

Late Backup #50

REPORT AND RECOMMENDATIONS  
FOR CHANGES TO THE  
CITY OF AUSTIN  
HISTORIC PRESERVATION PROGRAM



Prepared by the  
Operations Committee  
Historic Landmark Commission

Historic Preservation Office  
Planning and Development Review Department  
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## INTRODUCTION

On June 10, 2010, Council passed Resolution 20100610-029, directing the City Manager to process amendments to the City Code to:

1. Limit the number of owner-initiated and Historic Landmark Commission-initiated historic landmark nominations to three per month, except in the case of nominations initiated by the Commission in response to a request for a demolition or relocation permit; and
2. Limit the number of owner-initiated and Historic Landmark Commission-initiated historic landmark nominations which are located in National Register or Local Historic Districts, other than those initiated by the Commission in response to a request for a demolition or relocation permit, to one per month, unless the other two slots for historic nominations are not completely filled, in which case they may be filled by nominations from National Register or Local Historic districts.

The same resolution directed the City Manager to:

1. Examine historic landmark preservation practices in peer United States cities and identify best practices for identifying, designating and ensuring the preservation of historic properties;
2. Work with the Historic Landmark Commission to prepare recommendations to limit the total amount of property tax exemption for each historic property to a fixed dollar amount per year and prepare recommendations on the proper size of this limit;
3. Work with the Historic Landmark Commission to prepare recommendations on any other aspects of the historic property identification and designation process, the benefit structure for historic properties, and the allocation of City resources for historic preservation purposes; and
4. Prepare an analysis of the economic benefits of historic preservation.

The Operations Committee of the Historic Landmark Commission, comprised of Laurie Limbacher, Joe Arriaga, and John Rosato, with Patti Hansen as an alternate member, met every other Wednesday from June 16, 2010 to April 11, 2011 with a set agenda specifying the items for discussion per Council Resolution 20100610-029.

The Committee first addressed and made recommendations regarding the proposed Code amendments to limit the number of owner-initiated historic zoning cases. These recommendations were presented to the City Council on August 19, 2010. Council adopted an ordinance which:

1. Added new Code Section 25-2-351 which states that the Historic Landmark Commission may consider no more than a total of three applications per month for historic landmark designation, and the Historic Landmark Commission may consider no more than one application per month for historic landmark designation of property located in any National Register or Local Historic District, unless there would otherwise be fewer than a total of three applications for historic landmark designation considered in that month, but the limitations above do not apply to applications initiated by the Historic Landmark Commission in response to a request for a demolition or relocation permit. The limitation on the number of historic zoning cases per month expires on December 31, 2011.

2. States that an application to designate a structure or site as a historic landmark or an area as a historic district must demonstrate that the structure, site, or area satisfies the criteria for designation and include the information required by administrative rule.
3. States that a record owner or the record owners' agent filing an application for an owner-initiated historic landmark designation shall affirm that no person involved in the matter was or will be compensated on a contingent fee basis or arrangement.
4. Requires that prior to action by the Historic Landmark Commission, a preservation plan submitted as part of an application for a combining district shall be forwarded by the Historic Preservation Officer to the Austin Energy Green Builder (or successor) program for review and written recommendations. These recommendations shall address the opportunity to incorporate sustainable elements listed in §25-2-356(c). The recommendations shall be provided to all boards and commissions and council prior to public hearing and action on the application.

As part of their deliberations and discussions, the Committee invited guest speakers to give presentations to the Committee members, including Denise Pierce, of the Travis Central Appraisal District, who explained the tax exemption process and answered committee members' questions, Derek Satchell, then of the Texas Historical Commission, who spoke about Austin's role and responsibilities as a Certified Local Government, Michael Odom, of the University of Texas, who spoke on the general economic benefits of historic preservation. The Committee also hosted a session for stakeholders to present information to the committee members. The stakeholders who presented information to the committee members were Maureen Mettauer, representing the owners of landmarks in Old Enfield, and providing financial trend information to the committee with reference to historic preservation and the designation of landmarks in the Old Enfield neighborhood, Rick Hardin, who presented information about the how to change the historic preservation program, and Lin Team, of the Heritage Society of Austin, who presented the preliminary recommendations of the Heritage Society of the issues confronting the committee members. Additionally, Julie Fitch and Charles Betts of the Downtown Austin Alliance presented information regarding the property tax incentives for downtown commercial buildings, and Nancy Burns, of the Norwood Tower, presented information on the special needs of downtown commercial buildings. The Committee also held two executive sessions with city legal staff. Historic Preservation Office staff provided the Committee with information regarding the preservation practices of peer cities, including designation criteria, the process for establishing historic districts, the establishment and benefits of conservation districts, comparative tables of property tax incentives, a map showing all of the city's historic landmarks with color coding for the date of designation, zip codes, and neighborhood planning areas, and a database containing all of the landmarks, their addresses, date of designation, date of construction, architectural style, current property value, current property tax exemption, and various scenarios of the effects of limiting the property tax exemption through a cap or a different formula for calculating the amount of the property eligible for exemption.

The full Historic Landmark Commission met April 11, 2011 to review the report and to hold a public hearing. The Commission discussed aspects of the recommendations and added comments. The Historic Landmark Commission met April 25, 2011 and voted on the specific recommendations outlined in the following report.

# RECOMMENDATIONS FOR CHANGES TO THE HISTORIC PRESERVATION PROGRAM

## BEST PRESERVATION PRACTICES

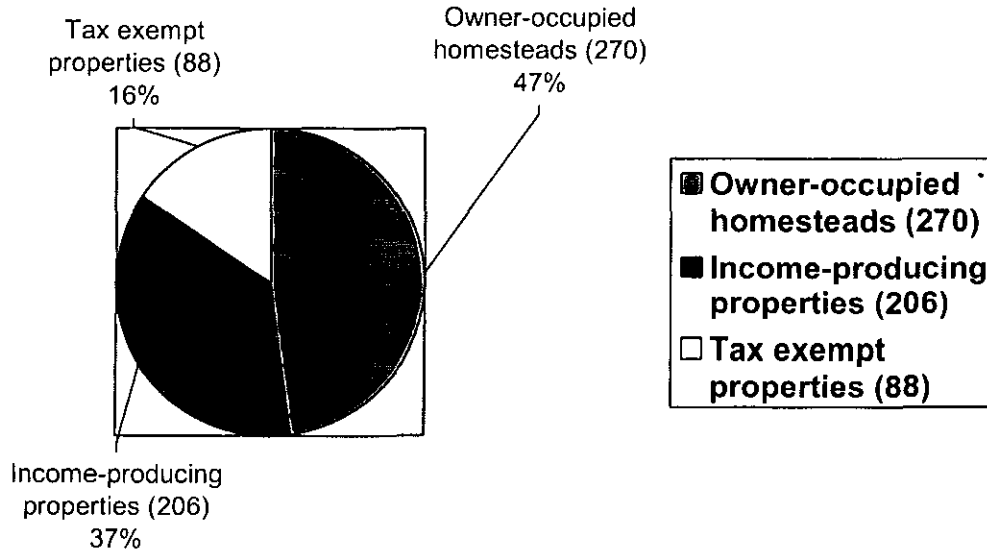
The Committee and staff reviewed information regarding the following areas of historic preservation practices in other cities, both in Texas and across the country, to determine the best practices for the following aspects of Austin's historic preservation program:

1. Designation criteria for historic landmarks
2. Designation process for historic districts
3. Demolition delays for properties in historic districts
4. Incentives for historic preservation.

### I. DESIGNATION CRITERIA FOR HISTORIC LANDMARKS

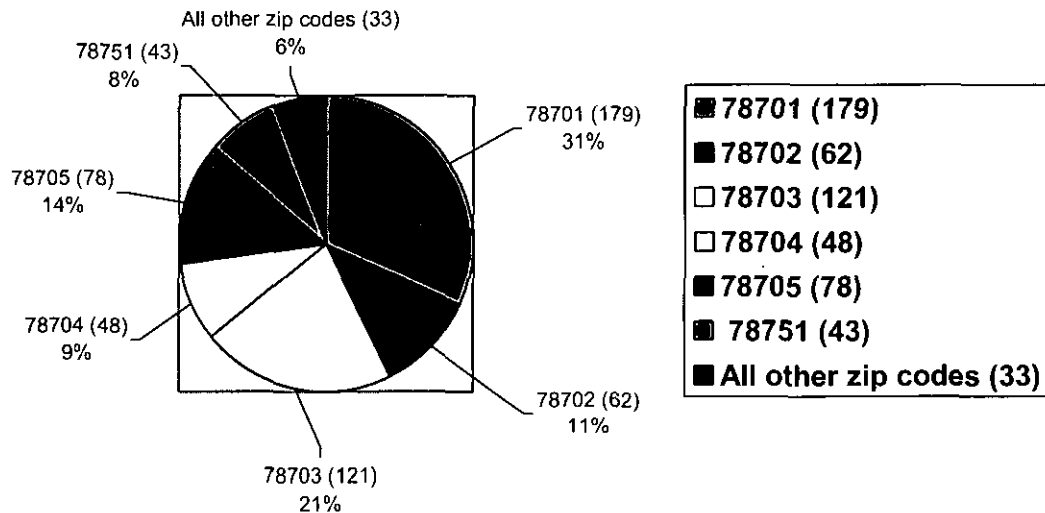
Designation of city historic landmarks has been the backbone of Austin's historic preservation program since its inception in 1974; the city has worked to identify historic buildings and incentivize their preservation over the past 37 years. Austin currently has over 500 individually-designated historic landmarks, comprising commercial buildings, residences, ruins, industrial and utilitarian structures, museums, objects, and significant landscapes.

The following chart shows the breakdown in the ownership of Austin's historic landmarks – just under half of the city's landmarks are owner-occupied homesteads; income-producing properties, which include both downtown commercial buildings and houses that are currently used for commercial purposes such as offices, comprise 37% of the number of landmarks.



The following chart shows the geographical breakdown of all Austin landmarks by zip code

78701: Central business district  
 78702: Near East Austin  
 78703: West Austin  
 78704: Near South Austin  
 78705: North University area  
 78751: Hyde Park



From 1974 to 2004, Austin, like many cities throughout the country, evaluated historic buildings as potential landmarks under a set of 13 criteria, adopted wholesale from federal templates. Austin's designation criteria addressed architectural significance, historical significance, cultural significance, and community value, but had several overlapping criteria and did not include a requirement setting a minimum age for a potential landmark.

In 2004, the Historic Preservation Task Force, following recommendations from the Historic Landmark Commission, reviewed the criteria for designating historic landmarks in Austin and recommended changes to the criteria to streamline the evaluation process, eliminate vagueness in the criteria, and introduce a requirement that the potential landmark be at least 50 years old to qualify for designation, comporting with the requirement of the National Register of Historic Places. The Historic Preservation Task Force recommended the adoption of a more streamlined set of designation criteria, which included an age requirement (50 years) and more specific wording for the type of significance (architectural, historical, cultural, or community) under which a property could be designated as a historic landmark.

The Committee reviewed Austin's current designation criteria as well as the criteria for landmark designation from 46 other cities with active landmark designation programs, including 11 cities in Texas. Nine of the studied cities had an age criterion for historic landmarks, with 4 (Houston, Fredericksburg, Phoenix, and Las Vegas) requiring that the property be at least 50 years old (as does Austin), 2 (Brownsville, Texas and Columbus, Ohio) requiring the property to be 40 years old, 2 (New York City and Denver) requiring the property to be 30 years old, and 1 (Seattle) requiring the property to be 25 years old.

The Committee also reviewed the types of buildings that should be eligible for designation as a historic landmark, analyzing the data from the studied peer cities, which revealed that most cities have similar boilerplate language for their designation criteria, which address historical, architectural, and archeological significance. Architectural criteria appear to be generally similar to those in Austin, with some modifications, such as words emphasizing important examples of architectural styles and noteworthy works of renowned architects, contractors, or builders. San Antonio also addresses architectural rarities, utilitarian buildings, and important uses of indigenous materials in architecture and design.

The vast majority of the studied cities adopted remarkably similar criteria for historical and archeological significance, and comport with those adopted by the City of Austin in 2004. Fort Worth also emphasized historical significance in the building's representation of a trend in the development of the city or region, and outlined several historical contexts for potential historic landmarks.

Fourteen of the 46 studied cities had no specific criteria for community value. The rest of the cities addressed community value in terms of value to the entire community (Atlanta, Grapevine, Houston, Berkeley, Denver, Miami), a neighborhood (Brownsville, Fort Worth, Galveston, Louisville, Minneapolis, Seattle), or a potential historic district (Dallas, Fort Worth). Richmond, Virginia provides a definition of community value to include a building that would otherwise meet the criteria for designation that is contiguous to an existing or potential historic building or district and changes to the potential landmark would impact the contiguous building or district. Smaller cities such as Orland Park, Illinois have put more expansive definitions of community value in their designation criteria in protecting buildings which may be threatened by alteration or demolition, or is subject to "encroachment by detrimental influences."

Committee members discussed the issue of alterations to potential historic landmarks. Analysis of the data revealed that only Miami Beach has a specific criterion for evaluating the presence of building additions or other modifications to a potential historic landmark, stating that alterations are acceptable if they are reversible and that the principal architectural features of the building remain intact or are repairable. The vast majority of the studied cities, including Austin, have general provisions relating to the requirement that the property maintain its integrity of design, materials, and/or location sufficiently to express its historic appearance.

Of the studied cities, only Memphis and Austin have a criterion which allows for designation of a building if it is listed in the National Register of Historic Places. Austin has expanded the criterion for local designation if the building is listed in the National Register of Historic Places, or is designated by the state or federal governments as historically significant.

Because Austin has relied so heavily on its individual landmark designation program for the last 30+ years, there are now more historic landmarks than locally-designated historic districts, and more historic landmarks than most of the studied cities. Many cities throughout the country have shifted the focus of their programs from individual designations to district designations to make their preservation program more encompassing, reflective, and protective of historic urban neighborhoods. Austin's 1981 Preservation Plan also recommended a move away from individual landmark designations in favor of historic districts. If the city favors a shift towards the designation of historic districts, then consideration of modifications to the city's designation criteria are warranted to reserve landmark designation for only those buildings with demonstrated and exceptional historical, architectural, cultural, or community significance.

### **COMMITTEE DISCUSSIONS – DESIGNATION OF HISTORIC LANDMARKS:**

The Committee generally recommends retention of the current designation criteria, which the committee believes are flexible enough to allow for the designation of all kinds of buildings that make up Austin's built heritage, especially vernacular and utilitarian structures in East Austin and South Austin. Committee members support modifications to the designation criteria to protect more common buildings and those without high-style architecture from demolition, such as the bungalows and cottages in working-class areas of the city. Committee members offered opinions on designating just the footprint of the building as historic, and on how to evaluate alterations to a proposed landmark, suggesting that if the basic integrity of the building remains intact or repairable, and the alterations are reversible, then a building should not be disqualified from landmark designation to protect it from demolition, following the philosophy of a provision of the Miami Beach, Florida designation criteria.

### **COMMISSION RECOMMENDATION – DESIGNATION OF HISTORIC LANDMARKS:**

The Commission adopted the staff recommendation below (Vote: 5-0).

### **STAFF RECOMMENDATION – DESIGNATION OF HISTORIC LANDMARKS:**

Staff recommends the following changes to Austin's designation criteria for historic landmarks:

To be designated a City of Austin Historic Landmark, a property must:

1. Be at least 50 years old, and represent a period of significance of at least 50 years ago, unless it possesses exceptional importance as defined by National Register Bulletin 22, National Park Service (1996); and
2. Retain a very high degree of sufficient integrity of materials and design to clearly convey its historic appearance; and
3. Be individually listed in the National Register of Historic Places, designated a Recorded Texas Historic Landmark, State Archeological Landmark, or National Historic Landmark, OR
4. Have demonstrated significance ~~Be significant~~ in at least **two** of the following categories:
  - A. **ARCHITECTURE**  
The property:
    - ★ Embodies the distinguishing characteristics of a recognized architectural style, type, or method of construction; or
    - ★ ~~Exemplifies~~ **Represents** technological innovation in design and/or construction; or
    - ★ Displays high artistic value in ~~Contains features~~ representing ethnic or folk art, architecture or construction; or
    - ★ Represents a rare example of an architectural style in the City; or
    - ★ Serves as an *outstanding* ~~representative~~ example of the work of an architect, builder, or artisan who significantly contributed to the development of the city, state, or nation, or
    - Possesses cultural, historical, or architectural value as a particularly fine or *unique example of a utilitarian or vernacular structure.*
    - Represents an architectural curiosity or one-of-a-kind building.
  - B. **HISTORICAL ASSOCIATIONS**  
The property:



- ★ Has long-standing significant associations with persons, groups, institutions, businesses, or events of historical importance which contributed significantly to the history of the city, state or nation; or
- ★ Represents a significant portrayal of the environment of a definable group of people in a historic time.

**C. ARCHEOLOGY**

The property has, or is expected to yield significant data concerning the human history or prehistory of the region.

**D. COMMUNITY VALUE**

The property has a unique location or physical characteristic that represents an established and familiar visual feature of the neighborhood or the city, and contributes to the character or image of the city as a whole.

**E. LANDSCAPE FEATURE**

The property is a significant natural or designed landscape or landscape feature with artistic, aesthetic, cultural, or historical value to the city.

5. No property with an addition or alteration which has significantly compromised its original footprint, height, scale, or materials may be considered a historic landmark, unless such addition or alteration is more than 50 years old, or the property is being nominated as a historic landmark for extraordinary historical, cultural, or community significance.
6. Properties located within a local historic district are ineligible to be nominated for landmark designation under the criterion for architecture.

Staff recommends the proposed changes to reserve landmark designation for those buildings which are truly significant to the history of the city, region, state, or nation. Staff adopted a position on the community value criterion to clarify that community value refers to the city as a whole, rather than an individual neighborhood. Staff recommends a clearer standard for evaluating alterations to potential historic landmarks, and recommends a limitation on landmark nominations of buildings within local historic districts for their architectural significance, as the design standards of the local historic district provide protections for the architectural character of contributing buildings within the district.

## **II. DESIGNATION OF HISTORIC DISTRICTS**

The Austin City Council authorized the establishment of local historic districts in 2004. The process for designating a local historic district followed a philosophy of grass-roots participation by the district property owners, requiring that the owners of 60% of the property within the district affirmatively demonstrate their support for the designation of the district. This 60% threshold was met with dismay from many neighborhood groups seeking to establish local historic districts, and the Code was amended to reduce the threshold from the owners of 60% of the property down to the owners of 51% of the property. In addition, a Council resolution resulted in a new Code section affirming City support for the designation of historic districts by stating that City-owned property within a district could account for as much as 17% of the 51% of the support required for designation. These are the only changes to the ordinances produced in 2004 to establish local historic districts.

The Committee reviewed the designation processes from 48 cities throughout the country, including 15 municipalities in Texas, ranging from Dallas, Fort Worth, San Antonio and Houston

to smaller cities such as Abilene, Lubbock, Brownsville, and New Braunfels. Several approaches emerged from this comparative analysis and shed light on where Austin's program fits into the spectrum of cities with active historic district programs.

Of the 48 cities surveyed, 19 (40%) had a requirement for a demonstration of owner support for creation of historic districts; the remainder of the cities handle the designation of historic districts through the public hearing process at various commissions and the City Council. Of the cities which required a demonstration of support, the numbers varied widely, from 100% in Portland, Oregon to 10% in Atlanta and St. Louis. Chicago requires the support of all property owners within a district for the district to be designated without a public hearing – if there is less than full support for the district, the designating body must have a supermajority vote to establish the district. Los Angeles requires the support of 75% of the owners or renters within the district for designation, and allows for the owners or renters of property within the district to petition for its creation. Both San Jose and Santa Cruz, California require a petition by the owners of 60% of the land within the district. St. Petersburg, Florida allows any citizen to petition for the creation of a district, but will not designate a district without the consent of the owners of 2/3 of the property within the district. In Pittsburgh, 25% of the record owners must petition for the creation of a district if the original petitioner was a private citizen or an organization. There is no requirement for a demonstration of owner support if the petition was made by a commission member, council member, or the mayor.

Of the Texas cities surveyed, Amarillo requires a showing of support of 20% of the owners of property within the district (**note:** not the owners of 20% of the land within the district), Fort Worth requires a showing of support by the owners of 50% of the parcels and 50% of the land area within the district, Houston requires a showing that the owners of 67% of the property within the district support the designation, New Braunfels and San Antonio require a showing of support by either 51% of the owners of property within the district OR by the owners of 51% of the property within the district, and Waco requires a showing of support by 40% of the property owners within the proposed district.

Several Texas cities, including Corsicana, Waxahachie, and Wichita Falls, allow for property owners to exclude themselves from the district; Wichita Falls further states that if a property is excluded from the district upon the owner's petition, then the exclusion ends when the petitioner is no longer the owner of the property.

Analysis of the district designation process in 48 cities reveals certain trends:

Cities are split between those which require a demonstration of owner support (19) and those which leave the designation process up to a commission or other governmental entity (27). Two cities (Chicago and Tulsa) require a supermajority of the enacting body to establish a district if a certain percentage of the property owners object to designation. Chicago allows a historic district to be enacted without a public hearing if all of the property owners consent to the designation, but requires a public hearing and a 6 out of 7 supermajority vote to designate a district over the objection of 51% of the property owners. Salem, Oregon has a reverse approach to the positive demonstration of owner support – their ordinance specifies that the historic district will be established unless 51% of the property owners object to it.

Those cities which delegate the nomination process to a commission or other governmental entity generally rely on the public hearing process and have stringent requirements that all property owners within a proposed district receive proper notice of the impending designation, generally by certified mail, notices in the newspaper, and/or signs within the district. Some

cities are under the advisory jurisdiction of the State Historic Preservation Office (Charlotte and Raleigh, N.C. and Jackson, Miss.), some are under state law which establishes the provisions for designating historic districts (Cambridge, Mass., Manchester, N.H., and Minneapolis, Minn.)

#### **COMMITTEE DISCUSSIONS – DESIGNATION OF HISTORIC DISTRICTS:**

The Committee agreed that the process for designating historic districts has been the topic of concern for many individuals and groups in Austin trying to nominate areas for historic district status, and that the principal concerns revolve around the development of design standards and the showing of support necessary to designate a historic district. The Committee recommends the establishment of a fund for neighborhood groups and other nominating parties to hire professional consultants to perform survey and inventory of buildings within the district, and research and write the history and context of the district. Individual committee members recommended lowering the threshold of support required in the historic district nomination from 51% to 41%, establishing conservation districts in addition to local historic districts to better protect large areas of the city, creation of a template for design standards for local historic districts, and to establish greater entitlements for historic landmarks, such as easing site development regulations regarding parking, impervious cover, and setbacks to allow landmark property owners greater flexibility in developing their property and discouraging demolitions.

#### **COMMISSION RECOMMENDATION – DESIGNATION OF HISTORIC DISTRICTS**

Adopted the staff recommendations below.

#### **STAFF RECOMMENDATION – DESIGNATION OF HISTORIC DISTRICTS:**

##### **A. DESIGNATION PROCESS**

Because designation of historic districts in Austin has proven to be more contentious than originally envisioned, staff suggests a new approach to creating local historic districts:

1. Strengthen the protections for contributing buildings in National Register Historic Districts with the goal of National Register districts becoming local historic districts. Staff recommends the adoption of advisory design guidelines, a standard set of guidelines addressing design considerations such as the location and setback of additions to existing buildings, appropriate materials for additions or new construction, and other guidelines to better preserve the architectural and historical character of National Register districts. Upon adoption of the design guidelines, the city could offer a higher bar to demolition of contributing buildings such as a demolition delay or a requirement that the applicant obtain a Certificate of Appropriateness from the Historic Landmark Commission to demolish a contributing building, as is currently provided for in local historic districts. The only protection against demolition of contributing buildings in National Register districts today is a determination that a threatened building qualifies as a historic landmark.

Adoption of design guidelines in the National Register districts is important for property owners, architects, contractors, staff, and the Historic Landmark Commission. Currently, only Hyde Park, Shadow Lawn, and Willow-Spence have design guidelines for additions and new construction, and those for Hyde Park and Shadow Lawn have been supplanted by the NCCD and local historic district design standards. Expansive National Register districts such as Old West Austin and West Line have no design guidelines, which hamper property owners, staff, and the commission in making intelligent, sensitive, and appropriate design decisions for additions and new construction within those districts.

Adoption of design guidelines and a higher bar to demolition of contributing structures accomplish the goals of introducing the concept of design guidelines to property owners within

the district as well as providing a greater protection to the buildings which contribute to the historic character of the district.

Areas which are not currently National Register Historic Districts would have to prepare a National Register District nomination, which is comprised of an inventory of all buildings within the district, an evaluation of whether each building is contributing to the historic character of the district, and a historical and architectural context narrative. Neighborhoods which are not currently National Register Historic Districts are at a disadvantage, because there is no nomination containing the documentation, inventory, or evaluation of the buildings, but this information is necessary for the designation and evaluation of the neighborhood as a historic district. Under the National Register Historic District application, there is no requirement to research the histories of a certain percentage of the contributing buildings, nor is there a requirement for a positive show of support for the district, or the adoption of binding design standards, all of which are concerns voiced by the proponents of local historic districts in Austin.

Staff recommends a re-evaluation of the status of contributing and non-contributing buildings in all National Register Historic Districts before the adoption of design guidelines; many of Austin's National Register districts were designated years ago, and the buildings that were deemed contributing at the time of designation may have had alterations to the extent that a new determination of whether the building is still contributing will be necessary.

2. National Register Districts with design guidelines could then become eligible for full local historic district status with the adoption of a preservation plan containing binding design standards with the support of a majority of the property owners, or the owners of a majority of the property within the district. Designation as a historic district with binding design standards would enable property owners within the district to apply for the existing property tax incentives for rehabilitating contributing buildings.

#### B. PROPERTY OWNER SUPPORT FOR LOCAL HISTORIC DISTRICTS

Staff recommends consideration of a new concept of determining property owner support to allow for a showing of support by either the owners of a certain percentage of the land OR by the number of property owners within the proposed district, as is done in San Antonio and New Braunfels. In workshops and public hearings on the designation of local historic districts in Austin, a repeated concern is that the owners of larger tracts within the historic district have an unfair advantage over the owners of smaller tracts, making the requirement that the owners of 51% of the land within the district support designation potentially disproportionately weighted towards the larger landowners. For example, say there are 20 individually-owned parcels totaling 10 acres in a proposed district, and 5 people own a total of 6 acres, then those 5 people own more than the required 51% of the land needed for designation of the district, but represent only 25% of the property owners in the district. To promote greater fairness to and representation of the number of property owners in a proposed district, staff recommends that the requirement for an affirmative showing of support by the property owners should be modified to allow a showing of support by 51% of the property owners within the district.

Another issue raised by applicants for local historic district status is the amount of work required to prepare a district nomination, which includes a full and current survey of all buildings within the proposed district, a written historical narrative focusing on the history of the development of the district and establishing the period of significance for the district, and detailed histories of a number of contributing buildings within the district. Staff supports retention of all of the current research and survey requirements, as these requirements provide the justification for the designation of the district and adoption of the design standards. However, there have been

numerous concerns raised by applicants that the burden of a survey and research is too much for volunteers and there should be more assistance provided to district nominating groups. Staff supports the Committee's discussions in favor of the creation of a grant fund to provide district nominating teams with the opportunity to hire an outside consultant to conduct the survey, research, and writing associated with the district nomination, as well as the loan of camera equipment or other resources to enable volunteers to complete more of the work themselves. A nominating team would have to show a sufficient level of support to apply for the grant and assistance.

### **III. DEMOLITION DELAYS**

Many cities have enacted demolition delays in the process for designating a historic landmark or a historic district to help prevent against runaway or speculative demolitions of contributing buildings within the district prior to the establishment of the historic zoning overlay. Austin already has a pendency of designation provision for historic landmarks, which prevents the issuance of permits for demolition, relocation, or building without a Certificate of Appropriateness from the Historic Landmark Commission, and with a time limit of 75 days from the date that the case is first placed upon the Landmark Commission agenda, but there is no provision for a demolition delay for contributing properties in National Register Historic Districts or in a nominated but not designated historic district.

The Committee reviewed information on demolition delays from the 48 cities which were studied for provisions relating to the process for designating a local historic district. Of those 48, 18 cities had provisions for a demolition delay during the pendency of designation for a historic district, including Fort Worth, Dallas, Houston, Lubbock, and San Antonio in Texas, and Pittsburgh, Phoenix, Minneapolis, and Denver. The general trend among cities with a demolition delay is to place a moratorium on demolition permits during the pendency of designation for the historic district, or a fixed period of days or months, allowing time for the district nomination to go through the process of designation. Tulsa has a 60-day demolition delay, which may be extended for another 60 days. In Philadelphia, the commission may postpone demolition for up to 6 months and may deny the demolition permit if the applicant is not able to demonstrate no economically viable use for the property. Philadelphia applicants must also present plans for the replacement structure to obtain the demolition permit. Several cities cited emergency health and safety issues and economic hardship as exceptions to the demolition delay. Several cities also clearly stated that one purpose of the demolition delay was to allow for conversations with the applicant to determine if an alternative to demolition of a contributing building is possible, even offering the possibility of the sale of the building by the applicant to prevent its demolition, as in Richmond, Virginia. Most cities with demolition delay provisions set a date for the beginning of the demolition delay; no city had a provision for a demolition delay until the complete application for designation of a district has been submitted or acted upon. In Fort Worth, Denver, and Atlanta, the demolition delay begins after the mailing of notices to property owners within the district. Other cities begin the demolition delay when the district nomination is officially received by the city or commission. The demolition delays range in duration from 60 days in Tulsa to 2 years in Dallas, with more provisions allowing for demolition delays from 120 to 180 days after the trigger date. Most cities also have an escape clause, providing that the demolition delay only lasts for the period of pendency of the district nomination – if the nomination fails or is withdrawn before the expiration of the set duration, the demolition delay also expires and the demolition permit is released.

The 2004 Task Force considered but rejected demolition delays in their recommendations for the establishment of local historic districts, but did not specifically address demolition delays for contributing properties in National Register Historic Districts.

### **COMMITTEE DISCUSSIONS – DEMOLITION DELAYS:**

The Committee is generally in favor of demolition delays to protect contributing buildings in pending local historic districts.

### **COMMISSION RECOMMENDATION – DEMOLITION DELAYS:**

Adopted the staff recommendation below.

### **STAFF RECOMMENDATION – DEMOLITION DELAYS:**

Extend the pendency of designation provisions applicable to historic landmarks to:

1. Contributing structures within National Register Historic Districts which adopt advisory design guidelines, in accordance with the staff recommendation for modifying the district designation process and protections set forth above. Currently, the only means to forestall or prevent the demolition of a contributing building in a National Register Historic District is to determine that it qualifies as an individual landmark, which has resulted in a loss of historic fabric in Austin's National Register Historic Districts. While Austin has extended more protections than most cities to contributing properties within National Register Historic Districts, a meaningful protection against demolition of contributing buildings has been lacking from the city's toolbox. A demolition delay is an opportunity to open conversations about alternatives to demolition of a contributing structure, but is not an absolute bar to demolition; and
2. Contributing buildings in pending local historic districts. The proposed demolition delay would become effective at the time that the notices are sent out for the first public hearing on the designation of the district at the Historic Landmark Commission and would be in force for 180 days to allow public hearings on the district nomination at the Historic Landmark Commission, appropriate land use commission, and the City Council. Addressing a concern that the list of which buildings are contributing to the district (and subject to the demolition delay) is not final until the zoning is approved by the City Council, past history has demonstrated that changes to determinations of whether a building is contributing to the district are unlikely after review and certification of the application by the Historic Preservation Office.

Staff further recommends exceptions to the demolition delay for dangerous buildings which pose a threat to public health and safety, for a showing of economic hardship, and non-contributing buildings. Determination of what constitutes economic hardship will have to be clarified in the Code.

Staff would also create an education component to inform the appropriate parties of this program.

The time clock for a demolition delay would have to be tolled for any postponement of the public hearing requested by anyone other than the applicant for the historic district.

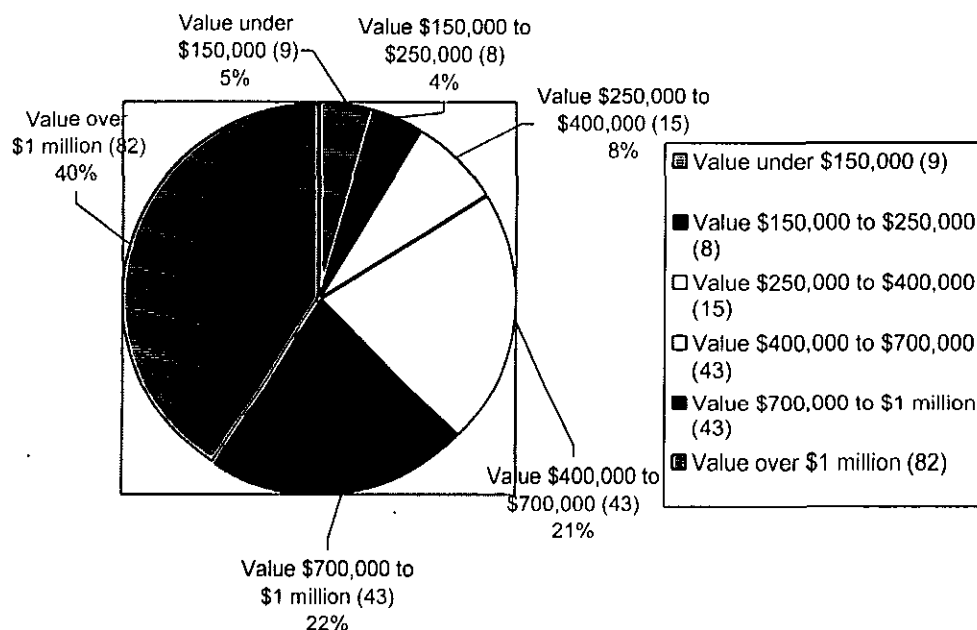
## **IV. PROPERTY TAX INCENTIVES FOR HISTORIC LANDMARKS**

In 1977, the City of Austin, Travis County, the Austin Independent School District, and the Austin Community College District began offering property tax exemptions to encourage the continued preservation of existing landmarks as well as provide an incentive for the owners of potential landmarks to participate in the program. These property tax exemptions remained intact until 2004, when the City of Austin authorized a cap on the amount of the tax exemption at the greater of 50% of the city taxes or \$2,000. The cap applies only to those landmarks designated after December 2, 2004, and to any previously-designated landmark which changed

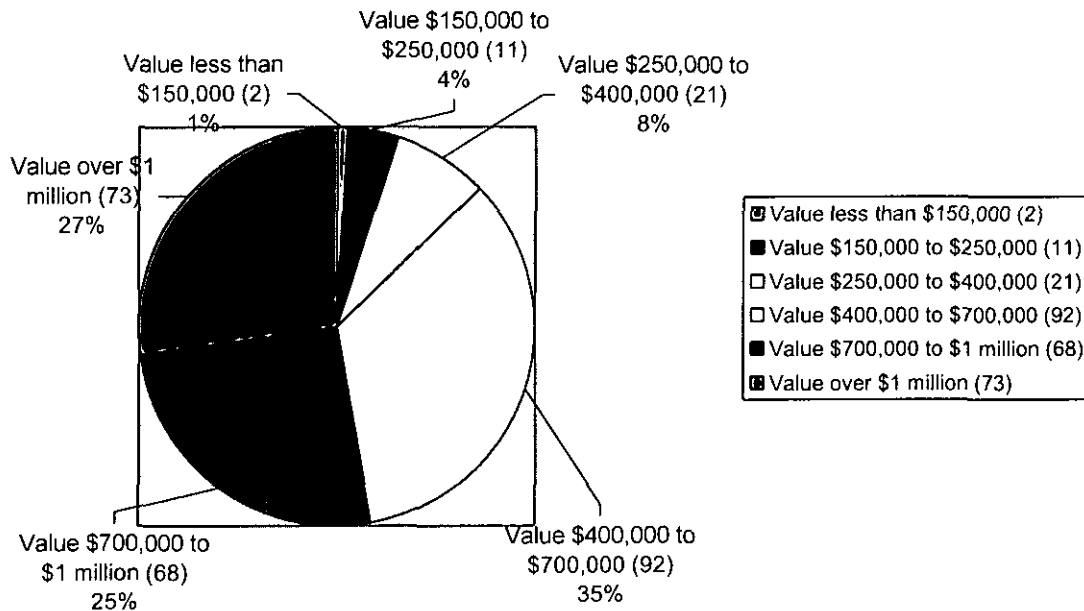
hands after December 2, 2004 in an effort to "grandfather" the long-time owners of existing landmarks. The second round of changes to the original tax exemption program occurred late last year as the Austin Independent School District and the Austin Community College District withdrew from the property tax exemption program.

Austin's 1981 Preservation Plan recommends a shift from the existing "maintenance" property tax incentives, which require no rehabilitation work by the property owner, towards a rehabilitation-type incentive which fosters preservation projects at historic landmarks by freezing the valuation of the property at the pre-rehab level, helping the property owner amortize the cost of the rehabilitation project. The 1981 Preservation Plan notes that as more properties become designated historic landmarks, the drain on the city's tax base will continue to grow.

The amount of tax exemptions for all historic landmarks by the City of Austin is currently \$1,256,074, of which owner-occupied homestead properties account for \$686,882, and income-producing properties account for \$569,192. The average exemption for an owner-occupied homestead is \$2,581. The average exemption for an income-producing property is \$2,763; however, there is a much greater variation in the amount of the exemption for income-producing properties, recognizing that income-producing properties range from large downtown buildings to former residences now converted to offices, bed-and-breakfast inns, and other commercial uses.



Valuation of Austin's income-producing historic landmarks



Valuation of owner-occupied residential historic landmarks

Evaluating the appropriateness of Austin's property tax incentive program requires a good hard look at the goals and direction of the program. In the early years of the program, the property tax incentive was a tool to encourage participation in the program and preserve significant buildings throughout the city, but especially downtown. With time, the need for the incentive for participation in the program has dwindled as the vast majority of historic zoning cases within the last few years have been owner-initiated cases on residential structures. Today, Austin's historic preservation program faces more challenges from the preservation, rehabilitation, and adaptive re-use of existing historic landmarks than from threats of demolition of significant historic buildings.

Most cities in the country have incentivized the rehabilitation and restoration of important historic buildings, especially in the context of historic districts. Austin has also established a rehabilitation incentive in historic districts, providing a property tax freeze for qualified rehabilitation projects which receive approval from the Historic Landmark Commission in the form of a *Certificate of Appropriateness* and have been constructed in strict accordance with the approved plans. In Austin's local historic districts, owner-occupants of contributing buildings may propose a project totaling a minimum of 25% of the value of the structure to qualify for the property tax freeze; owners of income-producing contributing buildings must invest 40% of the value of the structure in the rehabilitation project to qualify for the incentive.

Austin currently has a property tax incentive program best described as a "maintenance" type program which does not require the property owner to engage in any rehabilitation or preservation work on a historic landmark, and does not recognize rehabilitation projects as a basis for granting the annual property tax exemption. Landmark owners who maintain their property to minimum standards are eligible for the property tax exemption if they file an annual application and pass an annual inspection conducted by city staff. However, Austin's current



property tax incentive program also recognizes that the owners of historic landmarks are stewards of significant historic buildings, and have greater responsibilities in their ownership of the building. Owners of historic landmarks must obtain a Certificate of Appropriateness from the Historic Landmark Commission for any changes to the exterior of the building or to the site, a requirement and responsibility that non-landmark owners do not share. In many cases, the owners of historic landmarks have also sacrificed the highest and best use of their property to preserve the historic landmark.

Austin's current property tax incentive program has been a driving force in the generally excellent stewardship of historic landmarks. The current property tax incentive program also helps keep historic landmarks competitive in the market, and has allowed persons of more moderate means with a passion for historic buildings to purchase and maintain them. The city, the public, and tourists all benefit greatly from the preservation of important historic buildings; there is a clear, vested interest in maintaining these buildings for present and future generations. It would be fundamentally unfair to the owners of historic buildings to "pull the rug" out from under them by doing away with the maintenance incentive altogether, although it has become very clear that consideration of modifications to the incentive structure are due and appropriate now.

In 2004, the City Council-appointed Historic Preservation Task Force to study incentives for historic landmarks. The Task Force recommendation, which was ultimately codified, called for a cap to be placed on the amount of property taxes exempted for properties designated after December, 2004, or which changed hands after December, 2004. The cap was set at the greater of 50% of the city taxes before any exemptions, or \$2,000; the cap has been consistently applied, but in practice, applies only to those properties worth in excess of \$800,000.

In the review of property tax incentives provided by other cities, several trends emerge for study. Texas is one of the few states which provides for a property tax exemption to encourage historic preservation, principally because Texas has no state income tax – most other states rely on income tax credits to incentivize rehabilitation projects on historic buildings, as does the federal government (for income-producing properties only). Several states, including California, with the Mills Act, have official state programs to encourage the rehabilitation of historic properties. In the Texas cities with maintenance-type incentives similar to Austin's the general trend is to exempt a portion of the value of the land and a portion of the value of the structure from ad valorem taxation. Some cities, such as Round Rock and Austin, have no expiration date for the duration of the incentive – as long as the property is appropriately maintained, the owner is eligible for an annual exemption. Other cities, such as San Angelo and Abilene, have placed a monetary limit on the amount of the exemption, as Austin did in 2004 with the enactment of the cap for newly-designated landmarks. Still others, such as Denton, have placed a time limit on the duration of the exemption.

The majority of Austin's peer cities in Texas and throughout the country offer tax exemption incentives for qualified rehabilitation projects which are designed to encourage the preservation, rehabilitation, and restoration of historic landmark properties. Historic structures in those cities do not provide a property tax incentive for the maintenance of the building – the property owner must embark upon a significant preservation project approved by the landmark commission to qualify for the incentive, which usually consists of a freeze on the value of the property for a set period of time (usually between 5 and 10 years), after which, the property is re-assessed and taxes at the new value ensue. The rehabilitation-type incentive has worked well in other cities

to encourage preservation work on historic structures, and formed the basis for the property tax incentive available for preservation projects in Austin's local historic districts.

#### **COMMITTEE DISCUSSIONS – PROPERTY TAX INCENTIVES FOR HISTORIC LANDMARKS:**

The Committee reviewed literature from other cities as well as the Heritage Society of Austin proposal, and recommends the following modifications to Austin's property tax incentives for historic landmarks:

- a. Support the process for establishing a cap on owner-occupied homestead landmarks set forth by the Heritage Society of Austin, which would result in approximately at maximum cap of \$2,700 for owner-occupied homesteads and retain the current exemption with no cap for income-producing properties, to be renewed annually by application and justified by a successful and thorough inspection of the property to ensure its continued preservation. The Committee agreed that the new cap should be phased in over time, either when the property is sold, or stepped down over a period of years. Individual committee members also recommended a limited duration for the provision of tax exemptions, from between 5 to 10 years, with existing exemptions expiring in 5 years and any new cases qualifying for the exemption for 7 years.
- b. Adopt and apply the property tax incentive for the rehabilitation of contributing buildings in local historic districts to historic landmarks. Most other cities and states provide a rehabilitation incentive for historic structures. The Committee agrees with the recommendations of the Heritage Society of Austin regarding rehabilitation incentives for individual landmarks and local historic district properties.

#### **COMMISSION RECOMMENDATION – PROPERTY TAX EXEMPTIONS FOR HISTORIC LANDMARKS**

- a. Adopt the staff recommendation to maintain the current formulas for determining the amount of the exemption, and to cap the exemption for owner-occupied residential landmarks at \$2,000.
- b. Adopt and apply the property tax incentive for the rehabilitation of contributing buildings in local historic districts to historic landmarks.
- c. Limit the exemption on income-producing properties to only the historic portion of the building, eliminating an exemption for modern additions.
- d. Evaluate the limit of the exemption cap every 5 years.
- e. Adopt the staff recommendation to institute a rehabilitation property tax incentive identical to that now offered for the qualified rehabilitation of contributing buildings within local historic districts to encourage and promote continued rehabilitation projects on historic buildings.
- f. Adopt the staff recommendation to establish a revolving low-interest loan fund for façade rehabilitations on historic income-producing buildings in the downtown area to encourage better preservation of historic facades and the restoration or reconstruction of historic facades that have been replaced by modern storefronts.

The Commission's votes to limit the duration of the incentive and to phase in the cap over a 5- to 10-year period did not achieve a quorum vote.

## **STAFF RECOMMENDATION – PROPERTY TAX EXEMPTIONS FOR HISTORIC LANDMARKS:**

### **Owner-occupied residential landmarks:**

- a. Retain the existing formula for calculating the amount of the exempted property – 100% of the value of the structure and 50% of the value of the land for owner-occupied homestead properties, and 50% of the value of the structure and 25% of the value of the land for income-producing properties. If a greater reduction in the total amount of property tax exemptions is the desired goal, then staff further recommends reformulating the calculation on what portion of the property is eligible for exemption to 60% of the total value of the property. Using a flat percentage of the total value of the property offsets discrepancies between the value of the land and the value of the structure in relation to the total property value, but results in lower exemption amounts for most landmark owners, particularly those with lower-valued properties.
- b. Cap the maximum exemption for owner-occupied residential landmarks at \$2,000, with a possible consideration of increasing the exemption to \$2,250 for owner-occupied residential landmarks that are at least 100 years old. Adding an age criterion to determining the proper exemption for historic landmarks, i.e., awarding a higher cap to older properties where the everyday care and maintenance is generally more expensive than newer properties. Properties over 100 years old generally have architectural features that cannot be readily replaced with modern materials, absent custom milling or manufacture, making restoration or reconstruction of missing or deteriorated architectural features more expensive when compared to more recent buildings. The higher cap for owner-occupied residential landmarks over 100 years old takes into account the greater cost of restoration, rehabilitation, or reconstruction of architectural features. While many rehabilitation projects may qualify for the proposed rehabilitation property tax incentive, the threshold for qualifying for an incentivized rehabilitation project may be more than what the property owner is prepared to do – perhaps all that is necessary is the replacement of a missing architectural feature and not a larger project, as is envisioned by the rehabilitation property tax incentive. Establishing a higher cap for older residential properties will also provide an advantage to property owners in the central core, East Austin, and South Austin, where most of the residential landmark properties are over 100 years old, as opposed to residential landmark properties in West Austin, where most date from the 1920s and 1930s.

Of the 270 owner-occupied residential landmarks in Austin today, 77 were built before 1900, 39 were built between 1900 and 1910, 35 were built between 1911 and 1920, 53 were built between 1921 and 1930, 38 were built between 1931 and 1940, and 21 were built between 1941 and the present. Of the 77 owner-occupied residential landmarks built before 1900, 22 are located in East Austin (78702 zip code), 18 are located in West Austin (78703 zip code), and 15 are located in South Austin (78704 zip code). By comparison, of the 59 owner-occupied residential landmarks built since 1931, 1 is located in East Austin (78702), 42 are located in West Austin (78703), and 6 are located in South Austin (78704).

This cap will affect the highest valued landmarks the most – there are 105 owner-occupied historic landmarks which currently have an exemption over \$2,000, but 11 of those have an exemption of between \$2,000 and \$2,200. Another 16 have current exemptions of between \$2,200 and \$2,500, and another 20 have exemptions of between \$2,500 and \$3,000. Of the 105 affected landmarks, 47 would not see an increase of more than \$1,000 in their city taxes.

Decreasing the amount of the exemption will likely pose a hardship for owners of homestead landmarks, especially those that will be facing a reduction of \$1,000 or more in their tax exemption, so staff recommends introducing the reduced exemption formula over a two-year period, or to begin January 1, 2013. All owner-occupied residential landmarks would retain their current exemption until that time, then the new formula would go into effect for all owner-occupied residential landmarks.

c. Adopt and apply to historic landmarks the property tax incentive for rehabilitation of contributing buildings within local historic districts to encourage and promote continued rehabilitation projects on historic buildings. A rehabilitation incentive is the most pervasive tool for preserving significant historic buildings in almost all of the peer cities and states reviewed in the research.

d. Establish a revolving low-interest loan fund for low-income owners of historic landmarks to more fully participate in the preservation and rehabilitation of their historic homes, with the qualification that they cannot sell or transfer the property for a period of years after completion of the rehabilitation project without financial consequences. This will allow low-income landmark owners to better maintain their properties and will guard against a temptation to get a low-interest loan to restore a house and then “flip” it.

#### **Income-producing landmarks**

a. Retain the existing property tax incentives for historic landmarks – 50% of the value of the structure and 25% of the value of the land with no cap. Large downtown buildings are valued at many times the value of the land, so to institute a flat percentage and cap such as that proposed for owner-occupied homestead landmarks (where structure and land values are generally more evenly matched) would work a severe detriment to the preservation of Austin's most noticeable and important downtown historic buildings.

b. Institute a rehabilitation property tax incentive identical to that now offered for the qualified rehabilitation of contributing buildings within local historic districts to encourage and promote continued rehabilitation projects on historic buildings.

c. Establish a revolving low-interest loan fund for façade rehabilitations on historic income-producing buildings in the downtown area to encourage better preservation of historic facades and the restoration or reconstruction of historic facades that have been replaced by modern storefronts.

#### **Discussion and Examples of Staff Recommendations**

Austin's current property tax incentive system, even with the caps instituted by Council in 2004, remains one of the most generous in the state. Critics of the system allege that the property tax incentive has outlived its usefulness in encouraging property owners to participate in the historic preservation program. The 1981 Historic Preservation Plan for the city recommended that the city consider modifications and alternatives to the current system.

#### **Shift towards a hybrid of maintenance and rehabilitation incentives**

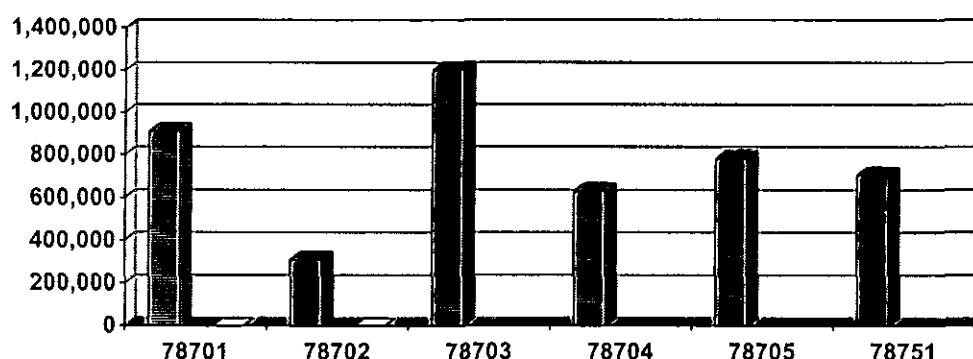
Staff recommends a shift from the “maintenance” type of exemption for the owners of historic landmarks towards a hybrid, which retains a reduced level of the “maintenance” exemption and adds a property tax incentive for qualified rehabilitation projects on historic landmarks.

The current system of granting a property tax incentive for maintaining a historic landmark and recognizing the additional responsibilities placed upon the owners of historic landmarks does

not adequately address preservation projects that will extend the life of the building. Staff recommends the establishment of the same property tax incentive for rehabilitation of contributing buildings in local historic district, i.e., a "freeze" on the pre-rehabilitation value of the property for tax purposes for 7 years if the building is an owner-occupied residential landmark, and for 10 years if the building is income-producing. Property owners will be required to make a certain level of investment in the rehabilitation project, and the project will require approval by the Historic Landmark Commission and inspection and verification by the city to ensure that the project strictly adheres to the approved plans in order to qualify for the rehabilitation incentive.

#### **Basis for determining the property value to be exempted**

The current exemption is determined on a basis of exempting 100% of the value of the structure and 50% of the value of the land from ad valorem taxes for owner-occupied residential landmarks, and 50% of the value of the structure and 25% of the value of the land for income-producing landmark properties. Staff recommends either retention of the existing formula, with a cap on the amount of the exemption available for owner-occupied homestead landmarks, or a new formula for determining the partial ad valorem tax exemption which eliminates separate determinations of the value of the structure and the value of the land for owner-occupied residential landmarks. Exemptions to date have favored properties in West Austin, where land values are generally higher than in East or South Austin, and this determination does not have any relevance to the preservation of a historic structure.



#### **Comparison of property values for owner-occupied historic landmarks by zip code**

Average values – owner-occupied homesteads:

78701 (Downtown):	\$909,772
78702 (East Austin)	\$310,097
78703 (West Austin)	\$1,202,091
78704 (South Austin):	\$630,627
78705 (North University):	\$782,664
78751 (Hyde Park):	\$706,494

Establishing a formula for property tax exemptions requires two steps: 1) determining what portion of the value of the property to exempt from taxes, and 2) setting a cap, or maximum amount of any exemption. Establishing a cap requires examination of what each percentage of the exempted portion of the property value would yield – at lower percentages, the cap has less meaning because the percentage of exempted property does not reach the cap. Conversely, a higher percentage results in more landmarks being subject to the cap.

Staff reviewed the effects that exempting different percentages of the value of the property from taxation, and determined that exempting 50% of the total value of the property would reduce the property tax exemption for 212 owner-occupied homestead landmarks by an average of \$701; exempting 60% of the total value of the property would reduce the property tax exemption for 178 owner-occupied homestead landmarks by an average of \$471.

From the chart below, it is evident that exempting even 60% of the total value of the property from ad valorem taxation will reduce the exemption for owner-occupied homestead landmarks at the lower end of the valuation scale, where the \$2,000 cap does not come into play. Applying the \$2,000 cap will only affect those landmarks that already qualify for an exemption of \$2,000 or more, and the formula for exempting 60% of the total value of the property becomes less material. If the desired result is to reduce the property tax exemptions for all owner-occupied homestead landmarks, then a combination of the 60% formula and the cap of \$2,000 will accomplish the goal. If, however, the current formula for determining the amount of property value to be exempted is retained, only those landmarks with a current exemption of at least \$2,000 will be affected.

NOTE: The difference from the current exemption is shown in parentheses.

NAME	ADDRESS	CURRENT VALUE	CURRENT EXEMPTION	EXEMPTION IF 40% IS EXEMPTED	EXEMPTION IF 50% IS EXEMPTED	EXEMPTION IF 60% IS EXEMPTED	DIFFERENCE IF CAPPED AT \$2,000
Sallie Johnson House	1148 Northwestern Avenue	\$146,872	\$516	\$268 (\$247)	\$335 (\$180)	\$403 (\$113)	N/A
Paulson-Sing House	1705 Willow Street	\$181,198	\$622	\$291 (\$331)	\$414 (\$208)	\$497 (\$126)	N/A
James Smith Place (Boggy Creek Farm)	3414 Lyons Road	\$202,576	\$738	\$370 (\$368)	\$462 (\$276)	\$555 (\$183)	N/A
Scott-Hammond House	1191 San Bernard Street	\$234,887	\$772	\$429 (\$343)	\$536 (\$236)	\$644 (\$128)	N/A
Willie Wells House	1705 Newton Street	\$245,438	\$664	\$448 (\$216)	\$560 (\$104)	\$672 (+\$8)	N/A
McGown-Griffin House	1202 Garden Street	\$274,787	\$1,050	\$503 (\$547)	\$628 (\$422)	\$754 (\$297)	N/A
Southwind (Seymour Fogel House)	2411 Kinney Road	\$375,917	\$1,261	\$687 (\$574)	\$859 (\$402)	\$1,031 (\$230)	N/A
Lewis-Thomas House	1508 Newning Avenue	\$377,547	\$1,085	\$690 (\$395)	\$862 (\$223)	\$1,035 (\$50)	N/A
Stuart House	1208 Inks Avenue	\$386,557	\$1,494	\$706 (\$788)	\$883 (\$611)	\$1,059 (\$435)	N/A
Brogan House	3018 West Avenue	\$450,526	\$1,488	\$824 (\$664)	\$1,030 (\$458)	\$1,235 (\$252)	N/A
Lindemann House	1100 E. 8 <sup>th</sup> Street	\$457,052	\$1,769	\$836 (\$933)	\$1,045 (\$724)	\$1,254 (\$515)	N/A

NAME	ADDRESS	CURRENT VALUE	CURRENT EXEMPTION	EXEMPTION IF 40% IS EXEMPTED	EXEMPTION IF 50% IS EXEMPTED	EXEMPTION IF 60% IS EXEMPTED	DIFFERENCE IF CAPPED AT \$2,000
Stanley Homestead	1811 Newton Street	\$460,491	\$1,419	\$841 (\$577)	\$1,152 (\$367)	\$1,262 (\$156)	N/A
Wedding House	604 E. 3 <sup>rd</sup> Street	\$479,835	\$1,386	\$877 (\$509)	\$1,097 (\$289)	\$1,317 (\$69)	N/A
Preston- Garcia House	1214 Newning Avenue	\$479,867	\$1,645	\$877 (\$768)	\$1,097 (\$548)	\$1,316 (\$329)	N/A
I.V. Davis Homestead	1610 Virginia Avenue	\$558,497	\$1,693	\$1,021 (\$672)	\$1,276 (\$417)	\$1,531 (\$162)	N/A
Bergen- Todd House	1403 S. Congress Avenue	\$586,247	\$1,732	\$1,072 (\$660)	\$1,339 (\$393)	\$1,607 (\$125)	N/A
Clark- Emmert House	4300 Avenue D	\$601,457	\$1,906	\$1,100 (\$806)	\$1,375 (\$531)	\$1,650 (\$257)	N/A
Millbrook	1803 Evergreen Avenue	\$621,250	\$2,468	\$1,136 (\$1,332)	\$1,419 (\$1,049)	\$1,703 (\$764)	\$468 from current; N/A under 60% formula
Elvira T. Davis House	4112 Avenue B	\$630,584	\$2,311	\$1,153 (\$1,158)	\$1,441 (\$870)	\$1,729 (\$581)	\$311 from current; N/A under 60% formula
Lolla Peterson House	2410 Jarratt Avenue	\$719,253	\$2,000 CAPPED	\$1,315 (\$685) *	\$1,644 (\$356)	\$1,972 (\$28)	0 from current; N/A under 60% formula
Rogers- Lyons House	1001 E. 8 <sup>th</sup> Street	\$726,056	\$3,027	\$1,327 (\$1,700)	\$1,659 (\$1,368)	\$1,991 (\$1,036)	\$1,027 from current; N/A under 60% formula



NAME	ADDRESS	CURRENT VALUE	CURRENT EXEMPTION	EXEMPTION IF 40% IS EXEMPTED	EXEMPTION IF 50% IS EXEMPTED	EXEMPTION IF 60% IS EXEMPTED	DIFFERENCE IF CAPPED AT \$2,000
Boner House	1508 Hardouin Avenue	\$778,218	\$2,000 CAPPED	\$1,423 (\$577)	\$1,779 (\$221)	\$2,134 (+ \$134)	0 from current; \$134 under 60% formula
Louis and Flossie John House	1924 Newning Avenue	\$779,919	\$2,000 CAPPED	\$1,426 (\$574)	\$1,783 (\$217)	\$2,139 (+ \$139)	0 from current; \$139 from 60% formula
Max Bickler House	901 W. 16 <sup>th</sup> Street	\$913,937	\$2,504	\$1,671 (\$833)	\$2,089 (\$415)	\$2,506 (+ \$2)	\$504 from current; \$506 under 60% formula
Hill-Searight House	410 E. Monroe Street	\$922,484	\$2,345	\$1,687 (\$658)	\$2,108 (\$245)	\$2,530 (+ \$185)	\$345 from current; \$530 under 60% formula
Covert House	3912 Avenue G	\$1,048,730	\$2,397 CAPPED	\$1,917 (\$1,848)	\$2,397 (0)	\$2,876 (+ \$479)	\$397 from current; \$876 under 60% formula
Red-Purcell House	210 Academy Drive	\$1,089,155	\$2,922	\$1,992 (\$930)	\$2,489 (\$433)	\$2,987 (+ \$65)	\$922 from current; \$987 under 60% formula
Hugo Kuehne House	500 E. 32 <sup>nd</sup> Street	\$1,190,055	\$3,868	\$2,176 (\$1,692)	\$2,720 (\$1,148)	\$3,264 (\$604)	\$1,868 from current; \$1,264 under 60% formula
McClendon- Kozmetsky House	1001 W. 17 <sup>th</sup> Street	\$1,216,552	\$2,781 CAPPED	\$2,225 (\$555)	\$2,781 (0)	\$3,337 (+ \$556)	\$781 from current; \$1,337 under 60% formula

NAME	ADDRESS	CURRENT VALUE	CURRENT EXEMPTION	EXEMPTION IF 40% IS EXEMPTED	EXEMPTION IF 50% IS EXEMPTED	EXEMPTION IF 60% IS EXEMPTED	DIFFERENCE IF CAPPED AT \$2,000
Pemberton Castle	1415 Woodridge Drive	\$1,888,138	\$4,315 CAPPED	\$3,453 (\$862)	\$4,315 (0)	\$5,178 (+\$1,403)	\$2,315 from current; \$3,178 under 60% formula
Ben M. Barker House	3215 Duval Street	\$1,889,937	\$6,410	\$3,456 (\$2,954)	\$4,319 (\$2,091)	\$5,183 (\$1,227)	\$4,410 from current; \$3,183 under 60% formula
Sweetbrush	2408 Sweetbrush Drive	\$2,015,646	\$4,607 CAPPED	\$3,686 (\$921)	\$2,397 (0)	\$5,528 (+\$921)	\$2,607 from current; \$3,528 under 60% formula

### **Apply a cap of \$2,000 to owner-occupied homestead landmarks**

Staff recommends a \$2,000 cap for all owner-occupied homestead landmarks. The average exemption for owner-occupied landmarks is currently \$2,581. A cap of \$2,000 will not affect the current exemptions of landmarks with low property values, the majority of which are in East Austin, but will reduce the exemptions on those landmarks which already qualify for an exemption exceeding \$2,000, including landmarks which were capped at the 50% of the city taxes on the property. Staff also does not recommend a cap of any lower than \$2,000 as this would likely result in a great hardship for many landmark owners, and their stewardship of landmark properties has kept Austin's program excellent through the years. Staff would also recommend a review of the cap after a certain period of time to determine if it needs to be adjusted.

Staff and the Committee reviewed various scenarios for reducing the property tax incentive for historic landmarks, including:

- a. Exempt the value of the structure only.
- b. Cap the exemption at \$1,000
- c. Cap the exemption at \$1,500
- d. Cap the exemption at \$2,000
- e. Cap the exemption at \$2,500
- f. Cap the exemption at \$2,700.

#### **a. Exempt the value of the structure only.**

Exempting only the value of the structure will have a greater effect on those landmarks where the value of the land is higher than the value of the structure, which is true at 130 (48%) of the 270 owner-occupied residential landmarks and at 67 (33%) of the 206 income-producing landmarks. The residential landmarks have an average land value of \$426,935 and an average structure value of \$443,232. The income-producing landmarks have an average land value of \$477,762 and the average structure value is \$999,272. This proposal will have a greater effect on owner-occupied residential landmarks than it would on income-producing landmarks because in the higher value of income-producing structures, particularly in downtown Austin, although every landmark in the city would be affected.

**The total amount of current exemptions from all historic landmark properties in Austin is estimated to be \$1,254,903, of which owner-occupied residences account for \$685,711, and income-producing landmarks account for \$569,192. Eliminating the value of the structure from the exemption formula would result in a total amount of exemptions from all landmark properties of an estimated \$978,785, or a savings of \$276,118 annually from all landmarks. Owner-occupied residences account for \$520,482 of the new exemption total and represent a savings of \$165,229. Commercial landmarks account for \$458,303 of the reduced exemption total.**

Residential landmark examples:

NAME	ADDRESS	LAND VALUE	STRUCTURE VALUE	CURRENT EXEMPTION	EXEMPTION ON STRUCTURE ONLY	\$ DIFFERENCE	% DIFFERENCE
Oliphant House	3900 Avenue C	\$375,000	\$420,497	\$2,779	\$1,714	\$857	38%

NAME	ADDRESS	LAND VALUE	STRUCTURE VALUE	CURRENT EXEMPTION	EXEMP TION ON STRUC TURE ONLY	\$ DIFFERENCE	% DIFFERENCE
Red-Purcell House	210 Academy Drive	\$900,000	\$189,155	\$2,922	\$865	\$2,057	70%
Ben Pillow House	1403 W. 9 <sup>th</sup> Street	\$562,500	\$315,168	\$2,725	\$1,440	\$1,285	47%
James Smith Place (Boggy Creek Farm)	3414 Lyons Road	\$81,900	\$120,676	\$738	\$551	\$187	25%
Scott-Hammond House	1191 San Bernard Street	\$131,750	\$103,137	\$772	\$471	\$301	39%
William Green Hill House	910 Blanco Street	\$837,500	\$464,158	\$4,035	\$2,122	\$1,914	47%
Flower Hill	607 Pressler Street	\$2,250,000	\$647,491	\$8,103	\$2,962	\$5,141	63%
Clem Lindsay House	904 Juniper Street	\$42,500	\$78,147	\$454	\$357	\$97	21%
Bull House	2213 Windsor Road, East	\$637,500	\$119,544	\$2,003	\$546	\$1,457	73%
Lolla Peterson House	2410 Jarratt Avenue	\$425,000	\$294,253	\$2,000 (capped)	\$1,345	\$655	33%
Frank and Martha Jones House	1001 Willow Street	\$144,000	\$219,226	\$1,331	\$1,002	\$329	25%
Seymour Fogel House (Southwind)	2411 Kinney Road	\$200,000	\$175,917	\$1,261	\$804	\$457	36%
Berner-Clark-Mercado House	1807 E. Cesar Chavez	\$90,000	\$173,676	\$999	\$794	\$206	21%

The ca. 1885 Red-Purcell House on Academy Drive in South Austin represents one end of the spectrum, where the land is valued at considerably more than the structure. The property has a valuation of \$1,089,055, of which \$900,000 represents the value of the land and \$189,055 represents the value of the structure. The current tax exemption for the Red-Purcell House is \$2,922. If only the structure was exempted from taxes, the exemption would drop to \$865, a difference of \$2,057, or 70% of the current exemption.

The Berner-Clark-Mercado House at 1807 E. Cesar Chavez Street in East Austin represents the other end of the spectrum, where the land is worth less than the structure. The property has a valuation of \$263,676, of which \$90,000 represents the value of the land and \$173,676

NAME	ADDRESS	PROPERTY VALUE	CURRENT EXEMPTION	DIFFERENCE WITH A \$1,000 CAP	% DIFFERENCE
Mather-Kirkland House	404 Academy Drive	\$1,700,301	\$5,030	\$4,030	80%
I.V. Davis Homestead	1610 Virginia Street	\$558,497	\$1,693	\$693	41%
Covert House	3912 Avenue G	\$1,048,730	\$2,397 (capped)	\$1,397	58%
Sweetbrush	2408 Sweetbrush Drive	\$2,015,646	\$4,607 (capped)	\$3,607	78%

Income-producing landmarks:

NAME	ADDRESS	PROPERTY VALUE	CURRENT EXEMPTION	DIFFERENCE WITH A \$1,000 CAP	% DIFFERENCE
Paggi House	200 Lee Barton Drive	\$497,719	\$751	NONE	0
Walter Bremond House	711 San Antonio Street	\$1,262,003	\$2,489	\$1,489	59%
E.H. Carrington Store	520 E. 6 <sup>th</sup> Street	\$1,593,011	\$3,036	\$2,036	67%
Old Depot Hotel (Carmelo's)	504 E. 5 <sup>th</sup> Street	\$2,272,043	\$3,529	\$2,529	72%
Franzetti Store	2402 San Gabriel Street	\$480,499	\$570	NONE	0
Green Pastures	811 W. Live Oak Street	\$1,164,260	\$2,056	\$1,056	51%
Larmour Block (A)	906 Congress Avenue	\$720,037	\$1,225	\$225	18%
Rhambo Building	406 E. 6 <sup>th</sup> Street	\$600,544	\$1,171	\$171	15%
Scarborough Building	522 Congress Avenue	\$17,401,263	\$34,712	\$33,712	97%

Capping the exemption at \$1,000 will have little effect on lower-valued landmarks, both residential and commercial, as their exemption is already close to \$1,000. Capping the exemption at \$1,000 will have a much greater effect on the higher valued properties, especially those downtown, where exemptions would drop by over 90%.

The total amount of current exemptions from all historic landmark properties in Austin is estimated to be \$1,254,903, of which owner-occupied residences account for \$685,711, and income-producing landmarks account for \$569,192. Capping the exemption at \$1,000 would result in a total amount of exemptions from all landmark properties of an estimated \$442,769, or a savings of \$812,134 annually. Owner-occupied residences account for \$265,239 of the reduced exemption total and reflect a savings of \$420,472; commercial landmarks account for \$177,530 of the reduced exemption total.

**c. Cap the exemption at \$1,500**

This proposal would affect 318 (67%) of the 476 non-exempt landmarks in the city. Only 58 (of 270) owner-occupied residential landmarks currently do not receive an exemption of over \$1,500, and 100 (of 206) non-exempt income-producing landmarks currently do not receive an exemption of over \$1,500. The following tables show the results under a proposal to cap the exemption at \$1,500:

**Owner-occupied residential landmarks**

NAME	ADDRESS	PROPERTY VALUE	CURRENT EXEMPTION	DIFFERENCE WITH A \$1,500 CAP	% DIFFERENCE
Hearn House	902 Blanco Street	\$825,844	\$2,803	\$1,303	46%
Worley House	802 E. 47 <sup>th</sup> Street	\$412,342	\$1,069	NONE	0
Brunson House	200 The Circle	\$457,325	\$2,090	\$590	28%
Clem Lindsay House	904 Juniper Street	\$120,647	\$454	NONE	0
McClendon-Price House	1606 Pearl Street	\$1,417,070	\$4,396	\$2,896	66%
Stanley Homestead	1811 Newton Street	\$460,491	\$1,419	NONE	0
Elvira T. Davis House	4112 Avenue B	\$630,584	\$2,311	\$811	35%
James Smith Place	33414 Lyons Road	\$202,576	\$738	NONE	0
Mather-Kirkland House	404 Academy Drive	\$1,700,301	\$5,030	\$3,530	70%
I.V. Davis Homestead	1610 Virginia Street	\$558,497	\$1,693	\$193	11%
Covert House	3912 Avenue G	\$1,048,730	\$2,397 (capped)	\$897	37%

NAME	ADDRESS	PROPERTY VALUE	CURRENT EXEMPTION	DIFFERENCE WITH A \$1,500 CAP	% DIFFERENCE
Sweetbrush	2408 Sweetbrush Drive	\$2,015,646	\$4,607 (capped)	\$3,107	67%

Income-producing landmarks:

NAME	ADDRESS	PROPERTY VALUE	CURRENT EXEMPTION	DIFFERENCE WITH A \$1,500 CAP	% DIFFERENCE
Paggi House	200 Lee Barton Drive	\$497,719	\$751	NONE	0
Walter Bremond House	711 San Antonio Street	\$1,262,003	\$2,489	\$989	40%
E.H. Carrington Store	520 E. 6 <sup>th</sup> Street	\$1,593,011	\$3,036	\$1,536	51%
Old Depot Hotel (Carmelo's)	504 E. 5 <sup>th</sup> Street	\$2,272,043	\$3,529	\$2,029	57%
Franzetti Store	2402 San Gabriel Street	\$480,499	\$570	NONE	0
Green Pastures	811 W. Live Oak Street	\$1,164,260	\$2,056	\$556	28%
Larmour Block (A)	906 Congress Avenue	\$720,037	\$1,225	NONE	0%
Rhambo Building	406 E. 6 <sup>th</sup> Street	\$600,544	\$1,171	NONE	0%
Scarbrough Building	522 Congress Avenue	\$17,401,263	\$34,712	\$33,212	96%

Capping the exemption at \$1,500 will affect fewer landmarks than the \$1,000 cap, but the difference is not significant. Like the \$1,000 cap, a cap of \$1,500 will have little effect on the lower-valued landmarks, but will significantly reduce the exemption for higher-valued properties, especially those in downtown, where exemptions would still drop by around 90%.

**The total amount of current exemptions from all historic landmark properties in Austin is estimated to be \$1,254,903, of which owner-occupied residences account for \$685,711, and income-producing landmarks account for \$569,192. Capping the exemption at \$1,500 would result in a total amount of exemptions from all landmark properties of an estimated \$621,291, or a savings of \$633,612 annually. Owner-occupied residences account for \$383,217 of the reduced exemption total and represent a savings of \$302,494; commercial landmarks account for \$238,074 of the reduced exemption total.**

**d. Cap the exemption at \$2,000**

Under current city Code, owner-occupied homestead landmarks designated after December 2, 2004, and those which changed ownership since that time are eligible for exemptions which are capped at the greater of \$2,000 or 50% of the city tax levy, in accordance with the 2004 Historic Preservation Task Force recommendations. Since it is not a hard cap of \$2,000, there has been some fluctuation in the amount of the exemptions for these more recently-designated residential landmarks, resulting in some landmarks being eligible for a property tax exemption in excess of \$4,000. This proposal would set a hard cap of \$2,000 for all landmarks regardless of date of designation or a change of ownership, and would affect 219 (46%) of the 476 non-exempt landmarks in the city. Of the 270 owner-occupied residential landmarks, 150 do not currently receive an exemption of over \$2,000; this proposal would affect the exemptions of 120 (44%). Of the 206 non-exempt income-producing landmarks, 137 do not receive an exemption as much as \$2,000, this proposal would affect the exemptions of 69 (33%). The following tables show the results under a proposal to cap the exemption at \$2,000:

**Owner-occupied residential landmarks**

NAME	ADDRESS	PROPERTY VALUE	CURRENT EXEMPTION	DIFFERENCE WITH A \$2,000 CAP	% DIFFERENCE
Hearn House	902 Blanco Street	\$825,844	\$2,803	\$803	29%
Worley House	802 E. 47 <sup>th</sup> Street	\$412,342	\$1,069	NONE	0
Brunson House	200 The Circle	\$457,325	\$1,747	NONE	0
Clem Lindsay House	904 Juniper Street	\$120,647	\$454	NONE	0
McClendon-Price House	1606 Pearl Street	\$1,417,070	\$4,396	\$2,396	55%
Stanley Homestead	1811 Newton Street	\$460,491	\$1,419	NONE	0
Elvira T. Davis House	4112 Avenue B	\$630,584	\$2,311	\$311	13%
James Smith Place	33414 Lyons Road	\$202,576	\$738	NONE	0
Mather-Kirkland House	404 Academy Drive	\$1,700,301	\$5,030	\$3,030	60%
I.V. Davis Homestead	1610 Virginia Street	\$558,497	\$1,693	NONE	0



NAME	ADDRESS	PROPERTY VALUE	CURRENT EXEMPTION	DIFFERENCE WITH A \$2,000 CAP	% DIFFERENCE
Covert House	3912 Avenue G	\$1,048,730	\$2,397 (capped)	\$397	17%
Sweetbrush	2408 Sweetbrush Drive	\$2,015,646	\$4,607 (capped)	\$2,607	57%

**The total amount of current exemptions from all historic landmark properties in Austin is estimated to be \$1,254,903, of which owner-occupied residences account for \$685,711, and income-producing landmarks account for \$569,192. Capping the exemption at \$2,000 would result in the total amount of exemptions from all landmark properties of an estimated \$823,376, or a savings of \$431,527 annually. Owner-occupied residences account for \$542,865 of the reduced exemption total, and represent \$142,846 of the savings. Commercial landmarks account for \$280,511 of the reduced exemption total.**

**e. Cap the exemption at \$2,500**

This proposal, which raises the existing cap for certain owner-occupied landmarks from \$2,000 to \$2,500, would affect 134 (28%) of the 476 non-exempt landmarks in the city. Of the 270 owner-occupied residential landmarks, 91 (34%) would be affected by this cap by having a current tax exemption in excess of \$2,500. Of the 206 income-producing landmarks, 43 (21%) would be affected by a cap of \$2,500. The following tables show the results under a proposal to cap the exemption at \$2,500:

**Owner-occupied residential landmarks**

NAME	ADDRESS	PROPERTY VALUE	CURRENT EXEMPTION	DIFFERENCE WITH A \$2,500 CAP	% DIFFERENCE
Hearn House	902 Blanco Street	\$825,844	\$2,803	\$303	11%
Worley House	802 E. 47 <sup>th</sup> Street	\$412,342	\$1,069	NONE	0
Brunson House	200 The Circle	\$457,325	\$2,090	NONE	0
Clem Lindsay House	904 Juniper Street	\$120,647	\$454	NONE	0
McClendon-Price House	1606 Pearl Street	\$1,417,070	\$4,396	\$1,896	43%
Stanley Homestead	1811 Newton Street	\$460,491	\$1,419	NONE	0
Elvira T. Davis House	4112 Avenue B	\$630,584	\$2,311	NONE	0

NAME	ADDRESS	PROPERTY VALUE	CURRENT EXEMPTION	DIFFERENCE WITH A \$2,500 CAP	% DIFFERENCE
James Smith Place	33414 Lyons Road	\$202,576	\$738	NONE	0
Mather-Kirkland House	404 Academy Drive	\$1,700,301	\$5,030	\$2,530	50%
I.V. Davis Homestead	1610 Virginia Street	\$558,497	\$1,693	NONE	0
Covert House	3912 Avenue G	\$1,048,730	\$2,000 (capped)	NONE	0
Sweetbrush	2408 Sweetbrush Drive	\$2,015,646	\$2,000 (capped)	NONE	0

Income-producing landmarks:

NAME	ADDRESS	PROPERTY VALUE	CURRENT EXEMPTION	DIFFERENCE WITH A \$2,500 CAP	% DIFFERENCE
Paggi House	200 Lee Barton Drive	\$497,719	\$751	NONE	0
Walter Bremond House	711 San Antonio Street	\$1,262,003	\$2,489	NONE	0
E.H. Carrington Store	520 E. 6 <sup>th</sup> Street	\$1,593,011	\$3,036	\$536	18%
Old Depot Hotel (Carmelo's)	504 E. 5 <sup>th</sup> Street	\$2,272,043	\$3,529	\$1,029	29%
Franzetti Store	2402 San Gabriel Street	\$480,499	\$570	NONE	0
Green Pastures	811 W. Live Oak Street	\$1,164,260	\$2,056	NONE	0
Larmour Block (A)	906 Congress Avenue	\$720,037	\$1,225	NONE	0
Rhambo Building	406 E. 6 <sup>th</sup> Street	\$600,544	\$1,171	NONE	0
Scarborough Building	522 Congress Avenue	\$17,401,263	\$34,712	\$32,212	93%

The total amount of current exemptions from all historic landmark properties in Austin is estimated to be \$1,254,903, of which owner-occupied residences account for \$685,711, and income-producing landmarks account for \$569,192. Capping the exemption at \$2,500 would result in the total amount of exemptions from all landmark properties of an estimated \$849,017, or a savings of \$405,866 annually. Owner-occupied residences account for \$539,383 of the reduced exemption total; commercial landmarks account for \$309,634.

**F. Cap the exemption at \$2,700**

A cap of \$2,700 lines up with the proposal proffered by the Heritage Society of Austin, and would affect 64 (24%) of the owner-occupied homestead landmarks.

The total amount of current exemptions from all historic landmark properties in Austin is estimated to be \$1,254,903, of which owner-occupied residences account for \$685,711, and income-producing landmarks account for \$569,192. Capping the exemption at \$2,700 would result in a total amount of exemptions from owner-occupied homestead landmarks of \$557,756, representing a savings of \$127,955.

**V. ESTABLISH A HISTORIC PRESERVATION REVOLVING FUND/LOW-INTEREST LOAN OR GRANT PROGRAM**

Many cities have encouraged preservation through providing a revolving fund/low-interest loan or grant program to help landmark owners better preserve their historic properties. A revolving fund is basically a fund which has an initial seed money, and is loaned to applicants at a low interest rate for preservation projects. The fund is replenished when the applicant repays the loan, which makes the money available to the next applicant's project. Austin has never fully considered the establishment of a revolving loan fund, but it is clear that the availability of low-interest loans to owners of small landmark properties would go a long way in promoting a higher degree of preservation, especially along Sixth Street, where building facades are patched on more of an ad hoc basis than under a more comprehensive plan for preservation and protection of historic architectural elements. Several cities have façade-restoration programs, especially for commercial buildings in downtown entertainment districts or other areas with a high degree or potential for heritage tourism. Other cities have special programs to assist homeowners in historic districts engage in preservation projects that would not rise to the level of a project which would qualify for the rehabilitation tax incentive in Austin's local historic districts.

**COMMITTEE RECOMMENDATION:**

No specific recommendation but general support for the establishment of technical and financial assistance programs to enable the owners of landmarks to better maintain their buildings.

**COMMISSION RECOMMENDATION:**

Adopted the staff recommendation.

**STAFF RECOMMENDATION:**

Staff recommends consideration of the feasibility of establishing a revolving loan or low-interest loan fund to help fund façade restoration projects in the downtown historic districts (Sixth Street, Congress Avenue, Rainey Street, the Bremond Block), as well as establishing a low-interest loan fund or grant program to help low-income residential landmark owners embark on small-scale preservation projects which would not rise to the reinvestment levels required under the proposed rehabilitation tax incentive for historic landmarks. A funding source for this program would have to be identified.

## **VI. ADDITIONAL RECOMMENDATIONS**

### **COMMITTEE DISCUSSIONS:**

- a. Continue the current Code limiting the number of owner-initiated historic zoning cases to no more than 3 per month.
- b. Review applications for historic zoning more stringently to require the applicant to provide a complete application, including all research necessary for the consideration of a historic zoning case.
- c. Require property owners to prove compliance with all permit approval requirements before the Historic Landmark Commission takes action on an application for a Certificate of Appropriateness.
- d. Create a third-party inspection process for the annual inspection of historic landmarks.
- e. Establish a fee for landmark property owners to pay for the third party inspections of their properties to qualify for the property tax exemption.
- f. Provide a technical and loan assistance program to better enable the rehabilitation of historic structures in South and East Austin.

### **COMMISSION RECOMMENDATIONS:**

- a. Review applications for historic zoning more stringently to require the applicant to provide a complete application, including all research necessary for the consideration of a historic zoning case.
- b. Require property owners to prove compliance with all permit approval requirements before the Historic Landmark Commission takes action on an application for a Certificate of Appropriateness.
- c. Initiate a dialogue with other taxing jurisdictions to encourage continued participation in the incentive program.
- d. Strengthen the annual inspections for tax exemptions.
- e. Create an Enterprise Fund from all historic preservation activity fees, to help neighborhood groups hire consultants to help with local historic district nominations, and create the revolving/low-interest loan fund for rehabilitations and façade restorations.
- f. Provide a technical and loan assistance program to better enable the rehabilitation of historic structures in South and East Austin.

### **STAFF RECOMMENDATIONS:**

- a. Establish a fund to provide plaques for every landmark in the City. The plaques currently cost around \$98 each, and many existing landmarks have never received a plaque. Staff believes that every landmark property in the city should be recognized with a plaque, as public awareness and education is one of the primary goals of the historic preservation program. Staff further recommends that the cost of the plaque be included in the application fee for any new historic landmark.

**APPENDIX I.**

**COMPARATIVE TABLE OF  
LANDMARK DESIGNATION CRITERIA**

TEXAS CITIES ARE SHOWN FIRST (IN ALPHABETICAL ORDER) THEN OTHER NATIONAL  
JURISDICTIONS IN ALPHABETICAL ORDER

CITY	ARCHITECTURE	HISTORY	ARCHEOLOGY	COMMUNITY VALUE	OTHER DESIGNATIONS	ALTERATIONS	ADDITIONAL NOTES
BROWNSVILLE, TEXAS	1. Embody the distinctive characteristics of a type, period, architectural style, or method of construction. 2. Represent the work of a master designer, builder, or craftsman.	1. Possess significance in the history, architecture, archeology and culture of the Rio Grande Valley or the City. 2. Associated with events that have made a significant contribution to the broad patterns of local, regional, state, or national history. 3. Strong association with the lives of persons significant in the past of the Rio Grande Valley or the city.	See left.	Represent an established and familiar visual feature of value to the neighborhood or city.	No specific provision	The site need not be in good repair, although the state of repair or the potential permanence of the site shall be one of the factors considered along with age, uniqueness, and other factors.	The site shall be at least 40 years old, with even older sites being given preference.
DALLAS, TEXAS	Embodiment of distinguishing characteristics of an architectural style, landscape design, method of construction, exceptional craftsmanship, architectural innovation, or contains details which represent folk or ethnic art. 2. Represents the work of an architect, designer, or master builder whose individual work has influenced the development of the city, state, or country.	1. Location as or association with the site of a significant historic event. 2. Identification with a person or persons who significantly contributed to the culture and development of the city, state or country.	Yes	Relationship to other distinctive buildings, sites or areas which are eligible for preservation based on historic, cultural, or architectural characteristics. 2. Unique location of singular physical characteristics representing an established and familiar visual feature of a neighborhood, community or the city that is a source of pride or cultural significance.	Eligible for or designated as a National Historic Landmark, Recorded Texas Historic Landmark, State Archeological Landmark, American Civil Engineering Landmark, or eligible for inclusion in the National Register of Historic Places	No specific provision	Also contains a criterion for representation of an era of architectural, social, or economic history that allows an understanding of how the place or areas was used by past generations.

CITY	ARCHITECTURE	HISTORY	ARCHEOLOGY	COMMUNITY VALUE	OTHER DESIGNATIONS	ALTERATIONS	ADDITIONAL NOTES
EL PASO, TEXAS	1. Embodiment of distinguished characteristics of an architectural type or specimen. 2. Identification as the work of an architect or master builder whose individual work has influenced the development of the city. 3. Embodiment of distinguished elements of architectural design, detail, materials or craftsmanship which represent a significant architectural innovation.	1. Portrayal of the environment of a group of people in an area of history characterized by a distinctive architectural style. 2. Exemplification of the cultural, economic, social, ethnic, or historical heritage of the city, state or the United States. 3. Location as the site of a significant historic event. 4. Identification with a person or persons who significantly contributed to the culture and development of the city, region, state, or the United States.	Yes	1. Character, interest or value as part of the development, heritage or cultural characteristics of the city, state or the United States. 2. Relationship to other distinctive buildings, sites or areas which are eligible for preservation according to a plan based on architectural, historic, or cultural motif.	Recognition as a Recorded Texas Historic Landmark, a National Historic Landmark, or entry into the National Register of Historic Places.	No specific provision.	
FORT WORTH, TEXAS	1. Example of a high style form of architecture such as Victorian, Art Deco, or Beaux Arts. 2. Example of a revival style of architecture such as Classical Revival or Tudor Revival. 3. Example of documented vernacular or regional architecture such as a shotgun or bungalow. 4. Work of an architect, landscape architect, or builder known on a national scale. 5. Work of an architect or builder known for specific contributions to Fort Worth. 6. Work associated with an architecture, landscape architecture or building firm identified with significant projects in Fort Worth. 7. Embodies elements of architectural design, detail, materials or craftsmanship which represent a significant architectural innovation. 8. Contains specific and identifiable architectural features.	1. Is distinctive in character, interest or value; strongly exemplifies the cultural, economic, social, ethnic, or historical heritage of the City of Fort Worth, State of Texas, or the United States. 2. Site or structure associated with a particular ethnic, religious, social or cultural group's history or development. 3. Site or structure associated with the founding, development, or expansion of an historical or established business in the City of Fort Worth, the State of Texas, or the United States. 4. Site or structure associated with a documented theme in the history of Fort Worth such as the Pioneer and Fort Worth era, the Cattle Drives, and the Stockyards, Railroads, development patterns or oil, aviation and other industries. 5. Is the site of a significant historic event. 6. Location of a specific event important to the history of the city, state, or country such as a Civil War battlefield or the site	1. Possesses significant archeological value which as produced or is likely to produce data affecting theories of historic or prehistoric interest. 2. Tests a hypothesis or process in important research in the social sciences, natural sciences, or humanities. 3. Corroborates or enhances current	1. Bears an important and significant relationship to other distinctive structures, sites or areas, either as an important collection of properties of architectural style or craftsmanship with few intrusions, or by contributing to the overall character of the area according to a plan based on architectural, historic or cultural motif. 2. Contributes to a neighborhood or area described by previous historical survey as eligible local or National	Designated as a Recorded Texas Historic Landmark or state archeological landmark, or is included on the National Register of Historic Places.	No specific provision	

CITY	ARCHITECTURE	HISTORY	ARCHEOLOGY	COMMUNITY VALUE	OTHER DESIGNATIONS	ALTERATIONS	ADDITIONAL NOTES
FORT WORTH, TEXAS (cont.)	<p>9. Contains information about primitive or archaic construction methods or design.</p> <p>10. Contains materials significant for their use or manner of use.</p>	<p>of the original military fort at Fort Worth.</p> <p>7. Specific location of a pattern of events significant to the history of the city, state, or country such as part o the Chisholm Trail or a depot on the railroad.</p> <p>8. General location establishing a pattern of events significant to the city, state, or country such as an industrial district representing the city's achievements in the meatpacking industry or a neighborhood developed by oil barons.</p> <p>9. Is identified with a person or persons who significantly contributed to the culture and development of the city, state or country.</p> <p>10. Site associated with a specific person of significance to the city, state or country.</p> <p>11. Site associated with a business or personal interest to someone of significance, such as a neighborhood developed by John Ryan or the site of a club with membership of noteworthy citizens.</p> <p>12. Site associated with a known organization or group of people with significance such as a fraternal organization or congregation.</p>	<p>information on the past, its people, or processes.</p> <p>4. Reconstructs a culture or site for the purpose of identifying and explaining connections to or between historic or prehistoric events, cultures, or peoples.</p>	<p>Register District.</p> <p>3. Associated with an established pattern of development applied similarly across a defined neighborhood or subdivision.</p> <p>4. Associated with a style of architecture, type of construction, or detailed feature of significance to a class of building or geographic area.</p> <p>5. Represents a resource, whether natural or man-made, which greatly contributes to the character or image of a defined neighborhood or community area.</p> <p>6. Explain a feature that caused a specific pattern of development such as the effect the Trinity River has on riverfront property or the effect of the Interstate Highway has on the splitting of one historical neighborhood into many neighborhoods.</p> <p>7. Defines a relationship between features, sites, or structures</p>			



CITY	ARCHITECTURE	HISTORY	ARCHEOLOGY	COMMUNITY VALUE	OTHER DESIGNATIONS	ALTERATIONS	ADDITIONAL NOTES
FORT WORTH, TEXAS (cont.)				such as the orientation of structures around a community park or the location of a school within a neighborhood. 8. Expresses an aesthetic or historic sense of a period of time such as a carriage house or hand-drawn well.			
FREDERICKSBURG, TEXAS	Embodiment of distinctive characteristics of an architectural style or specimen.	1. Character, interest, or value as a part of the development, heritage, or cultural characteristics of the city. 2. Location as the site of a significant historical event. 3. Identification with a person or persons who significantly contributed to the development or culture of the city, state, or nation.	No specific provision.	1. Relationship to other distinctive buildings, sites, districts, or structures which are familiar visual feature of a neighborhood, community or the city. 2. Value as an aspect of community sentiment or public pride. 3. Value as protective of a historical resource.	No specific provision	No specific provision	The resource must be at least 50 years old.  The city has established a preservation priority rating: high, medium, or low.
GALVESTON, TEXAS	Distinctive characteristics of a period or method of construction, or architecture, representative of the work of a master designer, builder, or craftsman.	1. Association with events that have made significant contribution to the broad patterns of local, regional, state or national history. 2. Association with the lives of people significant in the city, region, state or national past.	No specific provision	Representative of an established and familiar visual feature of a neighborhood, community or city.	Recognition as a Recorded Texas Historic Landmark, National Historic Landmark, or entered into the National Register of Historic Places.	No specific provision	

CITY	ARCHITECTURE	HISTORY	ARCHEOLOGY	COMMUNITY VALUE	OTHER DESIGNATIONS	ALTERATIONS	ADDITIONAL NOTES
GRAPEVINE, TEXAS	1. Embodies the distinctive characteristics of an architectural or engineering type, period, or method of construction. 2. Represents the work of a master designer, builder, or craftsman.	1. Association with certain events that have made a significant contribution to the broad patterns of local, regional, state or national history. 2. Association with the lives of significant persons in our past.	Yes	Represents an established and familiar visual feature of the community.	No specific provision.	No specific provision.	
HOUSTON, TEXAS	1. Exemplifies a particular architectural style or building type important to the city. 2. The best remaining examples of an architectural style or building type in a neighborhood. 3. Identified as the work of a person or group whose work has influenced the heritage of the city, state or nation.	1. Location of a significant local, state, or national event. 2. Identified with a person who, or group or event that, contributed significantly to the cultural or historical development of the city, state or nation.	Specific evidence exists that unique archeological resources are present.	1. Possesses character, interest or value as a visible reminder of the development, heritage, and cultural and ethnic diversity of the city, state, or nation. 2. A significant element of community sentiment or public pride.	No specific provision.	No specific provision	Must be at least 50 years old.
NEW BRAUNFELS, TEXAS	1. Embodies the distinctive characteristics of a type, period, or method of construction. 2. Represents the work of a master designer, builder, or craftsman.	1. Possesses significance in history, architecture, archeology, or culture. 2. Associated with events that have made a significant contribution to the broad patterns of local, regional, state or national history. 3. Associated with the lives of persons significant in our past.	Nothing more specific than provision to left.	Represents an established and familiar visual feature of the neighborhood or city.	None specified.	No provision specified.	
SAN ANTONIO, TEXAS	1. Identification as the work of a master builder, designer, architect, or landscape architect whose individual work has influenced the development of the community, county, state, or nation. 2. Embodiment of distinguishing characteristics of an architectural style valuable for the study of a period, type, method of construction or use of indigenous materials. 3. Historical, architectural, or cultural character as a particularly fine or unique example of a utilitarian structure,	1. Location as a site of a significant local, county, state, or national event. 2. Identification with a person or persons who significantly contributed to the development of the community, county, state, or nation.	No	1. Value as a visible reminder of the cultural heritage of the community, or national event. 2. Unique location or singular physical characteristics that make it an established familiar visual feature	None listed	Must have historical, architectural, or cultural integrity of location, design, materials or workmanship.	

CITY	ARCHITECTURE	HISTORY	ARCHEOLOGY	COMMUNITY VALUE	OTHER DESIGNATIONS	ALTERATIONS	ADDITIONAL NOTES
SAN ANTONIO, TEXAS (cont.)	including bridges, acequias, gas stations, transportation shelters, or other commercial structures. 4. Buildings, objects or structures which constitute a particular or unique example of an architectural type or historic period. 5. Architectural curiosities, one-of-a-kind buildings and notable examples of architectural styles and periods or methods of construction, particularly local or regional types and buildings by or internationally known architects or master builders and important works by minor ones.						
WAXAHACHIE, TEXAS	1. Embodies distinctive characteristics of a type, period, or method of construction. 2. Represents the work of a master designer, builder, or craftsman.	1. Associated with events that have made a significant contribution to the broad patterns of local, regional, state, or national history. 2. Associated with the lives of persons significant in Waxahachie's past. 3. Is the location of a significant historic event.	Significance in history, architecture, archeology, or culture of the city, county, state or nation.	Represents an established and familiar visual feature of the City of Waxahachie.	No specific provision.	No specific provision.	
ALEXANDRIA, VA.	1. Association with a renowned architect or master craftsman. 2. Old or unusual design, texture and material that it can be reproduced only with great difficulty if at all.	Association with a historic person or event.	No specific provision	Whether the structure or any of its features represent an infrequent or the first or last remaining example of a particular detail or type of architecture in the city.	Listing on the National Register of Historic Places or the Virginia Landmarks Register	1. Overall condition and aesthetic quality of the site or structure and whether it is or would be an integral part of an existing design control district. 2. Degree to which the original distinguishing character, qualities or materials of a structure have been retained.	

CITY	ARCHITECTURE	HISTORY	ARCHEOLOGY	COMMUNITY VALUE	OTHER DESIGNATIONS	ALTERATIONS	ADDITIONAL NOTES
ATLANTA, GA.	<p>1. Embody the distinctive characteristics of a type, period, or method of construction, or that represent the work of a master, or that possess high artistic values, or that represent a significant and distinguishable entity whose components may lack individual distinction. (Minimum criterion)</p> <p><b>LANDMARKS</b></p> <p>1. A building or site that clearly dominates or is strongly identified with a street scene or the urban landscape.</p> <p>2. A building or site which is the work of an exceptionally important master architect or builder.</p> <p>3. A building or site which is an exceptionally fine example of a style or period of construction that is typical of the City of Atlanta.</p> <p>4. A building or site which is an example of a style that is extremely rare in the City of Atlanta.</p> <p>5. A building or site which is an example of an exceptionally fine unique style or building type.</p> <p>6. A building or site whose design possesses exceptionally high artistic values.</p> <p>7. A building or site whose design exhibits exceptionally high quality craftsmanship.</p> <p>8. A building or site associated with an exceptionally significant technology or method of construction, including the use of materials in a significant way.</p> <p>9. A building or site which has an exceptionally high degree of integrity.</p> <p>10. A building or site which has virtually all character-defining elements intact.</p> <p>11. A building or site whose original</p>	<p>1. Association with events that have made a significant contribution to the broad patterns of our history. (Minimum criterion).</p> <p><b>LANDMARKS</b></p> <p>1. Associated with the lives of persons significant in our past.</p> <p>2. A building or site that has served as a major, city-wide scale as a focus of activity, a gathering spot, or other specific point of reference in the urban fabric of the city.</p> <p><b>HISTORIC BUILDINGS</b></p> <p>1. A building or site associated with the life or work of a person of moderately high significance to the city, the state or the nation.</p> <p>2. A building or site associated with a moderately important historical event or trend of national, state or local significance.</p> <p>3. A building or site associated with a moderately important cultural pattern or social, economic or ethnic group in the history of the city, state, or nation.</p>	Yes	<p><b>LANDMARK</b></p> <p>1. A building or site associated with an extremely important cultural pattern or social, economic or ethnic group in the history of the city, state, or nation.</p> <p>2. A building or site by its location is broadly known or recognized by residents throughout the city.</p> <p><b>HISTORIC BUILDING</b></p> <p>1. A building or site that has served as a major neighborhood-wide scale as a focus of activity, a gathering spot, or other specific point of reference in the community.</p> <p>2. A building or site that by its location is broadly known or recognized by residents throughout a neighborhood.</p>	No specific provision.	<p><b>HISTORIC BUILDING:</b></p> <p>Original materials may be covered but evidence indicates they are intact. Although some minor alterations may have occurred, they are generally reversible. No provision for alterations on <b>LANDMARK</b> buildings.</p>	<p>Landmark buildings require a certificate of appropriateness for:</p> <p>1. Changes to the exterior appearance</p> <p>2. Changes to the interior appearance if the interior is designated as a landmark</p> <p>3. Erect a new structure or make an addition</p> <p>4. Demolish or move in whole or in part.</p> <p>Historic buildings require a certificate of appropriateness for:</p> <p>1. Change the exterior appearance</p> <p>2. Erect a new structure other than a replacement structure or to make an addition which is visible from the public right of way.</p>

CITY	ARCHITECTURE	HISTORY	ARCHEOLOGY	COMMUNITY VALUE	OTHER DESIGNATIONS	ALTERATIONS	ADDITIONAL NOTES
ATLANTA, GA. (cont.)	<p>site orientation is maintained.</p> <p><b>HISTORIC BUILDINGS</b></p> <ol style="list-style-type: none"> <li>1. A building or site that strongly influences or is identified with a street scene or the urban landscape.</li> <li>2. A building or site which is the work of a recognized master architect or builder.</li> <li>3. A building or site which is a very good example of a style or period of construction that is typical of the City of Atlanta.</li> <li>4. A building or site which is an example of a style that is rare in the City of Atlanta.</li> <li>5. A building or site which is an example of a very good unique style or building type.</li> <li>6. A building or site whose design possesses very high artistic values.</li> <li>7. A building or site whose design exhibits very high quality craftsmanship.</li> <li>8. A building or site associated with a very significant technology or method of construction, including the use of materials in a very significant way.</li> <li>9. A building or site which has a moderately high degree of integrity.</li> <li>10. A building or site which has <i>major character-defining elements</i> intact and in which basic form and materials survive.</li> <li>11. A building or site whose original site orientation is maintained.</li> </ol>						
BERKELEY, CALIF.	<ol style="list-style-type: none"> <li>1. Property that is the first, last, only or most significant architectural property of its type in the region.</li> <li>2. Properties that are prototypes of or outstanding examples of periods, styles, architectural movements or construction, or examples of the more notable works of the best</li> </ol>	<ol style="list-style-type: none"> <li>1. Structures, sites, and areas associated with the movement or evolution of religious, cultural, governmental, social and economic developments of the city.</li> <li>2. Preservation and enhancement of structures, sites, and areas that embody and express the history of the city,</li> </ol>	No specific provision	Architectural examples worth preserving for the exceptional value they add as part of the neighborhood fabric.	Listed on the National Register of Historic Places.	No specific provision	<ol style="list-style-type: none"> <li>1. Also has structures worth preserving for their usefulness as an educational force.</li> <li>2. If the structure does not meet the landmark criteria, the Commission may deem it a "structure</li> </ol>

CITY	ARCHITECTURE	HISTORY	ARCHEOLOGY	COMMUNITY VALUE	OTHER DESIGNATIONS	ALTERATIONS	ADDITIONAL NOTES
BERKELEY, CALIF. (cont.)	surviving work in a region of an architect, designer, or master builder.	county, state, or nation. History may be social, cultural, economic, political, religious or military.					of merit" if it is worthy of preservation as part of a neighborhood, block, or street frontage which includes landmarks.
BILOXI, MISS.	Embodies distinguished characteristics of an architectural type or is a specimen inherently valuable for the study of a period, style, method of construction or use of indigenous materials or craftsmanship. 2. Represents the notable work of a master builder, designer, or architect whose individual ability has been recognized or who influenced his age.	Identification with historic personages or with important events in national, state, or local history.	Yes	No specific provision	No specific provision		
BOULDER, COLO.	1. Embodiment of the distinguishing characteristics of an architectural style valuable for the study of a period, type, method of construction, or the use of indigenous materials. 2. Identification of the work of an architect, landscape architect, or master builder whose work has influenced development in the county, state, or nation.	1. Location of a significant local, county, state or national event. 2. Association with a person or persons significantly contributing to the local, county, state, or national history.	Yes	Relationship to other distinctive structures, districts or sites which would also be determined to be of historic significance.	No specific provision	No specific provision	
CAMBRIDGE, MASS.	Historically or architectural significant in terms of period, style, method of construction or association with a famous architect or builder, either by itself or in the context of a group of structures.	Importantly associated with one or more historic persons or events, or with the broad architectural, aesthetic, cultural, political, economic or social history of the city or state.	No specific provision	No specific provision	No specific provision	No specific provision	
COLUMBUS, OHIO	1. The design or style of the property's exterior or interior is of significance to the historical, architectural or cultural development of the city, state or nation. 2. The property is identified as a significant work of an architect, artisan, engineer, landscape architect or builder whose individual work has influenced the historical, architectural, or cultural development	1. The property is closely and publicly identified with a person who significantly contributed to historical, architectural, or cultural development of the city, state or nation. 2. The property is closely and publicly identified with an event or series of events which has influenced the historical or cultural development of the city, state, or nation.	No specific provision	No specific provision	No specific provision	No specific provision	Must be at least 40 years old.

CITY	ARCHITECTURE	HISTORY	ARCHEOLOGY	COMMUNITY VALUE	OTHER DESIGNATIONS	ALTERATIONS	ADDITIONAL NOTES
COLUMBUS, OHIO (cont).	of the city, state, or nation. 3. The property demonstrates significant craftsmanship in architectural design, detail, or use of materials.						
DENVER, COLO.	1. Must have design quality and integrity. 2. Embody distinguishing characteristics of an architectural style or type. 3. Be a significant example of the work of a recognized architect or master builder. 4. Contain elements of architectural design, engineering, materials, craftsmanship, or artistic merit which represent a significant or influential innovation. 5. Portray the environment of a group of people or physical development of an area in an era of history characterized by a distinctive architectural style.	1. Have direct association with the historical development of the city, state, or nation. 2. Be the site of a significant historic event. 3. Have direct and substantial association with a person or group of persons who had influence on society.	No specific provision.	1. Have a prominent location or be an established, familiar, and orienting visual feature of the city. 2. Promote understanding and appreciation of the urban environment by means of distinctive physical characteristics or rarity. 3. Make a special contribution to city's distinctive character.	No specific provision.	The structure must have design quality and integrity.	A structure must be at least 30 years old.
FORT WAYNE, IND.	1. Is representative of the environment of an era of history as characterized by a distinctive architectural style. 2. Possesses distinguishing characteristics of an architectural or engineering type. 3. Is the work of a designer whose individual work had significant influence on the development of the community. 4. Is the work of a designer whose works are considered to be of great prominence. 5. Contains elements of design, detail, materials or craftsmanship representing a significant innovation. 6. Contains any architectural style, detail or other elements in danger of becoming extinct.	1. Has significant character, interest, or value associated with the development, heritage or cultural characteristics of the city, state or nation or is associated with a significant period of time. 2. Is the site of an historic event having a significant effect upon society. 3. Exemplifies the cultural, political, economic, social or historical heritage of the community.	No specific provision	Possesses a unique location or physical characteristics that represent an established and familiar visual feature of a neighborhood or the city.	No specific provision.	No specific provision.	

CITY	ARCHITECTURE	HISTORY	ARCHEOLOGY	COMMUNITY VALUE	OTHER DESIGNATIONS	ALTERATIONS	ADDITIONAL NOTES
KANSAS CITY, MO.	Embody the distinctive characteristics of a type, period or method of construction, or that represent the work of a master or that possess high artistic values.	1. Associated with events that have made a significant contribution to the broad patterns of our history. 2. Associated with the lives of persons significant in our past.	Yes	No specific provision.	No specific provision	Must have integrity of location, design, setting, materials, workmanship, feeling, and association	
LAS VEGAS, NEV.	No specific provision	Association with a person or event significant in local, state, or national history.	No specific provision	Represents an established and familiar visual feature of an area of the city because of its location or singular physical appearance.	Must meet the criteria for listing on the state or National Register of Historic Places	No specific provision	Must be at least 50 years old.
LOS ANGELES, CALIF.	Embody the distinguishing characteristics of an architectural-type specimen, inherently valuable for a study of a period, style, or method or of construction. 2. A notable work of a master builder, designer, or architect whose individual genius influenced his or her age.	Identified with historic personages or with important events in the main currents of national, state, or local history.	No specific provision	No specific provision	No specific provision	No specific provision	
LOUISVILLE, KY.	1. Exemplification of the historic, aesthetic, architectural, prehistoric or historic archeological, educational, economic, or cultural heritage of the city, county, state, or nation. 2. Embodiment of distinguishing characteristics of an architectural type or specimen. 3. Identification as the work of an architect, landscape architect or master builder whose individual work has influenced the development of the city, county, state, or nation. 3. Embodiment of elements or architectural design, detail, materials or craftsmanship which represents a significant architectural innovation.	1. Location as a site of a significant historic event 2. Identification with a person or persons who significantly contributed to the culture and development of the city, county, state, or nation.	No specific provision	Location or physical characteristics representing an established and familiar visual feature or which reinforce the physical continuity of a neighborhood, area, or place within the city.	No specific provision	No specific provision	



CITY	ARCHITECTURE	HISTORY	ARCHEOLOGY	COMMUNITY VALUE	OTHER DESIGNATIONS	ALTERATIONS	ADDITIONAL NOTES
MEMPHIS, TENN.	Embody the distinctive characteristics of a type, period or method of construction, or that represents the work of a master, or possess high artistic values.	1. Associated with events which have made a significant contribution to local, state or national history. 2. Associated with persons significant in our past.	Yes	Listed in the National Register of Historic Places	No specific provision	No specific provision	The criteria are for district; there does not appear to be separate criteria for the designation of individual landmarks.
MIAMI BEACH, FLA.	1. Embody the distinctive characteristics of a historical period, architectural or design style or method of construction. 2. Possess high artistic values. 3. Represent the work of a master, serve as an outstanding or representative work of a master designer, architect or builder who contributed to our historical, aesthetic or architectural heritage.	1. Association with events that have made a significant contribution to the history of the city, county, state, or nation. 2. Association with the lives of persons significant in the city's past history.	Yes	No specific provision	Listed in the National Register of Historic Places	Allows alterations if the alteration is reversible and the most significant architectural elements are intact and repairable.	
MIAMI, FLA.	1. Embody those distinguishing characteristics of an architectural style, or period, or method of construction. 2. Are an outstanding work of a prominent designer or builder. 3. Contain elements of design, detail, materials, or craftsmanship of outstanding quality or which represent a significant innovation or adaptation to the South Florida environment.	1. Are associated in a significant way with the life of a person important in the past. 2. Are the site of a historic event with significant effect upon the community, city, state, or nation. 3. Portray the environment in an era of history characterized by one or more distinctive architectural styles.	Yes	Exemplify the historical, cultural, political, economical, or social trends of the community.	No specific provision	Must possess integrity of design, setting, materials, workmanship, feeling, and association. No specific statement on alterations.	
MINNEAPOLIS, MINN.	1. Embodies the distinctive characteristics of an architectural or engineering type or style, or method of construction. 2. Exemplifies works of master builders, engineer, designers, artists, craftsmen, or architects.	1. Associated with significant events or with periods that exemplify broad patterns of cultural, political, economic or social history. 2. Associated with the lives of significant persons or groups.	Yes	Contains or is associated with distinctive elements of city or neighborhood identity.	No specific provision	No specific provision	Has a criterion for landscape design or development pattern distinguished by innovation, rarity, uniqueness, or quality of design or detail.

CITY	ARCHITECTURE	HISTORY	ARCHEOLOGY	COMMUNITY VALUE	OTHER DESIGNATIONS	ALTERATIONS	ADDITIONAL NOTES
MOBILE, ALA.	1. Outstanding example of a structure representative of its era. 2. One of the few remaining examples of a past architectural style. 3. An example of an architectural style, or combination of architectural styles, which is representative of the city or which is unique to the city.	A place or structure associated with an event or persons of historic or cultural significance to the city, state, or region.	No	A site of natural or aesthetic interest that is continuing to contribute to the cultural or historical development and heritage of the city, county, state or region.	None specified	No provision.	
MONTICELLO, ILL.	1. Representative of the distinguishing characteristics of architecture inherently valuable for the study of a period, type method of construction, or use of indigenous materials. 2. Notable work of a master builder, designer, architect, or artist whose individual work has influenced the development of the city. 3. Character as a particularly fine or unique example of a utilitarian structure, including but not limited to farm houses, gas stations, or other commercial structures with a high level of integrity or architectural significance.	Identification with a person or persons who significantly contributed to the development of the city.	Yes	Unique location or singular characteristics that make it an established or familiar visual feature.	No specific provision	No specific provision	
NASHVILLE, TENN.	Embodies the distinctive characteristics of a type, period or method of construction, or that represents the work of a master, or that possesses high artistic value.	Associated with an event that has made a significant contribution to local, state or national history. 2. Associated with the lives of persons significant in local, state or national history.	Yes	Nothing specific.	Listed or eligible for listing in the National Register.	No specific provision.	Landmark is defined as having high historical, cultural, architectural or archaeological importance, whose demolition or destruction would constitute an irreplaceable loss to the quality and character of the city and county.
NEW YORK, N.Y.	Generally must have special character or aesthetic interest or value as part of the development, heritage or cultural characteristics of the city, state or nation.	See left.	No specific provision	No specific provision	No specific provision	No specific provision	Must be at least 30 years old.

CITY	ARCHITECTURE	HISTORY	ARCHEOLOGY	COMMUNITY VALUE	OTHER DESIGNATIONS	ALTERATIONS	ADDITIONAL NOTES
PITTSBURGH, PA. (cont.)	3. Exemplification of important planning and urban design techniques distinguished by innovation, rarity, uniqueness or overall quality of design or detail.	4. Exemplification of a pattern of neighborhood development or settlement significant to the cultural history or traditions of the city.		may not be contiguous. 2. Unique location or distinctive physical appearance or presence representing an established and familiar visual feature of a neighborhood, community, or the city.			
PORTLAND, ORE.	1. Importance of its designer in local, state or national history. 2. The quality of its architecture or landscaping. 3. The fact that it is one of a few remaining examples of a building type that is of significance in local, state, or national history.	1. Importance of previous owners or builder in local, state, or national history. 2. Association with a significant cultural or ethnic group. 3. The role it has played in shaping local, state, or national history.	No specific provision	No specific provision	No specific provision	No specific provision	
RALEIGH, N.C.	Must be significant in terms of its historical, pre-historical, architectural, archaeological, and/or cultural importance and must possess integrity of design, setting, workmanship, materials, feeling and/or association.	See left.	See left.	See left	None specified	See left.	
RICHMOND, VIRGINIA	1. Portrays the architectural character of a particular era in the history of the city. 2. Is a rare example of a building built for a particular purpose, a type or form of building, a particular architectural style, or a form of engineering. 3. Is the work of a designer or craftsman whose individual work has significantly impacted the city, the commonwealth, or the country. 4. Contains elements of design, detail, material or craftsmanship that represent a significant innovation for	Site of a historic event which had a significant impact on the history of the city.	No specific provision	1. Exemplifies the architectural, cultural, economic, social, political, artistic, or religious history of the city. 2. Is related to a park, street configuration, open space, hill, body of water, or landscaped grounds of significance in the areas of urban planning or	No specific provision	No specific provision	

CITY	ARCHITECTURE	HISTORY	ARCHEOLOGY	COMMUNITY VALUE	OTHER DESIGNATIONS	ALTERATIONS	ADDITIONAL NOTES
RICHMOND, VA. (cont.)	its time period.			landscape architecture. 3. Constitutes a landmark of the city, owing to its unique location or unusual physical characteristics. 4. Is contiguous with a neighborhood, district, building, structure, or site that meets one or more of the other criteria, and changes to it could impact the neighborhood, district, building, structure or site that meets the criteria for designation.			
SAN DIEGO, CALIF.	1. Embodies distinctive characteristics of a style, type, period or method of construction or is a valuable example of the use of indigenous materials or craftsmanship. 2. Represents a notable work of a master builder, designer, architect, engineer, landscape architect, interior designer, artist or craftsman.	1. Exemplifies or reflects special elements of the city's, a community's or a neighborhood's historical, archeological, cultural, social, economic, political, aesthetic, engineering, landscaping, or architectural development. 2. Identified with persons or events significant in local, state, or national history.	No specific provision	No specific provision	National or state register.	No specific provision	
SANTA BARBARA, CALIF.	1. Exemplification of a particular architectural style or way of life important to the city, state, or nation. 2. Exemplification of the best remaining architectural type in a neighborhood. 3. Identification as the creation, design or work of a person or persons whose effort has significantly influenced the heritage	1. Location as the a site of a significant historic event. 2. Identification with a person or persons who significantly contributed to the culture and development of the city, state, or nation..	Yes	1. Relationship to any other landmark if its preservation is essential to the integrity of that landmark. 2. Unique location or singular physical characteristic representing an	No specific provision	No specific provision	

CITY	ARCHITECTURE	HISTORY	ARCHEOLOGY	COMMUNITY VALUE	OTHER DESIGNATIONS	ALTERATIONS	ADDITIONAL NOTES
SANTA BARBARA, CALIF. (cont.)	of the city, state, or nation. 4. Embodiment of elements demonstrating outstanding attention to architectural design, detail, materials, or craftsmanship.			established and familiar visual feature of a neighborhood.			
SANTA CRUZ, CALIF.	1. Associated with an architect, designer, or builder whose work has influenced the development of the city, state, or nation. 2. Recognized as possessing special aesthetic merit or value as a building with quality of architecture and that retains sufficient features showing its architectural significance. 3. Recognized as possessing distinctive stylistic characteristics or workmanship significant for the study of a period, method of construction or use of native materials.	1. Associated with a significant local, state, or national event. 2. Associated with a person or persons who significantly contributed to the development of the city, state, or nation.	No specific provision	No specific provision	No specific provision	Must retain sufficient integrity to accurately convey its significance.	
SEATTLE, WASH.	1. Embodies the distinctive visible characteristics of an architectural style or period, or of a method of construction. 2. Is an outstanding work of a designer or builder.	1. Location of, or is associated in a significant way with a historic event with a significant effect upon the community, city, state, or nation. 2. Associated in a significant way with the life of a person important in the history of the city, state, or nation. 3. Associated in a significant way with a significant aspect of the cultural, political, or economic heritage of the community, city, state, or nation.	No specific provision.	Because of its prominence of spatial location, contrasts of siting, age or scale, it is an easily identifiable visual feature of its neighborhood or the city and contributes to the distinctive quality or identity of such neighborhood or the city.	No specific provision.	Must have integrity or the ability to convey its significance.	The proposed landmark must be at least 25 years old.
WASHINGTON, D.C.	Embody the distinguishing characteristics of architectural style, building types, construction types or methods, landscape architecture, urban design, or other architectural, aesthetic or engineering expressions significant to the appearance and development of the national capital or nation. 2. Identification as notable works of craftsmen, artists, sculptors, architects, landscape architects,	1. Site of significant events or are associated with persons, groups, institutions, or movements that contributed significantly to the heritage, culture, or development of the national capital or the nation. 2. Exemplify the significant military, political, economic, social, scientific, technical, educational, historical, archeological, architectural, or artistic heritage of the national capital or nation.	Yes	No specific provision	No specific provision	Must possess sufficient integrity to convey, represent, or contain the values and qualities for which they are judged significant, and sufficient time must have passed since they achieved	Also addresses natural forms or settings.

CITY	ARCHITECTURE	HISTORY	ARCHEOLOGY	COMMUNITY VALUE	OTHER DESIGNATIONS	ALTERATIONS	ADDITIONAL NOTES
WASHINGTON, D.C. (cont.)	urban planners, engineers, builders, or developers whose works have influenced the evolution of their fields or endeavor or the development of the national capital or nation.					significance or were constructed to allow professional evaluation of them in their historical context.	

**APPENDIX II.**

**COMPARATIVE TABLE OF HISTORIC DISTRICT  
DESIGNATION CRITERIA**

represents the value of the structure. The current tax exemption for the Berner-Clark-Mercado House is \$999. If only the structure was exempted from taxes, the exemption would drop to \$794, a difference of \$206, or 21% of the current exemption.

Income-producing landmark examples:

NAME	ADDRESS	LAND VALUE	STRUCTURE VALUE	CURRENT EXEMPTION	EXEMPTION ON STRUCTURE ONLY	\$ DIFFER ENCE	% DIFFER ENCE
Paggi House	200 Lee Barton Drive	\$338,461	\$159,258	\$751	\$364	\$387	52%
Goodman Building	202 W., 13 <sup>th</sup> Street	\$293,400	\$910,611	\$2,417	\$2,081	\$335	14%
Pierre Bremond House	402 W. 7 <sup>th</sup> Street	\$502,440	\$836,473	\$2,487	\$1,913	\$574	23%
John Bremond House	700 Guadalupe Street	\$761,760	\$1,059,897	\$3,293	\$2,423	\$870	26%
Driskill-Day-Ford Building	403 E. 6 <sup>th</sup> Street	\$245,760	\$1,304,042	\$3,262	\$2,981	\$281	9%
Scholz Garten	1607 San Jacinto	\$1,315,845	\$1,041,769	\$3,885	\$2,382	\$1,503	39%
Chicago House	607 Trinity Street	\$221,520	\$552,361	\$1,516	\$1,263	\$253	17%
Franzetti Store	2402 San Gabriel Street	\$462,000	\$18,499	\$570	\$42	\$528	93%
Walter Tips Building	710 Congress Avenue	\$736,000	\$1,698,541	\$4,724	\$3,883	\$841	18%
Quast Building	412 E. 6 <sup>th</sup> Street	\$124,000	\$220,800	\$646	\$505	\$142	22%
Littlefield Building	6 <sup>th</sup> and Congress	\$2,235,600	\$12,739,400	\$31,664	\$29,110	\$2,554	8%
Larmour Block (A)	906 Congress Avenue	\$368,000	\$352,037	\$1,225	\$805	\$420	34%
Stephen F. Austin Hotel	701 Congress Avenue	\$1,987,200	\$22,621,244	\$53,984	\$51,714	\$2,270	4%
Victory Grill	1104 E. 11 <sup>th</sup> Street	\$46,130	\$174,871	\$452	\$400	\$52	12%
Kocurek Building	511 W. 41 <sup>st</sup> Street	\$151,256	\$94,020	\$388	\$215	\$173	45%
Continental Club	1315 S. Congress Avenue	\$80,925	\$180,165	\$504	\$411	\$93	18%
Miller House	900 Rio Grande Street	\$367,360	\$275,952	\$1,051	\$631	\$420	40%



Among the commercial landmarks, most of the downtown buildings would see a smaller decrease in their current exemption level than would commercial buildings in other areas of the city, particularly houses that are now used for commercial purposes, because the value of the structure far outweighs the value of the land. The Stephen F. Austin Hotel at 7<sup>th</sup> and Congress has a total value of \$24,608,444, of which the structure accounts for \$22,621,244. The current exemption at the Stephen F. Austin Hotel is \$53,984; if only the structure were exempted, the exemption would drop of \$51,714, a difference of \$2,270, or 4% of the current exemption. At the other end of the spectrum, the Franzetti Store at 2402 San Gabriel Street is a \$18,499 structure on land valued at \$462,200. The current exemption of \$570 would drop to \$42, a difference of \$528, or 93%. The Miller House at 900 Rio Grande Street is a 19<sup>th</sup> century house that has been converted to commercial use as the Tea Embassy. The property is valued at \$643,312, of which the land accounts for \$367,360 and the structure accounts for \$275,952. The owner currently receives an exemption of \$1,051, which would drop to \$631, a difference of \$420, or 40%. Many of the smaller buildings along 6<sup>th</sup> Street and Congress Avenue would see a reduction in the exemption in the range of 30-40%.

**b. Cap the exemption at \$1,000**

This proposal would affect 402 (84%) of the 476 non-exempt landmarks in the city – only 18 (of 270) owner-occupied residential landmarks currently do not receive an exemption of over \$1,000, and only 56 (of 206) non-exempt income-producing landmarks currently do not receive an exemption of over \$1,000. The following tables show the results under a proposal to cap the exemption at \$1,000:

Owner-occupied residential landmarks

NAME	ADDRESS	PROPERTY VALUE	CURRENT EXEMPTION	DIFFERENCE WITH A \$1,000 CAP	% DIFFERENCE
Hearn House	902 Blanco Street	\$825,844	\$2,803	\$1,803	64%
Worley House	802 E. 47 <sup>th</sup> Street	\$412,342	\$1,069	\$69	6%
Brunson House	200 The Circle	\$457,325	\$2,090	\$1,090	52%
Clem Lindsay House	904 Juniper Street	\$120,647	\$454	NONE	0
McClendon-Price House	1606 Pearl Street	\$1,417,070	\$4,396	\$3,396	77%
Stanley Homestead	1811 Newton Street	\$460,491	\$1,419	\$419	30%
Elvira T. Davis House	4112 Avenue B	\$630,584	\$2,311	\$1,311	57%
James Smith Place	33414 Lyons Road	\$202,576	\$738	NONE	0

# ESTABLISHMENT OF HISTORIC DISTRICTS

CITY	HOW DISTRICT IS ESTABLISHED	REQUIRES PROPERTY OWNER SUPPORT?	DEMOLITION DELAY
MONTGOMERY, ALA.	Upon recommendation by the Historic Commission	No	No
FLAGSTAFF, ARIZ.	Not specified	At least 51% of the property owners must consent to designation.	No
PHOENIX, ARIZ.	Application prepared by the Historic Preservation Office and submitted to the Historic Preservation Commission.	No	One year for properties deemed to be individually significant or within a proposed historic district; if the building does not receive designation either individually or within a district within the year, the permit is released.
LOS ANGELES, CALIF.	May be initiated by owners or renters of property within the district. Each preservation zone has its own preservation board.	Requires the signature of at least 75% of the owners or renters within the proposed district.	Demolition of contributing buildings within the district is prohibited unless the owner can show no other economically viable use for the property.
PALO ALTO, CALIF.	May be initiated by any individual or group.	No	60-day moratorium on demolition for a contributing downtown building or a "significant" building in other parts of the city; moratorium may be extended by Council.
SAN JOSE, CALIF.	May be initiated by owners of 60% of the land within the district.	None apparent after the initial application threshold.	No
SANTA CRUZ, CALIF.	May be initiated by owners of 60% of the recorded lots within the district.	None apparent after initial application threshold.	No

# ESTABLISHMENT OF HISTORIC DISTRICTS

CITY	HOW DISTRICT IS ESTABLISHED	REQUIRES PROPERTY OWNER SUPPORT?	DEMOLITION DELAY
DENVER, COLO.	Application submitted to the Landmark Preservation Commission	No	120 days after the receipt of the application. Mailing of written notice by certified mail to all affected property owners is the trigger to the demolition delay for the pending district. If the district is not designated within the 120-day period, the demolition permit is released. No demolition delay for non-contributing buildings – staff may approve their demolition.
ST. PETERSBURG, FLA.	Any citizen may petition.	Requires approval by the owners of 2/3 of the property within the district.	No
ATLANTA, GA.	Has Landmark Districts, Historic Districts, and Conservation Districts. A Landmark District is of "exceptional" importance to the city, state, or country; a historic district may also be significant to a neighborhood; a conservation district must retain some of its historic character. All qualify for designation in history, architecture, or culture.	Owners of at least 10 properties or 10% of the properties within the district is a minimum filing requirement.	120 days after the mailing of the notice of intent to establish the district to affected property owners.

# ESTABLISHMENT OF HISTORIC DISTRICTS

CITY	HOW DISTRICT IS ESTABLISHED	REQUIRES PROPERTY OWNER SUPPORT?	DEMOLITION DELAY
CHICAGO, ILL.	Initiated by government officials.	Owners of property within a district must consent to its designation; if not all owners reply or support the district, public hearing is set. If 51% of the owners file an objection to designation, the district can be designated only upon 6 of 7 votes of the commission.	No
FORT WAYNE, IND.	May be initiated by the petition of owners within the district – no number of percentage is specified.	No	No
DES MOINES, IOWA	Petition must be filed by owners of 51% of the parcels to be included in the district.	No additional requirements for support.	No
BALTIMORE COUNTY, MD.	Owners of 75% of the property within the district may petition for designation.	None other than initial petition threshold.	No
CAMBRIDGE, MASS.	By Massachusetts State Law – Historic Districts Act – Massachusetts General Laws, Chapter 40C – which provides for designation upon a 2/3 vote of the town council after recommendations by a historic district study committee and the state historical commission. The city may also establish neighborhood conservation districts upon petition of at least 10 voters residing in the city.	Neighborhood conservation districts must be requested by at least 10 voters residing in the city. Historic districts are established after public hearings.	No

# ESTABLISHMENT OF HISTORIC DISTRICTS

CITY	HOW DISTRICT IS ESTABLISHED	REQUIRES PROPERTY OWNER SUPPORT?	DEMOLITION DELAY
MINNEAPOLIS, MINN.	Established by request of governmental authorities, planning director, or any citizen with a legal or equitable interest in the property. State Preservation Office has opportunity to review and comment on designations. Historic districts are also established under state law – the Minnesota Historic District Act of 1971.	No	Yes, up to 180 days unless dangerous and unsafe conditions exist or there is no reasonable alternative to demolition.
JACKSON, MISS.	State Department of Archives and History has an opportunity to review and recommend. Has a total exemption on ad valorem taxes (except for school taxes) for improvements to properties in historic districts for up to 7 years. This tax exemption is also used in Vicksburg.	Requires a majority of the owners to petition for the district.	No
KANSAS CITY, MO.	By application to the Landmarks Commission.	No	No
St. LOUIS, MO.	Petition by the owners of 10% of the property.	No additional requirements.	No
MANCHESTER, NH	Established by State Law – gives municipal governments authority to create historic districts.	No, but district may be abolished upon application of 25 voters and after 2 public hearings.	No
CHARLOTTE, NC	By Council upon recommendations by the Historic Districts Commission and NC Department of Cultural Resources	No	Yes – up to 180 days for contributing structures; 365 days from date of issuance of COA. COA for demolition <b>may not be denied.</b>

# ESTABLISHMENT OF HISTORIC DISTRICTS

CITY	HOW DISTRICT IS ESTABLISHED	REQUIRES PROPERTY OWNER SUPPORT?	DEMOLITION DELAY
RALEIGH, NC	By Council upon recommendations by the Landmark Commission and NC Department of Cultural Resources	No	Yes – up to 365 days from date of issuance of COA; up to 180 days from issuance is district is pending
CINCINNATI, OHIO	By mayor, Council member, other government representatives, historic preservation or other community-based organization, or owner of property within a proposed district.	No	No
TULSA, OKLA.	By any citizen having a legal or equitable interest in property within the proposed district.	If objection is filed by the owners of 20% of the property within the district, then 3/5 vote by City Council is required.	Automatic stay of 60 days; can be renewed for an additional 60 days.
PORTLAND, ORE.	None specified	Requires the support of ALL owners of district property at the time of designation.	No
SALEM, ORE.	District must be a National Register Historic District.	Will not be approved if 51% of the property owners within the district object to designation – NRHP requirement.	No
PHILADELPHIA, PA.	Requires 60-day mailed notice to property owners within the district along with newspaper notice and notices posted within the district.		Commission may postpone issuance of a demolition permit for up to 6 months. Commission may deny demolition permits absent a showing of emergency for public safety or no economically viable use for the property. Applicant must present plans for the replacement structure.

# ESTABLISHMENT OF HISTORIC DISTRICTS

CITY	HOW DISTRICT IS ESTABLISHED	REQUIRES PROPERTY OWNER SUPPORT?	DEMOLITION DELAY
PITTSBURGH, PA.	By mayor, Council member, Historic Review Committee member, or Planning Commission member. If designation is requested by an individual or organization, there must be a petition of 25% of the record owners of property within the district.	Yes – at least 25% of the record owners of property must petition for designation if the district is requested by an individual or organization. No petition requirement if the district is requested by a commission member, council member, or mayor.	No demolitions during pendency of designation.
CHARLESTON, SC	City has 2 districts, both based upon the Historic Architecture Inventory, prepared in the 1970s.	No	No
COLUMBIA, SC	Design and Development Review Commission recommends designation and design standards to City Council.	No	No
MEMPHIS, TENN.	Has both "historic preservation districts" and "historic conservation districts." Both require certificates of appropriateness, and both are created by the City Council.	No	No
ABILENE, TEXAS	May be initiated by one property owner.	No	Has a pendency of designation provision.
AMARILLO, TEXAS	May be initiated by any citizen, but must be at least 7 acres in size.	At least 20% of the owners of property within the district.	No
BROWNSVILLE, TEXAS	Must contain at least 10 acres.	Owner's consent is not necessary.	No
CORSICANA, TEXAS	Property owner or Heritage Landmark Commission	No, but an owner may exclude property from the district.	No

# ESTABLISHMENT OF HISTORIC DISTRICTS

CITY	HOW DISTRICT IS ESTABLISHED	REQUIRES PROPERTY OWNER SUPPORT?	DEMOLITION DELAY
DALLAS, TEXAS	May be initiated by government officials or by the owners of property	No	Moratorium on changes/demolition from date of filing until date of designation, denial, or withdrawal or for up to 2 years.
DENTON, TEXAS	Not specified	No	No
EL PASO, TEXAS	May be requested by the public	No	No
FORT WORTH, TEXAS	City manager	Yes – application must contain the signatures in support of 50% of the parcels AND 50% of the land area of the proposed district.	135 days after mailing of official notice of nomination of the district or until the district designation is denied.
HOUSTON, TEXAS	10% of the owners of property within the district may petition for designation.	Requires a showing that 67% of the owners within the district support designation. Publicly-owned land does not count towards support of the district designation.	180 days after filing a complete application, or until the district designation is denied.
LUBBOCK, TEXAS	Any citizen may petition.	Property owner's consent is required (unclear if this applies solely to individual buildings or entire districts).	Moratorium on demolition or construction during pendency of designation.
NEW BRAUNFELS, TEXAS	Any person may petition. Properties within districts may qualify for a 20% reduction in property taxes.	Must have the support of the owners of 51% of the property OR 51% of the property owners	No
SAN ANTONIO, TEXAS	Any person may petition.	Must have the support of the owners of 51% of the property OR 51% of the property owners.	Applicant must show economic hardship to obtain permit for demolition.
WACO, TEXAS	Any person may petition.	Must have the support of 40% of the property owners within the district.	No
WAXAHACHIE, TEXAS	Commission-initiated – there is a property tax incentive for establishment of districts.	No, but a property owner may be removed from the district.	No



# ESTABLISHMENT OF HISTORIC DISTRICTS

CITY	HOW DISTRICT IS ESTABLISHED	REQUIRES PROPERTY OWNER SUPPORT?	DEMOLITION DELAY
WICHITA FALLS, TEXAS	Commission recommendation.	No, but any property owner may ask to be removed from the historic district – if the property is later sold, it is put back in to the historic district.	No
RICHMOND, VA.	Commission of Architectural Review recommends designation; an individual or organization may request the CAR to initiate designation, but CAR has discretion to decline; the CAR will initiate designation upon request by the Mayor or Council member.	No	Applicant must show no feasible alternative to demolition, including making a bona fide offer to sell the property.

## **APPENDIX III**

### **HISTORIC PRESERVATION TAX INCENTIVE PROGRAMS FROM OTHER JURISDICTIONS**

# TAX INCENTIVES FOR HISTORIC STRUCTURES

## I. AUSTIN'S PROGRAM

Designated historic landmarks in Austin are eligible for an exemption from City ad valorem taxes. The exemption for an owner-occupied residence is 100% of the value of the structure and 50% of the value of the land with a cap of the greater of \$2,000 or 50% of the city taxes for structures designated after 2005. Commercial or rental properties are eligible for an exemption of 50% of the value of the structure and 25% of the value of the land. The Travis Central Appraisal District separates rental units on the same parcel as an owner-occupied residence for a separate tax calculation.

The owner of a historically-zoned property must apply for the exemption every year. The City Historic Preservation Office inspects each property to ensure that it is being properly maintained. The Historic Landmark Commission rules on each application, denying any application for a property which is not being maintained to ensure its preservation. The Historic Landmark Commission denies an average of 9 of the over 300 applications for tax exemption reviewed annually. Although properties in states of disrepair generally do not apply for the exemption, clearly, the vast majority of historic landmarks in Austin are well-maintained.

## BENEFITS OF AUSTIN'S TAX EXEMPTION PROVISION FOR HISTORIC STRUCTURES

The property tax exemption provides a very effective incentive to promote and ensure preservation of historically-significant buildings in Austin. Owners of historic landmarks must receive approval from the City Historic Landmark Commission to make any changes to the exterior of the buildings or the site. The Historic Landmark Commission has adopted the Secretary of the Interior's Standards for Rehabilitation to evaluate a property owner's application for a Certificate of Appropriateness for any exterior changes. Historic preservation principles call for the repair of deteriorated features over their replacement, which results in higher maintenance costs in many cases for owners of historic properties.

The tax exemption for historic landmarks also provides the means to enforce preservation of the city's landmarks and to strongly discourage un-approved changes or illegal signage. Every landmark owner filing an application for a historic property tax exemption consents to an inspection of the exterior of their property. The City Historic Preservation Officer's inspection consists of an assessment of any maintenance needs, such as masonry re-pointing, roof or gutter repairs, replacement of broken glass, rotted wood, or deteriorated architectural features, and routine painting and waterproofing to prevent deterioration of historic fabric. The inspection ensures that the only landmarks recommended for approval of the property tax exemption exhibit a high degree of care and maintenance.

The property tax exemption is the only financial incentive directly offered by the City as a way to assist owners of historic landmarks to maintain them for the public good. Preservation of historically-significant buildings ensures that Austin never loses sight of its heritage.

#### SUMMARY OF BENEFITS OF AUSTIN'S PROGRAM

1. Encourages property owners to apply for historic designation for their properties.
2. Encourages maintenance and preservation of Austin's historically-significant buildings through rigorous inspection and the requirement for approval by the Historic Landmark Commission.
3. Does not depend on a substantial rehabilitation of a historic building – all property owners who properly maintain their buildings are eligible for the exemption.
4. Provides a means for enforcing the decisions of the Historic Landmark Commission and requiring owners of landmarks to present proposals for exterior changes and signage to the Commission for review. Buildings which have not complied with Historic Landmark Commission decisions, or have illegal signage or other non-approved exterior work are denied the tax exemption.

## II. PROPERTY TAX EXEMPTION PROGRAMS FOR HISTORIC BUILDINGS IN OTHER CITIES

### TEXAS

#### MAINTENANCE-BASED INCENTIVES

Austin's property tax incentive is based upon the maintenance of the historic building to accepted preservation standards. Other Texas cities which offer a maintenance-based property tax incentive include:

#### ***ROUND ROCK***

Historically-significant residential and commercial sites may receive property tax exemptions of 75% of the assessed value of the structure and the land so long as the property is maintained.

#### REHABILITATION-BASED INCENTIVES

Rehabilitation-based incentives generally freeze the pre-rehabilitation value of a qualified structure for a specified period.

#### ***DALLAS***

Dallas' tax incentive program encourages restorations of historically-significant buildings. The amount and type of city property tax abatement depends on the building's location with an "Urban Neighborhood," a "Revitalizing Neighborhood," or a Dallas Landmark District.

The tax abatement applies to the difference between the pre-improvement and post-improvement value of a historically-significant building. Rehabilitation of owner-occupied residential properties must equal at least 25% of the structure's pre-improvement value to qualify. Rehabilitation of commercial and non-owner-occupied structures must equal at least 50% of the structure's pre-improvement value to qualify. The tax exemption lasts for 10 years. Rehabilitation must comply with the standards of the Dallas Landmarks Commission.

**Façade easements:** Dallas offers the owners of a building the opportunity to donate the façade of the building to the city or another non-profit entity for preservation purposes, and receive a one-time charitable donation on the owner's income taxes. The only example of this in Dallas is the Kirby Building. Donation of the façade easement also may result in a small (around 10%) diminution in the value of the property, so it may lower property taxes slightly.

### ***FORT WORTH***

Fort Worth's historic property tax incentive program addresses only substantial rehabilitations to properties designated historic landmarks. Fort Worth offers a 10-year abatement of the difference between the pre- and post-renovation value of both the land and structure so long as the cost of the rehabilitation project equals at least 30% of the structure's assessed value, and the applicant has complied with the standards of the Fort Worth Landmarks Commission.

Fort Worth provides a 100% exemption from property taxes on the structure and a credit equaling the cost of stabilizing a "highly significant endangered" historic building for 10 years after the completion of a substantial rehabilitation (equaling at least 30% of the assessed value of the structure). The exemption may be extended for an additional 5 years after the expiration of the initial abatement.

### ***HOUSTON***

Historic residential buildings maintain their pre-rehabilitation assessed value for 15 years after rehabilitation. Non-residential historic buildings have no assessed value for 3 years after completion of a substantial renovation. After the initial 3-year period, the assessed value remains at the pre-rehabilitation value for 5 years. The value of the restoration/renovation must be at least 50% of the assessed value of the improvements prior to the work. The exemption applies only to taxes levied on the improvements on the property and do not apply to the value of the land.

### ***NEW BRAUNFELS***

Exempts the structure and land of a historic landmark for 5 years with an opportunity for an additional 5 years; the two 5-year periods do not need to run concurrently. The rehabilitation/restoration must comprise at least 10% of the value of the property to qualify for the exemption.

### ***SAN ANTONIO***

Provides a property tax exemption for designated local landmarks and properties within local historic districts which get a substantial rehabilitation designed to extend the life of the building, with two options: (A), a tax freeze where city property taxes are frozen at the assessed value prior to the rehabilitation for up to 10 years; or (B), no city property taxes are owed for the first 5 years and for the next 5 years, the city taxes are assessed at 50% of the post-rehabilitation appraisal. In addition, all residential properties occupied by the property owner in newly-designated local historic districts receive a 20% exemption on their city property taxes for 10 years; the exemption can be extended for an additional 5 years for a total of 15 years for owners who remain in the same house for the entire period of the exemption.6pr

### **COMBINATION OF MAINTENANCE-BASED AND REHABILITATION-BASED PROPERTY TAX INCENTIVES**

#### ***ABILENE***

Grants an annual property tax exemption of the greater of \$200 or 20% of the assessed taxes for all commercial and residential properties with a historic zoning overlay. Abilene also offers a tax abatement equaling 50% of the increased value of a structure after an approved rehabilitation project costing at least \$750. The reduction expires after 10 years.

#### ***CORSICANA***

Provides an annual tax exemption of 25% of the appraised value, not to exceed \$25,000 and a reinvestment tax incentive of up to 50% of the total property tax assessment for restorations amounting to \$1,250 in value.

#### ***DENTON***

Provides a property tax exemption of 50% of the assessed value of a property with a historic overlay for 15 years. Denton also provides an abatement of the taxes on the increased assessed value of a rehabilitated qualified structure in the Downtown Commercial District for 10 years.

#### ***ENNIS***

Landmarked structures are eligible for a property tax exemption of 25% of the appraised value of the property, not to exceed \$25,000. Non-residential structures in the designated historic downtown district may receive a re-investment tax abatement equal to the amount of rehabilitation completed within a calendar year, with a cap set at the annual tax liability of the property.

#### ***PLANO***

A residential structure with historic zoning may receive a 100% exemption from property taxes for the structure; there is no exemption on the value of the land. Historic structures in Plano also qualify for tax abatements for rehabilitation of the structure; the amount of the tax exemption varies by the type of property.

### ***SAN ANGELO***

Provides an automatic abatement from property taxes when the property is zoned historic at the request of the property owner. The Preservation Commission can withhold abatements for non-performance of repairs and maintenance. Contributing properties may receive a property tax abatement of the greater of \$200 or 20% of the tax liability, but the abatement cannot exceed \$1,000 nor reduce the annual taxes to less than \$50. If the contributing property is partially or completely destroyed by either the willful act or the negligence of the property owner, historic zoning may be removed and the owner will be required to pay any abated taxes within 7 years. Non-contributing properties may receive an abatement of the greater of 10% or \$100, but may not exceed \$500 or reduce the tax liability of the property to less than \$50.

San Angelo also offers a 10-year property tax abatement for improvements to historic structures.

### ***TYLER***

Designated structures receive an abatement of 50% of the assessed value (up to \$2 million). Tyler also offers at 100% abatement of the amount of any increase in the assessed value of a historic property for 5 years after a project requiring a Certificate of Appropriateness so long as the property retains its landmark status after completion of the work.

### ***WAXAHACHIE***

Waxahachie offers an exemption of 25% of the appraised value of the property, not to exceed \$25,000 for designated city landmarks which are in full compliance with city regulations, including adherence to decisions of the Waxahachie Historic Preservation Commission. The exemption applies to both residential and commercial properties. Applications for the tax exemption must be filed every year.

Waxahachie also offers a "reinvestment tax incentive" of up to 50% of the total property tax bill for restorations amounting to at least \$1,250 in improvements to a designated city landmark. The Waxahachie Historic Preservation Commission oversees all restorations under this incentive program. The applications must be filed annually.

## **OTHER JURISDICTIONS**

### **STATES**

Several states have authorized tax exemptions for owners of historically-significant properties. Texas has no state program for tax exemptions, but authorizes local taxing authorities to enable property tax exemptions. Owners of income-producing historic properties in Texas may apply for Federal tax credits for qualified rehabilitation projects.

### ***CALIFORNIA***

State legislation authorized the Mills Act in 1976, which allows cities to enter into contracts with owners of historically-significant properties to ensure their preservation. An owner agreeing to maintain a historically-significant property in accordance with the

Secretary of the Interior's Standards may receive up to a 50% reduction in property taxes. The program is limited to single-family residences with a tax assessment of less than \$500,000, and to commercial properties with a tax assessment of under \$1.5 million. The reduction runs for a 10-year term, but may be renewed thereafter. *(Maintenance-based)*.

### ***RHODE ISLAND***

State legislation offers owners of historically-significant residences a 10% income tax credit for qualified restoration work to the property. *(Rehabilitation-based)*.

### ***NORTH CAROLINA***

State legislation allows designated historic structures to be taxed on the basis of 50% of the true value of the property. The difference between the taxes due on the basis of 50% of the true value and the taxes which would have been payable in the absence of the exemption constitute a lien on the property, but not payable until the property loses its eligibility for the benefit because of a change in the ordinance designating the property historic, or a change in the property, except by fire or other natural disaster, which causes its historical significance to be lost or substantially impaired. *(Maintenance-based)*.

## **CITIES**

### ***ATLANTA***

The owner of a qualified income-producing historic building may apply for an 8-year freeze on the fair market value of the structure and up to 2 acres of land. In the ninth year, the fair market value is fixed at half the difference between the frozen value and the current fair market value. The building must be in good repair or have undergone a substantial rehabilitation to qualify.

Atlanta awards a property tax abatement by freezing the fair market value of a rehabilitated historic structure for 8 years for any substantial rehabilitation commenced after January, 1989. *Qualifying rehabilitations must meet local preservation standards and must have increased the fair market value of owner-occupied residences by at least 50% and the fair market value of commercial properties by at least 100%.*

Atlanta also provides tax abatements for historic buildings located within designated enterprise zones in the city and county.

Preservation easements: Atlanta authorizes the use of a preservation easement, a legally-enforceable commitment by a property owner to preserve the facades of a qualified historic structure. The owner is eligible for a charitable deduction from state and federal income taxes. The easement donation also tends to lower a property's value, resulting in a lower property tax assessment for the owner. *(Hybrid of rehabilitation-based, maintenance-based, and preservation easement donations).*



***BATON ROUGE***

Offers a 20% tax credit for substantial rehabilitation expenditures to certified historic structures. The tax credit can be carried back 3 years and forward 15 years.

Baton Rouge also has a 5-year property tax abatement on the value of rehabilitations to historic structures, with an option to renew the abatement for an additional 5 years.

Louisiana offers a state historic tax credit of 25% of the eligible costs of rehabilitation of approved historic structures. (*Rehabilitation-based*).

***JACKSONVILLE, FLORIDA***

Offers a property tax exemption of 100% of the increase in assessed value resulting from the improvement project for 10 years. (*Rehabilitation-based*).

**TEXAS TAXING ENTITIES  
WITH PROPERTY TAX INCENTIVE PROGRAMS  
FOR HISTORIC PROPERTIES**

The following is a brief summary of tax incentive programs for historic properties throughout Texas. This summary is by no means exhaustive. If you know of a tax incentive program that is in place and is not included in this summary, please let us know. Likewise, if you notice any needed corrections or modifications in this summary, please let us know by calling Bratten Thomason at (512) 463-5997. Last updated 1998.

**MUNICIPALITIES**

City of Abilene

- (1) The program reduces city real property taxes for properties with a Historic Overlay Zone up to \$200 per year or 20% of annual taxes whichever is greater and does not exceed total tax liability. Applies to either commercial or residential properties.
- (2) In addition, properties within a Historic Overlay Zone may apply for up to a 50% property tax reduction for property improvements. Eligible projects must amount to \$750 or more and may include exterior and some interior improvements. Abilene added a 10 year limit on this project tax reduction in 1993.

Adopted in 1978, revised 1993.

City of Austin, Travis County, and Austin Community College

The program grants a 100% tax exemption on improvements and 50% exemption on land for locally designated properties that are wholly owner-occupied, or owned by a non-profit corporation. A similar exemption, 50% on improvements and 25% on land, is made for commercial properties. These "H" overlay properties are subject to an annual review by the Landmark Commission, but carry no time limit.

Additionally, the Austin Independent School District allows a 50% exemption on improvements and 25% of the assessed land value on owner-occupied residences or structures owned by non-profit corporations. For other buildings designated as "H" overlay properties, the AISD offers a 25% exemption on improvements and 13% on land.

Adopted in 1978.

City of Beaumont

The program allows for the assessed value of a historically significant residential or commercial building that has been substantially rehabilitated and/or restored as certified by the historic commission to remain equal to the assessed value prior to preservation for a period of ten years. The exemption begins on the first day of the first tax year after certified verification of completion of the preservation project.

Adopted in 1983.

City of Boerne

The program allows for the assessed value for ad valorem taxation of a building or structure which is designated a historic landmark or which is located within an historic district that has been substantially rehabilitated and/or restored as approved by the Landmark Commission to remain equal to the assessed value prior to rehabilitation for a period not to exceed ten consecutive years. Pending approval by City Council, the exemption begins on the first day of the first tax year following completion of the rehabilitation or restoration. The Landmark Commission annually reviews all granted tax exemptions. If an exempted building is not well maintained, the Commission meets with the property owner and submits a report to City Council, which may, after providing notice to the property owners as is required by law, remove the tax exemption.

Adopted in 1994.

City of Dallas

- (1) Citywide, City of Dallas Taxes on land and improvements are allowed to remain at pre-renovation assessed value for ten years when renovation exceeds 50% of the eligible structure. Exemption eligibility is determined by the Dallas Landmark Commission based on several historic preservation related criteria.
- (2) City of Dallas landmarks or contributing structures within designated historic districts located within a one mile radius of the Central Business District which have undergone renovation exceeding 50% of assessed value are eligible for the assessed value to remain at the pre-renovation value for ten years. If renovation exceeds 75% of the assessed value, the land and improvements may be exempted 100% for ten years from city taxation. If more than 50% of the structure is converted to residential use, a 100% exemption may be allowed for a period of five years. If 90% or more of the structure is vacant, City of Dallas Taxes on land and improvements are exempted for three years.

- (3) Historically designated structures located within the Dallas area known as the Freeway Loop are eligible for several types of tax exemptions. The same ten year tax freeze on structures with renovation exceeding 50% of assessed value, the ten year 100% exemption for renovation exceeding 75% of assessed value, and residential and vacancy exemptions as described above apply in the Freeway Loop area. Additionally, a facade easement may be donated to the City of Dallas or non-profit organization as a charitable contribution and, unused development rights may be sold to other property owners.
- (4) For Eight Endangered Neighborhoods established by the National Trust for Historic Preservation because of a high percentage of vacant dilapidated structures, City of Dallas Taxes on land and improvements may be frozen for ten years at the time of landmark designation. Property owners within designated historic districts within this area must apply for this ten year tax freeze individually. In addition, taxes may be decreased by 50% for ten years when renovation exceeds 25% of the structure's assessed value and, taxes are exempted 100% for ten years when renovation exceeds 50% of the assessed value.

Dallas City Council and the Landmark Commission agreed to a few substantive changes in the tax incentive plan in 1998. A three-year sunset provision and a three-year project completion deadline were recently instituted.

First adopted in 1982, revised in 1993, 1998.

#### City of Denton

Originally adopted in 1987, the program offered an exemption from real property ad valorem taxes to the extent of 50% of the assessed value for ten years for any historically designated property through the year 1998. This exemption was extended to fifteen years in 1998 and the plan was extended to be in effect through the year 2008. Denton adopted another exemption in 1998 which allows for a tax abatement for any increase in the assessed value for a ten year period following substantial renovation for all structures, 50 years old or older, located within the Downtown Commercial District.

Adopted in 1987, revised 1998.

#### City of Ennis

- (1) Historic landmark structures are eligible for a tax exemption of 25% of the appraised value to the property not to exceed \$25,000. The property must be a recognized historically significant site and have had all modifications or expansions completed after the adoption of the Ennis Historic Districts and Landmarks Ordinance.

- (2) Non-residential structures which are listed on the National or Texas Register of Historic Places or which are located in the designated historic downtown area are eligible to receive reinvestment tax abatement equal to the amount of investment completed within a calendar year. The maximum tax abatement for a project is not to exceed the annual tax liability of the real property.

Adopted in 1988, revised in 1994.

#### City of Fort Worth

Property owners who stabilize structures considered by the Landmarks Commission to be highly significant endangered buildings may deduct the cost of the project up to 50% of the City land taxes for that year from their ad valorem tax bill. "HC" zoned properties that are in need of renovation and/or restoration which equal or exceed 30% of the assessed value of the structure prior to renovation are entitled to an exemption from the City ad valorem taxes on the structure and a freeze on the land at the pre-rehabilitation value for a term of fifteen years if the project is completed within one year. If the project is delayed, the freeze on the assessed value of the land decreases one year for each year of delay not to decrease below ten years.

Adopted in 1988, revised 1995.

#### City of Houston

Residential buildings which are designated historic and which have been significantly rehabilitated maintain the pre-rehabilitation assessed value for a period of eight years. Non-residential historic structures have no assessed value for ad valorem taxation for a period of three years after verification of substantial renovation. Thereafter, the exempt property shall have an assessed value equal to that of the pre-rehabilitation assessed value for five years. If the rehabilitation and/or renovation project is not completed within 24 months, the tax exemptions are revoked.

Adopted in 1990.

#### City of Kilgore

- (1) The ordinance provides for a seven year tax abatement on real and personal property based on a schedule. All residential and commercial rehabilitations must be within a reinvestment zone designated by a city ordinance.

- (2) Businesses which create 25 or more full time permanent positions will receive a 100% abatement the first, second and third years, decreasing to 0% by the seventh year. Businesses which create 5 to 24 full time permanent positions will receive a 50% abatement the first, second and third years, decreasing to 0% by the seventh year. Qualified businesses creating 5-24 full time jobs are eligible for an additional 10% abatement for each \$100,000 in capital investment, or capital improvements up to \$500,000.

Adopted in 1989

City of Kingsville

Historic sites which have been substantially rehabilitated and/or restored have no assessed value for city ad valorem taxes for a period of five years after verification of restoration. The exempt property is assessed at the pre-renovation value for an additional five years.

Adopted in 1982.

City of Laredo

- (1) Rehabilitation projects proposed for historically designated structures must be reviewed by the Laredo Historic District/Landmark Board. Residential projects designated by the Board as Certified Historic Rehabilitation Projects are eligible for exemptions from the payment of ad valorem taxes on the increased value accruing to the property for a period of eight years following project completion.
- (2) Non-residential Certified Historic Rehabilitation Projects are exempt from any ad valorem taxes on the land and improvements for a period of four years following project completion. Upon application by the owner, an additional exemption on the enhanced value of the property following rehabilitation may be granted for a period not to exceed four years.

Adopted in 1995.

City of Mineola

Special exemptions granted on request.

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### City of Palestine

The program allows any property that is designated a historical landmark which is substantially renovated and/or restored to maintain an assessed value equal to the most recent pre-renovation assessed value for a period of five years following the initiation of the project. For the subsequent five year period, the renovated property will be assessed at the same value as for the tax year immediately prior to the year of the renovation for the first year, with 20% of the increased value added each of the remaining four years. Therefore, after five years the property has an assessed value of 100% of its market value.

Adopted in 1991.

### City of Pittsburg

The program created a Commercial Industrial Tax Abatement Zone which allows a seven year abatement of 50% of added value for creating 5 to 24 new full-time permanent jobs and 100% of added value for creating 25 or more full-time permanent jobs. Additionally, businesses employing fewer than 24 qualified employees will be eligible to receive 10% abatement for each \$100,000 of capital investment or improvement up to \$500,000.

Adopted in 1989.

### City of Plano

- (1) All properties must have historic zoning. Residential structures with independent historical significance receive a 100% tax exemption based on the assessed value of the structure and 50% of the assessed value of additional improvements made after the first year for which the structure received an exemption. Residences with contributing historical significance receive a 75% exemption for the structure and 35% on additional improvements.
- (2) Multi-use properties with independent historical significance receive a 50% exemption of the assessed value of the structure at the time of the assessment, and 25% of the assessed value of additional improvements. Multi-use properties with contributing historical significance receive a 38% exemption for the structure and 18% on additional improvements.
- (3) A sworn application must be filed for each assessment year for which the owner desires the structure to be partially tax exempt.

Adopted in 1984 and is being revised in 1998.

City of Round Rock

Historically significant residential and commercial sites within the City of Round Rock may receive exemptions of 75% of the assessed value of the structure and the land. This abatement is granted only if the applicant is maintaining and preserving the exterior condition of the site.

Adopted in 1982.

City of San Angelo

- (1) The Historic Overlay Zone tax abatement is automatically provided when a property is zoned as a Historic Overlay at the request of the property owner. Upon notification of the zoning designation, the real property taxes for the property are abated starting January 1 of the following year and each year thereafter. The Preservation Commission may withhold abatements until necessary repairs and maintenance are performed.
  - a. Properties considered as contributing with Historic Overlay Zoning are eligible for a tax abatement of up to \$200 per year or, 20% of the annual city taxes, whichever is greater. The abatement is not to exceed \$1,000 for an individual property nor reduce the annual taxes to an amount less than \$50. If a contributing property is partially or completely destroyed or altered by the willful act or negligence by the owner, the Historic Overlay Zoning may be removed from the property and the owner will be required to pay any abated taxes within seven years.
  - b. Noncontributing properties with Historic Overlay Zoning may receive an abatement of 10% or \$100 per year, whichever is greater and may not exceed \$500 not reduce the taxes to less than \$50.
- (2) Property owners within an Historic Overlay Zone are eligible to receive a Project Tax Abatement for up to 50% of city taxes for property improvements. The 50% credit is limited to ten years or until the amount of the abatement equals the project costs, whichever comes first. Eligible projects must amount to \$10,000 or more and may include some interior improvements limited to the frame and plumbing, electrical wiring and heating and cooling. A second ten year period may be applied for but cannot run concurrently. Abatements may be revoked and/or property owners required to repay abatements as in the Historic Overlay Zoning program.

Adopted in 1994.



City of San Antonio

- (1) A historically designated residential property shall have the assessed value for ad valorem taxation for a period of ten tax years equal to the assessed value prior to preservation.
- (2) A historically designated commercial property shall have no assessed value for as valorem taxation for a period of five years after verification. Thereafter, the exempt property shall be reappraised at current market value and assessed at a 50% rate for an additional consecutive five-year period.

Adopted in 1994.

City of Seguin

Structures used as a primary residence, designated as Recorded Texas Historic Landmarks and authorized by City Council may receive city tax abatements as approved on a case by case basis.

Adopted in 1998.

City of Temple

A five-year tax freeze is available for both designated commercial and residential historic landmarks and their land within the Main Street area. Restoration costs must exceed 25% of the assessed value of the structure and not be less than \$5,000.

Adopted in 1988.

City of Tyler

Owners of historically designated structures are entitled to a 10% tax abatement from municipal ad valorem taxes for the tax year that the structure is designated and thereafter for a 5% abatement for every year that the exterior of the structure is properly maintained. The 5% abatement applies to structures designated prior to the adoption of the ordinance.

Adopted in 1995.

City of Wichita Falls

Restoration of a landmark may make that property eligible for an 8 year freeze of ad valorem taxes. Restoration plans must be approved by the Landmark Commission before any work begins and the cost of rehabilitation must exceed 50% of the assessed value of the structure or \$100,000, whichever is less.

## COUNTIES

Collin County

The program abates 100% of the county property taxes on an annual basis for residential properties designated as Recorded Texas Historic Landmarks.

Gregg County

Special case exemption.

Llano County

Special case exemption.

## HISTORIC PROPERTY TAX INCENTIVE INFORMATION

This packet contains the following tax incentive information for historically designated properties:

- Texas Property Tax Code, Section 11.24. Historic Sites  
(<http://www.window.state.tx.us/taxinfo/proptax/tc00/>)
- Exemption Application for Historic Sites, Section 155.30.
- Texas Local Government Code, Section 214.00111. Authority to Preserve Substandard Housing  
(<http://www.capitol.state.tx.us/statutes/lg/lg0021400.html#lg003.214.00111>)
- Texas Taxing Entities with Tax Incentive Programs

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- (c) To identify the status under which an applicant claims exemption, application forms shall clearly state that the applicant claims exemption for community service clubs and will provide the following necessary information:
  - (1) A statement that the property to be exempted qualifies for exemption under the Texas Constitution article VIII, §2.
  - (2) A statement indicating whether the property is used for profit or held for gain.
  - (3) A statement indicating that the purpose of the organization is to promote primarily the following:
    - (A) the religious, educational, and physical development of boys, girls, young men, or young women;
    - (B) the development of the concepts of patriotism and love of country; and
    - (C) the development of interest in community, national, and international affairs.
  - (4) The statement indicating that the membership is open without regard to race, religion, or national origin.
  - (5) A statement indicating that the organization does not accrue distributable profits or realize any form of private gain in excess of a reasonable allowance for salary or other compensation for services rendered.
- (d) All application forms for exemption for community service clubs shall contain the following affirmations:
  - (1) "I hereby designate that this described property, which \_\_\_\_\_, owned on January 1 of this year, is the property against which the community service clubs exemption may be claimed in Texas."
  - (2) "I certify that the information given on this form is true and correct."
- (e) All application forms for exemption for community service clubs shall contain the following statement:

Any person who makes a false entry upon the foregoing record shall be subject to one of the following penalties: (1) imprisonment of not more than 10 years nor less than 2 years and/or a fine of not more than \$5,000 or both such fine and imprisonment; (2) confinement in jail for a term up to 1 year or a fine not to exceed \$2,000 or both such fine and imprisonment as set forth in Section 37.10, Penal Code.

- (f) This exemption form shall be printed and prepared:
  - (1) as a separate form from any other form; or
  - (2) on the front of the form if the form also provides for other information.
- (g) An applicant may receive this exemption by signing an affidavit indicating that the information contained in the affidavit signed in the previous year is still true and correct.
- (h) An applicant's eligibility for any exemption is determined as of January 1 of the tax year for which the exemption is being claimed.
- (i) Determination of eligibility is based on the provisions of Texas Property Tax Code §11.23(i).

Authority: The provisions of this §155.29 issued under Acts 1979, 66th Leg., p. 2314, ch. 841, effective January 1, 1980, as amended (Texas Property Tax Code §§5.03(a), 5.07(a) and (c), 11.43(a), and 11.44(c)).

Source: The provisions of this §155.29 adopted to be effective April 30, 1981, 6 TexReg 1441; amended to be effective October 30, 1981, 6 TexReg 3873.

## §155.30. Exemption Application for Historic Sites.

- (a) All appraisal offices and all tax offices appraising property for purposes of *ad valorem* taxation shall prepare and make available applications for exemption for historic sites.
- (b) All application forms for exemption for historic sites shall make provision for the following information:
  - (1) a statement indicating that the application is to be filed between January 1 and May 1;
  - (2) the year for which the exemption is claimed;
  - (3) the name of any taxing units to which the application is made;
  - (4) identification of the applicant (name and address);
  - (5) the legal description of the property against which the exemption is claimed;
  - (6) a statement of what supporting documents will be required of the applicant to prove eligibility for exemption;
  - (7) the name and address of a person to contact for additional information;
  - (8) the date of application; and
  - (9) the signature of the applicant.
- (c) To identify the status under which an applicant claims exemption, application forms shall clearly state that the applicant claims exemption for an historic site and will provide the following necessary information:
  - (1) a statement declaring that the property is designated as a recorded Texas historical landmark by the Texas Historical Commission and by the governing body of the taxing unit as of January 1 of the tax year; and
  - (2) a statement declaring that the property is designated as an historically significant site in need of tax relief to encourage its preservation pursuant to an ordinance or other law adopted by the governing body of the unit.
- (d) All application forms for exemption for historic sites shall contain the following affirmations:
  - (1) "I hereby designate that this described property, which \_\_\_\_\_, owned on January 1 of this year, is the property against which the historic site exemption may be claimed in Texas."

- (2) "I certify that the information given on this form is true and correct."
- (e) All application forms for exemption for historic sites shall contain the following statement:

Any person who makes a false entry upon the foregoing record shall be subject to one of the following penalties: (1) imprisonment of not more than 10 years nor less than 2 years and/or a fine of not more than \$5,000 or both such fine and imprisonment; (2) confinement in jail for a term up to 1 year or a fine not to exceed \$2,000 or both such fine and imprisonment as set forth in Section 37.10, Penal Code.

- (f) This exemption form shall be printed and prepared:
- (1) as a separate form from any other form; or
  - (2) on the front of the form if the form also provides for other information.
- (g) An applicant may receive this exemption by signing an affidavit indicating that the information contained in the affidavit signed in the previous year is still true and correct.
- (h) An applicant's eligibility for any exemption is determined as of January 1 of the tax year for which the exemption is being claimed.
- (i) Determination of eligibility is based on the provisions of Texas Property Tax Code §11.24.

Authority: The provisions of this §155.30 issued under Acts 1979, 66th Leg., p. 2314, ch. 841, effective January 1, 1980, as amended (Texas Property Tax Code §§5.03(a), 5.07(a) and (c), 11.43(a), and 11.44(c)).

Source: The provisions of this §155.30 adopted to be effective April 30, 1981, 6 TexReg 1441; amended to be effective October 30, 1981, 6 TexReg 3873; amended to be effective January 6, 1984, 8 TexReg 5414.

Notes of Decisions: Where structure had not been designated as a historical landmark by the Texas Historical Commission and the governing body of the taxing entity, nor had been designated a historically significant site in need of tax relief to encourage its preservation by the taxing entity, it was not eligible for *ad valorem* tax exemption. *City of Dallas v. Womens' Auxiliary To Dallas County Medical Society* 620 S.W. 2d 695 (1981); A building owned by a non-profit corporation and rented to Harris County as a courthouse would not be exempt from taxation as public property, but it might be exempt as an historic site under Texas Civil Statutes §§20 and 22 article 7150. Op. Atty. Gen. No. H-1059(1977).

### §155.31. Rendition Forms.

- (a) All appraisal offices and all tax offices appraising property for purposes of *ad valorem* taxation shall prepare and make available forms for the rendering of property, when such rendition is required by the office or by the Texas Property Tax Code.
- (b) In the rendition of property required to be rendered by the Texas Property Tax Code or by the chief appraiser, the person rendering property shall use the model form adopted by the State Property Tax Board which is appropriate to the property type and category, use a form containing information which is in substantial compliance with the model form adopted by the board, or use any other form appropriate to the property type and category which has been approved by the board.
- (c) Nothing in this section shall be construed to prohibit the combination of the information contained on two or more model forms into a single form in order to use a single form to achieve substantial compliance with two or more model forms.
- (d) The following model rendition forms for various categories of property are adopted by the State Property Tax Board by reference. Copies of these forms are available free upon request from the State Property Tax Board, P.O. Box 15900, Austin, Texas 78761. In addition, copies of the forms are available for inspection at the offices of the *Texas Register*:
- (1) general real estate rendition of taxable property, State Property Tax Board Rendition Form V22.01;
  - (2) general personal property rendition of taxable property, State Property Tax Board Rendition Form V22.02;
  - (3) report of leased personal property, State Property Tax Board Rendition Form V22.03;
  - (4) report of leased space for storage of personal property, State Property Tax Board Rendition Form V22.04;
  - (5) industrial real property rendition of taxable property, State Property Tax Board Rendition Form V22.06;
  - (6) oil and gas lease rendition of taxable property, State Property Tax Board Rendition Form V22.07;
  - (7) mine and quarry real property rendition of taxable property, State Property Tax Board Rendition Form V22.08;
  - (8) telephone company rendition of taxable property, State Property Tax Board Rendition Form V22.09;
  - (9) REA-financed telephone company rendition of taxable property, State Property Tax Board Rendition Form V22.10;
  - (10) electric company and electric cooperative rendition of taxable property, State Property Tax Board Rendition Form V22.11;
  - (11) gas distribution utility rendition of taxable property, State Property Tax Board Rendition Form V22.12;
  - (12) railroad rendition of taxable property, State Property Tax Board Rendition Form V22.13;
  - (13) pipeline and right-of-way rendition of taxable property, State Property Tax Board Rendition Form V22.14;
  - (14) business personal property rendition of taxable property, State Property Tax Board Rendition Form V22.15;
  - (15) watercraft rendition of taxable property, State Property Tax Board Rendition Form V22.16;

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**Sec. 11.24. Historic Sites.**

The governing body of a taxing unit by official action of the body adopted in the manner required by law for official actions may exempt from taxation part or all of the assessed value of a structure or archeological site and the land necessary for access to and use of the structure or archeological site, if the structure or archeological site is:

(1) designated as a Recorded Texas Historic Landmark under Chapter 442, Government Code, or a state archeological landmark under Chapter 191, Natural Resources Code, by the Texas Historical Commission; or

(2) designated as a historically or archeologically significant site in need of tax relief to encourage its preservation pursuant to an ordinance or other law adopted by the governing body of the unit.

Amended by 1995 Tex. Laws, p. 917, ch. 109, Sec. 21.

**Cross References:**

Exemption application form, see Rule Sec. 9.415.

Annual application required, see Sec. 11.43(b).

Constitutional authorization, see art. VIII, Sec. 1-f, Tex. Const.

Historical preservation societies, charitable exemption, see Sec. 11.18.

**Notes:**

*Where the trial record showed no evidence that a historic building was designated a landmark by the Texas Historical Commission or the city, that the city had designated it a historic site in need of tax relief, or that the city or school district had adopted an exemption, the building could not qualify under this section. City of Dallas v. Women's' Auxiliary, 620 S.W.2d 695 (Tex. App.-Dallas 1981, writ ref'd n.r.e.).*

A taxing unit may exempt a specific percentage of property value or a fixed dollar amount of value from an historically significant structure. A taxing unit may not freeze the taxes paid on the historic site as of the date the exemption is granted. The taxing unit is allowed to exempt value – either a percentage of the property value or a fixed dollar amount. Tex. Att'y Gen. LO-97-039 (1997).

## LOCAL HISTORIC DISTRICT INCENTIVES

<b>ABILENE</b>	<b>Benefit</b>	<b>Duration</b>	<b>Criteria</b>
all structures within a district	20% abatement \$200 min.	annual	properly maintained
rehabilitation incentive	50% abatement	10 years	rehab must cost at least \$750
<b>DALLAS</b>	<b>Benefit</b>	<b>Duration</b>	<b>Criteria</b>
urban neighborhoods			
rehabilitation	100% abatement	10 years	expenditures exceed 75% of improvements appraised value
restoration	tax freeze @ pre rehab value	10 years	expenditures exceed 50% of improvements appraised value
residential conversion	100% abatement	5 years	convert a building to more than 50% residential
ground floor retail	100% abatement	5 years	convert 65% of a buildings ground floor to retail
transfer of development rights			property must have been restored in the past five years, costs exceeding 50% of improvements appraised value
revitalizing neighborhoods			
owner occupied restoration	100% abatement	10 years	expenditures exceed 25% of improvements appraised value
non-owner occupied restoration	tax freeze @ pre rehab value	10 years	expenditures exceed 50% of improvements appraised value
owner occupied, general	tax freeze	3 years	extendable to 9 years
city-wide			
restoration	tax freeze @ pre rehab value	10 years	expenditures exceed 50% of improvements appraised value
<b>FORT WORTH</b>	<b>Benefit</b>	<b>Duration</b>	<b>Criteria</b>
historic structure endangered	100% abatement	10 years	expenditures exceed 30% of improvements appraised value
historic structures, general	tax freeze @ pre rehab value	10 years	expenditures exceed 30% of improvements appraised value
<b>HOUSTON</b>	<b>Benefit</b>	<b>Duration</b>	<b>Criteria</b>
residential	tax freeze at pre-rehab value	8 years	qualified rehabilitation
commercial	no assessed value for 3 years, then pre-rehab tax freeze for an additional 5 years		qualified rehabilitation
<b>ROUND ROCK</b>	<b>Benefit</b>	<b>Duration</b>	<b>Criteria</b>
Historic Site	75% abatement on land and improvements	annual	owner has to file on annual basis, and maintain property per defined standards
<b>SAN ANGELO</b>	<b>Benefit</b>	<b>Duration</b>	<b>Criteria</b>
contributing properties	20% abatement, min \$200, max \$1000	annual	properly maintained
non-contributing properties	10% abatement, min \$100, max \$500	annual	properly maintained
rehabilitation incentive	50% abatement	10 years	or amount expended = amount saved in taxes. expenditures must exceed \$10,000

SAN ANTONIO		Benefit	Duration	Criteria
owner occupied residences		20% abatement	10 years	immediately following district designation
		20% abatement	5 year extension	same owner occupant for 10+ years
OR		tax freeze @ pre rehab value for 10 years		expenditures exceed 50% of improvements appraised value
		100% abatement for 5 years and 50% abatement for 5 additional		expenditures exceed 50% of improvements appraised value
commercial properties		100% abatement for 5 years and 50% abatement for 5 additional		expenditures exceed 50% of improvements appraised value
low income rental		100% abatement	10 years	40% of units for low income residents, expenditures exceed 50% of improvements appraised value
				expenditures exceed 50% of improvements appraised value

AUSTIN HLC RECOMMENDATIONS			
	Benefit	Duration	Criteria
residential properties			
contributing buildings			
maintenance base	20% abatement, \$200 min., \$500 max.	annual	properly maintained
rehabilitation/reinvestment base	tax freeze at prerehab value	10 years	expenditures must exceed 25% of improvements appraised value
non-contributing buildings	building permit fee waiver		work in compliance with District Preservation Plan
non-contributing buildings	tax freeze at prerehab value	10 years	rehab must restore building to contribute to district
multi-family residential **	100% abatement	10 years	40% of units for low income residents, substantial rehabilitation
commercial properties			
contributing buildings *	tax freeze at prerehab value	7 years	expenditures must exceed 30% of improvements appraised value
non-contributing buildings *	tax freeze at prerehab value	7 years	rehab must restore building to contribute to district
historic district endangered *	100% abatement	10 years	expenditures must exceed 10% of improvements appraised value
substandard buildings	building permit fee waiver		bring single family or duplex structures up to code
substandard buildings **	100% abatement	5 years	substantial rehabilitation, no dollar value

\* this is the HPO staff recommendation, not the HLC.

\*\* this is the recommendation of the Gentrification Task Force

## DEFINITIONS

### Qualified Improvements

generally includes and mechanical, plumbing, electrical, structural, and exterior envelope repair/restoration, (those which extend the life of the building), and may include restoration of significant historic interior features.

### Revitalizing neighborhood

historically significant neighborhoods that utilize incentives for home ownership and neighborhood revitalization.



# Historic Districts Are Good for Your Pocketbook: ..... The Impact of Local Historic Districts on House Prices in South Carolina

Recent studies in South Carolina found that local historic district status increases house values.<sup>1</sup> The market recognizes the extra protection offered by local district status and rewards owners with a higher rate of return on their investments.

- ❖ In Columbia, house prices in local historic districts increased 26% per year faster than the market as a whole.
- ❖ In Beaufort, houses in the locally protected historic district sold for 21% more, all other factors being equal, than similar houses not in the district.
- ❖ In Greenville, establishing a local historic district caused prices of houses in the district to go up. House prices rose, on average, over 50% in just a few years.
- ❖ In six smaller towns and cities across the state, local historic district status was a positive factor in determining the value of a house. For example, in Georgetown, houses in the local historic district sold for 11% more than comparable non-district houses, while in Anderson, district houses sold for 36% more.

Local historic districts create a win-win situation for both homeowners and the community:

- ❖ Current owners can sell their houses for higher prices or make use of their increased equity,
- ❖ New homeowners can protect their investments in their houses and enjoy greater price gains, and
- ❖ The community strengthens its tax base.<sup>2</sup>

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<sup>1</sup> This is not to suggest that local designation lowers commercial property values. However, the South Carolina studies focused on residential properties, since the majority of locally designated properties in the state are residential.

<sup>2</sup> Ann Bennett, "The Economic Benefits of Historic Designation, Knoxville, Tennessee," 11. Reprint no. 15 in the Dollars and Sense of Historic Preservation series published by the National Trust for Historic Preservation, Washington, DC, 1998.

## SAN ANTONIO, TEXAS

### Sec. 35-605. - Designation of Historic Districts.

(a)

**Authority.** The city council may designate by zoning ordinance certain areas in the City of San Antonio as historic districts and certain places, buildings, objects, sites, structures, or clusters as exceptional or significant historic landmarks. Such districts shall bear the work "historic" in their zoning designation; such landmarks shall bear the words "historic, exceptional" (HE) or "historic, significant" (HS) in their zoning designation. The procedure for designation shall be subject to notice as prescribed in article IV of this chapter for a zoning amendment, and shall conform to the federal and state constitution.

(b)

#### **Processing Applications for Designation of Historic Districts.**

(1)

**Initiation.** Any person, the historic preservation officer, the historic and design review commission, the zoning commission or the city council may initiate a historic district designation by filing an application with the historic preservation officer. Requests for historic district designation must have the concurrence of the owners representing at least fifty-one (51) percent of the property or fifty-one (51) percent of the property owners located within the boundaries of the proposed historic district. Notwithstanding the foregoing, a request for historic district designation may be made by the city council. To the extent that this paragraph conflicts with any other provisions of this chapter, this paragraph shall control except for buildings, objects, sites, structures, or clusters heretofore designated as local landmarks or districts, National Register landmarks or districts, state historic landmarks or sites, or state archaeological landmarks or sites.

In addition to any other conditions established by section 35-605, applications for historic designation shall meet the following criteria:

A.

**Submittal Deadline.** The planning and community development department staff shall hold a public meeting to announce the effort to obtain historical designation, and may distribute consent forms at the meeting. When distributed, consent forms must be completed and returned to the historic preservation officer within three hundred sixty-five (365) days (one (1) year) following the date of the public meeting.

B.

**Resubmittal Deadline.** In the event the required signatures were not obtained, consent forms may not be resubmitted within seven hundred thirty (730) days (two (2) years) of the submittal deadline as outlined in subsection A. above.

C.

**Interim Deadline.** Consent forms in process must be submitted with the required signatures within six (6) months from the effective date of the adoption of this amendment by the city council. Resubmittal of consent forms shall be as designated in subsection B. above. This provision shall expire on October 23, 2007 (six (6) months plus one (1) day after effective date of adoption).

D.

**Sub Areas.** At the discretion of the initiator and/or the director, consent forms for large areas (defined as two hundred (200) lots or more) may be broken into sub areas. Sub areas shall be determined and based on one (1) or more of the following criteria: historic plat, historic developmental pattern, collection of like architectural styles, or easily definable boundaries such as public streets or alleys. If the application is divided into subparts, the historic preservation officer shall conduct a public meeting for the entire application area to explain the new subparts and reasons for dividing the application.

If the required signatures are obtained for any sub area, the consent forms shall be returned to the historic preservation officer in accordance with the provisions of subsection A. above.

(2)

**Completeness Review.** See section 35-402 of this chapter. For purposes of this section and subsection 35-402(c), the historic preservation officer is the administrative official with original jurisdiction to review an application for completeness.

(3)

**Decision.** The historic preservation officer shall forward the application to the historic and design review commission for a hearing and initial recommendation. The historic preservation officer shall notify all property owners within a proposed historic district boundary prior to the historic and design review commission hearing on the historic district designation. The historic and design review commission shall make its recommendation to be forwarded to the zoning commission within thirty (30) days from date of submittal of the designation request by the historic preservation officer. Upon recommendation of the historic and design review commission, the proposed historic district designation shall be submitted to the zoning commission. The zoning commission and the city council shall process the application as prescribed in section 35-421 of this chapter and this section. The zoning commission shall schedule a hearing on the historic and design review commission's recommendation to be held within forty-five (45) days of receipt of the historic and design review commission's recommendation and shall forward its recommendation to the city council. The city council shall schedule a hearing to be held within forty-five (45) days of its receipt of the zoning commission's recommendation. The city council shall review and shall approve or deny the proposed historic district.

(4)

**Criteria.** Designations of historic districts shall be made considering criteria enumerated in section 35-607 of this division.

(5)

**Recordation.** Upon designation of an area as a historic district, the city council shall cause this designation to be recorded in the official public records of real property of Bexar County, the tax records of the City of San Antonio and the Bexar Appraisal District, the house numbering section of the City of San Antonio's department of development services, and on the City of San Antonio's official zoning maps. All zoning maps shall reflect all historic districts by inclusion of the prefix "H" to its use designation as specified in accordance with the general zoning ordinance of the City of San Antonio.

(c)

**Historic Districts Previously Designated by City Council.** Any area heretofore designated by the city council as a historic district under any pre-existing ordinance of the City of San Antonio shall be deemed a historic district under this chapter and shall continue to bear the prefix "H" in its zoning designation.

(d)

**Historic District Guidelines.** The city council may, from time to time, designate specific guidelines for particular historic districts. Where such guidelines have been promulgated, the guidelines will be incorporated by reference in Appendix "F" to this chapter. The designation shall include the formal name of the district, a legal description of the boundaries of the district, and a cross-reference to the design guidelines. Where such design guidelines have been adopted, no application for development approval shall be approved unless the proposed development is consistent with the design guidelines. Proposed developments shall comply with the design guidelines in addition to the criteria set forth in sections 35-608 to 35-613 of this chapter; provided, however, to the extent that there is any inconsistency between a provision of sections 35-608 to 35-613 and a design guideline, the design guidelines shall control. If no design guidelines have been adopted for a historic district, the proposed development shall conform to the criteria set forth in sections 35-608 to 35-613 of this chapter.

## **Sec. 35-606. - Designation of Historic Landmarks.**

(a)

**Applicability.** Requests for landmark designation may only be made by or with the concurrence of the property owner. Notwithstanding the foregoing, a request for landmark district designation may be made by the city council. To the extent that this subsection conflicts with any other provisions of this chapter, this paragraph shall control except for buildings, objects, sites, structures, or clusters heretofore designated as local landmarks or districts, National Register landmarks or districts, state historic landmarks or sites, or state archaeological landmarks or sites.

(b)

### **Designation of Historic Landmarks.**

(1)

**Initiation.** Any person, the historic and design review commission, zoning commission, the historic preservation officer, or the city council may initiate a historic landmark designation by filing an application with the historic preservation officer.

(2)

**Completeness Review.** See section 35-402 of this chapter. For purposes of this section and subsection 35-402(c), the historic preservation officer is the administrative official with original jurisdiction to review an application for completeness.

(3)

**Decision.** The historic preservation officer shall refer an application for historic landmark designation to the historic and design review commission. Property owners of proposed historic landmarks shall be notified by certified mail with return receipt requested prior to a historic and design review commission hearing for historic landmark designation. The historic and design review commission shall make its recommendation, to be forwarded to the zoning commission within forty-five (45) days from date of submittal of designation request by the historic preservation officer. The recommendation shall be made by a two-thirds (2/3) affirmative vote of the members present. Upon submittal of the historic and design review commission's recommendation, the proposed historic district or landmark designation shall be submitted to the zoning commission for its review recommendations along with its finding of "historic exceptional" or "historic significant." The zoning commission and the city council shall process the application as prescribed in section 35-421 of this chapter and this section. The zoning commission shall schedule a hearing on the historic and design review commission recommendation to be held within sixty (60) days of receipt of such recommendation and shall forward its recommendation to city council which shall schedule a hearing to be held within sixty (60) days of council's receipt of such recommendation.

(4)

**Criteria.** Designations of exceptional and significant historic landmarks shall be made considering criteria enumerated in section 35-607 of this division.

(5)

**Recordation.** Upon designation of a building, object, site, structure, or cluster as an exceptional or significant historic landmark, the city council shall cause this designation to be recorded in the official public records of real property of Bexar County, the tax records of the City of San Antonio and the Bexar Appraisal District, the house numbering section of the City of San Antonio's department of development services, and on the City of San Antonio's official zoning maps. Still further, for purposes of clarity in the zoning designation of property, all zoning maps shall reflect exceptional and significant historic landmarks or property in historic districts by inclusion of the words "historic, exceptional" (HE) or "historic, significant" (HS) as a prefix to its use designation as specified in accordance with the general zoning ordinance of the City of San Antonio.

(c)

### **Resources Not Designated by Initial Ordinance.**

(1)

**Previously Inventoried Resources.** Resources previously inventoried by the historic and design review commission but not rated due to age, shall be reviewed upon reaching twenty-five (25) years of age by the commission applying criteria set forth in section 35-607 to determine significance, if any. When a resource is found to meet criteria for an exceptional or significant rating, the historic and design review commission at that time shall recommend through the zoning commission to city council the designation of such resources following the procedures set forth in subsection (a) of this section. Resources listed on federal, state or city inventories, but unrated by the historic and design review commission shall be identified in city records.

(2)

**Uninventoried Resources.** As required under the Certified Local Government (CLG) Program of the National Park Service and the Texas Historical Commission, the historic and design review commission on an ongoing basis shall conduct an inventory of buildings, objects, sites, structures and clusters throughout the city to determine cultural, architectural, historical, or archaeological significance, applying the criteria of section 35-607. For such inventories, the commission shall rate the resources as exceptional, significant, not significant or not rated. Those buildings, objects, sites or structures found by the board to meet the criteria for exceptional or significant landmarks shall be recommended for designation following the procedures in subsection (a) of this section. The city shall require an inventory of resources in the extraterritorial jurisdiction as part of the master development plan process and the subdivision letter of certification process within the area subject to the MDP or subdivision application.

(3)

**Other Resources.** If any building, object, site, structure or cluster is thought to be of historical, architectural, or cultural significance, the historic preservation officer, following an initial investigation of the resource, shall refer the matter to the historic and design review commission for a detailed study, review, and official determination of the historical, architectural, or cultural status of the building, object, site, structure, or cluster in accordance with the criteria and procedures established in this chapter.

(d)

**Historic Landmarks Previously Designated by City Council.** All buildings, objects, sites, structures, or clusters heretofore designated by the city council as historic landmarks under any pre-existing ordinance of the City of San Antonio shall be accorded the protection of properties designated exceptional historic landmarks under this chapter and shall continue to bear the word (historic) "H" in their zoning designation.

(e)

**Other Landmarks and Districts Previously Designated.** All National Register districts or landmarks, state historic landmarks or sites, or state archaeological landmarks and sites shall be accorded the protection of properties designated exceptional historic landmarks and districts.

(f)

**Use of Property Designated Historic.** Nothing contained in this article or in the designation of property as being a historic landmark or in a historic district shall affect the present legal use of property. Use classifications as to all such property shall continue to be governed by the general zoning ordinance of the City of San Antonio and the procedures therein established. In no case, however, shall any use be permitted which requires the demolition, relocation, or alteration of historic landmarks or of any buildings or structures in a historic district so as to adversely affect the character of the district or historic landmark, except upon compliance with the terms of this article. No provision herein shall be construed as prohibiting a property owner from continuing to use property for a nonconforming use.

(g)

**Removal of Designation.** Upon recommendation of the historic and design review commission based upon new and compelling evidence and negative evaluation according to the same criteria and following the same procedures set forth herein for designation; a designation made under subsection (a) of this section may be removed by city council following recommendation by the historic and design review commission.

(h)

**Changes in Evaluation.** The historic and design review commission may reconsider a previous evaluation of a resource if additional data is provided and a new evaluation is made using the criteria set forth herein. When such a resource meets the criteria for significant or exceptional based on all documentation provided, the historic and design review commission may recommend a change in designation. Following the same procedures set forth herein in subsection (a) of this section for designation, the city council may change a designation upon recommendation of the historic and design review commission.

*(Ord. No. 98697 § 1, 4 and 6) (Ord. No 2006-06-15-0718, § 2, 6-15-06) (Ord. No. 2009-01-15-0001, § 2, 1-15-09)*

## **Sec. 35-607. - Designation Criteria for Historic Districts and Landmarks.**

(a)

### **Process and Criteria for Considering Designation of Historic Districts and Landmarks.**

(1)

The first step in the designation process is to apply the criteria which follow standards set forth by federal, state, and city regulations for evaluating cultural properties. These criteria are to assure that resources are preserved through restoration and adaptive use and to provide that conservation and development interests can consider resources early in the planning process.

(2)

The criteria applied to evaluate properties for inclusion in the National Register designation guidelines shall be followed as a guide for evaluating cultural resource properties.

(3)

The criteria applied to evaluate properties for inclusion in the National Register designation guidelines shall be applied for evaluating the designation of historic districts and historic landmarks, substituting the importance of the resource to San Antonio and Texas rather than the importance to the nation as a whole. As with federal regulation, these criteria are intentionally worded to provide for the diversity of historic resources within the city.

(b)

**Initial Evaluation.** To qualify for initial evaluation of a historic district or landmark, at least one (1) of the following criteria shall be met:

(1)

Its value as a visible reminder of the cultural heritage of the community, or national event;

(2)

Its location as a site of a significant local, county, state, or national event;

(3)

Its identification with a person or persons who significantly contributed to the development of the community, county, state, or nation;

(4)

Its identification as the work of a master builder, designer, architect, or landscape architect whose individual work has influenced the development of the community, county, state, or nation;

(5)

Its embodiment of distinguishing characteristics of an architectural style valuable for the study of a period, type, method of construction, or use of indigenous materials;

(6)

Its historical, architectural or cultural character as a particularly fine or unique example of a utilitarian structure, including, but not limited to, bridges, acequias, gas stations, transportation shelters, or other commercial structures;

(7)

Its unique location or singular physical characteristics that make it an established or familiar visual feature;

(8)

Its historical, architectural, or cultural integrity of location, design, materials, and workmanship;

(9)

Its character as a geographically definable area possessing a significant concentration, linkage, or continuity of historically, architecturally or culturally significant sites, buildings, objects or structures united by past events or aesthetically by plan or physical development; and

(10)

Its character as an established and geographically definable neighborhood, united by culture, architectural style or physical plan and development.

(c)

**Final Evaluation.** When one (1) or more of the above criteria is met, the second step in the designation process shall consider the following criteria:

(1)

**For Architectural and Historic Resources.**

A.

Properties that are part of a cluster which provide a specific representation of an architectural or historic era or event;

B.

Properties which are determined to contribute to a San Antonio historic district;

C.

Buildings, objects or structures which constitute a particular or unique example of an architectural type or historic period;

D.

Architectural curiosities, one-of-a-kind buildings and notable examples of architectural styles and periods or methods of construction, particularly local or regional types and buildings by or internationally known architects or master builders and important works by minor ones; and

E.

Resources associated with family persons important to the history of San Antonio.

(2)

**For Cultural Resources.**

A.

Buildings or places which have come to represent a part of San Antonio's cultural heritage for at least twenty-five (25) years;

B.

Parks, plazas, bridges, streets, walkways, acequias, vistas and objects that have special cultural, historic or architectural significance, including studios of artists, writers or musicians during years of significant activity;

C.

Institutions that provide evidence of the cultural history of San Antonio (churches, universities, art centers, theaters and entertainment halls) as well as stores, businesses and other properties that provide a physical record of the experience of particular ethnic groups;

D.

Markets and commercial structures or blocks which are important to the cultural life of San Antonio and groups of buildings, structures and/or sites representative of, or associated with particular social, ethnic or economic groups during a particular period; and

E.

Archaeological sites of cultural importance to local people or social or ethnic groups, such as locations of important events in their history, historic or prehistoric cemeteries, battlefields or shrines.

(3)

**Significant to the Environment of the City.**

**A.**

Buildings that physically and spatially comprise a specific historical or architectural environment or clusters of historically, architecturally, or culturally related buildings that represent the standards and tastes of a specific segment of a community or neighborhood;

**B.**

Unrelated structures that represent a historical or cultural progression or various styles and functions, or cohesive townscapes or streetscapes that possess an identity of place;

**C.**

Objects such as fountains, clocks, markers, sculpture, bridges, and acequias which are important to the historical and cultural life of the city and related to a specific location;

**D.**

Resources that contribute significantly to the historic character of the scene, reinforcing the architectural value of a more important structure or resource;

**E.**

Resources and structures which establish a neighborhood identity by creating a continuity within a area by reinforcing a cluster or significant buildings or the river scene; and

**F.**

Walkways, setbacks, open grass or landscaped areas along the San Antonio River, special vistas associated throughout city development patterns in and near plazas, parks and riverbanks.

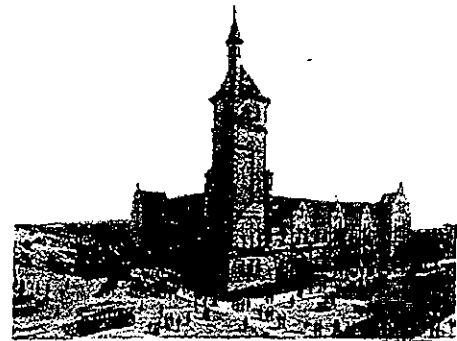
(Ord. No. 98697 § 6)



## EXISTING HISTORIC PRESERVATION INCENTIVES

### Existing Local Incentives

For the purpose of assessing Fort Worth's existing financial incentives for historic preservation, incentives have been categorized into two different groups: direct incentives and indirect incentives. Direct incentives are those that have been developed specifically for preservation objectives. Indirect incentives, on the other hand, are those that might have the potential to further preservation objectives, but that are intended primarily for other public policy goals (housing, economic development, etc.).



Original Texas and Pacific Terminal

### Direct Incentives for Historic Preservation

At present, the City of Fort Worth has only one financial incentive specifically designed to encourage the preservation and rehabilitation of historic buildings. This is the Historic Site Tax Exemption, as described below.

#### City of Fort Worth Historic Site Tax Exemption

##### Overview

Despite its name, this incentive would be more accurately described as an "abatement on added value" or "freeze" than a "tax exemption." The level of the tax abatement permitted for qualified stabilization or rehabilitation projects is dependent upon the level of significance at which the property has been designated, as follows:

##### *Historic and Cultural Landmark*

The Historic Property Tax Exemption is a ten-year City tax abatement of the difference between pre- and post-renovation value of both the land and the improvements made for properties designated as HC (Historic and Cultural Landmark). To qualify, the value of renovations must be at least 30% of the assessed value of the property's improvements (pre-renovation). For example, a structure valued at \$100,000 must undergo a rehabilitation costing at least \$30,000 in order to qualify.

Citywide Historic Preservation Plan: Analysis of Current Tools and ConditionsHighly Significant Endangered

An exemption from City taxes on the improvements is granted when a property is designated HSE. The cost of stabilizing the HSE property may also be counted against City taxes on the land. If the property is substantially rehabilitated (spend at least 30 percent of the assessed value of the structure) and approval is granted by the HCLC before the work is begun, a substantial tax incentive in the form of up to a 15-year exemption on City taxes on the rehabilitated improvements and up to a 15 year freeze on the value of the land for the calculation of City taxes is offered.

Process

Applications for the credit must be made to the City of Fort Worth's Historic and Cultural Landmarks Commission, which reviews and approves all applications for the exemption. The Historic Site Tax Exemption involves a two-part process that requires: (1) partial approval by the Landmarks Commission and the City Council before any work requiring a Certificate of Appropriateness is started and (2) verification by the Landmarks Commission and the City Council upon completion of the project. The tax status goes into effect January 1<sup>st</sup> of the year following City Council verification and is renewed by the applicant each year through the Tarrant Appraisal District.

Analysis

The Historic Site Tax Exemption has encouraged over a million dollars in investment in historic properties, especially in the Fairmount Southside Historic District. In FY 2002 alone, the Historic and Cultural Landmarks Commission and City Council verified rehabilitation expenditures in the amount of \$970,633, almost entirely in Fairmount. The exemption is especially attractive and successful in areas where property values are low. The City should explore ways to make the Historic Site Tax Exemption more attractive in neighborhoods with higher property values.

**Tarrant County Historic Site Tax Exemption**

Tarrant County provides a property tax exemption for the increase in value from the rehabilitation of a historic structure that is revitalized for use as either: (1) a permanent or temporary housing structure (one that preferably provides some affordable housing) and (2) a hotel (the policy was recently revised to allow this use as an eligible use.). This exemption is available to any qualified property and project within Tarrant County, including those located in Fort Worth. In order to qualify, the project must meet the following criteria:

Citywide Historic Preservation Plan: Analysis of Current Tools and Conditions

1. The property must be designated as historic.
2. The rehabilitation must cost at least 50 percent of the assessed value of the property (structure and land).
3. The applicant must prove that the tax exemption is necessary to make the rehabilitation economically viable.
4. At least two-thirds of the building's square footage must be used for some form of temporary or permanent housing.
5. Priority can be given to projects in which between 25 percent and 75 percent of the property's residential units are leased to "Low Income Tenants."
6. The property must not have been previously given an exemption.
7. As part of the exemption approval, the County may require the applicant to meet certain objectives regarding disadvantaged businesses and employees.
8. Exemptions are determined on a case-by-case basis, and the County has full discretion regarding the approval or disapproval of applications for exemptions.

If approved, the exemption can be applied for up to ten years, beginning on January 1 following the year of the project's completion.

### **Indirect Incentives for Historic Preservation**

Numerous programs of the City of Fort Worth have the potential to encourage the preservation of historic buildings and are typically intended to further the City's housing and economic development objectives. While they may have the potential to indirectly encourage preservation, the programs can have even greater potential to unintentionally impact preservation efforts in an adverse manner. Therefore, they will only be listed here with respect to incentives but are explained in this report's section entitled "Other Relevant Local and State Policies." The City's incentives having the potential to benefit preservation include:

- Tax Abatements
- Tax Increment Financing
- Enterprise Zones
- Neighborhood Empowerment Zones
- Community Housing Development Organizations
- Conveyance of Tax Foreclosure Properties
- Model Blocks Program
- Special Target Areas

Citywide Historic Preservation Plan: Analysis of Current Tools and Conditions

Lauderdale Courts, a 1930s public housing complex in the Memphis "Uptown" area. In addition to these buildings being rehabilitated, the project went a step further with historic interpretive efforts for the unit once occupied by Elvis Presley. Therefore, this program, often feared by the preservation community for valid reasons, can actually further preservation objectives as well.

**HOME Program (HUD)**

Although this is a federal program established in 1990, in Texas it is administered by the State. The program provides multi-year housing strategies for participating jurisdictions to strengthen public-private partnerships and provide more affordable housing via block grants. Allocations are made on an annual basis by formula based on several criteria. The program does not require applicants to contribute a match in order to receive a grant or loan, although applicants receive extra points on their applications for providing a match. TDHCA has allocated funds to grantees in four basic housing activities: Homebuyer Assistance Program Rental Housing Development Program, Owner-Occupied Housing Assistance Program and Tenant-Based Rental Assistance Program. While this program has the potential to negatively impact historic resources, as does the HOPE VI program, there is no reason to believe that the HOME program cannot have potential benefits for preservation as well.

**Potential Model Incentives Found Elsewhere****Local Level Models**

A survey of a number of cities across the country having incentives for historic preservation revealed that the vast majority of cities offered property tax benefits. While the duration of the benefit and the level of investment required varies, most involve abating the assessed value added following the renovation for a specific term if the project meets minimal standards for preservation. In addition to tax incentives, at least one community researched (Louisville, Kentucky) offers a façade rehabilitation loan program. While such programs



Façade rehabilitation programs help to preserve historic commercial buildings.

Citywide Historic Preservation Plan: Analysis of Current Tools and Conditions

are quite common across the country, a "Main Street" program rather than a municipality more typically sponsors them. Another model incentive, recently adopted in Nashville, Tennessee, is based upon zoning. Rather than using the conventional "historic zoning" approach, this zoning permits a wide range of uses for landmark historic buildings within residential zones where zoning would not normally permit such uses. Thus, the incentive offered is greater financial feasibility for a property owner or developer. Below is a summary of several incentive programs.

**Property Tax Incentive Programs**

San Antonio Historic Tax Exemption

San Antonio's exemption program waives any increased value for a rehabilitated residential property for ten years, while giving a complete waiver from property taxes for commercial properties for five years. The exemption is for historic buildings, sites, or structures that are substantially rehabilitated and/or restored as certified by the City's Historic and Design Review Commission. They must also meet the definition of a historically significant site in need of tax relief to encourage preservation, and their assessed value for ad valorem taxation is approved by the City Tax Assessor-Collector in the following manner:

*A residential property* will have the assessed value for ad valorem taxes for a period of ten tax years based on the assessed value prior to preservation.

*A commercial property* will have no assessed value for ad valorem taxes for a period of five tax years after verification. After this period, the property shall be reappraised at current market value and assessed at a 50 percent rate for an additional five-year period.

The historic tax exemption will begin on the first day of the first tax year following verification of completion of the preservation required for certification, provided that:

The building complies with the applicable zoning regulations for its use and location; and

The deed, grant, sale, bequest, devise, or otherwise transfer of ownership in the property will cause the exemption to terminate on the last day of the tax year on which the transfer occurs. An exception to this requirement is the donation of a historical easement or exempt structure as qualified as a charitable contribution under Section 170 (f) (3) of the Internal Revenue Code and its present regulations, or as amended.

Citywide Historic Preservation Plan: Analysis of Current Tools and ConditionsCumberland, Maryland - Tax Credit for Historic Preservation

Maryland state law grants the City of Cumberland the authority to provide tax incentives to property owners for qualified rehabilitations within the historic districts. Section 9-204 of the Maryland Annotated Code Tax Property Article provides that a structure determined to be of historic value in the historic district may receive a property tax credit "up to 10 percent of properly documented expenses" when the structure is renovated or preserved. Section 9-204.1 deals specifically with the Canal Place District (heritage area) and allows a property owner to have the assessed value of the property frozen for up to ten years at the pre-renovation value. A property must be a certified historic structure: it must be listed individually in the National Register of Historic Places, be listed in a National Register historic or landmark district, be listed in a property or district designated as a historic property or district under local law, be included within the boundaries of a certified heritage area, or be a property or district determined by the Historic Preservation Commission of the City of Cumberland to be compatible with local historic preservation standards. The minimum expenditure for 24 months must be \$5,000. The property owner must submit construction plans for the Historic Preservation Commission to review prior to the start of work. A Certificate of Appropriateness must be on file in order to qualify for the tax program.

Louisville, Kentucky - Property Tax Assessment Moratorium

To encourage the repair, rehabilitation, restoration or stabilization of existing residential or commercial industrial properties, the City of Louisville and Jefferson County have the power, under Kentucky law, to grant moratoriums on property assessments or reassessment. Residential and commercial structures at least 25-years-old may qualify for a reassessment moratorium if:

1. The costs of the improvements made to the structure to repair, rehabilitate, restore or stabilize it equal at least 25 percent of the value of the improvements to the property, based on the latest assessment made by the County Property Valuation Administrator; or
2. The qualifying property is within a "target area," a census tract where at least 70% of the residents living in that tract have income below 80 percent of the median income for Jefferson County or 20 percent of the residents living in that tract have incomes below the poverty level. The cost of the improvements must be equal to at least 10 percent of the value of the improvements to the property based on the latest assessment.

Citywide Historic Preservation Plan: Analysis of Current Tools and Conditions

The Department of Inspections, Permits and Licenses (IPL) and the office of the Property Valuation Administrator coordinate the moratorium program. Applicants for a moratorium certificate must pay a \$40 fee. The fee will be reduced to \$20 for Enterprise Zone certified business/residences. The Property Valuation Administration will make an appraisal of the subject property at its fair cash value within 30 days of the application date. Applications for moratorium certificates must be made to the Division of Building Inspection at least 30 days before any construction work on the property begins. Each application should include or be accompanied by:

- A general description of the property
- Proof that the property is at least 25-years-old
- A general description of the proposed use of the property
- The nature and extent of the restoration, repair, rehabilitation, or stabilization and cost estimates based on bids submitted to the owner
- If the building is listed on the National Register of Historic Places, is on the Survey of Historic Sites in Kentucky, is in a Preservation District, or designated as a Louisville Landmark, approval from the City Landmarks Division showing compliance with the Commission's standards must accompany the application
- A time schedule for undertaking and completing the project
- If the property is commercial, a descriptive list of the fixed building equipment that will be part of the facility and a statement of the economic advantage (including expected construction employment).

The applicant will have two years to complete the improvements unless an extension is granted by IPL. In no case will the application be extended beyond two additional years. An application will be voided if not acted upon within two years.

When the applicant informs IPL that the work has been completed on the property, IPL will conduct an on-site property inspection to certify that the improvements described in the application have been completed. IPL requires work to be completed on historic sites and structures to conform to approval issued by the Landmarks Division. The Construction Review Office at IPL then certifies to the Property Valuation Administrator that the improvements have been completed and the moratorium certificate will be issued. However, no moratorium certificate will be issued on properties for which there are delinquent tax bills.

Citywide Historic Preservation Plan: Analysis of Current Tools and Conditions

The moratorium will become effective on the next assessment date after the moratorium certificate was issued and will remain in effect for five years. An assessment or reassessment moratorium certificate may be transferred or assigned by the holder of the certificate to a new owner or lessee of the property. Any property granted an assessment or reassessment moratorium might be eligible for another moratorium certificate if three years have passed since the previous moratorium ended. On the next assessment date following the expiration, cancellation or revocation of an assessment or reassessment moratorium, the property is assessed on the basis of its full fair cost value. A building permit is required for the inspection and tracking of the tax moratorium at the end of 30 days.

Atlanta, GeorgiaLandmark Historic Property Tax Abatement Program

The owner of an income-producing building, which is listed in the National or Georgia Register of Historic Places and has been designated by the City of Atlanta as a Landmark Building or a contributing building in a Landmark District, may obtain preferential property tax treatment. The building must be in standard repair or already have undergone rehabilitation. For purposes of tax assessment for City of Atlanta taxes, excluding bonded indebtedness, the fair market values of the building and up to two acres of land surrounding it, is frozen for eight years at the level existing at the time of application and certification. In the ninth year, the fair market value is fixed at one-half the difference between the frozen value and the current fair market value. The application for this tax freeze must be filed by December 31 of the year before the freeze will go into effect.

Rehabilitated Historic Property Tax Abatement Program

The owner of a building, which qualifies for listing in the Georgia Register of Historic Places and has undergone a major rehabilitation initiated after January 1, 1989, may obtain preferential property tax treatment. For purposes of tax assessment for City of Atlanta taxes, excluding bonded indebtedness, the fair market value is frozen at the pre-rehabilitation level for a period of eight years. In the ninth year, the fair market value is fixed at one-half the difference between the frozen value and the current fair market value. Qualifying rehabilitations must meet the standards promulgated by the Department of Natural Resources and must have increased the fair market value of the building by not less than 50 percent for owner-occupied residential real property, or not less than 100 percent for income-producing real property. The application for this tax freeze must be filed by December 31st of the year before the freeze will go into effect.



Citywide Historic Preservation Plan: Analysis of Current Tools and Conditions*City/County Enterprise Zone Tax Abatement Program*

Ad valorem property tax exemptions covering a ten-year period can be obtained by owners of qualifying historic multi-family and non-residential structures located in enterprise zone eligible areas. There are no minimum acreage requirements for proposed zones. Structures suitable for rehabilitation/renovation must provide a minimum of four multi-family housing units.

*Development Impact Fee Exemption*

The owner of a city-designated Landmark Building or a contributing in a Landmark District, which will undergo a rehabilitation or conversion, may obtain a 100 percent exemption from the payment of Development Impact Fees for building permits associated with the rehabilitation/conversion project. Such an exemption must be obtained prior to the issuance of a Building Permit.

*Façade Easements*

A preservation easement is a legally enforceable commitment by a property owner to preserve the facades of a historic structure so that its exterior architectural features remain unchanged in perpetuity. Properties must be National Register-eligible structures. Federal and State income tax deductions can be taken as well as the possibility of other tax advantages related to a property's decrease in value as a result of an easement donation.

Dallas, Texas – Historic Preservation Tax Incentive

The City of Dallas offers tax incentives to property owners completing rehabilitation projects to historic properties (City of Dallas Landmarks or structures in Landmark Districts) administered by the Historic Preservation Program. These incentives consist of tax abatements for rehabilitation or residential conversions. In order to qualify, property must be designated a City of Dallas Landmark or be a contributing property within a Landmark district. To apply for any of the incentive programs, the applicant must first submit a Certificate of Eligibility. The type of incentive that the applicant is eligible for depends upon the location and planned level of investment in the rehabilitation. The following incentives exist for preservation:

*URBAN NEIGHBORHOODS*

Applies to historic properties in the Central Business District and immediately surrounding neighborhoods

Citywide Historic Preservation Plan: Analysis of Current Tools and Conditions

*Rehabilitation* – The applicant may be eligible for a 100 percent abatement on City property taxes for ten years if qualified expenditures exceed 75 percent of the structure's pre-restoration appraised value.

*Restoration* – The applicant may be eligible for an added value abatement on City property taxes for ten years if qualified expenditures exceed 50 percent of the structure's pre-restoration appraised value.

*Residential Conversion* – The applicant may be eligible for a 100 percent abatement on City property taxes for five years if converting over 50 percent of the building to residential use.

*Ground Floor Retail Conversion* – The applicant may be eligible for a 100 percent abatement on City property taxes for five years if converting over 65 percent of the building's ground floor to retail use.

*Conservation Easements* – The applicant may donate a contributing element of the historic property's character (such as a façade) to the City of Dallas in order to reduce City property taxes and receive a one-time charitable deduction.

*Transfer of Development Rights* – The applicant may transfer a minimum of 20,000 square feet if the property has been restored within the past five years and that restoration exceeds 50 percent of the pre-restoration value. Development rights may only be transferred to building sites within certain commercially zoned districts, and the maximum floor area ratio (FAR) may not be increased by more than an FAR of 4.0

**REVITALIZING NEIGHBORHOODS**

*Applies to targeted historic neighborhoods where revitalization and home ownership are encouraged.*

*Owner Occupied Restoration* – The applicant may be eligible for a 100 percent abatement on City property taxes for ten years if qualified expenditures exceed 25 percent of the structure's pre-restoration appraised value. The property must also be owner-occupied.

*Restoration (for non-owner occupied structures)* – The applicant may be eligible for an added value abatement on City property taxes for ten years if qualified expenditures exceed 50 percent of the structure's pre-restoration appraised value. If the applicant sells the house after restoration in a CDBG eligible area, it must be sold to a buyer who is 80 percent or less below the median income.

Citywide Historic Preservation Plan: Analysis of Current Tools and Conditions

*Maintenance (for owner occupied structures)* – The applicant may be eligible for an added value abatement on City property taxes for three years, renewable twice for 9 years total.

**CITYWIDE NEIGHBORHOODS**

Applies to contributing properties in historic districts outside the CBD and revitalizing neighborhoods.

*Restoration* – The applicant may be eligible for an added value abatement on City property taxes for ten years if qualified expenditures exceed 50 percent of the structure's pre-restoration appraised value.

New Orleans – Property Tax Amnesty Program

This program is designed to address properties in which the property taxes owed exceed the market value of the property, since that scenario typically takes such properties out of the market for rehabilitation. Rather than requiring the owner to pay the full amount of owed taxes, they are allowed to instead pay the City the market value of the property. That figure is determined by multiplying the assessed value by ten.

**Façade Loan/Grant Programs**Louisville, Kentucky – Façade Loan Program

In addition to the City of Louisville's assessment moratorium program, the city also offers a façade loan program that is available in certain targeted neighborhood commercial areas. Qualifying businesses can receive a loan up to \$10,000 per visible exterior wall. The loans are at five percent interest and for a term of ten years. Architectural and design services also are provided as part of the program. The program seeks to promote the aesthetics of neighborhood commercial areas.

Pittsburgh, Pennsylvania – "Street Face Program"

Pittsburgh's Urban Redevelopment Authority sponsors this program, which encourages the façade rehabilitation of historic commercial buildings. Applicants must follow rehabilitation standards that are modeled after the federal standards of the Secretary of the Interior, and Pittsburgh's Historic Review Commission reviews projects. If the Commission's standards are maintained for a period of five years following the project's completion, the loan is forgiven and becomes a grant.

Citywide Historic Preservation Plan: Analysis of Current Tools and ConditionsSan Antonio, Texas – "Operation Facelift"

This façade improvement grant program is operated by the City and limited to commercial and mixed use properties. The program's stated intent is multi-faceted, including reversing the deterioration of commercial areas, filling vacant space with new businesses, reducing the perception of crime, and historic preservation. The program is limited to targeted areas called Neighborhood Commercial Revitalization Projects (NCRP), and each designated area must have an operating Design and Planning Committee. The funding can be applied to a wide range of work, including minor to substantial façade enhancements, associated roof work, and adjacent streetscape improvements. Funds can also be used for materials, labor and "soft costs," such as fees of attorneys and architects, as well as City permit fees. The program provides funding amounts between \$500 and \$15,000, but each dollar must be matched by the applying property owner or business.

**Special Zoning**

This classification of incentive does not include conventional "historic overlay zoning," but rather other zoning techniques tied to land use rather than design.

Nashville, Tennessee – Neighborhood Landmark Designation

Nashville has a relatively new zoning classification that is intended specifically to benefit historic buildings. Rather than involving a traditional "historic zoning" approach (which Nashville has as well), this zoning is focused on permitted land uses. The challenge is the scenario in which a historic church, corner commercial structure, or similar resource is located in a residential zone. Because of the limited range of permitted land uses, it is typically not financially feasible to preserve the structure, as the building does not lend itself to residential uses. This program allows the property to receive a special Landmark designation that expands the range of permitted uses beyond residential uses so that the building's adaptive re-use is more feasible. There are criteria for property designation and also minimum standards for rehabilitation overseen by Nashville's Metropolitan Historical Commission.

**Fee Waivers**

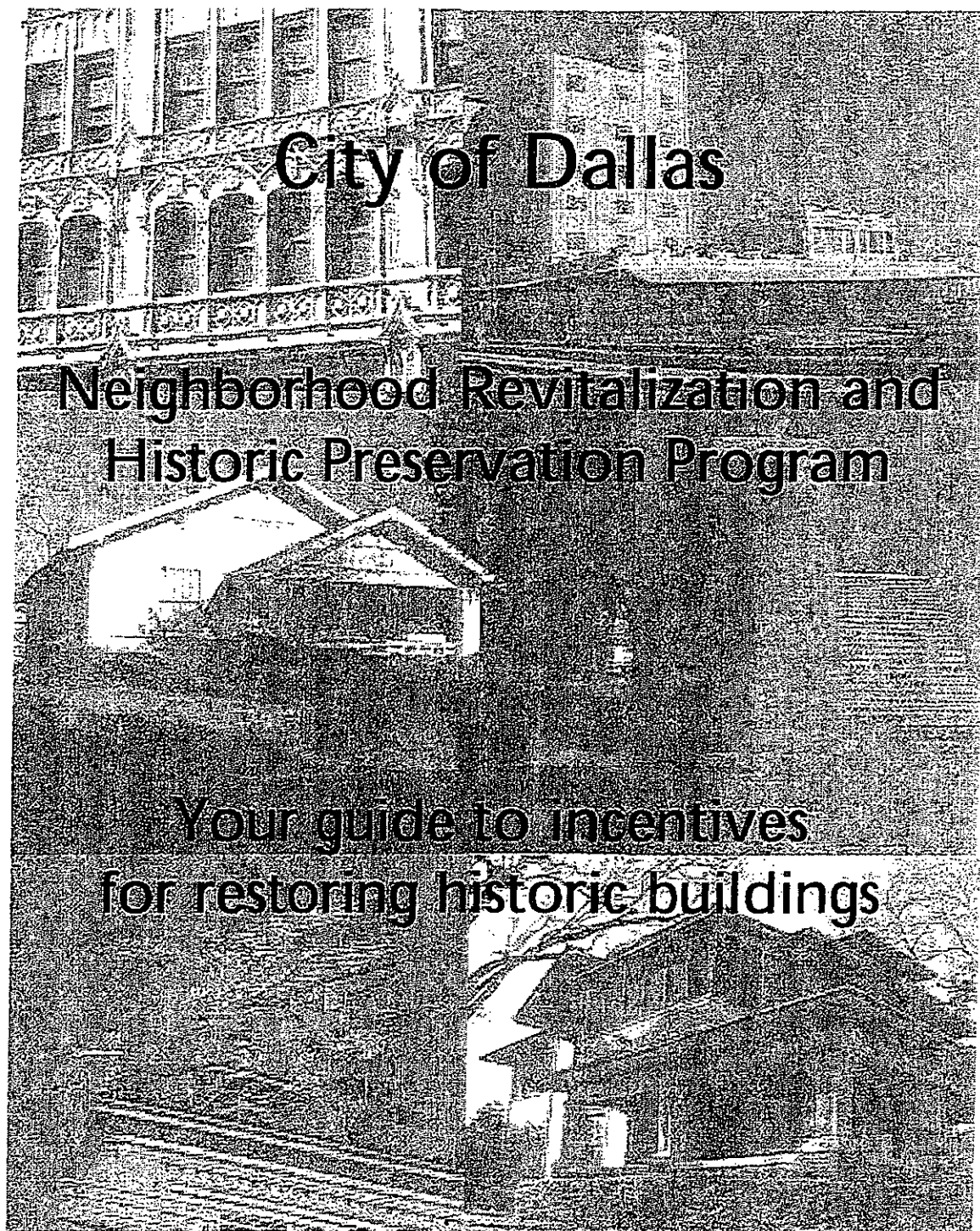
While it is typically quite limited in value, one incentive that many communities provide for historic properties is fee waivers for development applications. For example, although Cincinnati offers no substantial financial incentives for preservation, the City's Historic Conservation Board does waive

Citywide Historic Preservation Plan: Analysis of Current Tools and Conditions

all application fees related to properties within its designated local historic districts. This waiver can be as high as \$200 for applications for development.

### State Models

Most state governments that provide incentives for historic preservation do so by offering state income tax incentives modeled on the federal investment tax credit. Because Texas has no income tax, such models are irrelevant. However, Maryland and Iowa are among a few states whose tax incentive alternatives allow for refundability or transferability of state credits that may be appropriate models for a Texas state tax incentive for homeowners in historic districts. Because income tax incentives are of limited value to lower-income people, a few states offer an option whereby the incentive benefits are passed along to the applicant's mortgage lender, who in turn passes to the applicant financial benefits for the terms of the loan.



# City of Dallas

## Neighborhood Revitalization and Historic Preservation Program

Your guide to incentives  
for restoring historic buildings

## introduction

Thank you for your interest in preserving the historic and architectural legacy of the City of Dallas!

The Neighborhood Revitalization and Historic Preservation (NRHP) Program was developed in 2001 to encourage the restoration of historic buildings and the revitalization of neighborhoods throughout the City of Dallas. The program consists of tax incentives, conservation easements and transfer of development rights.

The City of Dallas has long been committed to the preservation of its historic resources. The current program has evolved from 15 years of offering incentives for the restoration of historic properties.

The Department of Planning and Development manages the NRHP program in partnership with the Dallas Landmark Commission, the Dallas County Appraisal District and the City of Dallas Tax & Revenue Department.

## contacts

The following information is a summary of the NRHP program. For detailed information, please consult Article XI of the Dallas Development Code at: <http://www.dallascityhall.org/html/codes.html>, or contact a Preservation Planner at:

Planning and Development Department  
1500 Marilla 5CN  
Dallas, Texas 75201  
Tele 214/670-4538 Fax 214/670-0728  
[http://www.dallascityhall.org/html/historic\\_preservation.html](http://www.dallascityhall.org/html/historic_preservation.html)

For information or questions about Dallas County Appraisal District, please call:

Dallas County Appraiser  
214/631-1342  
<http://www.dallascad.org/>

For information or questions about City of Dallas taxes, please contact:

Dallas County Tax Office  
Dallas County Records Building  
214/653-7811 or 214/653-7711

## goals

The goals of the NRHP Program respond to the broad vision Dallas has for redevelopment, revitalization, and preservation. The following six goals are the framework for the program, as well as benchmarks for the program's success:

1. Revitalize older neighborhoods in South Dallas and Oak Cliff.
2. Support private sector investment in the City's urban neighborhoods.
3. Encourage home ownership.
4. Promote pedestrian oriented, ground floor retail in urban neighborhoods.
5. Support new uses for vacant and deteriorated historic buildings.
6. Encourage low and moderate-income families to invest in revitalizing neighborhoods that are also CDBG eligible areas.

## eligibility

To be eligible for the NRHP Program, your building must be a City of Dallas Landmark, a contributing structure within a City landmark district, or a contributing structure in a Revitalizing Neighborhood. The type of incentive you are eligible for depends on where your property is located and how much you are planning to invest in the restoration of the building.

The NRHP Program is divided into three categories based on location: Urban Neighborhoods, Revitalizing Neighborhoods, and City Wide. See the map at the end of the application to locate what section of the program your property is in. The location of the property in the City determines the minimum amount of money you must spend to be eligible. This amount of money is always based on a percentage of the Dallas County Appraised value of the structure.

The amount of money you must spend to be eligible is based only on qualified expenditures. This includes any work that requires a Certificate of Appropriateness, building permit, electrical, plumbing, or other project permit, in addition to carpentry, hardwood floors, and basic fixtures such as sinks, bath tubs, and toilets.

Only costs incurred after initial application and issuance of a Certificate of Eligibility count towards the required percentage. No abatements can be applied for or issued retroactively. All work must be completed within 3 years after issuance of a Certificate of Eligibility.

For a quick overview of the program's incentives, please reference the matrix at the end of the application packet. Following is a more detailed explanation of the types of incentives the program offers. Always consult the official ordinance (Article XI of the Dallas Development Code) for details on incentives and if any conditions apply.



## urban neighborhoods

Urban neighborhoods consist of the downtown and surrounding neighborhoods that are dense and mixed-use. Incentives are geared towards larger restoration projects that promote downtown and urban revitalization. The following incentives may be combined, but must never exceed 15 years.

**Rehabilitation** – You may be eligible for a 100% abatement on City property taxes for 10 years if qualified expenditures exceed 75% of the structure's pre-restoration appraised value.

**Restoration** – You may be eligible for an added value abatement on City property taxes for 10 years if qualified expenditures exceed 50% of the structure's pre-restoration appraised value.

**Residential Conversion** – You may be eligible for a 100% abatement on City property taxes for 5 years if you convert a building to over 50% residential.

**Ground Floor Retail** - You may be eligible for a 100% abatement on City property taxes for 5 years if you convert 65% of a building's ground floor to retail. The building must be zoned to permit retail uses prior to the application, or have a historic retail use.

For residential and ground floor retail conversions, the ground-level floor facing the street can not be used for parking and at least 45% of the floor area must be occupied after conversion.

**Conservation Easements** – You may apply to donate a contributing element of the historic property's character (such as a façade) to the City of Dallas in order to reduce city property taxes and receive a one-time charitable deduction.

**Transfer of Development Rights** – You may transfer a minimum of 20,000 square feet if your property has been restored within the past 5 years and that restoration exceeds 50% of the pre-restoration value. Development rights may only be transferred to building sites in CA-1(A) and CA-2(A) districts and the maximum floor area ratio may be increased by no more than 4.0 through the transfer process.

## revitalizing neighborhoods

Revitalizing neighborhoods are historically significant neighborhoods that can utilize incentives to encourage home ownership and neighborhood revitalization and stabilization. These neighborhoods are City of Dallas Landmark Districts and/or National Register Districts, and consist of the following: Lake Cliff, Winnetka Heights, South Boulevard/Park Row, Kings Highway, Tenth Street, Colonial Hill, Wheatley Place, Queen City, Peak Suburban Addition, Miller-Stemmons, Alcade/Crockett, Edgewood Place, Rosemont Crest, and Dallas Land and Loan. Neighborhoods that are not City of Dallas Landmark Districts must follow the Certificate of Appropriateness process for all exterior work for the duration of the abatement. The following incentives may be combined but must never exceed 19 years.

**Owner-Occupied Restoration** – You may be eligible for a 100% abatement on City property taxes for 10 years if qualified expenditures exceed 25% of the structure's appraised value. The property must be owner-occupied.

**Restoration** (for non-owner occupied structures) – You may be eligible for an added value abatement on City property taxes for 10 years if qualified expenditures exceed 50% of the structure's appraised value. If you are selling the house after restoration in a CDBG eligible area, you must sell it to a buyer who is 80% or below median income.

**Maintenance** (for owner occupied structures) – You may be eligible for an added value abatement on City property taxes for 3 years, renewable twice for 9 years total.

## city wide

The property must be a contributing structure within a City of Dallas Landmark District and be outside urban and revitalizing neighborhoods.

**Restoration** – You may be eligible for an added value abatement on City property taxes for 10 years if qualified expenditures exceed 50% of the structure's appraised value.

## ANALYSIS OF DALLAS HISTORIC PRESERVATION TAX INCENTIVE PROGRAM

Steve Sadowsky  
City of Austin Historic Preservation Office  
May 21, 2003

The City of Dallas offers tax incentives to encourage rehabilitations and restorations of historically-significant buildings. Dallas defines a historically-significant building as one which is a designated city landmark, contributing to a Dallas Landmark District, or contributing to a "Revitalizing Neighborhood." The amount and type of city property tax abatement depends on the building's location within an "Urban Neighborhood," a "Revitalizing Neighborhood," or a Dallas Landmark District, if outside an urban or revitalizing neighborhood.

Dallas does not offer a blanket tax abatement for all designated city landmarks, nor does it offer blanket tax abatements for properties within historic districts. There must be a substantial rehabilitation of the historic structure to receive a tax abatement. Dallas also sets a time limit for any tax abatements – none of their tax abatements exceed 10 years.

The Dallas Landmark Commission must approve a restoration project prior to its commencement, and the restoration work has to be completed within 3 years. The applicant must file a detailed application specifying the type and value of the proposed work – Dallas requires that only "qualified" expenditures may be used to calculate the value of the restoration work, and the value of the restoration must exceed a specified percentage of the structure's appraised value to receive a tax abatement.

### Strong Points of the Dallas program:

- The program encourages restoration and rehabilitation of historically-significant buildings. There appears to be a strong incentive for large-scale developers to restore historic buildings, convert them to residential use, or ground-floor retail. Owner-occupants in historic districts or revitalizing neighborhoods are also eligible for substantial tax abatements for improvements equalling the value of as little as 25% of their home's appraised value.
- The Dallas Landmark Commission approves all work, encouraging sensitive preservation projects.
- The program encourages mixed-use development downtown and in surrounding neighborhoods.
- The tax abatements last for a certain period of time.

### Weak Points of the Dallas program:

- Possible greater gentrification: The program requires a substantial rehabilitation of a structure to receive a tax abatement, leading to an increase in the structure's value. Because the award of the tax abatement is based on activity rather than simple maintenance, the program encourages increases in the value of properties eligible for tax abatements.

Dallas  
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Steve Sadowsky  
Historic Preservation Office  
July 10, 2003

### DALLAS VS. AUSTIN

DALLAS	AUSTIN
Must be a designated landmark or within a landmark district or "revitalizing" neighborhood.	Must be a designated landmark. No tax abatement available for structures within National Register Historic Districts.
Tax abatement requires substantial restoration/rehabilitation of historic structures.	Tax abatement requires maintenance. No tax abatement specifically for restoration projects.
All work must be approved by the Landmark Commission.	All work must be approved by the Historic Landmark Commission.
Tax abatements last for a specific duration.	Tax abatements awarded annually in perpetuity so long as property is maintained properly.
Allows abatements only from added value of structure resulting from rehabilitation of structure in accordance with agreement between City and property owner.	Abatement applies regardless of added value.
Allows charitable donations of façade easements for preservation.	No specific code provision for donating façade easements.

restrain, correct, or abate such violation, to prevent any illegal act, conduct, business, or maintenance in and about such premises. Each day such violation continues shall constitute a separate offense.

(Ordinance No. 630 of October 25, 1979)

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## **11.419 PARTIAL TAX EXEMPTION FOR HISTORICALLY SIGNIFICANT SITES**

### **(1) Definition**

As used in this subsection, "Historic Site" means any historically significant site within the City of Round Rock city limits in need of tax relief to encourage its preservation. Such phrase does not necessarily mean a Historic District or Historic Landmark as used elsewhere in this chapter.

### **(2) Granting of Exemptions**

The city council shall, by ordinance, concurrent with the levy of taxes for each year, approve for partial exemption from ad valorem taxes certain historically significant sites in need of tax relief to encourage their preservation.

### **(3) Partial Exemptions**

Historic Sites approved for exemption by ordinance pursuant to the provisions of this subsection shall have an exemption of seventy-five (75) percent of the assessed value of the structure and the land. These exemptions may be applied to both residential and commercial property.

### **(4) Application**

For each assessment year for which the owner of property designated a Historic Site desires such property to be partially tax exempt pursuant to provisions of this subsection, the owner shall file with the Williamson County Tax Appraisal District a sworn application, not later than April 1, setting forth the fact that the requirements of paragraphs (5), (6), and (7) of this subsection concerning the preservation and maintenance of the subject structure were being fully satisfied as of January 1 of the year for which application for exemption is being sought. Application forms are to be available at the Round Rock city hall and at the Williamson County Tax Appraisal Office. The application shall affirmatively set forth the owner's authorization for member of the Historic Preservation Commission to visit and inspect the historic property, as well as examine the books and records as necessary, to certify whether or not the property qualified based upon the criteria of this subsection.

### **(5) Eligibility**

Only properties containing at least one manmade structure are eligible to apply.

### **(6) Historic Significance**

Round Rock

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Determinations of historic significance shall be made in accordance with the following criteria:

(a) Any structure designated as historic by the National Park Service (National Register of Historic Places), the Texas Historical Commission

(Recorded Texas Historic Landmark), or the City of Round Rock (historic district or historic landmark) shall be considered as having met the historic significance criteria.

(b) Any property containing a structure not yet officially designated as historic may qualify as historically significant solely on the basis of architectural authenticity, provided that the structure was built prior to the year 1900. The applicant shall demonstrate architectural authenticity by documenting the date of construction and proving that no major exterior alteration has occurred to the structure. If a major exterior alteration has occurred, and if the alteration was out of character with the style of the original structure, proof that a subsequent restoration has occurred would then be necessary.

(c) Any property containing a structure not yet officially designated as historic and built during the year 1900 or later may qualify as historically significant provided that it demonstrate:

(i) architectural authenticity, as in subparagraph (b); and

(ii) History, as indicated by a famous person, place, or event. No living person may be the subject of historic significance. A person must be historically significant in his or her own right, rather than from association with or relation to, an historical person. A person, place, or event shall be considered historically significant if it changed, substantially contributed to changing, or was the result of a change to the course of local history or otherwise substantially contributed to the historical growth and development or to the cultural heritage of the City of Round Rock or Williamson County. The burden of proof for all historic claims rests upon the applicant for an historic property tax exemption. The applicant shall support such claims with documentation in the form of proper footnotes and bibliography. If the claim is one of uniqueness (one of a kind, largest, smallest, oldest, first, etc.), the application is to include documentation from an unbiased source which validates the claim. If oral histories are part of the documentation, the application shall indicate the form of the recorded data (whether tape or transcript), the location of the records, whether or not the data are available to the public, the name of the interviewer and the interviewee, and the date, place, and subject of the interview. Primary source data (writing, publications, photographs, or other historical exhibits originating in association with the person, place, or event) shall take precedence over all other documentation which is a subsequent evaluation of the historic subject. Legal documents shall take precedence over private papers. Testimony from disinterested and authoritative individuals shall take precedence over the testimony of interested persons.

#### (7) Preservation and Maintenance

The following items shall be used in determining whether a Historic Site has been maintained in accordance with minimum property, structural and health standards:

(a) Any well, cesspool or cistern shall be securely covered or closed;

(b) Dead trees and tree limbs that are reasonably capable of causing injury to a person shall be removed;

- (c) Any structure or portion of a structure which is vacant shall be securely closed so as to prevent unauthorized entry;
  - (d) Paint or other coatings shall be applied at reasonable intervals so as to protect the exterior surfaces of a structure which are subject to decay;
  - (e) The exterior grounds shall be maintained free of excessive rubbish, garbage, junk or refuse;
  - (f) Screens and shutters existing at the time of historic designation or added subsequent thereto shall be maintained in good repair;
  - (g) Broken windows shall be replaced or reglazed;
  - (h) Exterior doors and doorways shall be maintained in good repair and operable condition;
  - (i) Skirting around the structure, if any, shall be maintained in good repair;
  - (j) Porch flooring and supports shall be maintained in a sound condition, capable of bearing an imposed load safely;
  - (k) Railings and handrails of exterior stairs, steps, balconies, porches and other exterior features shall be maintained in a sound condition so as to afford safety;
  - (l) Rotted exterior wood shall be replaced and repainted;
  - (m) Broken or partially missing gutters or downspouts shall be replaced or repaired;
  - (n) Loose bricks or stones in the exterior of a structure shall be re-established or replaced and all joints weatherproofed by proper maintenance of appropriate materials;
  - (o) Fences and the exteriors of accessory buildings shall be maintained in reasonable repair, including painting if applicable; and
  - (p) The property shall be kept in conformance with all city codes.
- (8) Tax Assessment of Historic Sites and Determination of the Land Reasonably Necessary for Access and Use Thereof.

The city's historic preservation officer shall recommend that portion of land which is reasonably necessary for access to and use of those historic structures for which applications for exemptions are pending. All land in excess of that needed for access and use shall be taxed in the same equal and uniform manner as all other taxable properties in the city. The recommendation of the historic preservation officer shall be forwarded to the Chief Appraiser of the Williamson County Tax Appraisal District for review. The determination of the chief appraiser shall be final. The city's Historic Preservation Commission shall take delivery from the Williamson County Tax Appraisal District Office not later than May 1 of each year and prior to the levy of taxes for the current year all pending historic tax exemption applications. Applications received after that date will receive no further consideration. The applications shall have indicated thereon the assessed values of the historic

structure and land necessary for access to and use thereof and the assessed value of the land determined to be in excess of that necessary for access to and use thereof.

Round  
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#### (9) Procedure Before the Historic Preservation Commission

Upon receipt of the sworn application, the Historic Preservation Commission shall cause an inspection of the historic property to be made and may review the books and records as to whether or not the property is historically significant and is being preserved and maintained in accordance with this subsection as of January 1 of that year and shall certify the facts to the city council not later than June 1, along with the commission's recommendation for approval or disapproval of the application for exemption. The Historic Preservation Commission shall note on the application form any new construction or modification which has been accomplished in accordance with the restrictions placed on the structure by this section.

#### (10) Procedure Before the City Council

Upon receipt of the recommendation of the Historic Preservation Commission, the city council shall hold a public hearing, concerning same, at which parties in interest and citizens shall have the opportunity to be heard. At least ten (10) days prior notice of the time and place of such hearing shall be afforded the applicants by certified mail. The city council shall be at liberty to either accept, reject, or take other action upon the recommendation of the Historic Preservation Commission. The city council shall enact an ordinance no later than July 15th which names the properties approved for tax abatement.

#### (11) Rendition and Assessment of Historic Sites for Ad Valorem Taxation

The provisions of this subsection pertaining to partial exemption of historic properties do not change the provisions of any other ordinance or section of the City Code pertaining to taxation, and the applicant's properties shall be rendered and assessed in the same manner as any other property in the event the city council elects to disapprove the application for exemption.

(Ordinance No. 1286 of March 8, 1990)

Editor's Note - Exemption has been granted to certain properties under the provisions of this subsection pursuant to Ordinance No. 2340 of June 9, 1988, Ordinance No. 2418 of July 13, 1989, and Ordinance No. 2475 of June 14, 1990.

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## 11.420 EXEMPTIONS FROM PROVISIONS OF THIS SECTION

Ordinary repair or maintenance which does not involve changes in architectural and historic value, style, or general design, color, or appearance is exempt from the provisions of this section.

(Ordinance No. 1005 of November 23, 1982)



**APPENDIX IV.**

**CORRESPONDENCE TO THE OPERATIONS COMMITTEE**

## Sadowsky, Steve

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**From:** Ted Siff [ted@legaldigest.com]  
**Sent:** Tuesday, April 26, 2011 9:22 AM  
**To:** Sadowsky, Steve  
**Subject:** HL tax abatement recommendations  
**Importance:** High

Hi, Steve –

I was interested to read In Fact this morning re your tax abatement recommendations, particularly with regard to landmarks that are over 100 years old:

".... The recommendation of **Historic Preservation Officer Steve Sadowsky** was an exemption of no more than \$2,000 per year, starting in 2013. A cap of \$2,250 would be applied to landmarks over 100 years old."

You know how much different a 100+ year old landmark is in terms of its operations and maintenance requirements as well as its contribution to the City's historic fabric and character. And, there simply aren't that many of them, so an increase in the tax abatement cap on them will have minimal fiscal impact.

I suggest that the recommended cap on tax abatement for over 100 year old landmarks be up to \$5,000 or at least up to \$4,000, to properly reflect their value to the City and ongoing expense to their owners. What do you think of this suggestion? Are you willing to make it, or at least reflect that there is some public sentiment in favor of it?

Best, Ted

### **Ted Siff**

Chief Operating Officer

**Texas School Administrators' Legal Digest**

1601 Rio Grande Street, Ste #455

Austin, TX 78701

Direct: 512.657.5414

Fax: 512.495.9955

email: [ted@legaldigest.com](mailto:ted@legaldigest.com)

<http://www.legaldigest.com>



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**Sadowsky, Steve****From:** Laurie Limbacher [llimbacher@gmail.com]**Sent:** Monday, April 11, 2011 11:12 AM**To:** Sadowsky, Steve**Subject:** FW: Historic Landmark Changes

FYI, here is a message the HLC members received that you were not copied on.

Laurie

----- Forwarded Message

**From:** Robert Kinney <[robert@kinneyrecruiting.com](mailto:robert@kinneyrecruiting.com)>**Date:** Sun, 10 Apr 2011 09:48:48 -0500**To:** Laurie Limbacher <[llimbacher@gmail.com](mailto:llimbacher@gmail.com)>, <[john@swsg.com](mailto:john@swsg.com)>, <[jarriaga-tx@sbcglobal.net](mailto:jarriaga-tx@sbcglobal.net)>, <[patti\\_niles@yahoo.com](mailto:patti_niles@yahoo.com)>, <[meghankleon@gmail.com](mailto:meghankleon@gmail.com)>, <[dleary@mail.utexas.edu](mailto:dleary@mail.utexas.edu)>, <[terrimyers@preservationcentral.com](mailto:terrimyers@preservationcentral.com)>, "Trustees@austinsd.org" <[trustees@austinsd.org](mailto:trustees@austinsd.org)>, <[sam.biscoe@co.travis.tx.us](mailto:sam.biscoe@co.travis.tx.us)>, <[ron.davis@co.travis.tx.us](mailto:ron.davis@co.travis.tx.us)>, <[Karen.Huber@co.travis.tx.us](mailto:Karen.Huber@co.travis.tx.us)>, <[Sarah.Eckhardt@co.travis.tx.us](mailto:Sarah.Eckhardt@co.travis.tx.us)>, <[commissioner.gomez@co.travis.tx.us](mailto:commissioner.gomez@co.travis.tx.us)>**Subject:** Historic Landmark Changes

Hello from 2406 Harris Blvd in Pemberton Heights. Our house was built in 1931-32, and has a great deal of historic value to the Pemberton Heights neighborhood from an architectural and also historical perspective. Reasonable people can disagree about some of the places that have received the historical exemption, but no one disagrees about our house who cares at all about maintaining some of the fine examples of the original architecture here and homes of important people who lived in Austin. We have lived here for two years. We bought this house after a neighborhood uprising prevented its sale to a builder who wanted to basically rip it down (he called it "reorienting the home," probably because that would have helped him keep the valuation from going up). We bought the house on the supposition that we could get historical protection for it and, through the tax breaks, afford to keep it up and improve it. We got the exemption after some considerable research and work, and then immediately AISD and other taxing jurisdictions have started to erode it. The AISD decision last year cost us \$6,000 we had not budgeted for. The threat this year is that our taxes will be \$15,000 more than budget.

As the proposals from all the taxing units have been constructed, there will be very little value left to the historic tax exemptions. This is a very expensive house to maintain, let alone heat and cool. From a strictly economic point of view, it should be torn down 70% and rebuilt completely in a much larger form (6,500 sq feet would be easy, up from 3,800). Even with the exemptions we are expected to pay taxes that far exceed the taxes paid by most homeowners of Travis County. Without the exemptions, we likely can't afford this place. We're not rich people. While we would like to continue preserving this house, if the proposals of AISD, Travis County, and other taxing units go through, there will be very little economic reason to do so. We will just have to hope we can find a builder who will take it off of our hands so that we don't lose any more money than necessary.

Please pay attention to the Heritage Society proposals for a middle ground. Don't burden us with hikes to our taxes that were unforeseen by us and are being implemented without us having a chance to do anything to prepare for them. At the very least, please phase these increases in so that we have some time to plan. Please make sure you realize what you are doing and you are getting real and not just political benefit from unexpectedly and suddenly jacking up our taxes and those of every homeowner who has taken on the burden of a historic home's upkeep.

If you would like any further information on this house or the costs and burdens of maintaining it, please

4/11/2011

just ask.

Regards,

Robert E. Kinney  
Kinney Recruiting, Inc.

Toll Free: +1-888-848-5757 <tel:%2B1-888-848-5757>

Cell: +1-512-636-1395 <tel:%2B1-512-636-1395>

HK Mobile: +852 6345-9329

[Robert@KinneyRecruiting.com](mailto:Robert@KinneyRecruiting.com)

[www.kinneyrecruiting.com](http://www.kinneyrecruiting.com) <<http://www.kinneyrecruiting.com/>>

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----- End of Forwarded Message

**Sadowsky, Steve**

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**From:** Laurie Limbacher [llimbacher@gmail.com]

**Sent:** Monday, April 11, 2011 11:12 AM

**To:** Sadowsky, Steve

**Subject:** FW: Austin Landmarks

FYI, here is a message the HLC members received that you were not copied on.

Laurie

----- Forwarded Message

**From:** Janet Zeitler <jzeitler@pspaec.com>

**Date:** Sun, 10 Apr 2011 11:43:27 -0500

**To:** Laurie Limbacher <llimbacher@gmail.com>, <john@swsg.com>, <jarriaga-tx@sbcglobal.net>, <patti\_niles@yahoo.com>, <meghankleon@gmail.com>, <dleary@mail.utexas.edu>, <terrimyers@preservationcentral.com>

**Subject:** Austin Landmarks

Please support the recommendations of the Heritage Society of Austin that make adjustments to the Landmarks Program without undercutting its effectiveness.

Janet Zeitler

Architect

PageSoutherlandPage - Austin

----- End of Forwarded Message

**Sadowsky, Steve**

---

**From:** Laurie Limbacher [llimbacher@gmail.com]

**Sent:** Monday, April 11, 2011 11:13 AM

**To:** Sadowsky, Steve

**Subject:** FW: Austin's Heritage

FYI, here is a message the HLC members received that you were not copied on.

Laurie

----- Forwarded Message

**From:** Mary nichols <[mbnichols23@gmail.com](mailto:mbnichols23@gmail.com)>

**Date:** Mon, 11 Apr 2011 08:42:24 -0500

**To:** Laurie Limbacher <[llimbacher@gmail.com](mailto:llimbacher@gmail.com)>, <[terrimyers@preservationcentral.com](mailto:terrimyers@preservationcentral.com)>, <[john@swsg.com](mailto:john@swsg.com)>, <[jarriaga-tx@sbcglobal.net](mailto:jarriaga-tx@sbcglobal.net)>, <[meghankleon@gmail.com](mailto:meghankleon@gmail.com)>, <[dleary@mail.utexas.edu](mailto:dleary@mail.utexas.edu)>, <[sam.biscoe@co.travis.tx.us](mailto:sam.biscoe@co.travis.tx.us)>, <[ron.davis@co.travis.tx.us](mailto:ron.davis@co.travis.tx.us)>, <[karen.huber@co.travis.tx.us](mailto:karen.huber@co.travis.tx.us)>, <[sarah.eckhardt@co.travis.tx.us](mailto:sarah.eckhardt@co.travis.tx.us)>, <[commissioner.gomez@co.travis.tx.us](mailto:commissioner.gomez@co.travis.tx.us)>

**Subject:** Austin's Heritage

Dear Public Servants,

I am writing to urge all of you to protect Austin's unique heritage by supporting the recommendations of the Heritage Society of Austin. Austin's beauty and singular culture depend some much on preserving what we have. The beautiful old neighborhoods are a public treasure, My family owns a landmark property in a very visible position and we have worked to preserve its place in history. The expenses of upkeep are considerable, but we wish to be good stewards of our home and neighborhood. Please consider the importance of our heritage properties and the sound and practical approach provided by the Heritage Society.

Thank you very much.

Mary Nichols

----- End of Forwarded Message

**Sadowsky, Steve**

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**From:** Laurie Limbacher [llimbacher@gmail.com]

**Sent:** Monday, April 11, 2011 11:13 AM

**To:** Sadowsky, Steve

**Subject:** FW: Changes to landmark program

FYI, here is a message the HLC members received that you were not copied on.

Laurie

----- Forwarded Message

**From:** Suzanne Deaderick <[suzanne@grandecom.net](mailto:suzanne@grandecom.net)>

**Date:** Mon, 11 Apr 2011 09:01:09 -0500

**To:** Laurie Limbacher <[llimbacher@gmail.com](mailto:llimbacher@gmail.com)>, John Rosato <[john@swsg.com](mailto:john@swsg.com)>, Joe Arriaga <[jarriaga-tx@sbcglobal.net](mailto:jarriaga-tx@sbcglobal.net)>, Meghan Kleon <[meghankleon@gmail.com](mailto:meghankleon@gmail.com)>, Dan Leary <[dleary@mail.utexas.edu](mailto:dleary@mail.utexas.edu)>, Terri Myers <[terrimyers@preservationcentral.com](mailto:terrimyers@preservationcentral.com)>, <[patti\\_niles@yahoo.com](mailto:patti_niles@yahoo.com)>

**Cc:** Heritage of Austin Society <[information@hsaustin.org](mailto:information@hsaustin.org)>

**Subject:** Changes to landmark program

Good morning, Commissioners...

Today as you consider various proposals for changes to the Historic Landmark program, I hope that you will support the recommendations of the Heritage Society, including grandfathering all current landmarks.

Not only has the current program been very successful in generating revenue for both the local and state economies, but most importantly, it has done an incredible job of preserving so much of Austin's history.

The architectural heritage of a city is lost one building at a time, and once lost, it is lost forever. Without an effective program like the current one, Austin will see many property owners looking for a bulldozer rather than an opportunity to save a piece of our past.

Thank you for your tireless efforts on this very important matter.

Sincerely,

Suzanne Deaderick

477-2929 (h), 923-1414 (c)  
[Suzanne@grandecom.net](mailto:Suzanne@grandecom.net)

----- End of Forwarded Message



**Sadowsky, Steve**

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**From:** Laurie Limbacher [llimbacher@gmail.com]  
**Sent:** Monday, April 11, 2011 11:14 AM  
**To:** Sadowsky, Steve  
**Subject:** FW: April 11 & 14 Landmark Comm, AISD & Travis County Meetings  
FYI, here is a message the HLC members received that you were not copied on.

Laurie

----- Forwarded Message

**From:** Frederick Dure <[frederick.dure@starband.net](mailto:frederick.dure@starband.net)>  
**Date:** Mon, 11 Apr 2011 10:16:41 -0500  
**To:** Laurie Limbacher <[llimbacher@gmail.com](mailto:llimbacher@gmail.com)>, <[trustees@austinsd.org](mailto:trustees@austinsd.org)>, <[winders@austintheatre.com](mailto:winders@austintheatre.com)>  
**Cc:** <[information@hsaustin.org](mailto:information@hsaustin.org)>, <[john@swsg.com](mailto:john@swsg.com)>, <[terrimyers@preservationcentral.com](mailto:terrimyers@preservationcentral.com)>, <[sam.biscoe@co.travis.tx.us](mailto:sam.biscoe@co.travis.tx.us)>, <[jh@hornfischerlit.com](mailto:jh@hornfischerlit.com)>  
**Subject:** April 11 & 14 Landmark Comm, AISD & Travis County Meetings

Ms. Limbacher,

Please support grandfathering Historical Landmark (HL) properties, both commercial and residential, the exemptions which existing properties entered prior to the flurry of applications last year and subsequent AISD revocation. We support clauses which step down the exemption benefits on property sale, if necessary in negotiation. However, any continuing benefits after such sale should NOT sunset after a specific year period.

Our property, 2705 Oakhurst Avenue, aka Shelby House, entered the Historic Landmarks Program in 2003. Our extraordinary efforts and 25% cost overruns on the 1935 Tudor Bungalow renovation were based on the significant long term tax exempt benefits of the HL Program. To take those away from us and others who have extended themselves for preservation is a breach. As a result of our Landmark privilege our past donations to local historical associations, societies and the Paramount Theatre have been substantial. We have plowed all of the tax benefits and much more back into preservation efforts. A breach of the tax exempt benefits now will cause our generosity and support to dramatically diminish and wane.

We strongly encourage you to advocate the grandfather clause, with the on-sale step down clause to be the compromise. Austin is unique due to its preservation successes, largely due to the past tax exempt privileges and the impact these have on marshaling private resources for community benefit. The long term benefits are many in Texas' capital city;

- A tremendous amount of money is spent in the local economy for architects, project planners and tradesmen to restore and maintain the many old and historic structures. Virtually all of these jobs are local and the money stays local. Saving and preserving historical structures also discourage the tear down and replacements, McMansions.

- The focused historic efforts in Austin solidify our notable and colorful place in Texas' history and attract business, recreation, cultural events, and tourism to Texas' capital. This is big money.

- In specific, the Downtown Historic District and other districts are becoming more of a local and

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national draw creating economic opportunities and their success are largely due to the City Historic Landmark Program.

- Historic Districts improve the quality of life that Austinites take pride in; a greater livability factor by smart and sustainable development in more central Austin areas, more dense and attractive development, and less congestion and greater environmental benefits.
- The large increase in property values and taxes due to the many urban residential projects over the past 10 years; these pale the projected \$95,000 gain for the Austin school district. Given the huge shortfalls in the state school budgets, new education funding that is capable of supporting quality education is critical. Any gains from eliminating Landmark exemptions is negligible.

Thank you for considering ALL of the costs and benefits of our Historical Landmarks Program.

L. Frederick Dure

2705 Oakhurst Avenue

The Shelby House

512 656 9302

[Frederick.dure@starband.net](mailto:Frederick.dure@starband.net)

----- End of Forwarded Message

Historic Landmark Commission

Re: April 11, 2011 Meeting at 4:30 p.m.

Dear Commissioners

My thoughts: My family bought a Spanish Renaissance Home on Travis Heights Blvd in 1942 when I was two years old. It is in a Trust so that my family could continue to live there as long as a family member could AFFORD to live there. This house is only 1,785 sq.ft. but my parents bought the lots next door to this house so they could have a view of downtown. The beauty of this property is all the land that goes with it. It sets on the highest hill in South Austin besides St. Ed's east of Congress Ave.

Before my mother passed away in July, 2003 the taxes were \$2,895.17. Then they began to escalate.

2004 \$14,285.78

2005 \$14,174.45

2006 \$18,007.53

2007 \$17,081.59

2008 \$18,201.62

2009 \$13,836.47

2010 \$17,337.08

I have rented this property at fair market value for a house of this size to my daughter and her family. After I receive the appraisal figures in the summer, I have a good idea what repairs we will be able to make that year. One year I had to borrow the money to re-do the old bathroom because the plumbing no longer drained. I have had roof repairs and the tile roof is not an ordinary repair cost. All the wood floors had to be refinished. House had to be painted. The list goes on. We added energy efficient windows and doors. At the present time the front porch tiles are breaking up and must be replaced.

I did extensive research over a nine month period and was given a Historical Designation for this house. The savings I have received with this has been big help in being able to maintain this property. Without this exemption I'm not so sure we will be able to maintain this property

**It is so sad when you think you really don't own your property you just rent it from the County for the cost of the taxes. If you don't pay they take it away from you.**

Marilynn McKown Goode, Trustee for Mary B. McKown Trust

P.O. Box 1204 Bertram, TX 78605 email [mgooode@goode-health.com](mailto:mgooode@goode-health.com)

512-355-2374

**Sadowsky, Steve**

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**From:** Sarah Spreitzer McCalla [sarahsmccalla@gmail.com]**Sent:** Saturday, April 09, 2011 4:45 PM**To:** llimbacher@gmail.com; john@swsg.com; jarriaga-tx@sbcglobal.net; patti\_niles@yahoo.com; meghankleon@gmail.com; dleary@mail.utexas.edu; terrimyrs@preservationcentral.com; sam.biscoe@co.travis.tx.us; ron.davis@co.travis.tx.us; Huber@co.travis.tx.us; Sarah.Eckhardt@co.travis.tx.us; commissioner.gomez@co.travis.tx.us; trustees@austinsd.org**Cc:** Sadowsky, Steve; Andrew McCalla**Subject:** Decision of Landmark Proportions

Dear Mayor, City Council Members, Historic Landmark Commission Members, AISD Board of Trustees, and Travis County Commissioners,

Every day for two years I walked my dog by a lovely old neglected gem of a home half a block from mine, and fell in love with the house. It was, sadly and literally, crumbling to the ground. Yet despite having been neglected for 25+ years, I was excited when it came up for sale in 2009 by the family that had owned it 60+ years. We knew it was a lot of money and a lot of work but after serious thought and consideration, and a lot of calculating of our household budget, we decided to go for it. Neighbors came from far and wide to tell us how happy they were the house would be coming back to life and how wonderful it would be to keep it a single family home. We thought it was pretty cool too.

But reality sunk in quickly. Within a few months (and exhaustive research of what the restoration would require) we were bumbling our way through the Landmark Commission's "certificate of appropriateness" process, discovering just how much work the house would need before we could move in, and trying to figure out how we would pay for it.

And then...

Articles about the Landmark Program started to run in the Statesman. Complete strangers at dinner parties would discuss the abuses and how "wrong" it was for rich white folks in West Austin to take advantage of the system. I explained the reality of our situation: the tax incentives for our house actually made it possible for us to take on the restoration project and that we will never, ever, recoup in tax savings what we spend to restore the home to its historic condition. And, finally, we never would have bought this historic home had those tax incentives not been attached to it.

We stopped construction on our home this past December, waiting to see what the city, county, and AISD decide for those of us that played by the rules. I absolutely expected there to be grandfathering for those of us that legitimately own historically meaningful properties, certainly for those of us that spend an embarrassing amount of money to restore them. If the tax incentives are removed, or become insignificant, we can easily seek to de-landmark the property. The beautiful home and land upon which it sits can just as easily be developed into condos which, in the end, serve no one other than greedy developers.

I know two wrongs don't make a right: but the reality is that if the city backs out of its commitment to me then I will likely back out of my commitment to honor the building restrictions placed on my home. I, personally, won't alter the home dramatically. But I can't commit that the next owner will be so faithful to preservation.

I think the program was abused, but mainly because one person made a business of selling

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Landmark applications (which City Council moved quickly to deal with by limiting Landmark applications). And one developer has worked masterfully behind the scenes to get it killed. Why punish all Landmark owners for the actions of these individuals?

My request is this: please grandfather the program for residential Landmarks approved prior to the glut of applications, and update the program to better suit the climate moving forward. And if you find the time, please drive by our home and see what good this program truly does for the city and our neighborhood.

Sincerely,

Sarah McCalla

Hopkins House, 1300 W. 9 ½ Street, Austin, TX 78703

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**Sadowsky, Steve**

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**From:** Rick Hardin [rgh@hardinhouse.net]  
**Sent:** Wednesday, March 30, 2011 10:22 AM  
**To:** Mary Ingle  
**Cc:** 'Brian Donovan'; Lin Team; lga@austin.com; john@swsg.com; jarriaga-tx@sbcglobal.net; patti\_niles@yahoo.com; meghankleon@gmail.com; dleary@mail.utexas.edu; terrimyers@preservationcentral.com; Sadowsky, Steve; trustees@austinisd.org  
**Subject:** Historic Program

Mary,

I understand Lin Team asked that CANPAC write a letter to City Council, Historic Landmark Commission, and others (which you signed), ostensibly in support of a Heritage Society of Austin (HSA) proposal for modifications to the current landmark program. I requested from UAP CANPAC representative Brian Donovan a copy of this HSA proposal that was presented to CANPAC. I have not yet received this HSA proposal from Brian, who indicates copies were not given to CANPAC, and has requested that Ms. Team forward that proposal to him.

I again request a copy of that HSA proposal that was presented to CANPAC, and would appreciate if you would forward a copy.

I understand that CANPAC took action to write the attached March 23rd letter on this controversial matter, without inviting other viewpoints. In the past I recall CANPAC being careful to include differing voices on controversial matters (for example discussions about proposed revision to ordinance regarding measurement of building height with McHone, Morrison, & MacNeilage present).

This same inclusiveness does not seem to have existed in discussions of the City historic landmark tax exemption program.

I am disappointed with the leadership of the HSA. They have shown an unwillingness to exchange diverse opinions or even adhere to verifiable facts. In my opinion HSA's leadership chooses to ignore criticism and attempt to discredit critics, rather than look at mistakes, excesses, and honestly examine Texas peer practices. This self-interested advocacy will I believe in the long run, lose the public support for Austin's historic benefit program. I expect that the various other organizations from which HSA seeks support for their "proposal" will (like CANPAC) have heard only one viewpoint on this issue. What weight should such endorsements carry?

I do not write you with the expectation nor a request that CANPAC change the direction of the letter you have written. I would however urge that CANPAC members give space to the possibility there are other valid and differing perspectives of critics, like myself who strongly support historic preservation. My personal hope is that properties that Austin chooses to designate as landmarks will be worthy of that high esteem, and not be perceived as a tax entitlement primarily for the wealthy or politically connected.

I am also having a hard time getting on board with the idea that giving tax monies to my wealthy neighbors with newly designated "landmarks" in Pemberton Heights and Old Enfield is more important than funding needy schools in Texas. Especially given the budget challenges both locally and statewide. Perhaps someone from HSA can defend this concept publicly so we can all understand the public purpose of taking monies from Texas' schools in a time of need, to then give those funds to wealthy residential properties here, where there is little or no need nor public purpose.

Attached are peer practices in Texas. My study of this issue is ongoing. I am not certain that the  
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Historic Landmark Commission Operations Committee, has yet examined in depth Texas peer city, county, and school district practices. I have not attended the most recent HLC Operations Committee meetings. HSA appears to dominate the input into the HLC Operations Committee, and is allowed to collaborate with this HLC committee and city staff as no other stakeholder. Single stakeholder dominance is not healthy for this or any program.

I feel we risk misunderstanding and resentment by the average homeowner-taxpayer-voter, if we do not take greater care in choosing (1) which properties we designate as landmarks, and which properties (both existing and future), and (2) which should be eligible to receive tax benefits.

Respectfully,

Your pal,

Rick Hardin



**Property Tax Incentives for Historic Properties in Fort Worth**

Highly Significant Endangered Structure --historic (landmark) or contributing structure deemed in need of tax relief to encourage its preservation

HSE	Tax Benefit for improvements	Tax Benefit for land	Requirements	Term
City of Fort Worth	100% tax exemption	<u>Frozen Valuation:</u> 100% of increase in value (pre-renovation)	Costs of renovation must meet or exceed the greater of 30% of the value of the structure prior to rehab, or at least \$3,000	Minimum of 10 years, maximum of 15 years. Renewable after 10 years of NO benefits
Tarrant County	<u>Frozen Valuation:</u> 100% of the increase in value (pre-renovation), no exemption shall reduce the taxes less than they were before the exemption.	<u>Frozen Valuation:</u> 100% of the increase in value (pre-renovation), no exemption shall reduce the taxes less than they were before the exemption	(1) Must prove economic justification to qualify, and, (2) Costs of renovation must be at least 50% of the appraised value of the Improvement and Land (3) Must be multi-family housing or commercial, no single family housing	10 years -- Non-renewable

Historic and Cultural Landmark --A historic (landmark) or contributing structure within a Historic District

Landmark	Tax Benefit for improvements	Tax Benefit for land	Requirements	Term
City of Fort Worth	<u>Frozen Valuation:</u> 100% of the increase in value (pre-renovation), if value goes down, lower value applies	<u>Frozen Valuation:</u> 100% of the increase in value (pre-renovation), if value goes down, lower value applies	Costs of renovation must meet or exceed the greater of 30% of the value of the structure prior to rehab, or \$3,000	10 years. Renewable after 10 years of NO benefits
Tarrant County	<u>Frozen Valuation:</u> 100% of the increase in value (pre-renovation), no exemption shall reduce the taxes less than they were before the exemption	<u>Frozen Valuation:</u> 100% of the increase in value (pre-renovation), no exemption shall reduce the taxes less than they were before the exemption	(1) Must prove economic justification to qualify, and, (2) Costs of renovation must be at least 50% of the appraised value of the Improvement and Land (3) Must be multi-family housing or commercial, no single family housing	10 years -- Non-renewable

Tarrant County Hospital District: According to an exemptions specialist, very few incentives are given by the Hospital District and they are determined on a case-by-case basis.

**Property Tax Incentives for Historic Properties in Dallas**

Urban Historic Districts--A historic (landmark) or contributing structure within this district

UHD	Tax Benefit for improvements	Tax Benefit for land	Requirements	Term
City of Dallas	100% tax exemption	100% tax exemption	Costs of renovation must be at least 75% of the value of the improvements (pre-renovation)	10 years
City of Dallas	<u>Frozen Valuation:</u> 100% of the increase in value (pre-renovation)	<u>Frozen Valuation:</u> 100% of the increase in value (pre-renovation)	Costs of renovation must be at least 50% of the value of the improvements (pre-renovation)	10 years
City of Dallas Residential/ground floor conversion	100% tax exemption	100% tax exemption	50% of the improvements must be converted to residential and 65% of Ground Floor must be converted to retail	5 years
Dallas County	<u>Frozen Valuation:</u> 50% to 90% of the increase in value (pre-renovation), bonus abatements may be awarded	None offered	The renovated project must increase the County's tax base (tax valuation) by at least \$2M within the first 3 yrs.	10 years -- Non-renewable

Revitalizing Historic District --A historic (landmark) or contributing structure within this district

RHD	Tax Benefit for improvements	Tax Benefit for land	Requirements	Term
City of Dallas rehabed properties	100% tax exemption	100% tax exemption	Costs of renovation must be at least 25% of the value of the improvements (pre-renovation)	10 years
City of Dallas Maint. on properties	<u>Frozen Valuation:</u> 100% of increase value (pre-renovation)	<u>Frozen Valuation:</u> 100% of increase value (pre-renovation)	Annual costs of maintenance must be at least 3% of the value of the improvements (pre-renovation)	3 years
Dallas County	<u>Frozen Valuation:</u> 50% to 90% of the increase in value (pre-renovation), bonus may be awarded*	None offered	* The renovated project must increase the County's tax base (tax valuation) by at least \$2M within the first 3 yrs.	10 years -- Non-renewable

## Property Tax Incentives for Historic Properties in Dallas Cont.

Citywide --A (landmarked) structure within any area not within the RHD or UHD

Citywide	Tax Benefit for improvements	Tax Benefit for land	Requirements	Term
City of Dallas - rehab properties	Frozen Valuation: 100% of increase value (pre-renovation)	Frozen Valuation: 100% of increase value (pre-renovation)	Costs of renovation must be at least 50% of the value of the improvements (pre-renovation)	10 years
City of Dallas - endangered properties	100% tax exemption	100% tax exemption	Costs of renovation must be at least 25% of the value of the improvements (pre-renovation)	10 years
Dallas County	Frozen Valuation: 50% to 90% of the increase in value (pre-renovation), bonus may be awarded*	None offered	The renovated project must increase the County's tax base (tax valuation) by at least \$2M within the first 3 yrs.	10 years -- Non-renewable

\*bonus abatements awarded if a project develops housing, is located in distressed area, utilizes a structure with extraordinary historical significance, is in serious danger of being demolished and/or project will generate significant economic activity

**Property Tax Incentives for Historic Properties in San Antonio****Residential historic (landmark) or contributing structures**

	<b>Tax Benefit for improvements</b>	<b>Tax Benefit for land</b>	<b>Requirements</b>	<b>Term</b>
<b>City of San Antonio - Basic Residential</b>	(1) Frozen Valuation: 100% of increased value (pre-renovation) for 10 years, or, (2) 100% tax exemption for 5 years, then 50% reduction of valuation for last 5 years (post rehab value)	(1) Frozen Valuation: 100% of increased value (pre-renovation) for 10 years, or, (2) 100% tax exemption for 5 years, then 50% reduction of valuation for last 5 years (post rehab value)	"Substantial Rehabilitation"* is required and must include efforts to prolong the life of the bldg.	Either: (1) 10 years - added value or, (2) 5 years no tax then 5 years 50% abatement
<b>City of San Antonio - Owner Occupied</b>	20% abatement if owner remains in property	20% abatement if owner remains in property	Applies to properties in New Historic Districts. Owner must occupy the house at the time the district is designated	10 years
<b>City of San Antonio - Long Time Resident</b>	20% abatement if owner remains in property	20% abatement if owner remains in property	Applies to properties in New Historic Districts. Owner must occupy the house at the time the district is designated	10 years - 5 year extension if owner remains at property
<b>City of San Antonio - Substantially Rehabbed Low-Income Rental</b>	100% tax exemption	100% tax exemption	(1) "Substantial Rehabilitation"* is required and must include efforts to prolong the life of the bldg. and (2) 40% of the units must be offered to low-income tenants	10 years
<b>Bexar County</b>	does not offer incentives	does not offer incentives	does not offer incentives	does not offer incentives

**Commercial historic (landmark) or contributing structures**

	<b>Tax Exemption on assessed value of improvements</b>	<b>Tax Exemption of assessed value of land</b>	<b>Requirements</b>	<b>Term</b>
<b>City of San Antonio</b>	100% tax exemption for 5 years, then 50% reduction of valuation for last 5 years (post rehab value)	100% tax exemption for 5 years, then 50% reduction of valuation for last 5 years (post rehab value)	"Substantial Rehabilitation"* is required and must include efforts to prolong the life of the bldg.	10 years
<b>Bexar County</b>	does not offer incentives	does not offer incentives	does not offer incentives	does not offer incentives

\*According to Tricia at COSA "Substantial Rehabilitation" is at the discretion of the board but is generally considered to be between 30 & 50% of the improvement value, that sustain the building for a long time (plumbing, roof, brick, not just interior remodel)

**Property Tax Incentives for Historic Properties in Houston****General Historic Buildings and Residences**

	<b>Tax Benefit for improvements</b>	<b>Tax Benefit for land</b>	<b>Requirements</b>	<b>Term</b>
<b>City of Houston</b>	<u>Frozen Valuation:</u> Valuation reduced between a min. of 50% and a max of 99% post-renovation) improvement valuation only, based upon a formula	None offered	Costs of renovation must be at least 50-99% of the base value. Valuation is reduced based upon a formula = to rehab expenditures divided by valuation of improvements	up to 15 years
<b>City of Houston</b>	100% tax exemption (post-renovation) improvement value, plus any added value the first taxable year after rehab completion	None offered	Costs of renovation must be at least 100% of the base value. Valuation is reduced based upon a formula = to rehab expenditures divided by valuation of improvements	up to 15 years
<b>Harris County*</b>	<u>Frozen Valuation:</u> Valuation reduced by maximum of 75%* of Improvement valuation only	None offered	Cost of rehab must be equal to or greater than 100% of the pre-renovation appraised value of structure and land, but in no case less than \$1M	7 years

\*Owner must show economic justification, showing that the project is unlikely to be developed without the exemption

**Significant Historic Buildings - Structures must have been built for commercial purposes originally**

	<b>Tax Benefit for improvements</b>	<b>Tax Benefit for land</b>	<b>Requirements</b>	<b>Term</b>
<b>City of Houston</b>	Tax Exemptions for amounts up to \$30,000 per year total for land and improvements	Tax Exemptions for amounts up to \$30,000 per year total for land and improvements	(1) Must have been built originally for commercial purposes, and, (2) undergo renovation to contain more than 4 residential units, or be used commercially	annually renewable
<b>Harris County*</b>	<u>Frozen Valuation:</u> Valuation reduced by maximum of 75%* of Improvement valuation only	None offered	Cost of rehab must be equal to or greater than 100% of the pre-renovation appraised value of structure and land, but in no case less than \$1M	7 years

\*Owner must show economic justification, showing that the project is unlikely to be developed without the exemption

**Property Tax Incentives for Historic Properties in Tyler****General Historic Buildings and Residences**

	Tax Benefit for improvements	Tax Benefit for land	Requirements	Term
	Frozen Valuation: Added Value reduced up to 100% (up to a maximum assessed value of \$2M)	Frozen Valuation: Added Value reduced up to 100% (up to a maximum assessed value of \$2M)	\$30,000 must be spent in rehabbing property	5 years
City of Tyler				
Smith County	does not offer incentives	does not offer incentives	does not offer incentives	does not offer incentives

**Property Tax Incentives for Historic Properties in Austin**

Landmarks used exclusively as residence by the owners or owned by a non-profit

	Tax Benefit for improvements	Tax Benefit for land	Requirements	Term
City of Austin	100%*	50%*	none	annually renewable
Travis County	100%	50%	none	annually renewable

\*Properties designated post 12/04/2004 eligible for the greater of 50% of the tax levy or \$2,000

**General Historic Landmarks**

	Tax Benefit for improvements	Tax Benefit for land	Requirements	Term
City of Austin	50%	25%	none	annually renewable
Travis County	100%	50%	none	annually renewable

## Historic Tax Benefits, Broken Down by Taxing Entity – Abbreviated Reference

### TARRANT COUNTY

**City of Fort Worth:** Total Landmarks -- 7,000 historic properties, 349 receiving tax incentives.

--**Highly Significant Endangered ("HSE")** properties are offered an exemption from city taxes on 100% of structure value and exemption from increased value of land (value set at assessed value for the tax year prior to Historic designation. Substantial rehabilitation must meet or exceed the greater of 30 percent of the assessed value of the structure, prior to rehab, or three thousand dollars (\$3,000). Incentive offered for a minimum of 10 years and maximum of 15 years.

--**Historic and Cultural Landmarks** are offered a freeze in value. A structure and land shall have an assessed value for city tax valuation purposes equal to the assessed value of such structure and land for the tax year immediately prior to commencement of the rehab (rehab must meet or exceed the greatest of 30 percent of the assessed value of the structure, prior to rehab, or three thousand dollars \$3,000). Incentives are offered for 10 years.

**Tarrant County:** Property must be in need of rehab or restoration. The owner must agree to spend equal to or greater than fifty percent (50%) of the appraised value of the structure and land. The Commissioners Court must find that the property is a historically significant site in need of tax relief to encourage its preservation. The owner must provide economic justification for the tax exemption by showing that the project cannot be developed without an exemption. The property must contain temporary or permanent housing. At least 2/3 of the square footage of the property, excluding parking, must be used for the housing. Commercial or retail uses are allowed in the remaining square footage. The housing must be maintained for the entire term of the exemption. No single family housing is included in this program. The property must not have previously received a County tax exemption for a historic building or County tax abatement for commercial/industrial project or residential project. The County encourages the use of disadvantaged business enterprises, if a tax exemption is granted, the County may establish specific goals and objectives for the owner. Specific criteria may be negotiated. --**Tax Incentives** are offered for up to 10 years and are non-renewable; no exemption shall have the effect of reducing annual County Taxes on the property to less than the amount of County Taxes that were levied on January 1 of the year when the tax exemption agreement is entered.

**Tarrant County Hospital District:** source (Tarrant County Appraisal Exemptions Specialist, Suzanne Williams). The Hospital District gives very few historic tax exemptions and the exemptions are on a case by case basis.

## **DALLAS COUNTY**

**City of Dallas: Total Landmarks – 4,000 historic properties, 274 receiving tax incentives.** The project must be a contributing structure within any city historic district. Incentive depends on how much you invest and where your property is located.

--**Urban Historic Districts** projects must spend at least 75% of improvement value are given a tax exemption of 100% of City taxes for 10 years and the incentive is renewable (the money must be spent again to renew the incentive. Projects spending 50% of improvement value have improvement and land values frozen for City taxes, for 10 years (renewable). Projects that are "residential/ground floor conversion" projects, must convert 50% of square footage to residential and 65% of ground floor must be converted to retail.

--**Revitalizing Historic Districts** projects must spend at least 25% of improvement value get a tax exemption of 100% of city taxes (renewable). Projects that spend 3% of improvement value on maintenance receive a freeze on property values for 3 years, it is also renewable.

--**Citywide properties** that spend 50% of improvement value receive a freeze on property value for 10 year, renewable. Endangered properties that spend at least 25% of improvement value receive a 100% tax exemption for 10 years, renewable.

**Non-profit** owned properties must be designated a historic landmark and be open to the public receive a 100% tax exemption for as long as the building is owned by the non-profit and open to the public. This exemption is awarded on an annual basis.

**Dallas County:** The project must increase the County's tax base by at least \$2M within three years of the effective date of any abatement approved for any first phase and within three years of the effective date for any subsequent phase. All projects will initially be eligible for a maximum abatement of up to 50% of any increase in assessed valuation. Additional "bonus" abatements may be awarded if the project develops housing, is located in a distressed area, utilizes a structure with extraordinary historical significance, is in serious danger of being demolished and/or if the project will generate significant economic activity. The maximum abatement that can be received is 90% of the increase in assessed real property valuation that occurs.



## **HARRIS COUNTY**

**City of Houston: Total City landmarks – 294 historic properties, 72 receiving tax incentives.** The owner of a designated property must perform restoration and/or renovation work to the building, expenditures must amount to at least 50% of the assessed improvement value, prior to the work. Tax Incentives are offered on a percentage basis. The percentage of the tax exemption (from 50% to up to 100% of the taxes on the improvement) is dependent on the amount of qualified expenditures relative to this initial year improvement value. Incentives are offered for up to 15 years.

--**For General Historic Buildings and Residences**, 50% of the base value is spent on work performed within 5 years of designation; the tax payer saves 50% of the base value on the taxes, up to 99% for up to 15 years. If 100% or more of the base improvement value is spent a taxpayer receives 100% tax exemption for up to 15 years, plus any added value HCAD puts on the building the first taxable year after completion. However, if the assessed value goes up after the first taxable year after completion, the owner is responsible for paying city taxes on the difference.

--**For Significant Historic Buildings** – A significant historic building must be designated a City of Houston Landmark, must be at least 50-years old, have more than four units of residential and originally built and used for non-residential purposes, be individually listed in the National Register of Historic Places or designated as a Recorded Texas Historical Landmark or be referenced as having significance in an authoritative survey conducted by a non-profit or governmental agency, and obtain 75% approval of the members of the Houston Archaeological and Historical Commission present at a regularly scheduled meeting. The building may be exempted from city ad valorem taxes for both improvements and land, up to \$30,000 per year in perpetuity. Should HCAD increase the assessed improvement value after the exemption is granted, the property owner must pay city property taxes on the increase in value during the exemption period.

**Harris County:** A property must, have been constructed before 1930, must be in need of to encourage preservation, with owner showing economic justification, and must be recommended in writing by the Harris County Historical Commission. No property will be considered for exemption if construction began prior to exemption application, or if public disclosure or announcement has been made of the applicant's intent to move forward with the project prior to receipt of an application by the County. Cost of improvements must be equal to or greater than 100% of the appraised value of the structure and land, according to HCAD, but in no case less than \$1M.

The property must contain elements which will be used for, temporary or extended stay hotels, restaurants or retail, offices, entertainment facility or low income housing. Mixed-use facilities qualify if more 50% of the building is one of the above elements and no portion of a mixed-use building includes condos. The exemption will be prorated based on that portion of the structure which contains eligible facilities. The property must not have previously received a County historic tax exemption or be currently receiving one.

**Tax Incentives** shall last for 7 years and apply to no more than 75% of the value of all real property improvements. The exemption shall be applicable to the increase in value over the HCAD appraised value on the January 1<sup>st</sup> immediately following approval, or the purchase price of the property, whichever is greater.

### **BEXAR COUNTY**

**City of San Antonio: Total Landmarks -- 1,500 historic properties, 814 receiving tax incentives.** The owner must invest in substantial rehab ("sweat equity" counts). "Substantial" rehab is considered to be efforts that prolong the life of the building. It can include exterior and/or interior work --**Residential Properties** are eligible for one of two options. (1) City property taxes are frozen at the assessed value prior to the improvements for 10 years. Or, (2) no City property taxes are owed for the first 5 years, the next 5 years City property taxes are assessed at a value that is 50% of the post-rehab assessed value.

--**Commercial Properties** receive the incentive of no City property taxes first 5 years. For the next 5 years, City property taxes are assessed at value that is 50% of the post-rehab assessed value.

--**Owner occupied** residences in New Historic Districts -- All residential properties occupied by the property owner at the time of designation receive a 20% tax exemption on City taxes for 10 years, provided the owner remains in the property. Properties are eligible for a 5 year extension if the same owner has been in the house for 10 years and is staying in the home.

--**Substantially Rehabbed Low-Income Rental Properties** -- If 40% or more of the units are offered to low-income tenants (as defined by the US Dept of Housing and Urban Development HOME program income limits for the San Antonio Metro Statistical area).

**Bexar County:** does not offer any incentives for historic property.

### **SMITH COUNTY**

**Tyler: Total City landmarks -- 69 historic properties, 28 receiving tax incentives.**

A property must have had a minimum of \$30,000 in renovations within two years of issuance of Certificate of Appropriateness.

**Tax Incentives--** Properties may have abated 100% of the amount of any increase in the assessed value for 5 years. The total value of improvements subject to tax abatement per year on a single piece of property must not exceed \$2M.

**Smith County:** Does not offer incentives

**APPENDIX V.**

**PRESENTATIONS TO THE OPERATIONS COMMITTEE**



## **Summary of Recommendations for City of Austin Landmarks Program**

### ***Landmarks Program Administration***

1. Revise and strengthen the application format and require that all applications be fully complete, with express authority given to the Historic Preservation Officer or Historic Landmark Commission to reject incomplete applications.
2. Ensure that designated properties meet the Designation Criteria established by the National Register of Historic Places, as managed by the National Parks Service under the Secretary of the Interior.
3. Recognize that these revisions to the incentive structure and to the administration of the Landmarks Program should effectively limit the number of owner-initiated residential landmark designations without the need for an annual cap; however, if the number of cases is problematic after a period of two years, consider setting an annual limit of 24 owner-initiated residential cases, excluding properties located in the Homestead Preservation District.
4. Strengthen the annual inspection of each landmark to provide meaningful and comprehensive review and enforcement of applicable criteria and maintenance requirements.
5. Add a fee to the annual Application for Historic or Archeological Site Property Tax Exemption to cover the cost of inspection, review and enforcement and dedicate fees from all Preservation Program applications to an Enterprise Fund to provide additional resources to the Historic Landmark Program.
6. Ensure that reviews of applications for Certificates of Appropriateness are based solely on the established Secretary of Interior's Standards for Treatment of Historic Properties and applicable design standards for Local Historic Districts.
7. Ensure compliance with the Texas Historical Commission's requirements to maintain Certified Local Government status for the City of Austin.
8. Affiliate the City Landmarks Program with the National Alliance of Preservation Commissions and require staff and commission members to participate annually in the NAPC-approved professional training (or comparable training opportunities) and to adhere to NAPC's Code of Ethics for Commissioners and staff.

### ***Preservation Incentives (predicated on all taxing jurisdictions' participation)***

1. Revise the formula for tax incentives to cap the maximum abatement at the amount offered for the average assessed value of all residential landmarks (approximately \$750,000). Apply formula to the combined assessed values of land and improvements of owner-occupied residential landmarks designated after a certain date. Add a rehabilitation incentive equal to that for contributing structures in Local Historic Districts. Allow homeowners to change to the new formula if they wish. HSA estimates the cost to the various taxing entities would be reduced by approximately 50% when ultimately applied to all landmarked residential properties.
2. Continue the existing incentive structure for all current owner-occupied landmarks, but change to the new formula upon change of ownership except for situations such inheritance or divorce.
3. Maintain the existing incentive structure for commercial landmark properties.
4. Review the incentive program automatically if the total impact on ad valorem tax revenues reaches one-half of one percent of the total tax revenues of any taxing jurisdiction.

## **Notes on Heritage Society Recommendations to Residential Landmark Incentives**

The Heritage Society proposal for landmarks incentives recommends that all existing residential and commercial landmarks be continued at their existing benefit level. For future residential landmarks, the recommended tax rate would be levied against a percentage of total assessed value (100% of land and improvement combined), with the incentive subject to a hard cap set at the amount of tax exemption available to the average value of all residential landmarked properties.

The proposal results in no residential landmark receiving an incentive greater than that of the average valued residential landmark, determined annually. This produces a progressive result, with residential landmarks at or below the average value receiving a greater percentage of value as an incentive than those of above-average value.

Under the proposal, the five taxing jurisdictions would continue to participate at the same percentages of the whole, but the incentive levels would be reduced for each. The percentages of the whole are City of Austin, 27%; Travis County, 27%, AISD, 36%, Central Health, 4%; and ACC, 6%. The total incentive for the average valued residential landmark of all jurisdictions combined would not exceed \$10,000 in its initial year of implementation.

Under this plan, the hard cap incentive for the City of Austin would not exceed \$2,700, regardless of total assessed value of the residential landmark. This would result in a maximum total of incentives of approximately \$546,000. The maximum total of incentives today is \$1,050,000, or 0.16% of the City budget. With a capped maximum of \$546,000, or 0.09% of the budget, the City enriches coffers by an estimated \$504,000.

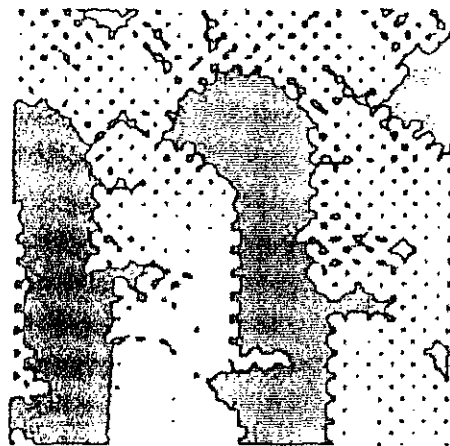
Similarly, for AISD, hard cap incentive would not exceed \$3,600, regardless of total assessed value of the residential landmark. This would result in a maximum total of incentives of approximately \$729,000. The maximum total of incentives today is \$1,690,000, or 0.17% of the AISD budget. With a capped maximum of \$729,000, or 0.08% of the budget, AISD enriches coffers by an estimated \$961,000.

Taken as a whole, across all jurisdictions, the proposal at full implementation results in a maximum total of incentives estimated to be slightly over \$2 million. Current incentives across all jurisdictions total over \$4.25 million. This proposal reduces incentives by over half, adding close to \$2.25 million to the budgets of the participating jurisdictions when fully implemented.

This proposal allows for the region to maintain a meaningful preservation program, with incentives targeted in a progressive manner to those most in need, utilizing a simpler and comprehensive model across jurisdictions, and is responsive to fiscal concerns.

February 22, 2011

# HISTORIC LANDMARK PROGRAM POLICY RECOMMENDATIONS



HERITAGE  
SOCIETY OF  
AUSTIN

January 26, 2011

## INTRODUCTION

The Heritage Society of Austin (HSA) has actively engaged in the current review of the City's Historic Landmark Program and has developed a set of recommendations that we believe will make substantive improvements to it.

In preparing these recommendations, HSA representatives attended meetings of the Historic Landmark Commission's Operations Committee, and reviewed information from a number of other sources. We went back to the founding documents and official reports to see what City leaders had prescribed for the program over the years. The opening words of the Austin City Code relate the purpose of the Historic Landmark Program as follows:

*Historic Landmark Preservation Declaration of Policy*

*The City Council hereby finds and declares as a matter of public policy that the protection, enhancement, preservation and use of historic landmarks is a public necessity and is required in the interest of the culture, prosperity, education and general welfare of the people. Sec. 45-43 Austin City Code (See background for entire section)*

We reviewed the 1981 City of Austin Preservation Plan, which was based on a lengthy study with many recommendations that seem as fresh today as they did 30 years ago, but which have never been implemented. Among those were the strong recommendations for conducting a comprehensive survey of the City's cultural resources, hiring of adequate professional staff for administering the program and increasing programmatic emphasis on neighborhood preservation through local historic districts. Over the years the Heritage Society of Austin has repeatedly called for those actions as essential to developing a successful preservation program.

Our Historic Landmark Program recommendations include administrative changes to assure that the process of designating and managing Historic Landmarks is careful and thorough; we also recommend adjustments to the tax incentive structure that will continue to encourage preservation while assuring that the effect on ad valorem tax income is limited to a very minimal percentage of revenues.

## RECOMMENDATIONS

### Landmarks Program Administration

1. Revise the current application format to provide a checklist that indicates inclusion or non-availability of all pertinent information regarding the potential landmark structure or site. Require that all applications be fully complete, with express authority given to the Historic Preservation Officer or Historic Landmark Commission to reject incomplete applications.
2. Revise the criteria for Landmark Designations to ensure that designated properties meet the Designation Criteria established by the National Register of Historic Places, as managed by the National Parks Service under the direction of the Secretary of the Interior (See Appendix C.)
3. Recognize that revisions to the landmark incentive structure and to the administration of the Landmarks Program, as identified here, should effectively serve to limit the number of owner-initiated residential landmark designations without the need for an annual cap in the number of designations; however, after a period of two years to test this assumption, if the number of cases is deemed problematic, consider setting an annual limit of 24 owner initiated cases, excluding properties located in the Homestead Preservation District.
4. Strengthen the annual inspection to provide meaningful and comprehensive review and enforcement of each landmark for compliance with applicable criteria and maintenance requirements.
5. Add a fee to the annual Application for Historic or Archeological Site Property Tax Exemption to cover the cost of inspection, review and enforcement; dedicate fees from these and all other Preservation Program applications to an Enterprise Fund to provide additional resources to the Historic Landmark Program.
6. Ensure that reviews of applications for Certificates of Appropriateness are based solely on the established Secretary of Interior's Standards for Treatment of Historic Properties and applicable design standards for Local Historic Districts.
7. Ensure compliance with the Texas Historical Commission's requirements to maintain Certified Local Government status for the City of Austin.
8. Affiliate the City Landmarks Program with the National Alliance of Preservation Commissions and require staff and commission members to participate annually in the NAPC-approved professional training (or comparable training opportunities) and to adhere to NAPC's Code of Ethics for Commissioners and staff.



## Incentives for Preservation

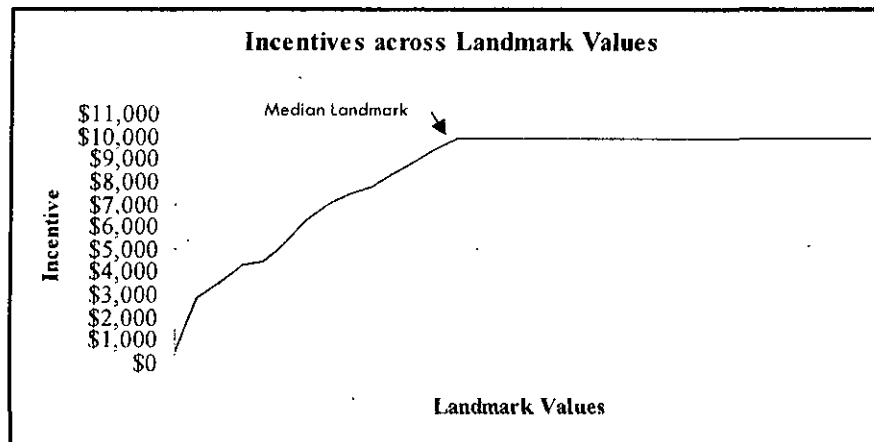
1. Revise the formula for tax incentives to cap the maximum abatement at the amount offered for the average assessed value of all residential landmarks (approximately \$750,000). Apply formula to the combined assessed values of land and improvements of owner-occupied residential landmarks designated after a certain date.

### Formula for Implementation of Cap

Owner-Occupied Landmark Value	Quantity	Abatement	Total
\$1 -749,000	173	Avg. \$5,000	\$865,000
\$750,000 +	117	\$10,000	\$1,170,000
			\$2,035,000

### Estimated Maximum Effect of Proposed Cap by Jurisdiction

Taxing Entities	City of Austin	Travis County	AI SD	Central Health	ACC	Total Abatement Impact
Percentage of Total Abatement	27%	27%	36%	4%	6%	100%
Proposed Participation Impact	\$549,450	\$549,450	\$732,600	\$81,400	\$122,100	\$2,035,000
Current Participation Impact	\$1,050,000	\$1,100,000	\$1,690,000	\$173,530	\$249,000	\$4,262,530



2. Offer an additional incentive for rehabilitation equal to that offered by the Local Historic District program (at non-Homestead Preservation District levels).

**Owner-occupied landmarks would become eligible for the rehabilitation incentive currently offered at Sec. 11-1-81 et seq (freeze on total added-value for a qualified rehabilitation to a landmark for 7 years, provided that the owner spends at least 25% of improvement value on the rehabilitation).**

3. Conduct a review of the incentive program automatically if the total impact on ad valorem tax revenues reaches one-half of one percent of the total annual ad valorem tax revenues of any taxing jurisdiction.
4. Choose the effective date of implementation from one of the following options:
  - a. June 10, 2010, identified as the date of City Council's resolution directing the Historic Landmark Commission to review the existing Landmark Program; OR
  - b. The effective date of Council-adopted revisions to the Historic Landmark incentive structure; OR
  - c. January 1, 2010, identified as the date after which City Council began to advise applicants explicitly that they might not receive the same incentives as prior applicants.
5. Continue the current incentive structure for all landmarks designated on or before the effective date identified above, but transition into the new incentive structure upon a transfer of ownership. Allow owners of currently-designated residential landmarks to opt into the new incentive program
6. Maintain the existing incentive structure for commercial properties that are designated landmarks.

## CONCLUSION

**While we believe the Landmark Program Administration changes must be made, it must be underscored that the Incentives for Preservation are wholly dependent on the commitment from all taxing jurisdictions that each will continue participation in the landmark incentive program.**

The Heritage Society of Austin strongly believes in the economic and social value of preservation to this community. Each taxing jurisdictions' prior commitment and dedication to historic landmarks demonstrated that they shared this value. The Heritage Society of Austin encourages adoption of these recommendations that will result in a Preservation Program for

the benefit of all citizens of Austin as well as all taxing jurisdictions. This step is the first and most immediate priority to ensure that a viable landmark program continues to preserve and protect Austin and Travis County's historic assets, heritage, and cultural legacy for future generations.

The Heritage Society further commits its organization to work with other preservation groups and supporters to establish a private fund to provide financial assistance to those in need to assist in filing fees and research for landmark and Local Historic District applications, as well as establishing a proactive outreach effort to underserved areas, such as the Homestead Preservation District, to extend the benefits of historic preservation.

## **RATIONALE FOR RECOMMENDATIONS**

### **Landmarks Program Administration**

**Section 1** is intended to improve and streamline the historic landmark application intake process and provide additional clarity for applicants and agents as to what must be included. Currently the Historic Preservation Officer receives incomplete applications or applications with insufficient information necessary for the case to proceed. This causes unnecessary staff burdens and periodically results in cases appearing before the Historic Landmark Commission without necessary documentation.

**Section 2** suggests that the criteria (see appendix C) may need to be applied more rigorously by the Landmark Commission.

**Section 3** addresses the concerns from City Council and staff regarding the number of applications forthcoming, the workload for staff and the Historic Landmark Commission as well as concerns about budgetary impacts. Preservation professionals strongly oppose limits on the number of cases, believing that if a property is worthy it should proceed through the landmark process. The changes already enacted by Council added to those advocated in this report are likely to result in fewer people applying for Landmark Designation. Thus the recommendation has been made not to limit the number of cases but to provide for a period of review to determine the effect of those changes on the number of applications.

**Section 4** addresses concerns that certain landmarks are not being maintained to the level required to retain eligibility for the tax incentive. If a landmark is not being maintained, it should not be eligible for incentives until it meets criteria. Further, staffing limitations that have adversely impacted the annual inspection cycle might be addressed by number 5.

**Section 5** creates a source of funding for inspections referenced in Section 4 as well as other resources for the Historic Preservation Office. This is a fee charged to owners of landmark properties with their annual application for certification for the incentive. The income from it will benefit the operation of the program, and an enterprise fund is the most transparent and accountable vehicle for handling the funds.

**Section 6** addresses concerns that certain modifications to landmarks have not been in accordance with the Secretary of Interior's Standards for Treatment of Historic Properties and applicable design standards for Local Historic Districts and have compromised the historic integrity of the subject landmark.

**Section 7** is included to guarantee that the City of Austin performs necessary reporting to remain eligible for federal funding for historic preservation. The Certified Local Government (CLG) Program is a local, state and federal government partnership for historic preservation. It is designed to help cities and counties develop high standards of preservation to protect a wide range of important historic properties—from ornate courthouses to working-class neighborhoods. Local governments that participate in the CLG Program act independently to develop and maintain a successful preservation program. The Texas Historical Commission administers the program at the state level and the National Park Service is the responsible federal agency. Among other benefits, Certified Local Government (CLG) grants provide funding to participating city and county governments to develop and sustain an effective local preservation program critical to preserving local historic resources. These grants can be used for local historic preservation projects, including surveys of historic properties/districts, preparation of nominations to the National Register of Historic Places and other community-based preservation projects.

**Section 8** ensures that both City staff and Commission members receive sufficient and ongoing training. This was called for in the 1981 Preservation Plan but has not been systematically implemented.

#### Incentives for Preservation

**Section 1** creates a taxing mechanism that is fiscally constrained. The example cited using 2009 figures would result in a maximum gross incentive of \$9,893.17, with all taxing entities participating, applicable to all owner occupied residential landmarks valued at or more than \$751,862. This structure benefits landmarks at the lower end of the appraisal spectrum while limiting benefits to higher-value properties. It uses a uniform formula that can be applied across all taxing jurisdictions. The proposed formula would apply to properties receiving landmark designation after the effective date chosen for implementation.

**Section 2** creates a rehabilitation incentive in order to encourage rehabilitation of potential and designated landmark properties.

Local Historic District Rehabilitation Incentive				
LHD Property	Required Investment of Pre-Restoration Value of Structure	Required Exterior Improvement Investment	Abatement period	Frequency Abatement Offered
Residential	25%	5%	7 years	10 years
Commercial	40%	5%	10 years	15 years
Revitalization Area – Residential	10%	5%	10 years	15 years
Revitalization Area - Commercial	30%	5%	10 years	15 years

**Section 3** provides for a review of the revised incentive structure fiscal impact if the gross incentives reach 0.50% of the ad valorem tax collections.

**Section 4** offers a range of viable choices for the date of implementation.

**Section 5** provides for the grandfathering of incentives for of all owner-occupied residential landmarks. Owners acquired or improved landmarks based on the incentive program in place at the time, and should have the assurance that the existing incentive structure will continue. Future landmark owners, either through purchase or designation of a landmark after the effective date, would fall into the new incentive structure. The provision is made that the sale of an existing landmark would not shift that property into the new incentive structure in the case of a less than "arms' length" transaction such as a divorce or inheritance, in order to avoid forcing a sale as a result of the increase in taxes. Current residential Landmark owners may elect to forego the present tax incentive and enter the new program in order to obtain the rehabilitation benefit.

**Section 6** excludes commercial landmark properties from the changes to the incentive program..

## HERITAGE SOCIETY PROCESS

The Heritage Society of Austin ad hoc Policy Working Group is comprised of preservation architects, architectural historians, planners, landmark owners and those in real estate, finance and law. The breadth of knowledge within the group enabled thorough and spirited discussions over the course of many meetings since September 2010. Stakeholders, policy makers and public officials provided additional input throughout the process. Iterations of the policy recommendations were filtered and vetted before this report was prepared. An initial summary of the main points was widely circulated.

The Heritage Society of Austin recognized that while the incentive structure drew public attention and concern, a more thorough review of the Historic Landmark Program was warranted. Critics and supporters alike identified weaknesses in the program and its execution, not the least of which is its woefully understaffed and underfunded status. Thus the Heritage Society's Policy Working Group approached the program using a two-tiered methodology. We began by recommending actions to improve the administration of the program because we believe that strengthening the program itself would mitigate many concerns being raised. We then addressed the incentive structure to create budgetary certainties for the participating taxing entities in the future, while protecting those who have invested based upon the current incentive structure.

## **APPENDIX A: STATE OF THE PROGRAM**

### **History of Austin's Landmark Incentive Program**

The State of Texas has long recognized and encouraged local governments to participate in preservation programs as a community or public good. As evidence of this value, The Constitution of 1876 authorized the exemption from taxation for and the obligation of the government to preserve Texas' historical heritage. The first session of the Texas Legislature following the adoption of the Constitution of 1876 created a specific department to address history and preservation.<sup>1</sup> The governmental interest in preservation was affirmed in the Legislature's action in 1909 of establishing the Library and Historical Commission, and in 1957 by the creation of the Texas State Historical Survey Committee.<sup>2</sup> The 1957 action specifically "declared to be the public policy and public interest of the State of Texas to . . . preserve . . . locations of historical archeological , educational, . . . sites within the jurisdiction of the State or Texas." The State has long recognized that the public good is furthered, and that the whole public receives a benefit from tax benefits provided for preservation of landmarks.<sup>3</sup>

In 1977, the Texas Legislature enacted a constitutional amendment and enabling legislation to provide specific authorization for local governmental entities to provide tax incentives to encourage historic preservation. This Constitutional Amendment was sponsored by Sen. Lloyd Doggett and Rep. Sarah Weddington, both of Austin.<sup>4</sup> The enabling legislation was sponsored by Sen. Doggett and Rep. Ron Bird of San Antonio.<sup>5</sup> The Constitutional Amendment (styled as "Amendment 4") was presented to the voters on November 8, 1977, and was overwhelmingly approved. The supplemental information provided with S.J.R 5 spoke directly of the participation of counties and school districts in providing tax incentives.<sup>6</sup>

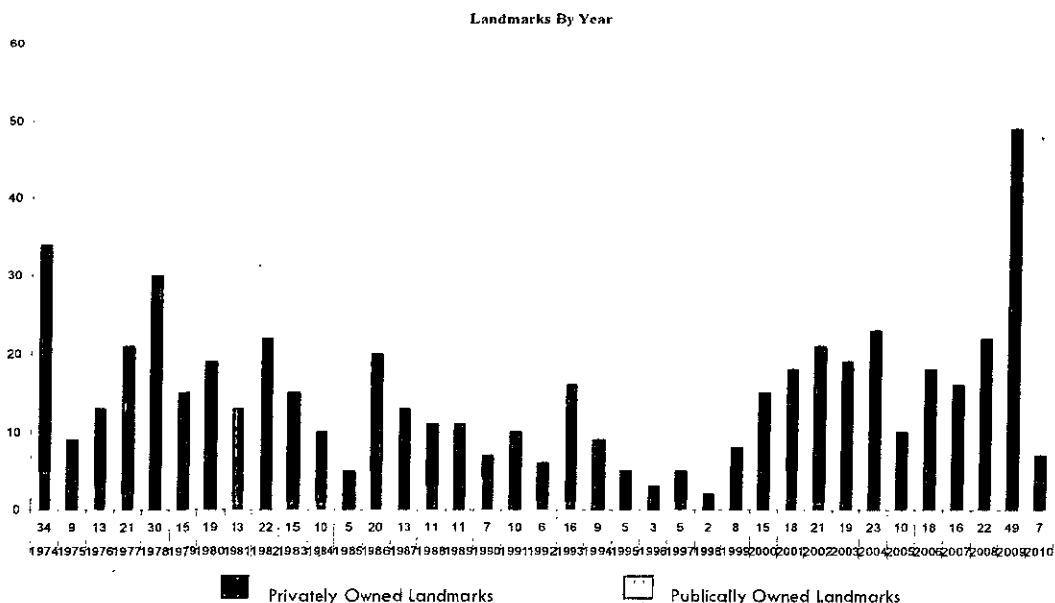
In 1974, the City of Austin and its citizens recognized that Austin was fast losing its historic resources. One needs only to look to the Austin History Center's archives to see how much of Austin's irreplaceable historic buildings had already been lost. Long after many peer cities had established landmark provisions in their codes, the City of Austin at last adopted an historic landmark ordinance. In that first year, 34 properties were landmarked, many of which were threatened with demolition. However, after this initial wave of cases, there was little interest by owners in seeking landmark designation. The two factors that influenced this decision were and continue to be the cost of restoration and of maintenance of historic properties and the imposition of a series of restrictions on the landmarked property, unlike those imposed on similarly zoned properties that are not landmarked. Due to these factors, Austin continued to lose significant structures while the Central Business District and adjacent historic neighborhoods continued to decline. In 1978, to address these myriad concerns and provide incentives for designations, the City adopted property tax incentives as enabled by the Legislature and the citizens of Texas. Travis County, the Austin Independent School District and later Austin Community College agreed to participate in the incentive program because

they recognized the benefits of historic preservation. Many years later, the newly established Health Care District also joined in the program.

Although many other peer cities had chosen a variety of tools, such as rehabilitation credits and local historic districts, Austin chose tax incentives as its singular tool for historic preservation. It would be nearly 30 years before the City added these other preservation options in addition to the existing incentive program. Preservation incentives vary from state to state because of each state's unique tax structures. Texas is dependent on its property tax structure to derive any financial incentives.

### Issues Leading to Landmark Program Review

As noted above, 1974 was the first year of the landmark program, and 1978 was the year incentives were included with landmark designation. In 2009, one agent submitted 27 landmark cases, all located in affluent West Austin neighborhoods. That agent actively recruited clients and filed cases on a contingency fee basis. As a result, the City Council adopted a prohibition against landmark applications that are prepared for a contingency fee.



The average number of landmark designations over the life of the program has been 16 per year with a variance of +/- 8. The statistical anomalies are the years 1974, 1978 and 2009.

Amid public concerns over the City of Austin's Historic Landmark Program, on June 10, 2010, the Austin City Council directed the Historic Landmark Commission to begin a review of its Historic Landmark Program. Concurrently, on June 8, 2010, the Travis County Commissioners Court charged its Local Tax Policy Working Group to review the tax policy regarding the

County's participation in the historic tax incentive program. Austin Mayor Lee Leffingwell asked all taxing jurisdictions contributing to the landmarks incentives to hold in abeyance any action until the City's review was complete. Despite this urging, Austin Community College and the Austin Independent School District voted not to include historic incentives in their 2011 budgets.

**Current Incentive Impact for FY 2010 on Each Taxing Jurisdiction**

<b>Jurisdiction</b>	<b>Incentive</b>	<b>% of Budget</b>
City of Austin	\$1,050,000	0.16%
AISSD *	\$1,690,000	0.17% <sup>1</sup>
Travis County	\$1,100,000	0.16%
Travis County Healthcare	\$173,530	
ACC	\$249,000	0.11%

Note 1. Does not reflect recapture

It is important to note that the removal of the incentive by AISD yielded only \$95,000 for District operations because of the statewide school funding equalization requirement formula referred to as "recapture," e.g. Robin Hood. Both the gross amount of the property tax incentive as well as its impact on each jurisdiction's budget is miniscule. Their contribution is more than offset by the value that historic preservation brings to the community.

The elimination of the incentives created significant, unanticipated hardships on both landmark property owners and, where applicable, tenants. Acquisitions, improvements and restoration efforts in many cases had been predicated on the application of the historic property tax incentives. Furthermore, with AISD and ACC's withdrawal from the program, landmark owners began to consider the removal of landmark designation on their properties, threatening decades of historic preservation effort and the historic character that makes Austin unique. To address these rapidly moving events, the Heritage Society of Austin established an Ad Hoc Policy Working Group to work with the City of Austin's Historic Landmark Commission on recommendations for the Historic Landmark Program.



## APPENDIX B: ECONOMIC IMPACT OF PRESERVATION

A 1999 Rutgers University study commissioned by the Texas Historical Commission, estimated that preservation generates more than \$1.4 billion in annual economic activity statewide, which very conservatively translates to \$140 million of economic activity annually in the Austin area alone.<sup>7</sup> Although specific studies are limited on the subject, news accounts suggest that business location decisions are increasingly being made based on the quality of place – Google's decision to come to Austin and locate in the historic Scarborough Building and Patagonia's first Texas location in the historic W.B. Smith Building highlights the role preservation plays in economic development.<sup>8</sup> Preservation is a key component of the iconic Austin "brand" – contributing to its economic viability and storied quality of life.<sup>9</sup>

Empirical evidence from studies using both Difference on Difference and Hedonic modeling methods suggest that landmark designation alone may positively affect properties so designated by 5% to 20%.<sup>10</sup> This might constitute as much as \$135 million in additional taxable value for our landmarks. Furthermore, economists note what is referred to as the "spillover effect." This refers to the positive effect or externality landmarking has on adjacent properties.<sup>11</sup> A San Diego study estimates that the spillover effect on neighboring property values due to the presence of a landmark results in an increase of \$1.8 million in taxable property values. To wit:

The results presented in this paper suggest that the loss in property tax revenue (due to the minimum of a 40% landmark tax abatement under California law) is more than compensated for by a general increase in the property value of other houses in the neighborhood. The value associated with the proximity of a historically significant house in the neighborhood varies with distance. For distances up to 250 feet, a historical house adds 3.7% to a house's value with this amount decreasing to 1.6% for distances of 250 feet to 500 feet.

Referring to the Getty Institute report, it recognizes a multiplier effect of 1.2 suggesting that for every dollar invested, \$1.20 is returned. Thus, the various taxing jurisdictions' negligible investment in terms of the incentives they offer by participating in the Landmark program have generated a positive return by virtue of the increased taxable value of landmarks and adjacent properties.

### **Historic preservation invites reinvestment by stabilizing declining or static neighborhoods**

The preservation or adaptive reuse of existing historic properties often produces a catalyst effect – investment by one property owner spurs similar investment by neighboring property owners. This "inward investment" has been recognized as a strategy that promotes a community's 'triple bottom line' of economic, environmental, and social returns on investment.<sup>12</sup> Preservation's economic impact on neighborhoods is demonstrated by the consistency of the findings – property values appreciate at rates greater than the local market overall and faster than non-designated neighborhoods.<sup>13</sup>

The Hobby Center for Public Policy of the University of Houston conducted a study of comparative property values from 2001 to 2010 in neighborhoods designated as historic districts and similar areas that were not so designated. They concluded that historic districts held their value more consistently during downturns and increased in value overall.<sup>18</sup>

### **Historic preservation provides jobs and educational opportunities that benefit all our citizens**

An effective preservation program creates local, skilled jobs – 20% more jobs than new construction – especially valuable in an economic downturn.<sup>14</sup> Renovation and rehabilitation of historic structures is more labor-intensive than building a new one, and requires more skilled labor than new construction, commanding higher wages. Materials for renovation and rehabilitation of historic structures tend to be purchased locally, so sales taxes benefit the local jurisdictions.<sup>15</sup> Adaptive reuse and restoration of existing historic buildings saves embodied energy while contributing to the sense of place, which is necessary for a place-based economy and encourages green employment.<sup>16</sup> The local return on investment of an active and effective preservation program comes in wages paid to a skilled and specialized workforce, the long-term increase in property values and taxes, increased hotel occupancy taxes (locally supporting the cultural arts and preservation) and sales taxes from those drawn to Austin, and other related economic activity.

### **Historic Preservation is a sound public program for sustainability and environmental protection**

Historic preservation reinforces sustainability and smart growth, lowers greenhouse gases, improves water quality, saves raw land, lowers demand and need for landfill space, produces more healthy and walkable communities, and makes better use of existing infrastructure.<sup>17</sup> The City of Austin's preservation program is a national leader in supporting sustainability, with a requirement that each local historic district plan be submitted to Austin Energy's Green Builder program for review and comment prior to action. The City of Austin, as part of its 'zero waste initiative', has recently initiated an effort to link the cost of a demolition permit to the materials generated, including financial incentives for applicants to recycle and divert demolition debris. A quarter of a million homes are demolished annually in the United States, generating up to 160 million tons of debris, 60% of which is disposed in landfills.<sup>18</sup> According to the U.S. Environmental Protection Agency, demolition debris accounts for approximately 24% of the waste disposed in the nation's landfills, making its reduction – and the need for additional landfill space – of community concern.

### **Societal Impacts of Preservation**

According to *Economics and Heritage Conservation: A Meeting Organized by the Getty Conservation Institute*, published in December 1998, "The ultimate concern is that economists and economic practices insufficiently appreciate the wide range of values of cultural heritage. This, therefore, feeds the political resistance to providing the necessary finances for the preservation of cultural heritage, with the consequence that commercial activities take over." Continuing, "among policy makers and advocates of subsidies during the last twenty years or

so, they (studies) appear to indicate that expenditures on heritage goods have economic returns (see also, for example, Vaughan 1984; Myerscough 1988; van Puffelen 1987)."

One of the most devastating public policy programs in the history of city planning was the urban renewal movement in the mid-twentieth century. Eminent domain was used to erase large swaths of inner-city neighborhoods, mostly inhabited by racial minorities, and replace them with public housing developments. After massive social unrest followed, that approach was repudiated by urban planners in the 1960s and 1970s, and the emphasis has since been on neighborhood rehabilitation and preservation.

The National Trust for Historic Preservation has led in efforts to inspire protection of neighborhood cultural identities through preservation of housing and designation of historic zones. Sound preservation practices have been instrumental in neighborhood revitalization that is effective in preserving cultural and social patterns that contribute to the richness of a city's character and sense of place. That dynamism is also an economic benefit for small and locally-owned businesses.

### **Local Implications**

Although Travis County, AISD and ACC do not directly benefit from sales and hotel occupancy taxes as the City of Austin does, all taxing entities rely on the same property tax base. Stronger sales and occupancy tax collections are indicative of the relative economic strength of the market. Implicit with stronger markets come higher property values. Historic preservation contributes directly to higher property values and all jurisdictions benefit as the tax base grows. For a minimal investment by the various taxing jurisdictions, the equivalent of approximately 00.16% of budgeted expenditures for FY2011, all jurisdictions can benefit from continuing their participation in the program.

## APPENDIX C: CRITERIA FOR LANDMARK DESIGNATION

### CURRENT CITY OF AUSTIN HISTORIC LANDMARK DESIGNATION CRITERIA

To be designated a City of Austin Historic Landmark, a property must:

- Be at least 50 years old, unless it possesses exceptional importance as defined by National Register Bulletin 22, National Park Service (1996); and
- Retain sufficient integrity of materials and design to convey its historic appearance; and
- Be individually listed in the National Register of Historic Places, designated a Recorded Texas Historic Landmark, State Archeological Landmark, or National Historic Landmark, OR
- Be significant in at least two of the following categories:

#### A. ARCHITECTURE

The property:

- Embodies the distinguishing characteristics of a recognized architectural style, type, or method of construction; or
- Represents technological innovation in design and/or construction; or
- Contains features representing ethnic or folk art, architecture or construction; or
- Represents a rare example of an architectural style; or
- Serves as a representative example of the work of an architect, builder, or artisan who significantly contributed to the development of the city, state, or nation.

#### B. HISTORICAL ASSOCIATIONS

The property:

- Has significant associations with persons, groups, institutions, businesses, or events of historical importance which contributed to the history of the city, state or nation; or
- Represents a significant portrayal of the environment of a group of people in an historic time.

#### C. ARCHEOLOGY

- The property has, or is expected to yield significant data concerning the human history or prehistory of the region.

#### D. COMMUNITY VALUE

- The property has a unique location or physical characteristic that represents an established and familiar visual feature of the neighborhood or the city, and contributes to the character or image of the city.

## E. LANDSCAPE FEATURE

- The property is a significant natural or designed landscape or landscape feature with artistic, aesthetic, cultural, or historical value to the city.

## NATIONAL REGISTER DESIGNATION

A property may be separately identified as a landmark in the National Register of Historic Places. The following are the National Register criteria for evaluation:

### Criteria for Evaluation

The quality of significance in American history, architecture, archeology, engineering, and culture is present in districts, sites, buildings, structures, and objects that possess integrity of location, design, setting, materials, workmanship, feeling, and association, and:

- That are associated with events that have made a significant contribution to the broad patterns of our history; or
- That are associated with the lives of significant persons in or past; or
- That embody the distinctive characteristics of a type, period, or method of construction, or that represent the work of a master, or that possess high artistic values, or that represent a significant and distinguishable entity whose components may lack individual distinction; or
- That have yielded or may be likely to yield, information important in history or prehistory.

See also [http://www.nps.gov/nr/publications/bulletins/nrb15/nrb15\\_2.htm](http://www.nps.gov/nr/publications/bulletins/nrb15/nrb15_2.htm) for further information.

## APPENDIX D: REVISED APPLICATION PACKAGE

### **SUBMITTAL VERIFICATION CHECKLIST for Historic Landmark Designation, City of Austin**

**Application Form (A)**

**Tax Certificate (C)**

**Submittal Verification & Inspection Authorization Forms (D)**

**Acknowledgment Form - Subdivision Plat Note/Deed Restrictions (E)**

**Deed Chronology of Owners (F1)** – include copies of deeds

**Occupancy History** (at 5-year intervals; include occupations/businesses listed in city directories) (F2)

**Site Plan or Survey** of tract with locations of all structures and buildings (F8)

**Indicate Watershed and Neighborhood Association**

**Historical Narrative (F)** (no more than 15 pages with sources in footnotes)

- ☐ **Architectural Description** of buildings (style, features of front façade, orientation to street, materials of exterior finish; see McAlester, *A Field Guide to American Houses*)
- ☐ **Architect:** Information on original architect, builder, contractor and any craftsmen who worked on the structure(s).
- ☐ **Alterations** including dates for all new construction
  - Note interior features which are original/historical if known and include general information about interior restoration efforts (optional).
  - Detail all alterations to exterior façade seen from any surrounding street view, not including paint color; note if brick was painted.
  - Include replacement of windows, doors, roof, siding, skylights or other elements, and additions of any architectural features.
  - Note architect, contractor for recent and past alterations if known.
  - Describe sources and efforts made to contact previous owners as well as descendants/family members of past owners to research past alterations.

- ❑ Chronological narrative and overview of the property's history and development
- ❑ Biographies of owners and occupants, as available (include copies of obituaries, published bios, key clippings)
- ❑ A summary of the primary uses and occupants of property over time, and any important persons or events associated with the site (with full names, birth, marriage and death dates)
- ❑ Justification for meeting specific city historic landmark criteria
  
- ❑ **Architectural drawings** and elevations, if available (historical and current). If unavailable, describe sources and efforts made to locate historical architectural drawings through the Austin History Center, Alexander Archives, and the Center for American History as well as descendants/family members of past owners/occupants.
- ❑ **Sanborn maps:** submit copies of relevant maps indicating footprint of structures over time; cite year and sheet number for each map

**Photos:**

- ❑ **Historical photograph(s)** of building/property. *If unavailable, describe sources and efforts made to locate historical photographs through the Austin History Center and descendants/family members of present and past owners/occupants*
- ❑ **Recent Photographs:** Color or black and white prints (35 mm and/or digital images) at least 3 1/2 X 5 inches in size showing full exterior views of all elevations, setting, outbuildings, and details of structural and landscape features. Label photographs on the back in pencil and submit loose (un-affixed). Include disk of jpg images.

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RICK HARDIN

## **AUSTIN'S HISTORIC LANDMARK BENEFITS PROGRAM & COMPLIANCE WITH SECTION 11.24 TEXAS PROPERTY TAX CODE**

In 2008, about 500 properties total were designated by the City of Austin as local historic landmarks and received historic tax exemptions. This number grew by the end of 2009 to over 550. The 50 additional properties that received historic exemptions were nearly all luxury homes in the exclusive neighborhoods of Old Enfield and Pemberton, which were not *"in need of tax relief to encourage their preservation"* as Section 11.24 of the Texas Property Tax Code requires. Indeed, most of these large fine homes were already extensively remodeled and restored well before making application and receiving Austin's generous tax exemption.

In Austin, the criteria for designating historic landmarks has over time, become increasingly relaxed and politicized, resulting in a run-away historic program utilized principally as a mechanism to lower or avoid property taxes for wealthy homeowners. There appears to have been little care given to the genuine historic merits of these properties each of which receives a historic tax exemption. In short, the review and inspection of these properties has become lax, and standards of review appear to have been lowered. The public has lost faith with the program, and is losing faith in the integrity of the meaning of landmark designation.

Austin's historic program was established in 1974. In 2010, as the merits of the program came into question and under intense local political pressure, ACC voted to withdraw from participation in Austin's historic exemption program. AISD likewise withdrew from participation in Austin's historic tax exemption participation reacting in part to extensive media coverage. Austin appeared to have been unique in that school districts in other large Texas cities do not participate in granting historic landmark tax exemptions.

The Heritage Society of Austin (HSA) is currently the most active group that lobbies participating governmental entities, urging these to participate and attempting to pressure ACC and AISD to return to participation Austin's historic tax program.

HSA's current proposal offers few substantive modifications either to landmark review and approval criteria, or to landmark historic tax benefits, which if enacted, would serve to bring Austin's program for all landmarks (past, present, and future) into conformity with practices in peer cities or counties across Texas.

Since November 2010) HSA has been privately lobbying Austin's City Council members with a list of proposed "revisions" in advance of completion of the City Council directed studies and report from the Historic Landmark Operations Committee (currently listed as due to Council by March 31, 2011). This HSA lobbying effort behind the scenes at City Hall serves to undermine the Historic Landmark Operations Committee effort.

The directed narrow focus of HSA has been characterized by an avoidance of facts that do not support a desired outcome. The public purpose is best served if the Historic Landmark Commission Operations Committee chooses to arrive at recommendations that are led by facts, rather a process that attempts to gather only those facts that support a predetermined outcome. A process that is geared to avoid inconvenient facts or exclude dissenting opinions that do not support a presupposed outcome, will not foster consensus or provide long term sustainability to this troubled program.

## **Differences in Peer Practices**

### ***Austin Versus Selected Texas Historic Landmark Tax Benefit Programs\****

#### **Austin offers:**

- Perpetual tax exemption benefits (other programs are limited in term),
- Weighted benefits to owners also receiving residential homestead exemptions, with owner occupied properties receiving twice the benefits as non-residential properties (other programs offer greater benefits to commercial properties),
- Reliance principally upon tax *EXEMPTIONS*, rather than upon tax *INCENTIVES* (other programs typically offer a valuation freeze with required substantial supervised renovations),
- No cap to benefits (other programs cap benefits, many Texas counties, such as Bexar, do not participate or participate at reduced levels. School districts in Texas do not participate in historic tax exemption programs.),
- No serious attempt is made to: (i) offer assistance targeting financial need, (ii) accomplish a stated public purpose, or, (iii) deliver a community benefit to those taxpayers footing the bill,
- No requirement of landmark applicants to invest substantial renovation sums into the landmark property prior to, and as a condition of receiving tax benefits,
- No requirement or enforcement of a consistent requirement that all renovation work upon potential landmarks be first submitted to and reviewed by, designated staff and commission, prior to the commencement of work (many "landmarks" are being submitted and approved after all work is completed, thereby bypassing commission scrutiny).

*\* Peer Cities and Counties studied included those in Dallas, Ft. Worth, Houston, San Antonio, and Tyler.*

#### **Essential Revisions Recommended for Austin's Historic Landmark Program**

1. **Section 11.24 Review.** Proper review and oversight in order to meet the requirements of *Section 11.24 of the Texas Property Tax Code*. Properties should be given benefits and judged individually on a case by case basis.
2. **Equalize Benefits.** Do not weight tax benefits given to owners based upon the type of ownership (who owns the property) or upon the nature of the use of the property (what use is active within the property). Benefits should be based upon attributes innate unto property itself not the use. Residential homeowners currently make up the majority of the properties that are the least threatened, and the least in need of assistance, and provide Travis County taxpayers with the least public benefit; yet these very properties inexplicably receive twice the benefits.

3. **Define Goals and Target.** Benefits should reasonably attempt to deliver or accomplish a well-defined countywide community need or purpose based upon merit.
4. **Raise Application Standards.** Install rigorous landmark review and approval standards, with increased requirement for applicants and applications to provide research and production, and disclosure standards.
5. **Inspect Landmarks.** Inspect each landmark annually for condition, need for repairs, and compliance with *Section 11.24 of the Texas Property Tax Code*.
6. **Cap Benefits and Eliminate Benefits.** Create a cap on benefits. This cap should be in the form of a valuation exemption on the first \$75,000 of total tax valuation for any property. **No property claiming or receiving a homestead exemption should be permitted to claim or receive a historic tax exemption.**
7. **Limit Benefit Term.** Establish a limit as to the duration of benefits. This duration should not exceed seven (7) to ten (10) years. This exemption should expire upon sale or transfer of title to the property without exception, and should not be renewable by owners or successive owners for a period of at least 20 years.
8. **Require Substantial Renovation.** Require substantial sums (in excess of 30% of the taxable) be expended to renovate properties. Deny historic designation or historic tax exemption to any property which has been renovated without prior review and approval by the authorized commission.
9. **Broaden Community Participation in Governance.** Appoint a commission that is not dominated by the influence of a single special interest group such as Heritage Society of Austin. Governmental entities choosing to participate in Austin's historic program should be given appointments to any commission which governs this program. *Another solution could be that these other local taxing entities establish their own programs and/or withdraw from Austin's program permanently.*

MAUREEN METTAUER  
OLD ENFIELD LANDMARK OWNER



# Operations Committee

1-26-2011

# Summary

- Historic Landmark Program works;
  - Saved historic character and key structures;
  - Provided indirect and direct economic benefits;
- Distribution of Landmarks has been fairly even;
- Tax incentives are not overly generous – they are meaningful;

# Who We Are

- **Residential Landmark owners have formed a group to provide input.**
- **Saving Austin seeks to provide information that has been omitted from the public discussion on landmarks and historic preservation.**

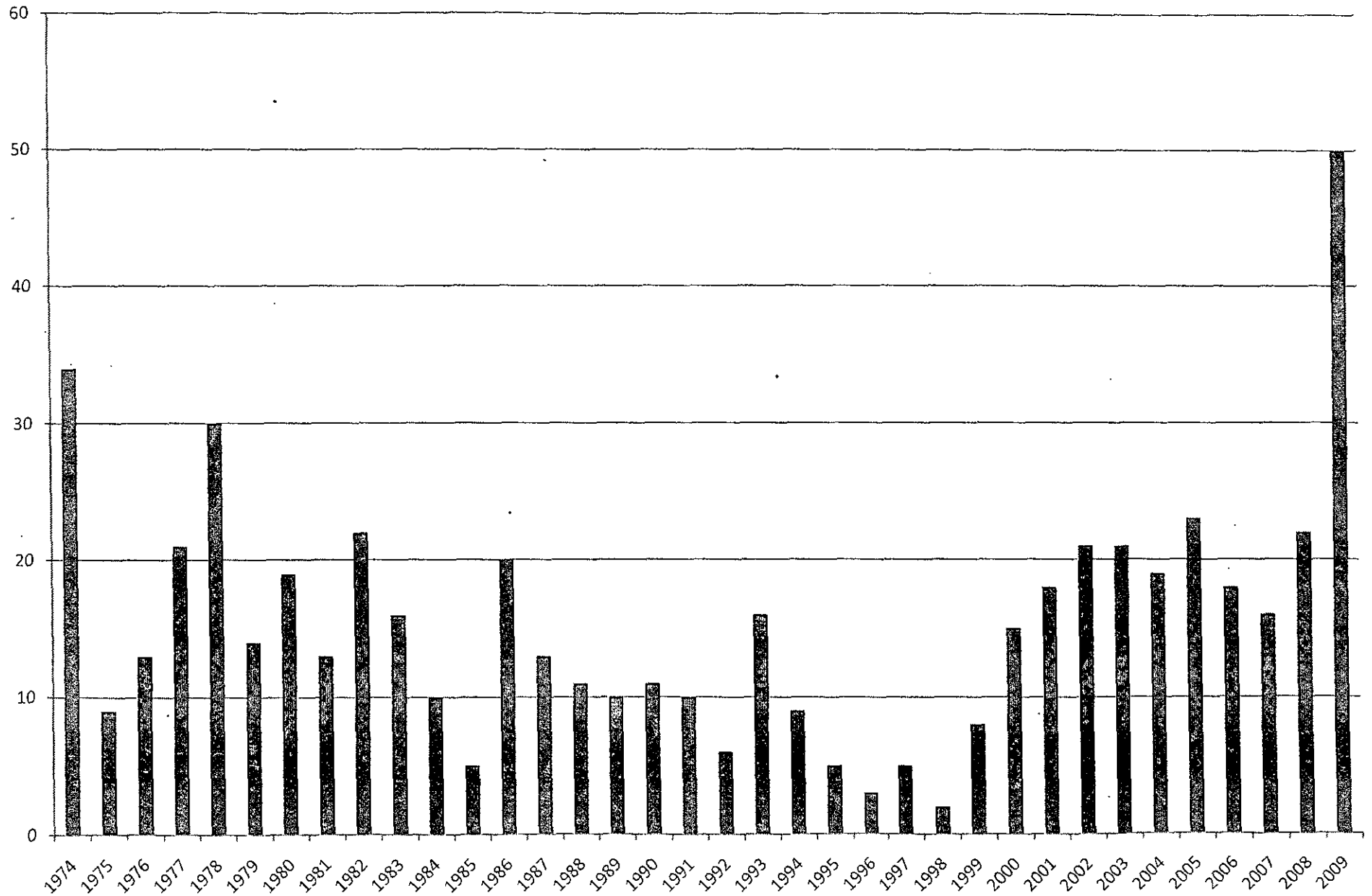


# Landmark Success

- Major structures saved and protected thanks to the landmark program;
  - Downtown, core urban neighborhoods retain character;
- The distribution of building designation is reasonable;
- Program has encouraged preservation planning in new development and created focal points for investment;

# Number of Historic Properties Designated Annually 1974-2009

\*Data source: TCAD/COA Office of Historic Preservation



# Tax Incentives

- More than 45 states provide tax incentives for preservation
- Most provide income tax credits;
- At least 10 states offer both income tax credits and property tax abatements;
- Combined, the effect provides meaningful relief and encourages rehabilitation.

Arizona	State provides a special category for historic properties for local property tax purposes. Class "6" properties receive an assessment at 5%, versus owner-occupied properties that are Class "3" and are assessed at 10%. Special classification applies to commercial and non-commercial.	A reduction in property taxable value from 10% to 5% for qualified historic properties. Taxable value is a percentage of the rural property value, that is then applied against local tax rates.
California	The "Mills Act" legislation grants participating local governments (cities and counties) the authority to execute a contract with historic property owners that results in a reenter into contracts with owners of qualified historic properties who actively participate in the restoration and maintenance of their historic properties while receiving property tax relief. Contracts are automatically renewed each year and are transferred to new owners when the property is sold.	Certified local governments can pass enabling legislation to let historic properties owners take advantage of the Mills Act.
Florida	Enabling legislation passed to allow for local property tax abatements from city and/or county taxing entities.	Certified local governments can offer tax abatements on added value to a historic properties as the result of a rehabilitation.
Georgia	25% income tax credit for certified historic properties, both owner-occupied residences and income-producing, limited to a total benefit of \$100,000 for a owner-occupied historic home, and \$300,000 for income-producing buildings. Tax credits can be carried forward up to 10 years. Property tax assessment freeze for buildings that are rehabilitated or are landmarks for 8.5 years.	Local cities implement the property tax assessment freeze approved by the state.
Michigan	25% income tax (or business tax) credit for owners and long-term lessees for qualified rehabilitation of certified historic buildings. Properties eligible for federal tax credit receive 5% from the state program, unless they meet specific requirements and then the credit can be as high as 20%. Benefits may be claimed for up to 10 years.	
Mississippi	25% income tax credit for commercial property and for owner-occupied residences, with a minimum investment of 50% of the property value for commercial and \$5,000 for owner-occupied residences. Benefits can be claimed up to 10 years.	
Missouri	25% credit for commercial and owner-occupied residential properties listed in National Register or listed as contributing to a federally certified historic district. \$250,000 per-project cap for owner-occupied single-family residences;	
North Carolina	30% income tax credit for the rehabilitation of historic residences and 20% credit for income-producing properties. A \$25,000 minimum investment in the rehabilitation is required for homeowners.	Local property tax deferral in various cities for structures designated as historic landmarks. (e.g. Raleigh tax deferral is 50% of the appraised value of the property for the life of the landmark).
North Dakota	25% income tax credit for eligible historic property that is located in a renaissance zone project. Credit is limited to a total of \$250,000 and can be deducted up to 5 years.	
Oregon	Enabling legislation that allows certified localities to offer a property tax assessment frees for rehabilitation.	Special Assessment of Historic Property Program Financial incentives are important tools in encouraging the preservation of historic buildings. Oregon's Special Assessment of Historic Property Program, established in 1975, was the nation's first state-level historic preservation tax incentive. It "freezes" a property's assessed value for 10 years.
Washington	Enabling legislation to allow localities to offer "special valuation" for property tax assessment.	Special Valuation to historic properties as defined by local governments subtracts for 10 years the costs of a rehabilitation from the value of the property. Owners must spend a minimum of 25% of the original value of the property to qualify, and there no limit to how many times an owner can take advantage of the incentive.

# Economic Multiplier

- Landmarks have spurred revitalization
  - E.g. Hyde Park, Central East Austin
- Restoration and upkeep of landmarks creates benefits to local construction industry;
- “Spillover” effect from landmarks and clusters of landmarks on nearby properties
- Historic character part of Austin “brand”
- Creating value for neighborhood businesses;

**Main Identity**

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**From:** "Maureen Metteauer" <msirhal@yahoo.com>  
**To:** <tcontros@austin.rr.com>  
**Cc:** "John P. Donisi" <JDonisi@drennergolden.com>; <wkelly@austin.utexas.edu>  
**Sent:** Saturday, October 16, 2010 10:19 AM  
**Subject:** notes  
 Tina

Here's a short summary of what we discussed:

- 1) Sarah's assertion that the tax incentives are overly generation is flawed because
  - a. She assumes that for residences, the land value is 1/3 of the value of the structure... most landmarks have a land value ratio of 1:1 or 2:1, where the land is worth more than the house. This is very true for East Austin, old west Austin and other hoods where the neighborhoods are not as intact as old enfield or pemberton
  - b. The value of the tax incentive is much less because the land value often rises faster than the value of the structure—particularly if its easy to get a demo permit.
  - c. Show her John's analysis – the more your property is valued at , the smaller the size of your abatement relative to your tax bill
  - d. The incentives are less valuable the more money invested in fixing up a property. Most renovations far exceed the \$100K that she used .... Many of the older landmarks (ones that we made thus in the late 70s and 80s) are now coming up for major repairs and restoration and require far more than \$100K... Austin's system means that for any sizeable investment in the property, an owner must remain in the house for at least a decade. (And with the fear that taxing entities can just walk away from their obligation, many folks will not even want to think about making such an investment, lest the rug should be pulled out from under them...)

Some other factoids:

- About 53% of the landmarks are residential;
- Of that number (its around 257), 40% of those properties are LESS than \$500K –
- The number of landmarks is spread across town, with the highest concentration in downtown –
- The landmark designations reflect Austin's growth rings – how the population spread over time.
- The designations have generally occurred evenly over the years
- Incentives for landmarks is commonplace – 37 states offer tax incentives  
hundreds of cities offer incentives
- FL cities freeze the overall appraisal for 10 years after a renovation – holds prop taxes at the same level to off set the huge up front investments.

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**From:** "John P. Donisi" <JDonisi@drennergolden.com>  
**To:** "John P. Donisi" <JDonisi@drennergolden.com>  
**Sent:** Wednesday, October 13, 2010 10:32 AM  
**Attach:** 20101013104443285.pdf  
**Subject:** Austin's Incentive Program

I've attached some info on the current incentive program, really to satisfy my own curiosity, but I think the outcomes are important to understand.

A central criticism of the current incentive program is that it benefits the rich at the expense of others. To see if this was the case, I reviewed the incentives granted to 10 properties, generally the median residential sales price from various parts of town, the Austin MSA, average historical, highest historical, and others thrown in for good measure to be able to notice trends.

The results show that the incentive structure is "progressive" in nature, the lower the value of the property, the higher the value of the incentive. This is displayed in the percentage of the incentive to total property value. Of the ten reviewed, the property receiving the highest value incentive is valued at \$114,000 (the median sales price in South East Austin), the lowest valued property reviewed. The property receiving the lowest value incentive is valued at \$5,000,000, the next-to-highest valued property reviewed. The most significant drop-off in incentive value came to properties valued between \$610,000 and \$1,000,000, where the "cap" provisions dramatically dropped incentive values.

This is displayed graphically as well, although not very artfully presented.

JPD

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Review of incentives for owner-occupied historic structures as compared to property values:

Property Description	Value of Land and Improvements	Tax Liability Based upon Adopted 2009 Tax Rates without Historic Incentives	Tax Liability with Historic Incentives Applied (COA, TC, TCHD)	Amount of Total Incentive Value as Percentage Compared to Property Value
A South East Austin, Median Sales Price	\$114,000.00	AISD 1370.28 COA 479.83 TC 480.51 TCHD 76.84 ACC <u>107.84</u> 2515.30	AISD 1370.28 COA 140.30 TC 140.50 TCHD 22.47 ACC <u>107.84</u> 1781.39	\$733.91 .0064378%
B East Austin, Median Sales Price	\$153,500.00	AISD 1845.07 COA 646.08 TC 647.00 TCHD 103.46 ACC <u>145.21</u> 3386.82	AISD 1845.07 COA 215.50 TC 215.81 TCHD 34.51 ACC <u>145.21</u> 2456.10	\$930.72 .0060633%
C South Austin, Median Sales Price	\$180,000.00	AISD 2163.60 COA 757.62 TC 758.70 TCHD 121.32 ACC <u>170.28</u> 3971.52	AISD 2163.60 COA 252.54 TC 252.90 TCHD 40.44 ACC <u>170.28</u> 2879.76	\$1,091.76 .0060653%
D Austin Median	\$187,000.00	AISD 2247.74 COA 787.08 TC 788.21 TCHD 126.04 ACC <u>176.90</u> 4125.97	AISD 2247.74 COA 262.22 TC 262.59 TCHD 58.94 ACC <u>176.90</u> 3008.39	\$1,117.58 .0059763%
E Central Austin, Median Sales Price	\$325,402.00	AISD 3911.33 COA 1369.62 TC 1371.57 TCHD 219.32 ACC <u>307.83</u> 7179.67	AISD 3911.33 COA 456.54 TC 457.19 TCHD 73.11 ACC <u>307.83</u> 5205.80	\$1,973.87 .0060659%
F Historic Residential Average	\$610,000.00	AISD 7332.20 COA 2567.49 TC 2571.15 TCHD 411.14 ACC <u>577.06</u>	AISD 7332.20 COA 770.25 TC 771.35 TCHD 123.34 ACC <u>577.06</u>	\$3,884.84 .0063685%



		13459.04	9574.20	
Other	\$1,000,000.00	AISD 12020.00 COA 4209.00 TC 4215.00 TCHD 674.00 ACC <u>946.00</u> 22064.00	AISD 12020.00 COA 2104.50* TC 1405.00 TCHD 224.67 ACC <u>946.00</u> 16700.17	\$5,363.83 .0053638%
Other	\$1,500,000.00	AISD 18030.00 COA 6313.50 TC 6322.50 TCHD 1011.00 ACC <u>1419.00</u> 33096.00	AISD 18030.00 COA 3156.75* TC 2107.50 TCHD 337.00 ACC <u>1419.00</u> 25050.25	\$8,045.75 .0053638%
Other	\$5,000,000.00	AISD 60100.00 COA 21045.00 TC 21075.00 TCHD 3370.00 ACC <u>4730.00</u> 110320.00	AISD 60100.00 COA10522.50* TC 7025.00 TCHD 1576.67 ACC <u>4730.00</u> 83954.17	\$26,365.83 .0052731%
Other (highest value residential historic structure in Austin)	\$6,654,812.00	AISD 79990.84 COA 28010.10 TC 28050.03 TCHD 4485.34 ACC <u>6295.45</u> 146831.76	AISD 79990.84 COA14005.05* TC 9350.01 TCHD 1495.11 ACC <u>6295.45</u> 111136.46	\$35,6953.30 .0053638%

