



City of Pensacola

222 West Main Street
Pensacola, FL 32502

Memorandum

File #: 21-17

City Council

7/13/2017

LEGISLATIVE ACTION ITEM

SPONSOR: Ashton J. Hayward, III, Mayor

SUBJECT:

PROPOSED ORDINANCE NO. 21-17 - REQUEST FOR HISTORIC PRESERVATION AD VALOREM PROPERTY TAX EXEMPTION - IMPROVEMENTS TO 105 WEST JACKSON STREET

RECOMMENDATION:

That City Council adopt Proposed Ordinance No. 21-17 on second reading as amended.

AN ORDINANCE GRANTING AN HISTORIC PRESERVATION AD VALOREM PROPERTY TAXATION EXEMPTION FOR 100% OF THE VALUE OF REAL PROPERTY IMPROVEMENTS UP TO \$644,926 PER YEAR FOR A TEN YEAR PERIOD FROM JANUARY 1, 2017 THROUGH DECEMBER 31, 2026 FOR THE STRUCTURE LOCATED AT 105 WEST JACKSON STREET, PARCEL NUMBER 000S009010110019, ACCOUNT NUMBER 131127000; REPEALING CLAUSE; PROVIDING AN EFFECTIVE DATE..

HEARING REQUIRED: No Hearing Required

SUMMARY:

State of Florida Statute 196.1997 and the City of Pensacola City Code sections 3-4-91 through 3-4-103 authorize exemption from ad valorem taxation up to 100 percent of the assessed value of all improvements to historic properties which result in the restoration, renovation, or rehabilitation of such property. The program allows up to one-hundred percent (100%) abatement of the assessed value of the improvements to real property for up to 10 years regardless of any change in the authority of the city to grant such exemptions or any change in ownership of the property. In order to retain the exemption, however, the historic character of the property, and improvements which qualified the property for an exemption, must be maintained over the period for which the exemption is granted.

Exemptions shall apply only to taxes levied by the City, excluding levies for the downtown improvement board. Per Sec. 3-4-92, exemptions do not apply to taxes levied for the payment of bonds or to taxes authorized by a vote of electors pursuant to s. 9(b) or s.12, Art. VII of the State Constitution. The exemption must be recommended by the University of West Florida Historic Trust and City Council shall consider approval of an ordinance specifying the amount and period of the exemption.

Belinda Russell applied for an exemption for the improvements made to a contributing property, circa 1889,

located at 105 West Jackson and referenced in the National Register of Historic Places Inventory Nomination for the North Hill Preservation District as “The Barn”. The building has been renovated on the interior and exterior to be used as a residential property.

Pursuant to City Code Section 3-4-101, the City forwarded the application form submitted by Belinda Russell to the Escambia County Property Appraiser who reported the following information to the City that is required to be included in the ordinance granting an historic exemption.

1. The total taxable value of all property within the City for the current fiscal year is \$3,324,404,893, which is based on 2016 Values. (2017 Tax Roll not yet available)
2. The total exempted value of all property in the City which has been approved to receive historic preservation ad valorem tax exemption for the current fiscal year is \$75,000, which is based on 2016 values. (2017 Tax Roll not yet available)
3. The total assessed value for 2014 for the referenced property before renovations was \$340,197 which breaks down as follows; \$248,697 for improvements and \$91,500 for land.
4. The investment in the property was \$644,926 per schedule of values by Bucco Construction Company LLC dated 2/10/16 and supplied with application.
5. 2017 taxes and assessed value have not yet been determined because 2017 tax roll not complete and certified.
6. Based on stated investment cost of \$644,926 and City’s 2016 millage rate of 4.2895 the City will be waiving a maximum of \$2,766 in new ad valorem taxes per year for ten years for a total exemption of \$27,660.

University of West Florida Historic Trust certifies to the city that the property located at 105 West Jackson for which an exemption is requested satisfies paragraph (a) of Sec. 3-4-94. - Property to which exemptions apply. Historic Preservationists at University West Florida Historic Trust conducted a review and verified that the project is consistent with the Secretary of the Interior’s Standards for Rehabilitation, the project exceeds \$5,000.00 in actual expenditures and meets criteria established in subsections 3-4-96 (b) and (c) and meets the requirements of this division.

A property owner qualifying for an exemption under this division shall execute a historic preservation property tax exemption covenant, on a form approved by the Division of State, requiring that the character of the property, and the qualifying improvements to the property, be maintained during the period that the exemption is granted. The covenant or agreement shall be binding on the current property owner, transferees, and their heirs, successors, or assigns. On or before the effective date of the exemption, the owner of the property shall have the covenant recorded with the deed for the property in the official records of Escambia County.

The following conditions shall provide justification for removal of a property from eligibility for the property tax exemption provided under this division: (1) The owner is in violation of the provisions of the historic preservation tax exemption covenant; or (2) The property has been damaged by accidental or natural causes to the extent that the historic integrity of the features, materials, appearance, workmanship and environment, or archeological integrity which made the property eligible for listing in the National Register or designation under the provisions of the local preservation ordinance have been lost or so damaged that restoration is not feasible. Violation of the covenant or agreement results in the property owner being subject to the payment of differences between the total amount of taxes which would have been due in March of the previous years in which the covenant or agreement was in effect had the property not received the exemption and the total amount of taxes actually paid in those years, plus interest on the difference calculated as provided in F.S. s 212.12(3).

PRIOR ACTION:

September 8, 1994 - City Council adopted Ordinance No. 31-94 authorizing the Council to exempt from ad valorem taxation up to 100% of the assessed value of improvements undertaken to restore historic properties for a period of up to 10 years. The City's ordinance follows the two-step process set forth in the Florida Administrative Code rules for this exemption program and requires a pre-construction application and post-construction application review and approval process.

September 3, 2000 - Florida Administrative Code rule change allowing property owners to apply for this exemption after completing improvements.

January 11, 2001 - City Council approved Proposed Ordinance No. 2-01 - Amending Section 3-4-96 of the City Code; Modifying Process for Historic Property Improvement Tax Exemption; providing an effective date on first reading.

2001 - City Council adopted Ordinance No. 07-01 on second reading.

June 8, 2017-City Council approved Proposed Ordinance No. 21-17 on first reading.

FUNDING:

N/A

FINANCIAL IMPACT:

The Escambia County Property Appraiser's Office has estimated the Historic Preservation Tax Exemption, if granted, is \$27,660.

CITY ATTORNEY REVIEW: Yes

5/23/2017

STAFF CONTACT:

Eric W. Olson, City Administrator
Rebecca Ferguson, Economic Policy Coordinator

ATTACHMENTS:

- 1) Proposed Ordinance No. 21-17
- 2) City Code 3-4-91 - 3-4-103
- 3) Florida Statute 196.1997- Ad Valorem Tax Exemptions - Historic Properties
- 4) Application - Historic Properties Exemption - 105 West Jackson
- 5) Covenant Agreement - 105 West Jackson
- 6) Property Appraiser - Letter - Parcel Information - 105 West Jackson
- 7) ARB Minutes - May 21, 2015

- 8) Legal Opinion - Lysia H. Bowling, City Attorney - 105 W Jackson
- 9) National Register - North Hill Preservation District
- 10) 105 W. Jackson Covenant
- 11) June 26, 2017 Memorandum

PRESENTATION: No