



**Austin City Code Amendment
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

AGENDA ITEM NO.: 16
AGENDA DATE: Thu 12/02/2004
PAGE: 1 of 1

SUBJECT: Approve an ordinance on second/third reading amending Chapters 2-1, 11-1, 25-2, 25-3, 25-6, 25-10, and 25-11 of the City Code relating to the Historic Landmark Commission, ad valorem tax exemptions and abatements, historic landmarks, historic area combining districts and historic sign districts, and building demolition and relocation permits; and repealing Sections 2-1-292 and 2-1-295 of the City Code.

AMOUNT & SOURCE OF FUNDING: N/A

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING Neighborhood Planning **DIRECTOR'S**
DEPARTMENT: and Zoning **AUTHORIZATION:** Alice Glasco

FOR MORE INFORMATION CONTACT: Steve Sadowsky, Historic Preservation Office

PRIOR COUNCIL ACTION: 11/18/05 - City Council conducted and closed the Public Hearing and approved first reading of the ordinance with amendments.

9/25/03 - the City Council created the Historic Preservation Task Force

3/25/04 - The Historic Preservation Task Force presented their recommendations to Council;

4/22/04 & 6/10/04 - Council discussed the Task Force recommendations.

8/26/04 - Council reconvened the Historic Preservation Task Force.

11/18/04 - Council approved 1st reading.

BOARD AND COMMISSION ACTION: Reviewed by Historic Landmark Commission and the Planning Commission.

On September 25, 2003, the city Council asked the Historic Preservation Task Force to evaluate and identify changes to the City's Historic Preservation Program, specifically the tax abatements, the landmark designation criteria, treatment of owner-opposed cases and a local historic district ordinance.

The City Council approved an ordinance on November 18, 2004. Amendments have been incorporated into the revised ordinance.

SUMMARY OF TOPICS CONSIDERED BY THE HISTORIC PRESERVATION TASK FORCE

CODE SECTION	CURRENT CODE PROVISION	TASK FORCE RECOMMENDATION	STAFF RECOMMENDATION
MEMBERSHIP OF THE HISTORIC LANDMARK COMMISSION §2-1-291, 292	<p>11 members with 5 specified positions: a representative of:</p> <ul style="list-style-type: none"> • Heritage Society of Austin • UT School of Architecture • Austin chapter of American Institute of Architects • Travis County Historical Commission • Travis County Bar Association 	<p>Reduce to 9 members with 2 specified positions:</p> <ul style="list-style-type: none"> • Board member in good standing of the Heritage Society of Austin • Architect registered in the State of Texas. <p>Council members each make an appointment to the Commission with a suggested list of other areas of expertise, including an architectural historian, historian, attorney, real estate professional, structural engineer, owner of a residential landmark, owner of a commercial landmark.</p> <p>Every member of the Historic Landmark Commission should have knowledge of and experience in the architectural, archeological, cultural, social, economic, ethnic, or political history of the city.</p> <p>Members serve 2-year terms, and may not serve more than 4 consecutive terms.</p> <p>Eliminate ex-officio members of the Commission.</p>	Concur with Task Force

<p>HISTORIC LANDMARK DESIGNATION CRITERIA</p> <p>§25-2-351</p>	<p>13 criteria; a property needs to meet one to qualify as a historic landmark. No age criterion for designation; no requirement of retention of integrity.</p>	<p>Tighten designation criteria to require building be at least 50 years old, retain sufficient integrity of original materials and design to convey its historic appearance and is already recognized for its historic significance, or meets 2 criteria relating to:</p> <ul style="list-style-type: none"> • architectural merit • substantial association with persons, entities or events of historical significance • archeological significance • community value • significance as a natural or designed landscape. 	<p>Concur with Task Force</p>
<p>HISTORIC LANDMARKS</p> <p>CERTIFICATES OF APPROPRIATENESS</p> <p>(Ordinary repair and maintenance excepted)</p>	<p>HLC reviews all Certificates of Appropriateness</p>	<p>The Historic Preservation Office may approve minor projects on historic landmarks which meet HLC guidelines, including painting using the existing or original color scheme, routine maintenance and repairs which use the same materials and design as existing, re-roofing, and signage, provided that the installation of the sign does not damage historic building materials, pools, decks, fences, and other landscape features which do not physically impact the historic building and do not cause a visual change from a public view.</p>	<p>Concur with Task Force</p>
<p>HISTORIC LANDMARKS</p> <p>ELIGIBILITY FOR PROPERTY TAX EXEMPTION</p> <p>§11-1-22</p>	<p>All currently designated landmarks are eligible for property tax exemption.</p>	<p>All designated landmarks qualify for the property tax exemption.</p>	<p>Concur with Task Force</p>

<p>HISTORIC LANDMARKS</p> <p>DETERMINATION OF PROPERTY TAX EXEMPTION AMOUNT</p> <p>§11-1-22</p>	<ul style="list-style-type: none"> • Owner-occupied residences: 100% of the value of the structure and 50% of the value of the land. • Income-producing properties: 50% of the value of the structure and 25% of the value of the land. 	<ul style="list-style-type: none"> • Grandfather all currently-designated owner-occupied residential landmarks at the existing exemptions (100% of the value of the structure and 50% of the value of the land). Owner-occupied residential landmarks designated after the effective date of the ordinance change will be eligible for a property tax exemption of 100% of the value of the structure and 50% of the value of the land with a maximum exemption of the greater of \$2,000 or 50% of the city tax levy. <p>IN THE EVENT THAT COUNCIL DOES NOT GRANDFATHER THE CURRENTLY-DESIGNATED LANDMARKS, THEN THE TASK FORCE RECOMMENDS IN THE ALTERNATIVE:</p> <ul style="list-style-type: none"> • Owner-occupied residences: Designated historic landmarks will be eligible for a property tax exemption of 95% of the value of the structure and 50% of the value of the land in the first year after the effective date of the ordinance change, 90% of the value of the structure and 50% of the value of the land in the second year after the effective date of the ordinance change, and 85% of the value of the structure and 50% of the value of the land in the third year after the ordinance change, and remain at 85% for future years. The maximum exemption for owner-occupied residential landmarks will be the greater of \$2,000 or 50% of the city tax levy. The cap will be phased in over a 3-year period. The formula will apply to all landmarks regardless of the date of designation or a change of ownership. • Income-producing properties: Retain current exemption rates (50% of the value of the structure and 25% of the value of the land). 	<p>Concur with Task Force alternate recommendation</p>
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<p>LOCAL HISTORIC DISTRICTS</p> <p>CREATION</p>	<p>Code provides for local historic districts to go through the same nomination as historic landmarks, and requires that 51% of the buildings in the district must meet the criteria for landmark designation.</p>	<p>Local historic districts may be initiated by City Council, the Historic Landmark Commission, a petition endorsed by at least 30% of the property owners in the proposed historic district, in which case, the matter cannot proceed to any board or commission until endorsed by at least 50% of the property owners in the district, or by City staff, if the historic district is recommended in an adopted neighborhood plan, so long as at least 50% of the property owners in the district have endorsed the creation of the district before the case proceeds to any board or commission.</p> <p>At least 51% of the buildings within a local historic district must contribute to its historic character.</p>	<p>The local historic district must have the support of at least 50% of the affected property owners before it is placed on the Council's agenda. No threshold for initiation.</p>
<p>LOCAL HISTORIC DISTRICTS</p> <p>REDUCING THE BOUNDARIES OF A HISTORIC DISTRICT</p> <p>§25-2-352(D)</p>	<p>A historic district may be reduced if excluding a structure or area is necessary for major new development which supports the character or economic viability of the district.</p>	<p>Delete this provision for reducing a local historic district for a major new development. New developments in local historic districts should follow the design standards established for the district.</p>	<p>Concur with Task Force.</p>

<p>LOCAL HISTORIC DISTRICTS</p> <p>PRESERVATION PLAN</p> <p>§25-2-357</p>	<p>Sets out permissible components of a historic district preservation plan.</p>	<p>Each local historic district must have a district preservation plan as part of the zoning ordinance establishing the district, defining the provisions of the district preservation plan and enumerating the character-defining features of the district to determine what should be preserved.</p> <p>New construction would be required to comply with the district preservation plan. A preservation plan may modify and add regulations for properties located within the district, including:</p> <ul style="list-style-type: none"> • Design, scale, architectural character, and materials for any work affecting the exterior appearance of buildings deemed contributing to the historic district, and for any new construction; • Design, scale, architectural character and materials for public facilities within the district; • Site development regulations applicable in the base district, including compatibility standards; off-street parking requirements for all structures within the district; signs, and landscaping. 	<p>Concur with Task Force</p>
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<p>LOCAL HISTORIC DISTRICTS</p> <p>DEMOLITION, REMOVAL OR BUILDING PERMIT APPLICATIONS</p>	<p>Demolition, removal or building permit applications would follow the same rules as for historic landmarks; the Code currently makes no distinction between historic landmarks and properties in local historic districts.</p>	<p>The City Historic Preservation Office reviews all applications for demolition, removal, or exterior alterations, and will approve or refer to the HLC applications for demolition or removal within 5 business days, and applications for building permits within 15 business days. The City Historic Preservation Officer may approve applications for building permits involving minor projects which fully comply with the District Preservation Plan, including construction of a one-story addition of less than 600 square feet which does not cause a substantial visual change from a public right-of-way (alleys excluded), accurate restoration or reconstruction of a documented historic architectural element of the structure or site, unless a variance or waiver is required, construction of pools, decks, fences, re-roofing, and signage.</p> <p>The City Historic Preservation Office can approve applications for demolition or removal of non-contributing structures in the historic district without a Certificate of Appropriateness from the HLC. Applications for demolition or removal of contributing structures must be heard by the HLC.</p>	<p>Concur with Task Force</p>
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<p>LOCAL HISTORIC DISTRICTS</p> <p>PROPERTY TAX INCENTIVE TO REHAB BUILDINGS</p> <p>CITY-WIDE</p>	<p>No existing Code provision.</p>	<p>Contributing buildings in local historic districts would be eligible for a property tax abatement on the added value of qualified rehabilitation expenditures as follows:</p> <p>Owner-occupied residential properties would be eligible to receive a 7-year abatement on the added value of the rehabilitation if 25% of the pre-improvement value of the structure is re-invested in qualified rehabilitation expenditures and at least 5% of the pre-improvement value of the structure is re-invested in qualified rehabilitation expenditures on the exterior of the building.</p> <p>Income-producing properties would be eligible to receive a 10-year abatement on the added value of the rehabilitation if 40% of the pre-improvement value of the structure is re-invested in qualified rehabilitation expenditures and at least 5% of the pre-improvement value of the structure is re-invested in qualified rehabilitation expenditures on the exterior of the building.</p> <p>The incentive would also be available for non-contributing buildings only if the proposal would restore the building to contributing status in the historic district.</p> <p>All rehabilitation work must follow the Design Standards contained in the Historic District Preservation Plan and be approved by the HLC.</p>	<p>Concur with Task Force.</p> <p>Ordinance may have to specify that a project on a non-contributing building can be approved for the incentive if the project will restore the building to contributing status within the district.</p>
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LOCAL HISTORIC DISTRICTS PROPERTY TAX INCENTIVE TO REHAB BUILDINGS REVITALIZING NEIGHBORHOODS	No existing Code provision.	<p>In the revitalizing neighborhood area, bounded by I-35, U.S. 183, U.S. 290, and Texas 71:</p> <ul style="list-style-type: none"> • Designated historic landmarks and contributing buildings in any local historic districts within the revitalizing neighborhood area would be eligible for property tax incentives for rehabilitation. • Owner-occupied residential properties would be eligible to receive a 10-year abatement of city property taxes on the added value of the rehabilitation if 20% of the pre-improvement value of the structure is re-invested in qualified rehabilitation expenditures and at least 5% of the pre-improvement value of the structure is re-invested in qualified rehabilitation expenditures on the exterior of the building. • Income-producing properties would be eligible to receive a 10-year abatement on the added value of the rehabilitation if 50% of the pre-improvement value of the structure is re-invested in qualified rehabilitation expenditures and at least 5% of the pre-improvement value of the structure is re-invested in qualified rehabilitation expenditures on the exterior of the building. <p>The incentive would also be available for non-contributing buildings only if the proposal would restore the building to contributing status in the historic district.</p> <p>All rehabilitation work must follow the Design Standards contained in the Historic District Preservation Plan and be approved by the HLC.</p>	Concur with Task Force EXCEPT that the re-investment threshold for commercial buildings should be lowered to 30% of the pre-improvement value of the structure.
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November 18, 2004

NATIONAL REGISTER HISTORIC DISTRICTS BUILDING PERMITS	Requires Historic Landmark Commission (HLC) review of building permits in National Register Historic Districts.	The HLC will continue to review building permit applications in National Register Historic Districts for 2 years to allow time for National Register districts to become local historic districts. After 2 years, the HLC will no longer review building permit applications in National Register districts.	Continue to require Historic Preservation Office review of building permits in National Register districts to encourage better preservation projects.
OWNER-OPPOSITION HISTORIC ZONING CASES	HLC initiates historic zoning; has second hearing to make recommendation regarding historic zoning to Council	Two HLC hearings – a Criteria Hearing to determine if property meets criteria for designation, then a Disposition hearing to make recommendation regarding historic zoning. Owner can provide information to HLC to establish infeasibility of preservation.	Combine proposed HLC hearings into one meeting with the authority of the HLC to order a demolition delay to receive any additional information necessary to make its decision.
APPLICATION FEES FOR BUILDING, RELOCATION, AND DEMOLITION PERMITS	None existing	City budget initiative instituted fees for historic zoning applications and applications for demolition/relocation permits, building permits in National Register Historic Districts, and Certificates of Appropriateness.	No recommendation.
APPLICATION FEES FOR PROPERTY TAX EXEMPTION		No fees for applying for the property tax exemption.	

RESOLUTION OF THE HISTORIC LANDMARK COMMISSION

WHEREAS, the City Council established the Historic Preservation Task Force to examine and make recommendations regarding the City's historic preservation ordinances; and

WHEREAS, the Historic Landmark Commission has reviewed the report of the Historic Preservation Task Force and the staff memo regarding changes to the City's historic preservation ordinances, and

WHEREAS, the Historic Landmark Commission agrees with many of the recommendations of the Historic Preservation Task Force and staff,

NOW, THEREFORE, the Historic Landmark Commission **RESOLVES** to offer the following recommendations which differ from those of the Historic Preservation Task Force or staff:

1. **Maintain the current eligibility criteria for historic landmark property tax exemptions.** Any property designated a historic landmark should be eligible for the property tax incentive, without regard to the age of the building, the date of designation, or a change in ownership. The Commission is concerned that raising the "bar" for eligibility for the property tax incentive to 75 years as suggested by the Historic Preservation Task Force will needlessly endanger historically-significant properties which otherwise qualify for landmark designation.
2. **Commission an economic study to determine the impact of changing the amount of the property tax exemption for historic landmarks.** Austin's current property tax incentive program works well to preserve the city's most important historic buildings. A change in the value of the incentive could endanger the continued preservation of landmarks already vulnerable to demolition because the value of the land is greater than the value of the structure, and warrants a full investigation of potential impacts.
3. **Establish local historic districts with property tax incentives to encourage the rehabilitation and preservation of buildings which contribute to the historic character of the district.** The Commission recommends that the rehabilitation incentive should be limited to contributing buildings, as well as projects which would restore a non-contributing building to contributing status within the district. The Commission further recommends the establishment of a special rehabilitation property tax incentive for low-



CITY OF AUSTIN

HISTORIC PRESERVATION TASK FORCE

REPORT TO CITY COUNCIL

MARCH 25, 2004

Betty Baker, Chair
Jerry Harris, Vice-Chair
Keith Jackson
Tere O'Connell
John Philip Donisi
Jim Christianson
Joseph Martinez
Laurie Limbacher, *ex-officio*

Prepared by Steve Sadowsky
Historic Preservation Office
Transportation, Planning and Sustainability Department

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EXECUTIVE SUMMARY

The Historic Preservation Task Force reviewed the entire processes of the Historic Landmark Commission and the City Historic Preservation Office in making recommendations for change to the program. Listed in the order of the topics determined by Council for review by the Task Force, a summary of the Task Force's recommendations follows:

A. HISTORIC LANDMARK DESIGNATION CRITERIA

The Task Force recommends new language for the ordinance specifying the criteria for designation of a property as a historic landmark, with a goal of making the designation criteria more restrictive and straightforward. The Task Force recommends replacing the current code section with new language, including provisions that require:

- A property must be at least 50 years old to qualify for designation
- A property must be a significant work of a noted architect, builder, or artisan; and
- A property must have a substantial association with persons, entities, or events of historical significance.

B. TAX EXEMPTION INCENTIVES FOR HISTORIC LANDMARKS

The Task Force recommends modifications to the City's current tax exemption program for historic landmarks:

- Maintain the existing City property tax exemption for all currently-designated historic landmarks (residential and commercial), except that a change of ownership of a currently-designated landmark will trigger the provisions for newly-designated landmarks.
- Properties designated historic landmarks after the recommended Code amendments take effect must be at least 75 years old to qualify for the City property tax exemption.
- Owner-occupied residential properties which are designated historic landmarks after the recommended Code amendments take effect, which are 75 years old, and which pass the annual inspection, should receive a City property tax exemption of 100% of the value of the structure and 50% of the value of the land, with a maximum exemption of the greater of \$2,000 or 50% of the total City tax levy on the property.

- Income producing properties which are designated historic landmarks after the recommended Code amendments take effect, which are 75 years old, and which pass the annual inspection, should receive a City property tax exemption of 50% of the value of the structure and 25% of the value of the land, with no maximum limit of the exemption.

C. LOCAL HISTORIC DISTRICTS

The Task Force recommends the establishment of local historic districts, with the following provisions:

- At least 51% of the principal buildings within a proposed local historic district must contribute to the historic character of the district, in conformance with the designation criteria for National Register Historic Districts;
- 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 Preservation Plan specifies design, scale, architectural character and materials for new construction in the district, including modifications to buildings contributing to the historic character of the district, and public facilities. The provisions of the District Preservation Plan would be binding upon property owners in the local historic district.
- A District Preservation Plan may modify site development regulations, identifying special compatibility standards for the district.
- The City Historic Preservation Office may approve applications for building permits within the local historic district for specified minor projects which comply with the District Preservation Plan.
- The Historic Landmark Commission will review all applications for demolition or removal of buildings contributing to the 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 which 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.

D. FINANCIAL INCENTIVES FOR REHABILITATION OF PROPERTIES IN LOCAL HISTORIC DISTRICTS

The Task Force recommends the establishment of a property tax incentive program by the City to encourage rehabilitation of properties in local historic districts:

- Provide a property tax incentive for rehabilitation of all owner-occupied residential properties (contributing and non-contributing) in local historic districts, awarding a 7-year property tax freeze at the pre-improvement value of the property, if the property owner spends at least 25% of the pre-improvement value of the structure in qualified rehabilitation expenditures, including at least 5% of the pre-improvement value of the structure in qualified rehabilitation expenditures to the exterior of the property.
- Provide a property tax incentive for rehabilitation of all income-producing properties (contributing and non-contributing) in local historic districts, awarding a 10-year property tax freeze at the pre-improvement value of the property, if the property owner spends at least 40% of the pre-improvement value of the structure in qualified rehabilitation expenditures, including at least 5% of the pre-improvement value of the structure in qualified rehabilitation expenditures to the exterior of the property.

E. NATIONAL REGISTER HISTORIC DISTRICTS

The Task Force recommends that the Historic Landmark Commission no longer review applications for building permits in National Register Historic Districts, and limit their review to applications for demolition and removal permits of properties contributing to the National Register district.

F. COMPOSITION AND QUALIFICATIONS OF THE HISTORIC LANDMARK COMMISSION

The Task Force recommends changes to the composition and qualifications of Historic Landmark Commissioners:

- Reduce the number of members of the Historic Landmark Commission from 11 to 9, by eliminating 2 at-large positions.
- Each Council member should have one direct appointment to the Commission; the 2 remaining positions should be filled by:
 - a. An architect registered in the State of Texas; and
 - b. A board member in good standing of the Heritage Society of Austin.
- The Task Force recommends that Council consider specified fields of expertise in their appointments to the Historic Landmark Commission.
- Historic Landmark Commissioners should serve 2-year terms, and not more than 4 consecutive terms.
- The Task Force recommends that the Historic Landmark Commission file an annual report specifying the number of applications for historic zoning, applications for demolition or removal permits, the amount of the annual tax exemption, and the economic impact of historic preservation with a comparison between housing values in historic districts and the city as a whole.

G. HISTORIC LANDMARK COMMISSION AGENDA PROCESS

The Task Force recommends changes to the Code sections which specify the Historic Landmark Commission agenda process, including:

- Updating the list of resources used by the Historic Preservation Office in placing a case on the Historic Landmark Commission agenda for review;
- Establish a Historic Landmark Criteria hearing by the Historic Landmark Commission to determine whether a structure meets the Historic Landmark Designation Criteria, and to allow a property owner in opposition to historic zoning present evidence to the Commission supporting his or her position.
- Establish a Professional Services Fund to allow the Commission or the City to hire an independent consultant to report structural, architectural, or market-related issues to the Commission in contested historic zoning cases.
- Establish a 15-day period for a property owner to provide the City Historic Preservation Office with ownership information on a property subject to an application for a demolition or removal permit upon certification by the City Historic Preservation Office that the ownership information is necessary to make the decision for release of the permit or referral of the case to the Historic Landmark Commission.

H. OTHER ISSUES

- The Task Force does not support the establishment of additional fees for historic zoning applications.
- The Task Force recommends that the City request that the Travis Central Appraisal District establish a formal process for valuing historic landmarks in defined geographical areas against each other to help eliminate gentrification impacts on neighboring non-landmarked structures.
- The Task Force recommends that the City commission updates of historic structure surveys and the city preservation plan.
- *The Task Force recommends that Council review the City's historic preservation ordinances on a periodic basis to evaluate their effectiveness.*
- The Task Force failed to reach a quorum vote on whether or not to incorporate the recommendations of the Gentrification Task Force (October, 2002), and decided that they did not have adequate time to fully address economic issues of gentrification and historic preservation in this study.

INTRODUCTION

The City Council of Austin, Texas established the Historic Preservation Task Force on October 6, 2003 (Ordinance No. 030925-51) to consider the following issues:

1. A general review of the City regulations regarding historic designation;
2. The criteria used by the Historic Landmark Commission to determine historic designation
3. The City's tax exemption program for property with a historic designation;
4. Historic Districts
5. Historic Landmark Commission membership, including qualifications and number;
6. The Historic Landmark Commission agenda process; and
7. Other issues identified by the Task Force.

The City Council directed the Task Force to make their report by March 25, 2004.

Council members each appointed one member of the Task Force:

Task Force Appointee

Betty Baker, Chair
Jim Christianson
John Philip Donisi
Jerry Harris, Vice-Chair
Keith Jackson
Joseph Martinez
Tere O'Connell

Council Member

Mayor Will Wynn
Betty Dunkerley
Danny Thomas
Mayor Pro-tem Jackie Goodman
Brewster McCracken
Raul Alvarez
Daryl Slusher

On December 1, 2003, the City Council appointed a member of the Historic Landmark Commission to serve as an ex-officio member of the Task Force. The Historic Landmark Commission selected Laurie Limbacher to serve on the Task Force.

The Task Force met 12 times during the course of their charge:

October 15, 2003	October 29, 2003
November 12, 2003	December 10, 2003 (cancelled)
December 17, 2003	January 14, 2004
January 28, 2004	February 11, 2004
February 25, 2004	March 3, 2004
March 10, 2004	March 17, 2004
March 24, 2004	

At the first meeting, the Task Force chose Betty Baker to serve as chair, and Jerry Harris to serve as Vice-Chair of the Task Force. Steve Sadowsky, the City

Historic Preservation Officer, served as City staff for the Task Force, and prepared all of the Task Force's backup materials and meeting minutes.

ATTENDANCE RECORD OF TASK FORCE MEMBERS

	BAKER	HARRIS	JACKSON	O'CONNELL	DONISI	MARTINEZ	CHRISTIANSON	LIMBACHER
10/15/03	X	X	X	AB	X	AB	X	
10/29/03	X	X	X	X	X	AB	X	
11/12/03	X	X	X	X	X	X	X	
12/10/03 MEETING CANCELLED								Note: Limbacher was appointed to serve as an ex-officio member of the Task Force 12/1/03
12/17/03	X	X	AB	X	X	AB	X	X
1/14/04	X	X	X	X	X	X	X	X
1/28/04	X	X	X	X	X	X	X	X
2/11/04	X	X	X	X	X	X	X	X
2/25/04	X	X	X	X	X	X	X	X
3/3/04	X	X	AB	X	X	X	X	AB
3/10/04	X	X	X	X	X	X	X	X
3/17/04	X	X	X	AB	X	X	X	X
3/24/04	X	X	X	X	X	X	X	X

DELIBERATION PROCESS

Prior to its first meeting, the Task Force members received a copy of the Historic Landmark Commission's recommendations for changes to the City's historic preservation ordinances, which formed the basis of a set of proposed code amendments already being considered by City departments. The Historic Landmark Commission prepared a package of recommendations pursuant to a 1999 Council directive to address historic preservation issues and to streamline the historic zoning process, especially with regard to owner-contested historic zoning cases. The Task Force members reviewed the Historic Landmark Commission's recommendations and either affirmed those recommendations as written, proposed changes, or developed new recommendations. For each meeting, staff provided the Task Force members with all requested information as well as any additional materials relevant to the Task Force's discussions, including, but not limited to historic preservation ordinances from other cities, tax exemption program descriptions from other cities, technical bulletins,

information from the Travis Central Appraisal District, and information from the National Park Service.

This report is organized into sections which correspond to the Task Force charge and includes the Task Force's recommendations at the end of each section.

I. GENERAL REVIEW OF CITY REGULATIONS REGARDING HISTORIC DESIGNATIONS

The Task Force reviewed all City ordinances regarding historic preservation issues and the Historic Landmark Commission, as well as the Rules the Historic Landmark Commission uses in making recommendations. The current City code provisions, as well as the Rules of the Historic Landmark Commission are contained in Appendix "A".

II. THE CRITERIA USED BY THE HISTORIC LANDMARK COMMISSION TO DETERMINE HISTORIC DESIGNATIONS

CURRENT CODE PROVISIONS

§25-2-351 (Appendix "A") sets forth the 13 criteria used by Council to designate a historic landmark. The Historic Landmark Commission recommended changes to the designation criteria to eliminate ambiguity, recognizing that these criteria form the objective basis for decisions on historic zoning cases.

See Appendix "D" for information considered by the Task Force regarding historic landmark and historic district designations.

TASK FORCE RECOMMENDATION

The Task Force recommends that the following provisions, which are based upon those promulgated by the Historic Landmark Commission, replace the current language of §25-2-351:

To qualify for designation as a historic landmark, a property must meet ALL of the following:

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.

III. CITY'S TAX EXEMPTION PROGRAM FOR PROPERTIES WITH HISTORIC DESIGNATION

CURRENT CODE PROVISIONS

§5-5-21 provides that properties designated "H", and which are approved for exemption shall receive a percentage of assessed value exempt from ad valorem taxes levied by the City:

- (A) Owner-occupied residential properties and properties owned by non-profit corporations:
100% of the value of the structure and 50% of the value of the land.
- (B) All other properties (income-producing):
50% of the value of the structure and 25% of the value of the land.

The current property tax incentive for historic landmarks encourages preservation of historically-significant buildings and thus serves a public good. The Task Force compared the City's current property tax incentive to similar programs in other cities, and found that Austin has a higher tax incentive than other cities.

See Appendix "E" for information considered by the Task Force regarding property tax exemption programs.

Owners of historic landmarks addressed the Task Force during their deliberations on this issue, urging retention of the current incentives to enable them to continue effective preservation of their property. The Task Force decided to retain the existing property tax incentives for currently-designated historic landmarks, with the condition that if the ownership of a currently-designated landmark changes, then the rules for newly-designated landmarks apply after the ownership change.

The Task Force decided upon more stringent requirements for future historic landmarks to qualify for a City property tax exemption: future landmarks, while required to be 50 years old to qualify for landmark designation, would have to be at least 75 years old to qualify for the property tax exemption. The formula for calculating the property tax exemption for residential properties designated in the future would be 100% of the value of the structure and 50% of the value of the land with a maximum exemption of the greater of \$2,000 or 50% of the total City tax levy.

This recommendation retains the attractiveness of the property tax incentive program for all historic landmark owners, and does not adversely affect owners of lower-valued historic landmarks by reducing their property tax incentive. The Task Force also hopes to impart a higher degree of predictability of the amount of

City revenue lost to historic landmark property tax exemptions each year with the imposition of a maximum exemption amount.

To illustrate the effect of the Task Force's recommendation, in 2003, Council granted Historic zoning for 14 properties, of which 12 are owner-occupied residences. Of these 12 properties, 4 are currently eligible for City property tax exemptions of over \$2,000: the Shelby House at 1114 West Ninth Street (eligible for an exemption of \$3,943), the Penn and Nellie Wooldridge House at 3124 Wheeler Street (eligible for an exemption of \$2,456), the Philquist-Wood House at 4007 Avenue G (eligible for an exemption of \$2,957), and the Pease Mansion, at 6 Niles Road (eligible for an exemption of \$8,643).

If the Task Force's recommendations for changes to the tax exemption formula were applied to the 4 properties with exemptions over \$2,000 designated as historic landmarks in 2003, the City would realize a gain of \$4,761 in lost property tax revenues:

Property	Current Exemption	Proposed Exemption	Revenue Return to City
Shelby House	\$3,943	\$2,214 (50% of total City tax levy of \$4,698)	\$1,729
Wooldridge House	\$2,456	\$2,000 (50% of total City tax levy of \$2,826 would be \$1,413)	\$456
Philquist-Wood House	\$2,957	\$2,000 (50% of total City tax levy of \$3,474 would be (\$1,737)	\$957
Pease Mansion	\$8,643	\$7,024 (50% of total City tax levy of \$14,048)	\$1,619
TOTALS:	\$17,999	\$13,238	\$4,761

TASK FORCE RECOMMENDATIONS

A. AMEND §5-5-21 to provide:

1. Properties with Historic "H" zoning on the date any change to the formula for calculating property tax exemptions in §5-5-21 takes effect, and which qualify for the City property tax exemption by virtue of passing an inspection to confirm proper maintenance and preservation of the structure, should receive the property tax exemption currently provided for in §5-5-21, with the condition that

any change in the ownership of a currently-designated landmark will trigger the formula proposed for landmarks designated after a change to §5-5-21 takes effect.

2. Properties zoned Historic “H” after the date any change to the formula for calculating property tax exemptions in §5-5-21 takes effect must be at least 75 years old to qualify for the City property tax exemption.

3. Owner-occupied residential properties zoned “H” after the date any change to the formula for calculating property tax exemptions in §5-5-21 takes effect, and which qualify for a City property tax exemption by virtue of being at least 75 years old, and having passed an inspection to confirm proper maintenance and preservation of the structure, should receive a property tax exemption of:

100% of the value of the structure and 50% of the value of the land, with a maximum exemption of the greater of \$2,000 or 50% of the total City tax levy on the property.

4. Income-producing properties zoned “H” after the date any change to the formula for calculating property tax exemptions in §5-5-21 takes effect, and which qualify for a City property tax exemption by virtue of being at least 75 years old, and having passed an inspection to confirm proper maintenance and preservation of the structure, should receive a property tax exemption of:

50% of the value of the structure and 25% of the value of the land, with no maximum limit of the exemption.

IV. HISTORIC DISTRICTS

A. LOCAL HISTORIC DISTRICTS

CURRENT CODE PROVISIONS

§25-2-351(B) specifies that for an area to qualify as a historic district, at least 51% of the structures in the area must meet the historic designation criteria.

§25-2-352 sets out the application requirements for designation as a historic district, to enlarge or reduce the boundaries of a historic district, defines economic hardship with reference to enlarging or reducing the boundaries of a historic district, and the information required for the Historic Landmark Commission to recommend designation of a historic district.

§25-2-355 states that properties within a historic district shall be designated with an “H” on city zoning maps.

§25-2-357 sets out the permissible components of a historic district preservation

plan.

The Task Force supports the establishment of local historic districts as a valuable tool for the preservation of historic neighborhoods.

TASK FORCE RECOMMENDATIONS

1. Enable the designation of local historic districts to preserve a significant group of structures or sites related by geographical location, history, or architecture.
2. AMEND §25-2-351(A) and §25-2-355 to apply only to historic landmarks, and not to historic districts. Historic districts should be designated with an “HD” which will distinguish them from individually-designated historic landmarks.
3. REPEAL §25-2-351(B) and replace with a new Code section which states that at least 51% of the principal buildings within a proposed local historic district must contribute to the historic character of the district, in conformance with the designation criteria for National Register Historic Districts.
4. ENACT a new Code section which provides that a historic district designation may be initiated by:
 - a. City Council;
 - b. Historic Landmark Commission;
 - c. A petition endorsed by at least 50% of the property owners in the proposed historic district; or
 - d. City staff, if the historic district is recommended in an adopted neighborhood plan.
5. REPEAL §25-2-352(A) and replace with a provision that 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.
6. AMEND §25-2-352(B) regarding changes to the boundaries of a local historic district by requiring:
 - a. City Council must approve boundary changes in historic districts;
 - b. To enlarge a historic district, Council must find that both of the following conditions are true:
 1. A structure, group of structures, or area adds historic, architectural, archeological, or cultural value to the district; and
 2. The owner of property sought to be included within a local historic district supports addition of the structure to the historic district.
 - c. To reduce a historic district, Council must find that one of the

following conditions is true:

1. The structure or group of structures does not contribute, or has lost its contributing status to the historic district through unauthorized architectural alterations or destruction by natural causes;
2. The exclusion of a structure or area is necessary for major new development which would support the architectural, historical, archeological, or cultural character, or economic viability of the district;
3. Physical, historical, architectural, archeological, or cultural degradation of the district will not result from excluding the structure or area from the district.
4. Inclusion of a structure or area in the district creates an economic hardship for the owner that limits the owner's ability to maintain the character of the exterior of the property. (Economic hardship is defined by §25-2-352(D)).

7. AMEND §25-2-354(A) to reflect that that the Historic Landmark Commission shall consider the National Register of Historic Places designation criteria for historic districts and the inventory and evaluation required by proposed §25-352(A).

8. REPEAL §25-2-357 and replace with provisions that:

- a. Each local historic district must have a district preservation plan as part of the zoning ordinance establishing the district.
- b. The local historic district ordinance shall define the provisions of the district preservation plan and enumerate the character-defining features of the district to determine what should be preserved.
- c. New construction shall be required to comply with the district preservation plan.
- d. A Historic District Preservation Plan may modify and add regulations for properties located within the district, including:
 1. Design, scale, architectural character, and materials for any work affecting the exterior appearance of buildings deemed contributing to the historic district, and for any new construction.
 2. Acceptable appurtenances and accessories to new and existing structures.
 3. Design, scale, architectural character, and materials for public facilities, including street lighting, street furniture, signs, landscaping, utility facilities, sidewalks, and streets.
 4. Site development regulations applicable in the base district, including Subchapter C, Article 10 (Compatibility Standards). The plan may identify special compatibility standards, but regular compatibility standards apply to a local historic

- district unless superseded by the district preservation plan.
- 5. Off-street parking or loading requirements for all structures within the district, including the location of parking and loading facilities.
- 6. Sign regulations
- 7. Landscaping or screening regulations applicable in the base district.

9. ENACT a new Code section which provides that the City Historic Preservation Office will review all applications for demolition, removal, or exterior alterations to all non-landmarked buildings within local historic districts. The City Historic Preservation Office will approve or refer to the Historic Landmark Commission applications for demolition or removal within 5 working days after receipt of the application, and will approve or refer applications for building permits to the Historic Landmark Commission within 15 working days after receipt of the application. The City Historic Preservation Officer may approve applications for building permits involving exterior alterations and for minor projects, which fully comply with the Historic District Preservation Plan, and shall forward all other applications to the Historic Landmark Commission for review on a Certificate of Appropriateness. Minor projects include:

- a. Construction of a ground-floor, one-story addition or outbuilding of less than 600 square feet, which does not cause a visual change from a public right-of-way (alleys excluded);
- b. Accurate restoration or reconstruction of a documented missing historic architectural element of the structure or site, unless a variance or waiver is required;
- c. Construction of pools, decks, fences, the enclosure of a back porch, or other miscellaneous minor work which will not cause a visual change from a public view;
- d. Re-roofing, using the same type, shape, and color of materials; or
- e. Signage, provided that the installation of the sign does not damage historic building materials.

10. ENACT a new Code section requiring that the Historic Landmark Commission hold a public hearing to consider the grant of a Certificate of Appropriateness for the demolition or removal of any structure listed as contributing to the historic character of the district in the inventory and evaluation required under proposed §25-2-352(A). The Historic Landmark Commission must hold the public hearing within 45 days after receipt of the application for a permit for demolition or removal from the building official.

11. ENACT a new Code section authorizing the City Historic Preservation Office to approve applications for demolition or removal of structures listed as non-contributing to the historic character of the district in the inventory and

evaluation required under proposed §25-2-352(A) without a Certificate of Appropriateness from the Historic Landmark Commission.

12. ENACT a new Code section providing that routine maintenance projects in local historic districts will not require review by the City Historic Preservation Office or by the Historic Landmark Commission.

13. ENACT a new Code section requiring that Building and Standards inspectors forward all cases for demolition in local historic districts to the City Historic Preservation Office at least 10 days prior to the Building and Standards Commission meeting. The City Historic Preservation Office is authorized to approve demolition orders for properties which do not contribute to the historic character of the district.

14. ENACT a new Code section requiring that the Building and Standards Commission issue a repair, rather than a demolition order in cases involving buildings listed as contributing to a local historic district as required by proposed §25-2-352(A), unless the Historic Landmark Commission issues a Certificate of Appropriateness for demolition of the structure.

15. AMEND §§25-11-241 - 248 to include buildings listed as contributing to a local historic district for provisions applying to Certificates of Appropriateness for designated landmarks.

16. ENACT a new Code section authorizing a property tax incentive for all owner-occupied residential properties within a local historic district to encourage rehabilitation. The owner must invest at least 25% of the pre-improvement value of the structure in qualified rehabilitation expenditures, including at least 5% of the pre-improvement value of the structure in qualified exterior rehabilitation expenditures to qualify for a property tax freeze at the pre-improvement value of the structure for 7 years beginning in the tax year after approval of the project by the Historic Landmark Commission. All work must be in accordance with the Historic District Preservation Plan.

17. ENACT a new Code section authorizing a property tax incentive for all income-producing properties within a local historic district to encourage rehabilitation. The owner must invest at least 40% of the pre-improvement value of the structure in qualified rehabilitation expenditures, including at least 5% of the pre-improvement value of the structure in qualified exterior rehabilitation expenditures to qualify for a property tax freeze at the pre-improvement value of the structure for 10 years beginning in the tax year after approval of the project by the Historic Landmark Commission. All work must be in accordance with the Historic District Preservation Plan.

B. NATIONAL REGISTER HISTORIC DISTRICTS

CURRENT CODE PROVISIONS

§25-11-214 requires review by the Historic Landmark Commission of applications for building, removal, or demolition permits for properties within National Register Historic Districts. The City building official can not issue the building, removal, or demolition permit for a property within a National Register Historic District until the earlier of the Historic Landmark Commission's recommendation concerning the property, or the expiration of 40 days after the date the building official notified the Commission of the permit application.

The Historic Landmark Commission evaluates building permit applications in National Register Historic Districts in accordance with applicable neighborhood design guidelines and Neighborhood Conservation Combining District regulations.

TASK FORCE RECOMMENDATIONS

1. AMEND §25-11-214 to eliminate Historic Landmark Commission review of applications for building permits in National Register Historic Districts.
2. AMEND §25-11-214 to provide 45 (rather than 40) days for the deadline for Historic Landmark Commission to make recommendations concerning applications for removal or demolition permits for properties within National Register Historic Districts.
3. ENACT a new Code section which provides that the City Historic Preservation Office will review all applications for demolition or removal of all non-landmarked buildings within National Register Historic Districts. The City Historic Preservation Office will approve or refer to the Historic Landmark Commission applications for demolition or removal within 5 working days after receipt of the application.

V. HISTORIC LANDMARK COMMISSION MEMBERSHIP, INCLUDING QUALIFICATIONS

CURRENT CODE PROVISIONS

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.

TASK FORCE RECOMMENDATIONS

A. AMEND §2-4-531

1. Following the recommendations of the Task Force on Boards and Commissions to reduce City commissions to 9 members, eliminate 2 at-large positions on the Historic Landmark Commission.
2. To encourage accountability of the Commission to Council, each Council member should have 1 direct appointment to the Commission, and that the 2 remaining positions be filled with (a) an architect registered in the State of Texas, and (b) a Heritage Society of Austin board member in good standing.
3. To ensure that the Historic Landmark Commission has the benefit of professional expertise in preservation-related issues, Council should consider in their appointments:
 1. A professional historian, as defined by the Secretary of the Interior's Professional Qualifications;
 2. An attorney licensed by the State of Texas;
 3. A real estate professional
 4. A structural engineer
 5. The owner of a designated City landmark (residential)
 6. The owner of a designated City landmark (commercial).
4. Every member of the Historic Landmark Commission should have knowledge or and experience in the architectural, archeological, cultural, social, economic, ethnic, or political history of the city.
5. Historic Landmark Commissioners should serve 2-year terms, and may be removed by vote of Council without cause at any time. Commissioners should not serve more than 4 consecutive terms.

B. REPEAL §2-4-532 regarding ex-officio members of the Historic Landmark Commission.

VI. THE HISTORIC LANDMARK COMMISSION AGENDA PROCESS

CURRENT CODE PROVISIONS

§§25-11-214 and 215 apply to structures located in National Register Historic Districts, listed in the City of Austin Comprehensive Survey of Cultural Resources, or listed in East Austin, An Architectural Survey. The current Code sections specify the procedure for the Historic Landmark Commission to review applications for building, demolition, or removal permits. The Task Force addressed recommendations for procedures involving structures within National Register Historic Districts above; the following recommendations apply to

structures listed in historic structure surveys.

§§25-11-241-248 contain the provisions for the review by the Historic Landmark Commission of applications for Certificates of Appropriateness for exterior alterations and building permits on the sites of designated historic landmarks.

TASK FORCE RECOMMENDATIONS

1. AMEND §§25-11-214 and 215 to authorize the City Historic Preservation Office to review all applicable professionally-prepared historic structure surveys, National Register nominations, and local historic district nominations in making the determination to schedule a case for Historic Landmark Commission review of an application for a demolition or relocation permit.
2. AMEND §§25-11-214 and 215 to eliminate the requirement for review of applications for building permits at structures not listed as contributing or otherwise historically significant in the surveys and nominations.
3. ENACT a new Code section to establish a formal review process for the Historic Preservation Office to conduct a preliminary review of historic properties prior to the filing of an application for a demolition or relocation permit to inform developers at the earliest possible time of any historic property issues on the site, by:
 - a. Requiring that all site plans specifying demolition or relocation of a building be forwarded to the Historic Preservation Office within 14 days after receipt of the site plan application. The Historic Preservation Office will complete its review within 5 business days after receipt of the site plan application.
 - b. Request of a property owner, developer, or other interested party.
4. ENACT a new Code section to establish a 15-day period for a property owner to provide the City Historic Preservation Office with ownership information on a property subject to an application for a demolition or removal permit upon certification by the City Historic Preservation Office that the ownership information is necessary to make the decision for release of the permit or referral of the case to the Historic Landmark Commission.
5. AMEND §25-11-244 to extend to buildings listed in a survey or nomination of historic structures, and provide for a Historic Landmark Criteria Hearing by the Historic Landmark Commission. Whenever the City Historic Preservation Office determines that a structure listed in a survey or nomination of historic structures may qualify for designation as a historic landmark, and the structure is subject to an application for a demolition or relocation permit, the Historic Landmark Commission shall conduct a Historic Landmark Criteria hearing within 45 days after the filing date of the permit application. In the interim, the owner of the property is prohibited from any building, demolition, or relocation

activity on the site. The Historic Landmark Commission will determine whether the structure meets the Historic Landmark Designation Criteria at the Criteria Hearing. An owner in opposition to historic zoning may present information including, but not limited to the following to the Historic Landmark Commission at the Criteria Hearing to contest the initiation of a historic zoning case:

- a. A copy of the current owner's deed to the property;
- b. A statement of the annual gross income from the property for the previous 2 years if it has been an income-producing property;
- c. Itemized maintenance expenses for the property for the previous 2 years, if available;
- d. A copy of any appraisals of the property within the last 2 years, if available;
- e. A copy of any owner-obtained inspections or report from a structural engineer detailing the structural soundness of the structure if the owner claims the structure is unsound;
- f. The owner's statement of the possibility of adaptive re-use of the structure.

If the Commission decides that the structure does not meet the Historic Landmark Designation Criteria, the Commission will approve the application for a demolition or relocation permit. If the Commission finds that the property's significance qualifies it for historic landmark designation, the Commission will initiate a historic zoning case, and make a recommendation regarding historic zoning within 45 days after the Historic Landmark Criteria Hearing.

6. ENACT a new Code section to provide for a Professional Services Fund to enable the Historic Landmark Commission or the City to hire an independent consultant, if City staff is not available, to study structural, architectural, or market-related issues on properties subject to applications for demolition or relocation permits, where the property owner claims that the building is structurally unsound, or preservation of the structure would cause the owner an economic hardship.

7. AMEND §25-11-242 and 243 to provide that the City Historic Preservation Office may approve minor projects on designated historic landmarks which meet Historic Landmark Commission guidelines, including:

- a. Painting using the existing or original color scheme;
- b. Routine maintenance and repairs which use the same materials and design as existing;
- c. Re-roofing, using the same type, shape, and color of materials;
- d. Signage, provided that the installation of the sign does not damage historic building materials;
- e. Construction of pools, decks, fences, and other landscape features which do not physically impact the historic building, and do not cause a visual change from a public view.

The City Historic Preservation Office will approve or disapprove applications for minor projects within 15 working days after the date of application, and will forward all other applications for Certificates of Appropriateness on designated historic landmarks to the Historic Landmark Commission for review.

VII. OTHER ISSUES

A. CITY RESOURCES

The Task Force recommendations envision updates and expansion of City historic structures surveys as well as the development of a new City preservation plan to enable staff and the Historic Landmark Commission to make informed decisions on the most current information and evaluations of historic properties.

B. GENTRIFICATION ISSUES

The Task Force did not have adequate time in its deliberations to fully evaluate a connection between historic preservation and gentrification, but considered that historic preservation may influence gentrification, and vice versa. The Task Force failed to reach a consensus on whether or not to incorporate the recommendations of the Gentrification Task Force (October, 2002) into this report, but made a recommendation in an attempt to identify and resolve issues relating to gentrification.

TASK FORCE RECOMMENDATION

The City of Austin should request that the Travis Central Appraisal District establish a formal process for valuing historic landmarks in defined geographical areas against each other to help eliminate gentrification impacts on neighboring non-landmarked structures.

C. PERIODIC REVIEW

The Task Force recommends that the Council conduct a periodic review of the City's historic preservation ordinances to evaluate their effectiveness.

PreserveAustin

July 13, 2004

Mr. Chris Riley, Chair
Planning Commission
City of Austin
P.O. Box 1088
Austin, Texas 78767

Dear Chairman Riley and Commissioners,

PreserveAustin is an organization of preservation professionals and community leaders who are committed to assisting the City with the development of state-of-the-art, regionally-appropriate and publicly-inclusive strategies for the protection of our cultural and natural resources. We have studied the proposed ordinance revisions over the past few months, and we would like to take this opportunity to comment on the staff recommendations.

We fully support the comprehensive recommendations of the City Historic Preservation Officer and city staff, with these few but important exceptions:

1. We wholeheartedly believe that a petition endorsed by 50% of property owners to *initiate* a proposed historic district is far too restrictive and unreasonable. It will take a great amount of effort and commitment for the property owners of an area to organize themselves in support of a local district. The initiation process should be simple and straightforward. For point 2 of the initiation process, we strongly recommend that the 50% petition be deleted. A letter of support from the applicable neighborhood association may be an appropriate alternative, if demonstration of local support is needed. (Prop I, p.1)
2. National Register criteria recognize the value of historic landscape features as character defining features of a historic area and contributing elements within a historic district. With that in mind, we recommend inclusion of a reference to "historic landscape features and elements" as contributing elements that may comprise the district. (Prop I, p. 1)
3. We value the use of established National Register standards for the evaluation of local districts, and encourage consultation with the THC's professional staff, but we do not support a required State review or approval of a local historic district nomination. No other Texas city imposes this State review requirement, and the terms of such a review in Austin have not been determined. Across the US, individual communities review their own histories, resources and threats in order to develop designation criteria appropriate for themselves. These typically allow for National Register-eligible districts to be included as local districts, but also include other procedures or standards that accommodate local needs and circumstances. We support our local staff, Landmark Commission, and Council's abilities to determine what constitutes a local historic district, and we are concerned that adding a State level review requirement would be unprecedented and unnecessary. We encourage deletion of this third-party review requirement. (Prop I, p.1-2)
4. The boundaries of an established district should not be permitted to be reduced to allow for "major new development". Such developments should be constructed in accordance with the approved District Preservation Plan, as that vehicle will define the manner in which the new development can "support the architectural, historical, archeological or cultural character or economic viability of the district". We recommend deletion of bullet two of staff's criteria to reduce a historic district. (Prop I, p. 2)

PreserveAustin

5. We believe that districts should have the option to develop requirements for additions and exterior modifications to non-contributing buildings in the District Preservation Plan/Design Standards that would supercede the city Compatibility Standards in order to maintain the scale, appropriate use of materials, and character of the historic district. We do not support "historicizing" non-contributing buildings, but maintain that sensitive rehabilitation and new construction standards are appropriate planning tools for all buildings within in a historic district. (Prop I, p. 4)
6. We support administrative review of building additions to historic properties less than 600 square feet only if they are not clearly visible from the public right of way. Visible additions of any size should go to the HLC for a Certificate of Appropriateness review. (Prop III, p. 1)
7. We support administrative review and approval for small projects that involve the addition of pools, decks and other landscape features that do not physically impact the historic building, as long as the site or specific site features are not themselves designated, or included in the property designation as character-defining. (Prop III, p. 2)
8. We understand that the city legal department will not allow a low-income tax exemption for rehabilitation of contributing properties within a historic district, even though this incentive is codified in several other cities. If tax exemptions must be replaced with tax freezes in these instances, we suggest that the term of the freeze should be extended to 10 years, and that the expenditure threshold should be lowered to 10% of pre-improvement value. The low-income incentives should be available for all property types, including owner-occupied residential, single and multi-family rental and commercial properties. (Prop V, p. 2)
9. The existing tax incentives for local landmarks are unique to Austin. This program merits further study to determine how or if the tax abatements contribute to community reinvestment, tourism, and resulting improved quality of life. PreserveAustin is in the process of securing funds to study the economic impacts of historic preservation in Austin to determine the effectiveness of the current and proposed incentives, and to assist in the development of new recommendations where needed. As an interim measure, we support staff recommendation for a 25% reduction in land value abatements if it is absolutely necessary to further the overall goals of the local historic preservation program. (Prop V)

In addition to staff recommendations and our refinements listed above, we strongly recommend your full support of the recommendations of the Historic Landmark Commission, provided in a separate resolution.

We greatly appreciate the work of the City Historic Preservation Office, the Historic Landmark Commission, the Historic Landmark Task Force, the City legal department, the Planning Commission and the City Council to ratify the many revisions needed to effect positive change in the Austin historic preservation program.

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

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

Christopher Hutson, Preservation Architect, APT Texas Secretary/Treasurer

Peter Ketter, Historic Survey and Outreach Coordinator, Cherrywood neighborhood

PreserveAustin

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

Chase Martin, Preservation Consultant, Brykerwoods 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

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

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

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.

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.

APPENDIX

- The boundaries must be logically determined and avoid artificial or convoluted lines (gerrymandering) to achieve the recommended 50-percent Contributing threshold.

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 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-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.

For questions or more information regarding membership in PreserveAustin, please contact:

Tere O'Connell, Preservation Architect
tereconnell@preserveaustin.org
474-5687

751-1374

Thank you for your interest in the historic resources of Austin.



MEMORANDUM

TO: Mayor and Council

FROM: Austan S. Librach, P.E., AICP
Director
Transportation, Planning & Sustainability Department

DATE: July 27, 2004

SUBJECT: Local Historic District Zoning

Pursuant to the request of Council Member Slusher, we are pleased to provide a “primer” on local historic districts. Austin does not currently have local historic district zoning. The only recognized historic designations in Austin are buildings which are city historic landmarks and those within National Register Historic Districts.

Purpose of Local Historic Districts

Local historic districts are created to preserve and protect the historic character of a grouping of properties that generally have a distinguishing architectural unity. Most local historic district ordinances provide for:

- Design standards
- Property tax incentives to rehabilitate historic buildings within the district

Most cities make a distinction between “contributing” and “non-contributing” buildings for purposes of applying design standards and eligibility for the rehabilitation incentive. Contributing buildings are those that contribute to the historic character of the district and are so designated in the definition of the district.

Design Standards

Design standards govern the scale, massing, materials and design of any new construction in the historic district. Complying with *mandatory* design standards that are established within a district-wide preservation plan ensures that new construction complements the historic character of the property and/or district. By contrast, Austin currently has 14 National Register Historic Districts (NHRDs), which may or may not have non-binding design *guidelines*.

Property Tax Incentives

Many cities, such as Dallas, provide property tax incentives for rehabilitating structures in historic districts to promote the continued viability of historic buildings. To qualify for the property tax incentive, most cities require that the building be *contributing*, that the property owner invest a certain percentage of the pre-rehabilitation value of the property in “qualified rehabilitation expenditures” and that a certain percentage of the rehabilitation address exterior rehabilitation. The incentive is an abatement of the taxes on the added value of the property for up to 10 years - the maximum allowed by state law.

Historic Preservation Task Force Recommendation for Creating Local Historic Districts in Austin


The Historic Preservation Task Force recommended the establishment of local historic districts with the following criteria:

- ❑ At least 51% of the principal buildings within a proposed local historic district must contribute to the historic character of the district, in conformance with the designation criteria for National Register Historic Districts.
- ❑ An application to designate a local historic district must contain an inventory of the properties included in the district and a professional evaluation of their status as contributing or non-contributing.
- ❑ A local historic district could be initiated by Council, the Historic Landmark Commission, staff (if recommended in a neighborhood plan) or a petition endorsed by at least 50% of all property owners in the proposed district.*
- ❑ Local historic districts would be a combining district overlay, labeled “HD” on the zoning maps to differentiate them from the City’s historic landmarks, which are individually designated properties of historical significance. Historic landmarks, even within a local historic district, would be labeled “H” and follow separate Code provisions for permit reviews.
- ❑ The Historic Preservation Task Force recommended that each local historic district have an ordinance containing a district preservation plan, setting out the design standards and any allowed modifications to site development or compatibility regulations. Design standards would apply to all new construction, including additions to existing contributing structures. Modifications to non-contributing structures would be subject to district-specific site development and compatibility standards, as well as design standards relating to scale and massing. Design standards would not be used to promote a false historic appearance of a modern building.
- ❑ A Certificate of Appropriateness from the Historic Landmark Commission would be required for changes to the exterior or site of contributing buildings in the historic district. Staff may approve demolition and relocation permit applications for non-contributing buildings. Contributing buildings would be protected by the same penalties applicable to illegal demolition of designated historic landmarks.
- ❑ The Historic Preservation Task Force recommended the following property tax incentives for rehabilitation**
 - Rehabilitation of owner-occupied residences would be eligible for an abatement on the added value of the property for 7 years, provided that the owner invests at least 25% of the pre-improvement value of the structure in qualified rehabilitation expenditures, including at least 5% of the pre-improvement value of the structure in qualified expenditures to the exterior of the property.
 - Rehabilitation of income-producing property would be eligible for an abatement on the added value of the property for 10 years, provided that the owner invests at least 40% of the pre-improvement value of the structure in qualified rehabilitation

expenditures, including at least 5% of the pre-improvement value in qualified expenditure to the exterior of the property.

In order to receive the abatement, all applicants for the incentive would be required to obtain approval from the Historic Landmark Commission for the rehabilitation and certification from the Commission that the work was done in accordance with the approved plans.

The Historic Preservation Taskforce proposed code changes are on the Council agenda for July 29, 2004. If you need additional information, please contact Steve Sadowsky, Historic Preservation Officer, 974-6454.



Austan S. Librach, P.E., AICP

Director

TRANSPORTATION, PLANNING & SUSTAINABILITY DEPARTMENT

c: Toby Hammett Futrell, City Manager
Laura J. Huffman, Assistant City Manager
Steve Sadowsky, Historic Preservation Officer
Mike English, Law

*Staff clarification: The nomination to the Historic Landmark Commission must have the signatures of at least 50% of the affected property owners.

**An alternative recommendation from the Planning Commission, Historic Landmark Commission, Preserve Austin, and staff is that the property tax incentive for rehabilitation be limited only to *contributing* buildings in the district, or to non-contributing buildings if the rehabilitation project will restore the building to contributing status, and that the abatement run for 10 years for both owner occupied and income producing property, the maximum allowed under state law. Staff further recommends that the projects qualifying for the incentives be limited to those which restore the historic character of the building; additions would not be eligible for the incentive.