

## Austin Billboard Fact Sheet 07 April 2005

### BILLBOARDS – AN OVERVIEW.

Billboards (off-premises signs) are designed to serve as curbside commercial advertising. In 1965, Lady Bird Johnson encouraged the passing of the Highway Beautification Act, noting that the proliferation of billboards was deteriorating the aesthetic value of our nation's highways. In 1983, the Austin City Council first stated that its goal was to ultimately rid Austin and its extraterritorial jurisdiction of billboards. This statement has been reaffirmed several times since then by both the Austin City Council and Planning Commission.

Since outdoor advertising agencies generally do not own the property on which their billboards are located, their local tax contribution is in the form of business personal property tax (which is based on the depreciated value of the sign). Counties and municipalities nationwide have found that many sign companies under-report the value of their signs, if they pay taxes on them at all. Locally, an investigation into the reporting and valuing practices of outdoor advertising agencies has not been undertaken. The two largest sign companies in Austin, Reagan Outdoor Advertising and Lamar Outdoor Advertising headquarter in other states (Utah and Louisiana, respectively), so the profits from their signs contribute to economies other than Texas'.

### CURRENT SIGNAGE CODE.

Since the early eighties, the City of Austin has banned new construction of billboards (1983 within the corporate limits and 1985 for its extraterritorial jurisdiction). Billboards in existence at that time were allowed to remain, but they are deemed a legal, but Non-Conforming ("grand fathered") Use associated with the property. These billboards may be maintained and rebuilt as long as the cost of maintenance or repair is less than 60% of the cost of construction of a new billboard of the same materials and construction type.

In 1988, the City of Austin included a replacement provision in their sign code. This means that the property owners (to whom the Non-Conforming Use is assigned) may, at the end of a lease agreement, negotiate a new contract with a new signage company for a total billboard replacement. In 2002, City Council modified the replacement provision to lessen the impact of replaced billboards as follows:

- A billboard may be replaced if the face of the new sign is 25% smaller in dimension (or 41% smaller in area). The height of the billboard may not be altered.
- A billboard may be replaced if the face of the new sign is 25% smaller in area if two other billboards are permanently removed. The height of the billboard may not be altered.
- A billboard may be replaced if the face of the new sign is 25% smaller in area if one other billboard is permanently removed from a designated scenic or historic district. The height of the billboard may not be altered.

Austin is the only city in the state of Texas that includes a replacement provision in their ordinance. Recently, the city passed an ordinance banning tri-faced or changeable media billboards.

Billboard property owners are required to register their billboards on a bi-annual basis, and to pay a \$200 registration fee.

### REGULATION.

Currently, the City signage control department is responsible for commercial signs, billboards, and street banners. Their responsibilities include ensuring proper registration of billboards, ensuring adherence to the city sign code, and responding to registered complaint calls relating to signage. In addition, they are responsible for maintaining the billboard inventory completed in 1999, which was funded by an ISTE A grant secured with assistance from Scenic Austin. Currently, of the 600 billboards still in existence in Austin, only 200 are registered; therefore, of the over \$60K annual income that the City could collect, it currently only collects about \$20K.

### CURRENTLY AVAILABLE MEANS OF BILLBOARD REDUCTION.

In 1985, the state legislature banned the amortization of billboards. Cities such as Houston and Dallas that had already established amortization ordinances were grandfathered and thus can expect their billboards to come down at the end of a defined period. Austin had not established an amortization policy at that time and therefore may not amortize billboards under present state law.

The city code includes provisions for the taking of billboards due to street widening and other improvements. In addition, the city may buy down billboards if they so choose. However, buying down billboards from sign companies is an expensive process because the signage companies can demand payment for lost income in addition to the value of the sign structure. This method, while effective, is extremely costly and not a viable option for accomplishing the city's goals. Landowners could choose to sell or donate their interest in the lease, but so far none have come forward with an offer to do so.

Recently, City staff has had difficulty enforcing the 60% maintenance clause of our sign ordinance. Houston and other communities have been more successful than Austin in the removal of billboards by this method, but Austin could remove some billboards by more aggressive enforcement of its ordinance provisions in this regard. However, at best this would only address the older wooden-pole signs and this method would only deal with a fraction of the inventory of billboards.

Currently, the most effective means of billboard removal is attrition. As Austin land values and building densities increase and as land uses change, eventually virtually every place where there is a current billboard will one day be a site where the billboard is not deemed by the owner or developer of a property to be compatible with a new or expanded use, and the lease for the billboard will be purchased as a part of the development or redevelopment. While this process will take some time, since the billboard inventory in 1999, already more than sixty billboards have come down via this method.

## CURRENT BILLBOARD ISSUES.

With the intent of spurring development in three pocket areas in and adjacent to downtown, members of our current City Council are investigating a relocation ordinance that would allow billboards to be moved from their current locations to other areas in town.

Many of the central core billboards targeted for relocation are adjacent development sites that would prefer not to have a billboard next door. Council and staff have spent many hours in attempting to define areas in the city to which a billboard may be relocated without protest from adjacent property owners. This assumes that there are locations within the Austin corporate limits or ETJ that are not adjacent to property that will become valuable as our city continues to densify.

This amendment would transfer a grand fathered Non-Conforming Use of one property to become a Non-Conforming Use of another property. The ordinance, if passed, would set a precedent, potentially triggering transfers of other kinds of Non-Conforming (grandfathered) Uses (including sexually-oriented businesses) to other properties.

Additionally, relocation of billboards removes the one proven and available means of eliminating billboards (attrition). It is expected that this relocation ordinance will be come back before council shortly after the elected Candidates take office.

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