



## Funding Considerations

---

### Chapter 4



## Project Phasing and Probable Costs

### Funding Considerations

---

#### Introduction

The previous chapters of this Revitalization Plan outlined recommendations to enhance downtown Greensburg. These recommendations are intended to guide and promote appropriate streetscape and urban design projects that strengthen the public setting of the downtown. But how do city officials, local organizations, downtown merchants and residents coordinate or initiate this process? What are the logical steps to begin this journey? How does the community collectively prioritize which projects are implemented? This chapter provides guidance to these questions.

#### Determination of catalyst projects

The creation of this Revitalization Plan represents only the first step in a long and ongoing process in shaping downtown Greensburg's future. Funding for this planning process was obtained from a **Community Focus Fund (CFF)** grant through the Indiana Office of Community and Rural Affairs (OCRA). This grant program is funded with **Community Development Block Grant (CDBG)** money from the U.S. Department of Housing and Urban Development. Upon completion of this plan, and its subsequent approval, the community must shift its focus to implementing these recommendations.

The implementation of “catalyst projects” creates early, tangible success stories that generate momentum, and establishes a framework to guide and coordinate future projects and growth in downtown Greensburg. In short, proven (visible) results create excitement in the downtown and can spur additional public and private investment. The CFF program provides funding for community projects if they meet certain criteria. According to OCRA's website ([www.in.gov/ocra/index.html](http://www.in.gov/ocra/index.html)), eligible CFF projects include, but are not limited to:

- water and/or sewer projects
- storm drainage projects
- infrastructure supporting housing
- community, senior and/or daycare centers
- downtown revitalization and historic preservation
- libraries
- healthcare centers
- special needs buildings
- fire stations and/or fire trucks

Because Greensburg is seeking additional CFF dollars to fund the design and construction of one or more “catalyst projects”, it is important a project is chosen that meets the CFF criteria.



## **Introduction**

The following section summarizes the most common funding sources for historic preservation projects. Schedules and general requirements for acquiring the funds should be confirmed with the funding agency as these items tend to change from year to year. This is a very simple overview; the process of obtaining loans and tax credits can be complicated, and space does not permit a detailed description of each opportunity.

## **Indiana Division of Historic Preservation & Archaeology (DHPA)**

**Historic Preservation Fund (HPF)** - Local governments and non-profit organizations can apply to the Division for financial assistance to maintain, restore, and document historic properties. The Division, through the State Historic Preservation Review Board, awards matching grants of federal funding each January. Some of the types of projects funded in the past include:

- Inventories of archaeological sites, historic buildings, or old structures such as bridges.
- Acquisition and rehabilitation of public or non-profit owned historic buildings.
- Preparing National Register nominations for historic districts.
- Educational programs, such as conferences, special events, or research projects.

Amounts available for repairs and other projects vary. Typically, the DHPA can match 50-50 with projects costing from \$4,000 to \$30,000. The Division makes grant applications available in July-August and complete applications are due in October. The Indiana Historic Preservation Review Board makes the final award of grant funds based on staff recommendations at their January meeting annually. For exact dates, and to obtain an application form, contact the DHPA office (317-232-1646)

**Certified Local Government Grant Program (CLG)** – This program is available only to the local governments designated by the DHPA as having certified local preservation planning programs. A CLG is a city or town that has decided to have an intensive local preservation program that enacts a special historic preservation ordinance, enforces that ordinance through a local preservation commission and meets minimum standards for CLG's as determined by the DHPA.

A financial benefit of becoming a CLG is a special pool of competitive grant funds from federal allocations to the DHPA. At least 10% of the federal allocation goes to the CLG program every year. The CLG grants are awarded for survey work, planning and for education.

## **Historic Landmarks Foundation of Indiana (HLFI)**

**Statewide Revolving Loan Fund** – Non-profit preservation organizations outside Marion County can borrow money from this fund to purchase and restore historic properties. The agreement signed when one of these buildings is resold must contain covenants that will protect the building's future. These low-interest loans generally must be matched with local funding.

**Indiana Preservation Grants Fund** – Community preservation groups can apply to HLFI for matching grants for a variety of uses, including conducting membership drives, producing promotional materials, and paying fees for architectural or preservation consulting. The money from this fund may not be used to fund actual construction.

**Guaranteed Loan Program** – This program aids organizations that are having trouble getting conventional financing for a restoration project. In special cases, HLFI will place funds in a local lending institution to guarantee a loan taken by a community preservation group or to help that group acquire long-term mortgage commitments or construction financing



## Funding Sources

### Funding Considerations

---

**Local Leadership Challenge Grant** - \$60,000 challenge grant from HLCI to fund a full-time professional staff. You must match this amount with \$40,000 for a total of \$100,000 over a three-year period. Contact the HLCI Regional Director for an application and preliminary discussion.

### **Indiana Department of Commerce (IDOC)**

**Tourism Information Promotion Fund (TIPF)** - Administered by the IDOC's Tourism Development Division, the TIPF is a 1:1 matching cash grant program that provides reimbursable funding assistance to not-for-profit organizations in the areas of tourism marketing and research. This grant has two fundamental goals:

- To act as seed money in funding a new promotional and/or research project.
- To increase tourism visitation in the applying organization's county and the State of Indiana.

TIPF monies are available for projects that demonstrate promotion to the leisure travel market including those targeted to individual leisure travelers and the leisure travel trade. TIPF will not fund projects addressing the convention or business travel market.

Deadlines for completed applications and supportive data are June 15 and November 15. All materials must be received in the Indiana Tourism Office by the close of business of the deadline date (or the next business day, if the deadline falls on a weekend or holiday) to be eligible for consideration. \$300,000 is available for disbursement on an annual basis (\$150,000 per cycle.)

All applicants must be an incorporated not-for-profit in good standing with the Indiana Secretary of State's Office by the time the application is due. Listed below are the types of projects that have been funded in the past. The TIPF is not limited to these projects, however, other kinds of projects should be discussed with a member of the Tourism Development Division prior to application.

### **Indiana Office of Community and Rural Affairs (OCRA)**

The Community Development Division receives both federal and state funds and distributes these funds to municipalities, and in some cases non-profit organizations. ([http://www.in.gov/ocra/community\\_ocrahelp.shtml#communityfocus](http://www.in.gov/ocra/community_ocrahelp.shtml#communityfocus))

**Community Focus Fund (CFF)** - The purpose of this federally funded grant is "to provide financial assistance to complete projects which improve the quality of life and increase the local economic capacity of Indiana communities. A match of 10% is required by the recipient with a maximum limit of \$50,000. In-kind donations for 50% of the match, or \$25,000 worth of donations and/or services, whichever is less, may be used. No other federal funding may be used for the match. Maximum amount granted per application is \$500,000.

**Community Focus Fund Planning Grant (CFFPG)** - The federally funded planning grants assist municipalities to prepare for proceeding with a Community Focus Fund project. Eligible projects include: economic development plans, downtown revitalization plans, historic preservation plans and individual project plans/ feasibility studies. Maximum amount granted per application is \$50,000. A match of 10% is required by the recipient.

**Community Economic Development Fund (CEDF)** - CEDF Grants are funded with Federal Community Development Block Grant (CDBG) dollars from the U.S. Department of Housing and Urban Development (HUD). Most economic development activities are undertaken for the purpose of job creation or retention. Most job creation or retention activities are classified as eligible under one of several economic development-oriented eligibility categories.

### **Indiana Housing Finance Authority (IHFA)**

**Rental Housing Tax Credits (RHTC)** - Rental housing tax credits are federal tax credits, which are competitively allocated to for-profit and not-for-profit developers of affordable rental housing. RHTCs provide access to equity capital, and demand for tax credits runs about four times higher than available resources.



### **National Trust for Historic Preservation (NTHP)**

**National Trust Loan Fund** – This program provides below-market rate loans of up to \$150,000 to non-profit organizations and public agencies to help preserve properties listed in or eligible for the National Register of Historic Places. Funds may be used to create or expand local and statewide preservation revolving funds, for site acquisition, or rehabilitation work. This year priority will be given to projects that (1) increases the capacity of state and local preservation organizations, (2) assists properties damaged in natural disasters and (3) are included in the National Trusts' list of 11 Most Endangered Historic Places.

**Preservation Services Fund** – This program provides matching grants ranging from \$500 to \$5,000 to non-profit organizations, universities and public agencies to initiate preservation projects. Funds may be used to support consultants with professional expertise in areas such as architecture, law, planning, economics, and graphic design; conferences that address subjects of architectural importance to historic preservation; and curriculum development in preservation directed toward select audiences.

**Johanna Favrot Fund for Historic Preservation** - This is available only to non-profit organizations or public agencies. The grant ranges from \$2,500 to \$10,000 ([www.nationaltrust.org/help/grants](http://www.nationaltrust.org/help/grants))

**Inner City Ventures Fund** - This program provides below-market rate loans up to \$150,000 and lines of credit up to \$200,000 to benefit low to moderate-income neighborhoods. It is available only to non-profit organizations or public agencies for use in acquisition or rehabilitation costs. The project must provide housing and commercial development for neighborhood residents.

### **Federal Tax Credits**

The Department of the Interior and the Department of the Treasury jointly administer a program offering tax credits equal to a percentage of the money spent on a *certified rehabilitation project for a certified historic property*.

**Rehabilitation Investment Tax Credit (RITC)** - The federal government offers a Rehabilitation Investment Tax Credit (RITC) equaling 20% of rehabilitation costs for qualified work at income-producing properties that are certified historic buildings. There is also a 10% credit offered for rehabilitation of *non-historic structures built before 1936*. This is an excellent and much-used program. However, the process is complex and will likely require the services of a preservation architect, accountant and tax attorney. See <http://www.nps.gov/history/hps/tps/tax/> the NPS Historic Preservation Tax Incentives webpage for detailed information.

### **State Tax Credits**

Modeled after the federal program, the state program allows a taxpayer to take a state income tax credit for 20% of the total *qualified* rehabilitation or preservation cost of a project, up to \$100,000 per project. The program is administered by the Division of Historic Preservation and Archeology, Indiana Department of Natural Resources (DHPA). For further information and specific requirements, contact DHPA at 317-232-1646.

**Rehabilitation Tax Deduction** - Taxpayers undertaking rehabilitation of historic structures are eligible for a tax deduction if the work has increased the assessed value of the building. Typically, it is a 50% deduction of the increase in property tax resulting from the rehabilitation to a maximum deduction of \$300,000. This deduction is applied for through the office of the auditor in the county in which the property is located. The Indiana Department of Local Government Finance ([www.in.gov/dlgf](http://www.in.gov/dlgf)) provides the application forms. For more information visit <http://www.in.gov/legislative/ic/code/title6/ar1.1/ch12.html>.

### **Indiana Humanities Council**

The Indiana Humanities Council strengthens communities through targeted initiatives in leadership, education, and culture. ([www.ihc4u.org](http://www.ihc4u.org))



## Funding Sources

### Funding Considerations

---

Historic Preservation Education Grant - This program is co-sponsored by IHC and the Historic Landmarks Foundation of Indiana and made possible in part by the National Endowment for the Humanities. It is available only to non-profit organizations and is used to educate the public about the principles and importance of historic preservation. The grant amount is up to \$2,000.

#### **additional funding opportunities**

Many of the procedures necessary to implement the recommendations in this plan already exist. Implementation can only be successful with the cooperative involvement of town agencies, business interests, community organizations and state institutions. It must be recognized that the funding capabilities of the Town of New Harmony, INDOT, or other agencies may not immediately support implementation of all strategies discussed in this plan. However, the purpose of the New Harmony Comprehensive Plan is to delineate long term goals and short term strategies that focus on maintaining and strengthening the historic identity of the community. Below is a brief overview of some of the funding mechanisms available to the Town of New Harmony and relevant agencies.

#### **Fees and Exactions**

Fees and exactions are typically charged to a developer's project as part of the development process in order to cover their proportionate impact on various municipally-owned infrastructure such as curbs and streets, sidewalks, and sewer and water service. Another example of a non-fee exaction could be a pedestrian easement across a property or open space. Exactions on a fee basis collected by cities include fees for open space purchase, parks, fire stations, transportation, water rights, and storm sewer or flood control.

For all exactions and development fees, it is very important to provide information to the developer before the project commences so the financial feasibility of the development can be accurately assessed before a large-scale commitment of time and funds. Subsidization may be done when other public purposes are being met by the development; for example, the provision of affordable housing, and generally reflect the result of development negotiations.

#### **Tax Credits**

The Tax Reform Act of 1986 permits owners and some lessees of historic buildings to take an income tax credit on the cost of rehabilitating buildings for industrial, commercial or rental residential use.

There is a 20% investment tax credit available for rehabilitating historic buildings and a 10% income tax credit for renovating non-historic buildings constructed before 1936. In both types, the tax credit is based on a percentage of the rehabilitation costs. The credit is applicable to any work on the interior or exterior of the building. However, the owner of the restored building must maintain ownership for at least five years in order to avoid having the tax credit rescinded by the federal government.

The historic rehabilitation tax credit (20%) is available for buildings listed in the National Register of Historic Places which, after rehabilitation, are used for commercial or residential rental use. The non-historic tax credit (10%) applies to any pre-1936 building used for commercial but not residential rental purposes. The work does not have to be reviewed for the 10% credit. Neither credit is available for private, owner-occupied residences. A certified historic structure is one listed individually in the National Register of Historic Places, or contributing to a National Register Listed Historic District.

#### **Community Development Block Grants**

AS noted previously, the Town of New Harmony can utilize Community Development Block Grants, available through the U.S. Department of Housing and Urban Development, as another means of funding qualified projects within the community. Such grants are used to revitalize low-income areas by providing adequate housing and a suitable urban environment for expanded economic opportunities. The town can also apply for TEA-21 funds for transportation-related improvements. Both of these funding sources are administered through the State of Indiana.

#### **Revolving Loan Fund**

A local government may create a pool of funds for loans or grants for rehabilitation of historic resources. Tax-exempt bond financing has been used to provide grants or loans to nonprofit organizations to rehabilitate historic properties. Loans may be used for either residential or commercial properties, at low to no interest. Grants are typically used for exterior rehabilitation, preservation, and the restoration of historic properties which are publicly or privately owned. Consider the inclusion of maintenance appropriations in the town's annual budget for significant public and private historic resources.





## RATIO

Architecture  
Preservation  
Interior Design  
Landscape Architecture  
Urban Planning

RATIO Architects, Inc.  
107 South Pennsylvania Street  
Suite 100  
Indianapolis, Indiana 46204  
ph: 317.633.4040  
fx: 317.633.4153

[www.RATIOarchitects.com](http://www.RATIOarchitects.com)

