

Memorandum



DATE December 1, 2025

CITY OF DALLAS

TO Honorable Members of the City Council Economic Development Committee

SUBJECT **Historic Preservation Tax Exemption Sunset**

Request

The purpose of this memo is to brief the Economic Development Committee on a request to extend the City's Historic Preservation Tax Exemption Program. The Historic Preservation Tax Exemption Program (Ordinance # 21874) was adopted by City Council in October 1993 and was subsequently amended in 1998, 2001, 2004, 2007, 2015, and 2020. The previous sunset provision was extended in 2020 for five years, through December 31, 2025.

The Sunset Provision in Sec. 51A-11.401 of the Dallas City Code stipulates that no certificates of eligibility may be granted, and no applications for extension of the deadline for rehabilitation or deadline for a certificate of occupancy may be considered, by the Landmark Commission after December 31, 2025, unless an extension is granted. There are currently 51 properties actively receiving tax exemptions (FY2020-FY2025), with 19 new projects since 2020 and generating a value of the exemption totaling \$5,531,862.

Program Purpose

The tax exemption program, administered by the Historic Preservation Section of the Planning and Development Department, is an incentive to property owners completing rehabilitation projects to historic properties (City of Dallas Landmarks or structures in Landmark Districts). Depending on the area in which the property is located and the type and scope of work, the tax exemption may be applicable to the added value or the entire value of the building, for a set period of time. Its purpose is to encourage economic development through the revitalization and preservation of the city's historic properties and to assist in accomplishing the following goals:

- Revitalize older neighborhoods to build and capture a stable tax base;
- Support the private sector investment in historic properties;
- Encourage home ownership;
- Promote pedestrian oriented, ground floor retail in the Urban Historic Districts;
- Support new uses for vacant and deteriorated historic buildings; and
- Encourage low- and moderate-income families to invest in revitalizing Historic Districts.

Program Eligibility

To be eligible for the program, a building must be a contributing structure in a City of Dallas historic district or be individually listed as a Dallas Landmark.

- The exemption applies to city taxes only.
- A minimum amount of expenditures toward rehabilitation efforts must be spent to qualify, which is a percentage of the assessed value of the structure from the

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previous year (i.e. for an application submitted in 2025, the 2024 tax assessment would be used) at application submission date.

- Expenditures must include eligible work (i.e. historic foundation/roof, walls, doors/windows and exterior repairs).

Program Benefits

According to “Preserving Dallas: The Economic Impact of Historic Preservation in Dallas, Texas” (PlaceEconomics, September 30, 2025), the City’s historic property tax exemption incentive program ultimately generates more revenue than it defers. Although Dallas forgoes property tax revenue for up to ten years to stimulate reinvestment in historic buildings, the data show that this incentive more than pays for itself. For example, the tax exemptions for ten properties expired in 2023; those same properties now contribute 2.2 times more in city property taxes than they did ten years ago. The historic property tax incentive functions as a shared investment between the City and property owners, yielding substantial long-term returns for both parties while ensuring the continued preservation and stewardship of Dallas’ historic resources for future generations.

Next Steps

This item is also scheduled for consideration by the Landmark Commission on December 1, 2025. The Commission has consistently recommended extending the program whenever the sunset deadline has come before them. Following the Commission’s and this Committee’s review, the item will be placed on the December 10, 2025 City Council agenda for consideration.

If you have additional questions, please contact Emily Liu, Director, at 214-670-5404 or by email at yu.liu@dallas.gov.

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