

Late Backup #54



Economic Benefits of Historic Preservation and Recommended Revisions to Historic Preservation Program

Austin City Council
April 28, 2011

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Staff Presentation to City Council April 28, 2010

1. City Council Resolution June 10, 2010.
2. Economic benefits of historic preservation:
 - Heritage tourism
 - Property values
 - Other benefits
3. Historic Preservation Program Revisions:
 - Designation criteria
 - Historic districts
 - Historic landmark tax exemption
 - Additional recommendations



City Council Resolution June 10, 2010

Directed City Manager to:

1. Prepare an analysis of the economic benefits of historic preservation
2. Identify best practices for identifying, designation and ensuring preservation of historic properties.
3. Work with HLC to prepare recommendations to limit total amount of property tax exemptions each year for each property.
4. Work with HLC to prepare recommendations on any other aspects of preservation program.



Economic Benefits of Historic Preservation

A Review of Existing Academic Literature

- Dr. William Kelly, PhD
- Eleven studies reviewed including ones focused on Texas.
- Studies conclude that preservation impacts tourism, increases property values, generates economic activity, and creates jobs.



Economic Benefits of Historic Preservation

- Conservation Status and Residential Transaction Prices: Initial Evidence from Dallas, TX Diaz, Hanea Cypher & Hayunga, 2008, Journal of Real Estate Research
- Historic Designation and Residential Property Values, Newbold, Sandy & Yu, 2008, Int'l Real Estate Review
- Economics and Historic Preservation: A Guide and Review of the Literature, 2005 Mason, Metro Policy Program, Brookings Institution.
- The Economic Benefits of State Historic Preservation Investment Tax Credits, Wickman, 2007, Historic Hawaii Foundation
- The Economic Benefits of Historic Preservation in Washington State, Dedmon & Bayne, 2006, Wash. Dept. of Archaeology and Historic Preservation.
- Historic Preservation: Contribution to Economic Development, Lapeere, 2002, Skidmore College.
- The Economic Benefits of Historic Preservation in Colorado, Clarion Associates, 2005 Update
- Benefits of Residential Historical Designation for Property Owners, Mabry, 2007 City of Tucson HPO
- Historic Preservation at Work for the Texas Economy, 1999, Rutgers Univ & LSU School at UT.
- The Impact of Local Historic Districts on Residential Property Values: An Analysis of 2 Slow Growth & 2 Fast Growth Cities in the US, Jin, 2004, Cleveland State University
- Historic Preservation's Impact on Job Creation, Property Values and Environmental Sustainability, Gledhill, Hanks, Ambrose, 2009, Univ of Louisville, Journal of Urbanism, International Research on Place-making and Urban Sustainability



Economic Benefits of Historic Preservation

Heritage Tourism

- \$1.43 billion in heritage travel expenditures in 1997.
- Hotel occupancy and sales tax revenue.
- Heritage tourists spend more & stay longer:
 - \$623 vs. \$457 per trip.
 - 4.7 nights vs. 3.4 nights.
- 6th Street, Warehouse District and Congress Avenue.
- City benefits from being State Capital.





Economic Benefits of Historic Preservation

Increased Property Values

- Studies show 6-21% increase in values.
- Statistical methods used to insure increases are due to designation, not other variables.
- Historic districts:
 - provide greatest increase in overall property values.
 - provide certainty in neighborhood character similar to an HOA.
- Benefits even non-contributing homes in district.
- Less expensive homes may receive less benefit.



Economic Benefits of Historic Preservation

Other Economic Benefits

- \$1.75 billion contribution to Texas economy in 1997.
- Increased reinvestment in neighborhoods.
- For every \$1 million invested in preservation 18 jobs are created vs. 15 for new construction.



Historic Preservation Program Revisions

1. Designation of Historic Landmarks
2. Historic District Designation Process
3. Tax Incentives for Historic Landmarks
4. Additional Recommendations



Historic Preservation Program Revisions Designation Criteria for Historic Landmarks

Staff Recommendation

Revise criteria to require higher level of significance for individual designation, but also incorporate provisions to allow for designation of vernacular and utilitarian architecture.

Add provisions:

1. Properties that have achieved significance within past 50 years not eligible for historic zoning unless of exceptional importance.
2. Properties in local historic districts not eligible for individual historic zoning based on architectural significance.
3. Require a higher level of integrity.



Historic Preservation Program Revisions Designation Criteria for Historic Landmarks

Historic Landmark Commission Recommendation
Adopt staff recommendation.



Historic Preservation Program Revisions Historic District Designation

Staff Recommendation

1. Allow owners of 51% of the land OR 51% of the owners to sign support petition.
2. For contributing properties in National Register Historic Districts:
 - Institute advisory design guidelines.
 - Require a Certificate of Appropriateness for demolition or a demolition delay up to 180 days.
3. Transition National Register Historic Districts to Local Historic Districts with the adoption of binding design standards and financial incentives.





Historic Preservation Program Revisions Historic District Designation

Historic Landmark Commission Recommendation

1. Adopt staff recommendation.
2. Establish a fund to help neighborhood groups hire consultants to survey, research, and write Local Historic District nominations.



Historic Preservation Program Revisions Historic Landmark Tax Exemption

Staff Recommendation

1. Retain existing formulas for calculating the exemptions.
2. Cap owner-occupied landmark exemptions at \$2,000 (\$2,250 for properties over 100 years old).
 - \$2,000 cap will affect 120 out of 270 residential landmarks.
 - \$2,700 cap will affect 64 out of 270 residential landmarks.
3. New cap effective 1/1/2013.
4. Extend LHD rehabilitation tax incentive to individual landmarks.
5. No cap for commercial properties



Historic Preservation Program Revisions Historic Landmark Tax Exemption

Historic Landmark Commission Recommendations

1. Formula for residential properties based on combined assessed value of land and improvements
2. Adopt staff recommendation to cap exemption for owner-occupied homestead landmarks at \$2,000.
 - Conduct a periodic (5-year) re-evaluation of the level of the incentive cap.
3. No cap for commercial properties and formula for value based on 50% of historic structure and 25% of land.
4. Adopt staff recommendation to extend LHD rehabilitation tax incentive to individual landmarks.
5. Request City Manager to initiate dialogue with other taxing entities to encourage their continued participation in the program.



Historic Preservation Program Revisions Additional Recommendations

Staff Recommendation

1. Establish a fund to provide plaques for every landmark in the City and establish a new fee for landmark applications to cover cost of plaques.
2. Establish revolving, low-interest loan programs for:
 - Low income landmark owners for small rehab projects.
 - Façade rehabilitation on commercial properties in the CBD.



Historic Preservation Program Revisions Additional Recommendations

Historic Landmark Commission Recommendations

1. Adopt staff recommendation to establish a fund to provide plaques
2. Adopt staff recommendation to establish revolving, low-interest loan programs for:
 - Low income landmark owners for small rehab projects.
 - Façade rehabilitation on commercial properties in the CBD.
3. Establish a more thorough inspection process for historic landmarks and inspection fee. Allow exception for low-income owners.
4. Provide technical and loan assistance programs to promote rehab of historic structures
5. Adopt revisions to designation applications to provide more information on history and integrity and require applications be complete prior to placing on HLC agenda.



Historic Preservation Program Revisions Questions from City Council