



INCENTIVE PROGRAMS FOR PROPERTY IMPROVEMENTS

50% DISABLED ACCESS TAX CREDIT

- Administered by IRS; visit IRS website to download Form 8826 (Disabled Access Credit) & instructions: 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 & up to 36 months after completion; best to apply before work begins to avoid mistakes or certification denial
- Requires 3-part application for review by IL-SHPO & 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
- 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 & carried over

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

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 20% Federal Historic Rehabilitation Tax Credit (F-HTC) and meet all qualifications for Federal credit
- Allocation requires 3 parts (deadline dates apply):
 - ◊ In-person workshop and approval of F-HTC Part 2
 - ◊ Online submittal
 - ◊ Hard copy submittal (& 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 with median family income at or below the Illinois median family income
 - ◊ Rehabilitation plan includes a development partnership with a Community Development Entity, a low-profit or a not-for-profit organization
 - ◊ Structure located in Emergency or Major Disaster Declaration area under the Robert T. Stafford Disaster Relief & 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, & 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 makes capital contribution to project's owner in exchange for LIHTCs over 10 year syndication

HUD 203(k) REHABILITATION LOAN PROGRAM

- Administered by US Department of Housing & Urban Development 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 2-, 3-, or 4-family dwelling
 - ◇ Convert existing multi-unit dwelling to 1- to 4-family unit
 - ◇ Move existing house or modular to mortgaged property
 - ◇ Demolition for rehabilitation work (restrictions apply)
- Home inspection required
- Apply through a HUD-approved lender (listed on website)

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

JEZDC FORGIVABLE LOAN PROGRAM

- Up to \$10,000
- Only for feasibility plans and construction document development by a 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

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

TAX INCREMENT FINANCING DISTRICT (TIF)

- Administered and pre-approved by City Community Development Department at 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

ENTERPRISE ZONE

- To stimulate economic growth and neighborhood revitalization in economically depressed areas
- Visit www.jredc.org for more information on programs
- Available for property not within the TIF District, but within 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

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

OPPORTUNITY ZONES

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