

# Restoration in lieu of rent

by Charles W. McGovern



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Glance at a map of the Middle Atlantic States and you can see that two counties in the State of Maryland surround the Nation's Capital to the north and east. The parklands of these two counties, Montgomery and Prince George's, are under the jurisdiction of the Maryland-National Capital Park and Planning Commission, a bi-County agency established by the State Legislature in 1927 to aid in the orderly growth and development of the Washington, D.C. metropolitan area.

Since the Commission's inception fifty-seven years ago, Montgomery County has acquired more than 26,000 acres of parkland. Many of the properties were acquired with improvements such as houses, barns and similar structures. Today in Montgomery County, we maintain an average of 128 Commission-owned dwellings and have over 3,600 acres of parkland under lease for agricultural use. The Property Management staff—acting as the Commission's landlord—is responsible for the proper use, maintenance and leasing of these facilities.

Most of our dwellings are used on a short term basis for employee housing until park development, poor conditions, safety or other factors necessitate

their demolition. Frequently, properties of a historic nature need special attention. This article describes the approach we tried several years ago when confronted with a park house with historic value and no funds available for its restoration. This proved to be a real challenge that we handled using a new and different approach. I feel our experiences and what we learned from them can be beneficial to others if ever confronted with a similar situation.

In September of 1977 we received notice from an employee/tenant stating that he intended to vacate a Commission-owned home. Normally, such notification would simply require the usual amount of paper work. However, this case proved more difficult. The house being vacated was in poor overall condition. The plumbing was deteriorating; heating and septic system needed work, gutters, general painting and structural repairs were also needed. The problem was that the place had some historic significance and had to be treated accordingly.

Our Park Department historians informed us that the site, The Greenwood Mill in Brookville, had been built in 1810 and the nearby house now being vacated had been the Miller's Cottage

until about 1865. It had remained in private ownership until we acquired the property in October of 1963. After much deliberation by staff concerning the lack of restoration monies, and proposed uses of the structure, it was decided to demolish the two story wood and stone cottage along with five smaller outbuildings. The cleared area would then be graded over and allowed to return to a natural state.

The historians requested we postpone the demolition for as long as possible to allow them time to thoroughly inspect the structure and compile a report of their findings. Because the house was in an isolated area, we didn't expect the usual problem with vandals and agreed to withhold the demolition until spring.

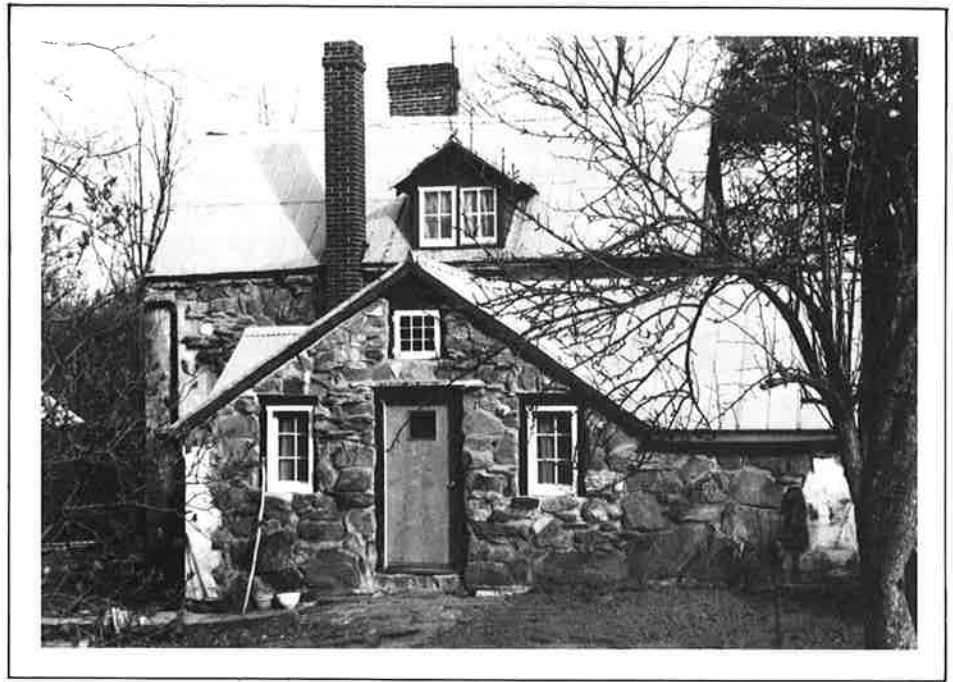
As the house sat empty awaiting its demise, we started receiving phone inquiries from local citizens who expressed an interest in moving in and assuming full responsibility for the repairs. The thought slowly dawned on us—what harm could come from exploring the possibilities of having a responsible tenant occupy the dwelling and repair it in exchange for rent? We were surprised by the number of people anxious to take on the responsibility of repairing an old home in exchange for

"rent free" tenancy based on their time, labor and materials. Many expressed the desire to take on the challenge and play a personal part in the restoration of the cottage. The undertaking would have been impossible if it were not for such industrious and farsighted people. What was envisioned was a gradual restoration of a historic structure at virtually no cost to the taxpayer. Because the place had been vacant and producing no revenue, we had nothing to lose even if our experiment failed!

After conducting informal interviews with several callers, we selected a young couple to occupy the cottage on a trial basis. What eventually evolved was an agreement calling for "repair and restoration in lieu of rent," an arrangement which we had never attempted before. We had agreed beforehand that as long as the tenants were meeting a monthly expenditure of \$350.00, they could remain "rent free." The rental "payments" were to be in the form of time, labor and materials. We even agreed to credit the lessee and friends at a rate of \$7.00 an hour for their labor (to be applied to the monthly rent). If any contract work was done or services provided by others they would be credited for such expense as long as the cost was documented with sales slips and/or receipts. In a sense, the proper documentation of expenses was the crux of the agreement, and without it we could not fairly judge the progress being made nor the time covered for the "rent free" tenancy.

Everything went along fine for many months. Whenever we visited the Cottage we could see obvious improvements taking place. Most noticeable were the grounds around the house that had been cleared of many years of underbrush and unsightly debris. One could also see improvements to the exterior of the place where windows and gutters had been replaced and painting was underway.

Although our first tenants under this type of lease were doing a fine job and were progressing with the restoration they failed to submit proper documentation. After repeated calls over several months they still failed to provide the information as requested, so we finally had them vacate, which they did amiably. We "saved" the cottage, and were



*The Old Miller's Cottage*

then able to move in an employee/tenant under a standard rental agreement who resides there to this day. Years from now, the Miller's Cottage could play an important historic role when this park area is developed.

We learned much from our first experience and have gone on to use this method a few more times, refining our agreements as we went along. Another example of a successful attempt was in 1981 when we entered into a similar agreement for a 290-acre dairy farm located on parkland. The property had been acquired many years ago for a proposed golf course but fell into disarray because the construction of the facility had been postponed indefinitely, and the carry-over tenant had not properly maintained the place. We advertised and located a dairy farmer who entered a "repair in lieu of rent" agreement, and after two years of hard work he and his family had the dairy operational again. We again entered into a conventional lease, and the dairy farmer is now paying the appraised fair market rent. Through this effort we have retained the main house, bank barn, and tenant house for possible inclusion in any future development. If the golf course is built, many of the existing buildings could lend themselves to useful purposes, such as housing for the groundskeeper, a visitor center, and maintenance and storage sheds.

Our unusual approach to save these structures generated very positive response in the local press. One newspaper article describing our efforts generated over 200 phone calls. Many people called just to say they were happy to see a local government agency attempting to accomplish something without additional cost to the taxpayers and expressing their continued support. We have also had the support of our Planning Board members and the Director of Parks, who allowed us to explore alternative lease agreements even if there was only a glimmer of hope in the restoration of any of our properties. It goes without saying that we received the encouragement and cooperation of the local Historic Preservation Commission, our park historians and others.

All of our attempts have not been completely successful but we have learned a great deal and we would like to share the following with anyone interested in saving properties using this method.

- Know your goals—do you expect a Williamsburg type of restoration or simply want to have a structure restored to meet local housing code? You must know your aims before you can define them to prospective tenants. Be sure both you and the tenant have agreed on what is expected as the end product.
- Take your time interviewing applicants—don't be afraid to ask ques-

tions and check backgrounds—make sure the applicant can do the type of work he/she claims. Are they really qualified? Call some of the references and screen applicants carefully. We set up a small ad hoc committee of knowledgeable staff to sit in our interviews and their input proved quite helpful.

- **Inspect the property to be restored.** Walk through the house and grounds with the prospective tenants to get a better idea of priorities. During this time both parties need to go over questions that need answering while the heating, plumbing, safety items, etc. are being inspected.
- **Require proper documentation of work completed after tenancy agreement is concluded**—our agreement read in part “The Lessee shall provide the Commission documentation for work completed or in progress in the form of paid invoices, vouchers, bills of service, repairs or parts and for any other expenses directly related to the stabilization

and/or repairs of the dwelling.” The documentation should be such that a third, disinterested party could read and understand it. Poor record keeping on the part of the Lessee can raise havoc with this type of agreement. Specify when the reports are to be submitted and the details to be covered—including all sales slips, vouchers and verification for the days actually worked with expenses detailed. Consider requesting some type of log book or daily report on work completed and money spent on materials.


- **The rent**—the actual rental figure is negotiated after both parties have inspected the premises and mutually agreed to the dollar value of the work to be completed. It should also be understood that once the project is completed and there are no additional expenses, a conventional rental agreement can be drawn up taking into consideration the accomplishment of the tenant. The better job done by the Lessee the better the terms should be in the final lease—a

real incentive.

- **Inspection**—you (as the Lessor) should conduct periodic inspections of the restoration work while in progress. One Lessee under this type of agreement was doing what appeared as fine work but proved to be only cosmetic as it did not really address serious structural problems that were being glossed over. You, as the Lessor, should have final say on the quality of workmanship and materials used.
- **Labor**—we found much of the work done under this type of agreement is carried out by the Lessee and spouse, and agreed to a dollar value for the time they both put into the project. Some credit can also be given to friends who might volunteer to assist in the restoration, if their time and work is properly documented. Require some evidence that the tenant has some knowledge and experience in construction and restoration work.
- **The agreement itself** should be as explicit as possible—detail the responsibility of the Lessee to obtain all permits necessary to meet State and local housing codes. The agreement should also address such matters as liability insurance, “hold harmless” clauses and items such as subleasing, removal of existing fences, the acreage involved, and what exactly is to be restored. Discuss in detail all pertinent questions prior to finalizing your agreement.

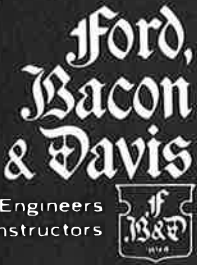
Since we first entered into our “repair in lieu of rent” agreements about seven years ago we have not been totally successful, but our batting average is encouraging. I think one of the most important aspects of this approach is finding the right person to undertake such a project. The search can be time consuming and frustrating, but with patience and a little luck the effort put forth makes it all worthwhile.

Last July, after looking for almost two years, we found a local contractor who completed a \$19,000 restoration of a farm complex located on parkland in exchange for a four-year “rent free” tenancy. This particular project was quite successful and proved to us that with a little time and effort the method can indeed work.



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