

**AGENDA ITEM**

**SUBJECT:** 501 Heard Street

**NAME OF OWNER:** Mitchell Russell D & Allyson

**NAME OF INTERESTED PARTIES:**

**OWNER'S ADDRESS:** 501 Heard Street  
McKinney, TX 75069-2748

**LEGAL DESCRIPTION OF THE PROPERTY:**

McKinney Outlots, Lot 651b  
Tax # R-0926-000-651b-1

**GENERAL DESCRIPTION OF STRUCTURE:** 2 story, wood frame

**ZONING DISTRICT:** "RD-30"

**DATE STRUCTURE WAS PRESENTED A LETTER OF ELIGIBILITY FOR WORK WHICH QUALIFIES FOR HISTORIC TAX EXEMPTION** December 2, 2016

**SUPPORT DOCUMENTATION:**

Staff Report  
Copy of Letter of Eligibility  
Receipts for Work Completed

**STAFF RECOMMENDATION:**

Staff is recommending final approval of the 50% tax exemption for 501 Heard Street under Level 2 of the Historic Neighborhood Improvement Zone Tax Exemption Program.

**COMMENTS:**

<b>STAFF REPORT</b>
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**DATE:** November 3, 2017

**FROM:** Guy R. Giersch, Historic Preservation Officer

**THROUGH:** Matt Robinson, AICP, Planning Manager

**SUBJECT:** Request by Russell and Allyson Mitchell for Final Approval of a Level 2 Historic Neighborhood Improvement Zone Tax Exemption for Rehabilitation Work to the House Located at 501 Heard Street.

**STAFF RECOMMENDATION:** Staff is recommending final approval of a Level 2 (50%) tax exemption for 501 Heard Street under the Historic Neighborhood Improvement Zone Tax Exemption Program.

**ITEM SUMMARY:** On December 2, 2016, Staff issued a Letter of Eligibility determining that the proposed improvements at 501 Heard Street would qualify for a Level 2 or Level 3 tax exemption.

On November 3, 2017, the applicant submitted paid receipts for the following:

- Prep and paint house (exterior) Total \$11,000.00

The applicant has submitted the necessary documentation to qualify for a Level 2 (50%) tax exemption since the total money spent on verified exterior improvements exceeds \$10,000 and was completed within the allotted time period. The Historic Preservation Officer has confirmed the documentation and the work.

**BACKGROUND:** On February 6, 2007, the City Council passed Ordinance #2007-02-014, as amended by Ordinance #2015-12-105. The goal of the ordinance is to encourage preservation of McKinney's historic residential core by providing tax exemptions to owners of homes within a defined geographic area called the Historic Neighborhood Improvement Zone.

The ordinance establishes three levels under which owners of residential properties located in the Historic Neighborhood Improvement Zone may receive tax exemptions based on verified investments meeting specified criteria.

Under a Level 1 exemption, homes which receive a designation of the Historic Marker may receive a 100% exemption of the City's ad valorem taxes for a period of 7 years. Level 1 exemption (and its accompanying Historic Marker) is administered by the Historic Preservation Officer and the Historic Preservation Advisory Board.

Under Level 2, owners who make verified exterior improvements costing at least \$10,000 during any 12-month period may receive a 50% exemption of the City's ad valorem taxes for a period of 15 years.

Under Level 3, owners who make verified exterior and/or interior improvements costing at least \$5,000 during any 12-month period may receive a 30% exemption of the City's ad valorem taxes for a period of 15 years. If an owner submits plans for additional improvements under Level 2 or Level 3 during any period of exemption previously granted under Level 3, such owner, upon approval of the Building and Standards Commission, may receive an exemption of 50% of the ad valorem taxes for a period of 15 years from the date of such approval.

The application process for Level 2 and Level 3 requires owners to submit plans for proposed improvements to residential properties to the Historic Preservation Officer (and to the Building Permits Department, if a building permit is required). Owners then receive a Letter of Eligibility if the Historic Preservation Officer determines that the proposed improvements qualify for the tax exemption program. Upon completion of the improvements, owners are required to submit documentation to the Historic Preservation Officer acknowledging that the improvements have been made in accordance with the plans and verifying that the eligible costs have been incurred. After receiving the final documentation from the applicant, the HPO completes a field investigation of the property to confirm the documentation.

The Ordinance states that: Owners may submit additional applications under Level 2 during any period of exemption. If such applications are approved, the exemption period shall be extended from the date of the last approval. In such event, the exemption periods run concurrently until the earliest approval expires and continues until the latter approval expires.

For the verification process to be completed under Level 2 or Level 3, tax exemptions require final determination by the Building and Standards Commission.

**ATTACHMENTS:**

- Letter of eligibility
- Paid receipt(s)



December 2, 2016

Russ and Allyson Mitchell  
501 Heard Street  
McKinney, Texas 75069

RE: 2016-019HT Letter of Eligibility to Qualify the Residential Property Located at 501 Heard Street for a Level 2 or Level 3 Historic Neighborhood Improvement Zone (HNIZ) Tax Exemption.

Dear Mr. & Ms. Mitchell:

This letter shall serve as your Letter of Eligibility for the Historic Neighborhood Improvement Zone (HNIZ) Tax Exemption Program. Your application for 501 Heard Street was received on November 29, 2016.

The following proposed improvement(s) are eligible:

- Prep and paint house (exterior)

Upon completion of the improvements, dated, paid, final receipts from the contractor must be submitted to this office for verification. Once copies of receipts are verified and the project is inspected, a Staff Report will be forwarded to the next meeting of the Building and Standards Commission for approval or denial of the tax exemption.

From the date of issuance of this Letter of Eligibility, you have 1 year to complete any or all of the proposed improvements listed above. Depending on the combination of verifiable costs of these exterior and interior improvements, you may qualify for a Level 2 or Level 3 exemption. If the total costs of eligible *exterior* improvements are in excess of \$10,000, you may receive an exemption of 50% of the City's ad valorem taxes for a period of 15 years (Level 2 of the Historic Neighborhood Improvement Zone Program). If the combined cost of eligible *interior or exterior* improvements is in excess of \$5,000, you may receive an exemption of 30% of the City's ad valorem taxes for a period of 15 years (Level 3 of the Historic Neighborhood Improvement Zone (HNIZ) Tax Exemption Program).

Please be advised that there is an aggregate cap of \$150,000 on the total amount of ad valorem taxes that can be exempted in any budget year under any or all of the levels set forth in the HNIZ Tax Exemption Program. Therefore, it is possible that the completion of eligible improvements may not result in a historic

tax exemption should capacity not be available in the program. At this time, capacity is still available in the program.

If you have any questions about the approval of this item, please contact the Historic Preservation Officer at 972-547-7416.

Sincerely,

*Guy R. Giersch, Historic Preservation Officer*

Guy R. Giersch  
Historic Preservation Officer

*"The Planning Department consistently strives to provide quality, professional customer service to our applicants. In an effort to evaluate and improve the service we provide, we ask that you complete this brief customer service survey. We sincerely appreciate your responses and opinions!"*