

ORDINANCE NO. 20-_____

AN ORDINANCE OF THE CITY OF GALVESTON, TEXAS, AMENDING ORDINANCE NUMBER 15-059, THE CITY'S FINANCIAL INCENTIVES PROGRAM FOR HISTORIC PROPERTIES, REGARDING ADMINISTRATIVE REVIEW OF DETERMINATIONS OF ELIGIBILITY FOR SUBSTANTIAL REHABILITATION FOR HISTORIC PROPERTIES; PLANNING CASE NUMBER 19PA-056; MAKING VARIOUS FINDINGS AND PROVISIONS RELATED TO THE SUBJECT, AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Galveston is committed to the preservation of historic properties and resources within the City and encourages the recognition of historic landmarks across the city and reinvestment in Galveston's historic buildings; and,

WHEREAS, on July 23, 2015, the City adopted Ordinance 15-059, establishing the Financial Incentives for Historic Properties program; and,

WHEREAS, the Landmark Commission made a motion to request staff begin the process of amending the program to allow for administrative review of determinations of eligibility for the substantial rehabilitation for historic properties; and,

WHEREAS, as further detailed in the Staff Report, attached and incorporated herein as **Exhibit A**, allowing for administrative review will save time for the Commission, Staff, the Public and will simplify the process; and,

WHEREAS, the Landmark Commission reviewed this request at their regular meeting on December 16, 2019 and recommended approval; and,

WHEREAS, Staff recommends amending the program to allow for administrative review of determinations of eligibility for substantial rehabilitation for historic properties as provided in Section 2 below; and,

WHEREAS, the City Council of the City of Galveston deems it in the best interest of the public to amend the Financial Incentives Program for Historic Properties as provided.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GALVESTON, TEXAS:

SECTION 1. The findings and recitations set out in the preamble to this Ordinance are found to be true and correct and they are hereby adopted by the City Council and made a part hereof for all purposes.

SECTION 2. The City Council of the City of Galveston hereby amends Ordinance Number 15-059, the City's Financial Incentives Program for Historic Properties to read and provide as follows:

Exhibit A

Financial Incentives for Historic Properties

1. **Substantial Rehabilitation for Historic Properties** – property owner invests at least 50% of value of the building and receives a 10-year “freeze” on City taxes. The property owner continues to pay City of Galveston taxes on the pre-improvement assessed value for 10 years. The property owner would pay taxes to the remainder of the taxing entities based on the current, post improvement assessed value. The same benefit is proposed for both residential and commercial structures.

- a. In order to qualify for the program, the building must be located in a locally designated historic district or be designated as a Galveston Landmark. If located in a historic district, the building must be “Contributing” or “Compatible”. Properties that are “Non-Contributing” may be considered if the proposed work would result in a reclassification to “Contributing” or “Compatible”. Properties classified as “Intrusion” would not be eligible.
- b. The owner must invest an amount equal to at least 50% of the pre-improvement value of the property (i.e. the appraised value of the house per the Galveston Central Appraisal District, not including the land value, before the work begins). “Sweat equity,” for labor provided by the property owner, may be included in the cost of work.
- c. Qualifying improvements must extend the life of the building, such as roof, foundation, and siding work; electrical, plumbing, and HVAC systems work; and any other related structural work. Other improvements, such as interior work may be considered upon commitment to competition of structural work.
- d. Improvements that increase the energy efficiency of the building, while retaining its historic integrity, may also be considered. Such improvements may include: rainwater harvesting, renewable energies, attic and floor insulation, interior window insulation, and radiant barriers.
- e. ~~The Landmark Commission will review the scope of work in order to ensure conformance with the *Design Standards for Historic Properties of Galveston, Texas*. The Landmark Commission will also verify that the work was performed correctly before the tax “freeze” would be granted.~~ The approval process is as follows:
 - i. Eligibility. The Historic Preservation Officer (HPO) will review the scope of work in order to ensure conformance with the Design Standards for Historic Properties and the budget to ensure the threshold for participation is being met.
 - ii. Verification. When the work is completed, the Landmark Commission will verify that the work was performed correctly and provide a recommendation to City Council.
 - iii. Final Approval. Following confirmation of eligibility by the HPO, ~~Upon approval~~ and verification by the Landmark Commission, the request will be forwarded to the City Council for final approval.
- f. The tax “freeze” is transferable upon sale of the property.

SECTION 3. It is hereby declared to be the intention of the City Council that the sections, paragraphs, sentences, clauses and phrases of this Ordinance are severable and, if any phrase, clause, sentence, paragraph or section of this Ordinance should be declared invalid by the final

judgment or decree of any court of competent jurisdiction, such invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Ordinance.

SECTION 4. All Ordinances or parts thereof in conflict herewith are repealed to the extent of such conflict only.

SECTION 5. In accordance with the provisions of Sections 12 and 13 of Article II of the City Charter this Ordinance has been publicly available in the office of the City Secretary for not less than 72 hours prior to its adoption; that this Ordinance may be read and published by descriptive caption only.

SECTION 6. This Ordinance shall be and become effective from and after its adoption and publication in accordance with the provisions of the Charter of the City of Galveston.

APPROVED AS TO FORM:

DONNA M. FAIRWEATHER
ASSISTANT CITY ATTORNEY

I, Janelle Williams, Secretary of the City Council of the City of Galveston, do hereby certify that the foregoing is a true and correct copy of an Ordinance adopted by the City Council of the City of Galveston at its Regular meeting held on January 23, 2020, as the same appears in records of this office.

IN TESTIMONY WHEREOF, I subscribe my name hereto officially under the corporate seal of the City of Galveston this _____ day of _____, 2020.

Secretary for the City Council
of the City of Galveston



19PA-056

STAFF REPORT

APPLICANT:

City of Galveston

REQUEST:

Amendment to the Financial Incentives for Historic Properties Program

EXHIBITS:

A – Proposed Amendment

STAFF:

Catherine Gorman, AICP
Assistant Director/HPO
409-797-3665
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Background:

On July 23, 2015, the City Council adopted Ordinance 15-059 establishing the Financial Incentives for Historic Properties Program. The Program consists of three components:

1. Incentive for new historic districts and Galveston Landmarks – 35% reduction in City taxes for five years;
2. Incentive for new Neighborhood Conservation Districts – 25% reduction in City taxes for five years; and
3. Substantial Rehabilitation for Historic Properties – tax freeze on City taxes for 10 years.

After discussion at a previous workshop, at the November 4, 2019 meeting, the Landmark Commission made a motion to request staff begin the process of amending the program to allow for administrative review of determinations of eligibility for the Substantial Rehabilitation for Historic Properties.

Executive Summary:

The following is a summary of the current situation:

1. Landmark Commission review is required for Certifications of eligibility for participation in the Financial Incentive for Historic Properties Program.
2. The Landmark Commission hears, on average, seven Tax Certification requests a year.
3. At the October 21, 2019 workshop, the Landmark Commission discussed changing the Tax Certification step from Commission approval to Staff approval.
4. The threshold for participation in the program is prescriptive – 50% of the assessed value of the structure per the Galveston Central Appraisal District. The Landmark Commission finds that it is appropriate for Staff to handle the determination of eligibility.
5. The discussion focused on saving time for the Commission, Staff, and the public and simplifying the process.

Other Reviews:

The Landmark Commission reviewed this request at the December 16, 2019 meeting and voted unanimously to recommend approval.

Staff Recommendation:

Staff recommends approval as submitted.

Respectfully Submitted,

Catherine Gorman, AICP
Assistant Director/HPO

Date

Financial Incentives for Historic Properties

1. **Substantial Rehabilitation for Historic Properties** – property owner invests at least 50% of value of the building and receives a 10-year “freeze” on City taxes. The property owner continues to pay City of Galveston taxes on the pre-improvement assessed value for 10 years. The property owner would pay taxes to the remainder of the taxing entities based on the current, post-improvement assessed value. The same benefit is proposed for both residential and commercial structures.
 - a. In order to qualify for the program, the building must be located in a locally designated historic district or be designated as a Galveston Landmark. If located in a historic district, the building must be “Contributing” or “Compatible”. Properties that are “Non-Contributing” may be considered if the proposed work would result in a reclassification to “Contributing” or “Compatible”. Properties classified as “Intrusion” would not be eligible.
 - b. The owner must invest an amount equal to at least 50% of the pre-improvement value of the property (i.e. the appraised value of the house per the Galveston Central Appraisal District, not including the land value, before the work begins). “Sweat equity,” for labor provided by the property owner, may be included in the cost of work.
 - c. Qualifying improvements must extend the life of the building, such as roof, foundation, and siding work; electrical, plumbing, and HVAC systems work; and any other related structural work. Other improvements, such as interior work may be considered upon commitment to completion of structural work.
 - d. Improvements that increase the energy efficiency of the building, while retaining its historic integrity, may also be considered. Such improvements may include: rainwater harvesting, renewable energies, attic and floor insulation, interior window insulation, and radiant barriers.
 - ~~e. The Landmark Commission will review the scope of work in order to ensure conformance with the *Design Standards for Historic Properties of Galveston, Texas*. The Landmark Commission will also verify that the work was performed correctly before the tax “freeze” would be granted. The approval process is as follows:~~
 - ~~i. Eligibility. The Historic Preservation Officer (HPO) will review the scope of work in order to ensure conformance with the *Design Standards for Historic Properties* and the budget to ensure the threshold for participation is being met.~~
 - ~~ii. Verification. When the work is completed, the Landmark Commission will verify that the work was performed correctly and provide a recommendation to City Council.~~
 - ~~iii. Final Approval. Following confirmation of eligibility by the HPO and Upon approval and verification by the Landmark Commission, the request will be forwarded to the City Council for final approval.~~
 - e.f. The tax “freeze” is transferable upon sale of the property.
2. **New Historic Districts and Galveston Landmarks** – 35% tax exemption on City taxes for all property owners in newly designated historic districts and for Galveston Landmarks. Tax exemption would last for a period of five years. Tax exemption for Galveston Landmarks only

applies for new designations outside of existing historic districts. The Tax Exemption shall be granted by City Council upon designation of new historic districts and Galveston Landmarks. The tax exemption is transferable upon sale of the property.

3. **New Neighborhood Conservation Districts** – 25% tax exemption on City taxes for all property owners in newly designated NCDs. Tax exemption would last for a period of five years. The tax exemption shall be granted by City Council upon designation of new Neighborhood Conservation Districts. The tax exemption is transferable upon sale of the property.