



Finance Committee Summary

Wednesday, March 18, 2009

1:30 p.m.

3rd Floor Council Conference Room

Committee Members Present: Faatz, Chair; Boigon, Vice-Chair; Hancock, Lehmann

Committee Members Absent: Brown

Agenda:

- 1) *Downtown Historic District Tax Rebate Program*

1) **Downtown Historic District Tax Rebate Program:**

Committee Discussion

Councilmember Faatz stated that today's discussion is for information only and no action will be taken. Beth Machann, Dept. of Finance-Controller's Office, reiterated that the Downtown Historic District Tax Rebate Program was created in 2000 to assist partners and owners in the district preservation area to help with changes and demolition issues that were occurring at the time. The intention of the program was not to incentivize the property owners, but as a thank you to them for contributing to the protection of the downtown urban design and community character. Unfortunately stated Ms. Machann, the City did not evaluate the program for its effectiveness and two primary situations occurred: 1) The buildings that are residential have converted to condominiums; and 2) Some buildings have restructured ownership. There are 297 parcels that are eligible for rebates, which are confirmed by the Landmark Preservation Commission. The program is labor intensive and many times the new owners do not know why they are getting the rebates and return the checks back to the City.

Ed Scholz, Dept. of Finance-Budget & Management, reminded the Committee that the request to suspend the rebate program was part of a package of three proposals to incur operational savings to close the budget gap of \$54 million that required Council approval. The suspension of the program in 2009 would save the City \$210,000 in this budget year. Councilmember Lehmann said she supports the suspension, but she requested that the program incur a program evaluation to see where owners and the City are at with the program. Ms. Machann said that is what city staff is working on now. She pointed out the draft letter (see attachment) that will be sent to inform the property owners of the City's intent to evaluate the program. There are approximately 262 property owners receiving checks averaging \$431 per check.

Councilmember Faatz said she didn't know if the program was mandated and if Council had the authority to suspend the program. After her review of the code, she found that the program was permissive and pointed out Section 53-530 of the Revised Municipal Code that

states, "the City Council may annually appropriate a rebate amount equal to the local portion of real property taxes due in excess of those property taxes due for tax year 1999 (or the first year the structure qualifies as a qualifying structure, whichever is later) for twenty years from the first tax year in which the structure qualifies for the rebate." She suggested that more information be included in the letter to the property owners and she asked that the letter clarify that it is the City (Mayor Hickenlooper) asking for this action, not the City Council, and why. Mr. Scholz said the suspension of the program would not break up the district. Councilmember Hancock asked if the City maintains other rebate programs. Ms. Machann said she looked, and the City does not.

Councilmember Faatz said she would schedule this item to the April 1 Finance meeting and asked staff to provide to Council any feedback they receive from the property owners.