Closing the Gap
Best Practices for Funding Residential Rehabilitation

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This paper explores the history of preservation financing and the different financing structures currently available for owner-occupied housing across the nation. While there is a federal program for commercial structures, no such program exists for owner-occupied housing. This has restricted the availability of rehabilitation funds needed to increase the nation’s viable housing stock. A variety of programs are available from government agencies, from the non-profit sector, and as a result of partnerships between the two. The recommendations from this paper take into account best practices from current programs to propose a framework that can be instituted nationwide to provide funding options for owner-occupied homes.
CLOSING THE GAP: BEST PRACTICES FOR FUNDING SOURCES FOR RESIDENTIAL REHABILITATION

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Chapter 1: Introduction

Despite a federal program for rehabilitation of commercial historic structures, private owners of historic homes have no incentive to rehabilitate. This lack of financial capital has prevented the preservation of existing structures and communities, and it is imperative to find a solution as America’s built environment is aging. As depicted in Figure 1, the median year of construction is dependent on the region, with the national median construction dating back to 1976. This means that the majority of single family homes in the country qualify for evaluation to be listed on the National Register of Historic Places. Although State Historic Preservation Officers across the country work in conjunction with the National Park Service and the Internal Revenue Service to administer a federally authorized program of tax credits applied to the costs of preserving commercial properties, similar credits are not available for owner-occupied houses. To preserve the nation’s heritage and to meet the needs of a diversifying population, funding must be made available to encourage private owners to rehabilitate their property, and to reduce the margin in cost between maintaining old housing stock in relation to new construction. The recent interest in reclaiming formerly blighted urban cores, such as Baltimore, for residential occupation makes these neighborhoods ripe for investment. But the current limitations in low-cost funding sources for rehabilitation are a constraint on such investment.

Older single family homes can be seen in neighborhoods throughout the country and can provide an outlet to house the growing national population. Without the availability of federal credits and other low-cost financing to defray costs, many projects are not feasible which leads to the deterioration of historic resources. But the age of the housing stock skews significantly to older, post-industrial cities and regions, most markedly in the Northeast and Midwest. Some of these cities have come to be viewed as particularly attractive to the increasing numbers of people who are drawn to the ease of transportation and other amenities of an urban lifestyle, and

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The historic houses concentrated there provide an opportunity to stimulate community development as well as to preserve America’s heritage.

The goals of the preservation movement have evolved over the last century, bringing with them the drive to become more inclusive to all sectors of the population. In conjunction with this trajectory, the practice has seen a rise in protecting vernacular architecture, districts, and individual landmarks significant to the local area. Preserving these structures saves vestiges of often under-appreciated aspects of American history, but also preserves valuable and potentially cost effective housing units. In order to preserve these locally significant buildings it is necessary to offer assistance to private property owners. As reported by the latest Census Statistical Abstract, 14.3% of the American housing stock is vacant. These vacant properties have the potential to be rehabilitated, proving useful both for the economy and for the nation’s expanding population.

A critical calculation to be made when evaluating the benefits of reusing older and historic housing is the increased maintenance and operation costs involved. Owners of "new" units that have not yet met the 30 year life cycle of materials do not experience the higher costs that are required to maintain older structures beyond their initial product life cycles. On the other hand, the energy costs from manufacturing new construction materials adds expense to a new building as well as consumes energy that is expended to demolish existing housing that could be rehabilitated.

According to a 2002 EPA study 36% of all residential and commercial waste generated in Massachusetts was from construction and demolition; this figure also accounted for nearly 50% of the state’s commercial waste.\(^5\) While the amount of debris created from new construction and demolition is high, there is also the financial aspect of demolishing the existing housing stock. Demolition costs can vary greatly depending on region and housing style, and whether abatements of hazardous materials are necessary. While a typical demolition costs between $4,800 and $7,000 according the Government Accountability Office, row houses such as those that line the streets of Baltimore can cost up to $40,000 due to the need to stabilize the surrounding structures.\(^6\)

Finally, given the overall higher quality of construction, older homes that are well maintained generally will last longer than a comparably maintained new building due to the shorter life cycle of new materials. Therefore, in order to preserve older housing, a solution must be found to make older homes more attractive as investments and to encourage their upkeep by shrinking the maintenance margin to be more in line with newer construction. To do this there must be a financial incentive for people to invest in older properties. This is important to point out and show that older homes can be more affordable than newer construction once major repairs are completed. Although older structures often require costly upgrades, such as repairing or replacing roofs, windows, and HVAC systems, the benefits can be seen for years to


come in reduced energy bills and in overall household comfort. While preservation may entail a larger initial expense, it provides a greater economic boost to the community by bringing an additional 2.5 jobs per million dollars spent in rehabilitation versus new construction.\(^7\)

The federal government has supported preservation of certain types of historic structures throughout the country and continues to do so with programs authorized under the National Historic Preservation Act (NHPA).\(^8\) But neither the Advisory Council on Historic Preservation (ACHP) nor the National Park Service (NPS) provides any form of financial assistance to owner-occupied structures. The federal tax credit program offers 10 or 20 percent credits, but this benefit can only be captured on non-owner-occupied commercial buildings since the tax credit is applied to the income tax. While a developer can receive credits for the rehabilitation of an apartment building, owners of single family homes do not qualify for tax relief for repairs to their homes because the house does not yield federally taxable income.

As a result, homeowners in many parts of the country are left with little recourse when it comes to rehabilitating their older and historic homes. Some may only require a small repair, such as replacing wood siding, but others, such as rehabilitating a house for single-family occupation after having been subdivided into apartment units, are likely to be extremely costly.

The desire to repair historic structures accurately has spurred the demand to explore solutions to provide financial and technical assistance for owner-occupied housing, and to make it more affordable. Average historic homes have not been

afforded the same stabilization from federal government tax credits as commercial corridors since funding is rare for owner-occupied structures. Preservation should not be reserved for commercial properties alone. In the same vein, many communities have a strong desire to preserve their homes and communities but lack the necessary financial capital to do so. Incentivizing rehabilitation of owner-occupied homes in designated historic districts would also contribute to the overall preservation of the area and has the possibility of increasing heritage tourism.9

The addition of a nation-wide program would increase preservation of residential properties if funding was readily available in communities across the country. What remains to be answered is if such a program would be best implemented through the government, and at which level, or from a non-profit organization such as the National Trust for Historic Preservation.

Can a combination of current programs be formed to offer a comprehensive package of services to entities that can spur not only rehabilitation but a positive economic impact for the community at large? By exploring current practices of various government programs in tandem with revolving funds and other financing structures, this paper will present a best-practice strategy which can be implemented across the nation with the purpose to increase funding and stabilize our nation’s older and historic communities. A combination of programs available throughout the country can be implemented to provide secure funding for owner-occupied housing.

Chapter 2: History of Preservation Funding

In order to fully realize the need for more funding for preservation, it is important to look back on what has been accomplished over the years.\(^\text{10}\) From the early years, when the Mount Vernon Ladies’ Association embarked on their unprecedented campaign to raise funds to acquire and preserve George Washington’s home, the cause of preservation has turned from a civic interest into a profession, and fundraising has followed suit. On the federal level the first instance of preservation funding did not occur until the legislation creating the National Trust for Historic Preservation in 1947.\(^\text{11}\) The legislation not only created the entity but gave it authority to buy properties outright and to hold them in trust. Until the National Historic Preservation Act was enacted in 1966, there had never been a national funding opportunity proposed for historic preservation.\(^\text{12}\)

Although it is rarely mentioned in texts or other scholarly research, the National Historic Preservation Act included provisions to fund private preservation efforts throughout the country. While never implemented, Section 104 of the NHPA remains intact, and could provide for a loan guarantee program in conjunction with a private lender.\(^\text{13}\) The program thoroughly outlines the process of implementation, including the inclusion of a private lender and the discretion of the Secretary of the


Interior to set limits on loan amounts and rates.\textsuperscript{14} The legislation offers a framework for the program but leaves the Secretary of the Interior to determine rates and lengths of loan terms under the guidance of the Secretary of the Treasury. The loan guarantee program relies on the reserves of the Historic Preservation Fund to back all of the investments made into the program. This is illustrated by Section 104(c).

(c) The aggregate unpaid principal balance of loans insured under this section and outstanding at any one time may not exceed the amount which has been covered into the Historic Preservation Fund pursuant to section 108 and subsection (g) and (i) of this section, as in effect on the date of the enactment of the Act but which has not been appropriated for any purpose.

If a loan guaranteed by Section 104 were to default, the property would revert to the federal government, either by terms of lease to protect the government’s interest or by procurement in full. If the loan is defaulted and turned over to the federal government, it is the responsibility of the receiving agency to divest themselves of the property by transferring it to another governmental or nongovernmental entity under such conditions as will ensure the property’s continued preservation and use. If in consultation with the Advisory Council on Historic Preservation the Secretary determines that there is no feasible and prudent means to convey such property and to ensure its continued preservation and use, then the Secretary may convey the property at the fair market value to any entity without restriction.\textsuperscript{15} If a property is divested from the government’s holdings, the capital from that transaction will be transferred to the Historic Preservation Fund and shall be used only to carry out the mission of the National Historic Preservation

\textsuperscript{14} National Historic Preservation Act. \textit{U.S. Code} 16(1966), §§ 470(b)(1-3)

\textsuperscript{15} National Historic Preservation Act. \textit{U.S. Code} 16(1966), §§ 470d(g)(1)
Act. Pursuant to Section 104(i) any funds acquired via the program are considered to be non-federal in nature. This distinction is crucial, as by severing ties with federal funding, the requirements of Section 106 are not invoked. As written, Section 104 would allow for a loan for any property listed on the National Register, either individually designated structures or a contributing resource to a historic district. Owner-occupants could benefit as well as there was no provision against owner-occupancy loan insurance. 

Judging by its failure to be implemented through decades of availability, the National Park Service appears unlikely to enact the program. The Federal Rehabilitation Tax Credit Program which was introduced in 1976 also makes implementation of Section 104 unlikely, as it is lauded as a success by the National Park Service and for preservation as a whole. The program currently offers credits valued at 10 or 20 percent of qualified costs in a rehabilitation process. Unlike Section 104, it does not require funds from the National Park Service to run their program. Instead, the financial component of the program is administered through the Internal Revenue Service after the National Park Service approves the credit project, and no up-front costs are necessary.

Another barrier to implementing Section 104 is the nature of the Historic Preservation Fund itself. While the Fund is a designated item in the President’s budget, the level of its funding is not specified and is often a matter of political

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debate.\textsuperscript{19} From budget data available about the Historic Preservation Fund, the last time there was excess funding that was not appropriated to SHPOs, THPOs, or Save America’s Treasures was 2007.\textsuperscript{20} In the years where there were surplus funds, the amounts were minuscule to the point where a program could not be launched without an additional appropriation.\textsuperscript{21} The most recent program that provided outright grants for preservation from the federal government was the National Park Service’s Save America’s Treasures program.\textsuperscript{22} It was established as a public-private partnership with National Endowment for the Arts, the National Endowment for the Humanities, the Institute of Museum and Library Services, and the President's Committee on the Arts and the Humanities. While the program was set up to match private dollars to federal funds to spur preservation throughout the country, it has not been funded since 2010. During the program’s active years of 1999-2010 a total of $315,152,000 was disbursed via 1,287 grants. As the Save America’s Treasures funds were federally apportioned, Section 106 was required for all their projects.\textsuperscript{23} Due to diminished appropriations and the indefinite cessation of the Save America’s Treasures program, the likelihood of any funding in fiscal year 2016 from the federal government is unlikely.


\textsuperscript{21} While Preservation Action has all available data back to 1966 on the Historic Preservation Fund, several years actually present a deficit when calculated through line items.


The lack of a federal funding source for non-commercial properties has resulted in the development of other programs to fill the gap. In the 1950s, even before the passage of the National Historic Preservation Act, sources of private funding were developed to save local landmarks, and the number of those organizations has continued to increase.\textsuperscript{24}

A Note on Financing Structures

The U.S. Department of Housing and Urban Development (HUD) is the largest federal agency that distributes funding for housing. While HUD has several programs that can assist with homeownership, the main scope of HUD is to provide assistance to low-income homeowners through a variety of programs. Typically funds from HUD go towards rental housing only, except with funds that are distributed to local jurisdictions, such as the HOME Investment Partnerships program.

The following chapters discuss current funding scenarios on local, state and regional levels. Although each program has its own parameters for entry, the majority are available to all citizens. While several of the highlighted programs have a clearly stated income restriction the majority of programs do not.

Several of the programs also are linked to a bank’s prime rate. For the past year the Wall Street Journal Prime Rate has been level at 3.25\%.\textsuperscript{25} The aftermath of the Great Recession saw a shift in lending for all real estate projects, from new construction to rehabilitation. While the current prime rate is low, many financial institutions have enacted more strict lending requirements, which increases the appeal


of non-profit and governmental lenders to those with low credit scores who are seeking affordable financing.26

Chapter 3: Local Programs

In recent years, efforts to rehabilitate historic structures have moved from strictly-regulatory practices to a market-driven force.27 It is important to recognize, however, that often this is a chicken-vs-egg scenario: without the regulations, the market most likely not respond positively to preservation because of the lack of benefits brought about only by the regulation. Many communities are capitalizing on the increased interest in cities and the trend of new urbanism.28 Therefore it is on the local level that some of the best work has come for financing residential rehabilitation and restoration. Communities across the nation have employed a variety of techniques including: tax credits, grants, revolving funds, and technical assistance to restore areas ranging widely in terms of physical condition and economic vitality.

Locally based programs benefit from a restricted geographical scope and are better able to develop detailed knowledge about the history of the place, its architecture, and specific development issues. The local scope also allows groups to cultivate relationships with lenders, contractors, architects, and historians who are crucial to a proper rehabilitation. Often at the local level there is an opportunity to

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find dollars through foundations that have fewer strings attached and are more willing to work within the communities they serve. The Community Reinvestment Act implemented by HUD also plays a key role in restoration and rehabilitation projects. While CRA funds are distributed to local communities where lending institutions collect deposits, the funds are distributed locally and regionally. Because of its distribution on a state agency level, the CRA will be discussed along with State Programs.

Rehabilitation of residential structures can be financed through two different processes – investment by an individual property owner or by a larger network or organization. It is important to note the different types of support and development offered through local programs; many times rehabilitation funding can be obtained through other channels such as disaster relief or the local housing authority. While not traditional authorities for rehabilitation funding of historic structures, they should not be overlooked. These programs are intertwined in order to offer a greater breadth of services to the community.

Cleveland’s Heritage Home Program offers assistance to individual homeowners on both loans and technical assistance, but do not hold a housing stock. Local governmental agencies such as land banks offer a low-cost purchase option allowing for rehabilitation, and often clear the titles of any tax liens and hardships from the previous property owner through the local jurisdiction in an attempt to return

the property to private ownership. Sometimes, such as the case with Cuyahoga County and the city of Cleveland, they offer rehabilitated homes for purchase, as well as properties for sale in as-is condition, with the stipulation that the home is to be rehabilitated and brought up to code. This allows those who are not looking to embark on a rehabilitation to enjoy the benefits of purchasing an older stock home that is updated both aesthetically and to code. City programs such as Baltimore’s “Vacants to Values” combine aspects of both a non-profit and a governmental agency. These opportunities are offered in tandem with additional incentives such as moving people back into neighborhoods that were previously blighted.

Local programs could be the best opportunity to expand funding and stabilize communities in the future due to more flexibility to form partnerships with other organizations and the ability to develop necessary zoning and regulations to promote programs. Without the demands of state and federal regulation, such as Section 106 review, a variety of funding sources are available, and in turn both local government programs and nonprofits are able to fill a void in funding. Local municipalities see the effects of a program encouraging rehabilitation not only benefitting those that take advantage of the program for housing, but also the city as a whole by revitalizing neighborhoods, making them safer, and increasing property values. Baltimore City enacted a program in 1995 after investigating solutions to deal with the overabundance of blighted housing and its potential to be rehabilitated into both owner occupied housing and as rental units. Between 1997 and 2014 the program has

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supported more than 3,000 rehabilitation projects that have leveraged approximately $606 million in investment citywide. An additional 1,000 projects are underway that are projected to yield another $600 million in investment. The investment to date is leveraging more than $4 billion worth of additional economic activity. Kathleen Kotarba, division chief for historical and architectural preservation in Baltimore City, said in regards to the program, “needless to say, we are quite happy about the success of the program.”

Local programs have made great strides in communities; their advantages surpass disadvantages. It is important to acknowledge their limitation, however, as their local orientation reduces their geographical scope. The benefits of these efforts may be further limited by restricting their services to neighboring municipalities (through their bylaws if they are a non-profit) or due to jurisdictional status (if it is a government entity). Access to funding can also limit their scope. While a handful of major metropolitan areas have charitable benefactors that are active in community development and reinvestment, such as the Ford Foundation and the Rockefeller Brothers Fund, most municipalities do not have secure lines of funding for the foreseeable future. While state and national programs can also face unforeseen financial restructuring such as sunset clauses or a new administration adjusting the budget, they are typically more secure.

Localities have the opportunity to qualify under the NHPA, as a Certified Local Government (CLG). A certified local government can create the proper legal

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protections for local historic districts and enforce design guidelines. In fact, just the creation of local historic districts can have a positive economic effect and in turn may bring more dollars into the community, which will allow for preservation of residential structures. As a result of more interest in a neighborhood designated as historic, commercial buildings in the neighborhood often bring interest to nearby homes, furthering the desire to rehabilitate residential structures in the neighborhood. Further investigation of the impacts of single-family residential homes in multiple Texas cities saw a premium of 4-19% of prices over market rate for comparable houses for those located in a historic district. The authors of the study note that National Register districts can skew the percentage upward by five points over a local district, but found that the instances were so few that it did not offer a statistically significant difference. Even capping at 14%, the premiums afforded by a local designation area are an added value to properties located within district boundaries.

The local sector of preservation funding sees a broad scope of opportunity to assist area residents. Groups engaging in preservation on a local level are split between non-profits and governmental agencies. Only a few municipalities offer property tax credits to homeowners in historic districts, and they are restricted to home maintenance. Examples of such programs like this can be found in Salt Lake

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City and Baltimore. More often than not if residential credits are available it is through a state level-agency. Part of the reason for this circumstance is that some cities and counties do not have their own tax code. Credits available on the local level are more likely to deal with retrofitting homes to be more energy efficient. Many times rehabilitation work will be in line with other programs’ requirements and the additional credits can be captured.

Financial assistance is more frequently offered to homeowners through low-interest loan programs that may or may not involve a revolving fund portion. Often these programs are in partnership with a local lending institution to bring down interest rates for approved projects. As with federal credits, projects in this category typically must adhere to the Secretary of the Interior’s Standards which provides a thorough explanation of best practices in preservation work.

Technical assistance also may be offered by non-profits and municipalities alike. This is a benefit to the community even if they cannot partake in lower-rate financing as it makes sure the project not only meets code but also follows standards, usually of the Secretary of the Interior’s, to benefit from state/regional and national programs.

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A combination of both financial and technical assistance programs provides the best opportunity to complete projects. By offering designations to neighborhoods, providing assistance, and offering low-interest rates for sympathetic rehabilitation, not only will single-family homes be repaired, but communities will be stabilized and dollars brought back into the community.

**Case Study – Heritage Home, Cleveland, Ohio**

Cleveland’s Heritage Home program is considered a success by the Cleveland Restoration Society and the City of Cleveland. The program began operation in the city in 1992, and expanded to surrounding areas in 2001. Since 1992, the program has provided over 5,500 homeowners with technical services that resulted in more than $119 million spent on projects. On a direct financial level, approximately 1,020 low interest loans totaling $37 million have been disbursed throughout the community to stabilize local housing.\(^{41}\) The program follows the stipulation that a structure must to be at least 50 years old to qualify, but does not require individual or district designation to qualify for the loan.\(^{42}\)

Heritage Home provides an array of services, and their information is easily accessible by the public via both the internet and printed resources. What makes the program unique is its longstanding partnership with local area lenders, both KeyBank and First Federal of Lakewood.\(^{43}\) Heritage Home works with these lenders along with the Cuyahoga County government, the Ohio Housing Finance Agency, and the

Treasurer of the State of Ohio, to buy down interest on available loans, in some cases lowering the effective rate for the homeowner to as low as 1.4%.\(^{44}\)

Along with lowering the overall financial burden, Heritage Home protects their financial interests by providing access to construction specifications for exterior projects as well as offering a list of recommended contractors and individualized project guidance. To qualify for a loan for exterior work, the project must follow the specifications from Heritage Home. Typical improvements that qualify include roof repair and replacement, painting, insulation, window repair and replacement, basement waterproofing, masonry repair, kitchen and bath renovation, additions, finishing attics and basements, and electrical, plumbing and HVAC. Loans are not available if the project includes vinyl siding or windows, new decks, or incompatible additions. Approved work is intended to blend with the original period of the home.\(^{45}\)

The requirements to obtain a low interest rate loan from the program are based on a well-established set of conditions considered good lending practices in the real estate industry, such as a favorable loan-to-value ratio and moderate interest rates. The conditions also require the project to be completed within eighteen months from the award of the financing, which helps to protect the organization’s investment in the client and ensures that the project comes to fruition. Additionally, all loan documents must be signed before work commences.\(^{46}\)


It is clear that Heritage Home has formed a strong relationship with their lending partners. The program requires a baseline credit rating and the amount to be lent is based off of current equity or that of which will be established through the rehabilitation as set by an appraiser. The program also has a high loan-to-value ratio, and in some instances requires only a 5% contribution if the property is located in a low to moderate census income tract; otherwise the rate is typically between 10-15%.\textsuperscript{47} Loans under $10,000 have no origination fee, and those fees top out at 2% for loans at $25,001 or higher.\textsuperscript{48}

Fees are differentiated between owner-occupied and non-occupied structures, the lower of which are for owner-occupied structures. As illustrated by the chart (Figure 2), the only time a pre-payment penalty is exacted is through loans originating from Key Bank for non-owner-occupied structures.\textsuperscript{49}

Figure 2: Loan products offered by Heritage Home.
Chapter 4: State Programs

Local programs are a mix of public and non-profit groups, while state-level funds usually come from their respective governments. This chapter will analyze the types of funding offered from the fifty states in regards to credits, tax abatements, and grants and will identify their strengths and weaknesses. While Tribal Historic Preservation Offices as well as the aforementioned State Historic Preservation Offices receive Historic Preservation Funds, they are not part of this study.

The majority of funding offered through states for owner-occupied housing is in the form of a state income tax credit, with 23 states offering credits to homeowners (Figure 3). Eight other states have credit programs but they are restricted to income-producing properties. Although these are state credits and not to be confused with the federal credit, funding for SHPO offices is allocated through the National Park Service, and the disbursement of these funds serves as a pass-through transaction to the states. Typical credit percentages fall between 20 and 30 percent.50

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Each state has a capped rate on the dollar amount that can be credited. Georgia, Indiana and Missouri exceed the standard with caps at $100,000 and $250,000, respectively. Most states do not have a minimum dollar amount needed to qualify, which means that homeowners can take advantage of the programs for small repairs such as new siding or windows, up to larger projects such as a slate roof. Four states -- Maryland, Ohio, Iowa, and Louisiana -- offer refundable credits so any balance after filing is returned in cash to the credit holder. This refund policy may encourage homeowners to invest in projects, since they know they can fully capitalize their credits even if they fall in a low tax bracket where they would otherwise not capture all of the dollars allotted.\textsuperscript{51}

While states such as Louisiana have been successful with their credit programs, others are constrained by their program policies. For instance, Kentucky offers a 30 percent credit for owner-occupied homes but the annual cap for the program is set at $5 million, which severely limits the number of projects that can benefit.\textsuperscript{52} These aggregate caps also may be hurting preservation efforts in these states because residents do not have a way to offset costs of their projects. In turn, properties could become blighted without financial intervention.

The Louisiana credit has standard requirements for credit eligibility that mirror those of most states. All rehabilitations are to be executed to the Secretary of the Interior’s Standards, the structure must be the owner’s primary residence, and in

the case of Louisiana a minimum of $10,000 must be expended.\textsuperscript{53} For properties in locally or nationally designated districts, there are multiple paths to eligibility. Louisiana exceeds the average state credit with an opportunity to receive a 50% credit if work is completed within a designated blighted area. The state considers a property blighted if it meets one of the following criteria: the building conditions pose a danger to the community, the building is not being properly maintained, the building is dilapidated, the building is attracting illegal activity, the building is a fire hazard, or the building is a factor in depreciating property values in the neighborhood due to its poorly maintained state.\textsuperscript{54} The additional 25% afforded by rehabilitating a blight-qualified building could be advantageous in other jurisdictions, which have suffered either natural disasters or economic decline.

While tax credits are viewed by many as the main solution for providing funds for preservation, several states also employ tax abatement programs. A tax abatement offers a resident the opportunity to “freeze” their property’s valuation at the pre-rehabilitation rate for a specified period of time. The length of the freeze depends on the state, but usually is between five to ten years, often with the option to receive a one-time extension after the initial period.\textsuperscript{55} Oregon pioneered this program in 1973 and offers a ten-year freeze before reapplication is required.\textsuperscript{56}

Tax abatement programs like those in Oregon and Louisiana offer extra incentives to rehabilitate eligible structures, especially those that need extensive work. The rise in a structure’s appraised value can be a deterrent to rehabilitating properties, especially when a property is purchased in a location where the newly assessed value would be incongruent with properties in the area.57

Offered in one state, tax status reclassification can greatly reduce the tax burden on owner-occupied structures. Arizona’s State Historic Property Tax (SPT) is a fifteen year agreement that lowers the assessed property tax by 35 to 40 percent, depending on the property assessment and the requirements of the specific jurisdiction.58 In return for the lower tax payment, the owner agrees to maintain the property to federal and Arizona State Parks Board standards and it must be listed individually or as a contributor to a historic district listed on the National Register. Any work during the 15 year agreement must be approved by the SHPO and follow the Secretary of Interior Standards.59

In the absence of a state income tax, South Dakota provides funding for preservation by allocating a portion of the Deadwood Fund to historic preservation grants throughout the state. The fund is available for owner-occupied homes as well as commercial buildings and awards matching grants from $1,000 to $25,000.60 As with other states’ programs, eligibility hinges on National Register listing or eligibility, and abidance with the Secretary of the Interior’s Standards for

Rehabilitation. In return, a permanent marker is placed on the building to denote its funding source, and the property is held under an easement lasting for eight years.\textsuperscript{61}

\textit{States That Do Not Offer Incentives}

SHPOS are not required to offer any funding sources to commercial or residential buildings. The majority of states offer credits or some form of financial incentive to preserve historic resources, but 11 states offer no residential financial incentive: Alabama, Alaska, Florida, Idaho, Michigan, Nevada, New Hampshire, New Jersey, Tennessee, Texas, Washington, and Wyoming. Of the states that do not offer a financial incentive the majority do not have an income tax to which they could link a credit.\textsuperscript{62} Although these states do not have an income tax they typically have higher property taxes. A tax abatement program would be beneficial in this situation because it will lower the overall tax burden on the property.

\textit{Tax Limitations}

Although tax credits are the most common vehicle to provide funds at the state level, they are a reimbursement. The problem with offering tax credits alone is that projects that require upfront capital expenditures are forced to secure the additional financing to compensate for the delayed benefit. In the absence of a favorable loan the project may be endangered. Rhode Island does not offer a credit, but it has a program that offers loans below the prime rate to qualified applicants.


Programs such as the one illustrated can promote projects by guaranteeing a low-cost lending source, which is often crucial to large-scale rehabilitations.63

Agency Limitations

The incentives offered by state agencies often supply the largest component of the financing for preservation projects. Because these are state agencies, they are also under constant review by both office holders and constituents. Some successful programs also carry sunset dates, a predetermined date when the program will end unless it is reauthorized by the state legislature. Louisiana’s tax credit program is scheduled to sunset on January 1, 2016.64 Several states have individual and/or aggregate caps on project costs using credits which prevent projects from coming to fruition.

Case Study: Rhode Island Historical Preservation and Heritage Commission

The state of Rhode Island SHPO, also known as the Historical Preservation and Heritage Commission, offers a loan fund for restoration and rehabilitation of properties listed on the State Register. The state formerly operated a local homeowner tax credit, but the program ceased operations in June 2011.65 The current loan fund serves public, non-profit, and private owners.66 Loans are offered generally for rehabilitation work, but unlike most preservation funds additional loans are made available for acquisition and rehabilitation of a historic property deemed endangered by the state. Typical of other SHPO-run financial programs, all work must adhere to

63 “Historic Tax Credit Sparked 'Wildfire' of Development Downtown -- and in Missouri," St. Louis Beacon, last modified July 8, 2013. https://www.stlb beacon.org/#!/content/31667/downtown_historic_tax_credit_part_one.
the Secretary of the Interior’s Standards for Rehabilitation and work completed prior
to distribution of the loan is not eligible.67

The loan is disbursed with an adjustable rate, which is reset each January. As
of January 2015, applications are being evaluated with a rate of 2 percent less than the
prime rate, with a floor of 5 percent. Because the current prime rate is below the
floor, loans are currently evaluated with a 5 percent rate. While adjustable, the rate
will not increase more than 3 percent over the life of the loan. Upon acceptance of the
loan, a mortgage is placed on the property as a security for the state. The combination
of the security mortgage and any other mortgages on the property (primary, home
equity, second) must not exceed 75 percent of the after-rehabilitation appraisal.68

The maximum loan amount is $200,000. Regardless of loan size, payments
are due quarterly and must be exhausted within five years. Different terms may be
made available but they must be approved by the Commission. This amount exceeds
any other upfront preservation funding offered by states; the highest grant amount
available elsewhere is $25,000.69 Though the program allows for large loans, it is
important to evaluate if the project can be paid off within the relatively short time
frame of five years.

Prior to disbursement of the loan, the borrowing party is responsible to pay for
an appraisal, property survey, title search, and any other documentation costs deemed
necessary. After initial loan approval the contract for the work must be openly and

67 “Tax Credits & Loans: Overview,” *State of Rhode Island: Historical Preservation & Heritage
68 “Tax Credits & Loans: Overview,” *State of Rhode Island: Historical Preservation & Heritage
69 “Deadwood Fund,” *South Dakota State Historical Society*, accessed February 8, 2015,
competitively awarded and all work will be reviewed prior to commencement in order to make sure it adheres to the Secretary of Interior’s Standards for Rehabilitation. A final stipulation is that an easement is placed on the property in which the owner agrees to preserve and maintain the property for a number of years based on the expenditure of the state on the loan.\footnote{70}{"Low-Interest Loans," \textit{State of Rhode Island: Historical Preservation \& Heritage Commission}, accessed October 2, 2014, www.preservation.ri.gov/}

The Historical Preservation and Heritage Commission also helps to fund multiple municipalities through providing resources to establish local revolving funds.\footnote{71}{"Tax Credits \& Loans: Overview," \textit{State of Rhode Island: Historical Preservation \& Heritage Commission}, accessed October 2, 2014, www.preservation.ri.gov/} This type of loan program is not found in any other state and could be used as a model to implement in other locations, especially those which do not offer a tax credit or tax abatement.
Chapter 5: Revolving Funds and Other Financing Options

Outside of state funded credits, financial support for preservation may involve a revolving fund. A revolving fund is a common tool used in the preservation field for injecting capital into communities. A revolving fund operates by obtaining an initial pool of money that is loaned out and is replenished and increased through the payments of principal and interest on loans disbursed through the program. Statistics compiled in a survey conducted by the National Trust for Historic Preservation (Figure 4) indicate that the majority of operating dollars for current revolving funds comes from the repayment of disbursed loans and acquisitions.

Figure 4: Sources of funding after initial capital contributions to a revolving fund.

Depending on the size of the program and accrued capital, loans can range from several thousands to well over a quarter million dollars. Capitalization, or initial funding, of a revolving fund is often sourced from public as well as private dollars.
Capitalization funds typically are in the form of grants, so the money that is received is not required to be paid back to the initial funding base.72

Preservation revolving funds have been at the forefront of private funding for decades. The Historic Charleston Foundation (HCF) developed the first revolving fund in 1957.73 Today there are 34 preservation revolving funds, with one more in development by the Preservation Alliance of Minnesota.74 Preservation revolving funds were typically started with the mission to acquire a structure to save it from destruction.75 As time has gone by, different funds have changed their missions: some funds still advocate only for buildings in imminent danger, others target preservation in certain geographic areas.

Twenty funds responded to the National Trust survey and their combined funds expended approximately $500,000,000, which in turn has provided housing for 6,052 people and generates an estimated $3,109,559 in property taxes.76 These figures do not even account for the impact of temporary and permanent jobs created through rehabilitation related industries.

It is important to note that if a fund does include public grant monies, the fund’s activities may be restricted by the program from which they received funding, giving the organization less capacity to make decisions and take greater risks than the government programs allow. While typical projects will encounter no issue with this,

74 Will O’Keefe (former Real Estate Coordinator at the Preservation Alliance of Minnesota) in discussion with the author, February 2015.
more creative projects might be turned down. The use of private capital will allow a revolving fund more autonomy and be less burdened by restrictions, allowing the fund to operate as its own entity.\footnote{77}{"CDFA Spotlight: Revolving Loan Funds," \textit{Council of Development Finance Agencies}, accessed November 11, 2014, http://www.cdfa.net/cdfa/cdfaweb.nsf/ordirect.html?open&id=rlffactsheet.html.}

Although there are multiple revolving funds in operation, not all of them will lend to homeowners. Several funds increase their capital through the purchase of properties and reselling them on their own, rehabilitating the properties and placing easements before offering them up for market-rate sale. This system is often paired with donations of real estate to the fund, which can be sold and the resulting revenues can be used to acquire other structures in danger or to loan out as principal in the community.\footnote{78}{"Revolving Fund Basics," \textit{Forum Journal} 29, no. 1 (2014), 43.} Programs sometimes use funding to carry out long range planning and feasibility studies for areas and offer grants, and others offer paid technical assistance, but the majority of the capital raised for the funds is expended through loans and acquisitions.\footnote{79}{"SCAD Measures Revolving Fund Impacts," \textit{Forum Journal} 29, no. 1 (2014), 40.}

While these funds are used to preserve all sorts of historic places it is imperative to adopt this system to provide funds for owner-occupied housing. The primary motivations for supplying funding are to support downtown revitalization and affordable housing.\footnote{80}{"SCAD Measures Revolving Fund Impacts," \textit{Forum Journal} 29, no. 1 (2014), 40.} Some of the largest revolving funds have transitioned from their original role as a purely acquisition-rehabilitate-sell model to offering a variety of financial products such as bridge, construction, and pre-development loans.\footnote{81}{Winslow Hastie and April Wood, "The Evolving Revolving Fund: Historic Charleston Foundation Revamps Its Pioneering Program," \textit{Forum Journal} 29, no. 1 (2014): 16.}
Taking this notion in mind, funds can be used to rehabilitate more single family homes.

Revolving funds saw a major decline in their ability to preserve properties after the financial crisis of 2008-2011. The Historic Charleston Foundation was forced to finance a project for over three and a half years when the market collapsed, which brought their program to a screeching halt as revenues from acquisition funds stopped.82

Many revolving funds are now targeting low and moderate income communities for rehabilitation to provide quality single-family housing to residents who might not otherwise have an opportunity to purchase or maintain a home. The Providence Revolving Fund’s Neighborhood Loan Fund has operated since 1982 and in that time has invested over $7.4 million in low and moderate income neighborhoods in four historic districts: Broadway-Armory, South Elmwood, North Elmwood, and Upper South Providence. A total of 460 buildings were rehabilitated, including the renovation of 46 previously abandoned buildings, and leveraged over $23.75 million in additional financing.83

As a means of making rehabilitations affordable to lower-income applicants, fees for loans and services are based on a sliding scale. Figure 5 demonstrates how income affects the overall cost of financing through the Neighborhood Loan Fund, depending on a combination of the owner’s income compared to the Area Median Income, the Area Median Income of the potential dwellers, and whether any

additional units will be constructed. While funds are granted for both owner-occupied and investment properties, home owners benefit from a lower interest rate and a longer period for repayment.\textsuperscript{84}

<table>
<thead>
<tr>
<th>Applicant Income</th>
<th>Fee</th>
<th>50% of units below 80%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 80% of Median Income</td>
<td>Fee Waived</td>
<td>Fee Waived</td>
</tr>
<tr>
<td>Between 80% and 100% of Median Income</td>
<td>$1,000</td>
<td>Fee Waived</td>
</tr>
<tr>
<td>Over 100% of Median Income</td>
<td>$1,500</td>
<td>Fee Waived</td>
</tr>
</tbody>
</table>

\textbf{Figure 5: Fee Structure for a Providence Revolving Fund Neighborhood Loan.}

The Historic Charleston Foundation has also sought ways to keep long-term owners in homes that need substantial rehabilitation through the actions of their Neighborhood Impact Initiative. Originally set up to revolve properties located in struggling Charleston neighborhoods, the foundation recently redirected the program to work with individual home owners. By partnering with Habitat for Humanity and the city, HUD HOME funds were combined with those already raised by the Foundation.\textsuperscript{85}

Learning from the initial project, HCF is seeking to complete several projects in one neighborhood at a time in order to best use their resources.\textsuperscript{87} This collaboration could be used as a model by other revolving funds to further spread resources to low-income families while maintaining historic housing stock.

The largest hurdle to developing a new revolving fund is obtaining the initial capital. Because there are multiple successful funds in preservation and other development capacities to serve as examples, there is no need to reinvent the wheel. Initial questions that must be answered include the eligibility for loans, the base rate for loans -- such as a specified percentage above LIBOR (London Interbank Offered

Rate) or a rate chosen to be more favorable than other private market products such as a local bank loan -- and the loan term.  

Some of the most successful funds, such as Historic Boston Incorporated and Providence Revolving Fund, offer technical assistance as well as financing. This should be factored into the overall program as well as allocating funding for these activities. After initial terms of the program are developed, the fund must be capitalized. Usually funds for capitalization are acquired through grants, and typically some of this money will be public. 

HUD grants are the most likely federal dollars to be injected into a preservation fund through their HOME Investment Partnerships Program or, in certain cases, Community Block Development Grants (CBDG). HOME funds are formula grants distributed to state and local communities to be used in partnership with local nonprofit groups to fund a wide range of activities. These include building, buying, and/or rehabilitating affordable housing for rent or homeownership, or providing direct rental assistance to low-income people. Any new funds should be targeted at supporting homeowners of low to moderate income to provide the greatest impact on historic preservation and community stabilization.

An offshoot of a revolving fund is forming a separate arm of a preservation organization and creating a community development financial institution. A community development financial institution is a specialized entity that works in market niches that are under-served by traditional financial institutions and offers products such as mortgage financing for low-income and first-time homebuyers and not-for-profit developers, flexible underwriting and risk capital for needed community facilities, and technical assistance.92

Community Development Financial Institutions (CDFIs) can be in the form of a regulated market such as a credit union or be held in a non-regulated institution such as a revolving fund. To be eligible for certification, the organization must serve one or more target markets and provide development services along with financing to recipients. It is important to note that while this is a government program, receiving organizations must be a non-government entity.93

Community Development Corporations

Often CDFIs are part of a Community Development Corporation. Typically these corporations are non-profit and sometimes quasi-public, and offer under-served and revitalizing neighborhoods services such as solutions to affordable housing while spurring economic development and overall neighborhood planning.94 A common practice with larger, regional CDFIs is to distribute money through smaller community development corporations rather than to individual property owners. This

can have the benefit of funding multiple projects at one time, while capturing origination fees on a single level and offering the CDC’s expertise in the area to help see the project completely fulfilled. This is imperative in areas that are just beginning revitalization and might not have any homeowners that feel confident to undertake rehabilitation by themselves, or where no one has decided to make a personal investment into the community’s economy. In this case the local CDC can use the funds to rehabilitate structures on their own to spur growth in the area.

The mission to provide affordable housing is a crucial element in the fact that sometimes preservation funding is disguised by other names. For instance, The Urban Redevelopment Authority offers six different loan products to low and moderate-income homeowners. Income limits are imposed on several programs to target those that need the funding the most. In addition to offering services for regular upkeep and maintenance with interest rates at 0%, in some cases, such as the Pittsburgh Home Rehabilitation Program, other options are geared at stabilizing specific construction, such as the Pittsburgh Party Wall Program.95 The Party Wall program supports the stabilization of exposed walls due to demolition of neighboring row houses. By limiting support to those under the 80% area median income the program is able to distribute grants instead of offering a loan.

<table>
<thead>
<tr>
<th>Household Size</th>
<th>Maximum Income</th>
<th>Various PHRP Grants</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 person</td>
<td>$36,500</td>
<td>$800 Repair or replace public sidewalk</td>
</tr>
<tr>
<td>2 people</td>
<td>$41,700</td>
<td>$2,000 Matching grant for exterior improvements</td>
</tr>
<tr>
<td>3 people</td>
<td>$46,900</td>
<td>$3,000 Accessibility grant for homeowners with disabilities</td>
</tr>
<tr>
<td>4 people</td>
<td>$52,100</td>
<td>$10,000 25% of required lead hazard reduction work up to $10,000 and free Certified Lead Inspection</td>
</tr>
<tr>
<td>5 people</td>
<td>$56,300</td>
<td>$2,500 Optional grant for Energy Efficiency when borrower pays a $100 Energy Efficiency Fee</td>
</tr>
<tr>
<td>6 people</td>
<td>$60,450</td>
<td></td>
</tr>
</tbody>
</table>

Table 2: Income limits for the Pittsburgh Home Rehabilitation Program and additional grants in the program.96

If a homeowner with an income above the Area Median Income (AMI) wants to stabilize a party wall they can still qualify for a low-interest loan from the various other URA programs.97 In turn the interest from these programs revolves back into the funding stream and allows for low-income services. It is important to note that the URA does not tout itself as merely a preservation organization, but is the city’s economic development agency. While it is linked to the city, it was founded by a conglomerate of corporate and city partners which has led it to be operated as a quasi-public entity which in turn gives it more flexibility to operate than a government entity while still capturing public funds for its projects.

The Pittsburgh area has another example of a CDFI in the Landmarks Community Capital Corporation. The corporation boasts a default rate of less than 1%. Similar results can be seen in other preservation financing programs and the success is due to the level of technical assistance provided by the organization to the loan recipient. While LCCC loans often are made to other development corporations or community councils, most of these funds are used to rehabilitate single-family homes. By disbursing funds to other development agencies the fund can have a larger geographical impact – to date Landmarks Community Capital Corporation has funded projects not only in Pittsburgh but also Western Pennsylvania, Eastern Ohio and West Virginia.

**Conclusion**

Owner-occupied housing greatly benefits from the revolving fund and community development financial institution systems. A hallmark of successful programs, such as the Cleveland/Cuyahoga County’s Heritage Home Program, are strong technical assistance programs which ensure that funds are spent on quality work.

In recent years, many successful programs have been moving towards placing income or neighborhood restrictions on their funding in order to stabilize in-need communities before offering funds elsewhere. Programs that offer a combination of low-income services along with a slightly-higher priced loan seem to provide the most robust package of funding options. Partnering with other development entities or

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being held within a redevelopment authority offers great economic impact and collaboration with programs that can help not only the single homeowner with their property but their neighborhood as well.
Chapter 6: Recommendations

Both local and state levels of funding have spurred preservation throughout our communities. As evidenced by these programs, there is no one path to form a perfect preservation program. But creating partnerships among a variety of funding sources is likely to provide the best funding and assistance opportunities for residential rehabilitation. Funding still remains only one part of the equation; solid technical assistance, design expertise and historical research complete a multi-pronged approach to holistic preservation of structures and in turn communities.

<table>
<thead>
<tr>
<th>Federal</th>
<th>Low-Interest Loan</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Community Reinvestment Act Fund</td>
<td>- Cleveland Heritage Home Program</td>
</tr>
<tr>
<td>- Community Development Block Grants</td>
<td>- Historic Charleston Foundation</td>
</tr>
<tr>
<td>- HOME Investment Partnership Program</td>
<td>- Providence Revolving Fund</td>
</tr>
<tr>
<td></td>
<td>- State of Rhode Island</td>
</tr>
<tr>
<td></td>
<td>- Urban Redevelopment Authority of Pittsburgh</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Low Income</th>
<th>Local Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Historic Charleston Foundation/Habitat for Humanity</td>
<td>- Development Agency of Salt Lake City</td>
</tr>
<tr>
<td>- Pittsburgh Party Wall Program</td>
<td>- Baltimore CHAP</td>
</tr>
<tr>
<td>- Providence Revolving Fund: Neighborhood Loan Fund</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Market Rate</th>
<th>Abatement</th>
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</thead>
<tbody>
<tr>
<td>- City of Baltimore’s Vacants to Value</td>
<td>- State of Louisiana</td>
</tr>
<tr>
<td></td>
<td>- State of Oregon</td>
</tr>
</tbody>
</table>

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<thead>
<tr>
<th>Grants</th>
<th>Tax Reclassification</th>
</tr>
</thead>
<tbody>
<tr>
<td>- State of South Dakota</td>
<td>- State of Arizona</td>
</tr>
</tbody>
</table>

Figure 8: Overview of funding programs.
Developing a Program

From investigating available programs, it is clear that one system cannot provide the coverage that would be available through a multi-pronged approach. Residential funding for preservation is much like a three-legged stool: take away one approach and it no longer functions. To create a viable program there must be interaction from governmental agencies on the local and state level, but also private investment. This combination protects the program from the uncertainties that attend the level of funding provided by governments and encourages investment in communities by increasing the wealth made from preservation.

The majority of homeowners can be served through a combination of local level partners and more robust state agencies. The most frequently used program through SHPO offices are tax credits that are modelled on the federal commercial rehabilitation tax credit. As previously addressed, not all states have tax credits. For those states without an income tax credit, a system involving a refundable credit system could be developed for state or local property tax instead of income tax.

The inclusion of a tax credit can be further combined with a tax abatement program like the Oregon program. If states are concerned that they will lose too much revenue by such a system they should investigate using a tax abatement to encourage growth and development in areas targeted by their state and/or local housing entities that need positive revitalization. If dual tax programs are not feasible, abatements can offer the biggest impact on major rehabilitations and should be seen as an economic driver in neighborhoods that are starting to revitalize to avoid steep increases in property taxes because of community investment.
Local Level

While local tax credits are available in many communities, the most effective local programs rely on low-interest loans for general maintenance and rehabilitation projects made directly to homeowners. Programs like this are not typically available through government entities for a variety of reasons, including the concern with providing tax dollars for private investments, which is why state credits trump lending programs. This is where local entities can benefit from local public-private partnerships in the way that natural resource conservation has capitalized in the past. It is also important to look not only outside for partnerships but also from within. Combining preservation efforts with housing authorities, environmental agencies and the treasurer/comptroller offices can help to offer lower-cost initial financing to preserve areas that have already become blighted, much like target zones in Louisiana with their abatement program. By lowering the initial cost to rehabilitate structures, demolition will becomes a less favorable option and pledged support will go far to increase rehabilitation in areas that might otherwise be left to dwindle further.

Outside Financing

The last “leg” needed is outside financing. While preservation is a public good, it is still crucial to incorporate funds from the community. Developing revolving funds can spur rehabilitation by offering loans at low market value. Unlike grants, loans will return not only their capital but also their interest to the financial portfolio from which they originate, which makes them favorable for investors. By developing a non-profit or conglomerate of non-profit agencies they can offer more funds based on the fact that they follow different tax codes as set forth by the Internal
Revenue Service. Developing strategic partnerships with local lending institutions that have a history with the community such as KeyBank in Cleveland can help to offer lower interest and point offerings making the loans more favorable to the purchaser. The inclusion of pre-approved plans and the availability of technical assistance will lower the chance of default and the exclusion of poorly executed work.

**Disbursement and Implementation**

The best practices used in various localities outlined here serve as the basis for implementing an owner-occupied loan program in every state in the nation. The National Trust for Historic Preservation would be the appropriate organization to develop a template program that can be used by states to develop individual programs. Developing a routine, nation-wide reporting system on financial programs will not only show successes but serve as an encouraging factor in increase funding in states that have not committed to the program. This in turn will make the recommendations a nation-wide program while avoiding federal regulation because it is up to the state to decide what and when to implement.

While some states have the capacity to offer robust programs others lack the resources and local investors. They should target priority areas, both those requiring expected levels of general maintenance, but also those that have undergone blight or a natural disaster. For instance, two locally-designated districts: one would be considered a stable area, but maintenance projects still run to levels that homeowners have to debate if they will repair their home, and another that has been blighted since urban renewal and discriminatory red-lining policies destroyed the population in a neighborhood that is close to a thriving downtown. State policies should not
discriminate against those that need new windows and should provide either credits or 
loans to fix minor problems, but they still want to capitalize on revenues brought 
about by rehabilitation. The blighted neighborhood on the other hand qualifies for the 
same credits and loans, but is also offered a locally-zoned tax abatement for 10 years 
while also placing an easement on the property. This will benefit the state not only 
from keeping neighborhoods stabilized but will also increase overall tax revenues if 
blighted areas are rehabilitated and made to feel safe.

Regardless of the programs implemented, a cohesive database that offers links 
to funding, government programs and qualified contractors and architects will allow 
for a more streamlined process for both residents and local entities. The creation of 
such a database would allow for nationwide collaboration and an opportunity to 
develop local programs with the knowledge gained from other jurisdictions. Forming 
a national network will not only benefit local communities but can serve as a sample 
format for communities looking to expand their efforts in preservation.
Chapter 7: Conclusion

By providing funds to homeowners to maintain their homes, they not only stabilize a structure, but also their community, both aesthetically and economically. Preservation is a public good just as much as a vibrant downtown or a maintained park.

Owner-occupied houses are just as important to the American landscape as Carnegie libraries or old town halls. They represent the individuals that built them and the change of communities over time. As our nation evolves, it is important to grasp the tangible heritage that we have, and we must invest dollars into what we have so it is not permanently lost.

The lack of a federal funding source for owner-occupied housing, while disappointing, does not limit preservation on a national level. Instead, both public and private resources have developed since the 1950’s to combat the funding problem, but only target certain areas. Looking at the options currently available and forming a best practices package that could be used across the country and implemented in communities that do not have current funding. While there is always hope that more money will be authorized for the Historic Preservation Fund, it is imperative that communities look for sustainable ways to fund their own projects.

Forming public-private partnerships allows for the best chance to leverage dollars to preserve our communities. Public programs often offer financing after the fact in the form of a credit. These must be paired with prior financing in the form of a loan to make many projects feasible. Tailoring available programs to targeted areas
will also increase preservation in communities that can benefit from it the most, those that would otherwise be forced out of existing housing.
Bibliography


