

**CITY OF ST. PETERSBURG CITY COUNCIL
CONSENT AGENDA
MEETING OF MARCH 17, 2016**

TO: The Honorable Amy Foster, Chair, and Members of City Council
FROM: Larry Frey, PhD, AICP, Historic Preservationist II
SUBJECT: Review of Ad Valorem Property Tax Exemption Applications (Part II: Review of Completed Work) for the following historic properties:

- 836 16th Avenue Northeast, Elwyn Residence (Blair House-Contributing property to the North Shore Historic District)
- 7401 Central Avenue, Crystal Bay Hotel (Sunset Hotel-Local Landmark)
- 936 17th Avenue Northeast, Hanson/Lucas Residence (Contributing property to the North Shore Historic District)
- 656 1st Street North, Ulrich Residence (Thomas Whitted House-Local Landmark)
- 1224 Dr. Martin Luther King, Jr. Street South, Everett Residence (Henry Bryan House-Local Landmark)

BACKGROUND: In 1992, the voters of Florida approved a constitutional amendment allowing ad valorem tax exemptions for up to ten years on certain improvements to designated historic properties. The City of St. Petersburg adopted this amendment (Section 16.30.070.4) on July 21, 1994, giving the City's homeowners financial incentives to preserve and sensitively improve the City's historical resources. The ad valorem tax exemption was also adopted by Pinellas County in January 1996, as part of intergovernmental coordination efforts and to make the incentive even more robust. This incentive program allows for the exemption of up to 100 percent of the resulting assessed value of "qualifying improvements" to "qualifying historic properties." A qualifying historic property in the City of St. Petersburg is defined as:

- A property designated as a local landmark or part of a multiple property landmark;
- A contributing resource to a local historic district;
- A property listed in the National Register of Historic Places;
- A contributing resource in a historic district listed in the National Register of Historic Places; or
- A property proposed for listing as an individual or contributing resource on either register.

The improvements must be sympathetic to the historic architectural character of a resource or property in reference to recognized standards of preservation, restoration, or rehabilitation, as guided by local design standards and the Secretary of the Interior's Standards for the Treatment of Historic Properties. Applicants generally have two years to complete the qualifying improvements and submit detailed expense accounting to staff, who prepares the application documents for review and approval by the St. Petersburg City Council and the Pinellas Board of County Commissioners. The Pinellas County Property Appraiser then reassesses the historic property. And any resulting tax increase

based on the qualified improvements is scheduled for exemption for a period of ten years. The tax exemption continues even if ownership of the historic property changes.

The ad valorem tax exemption process requires that the owner submit a *Part One – Preconstruction Application* prior to initiating any work on qualifying improvements. A Certificate of Appropriateness application also is required for exterior alterations of all locally landmarked buildings, which is typically submitted in tandem with the Part One application, above. This Preconstruction Application package lists all improvements to be undertaken, as well as the estimated cost of the project, a copy of the most recent tax assessment and bill for the property, site plans, and other information necessary for staff and other interested parties to evaluate the qualifying improvements.

When the work is completed, the owner submits a *Part Two – Request for Review of Completed Work*, which includes documentation of the cost of the qualifying improvements. The project must meet the following criteria in order to be deemed in compliance as a qualifying improvement to the property:

- The property must be a “qualifying historic property” as defined above;
- Qualifying improvements to the property must equal or exceed 10 percent of its assessed value (based on the year the Part One application was approved);
- The improvements must comply with the *Secretary of the Interior’s Standards for the Treatment of Historic Properties*, and local design guidelines;
- All improvements must be started *after* the Part One application was submitted for review, and then completed within two years of the date of approval.

In addition, certain procedural requirements are necessary, as follows:

- 1) A covenant, in the form which has been approved by the City Attorney, must be executed by the property owner before an exemption can be approved by the City Council. The covenant provides that the property owner shall maintain and repair the property so as to preserve and maintain the historic architectural qualities or historical or archaeological integrity of the qualifying property for which an exemption is granted;
- 2) If the exemption is granted, the property owner shall have the covenant recorded in the official records of Pinellas County prior to the effective date of the exemption. The covenant shall be binding on the property owner, transferees, and their heirs, successors or assigns. The applicant shall provide a certified copy of the recorded covenant to the POD within 120 days of the City Council approval of the exemption or said approval by City Council shall be void. If the property changes ownership during the exemption period the requirements of the covenant are transferred to the new owner;
- 3) As part of City Council approval, a resolution will be passed and the exemption will be valid for a period of up to ten years;

- 4) The City Council approval will be forwarded to the Pinellas County Board of County Commissioners for its approval in order to qualify for an exemption to the County ad valorem tax, as well; and
- 5) The Pinellas County Property Appraiser will reassess the subject property according to market value.

EXPLANATION: Five separate resolutions, and ad valorem tax exemption covenants and project reports are attached; each has been determined by staff to meet all of the requirements for the ad valorem tax exemption as outlined in Section 16.30.070.4 of the City Code.

RECOMMENDATION: Staff recommends **APPROVAL** of the attached resolutions and ad valorem tax exemption covenants. The form of the joint City of St. Petersburg and Pinellas County covenant showing the rights, obligations, and responsibilities of the property owner, city and county has been provided in lieu of individual covenants for each property.

COST/FUNDING/ASSESSMENT INFORMATION*: All of the properties seeking ad valorem tax exemptions currently pay taxes collectively totaling approximately **\$49,740**. The owners of the five historic properties combined will continue to pay this amount overall – and any inflationary increases – during the life of the exemption. Based on 2016 tax exemption categories, the combined city/county tax exemption for all five historic properties will likely total no more than **\$606.15* per each \$10,000 of reassessed value** for ten years (approximately \$121.23 each property). More specifically, this breaks down to approximately \$67.70 and \$53.53 for city and county taxes, respectively). Calculations of potential ad valorem exemptions have been reported in prior years reflecting an assumption of 50% of allowable construction costs as a basis for potential ad valorem tax exemption figures. While this is not an accurate method for determining any final tax exemption, rough estimates are provided in the 2016 Ad Valorem Tax Exemption for Historic Properties Summary Table, attached as part of this packet. For 2016, there are no limitations or caps for applying ad valorem tax exemptions to qualified improvements assessments.

Case #	Property	AVT File #	Preconstruction Assessed Value	Preconstruction Tax Basis	Allowable Construction Costs	City / County Tax Exemption per \$10,000 Qualifying Assessed Value Increase*
1	Elwyn Residence (Blair House), 836 16 th Avenue NE	#13-90400001	\$639,633	\$15,395	\$925,142	\$67.70/53.53
2	Crystal Bay Hotel (Sunset Hotel), 7401 Central Avenue	#14-90400008	\$1,069,400	\$23,484	\$447,980	\$67.70/53.53

3	Hanson/Lucas Residence, 936 17 th Avenue NE	#14-90400007	\$348,784	\$6,768	\$255,013	\$67.70/53.53
4	Ulrich Residence (Thomas Whitted House), 656 1 st Street N	#15-90400001	\$218,835	\$3,880	\$33,085	\$67.70/53.53
5	Everett Residence (Henry Bryan House), 1224 Dr. Martin Luther King, Jr. Street S	#14-90400009	\$9,719	\$213	\$180,523	\$67.70/53.53
Totals			\$2,286,371	\$49,740	\$1,841,743	\$338.50/267.65

*Note: estimate only

ATTACHMENTS: Staff Reports, Covenants, and Resolutions for five historic properties, and 2016 Ad Valorem Tax Exemption for Historic Properties Summary Table.

APPROVALS: Administrative: _____

Budget: _____

Legal: _____