

DOWNTOWN SAN ANGELO HISTORIC DISTRICT

Economic Incentive Policy

To encourage revitalization of historic downtown, the City of San Angelo offers incentives for development in the Downtown Historic District.

The incentives are part of an overall strategy to leverage investment, lower the cost of doing business and level the playing field for businesses and property owners choosing to invest in downtown properties. Incentives will be available to any existing or new building that has at least 75% floor area proposed to be one or more of the following uses: residential, retail, restaurant and entertainment related. Mixed use projects may contain no more than 25% of floor area dedicated to office use.

Unless specifically exempted, all projects seeking incentives must meet current building standards, codes and permitting requirements as well as be current on all taxing obligations. Projects seeking incentives must apply for, if eligible, Historic Overlay Zoning (HOZ). Approval for HOZ is not required to receive incentives. All incentives are subject to funding availability, final approval by the City of San Angelo and, depending on the project, may be more than provided for herein.

1) **Tax Abatement Policy**

An abatement of City property taxes on real property will be granted when the proposed rehabilitation and/or improvement(s) increase the value of the existing real property by a minimum of fifty (50) percent.

The abatement will be calculated on the appraised value of improvements as follows:

Projects exceeding \$25,000 in construction and design* costs					
Year	1	2	3	4	6-10
Abatement	100%	100%	80%	80%	50%

Design fees will only be included in the abatement if a registered architect has designed the project.

- 2) **Facade Improvement Program:** Designed to help downtown property owners and/or tenants improve the aesthetic appearance of downtown properties. The matching grant is based on an assigned value of \$18 per square foot of street-facing facade area per building up to a limit of \$15,000. In Year 1 of the program, there will be a 75%/25% (City/Applicant) match not to exceed \$15,000. In Year 2, the match will be 60%/40%, and in Year 3 and following, 50%/50%.

The program provides reimbursable grants for approved improvements that restore, rehabilitate, enhance or beautify a structure. Limited program funds are approved on a first-come, first-served basis.

- 3) **Sales & Use Tax Rebate Program:** Designed to encourage new construction and major renovation of downtown properties, the City offers a 100% sales tax rebate on locally-purchased construction materials and equipment used to remodel, rehabilitate, reuse or build a structure in downtown San Angelo. A minimum expenditure of \$25,000 is required.

- 4) **Development Fee Reduction Program:** Several development fees for projects located within the downtown district are reduced. Through September 31, 2014, the following fees will be reduced by 80% for the following development applications:

- Preliminary Plat, Final Plat, Amended Plat and Replat
- Abandonment of public right of way or easements
- Dedication of a public right-of-way or easement
- Special Use, Conditional Use or Zone Change Request

- Building Permit fees up to \$5,000
- Off street sign demolition permit fees (removal of billboards)
- Demolition of any non-historic building or structure

5.) **Life-Safety Incentive Programs**

Water Tap Refund Program: The City of San Angelo will pay up to 75% of costs associated with installation of a new water service tap onto a downtown water main if the proposed tap is for the purpose of installing a required fire sprinkler system. Maximum incentive—\$5,000.

Secondary Egress Grant Program: The City of San Angelo will provide a grant toward the installation of additional exits if required by Fire or Building Codes. Amounts are based on the following:

- 50% of costs associated with creating additional fire exits
- Maximum of \$5,000 per floor with a total incentive maximum of \$20,000

6.) **Asbestos Abatement Incentive Program:** The Tax Increment Reinvestment Zone (TIRZ) can pay for the abatement of asbestos in properties located within the TIRZ area. Asbestos abatement incentives will be calculated as follows:

- Floor tile—\$1.50 per square foot
- Walls or ceiling tile—\$2.50 per square foot
- Wiring or duct work—\$2.50 per square foot
- Other—to be determined

Due to funding limitations, no asbestos abatement incentive shall exceed \$10,000 without the approval of the City Council.

7.) **Historic Rehabilitation Tax Credits**

The National Park Service administers this program. The tax incentives promote the rehabilitation of historic structures of every period, size, style and type. Through the program, abandoned or under used schools, warehouses, factories, churches, retail stores, apartments, hotels, houses, and offices throughout the country have been restored to life in a manner that maintains their historic character.

Current tax incentives for preservation, established by the Tax Reform Act of 1986 (PL 99-514; Internal Revenue Code Section 47 [formerly Section 48(g)]) include:

- 20% tax credit for the certified rehabilitation of certified historic structures.
- 10% tax credit for the rehabilitation of non-historic, non-residential buildings built before 1936.

A tax credit differs from an income tax deduction. An income tax deduction lowers the amount of income subject to taxation. A tax credit, however, lowers the amount of tax owed. In general, a dollar of tax credit reduces the amount of income tax owed by one dollar.

- The 20% rehabilitation tax credit equals 20% of the amount spent in a certified rehabilitation of a certified historic structure.
- The 10% rehabilitation tax credit equals 10% of the amount spent to rehabilitate a non-historic building built before 1936.

The National Development Council (NDC), through a joint contract with the San Angelo Development Corporation and the City of San Angelo, provides ongoing advice and assistance to any building owner wishing to take advantage of the historic rehab tax credits.

8.) **Main Street Design Assistance:** San Angelo was designated a Texas Main Street City by the Texas Historical Commission (THC) in 2005. One benefit of this designation is free architectural

design assistance provided by the design staff of the THC's Main Street Program. Property owners within the Main Street district benefit from architectural services for rehabilitating storefronts, entire buildings, sign design and conducting building maintenance projects on historic structures. Services generally include on-site visits, architectural renderings, color selection and other design assistance related to building rehabilitation. These services are coordinated through the Downtown San Angelo, Inc. office.

OTHER INCENTIVES AVAILABLE

San Angelo Development Corporation (SADC) Incentives: SADC was created by San Angelo voters who approved an additional ½ cent local sales tax to (1) facilitate the development of new businesses and expansion of existing businesses which create primary jobs, (2) provide for infrastructure necessary to promote or develop new or expanded business enterprises, (3) develop the San Angelo Business & Industrial Center and (4) develop, implement, provide, and finance certain voter approved community projects

Financial assistance may be provided through the following:

- Grants
- Loan participation(s) with local financial institutions

Grow San Angelo Fund: This fund is a partnership between the San Angelo Development Corporation and the Grow America Fund, Inc. (GAF). The Grow San Angelo Fund is an SBA 7(a) guaranty program administered by the National Development Council (NDC). NDC is one of the nation's oldest not-for-profit corporations specializing in community, economic and public facility development. The Grow San Angelo fund is designed to help small businesses within the City of San Angelo obtain the financing required to grow their business. GSA will look to finance healthy, successful small businesses that need expansion capital.

For complete information about SADC incentive programs, see Appendix A & B.

CODE BENEFITS FOR DOWNTOWN DEVELOPMENT

- 1.) **International Existing Building Code:** The City of San Angelo has adopted the International Existing Building Code, a developer-friendly code that allows for improvements that consider the design limitations of older buildings to encourage adaptive reuse by allowing different levels of modification to existing structures.