

Historic Tax Incentive For 501 2nd Avenue – Hickory Street Annex

January 20, 2009
Economic Development Committee



Request

- Review of a proposed historic preservation tax incentive over \$50,000 for the Hickory Street Annex located at 501 2nd Avenue.
- Applicant is seeking an Urban Exemption Based on Major Rehab under the historic preservation tax incentive program.
- Historic Tax Incentive Program was reviewed and approved by the Dallas City Council on November 26, 2007.
- Current request complies with all policy and procedures in this recently approved program.

Overview of Historic Tax Incentives Program

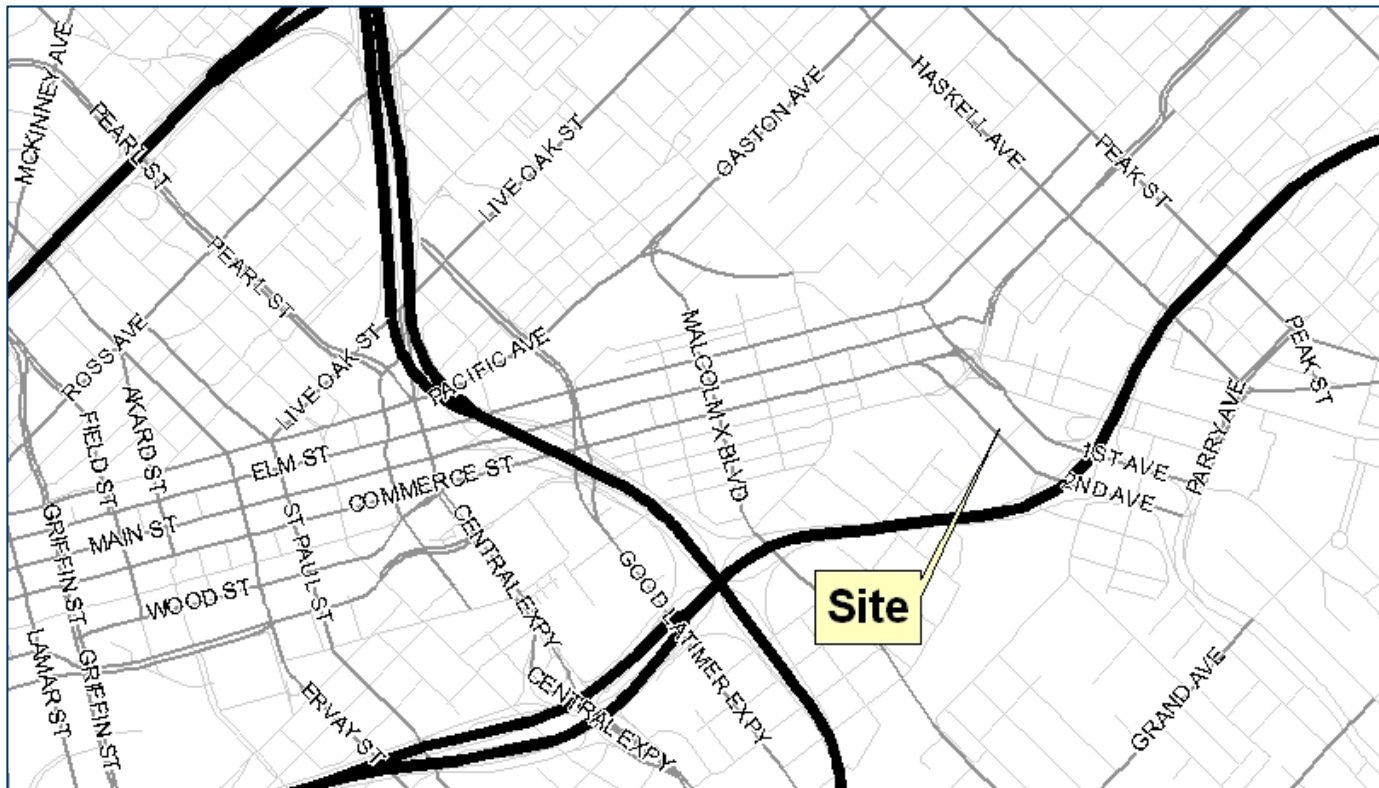
Category	Type	Percent of DCAD Improvement Value needed to meet the required expenditure	Amount of City of Dallas taxes exempted	Duration of the exemption
Urban Exemptions	Based on Major Rehab	75%	100%	10 years
	Based on Rehab	50%	Added Value	10 years
	Residential / ground floor conversion	50% must be converted to residential and 65% of street frontage must be converted to ground floor retail	100%	5 years
Revitalizing Exemptions	Based on Rehab	25%	100%	10 years
	Maintenance	3%	Added Value	3 years
Citywide Exemptions	Based on Rehab	50%	Added Value	10 years
	Endangered Property	25%	100%	10 years
Non-profit Exemptions	Non-profit	Be a not-for-profit with a designated historic landmark that is open to the public	100%	As long as the building remains a not-for-profit that is open to the public

Historic Tax Incentive Program

- Urban Exemptions

- The “Based on Major Rehab” exemption allows for up to a 100% exemption of the city portion of the property taxes for up to a ten year period.
- To qualify for this exemption, the cost of rehabilitation that is completed must exceed 75 percent of the pre-rehabilitation value of the structure.
- This provides for up to 100% exemption of the city portion of the property taxes for a total of 10 years.

Location



Background

- This is in the Hickory Street Annex Historic District that is currently in the designation process.
- The property is owner by Kaelson Company Properties, Inc.
- Applicants may apply for tax exemptions while still in pre-designation status, however they must have the designation approved by the City Council prior to the exemption being granted.
- The applicant has proposed to renovate the historic building for retail/office use.
- Required minimum expenditures have already been met; the applicant expects the project will be completed by 2010. *
- This application was approved by the Landmark Commission in January of 2009.

* Note: Unlike Economic Development tax abatements, these exemptions can be requested after building permits are issued.

2008 Values

Pre-rehabilitation Improvements Value:	\$227,250
Pre-rehabilitation Land Value:	\$687,410
Total Pre-rehabilitation Value	\$914,660
Minimum Required Expenditures (75% of the pre-rehabilitation improvement value) :	\$170,438
Estimated Total Expenditures:	\$500,000







Recommendation

- Approval of the application for a Certificate of Eligibility for a period of 10 years.
- This application meets all of the requirements of the Historic Preservation Tax Incentive Program ordinance that was approved by the City Council on November 26, 2007.