

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



Prepared by the
Operations Committee
Historic Landmark Commission

Historic Preservation Office
Planning and Development Review Department
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INTRODUCTION

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

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

The same resolution directed the City Manager to:

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

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

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

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

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

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

RECOMMENDATIONS FOR CHANGES TO THE HISTORIC PRESERVATION PROGRAM

BEST PRESERVATION PRACTICES

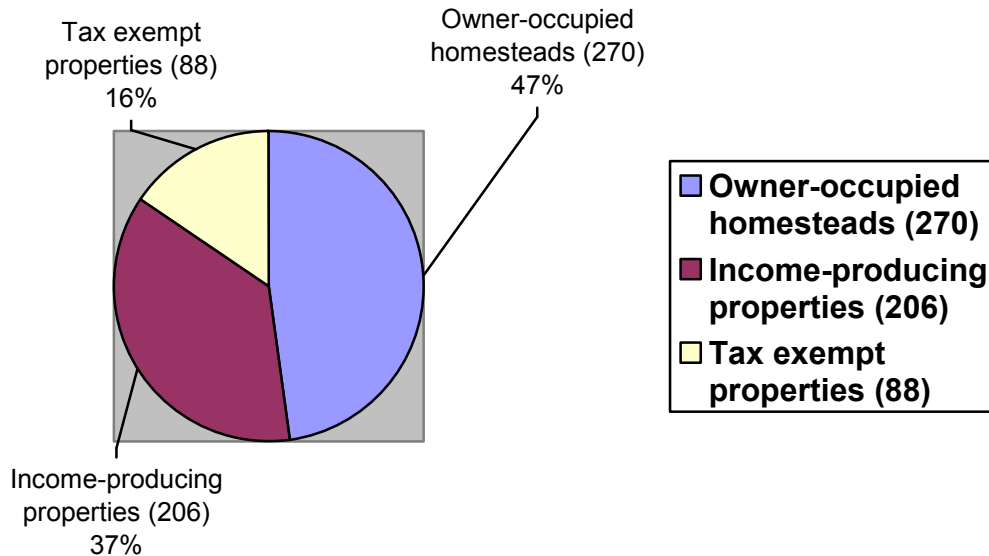
The Committee and staff reviewed information regarding the following areas of historic preservation practices in other cities, both in Texas and across the country, to determine the best practices for the following aspects of Austin's historic preservation program:

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

I. DESIGNATION CRITERIA FOR HISTORIC LANDMARKS

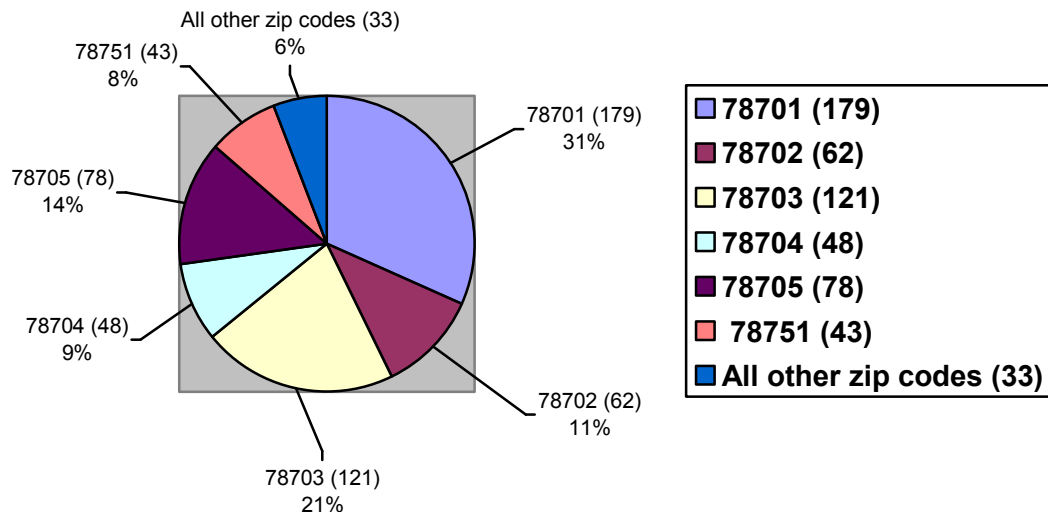
Designation of city historic landmarks has been the backbone of Austin's historic preservation program since its inception in 1974; the city has worked to identify historic buildings and incentivize their preservation over the past 37 years. Austin currently has over 500 individually-designated historic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

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



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

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



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

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

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

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

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

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

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

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

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

COMMITTEE DISCUSSIONS – DESIGNATION OF HISTORIC LANDMARKS:

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

STAFF RECOMMENDATION – DESIGNATION OF HISTORIC LANDMARKS:

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

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

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

- ★ Represents a significant portrayal of the environment of a **definable** group of people in a historic time.

C. ARCHEOLOGY

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

D. COMMUNITY VALUE

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

E. LANDSCAPE FEATURE

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

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

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

II. DESIGNATION OF HISTORIC DISTRICTS

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

The Committee reviewed the designation processes from 48 cities throughout the country, including 15 municipalities in Texas, ranging from Dallas, Fort Worth, San Antonio and Houston to smaller cities such as Abilene, Lubbock, Brownsville, and New Braunfels. Several approaches emerged from this comparative analysis and shed light on where Austin's program fits into the spectrum of cities with active historic district programs.

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

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

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

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

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

Those cities which delegate the nomination process to a commission or other governmental entity generally rely on the public hearing process and have stringent requirements that all property owners within a proposed district receive proper notice of the impending designation, generally by certified mail, notices in the newspaper, and/or signs within the district. Some cities are under the advisory jurisdiction of the State Historic Preservation Office (Charlotte and Raleigh, N.C. and Jackson, Miss.), some are under state law which establishes the provisions for designating historic districts (Cambridge, Mass., Manchester, N.H., and Minneapolis, Minn.)

COMMITTEE DISCUSSIONS – DESIGNATION OF HISTORIC DISTRICTS:

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

STAFF RECOMMENDATION – DESIGNATION OF HISTORIC DISTRICTS:

A. DESIGNATION PROCESS

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

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

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

Adoption of design guidelines and a higher bar to demolition of contributing structures accomplish the goals of introducing the concept of design guidelines to property owners within the district as well as providing a greater protection to the buildings which contribute to the historic character of the district.

Areas which are not currently National Register Historic Districts would have to prepare a National Register District nomination, which is comprised of an inventory of all buildings within the district, an evaluation of whether each building is contributing to the historic character of the

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

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

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

B. PROPERTY OWNER SUPPORT FOR LOCAL HISTORIC DISTRICTS

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

Another issue raised by applicants for local historic district status is the amount of work required to prepare a district nomination, which includes a full and current survey of all buildings within the proposed district, a written historical narrative focusing on the history of the development of the district and establishing the period of significance for the district, and detailed histories of a number of contributing buildings within the district. Staff supports retention of all of the current research and survey requirements, as these requirements provide the justification for the designation of the district and adoption of the design standards. However, there have been numerous concerns raised by applicants that the burden of a survey and research is too much for volunteers and there should be more assistance provided to district nominating groups. Staff supports the Committee's discussions in favor of the creation of a grant fund to provide district nominating teams with the opportunity to hire an outside consultant to conduct the survey, research, and writing associated with the district nomination, as well as the loan of camera equipment or other resources to enable volunteers to complete more of the work themselves. A

nominating team would have to show a sufficient level of support to apply for the grant and assistance.

III. DEMOLITION DELAYS

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

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

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

COMMITTEE DISCUSSIONS:

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

STAFF RECOMMENDATION:

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

1. Contributing structures within National Register Historic Districts which adopt advisory design guidelines, in accordance with the staff recommendation for modifying the district designation process and protections set forth above. Currently, the only means to forestall or prevent the demolition of a contributing building in a National Register Historic District is to determine that it qualifies as an individual landmark, which has resulted in a loss of historic fabric in Austin's National Register Historic Districts. While Austin has extended more protections than most cities to contributing properties within National Register Historic Districts, a meaningful protection against demolition of contributing buildings has been lacking from the city's toolbox. A demolition delay is an opportunity to open conversations about alternatives to demolition of a contributing structure, but is not an absolute bar to demolition; and

2. Contributing buildings in pending local historic districts. The proposed demolition delay would become effective at the time that the notices are sent out for the first public hearing on the designation of the district at the Historic Landmark Commission and would be in force for 180 days to allow public hearings on the district nomination at the Historic Landmark Commission, appropriate land use commission, and the City Council. Addressing a concern that the list of which buildings are contributing to the district (and subject to the demolition delay) is not final until the zoning is approved by the City Council, past history has demonstrated that changes to determinations of whether a building is contributing to the district are unlikely after review and certification of the application by the Historic Preservation Office.

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

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

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

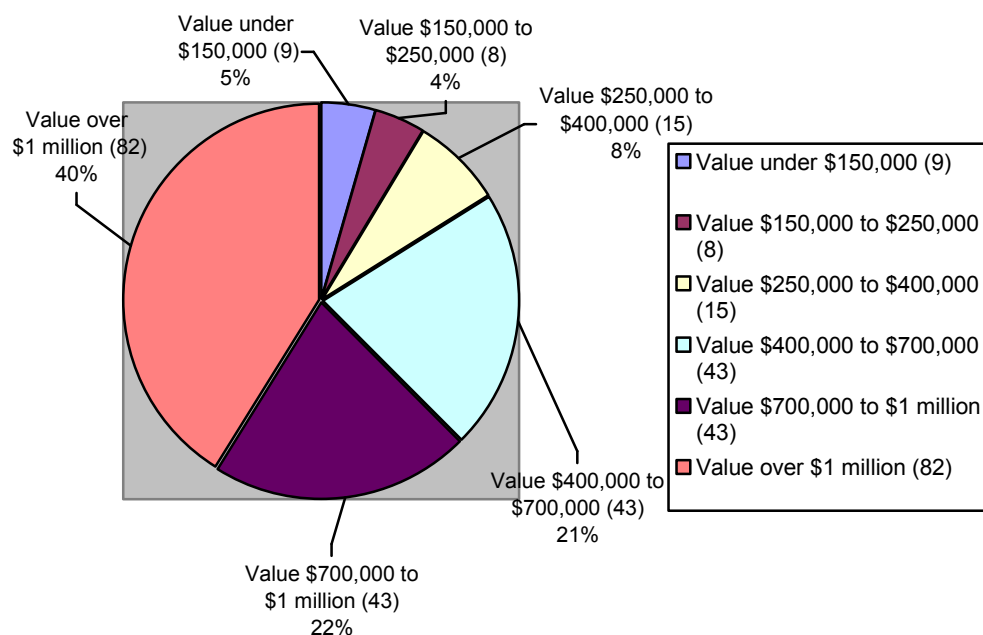
IV. PROPERTY TAX INCENTIVES FOR HISTORIC LANDMARKS

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

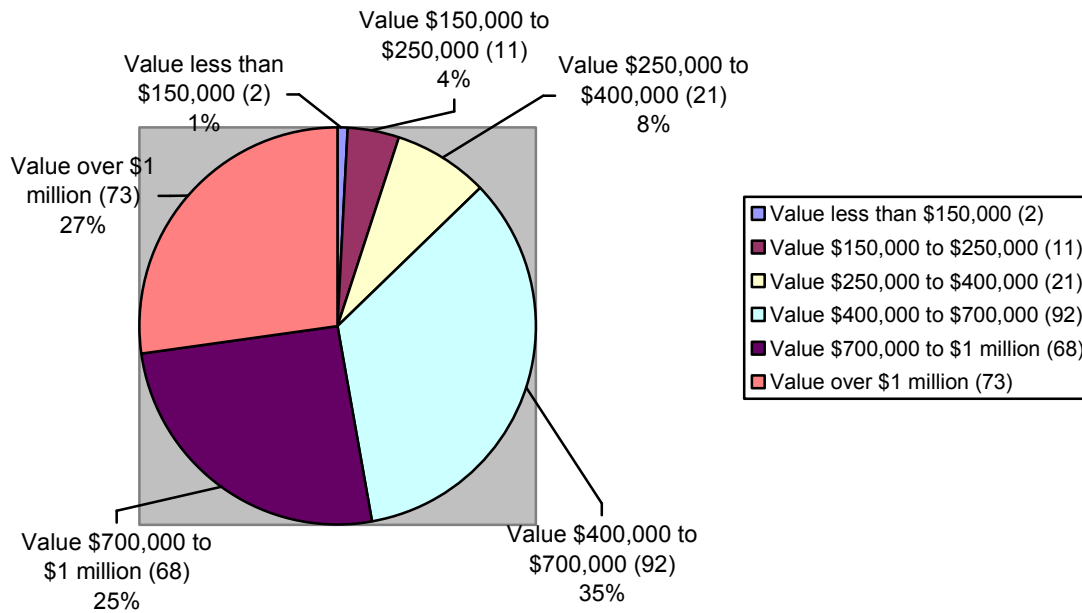
Austin's 1981 Preservation Plan recommends a shift from the existing "maintenance" property tax incentives, which require no rehabilitation work by the property owner, towards a rehabilitation-type incentive which fosters preservation projects at historic landmarks by freezing

the valuation of the property at the pre-rehab level, helping the property owner amortize the cost of the rehabilitation project. The 1981 Preservation Plan notes that as more properties become designated historic landmarks, the drain on the city's tax base will continue to grow.

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



Valuation of Austin's income-producing historic landmarks



Valuation of owner-occupied residential historic landmarks

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

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

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

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

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

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

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

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

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

COMMITTEE DISCUSSIONS – PROPERTY TAX INCENTIVES FOR HISTORIC LANDMARKS:

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

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

STAFF RECOMMENDATION – PROPERTY TAX EXEMPTIONS FOR HISTORIC LANDMARKS:

Owner-occupied residential landmarks:

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

than what the property owner is prepared to do – perhaps all that is necessary is the replacement of a missing architectural feature and not a larger project, as is envisioned by the rehabilitation property tax incentive. Establishing a higher cap for older residential properties will also provide an advantage to property owners in the central core, East Austin, and South Austin, where most of the residential landmark properties are over 100 years old, as opposed to residential landmark properties in West Austin, where most date from the 1920s and 1930s.

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

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

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

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

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

Income-producing landmarks

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

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

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

Discussion and Examples of Staff Recommendations

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

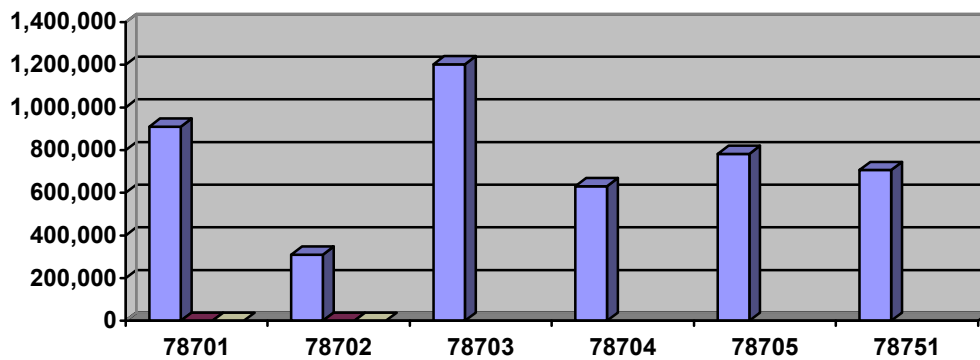
Shift towards a hybrid of maintenance and rehabilitation incentives

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

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

Basis for determining the property value to be exempted

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



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

Average values – owner-occupied homesteads:

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

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

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

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

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

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

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

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

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

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

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

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

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

a. Exempt the value of the structure only.

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

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

Residential landmark examples:

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

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

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

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

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

Income-producing landmark examples:

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

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

b. Cap the exemption at \$1,000

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

Owner-occupied residential landmarks

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

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

Income-producing landmarks:

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

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

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

c. Cap the exemption at \$1,500

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

Owner-occupied residential landmarks

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

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

Income-producing landmarks:

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

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

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

d. Cap the exemption at \$2,000

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

Owner-occupied residential landmarks

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

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

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

e. Cap the exemption at \$2,500

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

Owner-occupied residential landmarks

NAME	ADDRESS	PROPERTY VALUE	CURRENT EXEMPTION	DIFFERENCE WITH A \$2,500 CAP	% DIFFERENCE
Hearn House	902 Blanco Street	\$825,844	\$2,803	\$303	11%
Worley House	802 E. 47 th Street	\$412,342	\$1,069	NONE	0
Brunson House	200 The Circle	\$457,325	\$2,090	NONE	0
Clem Lindsay House	904 Juniper Street	\$120,647	\$454	NONE	0
McClendon-Price House	1606 Pearl Street	\$1,417,070	\$4,396	\$1,896	43%
Stanley Homestead	1811 Newton Street	\$460,491	\$1,419	NONE	0
Elvira T. Davis House	4112 Avenue B	\$630,584	\$2,311	NONE	0
James Smith Place	33414 Lyons	\$202,576	\$738	NONE	0

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

Income-producing landmarks:

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

The total amount of current exemptions from all historic landmark properties in Austin is estimated to be \$1,254,903, of which owner-occupied residences account for \$685,711, and income-producing landmarks account for \$569,192. Capping the exemption at

\$2,500 would result in the total amount of exemptions from all landmark properties of an estimated \$849,017, or a savings of \$405,866 annually. Owner-occupied residences account for \$539,383 of the reduced exemption total; commercial landmarks account for \$309,634.

F. Cap the exemption at \$2,700

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

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

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

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

COMMITTEE RECOMMENDATION:

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

STAFF RECOMMENDATION:

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

**VI. ADDITIONAL RECOMMENDATIONS
COMMITTEE RECOMMENDATIONS:**

- a. Continue the current Code limiting the number of owner-initiated historic zoning cases to no more than 3 per month.

- b. Review applications for historic zoning more stringently to require the applicant to provide a complete application, including all research necessary for the consideration of a historic zoning case.
- c. Require property owners to prove compliance with all permit approval requirements before the Historic Landmark Commission takes action on an application for a Certificate of Appropriateness.
- d. Create a third-party inspection process for the annual inspection of historic landmarks.
- e. Establish a fee for landmark property owners to pay for the third party inspections of their properties to qualify for the property tax exemption.
- f. Provide a technical and loan assistance program to better enable the rehabilitation of historic structures in South and East Austin.

STAFF RECOMMENDATIONS:

- a. Establish a fund to provide plaques for every landmark in the City. The plaques currently cost around \$98 each, and many existing landmarks have never received a plaque. Staff believes that every landmark property in the city should be recognized with a plaque, as public awareness and education is one of the primary goals of the historic preservation program. Staff further recommends that the cost of the plaque be included in the application fee for any new historic landmark, and that the city maintain enough of a reserve fund to provide a plaque designated without the owner's consent.