

## **Tax Incentives for Rehabilitation of Historic Properties**

Because it recognizes the economic benefits of the stabilization, rehabilitation and renovation of properties designated as historic landmarks, the City Council recently passed an ordinance providing for partial tax exemption for restoration of properties zoned Design-Historic.

Properties that are substantially rehabilitated after August 6, 2003 are eligible "for an exemption from real property ad valorem taxes levied by the city to the extent of the tax on fifty (50%) of the total approved project costs for rehabilitation." The exemption will extend for a period not to exceed five years or an amount in excess of the total eligible project cost. "Total approved project costs" for use in calculation of the tax exemption shall be determined by the Urban Design and Historic Preservation Commission upon completion of each project.

In order to receive the annual tax reduction, property owners must:

- Substantially rehabilitate their property at a cost that equals or exceeds the lesser of \$5,000 or five percent of the assessed value of the structure.
- Pay any delinquent taxes on the property.
- Have the rehabilitation reviewed and approved by the Urban Design and Historic Preservation and abide by the provisions of the D-H section of the Zoning Code and the landmark designation ordinance for that property.
- Comply with all applicable City of Lubbock codes, regulations and ordinances.
- If located in a Tax Increment Finance (TIF) Reinvestment Zone, receive approval of the TIF Board of Directors
- File an annual application for exemption each year to the Lubbock Central Appraisal District, and allow the Urban Design and Historic Preservation to make an inspection of the property.

Here are some examples of how this tax reduction would work:

- If the approved project costs totaled \$50,000, at the 2004 City of Lubbock rate of \$0.459700 per \$100 valuation, the 50% reduction would be \$114.93 annually or \$574.63 over five years.
- If the approved project costs totaled \$5,000,000, at the 2004 City of Lubbock rate of \$0.459700 per \$100 valuation, the 50% reduction would be \$11,492.50 annually or \$57,462.50 over five years.