To: **Historic Preservation Commission**
From: **Sara Varvarigos, AICP – Senior Planner**
Date: **October 1, 2026**
RE: **Historic District Incentives Review**

I. Historic District Incentives Review Findings

On August 6, 2026, the Historic Preservation Commission requested that the Planning Department conduct research on incentives for revitalization of Historic Districts. The purpose of this request is to review and consider updating the City of Dripping Springs existing Historic District Incentives. Currently, the City of Dripping Springs has the following Historic District incentives in place:

(a) Eligible properties in a historic district may receive City assistance with grant requests, subject to staff availability, applicable grant requirements, and City approval.

(b) The following zoning incentives may be available for eligible properties in the Mercer Street Historic District, subject to City approval and applicable law:

(1) Up to ninety percent (90%) impervious cover;

(2) Zero percent (0%) downstream buffer; and

(3) Zero-foot front building setback;

(4) Ten-foot rear building setback; and

(5) Zero-foot side building setback.

(c) The following site development fee incentives may be available for eligible historic district properties, subject to City approval and applicable law:

(1) Waiver of site development permit application fees.

(d) The following zoning fee incentives may be available for eligible properties in a historic district, subject to City approval and applicable law:

(1) Waiver of zoning classification change request fee;

(2) Waiver of zoning ordinance amendment request fee; and

(3) Waiver of conditional use permit application fee.

(e) The following building code incentives may be available for eligible properties in a historic district, subject to City approval and applicable law:

(1) Twenty percent (20%) reduction in building permit fees; and

(2) Expedited review process.

(f) Waiver of sign permit application fees may be available for eligible properties in a historic district, subject to City approval and applicable law.

(g) The following food establishment incentives may be available for eligible properties in a historic district, subject to City approval and applicable law:

(1) Waiver of food establishment permit fees; and

(2) Waiver of food establishment plan review fees.

(h) The following public right-of-way incentives may be available for eligible properties in a historic district, subject to City approval and applicable law:

(1) Waiver of temporary public right-of-way usage permit fee; and

(2) Waiver of temporary public street closure permit fee.

(i) The following COA incentives may be available for eligible properties in a historic district, subject to City approval and applicable law:

(1) Waiver of COA application fee; and

(2) Waiver of professional services fees for a pre-submittal scoping session.

Staff compiled research on COA application fees for 14 cities in the State of Texas, in order to gather a baseline for the type and range of incentives that are currently provided throughout the following jurisdictions:

1. Houston
2. San Antonio
3. New Braunfels
4. Austin
5. Fredericksburg
6. Georgetown

7. Fort Worth
8. Boerne
9. Denison
10. Grapevine
11. Wimberley
12. Elgin
13. San Marcos
14. Bryan

Of these 14 jurisdictions, 43% percent offer Grant programs that partially reimburse property owners for qualified improvements to their historic district or historic landmark properties (these include exterior or structural improvements, as well as plumbing or fire safety improvements). The City of New Braunfels and the City of Bryan finance their Grant programs through Tax Increment Reinvestment Zones (TIRZ).

In addition, 36% percent of the jurisdictions offer Ad Valorem property tax abatements for qualified improvements to historic properties (or City taxes only). These programs are generally concentrated in larger cities.

Lastly, 14% offer City permit fee waivers for qualified historic properties.

	Historic Preservation Incentives		
Jurisdiction	**Tax Exemption**	**Permit Fee Reductions**	**Grant**
Houston	✓	✓	
San Antonio	✓	✓	
New Braunfels			✓
Austin	✓		
Fredericksburg			✓
Georgetown	✓		
Fort Worth	✓		
Boerne			✓
Denison			
Grapevine			✓
Wimberly			
Elgin			
San Marcos			✓
Bryan			✓
Total	5 (36%)	2 (14%)	6 (43%)

Additional information about Historic Preservation Incentives are presented in the tables below.

Jurisdiction	Historic Preservation Incentives

Houston	• **Historic Site Tax Exemption**: Applies to properties designated as **City Landmarks**, **Protected Landmarks**, or "contributing"/"potentially contributing" structures in a designated historic district City of Houston eGovernment Center+1.
	  • **Qualification**: Restoration/renovation expenditures must be at least **50% of the building's assessed improvement value** (HCAD) before work; exemption can be **50%–100%** of that value, up to **15 years** City of Houston eGovernment Center+1.
	  • **Scope**: City property taxes only (not county or school district taxes).
	  • **Application**: Submit to the City Finance Department by **October 1** for the following year; must have a Certificate of Appropriateness (COA) for exterior work City of Houston eGovernment Center.
	• **Significant Historic Buildings Tax Exemption:**
	  • **Qualification**: Designation as a City Protected Landmark, >50 years of age, 4+ residential units if adapted from a commercial or industrial use, National Register or Recorded Texas Historical Landmark (or significant historic rating in historic survey), 75% by HPC; exemption can be up to $30,000/year in City property taxes, in perpetuity
	• **Permit Fee Reductions**: Some designated historic properties may also qualify for 50% reduced building permit fees City of Houston eGovernment Center.

San Antonio	• **Substantial Rehabilitation -** A tax exemption is available for designated local landmarks and properties within local historic districts that undergo a substantial rehabilitation (cost of 30% of homesite value or more). Substantial rehabilitation includes improvements that extend the life of a building, such as: roof, foundation, siding, electrical, plumbing, HVAC system work, other structural work, interior work. • **Benefits are provided after Certification & Verification** • **Residential properties** are eligible for one of the two incentive options below: • **10-Year Tax Freeze:** This incentive freezes the City property tax line at the pre-improvement value (value at the start of work) for ten years. Therefore, the City property tax line will be assessed based upon the value of the property before the substantial rehabilitation occurred. • **5 Zero/5 Fifty:** No City property taxes are owed for the first five years of the incentive (the City property tax line is assessed at zero). For the subsequent five years of the incentive, the City property tax line is assessed at 50% of the post-rehabilitation value.

	• **Commercial properties** are only eligible for the 5 Zero/5 Fifty tax exemption: • No City property taxes are owed for the first five years. • For the last five years of the incentive, City property taxes are assessed at 50% of the post-rehabilitation value. The Substantial Rehabilitation Tax Incentive remains with the property and is transferrable to new property owners. The application process is administered in two parts: **1. Certification** Submitted at the beginning stages of work so the Office of Historic Preservation (OHP) staff can verify that you will qualify for the program. **2. Verification** Submitted once you are fully done with the project, including closure of all permits. If the work that you are using to qualify for the incentive has already been completed, both application packages may be submitted together. Both applications require review and approval by the Historic and Design Review Commission (HDRC). After approval of verification, the tax exemption will go into effect the following calendar year. The Historic Tax Certification and Verification applications are available on the Submit an Application page. Contact OHP staff for further details. The City of San Antonio offers a "Historic Rehabilitation" category in its Fee Waiver Program that can provide up to a 100% waiver of eligible City development fees and/or San Antonio Water System (SAWS) water and sewer impact fees for qualifying historic properties.
New Braunfels	• **Downtown Business Improvement & Preservation Grant Program**- The City of New Braunfels and the Tax Increment Reinvestment Zone #3 (Downtown TIRZ Board) offers business and property owners a business and preservation grant to support improvements of buildings in Downtown New Braunfels. These projects include façade and other exterior improvements, residential and commercial conversions, improvements to public infrastructure, and health, life, and safety updates. These improvement projects are eligible for grant reimbursement if the work takes place within the Downtown TIRZ boundary. • Eligible improvements can receive a reimbursement up to 25% of an approved project's cost, based on current funds available. Prior to starting an approved project, applicants must submit a complete application and may be required to meet with the Downtown TIRZ Board to present their projects. Grant applicants are required to demonstrate how their improvement is compatible with the Downtown Implementation Plan, Downtown Action Plan or Downtown TIRZ Project Plan as well a project summary.

	• All grants are a reimbursement with funds dispersed after required invoices and receipts are received, and the project is completed and inspected by City staff. Applicants must receive Downtown TIRZ Board approval and City Council approval, sign an award/agreement letter, and receive a Notice to Proceed BEFORE project work commences for which the application is made. If construction begins before the Notice to Proceed is issued, all grant monies are forfeited and the project is ineligible for reimbursement.

Austin	**Rehabilitation Tax Abatement for Historic Districts -** If you rehabilitate a **contributing property** in a certified historic district, the City can abate **100% of City property taxes** on the added value from the work.
	Key points:
	• **Eligible work**: Must preserve character-defining features; at least 5% of pre-rehab value must be spent on exterior work.
	• **Minimum expenditure**: At least 5% of pre-rehab value on exterior work.
	• **Duration**:
	  • Homestead: 7 years (every 10 years)
	  • Income-producing: 10 years (every 15 years)
	  • Revitalization Area properties: 10 years (every 15 years)
	• **Pre-rehab value**: Based on Travis Central Appraisal District's most recent appraisal before application,
	
	Annual Partial Tax Exemption for Historic Landmarks
	Owners of **City of Austin, Travis County, or AISD-designated historic landmarks** may receive an **annual partial tax exemption,**
	Details:
	• Apply with Travis Central Appraisal District between Jan 1–Apr 30 each year.
	• Must maintain property to City standards.
	• **Cap**: $8,500/year for homesteads designated after 2004 or changed ownership since 2004.
	Heritage Preservation Grant (City of Austin):
	• Up to **$250,000** for capital work, signage, or planning/marketing/education projects at historic properties attracting tourists.
	• Awarded annually; residential properties not eligible.

Fredericksburg	• **Historic Preservation Grant application**- Homeowners with structures in need of exterior maintenance are eligible to apply for funding assistance. • The City Council has allocated $30,000 for all grants this year. After applications are received, a committee will review and grant recipients will be selected by Monday, Aug. 3.

	• The funds are designed for owners in need of financial assistance and are offered as a reimbursement. Given the limited amount of funding, the grant is only open to owner-occupied structures with significant need.
Georgetown	• **Historic Tax Exemption Program** - offers a partial property tax break for 10 years to encourage the preservation of historic neighborhoods. Owners of a historic property who invest at least $10,000 in approved renovation work, may qualify to reduce the taxable value of their property for the City portion of their property taxes. The greater the investment in eligible improvements, the larger the exemption that may be granted. **Eligibility** - The property must be used residentially; - The property must be the homeowner's primary residence; - The property must either be identified on the most recent Historic Resource Survey and fall; within a local Historic Overlay District or must be a recognized Historic Landmark; - The renovation project must have received an approved Certificate of Appropriateness ("COA"); - The renovation project must total $10,000 in eligible project costs; - The renovation project must be complete at the time of the application for the exemption. - To keep the exemption active, an application must be submitted to WCAD and the City each year during the 10-year period.
Fort Worth:	• **Historic Site Tax Exemption**- freezes the taxable ceiling of the land and improvements at pre-renovation value of the property for the purpose of assessing the City of Dripping Springs property taxes. The property exemption period is 10 years. Application to the Tarrant Appraisal District must be made by the property owner each year of the exemption. • Eligibility requires that a minimum investment of 20% of the assessed valuation of the improvements be spent on rehabilitation. The HPO or HCLC must approve all work requiring a COA in advance. An application for a historic site tax exemption must be received and approved by the HPO prior to the commencement of work to be eligible to receive the historic site tax exemption; failure to comply with this requirement will bar eligibility for a historic site tax exemption.
Boerne	• **Historic District Improvement Grant (Historic Preservation Grant Program)**- allows properties designated as Historic Landmarks or historic properties located within Historic Districts to apply for a Grant matching/reimbursement program, which can contribute up to $14,500 in City match funds on a sliding scale for improvements to building facades, roofs, foundations, plumbing, ADA, and fire code compliance improvements.

	• An application for a grant and Certificate of Appropriateness must be received and approved by the HPO/HLC prior to the commencement of work to be eligible to receive the grant; failure to comply with this requirement will bar eligibility for a grant. Applicants that receive funding may be eligible to reapply after 3 years.

Denison	• The City of Denison does not appear to offer any Historic Preservation Incentives, however, the Denison Development Alliance and the Denison Development Foundation have created incentives to improve the appearance, design, and safety of sites and buildings in strategically targeted areas of Denison.
	• DDA / DDF grants include:
	  • Alley Access Grant Guidelines and Application
	  • Destination Creation Incentive Guidelines and Application
	  • E-Commerce Grant Guidelines and Application
	  • Fire Suppression Grant Guidelines and Application
	  • Site Improvement Grants Guidelines and Applications
	  • Targeted Building Incentive Guidelines and Application
	  • Targeted Business Incentive Guidelines and Application

Grapevine	• **Grapevine Township Revitalization Program Grants** -The Grapevine City Council has authorized a "Matching Grant" program for the exterior revitalization of historic homes in the Township area. Grants are awarded on a 2 to 1 matching basis up to $10,000 for owner-occupied homes and a 1 to 1 matching basis up to $5,000 for residential rental houses. Owner-occupied homes in the historic district may apply for a grant to receive up to $10,000 by contributing $5,000 to the rehabilitation of the home. Homes occupied by tenants can receive up to $5,000 for a $5,000 contribution towards rehabilitation.
Wimberley	• The City of Wimberley does not appear to offer any historic preservation incentives.
Elgin	• **Elgin Main Street Program** – Provides free design assistance, technical training, promotional support, and access to historic tax credits for properties in the Historic Downtown Elgin District. It also offers business assistance grants, advertising support, and volunteer recruitment to help revitalize the historic core.
San Marcos	• City is a Certified Local Government, and as such, is eligible for Historic Preservation Fund Grants, for which the City must provide 50% matching funds. • Local level grants from the Economic Development Department and Arts Commission have supported historic preservation and preservation adjacent projects throughout the city. • Façade Improvement Business(Includes façade grant and public health grant) • Improvement & Growth (BIG) Grant • Downtown Co-Marketing Fund 2012 45 $257,013

	• Main Street Incentive Grant 2012 80 $117,608
Bryan	• **Downtown Façade Improvement (DIP) Program**- $2M in grants awarded since 2002. Matching Grant up to 50% of total construction cost for façade. • **Life Safety Gra**nt **(LSG) Program** - Matching Grant Program Attract new business to Main street, Bryan Ave and Historic Designation properties Egress, Fire safety improvements (sprinklers, windows, walls and doors), alarm systems and lighting/exit signs Up to $50K per year (and up to 35$K for each life safety improvement) for eligible properties **Grants funded by Tax Increment Reinvestment Zone (TIRZ)**

II. Summary of Key Findings and Recommendations

The incentives offered by other Jurisdictions largely consist of three categories:

1. Historic Grant Programs (43% of jurisdictions) for qualified property rehabilitation improvements.
2. City Ad Valorem property tax abatement programs (36% of jurisdictions) for qualified property rehabilitation improvements.
3. City Permitting fee waivers (14% of jurisdictions)

The Historic Preservation Incentives offered by the City of Dripping Springs are primarily concentrated in the third category, City Permitting fee waivers.

These incentives appear to be successfully supporting reinvestment into the Historic Districts, therefore, staff recommends investigating additional permit fee waivers for the Historic Districts, including:

- Waiving application fees for variances that will support the implementation of Historic Preservation Goals and Guidelines in the City's Historic Districts.
- Reduced water impact fees
- Reduced sidewalk or parking fee in lieu fees

Aside from the above recommendation, staff recommends that the City investigate the potential for setting aside funds for a Historic Preservation Grant Match Program, which would support Fire safety improvements and/or ADA improvements, as well as exterior building improvements, if TIRZ funds or other funding source would support this in the future.