

# HARRIS COUNTY

## HISTORIC SITE RESTORATION EXEMPTIONS INTERNAL CRITERIA

To be recommended for tax exemption, a project must meet the following minimum criteria:

1. The property must be located in Harris County, must have been constructed before 1930, and must be designated by Commissioners Court as a historically significant site in need of tax relief to encourage its preservation. In order to be placed on the Court agenda, a site must be recommended in writing by the Harris County Historical Commission.
2. The owner must provide economic justification for the tax exemption by showing that the project is unlikely to be developed without an exemption.
3. No property will be considered for an exemption if construction began prior to the County's receipt of an application (these exemptions are intended as preservation incentives, not entitlements), other than that necessary to secure the building.
4. A property will be ineligible if public disclosure or announcement has been made of the applicant's intent to move forward with the project, prior to receipt of an application by the County.
5. Exemptions are only available on the historic real property only (no personal property exemptions) together with fixed-in-place equipment.
6. 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 100% of the appraised value of the structure and land as shown on the records of the Appraisal District, but in no case less than \$1 million. All rehabilitation or restoration of the property shall be performed in accordance with standards and guidelines applicable to historic structures and approved by the Harris County Historical Commission.
7. To be eligible for this exemption, the rehabilitated or restored property must contain elements which will be used for one of the following:
  - a) Temporary or extended stay hotels (HOT taxes must be generated)
  - b) Restaurants & Retail Sales
  - c) Offices
  - d) Entertainment Facility
  - e) Low Income Rental Housing
8. Ineligible properties will include:
  - a) Multifamily Rental Housing that does not qualify as Low Income Housing
  - b) Single Family housing of any type
  - c) Parking facilities
  - d) Condominium or Co-operative Units whether residential or commercial
  - e) Unoccupied properties being held for resale
  - f) Mixed use facilities where any of the above are included
9. Mixed use facilities may receive an exemption provided that the eligible portion is more than 50% of the building. No portion of a mixed-use building may include condominium units. The exemption will be prorated based on that portion of the structure which contains eligible facilities.

10. The property proposed for exemption must not have previously received a County tax exemption for a historic building or a County tax abatement that is still in effect, nor can it be the beneficiary of other County tax revenues contributed to a Tax Increment Reinvestment Zone.
11. The applicant must provide proof that the taxes or other assessment on the subject property or any other property owned by the applicant and located in Harris County are not delinquent.
12. Any rehabilitation must include remediation of any environmentally hazardous condition affecting the property.
13. The value of any construction which commences after the County receives an application but prior to approval of the exemption by Commissioners Court, will not be subject to exemption.
14. A Historic Site Tax Exemption shall last for 7 years regardless of the number of participating jurisdictions.
15. No more than 75% of the value of all real property improvements will be subject to an exemption.
16. Exemption shall only be applicable to the increase in value over the HCAD appraised value on the January 1<sup>st</sup> immediately preceding approval by Commissioners Court or the purchase price of the property, whichever is greater.
17. Improvements must commence within 12 months of Commissioners Court approval and be completed within 24 months thereafter.
18. The effective date of the exemption will be the January 1<sup>st</sup> following the approval of the agreement.
19. Any change in use of the property or any portion thereof, during the term of the exemption will be a considered as a condition of default.
20. Any default will result in cancellation of the exemption and full recapture by the County of all exempted taxes.
21. The criteria outlined above will be used to determine whether or not it is in the best interests 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.