



Town of Middletown

Proposed Voluntary Historic Preservation Ordinance, Summary

Purpose: To incentivize property owners to preserve historic resources, including structures, landscapes, sites, landmarks, and archeological sites, as called for in the comprehensive plan. The ordinance does not create a regulatory historic district. This would be a completely voluntary program.

Administration: The Town Council would appoint a 5-member Historic Resources Preservation Board (Board) to review incentive applications, ensure compliance, and perform other responsibilities included in the ordinance.

Eligible Properties: The Board will establish a Historic Resources List that includes all significant historic resources located within the town. Properties with historic resources will be eligible for the incentives described below. Historic resources will be divided into primary resources (structures) and secondary resources (designed landscapes, sites, landmarks, and archeological sites). Primary resources will be eligible for more and greater incentives than secondary resources. Property owners may petition the Board to be added to the Historic Resources List.

Incentives:

1. *Annual Historic Resource Preservation Property Tax Exemption:* Property owners enter a 10-year contract with the Town to preserve a historic resource in return for an annual property tax exemption. Maintenance projects during the term of the contract must meet the Board's standards. The Town shall recoup lost tax if a contract is broken.

Owners of primary resources are eligible for an exemption of 10% of the total assessed value of the property associated with the resource. Owners of secondary resources are eligible for a 5% exemption. However, no exemption shall exceed 10% of the town-wide median residential property valuation. Example: Max exemption¹: \$34,500 of assessed value (i.e. \$474 property tax reduction)
Impact on tax revenue²: ~\$68,310 @ 100% participation | ~\$34,155 @ 50% | ~\$17,078 @ 25%

2. *Historic Resource Rehabilitation Property Tax and Fee Reduction:* Property owners performing historically appropriate maintenance on a historic resource are eligible for a one-time property tax reduction equal to 10% (for Primary Resources) or 5% (for Secondary Resources) of the cost of the maintenance project, and a 50% reduction of the construction permit fee. No tax reduction shall exceed 100% of the total property tax owed or 100% of the total property tax owed for the median residential property value, whichever is less.

Example: A property assessed at \$300,000 pays \$4,125 in tax. If the owner did a \$40,000 renovation, they'd get a \$4,000 tax reduction. If the owner did a \$60,000 renovation, they'd receive the maximum \$4,125 tax reduction

Max tax reduction based on median value¹: \$4,744

Impact on tax revenue³: \$43,708

3. *Density Bonus:* A developer proposing a major land development project (i.e. six or more dwellings) that elects to preserve and rehabilitate an existing eligible historic structure instead of demolishing it will be allowed to build one more dwelling than otherwise allowed. The preserved structure must be rehabilitated to the Board's standards and will be subject to permanent deed restrictions prohibiting demolition or inappropriate alteration.
4. Property owners may receive both historic resource tax incentives simultaneously.

¹ Assumes a median total assessed value of \$345,000 and mill rate of \$13.74.

² Assumes ~144 historic structures on Historic Resource List, each receiving the maximum exemption. Structure count estimated using the RI Historical Preservation Commission's 1979 "Preliminary Report" on historic resources.

³ Assumes 14 projects annually, half at \$15,000 and half at \$50,000.