



17-1160

TITLE: Discuss McKinney's Historic Neighborhood Improvement Zone (HNIZ) Tax Exemption Program

COUNCIL GOAL: Direction for Strategic and Economic Growth

MEETING DATE: December 7, 2017

DEPARTMENT: Planning

CONTACT: Matt Robinson, AICP, Planning Manager
Guy R. Giersch, Historic Preservation Officer
Brian Lockley, AICP, Director of Planning

RECOMMENDED ACTION: Discuss and provide feedback regarding the HNIZ program.

ITEM SUMMARY:

- Staff is seeking feedback to forward to City Council regarding a potential amendment to the Historic Neighborhood Improvement Zone (HNIZ) Tax Exemption Program.
- In 2007, Council approved the Historic Neighborhood Improvement Zone Program which established a defined geographic area in which owners of residential properties may receive City ad valorem tax exemptions if they meet specific qualifications.
- The HNIZ annual aggregate cap for tax exemptions is currently set at \$150,000 and, in 2018, this cap is anticipated to be reached due to program involvement and anticipated increases in appraised property values.

BACKGROUND:

- Ordinance No. 2007-02-014 and as amended by Ordinance No. 2008-04-030 and Ordinance No. 2013-11-110 (known as the Historic Neighborhood Improvement Zone Tax Exemption Program) encourages the general maintenance and rehabilitation of single family homes located within the HNIZ (and the geographically coexistent NEZ) by offering financial incentives based on

verified investments that meet specified criteria.

- In 2007, Council approved the HNIZ program which established an aggregate cap of \$50,000 of the total amount of City property taxes which could be exempted in any budget year.
- In 2013, City Council approved an amendment to the HNIZ Program, which increased the annual aggregate cap on the total amount of ad valorem tax which could be exempted under any or all exemption levels from \$50,000 to \$100,000. In addition, the amendment modified the 100% Level 1 Tax Exemption term from 15 years to 7 years for any new Level 1 exemption.
- In December of 2015, City Council approved an amendment to the HNIZ Program to raise the annual aggregate cap from \$100,000 to \$150,000 of the total amount of City property taxes which could be exempted in any budget year.
- Since the original adoption of the HNIZ Program in 2007, the City has approved a total of 99 houses in the program, which is an average of 9.9 houses per year. Over the last two years, the City has added 26 homes into the program.

SUPPORTING MATERIALS:

[HNIZ Summary](#)

[HNIZ-NEZ Ordinance](#)

[HNIZ-NEZ Map](#)