

**CITY OF EL PASO, TEXAS  
AGENDA ITEM DEPARTMENT HEAD'S SUMMARY FORM**

**DEPARTMENT:** Planning and Economic Development

**INTRODUCTION DATE:** September 28, 2010; Public hearing October 5, 2010

**CONTACT PERSON/PHONE:** Kathryn Dodson, PhD, Director 541-4670

**DISTRICT(S) AFFECTED:** ALL

**SUBJECT:**

Discussion and action on proposed amendment to Title 3 (Revenue and Finance), Chapter 3.04 (Property Taxes), 3.04.035 (Exemption – Historically Significant Sites) of the El Paso City to allow for an exception for a specified period of years on the collection of the City's portion of property taxes on historically significant properties that are renovated.

**BACKGROUND/DISCUSSION:**

The Historic Tax Incentive has been in existence since 2006. In 2009, amendments were made to clarify the process for receiving the tax exemption. The program has not been utilized as only two applications have met the criteria for the exemption – with property owners citing issues about the relatively small incentive. This amendment proposes to increase the incentive to incite more applications and therefore more rehabilitation of historic properties.

**PRIOR COUNCIL ACTION:**

City Council previously amended on November 3, 2009 (ordinance 17232) to clarify the processes for obtaining a tax exemption.

**AMOUNT AND SOURCE OF FUNDING:**

How will this item be funded? Has the item been budgeted? If so, identify funding source by account numbers and description of account. Does it require a budget transfer?

N/A.

**BOARD/COMMISSION ACTION:**

LRC recommended unanimous approval on August 23, 2010.

\*\*\*\*\*REQUIRED AUTHORIZATION\*\*\*\*\*

**LEGAL:** (if required) \_\_\_\_\_ **FINANCE:** (if required) \_\_\_\_\_

**DEPARTMENT HEAD:**  \_\_\_\_\_

(Example: If RCA is initiated by Purchasing, client department should sign also). *Information copy to appropriate Deputy City Manager*

**APPROVED FOR AGENDA:**

**CITY MANAGER:** \_\_\_\_\_ **DATE:** \_\_\_\_\_

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE AMENDING TITLE 3 (REVENUE AND FINANCE),  
CHAPTER 3.04 (PROPERTY TAXES), 3.04.035 (EXEMPTION -  
HISTORICALLY SIGNIFICANT SITES) OF THE EL PASO CITY CODE TO  
ALLOW FOR AN EXEMPTION FOR A SPECIFIED PERIOD OF YEARS ON  
THE CITY'S PORTION OF PROPERTY TAXES ON HISTORICALLY  
SIGNIFICANT PROPERTIES THAT ARE RENOVATED**

**WHEREAS**, the Texas Tax Code, Section 11.24, allows the governing body of a taxing unit to exempt from taxation part or all of the assessed value of a structure or archeological site and the land necessary for access to and use of the structure or archeological site, based on certain designations; and,

**WHEREAS**, Section 3.04.035 of the City Code provides an exemption from taxation of certain property taxes for renovations to historically significant property in need of tax relief to encourage the preservation of such properties and to create an application and approval process for such exemptions; and

**WHEREAS**, the City Council wishes to allow for a total property tax exemption on the city's portion of property taxes for a specified period of years in order to encourage the renovation of historically significant sites by property owners; and,

**WHEREAS**, the City Council finds that the exemption from taxation as set forth in this amendment constitutes a benefit to the public, is necessary to assist in the City's goal of preservation of places and areas of historical, cultural or architectural importance and significance, and will further encourage the preservation of historically significant sites by property owners.

**NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE  
CITY OF EL PASO:**

**Section 1.** That Title 3 (Revenue and Finance), Chapter 3.04 (Property Taxes) Section 3.04.035 (Exemption – Historically significant sites), Paragraph D (Historic Structure Preservation Tax Exemption) of the El Paso City Code is hereby amended to read as follows:

D. Historic Structure Preservation Tax Exemption.

1.If City Council grants an applicant's site a Historic Structure Preservation Tax Exemption allowed under Section 11.24 of the Texas Tax Code, the site shall be exempt from payment of the city's portion of the assessed ad valorem taxes for a time period as stated below:

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- a. If the value of the improvements is equal to fifty percent or more of the assessed value of the site prior to preservation, the Historic Structure Preservation Tax Exemption shall be for a period of ten years.
- b. If the value of the improvements is equal to between forty percent and 49.99 percent of the assessed value of the site prior to preservation, the Historic Structure Preservation Tax Exemption shall be for a period of eight years.
- c. If the value of the improvements is equal to between thirty percent and 39.99 percent of the assessed value of the site prior to preservation, the Historic Structure Preservation Tax Exemption shall be for a period of six years.
- d. If the value of the improvements is equal to between twenty percent and 29.99 percent of the assessed value of the site prior to preservation, the Historic Structure Preservation Tax Exemption shall be for a period of four years.

**Section 2.** Except as expressly herein amended, Title 3 (Revenue and Finance), Chapter 3.04 (Property Taxes), of the El Paso City Code shall remain in full force and effect.

**ADOPTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2010.**

THE CITY OF EL PASO:

ATTEST:

\_\_\_\_\_  
John F. Cook, Mayor

\_\_\_\_\_  
Richarda Duffy Momsen, City Clerk

APPROVED AS TO FORM

\_\_\_\_\_  
Lupe Cuellar  
Assistant City Attorney

APPROVED AS TO CONTENT:

\_\_\_\_\_  
Kathryn B. Dodson, Ph.D., Director  
of Planning and Economic  
Development Department

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# Historic Preservation Tax Incentive Program

Incentive for rehabilitating historic structures





## Historic Preservation Tax Incentive Program

(based on City of Dallas model)

- Existing incentive program is underutilized
  - Current exemption is only for incremental increase in city property taxes
  - For rehabilitating a historic structure in a designated district
- New program is amendment to Title 3 of Municipal Code
- Exempts 100% of city property taxes - not just increment (Based on City of Dallas model)
  - Tax exemption would be based on the value of expenditures compared to the pre-improvement CAD value
  - The tax exemption would apply only to City property taxes



# Historic Preservation Tax Incentive Program

Historic Districts or Independent Historic Structures	50% or more of assessed value	10 years
	40 - 49.9% of assessed value	8 years
	30 - 39.9% of assessed value	6 years
	20 - 29.9% of assessed value	4 years



# Historic Preservation Tax Incentive Program

Historic Districts or Independent Historic Structures	No. of Parcels	2010 ASESSSED VALUE*	FY 2010 Property Taxes
Austin Terrace	701	89,565,397	566,949
Chihuahuita	82	3,783,092	23,947
Downtown	65	45,289,278	286,681
Independent Structures	18	5,169,424	32,722
Magoffin	153	15,159,538	95,960
Manhattan Heights	676	71,976,751	455,613
Mission Trail	185	25,348,224	160,454
Old San Francisco	19	3,508,726	22,210
Sunset Heights	661	2,460,336	15,574
Ysleta	328	19,523,285	123,582
<b>Total</b>	<b>2,888</b>	<b>281,784,051</b>	<b>1,783,693</b>

\* EXCLUDING City, County, ISD, State or Ysleta del Sur properties



## Historic Preservation Tax Incentive Program

- An analysis of all historic properties shows that there are 2,888 parcels potentially eligible for the program expected to generate approximately \$1.78 million in property taxes in FY 2010 should no applications be processed this year.
- Should demand for the program be high, the tax exemption can be capped at no more than \$500,000 per year on a first-come, first-served basis.
- Planning & Economic Development will coordinate with the new Historic Preservation Officer to market this program to all potential applicants.
- **Recommendation:** Amend current code to change the language to allow 100% exemption.