

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

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PLANNING DEPARTMENT

**CITY OF MCKINNEY, TX
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COUNCIL DIRECTIVE

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

BACKGROUND OF HISTORIC PRESERVATION IN MCKINNEY

The McKinney historic preservation program was established in December 1981 by Ordinance 1270 and the creation of the Historic “H” District zoning category. The Commercial Historic District (CHD) was later established in 1988 and the Residential Historic District following in 1989. The creation of these districts was generally aimed at regulating exterior alterations and new construction to ensure preservation standards and compatible infill in McKinney’s historic area.

After nearly two decades of a primarily enforcement-driven program, the city established the Neighborhood Empowerment Zone (NEZ) and Historic Neighborhood Improvement Zone (HNIZ) programs in 2007 to provide programmatic, yet modest economic incentives for property owners and developers who were reinvesting in historic properties. The boundaries of the HNIZ and NEZ were slightly modified in 2008 just after the zones were established.

In addition to regulations and incentives, the city has also invested resources to highlight and promote the historic town center. Activities such as the historic home recognition program and walking tours have been a staple in McKinney’s historic preservation program for the last 7+ years and promote awareness of these historic resources and incentives.

CURRENT HISTORIC PRESERVATION POLICIES AND OVERSIGHT

City historic preservation policies and oversight are organized around several basic program areas. This includes, comprehensive and preservation planning, historic resources surveys, national standards for rehabilitation, and design review.

1. The One McKinney 2040 Comprehensive Plan

McKinney's historic preservation program and preservation planning efforts are managed in a fashion consistent with the goals, policies, and procedures established by One McKinney 2040 Comprehensive Plan. The comprehensive plan sets the ground rules by using several tools that work together to produce successful results. Intended outcomes outlined within 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. Secretary of Interior's Standards for Rehabilitation

In addition to the comprehensive plan, the City also uses the Secretary of the Interior's Standards and guidelines to manage and make informed decisions regarding the City's historic resources. The Secretary of the Interior's 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, developed by the Secretary of the Interior, aid property owners, developers, and federal managers in the review of 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. A link to more information about the Secretary of Interior's Standards can be found in the Appendix of this report.

3. Historic Resource Surveys

To assist the goals of the comprehensive plan, it is necessary to obtain data that aids in the evaluation of historic resources. One way to obtain this information is to conduct a historic resource survey that identifies and records all historical, architectural, archeological, and cultural resources in the city and establishes which resources are worthy of preservation. 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. A similar resource survey was conducted in 1985 for the residential area adjacent to the Commercial Historic District. It wasn't until 2005 that another, partial update, of these areas was completed. In 2015, the City initiated an in-house historic resources survey of both the commercial and residential historic 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.

4. Historic Preservation Advisory Board (HPAB)

The Historic Preservation Advisory Board (HPAB) was created by Ordinance 1844 in 1989. The mission of HPAB is 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.

The Board, appointed by City Council, consists of seven (7) members and one alternate, who serve in two year terms. 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 and competency in historic preservation within the city. The current make-up of the Board includes four returning members and three new members along with an alternate.

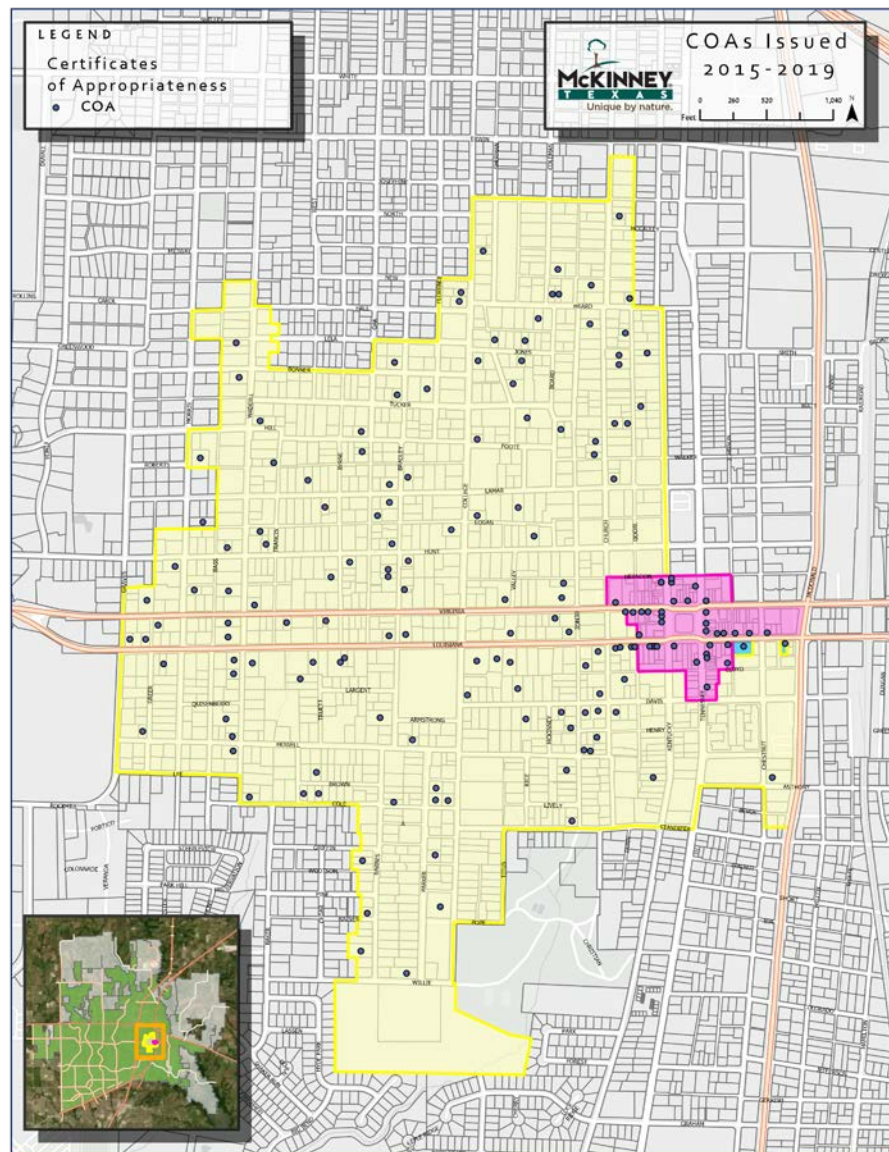
In addition to overseeing the Historic Home Recognition Program and Calendar, the duties of HPAB also include review and approval of Historic Tax Exemptions as part of the HNIZ Program and consideration of Certificates of Approval (COA) for which the Historic Preservation Officer cannot approve.

5. Certificates of Appropriateness (COA)

Prior to the commencement of any work performed on the exterior of a structure within the commercial historic overlay district (CHD) or the historic preservation overlay district (H-overlay), an approved COA is required. The application for the COA is filed with the Historic Preservation Officer (HPO), who follows the “Secretary of the Interior’s Standards for the Rehabilitation of Historic Buildings” when considering a COA.

The HPO utilizes a checklist of design elements to aid in his/her determination for appropriateness. If the HPO cannot administratively approve the COA, the request is referred to the Historic Preservation Advisory Board (HPAB) for action. The same Standards and guidelines are applied to determine if the proposed action on a historic resource is appropriate or not. COA’s within the historic overlays may be appealed to City Council for review if the applicants do not agree with the interpretation by the HPAB or the Historic Preservation Officer.

In calendar year 2018, seventy-six COA’s were processed, the bulk of which were for rehabilitation work or new construction. No COA’s were appealed to Council. The map herein identifies properties which have received a COA in the last five years.



CURRENT HISTORIC PRESERVATION DISTRICTS AND OVERLAYS

The City of McKinney has four districts and overlays that have been created to preserve and protect the existing Historic Town Center. These districts and overlays provide regulatory oversight for existing structures, but also provide guidance for new construction and large scale projects.

- **The Commercial Historic Overlay (CHD) District** was originally created as a stand-alone zoning district to promote the McKinney downtown and commercial area. Centered on the old Collin County Courthouse, now known as McKinney Performing Arts Center (MPAC), the CHD is an area roughly bounded on the east by SH 5 and Johnson Street, to the north by Herndon, to the west by North Church Street and Wood Street, and to the south by Cloyd Street. With the adoption of the McKinney Town Center (MTC) Form Based Code in 2013, the CHD was converted to an overlay district and stipulates that Certificates of Appropriateness are required before any exterior work may be conducted on structures within the district.
- **Historic “H” Overlay District** is a mainly residential area generally bound on the east by McDonald Street, south of Virginia Street and Kentucky Street north of Herndon. The northern boundary is generally demarcated by West Josephine, Lela Street, Oak and Bonner Street. The western border essentially follows Hall Street to Bass Street, Logan Street, North Graves, and Lee Street. The southern border extends from Lee to Waddill Street, Cole Street, along Barnes Street to Willie, South College, and West Standifer. All buildings within this area also require an approved Certificate of Appropriateness before exterior work can be performed.
- **The Traditional McKinney Neighborhood (TMN)** is an overlay district which includes the area generally bound by U.S. 380 on the north, Graves Street on the west, Industrial Boulevard on the south, and Airport Drive on the east. The TMN overlay allows for a modified set of development standards to underlying zoning districts for substandard lots because they may have been in place before zoning and subdivision rules were established or were encroached on due to easements. The overlay only applies to single family detached residential uses and structures, and allows for a modification in the setbacks and lot coverage in order to allow for these substandard lots to be built on.
- **The McKinney Town Center (MTC)** is a stand-alone zoning district modeled from a form based code. It was established in 2013 and is an area roughly bounded on the east by Washington Street, to the north by Watt and Seneca, to the west by Benge Street and to the south by Standifer. The code is designed to encourage revitalization of the Town Center core. The MTC is divided into six character districts that create an urban form that is distinct from other character districts.

CURRENT FINANCIAL INCENTIVES AND PUBLIC AWARENESS PROGRAMS

In order to encourage and promote preservation and reinvestment in the historic core of the city, the City Council has approved a group of various financial incentives.

- **The Historic Neighborhood Improvement Zone (HNIZ)** was established by ordinance in 2007 and includes an area that extends from U.S. 75 to Airport Drive and from U.S. 380 to Industrial Boulevard. The HNIZ was established to encourage the preservation of McKinney's historic resources by developing a three leveled tax exemption program where residential houses, located within this area, are eligible to receive city tax exemptions providing they can meet specific criteria related to historic preservation.

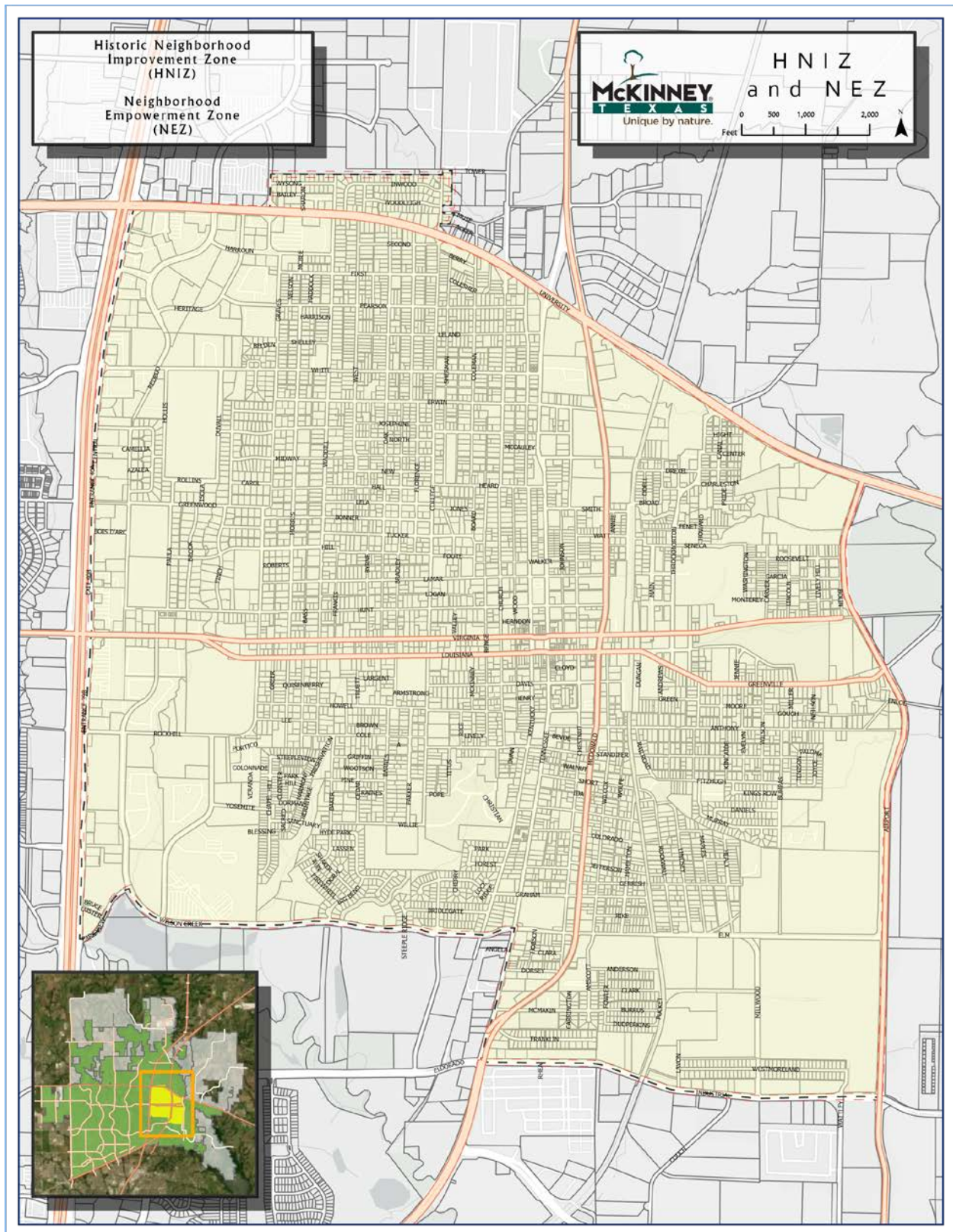
Level 1 involves obtaining a City Historic Marker, reviewed by HPAB, which would qualify for a seven year, 100 % reduction in city ad valorem (property) taxes on the value of the land and improvements if the house is preserved according to the Secretary of the Interior's Standards and Guidelines. The Level 2 and Level 3 exemptions require the submittal of an application outlining work to be performed on a house located in the HNIZ. 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 the Buildings and Standards Commission for approval of either the Level 2 or Level 3 exemption. Level 2 exemptions require 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 (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 receive an 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.

The chart and map below show the number of tax exemptions, by level, approved within the HNIZ and the amount of ad valorem revenues foregone over the last five years of the program. It is important to note that these values are estimates only and fluctuate based off yearly tax rate adjustments and property tax assessments.

	2019		2018		2017		2016		2015		Pre - 2015	
	Issued	Foregone Revenues (Ad Valorem)	Issued	Foregone Revenues (Ad Valorem)	Issued	Foregone Revenues (Ad Valorem)	Issued	Foregone Revenues (Ad Valorem)	Issued	Foregone Revenues (Ad Valorem)	Issued	Foregone Revenues (Ad Valorem)
Level 1	7	\$ 13,794.00	9	\$ 21,471.00	7	\$ 18,260.00	6	\$ 15,718.00	3	\$ 7,568.00	24	\$ 68,257.00
Level 2	3	\$ 4,423.00	4	\$ 5,219.00	5	\$ 4,890.00	9	\$ 7,592.00	5	\$ 5,821.00	32	\$ 25,424.00
Level 3	1	\$ 489.00	0	\$ -	0	\$ -	1	\$ 401.00	1	\$ 224.00	6	\$ 3,452.00
Totals	11	\$ 18,706.00	13	\$ 26,690.00	12	\$ 23,150.00	16	\$ 23,711.00	9	\$ 13,613.00	62	\$ 97,133.00

5 Year - Level 1 Issued	32
5 Year - Level 2 Issued	26
5 Year - Level 3 Issued	3
5 Year Total Issued	61

5 Year - Level 1 Foregone	\$ 76,811.00
5 Year - Level 2 Foregone	\$ 27,945.00
5 Year - Level 3 Foregone	\$ 1,114.00
5 Year Total Foregone Revenues (Ad Valorem)	\$ 105,870.00



- **The Neighborhood Empowerment Zone (NEZ)** was also established in 2008 and is the same geographic area as the HNIZ. However, the NEZ was developed to encourage new construction of single family residential, multi-family residential, non-residential, or vertically integrated mixed-use construction which is compatible with the neighborhood character within the NEZ by issuing impact fee waivers for projects that meet certain criteria. The program is designed to encourage the construction of buildings that comply with special design guidelines as well as the Secretary of the Interior's Standards and Guidelines. In 2019, eight reviews were conducted with three impact fees waived.
- **The Tax Increment Reinvestment Zone (TIRZ) No. 1** was established in 2011 and is an economic development tool that captures the increases in tax revenue after 2011 within a defined area (see Map on page 13) and reinvests those funds into public improvements and development projects that help to redevelop the area within the zone. Applications for the TIRZ, if approved by the TIRZ Board, will provide support continued revitalization of the Historic Town Center.
- **Historic Home Recognition Program and Calendar**
In 2008, the City established the Home Recognition Program through the Historic Preservation Office in coordination with the Historic Preservation Advisory Board to recognize homes located within the boundaries of the HNIZ. Fourteen houses are selected annually that reflect McKinney's dedication to preserving its history. For the last 12 years, fourteen homes have been selected and recognized for their preservation efforts in a calendar as part of a historic home recognition program.
- **Walking Tours**
Monthly walking tours give residents and visitors a look into the events that shaped our City along with commercial and residential structures that connect us to our past. Approximately 30 tours were facilitated in 2018.

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 successful communities are doing. The following chart looks at some of the communities in our area to determine how McKinney compares and where potential areas of opportunity may exist.

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.				

While on par with neighboring cities, two components that McKinney is missing are designation as a Certified Local Government (CLG) and design guidelines specific to McKinney historic districts.

Design 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 in making 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.

The Certified Local Government (CLG) is a designation awarded through the Texas Historical Commission (THC) in partnership 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 and economic value of local properties with historic, architectural and archeological significance. CLG certification opens doors to funding sources and beneficial technical assistance. Being a CLG demonstrates a commitment to saving what is important from the past for future generations and demonstrates a readiness to take on successful preservation projects with State and National support.

Requirements for CLG status include: 1) adoption and enforcement of a local preservation ordinance meeting THC requirements; 2) establishment of a preservation commission with design review authority; 3) using the Secretary of the Interior's Standards as the basis for design review for exterior alterations and demolitions; 4) establish criteria for local designation; 5) appoint a Historic Preservation Officer (HPO); 5) adopt and maintain either a local preservation plan or goals and objectives for the local preservation program.

McKinney applied for CLG status in 2009, however was denied due to several insufficiencies in the application. However, all issues identified for denial are not insurmountable and can be addressed while working in conjunction with the Council, HPAB and the Texas Historical Commission.

IMPROVEMENT OPPORTUNITIES

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

The most impactful improvement step should be to pursue Certified Local Government (CLG) status. Reasons and benefits for becoming a CLG include: 1) more credibility due to consistency between local guidelines and the Secretary of the Interior Standards and Guidelines established by the National Park Service; 2) special technical assistance provided by the State; 3) applications for such items such as Section 106 reviews are streamlined; and 4) funding opportunities from the State which provide matching funds for such projects like updating the resource inventory survey. In addition, due to a new state law, CLG status would better protect the city's ability to enforce existing design standards within historic districts and other zoned areas determined to have cultural and architectural significance. CLG status would also encourage the city to evaluate, update, simplify, and clarify the Historic Preservation Ordinance. Surveyed by a qualified specialist with experience and expertise in historic resource and thematic surveys, an updated and expanded Historic Resource Inventory Survey would include the HNIZ and NEZ areas in order to provide a more in-depth understanding of the historic resources in McKinney and future areas of preservation. In addition, a set of design guidelines written specifically for McKinney in order to have clearer direction on decision making would also be produced through the CLG process.

Another area of improvement that the city should consider is to evaluate all tax exemption programs within the historic core for effectiveness and longevity.

Additional areas of potential improvements may include:

- Evaluate and improve the Walking Tours by increasing the geographical area covered and explore options for self-guided apps or augmented reality programs.
- Evaluate the Historic Home Recognition Program and calendar to include more economically diverse properties within the HNIZ.
- Work closely with the Building Inspections Department and other City departments to identify ways to improve permitting procedures and evaluate opportunities to relax city codes and requirements for structures within the historic and HNIZ/NEZ districts.
- Strike a better balance between historic preservation regulations and maintaining the economic viability of structures in order to encourage the creation of 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 more effectively with the community on how historic preservation and economic development are compatible policies and programs.
- Continue to update the City of McKinney website to ensure information, forms, and historic information is provided to the citizens.
- Continue to increase support for heritage and cultural tourism through continued collaboration and partnerships with Visit McKinney, McKinney Cultural Arts District, McKinney Main Street, Collin County History Museum, Heard- Craig House, and Chestnut Square Historic Village.
- Cultivate an appreciation for history among youth and reach out to McKinney's diverse populations and underserved areas.

HISTORIC PRESERVATION AND ECONOMIC DEVELOPMENT

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 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 the existing housing and commercial building stock and helps sustain the identity of the community. Historic preservation is also a highly sustainable practice and planning tool, with the “greenest” building the one that’s 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 support 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. Historic preservation is more labor intensive than new construction and generally utilizes more local materials, but 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 the rate of appreciation over the past several years are abundant.

CONCLUSION

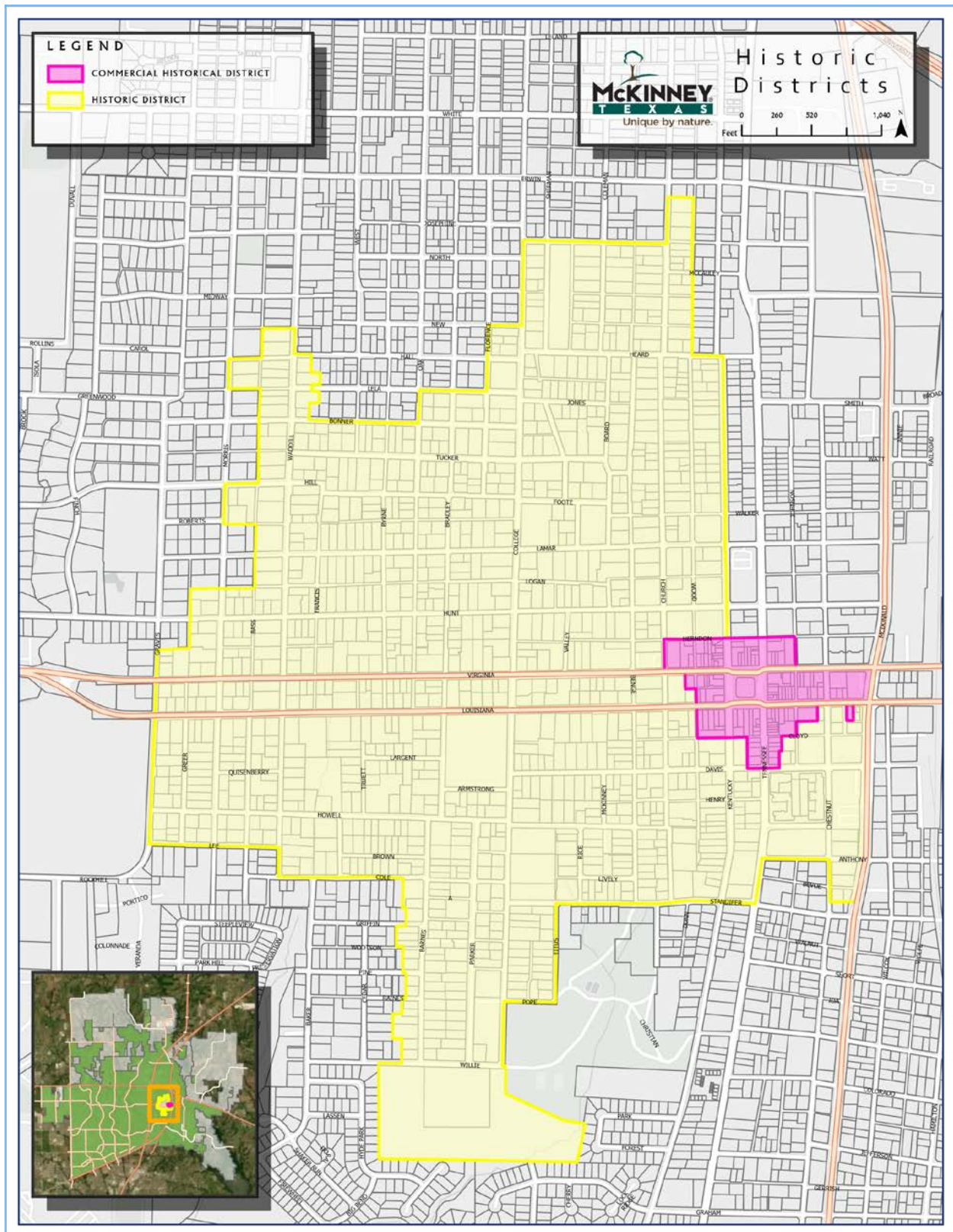
Historic preservation and the revitalization of the McKinney Town Center is a national success story and has separated McKinney from other communities in the northern DFW Metroplex. Long-time residents appreciate the stability and revitalization of a community touchstone and new residents look at the town 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.

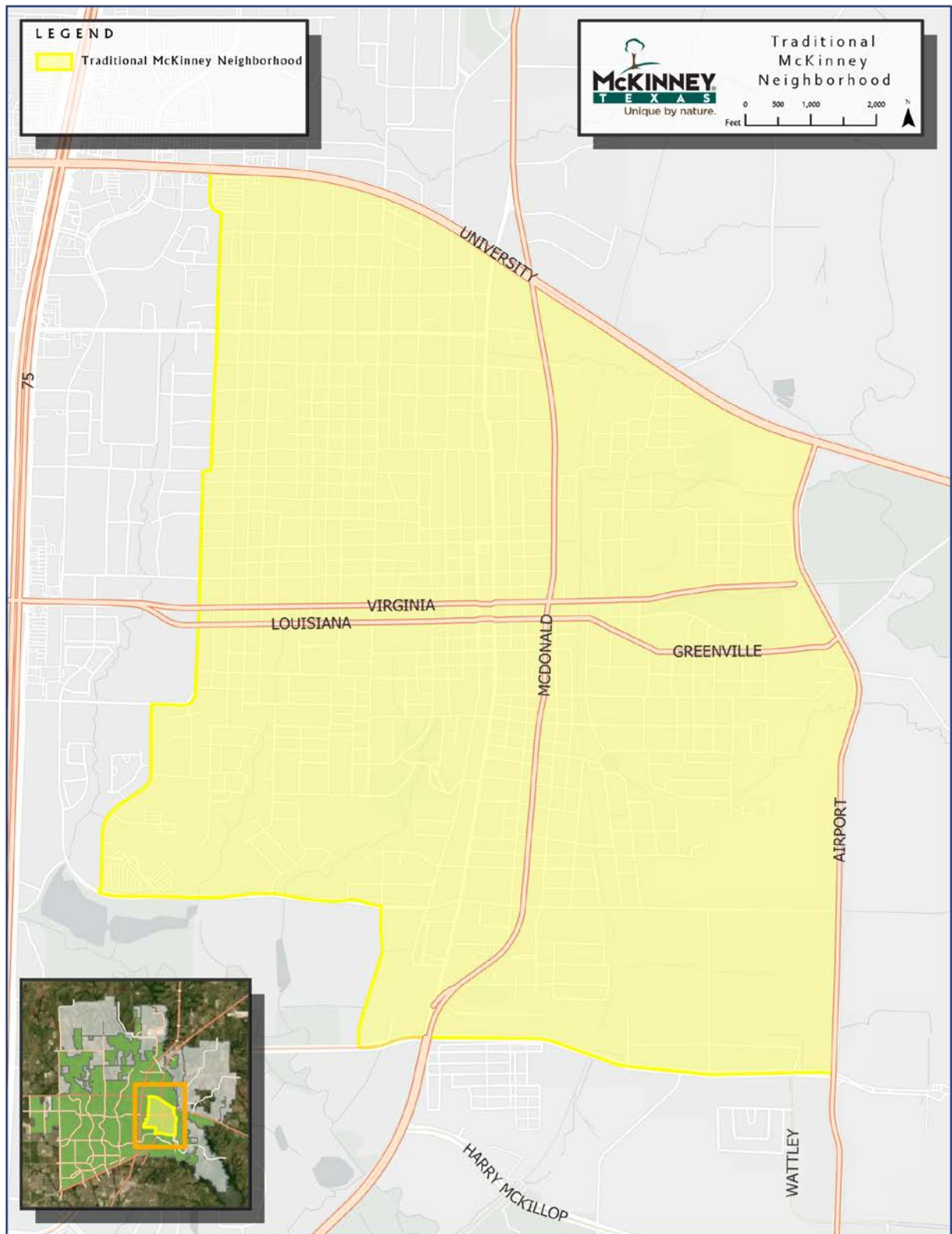
Historic preservation has played a hand in all of these accolades and as the recently released book ‘Buildings of Texas’ states, “The buildings facing the former Collin County Courthouse constitute one of the finest, most intact commercial squares in the state.” For a state the size of Texas, this is 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

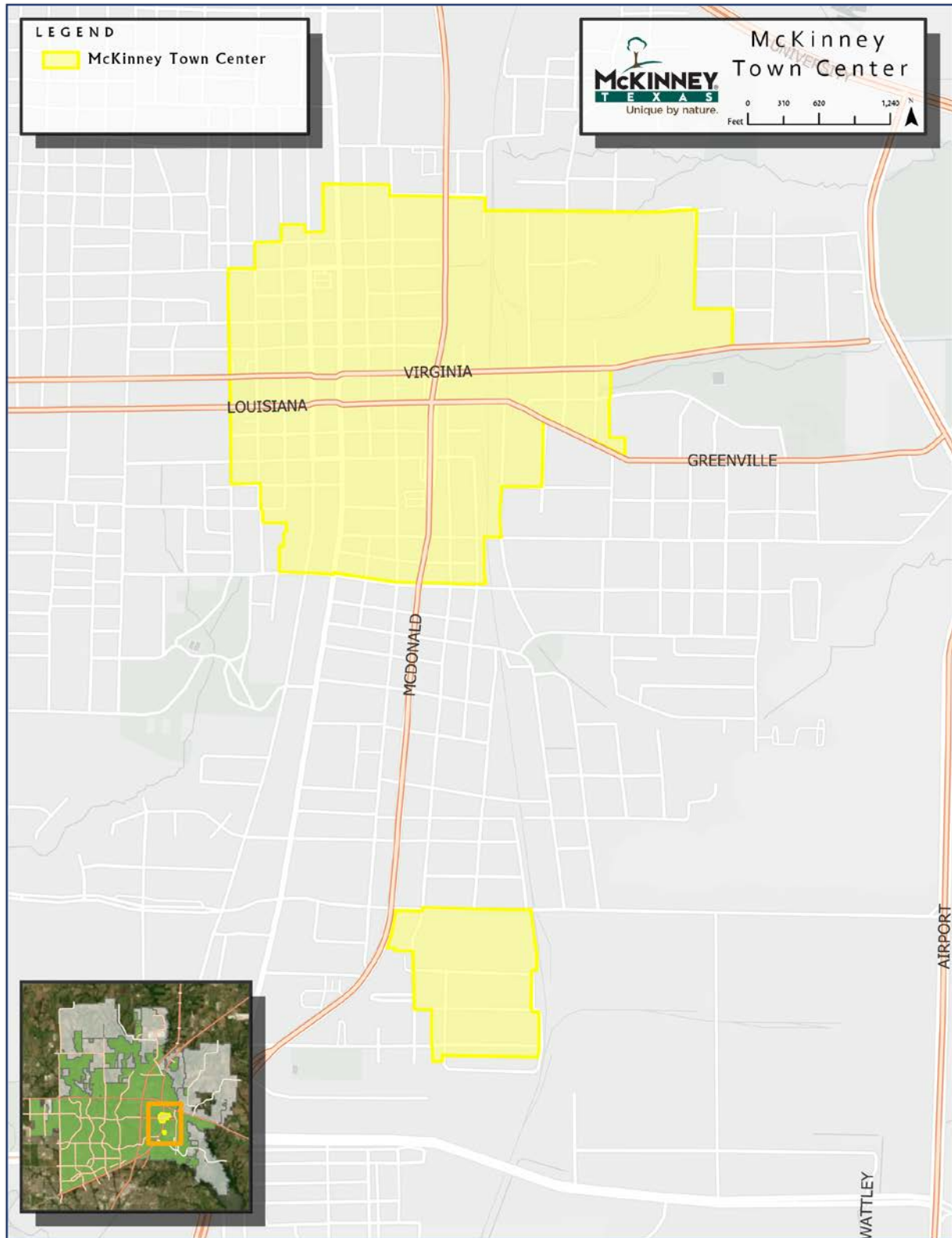
1. Map of Historic Districts



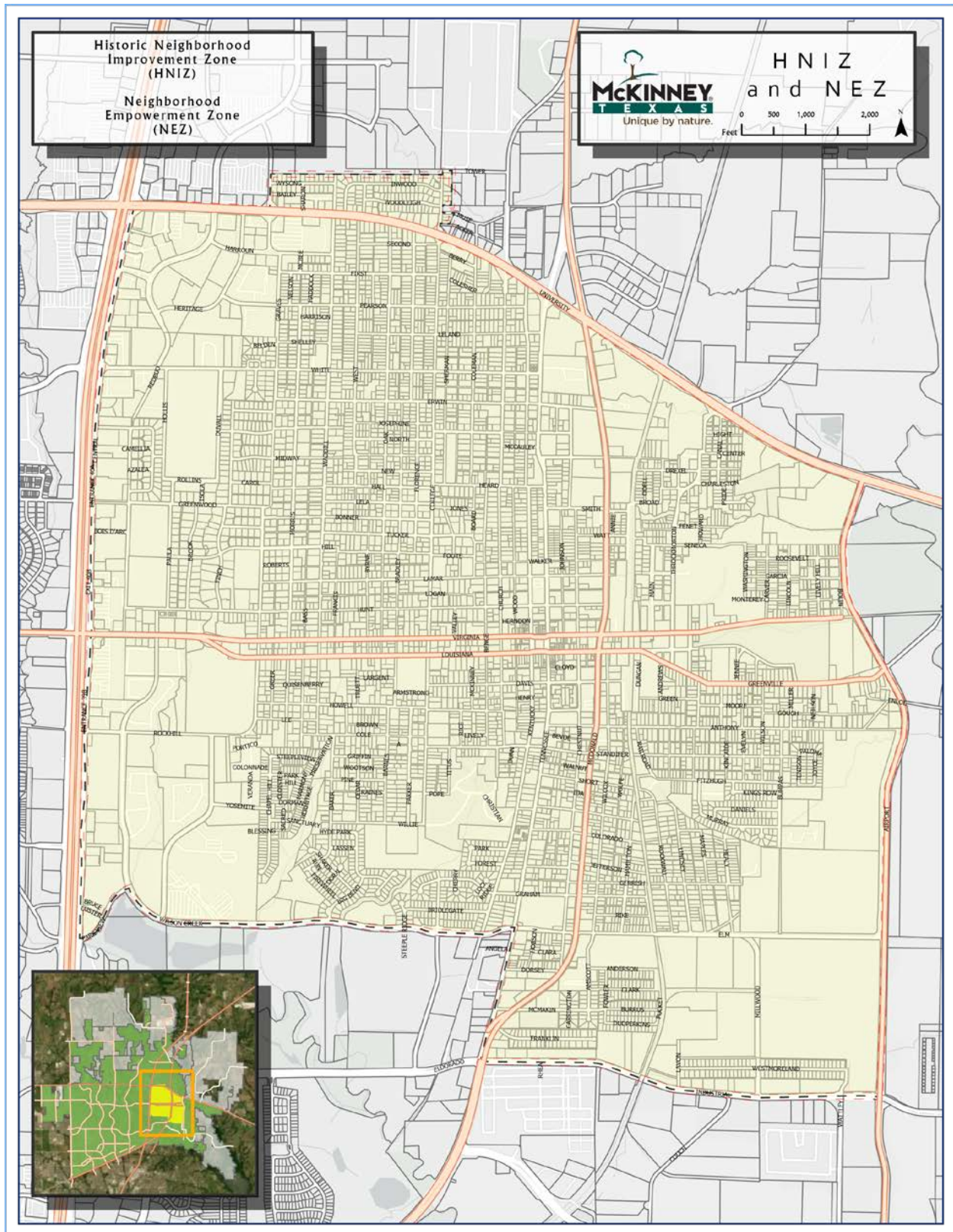
2. Map of the Traditional McKinney Neighborhood (TMN)



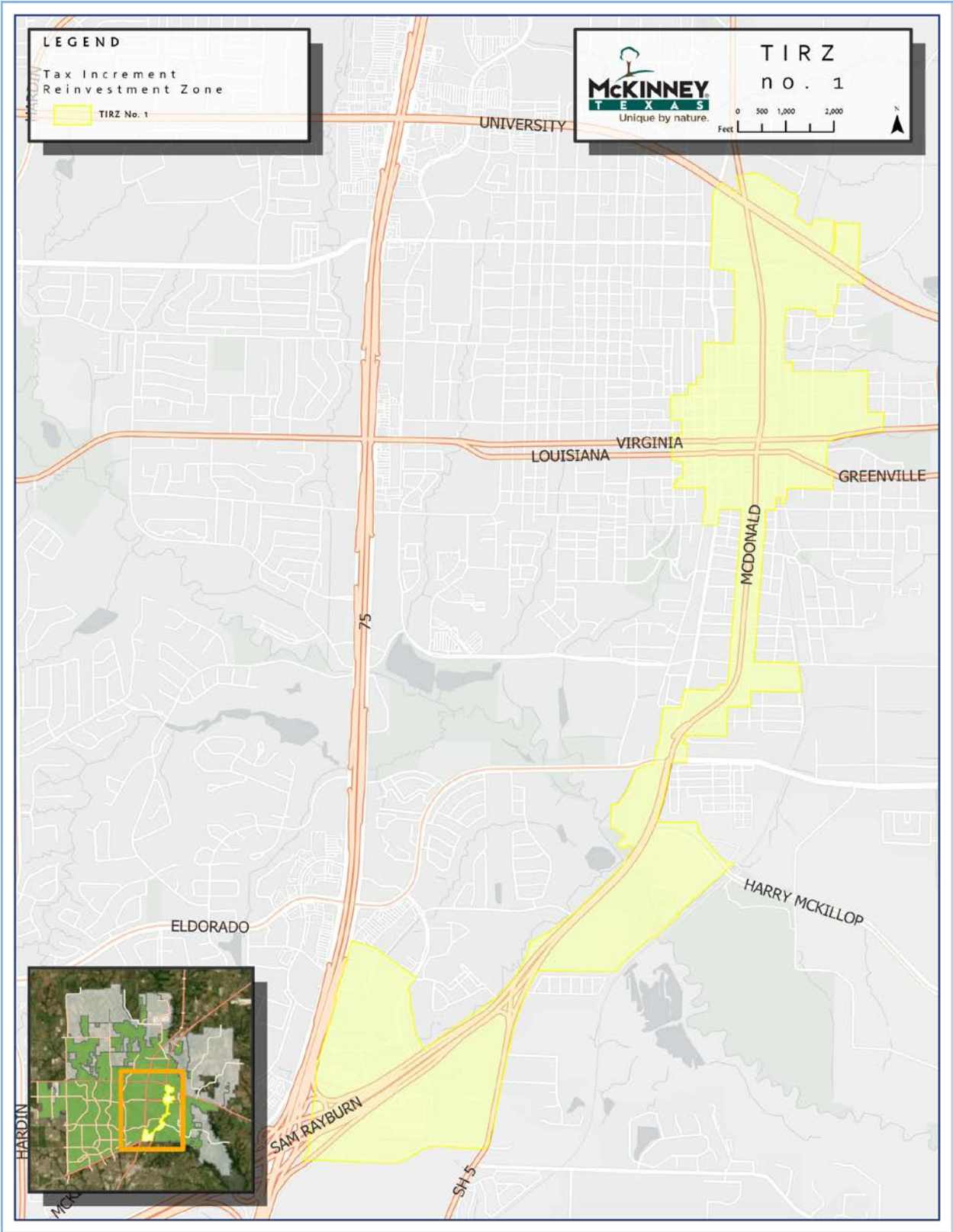
3. Map of the McKinney Town Center (MTC)



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



5. Map of TIRZ No. 1 Boundary



Appendices: (con't)

6. McKinney Historic Resource Inventory Survey
<http://mck.maps.arcgis.com/apps/MapJournal/index.html?appid=b8d9a92e75534707b56764e8b7532cce>
7. Check Lists: High, Medium, and Low
<https://www.mckinneytexas.org/DocumentCenter/View/20604/Checklists--High-Med-and-Low>
8. Certificate of Appropriateness Application Packet
<https://www.mckinneytexas.org/DocumentCenter/View/17/COA-Application-Packet-as-of-07-09-19?bidId=>
9. Walking Tours
<https://www.mckinneytexas.org/357/Walking-Tours>
10. Home Recognition Program
<https://www.mckinneytexas.org/351/Home-Recognition-Program>
11. Secretary of Interior's Standards for Rehabilitation
<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>
16. How to Become a Certified Local Government
<https://www.thc.texas.gov/preserve/projects-and-programs/certified-local-government/how-become-certified-local-government>