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Buying in a Historic District: Still a Good Value

Woodrow Aames

A wealth of surveys over the past decade showed that home prices in designated historic districts across the nation were generally higher than those for non-district homes. Studies commissioned by state and local governments as well as non-profit preservation societies found that appreciation in historic homes outpaced other homes significantly in the late 1990s and first few years of this decade.

Of course, it's not surprising that the values of historic homes were rising quickly in the first half of 2000 when housing prices generally were on the rise. But how are the prices of historic houses holding up during the economic downturn in American real estate? The quick answer is that if you're living in a historic district, your home prices, like in other American neighborhoods, are on the slow rebound.

Buying in a Historic District Is More Affordable than Ever

Like homes across the country, homes in historic districts lost value in the recent housing crash. However, unlike McMansions and hastily constructed suburban sprawl, demand for historic homes is more stable in down markets because supply is limited and quality is generally high. And in today's market, lower prices mean more people can afford to consider buying in a historic district or quaint downtown community.

Frederick, MD is one such community with [affordable old houses](#). While home prices in the historic downtown area were hovering around 50 percent of their pre-crash price, demand appeared strong, with home sales in December of 2009 rebounding to be 25 percent higher than the same month in 2008, according to [USA Today](#).

One reason historic properties are in demand right now is the availability of both local and federal tax credits to help cover the costs of renovation and preservation. For example, in Ann Arbor, MI, combining a 25 percent state tax credit with a 20 percent federal tax credit can make up to 45 percent of qualified renovation costs tax-deductible.

Living in a Historic District Brings Strong Sense of Community

There are more than 13,600 designated historic districts listed with the National Register of Historic Places. So just what makes a property qualify as historic?

Historic districts are locally designated neighborhoods deemed worthy of historical preservation. Living in a historic district means certain restrictions to renovations and remodeling may apply to your home--these restrictions are designed to help individual structures and the neighborhood as whole retain its historic architecture and charm.

However, historic districts bring economic value to a city that go beyond higher home prices--historic landmarks can be tourist destinations, bringing outside dollars into a community. They also can attract stable businesses and promote a sense of community, according to the [National Trust for Historic Preservation](#). Higher home values, tourism,

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and stable business communities bring more tax dollars into a community as well, allowing for greater public investment in infrastructure and services.

A 2005 study by the [Brookings Institute](#) that looked at property values in historic districts in the East Coast found that: "Historic preservation has important economic values and produces certain economic benefits for both private actors and the public at large. Preservation projects can be profitable; and preservation policies do make sound fiscal sense. However, the economic impacts and measures of historic preservation activities are too situational to be able to extrapolate widely."

The benefits of living in a historic district go beyond economics. Though recent years have proved that historic landmark house prices may rise and fall, living in a historic house connects you to something far more solid--a community rooted in the past.

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