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Preservation Chair, SRCC

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Preservation is better for the environment than demolition. Why don't investors preserve rather than demolish?

One of the biggest reasons that real estate investor seek to demolish their properties is because the property taxes are much too high for the income they can hope to get in residential rentals of older properties. Much more awareness of tax benefits may help stop some of the demolitions. San Antonio, for example, helps train property owners to apply for tax benefits when they preserve certain historic properties. Austin is supposed to be green! Demolition wastes a lot of energy and materials.

Property taxes significantly increase holding costs.

Recommendation: the property owner should endeavor to lower his taxes by:

- 1) Protesting his appraised values for the past two years
- 2) Requesting an income appraisal like that given to the nearby businesses w/ SF3 zoning.
 - a. Why are residential rentals treated as commercial for tax appraisals?
 - b. Why do residents pay such a higher price/sf than businesses?
- 3) Seeking tax credits for historic preservation because he is in a historic district and will be using the property commercially
 - a. What is the cost to preserve vs rebuild if the owner no longer has to pay City and/or State taxes for 5-10 years?
 - b. How quickly would he be able to get rental income if he preserved vs demolished?

The subject property at 71 Rainey is grossly overvalued compared to nearby sites.

Site Address	Mailing address	Proposed Value 2020	Proposed Value 2021	Price/Sf Land	Price +/- Improvement	Notes
71 Rainey	Austin, TX	\$1,027,814	\$1,027,814	\$180	+\$115,399	Why the increase in the improvement? SF3
70 Rainey	New York, NY	\$425	\$425	\$0.22/sf 1890sf	+\$610,166	Parking garage Land valued much higher prior to 2020
73 Rainey	Los Angeles, CA	\$1,027,814	\$1,027,814	\$144/sf 7680sf	-\$165,017	Used as restaurant "Income appraisal"

69 Rainey	PO Box Austin, TX	\$568,008	\$568,008	\$126/sf 4508 sf	+4920	Javelinas SF3