IV: RECOMMENDATIONS: **Incentives for Historic Preservation**

For many people, the reward of saving a beautiful historic building is immeasurable. Certainly cities are well within their legal rights to enact local ordinances to allow for local landmarks, historic districts, and neighborhood preservation districts. But often, property owners find the additional layer of bureaucracy to be unpalatable. While modern subdivisions typically have aesthetic regulations which apply, many owners of historic properties have owned their properties for some time before the new layer of preservation regulation is applied. For any historic property owner, preservation advocate or not, incentives (particularly financial incentives) for the rehabilitation and maintenance of historic buildings can do much to encourage owners, or potential owners, to save and improve their buildings.

Incentive programs for historic preservation have at least five purposes, as identified by Marya Morris in *Innovative Tools for Historic Preservation*:

C provide a contract of sorts between the property owner and the public which says, "If you take care of this property, the public will give you some public money."

C counter government forces or land-use policies that inadvertently threaten historic resources.

C generate systematic rehabilitation of historic buildings.

C provide a level playing field for rehabilitation projects to compete with new construction or abandonment.

C compensate owners who may be significantly burdened by historic preservation laws.[1]

Typically when we think of incentives, financial incentives come to mind. Many communities offer financial incentives of some sort, but seldom are these targeted specifically to historic buildings. Probably most common are Tax Increment Financing (TIF) Districts, which often focus on downtowns, thus an area dominated by historic buildings. In some cases, these programs offer extra points for consideration of grants if a property is designated locally. Increasingly, however, other incentives are also encouraging historic preservation efforts. Parking can frequently be a problem when rehabilitating historic buildings for new uses, and some communities are now granting special parking concessions for rehabilitation projects.

Overall, incentives can help make rehabilitation projects become a reality in many cases. Listed below are two federal incentives and the state incentive which already exist and could be used for some Carbondale properties. These programs should be used to promote historic preservation in the City.

Rehabilitation Investment Tax Credit

Established by the Tax Reform Act of 1986, the Rehabilitation Investment Tax Credit allows for a 20% tax credit for the *substantial rehabilitation* of commercial, agricultural, industrial, or rental residential buildings that are *certified as historic*. The credit may be subtracted directly from federal income taxes owed by the owner.

Benefits

- encourages the protection of landmarks through the promotion, recognition, and designation of historic structures;
- increases the value of the rehabilitated property and returns underutilized structures to the tax rolls; and
- upgrades downtowns and neighborhoods and often increases the amount of available housing within the community.

Provisions

In order to qualify for the 20% tax credit, a property owner must:

- have a *certified historic structure*. To be certified, the building must be listed individually in the National Register, or as a contributing building within a historic district which is listed in the National Register of Historic Places, or <u>be a contributing building within a local historic district</u> which has been certified by the Illinois Historic Preservation Agency and the National Park Service.
- use the building for an income-producing purpose such as rental-residential, commercial, agricultural, or industrial.
- rehabilitate the building in accordance with the *Secretary of the Interior's Standards for Rehabilitation* and *Guidelines for Rehabilitating Historic Buildings*. The National Park Service, with advice from the Illinois Historic Preservation Agency, determines whether a project meets the *Standards for Rehabilitation*.
- spend an amount greater than the building's adjusted basis (roughly the current depreciated value of the building not including land value) on the approved rehabilitation project.
- complete the work in a timely manner. Projects must meet the minimum expenditure test within a two-year measuring period, but applicants may take up to five years to complete a phased project if plans and specifications are approved in advance of construction.

- pay a fee to the National Park Service; the fee will be no less than $250 and not greater than $2,500 and will be based upon the qualifying rehabilitation expenditures.

Special Conditions

Owners are strongly urged to contact the Illinois Historic Preservation Agency prior to any construction. While approval is not required before a project begins, it is highly recommended. Any work undertaken prior to approval is completely at the owner's risk and could disqualify a claim to a tax credit if it does not meet the *Standards for Rehabilitation*.

If during a five-year period following the credit the property is sold, its use changes from income-producing, or the property is altered in a manner not following the *Standards for Rehabilitation*, the certification may be revoked and all or part of the tax credit recaptured by the IRS.

Acquisition costs or related costs incurred for the acquisition of the original building and land do not qualify for purposes of the credit.

Discussion

The application process for this tax credit involves three parts, each with a review by both the Illinois Historic Preservation Agency (IHPA) and the National Park Service. Part One is the certification that the building is *historic*: the building must be listed individually in the National Register, or as a contributing building within a historic district which is listed in the National Register of Historic Places, or be within a local historic district which has been certified by the Illinois Historic Preservation Agency and the National Park Service. If the building is not already listed in the National Register, it must be listed by the project's completion unless it is contributing within a certified local historic district. The Determination of Eligibility (DOE) provision from the federal Section 106 and State Law 707 processes *does not* apply here. Part Two documents the building's historic features and what the rehabilitation plans are for those features. Part Three affirms that the property owner followed the plans set out in Part Two and results in a Certificate of Rehabilitation for successfully completed projects. IHPA staff visit the property at the beginning and conclusion of the project to confirm the Part Two and Part Three documentation. The *Secretary of Interior's Standards for Rehabilitation* are broad-based rules which allow for flexibility and encourage the proper rehabilitation of historic buildings.[2]

Illinois Property Tax Assessment Freeze Program for Historic Residences

This program represents an effort to provide a financial incentive for the preservation of owner-occupied dwellings, an area not covered by the Rehabilitation Investment Tax Credit or the Non-Historic Tax Credit offered at the federal level. Through the Property Tax Assessment Freeze Program, the assessed valuation of the historic property is frozen for eight years at its level the year rehabilitation began. The valuation is then brought back to market level over a period of four years (a four-year "thaw").

Benefits

- encourages landmark protection through the promotion, recognition, and designation of historic structures;
- increases the value of the rehabilitated property; and
- upgrades neighborhoods and housing within a community.

Provisions

In order to qualify for this program, a property must:

- be a registered historic structure, either by listing in the National Register of Historic Places, or designated by an approved local historic preservation ordinance;
- be used as a single-family, owner-occupied residence or condominium, or as a cooperative, or as an owner-occupied residential building with up to six units;
- have at least 25% of the property's market value spent on an approved rehabilitation project;
- be a substantial rehabilitation that significantly improves the condition of the historic building; and
- be rehabilitated in accordance with the *Secretary of the Interior's Standards for Rehabilitation*.

Special Conditions

Applications for the Freeze must be submitted within two years of project completion.

If the property is sold within the eight-year freeze period, or if its use changes from that of a single-family owner-occupied residence or condominium, or as a cooperative, or as an owner-occupied residential building with up to six units, the certification of the project will be revoked.

Subsequent rehabilitation work within the twelve year period (eight year freeze and four year thaw) must also meet the *Standards for Rehabilitation* or the certificate will be revoked.

The property owner is required to file an affidavit with their county assessor each year verifying ownership and use.

Discussion

Communities, through an official request from the mayor, may apply for certification of their local historic preservation ordinance by the Local Government Services Coordinator of the Illinois Historic Preservation Agency (IHPA). Keep in mind that this *certification* is different from being a Certified Local Government. A community which is not recognized as a Certified Local Government may still have a certified historic preservation ordinance. The certification of the ordinance allows properties which are designated as local landmarks or which contribute to a local historic district to be eligible for the Property Tax Assessment Freeze. This procedure thus allows properties which are not in the National Register to still be eligible for the Freeze.

This *certification* of the local ordinance does not apply to property owners who may be interested in the federal Rehabilitation Investment Tax Credit. That program still requires National Register listing, except for contributing properties in locally-designated historic districts, which are found to meet the National Register requirements, through IHPA and National Park Service review.[3]

Non-Historic Tax Credit

The Tax Reform Act of 1986 allows for a 10% tax credit for the *non-historic rehabilitation* of buildings built *before 1936*.

Non-historic rehabilitation

C The building *cannot* be listed in the National Register of Historic Places, either individually or as a contributing building within a National Register historic district.

C The rehabilitation *does not* have to be approved by the Illinois Historic Preservation Agency or the National Park Service.

C This credit applies *only* to buildings which are non-residential in use. This includes commercial, office, or any other type of use not considered to be residential rental use.

Buildings built before 1936

At the implementation of the Tax Reform Act of 1986, buildings constructed before 1936 would have been at least 50 years old. Unfortunately, rather than making the date of eligibility a floating date (such as "Buildings must be fifty years old or older"), the "before 1936" wording was used.

Additional Requirements

In addition to the *non-historic rehabilitation* qualifications, the following must be met:

C 50% or more of the existing external walls of a building are retained in place as external walls;

C 75% or more of the existing walls of a building are retained in place as internal or external walls; and

C 75% or more of the existing internal structural framework of a building is retained in place.

C The qualified rehabilitation expenditures during a 24-month period selected by the owners must exceed the greater of $5,000 or the adjusted basis of the property.

C The qualified rehabilitation expenditures, along with the building, must be depreciated over a straight line depreciation period. Under the current law, a 39-year period is used for nonresidential type properties.

Special Conditions

If during a five-year period following the credit the property is sold or its use changes from income-producing, all or part of the tax credit may be recaptured by the IRS.

Acquisition costs or related costs incurred for the acquisition of the original building and land do not qualify for purposes of the credit.

Discussion

This is an excellent tax credit for the numerous historic properties which are not listed/not eligible for listing in the National Register of Historic Places. The Non-Historic Credit requires no review by either the Illinois Historic Preservation Agency or the National Park Service; it involves only a form from the IRS. However, the *Secretary of Interior's Standards for Rehabilitation* are very useful, broad-based rules which are good to follow for any rehabilitation project.[4]

Please note that because this is a Non-Historic Tax Credit, the Illinois Historic Preservation Agency does not provide information on this credit. You may wish to contact the IRS or your tax accountant.

Business Tax Incentives which may be coupled with Historic Preservation Incentives

Several business tax incentives may be used in conjunction with the historic preservation tax credits (Rehabilitation Investment Tax Credit or the Non-Historic Tax Credit) to give further financial incentives for the rehabilitation of historic buildings. These business tax incentives are *not* restricted for use on historic buildings and may be used for any applicable project.

Disabled Access Credit

This is a tax credit for an eligible small business that pays or incurs expenses to provide access to persons with disabilities. The expenses must be to enable the eligible small business to comply with the Americans with Disabilities Act of 1990.

An eligible small business is any business or person that:

- had gross receipts for the preceding tax year that did not exceed $1 million or had no more than 30 full-time employees during the preceding tax year, and

- elects, by filing Form 8826, to claim the disabled access credit for the tax year.

Eligible access expenditures include amounts paid or incurred:

- to remove barriers that prevent a business from being accessible to or usable by individuals with disabilities;

- to provide qualified interpreters or other methods of making audio materials available to hearing-impaired individuals;

- to provide qualified readers, taped texts, and other methods of making visual materials available to individuals with visual impairments; or

- to acquire or modify equipment or devices for individuals with disabilities.

The expenditures must be reasonable and necessary to accomplish the above purposes. Eligible expenditures do not include expenditures to remove barriers (see 1 above) that are paid or incurred in connection with any facility first placed in service after November 5, 1990. This is because such places should have already met the accessibility requirements of the Americans with Disabilities Act (ADA) on which this credit is partially based. Accessibility can be a big issue in some building rehabilitations, and this credit provides an additional financial incentive in those cases. The removal of barriers must meet certain accessibility standards and a per year limit on the amount of the credit that may be taken also applies; however, the remaining credit may be carried over into other years.

Deduction for costs of removing barriers to the disabled and the elderly

This is a deduction for making a facility or public transportation vehicle more accessible to and usable by persons who are disabled or elderly. If a business is also taking the Disabled Access Credit, the amount deducted or capitalized must be reduced by the amount of the credit.

Normally, the cost of an improvement to a business asset is a capital expense. However, under certain conditions, the cost of making a facility or public transportation vehicle owned or leased for use in connection with a trade or business more accessible to and usable by those who are disabled or elderly is deductible. A facility is all or any part of buildings, structures, equipment, roads, walks, parking lots, or similar real or personal property. Not deductible are any costs paid or incurred to completely renovate or build a new facility or public transportation vehicle, or to replace a depreciable property in the normal course of business.

The limit for the deduction of the cost of removing barriers to the disabled and the elderly for any tax year is $15,000. Any costs over this limit may be added to the basis of the property and are then depreciable.

Work Opportunity Credit

The Work Opportunity Credit is a tax credit for businesses that hire individuals from certain targeted groups. One targeted group consists of vocational rehabilitation referrals. These are individuals who have a physical or mental disability that results in a substantial handicap to employment. For additional information on this credit, please refer to IRS Publication 334, *Tax Guide for Small Business,* and to the instructions for Form 5884, Work Opportunity Credit.[5]

Low Income Housing Tax Credit

The Low Income Housing Tax Credit (LIHTC) was created by the Tax Reform Act of 1986, the same act which created the Rehabilitation Investment Tax Credit, and the two incentives may be used together for a historic rehabilitation project. The basis with respect to which the credits are allowed must be reduced by the amount of any rehabilitation credit for which the property is eligible. Developers of rental housing must meet certain affordability tests:

- at least 20% of the housing units in the project are occupied by individuals with incomes of 50% or less of an area's median income; or

- at least 40% of the housing units in the project are occupied by individuals with incomes of 60% or less of an area's median income.

If the criteria for the LIHTC are met and approval is granted in advance of the project, investors receive a ten year stream of federal tax credits. The amount for any given year is based on a "present worth" calculation, and varies somewhat from year to year.

Two low-income housing credit percentages apply:

- a 70% credit applies to the rehabilitation costs if no federally subsidized expenditures were received; or

- a 30% credit applies to acquisition, if the building will be substantially rehabilitated, and to projects receiving a federally subsidized rehabilitation expenditure.

The rent charged to tenants in units with respect to which the credit is allowable may not exceed 30% of the qualifying income. Eligible projects must continuously comply with these requirements for a 15-year period or the credits will be recaptured.[6]

Facade Easements

A facade easement is both a means to protect a historic property and a financial incentive. A facade easement provides the strongest means possible of any protection which can be granted to a historic property. Allowed through the Illinois Conservation Rights Act, an easement may be granted in Illinois to protect any piece of property which has architectural, historical, natural, or cultural significance, regardless of its status as an official local landmark. Through an easement, a property owner conveys a legal property right to a recipient organization. The property right, in essence, may be conveying the exterior of the building to an organization or agency. It may in some cases convey only a portion of the exterior facades, or it may be more comprehensive and also include interior features of a building. In any case, whatever features of the property are conveyed, the recipient organization or agency has approval authority as assigned in the easement agreement. This may include demolition or major changes, or perhaps any changes as outlined in the agreement. Importantly, since the easement is a legal property right, it is recorded in the county recorder's office and applies in perpetuity–not just to the present owner, but to all subsequent owners of the property.

Since the property owner is conveying part of his/her building to a qualified organization or agency, the IRS allows for a charitable contribution deduction. Typically such easements are donated to not-for-profit organizations, but many historical societies or historic preservation groups may not be qualified or be able to take on the responsibility of accepting an easement. The organization must make the commitment to monitor the easement property, to ensure that the agreed upon conveyance is not changed outside of the provisions.

In Illinois, the Landmarks Preservation Council of Illinois (LPCI), the statewide not-for-profit organization, maintains an extensive holding of easements, mostly for Chicago-area properties. Because of the commitment of time and expense that is entailed with monitoring easement properties, many organizations such as LPCI require a monetary donation before accepting an easement. In such cases, the property owner may also deduct the monetary donation as a charitable contribution.

The Preservation and Conservation Association of Champaign County holds three facade easements, but two of these were not tax deductible for the property owners. One easement is for the National Register-listed and locally landmarked Orpheum Theatre, which is owned by the not-for-profit Orpheum Children's Science Museum. The group's second easement is for the Brighton House at 609 West Green Street in Urbana. The house is not listed in the National Register, and the easement was only for twenty years, rather than in perpetuity; thus the easement was not tax deductible. A third easement was acquired by the Preservation Association in May 2001 as a condition of sale of the historic Nathan Ricker House at 612 West Green Street in Urbana. This easement meets all IRS requirements, but the owners have not yet elected to take the charitable contribution.

In order to receive a tax deduction for the donation of a facade easement, *the property must be individually listed on the National Register of Historic Places or certified by the National Park Service as contributing to a historic district.* Local historic districts which are certified by the National Park Service (NPS) to meet NPS criteria are also eligible.

Being able to get an accurate appraisal on the easement value can be a difficult aspect of the easement process. Many local appraisers are simply not qualified to evaluate the "gift" of an elaborate Classical Revival facade, for example, to a not-for-profit group. Keep in mind also, that while the property owner may convey a legal right to change the building's exterior and/or interior, the easement-holding organization holds NO financial responsibility for the building's maintenance or repair.

Property owners interested in facade easements may wish to contact a certified public accountant, the IRS, and the Landmarks Preservation Council of Illinois.[7]

Low-Interest Loan Programs[8]

Low-interest loan programs serve to generate private investment in historic buildings and to keep the historic building stock of a city in good repair. When offered, low-interest loans are provided on a matching basis: generally one dollar of City money for every dollar of private money spent.

One good example is in Eugene, Oregon, where the City uses Community Development Block Grant money that is earmarked for historic preservation, as well as general funds, to finance its revolving loan fund for historic buildings. The loans range from $5,000 to $20,000, and are available to property owners for restoration, rehabilitation, repair, and maintenance of historic properties. The proceeds from loan repayments and donations replenish the revolving fund pool. The City's Historic Preservation Commission reviews all the loan applications to insure that the proposed work meets the Commission's design guidelines. The ultimate decision on approval or denial of the application is made by the City's development director, following a review by the City's Planning Commission. Despite the relatively small loans, the program has been successful in encouraging historic preservation. As is key to any incentives offered for historic preservation, such incentives may be combined with other tools to provide further encouragement for historic preservation projects.

Other Potential Incentives

Redevelopment Incentive Program/RIP

The City of Champaign, Illinois offers a Redevelopment Incentive Program (RIP) which provides financial assistance for permanent building and site improvements. Permanent improvements must be fixed to the real estate and cannot restrict any future use of the building. Tenant finish items are not included as eligible expenses. Examples of allowable expenses include life safety and accessibility code requirements; repair/replacement of roof, floors, structural walls or windows; repair/replacement of electrical, plumbing, heating or cooling system; installation of an elevator, sprinkler, fire or smoke alarm system; and parking lot paving or landscaping. Tax Increment Fund revenues along with monies from the Economic Development Fund, fund the RIP. The amount of City assistance is contingent upon meeting all of the minimum requirements and a number of project review criteria. Assistance is also contingent on the availability of funds. The more project review criteria the project meets, the higher the level of assistance. The City grant is a percentage of all permanent improvements and cannot exceed $100,000 per property over a five-year period. The application for this grant includes a point system with nine criteria. The criteria include infill development (Does the project include new construction or a building expansion on vacant or underutilized land? Parking is not included.); building reuse (Does the project result in the reuse of vacant or underutilized floor space and/or a new business to the area?); and facade improvements (Are substantial improvements to the outside of an existing building a part of the project?). This program also includes a criteria for historic preservation (Does the property have historic value to the Champaign community and/or is listed on the National Register of Historic Places?). If the property is designated as a local landmark, two points are given in the consideration of the grant award. As a result, some downtown property owners are considering local landmark status for their buildings since such status will improve their ability to secure a grant. The program was established for a ten-year period and is scheduled to expire in 2004 if it is not renewed by the City Council.

Minor Redevelopment Incentive Program/Minor RIP

The City of Champaign provides for the possibility of a Minor Redevelopment Incentive Program grant for applicants who cannot meet enough criteria for the RIP. The Minor RIP provides grants for 20% of all eligible costs with a maximum of $15,000. It provides financial assistance for permanent facade and site improvements that preserve or enhance the historical and/or architectural character of a property and that are clearly visible from the public street. Building maintenance activities, such as tuckpointing and painting, are not eligible unless they clearly result in significantly enhancing the appearance of the property.

Liquor License Incentive

Within their City Code, the City of Champaign has linked downtown building renovation with the ability to secure a Class A Liquor License. Under "Eligibility to apply for original license in category with restricted numbers," prior to applying for an original license in a license category for which the Council has restricted the number of licenses which may be issued, the person applying must meet one of several conditions. Included is being the owner or purchaser of property or lessee with a lease term of five years or longer with permission to undertake redevelopment, and meet each of these conditions: the building has at least 3,000 square feet of usable building floor space; there is a minimum new investment in permanent improvements of $33.00 per square foot to the real property (excluding purchase price), but in any case an investment in permanent improvements to the real property, excluding purchase price, of $200,000 or more shall qualify an applicant; the building for which the license is being requested was constructed prior to January 1, 1945; the premises is not located in the Campus liquor district; and the application has received Council approval. This program was established as part of the Redevelopment Incentive Program, which was established for only a ten-year duration in 1994. Since it's inception, the program has been used by a number of now highly successful downtown establishments, including Jupiter's, High Dive, and Boltini. High Dive occupies a historic theater building which had been condemned.

Exemptions from Parking Requirements

Many communities recognize that historic areas cannot meet the parking requirements which are intended for new construction. The enforcement of such requirements can do much to destroy the pedestrian-oriented character of historic districts, thus many zoning ordinances allow for flexibility in this area. For example, the Richmond, Virginia zoning ordinance states:

> *"The . . . off-street parking and loading regulations . . . shall not apply to buildings or premises in an old and historic district when it is demonstrated to the satisfaction of the commission by competent evidence that it is necessary to depart from such regulations and provisions in order to accomplish, encourage, and promote the purposes and objectives set out in [the ordinance's statement of purpose.*]"[9]

In February 2002, the Champaign [Illinois] City Council passed a code revision to reduce the off-street parking requirement for rehabilitation or adaptive reuse of historically designated structures. The code revision includes that "In the event that an historic single-family residential structure is proposed to be rehabilitated or reused for multiple-family residential use, the Zoning Administrator may reduce the off-street parking requirement by up to 50%" if certain conditions are met. These conditions include that the building must either be designated a local landmark or a contributing building within a local historic district; that in the determination of the Zoning Administrator it would be impractical to provide the required parking in the rear or interior side yard of the structure; and that the reduction shall not apply to any expansion of any structure, even if such expansion has received a Certificate of Appropriateness from the Historic Preservation Commission. While this code change is in effect facilitating a multi-family conversion of a historic single-family house, it does mandate design review of any exterior changes to the property due to the local designation requirement. This code revision was done at the particular request of a local contractor who is converting a local landmark, which has been vacant for many years, into a duplex.

Exemptions from Building Code Requirements

As is the case with parking requirements, today's building codes were written for new construction, and are often inappropriate for historic buildings. Because of this, many communities allow waivers of certain building code provisions for historic structures, provided that public health, safety, and welfare are not compromised. Typically, such provisions are done through tradeoffs: the existence of certain characteristics in a historic building may compensate for the absence of features required by the building code. For example, the City of Duluth, Minnesota has an ordinance which encourages building code enforcement:

> *"to be open to acceptable alternative solutions and alternative compliance concepts, where practical, that will permit the continued use of existing buildings and structures without creating overly restrictive financial burdens on owners or occupants. [But] nothing in this ordinance shall be construed to prevent the ordinary maintenance or repair of any exterior elements of any building or structure required by city ordinance.*"[10]

(See Section IV. *Recommendations: Technical Preservation Assistance* for additional information.)

Carbondale Incentives

Downtown Facade Improvement Loan Program

The City of Carbondale established a Downtown Facade Improvement Loan Program in 1990 that encourages facade improvements that are in keeping with the historical continuity of the downtown area. Improvements, including structural, non-structural, and maintenance work, are to be sympathetic to the style of the original building. The program covers canopies, awnings, windows and doors, and the reconstruction and/or refinishing of surfaces and other related architectural appurtenances of a facade. The City Manager is the final arbiter of appropriate design, although the Carbondale Preservation Commission is required to review design proposals for buildings on the City's *Inventory of Potential Places to be Considered for Local Landmark Designation*. The Commission has reviewed a number of design proposals, but has met with mixed success in preventing insensitive facade treatments.

In the first twelve years, the program has funded twenty-one projects worth over $410,000. Loan funds can be used for up to 100% of facade improvements in a designated area up to a maximum of $20,000; interest rates are set 3% below the prime rate with a maximum rate of 7% and a minimum rate of 3%. The term of the loan is not to exceed ten years. The loan program area consists of approximately 37 blocks roughly to either side of Illinois Avenue and Washington Street between Grand Avenue and Hickory Street.

Enterprise Zone

Carbondale's Enterprise Zone is part of a broader zone which was jointly created by the cities of Carbondale and Murphysboro, Jackson County, and the Illinois Department of Commerce and Community Affairs. Carbondale's portion of the Zone generally follows the Main Street/Route 13/Walnut Street corridor from University Avenue to the east edge of the City and University/ Illinois Avenues from Grand Avenue to Willow Street and continues along North U.S.Highway 51 to Dillinger Road. Local incentives for locating or expanding in the Enterprise Zone include real estate tax abatements, sales tax deductions for building materials, waivers of building permit fees, and urban shopsteading and homesteading. Incentives at the state level include an Enterprise Zone investment tax credit, sales tax deduction for building materials, manufacturing machinery and equipment sales tax exemption, state utility tax exemption, job tax credit, income tax deductions for financial institutions, dividend deductions, and corporate contribution deduction. Eligibility criteria are specific for each incentive.

Low Interest Revolving Loan Program

Funded through Community Development Assistance Program grants from the Illinois Department of Commerce and Community Affairs, the City of Carbondale offers a revolving loan fund which can be used for the establishment or expansion of businesses within the City. Because the initial funds originated from the federal government's Community Development Block Grant Program, loans from the Revolving Loan Fund (RLF) must conform to federal and state regulations. Loans may be made to for-profit or not-for-profit businesses for fixed assets including land, buildings, machinery, and equipment (including new construction or renovation of facilities) and to provide working capital. The purpose of the loan program is job creation for low-and moderate-income persons. At least one full time-equivalent job must be created for each $10,000 of RLF funds invested in a project. Additionally, at least 51% of all jobs created or retained as a result of a RLF loan must go to low-or moderate-income persons.

Recommendations

- Carbondale's *Architectural Preservation Guidelines* should be a required component for project review for the Downtown Facade Improvement Loan Program.

- An added incentive for local designation (local landmark, historic district, or neighborhood preservation district) should be built into the Downtown Facade Improvement Loan Program.

- The City should consider a Local Property Tax Freeze, which mimics the Illinois program in plan (if not also duration), which could be applied to local landmarks and contributing properties in local historic districts.

- The City should consider a reduction or abatement of building permit fees for rehabilitation projects for locally designated properties.

- The City should consider developing a historic building code for commercial buildings to redevelop upper stories.

- The City should consider establishing a Paint Rebate Program and a Porch Rehabilitation Program for properties in neighborhood preservation districts. (The City of Rock Island could provide useful models for both of these programs.)

- The City should consider implementing a facade loan program for residential properties: a 70% loan for local landmarks and contributing buildings in historic districts, and a 50% for buildings in neighborhood preservation districts

Endnotes

1. Marya Morris, *Innovative Tools for Historic Preservation*: Planning Advisory Service Report Number 438 (Chicago: American Planning Association, 1992), 3.

2. For more information: Illinois Historic Preservation Agency, Preservation Services Division, 1 Old State Capitol Plaza, Springfield, IL 62701-1507; 217.785.4512. Web sites:
http://www.irs.gov/prod/bus_info/mssp/rehab2.html or
http://www2.cr.nps.gov/tps.tax_t.htm

3. Source: *Illinois Fact Sheet, Property Tax Assessment Freeze Program for Historic Residences*.
For more information contact the Illinois Historic Preservation Agency, Division of Preservation Services, 1 Old State Capitol Plaza, Springfield, IL 62701-1507; 217.785.4512.

4. For more information: http://www.irs.gov/prod/bus_info/mssp/rehab2.html
http://www.irs.gov/prod/bus_info/mssp/rehab3.html

5. For more information see: http://www.irs.gov/prod/forms_pubs/pubs/p90705.htm, IRS Form 8826: Disabled Access Credit and/or see a qualified accountant.

6.
Sources: Jayne F. Boyle, Stuart Ginsberg and Sally F. Oldham, revised by DonovanD. Rypkema, *A Guide to Tax-Advantaged Rehabilitation*, Preservation Information booklet (Washington, D.C.: The National Trust for Historic Preservation, 1994, revised edition, 1996.) See also: http://cses.com/rental/litc.htm and http://cses.com/rental/taxcredit.htm.

7. For additional information, see http://www.irs.gov/prod/bus_info/mssp/rehab5.html.

8. Ibid., 10-11.

9. Constance E. Beaumont, *Local Incentives for Historic Preservation*, Cultural Resource Management Supplement Volume 14: No. 7, (Washington, D.C.: U.S. Department of the Interior, National Park Service, Cultural Resources, 1991), 2-3.

10. Ibid., 3.