



HP2022-0104

TITLE: Consider/Discuss/Act on a Request by Kayce Mershon for a Level 2 (Rehabilitation Level) Historic Neighborhood Improvement Zone Program Tax Exemption for the Property at 304 S. Waddill Street

COUNCIL GOAL: Enhance the Quality of Life in Downtown McKinney

MEETING DATE: November 3, 2022

DEPARTMENT: Planning Department - Development Services

CONTACT: Cassie Bumgarner, Historic Preservation Planner
Paula Jarrett Nasta, AIA, Planning Manager

RECOMMENDED BOARD ACTION:

- Staff recommends approval of the request.

ITEM SUMMARY:

- The applicant requests approval of a Level 2 (Rehabilitation Level) HNIZ Program tax exemption for the property located at 304 S. Waddill Street.
- To be eligible for a tax exemption incentive under the HNIZ Program, residential properties must meet the minimum eligibility requirements of the program, along with specific criteria for the requested incentive level.
- Staff has reviewed the request and has found that it meets the minimum eligibility requirements of the HNIZ Program for a Level 2 (Preservation Level) exemption.
- Specifically, the criteria for a Level 2 Rehabilitation incentive are as follows:
 - The residential structure is at least 40 years old.
 - The home was built in 1935.
 - The owner receives a letter of eligibility from the City of McKinney verifying that proposed improvements qualify for a rehabilitation incentive.

- Although a letter of eligibility was not issued before the work commenced, the property owner had verified that the work was appropriate and eligible. Because the program was not accepting new applications, a formal Letter of Eligibility was not issued. However, the homeowner had received an approved Certificate of Appropriateness for the rehabilitation of the property prior to commencing the work.
 - The approved COA application included siding repairs, roofing replacement, rebuilding the chimney, an addition to the rear and a detached garage.
- No later than 12 months following the issuance of the letter of eligibility, the owner completes, or causes to be completed, verified, eligible improvements having a combined cost of at least \$10,000.
 - The applicants did the following eligible work, which exceeds \$10,000 within the last year:
 - HVAC installation (\$11,973.75)
 - Roofing (\$1,460.29)
 - Sanitary sewer line replacement (\$3,375.00)
 - Structural repair (\$3,500.00)
 - Painting (\$2,100)

BACKGROUND INFORMATION:

- The Historic Neighborhood Improvement Zone (HNIZ) Program was established in 2008 for the purpose of preserving the city's unique and historic neighborhoods while encouraging property owners to maintain and/or rehabilitate residential properties and structures.
- The HNIZ Program includes a three-tiered incentive structure whereby residential properties that meet specified criteria are eligible to receive ad valorem tax exemptions on city taxes for a designated period of time.
- To be eligible for an HNIZ Program incentive, the following minimum general requirements apply:
 - The property shall be located within the HNIZ Program area.
 - The property shall be owner-occupied and shall maintain a homestead exemption from the Collin Central Appraisal District for the life of the incentive period.
 - Verified, eligible improvements shall have received all necessary permits and approvals, including COAs.
 - The structure, accessory structures, grounds, property elements and building elements with their materials and finishes have been maintained in good repair and in operable condition.

- There are no pending code violations.
- The total ad valorem taxes owed to the city must be current and paid on time.

FINANCIAL SUMMARY:

- A Level 2 (Rehabilitation Level) incentive carries a 50% exemption from city ad valorem taxes for a period of ten years.
- In order to limit potential budgetary concerns, the HNIZ Program has an annual aggregate cap of \$500,000 for the total amount of city ad valorem taxes that can be exempted in any budget year.
- Per Collin County Tax Assessor, ad valorem taxes for this property in 2021 were approximately \$1,622.42.

SUPPORTING MATERIALS:

[HNIZ application](#)

[Staff Presentation](#)