



**METROPOLITAN HISTORIC ZONING COMMISSION**  
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## **HISTORIC PROPERTY TAX ABATEMENT PROGRAM**

In July 21 2021, the MHZC approved a management plan for BL2019-3, in accordance with T.C.A. § 67-5-218, for a Historic Property Tax Abatement Program. MHZC finalized management of the program on April 20, 2022 and revised in October 2022 and January 2023.

With BL2022-1382, Council approved a forty million cumulative cap for any historic building damaged by the 2020 Christmas Morning Bomb. Applications will be taken on a first-come, first-serve basis until the maximum forty million has been reached or until there are no longer any eligible buildings and projects.

There is a twenty million annual cap for all other projects that meet the qualifications. A year shall be considered a Metro fiscal year, July to July, to best line up with the Trustee's internal billing deadlines.

Caps on abatements will be considered based on the date of the application, even though the projects themselves may be delayed into subsequent years. Applications will not be accepted after the July 2032 application deadline, unless the program is extended by Council.

### **Eligibility Requirements**

#### Property & Owner Qualifications

- The building(s) must be contributing in a local historic overlay. (Application for the overlay may be submitted at the same time as the tax credit application.)
- The property must not be zoned R or RS.
- The property must be endangered and show a need for economic assistance. For example, this could be a situation where the existing zoning more than doubles the development potential beyond what the historic building can physically accommodate (i.e., a 4-story building that is zoned for 20 stories) or it could be a physical threat such as damage caused from a disaster or years of neglect

- The property owner must be up to date on tax payments for the property, and not delinquent for any tax year for the parcel listed in the application. If a property owner has a property assessment appeal pending on the referenced property of application, they must be up to date on payment of the undisputed portion of the tax that reflects the uncontested property value not being appealed.
- Preference will be given to projects:
  - Located in redevelopment zones and/or on transit corridors;
  - That preserve or increase affordable housing or housing for persons with special needs; or
  - That help to revitalize distressed or underserved areas.

### Project Qualifications

- The value of detached new construction on the lot does not qualify and should receive a building permit and preservation permit separate from the rehabilitation project, assuming the new construction on the site meets the design guidelines.
- The project should be a significant rehabilitation and should not be maintenance alone. The total project must result in an increase to the taxable value of the property. Maintenance alone generally does not increase value enough for the program to have value to the property owner and will not result in an increasable value.
- The value of the rehabilitation work must be at least \$200,000.
- All proposed work must meet the applicable design guidelines and standards, even work planned for structures on the property that are not historic and new construction.
- The program can only be used once for any one property within a ten-year-period.
- For properties with an existing partial property tax exemption, the increased property value used for determining the eligible historic property tax abatement shall be prorated, calculated by multiplying (x) the amount of the increased property value attributable to the historical improvements/restoration *times* (y) the percentage of the property that is non-exempt from property taxes as it appears on the Davidson County Assessor of Property's records at the time of application.

### **Program Timeline & Process**

1. The application deadline shall correspond with the MHZC's regularly scheduled meeting deadlines.
2. As a part of the application, MHZC staff will confirm the owner is up to date on all tax bills by using the Metropolitan Trustee's public records and confirming with the Metropolitan Trustee's staff as necessary. (If a property owner has a property assessment appeal pending on the referenced property of application,

- they must be up to date on payment of the undisputed portion of the tax that reflects the uncontested property value not being appealed.)
3. Once approved, the applicant will conduct approved work and request inspections of the MHZC staff, as required by the issued preservation permit.
  4. The project must be completed and inspected by MHZC staff by the July MHZC application deadline in-order-for the exemption to begin. Thereafter, the value of the exemption will be used to reduce the improved value of the property, for tax purposes.
    - a. If it is found that the Davidson County Assessor of Property's post-rehabilitation improvement value is less than the value used to determine the exemption amount approved by the Metropolitan Historic Zoning Commission, then the exemption shall be recalculated to be based upon the difference between the pre-rehabilitation appraised value and post-rehabilitation appraised value of the property as such values are determined by the Davidson County Assessor of Property. (Under no circumstances, shall the exemption amount exceed the amount originally approved by the Metropolitan Historic Zoning Commission.)
  5. If approved and completed, MHZC staff will send information (property owner, map/parcel number, address) regarding the approved project to the Metropolitan Trustee by their billing deadline of September 1 and copy to the Davidson County Assessor of Property.
  6. The applicant will file an Affidavit of Historic Tax Exemption Agreement with the Davidson County Register of Deeds to ensure that future owners understand when the exemption expires and can plan for the increased property assessment.
  7. Exemption period would begin on January 1, once a project has been completed and approved prior to end of the previous July and continue for 10 years.

The MHZC shall not approve more than the cumulative Second Ave N cap amount or the annual cap for all other projects in any given year.

### **Application & Review Process**

An application will include:

- Application with the Planning Commission for local designation, if the property is not already in a historic overlay
- Preservation Permit application for the proposed project
- Building Permit application
- Abatement Application

The MHZC will review all components of the application and ensure that proposed work meets the applicable standards and guidelines. Exterior alterations and the exterior of new

construction shall be reviewed by the MHZC using the design guidelines for Historic Landmarks, The Secretary of Interior's Standards for the Treatment of Historic Properties, and the design guidelines applicable to the type of designation of the property. Where these documents may conflict, the more restrictive guidance shall be followed. Interior work will not be reviewed unless it affects the exterior or has the potential to jeopardize the structural health of the building or if the property has or is applying for a Historic Landmark-Interior designation. Applicant is responsible for calling MHZC staff for all necessary inspections.

The abatement does not consider tax increases or if additional work further improves the value. The approved abatement amount will be deducted each year, by the Trustee, from the improved value for billing purposes.

The abatement can be rescinded by the MHZC if the owner becomes delinquent with property tax payments or is in violation of any permits. The abatement can be rescinded if the building is demolished, work is done without a Preservation Permit, does not comply with the approved permit or the applicant does not provide an affidavit—see next paragraph. The abatement can be rescinded if the property owner conducts work without applicable permits on any other property that they own in Metro Nashville. In the case of abatements being rescinded, the historic overlay will not be removed. If the abatement is rescinded the owner would be responsible for paying back the difference between the abated value and the improved value.

If approved, the applicant shall provide an affidavit of Historic Tax Abatement Agreement filed with the Davidson County Register of Deeds to ensure that future owners understand when the abatement expires and can plan for the increased tax rate. If this is not done, the applicant risks the abatement being rescinded.

Recension Process:

1. Once the MHZC is aware of work being conducted without applicable permits or differently than permitted, on any property owned by the same property owner, or if the owner is in arrears on their property taxes, staff shall consult with Codes, The Trustee, and the property owners, as applicable. If the situation is not corrected or cannot be corrected, staff shall take the issue to the MHZC for review.
2. If the MHZC approves recension of the abatement, staff shall forward information (property owner, map/parcel number, address) to the Office of the Trustee with the instruction to invoice the property owner for the difference between the abated value and the improved value that has not been paid and with the instruction for future invoices to be based on the property's actual assessed value.

3. Pursuant to the provisions of § 2.68.030 of the Metropolitan Code of Laws, the MHZC's decisions may be appealed to the Chancery Court of Davidson County or the Circuit Court of Davidson County via a statutory writ of certiorari.

**Reasons for Cancellation & Cancellation Process:**

1. The MHZC can cancel an exemption for any of the following reasons:
  - a. If any structure receiving an exemption is demolished.
  - b. Exterior work is done without a Preservation Permit.
  - c. Exterior work is done differently than permitted.
  - d. Property owner is in arrears on their property taxes.
  - e. The total project did not result in an increase to the taxable value of the property.
  - f. An affidavit of Historic Tax Abatement Agreement is not filed with the Davidson County Register of Deeds.
2. Once the MHZC is aware of any of the actions that could result in cancellation, staff shall consult with Codes, the Metropolitan Trustee, and the property owners, as applicable. If the situation is not corrected or correctable, staff shall take the issue to the MHZC for review.
3. If the situation is not corrected, as specified by the MHZC, the exemption of the improved value will immediately end, and the owner shall be liable at that time for any difference between the tax paid and the tax that would have been due on such improved value.
4. Pursuant to the provisions of § 2.68.030 of the Metropolitan Code of Laws, the MHZC's decisions may be appealed to the Chancery Court of Davidson County or the Circuit Court of Davidson County via a statutory writ of certiorari.

**Administration of the Program**

The MHZC will review applications. The MHZC staff will be responsible for administering the program, tracking applications and projects and communicating approved projects to the Office of the Trustee and the Property Assessor. The Assessor will make no changes to assessment; instead the Trustee will invoice the property owner based on the pre-improvement value, obtained from the Property Assessor's website at the time of the application.

The MHZC shall submit an annual report to Council on or before November 30 with the following information for each qualified project:

1. Location of property, including map and parcel number
2. Pre-renovation investment value of the property
3. Post renovation value of the property
4. Amount of tax abatement

5. Amount of tax liability

The exemption program shall expire on July 1, 2032, according to BL2021-1382.

Any changes to the administration of the program shall be made by the MHZC and shall meet the requirements of T.C.A. § 67-5-218 and associated local legislation.