

Historic Preservation Incentives



City of San Jose
Planning, Building and Code Enforcement
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For more information
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City of San Jose
Planning, Building and Code Enforcement
www.sanjoseca.gov/planning

Incentives for ownership of Historic Resources

All owners of resources listed in the Historic Resources Inventory can use the State Historical Building Code, which allows for more flexibility and potential financial savings than the regular code requirements when planning alterations to historic resources (see Appendix C, State Historical Building Code).

Incentives for ownership of Designated City Landmarks

Incentives for ownership of a designated City Landmark are cost savings available for rehabilitation of buildings which have been officially recognized by the Historic Landmarks Commission and the City Council because of their historic significance. The incentives consist of tax exemptions for City building permits, and Historic Landmark Preservation Agreements.

To obtain a building permit for various projects, both a Building and Structure (B&S) Construction Tax, and a Commercial-Residential-Mobilehome Park (CRMP) Building Tax must be paid equal to approximately 5 percent of the value of the new improvements. A building permit for improvements to a designated City Landmark approved with a Historic Preservation Permit is exempt from the B&S and CRMP taxes. The tax exemption may result in significant savings. For example, a 5 percent tax exemption on a \$100,000 building valuation equals \$5,000 in savings!

If your property is listed as a City Landmark, your work may require a Historic Preservation Permit if you are making any exterior changes such as a demolition, a building addition, or replacement of existing building materials with different materials. You may obtain a brochure and further information about the Historic Preservation Permit process from the Planning Division. If your work is approved with a Historic Preservation Permit, you may call the Building Division at (408) 535-3555 to obtain additional information about the exemption from the B&S tax and the CRMP tax.

Historic Landmark Preservation Agreement

The Historic Landmark Preservation Agreement is a contract between the City of San Jose and the owner of a designated City Landmark. The contract allows the owner to enjoy a reduced property tax rate from the County Assessor in exchange for the preservation, and in some cases restoration and rehabilitation, of the owner's historic property. The purpose of the agreement is to provide greater protection for the City Landmark property than is otherwise provided by the historic preservation regulations in the City Municipal Code.

The property tax rate is normally set by the County Assessor based on an appraisal of the market value of the land and improvements. A property under contract will receive a property tax reduction based on an appraisal of the **rental** value of the land and improvements. The property tax rate will vary from property to property based on each individual appraisal. For more information, you may call the County Assessor, Real Property Division, at (408) 299-5300.

The contract contains the address and legal description of the property. It is generally set for a ten-year term with automatic one-year extensions on each anniversary date. The contract also contains a list of the minimum standards and conditions for the use, maintenance, and preservation of the City Landmark. It also contains conditions for the restoration and rehabilitation of the property according to the rules and regulations of the State Historic Preservation Office. The contract also permits reasonable, periodic examination of both the interior and exterior of the property to ensure compliance with the terms of the agreement. The owner is required to spend a minimum of 10% of the tax savings for the preservation and maintenance of the City Landmark.

A property owner of a designated City Landmark may request the City to enter into a Historic Landmark Preservation Agreement by filing an application and filing fee with the Director of Planning, Building & Code Enforcement. The application must include a legal description of the City Landmark as well as an explanation of how the proposed contract will promote preservation of the property. An application may be filed at any time. However, a contract should be filed by September 1 of any calendar year in order to be effective on, or before, January 1 of the following year.