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Big tax breaks for historical homes on the way out?

City staff, committee recommend capping historic tax exemptions.

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By Sarah Coppola
AMERICAN-STATESMAN STAFF

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Facing criticism about the generous tax breaks the City of Austin gives to owners of historical homes, city officials and a city committee have suggested big changes to the decades-old program.

Officials want to cap the city tax break at \$2,000 per historical home — a change they estimate would affect 105 homes and generate an extra \$110,000 in revenue for the city each year, according to a memo from Historic Preservation Officer Steve Sadowsky.

The change would not apply to tax breaks given to historical landmarks by other local taxing entities. Also, it wouldn't kick in until January 2013, giving affected homeowners time to plan for higher tax bills.

The city tax breaks given to commercial landmarks — such as historical buildings along Congress Avenue that contain offices and shops — would remain as is, partly because limiting them could be a "severe detriment to the preservation of Austin's most noticeable and important buildings," Sadowsky's memo says.

The city's Historic Landmark Commission will hear a presentation about possible changes to the landmark program Monday night. The City Council will consider the ideas later this month.

The City Council decides which homes and buildings have historical merit. There are more than 550 landmarks in Austin — about half are owner-occupied homes and the rest are commercial buildings.

Until recently, the city and four other taxing entities awarded tax breaks to landmarks — causing them to lose out on about \$4.85 million in tax revenue this year, including about \$1.2 million for the city.

The tax breaks are supposed to help owners cover the cost of maintaining and repairing older properties.

A late-2009 glut of applications for landmark status and tax breaks, many for high-dollar homes in West Austin, raised questions about whether the program had gotten out of hand. Last year, the Austin school district and Austin Community College district nixed their landmark tax breaks for at least a year. The City Council limited the number of landmark applications the city would consider to three a

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month and asked a committee to suggest long-term changes to the program.

The city currently exempts 50 percent of a historical home's land value and 100 percent of the value of the structure. In late 2004, the city capped the tax break using a complicated formula but applied the cap only to properties designated as landmarks after that year.

Sadowsky's memo suggests exempting 50 percent of a historical property's total value, then applying the \$2,000 cap.

The committee that has spent nearly six months reviewing the landmark program wants to cap the city's portion of the break at no more than \$2,700 per home, phase in that change over time so owners can prepare for it, and limit the duration of the tax break to five to 10 years. The memo doesn't specify whether that limit would apply to existing or newly designated landmarks or both.

The Heritage Society of Austin, a nonprofit preservation group, has suggested capping the total tax break provided by all five local taxing entities at \$10,000 per historical home. It didn't recommend a formula for calculating the tax break.

The Heritage Society thinks the cap should apply only to newly designated landmark homes or existing ones once they're sold — which means the nearly 300 existing landmark homes would, at least for now, continue to receive the generous tax breaks.

Homeowners voluntarily applied for the landmark status, a zoning change that prevents them from tearing down or dramatically redeveloping their homes, with the understanding that they would receive a specific tax break in perpetuity, said August Harris, second vice president of the Heritage Society. Backing out of that deal now wouldn't be right, he said.

The city's proposed changes would apply to all homes currently designated as landmarks, not just those designated in the future. The Heritage Society and city staffers agree that the tax breaks for commercial properties — exempting 25 percent of the land value and 50 percent of the structure value — should stay as is.

Other ideas suggested by city staffers include creating a loan fund for low-income owners of historical homes to repair and rehab their homes; allowing homeowners to apply for a seven-year tax freeze on the value added to a home if the owner does a major restoration project; and establishing a slightly higher tax-break cap for Austin's oldest historical homes, which owners often spend more money maintaining.

scoppola@statesman.com; 912-2939

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[tbrown17](#)      Score: 2  
7:59 PM on April 6, 2011      [Report Abuse](#)

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	<p>Just another example of give-away free breaks for the rich liberals who delight in running the town. People get what they voted for. Afterall Austin is a libo town what else do you expect?</p>	Score: 1	Report Abuse
	<p><b>Neito</b> 5:08 PM on April 6, 2011</p> <p>Why dont we hear directly from Sadowsky Ms Reporter? He drafted this proposal to allow the exemption to remain on multi million dollar non historic additions to commerical historic zoned property. What explanation does he give you Ms Reporter for taxpayers supporting with tax abatement on NON HISTORIC modern additions to commerically zoned historic property. What does he say to you in response??? The public and your readers have a right to know. How can he justify tax abatement on NON Historic modern additions to historically zoned commerical property????? Where is your outrage on that Mrs Reporter.</p>	Score: 1	Report Abuse
	<p><b>shocked</b> 2:30 PM on April 6, 2011</p> <p>Tax loopholes are all froth with malicious use whose sole function is usually to scam the rest of the tax paying society. The middle class has screwed, blewed, and tattooed by tax breaks to fat cats and special interest. When will the really rich and the really dead beats ever have to pony up? Never, they will never, the system is just one big scam on the middle class of America.</p>	Score: 4	Report Abuse
	<p><b>MeyerJL</b> 1:55 PM on April 6, 2011</p> <p>my old home is more hysterical, than historical, bit I'd gladly take a tax break</p>	Score: 3	Report Abuse
	<p><b>ABraut</b> 1:15 PM on April 6, 2011</p> <p>Austin is so 'progressive' that it offers no homestead exemptions to help the poor, but if you have a \$500k+ house downtown, you got it made.</p>	Score: 2	Report Abuse
	<p><b>umustbejoking</b> 12:47 PM on April 6, 2011</p> <p>"Homeowners voluntarily applied for the landmark status, a zoning change that prevents them from tearing down or dramatically redeveloping their homes, with the understanding that they would receive a specific tax break in perpetuity, said August Harris, second vice president of the Heritage Society. Backing out of that deal now wouldn't be right, he said."</p>	Score: 2	Report Abuse

	<p>considering that the break didn't even exist until a relatively few short years ago, waht are you complaining about Harris? if they want to give up the designation so they can modernize their home, they can do that too. no one is FORCING them to claim the designation.</p>
	<p><b>Beano</b> Score: 0 11:58 AM on April 6, 2011 Report Abuse</p> <p>This is great change. This break has been abused by those in the richest neighborhoods of Austin to avoid paying their fair share of taxes. Now, if we can only kill the light rail, I will be happy!</p>
	<p><b>maelstrom</b> Score: 10 10:55 AM on April 6, 2011 Report Abuse</p> <p>There has been some abuse of the historic designation. The abusers who gamed the system should be penalized and forced to pay the owed back property taxes. Let's get back to fair. Property taxes in Travis County have become obscene, forcing some to sell and move away. This is wrong!</p>
	<p><b>The livin' is easy</b> Score: 3 10:54 AM on April 6, 2011 Report Abuse</p> <p>The Heritage Society of Austin: Protecting its wealthy constituency one \$10,000 annual tax break at a time.</p>
	<p><b>atx04</b> Score: 4 9:52 AM on April 6, 2011 Report Abuse</p> <p>itll never happen, where do you think all those uppity lawyers and your lawmakers live.... I got mine, get yours.....</p>
	<p><b>tsksk</b> Score: -1 9:50 AM on April 6, 2011 Report Abuse</p> <p>I could care less about a historical home. If its truly historical, make it a museum and open it to the public-not someones house.</p> <p>I had to go thru Daniel Boones home when I was a kid for a field trip. It was B_O_R_I_N_G. Something like that could be considered worthy of a tax break but come on. Most of these houses in Austin are just houses.</p>
	<p><b>tom1</b> Score: -3 9:19 AM on April 6, 2011 Report Abuse</p> <p>Superb action by our municipal government, I say abolish the tax break entirely. Let's innovate dramatically by offering a 100% tax abatement to owners of historical properties that will convert them to multi-family housing foe disadvantaged persons, persons recovering from substance abuse, persons drawn to Austin as political or economic refugees. This use would truly breath life back into</p>

these old piles that are frequently nothing more than moldering testimony to our racist slaveholder past or to periods of disastrous economic excesses. Let the Governor stay in his rental digs and covert the Mansion (when restored) into such a facility as well. When we see this type of utilization occur, hell will not have frozen over (except for the "static" preservationists) but Austin will be for attuned to the realities of the 21st century-



Your Superior

Score: 0

9:19 AM on April 6, 2011

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I believe that \$2,000 per year is too much. But I won't quibble with it.










Whatever the limit will be, it should apply to all residential properties, including those already enjoying the scam. If they complain that it's not the deal that they had bargained for, then fine. The city should remove the historic zoning and let them reapply under the new rules. In fact, the city should probably, as a matter of course, make all of those properties re-apply.

In addition to the limit on each property, there should be an overall limit on the number of properties. There should be a budget. That would for the Council to prioritize which properties should receive the break and, presumably, choose the most important ones. As it is now, it is a blank check. And that's just crazy.

The AISD, ACC and the Health District should not participate at all. We have set those taxing entities apart for a very good reason: their missions are important enough that they shouldn't have to compete in the slushy budget fight with police and roads and parks and inspections and all of the myriad things we spend tax dollars on. School taxes should pay for schools and nothing else.

(I'm fine with the commercial exemptions in theory. I just wish we had an honest and competent Council to grant and oversee them.)

On a larger scale, the State should pass legislation that eliminates 'tax expenditures' in the form of tax breaks. For taxpayers that don't enjoy the break, there is absolutely no difference between a tax expenditure and an 'on-budget' expenditure: both take money out of our pockets. If something is worth paying for with tax dollars, then our elected officials should tax us and cut a check for the expenditure. That keeps the public enterprise more transparent and accountable.

	<p><b>Build It</b> Score: 4 8:56 AM on April 6, 2011</p>	<p>Report Abuse</p>
<p>I don't believe there are any "defenders of the current system". The question is whether preservation is a core value for Austin, or whether we gut the program and trust developers to 'do the right thing'. Sounds like the Heritage Society is proposing a rational, reasoned approach. Gutting the program is foolish.</p>		
<p> 1 reply</p>		
	<p><b>Minehost1963</b> Score: 5 8:40 AM on April 6, 2011</p>	<p>Report Abuse</p>
<p>Hey you city of austin MFs I don't get a tax break to make repairs in my old house, so why should those uppity Tarrytown snobs get to? Stop all tax breaks for special groups including churches.</p>		
	<p><b>OldBlowhard</b> Score: 6 5:25 AM on April 6, 2011</p>	<p>Report Abuse</p>
<p>Dump the jabberwocky and dump this whole silly subsidy. Whatever the taxing authorities leave on the table in the way of exemption, it'll continue to be a real estate marketing tool, pitting one property against another on artificial merit. It doesn't help a neighbor whose property taxes went up that a place nearby recently sold for more than it was worth because it had a historic property tax exemption. Out with it. Play the game with real money for a change.</p>		
<p> 2 replies</p>		
	<p><b>new_word_Otter</b> Score: 3 11:23 PM on April 5, 2011</p>	<p>Report Abuse</p>
<p>Oh, poor rich people. Now they will only have their millions of dollars to comfort themselves.</p>		
	<p><b>DefenderOfTheTruth</b> Score: 6 10:58 PM on April 5, 2011</p>	<p>Report Abuse</p>
<p>Guessing the fool in pemberton who was running a business filing these exemptions for the owners on harris blvd is going to be needing to find other employment.</p>		
<p>Way for ruining it for everyone submitting 20+ in a quarter.</p>		
<p>Fool.</p>		
<p> 1 reply</p>		
	<p><b>Built It</b> Score: 6 10:25 PM on April 5, 2011</p>	<p>Report Abuse</p>
<p>The Hysterical Society wants to grandfather all the fat cats in Pemberton Heights and Old Enfield so they still get their \$20,000 to \$60,000 annual all-jurisdiction tax</p>		

break bonanza.

Neito is right. All new additions to the original structure get the tax breaks. Got a historic landmarked home? Add a new 3 car garage, pool, cabana, guest house, conservatory, additional wing and they ALL get counted in the tax break bonanza.

1 reply



Neito

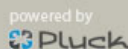
Score: 19

9:28 PM on April 5, 2011

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Outrageous to give the tax breaks to commerical buildings.,Outrageous. Do you know the Tavern is zoned commerical and historic and has doubled in size and we the taxpayers are supporing tax abatement on the modern NON historic addition????? Do you know how much alteration has been done to the Brown building and the Norwood Tower--- all zoned commerical and zoned historic and we the taxpayers are supporting a tax break on the non historic modern addition?????Or Spaggetti Warehouse also zoned historic and commerical. Notice all that modern addition on the top of the building? Thats not historic but we taxpayers support it with a wavier on taxes. Where is that part of this story Austin Am erican. Where is that outrage to support historic tax abatement on non historic million dollar additions to commerical historic buildings???

2 replies



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