

## PROPERTY IMPROVEMENT INCENTIVE PROGRAMS

### 50% DISABLED ACCESS TAX CREDIT

- Administered by IRS; visit IRS website to download Form 8826 (Disabled Access Credit) and instructions: [www.irs.gov](http://www.irs.gov)
- For eligible small business that pays/incurs expenses to provide access to people with disabilities to comply with 1990 Americans with Disabilities Act
- For rehabilitation of buildings housing small businesses:
  - ◊ Less than \$1 million in gross receipts in preceding year; OR
  - ◊ Less than 30 full-time employees in preceding year
- Work must meet current ADA Standards and necessary for accessibility
- 50% credit costs between \$250 and \$10,000 to make business accessible
- Maximum \$5,000 credit may be taken each year
- May claim credits in more than one tax year provided the expenses claimed were made in the current tax year
- Documentation of expenditures must be retained
- Eligible expenses include installing elevators, walkways, restrooms, ramps, & redesign of entry/interior circulation
- New buildings are not eligible

### 20% FEDERAL HISTORIC REHABILITATION TAX CREDIT

- Administered by IL-SHPO, National Park Service, and IRS. (Contact State Historic Preservation Office 217-782-4836 before work commences.)
- May apply for credits after work begins and up to 36 months after completion; apply before work begins to avoid mistakes or certification denial
- Requires 3-part application reviewed by IL-SHPO and NPS
- Only for depreciable income-producing property (rehabbed for commercial, agricultural, industrial, rental residential)
- Building must certified historic structure - Individually listed certified local landmarks not eligible
  - ◊ Listed on National Register - individual or contributing building within a National Register district
- Project must be certified by NPS to meet Secretary of the Interior's Standards for Rehabilitation (SOISR)
- Eligible rehabilitation expenditures may include:
  - ◊ Construction costs on the historic building
  - ◊ Soft costs that are depreciable rather than taken as a one-time expense: A/E fees, survey, legal, development fees, construction-related costs
  - ◊ For substantial rehabilitation (over \$5,000 or adjusted basis in 24-months)
- Must preserve as many existing historic features and materials as possible; Does not require restoring building or features to original appearance; Non-historic features may be kept; May add compatible new alterations/additions but costs cannot be submitted for credit
- Not for acquisition, new additions, furnishings, or site improvements; Owner-occupied housing is not eligible
- Owners may qualify for a 60-month phased project and must have completed plans in advance
- Building must be placed in service for commercial use Owner must retain building for five years
- NPS may charge a fee for review, based on project cost

### FEDERAL INVESTMENT TAX CREDITS

- Investment Tax Credits (ITC) are applied to owner's federal taxes owed or to future tax liabilities Form 3468 ([www.irs.gov](http://www.irs.gov))
- Credit is typically worth a percentage of renovation costs
- Expenditures eligible for only one tax credit
- Claiming credits may draw attention to your tax return by the IRS (consult with experienced accountant or attorney)
- For commercial and income-producing properties; rehabilitation; energy; other qualified energy projects
- Passive Activity Limitations, Alternative Minimum Taxes, and At-Risk Rules affect amount of credit one can claim
- For individual/business owners paying federal income tax
- About \$9,000 maximum credit for individual claims in any one year; larger credits may be amortized and carried over

### OPPORTUNITY ZONES

- For long term investment and job creation in low income census tract areas
- Allows investors to reinvest unrealized capital gains in designated census tract areas
- Contact Jacksonville Regional Economic Development Corporation 217-479-4627

### 25% ILLINOIS HISTORIC PRESERVATION TAX CREDIT

- Administered by Illinois State Historic Preservation Office (Call 217-782-4836 before work commences.)
- State income-tax credit equal to 25% of project Qualified Rehabilitation Expenditures (QREs), up to \$3 million incurred between 2019 and 2023
- For rehabilitation over \$5,000 or adjusted basis
- Only for income-producing property (rehabbed for commercial, agricultural, industrial, rental residential)
- Must be applied for in conjunction with and meet all qualifications for 20% Federal Historic Rehabilitation Tax Credit (FHTC)
- Allocation requires 3 parts (deadline dates apply):
  - ◊ In-person workshop attendance and approval of FHTC Part 2
  - ◊ Online submittal
  - ◊ Hard copy submittal (and QREs with original signatures)
- 5 priorities may be asserted:
  - ◊ Structure located in county bordering state with credits
  - ◊ Structure previously owned by federal, state, or local-governmental entity for at least 6 months
  - ◊ Building located in census tract at or below the Illinois median family income
  - ◊ Rehabilitation plan includes a development partnership with a Community Development Entity, a low-profit or a non-profit organization
  - ◊ Structure located in Emergency or Major Disaster Declaration area under the Robert T. Stafford Disaster Relief and Emergency Assistance Act within 3 last years
  - ◊ as an apply for credits after work begins & up to 36 months after completion; best to apply before work begins to avoid mistakes or certification denial
- State charges fee of 2% of the credit

### LOW INCOME HOUSING TAX CREDIT (LIHTC )

- The Tax Reform Act of 1986 established a credit for low income housing acquisition, construction, and rehabilitation
- Administered by Illinois Housing & Development Authority (IHDA) 312-836-5200
- Provides dollar-for-dollar reduction in taxpayer's federal income tax for private equity investment
- Rents capped at 80% of Area Median Income for 15 year initial compliance and 15 year extended use periods
- Proposal to IHDA requires approval
- Investor exchanges capital contribution to project owner for LIHTCs over 10 year syndication

### JEZDC FORGIVABLE LOAN PROGRAM

- Up to \$10,000
- Only for construction document development and feasibility plans by licensed professional including:
  - Upper Story residential unit(s)
  - Commercial space
- Not for construction, business operation, gap financing, building purchase, or refinancing existing debt
- Requires completion of benchmarks, mortgage & owner approval of improvements
- If benchmarks not met, reverts to 5-year loan at 1% above WSJ prime rate
- Administered by JEZDC; project approval by Jacksonville Main Street: 217-245-6884

### JEZDC LOW INTEREST LOAN

- Administered by JEZDC; project approval by Jacksonville Main Street: 217-245-6884
- Loan amount based on project up to \$15,000 and available funds; 5 years at 1% below WSJ Prime Rate
- For permanent building improvements:
  - ◊ Structural improvements/repairs, interior construction
  - ◊ Additions/expansions, upper story development
  - ◊ Energy or mechanical improvements and roof work
  - ◊ ADA upgrades and code compliance
  - ◊ Paint, storefront renovation, window and/or door repair, façade removal, brick work, awnings, site work, etc.
- Mortgage and property owner approval required
- Other incentive programs may be used in conjunction
- Not for gap financing, property purchase, work already completed, refinancing debt, inventory, furnishings, payroll, or other business expenses

### TAX INCREMENT FINANCING DISTRICT (TIF)

- Administered and pre-approved by City Community Development Dept 217-479-4620
- Provides reimbursement for qualifying major expenses on larger scale projects that provide living spaces, employment opportunities, and/or significant rehabilitation to downtown property
- Property must be within TIF District
- Grants or loans available

### TRI-COUNTY ECONOMIC DEVELOPMENT CORPORATION

- Provides gap financing for acquisition or improvements matching bank rates
- For project requiring see capital when other conventional resources exist
- Limitations apply, based on use and project cost
- Contact Jacksonville Regional Economic Development Corporation at 217-479-4627

### HUD 203(k) REHABILITATION LOAN PROGRAM

- Administered by US Department of Housing & Urban Development [www.hud.gov](http://www.hud.gov)
- Loan program allowing purchase a home that needs repairs or finance repairs to current home in 1 mortgage
- Eligible uses:
  - ◊ At least 1-year-old 1- to 4-unit residence, including detached homes, townhouses, condominiums (interior work only; additional restrictions apply)
  - ◊ Mixed-use residential properties with commercial space
  - ◊ Convert 1-unit residence into up to 4-family dwelling
  - ◊ Convert existing multi-unit dwelling to 1- to 4-family unit
  - ◊ Move existing house to mortgaged property
  - ◊ Demo for rehabilitation work (restrictions apply)
- Home inspection required
- Apply through HUD approved lender (see website)

### ENTERPRISE ZONE

- To stimulate economic growth and neighborhood revitalization in economically depressed areas
- Visit [www.jredc.org](http://www.jredc.org) for more information on programs
- Available for property not within the TIF District, but in the Jacksonville Regional Enterprise Zone
- Sales and property tax abatement for qualified projects
- Tax exemptions (apply through IL-DCEO)
- Uses include:
  - ◊ Residential and commercial work
  - ◊ Expansion, remodel, relocation
- Call Jacksonville Regional Economic Development Corporation 217-479-4627

### ENTERPRISE ZONE SALES TAX ABATEMENT

- For commercial construction within the Enterprise Zone that normally requires a building permit
- No sales tax paid on materials for permitted work
- May use in conjunction with TIF District benefits
- Contact Jacksonville Regional Economic Development Corporation 217-479-4627

### CITY REVOLVING LOAN PROGRAM

- For business development & operating costs, as well as rehabilitation expenses to develop business
- Requires business plan submission
- 51% of jobs created or retained must be low-medium income
- Competitive loan rate (subject to available funds)
- Administered by City of Jacksonville 217-479-4600 extension 244

### PROPERTY TAX ASSESSMENT FREEZE PROGRAM

- Administered by IL-SHPO
- For non-commercial, residential-only buildings, including:
  - ◊ Single-family owner occupied
  - ◊ Six-flats if one unit is owner occupied
  - ◊ Co-ops & condos
- Building must be a certified historic structure:
  - ◊ Listed on National Register (individually or contributing in NR district); or
  - ◊ Located in certified local historic district; or
  - ◊ Individually designated a certified local landmark
- Assessment frozen for 8 years at pre-rehabilitation rate, then raised to current level over next 4 years
- IL-SHPO certify project meets SOISR