

***City of McKinney Historic Preservation Program and
Options for Improvement and Collaboration***

DRAFT

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PLANNING DEPARTMENT

**CITY OF MCKINNEY,
TX 221 N.
TENNESSEE ST.**

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COUNCIL DIRECTIVE

This report responds to City Council Goals & Strategies for FY 2019 _ Goal 5: Enhance the Quality of Life in McKinney – 5D Review McKinney historic design standards to ensure a balance between preservation of historic character and current market needs.

FOUNDATION AND BACKGROUND OF HISTORIC PRESERVATION IN McKinney

The McKinney historic preservation program was approved by ordinance in 1982 with the creation of the Commercial Historic Overlay District. In 2007, the Neighborhood Empowerment Zone (NEZ) program and HNIZ were established.

CURRENT HISTORIC PRESERVATION REGULATIONS AND OVERSIGHT

1. Historic Districts and Areas

- **Commercial Historic District** was originally created as a zoned district to promote the McKinney downtown, commercial area. Later after the adoption of the McKinney Town Center Plan the Commercial Historic District (CHD) was converted from a zoned district to an overlay district. This area has ordinances that have been adopted to protect the historic integrity of the buildings located within this district. Certificates of Appropriateness are required before any exterior work may be conducted to the buildings within the Commercial Historic District.
- **“H” Overlay District** is a geographic area adopted by ordinance. All buildings within this area require an approved Certificate of Appropriateness before exterior work can be performed on buildings located in this area. The ordinances are there to protect the integrity of the buildings located within this zone. The majority of buildings within this zone are residential in nature.
- **Traditional McKinney Neighborhood (TMN)** is an overlay zoning district which is an area that is generally located within an area bounded by U.S. 380 on the north, on the east side of Graves Street, and generally extending south to Industrial Boulevard and eastward to the Airport. This ordinance allows for a modified set of standards of the underlying zoning district for substandard lots because they may have been in place before zoning was established or were encroached on due to future easements. This ordinance only applies to single family detached residential uses and structures. The ordinance allows for a modification in the setbacks and lot coverage in order to allow for these substandard lots to be built on.
- **Historic Neighborhood Improvement Zone (HNIZ)** is an area established by ordinance which geographically is an area which extends from U.S. 75 to U.S. 380, to Airport Drive, to Industrial Boulevard. Residential houses located within this area can potentially receive city tax exemptions providing they can meet the criteria.
- **Neighborhood Empowerment Zone (NEZ)** is an area established by ordinance which geographically is an area which is congruent with the HNIZ. The NEZ was developed to encourage new construction of single family, multi-family, non-residential, or vertically integrated mixed-use construction. The program is designed to encourage the construction

of buildings that comply with design guidelines that were specifically created to encourage the creation of buildings that are compatible with the neighborhood character within the NEZ.

- **Tax Increment Reinvestment Zone (TIRZ)** is an economic development tool that captures the projected increase in tax revenue that is created by development within a defined area and reinvests those funds into public improvements and development projects that benefit the zone. Applications for the TIRZ, if approved, will provide support for catalytic infrastructure and projects that will support continued revitalization of the Historic Town Center.
- **McKinney Town Center (MTC)** is an area roughly bounded on the east by Washington Street, to the north by Watt and Seneca, to the west by Bengé Street and to the south by Standifer. This area is governed by a form based code. The code is designed to encourage revitalization of the Town Center core. The Town Center is divided into six character districts that are created an urban form that is distinct from other character districts.

City historic preservation goals and policies are organized around basic program areas: comprehensive and preservation planning, historic resources surveys, evaluation, and design review.

1. The Comprehensive Plan

McKinney's historic preservation program and preservation planning are managed in a fashion consistent with the goals, policies, and procedures established by the City's comprehensive plan. The comprehensive plan sets the ground rules by using several tools that work together to produce successful results. The ground rules that are established by the comprehensive plan include:

- Celebrating McKinney's history by retaining and explaining its historic assets;
- Protecting and enhancing those assets which represent distinctive elements of the City's historic, architectural, and cultural heritage;
- Ensuring the harmonious, orderly, and efficient growth and development of the City;
- Stabilizing and improving the values of historic properties;
- Promoting McKinney's Historic Town Center as a unique place to visit, live, and work;
- Encouraging infill development that enhances and is consistent with the historic nature, character, and architecture within the Historic Town Center; and
- Promoting and encouraging unique development and architecture that incorporates McKinney's historic character in appropriate areas throughout the city.

2. Historic Resource Surveys

To accomplish the goals of the comprehensive plan it is necessary to obtain data that aids in the evaluation of historic resources. A historic resource survey of cultural assets establishes if there are resources worth preserving.

A historic resource survey identifies and records all historical, architectural, archeological, and cultural resources in the city and establishes which resources are worthy of preserving. The survey data is then integrated into the preservation planning process to ensure that preservation treatments are appropriate.

Survey activities include background research, field surveys, the physical search for and recording of historic properties on the ground, organization and presentation of survey data, the development of a historic resource inventory, and a compilation of information for individual historic properties. The foundational pieces are used to formulate preservation practices as a dynamic process that organizes preservation activities into a logical sequence.

The first historic resource survey conducted in McKinney occurred in 1982 when the City's Commercial Historic District was surveyed. Following the first survey in 1982, a similar resource survey was conducted in 1985. In 2005, a partial update was completed. In 2015, the City initiated an in-house historic resources survey of the Commercial and Residential Historic Overlay Districts, in order to consolidate and update photographs, preservation priority ratings, house styles, and building materials that were generated in the 1982, 1985, and 2005 surveys.

2. Certificates of Appropriateness (COA)

Prior to the commencement of any work performed on the exterior of a historic resource an approved COA is required before permits can be issued and work can commence. The application for the COA is filed with the Historic Preservation Officer (HPO). The HPO follows the "Secretary of the Interior's Standards for the Rehabilitation of Historic Buildings" in the consideration of all applications for a COA within the commercial historic overlay district (CHD) or the historic preservation overlay district (H-overlay).

- The HPO shall utilize a checklist of design elements to be reviewed and considered by the HPO in reaching its determination as well as the preservation priority rating.
- If the HPO can't approve administratively the COA it is referred to the Historic Preservation Advisory Board (HPAB) and they apply the same Standards and guidelines to determine if the proposed action on a historic resource is appropriate or not. COA's for the Commercial Overlay District are directly appealed to City Council if the applicant Applicants, both residential and commercial may appeal the action of the HPAB to City Council for review if there is disagreement with Staff's determination of appropriateness.
- In Calendar year 2018, seventy-six COA's were processed. The bulk of the COA's were rehabilitations and new construction.

3. Secretary of Interior's Standards for Rehabilitation

The City of McKinney has a preservation ordinance that uses the Secretary of the Interior's Standards and guidelines. Staff uses these guidelines, combined with the City's comprehensive goals and policies for preservation of our historic assets, to manage and make informed decisions regarding the City's historic resources. The 10 Standards form the core of preservation ordinances used in communities across America and serve as the basic framework for which appropriate restoration and rehabilitation procedures are reviewed.

Along with the Standards, a series of design guidelines have been developed to aid property owners, developers, and federal managers in the review of by City Staff of their various projects, including new construction, and major and minor repairs. The guidelines provide the framework for Staff to determine recommended versus not-recommended treatments for the preservation of a building's significant architectural materials and features.

In addition, the City of McKinney's Preservation Ordinance uses the resource inventory survey, the Secretary's Standards and Guidelines, and a checklist of the Standards and Guidelines to determine the appropriateness of a proposed treatment of a historic resource within the Neighborhood Empowerment Zone (NEZ).

4. Historic Preservation Advisory Board (HPAB)

To maintain McKinney's architectural legacy, enrich the cultural identity of the community, and strengthen economic value through preservation and education for our present and future generations. McKinney continues to craft a sound historic preservation program by establishing objectives and programs to meet those goals.

- **Historic Preservation Advisory Board (HPAB) Requirements**

The preservation ordinance establishes conditions for determining membership to the board.

The Board shall consist of seven (7) members and one alternate appointed by city council. The Board may be comprised of any citizen of the city interested in historic preservation.

To the extent possible, the following members should be appointed: Architect, city planner or representative of a design profession; historian, licensed real estate broker; attorney; or property owner of a landmark or a building in the historic district. All board members, regardless of background shall have a known and demonstrated interest, competence of knowledge of historic preservation within the city.

- **Current makeup of the HPAB**

The make-up of the Board includes four returning members and three new members along with an alternate. Five of the members' terms expire in two years while three expire in one year.

CURRENT FINANCIAL INCENTIVES AND PUBLIC AWARENESS PROGRAMS

In order to encourage preservation, City Council has approved a group of various financial incentives used to promote historic preservation.

1. Historic Neighborhood Improvement Zone (HNIZ)

The Historic Neighborhood Improvement Zone (HNIZ) is a program for residential properties that are located within the HNIZ. (see appendix Map: HNIZ/NEZ)

There are three levels. Level 1 involves obtaining a City Historic Marker. If the house qualifies for a marker, and the house is preserved according to the Secretary of the Interior's Standards and Guidelines; the applicant may apply for a seven year, 100 % reduction in city ad valorem taxes on the value of the land and improvements. This application must be approved by the HPAB. The Level 2 and Level 3 exemptions require the submittal of an application outlining work to be performed on a house located in the HNIZ. (see map) The work must be pre-approved and all required approvals and permits must be obtained. Once all work is completed, paid receipts are turned in for the work as well as all required inspections. Staff submits a report to Buildings and Standards for approval of either the Level 2 or Level 3 exemption. Level 2 exemptions require that more than \$10,000 in pre-approved expenditures on exterior work. If the applicant qualifies they will receive a 15 year 50% exemption on city ad-valorem taxes on land and improvements.

Level 3 exemptions are for expenditures of \$5,000 to \$9,999 on interior or exterior improvements also for 15 years. All participants have a drive-by inspection of the exterior of the house to make sure the house is being maintained according to the Secretary of the Interior's Standards. If the house is not maintained it runs the risk of losing the exemption.

2. Neighborhood Empowerment Zone (NEZ)

The Neighborhood Empowerment Zone (NEZ) is an area which is congruent with the HNIZ. The NEZ is a program designed to encourage new construction of single family, multi-family, non-residential, or vertically integrated mixed-use construction. The program is designed to encourage the construction of buildings that comply with adopted design guidelines. These are not the Secretary of the Interior’s Guidelines. Impact fees will be returned if the newly constructed buildings meet the adopted criteria of the ordinance.

3. Tax Increment Reinvestment Zone (TIRZ)

The Tax Increment Reinvestment Zone (TIRZ) is an economic development tool that captures the projected increase in tax revenue that is created by development within a defined area and reinvests those funds into public improvements and development projects that benefit the zone. Applications for the TIRZ, if approved, will provide support for catalytic infrastructure and projects that will support continued revitalization of the Historic Town Center.

4. Historic Home Recognition Program

The Historic Home Recognition Program recognizes homes located within the boundaries of the HNIZ. The program is in alignment with the City of McKinney's dedication to preserving its history. In 2008, the City established the Home Recognition Program through the Historic Preservation Office in coordination with the Historic Preservation Advisory Board to select 14 houses that reflects McKinney’s dedication to preserving its history. For the last 12 years fourteen homes have been selected and recognized in a calendar as part of a historic home recognition program

5. Walking Tours

Monthly walking tours give residents and visitors a look into the events that shaped our City along with the both commercial and residential structures that connect us to our past.

EVALUATION OF MCKINNEY’S EXISTING PROGRAMS AND REGULATIONS

As part of measuring the strengths and weaknesses of our program it is important to compare what we are doing along with what other communities are doing. The following chart looks at some of the communities in our area to determine where McKinney compares and where potential areas of opportunity lie.

| Comparison Table of Preservation Tools | | | | |
|--|------------------------|-------------------|---------------------|----------------------------|
| | Preservation Ordinance | Design Guidelines | Economic Incentives | Certified Local Government |
| McKinney | x | | x | |
| Dallas | x | x | x | x |
| Denton | x | x | x | x |
| Waxahachie | x | x | x | x |
| Denison | x | x | x | x |
| Fort Worth | x | x | x | x |
| Arlington | x | x | x | x |
| Plano | x | x | x | x |
| Bryan | x | x | | x |

* All of the cities represented here have adopted preservation ordinances that are based on the Secretary of the Interior's Standards for Rehabilitation and accompanying Guidelines.

As the chart indicates, two major components of a successful program that we are missing is a set of design guidelines written specifically for McKinney and the Certified Local Government (CLG) designation.

Certified Local Government (CLG)

The Certified Local Government (CLG) is a designation awarded through the Texas Historical Commission in partner with the National Park Service. The CLG program is designed to provide an opportunity for local governments to become more directly involved in identifying, evaluating, protecting, promoting and enhancing the educational economic value of local properties of historic, architectural and archeological significance. Community certification opens doors to funding and other technical assistance which can be of benefit for other preservation successes. Being a CLG demonstrates a commitment to saving what is important from the past for future generations as well as demonstrate a readiness to take on successful preservation projects with State and National support.

McKinney applied for CLG status in 2011, however was denied to several insufficiencies in the application. All the issues identified for denial however are not insurmountable and can be addressed while working in conjunction with the Council, HPAB and the Texas Historical Commission.

The cities listed, with the exception of McKinney, use design guidelines that have been written specifically for their community. Guidelines written specifically for a community establish general recommendations as to how to treat historic resources and assist property owners, architects, developers, public officials, the HPAB, and City Staff to make consistent recommendations as to the proper treatment of historic resources. Written design guidelines that are tailored for McKinney is an undertaking that can be accomplished in partnership with the existing property owners in the historic districts, the HPAB, and the Texas Historical Commission.

HISTORIC PRESERVATION AND ECONOMIC DEVELOPMENT

Historic preservation provides an economic revitalization tool in older neighborhoods that have deteriorated due to the growth of suburbs, neglect, or alterations to architectural heritage. Historic preservation makes use of existing housing and commercial building stock that helps sustain the identity of the community. Historic preservation is also a highly sustainable practice and planning tool, with the greenest building the one already built. Preservation increases property values, encourages tourism, and creates new jobs and businesses. According to a 2013 study of historic preservation and its effect on the economy in Texas; preservation activities generated more than 4.6 billion of the State GDP and supported more than 79,000 jobs. A 2001 statistical analysis of nine Texas cities showed that historic designation is directly associated with higher residential property values. As a result the studies that have been conducted to date across America supports the idea that historic district designation and regulation supports and enhances single-family residential property values thus increasing property values which enhance the vigor and quality of life in a neighborhood. Preservation is good for the economy. Reinvesting in our historic buildings and neighborhoods helps to stabilize our property values, create a vibrant community, promotes tourism, and fuel economic development. Historic preservation is more labor intensive than new construction and generally utilizes more local materials. Every time a building is rehabilitated or reused, specialized trades and skilled laborers are employed. This creates jobs and puts more money into the local economy.

It is important to note that preservation and growth are not incompatible, but rather essential components of a vital community. As McKinney has witnessed firsthand, the historic Square and residential districts are stable and revitalized neighborhoods where rate of appreciation over the past several years is very strong that increased demand for a limited supply.

AREAS FOR IMPROVEMENT

While the City of McKinney historic preservation program has helped to stabilize and promote growth with the historic downtown commercial and residential areas, there are certainly areas for improvement.

Areas of potential improvements may include:

- Evaluate, update, stream line, and clarify our Historic preservation Ordinance.
- Update the current Historic Resource Inventory Survey. The update should be conducted by a qualified specialist with experience and expertise in historic resource surveys that can provide a more in-depth understanding of the historic resources in McKinney and future areas of preservation.
- Craft a set of Design Guidelines written specifically for McKinney in order to have clearer direction on decision making.
- Evaluate the effectiveness of all tax exemption programs.
- Evaluate and improve the Walking Tours.
- Evaluation of the Historic Home Recognition Program
- Working more closely with the Building Inspection department and other applicable City departments to identify ways to streamline permitting procedures and evaluate opportunities to institute 'pink codes' for historic structures or those within HNIZ/NEZ districts.
- Strike a better balance between historic preservation rules and regulations and maintaining the economic viability of structures in order to encourage new businesses and amenities.
- Strengthen the role of historic preservation in local planning and community revitalization by integrating historic preservation and local planning policies and goals.
- Share information with the community on how historic preservation and economic development are compatible policies and programs.
- Continue to increase the support for heritage and cultural tourism through continued partnerships with Visit McKinney, McKinney Cultural Arts District, McKinney Main Street, and
- Cultivate an appreciation for history among youth and reach out to McKinney's diverse populations and underserved communities.

Pursuing CLG status for the City of McKinney

- Reasons and benefits for becoming a CLG include having more credibility because of the local consistency with the Standards and Guidelines established by the National Trust, special technical assistance provided by the State, applications for such items such as Section 106 reviews are streamlined, and funding from the state which can aid with such projects such as updating a city's resource inventory survey. In addition, due to new state law, CLG status would allow for the City of McKinney to enforce existing design standards in areas outside the historic overlays.

CONCLUSION

Historic preservation is a success story and economic development generator in McKinney.

Historic preservation and the revitalization of the McKinney town square is a national success story and has separated McKinney from the other communities in the northern DFW Metroplex. Long-time residents appreciate the stability and revitalization of a community touchstone and new residents look at the square as an authentic and unique amenity that is not easily or readily replicated in neighboring communities.

Another way to measure the value of historic preservation to the City of McKinney is to take stock of the awards the community has garnered. McKinney is a Preserve America City, a recognized Main Street City, a Community Honors Award winner from the Dallas Chapter of the American Institute of Architects, a Great Places in Texas Award winner, a Merit Award Winner for the Renaissance of the Downtown Square,

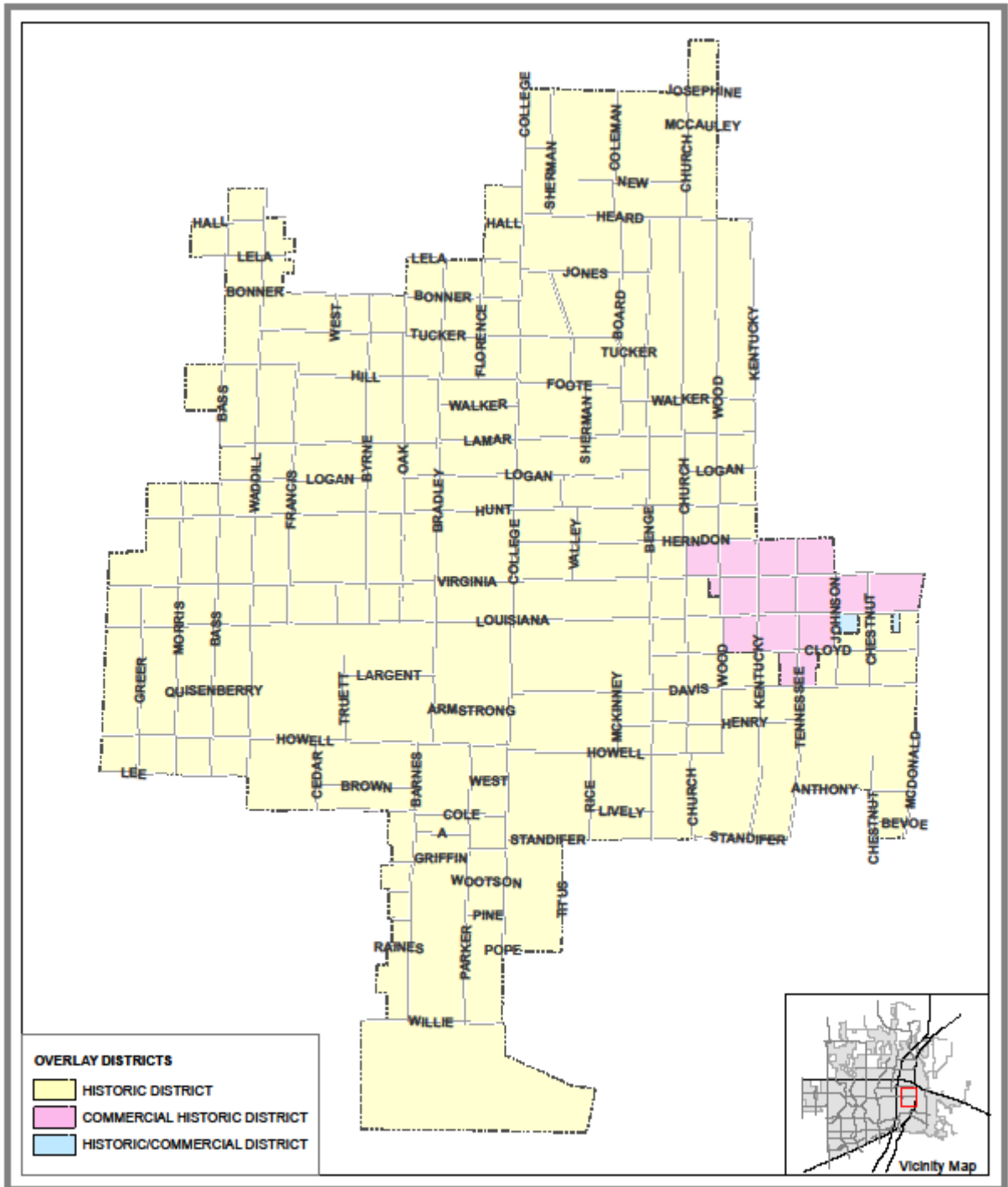
a CLIDE Award (Celebrating Leadership In Development Excellence) for the McKinney Town Center Plan, and is one of a handful of cities in Texas recognized as a Texas Cultural Arts District.

Historic preservation is played a hand in all of these accolades and as the recently released book 'Buildings of Texas' states "The buildings facing the former Collin County Courthouse constitute one of the finest, most intact commercial squares in the state." For a state the size of Texas, this is an incredible compliment that speaks to the forward thinking and pride that McKinney citizens and civic leadership share and work tirelessly to promote and protect.

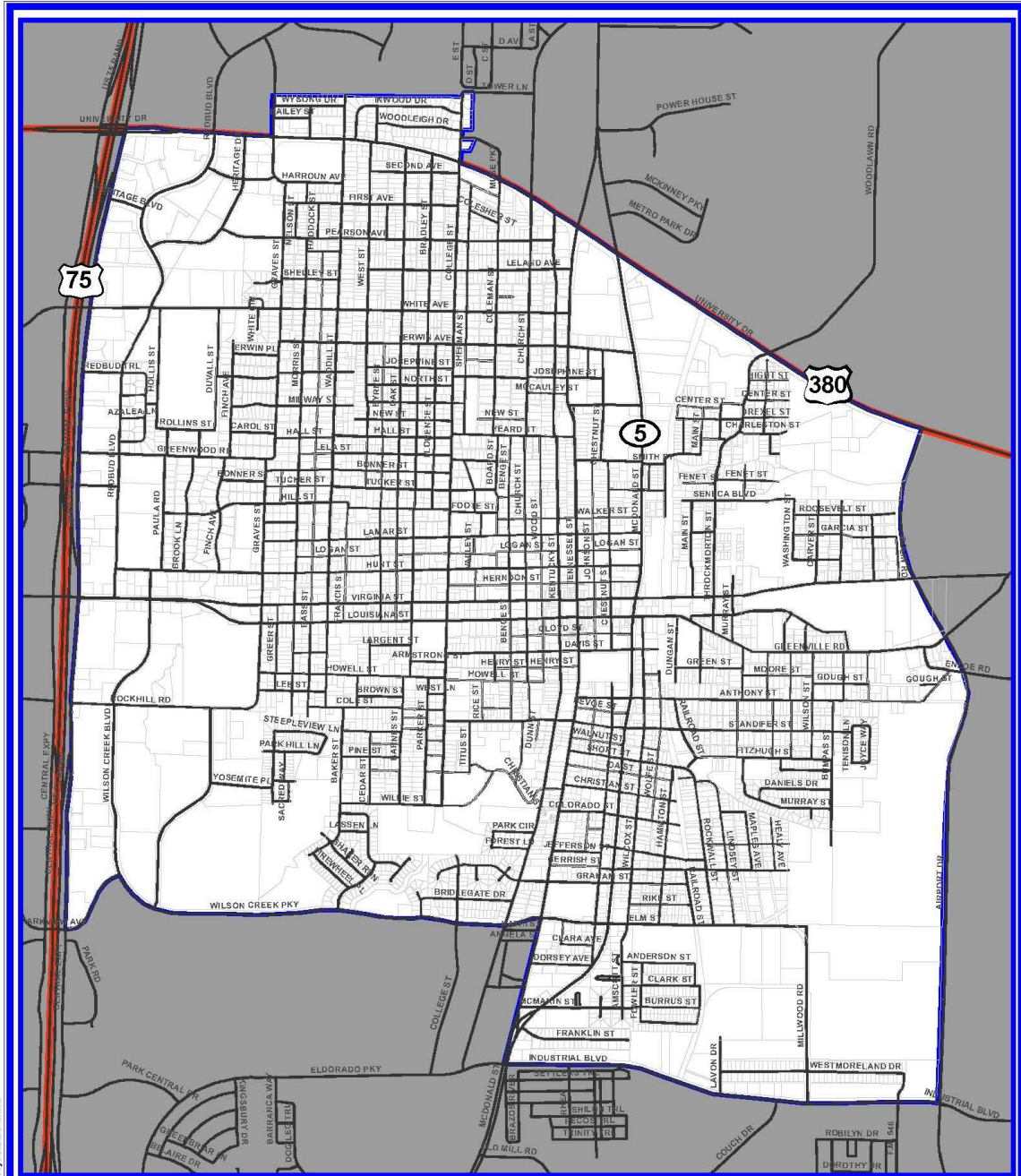
Appendix

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1. Map of Historic District Survey Areas -



2. Map of Historic Neighborhood Improvement Zone (HNIZ) and Neighborhood Empowerment Zone (NEZ)



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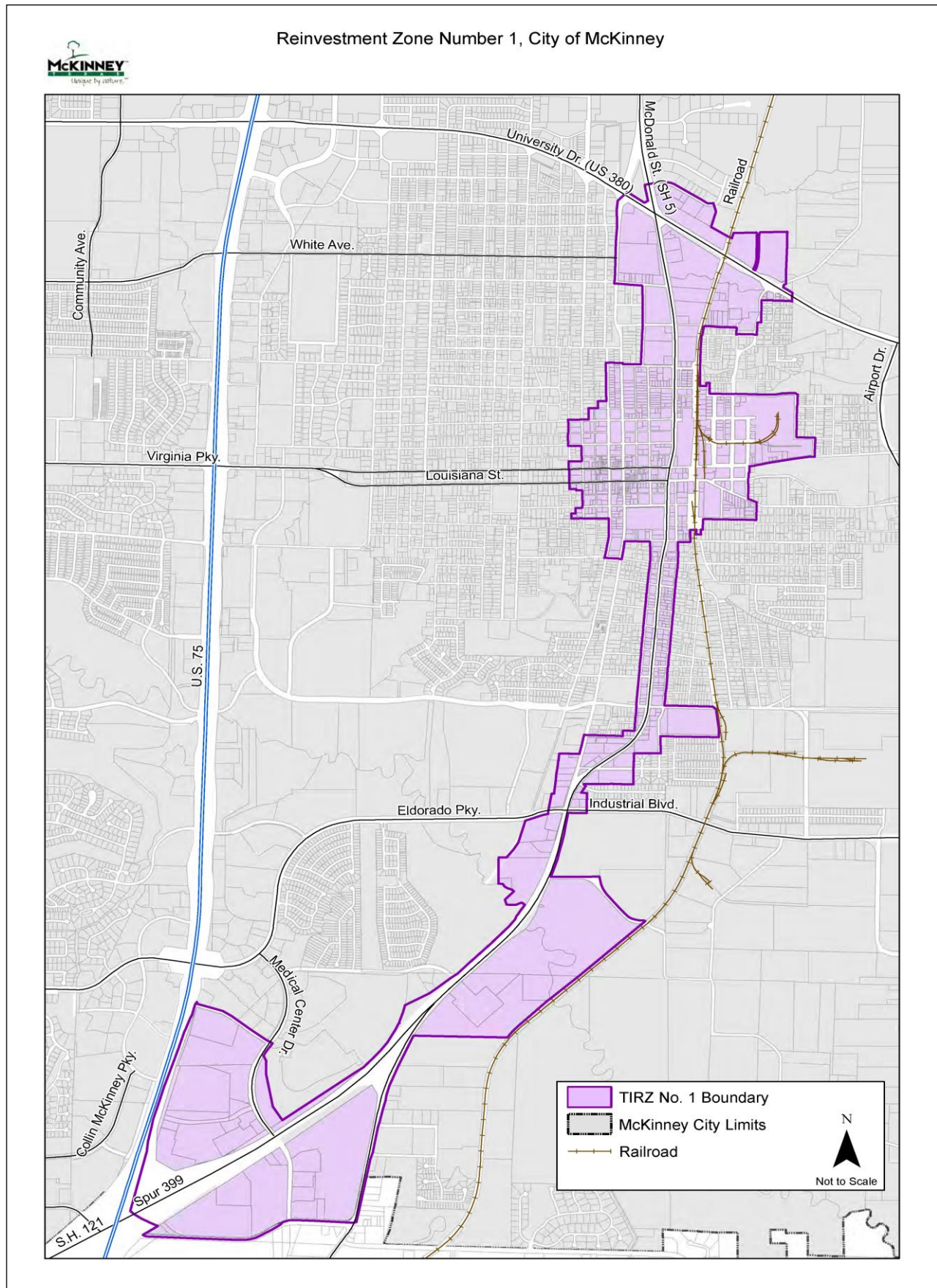
Exhibit A

**HNIZ and NEZ
(Historic Neighborhood Improvement Zone)
and (Neighborhood Empowerment Zone)**



DISCLAIMER: This map and information contained in it were developed exclusively for use by the City of McKinney. Any use or reliance on this map by anyone else is at that party's risk and without liability to the City of McKinney, its officials or employees for any discrepancies, errors, or variances which may exist.

3. Map of TIRZ No. 1 Boundary



Appendices: (con't)

5. McKinney Historic Resource Inventory Survey
<http://mck.maps.arcgis.com/apps/MapJournal/index.html?appid=b8d9a92e75534707b56764e8b7532cce>
6. Check Lists: High, Medium, and Low
<https://www.mckinneytexas.org/DocumentCenter/View/20604/Checklists--High-Med-and-Low>
7. Certificate of Appropriateness Application Packet
<https://www.mckinneytexas.org/DocumentCenter/View/17/COA-Application-Packet-as-of-07-09-19?bidId=>
8. Walking Tours
<https://www.mckinneytexas.org/357/Walking-Tours>
9. Home Recognition Program
<https://www.mckinneytexas.org/351/Home-Recognition-Program>
10. Secretary of Interior's Standards for Rehabilitation
<https://www.nps.gov/tps/standards/rehabilitation/rehab/stand.htm>
11. Secretary of Interior's Guidelines
<https://www.nps.gov/tps/standards/rehabilitation/rehab/stand.htm>
12. Historic Preservation Tax Incentive Programs
<https://www.mckinneytexas.org/349/Economic-Incentives>
13. HNIZ Requirements Checklist and Tax Exemption Application
<https://www.mckinneytexas.org/DocumentCenter/View/4210/HNIZ-Requirements-Checklist-Rev-514?bidId=>
14. NEZ Waiver Application
<https://www.mckinneytexas.org/DocumentCenter/View/4211/NEZ-Requirements-Checklist-Rev-514?bidId=>
15. Historic Preservation and Economic Impact in Texas
<https://www.thc.texas.gov/public/upload/publications/economic-impact-historic-preservation.pdf>