



Downtown and Village Center Tax Credits

Guidelines and Application



Department of Housing
and Community Development
Community Planning + Revitalization
April 2016



AGENCY OF COMMERCE & COMMUNITY DEVELOPMENT
DEPARTMENT OF HOUSING & COMMUNITY DEVELOPMENT

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INTRODUCTION

In 2016, \$2,200,000 in state income tax credits are available to projects that enhance the historic character and improve building safety of older and historic commercial buildings located in [Designated Downtowns](#) or [Village Centers](#). The credits support general rehabilitation work, code compliance work, data and network wiring, and exterior improvements, and may be combined with the federal program. Past projects range from small retail, office, and rental apartment rehabilitations to multi-million dollar redevelopments. Applications are due **July 1, 2016** and the Vermont Downtown Board will make its allocation decisions when it meets July 25, 2016.

DESCRIPTION OF THE CREDITS

- **10% Historic Tax Credit:** Available only for approved Federal Rehabilitation Tax Credit projects. This credit is not capped; however, the first \$500,000, and half of the costs exceeding \$500,000, are eligible for the credit. Design standards apply. Refer to page 4, Design Standards, and Appendix A for details.
- **25% Façade Improvement Tax Credit:** Up to \$100,000 in eligible costs for a maximum of \$25,000 in credits. Projects eligible for the 10% Historic Credit above are ineligible for façade credits. Design standards apply. Refer to page 4, Design Standards and Appendix A for details.
- **50% Code Improvement Tax Credit:** Credit allocations are up to \$50,000 for elevators, up to \$50,000 for sprinkler systems, up to \$40,000 for limited use/limited application elevators (LULAs) and up to \$12,000 for lifts. Other code work to meet ADA requirements, electrical or plumbing codes, and the abatement of hazardous substances like lead paint and asbestos is eligible for a credit allocation of up to \$50,000 for the combined costs of these improvements. Code credit projects must be inspected by code officials. See page 3, Required Attachments, for details.
- **50% Technology Credit:** Credit allocations are up to \$30,000 for installation or improvements made to data and network installations and HVAC (heating, cooling or ventilation systems) reasonably related to data or network improvements. Technology projects must be certified by a licensed engineer.

ELIGIBILITY AND STANDARD PROVISIONS

- **Eligible Building:** Tax credits are available to owners or lessees of a building constructed prior to 1983, located within a Designated Downtown or Village Center, and not used solely as a single-family residence. Federal, state and local governments and religious entities operating with a primarily religious purpose are not eligible for tax credits.
- **Minimum Expenditure:** Total project costs must exceed \$5,000 for any of the four credits to apply.
- **Application Time Frames:** Applicants are encouraged to apply before work begins; however, applicants may apply for credits within one year of project completion. Please note that completed projects found to harm or detract from the historic features of the building may be ineligible. See page 4, Design Standards, and Appendix A for guidance in meeting design standards.
- **Combining Credits:** The 10% rehabilitation and 25% façade improvement credits may not be used on the same project. The 50% code improvement credit and 50% technology credit may be combined with each other or either the 10% rehabilitation or 25% façade improvement credit as long as the applicant does not claim credits more than once on any eligible expenditure. Applicants intending to use more than one category of credits must do so on a single application.
- **Amount of State Credits Available:** In 2016, the Downtown Board will allocate \$2,200,000 in tax credits for Designated Downtowns and Village Centers and the sales tax reallocation program for building materials in Designated Downtowns only. Applications are due **July 1, 2016**, by the close of business (4:30 pm). Allocation decisions will be made July 25, 2016.
- **Maximum Amount:** No municipality may receive more than \$660,000 in tax credits per fiscal year (30% of the total cap).
- **Limitations:** Buildings receiving tax credits are ineligible for additional tax credits for two years from the date of the initial allocation. The sales tax reallocation program for Designated Downtowns may not be combined with any of the tax credits on the same project.

- **Design Standards:** Projects must meet the design standards as described on page 4 and in Appendix A. Applicants will be notified if their project does not meet minimum design standards and may choose to modify their project to meet them and re-apply at another time.

USING THE CREDITS

- **Bank or Insurance Credit Certificate:** Applicants may request a credit allocation in the form of a bank or insurance credit certificate. Banks or insurance companies may accept the certificate in return for cash, or for adjustments to the rate or term of the applicant's mortgage or loan of insurance premium related to an ownership or leasehold interest in the qualified building. Tax credit allocations may be converted into a credit certificate at anytime; however, the request must be in writing, show proof of project completion, and indicate the unused credit balance. The dollar amount of the converted certificate is subject to the Tax Department's review and certification. To determine tax implications for sale of tax credits specific to your circumstances, consult an accountant or tax attorney.
- **Claiming the credits:** Tax credits may be used in the first tax year in which the project or an identifiable phase of the project is complete (e.g. code upgrades or a sprinkler system installed, inspected and in service). A copy of an approved credit certificate is submitted with the first tax return and subsequent returns until the credits are exhausted. Unused credits may be carried forward up to nine years.
- **Expiration of the Credits:** Applicants forfeit their credits if they do not complete a project and claim the tax credit within five years from the date of its allocation.
- **Recapture:** The total amount of the allocated tax credit may be recaptured or disallowed within a five-year period for the failure to complete the project, fraud, subsequent construction of inappropriate work, or if in the case of the 10% historic credit, the property loses federal "certified rehabilitation" status. The applicant remains responsible for this penalty even if the credit is sold to a bank or insurance company or if the property is sold. If a property is sold, applicants should ensure that subsequent owners understand this provision and may want to seek legal advice.

APPLICATION INFORMATION & SUBMISSION

- **Selection Criteria:** Tax credits are competitively allocated. The Board ranks projects using its Competitive Criteria (see pages 10-11). Applicants with projects located within Designated Downtowns are encouraged to work with their [Downtown organizations](#) to complete the Community Need and Community Impact portions of these criteria.
- **Required Attachments for 10% Historic Credits:** Applicants must supply a Part 2 Certification from the National Park Service indicating a federal Rehabilitation Investment tax credit application has been submitted and approved.
- **Required Attachments for 25% Façade Credits:** Projects must meet design standards described on page 4 and in Appendix A. Applicants must include good, clear photographs that show all elevations of the building and its setting on the street before construction. Photographs should be labeled with the property address and the view (e.g., 122 Main, South Elevation). Digital photographs may be e-mailed to Caitlin Corkins at caitlin.corkins@vermont.gov with the property address and view as the name of the file, (e.g., 122_Main_Street_South_Elevation.jpg). Applicants must also include plans sufficiently detailed to show existing wall configurations and anticipated changes, e.g., elevations or floor plans.
- **Required Attachments for the 50% Code Credits:** Applicants must provide evidence that they have met on site with a building inspector from the [Division of Fire Safety at the Department of Public Safety](#) or, where authorized, a municipal fire marshal or building inspector to discuss the specific code requirements of a project. Typically, the state or municipal code official documents site visits in a letter that identifies the work required to bring the building into compliance. This letter is a required attachment to the application as it assures a final code inspection and compliance.
- **Required Attachments for the 50% Technology Credits:** For 50% Technology Credit applications, provide a letter from a licensed engineer certifying the plans and costs of the technology related improvements. This documentation is required as it will provide certification as to the fact and cost of the installation or improvement.

- **Application Submission:** Applications should be submitted electronically to Caitlin Corkins at caitlin.corkins@vermont.gov. Faxed applications are not accepted; however, applications may be submitted in hard copy by mailing them to:

Caitlin Corkins, Tax Credits & Grants Coordinator
 Department of Housing and Community Development
 One National Life Drive
 Davis Building, 6th Floor
 Montpelier, VT 05620-0501

The Board will not consider incomplete applications, applications with missing attachments or projects that do not meet design standards.

DESIGN STANDARDS

- **Changes to Historic Buildings:** The Downtown Board assumes that some alteration of older or historic buildings will occur to provide for contemporary use. However, the project must not damage, destroy, or cover materials or features that help define the building's historic character. Therefore, projects must meet the Secretary of the Interior *Standards for Rehabilitation* (see Appendix A). Projects using inappropriate man-made materials, that include incompatible window replacements, or that damage, destroy or obscure historic features are ineligible for tax credits. Applicants are therefore encouraged to contact Caitlin Corkins at caitlin.corkins@vermont.gov so plans can be discussed or reviewed prior to construction.

DESIGN CONSIDERATIONS FOR FAÇADE IMPROVEMENT CREDIT

- **Storefront Alterations:** Historic storefronts should be repaired when possible. Where historic storefronts were previously altered beyond recognition or are missing entirely, new storefronts should be contemporary, but compatible. Justify changes to storefronts and provide photographs of areas to be altered. Information should be provided on when the existing storefront was constructed; what the existing physical conditions are; and, if a historical treatment is planned, on what evidence the proposed new storefront designs are based. Storefront changes that alter the character of the structure and its relationship with the street or that destroy historic materials may result in a project being ineligible for tax credits.
- **New Windows:** When historic windows exist, they should be repaired when possible. If they are beyond reasonable repair, replacement windows must match the design, visual qualities, and materials of the historic window. The quality of the match on street-facing sides of the building is more important than the match on an obscured rear or side elevation. Installation of vinyl replacement windows or inappropriate windows disqualifies an applicant from tax credits.
- **Interior Partitions and Finishes:** When storefront alterations affect interior partitions, indicate the existing condition of the interior area to be affected and document it with photographs. Show which walls are to be removed or altered and note whether existing trim elements will be affected. Projects should not change floor plans unnecessarily or expose masonry or structural members unless this condition is supported by historic evidence.
- **Exterior Masonry Cleaning:** Masonry should only be cleaned to halt deterioration or to remove graffiti and stains. If cleaning is necessary, it must be done using the gentlest means possible without damaging the surface of the masonry and in accordance with the guidance found in [Preservation Brief 1, The Cleaning and Waterproof Coating of Masonry Buildings](#). Specifications and test cleaning samples should be reviewed and approved before proceeding with this work.
- **Exterior Masonry Repair:** Owners are encouraged to re-point only those portions of the masonry that require repair. If determined necessary, indicate deteriorated areas that require repair and provide evidence that re-pointing mortar will match the original in composition (i.e., ratio of lime, cement, sand and any additives, color, texture, and tooling.) Mortars with high percentage of Portland cement may not be acceptable as they are too hard for many old bricks and cause the bricks to crumble or spall.

Specifications and re-pointing samples should be reviewed and approved before proceeding with this work.

- **New Additions and New Construction:** New exterior additions may alter the appearance and form of historic buildings and may make projects ineligible. Similarly, new construction, including site work, may affect the relationship of a building to its site or otherwise damage the historic character of the property. Applicants should consult with Downtown Program staff before undertaking projects involving additions.

GETTING HELP

- Design guidance found in the Standards is general in nature because no one building or project is alike. For specific advice on proposed changes, staff from the Downtown Program is available to meet on site and discuss how the Standards apply to individual projects. To schedule a meeting, email Caitlin Corkins at caitlin.corkins@vermont.gov or call 802-828-3047. In most instances, code work can be done without removing or damaging historic interior or exterior features or materials. Depending on your community, the Department of Public Safety, local Fire Marshal and/or Building Inspector, and the Downtown Program staff can assist owners with appropriate solutions to common life safety and accessibility issues in historic buildings. Scheduling a joint meeting with state or local code officials and Downtown Program staff is the best way for applicants to identify appropriate design options that protect both life and safety and a building's historic character.

OTHER HELPFUL PROGRAMS

- **[Federal Rehabilitation Investment Tax Credit \(RITC\)](#):** In addition to Vermont's Downtown and Village Center tax credits, there are unlimited 20% federal tax credits that can be combined with the state credit to maximize return on investment. In the past ten years, over 160 Vermont projects earned over \$35 million in federal tax credits. To qualify for the federal credit, buildings must be income producing (not a private residence), must be historic (listed or eligible for listing in the National Register of Historic Places), and the new investment must exceed the building's adjusted basis. In addition, changes must comply with the Secretary of the Interior's Standards as determined by the National Park Service (see Appendix A). For additional information about this program and to learn if your project qualifies, email Caitlin Corkins at caitlin.corkins@vermont.gov or call 802-828-3047.
- **[Federal Accessibility Incentives](#):** There are two tax incentives available to businesses to help cover the cost of making access improvements. The first is a tax credit that may be use for building adaptations, equipment acquisitions, and services such as sign language interpreters. The second is a tax deduction that can be used for building or transportation adaptations.
- **[Efficiency Vermont Incentives and Business Support](#):** Vermont's statewide energy efficiency utility, Efficiency Vermont invests time, money, and resources to help all Vermonters save energy. They work with businesses of all sizes, across all industries, to provide energy services, incentives, and personalized support to help businesses succeed. Contact our Adam or Allison at the business customer service line at [855-317-2254](tel:855-317-2254) for more information.
- **[Vermont Department of Public Safety Rebate](#):** Designated Downtown applicants awarded sprinkler credits are eligible for a rebate of up to \$2,000 on construction permit fees. The fees for the entire construction project are eligible. To qualify for the rebate, the sprinkler system must be a complete automatic fire sprinkler system installed according to Department of Public Safety rules; the system must receive Department of Public Safety final acceptance testing and approval; the system must be installed in a building located within a Designated Downtown district (Village Centers are ineligible); and the applicant must provide a letter to the Department of Public Safety stating that the building is located within a designated downtown. If in any year, applications exceed \$40,000, the Department of Public Safety shall grant rebates according to the date the building was awarded a state tax credit, with the earlier date receiving priority. To apply for a rebate, or for more information, contact either the manager of your regional Department of Public Safety, Division of Fire Safety office or Nicole York at nicole.york@vermont.gov or call 802-479-4434.

Summary Sheet

Complete the boxes below and transfer totals from the budget worksheet on the following page. If awarded, a copy of this page is attached to a tax return in order to claim the credits. Copies of approved applications may be shared with the Vermont Department of Taxes.

NAME OF OWNER/LESSOR		LAST 4 DIGITS OF TAXPAYER ID
BUILDING ADDRESS		PROPERTY SPAN #
MAILING ADDRESS OF OWNER/LESSOR		
DAYTIME PHONE & E-MAIL		
CONTACT NAME & PHONE & E-MAIL IF DIFFERENT FROM ABOVE		
ORIGINAL DATE OF BUILDING CONSTRUCTION (MUST BE BUILT PRE-1983 TO BE ELIGIBLE)		
CONSTRUCTION START DATE	COMPLETION DATE	
AMOUNT OF 10% HISTORIC CREDIT REQUESTED (FROM WORKSHEET)	AMOUNT OF 25% FACADE CREDIT REQUESTED (FROM WORKSHEET)	
AMOUNT OF 50% TECHNOLOGY CREDIT REQUESTED (FROM WORKSHEET)	AMOUNT OF 50% CODE CREDIT REQUESTED (FROM WORKSHEET)	
TOTAL PROJECT COST	TOTAL CREDITS REQUESTED (FROM WORKSHEET)	

BANK OR INSURANCE CREDIT CERTIFICATE INFORMATION: State tax credits may be assigned (sold) to a bank or insurance company. If you would like the credits issued as a Credit Certificate, please complete the section below. *Note: This information is typically provided when projects are complete. To determine tax implications for sale of tax credits specific to your circumstances, consult an accountant or tax attorney.*

BANK NAME OR INSURANCE COMPANY NAME	
ADDRESS	
CONTACT NAME	
CONTACT PHONE	CONTACT EMAIL

ATTACHMENT CHECK LIST:

- Competitive Criteria (page 9 and 10)
- Photograph(s)
- Façade Improvement Credits Only – Additional Photographs and Plans
- Technology Credits Only – Letter from Licensed Engineer
- Code Improvement Credits Only – Letter from Code Official

Budget Worksheet

Complete this worksheet based on estimated or actual costs. Some tiers of credits may be combined, but Historic credits cannot be combined with Façade credits (see examples on page 12). Note: most credit tiers have caps. Do not attach receipts or estimates; however, retain these records in the event of an audit by the Vermont Tax Department. Any budget misrepresentations will invalidate eligibility.

<h1 style="margin: 0;">10%</h1> <p style="margin: 0;">Historic Credit</p>	First \$500,000 and half the costs exceeding \$500,000 are eligible	
	Estimated costs approved for Federal Credits	
	Approved costs up to \$500,000 [] x.1 =	
	Approved costs over \$500,000 [] x.05 =	
	SUBTOTAL HISTORIC CREDITS	
<h1 style="margin: 0;">25 %</h1> <p style="margin: 0;">Façade Credit</p>	List façade work items below, Max Credit: \$25,000	
	SUBTOTAL FAÇADE COSTS [] x.25 =	
SUBTOTAL FAÇADE CREDITS		
<h1 style="margin: 0;">50%</h1> <p style="margin: 0;">Code Credit</p>	Max Credit: \$50,000 sprinkler \$50,000 elevator \$40,000 LULA \$12,000 lift	
	Total Elevator Cost [] x.5 =	
	Total LULA Cost [] x.5 =	
	Total Lift Cost [] x.5 =	
	Total Sprinkler Cost [] x.5 =	
	SUBTOTAL ACCESS/SPRINKLER CODE CREDITS	
	Max Other Code Credit: \$50,000	
	Total ADA Costs [] x.5 =	
	Total Fire Prevention Costs [] x.5 =	
	Total Electrical Code Costs [] x.5 =	
	Total Plumbing Code Costs [] x.5 =	
	Total Hazard Abatement Costs [] x.5 =	
	Total Brownfield Mitigation Costs* [] x.5 =	
	TOTAL OTHER CODE CREDIT	
	SUBTOTAL CODE CREDITS	
<h1 style="margin: 0;">50%</h1> <p style="margin: 0;">Tech Credit</p>	Max Tech Credit: \$30,000	
	Total Data or Network Wiring Costs [] x.5 =	
	Total HVAC Costs** [] x.5 =	
	SUBTOTAL TECH CREDITS	
GRAND TOTAL CREDITS		

*Must have an approved Corrective Action Plan from the Agency of Natural Resources

**HVAC costs must be related to data or network wiring improvements

Signature Page

Please check each box indicating that you understand and will comply with the following provisions.

- Qualified Project:** I certify that I am a qualified applicant and that the subject building was built prior to 1983, is located within a Designated Downtown or Village Center, and is not used solely as a single-family residence.
- Good Standing:** I certify that I am in “good standing” with respect to, or in full compliance with a plan to pay any and all taxes due to the Vermont Department of Taxes.
- Project Inspection and Recapture:** I understand the State of Vermont reserves the right to make inspections at any time up to five years after the completion of work and to recapture and/or reclaim from the applicant the value of the credit, taken individually or via credit certificate for any of the following: if it is determined information contained in this tax credit application was fraudulent; if work is not completed or undertaken as presented in the application and supporting documentation; if further alterations were made that do not meet the Secretary of the Interior’s Standards for Rehabilitation, or if the property loses its federal “certified rehabilitation” status. I understand that I am responsible for this penalty if the property is sold or conveyed within the compliance period.
- Credit Expiration:** I understand that the tax credits shall be forfeited if the project is not complete and no credits have been claimed within five years from the date of the allocation award.
- Earning the credit:** I understand the tax credit allocation may be used in the first tax year in which the project is complete. I understand that if the actual qualified rehabilitation expenditures are less than that stated in the application; the tax credit is accordingly adjusted to the lesser amount.
- Sale of the credits:** I understand that I am responsible for any tax liability incurred as a result of the sale of Vermont state tax credits to a bank or insurance company.
- Use of Application Materials:** I understand that all application materials, including photographs, become the property of the Vermont Downtown Program and may be used or reproduced without permission.
- Certification:** Under penalties of perjury, I declare that the information I have provided, to the best of my knowledge and belief, is true, correct, and complete and that I own or lease the property described in this application.

Print Name

Applicant Signature

Date

Staff Use Only

Downtown Board Authorized Signature

Date

Fiscal Year 2017

Award Date: _____

	Phase I	Phase II (if needed)	Phase III (if needed)
10% Historic Credit			
25% Façade Credit			
50% Code Credit			
25% Tech Credit			
Total Unclaimed			
Total Allocated			

Tax Credit _____
Certificate _____

Assigned to: _____

Competitive Criteria

Funding priority goes to projects that demonstrate the cost effectiveness of the project and show how the project addresses important community needs or issues. The Board uses these criteria to score projects: Cost Effectiveness (scored 0-5), Community Need (scored 0-5) and Community Impact (scored 0-7).

An additional bonus point (scored 0 or 1) is added to projects with Vermont taxpayer investment. A bonus point (scored 0 or 1) is also added for projects that will create or increase technology-based businesses or jobs in designated areas.

Scores are tallied and ranked high to low. Projects must score a minimum of 12 points (average derived from individual Board scores divided by number of Board members scoring). Projects are typically funded in rank order until the credits are exhausted; however, the Board may fund projects at its discretion. Tie scores are broken with a Board vote.

Please provide the information below in the space provided. It is important to complete all fields. If you need additional space, attach separate pages to your application and title them as indicated below.

PROJECT DESCRIPTION: Please briefly describe your project. What work will be completed and what will the building will be used for?

COST EFFECTIVENESS: This information assists the Board in determining the relative cost effectiveness of a project. Funding priority goes to projects that have a low cost per square foot, high percentage of new investment to pre-construction property value, and high percentage of private funds to public funds. (Scored: 0-incomplete information; 1-poor return; 2-3-fair return; 4-good return; 5-excellent return).

Total Private Funds: _____

Total Public Funds (local, state and federal): _____

Grand List Value (pre-construction): _____

Total Project Cost (actual or estimated): _____

Total Credits Requested: _____

Credits Previously Awarded/Year: _____/_____

Reason for Additional Request: _____

Square Feet: Before: _____ After: _____

Housing Units: Before: _____ After: _____ N/A

Commercial Units: Before: _____ After: _____ N/A

Existing Use (check all that apply): housing retail office industrial other _____

Proposed New Use (check all that apply): housing retail office industrial other _____

COMMUNITY NEED: Describe and document the important community and/or economic development needs or issues this project addresses. For example, recovery from a flood, fire or other local disaster; high unemployment or low per capita income; declining grand list values (vacant, underused or condemned buildings); low rental rate for commercial or rental properties that cannot support accessibility or code improvements; need for new housing or commercial development in the district; supporting a new or relocating technology-related business; competing development outside the designated district; closing or downsizing of a major employer; or other issues or needs not listed here.

(Scored 0-5 using the following definitions: 0 – no information; 1 – poor/incomplete information, does not clearly describe the needs/issues; 2-3 – fair, describes the needs/issues, but they are not significant or urgent; 4 – good, clearly and convincingly describes compelling needs/issues; 5 – excellent, clearly and convincingly describes compelling needs/issues that are significant and urgent).

COMMUNITY IMPACT: Explain how the project offers a significant and long-lasting solution to the community and/or economic development needs or issues identified above. For example, creating or retaining business, jobs, housing or commercial; increasing the tax base; restoring or enhancing the vitality of the community; making the community more accessible; reducing threat of fire or improving public safety; contributing to the long-term economic development of the district, etc.

(Scored 0-7 using the following definitions: 0 – no information; 1 – poor/incomplete information, does not clearly describe how the project addresses the identified needs/issues; 2-3 – fair, describes the how the project addresses the needs/issues, but the long-term community impacts are limited; 4-5 – good, clearly describes how the project addresses the identified needs/issues and the project will have a reasonable impact on the community; 6 – excellent, clearly describes how the project addresses the identified needs/issues and the project will have a broad impact to the community; 7 – exceptional, clearly describes how the project addresses the identified needs/issues and the project will have far-reaching and long-lasting impact to the community).

VERMONT TAX PAYERS: Projects with investment from individual Vermont income taxpayers (includes Vermont investors or members of a development partnership) receive an additional point. If applicable, provide the name and home town of one Vermont-based (income tax payer) investor below.
(Scored 0 or 1: 0 – project has no Vermont taxpayers; 1 – project has Vermont taxpayers)

Name of Vermont Taxpayer

Town

TECHNOLOGY PROJECTS: To encourage investments in technology-based businesses and jobs in our downtowns and village centers, projects that proposed to create or increase technology-based businesses and jobs will receive an additional point. Please check one box below.

(Scored 0 or 1: 0 – project does not involve technology-based businesses or jobs; 1 – project will create/increase number of technology-based businesses or jobs.)

Does this project include technology upgrades that qualify it for a Technology Tax Credit?

Yes No

Required Attachments

1. Attach or e-mail 1-2 images that show the front of your building. Label these images with the name of your building and its location.
2. For 25% Façade Credit applicants, submit additional photographs that clearly show all elevations of the building and its setting on the street before construction. Applicants must also include plans and/or explanation sufficiently detailed to show existing wall configurations and anticipated changes, e.g., elevations or floor plans. Photographs and plans should be labeled with the property address and the view (e.g., 122 Main, SW). E-mail digital files to Caitlin Corkins at caitlin.corkins@vermont.gov with the property address and view as the name of the file, (e.g., 122 Main Street, SW.jpg).
3. For 50% Code Credit applicants, provide evidence that you have met on site with a building inspector from the [Division of Fire Safety at the Department of Public Safety](#) or, where authorized, a municipal fire marshal or building inspector to discuss the specific code requirements of the project. Typically, the state or municipal code official documents site visits in a letter that identifies the work required to bring the building into compliance. This letter is required with the application as it assures a final code inspection and code compliance.
4. For 50% Technology Credit applications, provide a letter from a licensed engineer certifying the plans and costs of the technology related improvements. This documentation is required as it will provide certification as to the fact and cost of the installation or improvement.

APPENDIX A

SECRETARY OF THE INTERIOR'S STANDARDS FOR REHABILITATION

The Standards are to be applied to specific rehabilitation projects in a reasonable manner, taking into consideration economic and technical feasibility. The Standards apply to historic buildings of all materials, types, and sizes. They apply to both the exterior and the interior of historic buildings as well as attached, adjacent or related new construction.

1. A property shall be used for its historic purpose or be placed in a new use that requires minimal change to the defining characteristics of the building and its site and environment.
2. The historic character of a property shall be retained and preserved. The removal of historic materials or alteration of features and spaces that characterize a property shall be avoided.
3. Each property shall be recognized as a physical record of its time, place and use. Changes that create a false sense of historical development, such as adding conjectural features or architectural elements from other buildings, shall not be undertaken.
4. Most properties change over time; those changes that have acquired historic significance in their own right shall be retained and preserved.
5. Distinctive features, finishes, and construction techniques or examples of craftsmanship that characterize a property shall be preserved.
6. Deteriorated historic features shall be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature shall match the old in design, color, texture, and other visual qualities and, where possible, materials. Replacement of missing features shall be substantiated by documentary, physical, or pictorial evidence.
7. Chemical or physical treatments (such as sandblasting) that cause damage to historic materials shall not be used. The surface cleaning of structures, if appropriate, shall be undertaken using the gentlest means possible.
8. Significant archeological resources affected by a project shall be protected and preserved. If such resources must be disturbed, mitigation measures shall be undertaken.
9. New additions, exterior alterations, or related new construction shall not destroy historic materials that characterize the property. The new work shall be differentiated from the old and shall be compatible with the massing, size, scale, and architectural features to protect the historic integrity of the property and its environment.
10. New additions and adjacent or related new construction shall be undertaken in such a manner that if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.

Click [here](#) for more details on applying the Standards to specific situations:

<http://www.nps.gov/tps/standards/rehabilitation.htm>

APPENDIX B

SAMPLE CREDIT CALCULATIONS

- Sample #1: A project combining 50% Code Improvement Credits and 10% Historic Rehabilitation Credits

The total qualified expenditures are \$500,000 including \$60,000 for the installation of a sprinkler system and \$120,000 for an elevator. Total project cost is \$510,000, but \$10,000 of these costs is for landscaping and parking lot improvements and is not eligible for state or federal benefits.

Of the \$180,000 invested in the sprinkler and elevator, only \$160,000 is qualified for the 50% Code Improvement Credit (50% of the 60,000 sprinkler system is \$30,000; 50% of the \$120,000 elevator is \$60,000, but the maximum credit for each item is \$50,000).

The remaining \$340,000 in qualified expenditures is eligible for the 10% historic tax credit (\$500,000 minus \$160,000 for qualified sprinkler/elevator expenditures, for which the owner will use the 50% credit), a \$34,000 credit allocation.

The total net credit on \$500,000 qualified expenditures would be:

\$100,000 federal RITC (20% of \$500,000 total qualified expenditures)
 \$30,000 state credit (50% up to \$50,000 max for a sprinkler system)
 \$50,000 state credit (50% up to 50,000 max for an elevator)
 \$34,000 state credit (10% of total project cost less qualified cost of sprinkler/elevator)

\$214,000 total in combined state and federal total credits

- Sample #2: A project combining 25% Façade Credit with 50% Code Improvement Credits and 50% Technology Credits

Total qualified expenditures are \$145,000 with a total project cost of \$220,000. \$75,000 in costs are ineligible for tax credits due to caps in total allocations and the fact that the state program provides incentives for certain types of rehabilitation work, unlike the federal program, which includes all rehabilitation costs—roofs, HVAC systems, foundations, etc.

\$20,000 is the estimated cost for the installation of a sprinkler system; \$110,000 for code improvements – ADA bathrooms, asbestos abatement, and installation of a fire alarm system; \$20,000 for data wiring upgrades; and \$55,000 for restoration of the storefront, 2nd and 3rd floor windows, and cornice. \$15,000 is budgeted for a new roof, but this is an ineligible cost as it is neither a code or façade improvement.

\$10,000 state tax credit (50% up to \$50,000 max for a sprinkler system)
 \$50,000 state tax credit (50% up to \$50,000 max for code improvements)
 \$10,000 state tax credit (50% up to \$30,000 max for technology improvements)
 \$13,750 state tax credit (25% up to \$25,000 max for facade improvements)

\$83,750 total in combined state credits

APPENDIX C

SAMPLE COMPETITIVE CRITERIA RESPONSES

Sample #1- FY 2015 Project funded in Waterbury, Vermont

PROJECT DESCRIPTION:

This project covers the renovation of the historic building at 1 South Main Street in Waterbury Vermont. The building was purchased in 2009 with the second story gutted and vacant. The second story was renovated to create a 1750 square-foot office for up to 6 employees and a 1200 square-foot rustic private party space for the restaurant on the first floor. Both spaces received new electrical, plumbing, insulation, interior walls, monitored fire alarm system and flooring. The office is leased by Milone & MacBroom and the private party space was completed in January 2014 and is currently being used by The Reservoir Restaurant. The building façade was also improved with new siding on the entire rear half of the building as well as a new metal roof. The total cost of this project was \$135,000.

COMMUNITY NEED:

- **Recovery from a flood:** On August 28, 2011, Tropical Storm Irene devastated Waterbury. Flooding from the Winooski River damaged 220 homes and businesses in the Town and Village of Waterbury. Additionally, 49 historic buildings in the Waterbury State Office Complex were seriously damaged, causing displacement of approximately 1,500 employees. Total damages to private property were estimated at \$9 million and millions more in revenue was lost due to business closures. Damages to public property exceeded \$100 million.
- **Closing or downsizing of a major employer:** Businesses in the downtown continue to suffer from the loss of daily sales no longer generated from the loss of 1,500 state employees. While the State has committed to return up to 1,100 of said potential customers, Waterbury businesses and commercial property owners have endeavored to persevere without these resources.
- **Declining grand list values:** After the flood, Waterbury dropped the assessed values of all floodplain properties by 20%. In the 2014 community-wide reassessment the overwhelming majority of floodplain properties has seen another 10% decline. Very few properties in this district have increased.

COMMUNITY IMPACT:

- **Creating or retaining business:** 1 South Main Street has seen significant improvements under the helm of a new building owner. The Reservoir, his restaurant, is thriving and employs many Waterbury residents. Also new to the building is Milone & MacBroom, an engineering firm that specializes in sewer and water issues.
- **Increasing the tax base:** Since purchasing the property and not including the sale price, the new owner has invested \$175,000 in the historical building beyond this project, which has allowed Waterbury to increase the taxable value of the property from \$470,600 to \$513,200.
- **Restoring or enhancing the vitality of the community:** One asset that is common to successful communities and which has been mostly absent in Waterbury is a comfortable private meeting space. The recently renovated, rustic-themed event space at 1 South Main fits a dire need as downtown businesses and organizations are forever seeking same.
- **Reducing threat of fire or improving public safety:** As part of the project, a monitored fire alarm system was installed and code improvements were implemented.
- **Creating new jobs:** The Reservoir has grown over the length of this historical project and has hired 35 new employees. Milone & MacBroom, also new since the project – and occupiers of a formerly vacant part of the building – have hired four employees; these persons are in a wage bracket that is desirable to local retail and restaurant establishments.
- **Contributing to the long-term economic development of the district:** 1 South Main Street is at the corner of Stowe Street and Main and is at the nexus of Waterbury's downtown. This vibrant and historic landmark is imperative for the municipality's economic interests as it connects uptown Waterbury with the Village and had, for a long period, underperformed. The businesses (restaurant and service) and housing it now hosts contribute very positively and showcase Waterbury as an energetic and growing community.

Sample #2 – FY 2015 Project funded in Weston, Vermont

Project Description: The Little School in Weston is proposing is a combination of several smaller projects that will all increase both the accessibility and safety of our building. The project includes: 1) making front entry wheelchair accessible with installation of ramp, proper landing space and threshold, 2) widening classroom doorways to 36” including proper door closures and latching mechanisms, 3) upgrading fire alarm system to meet current fire codes including replacing CO and smoke detectors as well as upgrading fire alarm panel, 4) installing fire release door holders on all classroom doors and hallway fire door.

Community Need: The Little School has served families in the community, by providing high quality early childhood education since 1976. The program is located in a building, constructed in 1861, owned by the town of Weston and leased to the school. Due to the age of the building and the funding constraints of operating a non-profit business many accessibility or code improvements have not been kept up with. If helped with the funding of this project, we would be able to provide preschool in a building that was fully accessible to adults and children as well as providing the utmost of safety to our students and employees. Currently, there are no preschool programs in the surrounding community which operate out of fully accessible buildings and completing this project would meet this need. The need for the fire/electrical upgrades is more centered on the need to upgrade the security of the school. In light of recent school safety concerns, it is important that the school building is secure for teachers and students during the day. In order to install upgraded door mechanisms and locks we need to replace our fire/building alarm system, which is a costly expense.

Community Impact: The long term impact of receiving funding for the above mention project would be creating a more accessible, safe and protected school for the community. Our program prides itself on providing an inclusive environment to students and families and without proper building accommodations we are currently unable to do so. Additionally, modifying door closing/latching mechanisms to meet fire/accessibility requirements increases the overall safety of the occupants. Also, in regards to the accessibility of the program, not having ramp access or proper doorway openings has made it impossible for our program to provide schooling to wheel-chair bound students as well as to students with physically handicapped parents. These building limitations make it difficult to provide the program our school wishes to in the building we currently occupy. The Little School adds vibrancy and year-round traffic to the village; town residents have long supported the school and its cause, which would make it a very difficult decision if we could not continue to operate our program out of its current location.