

Historic Site Tax Exemptions

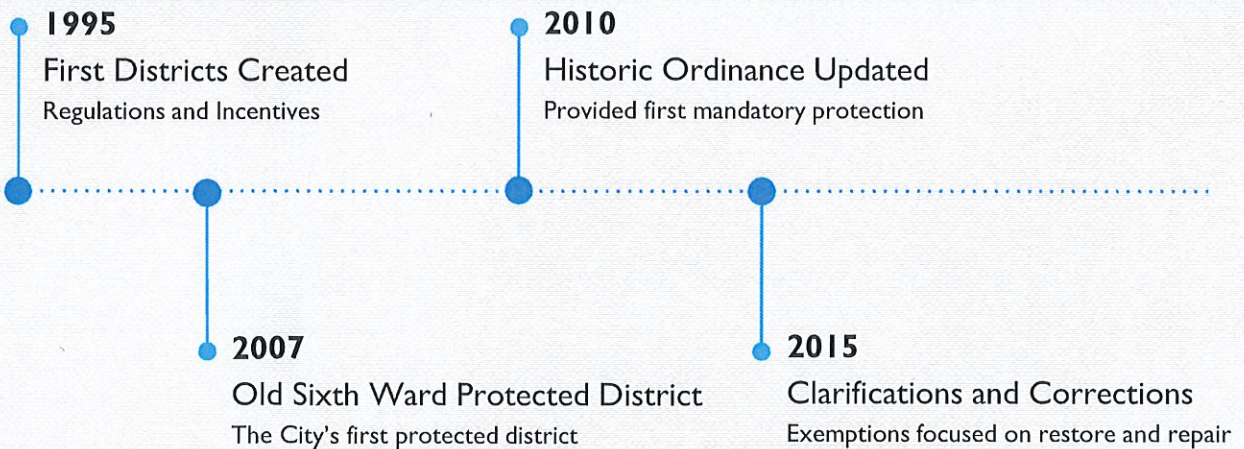
Presentation to
City Council Committee on Quality of Life

Margaret Wallace Brown, Acting Director
November 28, 2018



PLANNING &
DEVELOPMENT
DEPARTMENT

History of Preservation in Houston



Historic Site Tax Exemptions

Property must be:

- Landmark
- Protected Landmark
- Contributing Structure in a City-designated Historic District

Historic Site Tax Exemptions

Investment must be:

- At least 25% of the value of the historic structure
- Focused on restoration and rehabilitation

Historic
Site Tax
Exemption
Program
Changes

**Benefit Equals
Qualified Expenses:**

- All historic structures with Qualified Expenses between 25% and 99% of the structure's value

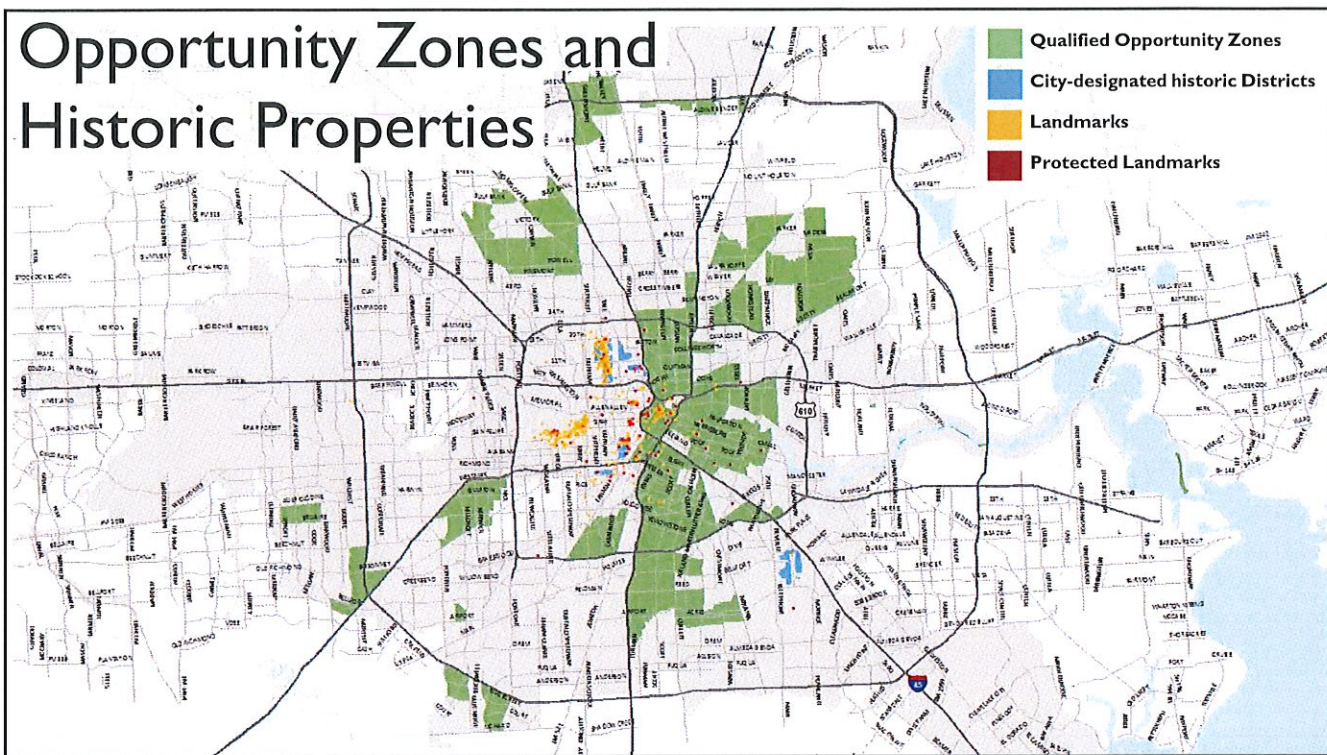
Historic
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Changes

**Benefit equals
HCAD value on January 1 of
following year:**

- Non-Single Family structures with Qualified Expenses in excess of 100% of the structure's value
- Single Family structures with Qualified Expenses in excess of 100% of the structure's value **ONLY if they are located within a Qualified Opportunity Zone**

Opportunity Zones and Historic Properties

- Qualified Opportunity Zones
- City-designated historic Districts
- Landmarks
- Protected Landmarks



Historic Site Tax Exemptions Proposed Amendments

November 28, 2018



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Investment Benefit	Existing Eligibility	Proposed Eligibility
<p>Benefit equals Qualified Expenses (QE)</p> <p>Starting Land Value = \$200,000 Starting Structure Value= \$100,000 Investment = \$30,000 Benefit (annually/15 yrs)= \$30,000</p> <p>Property owner pays taxes on land value, structure value (less the qualified investment) times the tax rate for 15 years.</p> <p>Assuming a 4% annual in property value increase with a constant tax rate, total tax receipts over 20 years are:</p> <p>Without improvements: \$61,203 With improvements & exemption: \$53,508</p>	<p>QE are between 25% and 99% of the structures's value</p> <ul style="list-style-type: none"> Landmarks Protected Landmarks Contributing Structures located inside a City of Houston Historic District 	<ul style="list-style-type: none"> No Change
<p>Benefit equals the HCAD value on January 1 of the next year:</p> <p>Starting Land Value = \$200,000 Starting Structure Value= \$100,000 Investment = \$200,000 Year 1 Improvement Value = \$225,000 Benefit (annually/15 yrs)= \$225,000</p> <p>Property owner pays taxes on land value, structure value (less the qualified investment) times the tax rate for 15 years.</p> <p>Assuming a 4% annual in property value increase with a constant tax rate, total tax receipts over 20 years are:</p> <p>Without improvements: \$63,359 With improvements & exemption: \$58,508</p>	<p>QE equal to or greater than 100% of the structures's value</p> <ul style="list-style-type: none"> Landmarks Protected Landmarks Contributing Structures located inside a City of Houston Historic District 	<ul style="list-style-type: none"> No change for non-Single Family structures. Single Family properties must meet the existing eligibility AND be located within a Qualified Opportunity Zone