

ARTICLE XI.
HISTORIC PRESERVATION TAX EXEMPTIONS AND ECONOMIC DEVELOPMENT INCENTIVES FOR HISTORIC PROPERTIES.

Division 51A-11.100. Purpose and Definitions.

SEC. 51A-11.101. PURPOSE AND AUTHORITY.

(a) Purpose.

(1) The purpose of this article is to encourage economic development through the revitalization and preservation of the city's historic properties, including residential properties, and to assist in accomplishing the following goals:

- (A) Revitalize older neighborhoods to build and capture a stable tax base.
- (B) Support private sector investment in historic properties.
- (C) Encourage home ownership.
- (D) Promote pedestrian oriented, ground floor retail in the urban historic districts.
- (E) Support new uses for vacant and deteriorated historic buildings.
- (F) Encourage low and moderate income families to invest in historic districts.

(2) In order to further the purpose of this division, the director shall:

- (A) provide education and assistance to owners of historic properties;
- (B) coordinate activities with other departments to publicize the incentives in this article;
- (C) coordinate with existing programs in other departments; and

(D) seek funding from outside sources to assist low and moderate income home-owners in rehabilitating and maintaining owner-occupied historic properties.

(b) Authority for tax exemptions. The tax exemptions in this article are adopted pursuant to the authority provided in Article 8, Section 1-f of the Texas Constitution and Section 11.24 of the Texas Tax Code.

(1) These tax exemptions apply only to city property taxes and not to taxes owing to other taxing units.

(2) Nothing in this article relieves a person from the responsibility to apply each year to the appraisal district for a tax exemption pursuant to the requirements of the Texas Tax Code.

(c) Authority for conservation easements. The historic conservation easement program in this article is adopted pursuant to the authority provided in Chapter 183 of the Texas Natural Resources Code. (Ord. Nos. 21874; 22026; 22392; 23506; 24584; 25509; 27016)

SEC. 51A-11.102. DEFINITIONS.

The following definitions apply to this article:

(1) APPRAISAL DISTRICT means the Dallas Central Appraisal District or its successor.

(2) CERTIFICATE OF APPROPRIATENESS means a certificate of appropriateness required by Section 51A-4.501 or by a historic overlay district ordinance.

(3) COMMITMENT TO REPAY means a legal instrument requiring the owner granted a tax exemption or historic conservation easement to repay to the city all tax forgone upon a finding that the historic property has been totally or partially destroyed or significantly altered by the willful act or negligence of the owner or his agent in violation of the historic district ordinance. See Section

(4) CONTRIBUTING STRUCTURE means a structure that retains its essential architectural integrity of design and whose architectural style is typical of or integral to a historic district.

(4.1) ENDANGERED HISTORIC DISTRICT means a historic district that is in danger of being irreplaceably lost from severe deterioration or damage or impending demolition of structures, where additional resources beyond the scope of this article are needed, and includes the following historic districts:

- (A) Tenth Street, and
- (B) Wheatley Place.

(5) HISTORIC DISTRICT means a historic overlay district created pursuant to the Dallas Development Code.

(6) HISTORIC PROPERTY means a contributing structure and the land necessary for access to and use of the structure within a historic district.

(7) MINIMUM EXPENDITURE means the amount that must be spent on rehabilitation to make a property owner eligible for a tax exemption in this article.

(8) PREDESIGNATION CERTIFICATE OF APPROPRIATENESS means a predesignation certificate of appropriateness issued pursuant to Section 51A-4.501 of this chapter.

(9) PRE-REHABILITATION VALUE means:

(A) for a historic property that was previously exempt from taxation because of ownership by a tax exempt entity, but that has been purchased by a new owner who is subject to taxation within three years before the new owner submits an application for a tax exemption, the appraised value of the property on the city's certified appraisal roll prepared by the appraisal district as of December 31 of the year before the purchase by the new owner; or

(B) for all other historic properties, the appraised value of the property on the city's certified appraisal roll prepared by the appraisal district as of December 31 of the year before an application is submitted for a tax exemption.

(C) If, while a property is eligible for a tax exemption, the appraisal district reappraises the historic property and the value is reduced, the pre-rehabilitation value equals the value after reappraisal for the remaining duration of the tax exemption.

(10) PROPERTY PENDING DESIGNATION means property for which the procedure has been initiated to establish a historic overlay district pursuant to Section 51A-4.501.

(11) REHABILITATION means labor and materials for interior or exterior repair or replacement of features that help preserve a historic property and become a permanent part of the building or site, such as cabinetry, cable and electrical wiring, carpentry, facilities for required parking, fixtures, flooring, foundation, paint, paving connecting the building to right-of-way, plumbing, roofing, and walls.

(12) REHABILITATION PROJECT means specific rehabilitation that meets the minimum expenditure for a tax exemption pursuant to this article.

(13) REVITALIZING HISTORIC DISTRICTS means the following historic districts:

- (A) Lake Cliff,
- (B) Winnetka Heights,
- (C) South Boulevard/Park Row,
- (D) Peak's Suburban Addition,
- (E) Junius Heights, and

(F) any other historic district designated as a revitalizing historic district in an ordinance creating or amending the historic district.

(14) TAX FORGONE means the total amount of taxes that the city did not collect as a result of:

- (A) all tax exemptions granted under this article; or

(B) a decrease in appraised value due to a historic conservation easement.

(15) URBAN HISTORIC DISTRICTS means historic districts in the area bounded by Carroll Avenue, Columbia Avenue, Munger Boulevard, Barry Avenue, Haskell Avenue, Hatcher Street, Lamar Street, S.F. Railroad, Clarendon Drive, Rosemont Avenue, Rainier Street, N. Edgefield Avenue, Colorado Boulevard, Beckley Avenue, Continental Viaduct, Woodall Rodgers Freeway, and Ross Avenue, including lots fronting on these streets, but excluding the endangered and revitalizing historic districts.

(16) VERIFICATION means issuance of a letter of verification by the director pursuant to this article. (Ord. Nos. 21874; 22026; 22392; 23506; 24163; 24584; 25509; 26335; 27016; [29953](#))

Division 51A-11.200. Tax Exemptions for Historic Properties.

SEC. 51A-11.201. INITIAL APPLICATION, COMPLETION OF REHABILITATION, AND FINAL APPLICATION ARE ALL REQUIRED FOR TAX EXEMPTION.

(a) Initial application for a tax exemption. An initial application for a tax exemption must be filed with the director. Application may be made for a tax exemption for historic property or property pending designation. Each application must be signed by the owner, be acknowledged before a notary public, and include the following information:

(1) The legal description of the property.

(2) Photographs and drawings of the property before rehabilitation, including all protected facades and any other area where rehabilitation will be performed.

(3) Estimates of the costs for the rehabilitation project, and any other rehabilitation anticipated during the term of the tax exemption as necessary to calculate the projected tax foregone.

(4) Details about the property including: total square footage of the building and a breakdown of square footage for residential, office, and retail uses; number of residential units created; and an estimate of the number of temporary and permanent jobs that will be created as a result of the tax exemption. This information is required for tax exemptions in the urban historic districts only.

(5) A projection of the construction time and completion date of the rehabilitation project.

(6) A complete application for any necessary certificate of appropriateness or predesignation certificate of appropriateness for the rehabilitation project.

(7) The proposed use of the property.

(8) An authorization for the members of the landmark commission and city officials to visit and inspect the property as necessary to certify eligibility and verification for a tax exemption.

(9) Documentation showing that the building is a contributing structure.

(10) The duration and amount of tax foregone of any previous property tax relief granted to any portion of the property pursuant to this article or any other ordinance adopted pursuant to Section 11.24 of the Texas Tax Code.

(11) Any other information that is necessary to the city in determining eligibility, including but not limited to information showing compliance with all applicable city health and safety regulations.

(b) Determination of eligibility.

(1) If the historic property is in a reinvestment zone (also known as a TIF) designated under Chapter 311 of the Texas Tax Code, the director shall determine whether a tax exemption authorized under Section 11.24 of the Texas Tax Code is prohibited, either under state law or under the terms of any bonds issued for the reinvestment zone. If the tax exemption is prohibited, the director shall notify the applicant and the city shall not process the application.

(2) Upon receipt of a complete application for a tax exemption, the director shall schedule a hearing before the landmark commission to determine whether the property is eligible for a tax exemption.

(3) No task force review is required for determination of eligibility.

(c) Criteria for eligibility. If a property is determined to be eligible, the property is deemed to be a historically or archeologically significant site in need of tax relief to encourage its preservation. The landmark commission shall determine that the property is eligible

only if the application satisfies the following requirements:

(1) The building must be a contributing or potentially contributing structure within a historic district or proposed as a contributing structure for properties pending historic designation.

(2) The proposed cost of the rehabilitation project must exceed the percentage of pre-rehabilitation value of the contributing structure specified in the applicable section of this article, if rehabilitation is required for the exemption. Only rehabilitation done after a determination of eligibility may be counted in determining whether the proposed rehabilitation project exceeds the specified percentage of pre-rehabilitation value, except that the landmark commission may, after a public hearing, make a specific finding approving rehabilitation done prior to the determination of eligibility if the rehabilitation was done within the last three years and will further the purpose of this article. Only rehabilitation may be counted in determining whether the proposed rehabilitation project exceeds the specified percentage of pre-rehabilitation value; other work will not be counted.

(d) Notice and appeal of decision.

(1) Notice of decision. The director shall notify the applicant in writing of the landmark commission's decision on eligibility. If the landmark commission determines that the applicant is not eligible for a tax exemption, the director shall notify the applicant of the reason for that determination. Notice is given by depositing the notice properly addressed and postage paid in the United States mail. The notice must be sent to the address shown on the application.

(2) Appeal of decision on eligibility. A determination that the applicant is not eligible for a tax exemption may be appealed to the city plan commission. An appeal is made by filing a written request with the director. The request must be filed within 30 days after the date written notice is given to the applicant of the landmark commission's decision. In considering the appeal, the sole question shall be whether the landmark commission erred in determining that the applicant is not eligible, and, in this connection, the city plan commission shall consider the same standards that were required to be considered by the landmark commission.

(e) City council review. Within 90 days after the landmark commission determines an applicant is eligible for a tax exemption, the director shall schedule applications for properties with past and projected tax foregone exceeding \$50,000 for review by the city council. The city council may, by resolution, approve any portion of the application over \$50,000 if it finds that the property is a historically or architecturally significant site in need of more than \$50,000 in tax relief to encourage its preservation. If the city council denies all or part of the amount over \$50,000, the applicant will still be eligible for a tax exemption up to a maximum of \$50,000 subject to compliance with the requirements in this article.

(f) Completion of rehabilitation project.

(1) The applicant must obtain approval of any necessary certificates of appropriateness or predesignation certificates of appropriateness.

(2) A rehabilitation project must be completed by the date specified by the landmark commission when it made its determination of eligibility. If the landmark commission fails to set a completion deadline, it will be deemed to be three years from the date the landmark commission made its determination of eligibility. The landmark commission may also set a deadline for the owner to obtain a certificate of occupancy if it is necessary to further the purpose of this article. The landmark commission may, after a public hearing, extend the deadline for completion of the rehabilitation project and receipt of a certificate of occupancy for additional periods up to three years each if there has been reasonable progress towards completion and the extension will further the purpose of this article. An application for an extension may be made after the original completion deadline or the extended completion deadline.

(g) Letter of verification.

(1) Application. At any time after completion of the minimum expenditure on rehabilitation but no later than the completion deadline, and in order to receive a tax exemption, an owner must apply to the director for a letter of verification and submit the following information:

(A) A signed statement, acknowledged before a notary public, certifying that the minimum expenditure on the rehabilitation project has been made in compliance with any certificates of appropriateness or predesignation certificates of appropriateness along with receipts or other documentation such as pay affidavits or schedules of value provided by a licensed architect or engineer proving that the minimum expenditure on the rehabilitation project has actually been made.

(B) An executed commitment to repay that complies with Paragraph (3).

(C) A copy of the city council resolution if the previous and projected tax foregone combined exceeds \$50,000.

(D) For applications based upon residential conversion, the applicant must provide records showing that the requisite percentage of floor area has been changed to residential uses.

(E) Proof, such as a tax certificate, that property taxes and any city fees, fines, or penalties are not delinquent on the property.

(F) Proof that there are no pending city code violations on the property.

(2) Properties in reinvestment zones. If the historic property is in a reinvestment zone (also known as a TIF) designated under Chapter 311 of the Texas Tax Code, any additional requirements or limitations of state law or bonds issued in connection with the TIF must be met before issuance of the letter of verification.

(3) Commitment to repay.

(A) The owner must commit to repay any taxes foregone in the event of unauthorized alteration or demolition of the historic property.

(B) The commitment to repay must be approved as to form by the city attorney.

(C) The commitment to repay must run with the land and bind the owner and his successors, heirs, and assigns.

(D) The commitment to repay must provide that any unpaid repayment is a lien against the historic property.

(E) The commitment to repay must indemnify the city against all claims arising out of the granting of a tax exemption.

(F) The commitment to repay must be filed in the deed records of the appropriate county and with the appraisal district as the instrument governing the terms of the tax exemption.

(G) The commitment to repay must contain:

(i) the address of the property;

(ii) whether the exemption is 100 percent of the value of, or the added value of, the land and structure;

(iii) if there is more than one structure on a tax account or a lot and only one structure is a contributing exempt structure, a description of the structure sufficient to notify the appraisal district which structure is exempt;

(iv) if the exemption is on the added value of the land and structure, the dollar amount of the pre-rehabilitation value, with an indication that if the appraised value is reduced during the term of the tax exemption, the pre-rehabilitation value equals the value after reappraisal for the remaining duration of the tax exemption;

(v) required completion date of rehabilitation;

(vi) date by which a certificate of occupancy must be granted, if applicable;

(vii) a statement that property taxes and any city fees, fines, or penalties are not delinquent on the property or on any other real property owned in whole or in part, directly or indirectly, by the owner, and must not be delinquent for the term of the tax exemption in order to qualify for the exemption on an annual basis. For the purpose of this statement, an interest in real property does not include any interest in real property held indirectly through a mutual or common investment fund such as a real estate investment trust that holds real estate assets unless the person in question participates in the management of the fund;

(viii) a statement that the appraisal district shall not provide a tax exemption until the city provides the appraisal district an annual letter of verification;

(ix) a statement that the appraisal district shall not provide a tax exemption unless the owner applies annually to the appraisal district for the exemption within the time set forth under the Texas Tax Code;

(x) if city council approval of the tax exemption is required, a statement that the tax exemption is subject to the terms of the city council resolution;

(xi) an authorization for the members of the landmark commission and city officials to visit and inspect the property as necessary to certify eligibility and verification for a tax exemption;

(xii) a statement that a failure to complete the rehabilitation project or get a certificate of occupancy by any completion date stated in the determination of eligibility, as extended if applicable, may result in penalties pursuant to this article.

(4) Review by director. The director shall inspect the historic property to verify compliance with the requirements of this division.

(5) Director's decision.

(A) Issuance of letter of verification. If the director determines that the applicant has met all applicable requirements and qualifies for a tax exemption, the director shall send a letter of verification to the appraisal district and the applicant on an annual basis for the duration of the tax exemption, indicating the applicable tax exemption and the duration of the tax exemption. The first letter of verification for a tax exemption on a property, or for a new tax exemption on the same property, must include a copy of the commitment to repay and, if applicable, the city council resolution.

(B) Notice of denial. If the director denies the letter of verification, the director shall notify the applicant of this fact in writing, stating the deficiencies that must be corrected or the specific reasons for denial. Notice is given by depositing the notice properly addressed and postage paid in the United States mail. The notice must be sent to the address shown on the application. If the applicant remedies the deficiencies in time for the appraisal district to provide that year's tax exemption, the director shall send a letter of verification to the appraisal district and the applicant, otherwise, the tax exemption must be sent to the appraisal district for the next year's tax exemption.

(6) Appeal. The decision of the director to deny the letter of verification may be appealed to the city plan commission. An appeal is made by filing a written request with the director. The request must be filed within 30 days after the date of written notice is given to the applicant of the director's decision. In considering the appeal, the sole question shall be whether the director erred in determining that the applicant does not qualify, and, in this connection, the city plan commission shall consider the same standards that were required to be considered by the director.

(7) Annual application to appraisal district. The director shall provide letters of verification to the appraisal district on an annual basis for the duration of the tax exemption, but in order to receive the tax exemption, the owner must make an annual application to the appraisal district in addition to the letter of verification provided by the director. (Ord. Nos. 21874; 22026; 22392; 23506; 24584; 24843; 25271; 25509; 27016)

SEC. 51A-11.202. PENALTIES FOR FAILURE TO COMPLETE A PROJECT OR FAILURE TO OBTAIN A CERTIFICATE OF OCCUPANCY.

(a) Criminal prosecution. After receipt of a letter of verification, an owner who knowingly fails to complete rehabilitation or obtain a certificate of occupancy as required by Section 51A-11.201(f)(2) is criminally responsible for a violation of this article under the terms of Section 51A-1.103.

(b) Defenses to prosecution. It is a defense to prosecution that circumstances beyond the control of the owner prevented the owner from completing the rehabilitation or from obtaining the certificate of occupancy. (Ord. 27016)

SEC. 51A-11.203. HISTORIC PROPERTY DESTRUCTION OR ALTERATION.

(a) If it is suspected that a historic property has been totally or partially destroyed or significantly altered by the willful act or negligence of the owner or his representative in violation of the preservation criteria in the historic district ordinance, the city council, landmark commission, or city manager shall immediately cause the matter to be scheduled for consideration by the city council. The director shall give written notice of the hearing before the city council to the owner at least 10 days before the hearing date. If, after the hearing, the city council determines that the historic property has been totally or partially destroyed or significantly altered by the willful act or negligence of the owner or his representative in violation of the preservation criteria in the historic district ordinance, the tax exemption will terminate, the director shall notify the appraisal district that the property does not qualify for a tax exemption, and the owner shall immediately repay to the city all of the tax foregone.

(b) Where a historic property is totally or partially destroyed or significantly altered in violation of the preservation criteria in the historic district ordinance other than by the willful act or negligence of the owner or his representative, the owner shall, within 30 days, request a certificate for demolition when rehabilitation is not feasible, or request a certificate of appropriateness to rehabilitate the historic property. The landmark commission shall determine whether rehabilitation is feasible during its consideration of the certificate for demolition or certificate of appropriateness. In cases in which a historic property is demolished pursuant to a certificate for demolition or rehabilitated in compliance with a certificate of appropriateness, repayment of the tax foregone is not required. (Ord. Nos. 21874; 22026; 22392; 23506; 24584; 25509; 27016)

SEC. 51A-11.204. TAX EXEMPTIONS IN THE URBAN HISTORIC DISTRICTS.

(a) General. The tax exemptions based on conversion under Subsection (b) may not be granted more than one time for the same historic property. Otherwise, the different tax exemptions under this section may be combined sequentially or simultaneously. Additional tax exemptions based on rehabilitation under Subsection (c) are permitted at any time (including during the term of a

previous tax exemption) if the owner provides additional rehabilitation, limited to repair, reconstruction, or maintenance of the exterior facade, meeting the minimum expenditure based on the pre-rehabilitation value applicable to the subsequent application, and otherwise meets all requirements of this article.

(b) Tax exemption based upon residential conversion or ground floor retail conversion.

(1) Eligibility for tax exemption. To be eligible for this tax exemption:

- (A) the historic property must be in an urban historic district; and
- (B) the portion of the historic property's ground-level floor facing the street may not be used for parking; and
- (C) at least 45 percent of the historic property's floor area must be occupied after the conversion; and either
- (D) more than 50 percent of the historic property's floor area must be converted from nonresidential use to residential use; or

(E) more than 65 percent of the historic property's street frontage must be converted for a ground-floor retail use, and the property must be in a zoning district that permits the retail use. Tax exemptions are not available for retail conversions that require a zoning change in order to permit the retail use upon conversion unless the historic property was historically used for retail purposes as determined by the landmark commission.

(2) Value and duration.

- (A) One hundred percent of the historic property's value will be exempt from city property tax.
- (B) The tax exemption will begin as soon as possible after verification and have a duration of five years.

(c) Tax exemption based upon rehabilitation.

(1) Eligibility for tax exemption. To be eligible for this tax exemption:

- (A) the historic property must be in an urban historic district; and

(B) the cost of the rehabilitation that is completed must exceed 75 percent of the pre-rehabilitation value of the contributing structure (excluding value of the land) or must exceed 50 percent of the pre-rehabilitation value of the contributing structure (excluding value of the land).

(2) Value and duration.

(A) One hundred percent of the historic property's value will be exempt from city property tax if the cost of rehabilitation completed exceeds 75 percent of the pre-rehabilitation value of the contributing structure (excluding value of the land).

(B) The added value of the historic property over the pre-rehabilitation value will be exempt from city property tax if the cost of rehabilitation completed exceeds 50 percent of the pre-rehabilitation value of the contributing structure (excluding value of the land).

(C) The tax exemption will begin as soon as possible after verification and have a duration of 10 years. (Ord. Nos. 21874; 22026; 22392; 23506; 24584; 25509; 27016)

SEC. 51A-11.205. TAX EXEMPTIONS IN ENDANGERED AND REVITALIZING HISTORIC DISTRICTS.

(a) General. Additional tax exemptions based on rehabilitation under Subsection (b) are permitted at any time (including during the term of a previous tax exemption) if the owner provides additional maintenance or rehabilitation, limited to repair, reconstruction, or maintenance of the exterior facade, meeting the minimum expenditure based on the pre-rehabilitation value applicable to the subsequent application, and otherwise meets all requirements of this article.

(b) Tax exemption based upon rehabilitation.

(1) Eligibility for tax exemption. To be eligible for this tax exemption:

- (A) the historic property must be in an endangered or revitalizing historic district; and

(B) the cost of rehabilitation that is completed must exceed 25 percent of the pre-rehabilitation value of the contributing structure (excluding value of the land).

(2) Value and duration.

(A) One hundred percent of the historic property's value will be exempt from city property tax if the cost of rehabilitation completed exceeds 25 percent of the pre-rehabilitation value of the contributing structure (excluding value of the land).

(B) The tax exemption will begin as soon as possible after verification and have a duration of 10 years. (Ord. Nos. 21874; 22026; 22392; 23506; 24584; 25509; 27016; [29953](#))

SEC. 51A-11.206. TAX EXEMPTIONS IN HISTORIC DISTRICTS OTHER THAN URBAN HISTORIC DISTRICTS, ENDANGERED HISTORIC DISTRICTS, AND REVITALIZING HISTORIC DISTRICTS.

(a) General. The different tax exemptions under this section may be combined sequentially or simultaneously. Additional tax exemptions based on rehabilitation under Subsection (b) or rehabilitation of an endangered historic property under Subsection (c) are permitted at any time (including during the term of a previous tax exemption) if the owner provides additional rehabilitation, limited to repair, reconstruction, or maintenance of the exterior facade, meeting the minimum expenditure based on the pre-rehabilitation value applicable to the subsequent application, and otherwise meets all requirements of this article.

(b) Tax exemption based upon rehabilitation.

(1) Eligibility for tax exemption. To be eligible for this tax exemption:

(A) the historic property must not be in an urban historic district, endangered historic district, or a revitalizing historic district; and

(B) the cost of rehabilitation that is completed must exceed 50 percent of the pre-rehabilitation value of the contributing structure (excluding value of land).

(2) Value and duration.

(A) The added value of the historic property over the pre-rehabilitation value will be exempt from city property tax.

(B) The tax exemption will begin as soon as possible after verification and have a duration of 10 years.

(c) Tax exemption based upon rehabilitation of an endangered historic property.

(1) Eligibility for tax exemption. To be eligible for this tax exemption:

(A) the historic property must not be in an urban historic district, an endangered historic district, or a revitalizing historic district;

(B) the cost of rehabilitation that is completed must exceed 25 percent of the pre-rehabilitation value of the contributing structure (excluding value of the land); and

(C) the landmark commission must find that the historic property is in danger of being irreplaceably lost due to severe deterioration, severe damage, or impending demolition.

(2) Value and duration.

(A) One hundred percent of the historic property's value will be exempt from city property tax.

(B) The tax exemption will begin as soon as possible after verification and have a duration of 10 years. (Ord. Nos. 27016; [29953](#))

SEC. 51A-11.207. TAX EXEMPTION FOR HISTORIC PROPERTIES OPEN TO THE PUBLIC AND OWNED BY NON-PROFIT ORGANIZATIONS.

(a) General. The purpose of this tax exemption is to enable non-profit organizations to maintain historic structures that are open to the public. An application for a determination of eligibility and an application for a letter of verification are required. City council review under Subsection 51A-11.201(e) and rehabilitation of the property are not required.

(b) Tax exemption based upon non-profit status.

(1) Eligibility for tax exemption. To be eligible for this tax exemption:

- (A) the property must be a contributing structure within a historic district;
- (B) the property must be designated as a recorded Texas historic landmark or a state archeological landmark;
- (C) the property must be operated by a non-profit organization that qualifies for tax exemption under Section 501(c)(3) of the Internal Revenue Code;
- (D) the property must be open and available to the general public for tours or use at least 20 hours per month; and
- (E) any income generated by public use of the historic property is reinvested into maintenance of the historic property or into philanthropic efforts in Dallas.

(2) Value and duration.

- (A) One hundred percent of the historic property's value is exempt from city property tax.
- (B) The tax exemption will begin as soon as possible after verification and continue for as long as the property meets the requirements of this section.
- (C) The tax exemption will cease if the property is no longer operated by a non-profit organization that qualifies for tax exemption under Section 501(c)(3) of the Internal Revenue Code or if the property is no longer open to the public. (Ord. 27016)

SEC. 51A-11.208. CITYWIDE TAX EXEMPTION.

(a) General. The tax exemption under this section may be combined sequentially or simultaneously with other tax exemptions in this article. Tax exemptions based on maintenance are permitted at any time (including during the term of a previous tax exemption) if the owner provides additional maintenance limited to repair, reconstruction, or maintenance of the exterior facade, meeting the minimum expenditure based on the pre-rehabilitation value applicable to the subsequent application, and otherwise meets all requirements of this article.

(b) Tax exemption based upon maintenance of a contributing structure.

(1) Eligibility for tax exemption. To be eligible for this tax exemption:

- (A) the historic property must be in a historic district; and
- (B) the maintenance expenditures for the contributing structure must equal or exceed three percent of the pre-rehabilitation value of the contributing structure (excluding value of the land).

(2) Eligible expenditures. Maintenance expenditures may include the following items if done in compliance with all city regulations, building codes, and ordinances:

- (A) Foundation repair, upgrade, or replacement.
- (B) Exterior wall repair, weather proofing, and insulation.
- (C) Exterior painting.
- (D) Window repair, weather proofing, and insulation.
- (E) Roof repair or replacement, including roofing materials, and structural, venting, and drainage systems.
- (F) Electrical repair or replacement.
- (G) Heating, venting, and air conditioning repair, installation, or replacement.
- (H) Plumbing repair or replacement.
- (I) Fireplace repair or replacement.
- (J) Porch repair.

(3) Proof of expenditure. Proof of maintenance expenditures must be provided within 12 months after the landmark commission's determination of eligibility.

(4) Value and duration.

- (A) The added value of the historic property over the pre-rehabilitation value will be exempt from city property tax.
- (B) This tax exemption will begin as soon as possible after verification and have a duration of three years. (Ord. [29953](#))

Division 51A-11.300. Other Incentives for Historic Preservation in Urban Historic Districts.

SEC. 51A-11.301. HISTORIC CONSERVATION EASEMENT PROGRAM.

- (a) Purpose. The purpose of the historic conservation easement program is to encourage the preservation of historic property by making the owner eligible for a federal income tax deduction and a reduction in city property taxes.
- (b) Applications. An application for the offer to grant the city a historic conservation easement must be filed with the director. The director shall make recommendations regarding the merits and ramifications of each application to the landmark commission, and the landmark commission shall make a recommendation to the city council. The city council may in its sole discretion accept or reject the offer of any historic conservation easement.
- (c) Eligibility. Historic conservation easements may not be accepted by the city unless:
 - (1) The historic conservation easement is on all or a part of a historic property in an urban historic district, and
 - (2) The portion subject to the historic conservation easement is a contributing element of the historic property's historic character.
- (d) Commitment to repay. After acceptance of the historic conservation easement by the city, the owner must execute a commitment to repay and file it in the deed records of the appropriate county. The commitment to repay must be approved as to form by the city attorney. The commitment to repay must run with the land and bind the owner and his successors, heirs, and assigns. The commitment to repay must provide that any unpaid repayment is a lien against the historic property. The commitment to repay must indemnify the city against all claims arising out of the acceptance by the city of a historic conservation easement.
- (e) Reappraisal. Historic conservation easements that are accepted will be forwarded by the director to the appraisal district for reappraisal of the historic property. If the historic property is reappraised, the reappraisal will not affect the ability of the owner to apply for the other incentives contained in this article.
- (f) Maintenance. Maintenance of the portion of the historic property covered by the historic conservation easement in compliance with all city ordinances and regulations remains the responsibility of the owner. If the portion of the historic property covered by the historic conservation easement is damaged, the owner must immediately rehabilitate the portion of the historic property covered by the historic conservation easement in conformance with the preservation criteria of the historic district.
- (g) Historic property destruction or alteration.
 - (1) If it is suspected that the portion of the historic property covered by the historic conservation easement has been totally or partially destroyed or significantly altered by the willful act or negligence of the owner or his representative in violation of the preservation criteria in the historic district ordinance, the city council, landmark commission, or city manager shall immediately cause the matter to be scheduled for consideration by the city council. The director shall give written notice of the hearing before the city council to the owner at least 10 days before the hearing date. If, after the hearing, the city council determines that the portion of the historic property covered by the historic conservation easement has been totally or partially destroyed or significantly altered by the willful act or negligence of the owner or his representative in violation of the preservation criteria in the historic district ordinance, the director shall notify the appraisal district and the owner shall immediately repay to the city all of the tax foregone.
 - (2) Where the portion of the historic property covered by the historic conservation easement is totally or partially destroyed or significantly altered other than by the willful act or negligence of the owner or his representative, the owner shall, within 30 days, request a certificate for demolition when rehabilitation is not feasible, or request a certificate of appropriateness to rehabilitate the portion of the historic property covered by the historic conservation easement. The landmark commission shall determine whether rehabilitation is feasible during its consideration of the certificate for demolition or certificate of appropriateness. In cases in which the portion of the historic property covered by the historic conservation easement is demolished pursuant to a certificate for demolition or rehabilitated in compliance with a certificate of appropriateness, repayment of the tax revenues that were not paid because of the historic conservation easement is not required. (Ord. Nos. 23506; 24584; 25509; 27016)

SEC. 51A-11.302. TRANSFER OF DEVELOPMENT RIGHTS.

(a) In general. Development rights of a historic property may be transferred in accordance with this section. For purposes of this section, "development rights" means the difference between the actual floor area on a building site and the maximum permissible floor area as determined by the floor area ratio of the building site. The maximum floor area permitted in the West End Historic District is eight times the lot area. The minimum amount of development rights which may be transferred under this section is 20,000 square feet.

(b) Eligibility. Development rights for a historic property may not be transferred unless:

(1) the historic property is within an urban historic district;

(2) the historic property is a contributing structure listed in the National Register of Historic Places, if it is located in the West End Historic District; and

(3) the historic property has been rehabilitated within the past five years, and the total value of the rehabilitation exceeds 50 percent of the pre-rehabilitation value. Only rehabilitation may be counted in determining whether the proposed work exceeds 50 percent of the pre-rehabilitation value.

(c) Location. Development rights may only be transferred to building sites in the CA-1(A) and CA- 2(A) districts.

(d) Maximum floor area. The maximum floor area ratio may be increased by no more than 4.0 through the transfer of development rights.

(e) Transfer process.

(1) An owner who wishes to transfer development rights must submit to the director the following information in a form approved by the director and suitable for filing in the deed records of the appropriate county:

(A) Names and addresses of the owners of the development rights.

(B) Street address, lot and block number, and legal description of the historic property.

(C) Street address, lot and block number, and legal description of the property to which the development rights are to be transferred.

(D) The floor area of the historic property and the lot area of the historic property.

(E) The amount of development rights to be transferred.

(2) The director shall check the information supplied on the form and sign the form if the applicant has complied with the requirements of this section.

(3) When the director has signed the form, the applicant shall file the form in the deed records of the appropriate county, and shall supply the director and the building official with a copy of the filed document.

(4) When a person applies for a building permit to use the transferred development rights, the building official shall forward the building permit application and the form transferring the development rights to the director. The director shall review the application and verify that the development rights have been properly transferred and may be used.

(5) The recipient of the transferred development rights may further transfer all of the development rights received by following the same process described in this section. (Ord. Nos. 23506; 24584; 25509; 27016)

Division 51A-11.400. Sunset Provision and Coordination with Pending Tax Exemptions.

SEC. 51A-11.401. SUNSET PROVISION.

No certificates of eligibility may be granted, and no applications for extension of the deadline for rehabilitation or deadline for a certificate of occupancy may be considered, by the landmark commission under this article after December 31, 2020. (Ord. Nos. 23506; 24584; 25509; 27016; [29953](#))

SEC. 51A-11.402. COORDINATION WITH PENDING TAX EXEMPTIONS.

(a) After issuance of the first letter of verification for that tax exemption (the initial verification), the tax exemption application process is completed, and the tax exemption is subject to the code provisions in place at the time of the initial verification.

(b) An application that has been determined to be eligible, but that has not yet received initial verification, is subject to the procedures for completion and verification in place at the time of the application for initial verification. If no completion date was specified in the determination of eligibility, the completion date is deemed to be three years from the date the landmark commission made its determination of eligibility.

(c) An applicant who has received a determination of eligibility for a tax exemption under previous provisions of this article may submit a revised application for consideration of eligibility under the current provisions of this article at any time prior to initial verification. The application may be made without resubmitting documentation except as necessary to meet current requirements. If the revised application is denied, the previously approved application remains in effect. If the revised application is approved, it replaces the previously approved application. (Ord. 27016)