on Gaithersburg's Historic Districts**

Published March 2017

City of Gaithersburg
Planning and Code Administration
31 South Summit Avenue
Gaithersburg, Maryland 20877
Telephone: (301) 258-6330
Plancode@gaitersburgmd.gov
www.gaithersburgmd.gov

City Officials

Mayor

Jud Ashman

City Council

Neil Harris, Council Vice President

Yvette D. Monroe

Michael A. Sesma

Ryan Spiegel

Robert T. Wu

Planning Commission

John Bauer, Chair

Lloyd S. Kaufman, Vice-Chair

Matthew Hopkins

Ruthzaly Weich

Danny Winborne

Philip Wessell, Alternate

Historic District Commission

Chris Kirtz, Chair

John Roddy, Vice-Chair

Marc Feinstein

Mary Jo LaFrance

Dean Ventola

Robert Love, Alternate

Responsible Staff

Chris Berger, Historic Planner II, Liaison to the Historic District Commission

Trudy Schwarz, Planning Division Chief

Rob Robinson, AICP, CEP, Long Range Planning Manager

Kirk Eby, AICP, GISP, GIS Planner

Gregory Mann, AICP, Planner III



Table of Contents

Part 1: Report

Executive Summary	2
Background	3
Methodology	4
Total Assessed Value Analysis Results	9
Property Sales Analysis Results	13
Incentives	22
Other Factors	24
Conclusion	24

Part 2: Appendix

- A. Hyperlinks
- B. Spreadsheets
- C. Study Area Maps



Executive Summary

Property rights advocates contend that land use regulations imposed by local historic districts negatively affects the value of the subjected properties. Studies of communities throughout the United States have shown not only is this false, but the value of properties in local historic districts actually increases at a higher rate when compared to non-designated properties in the same locale.¹

This study was undertaken to assess the economic impacts of local historic districts on property values. The information will be used as a planning tool should the City pursue designation of additional historic districts in the future. Residences within the City’s two historic districts—Brookes, Russell, and Walker and Chestnut/Meem—were studied and compared to residences within the Realty Park, Observatory Heights, and Deer Park, three neighborhoods that have similar construction dates, architectural styles, infrastructure, street layouts, geography, lot sizes, and interior square footage. Available property assessment and sales data were compiled and analyzed.

The results show that historic designation of the two historic districts has not had a negative effect on the value of the properties contained within the district boundaries, when compared to properties within the three non-designated neighborhoods. The economic value indicators in the Brooks, Russell, and Walker and Chestnut/Meem historic districts often performed comparably—and sometimes better—than the indicators compiled for the three non-designated neighborhoods. Moreover, it can be argued that historic designation can be more financially advantageous to property owners long term because of the availability of incentives such tax credits and preservation easements.

¹ (Rypkema, Cheong and Mason 2011)

Background

Historic resources can be designated at both the federal and local level, and they can be designated individually or as part of a historic district. National Register of Historic Places (NRHP) and National Historic Landmarks (NHL) districts populate a federal list that is maintained by the National Park Service, a part of the U.S. Department of the Interior. The NRHP and NHL are good sources to identify historic places, but the listings alone provide almost no protection as property owners do not need approval to alter or demolish.

Local historic districts, the focus of this study, are more protective. In accordance with approved regulations, a board made up of credentialed local citizens must review proposed exterior alterations for properties located within a locally landmarked historic district. It is through this review process that the underlying character of a historic neighborhood is maintained over time.

In 1981, the City of Gaithersburg approved Chapter 24, Article XII, of the City Code, which provided legislation for the preservation of historic resources in accordance with Article 66B of the Annotated Code of Maryland (now Title 8 of the Maryland Land Use Code Ann., Sec. 8-101 et seq.). Since then, the City has designated approximately 100 historic resources comprised of 20 individual properties and two residential historic districts: Brookes, Russell, and Walker, designated in 1987, and Chestnut/Meem, designated in 1997.

In Gaithersburg, applicants are required to submit a Historic Area Work Permit (HAWP) application prior to alteration of the exterior of his or her respective property. The Historic District Commission (HDC), a board consisting of five members and one alternate appointed by the Mayor and City Council, meets monthly to review HAWP applications. The HDC also provides courtesy reviews of site plan applications for non-designated properties in Olde Towne, Observatory Heights, and Realty Park. For courtesy reviews, commissioners offer suggestions to the applicant before the application is reviewed by the Planning Commission.

The primary goal of a local historic district is to protect the qualitative characteristics of the historic resources contained within, but designation also has quantitative financial effects. Property rights advocates contend that local historic districts add an extra layer of government regulation that hinders economic value.² This misperception has consistently been proven to be untrue.

Since the 2005 publication of the Brookings Institute's report *The Economics of Historic Preservation*, additional studies on the topic have followed (**Appendix A**). Most of these reports focus on the fiscal impacts of heritage tourism, but a growing number have evaluated the relationship between local historic districts and property values. All the studies have concluded that property values in designated local historic districts appreciate at a higher rate compared to those properties not in districts.³

2 (Rypkema July/August 1993)

3 (Rypkema July/August 1993)

Methodology

This project was undertaken to study the economic impacts, whether positive or negative, of Gaithersburg’s residential historic districts by analyzing the change in assessed value and sales prices of properties in the historic districts over time and how that change compared with similar properties not located in historic districts.

First, a literature review was conducted of the reports that have been written on the topic in other parts of the country. PlaceEconomics, a Washington, D.C.-based real estate and economic development consulting firm, has completed a number of the studies analyzing the link between local landmark designation and property values, and many of those reports were reviewed (**Appendix B**).

Next, study areas were selected to compare non-designated properties with those within the Brookes, Russell, and Walker and Chestnut/Meem historic districts (**Figure 1**). Observatory Heights, Realty Park,⁴ and Deer Park were selected as the non-designated study areas because, like the two historic districts, they generally contained buildings with similar construction dates, architectural styles, infrastructure, street layouts, geography, lot sizes (**Figure 2**), and interior square footage (**Figure 3**). The five selected study areas are also located in close proximity to Olde Towne and are home to students assigned to some of the same public schools. It should be noted that the Chesnut/Meem Historic District is the most different of the five neighborhoods as it is located immediately adjacent to the CSX Railroad tracks, and it had the fewest properties included in this analysis (**Figure 4**).

⁴ As noted earlier, Observatory Heights and Realty Park both are located in Gaithersburg courtesy review areas.

Methodology

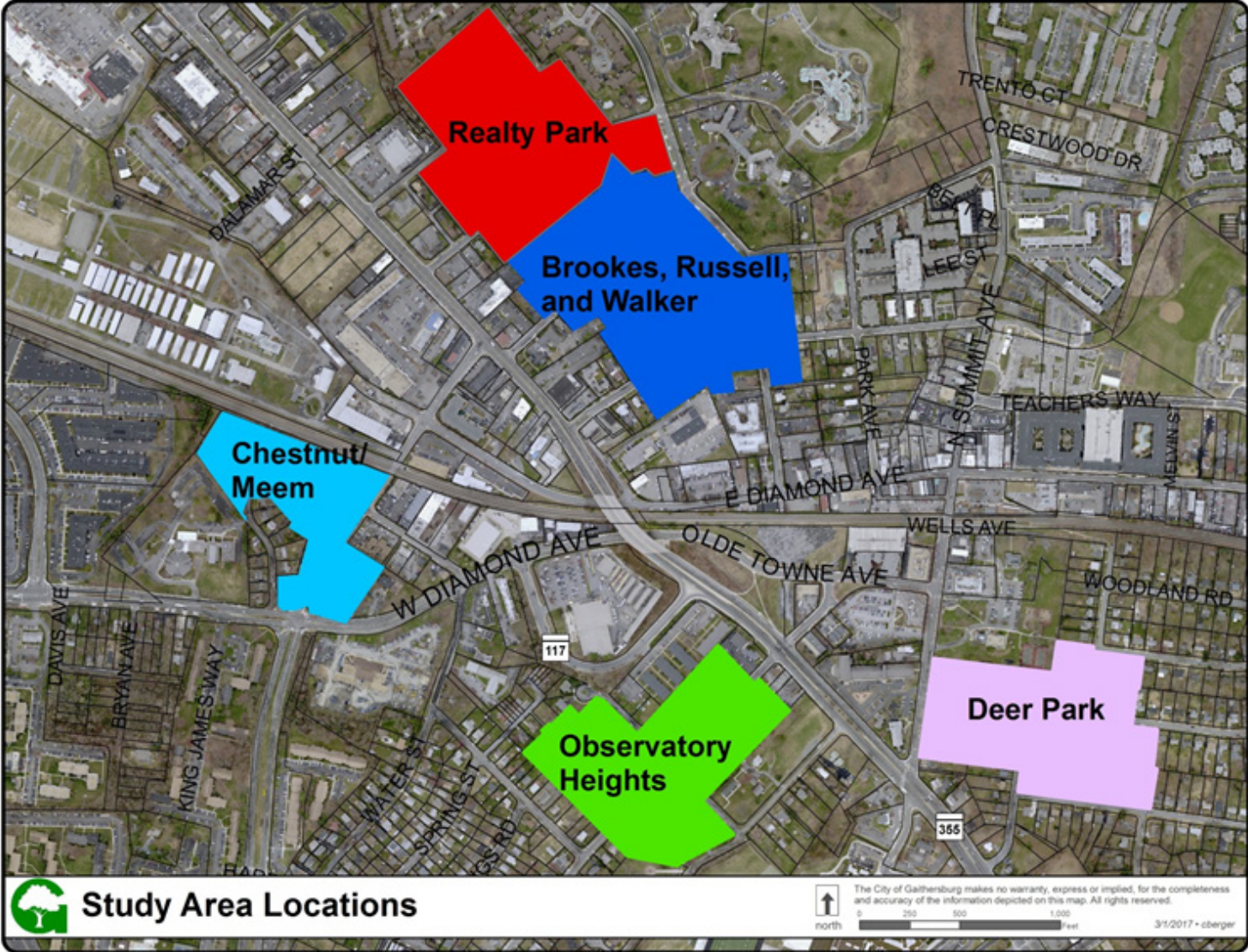


Figure 1. The location of the areas studied as part of this report.

Methodology

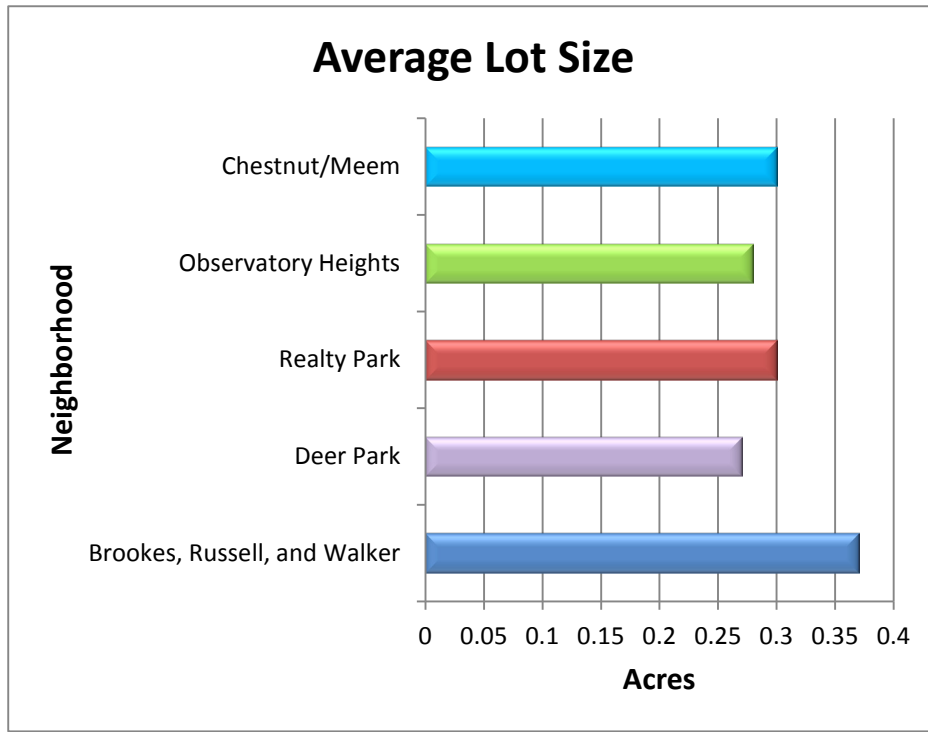


Figure 2. Average lot sizes studied ranged from 0.37 acres in the Brookes, Russell, and Walker Historic District to 0.27 acres in the Deer Park.

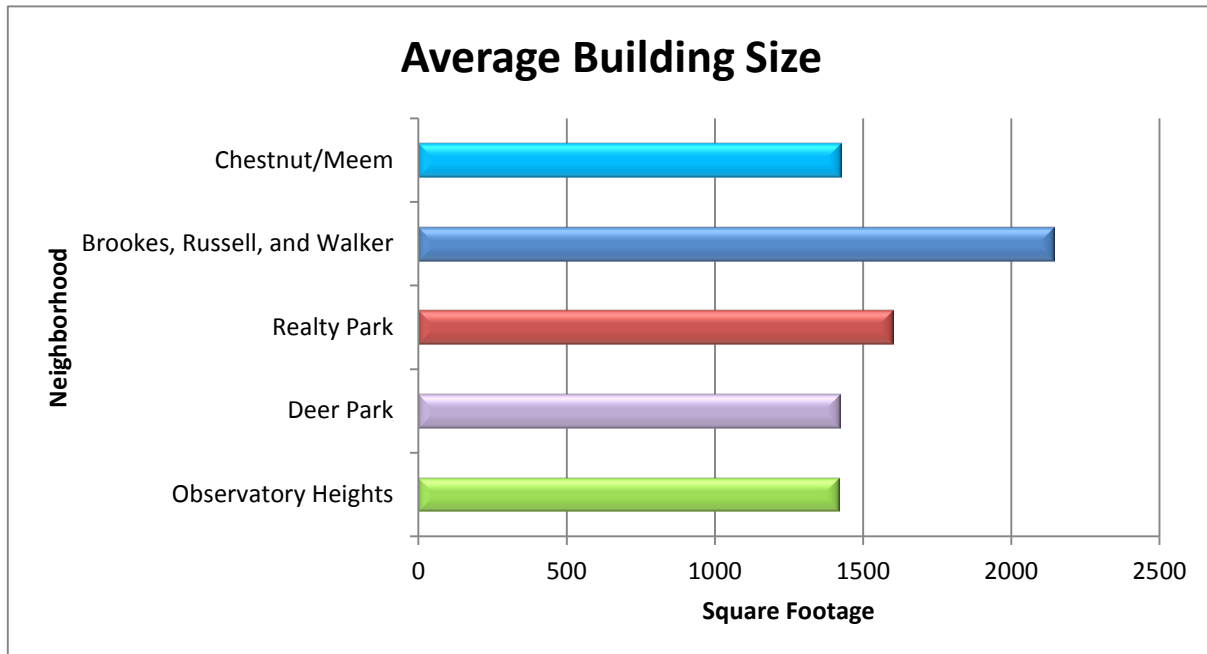


Figure 3. Average building sizes ranged from 2,143 square feet in the Brookes, Russell, and Walker Historic District to 1,417 square feet in Observatory Heights.



Methodology

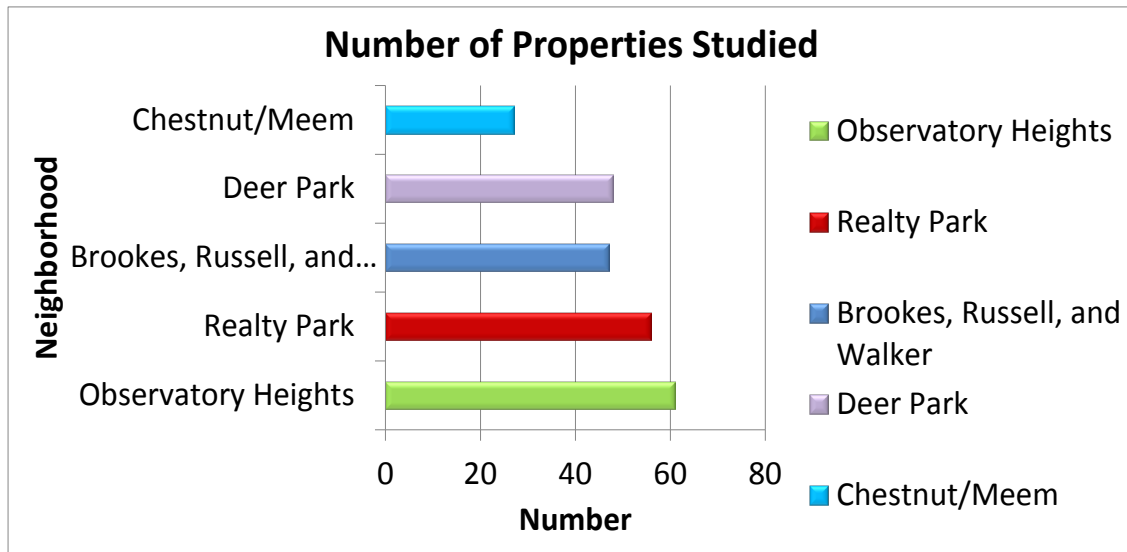


Figure 4. The number of properties studied in each area ranged from 27 in Chestnut/Meem to 61 in Observatory Heights.

To analyze the impacts of neighborhood designation, two economic value indicators, property tax assessment values and property sale prices, were selected. Maryland Department of Assessments and Taxation (SDAT) data were collected from the last five years available: 1997, 2000, 2005, 2010, and 2015. The data gathered for each property included building and parcel square footage and the total assessed value, which is the sum of the land and improvement values. In each study area, the total assessed value was averaged for each of the five years in which data was available and rounded to the nearest dollar.

Available sale price data from 1995 to 2015 also was gathered from the SDAT.⁵ If more than one property in a particular study area sold in a certain year the sale prices were averaged and rounded to the nearest dollar. Property sales were grouped into three eras: 1995-2001, 2002-2007, and 2008-2015. These three periods were selected to reflect the recessions as defined by the National Bureau of Economic Research that extended from March 2001 to November 2001 and December 2007 to June 2009.⁶ The data were compiled in Excel tables (**Appendix B**).

Only properties zoned R-90 (Medium Density Residential) were included for this study. Therefore, a number of properties traditionally associated with a particular study area were omitted. Excluded examples in the Brookes, Russell, and Walker Historic District include 7, 9, 11, and 12 Russell Avenue, zoned CBD (Central Business District), and 7, 8, 9, 10 Brookes Avenue and 2 Walker Avenue, all zoned R-B (Residential Buffer). Properties zoned R-B also were excluded in Realty Park, as were commercially-zoned properties in Realty Park, Observatory Heights, and Chestnut/Meem.

⁵ The website only lists the three most recent transactions for a respective property. For example, if a property sold in 1996, that transaction would not be shown on SDAT if it had also sold in 1998, 2005, and 2015.

⁶ (Research n.d.)

Methodology

Further, only single family detached residences were studied. This disqualified properties such as vacant lots, the church at 14 Brookes Avenue; and the duplexes in Chestnut/Meem. Only properties located within the designated historic district boundaries were included. SDAT data was incomplete for a few parcels, so those properties were omitted as well. Maps of the included parcels are available in **Appendix C**.

Citywide property sales data for single-family detached homes was available for the years 1995, 2000, 2005, and 2010. This data includes property sales for properties of all ages—not just older buildings. The data includes building and lot square footage. This information is available in **Appendix B**.

Finally, to adjust for inflation, both total assessed values and sale prices were converted from real dollars to 2015 constant dollars.⁷ For example, \$100,000 in 1995 real dollars is worth \$155,522 in 2015 constant dollars.

⁷ The values were calculated using the Bureau of Labor Statistics website's inflation calculator at https://www.bls.gov/data/inflation_calculator.htm



Total Assessed Value Analysis Results

The total assessed value is an estimate determined by SDAT of the market value of land and structures. The value is the estimate of the market value based on a cost and sales comparison analysis. The cost approach is the estimated value of the land plus an estimate of the cost to rebuild the structures, while the sales approach is an estimate of value based on recent sales of comparable properties. Revised periodically, the total assessed value is utilized by local governments to determine the annual property tax. An advantage of total assessed values is that data are available for every property. On the other hand, total assessed values follow behind increases or declines in the market so estimates offered as current may be behind the market. The assessed valuation may not reflect improvements such as additions or remodels.⁸

Of the five study areas, the Brookes, Russell, and Walker Historic District had the highest average assessed value in each of the past five assessment years when adjusted to constant dollars (**Figure 5**). This was expected because this historic district generally has larger building sizes and lots compared to the four other study areas.

From 1997, the first year assessment values were studied, and 2015, the Chestnut/Meem and Brookes, Russell, and Walker historic districts' average total assessed value appreciated at a higher percentage than the three other neighborhoods. Chestnut/Meem's average appreciated 34 percent over the period from 1997 to 2015, and Brookes, Russell, and Walker's appreciated 31 percent, even with declines from 2010 to 2015. Observatory Heights followed at 30 percent, while Deer Park appreciated 23 percent and Realty Park appreciated 18 percent.

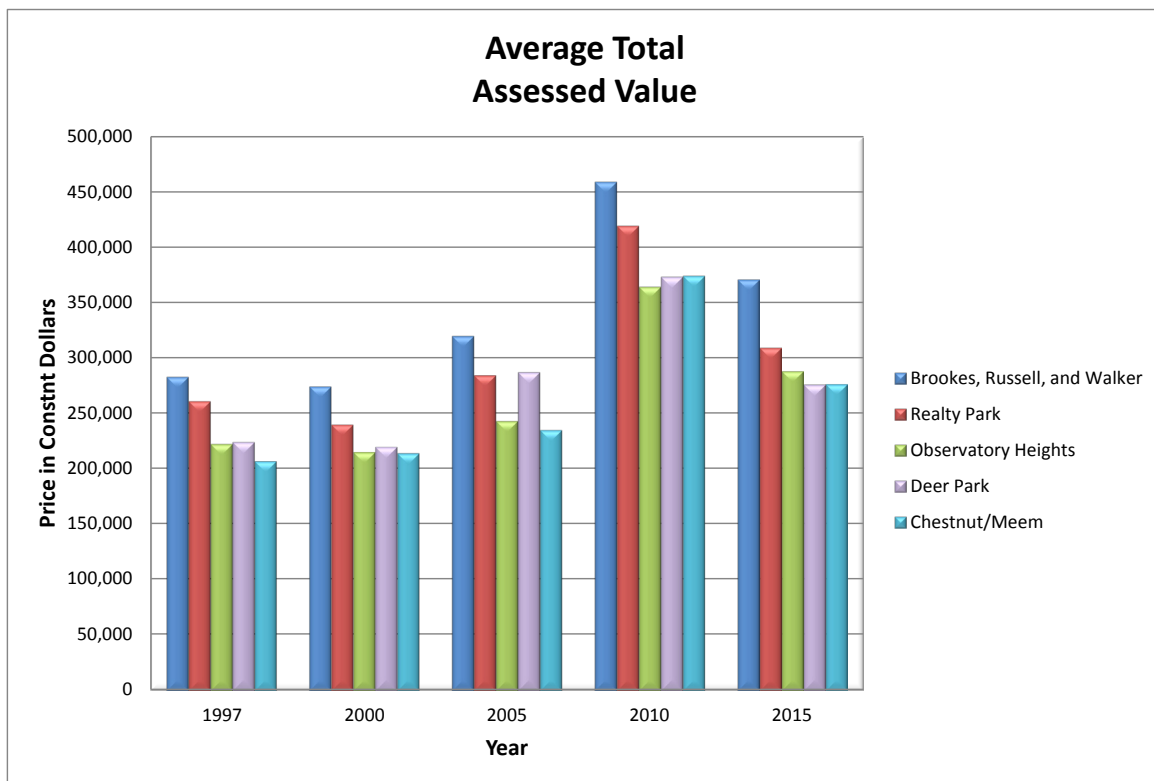


Figure 5. From 1997 to 2015, the average total assessed value appreciated the most in the two historic districts.

⁸ (Rypkema, Cheong and Mason 2011)

Total Assessed Value Analysis Results

The Brookes, Russell, and Walker Historic District’s average total assessed value was the most stable of the five study areas in the five assessment years (**Figure 6**). The historic district’s average depreciated 3 percent from 1997 to 2000; appreciated 16.5 percent from 2000 to 2005; appreciated 43.4 percent from 2005 to 2010; and depreciated 19.2 percent from 2010 to 2015. The average total assessed value depreciated in all study areas from 2010 to 2015, but the Brookes, Russell, and Walker’s value decreased at a lower rate than the other neighborhoods. The Chestnut/Meem Historic District’s average total assessed value exhibited more fluctuation but was the only study area in which its average total assessed value actually appreciated from 1997 to 2000. Chestnut/Meem also recorded the highest rate of appreciation from 2005 to 2010.

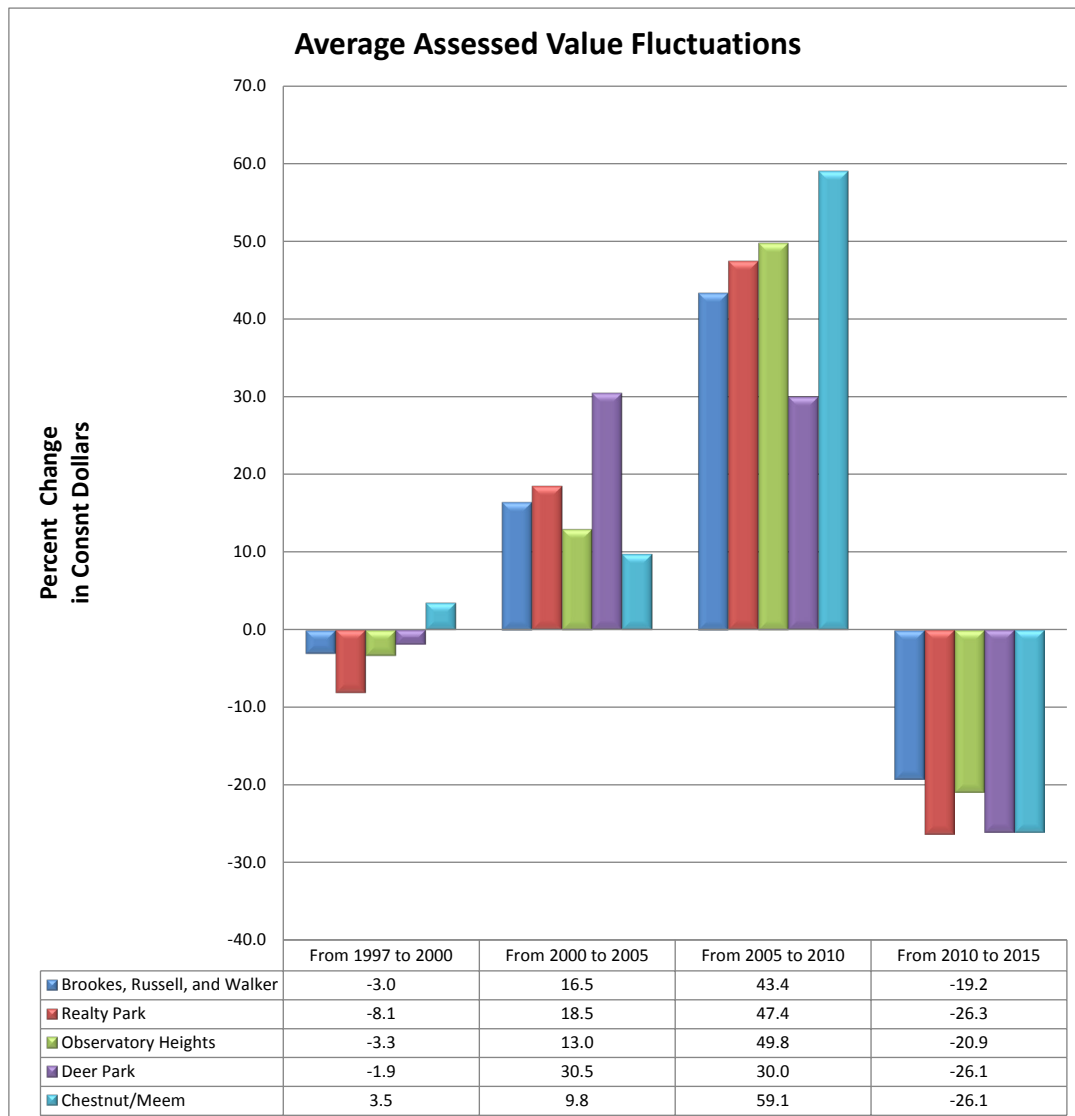


Figure 6. The Brookes, Russell, and Walker Historic District’s average total assessed value exhibited less erratic change when compared to the four other study areas.

Total Assessed Value Analysis Results

The Brookes, Russell, and Walker Historic District’s average total assessed value performed less favorably than the four other study areas when units of comparison were factored in. The district’s average total assessed value, when divided by average building square foot, was the lowest in all five years (**Figure 7**). Chestnut/Meem’s value, on the other hand, was similar to the three non-designated neighborhoods, particularly in 2010 when it tied for highest average assessed value at \$262 per building square foot, and 2015, when it tied for second highest at \$194 per building square foot. The Brookes, Russell, and Walker Historic District’s average total assessed value per building square footage appreciated 23 percent from 1997 to 2015, the second lowest pace only ahead of Realty Park. By comparison, Chestnut/Meem’s average total assessed value appreciated 34 percent in the same span—the highest of the four study areas.

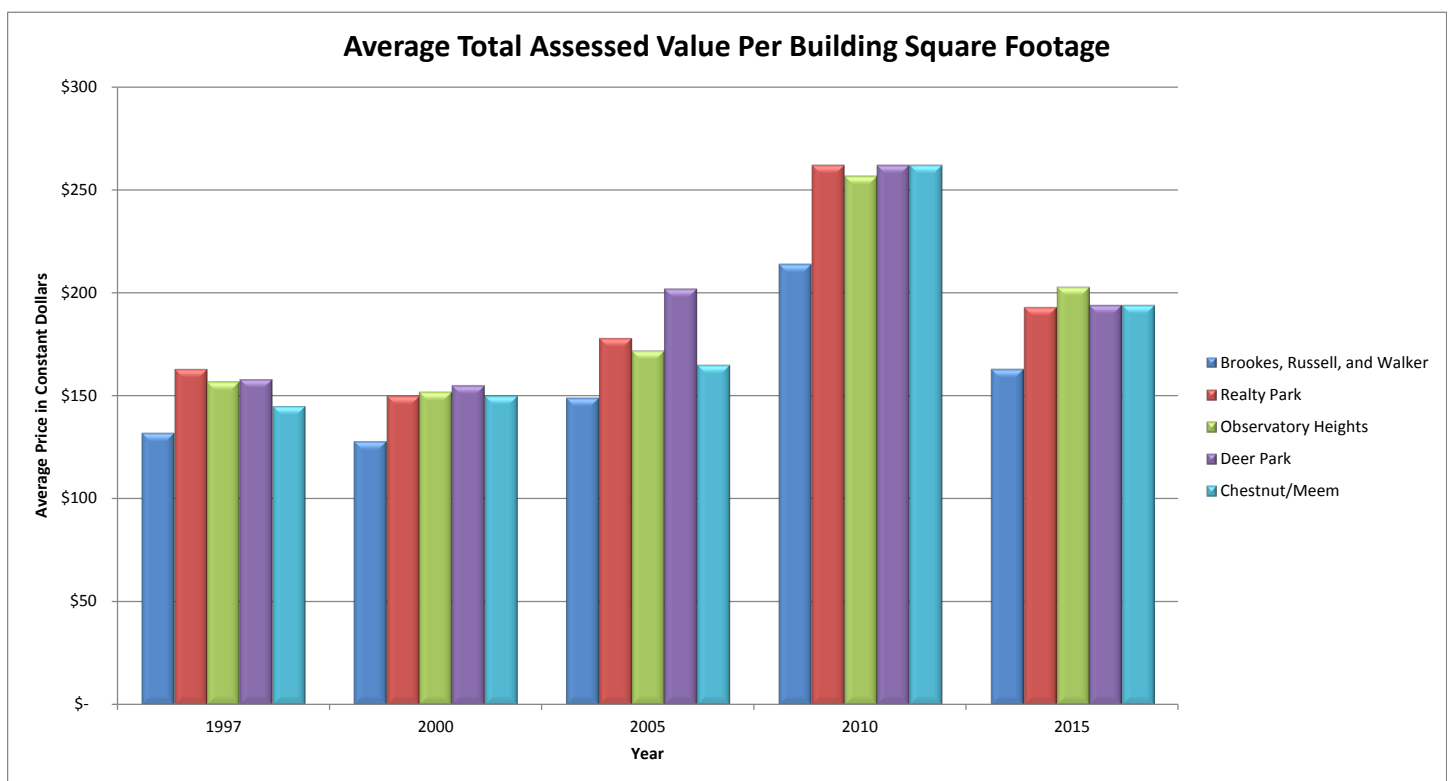


Figure 7. The Chestnut/Meem Historic District’s average total assessed value per building square foot appreciated at the highest rate from 1997 to 2015. Brookes, Russell, and Walker’s value appreciated at the second-lowest pace.

Total Assessed Value Analysis Results

The Chestnut/Meem Historic District's average total assessed value per square foot of land was the lowest in all five years, including 2010 when it tied for last with Brookes, Russell, and Walker at \$29 per square foot (**Figure 8**). Brookes, Russell, and Walker had the second lowest average total assessed value per square foot. However, from 1997 to 2015 the average total assessed value per land square footage appreciated the most in the Chestnut/Meem Historic District at 31 percent. Brookes, Russell, and Walker's value was third behind Observatory Heights.

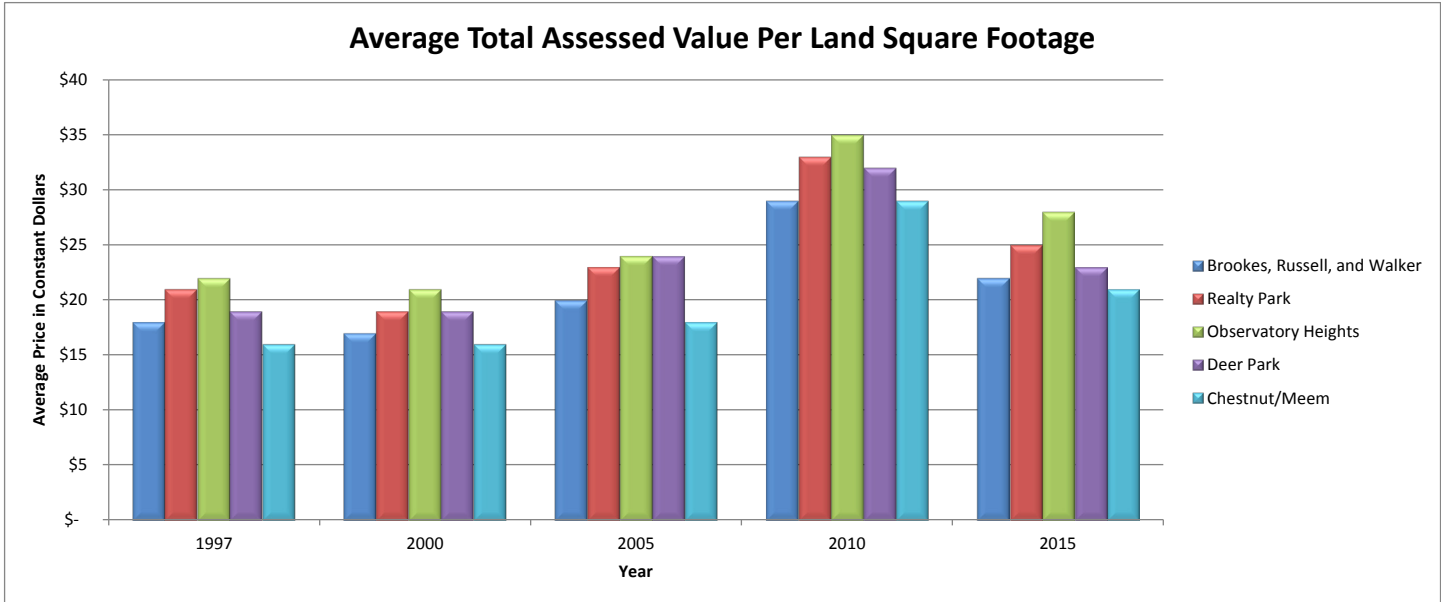


Figure 8. The Chestnut/Meem Historic District had the lowest average total assessed value per square foot of land. Brookes, Russell, and Walker had the second lowest.



Property Sales Analysis Results

The property sale price is the amount of money the seller received at the time of the transaction. Not every property was sold from 1995 to 2015, and, as noted earlier, sales data may not be available for properties that sold more than three times within those years. There is also the chance that an outlier transaction may affect the results, though the timespan ranges 20 years. Nevertheless, SDAT sale prices offer the best indication of a property’s worth because they indicate the market value. Chestnut/Meem had property sales data available for 30 transactions; Brookes, Russell, and Walker for 48; Realty Park for 50; Deer Park for 54; and Observatory Heights for 65 (**Figure 9**).

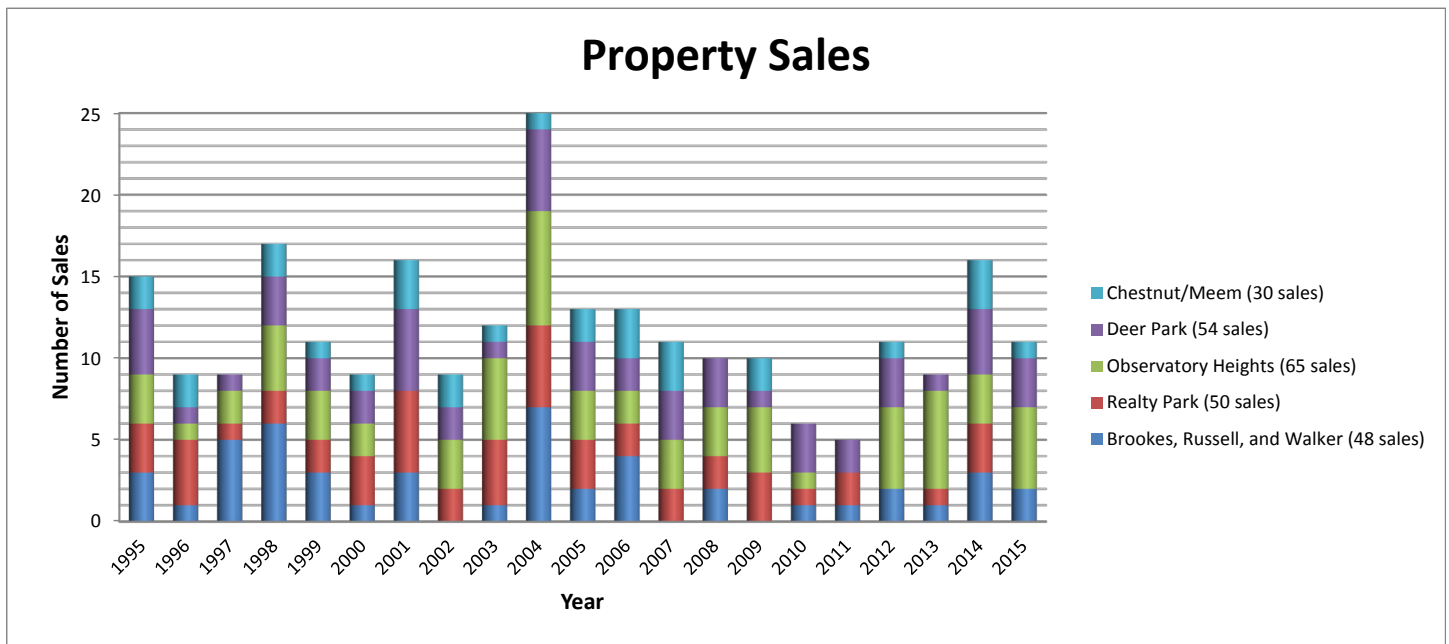


Figure 9. The most sales figures available occurred in 2004.

As with the total assessed value, the Brookes, Russell, and Walker Historic District average property sale price generally was the highest when compared to the other neighborhoods (**Figures 10-11**). Again, this was expected because of the larger lot and building sizes in that district. Realty Park, which had the second largest average land and lot sizes, also had high average property sale prices. The Chestnut/Meem Historic District sales were the lowest but still comparable to those in Observatory Heights and Deer Park, two neighborhoods with similar lot and building sizes.

Property Sales Analysis Results

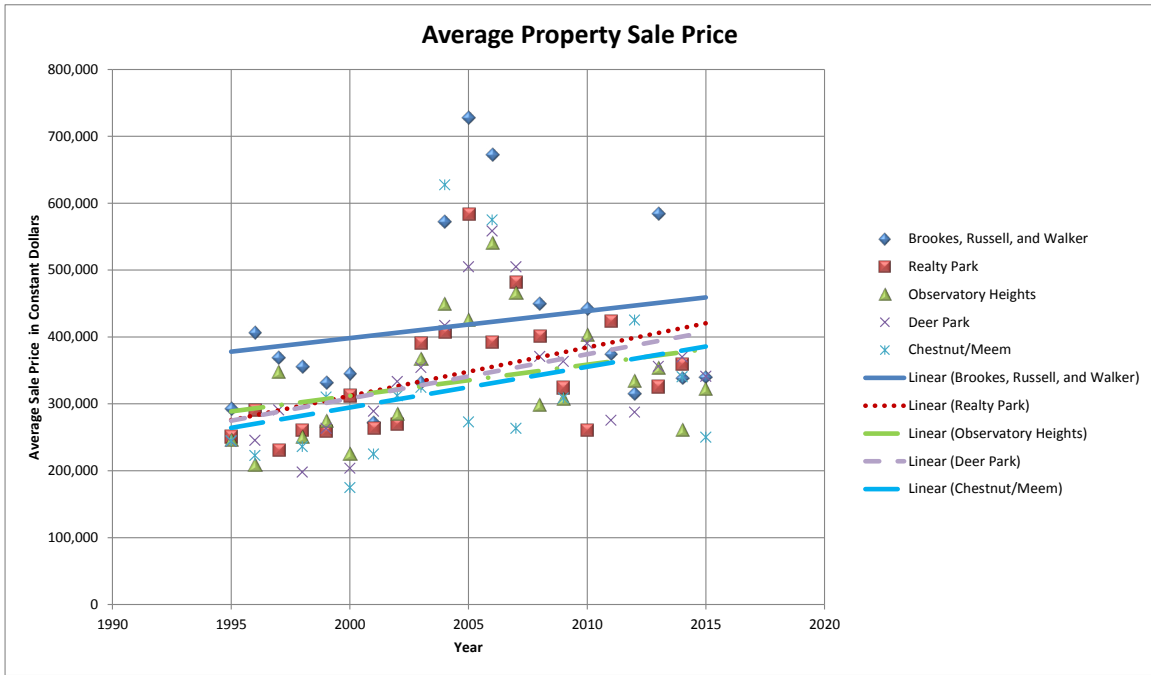


Figure 10. The linear trend lines indicate the Brookes, Russell, and Walker Historic District consistently had the highest average property sale price, while Chestnut/Meem had the lowest.



Figure 11. The polynomial trend lines show Brookes, Russell, and Walker had the highest sale price in most of the years, though Realty Park has eclipsed it in recent years.



Property Sales Analysis Results

The average sale prices were divided into three periods to reflect the 2001 and 2007 recessions (**Figure 12**). Again the Brookes, Russell, and Walker Historic District had the highest average sales prices in all three periods, most notably in the period from 2002 to 2007 when the average residence in the district sold for \$576,420. This was 29 percent higher than the next highest study area, Deer Park, where the average house sold for \$445,536. The average sales prices for the four other neighborhoods, including Chestnut/Meem, were closely grouped in all three defined periods.



Figure 12. The Brookes, Russell, and Walker Historic District had the highest average sale prices of all four of the study areas.

The Brookes, Russell, and Walker Historic District’s average sale price per building square foot did not increase as rapidly as the other areas. The trend lines in **Figure 13** show that the historic district’s rate increased at the lowest pace of the five study areas. Chestnut/Meem’s rate was third after Realty Park and Deer Park. The polynomial line on **Figure 14** shows Brookes, Russell, and Walker Historic District was just ahead of Observatory Heights as of 2015. From 2005 to 2010 the historic district exhibited an average building price per square foot that was only superseded by Deer Park. Chestnut/Meem’s polynomial line also performed well from 2005 to 2010 and in recent years was only outpaced by Realty Park.



Property Sales Analysis Results

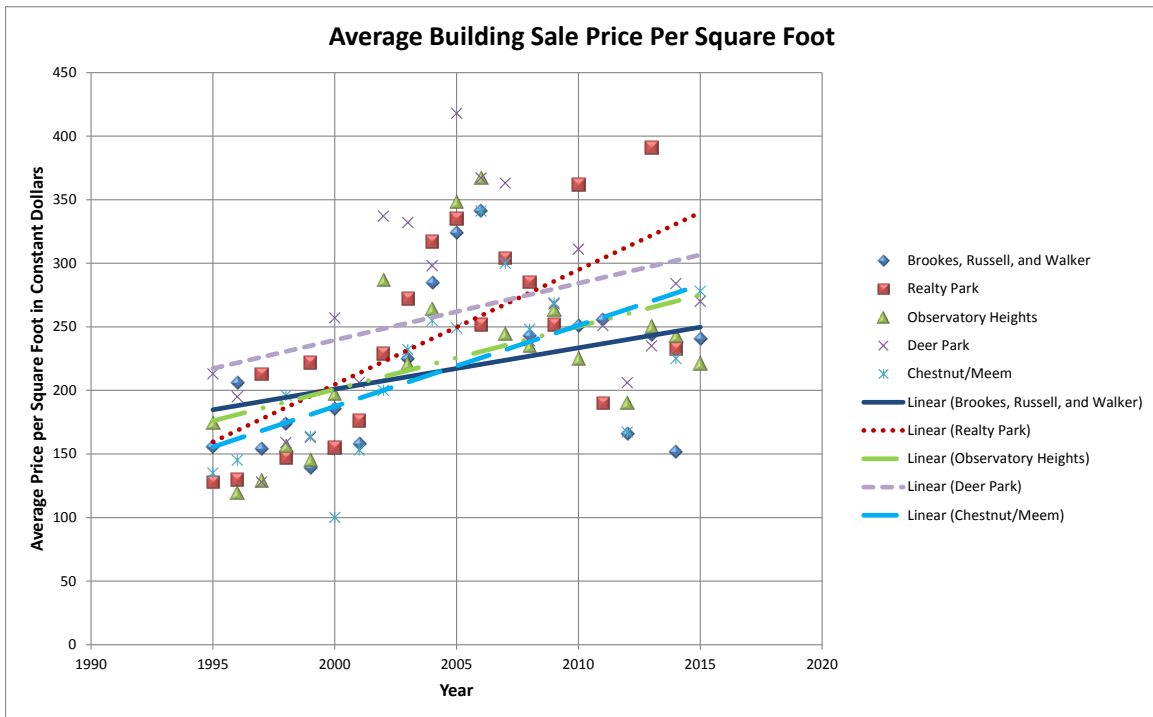


Figure 13. The linear trend lines for the average building sale price per square foot indicates Realty Park had the highest sale price since 2010 followed by Deer Park, Chestnut/Meem, Observatory Heights, and Brookes, Russell, and Walker.

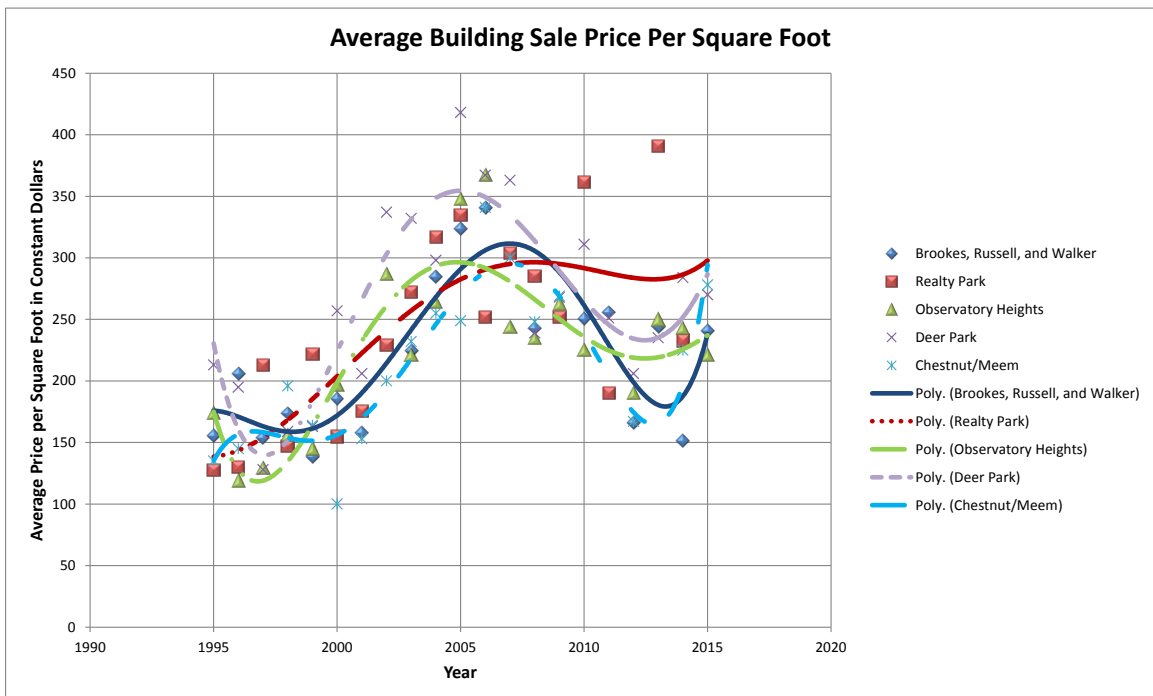


Figure 14. The polynomial trend lines for the average building sale price per square foot indicates Realty Park has the highest since 2010 followed by Deer Park, Chestnut/Meem, Brookes, Russell, and Walker, and Observatory Heights.



Property Sales Analysis Results

The average building sale prices per square foot were grouped into three periods to reflect the 2001 and 2007 recessions: 1995 to 2001, 2002 to 2007, and 2008 to 2015 (**Figure 15**). Deer Park's average sale price per square foot was the highest overall. Brookes, Russell, and Walker had the second highest price in the periods from 1995 to 2001 and 2002 to 2007. It was lowest in the most recent period. Chestnut/Meem's was lowest in the first two periods, but was in the middle from 2008 to 2015. Realty Park's average building sale price per square foot appreciated the most, 71 percent, from 1995-2001 to 2008-2015. Chestnut/Meem had the second highest percent appreciation in those two periods at 59 percent, while Brookes, Russell, and Walker appreciated the slowest at 37 percent.

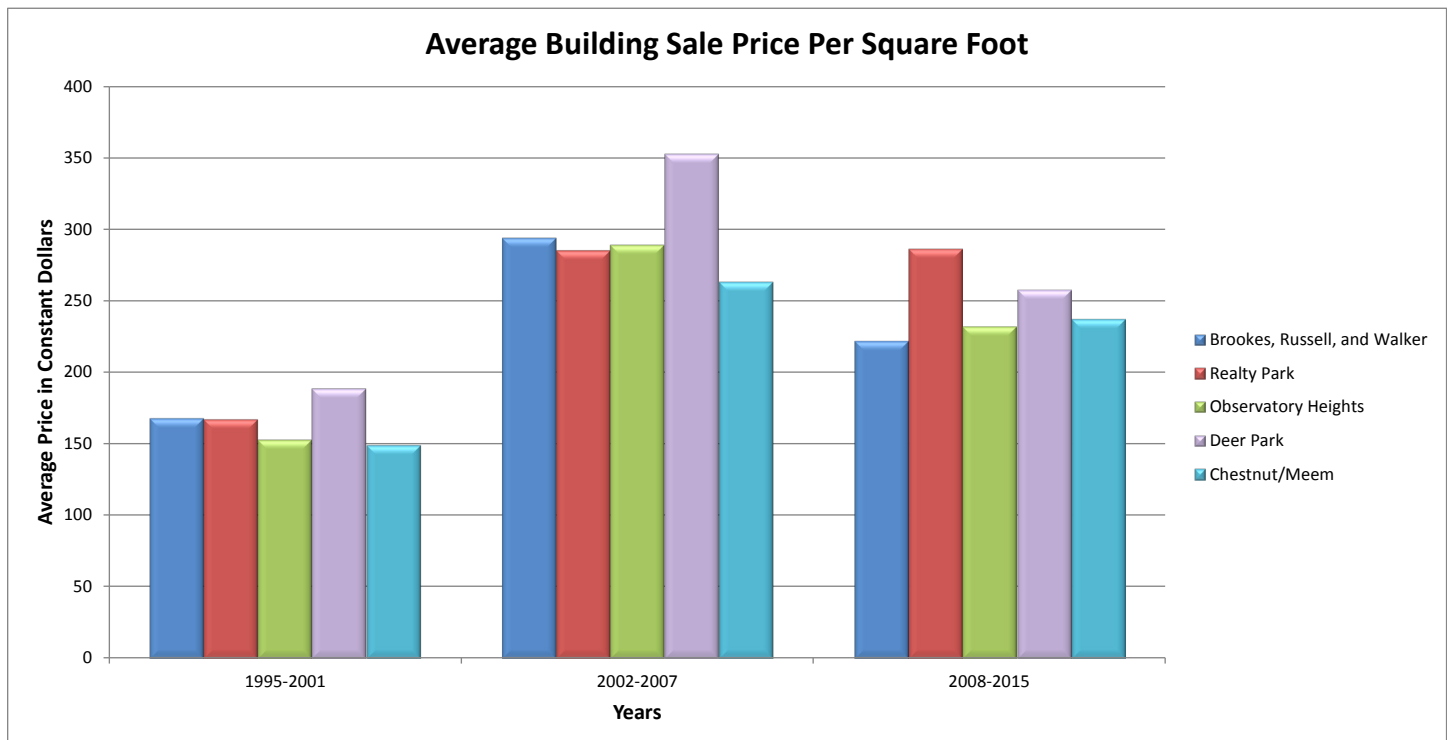


Figure 15. Deer Park had the highest average building sale price per square foot in the first two periods, and the second highest in the last period.

Property Sales Analysis Results

Brookes, Russell, and Walker’s average sale price per building square footage was higher than the citywide average price in three of the four years in which data was available (**Figure 16**). Chestnut/Meem’s average lagged behind the City’s average in each year. It should be noted that no properties sold in Chestnut/Meem in 2010. Deer Park’s value outpaced the City’s in all four years, and Observatory Heights’s value outpaced the value in three of four years.

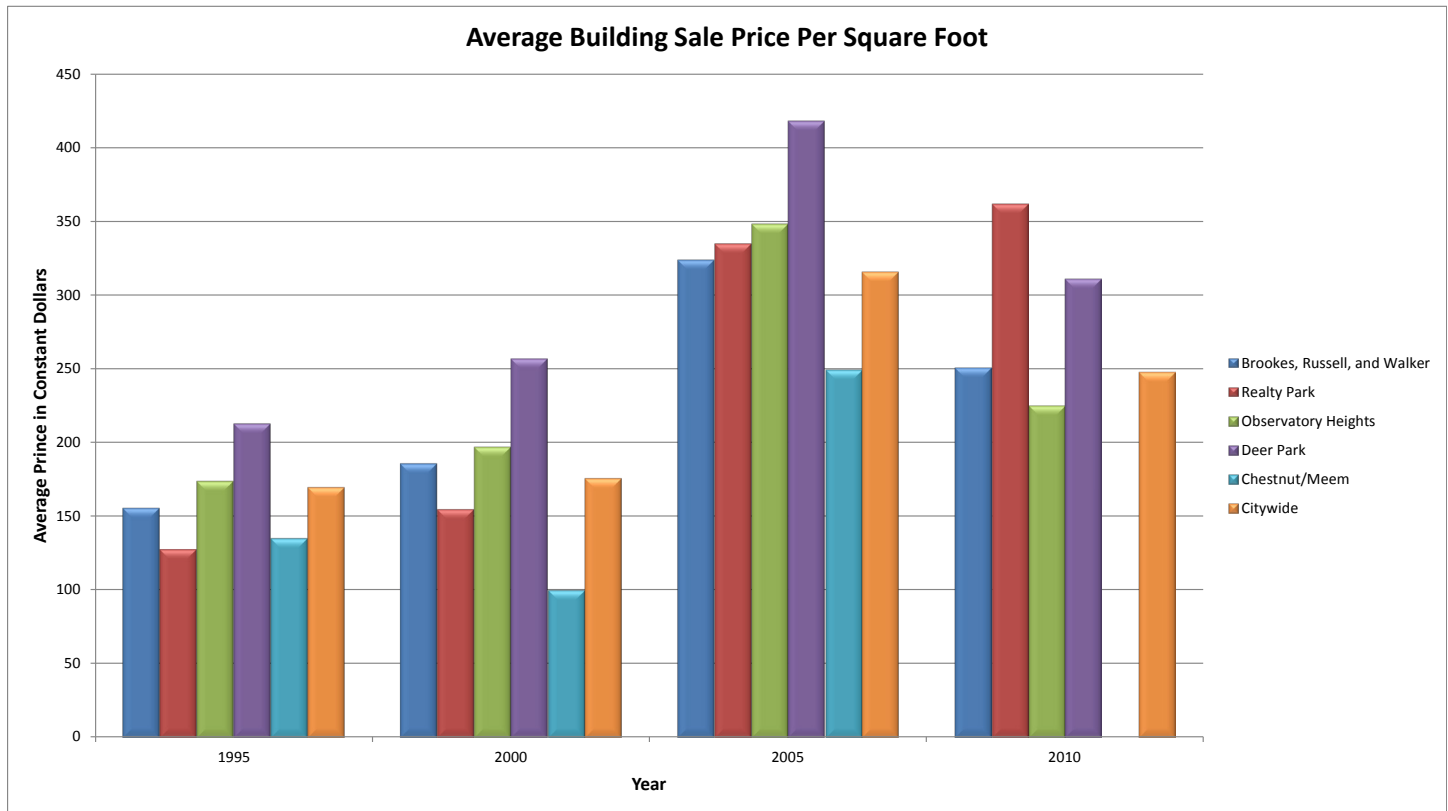


Figure 16. Brookes, Russell, and Walker’s average sale price per building square footage outpaced the City’s in three of four years, while Chestnut/Meem’s average lagged behind the City’s. No properties sold in Chestnut/Meem in 2010.

The Brookes, Russell, and Walker Historic District’s average sale price per square foot of land was the highest of the five neighborhoods in recent years, according to the trend lines in **Figures 17 and 18**. It was boosted by a strong average sale price per square foot in 2010 and 2015 when the average price eclipsed \$50 per square foot. The historic district was closely followed by Realty Park. The trend lines for Chestnut/Meem, on the other hand, trailed the four other study areas in most years, particularly recently.

Property Sales Analysis Results

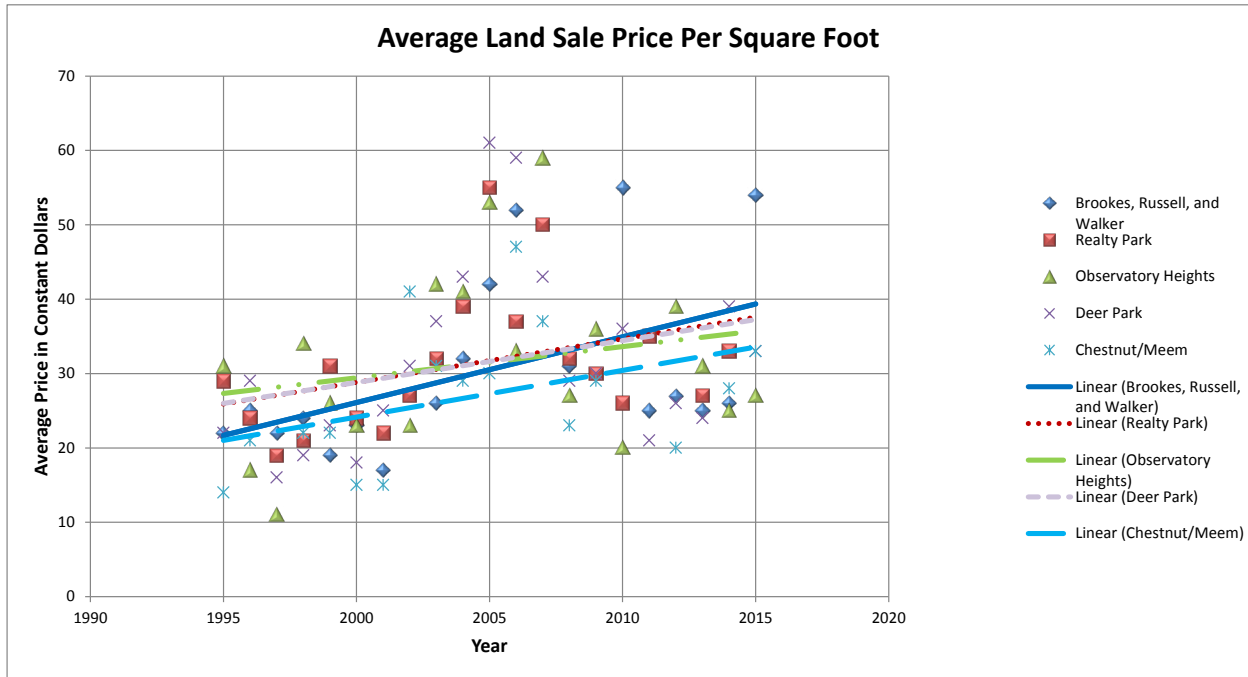


Figure 17. The Brookes, Russell, and Walker Historic District’s average land sale price per square foot linear trend line was the best performing from 2010 to 2015. Chestnut/Meem’s trend line was the lowest throughout.

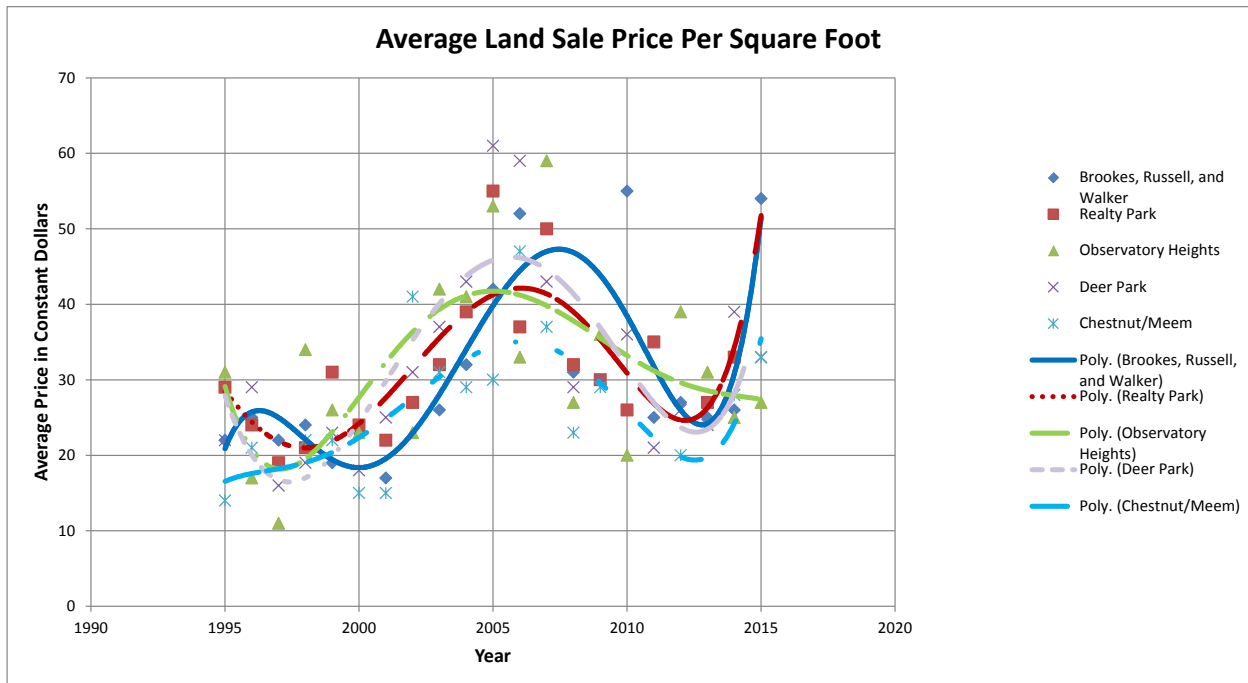


Figure 18. Brookes, Russell, and Walker’s polynomial trend line for the average land sale price per square foot has been the highest since 2007. Chestnut/Meem’s has been the lowest since 2004.



Property Sales Analysis Results

As with the average sale price per building square foot, the average land sale prices per square foot were divided into three periods to reflect the 2001 and 2007 recessions (**Figure 19**). Deer Park’s average sale price per square foot reached \$44 from 2002 to 2007, the most of any study area. Chestnut/Meem consistently had the lowest average sale price per square foot. Brookes, Russell, and Walker had the highest price per square foot in the most recent period from 2008 to 2015 at \$35. Further, Brookes, Russell, and Walker’s average land sale price per square foot appreciated at the highest rate from 1995-2001 to 2008-2015 at 68 percent. Chestnut/Meem had the second highest percent appreciation in those two periods at 50 percent.

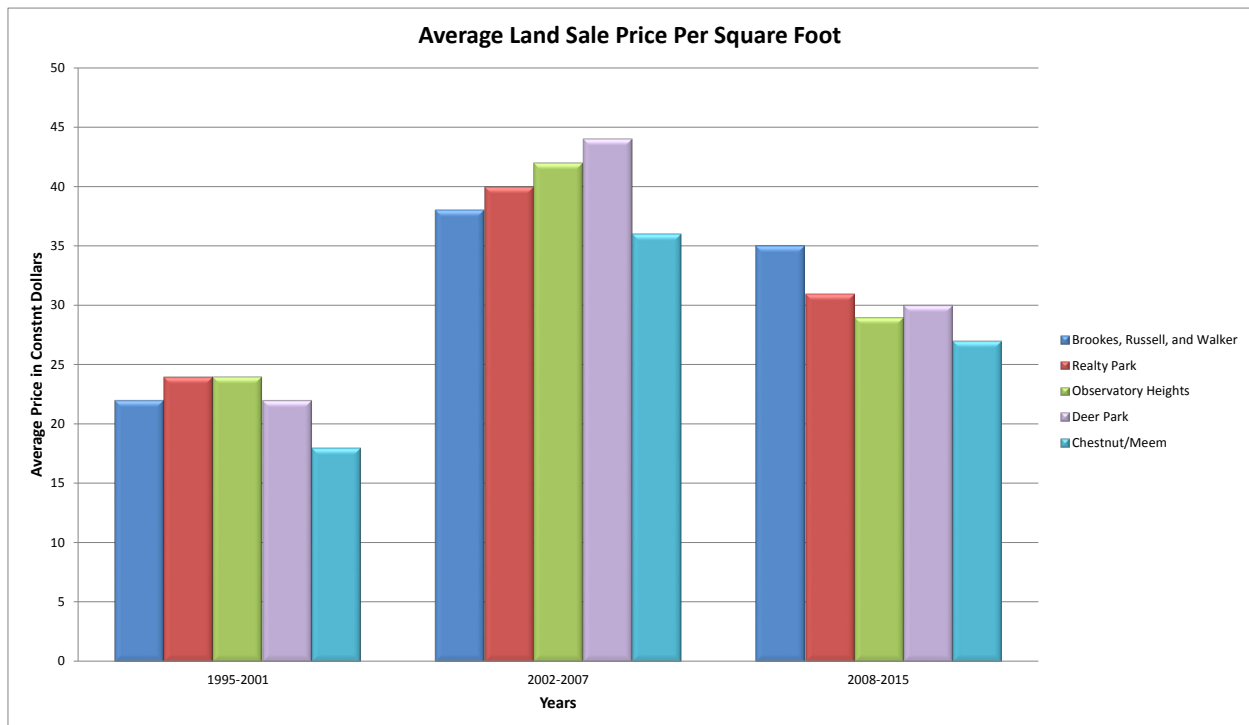


Figure 19. Brookes, Russell, and Walker’s price was the highest in the most recent period. The district’s rate also appreciated at the highest percentage from 1995-2001 to 2008-2015.



Property Sales Analysis Results

The citywide average for the average land sale price per square foot vastly outperformed all four study areas in each of the four years (Figure 20). The Brookes, Russell, and Walker's average sale price came nearest to the City's average in 2010 when it reached \$55 per square foot of land compared to the City's average of \$64 per square foot. Again, it should be noted that no properties sold in Chestnut/Meem in 2010.

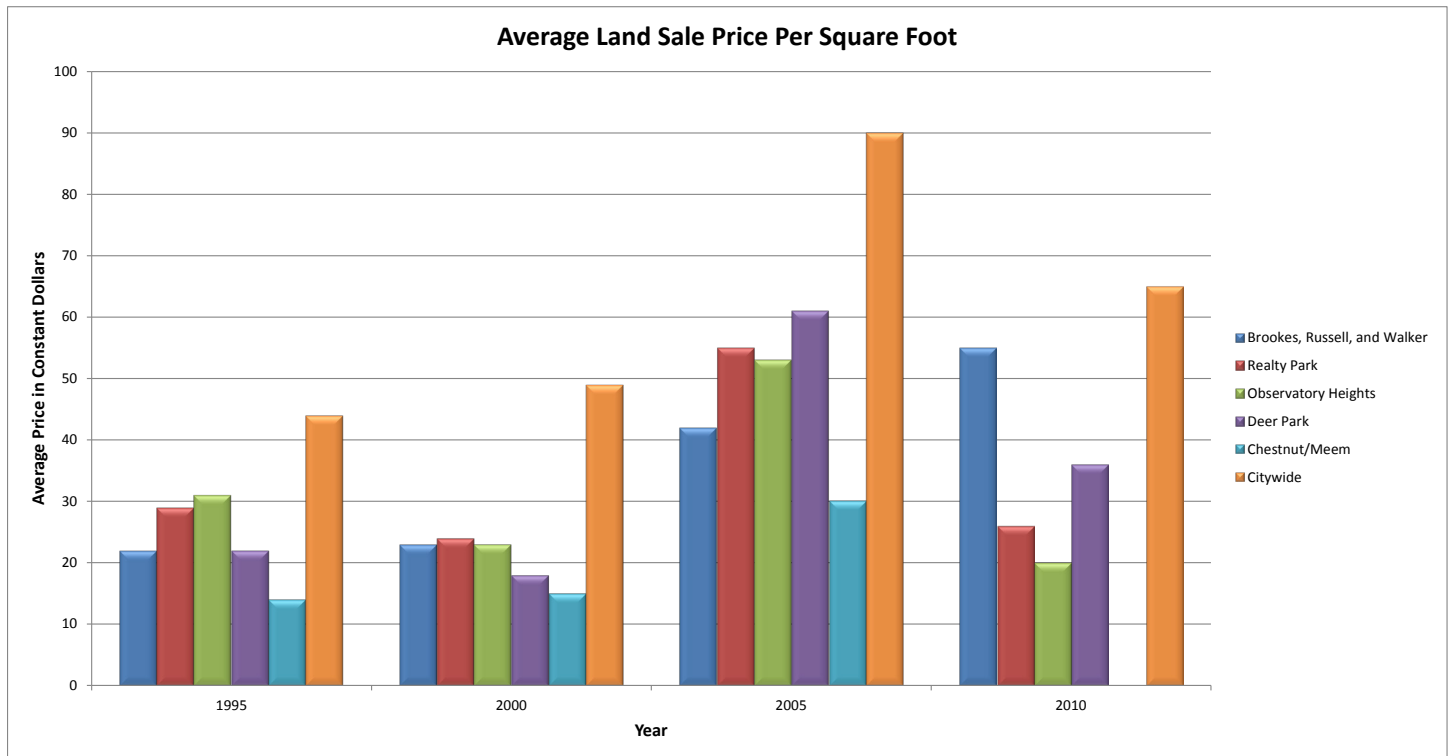


Figure 20. The City's average land sale price per square foot outperformed the four study areas in the four years in which sales data were available.



Incentives

Assessment values and property sale figures do not take into account the incentives available to historic property owners. The owners of locally designated residential properties in Gaithersburg, which include the Brookes, Russell, and Walker and Chestnut/Meem historic districts, are eligible for both the Montgomery County Historic Tax Credit and the Maryland Historical Trust (MHT) Homeowner Tax Credit.

To encourage the restoration and preservation of historic properties, the Montgomery County Council passed Chapter 52, Article VI, in 1984 to create a preservation tax credit program for county-designated historic properties. The tax credit was 10 percent for many years until 2013, when the County Council increased it to 25 percent. As a municipality within Montgomery County, Gaithersburg and its historic resources also are eligible for the program. Historic tax credit applications are reviewed by City Staff and certified by the HDC before they are delivered to the county finance department for final review.

Owners of historic properties, including properties non-contributing to a historic district, are eligible for a 25 percent credit of documented expenses for exterior maintenance, restoration, or preservation work. The expenses must either have been approved as part of a HAWP application or exceed \$1,000. The tax credit is applied toward county real property taxes.

The HDC has certified \$52,192.86 in credits for projects totaling \$208,769.41 in the three years since the county's historic tax credit was increased to 25 percent (**Table 1**). The annual property tax for each certified historic property was reduced an average of \$4,349.41 during this period.

Year	Total Eligible Project Costs in Real Dollars	Total Approved Property Tax Credits in Real Dollars
2013 (3 properties)	\$110,823	\$27,705.75
2014 (5 properties)	\$68,500.41	\$17,125.11
2015 (4 properties)	\$29,446	\$7,362

Table 1. Historic property tax credits distributed in Gaithersburg from 2013 to 2015.



Incentives

In addition to the county preservation tax credit, Gaithersburg's historic property owners are eligible for the state's MHT Homeowner Tax Credit equal to 20 percent of qualified rehabilitation expenditures. The credit is capped at \$50,000 in a 24-month period and must have a minimum of \$5,000 of eligible expenses to qualify. The tax credit may be used for projects that return a structure to use through repair or alteration, making possible an efficient use while preserving portions and features of the structure, property, and environment that are historically, architecturally, or culturally significant. Interior work is eligible for the MHT Homeowner Tax Credit, unlike with Montgomery County Historic Tax Credit. No figures are available on the number of Gaithersburg participants, if any, that have benefited from the MHT program.

Historic property owners may find additional tax relief by granting a historic preservation easement to an eligible entity. A historic preservation easement is a contractual agreement between a property owner and a holding organization designed to protect a significant historic, archaeological, or cultural resource. Owners agree to relinquish partial development rights in order to maintain the property and provide limited public access in exchange for a reduction in assessed property value. No figures are available on Gaithersburg residential property easements, if any.



Other Factors

Preservation has other effects on the economy that were not measured as part of this study. For example, older buildings generally require more maintenance than new buildings. This maintenance requires property owners to purchase construction materials and hire workers to complete the work. This work supports jobs, both directly and indirectly, and increases federal, state, and local taxes.⁹ This is particularly true in local historic districts such as Brookes, Russell, and Walker and Chestnut/Meem where design guidelines are in place that require homeowners to adhere to a higher standard when they repair or maintain the properties.¹⁰

Conclusion

The local designation of the residences within Gaithersburg's Brookes, Russell, and Walker and Chestnut/Meem historic districts has not had a negative effect on property values when compared to the values of properties in the Realty Park, Observatory Heights, and Deer Park. In fact, an argument can be put forward that local historic district designation is more financially advantageous to property owners because of the availability of incentives such as county and state tax credits and preservation easements.

When analyzing the total property tax assessments in 1997, 2000, 2005, 2010, and 2015, the values appreciated the most in the two historic districts between 1997 and 2015. Also, the Brookes, Russell, and Walker Historic District's average total assessed value was the most stable of the five study areas in the five assessment years. The Brookes, Russell, and Walker's average assessed value per building square foot was last in all five study years, but the Chestnut/Meem Historic District's average was comparable to the three non-designated study areas and appreciated at the highest percentage from 1997 to 2015. The two historic districts had the lowest average assessed value per land square foot in all five years. But the Chestnut/Meem Historic District's value increased at the highest percentage from 1997 to 2015, and Brookes, Russell, and Walker's percentage increase was third highest.

When analyzing property sales from 1995 to 2015, linear and polynomial trend models show the historic districts' average sale price per building square foot figures were comparable to the three non-designated study areas. This was also the case when the sales figures were grouped into three periods to reflect the 2001 and 2007 recessions. Further, the Brookes, Russell, and Walker Historic District's average sale price per building square foot outperformed the citywide sales prices in three of the four years in which data were available. This was comparable to the figures in Realty Park, Deer Park, and Observatory Heights. Chestnut/Meem, however, lagged behind the averages for the other neighborhoods and did not record a sale in 2010. Linear and polynomial trend models show Brookes, Russell, and Walker's average sale price per land square foot was similar to the other study areas, and was the best performing in some years, most notably in recent years. Chestnut/Meem's average sale price per land square foot for the most part lagged behind the others. These results also held true when the sales figures were grouped into three periods to reflect the 2001 and 2007 recessions. The citywide average for the average land sale price per square foot vastly outperformed all four study areas in each of the four years, but the Brookes, Russell, and Walker's average sale came nearest to the City's average in 2010 when it reached \$55 compared to the City's \$64.

⁹ (Rypkema, Cheong and Mason 2011)

¹⁰ The respective guidelines, available in Appendix A, are Historic District Design Guidelines for Brookes, Russell, and Walker Historic District and Individually Designated Sites and Chestnut/Meem Historic District Guidelines.



Conclusion

Owners of properties located in Gaithersburg’s historic districts are eligible for the Montgomery County Historic Tax Credit, currently 25 percent of eligible project expenses. Eligible work includes exterior maintenance, restoration, or preservation work. In addition to the county preservation tax credit, Gaithersburg’s historic property owners are eligible for the state’s MHT Homeowner Tax Credit equal to 20 percent of qualified rehabilitation expenditures, including interior work. Plus, historic property owners may be eligible for historic preservation easements in exchange for lower property taxes.

Finally, it should be reminded that historic districts are not formed for quantitative financial reasons. Districts are formed to preserve buildings and structures that express a strong sense of place and connect people to significant events and people that came before. They are the physical manifestations of the past and provide a continuum of time and new perspectives on the present. Older buildings are often well built out of durable materials that can be reused rather than discarded, thus limiting impacts to the environment. They are often located in walkable areas with mature shade trees and near transit reducing dependence on cars and fossil fuels. And old buildings can hold aesthetic value and represent fine design and craftsmanship. The financial advantages that often come along with designation are a positive byproduct.

