

# ***HISTORIC ZONING***

## ***NEWS***

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### **PRESERVATION MATTERS**

#### **ARE THERE GRANTS OR LOW-INTEREST LOANS AVAILABLE TO HELP ME RESTORE OR MAKE REPAIRS TO MY HOUSE?**

The Tennessee Historical Commission receives queries like this from the public on a daily basis. Unfortunately, we have no easy answers. Programs do exist, but most are limited to certain types of projects or involve numerous restrictions. For middle-income Tennesseans seeking to rehabilitate a private residence, securing funding continues to be a challenge.

#### **FEDERAL GRANT PROGRAMS**

In the last decade, the U.S. Department of Housing and Urban Development (HUD) did administer loan programs that encouraged rehabilitation and/or repair of historic structures, including private residences. However, moneys from these programs are now folded into the Community Development Block Grant (CDBG) program, which distributes funds to cities for specific activities, one of which is rehabilitation of older housing stock. Locally, CDBG funds usually are channeled to nonprofit organizations working to develop better housing options in targeted neighborhoods. This often is where the

confusion lies. People believe the program is still in place to assist any individuals, only to find that it has been reorganized.

#### **FEDERAL LOANS**

Currently, HUD's Federal Housing Administration 203(k) Rehabilitation Mortgage program, although not specifically geared to historic houses, allows borrowers to finance with one mortgage loan both the purchase and rehabilitation of owner-occupied one-to-four-family dwellings. Additionally, current homeowners can apply to refinance existing loans to undertake rehabilitation work. The loans are backed by HUD to minimize the risk to the lender. The mortgage amount is based on the projected value of the property after work is completed. Like any other program backed by the government, however, restrictions and limitations apply. For a free brochure called "Rehab a Home with HUD's 203(k)," contact HUD, 7th and D street, SW, Washington D.C. 20410-3000.

A similar local program, known as Community Home Improvement Mortgage Loans (CHIML), is offered by the Federal National Mortgage Association (better known as Fannie Mae). Generally (but not exclusively) available to low and moderate income borrowers living in central cities, the program allows home buyers purchasing (or refinancing) homes that need modest repairs to obtain a loan to

finance both the purchase and the repair work. The loan can be up to 95 percent (or 90 percent for refinances) of the property's value after the work is complete.

### **INNOVATIVE LOCAL LOAN PROGRAMS**

In some communities, heritage organizations have developed partnerships with banks or private foundations to offer low-interest loans for the restoration of historic housing in targeted areas. These programs are often reserved for low to moderate-income applicants or first time buyers. Sparta has a downtown facade loan program for the rehab of the downtown structures. Contact Carl Wallace at the Sparta City Hall for information.

### **TAX INCENTIVES**

If you plan to use your home to generate income (i.e., a restaurant or bed-and-breakfast inn), and if it is listed or eligible for listing in the National Register of Historic Places, you may be able to apply for federal income tax credits totaling 20 percent of the rehabilitation costs. The restoration must be reviewed by the THC and must follow the Secretary of the Interior's *Standards for Rehabilitation and Guidelines for Rehabilitation Historic Buildings*. The THC can provide additional information about this program.

### **PRIVATE FOUNDATIONS**

Foundations in Tennessee normally do not fund the rehabilitation of private residences. However, if a property will be put to community use (i.e., offices for the local heritage society, etc.), some foundations may be willing to lend financial support.

### **WHAT ABOUT THE THC?**

Presently, the THC offers grants which do not involve housing rehabs. Generally, grants are considered for activities including surveying historic areas, developing

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ordinances, producing historical walking tour brochures, preparing preservation plans, and preparing nominations to the National Register of Historic Places. The THC does have limited rehab grant money for public buildings.



## **DATES TO REMEMBER**

**NOVEMBER 1-2 TENNESSEE STATE MAIN STREET CONFERENCE.**

**NOVEMBER 3, 1995 WEST TENNESSEE HISTORIC ZONING COMMISSIONERS WORKSHOP.** Tennessee Heritage Alliance will hold an historic zoning commissioner training workshop in Brownsville from 9:00 am to 3:30 PM. Contact 615-385-4960.

**NOVEMBER 17-18, 1995 ASSOCIATION FOR PRESERVATION TECHNOLOGY ANNUAL MEETING. ADAPTING TO A CHANGING PRESERVATION WORLD.** In Washington D.C. Contact APT, P.O. Box 16236, Alexandria Va. 22302-9998, or (703) 527-7620.

**FEBRUARY 8-10, 1996. THE SOUTHEASTERN REGIONAL CONFERENCE ON AFRICAN AMERICAN HISTORIC PRESERVATION** in Charleston, S.C. Plan now for three days of expert advice, information sharing and networking in the growing field of African American Historic Preservation, Contact: 803-734-8611