Memorandum

MIAMI-DADE COUNTY

Date: March 3, 2009

Supplement to
Agenda Item Nos.
9(A)8, 9(A)9, 9(A)10 and 9(A)11

To: Honorable Chairman Dennis C. Moss
and Members, Board of County Commissioners

From: George M. Burgess
County Manager

Subject: Supplemental Information for Agenda Items 9A8, 9A9, 9A10 and 9A11 -- Historic Ad Valorem Tax Exemption Program.

At the February 9, 2009 Recreation, Culture and Tourism Committee (RCT) meeting, the Committee members forwarded four ad-valorem tax exemption applications to the BCC for final action. At the RCT meeting, the Committee Members requested additional information on the historic tax exemption program. The following information addressing the Committee's request was prepared by the Department of Planning and Zoning and the Property Appraiser's Office.

HISTORIC AD VALOREM TAX EXEMPTION

Purpose:
The historic ad valorem tax exemption process provides a financial incentive to encourage the retention and rehabilitation of historically and architecturally significant properties. This legislation allows for the Property Appraiser to separate the assessed value attributed to the renovation and restoration improvements of a historic property and withhold taxation of the value of said improvements for up to a 10 year period.

Authority:
The citizens of Florida amended the Florida Constitution, Article VII, Section 3(e), to authorize counties and municipalities to grant ad valorem tax exemption to owners of historic properties for improvements to such properties that are the result of restoration, renovation, rehabilitation, or compatible additions. In 1992, the Florida Legislature enacted Sections 196.1997 and 196.1998 of the Florida Statutes to govern the allowance of such exemptions.

Miami-Dade County Code:
Section 16A-18 of the Code of Miami-Dade County (Code) provides a method for the BCC to, at its discretion, allow tax exemptions for the restoration, renovation, rehabilitation of historic properties. The following paragraphs describe the Code's requirements.

Eligible Properties:
A property is eligible to apply for an exemption if it is locally designated in the municipality or is listed on the National Register of Historic Places as a historic site, a historic structure, or a "contributing" property in a historic district.

Scope of Tax Exemption:
The exemption applies *only* to the increase in assessed value resulting from all qualifying/eligible improvements to the historic property and for the duration of the exemption as

explained below. The County continues to collect taxes on the property at the rate of the assessed value of the property prior to qualifying improvements and for the duration of the exemption. At the end of the exemption, the property would be assessed as improved. The exemption applies only to taxes levied by the County and some municipalities. The exemption does not apply to taxes levied for the payment of bonds or to taxes authorized by a vote of the electors pursuant to Municipal Codes or the Florida Constitution. Finally, the exemption does not apply to personal property or to properties located within a community redevelopment area.

Duration of Tax Exemption:
The exemption will remain in effect for up to ten (10) years, regardless of any changes in ownership of the property. In order to retain an exemption, the historic and architectural character of the property, its designation status, and the improvements which qualified the property for an exemption, must be maintained over the period for which the exemption is granted.

Qualifying Improvements:
Qualifying improvements are the result of restoration, renovation, rehabilitation and/or compatible additions to a historic property. In order for an improvement to qualify for an exemption, the improvement must be determined by the Historic Preservation Board to be consistent with the Secretary of the Interior's Standards for Rehabilitation and the Certificate of Appropriateness Criteria provided in municipal codes.

While each application is evaluated on a case by case basis, the improvements indicated below provide a general guideline of eligibility for historic ad valorem tax exemption. Improvements that are generally **eligible** for tax exemption include:

- Structural restoration and upgrades of the mechanical, electrical, and plumbing systems for the historic residence;
- Restoration or replacement of windows, doors, and roofs to match their original conditions;
- Attached additions that are compatible with the historic character of the residence in terms of size, scale, massing, design, and materials;
- Restoration of architectural features or materials on the exterior elevations of the residence that are historically significant (e.g., original keystone and tile details, bas relief and moldings, carved wooden details, decorative chimney tops, ornate columns and pilasters, decorative railings and window grilles, balconets, carved stonework, etc.);
- Restoration of architectural features or materials on the interior of the residence that are historically significant (e.g., decorative fireplaces; original stair railings and light fixtures; floors finished in original materials such as terrazzo, wood, or tile; original decorative plaster or wood-paneled ceilings; decorative moldings; etc.); and
- Restoration of site features that are historically significant to the property (i.e., original fountains, decorative walls and gates, original detached loggias, etc.).

Improvements that are generally **not eligible** for tax exemption include:

- Detached additions;
- New accessory structures (i.e., pool cabanas, gazebos, detached garages, etc.);
- Swimming pools or tennis courts;
- Landscaping of the property;
- Resurfacing or upgrading of paved surfaces; and
- Other site improvements (i.e., new fountains, trellises, pergolas, etc.).

In the event that an addition is proposed to be attached to a historic single-family home, the Historic Preservation Board may also require some restoration and rehabilitation of the original structure as part of the scope of work for the tax exemption.

Miami-Dade County Approval Process:
To request approval for an exemption of Miami-Dade County's portion of ad valorem taxes, an application must be submitted to the County's Office of Historic Preservation prior to any construction or demolition for an eligible property. The approval process involves multiple public hearings, coordination with local jurisdictions and construction project inspections.

The County reviews the application for tax exemption in conjunction with an approved Certificate of Appropriateness issued by the appropriate municipal Historic Preservation Board or Planning Department staff. The County also requires a resolution from the appropriate municipal Historic Preservation Board with recommendations relative to the requested tax exemption for the property.

The following is a brief description of each of the steps in the approval process:

- Part I Application Submittal– A preconstruction application. The Part I application shall be accompanied by a certificate from the municipal Historic Preservation Officer (HPO).
- Construction/Renovation Period
- Part II Application Submittal – A post construction review of work application. This Part II application shall also be accompanied by a certificate from the municipal HPO.
- Restrictive Covenant Submittal – Signed and submitted by the property owner.
- Revenue Implication Worksheet – This worksheet is completed by the County's Property Appraiser Office (PA). The PA checks on the progress of the project independently, at the time Part I is submitted. The PA supplies this worksheet as soon as it considers the project to be substantially completed, independent of whether or not the applicant has finished filing the necessary paperwork with the County's Historic Preservation Office.
- Resolution – Resolution of approval from the County's Historic Preservation Board.
- BCC Committee consideration.
- BCC final action.

Five-Year Summary of Historical Properties. Below is a summary of the historical exemption-related figures for the past five years. Please note that County Taxes are based on the Adopted Countywide Operating Millage for each year before any early payment discount. The adopted municipal service area millage is added if the property is located in UMSA.

YEAR	TOTAL NUMBER OF PROPERTIES WITH EXEMPTIONS	TOTAL VALUE OF HIST. IMPROVEMENTS[1]	COUNTY TAXES	CITY TAXES2
2004	98	25,096,106	153,473.01	36,120.75
2005	104	26,836,588	161,119.11	44,370.71
2006	156	31,913,524	183,721.99	44,886.44
2007	144	31,189,170	146,236.33	35,116.37
2008	140	30,178,504	149,347.34	33,154.63

Note:
1. Historic Preservation Exemption values are as reported on Final Certification for year 2004 to 2007 and Preliminary Values for 2008.
[3] 2. City Taxes apply only in City of Coral Gables.

Source: Miami-Dade Property Appraiser – February 2009.

For 2008, 140 historic properties which used the exemption made investments worth $30,178,504 resulting in a total of $149,347.34 of County taxes exempted. At the end of the exemption, properties would be assessed as improved.

Assistant County Manager