

An Ordinance of the City of Plano, Texas, repealing Ordinance No. 2019-8-6, codified as Division 3, Historic Structures, of Article II, Ad Valorem Taxes, of Chapter 20, Taxation, of the Code of Ordinances; and replacing it with new provisions that establish and provide the parameters for the Heritage Tax Exemption Program for the City; and providing a repealer clause, a severability clause, a savings clause, a penalty clause, a publication clause, and an effective date.

WHEREAS, Article 8, Section 1-f of the Texas Constitution and the Texas Tax Code, Section 11.24, enable the City of Plano to exempt from taxation part or all of the assessed value of a structure if the structure is designated as a historically or archeologically significant site in need of tax relief to encourage its preservation; and

WHEREAS, the City Council has heretofore established a program of designating historic sites and structures as heritage resources, through the zoning process, in order to preserve and protect the cultural heritage of Plano; and

WHEREAS, by Ordinance 84-8-24, the City Council established provisions for historic structures for the City of Plano to grant partial exemption from ad valorem taxes for certain structures which have been recommended for exemption, and such Ordinances were collectively codified as Division 3, Historic Structures, Article II, Ad Valorem Taxes, of Chapter 20, Taxation, of the Code of Ordinances of the City of Plano; and

WHEREAS, designated heritage resources include heritage landmarks and heritage districts; and

WHEREAS, preservation of individually designated heritage landmarks and contributing structures within a heritage district is vital to the protection of the cultural heritage of Plano; and

WHEREAS, compatible structures within a heritage district contribute to the successful preservation of the heritage district by providing continuity, opportunities for economic development, and necessary infill; and

WHEREAS, the City Council wishes to provide tax relief for the purpose of encouraging historic preservation; and

WHEREAS, the City Council, on the recommendation of the Heritage Commission, wishes to provide a reduced tax exemption for owners who are otherwise not eligible for exemption by allowing for one-year waivers of standards with a reduced tax relief benefit and by allowing for an appeals process; and

WHEREAS, the City Council, on the recommendation of the Heritage Commission, wishes to change the appeal process to allow owners to formally appeal a staff recommendation of denial of the tax exemption benefit to the Heritage Commission and with City Council approving the final eligibility list for tax exemption; and

WHEREAS, upon the recommendation of the Heritage Commission, the City Council now finds it is necessary to adopt updated provisions for the tax exemption program for heritage preservation within the City of Plano and that such provisions are in the best interest of the City and its citizens.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PLANO, TEXAS, THAT:

Section I. Ordinance No. 2019-8-6, passed and approved by the City Council of the City of Plano, Texas, on August 26, 2019, is hereby repealed in its entirety.

Section II. Article II, Ad Valorem Taxes, Division 3, Historic Structures, of Chapter 20, Taxation, of the Code of Ordinances of the City of Plano is hereby replaced as follows:

“Sec. 20-51. – Granting of Exemptions.

The City Council shall by ordinance, concurrent with the levy of taxes for each current year, approve for partial exemption from ad valorem taxes certain historically significant sites that qualify for exemption pursuant to provisions of this division.

Sec. 20-52. – Historically Significant Sites.

For the purpose of this division, historically significant sites are defined as structures with (H) Zoning and structures located within (HD) zoning overlay districts, except for structures categorized as non-contributing structures within a (HD) zoning overlay district.

Sec. 20-53. – Classes of Historically Significant Sites.

Historically significant sites shall be divided into the following classes:

(1) *Class A.* Structures that are:

- a. Occupied exclusively for residential purposes; and
- b. Individually designated as a Heritage Landmark (H).

(2) *Class B.* Structures that are:

- a. Occupied in whole or in part for purposes other than residential; and

- b. Individually designated as a Heritage Landmark (H).

(3) *Class C.* Structures that are:

- a. Occupied exclusively for residential purposes;
- b. Located in a designated Heritage District (HD); and
- c. Categorized as contributing or compatible to the (HD) district.

(4) *Class D.* Structures that are:

- a. Occupied in whole or in part for purposes other than residential;
- b. Located in a designated Heritage District (HD); and
- c. Categorized as contributing or compatible to the (HD) district.

Sec. 20-54. – Percentage of Value Exempted.

The following classes of historically significant sites, which are approved for exemption by ordinance pursuant to the provisions of this division, shall, at a maximum, have the following percentage of assessed improvement value exempt from ad valorem taxes levied by the City:

- (1) Class A structures shall have a maximum exemption of one hundred (100) percent of the assessed improvement value of the structure during the applicable collection period.
- (2) Class B structures shall have a maximum exemption of fifty (50) percent of the assessed improvement value of the structure during the applicable collection period.
- (3) Class C structures shall have a maximum exemption of seventy-five (75) percent of the assessed improvement value of the structure during the applicable collection period.
- (4) Class D structures shall have a maximum exemption of thirty-eight (38) percent of the assessed improvement value of the structure during the applicable collection period.

A historically significant site may qualify for fifty (50) percent of the maximum heritage tax exemption if granted a waiver as described in Section 20-59.

Sec. 20-55. – Eligibility Requirements.

To qualify for the maximum heritage tax exemption, a historically significant site must comply with the following eligibility requirements as of January 1 of the year in which the tax exemption is to be granted (current year):

- (1) The structure's owner has not been convicted of a violation of a City regulation related to preservation and maintenance of the property or structure or a violation of a health or safety regulation in the past year;
- (2) There are no delinquent property taxes owed to the City of Plano;
- (3) No permits or applications for demolition or relocation of the structure have been submitted, suspended, approved, issued, or are in any other stage that may allow demolition or relocation of the structure during the current year;
- (4) No exterior work was completed, installed, or is under construction without a Certificate of Appropriateness (CA) or in deviation of a previously approved CA; and
- (5) All required maintenance items listed in a previous tax exemption inspection report have been completed by the established deadlines, if applicable.

Sec. 20-56. – Application.

Applications for heritage tax exemption shall be submitted as follows:

- (1) For the assessment year for which the owner of the structure desires such structure to be tax exempt to the extent provided by this division, the owner shall file with the Heritage Preservation Officer an application, no later than January 1, attesting that the eligibility requirements of this article and Texas Tax Code Section 11.42 are fully satisfied.
 - a. Once the owner has filed and been approved for tax exemption of a property, a new application shall not be required to be filed by the property owner annually as long as he/she retains ownership of the property.
 - b. If the property ownership changes on an exempt property, the property shall retain tax exempt status for the remainder of the current year and the new property owner is responsible for any outstanding repairs and other eligibility requirements to maintain eligibility for the following year. A new application will be required to be filed as set out herein for the following assessment year.
 - c. If a property owner was previously denied tax exempt status for a property, a new application will be required to be filed as set out herein. Any outstanding eligibility requirements, including maintenance items identified in previous tax exemption inspections, must be met to regain eligibility.

- (2) Application forms are to be available online and from the City Planning Department.
- (3) The application shall affirmatively set forth the owner's authorization for City staff members to visit and inspect the property and books and records as necessary to certify whether or not the structure is being preserved and maintained as required by Sec. 20-57 of this division.

Sec. 20-57. – Inspection.

Upon receipt of sworn application, the Heritage Preservation Officer, or his/her designees, shall inspect the property and review the books and records as necessary to certify the following:

- (1) The property meets the eligibility requirements as outlined in Section 20-55 (1)-(4); and
- (2) All required maintenance items have been adequately addressed so that 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 to avoid decay, damage, structural failure and hazardous or unsafe conditions to life, health, or other property. Generally:
 - a. Exterior surfaces of all structures (main structure and accessory structures) shall be clean, maintained, protected, and weathertight. Surfaces that have been previously painted/stuccoed shall be protected with paint and/or other appropriate finishes/coatings.
 - b. Repainting/paint touch-ups shall closely match the existing paint colors and applied at reasonable intervals.
 - c. Damaged, loose, or rotted materials/details shall be reestablished, repaired or replaced. All joints or cracks shall be weatherproofed appropriately by proper maintenance.
 - d. Exterior facades shall be clean from any graffiti, overgrown vegetation, and left over residues from previous work/installations.
 - e. Damaged or worn property elements such as those listed in the immediate section below shall be repaired, restored or replaced and secured properly to remain operable.
 - f. Vacant structures shall be securely closed and weathertight. Any unoccupied structure shall be maintained and secured to avoid becoming a structure that may be considered demolished by neglect as defined in Chapter 16, Planning and Development, Article IV. Heritage Resource Preservation.

- g. Exterior materials shall be maintained to historic standards as outlined in the Heritage District Design Guidelines/Standards and the Secretary of the Interior's Standards for the Treatment of Historic Properties.
- h. Exterior plumbing, electrical and mechanical fixtures shall be secured properly.
- i. Grounds shall be maintained free of excessive rubbish, garbage, junk, refuse or debris.

Sec. 20-58. – Eligibility Determination and Certification.

Following completion of the inspection, the Heritage Preservation Officer, or his/her designee, shall make a determination as to whether or not the application meets all eligibility requirements. Upon such determination:

- (1) A list of all properties which have been certified in compliance with the eligibility requirements shall be forwarded to the City Council for approval.
- (2) Notification shall be sent to applicants of properties that do not meet the eligibility requirements for tax-exempt status by certified mail.

Sec. 20-59. – Appeals/Extensions and Waivers to Eligibility Determination.

Applicants who receive a notification that their property does not meet the eligibility requirements may request an extension or appeal to the Heritage Commission as follows:

(1) Appeals/Extensions.

- a. Requests for appeals/extensions shall be submitted in the form of a signed letter from the owner of the property, or his or her authorized agent, to the Heritage Preservation Officer by the deadline established in the notification. The request should include:
 - i. The reason(s) for the appeal/extension; and
 - ii. Documentation to support the reason(s) for appeal/extension.
- b. The Heritage Preservation Officer shall submit the letter to the Heritage Commission for its review.
- c. The Heritage Commission may approve or deny the appeal/extension request. In considering appeals/extensions, the Heritage Commission may grant an appeal/extension and determine the property eligible for exemption if it finds that:

- i. There was an error in determining the property did not meet the eligibility requirements in Section 20-55 (1)-(5) for tax-exempt status as of January 1 of the current year; or
- ii. Cost estimates or other information indicating the repair required is more substantial than initially expected; or
- iii. The required maintenance items identified in the inspection report are being addressed as part of a larger series of repairs or improvements that may require additional time to complete than allowed by the deadline established in the inspection report; or
- iv. Granting an appeal/extension is in the best interests of the long-term preservation and maintenance of the historically significant site.

(2) Waivers.

- a. In lieu of granting an appeal/extension, the Heritage Commission may grant a one-year waiver from eligibility requirements as allowed in subsection c below.
- b. Approval of a waiver shall qualify a property to receive a fifty (50) percent reduction as follows:
 - i. Class A structures shall have an exemption of fifty (50) percent of the assessed improvement value of the structure during the applicable collection period.
 - ii. Class B structures shall have an exemption of twenty-five (25) percent of the assessed improvement value of the structure during the applicable collection period.
 - iii. Class C structures shall have an exemption of thirty-eight (38) percent of the assessed improvement value of the structure during the applicable collection period.
 - iv. Class D structures shall have an exemption of nineteen (19) percent of the assessed improvement value of the structure during the applicable collection period.
- c. The Heritage Commission may approve the waiver request unless:
 - i. A waiver from eligibility requirements was granted for the previous year; or
 - ii. There are delinquent taxes owed to the City of Plano; or

- iii. Permits or applications for demolition or relocation of the structure have been submitted, suspended, approved, issued, or are in any other stage that may allow demolition or relocation of the structure during the current year.

The Heritage Commission shall act on the request in a timely manner, as practicable, so as to allow all properties granted an appeal, extension, or waiver to be included in the list of eligible properties forwarded to the City Council as described in Section 20-58(1) of this division. If denied an appeal, extension, or waiver, a new application may be submitted for the following year.

Sec. 20-60. – City Council Adoption Ordinance.

The City Council shall consider and adopt an ordinance granting partial tax exemption under this division. The ordinance shall specify the class of exempt structures and shall provide that all land shall be assessed for taxation in the same equal and uniform manner as all other taxable properties in the City. The City shall forward a copy of the ordinance to the appraisal district no later than March 1 of the subject year.

Sec. 20-61. – Inspection Report and Required Maintenance Items.

By no later than March 31st of the current year, the Heritage Preservation Officer, or his/her designee, shall send to the applicant:

- (1) Written notification of the City Council's approval; and
- (2) A copy of the inspection report that details, at a minimum:
 - a. *Required Maintenance Items.* Any maintenance deficiencies, as generally described in Section 20-57(2), that require repair by the end of the current year in order to maintain eligibility for the following year.
 - b. *Other Maintenance Items.* Any other maintenance deficiencies that do not require repair by the end of the current year to maintain eligibility for the following year, but that may continue to deteriorate to if left unresolved and result in listing as a required maintenance item in future inspection reports.

Sec. 20-62. – Appeal of Inspection Report.

- (1) Any applicant may appeal the results of the inspection report by April 30 of the current year in the form prescribed in the written notification of City Council's approval. Appeals shall be limited to required maintenance items.
- (2) The Heritage Commission shall consider any appeals of the inspection report by May 31 of the current year. The Heritage Commission may grant an appeal if it finds that extenuating circumstances exist. Such circumstances should generally be

justified by supportive documentation showing that the required repair was misidentified or did not exist in the manner described in the inspection report.

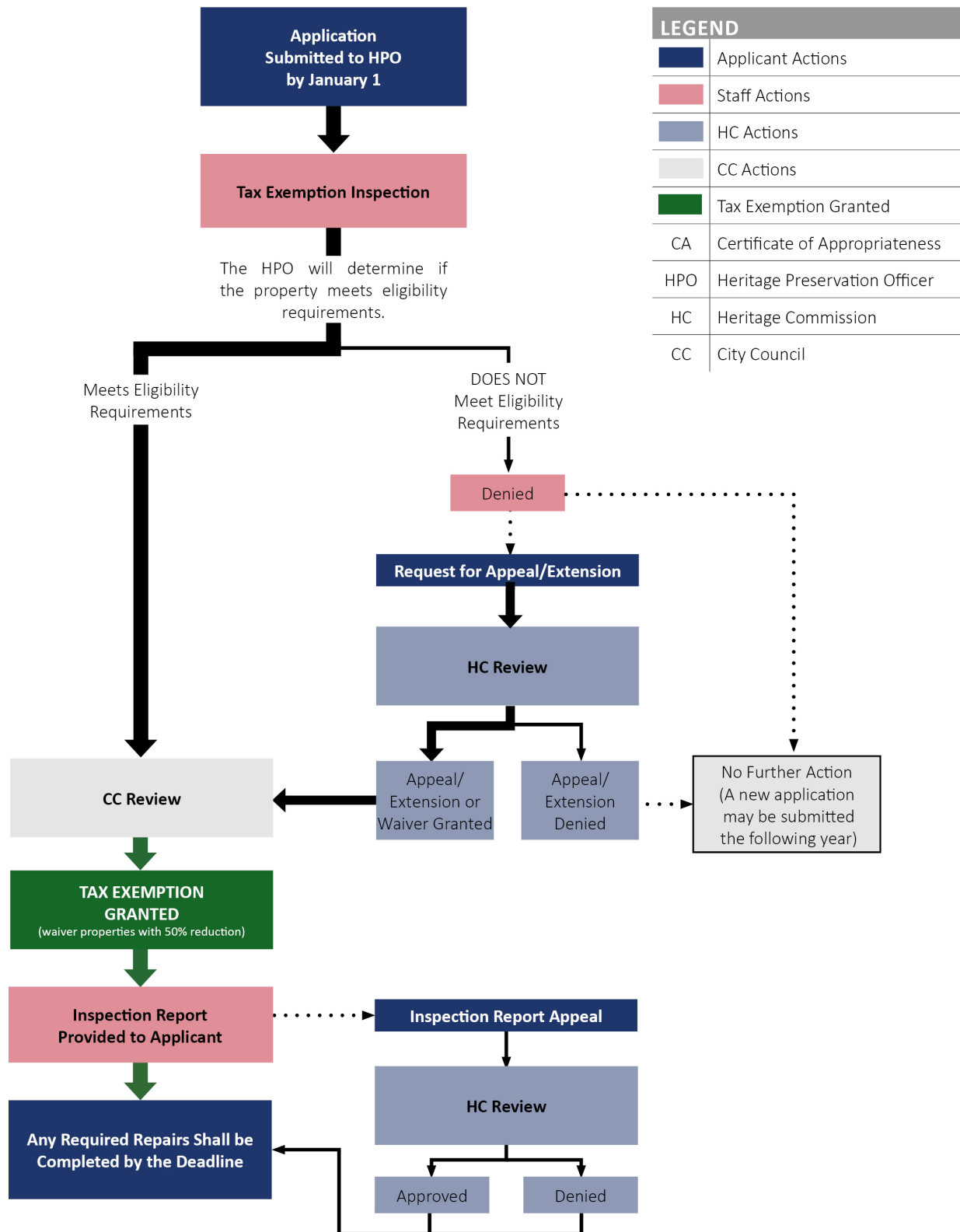
Sec. 20-63. – Rendition and assessment of historically significant sites for ad valorem taxation.

The provisions of this division pertaining to partial exemption of historically significant sites do not change the provisions of any other ordinance provision of the City pertaining to taxation, and the applicant's structures shall be rendered and assessed in the same manner as any other property if the City Council elects to disapprove the application for exemption.

Sec. 20-64. – Definitions.

The definitions codified in Article VI, Heritage Resource Preservation, of Chapter 16, Planning and Development, of the Code of Ordinances of the City of Plano, as amended, shall apply to this Division.

Exhibit A – Summary of Heritage Tax Exemption Process



Section III. All provisions of the Code of Ordinances of the City of Plano in conflict with the provisions of this Ordinance are hereby repealed, and all other provisions of the Code of Ordinances of the City of Plano not in conflict with the provisions of this Ordinance shall remain in full force and effect.

Section IV. It is hereby declared to be the intention of the City Council that the sections, paragraphs, sentences, clauses, and phrases of this Ordinance are severable, and if any phase, clause, sentence, or section of this Ordinance shall be declared unconstitutional or invalid by any court of competent jurisdiction, such unconstitutionality or invalidity shall not affect any other remaining phrase, clause, sentence, paragraph, or section of this Ordinance.

Section V. The repeal of any Ordinance or part of Ordinances effectuated by the enactment of this Ordinance shall not be construed as abandoning any action now pending under or by virtue of such Ordinance or as discontinuing, abating, modifying or altering any penalty accruing or to accrue, or as affecting any rights of the municipality under any section or provisions at the time of this Ordinance.

Section VI. Any person, firm, or corporation found to be violating any term or provision of this Ordinance, shall be subject to a fine in accordance with Section 1-4(b) of the City Code of Ordinances for each offense. Every day a violation continues shall constitute a separate offense.

Section VII. This Ordinance shall become effective immediately upon its passage and publication as required by law.

PASSED AND APPROVED THIS THE 22ND DAY OF AUGUST 2022.

John B. Muns, MAYOR

ATTEST:

Lisa C. Henderson, CITY SECRETARY

APPROVED AS TO FORM:

Paige Mims, CITY ATTORNEY