

1. Historic Preservation Tax Credits

The Historic Preservation Tax Incentive is a joint program administered through the National Park Service and the Internal Revenue Service. For qualifying buildings and projects, 10-20% tax credits can be used. Structuring the deals is complicated and should be done by someone familiar with the workings of the program. There are rules regarding historic characterization of the buildings, adjusted basis, who can take the credit, when the property is placed in service, what qualifies as substantial rehabilitation, building uses, transferring or allocating the credits, and recapturing credits.

Sources:

- <http://www.nps.gov/tps/tax-incentives.htm>
- <http://www.irs.gov/businesses/small/industries/article/0,,id=97599,00.html>
- http://www.americanbar.org/newsletter/publications/law_trends_news_practice_a_rea_e_newsletter_home/preservationtaxcred.html

2. New Market Tax Credits

This program was begun in 2000 to spur investment in economically disadvantaged areas. To take advantage of it, an entity must qualify as a Community Development Entity which is basically an entity that provides financial services to low income areas. The program provides a credit for 39% of the investment over a 7 year period exclusively. To date, the program has funded \$33.1 B in tax credits.

Sources:

- http://cdfifund.gov/what_we_do/programs_id.asp?programID=5
- http://en.wikipedia.org/wiki/New_Markets_Tax_Credit_Program
- <http://www.irs.gov/pub/irs-utl/atgnmtc.pdf>

3. Community Development Entities

Community Development Entities (CDEs) are a legal classification pertaining to the New Market Tax Credit program. The definition is, "a domestic corporation or partnership that is an intermediary vehicle for the provision of loans, investments, or financial counseling in Low-Income Communities (LICs)." The rules for becoming certified as one include 1) "be a legal entity at the time of application," 2) "have a primary mission of serving LICs" and 3) "maintain accountability to the residents of the targeted LIC."

Sources:

- http://www.cdfifund.gov/what_we_do/programs_id.asp?programID=10
- http://en.wikipedia.org/wiki/New_Markets_Tax_Credit_Program#CDEs
- <http://www.irs.gov/pub/irs-utl/atgnmtc.pdf>

4. Rehabilitation Tax Credits

This is a term that now generally refers to the Historic Preservation Tax Incentive program. The technically still are credits referred to as rehabilitation though the IRS says they are less attractive than the Historic Preservation Tax Incentives. The rehab tax credit was implemented originally in 1976 but was constrained by the Tax Reform Act of 1986.

Sources:

- <http://www.investopedia.com/terms/r/rehabilitation-tax-credit.asp#axzz1qzklAx00>
- <http://www.irs.gov/pub/irs-mssp/rehab.pdf>
- <http://www.irs.gov/businesses/small/industries/article/0,,id=97599,00.html>

5. Low Income Housing Tax Credits

Ninety percent of all low income housing was funded in part through the Low Income Housing Tax Credit (LIHTC) program. This federal program apportions credits to the states who administer the program. While there are lots of rules for this program as well, it is much more widely used. It was created with the Tax Reform Act of 1986.

Sources:

- http://en.wikipedia.org/wiki/Low-Income_Housing_Tax_Credit
- <http://www.hud.gov/offices/cpd/affordablehousing/training/web/lihtc/basics/>
- <http://www.youtube.com/watch?v=XxwpoLztx70>

6. Community Development Block Grants

This is one of the longest running HUD programs which is devoted to providing funds to economically disadvantaged areas for a number of different uses. The intent of the program is that the funds will be allocated to programs that are community sourced.

Sources:

- http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/programs
- http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/training
- http://en.wikipedia.org/wiki/Community_Development_Block_Grant

7. Mortgage Guarantee Programs (through HUD)

The Department of Housing and Urban Development administers a number of mortgage guarantees and insurance programs. The most well-known is through the Federal Housing Administration as FHA loans. FHA loans include adjustable rate, fixed rate, energy efficiency, graduated payments, condos and growing equity mortgages.

Sources:

- http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/ins/sfh203b
- <http://www.huduser.org/whatsnew/ProgramsHUD05.pdf>
- http://www.fha.com/fha_loan_requirements.cfm

8. Tax Increment Financing

Tax Increment Financing (TIF) is a method of public financing for redevelopment. They are generally for areas that the city deems blighted. Cities raise funds typically through bonds to improve areas that will then be developed and be repaid through the incremental increase in taxes.

Sources:

- http://en.wikipedia.org/wiki/Tax_increment_financing
- http://www.lincolnst.edu/pubs/1078_Tax-Increment-Financing
- <http://www.youtube.com/watch?v=0u5aPAyeXGQ>

9. Building Codes (related to adaptive reuse)

Different cities have addressed adaptive reuse building codes differently. Los Angeles has an ordinance for adaptive reuse. Other cities adopt the International Building Code for Existing Buildings. The developer we toured with stated that building codes did not apply to his project due to its classification as a historical preservation project. Those projects must be approved by various agencies and receive a certificate of occupancy as well though.

Sources:

- <http://www.preservationnation.org/take-action/advocacy-center/policies/map-model-la-ordinance.html>
- http://en.wikipedia.org/wiki/International_Building_Code#Existing_structures
- <http://adaptivereuse.info/info/tyler-adopts-existing-building-code/>

10. Superfund and Brownfield Grants (EPA)

Superfund is the term used for the Comprehensive Environmental Response, Compensation, and Liability Act of 1980. It concerns the removal of hazardous wastes on sites. Brownfields are former commercial sites available for reuse that may be complicated by environmental factors related to its prior use. The EPA has Technical Assistance Grants in the amount of \$50K to help communities figure out what to do with sites like these.

Sources:

- <http://en.wikipedia.org/wiki/Superfund>
- http://en.wikipedia.org/wiki/Brownfield_land
- <http://www.epa.gov/superfund/community/tag/index.htm>

11. Pedestrian Oriented Development (POD)

Pedestrian Oriented Development is developing places that are pedestrian friendly for people to work, live and play. Some of the major principles are that there are multiple routes for cars rather than feeding into major collector roads. There is a center and all the major amenities are within about a 5 minute walk. There is a variety of dwelling types to accommodate various income levels. Roads are narrower and alleys encourage most traffic off the residential streets. The research on whether these kinds of developments actually offer the advertised benefits is inconclusive at this time.

Sources:

- <http://www.cooltownstudios.com/2005/05/03/the-13-points-of-pedestrian-oriented-development/>
- <http://crec.berkeley.edu/Evaluating%20the%20Performance%20of%20PODs.pdf>
- http://des.nh.gov/organization/divisions/water/wmb/repp/documents/ilupt_chpt_3.2.pdf

12. Transit Oriented Development (TOD)

TOD is about creating density and livability around transportation nodes. While the goals of TOD and POD are similar, TOD encourages public transit nodes and corridors with the policies of POD implemented at the major transit stations.

Sources:

- http://en.wikipedia.org/wiki/Transit-oriented_development
- <http://www.ctod.org/portal/>
- <http://www.youtube.com/watch?v=XYw8XXIMuLM>