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Dear Mayor and Town Council,

Thank you for referring the petition for Local Landmark Status to the Historic District Commission for comment. We are always interested in effective tools for the preservation of our historic properties and neighborhoods, but we do not recommend the enactment of a Local Landmark tax incentive at this time.

We have some concerns about the ways the proposed ordinance would affect Chapel Hill's historic properties and neighborhoods and question whether the creation of a Landmark Commission and the accompanying fifty percent tax reduction would be necessary to encourage people to invest in neighborhoods which already command and retain high real estate value. We asked the town planning staff to research the intent of the state enabling legislation for Landmark Status and asked them to see how the legislation had been used in Orange County and the City of Durham.

Landmark Status legislation has been used in **Orange County** to preserve homesteads in the countryside which are not protected or regulated by local historic district zoning. These homesteads have significant value as reminders of our county's history and our state's agricultural traditions. They are increasingly threatened as development spreads from our city centers. Taxes go up, the costs of running a small farm increase, and the potential rewards of selling to real estate developers become a lucrative alternative to staying on the family land. Local Landmark Status has been used in Orange County as a tax incentive that encourages families to maintain their homesteads rather than developing them. Even so, the Landmark Commission has issued the tax incentive to only four properties in six years.

The **City of Durham** has used the Landmark Properties tax incentives in an urban setting as a tool to revitalize failing neighborhoods. There are many historically significant properties in downtown Durham that, because of changes in the local economy and suburban development, have been neglected and fallen into disrepair despite the protection of local historic district review. Durham has offered Local Landmark tax incentives to create a renewed interest in these properties and to persuade people to make a long-term investment in neighborhoods where they may have to wait a while to realize a return on the expense of repairs and maintenance of large older homes. There are about thirty Landmark properties in Durham, and the program is indeed breathing new life into older neighborhoods.

Chapel Hill's historic neighborhoods have not suffered the kind of neglect we see in Durham. Indeed, because of the proximity of our historic neighborhoods to the UNC campus, we face "McMansioning" (additions which often double the size of existing houses on small in-town lots) by people who want to live close to the university and the historic downtown but who are not satisfied with the modest homes built by UNC faculty and administrators and town merchants. People are willing not only to pay top dollar for older homes but consistently put large sums into enlarging and improving them. So far people have been willing and able to pay the price to live in our historic neighborhoods without any other incentive.

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The creation of a Local Landmark Commission would be costly. It would be complicated to determine which homes are eligible for Local Landmark Status and to adjudicate whether homes that have been significantly altered would qualify as Local Landmarks. We worry that allowing homeowners to claim credit for altering and adding to older homes could actually have the unwanted effect of encouraging extensive renovations which compromise the variety of housing stock and structures in our historic neighborhoods.

Setting criteria for determining Local Landmark Status would also be a difficult task. While the current proposal suggests that the 500 block of Franklin Street be included, there are homes that pre-date 1900 on other streets and in other neighborhoods. There are also homes and businesses that are “landmarks” or significant structures of their type throughout town. There are also a number of older homes that have been so significantly altered that they have lost much of their original character in spite of their age. The commission has in the past discussed the possibility of offering some sort of protection to “landmarks” outside our historic districts, but has always concluded that homes within the local and National Register historic districts were well-protected and has always found the task of creating new guidelines to be a daunting one.

To sum up, we feel that there would be limited preservation benefit in the creation of a Local Landmark Status. We also feel that the loss of tax income to the town and the expense of staff and commission time in creating the criteria for determining the Local Landmark Status are not justified, given the current high real estate values of properties in our historic districts.

We encourage homeowners who live in the four National Register historic neighborhoods in Chapel Hill to take advantage of the tax credits offered by the state of North Carolina through the State Historic Preservation Office. These credits do ensure the appropriate renovation and preservation of historic properties, since all plans must be approved before work begins and all changes must meet the standards set by the Secretary of the Interior.

Thank you again for this opportunity to comment on the issue of Local Landmark Status.

Chris Belcher
Chair, Historic District Commission