

Memorandum



CITY OF DALLAS

Date: October 30, 2009

To: City Council Economic Development Committee:
Ron Natinsky (Chair), Tennell Atkins (Vice Chair), Jerry R. Allen, Dwaine Caraway, Sheffie Kadane, Linda Koop, Ann Margolin, Steve Salazar

Subject: Historic Preservation Tax Incentive - 501 2nd Avenue

On October 14, 2009, the City Council remanded historic tax exemption for the Hickory Street Annex to the Economic Development Committee for consideration. The tax exemption request had originally been not recommended by the Economic Development Committee on June 12, 2009.

For some background, on January 5, 2009 the Landmark Commission recommended approval of a ten year 100% tax exemption for the Hickory Street Annex. The Historic Preservation Tax Incentive Program offers tax exemptions to historic properties that have undergone or are currently undergoing rehabilitation. The Hickory Street Annex is a historic Gulf Oil distribution depot that was constructed in 1921. The Historic Tax Incentive Program was reviewed and approved by the Dallas City Council on November 26, 2007. This application complies with all requirements of that program. The Code requires City Council approval for any exemption over \$50,000. The City Council may approve or deny any portion of the exemption over \$50,000. This request is for approximately \$105,000 over ten years.

The application has been submitted by Kaelson Company Properties, Inc. 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 must exceed 75 percent of the pre-rehabilitation value of the structure. Prior to the initiation of the tax exemption, verification of expenditures is required.

The 2008 DCAD appraised value of the Hickory Street Annex is \$914,660, with an improvement value of \$227,250 and land value of \$687,410. The applicant is planning on investing approximately \$500,000 into the property to redevelop the complex into retail and office use. To date, they have already completed work on the electrical, foundation, plumbing, painting and roofing.

FISCAL INFORMATION

Revenue: First year tax revenue foregone estimated at \$10,580 (Estimated revenue foregone over ten years is \$105,802)

MAP

Attached



A.C. Gonzalez
Assistant City Manager

- c: The Honorable Mayor and Members of the City Council
- Mary K. Suhm, City Manager
- Deborah Watkins, City Secretary
- Thomas Perkins, City Attorney
- Craig Kinton, City Auditor
- Judge C. Victor Lander, Judiciary
- Ryan S. Evans, First Assistant City Manager
- Forest Turner, Assistant City Manager
- Jill A. Jordan, P.E., Assistant City Manager
- David K. Cook, Chief Financial Officer Manager
- Jean Chipperfield, Director, Budget and Management Services
- Theresa O'Donnell, Director Sustainable Development & Construction
- Karl Zavitkovsky, Director, Office of Economic Development
- Hammond Perot, Assistant Director, Office of Economic Development
- Helena Stevens-Thompson, Assistant to the City Manager

