

PreserveAustin

June 8, 2004

Hon. Betty Dunkerley
Councilmember, Place 4
City of Austin
P.O. Box 1088
Austin, Texas 78767

Dear Councilmember Dunkerley,

PreserveAustin is an organization of preservation professionals and community leaders who are committed to furthering the evolution of the historic preservation program in Austin. The current program of landmark designation and abatements for a select few of Austin's treasures has unreasonably diminished the value of the many other historic properties that define the character of Austin, resulting in numerous losses to our collective history. We agree with Council that it is essential to re-evaluate the issues of designation criteria, local historic districts, design review, and tax benefits at this critical juncture.

We sincerely appreciate the focused efforts of the Historic Landmark Task Force, but see that additional information and analysis may assist in the overall effectiveness and betterment of the program. We have studied these issues over the past few months, and we would like to take this opportunity to introduce some key elements of our proposal for your consideration.

City Historic Preservation Office

1. This office has numerous responsibilities that far exceed what one FTE and his support staff can accomplish. We strongly recommend staffing the City Historic Preservation Office (HPO) with 4 full-time professionals including at least one architect and one historian in addition to the current City Historic Preservation Officer. At a minimum, this office must have adequate staff to maintain current functions and add local historic district surveys and designations. Other responsibilities include survey, identification, and designation of new landmark properties, design review, demolition/relocation permit review, enforcement of tax abatement required maintenance, public education, and coordination with other city departments.
2. We support and encourage the establishment of a Professional Services Fund as recommended by the Task Force to allow the City to hire an independent consultant to report structural, architectural, or market-related issues to the Commission in contested historic zoning cases.
3. We support the assessment of fees for various types of reviews by the City HPO provided that fees may be waived for undue economic hardship at the discretion of the appropriate body.

Historic Landmark Commission

1. We support reduction of the Commission from 11 to 9 members.
2. The HLC is a professional advisory commission whose task is to correctly interpret and enforce applicable ordinances, rules and regulations and render their educated opinion to the Planning Commission, Zoning and Platting Commission, and City Council as appropriate. Austin is a Certified Local Government, which places minimum professional requirements on HLC members. Translating these requirements to the Austin program, appointments to this Commission should meet the following minimum criteria:
 - a. Two positions should be filled by one appointed member each of the American Institute of Architects and the Heritage Society of Austin.
 - b. The Commission should include representatives with the following skill sets to the extent possible: an additional licensed architect or landscape architect, a historian, a city planner, an architectural historian, an archeologist, a real estate professional, and a licensed attorney.

PreserveAustin

- c. All appointees must have demonstrated knowledge and experience in the architectural, archeological, cultural, social, economic, ethnic, or political history of the City.
3. Landmark Commission members should be allowed to serve for four consecutive terms, with the opportunity for re-application and appointment following one term of rest.
4. We concur with the Task Force to eliminate ex-officio members noted in the ordinance.

Historic Preservation Plan

The Historic Preservation Plan for the City of Austin has not been updated since 1981, and the few historic resources surveys are extremely out-of-date. PreserveAustin supports updating both the survey and Historic Preservation Plan to increase awareness of properties that may qualify for historical designation and ensure the continued refinement and development of the historic preservation program. The City has negotiated with the University of Texas to make revisions to this Plan over the next 2 1/2 to 3 years. This work is largely funded through grants at this time, but additional financial commitment from the City is required in order to adequately complete this Plan.

Historic Landmark Designation Criteria

1. PreserveAustin supports the Historic Landmark Commission recommendations for tightening the landmark criteria, including the 50-year rule for eligibility in accordance with National Register guidelines.
2. We do not support the addition of subjective qualifiers such as "significantly" represents the cultural history... or an example of a "rare" architectural style.

Local Historic Districts

1. We strongly support creation of local historic districts, including a streamlined process for National Register districts to become local historic districts. (Please see appendix for more information regarding local historic districts.)
2. Because numerous neighborhoods are extremely interested in local historic district designation and this process is long overdue, application forms and evaluation processes need to be developed in a thoughtful yet expedient manner. PreserveAustin can assist in this process.

Design Review

1. Refine and strengthen design review criteria for modifications to Austin Landmark properties.
2. Create design standards within the ordinance for all Austin Landmarks and local historic districts to address size and scale of additions, alterations, and use of materials to be compatible with the historic character of the area.
3. Establish local design review subcommittees as advisory bodies to the HLC for neighborhood review of design standards in local historic districts.
4. Phase out design review in National Register districts within two years of ordinance revisions to allow for creation of local historic districts.

Local Financial Incentives for Historic Preservation

The generosity of the current tax abatement program was called in to question as early as the 1981 Austin Historic Preservation Plan. This plan, which is still in effect, noted that the very generous and perpetually eligible abatement structure was limiting the number of landmarks designated each year, particularly in lean economic times. It is PreserveAustin's opinion that this one element is also responsible for the complete lack of local historic districts in Austin, because the current ordinance defines eligibility for tax abatement equally for districts and individual landmarks. However, it is a proven fact that proactive historic preservation programs boost local economies in numerous ways. For more information, please refer to our initial report of the economics of preservation in the Appendix. With this in mind, PreserveAustin has the following recommendations:

PreserveAustin

1. All properties designated as Austin Landmarks or contributing properties within a local historic district should be eligible for some form of financial incentives. The 50 year criteria for designation should apply equally to these incentives. It is important to note that all historic properties have value in Austin's history, and all fall under the same regulatory requirements as well. This is the legally established process evident in all programs we have studied.
2. The adjustment from the current abatement structure to any new structure should include an appropriate transition period for owners of existing Austin Landmarks.
3. Specific incentives should include:
 - a. Austin Landmarks: We support staff recommendation for moderately reduced annual abatements as an interim measure. Regardless, the annual abatement structure must be straightforward and easy to implement. PreserveAustin strongly supports an economic impact study to determine the fiscal impacts and benefits of the historic preservation program before making any further recommendations, and we urge Council to support the development of this study. We are seeking grant assistance from the National Trust for Historic Preservation for the University of Texas to conduct this study.
 - b. Local Historic Districts: PreserveAustin supports an appraised value (land and improvements) freeze for 10 years based on qualified expenditures exceeding 25% of pre-rehab improvements value, applicable only to *contributing* properties to a local historic district. Exterior rehabilitation/restoration costs must comprise a minimum of 10% of the total project cost. This could be a viable and attractive solution to offer Austin Landmark properties as well if the annual abatement program is significantly reduced or eliminated. A historic property should not be eligible for both the rehabilitation incentive and the current annual abatement.
 - c. Endangered Historic Areas and Properties: PreserveAustin supports the recommendations of the Gentrification Task Force including the following measures:
 - .1 Creation of Historic District Endangered status for districts where the majority of residents are at or below 80% of the median family income or where 25% or more of the properties within the district are vacant lots or lots with vacant structures. Properties in this district that are over 50 years old would be eligible for a 20% annual tax exemption or \$200 annually, whichever is greater, for 10 years following designation.
 - .2 Provide a property tax incentive of 100% abatement for 10 years for owners of contributing buildings who substantially rehabilitate the building to provide rental units at affordable rates as determined by the HUD sliding scale.
 - d. Other Financial Incentives: Pursue and promote federal and private economic incentives such as the transfer of development rights (particularly appropriate for areas such as Rainey Street and the University-area neighborhoods), 20% Federal Rehabilitation Tax Credit for commercial properties, private easements, rehabilitation grant and loan programs, and other incentives that do not adversely affect city tax revenue.

Regular Program Performance and Evaluation Review

The Historic Landmark Program should undergo a review of programs, ordinances, rules and regulations every 5-10 years to assure progressive and responsible management of our local historic resources. This evaluation should include numbers of new properties listed, number of eligible and designated historic properties lost to demolition, financial analysis of tax incentives including cost and reinvestment benefit to the City. Ordinance revisions should be considered at this time as needed.

Conclusion

These are complicated issues that require careful and thoughtful consideration. Our people, the natural beauty of the land, and our built environment define the true "essence" of Austin. Our historic resources are an essential and integral component of this essence. It is a profound responsibility to protect and preserve these historic resources for the benefit of all of Austin, and we must move forward with a

PreserveAustin

progressive view to assure that these resources remain for future generations. Thank you for the opportunity to present these thoughts to Council for your consideration of this most important issue.

Jeffrey M. Chusid, Director, Historic Preservation Programs, U.T. Austin School of Architecture, Preservation Architect, APT Texas President, HSA Board Member, National Council on Preservation Education Member, NTHP Forum Member, Barton Hills neighborhood

Amy Dase, Professional Historian

Sharon Fleming, AIA, Preservation Architect, Texas Society of Architects Historic Resources Committee Chair, APT Member, PT member

Susan Frochour, Preservation Consultant, Hyde Park neighborhood

Lisa Harvell, Historic Interiors Specialist, Eastwoods neighborhood

Christopher Hutson, Preservation Architect, APT Texas Secretary/Treasurer

Peter Ketter, Historic Survey and Outreach Coordinator, Cherrywood neighborhood

Lisa Laky, Attorney, current HLC Chair, Old West Austin neighborhood

Laurie Limbacher, AIA, Preservation Architect, current HLC Member, HLTF Ex-Officio Member, TSA Historic Resources Committee Member, APT Member, Heritage neighborhood

Alan Marburger, Preservation Consultant, Hyde Park neighborhood

Susan Moffat, Neighborhood Advocate, Hyde Park neighborhood

Julie Morgan Hooper, Preservation Consultant, current HLC Member, former HSA Executive Director, Crestview neighborhood

Terri Myers, Preservation Consultant, State Board of Review for National Register of Historic Places Member, NTHP Forum Member, Hancock neighborhood

Tere O'Connell, Preservation Architect, former HLC Member, HLTF Member, APT Member, HSA Member, PT member, Old West Austin neighborhood

Katy O'Neill, Neighborhood Advocate, Old West Austin neighborhood

Bradford Patterson, Preservation Consultant, Assoc. AIA, APT Member, Bouldin neighborhood

Linda Roark, Preservation Specialist, North University neighborhood

Linda Team, Real Estate Professional, NTHP Forum Member, HSA Board Member, PT Member, Eastwoods neighborhood

Candace Volz, ASID, Interior Designer specializing in historic American interiors, AHCA board member, APT Member, Old West Austin National Register Historic District Co-Chair, Pemberton Heights neighborhood

John Volz, Preservation Architect, APT Member, HPEF Board Member, PT Member, Pemberton Heights neighborhood

AHCA: Austin History Center Association
AIA: American Institute of Architects
APT: Association for Preservation Technology
ASID: American Association of Interior Designers
HLC: Historic Landmark Commission
HLTF: Historic Landmark Task Force

HPEF: Historic Preservation Education Foundation
HSA: Heritage Society of Austin
NTHP: National Trust for Historic Preservation
PT: Preservation Texas
TSA: Texas Society of Architects

cc: Councilmember Daryl Slusher

ECONOMIC BENEFITS OF PRESERVATION

Members of PreserveAustin believe that historic preservation makes good economic sense. This belief has been informed by a number of studies from cities and states around the country that show measurable, tangible benefits of historic preservation initiatives and, specifically, a positive rate of return on tax credits and abatements extended by municipalities.

Communities preserve historic buildings for any number of reasons – cultural, architectural, environmental, social and historical among them. Yet, as more research is completed assessing the value of historic preservation to a community, it has become apparent that historic preservation also is an important economic development tool.

The President's Advisory Council on Historic Preservation has identified the contributions of preservation to urban revitalization as including:

- Stimulation of private investment
- Stimulation of tourism
- Job creation
- New businesses formed
- Pockets of deterioration and poverty diluted
- Increased property and sales taxes
- Enhanced quality of life and the sense of neighborhood and pride
- Compatible land use patterns

Donovan Rypkema, recognized as an industry leader in the economics of historic preservation, has written extensively on the issue and notes that a study undertaken by the University of South Carolina and the National League of Cities found that of the 45 economic development tools identified by mayors, the 7th most often cited was historic preservation.

Preservation issues should be considered in light not only of the cost of abated property taxes but also in light of the return on the preservation investment through direct and indirect economic benefits to Austin. UT Economist Michael Oden explains that

"A historic preservation tax abatement program is not a pure tax expenditure but an investment. In the micro sense, the investment adds value to surrounding properties, thus increasing the tax base in the neighborhood. The macro effect preserves the attractiveness and character of the city, thus adding value across the city while attracting business investment and economic growth."

Any discussion of tax incentives should take into account the multiplier effect of the benefit of such tax incentives. We further encourage a comparison of the *type* of economic benefits that preservation generates in comparison to new construction. Rypkema's study shows that

1. Preservation projects retain a higher percentage of dollars in the community versus generating profits for large corporations outside the city.
2. Preservation projects create more local jobs and increase local household incomes, thus affecting local retail sales.
3. Preservation is the basis for the benefit of heritage tourism.

Another study, *Historic Preservation and Residential Property Values: An Analysis of Texas Cities*, completed by the Center for Urban Policy Research at Rutgers University and published in 2000 in *Urban Studies*, looked at the impact of historic preservation on property values in nine Texas cities. The results of this study suggest that historic preservation generally has a positive impact on property values and that historic designation is associated with average property value increases ranging between 5% and 20% of the total property value. While the study did not examine issues of gentrification, it did recommend that communities should address the issue as part of their larger preservation initiatives. The authors noted that preservation initiatives can and should effectively mitigate the impacts of gentrification using techniques seen in places such as Savannah and Pittsburgh to successfully retain affordable housing as part of a community's preservation program.

In 2002 the City Council's task force on "Gentrification Implications of Historic Zoning in East Austin" dealt with citizens' concerns about the effects on surrounding property values of historic designation of homes in East Austin. A number of possible strategies for mitigating any tax increases for low income residents were included, and some have been implemented. Adoption of local historic districts is the most effective tool for preventing unwanted gentrification, as the districts may limit demolition of existing structures and adopt design guidelines for rehabilitation and infill construction.

ORDINANCE REVISIONS AFFECTING THE HISTORIC LANDMARK COMMISSION

CREATION AND MEMBERSHIP § 2-4-531

The Historic Landmark Commission has 11 members, as specified by §2-4-531. Five of the 11 positions on the Commission are to be filled with representatives of specified organizations; the remainder are at-large. The Code specifies that Historic Landmark Commissioners must have knowledge of and experience in the architectural, archeological, cultural, social, economic, ethnic, or political history of the city. Commission members serve 2-year terms. §2-4-532 lists ex-officio members of the Historic Landmark Commission. Recommendations include:

- Reduce the number of members of the Historic Landmark Commission from 11 to 9, by eliminating 2 at-large positions in accordance with a study developed by the Boards and Commissions Process Review Task Force.
- As a professional advisory body, every member of the Historic Landmark Commission should have demonstrated knowledge of the architectural, archeological, cultural, social, economic, ethnic, or political history of the city. The composition of the Commission should include:
 - A representative of the Heritage Society of Austin
 - A representative of the American Institute of Architects
 - An additional architect licensed by the State of Texas
 - A historian
 - An architectural historian
 - An attorney licensed by the State of Texas
 - A real estate professional licensed by the State of Texas
 - An archeologist
 - A city planner

PreserveAustin

APPENDIX

HISTORIC LANDMARK PRESERVATION PLAN § 2-4-535

Here is a passage from Page 25, which is part of a discussion about what is happening in preservation in Austin "today" (in 1981) – how the program got started, with the assistance of HSA, how the state and federal governments have played a limited role in the program and an assessment of the accomplishments and vision of the HLC:

The Historic Landmark Commission has been highly effective in designating a large number of the most significant 19th-century buildings in Austin as landmarks. At the same time the Commission has taken a narrow view of its charge, concerning itself overwhelmingly with 19th-century structures and never with districts, and confining its concerns to the designation of landmarks rather than taking a leadership role in the full range of preservation activities. This conservative approach has been appropriate to the initial stages of the program. The early structures are fundamental to the subsequent history of the city, in many cases they were the most vulnerable, and they were the most publicly acceptable and politically feasible structures with which to build a program. But such an approach has limited the long term effectiveness of the program by leaving important aspects of the city's heritage exposed and by creating a false impression of the scope and potential of historic preservation.

While the interpretation of the criteria for designation of landmarks has been too narrow in some respects, the standards for granting Certificates of Appropriateness have been too lenient (for example, in the ground floor alterations to some commercial structures along East Sixth Street). Such leniency leaves the entire ordinance, including the tax exemption benefits of designated structures, vulnerable to court challenges and opens to question the certifiability of designated structures for benefits under the federal Tax Reform Act of 1976.

The demands of preservation in Austin today require the correction of these deficiencies, but at least as importantly they require a broader perspective on the entire scope of preservation activity."

The plan goes on to recommend that the HSA and the HLC be aware of the full range of preservation activity, coordinate their resources for maximum effectiveness and understand the role of State and Federal governments in preservation to take better advantage of their programs and resources.

In a later section, the preservation plan discusses the tax abatement. Basically, it says that the fact that the abatement is available to eligible properties for an indefinite period of time pushes the HLC and the CC into a stricter interpretation of the designation criteria and a more conservative approach with respect to designation of significant structures. The preservation plan recommends that the abatement be provided for a maximum term of 10 years, in order to allow more buildings to participate in the program and be protected.

PreserveAustin

APPENDIX

HISTORIC LANDMARK DESIGNATION CRITERIA § 25-2-351

PreserveAustin supports the revisions to the Historic Landmark Designation Criteria as recommended by the Landmark Commission, as follows:

1. Be at least 50 years old, except if the property possesses exceptional importance as set forth in National Register Bulletin 22, National Park Service, 1996; AND
2. Retain sufficient integrity of materials and design to convey its historic appearance; AND
3. Meet either Criterion (A) or TWO of lettered Criteria (B) – (F):
 - (A) The property is currently recognized for historical/architectural significance by being:
 1. Individually listed in the National Register of Historic Places; or
 2. Designated a Recorded Texas Historic Landmark, or
 3. Designated as a State Archeological Landmark; or
 4. Designated as a National Historic Landmark.
 - (B) The property possesses architectural or artistic significance:
 1. Embodies the distinguishing characteristics of a recognized architectural style or method of construction; or
 2. Represents technological innovation in design and/or construction, or
 3. Contains features representing ethnic or folk art, architecture, or construction; or
 4. Represents the significant work of a noted architect, builder, or artisan; or
 5. Represents a rare example of an architectural style; or
 6. Bears a physical or contextual relation to other historically- or architecturally-significant structures or areas.
 - (C) The property is substantially associated with persons, groups, institutions, businesses, or events of historical significance, which contributed to the social, cultural, economic, development, or political history of the city, state, or nation, OR is representative of a culture or group of people in a historical era through its architecture, method of construction, or use.
 - (D) The property possesses archeological significance in that it has, or is expected to yield, significant data concerning human history or prehistory of the region.
 - (E) The property possess value to the community in that it:
 1. Significantly represent the cultural, economic, social, ethnic, artistic, or historical heritage of the city or an area thereof;
 2. Has a location, physical characteristics, or other unique features which greatly contribute to the character or image of the city, a neighborhood, or a population group;
 - (F) The property is a significant natural or designed landscape or landscape feature with artistic, aesthetic, cultural, or historical value to the city.

LOCAL HISTORIC DISTRICTS

Austin's National Register Districts: Austin has a total of 20 National Register designated historic districts. This is a federal designation, designed to honor the designated areas and protect them from the adverse effects of federal actions like highway and dam construction. All of these historic districts are prime candidates for local district designation, in addition to numerous other historic areas of Austin that are heretofore unrecognized.

- Congress Avenue
- Sixth Street
- Barton Springs
- Zilker Park
- Hyde Park
- Shadow Lawn
- Bremond Block
- Swedish Hill
- Rainey Street
- Willow Spence
- Oakwood Cemetery
- Clarksville Historic District
- Camp Mabry
- Old West Austin – comprising Pemberton, Brykerwoods, and Old Enfield neighborhoods
- Laguna Gloria
- Little Campus
- McKinney Homestead
- Moore's Crossing
- Perry Estate
- Edward H. Rogers Homestead

Benefit of Local Districts: In order to provide protection of the historic character of these neighborhoods, local historic districts with their requisite design standards must be enacted and their requirements enforced. Without this tool, Austin may have little to show future generations in terms of traditional neighborhoods, historic trends and standards in craftsmanship and design, and the way of life that formed the foundation for the present and future of Austin. Establishing and maintaining historic districts will preserve and protect historic properties within their contexts and will illustrate the rich and diverse Austin's diverse historic lifeways and which are still viable, livable communities in which to live and work.

Historic Districts: A Historic District is a concentrated and cohesive grouping of cultural resources (buildings, structures, objects and sites) that retain a significant amount of their historic character.

Most local historic district designations in Texas are initiated with their listing in the National Register of Historic Properties (NRHP). The process used for the NRHP is often more refined, broader in scope, and has less impact on private ownership than, for instance, local historic zoning ordinances. Many cities extract NRHP criteria from their own district ordinances and often add other binding components as well as tax abatements.

The HLC, Task Force, and PreserveAustin agree on the following:

- The district should convey a strong sense of the past and possess a high concentration of relatively unaltered historic properties within a well-defined area.
- At least 50 percent of the total number of buildings, structures, objects and sites should be identified as "Contributing" to the historic character of the district.
- The boundaries must be logically determined and avoid artificial or convoluted lines (gerrymandering) to achieve the recommended 50-percent Contributing threshold.

PreserveAustin

APPENDIX

Contributing Properties: A Contributing property is a building, site, structure or object that adds to the historic architectural qualities, historic associations, or archeological values for which a property is significant because:

- it was present during the period of significance and possesses historic integrity reflecting its character at that time or is capable of yielding important information about the period (generally archeology), OR
- it independently meets NRHP or Austin Historic Landmark criteria

Thus, they must contribute to or enhance the district's ability to evoke a sense of the past, most often a specific period of time. Contributing buildings are at least 50 years old and are either unaltered or have had relatively minor and reversible non-historic changes.

Noncontributing Properties: A property that does not add to the historic architectural qualities, historic associations, or archeological values of the district's historic character is classified as "Non-contributing." Specifically, a building, site, structure or object is classified as non-contributing because it meets one or more of the following criteria:

- it was not present during the period of significance,
- due to alterations, disturbances, additions, or other changes, it no longer possess historic integrity reflecting its character at that time or is incapable of yielding important information about that period, or
- it does not "independently meet the NRHP criteria" In other words, properties built less than 50 years ago or historic structures that have been changed within the past 50 years to such an extent that they no longer resemble their original and/or historic appearance and are considered "Non-contributing". It is possible to restore architectural integrity to an older structure, thereby changing it to Contributing status.

Local Historic District Application and Designation:

The local historic district application and designation process must incorporate the following procedures and processes:

- An application to designate a local historic district must contain an inventory of the properties included in the historic district and a professional evaluation of their status as a Contributing or Non-Contributing structure;
- Council must approve any boundary changes to a local historic district, and may enlarge a district to include an important property if the owner supports inclusion, or may reduce a district if it finds that a building no longer contributes to the district, for a new development which supports the character or economic viability of the district, or if an owner demonstrates that inclusion in the district creates an economic hardship which limits his or her ability to maintain the property.
- Each local historic district must have a District Preservation Plan, which defines the character of the district and determines the important buildings and features for preservation. The District

PreserveAustin

APPENDIX

Preservation Plan specifies design, scale, architectural character and materials for new construction and modifications to all buildings within the district. The provisions of the District Preservation Plan would be binding upon all property owners within the district. The District Preservation Plan may modify site development regulations, identifying special compatibility standards for the district that supercede the City's Compatibility Standards.

- The City Historic Preservation Office may approve applications for building permits within the local historic district for specified minor projects that comply with the District Preservation Plan.
- The Historic Landmark Commission will review all applications for demolition or removal of buildings contributing to the local historic district; the City Historic Preservation Office may approve applications for demolition or removal of non-contributing structures.
- The Building and Standards Commission should issue a repair, rather than a demolition order in cases involving buildings that contribute to a local historic district.
- Contributing buildings in local historic districts would be protected by the same penalties applicable to illegal demolition of designated historic landmarks.

TAX INCENTIVES FOR HISTORIC LANDMARKS §5-5-21

The City of Austin supports historic properties as a vital component of our city character that is worthy of preservation and protection. As with the Smart Growth program, where hundreds of thousands of dollars are distributed to projects that demonstrate the type of development that is appropriate for Austin, historic landmarks receive financial incentives for continued preservation.

The financial incentives for H-zoned properties in Austin are the most generous in the country. Owner occupied residences are eligible for a 100% abatement on the improvements and 50% abatement on the land value. Commercial and other properties are eligible for a 50% abatement on the improvements and 25% abatement on the land value. These abatements are provided annually with no term limit provided that the property owner maintains the property in excellent condition and in compliance with the local building code. An annual staff inspection and Landmark Commission review enforce these provisions. In 2003, 164 commercial properties and 140 owner occupied residences benefited from this abatement; 304 out of the 399 designated landmark properties. The remainder can be attributed either to a lack of application for the abatement, or the property was not maintained to City standards and the abatement was denied by the Landmark Commission.

As early as the 1981 Austin Historic Preservation Plan, the generosity of these potentially perpetual abatements were called to question. This plan, which is still in effect, noted that the perpetually eligible abatement structure was limiting the number of landmarks designated each year, particularly in lean economic times. It is PreserveAustin's opinion that this one element is also responsible for the complete lack of local historic districts in Austin. If a local historic district were created under the current code, all properties in that district would receive an H-overlay, making them eligible for the tax abatement (§25-2-355 and §5-5-21). This potential loss of tax revenue is unreasonable, so no local historic districts have been created.

Austin Landmarks: An economic impact study is needed to determine if Austin is receiving a positive return on investment for this program. The analysis should include property improvement reinvestment, tourism and movie industry revenues, property value increases/decreases relative to adjacent non-

PreserveAustin

APPENDIX

designated properties, and tax revenue loss. In the interim, PreserveAustin recommends moderate reductions in this program in accordance with staff recommendations.

Local Historic Districts: Owners of contributing buildings to a Local Historic District that re-invest 25% of their improvements value in qualified rehabilitation or restoration expenditures on the historic building are eligible for a 10 year tax freeze at the pre-rehabilitation value of land and improvements. Exterior rehabilitation/restoration costs must comprise a minimum of 10% of the total project cost.

Endangered Historic Areas and Properties: Many other cities in Texas and around the country offer additional benefits to low-income neighborhoods and property owners to reduce the impacts of gentrification common in historic neighborhoods. The community history embodied in long-term property owners is part of what defines the character of a district. Many of these owners are elderly, on fixed incomes or live at or below the poverty level. According to national studies, buildings that are designated as local landmarks or contributing to a historic district typically increase in value. Many low-to moderate-income central Austin property owners struggle to stay in their homes despite the increasing property values and consequent taxes. Historic Districts tend to increase property values further, making it even more challenging to preserve the history of a community as reflected in its occupants. Towards that goal, Preserve Austin supports several of the recommendations of the Gentrification Task Force and HLTf Minority Report, including the following:

- Creation of Historic District Endangered status for districts where the majority of residents are at or below 80% of the median family income or where 25% or more of the properties within the district are vacant lots or lots with vacant structures. Properties in this district that are over 50 years old would be eligible for a 20% annual tax exemption or \$200 annually, whichever is greater, for 10 years following designation.
- Provide a property tax incentive of 100% abatement for 10 years for owners of contributing buildings who substantially rehabilitate the building to provide rental units at affordable rates as determined by the HUD sliding scale.

Other Financial Incentives: Pursue and promote federal and private economic incentives such as the transfer of development rights (particularly appropriate for areas such as Rainey Street and the University-area neighborhoods), 20% Federal Rehabilitation Tax Credit for commercial properties, private easements, rehabilitation grant and loan programs, and other incentives that do not adversely affect city tax revenue.