

TARRANT COUNTY HISTORIC SITE TAX EXEMPTION POLICY

A. General Purpose and Objectives

The purpose of this Policy is to encourage the rehabilitation and restoration of certain historic properties within Tarrant County, especially those which are to be used for multi-family residential facilities. The authority and procedures for the historic site tax exemption is provided for in Section 11.24 of the Texas Property Tax Code and Section 318.012 of the Local Government Code.

B. Definitions

- (1) APPRAISAL DISTRICT means the Tax Appraisal District in which historic property is located.
- (2) EXEMPTION means a historical site tax exemption as described in this Policy.
- (3) HISTORIC PROPERTY means a structure and land which are designated as Recorded Texas Historical Landmark by the Texas Historical Commission, included in the National Register of Historic Places, or designated historically significant by the Tarrant County Historical Commission.
- (4) HISTORICALLY SIGNIFICANT SITE IN NEED OF TAX RELIEF TO ENCOURAGE ITS PRESERVATION means a structure and land determined to be eligible for an exemption under this Policy.
- (5) OCCUPIED means resided in or used by an owner or tenant.
- (6) PRESERVATION means the act or process of applying measures to sustain the existing form, integrity, and material of a structure, and the existing form and vegetation cover of a site. It may include initial stabilization work, where necessary, as well as ongoing maintenance of the historic building materials.
- (7) REHABILITATION means the act or process of returning a property to a state of utility through repair or alteration which makes possible an efficient contemporary use while preserving those portions or features of the property which are significant to its historical, architectural, and cultural values.
- (8) RESTORATION means the act or process of accurately recovering the form and details of a property and its setting as it appeared at a particular period of time by means of the removal of later work or by the replacement of missing earlier work.
- (9) VALUE means the value of the structure and land as determined by the Appraisal District in accordance with the Texas Property Tax Code.
- (10) DESIGN GUIDELINES means the preliminary plans, elevations, and use designations for the preservation and restoration of the site, including critical detail and photographs of existing interior and exterior artifacts and a plan as to how these artifacts will be retained in the renovation and new construction of the property.

C. Criteria for Tax Exemption

To be considered for tax exemption under this Policy, a project must meet the following minimum criteria:

- (1) The property must be located in Tarrant County and be designated as a historic property.

- (2) The property must be in need of rehabilitation or restoration. The owner must agree to rehabilitate or restore the property by making improvements with a cost equal to or greater than fifty percent (50%) of the appraised value of the structure and land as shown on the records of the Appraisal District. All rehabilitation or restoration of the property shall be performed in accordance with standards and guidelines applicable to historic structures and approved by the Tarrant County Historical Commission.
- (3) The Commissioners Court must find that the property is a historically significant site in need of tax relief to encourage its preservation pursuant to Section 11.24 of the Texas Property Tax Code. The owner must provide economic justification for the tax exemption by showing that the project cannot be developed without an exemption.
- (4) To be eligible for this exemption, the rehabilitated or restored property must contain a structure which will be used for temporary or permanent housing, such as a hotel or multi-family residential units. At least two-thirds of the total square footage of the property (excluding motor vehicle parking) must be used in the provision of temporary or permanent housing. Commercial or retail uses are allowed in the remaining one-third of the property. The minimum housing square footage requirement must be met continuously during the full term of the tax exemption.
- (5) The Commissioners Court may give priority consideration to multi-family residential projects in which the owner reserves not less than twenty-five percent (25%) nor more than seventy-five percent (75%) of the property's residential units for lease only to Low Income Tenants. "Low Income Tenants" shall mean those tenants whose household income is less than or equal to the Qualifying Income. "Qualifying Incomes" means:
 - (a) for a four person household, the greater of 80% of the median income most recently published by the United States Government for a four person household of the Project's Primary Metropolitan Statistical Areas "PMSA"), or 80% of the 1994 PMSA median income for a four person household (\$45,000.00) adjusted to reflect annual changes in the Consumer Price Index;
 - (b) for households having less than four persons, an amount equal to the four person household Qualifying Income minus ten percent of that amount for each number of persons by which the household size is less than four; and
 - (c) for a household of greater than four, an amount equal to the Qualifying Income for a four person household plus eight percent of the amount for each number of persons by which the household size is greater than four.
- (6) The property proposed for exemption must not have previously received a County tax exemption for a historic building or a County tax abatement for a commercial/industrial project or residential project.
- (7) It is the policy of the County to encourage the use of disadvantaged business enterprises. If a tax exemption is granted, the County may establish specific goals and objectives for the owner relative to the utilization of disadvantaged business enterprises and Tarrant County based firms and suppliers on the project, prospective employment commitments for Tarrant County residents and other specific criteria as may be negotiated.
- (8) The criteria outline above will be used to determine rather or not it is in the best interest of the County to grant a tax exemption to a particular applicant. Nothing herein shall imply or suggest that the Commissioners Court is obligated to grant a tax exemption to any applicant. All qualified applicants shall be considered on a case-by-case basis. A tax exemption is not automatic and will be based on the goals and criteria of the County.

D. Procedures

(1) Application

Application for a County historic site tax exemption for historic property that is to be rehabilitated or restored for use as a temporary or permanent housing facility shall be filed with the County Judge. A copy shall also be filed with the Tarrant County Historical Commission and the Tarrant County Administrator's Office. Each application shall be signed by the owner of the property and shall:

- (a) State the legal description and the address of the property proposed for a tax exemption;
- (b) Provide proof that the applicant has title to the property proposed for exemption;
- (c) Include an affidavit by the owner describing the historical significance of the structure and its compliance with the requirements of this Policy;
- (d) Provide proof that taxes or other assessments are not delinquent on the property;
- (e) Include a complete set of plans and/or documentation for the proposed rehabilitation;
- (f) Include a statement of projected costs for the rehabilitation or restoration including the percentage of such dollars that will be awarded to Tarrant County contractors and subcontractors;
- (g) Include a projection of the estimated construction time and predicted completion date;
- (h) Include a detailed statement of the proposed use of the property;
- (i) Include a detailed estimate of the costs and benefits to the County, employment and fiscal impact in the County, impact on the community in which the site is located, and the environmental impacts of the project;
- (j) Include projected total annual supplier and professional service contracts in terms of dollars and the projected percentages of each such category that will be awarded to Tarrant County based companies during the term of the exemption;
- (k) Authorize members of the Tarrant County Historical Commission and representatives of Tarrant County to visit and inspect the property in order to certify that the property is historically significant and in substantial need of County tax relief to encourage its preservation; and
- (l) Provide any additional information to the Historical Commission and Commissioners Court which is necessary in determining eligibility or which the owner deems relevant or useful.

(2) Application Review

- (a) Upon receipt of the application, the Historical Commission shall, within 60 days, make an investigation of the property, shall certify the facts of the application, and shall make a recommendation to the Commissioners Court whether to grant the exemption and, if the grant of the exemption is recommended, how much of the property's assessed value should be exempted.
- (b) Upon receipt of the application and the recommendation and comments of the Historical Commission, the County Administrator's Office shall review the application and forward it to the Commissioners Court with detail on the fiscal impact of the exemption and a recommendation as to whether or not it is in the County's best interest to offer a tax exemption to the applicant. If the County Administrator's Office recommends that a tax exemption be granted, the staff shall also recommend the amount and period of time for the exemption, and any specific terms and conditions that should be met by the applicant.

(3) Consideration of Application.

After receiving the documentation and comments of the Historical Commission and the County Administrator's Office recommendation, the Commissioners Court shall determine whether the application meets the criteria specified in this Policy and whether it is in the County's best interest to grant a tax exemption to the applicant.

(4) Consideration of Tax Exemption Agreement.

If the Commissioners Court determines that an exemption should be granted, the Court shall also approve the terms and conditions of a tax exemption agreement between the County and the property owner which, at a minimum, shall include the following provisions:

- (a) a general description of the project;
- (b) the amount of the tax exemption for each year;
- (c) the duration of the exemption;
- (d) the type, number, location and timetable of the planned improvements;
- (e) the proposed use of the property;
- (f) any specific terms and conditions of the tax exemption which are to be met by the owner;
- (g) audit and reporting requirements;
- (h) the owner's commitment to maintain the structure and land in accordance with the "Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Building" and the design guidelines for the structure for the duration of the County tax exemption;
- (i) the owner's commitments concerning the utilization of Disadvantaged Business Enterprises and Tarrant County firms and suppliers, prospective employment for Tarrant County residents, and other specific commitments that have been negotiated; and
- (j) the owner's commitment to repay to the County all taxes previously exempted with interest if the owner is required to repay the taxes and interest for noncompliance with this Policy as provided below.

If the Commissioners Court determines that a tax exemption should be granted, the Court shall designate the property as a historically significant site entitled to a County tax exemption as provided herein, and the tax exemption agreement shall be executed. Only the historic structure and the land reasonably necessary for access and use thereof shall be granted an exemption. Following approval of the tax exemption and execution of the tax exemption agreement, the County Administrator's Office shall give written notice of the historic site tax exemption to the Chief Appraiser of the Tarrant Appraisal District and the Tarrant County Tax Assessor-Collector. However, approval of the exemption agreement does not relieve the property owner from the responsibility to apply to the Tarrant Appraisal District each year for the historic site tax exemption pursuant to the terms of the Texas Property Tax Code.

(5) Term and Amount of Exemption.

- (a) A tax exemption may be for a period of up to ten (10) years and shall begin on January 1 of the year following the year in which restoration of the property has been completed and verified by the Tarrant County Historical Commission.
- (b) A tax exemption may be for part or all of the assessed value of the structure and land including any increase due to rehabilitation or restoration; provided, however, that no exemption shall have the effect of reducing annual County taxes on the property to less than the amount of County taxes that were levied on January 1 of the year when the tax exemption agreement is entered.
- (c) Taxes shall be paid on the appraised value of the property from the time the tax exemption agreement is entered until the tax exemption takes effect.
- (d) If the rehabilitation or restoration is not complete and verified by the Historical Commission within the period of time specified in the tax exemption agreement, the Commissioners Court has the right to cancel the exemption.
- (e) The exemption shall apply only to County ad valorem taxes for which the Commissioners Court sets and approves the ad valorem tax rate.

(6) Verification of Completion.

Upon completion of the rehabilitation or restoration of the property, the owner shall submit a statement of completion to the Tarrant County Historical Commission acknowledging that the property has been rehabilitated or restored in accordance with the application for tax exemption. Members of the Historical Commission and/or representatives of the County shall be authorized to inspect the property in order to certify completion of the rehabilitation or restoration as set forth in the design guidelines and renovation plans.

The Historical Commission, upon receipt of the statement of completion, but no later than 30 days thereafter, shall make an investigation of the property and shall verify that the rehabilitation or restoration of the property has been completed as required by the Commission. If verification of completion is deemed unfavorable, the owner shall be required to complete the rehabilitation or restoration in order to secure the tax exemption provided for herein. If the verification of completion is favorable, the Commission shall notify the Commissioners Court, the County Administrator's Office, the Chief Appraiser of the Appraisal District and the County Tax Assessor-Collector in writing of compliance. Thereafter, the Tax Assessor-Collector shall provide the property with the County tax exemption provided herein. The exemption shall commence on January 1 of the year following the year in which restoration of the property has been completed and verified by the Tarrant County Historical Commission.

(7) Inspection, Financial Verification and Evaluation.

- (a) The County reserves the right to review and verify the owner's financial statements prior to granting a tax exemption and to review the financial condition of the project during the term of the exemption. The County also reserves the right for a representative to inspect the project during the term of the exemption and to verify the information provided in the tax exemption agreement. Provisions to this effect shall be incorporated in the agreement.
- (b) Upon completion of the project, the County Administrator's Office may annually (or such other times deemed appropriate by the County) evaluate the project to insure compliance with the tax exemption agreement and report possible violations of the agreement to the Commissioners Court.
- (c) Any individual or entity receiving a tax exemption from the County shall provide information in the manner described in the tax exemption agreement, including but not limited to the following:
 - (i) The number and dollar amounts of all contracts and subcontracts awarded on the project, specifying which companies are Tarrant County entities.
 - (ii) The total number of employees of the owner, their total salaries, the number of employees who reside in Tarrant County and their gross salaries. These jobs shall be reported in job classifications appropriate to the employees.
 - (iii) The gross dollars spent on supplier and professional service contacts, indicating the amounts by contract awarded and performed by Tarrant County individuals and entities.
 - (iv) The dollar amount of contracts awarded to Disadvantaged Business Enterprises (DBE).
 - (v) Details of action taken to mitigate any adverse environmental impacts of the project, if applicable.
 - (vi) Should the dollars, percentages, or actions not meet the original or approved modified projections, a statement shall be provided explaining the reason for the failure to meet the projections, together with a recommended course of rectification.

(8) Monitoring System.

The status of property that is receiving a tax exemption under this Policy will be monitored by the County Administrator's Office and the Tarrant County Historical Commission on an annual basis during the period of the tax exemption. The purpose of such monitoring is to ensure continued compliance with terms of the tax exemption agreement, the "Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings" and the design guidelines for the structure and site. Property owners will be notified in writing of any violations noted by the County Administrator's Office and the Historical Commission.

If satisfactory corrective measures are not undertaken within the time specified in written notification of violations, the County Administrator's Office and/or the Historical Commission shall initiate procedures to terminate the tax exemption and require payment of the County taxes and interest.

E. Recapture

- (1) If representatives of the County have reason to believe that property which is receiving a tax exemption under this Section has been altered or totally or partially destroyed by the willful act or negligence of its owner or his representative during the period of the tax exemption, or if there is reason to believe that the terms of the tax exemption agreement are not being met, the County Administrator's Office shall immediately cause the matter to be scheduled for the earliest possible consideration by the Commissioners Court after the alleged alteration or destruction, or failure to comply with the tax exemption agreement, has been noted. If, after giving notice and allowing comments from the owner, the Commissioners Court determines that the property has been totally or partially destroyed or altered by the willful act or negligence of the owner or his representative, or that the terms of the tax exemption agreement have not been met, the owner shall immediately repay to the County all of the County tax revenues that were not paid because of the exemption plus interest.
- (2) Any taxes and interest which are required to be repaid shall constitute a lien against the property.
- (3) Where property that is receiving a tax exemption under this Policy is totally or partly destroyed or altered by other than the willful act of negligence to the owner or his representative, the owner shall, within 60 days, present plans to the Tarrant County Historical Commission for the reconstruction of the historically significant site in accordance with the "Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings" and the design guidelines for the structure, or for the demolition or relocation when repair is not feasible. For good cause shown by the property owner, the Historical Commission is authorized to extend the time for filing of the plan. The determination of whether reconstruction is feasible or demolition should be allowed shall be made by the Historical Commission. If demolition or relocation as provided in this Paragraph is necessary because renovation is not feasible, repayment of the tax revenues and interest is not required.
- (4) Notwithstanding the foregoing paragraphs, if the Commissioners Court and the owner mutually determine that the development or use of the property or the contemplated rehabilitation or renovation is no longer appropriate or feasible or that a higher or better use is feasible, the tax exemption agreement may be terminated by a document signed by the owner and the County, the period of the exemption shall expire as of the effective date of the termination, there shall be no recapture of the amounts previously exempted, and neither party shall have any further rights or obligations with respect to the exemption.

F. Transferability of Tax Exemption and Recording of Agreement

- (1) Any tax exemption shall vest in the property owner and shall be assignable to each new owner of the property, upon the written consent of the Commissioners Court, taking into account the credit worthiness and financial ability of the new owner to assume all of the property owner's obligations under the tax exemption agreement; provided, however, that the assignee must actually assume in writing all of the property owner's obligations under the agreement.
- (2) A property may receive a tax exemption under this Policy only once.
- (3) A copy of the Tarrant County Historical Commission's verification and the tax exemption agreement shall be filed by the property owner in the deed records of the County.

G. Term of Policy

This Historical Site Tax Exemption Policy shall be effective upon the date of its adoption by Commissioners Court and will remain in effect until such time as the Commissioners Court acts to modify or eliminate said Policy.