

Memorandum



CITY OF DALLAS

DATE September 1, 2020

Honorable Members of the Economic Development Committee:

TO Tennell Atkins (Chair), David Blewett (Vice-Chair), Jennifer Staubach Gates, Adam McGough, Omar Narvaez, Jaime Resendez, Chad West

SUBJECT **Historic Preservation Tax Exemption Sunset**

REQUEST

The Landmark Commission recommends that City Council consider extending the Historic Preservation Tax Exemption Program Sunset deadline for five years through December 31, 2025.

BACKGROUND

The Historic Preservation Tax Exemption Program (Ordinance # 21874) was adopted by City Council in October 1993. The Program was then amended in 1998, 2001, 2004 and 2007. The previous sunset provision was extended in 2015 for five years. 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, 2020.

In 2018, following recommendations of the Downtown Dallas Historic Preservation Task Force were implemented:

- Creation of a new 'Endangered Neighborhood' category for Wheatley Place and Tenth Street Historic Districts with the same requirements for the 'Revitalizing Neighborhood' exemption.
- Allow 'Routine Maintenance' exemption for all categories and expand the timeframe from three to eight years.

HISTORIC TAX EXEMPTION PURPOSE

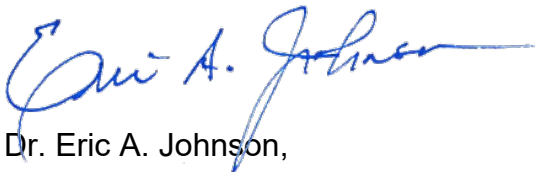
The purpose of the tax exemption is to encourage economic development through the revitalization and preservation of the city's historic properties and to assist in accomplishing the following goals:

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- 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.

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 in order to qualify. The minimum is a percentage of the assessed value of the structure at application submission date.
- Expenditures must include eligible work.



Dr. Eric A. Johnson,
Chief of Economic Development and Neighborhood Services

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney
Mark Swann, City Auditor
Billieae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizor Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager
Jon Fortune, Assistant City Manager

Joey Zapata, Assistant City Manager
Nadia Chandler Hardy, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
Laila Alequresh, Chief Innovation Officer
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
Directors and Assistant Directors

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BENEFITS OF HISTORIC PRESERVATION

ECONOMIC VALUES

- Increased property values, greater appreciation rates
 - Enhanced business recruitment
 - Jobs
 - Laborers/Construction
 - Architects/designers/local craftsman
 - Heritage tourism
 - Over 10% of all tourism dollars in Texas come from heritage tourism
 - Hotels, Restaurants, Transportation, other service industries
 - Retail
 - Manufacturing
 - Grants at State and Federal levels available; Promotes philanthropic funding
- 2015 Texas Historical Commission (THC) study found that for every \$1 invested by Local/State/Federal moneys into rehabilitating a historic structure, \$4-5 dollars of private sector funds were invested.
- In 2016, Dallas' Tax Incentive Program generated more than \$260 million with forgone revenues of less than \$20 million (THC, Economic Impact Study)

ENVIRONMENTAL VALUES

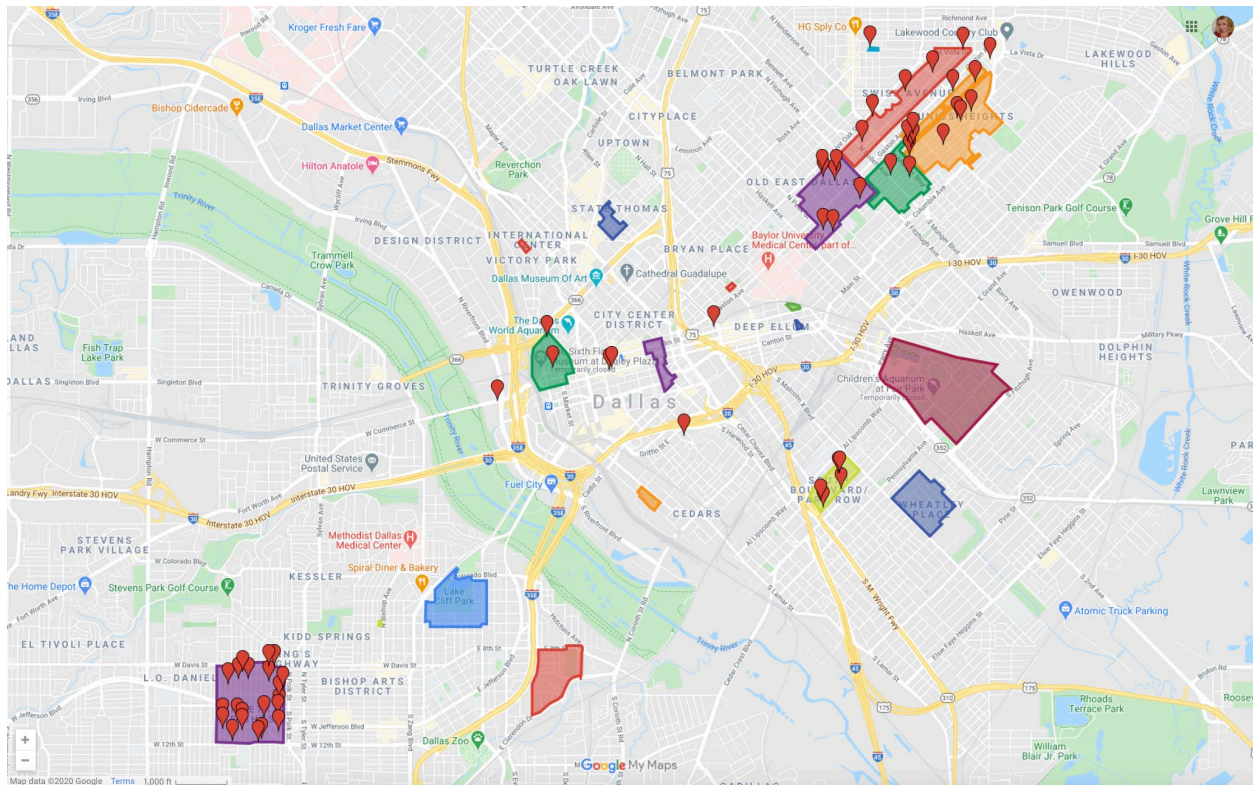
- Conserves resources and reduces waste: less materials entering landfills from demolitions and wholesale replacements; reduces carbon footprint
- Uses natural/environmentally friendly materials
- Existing assets protected, reuse of infrastructure, inhibits demolition-by-neglect
- Maintained landscapes

PARTICIPATION IN THE TAX EXEMPTION PROGRAM

96 properties are actively receiving tax exemption (FY2011-FY2020), 62 are new since 2015 that have generated \$120,044,046 in total investment where the value of the exemption has totaled \$9,793,456.

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Map showing the location of current properties receiving the tax exemption



Before rehabilitation



After rehabilitation with the benefit of the tax exemption program