

PROPERTY VALUES IN HISTORIC DISTRICTS

An interesting aspect of Historic District designations and its' effects on Real Estate values of the properties within the boundaries of these districts has been identified and researched.

The following information should prove both informative and reassuring for property owners, sellers, and prospective purchasers of properties within our Historic Districts, as well as for all who have a genuine concern for the protection of all Districts.

Numerous studies and data research have been undertaken that examine the relative property values of similar properties both within and outside of Historic Districts.

This research clearly indicates that if a Historic District is largely composed of well-maintained Historic homes that are subject to the widely accepted regulations incorporated by law and subject to Nationally Recognized Standards, the values of the majority of homes increase by anywhere from 5 to 20% over similar properties outside of Historic Districts.

Some properties have even higher percentage values, based on type and location.

Links to support these datum appear at the bottom of this report.

Several factors are taken into consideration here, and should thus be incorporated into this report.

1). Is the Historic District Nationally Recognized?

2). Does the H.D. exist and is regulated under a H.D. Commission authorized by a Village, Town, County, and/or State?

3). Are there Legal challenges brought against the Commission by property owners wishing to go against established standards, that have been successfully upheld by Courts of Law, in favor of the Commission, thereby maintaining and/or increasing the property values?

4). Are the large majority of Historic District Property Owners in favor of the Regulatory framework that protects their property values?

5). Why are property values generally higher in Historic Districts?

Responses:

1). In the Town of Southold, we have two Nationally Recognized entities;

The Orient Historic District which was established in 1976 and the Southold Historic District, was established in 1996.

The East Marion Historic District, formed in 2019, is honorific and is not subject to HPC regulations.

2). The Southold Historic Preservation Commission exists and operates under legal authority granted in Section 170 of the Southold Town Code.

The Mission of our Historic Preservation Commission is to afford proper recognition to the Town's Historic Landmarks and to legally protect them from incompatible alterations, demolition, and construction.

By so doing, property values are inherently protected against extraneous negative influences and property values historically have benefitted to the upside from these protections.

3). Legal cases throughout Historic Districts nationwide have been brought against legal entities such as Historic Preservation Commissions, in the process of upholding the

responsibilities that are undertaken on behalf of all property owners inside these Districts. Many cases center around new purchasers coming into the district and attempting to make inappropriate changes to existing homes or to demolish the homes and replace them with oftentimes inappropriate new construction, thereby affecting values. Without the oversight and active participation of Historic Preservation Commissions, backed up by Town Board participation and support and ultimately, Supreme Court actions in Article 78 decisions, property values of affected homeowners would surely decrease, not stay stable or increase. This is why it is important to have a well-balanced Commission with members from various professions, all with the same goal of Historic Preservation.

4). Historic District homeowners are largely composed of people who have a true love for our Historic homes and want to see their investments protected. The majority agree that the framework that we operate under is for every member's protection and that if there are requests that come before our Commission that will ultimately end up with the issuance of a Certificate of Appropriateness, these requests should be submitted with appropriate architectural considerations.

By encouraging compliance with Historic Standards, property values within our Districts are protected.

Conversely, if a Historical home is demolished and replaced with an inappropriate square box glass house for example, built amongst a group of well-preserved 1700s and 1800s Colonial and Victorian homes, the surrounding properties would surely become less valuable, at least marketwise.

5). The above and below comments relating to the value of homes inside Historic Districts, are made without consideration to sales that have occurred after the introduction of Covid-19 and the large exodus of people out of NYC and surroundings areas, to the East End of Long Island. The increase in property values have skyrocketed since the beginning of this still-occurring gravitation to the North and South Forks. Using the current sales data, the increase of values have increased between 30% and 40% on the North Fork, and higher than 40% on the South Fork.

This includes traditional homes as well as protected homes inside of our Historic Districts. When this upward trend levels out, we expect that property values in Historic District areas will continue to increase, (albeit at a slower pace), based on the extremely limited supply, vs. a relatively larger supply of inventory from the normal housing market.

In summary, many homebuyers in today's marketplace perceive investments in well maintained and protected Historic Districts to be a better choice, and are willing to pay a premium for these homes.

It is the responsibility of the Historic Preservation Commission to do our level best to protect these Districts, and all Historic home owners within.

Respectfully Submitted,
Commissioner
Joseph McCarthy

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