

INCENTIVES FOR HISTORIC PRESERVATION IN CALIFORNIA

CALIFORNIA OFFICE OF HISTORIC PRESERVATION TECHNICAL ASSISTANCE SERIES #15

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Preface

The programs listed in this document will assist anyone interested in the field of historic preservation to locate funding and incentives available to qualified historic properties. Some of the programs are incentive based while others rely on a designated funding source, or on a commitment from an overseeing jurisdiction. Certain program funding may be based on annual budgets at the federal, state, or local levels, while others are ongoing programs involving credits or abatements. Programs may also be regulatory or code driven.

This document includes Internet addresses for each listed program. Readers are advised to visit the web sites for contact information including address, phone and fax numbers, in-depth background, and for up-to-date information on the listed incentives and programs.

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NOTE: Information provided is for general information only, and does not constitute legal advice or opinion in any way. As these laws and regulations change over time and may leave room for interpretation, you are urged to consult your attorney regarding specific legal questions you may have. Every effort has been made to provide up-to-date and correct information. If errors in text and/or

content are found, please alert the Office of Historic Preservation (OHP) as soon as possible.

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ADVISORY COUNCIL ON HISTORIC PRESERVATION

The Advisory Council on Historic Preservation (ACHP), an independent federal agency, has a mission to promote the preservation, enhancement, and productive use of our Nation's historic resources, and to advise the President and Congress on national historic preservation policy.

The ACHP was established by the National Historic Preservation Act of 1966 (NHPA), which encourages Federal agencies to be responsible stewards of the Nation's historic resources by including consideration of historic preservation in project requirements. As part of its duties as defined in the NHPA, ACHP is a policy advisor and recommends administrative and legislative actions to improve protection of our nation's heritage. It is the only entity with the legal responsibility to advocate for, and encourage full consideration of, historic values in federal decision making. One of its prime duties is the review of federal programs and policies to ensure they will be effective, coordinated, and consistent with national preservation policies.

PROGRAM AREAS

Federal Agency Programs administers the NHPA Section 106 review process and works to improve Federal agency consideration of historic preservation values in their programs.

Communications, Education, and Outreach conveys ACHP's vision and message to constituents and the general public through education, information, and recognition of historic preservation achievements.

Preservation Initiatives focuses on partnerships and program initiatives such as heritage tourism to promote preservation with local and state governments, Indian Tribes, and the private sector.

Preserve America Initiative promotes cultural and natural preservation and encourages a greater appreciation of national treasures, from monuments and buildings to landscapes and main streets. Emphasis is on retaining regional identities, supporting local pride in our cultural and natural heritage assets, and sustaining the economic vitality of our neighborhoods and communities.

Major components of the *Preserve America* initiative include:

- **Preserve America Presidential Awards** are annual awards given for: accomplishments in the sustainable use and preservation of cultural or natural heritage assets; demonstrated commitment to the protection and interpretation of America's cultural or natural heritage assets and the integration of these assets into contemporary community life; and a combination of innovative, creative, and responsible approaches to showcasing historic resources in communities.

- **Preserve America Communities** provides recognition and designation of communities that: protect and celebrate their heritage; use their historic assets for economic development and community revitalization; and encourage people to experience and appreciate local historic resources through education and heritage tourism programs.
- **Federal Support** provides technical and financial assistance to: bolster local preservation efforts; support better integration of heritage preservation and economic development; and foster and enhance intergovernmental and public-private partnerships to accomplish these goals.

FURTHER INFORMATION:

Web-Available Studies on the Economic Impacts of Historic Preservation

Advisory Council on Historic Preservation

<http://www.achp.gov/index.html>

Heritage Tourism

<http://www.achp.gov/heritagetourism.html>

Financial Assistance Sources

<http://www.achp.gov/funding.html>

- General Historic Preservation
- Community and Economic Development
- Cultural and Arts Programs
- Disaster Response
- Natural Resource Conservation and Recreation Programs
- Specific Property Types
- State, Tribal and Local Government

Preserve America

<http://www.preserveamerica.gov>

COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG)

The Community Development Block Grant (CDBG) Program is a program of the U. S. Department of Housing and Urban Development (HUD). Although it is a federal program that must conform to certain national HUD objectives, the allocation of the money within the community is at the discretion of local officials. Local governments use these annual direct grants from HUD to shape local programs that meet important objectives in community development.

The program is not a historic preservation program (its broad mission is to foster community development and to benefit low and moderate income persons), but it can fund particular activities that enhance and support historic preservation.

Community members and local officials who wish to make the most of CDBG grants will find a number of ways to link historic preservation to other community development and revitalization objectives. Historic preservation activities usually concentrate on rehabilitation, preservation, and restoration of public or privately owned properties. However, preservation activities may also be coordinated with new construction as well as with economic development, energy conservation and other objectives in a community's CDBG program.

A PARTIAL LIST OF ELIGIBLE CDBG ACTIVITIES WHICH MAY SUPPORT HISTORIC PRESERVATION

Planning

- Preparation of historic preservation elements of general plans
- Historic and archeological surveys of CDBG project areas
- Data collection, studies, analysis and the preparation of plans and implementing measures including budgets, codes, and ordinances
- Delineation of historic districts, including reuse plans and the preparation of ordinances and codes to assure preservation of the districts

Engineering and Design Costs

- Feasibility studies to assess the condition of structures, including historic properties
- Design improvements to the façade of structures, including historic buildings
- Removal of architectural barriers in older buildings, including historic buildings

Consultant Services

- Obtain professional assistance for program planning, including historic preservation

Acquisition

- Acquisition of properties, including historic properties, by a public agency or private not-for-profit entity
- Acquisition by purchase, lease, donation, or otherwise, of real property, including easements and facade easements

Clearance Activities

- Moving a historic structure from a project site
- Clearing incompatible structures from a historic site

Property Rehabilitation

- Includes privately owned residential buildings and improvements limited to facade and code requirements
- Publicly owned residential buildings
- Publicly owned nonresidential buildings
- Energy system improvements

Removal of Architectural Barriers

Payment of the non-Federal Match Required in Connection with a Federal Grant-in-Aid Program

- CDBG funds can be used as match for grants under the federal Certified Local Government program administered by the Office of Historic Preservation

To find out if your community received CDBG funds, to determine what programs are assisted by CDBG funds, or to influence how CDBG funds are allocated in your community contact your local planning department, economic development department, community development department, or local redevelopment agency.

FURTHER INFORMATION:

The document *Historic Preservation in Housing and Community Development: Linking Historic Preservation to Community Development Block Grant Objectives* can be accessed at this address:

http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_13716.pdf

Historic Preservation and Heritage Tourism in Housing and Community Development, a guide to using CDBG funds for historic preservation and heritage tourism, is now available online:

http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_14212.doc

General information on the HUD Community Development Block Grant Programs is available at:

<http://www.hud.gov/offices/cpd/communitydevelopment/programs/>

California CDBG Contacts and California Housing & Community Development:

<http://www.hcd.ca.gov/fa/cdbg/EconDevelopment.html>

20% REHABILITATION TAX CREDIT

Preservation Tax Incentives for Historic Buildings

Tax credits provide an important tool in the rehabilitation of historic properties. This federal program provides a dollar-for-dollar income tax reduction credit equal to 20% of qualified rehabilitation expenditures on income producing properties that are certified historic structures. Certified historic structures are either individually listed in the National Register of Historic Places (NRHP), or are contributors to a NRHP District. Properties not yet listed may apply for a preliminary determination of eligibility by filing a Part 1 form.

The property must be rehabilitated following the *Secretary of the Interior's Standards for Rehabilitation* (1990). The project costs must exceed either \$5000 or the adjusted basis of the building, whichever is higher. For larger projects, developers typically enter into a partnership with "tax credit investors" to more efficiently use the tax credit benefits. The developer serves as general partner with the tax credit investor being a limited partner, making an equity contribution to the project in exchange for the tax credit benefits. Under certain circumstances, non-profit organizations may also enter into such a partnership to allow their projects to benefit from the tax credit.

This is one of the most successful and cost-effective community revitalization programs which also attracts private investment in the historic cores of cities and towns. New jobs, enhanced property values, urban renewal, new municipal revenues, improved properties, and a lively, diverse and attractive community are other benefits realized from completed projects.

PROGRAM GUIDELINES

The Tax Incentives program is implemented by federal regulations under 36 CFR Part 67 and is a three-way partnership between the local state Office of Historic Preservation (SHPO), the National Park Service (NPS), and the Internal Revenue Service (IRS):

SHPO

- First point of contact
- Provides forms, regulations, and other information
- Maintains records of State's National Register properties
- Processes forms for listing
- Assists with information on appropriate rehabilitation treatments and materials

NPS

- Processes program fees
- Reviews all applications for conformance with the *Standards*
- Issues all certifications (approval or denial) in writing to owner
- Transmits copies of documents to the IRS
- Develops and publishes program regulations, the *Standards*, other publications and maintains

IRS

- Publishes regulations governing which rehabilitation expenses qualify for credits
- Sets time periods for incurring expenses
- Has procedural and legal oversight for claiming 20% and 10% credits
- Publishes audit guide for financial and legal aspects

- Assists with tax credit applications and sends project review to NPS
- a web-site
- Insures that only qualified parties claim the credits

APPLICATION

- Contact the SHPO for forms and to determine whether your property is National Register eligible. Forms and information may be downloaded from the NPS website or the CA SHPO website link.
- File a Part 1 (Evaluation of Significance) to start the program (individually listed properties do not need to file a Part 1, unless the listing consists of more than one building. Photos and a location map are important components of the application.
- File the Part 2 (Description of Rehabilitation Work) to clearly describe all the project work and how historic fabric might be affected. One of the most critical parts of the Part 2 is photos of “before” conditions so the NPS may compare the building before and after work. Lack of such photos can result in denial of the project, as review cannot be completed without them. Drawings should accompany the Part 2 application.
- File the Part 3 (Request for Certification of Completed Work) after work is completed. Include photos of completed work, taken from the same locations as “before” photos. When filing the Part 3 be sure to contact your accountant or financial advisor for the details of claiming the credit. In certain instances, alternative minimum taxes and passive activity limitations may limit the use of the rehabilitation tax credits.
- All submissions should be submitted in duplicate form. OHP retains one original copy and forwards the second original copy to NPS.

Most tax incentive rehabilitation projects are completed in a two-year cycle and the credits are claimed when the Part 3 is filed. For complex projects, or those with complex financing, it is possible to request a five-year, phased program. This must be done at the time the Part 2 is filed and must be accompanied by a detailed explanation of the phases. Credits may be taken in increments during the five-year period by filing a Continuation Sheet explaining the completion of a work phase. It is important to be aware that the whole project is reviewed, and later work if not done in accordance with the *Standards*, may result in denial and recapture of the previous credits granted.

CHECKLIST

- Two sets of applications, photos and other documentation must be sent to the SHPO. **Do not bind applications**, as both the SHPO and NPS have archival file and storage standards that require applications to be unbound for processing.
- All cover sheets must have original owner signature(s) and date on both copies.
- Both the SHPO and NPS prefer actual photographs to digital images. If used, digital images should have a high resolution, providing the same clarity and level of detail as actual photographs. Unclear photographs could result in an inability to evaluate the project and necessitate return of the application. In any case, images should be loose and not bound, labeled on the back, and keyed to a plan.

- The Part 2 application should reference all photos and drawing sheets for each item discussed.
- Do not send review fees to the SHPO. The NPS processes fees when the Part 2 is received in their office and sends a letter requesting payment. To expedite the fee request, a NPS credit card payment form may be completed and submitted to SHPO with the Part 2 and Part 3 application for forwarding to NPS with the completed review. The credit card form may be downloaded from the NPS website or the CA SHPO website link.
- Any change in a previously approved scope of work must be reported to the SHPO and the NPS, usually by an amendment to the Part 2, to be filed with the SHPO.
- Do not delay in contacting the SHPO with any questions during the course of the project. The SHPO's role is to assist in ensuring that the project meets the *Standards* and is successful.

FURTHER INFORMATION:

**Please see Appendix A for guidance in preparing a successful application.

| | |
|---|---|
| NPS Historic Preservation Planning Services | http://www.nps.gov/history/hps/pad/ |
| NPS technical preservation services: | http://www.nps.gov/tps/about.htm |
| Internal Revenue Service | http://www.nps.gov/tps/tax-incentives/before-apply/irs.htm |
| Federal Regulations 36 CFR Part 67 | http://www.gpo.gov/fdsys/pkg/CFR-2012-title36-vol1/pdf/CFR-2012-title36-vol1-part67.pdf |
| 36 CFR Part 67, see also: | http://www.wbdg.org/references/code_regulations.php?i=290&r=1 |

10% REHABILITATION TAX CREDIT

Preservation Tax Incentives for Historic Buildings

A 10% rehabilitation tax credit is available for the rehabilitation of *non-historic buildings* that were built before 1936. The 10% credit applies only to buildings, not to ships, bridges or other structures.

PROGRAM GUIDELINES

- The rehabilitation must be *substantial*, exceeding either \$5,000 or the adjusted basis of the property, whichever is greater, and the property must be depreciable.
- Rehabilitation must be for *non-residential* uses. Rental housing does not qualify for the 10% credit. Hotels qualify as they are considered to be commercial use, not residential use.
- A building that was been moved *before* 1936 can be eligible for the 10% credit.

Projects undertaken for the 10% credit must meet a specific physical test for retention of external walls and internal structural framework:

- 50% or more of the building's existing walls must remain in place as external walls at the work's conclusion, and
- 75% or more of the building's existing external walls must remain in place as either external or internal walls, and
- 75% or more of the building's internal structural framework must also remain in place.

ELIGIBILITY AND RESTRICTIONS

The 20% and 10% credits are mutually exclusive. Only one may be applied to a given project. Which credit applies depends on the building, not on the owner's preference.

- Buildings listed individually or as district contributors in the National Register of Historic Places are not eligible for the 10% credit.
- Buildings located in certified State or local historic districts are presumed to be historic and are therefore not eligible for the 10% credit.
- Owners of buildings in National Register or certified State or local historic districts may claim the 10% credit *only* by filing a Part 1 of the Historic Preservation Certification Application with the SHPO and National Park Service and receive a determination that the building does *not* contribute to the district and is *not* a certified historic structure.
- Owners of historic buildings denied certification for the 20% credit may not claim the 10% credit.

CLAIMING THE 10% REHABILITATION TAX CREDIT

The tax credit must be claimed on IRS form 3468 for the tax year in which the rehabilitated building is placed in service. The owner files the 3468 form directly; there is no formal review process for rehabilitations of non-historic buildings.

FURTHER INFORMATION:

National Park Service
IRS Form 3468

<http://www.nps.gov/tps/tax-incentives.htm>
<http://www.irs.ustreas.gov/pub/irs-pdf/f3468.pdf>

CHARITABLE CONTRIBUTIONS FOR HISTORIC PRESERVATION PURPOSES (Conservation Easements) Preservation Tax Incentives for Historic Buildings

Internal Revenue Service Code Section 170(h) and Department of Treasury Regulations Section 1.170A-14 provide for income and estate deductions for charitable contributions of partial interests in historic property (principally easements). Valuations usually range from 10-15% of the structure's fair market value. To qualify, the gift of an easement for conservation purposes such as the preservation of the facade of a certified historic structure must be made to a holding entity and must be protected in perpetuity. Easements may be made for a facade, a building exterior (and its grounds), historically important building interiors, or for development rights for historically important land areas (open space agreements). Easements become part of the chain of title and bind present and future owners. However, establishment of such restrictions does not prevent the property owner from retaining possession and use of the property. Exterior work may need to be reviewed for appropriateness, but any interior modifications are at the discretion of the owner, unless the easement is for a significant interior.

ELIGIBILITY

The conservation easement donation can be from a structure that is used either for business or non-business. Personal residences as well as commercial properties may take advantage of this provision.

The property must only be a "certified historic structure," which is a property either:

- already listed individually in the National Register of Historic Places; or
- located in a National Register historic district and certified by the Secretary of the Interior as being of historic significance to the district (a "contributor").

Properties not yet listed may file if there is a preliminary determination that the property is National Register eligible and the nomination form will be filed and the property listed by the time federal taxes are due in the year following the donation (plus six months extension time).

PROGRAM GUIDELINES

- If the historic structure is not visible from a public way, arrangements must be included to permit regular viewing by the general public of its historic character and features; to the extent such viewing is consistent with the nature and condition of the property.
- If the property is subject to a mortgage, a special rule is that the mortgagee must agree to subordinate its rights to the property to the right of the donee to enforce the conservation purposes in perpetuity.
- If the value of the donation and deduction exceeds \$5000, the taxpayer must obtain a qualified appraisal and attach a full summary to the income tax return.
- A facade easement may be claimed for a qualified rehabilitated building. However, if the donation is made within the five year 20% Rehabilitation Tax Credit recapture period, the donation is considered a partial disposition of the property and will trigger recapture of all or part of the rehabilitation credits.

The donation is made only once, but the tax deduction may be distributed over a six year period and may usually be claimed on both federal and state tax returns.

FURTHER INFORMATION:

Historic Preservation Easements: A Directory of Historic Preservation Easement Holding Organizations, Claire Schofield, 2003:

<http://www.ohp.parks.ca.gov/pages/1074/files/easementsdirectory.pdf>

National Park Service – easements:

<http://www.ohp.parks.ca.gov/pages/1074/files/easements-historic-properties.pdf>

NPS Heritage Preservation Services--IRS facades: Facade Easement Contributions Removed, pending
IRS revisions, July, 2007.

In the Los Angeles area: LA Conservancy:

<https://www.laconservancy.org/resources/guide/conservation-easements-permanent-protection-historic-places>

INVESTMENT CREDIT FOR LOW-INCOME HOUSING

Preservation Tax Incentives for Historic Buildings

The Tax Reform Act of 1986 (IRC Section 42) established an investment tax credit for acquisition, construction, or rehabilitation of low-income housing. The credit is approximately 9% per year for 10 years for each unit acquired, constructed, or rehabilitated without other federal subsidies and approximately 4% for 10 years for projects subsidized by tax-exempt bonds or below market federal loans. Through syndicated sale of this credit it can be possible to finance project construction costs at 30-60% of expenses.

This federal program is aimed at encouraging owners to develop and provide low-income housing to a community. While broader in scope than preservation, this credit can be used alone or concurrently with the Federal Historic Preservation Tax Incentive, which creates additional financial credits to make the low-cost housing project more viable. These credits are usually sold to individual or corporate investors through private or public syndication to create funding.

ELIGIBILITY

- Providing rental housing is the only eligible project for the low-income credits.
- Credits may be used for rehabilitation of existing properties or for new construction. Cost calculation is based on the depreciable costs of the property that is used in common areas.
- There are income threshold limits for initial occupants which cannot exceed 60% of the area median, adjusted for household size; requirements for cost per unit; limits on number of units; and financial commitment requirements for the owners.
- The credit allocations are factored on the eligible cost basis of the project, which encompass both hard and soft development costs. Land costs are excluded, but some acquisition costs can be part of the credit.
- Tax-exempt property may receive the credits. However, rental units must be leased to qualified low-income tenants and the rents must be restricted.
- Location of the property in either a qualified census tract (50% or more of households have incomes less than 60% of the area median gross income) or in a difficult development area may allow for an increase of the credit up to 130% of the construction or rehabilitation expenditures.
- The eligible basis for computing the low income credit must be reduced by the amount of any rehabilitation tax credit or any federal grants obtained.
- The credit is available after units are occupied by qualified tenants.
- Federal law sets a 15-year credit compliance period.
- Buildings must be maintained as affordable housing for a period of not less than 30 years. However, California's program generally requires maintaining affordability for 55 years.
- Credits are allocated by State housing credit agencies and are competitive.

The program is administered by the California Tax Credit Allocation Committee (TCAC) through the State Treasurer and the U.S. Internal Revenue Service. TCAC administers two low income housing tax credit programs, a federal program and a state program. Both programs were authorized to encourage private investment in rental housing for low and lower income families and individuals.

FURTHER INFORMATION:

Code References

- Tax Reform Act of 1986; Internal Revenue Code Section 42
- California Code of Regulations, Title 4, Division 17, Sections 10300-10337

Federal Historic Preservation Tax Incentives - Topical Tax Brief – Comparison of the Historic Rehabilitation Tax Credit and the Low Income Housing Tax Credit:

http://www.nps.gov/tps/tax-incentives/taxdocs/IRS_HRTC_LIHTC.pdf

California Tax Credit Allocation Committee:

<http://www.treasurer.ca.gov/ctcac/>

TEA-21

THE TRANSPORTATION EQUITY ACT FOR THE 21ST CENTURY

UNITED STATES DEPARTMENT OF TRANSPORTATION

TEA-21 enacted June 9, 1998, authorized federal surface transportation programs for highways, highway safety, and transit for the years 1998-2003. The TEA 21 Restoration Act, enacted July 22, 1998, provided technical corrections to the original law. In August 2003, the California Transportation Commission (CTC) integrated the Transportation Enhancements (TE) program into the State Transportation Improvement Program (STIP). The 2004 STIP Guidelines, adopted December 11th, further clarify and direct programming of TE funded projects or project enhancement elements, into the STIP.

The concept is to enhance, maintain, and preserve the existing transportation network while more creatively and sensitively integrating it into the surrounding communities. The goal is to create a “more-than-adequate” transportation experience that provides an aesthetic, pleasant and improved interface between a particular transportation mode and the people of the adjacent communities. Federal transportation funds are to be granted for use in capital improvement projects that enhance quality-of-life, in or around transportation facilitates. Projects must be above and beyond regular mitigation and regular programs, and the proposed project must directly relate back to an existing transportation system. Several eligibility categories emphasize historic properties such as landscapes, buildings, and archeological sites and related resources. The program is overseen by the Federal Highway Administration. In California, the California Department of Transportation (CALTRANS) administers the program.

ELIGIBILITY AND SELECTION CRITERIA

There are three basic selection criteria that form the initial screening to determine whether a project fits the program. All three criteria must be met for the project to qualify.

1. The project must have at least one direct relationship to the surface transportation system (excluding aviation).
2. Enhancement activities must be above and beyond a normal project. Generally normal mitigation, standard landscaping, permitting, routine maintenance activities, and ADA compliance are not eligible.
3. The project must be encompassed under one or more of twelve activity categories. Only the activities listed in U.S. Code, Title 23 Section 101(a) are eligible and if the association is unclear, a detailed reasoning and explanation must be provided for a determination of eligibility by CALTRANS and the Federal Highway Administration.

The twelve categories are:

- Provision of facilities for pedestrians and bicycles.
- Provision of safety and educational activities for pedestrians and bicyclists.
- Acquisition of scenic easements and scenic or historic sites.

- Scenic or historic highway programs (including the provision of tourist and welcome center facilities).
- Landscaping and other scenic beautification.
- Historic preservation.
- Rehabilitation and operation of historic transportation buildings, structures or facilities (including historic railroad facilities and canals).
- Preservation of abandoned railway corridors (including the conversion and use thereof for pedestrian or bicycle trails).
- Control and removal of outdoor advertising.
- Archaeological planning and research.
- Mitigation of water pollution due to highway runoff or reduce vehicle-caused wildlife mortality while maintaining habitat connectivity.
- Establishment of transportation museums.

ADDITIONAL REQUIREMENTS

- TEA activities are reimbursable projects and applicants are expected to finance the project as it proceeds. Local funding share must be used in each phase.
- A match of approximately 12 match dollars to each 88 federal dollars for a total of 100 dollar units is required in each enhancement project phase.
- Administration agencies must receive an authorization to proceed before reimbursable work can begin in each phase.
- The project must be accomplished without an adverse effect on a cultural, historical, archaeological or environmental resource. Work must be done in compliance with the Secretary of the Interior's Standards for Archeology and Historic Preservation, the Secretary of the Interior's Standards for the Treatment of Historic Properties, or the California Historical Building Code and must be managed under the direction of cultural resource professionals meeting the education and experience standards published in the Code of Federal Regulations, 36 CFR, Part 61.
- In some circumstances, the cultural and sacred values of Native American or other ethnic community sites may require the inclusion of additional viewpoints. Evidence must be provided that appropriate representatives have been consulted.
- Responsibilities under the Americans with Disabilities Act (ADA) must be met.
- Provisions of the California Environmental Quality Act (CEQA), the National Environmental Policy Act (NEPA), other permitting, and local regulations must also be considered and included in a reasonable schedule.
- The project must be consistent or "not inconsistent" with regional and local transportation plans.
- The project must have a public, political sponsor and administering agency supervision.

FURTHER INFORMATION:

U.S. Department of Transportation Federal Highway Administration (FHWA):

www.fhwa.dot.gov/tea21/index.htm

California Department of Transportation (CALTRANS) Program guidelines:

| <http://www.dot.ca.gov/hq/TransEnhAct/test/index.htm>

CALTRANS local contact list:

<http://www.dot.ca.gov/hq/TransEnhAct/schedule.htm>

National Transportation Enhancement Clearinghouse:

<http://www.enhancements.org>

UNITED STATES SMALL BUSINESS ADMINISTRATION (SBA)

The mission of the SBA is to maintain and strengthen the nation's economy by aiding, counseling, assisting, and protecting the interests of small business and by helping families and businesses recover from national disasters.

On a regular basis, SBA makes direct business loans, pre-qualifies loans, guarantees bank loans to small businesses, makes micro-loans, and helps business owners with management plans, technical and contracting assistance, and business training. Financial assistance is usually in the form of loan guarantees and pre-qualification, as the SBA guarantees loans made by banks and other private lenders to small business clients. The SBA also assists in plans to raise capital, provides micro-loans, explains equity investments, provides guarantees for contract surety bonds for bids, payment, performance and ancillary needs, advocates for government contracting, and supports initiatives for special interests such as Women Entrepreneurs, Veterans, Native American affairs, and management and business magazines.

In partnership with the Federal Emergency Management Agency (FEMA), it also assists in recovery from natural disasters by offering loans to homeowners or renters to repair or replace damages to real estate or personal property. Businesses of any size may apply for loans to repair or replace disaster damages to real estate, machinery, equipment, inventory and supplies. Economic injury recovery loans provide working capital to assist through the initial recovery period and are only for applicants who lack other resources.

Business Loans

SBA defines a small business as one that is independently owned and operated and not dominant in its field. A small business must also meet the employment or sales standards developed by the Small Business Administration as based on the North American Industry Classification System (NAICS).

In general, SBA uses the following criteria to determine if a concern qualifies as a small business and is eligible for SBA loan assistance:

- **WHOLESALE:** Not more than 100 employees.
- **RETAIL or SERVICE :** Average (3 year) annual sales or receipts of not more than \$6 million to most retail and service industries, and up to \$29 million for others, depending on business type.
- **MANUFACTURING:** Generally not more than 500 employees, but in some cases up to 1,500 employees.
- **CONSTRUCTION:** Average (3 year) annual sales or receipts of not more than \$12 million to \$28.5 million, depending on the specific business type.
- **AGRICULTURAL INDUSTRIES:** \$0.75 million for most industries in this category.

All assistance is in the form of loans, and applicants must have the ability to repay the loans. Collateral is required for larger loans, but does not necessarily have to cover the full amount. Repayment scheduling is based on applicant's ability to pay for up to a maximum of 30 years.

Not eligible are: Real estate investors, lenders, pyramid sales plans, properties supporting illegal activities, general gambling (limited lottery ticket sales or other state licensed activities are not ordinarily restricted), and charitable, religious, or other non-profit institutions, government-owned corporations, consumer and marketing cooperatives, and churches and organizations promoting religious objectives.

Disaster Loans

The mission of SBA's Disaster Assistance Program is to offer financial assistance to those trying to rebuild their homes and businesses in the aftermath of a disaster. By offering low-interest loans, the SBA is committed to long-term recovery efforts.

Please note that the disaster that caused your damage must be an officially designated federal disaster in order for this program to take effect. In partnership with FEMA, the SBA will set up field offices to answer questions and process applications. SBA loans are not immediate emergency relief, as application processing usually takes seven to 21 days. The focus is on financing long-term rebuilding and repairing.

- **Home Disaster Loans:** Loans to homeowners or renters to replace damages to real estate or personal property. Renters may apply for personal property losses. Autos and mobile homes may also be eligible, but only for uninsured losses.
- **Business Physical Disaster Loans:** Loans to businesses to replace or repair damages to business property including real estate, machinery and equipment, inventory, and supplies. Note that businesses of any size are eligible for this disaster-related loan. In addition, non-profit organizations such as charities, churches, and private universities, etc. are also eligible.
- **Economic Injury Disaster Loans (EDIL):** Loans to provide working capital to small businesses and small agricultural cooperatives to assist with recovery. EDIL is for applicants with no credit available elsewhere; it is available only if the business and its owners cannot provide for their own recovery from non-government sources. Funds are intended to cover obligations as they mature and to pay ordinary and necessary operating expenses.

DISASTER LOANS PROGRAM REQUIREMENTS

- **Size:** Businesses must meet small business definitions for general loans. Disaster loans do not require a business "size limit," and private home owners and renters may also apply.
- **Location:** Disaster Relief applicants must be located in a declared and designated federal disaster area.

- **Repayment:** SBA's business loan and disaster relief assistance is in the form of loans. Applicants must show the ability to repay all loans.
- **Collateral:** Business loans over \$10,000 must be secured by the pledging of collateral to the extent that it is available. The SBA will however, make other arrangements if no collateral is available.

DISASTER LOANS LIMITATIONS

- Home loans are limited by regulation to a maximum of \$200,000 to repair or replace real estate and \$40,000 to repair or replace personal property. Actual amount is limited to the verified uninsured disaster loss.
- Business loans are limited by law to a maximum of \$1,500,000 for real estate, machinery and equipment, inventory and all other physical losses. Actual amount is limited to the verified uninsured disaster loss.
- Economic Injury loans are limited by law to a maximum of \$1,500,000 and reimburse only the actual economic injury as calculated by SBA and not covered by insurance, and otherwise beyond the ability of the business and its owners to provide.

SBA's business assistance and loans and the disaster recovery program can be very useful to help owners of small businesses housed in historic properties. The disaster recovery programs can assist private owners of historic properties conduct repairs and thus recover from natural disasters.

FURTHER INFORMATION:

U.S. Small Business Administration

<http://www.sba.gov>