



Downtown and Village Center Tax Credits

Guidelines and Application



Vermont Department of Housing and Community Development
January 2023



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

**JANUARY 2023 - DOWNTOWN AND VILLAGE CENTER TAX CREDIT PROGRAM
APPLICATION GUIDELINES**

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INTRODUCTION

The Downtown and Village Center tax credit program helps to stimulate private investment, create jobs, increase, and improve housing, restore buildings, and jump start revitalization in Vermont communities. Successful projects range from small bed and breakfasts and rental apartments to multimillion-dollar downtown redevelopments. In January 2023 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](#), [Village Centers](#), and [Neighborhood Development Areas](#). Credits support general rehabilitation, code compliance work, flood mitigation upgrades, and exterior façade improvements, and may be combined with the federal program. **Applications are due Monday, January 16, 2023, by close of business (4:30 pm).**

PROGRAM CONTACT INFORMATION

For questions regarding this program, contact: Caitlin Corkins, Tax Credits & Grants Coordinator at: caitlin.corkins@vermont.gov or by phone at 802-828-3047.

PROGRAM ELIGIBILITY AND STANDARD PROVISIONS

- **Eligible Applicant:** Owners or lessees of a qualified building may apply for credits, including non-profit organizations. Federal, state, and local governments are not eligible.
- **Eligible Building:** Buildings at least 30 years old at the time of application, located within a designated downtown, village center, or neighborhood development area, and not used as a single-family residence. Portions of buildings used for a personal residence may not benefit from tax credit improvements.
- **Minimum Expenditure:** Total project costs must exceed \$5,000.
- **Application Time Frames:** Applicants are encouraged to apply before work begins; however, they may apply for projects during construction. Projects completed before January 16, 2023, are not eligible.
- **Combining Credits:** The 10% historic and 25% façade improvement credits may not be used on the same project. The 50% code improvement credit and/or 50% flood mitigation credit may be combined with either the 10% historic or 25% façade improvement credit, provided 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.
- **Maximum Amount:** Projects within a single municipality may not receive more than \$780,000 in tax credits per fiscal year (or 30% of the total available 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 properties located in designated downtowns may not be combined with any of the tax credits on the same building.

DESCRIPTION OF CREDITS AVAILABLE THROUGH THE PROGRAM

10% Historic Tax Credit:

Available only for approved Federal Rehabilitation Tax Credit projects. This credit is not capped. The first \$500,000, and half of the costs exceeding \$500,000, are eligible for the credit. Work must meet the Secretary of the *Interior's Standards for Rehabilitation* (see Appendix C).

25% Façade Improvement Tax Credit:

Available for exterior repairs and/or improvements to the front (public) façade of a qualified building. Up to \$100,000 in eligible costs for a maximum of \$25,000 in credits is available. Projects eligible for the 10% historic credit above are ineligible for façade credits. Work must meet the Secretary of the *Interior's Standards for Rehabilitation* (see Appendix C).

50% Code Improvement Tax Credit:

Available for investments made to bring buildings into compliance with current building codes. Credit allocations are up to \$75,000 for elevators, up to \$50,000 for sprinkler systems, up to \$60,000 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 state code officials or, where authorized, a municipal fire marshal or building inspector.

50% Flood Mitigation Tax Credit:

Available for structural and non-structural upgrades to a building to reduce or eliminate flood damage to the building or its contents. A maximum credit in this category is \$75,000. Properties must be located within a flood hazard area as mapped by the Federal Emergency Management Agency and projects must comply with the local municipality's adopted flood hazard bylaw, if applicable. FEMA flood hazard areas are identified on the [Agency of Natural Resources GIS Atlas](#).

PRESERVATION STANDARDS AND DESIGN CONSIDERATIONS

Projects funded through this program must meet the Secretary of the Interior *Standards for Rehabilitation* (see Appendix C). 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 a building's historic character. Projects using inappropriate man-made materials, that include incompatible window replacements, or that damage, destroy or obscure historic features are ineligible for tax credits. General design guidance is provided below.

- **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 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 and cause the bricks to crumble or spall. Specifications and re-pointing samples should be reviewed and approved before proceeding with this work.
- **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.
- **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 Program staff before undertaking projects involving additions.
- **Non-Historic Building Renovations:** Work on buildings that are not historic does not need to meet the *Standards*. However, work completed should be compatible with the surrounding district. Applicants are encouraged to consult with Downtown Program staff in advance.

STAFF SUPPORT AND SITE VISITS

- Staff Support: Design guidance is general in nature because no single project is alike. For specific advice on proposed changes, staff from the Downtown Program is available to meet on site and discuss how the Secretary of the Interior's *Standards for Rehabilitation* apply to individual projects. In most instances, code work can be done without removing or damaging historic interior or exterior features or materials. Downtown Program staff can assist owners with appropriate solutions to common life safety and accessibility issues in historic buildings.
- Site Visits: To schedule a meeting, email Caitlin Corkins at caitlin.corkins@vermont.gov or call 802-828-3047. Depending on your community, you will also need to work with the Department of Public Safety or a locally designated Fire Marshal and/or Building Inspector. 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.

APPLICATION SUBMISSION INSTRUCTIONS

Applications are due January 16, 2023, by close of business (4:30 pm). Applications should be submitted electronically to accd.downtownvillagecentertaxcreditprogram@vermont.gov. Faxed applications are not accepted; however, applications may be submitted in hard copy by US Mail. You may contact program staff for a physical mailing address.

Please note: The Downtown Board will not consider incomplete applications, handwritten applications, applications with missing attachments, or applications for projects that do not meet the *Standards for Rehabilitation* (see Appendix C).

REQUIRED ATTACHMENTS

1. Applicants must attach at least 1-2 images that show the front of the project building. 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).
2. 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. Applicants should work with program staff to ensure the federal application is submitted well in advance so that approval will be in hand at the time of application.
3. For 25% Façade Credits, applicants must submit additional photographs that clearly show all sides of the building and its setting on the street before construction. Applicants should also include plans, sketches and/or annotated photographs sufficiently detailed to show existing wall configurations and anticipated changes to the building, such as elevations or floor plans. Photographs and plans should be labeled with the property address and the view (e.g., 122 Main, SW elevation).
4. 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. Note: If the project involves Brownfield Mitigation, you must additionally provide evidence that the project is enrolled in the BRELLA program and has an approved Corrective Action Plan from the [Agency of Natural Resources](#).
5. For 50% Flood Credits, applicants must provide a scope of work from a registered engineer, architect, qualified contractor, or qualified local official. Improvements to qualified buildings listed, or eligible for listing, in the State or National Register of Historic Places shall be consistent with Secretary of the Interior's *Standards for Rehabilitation* (see Appendix C).

SCORING PROCESS AND TIEBREAKER POLICIES

Applications are due January 16, 2023, and allocation decisions will be made by the Downtown Development Board (Downtown Board) at their regularly scheduled monthly meeting in February 2023. Projects selected for funding must be completed and the applicant must claim the tax credit within three years from the date of this allocation.

- **Selection Criteria:** Tax credits are competitively allocated. The Downtown Board ranks projects using its Competitive Criteria (see Appendix A). Applications are reviewed and scored in advance of the meeting with results compiled by Downtown Program Staff. Results are then ratified at the February Board meeting.
- **Funding Process and Minimum Score Requirement:** Scores are tallied and ranked high to low. Projects must score a minimum of 25 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-breaker Policy:** The Board will first consider the geographic distribution of applications to be funded above the tied projects in that round of funding. They will award a bonus point to break the tie for projects in counties (first) and/or communities (second) with no other projects funded in the same round of funding. Should geographic distribution fail to break a tie, the Board will consider the number of previous tax credits awarded to a project and/or applicant. They will award a bonus point to break the tie for a project and/or applicant who has not received funding through the program in the past. Should the above criteria fail to break a tie, the remaining tax credit available will be divided between tied projects based on the percentage of each request.

AWARD ALTERNATES

- During the February 2023 Board meeting, the Downtown Board will award funding as available. If requests exceed funding, the Board will name 1-6 alternate projects. These will be those projects just below the cut-off for available funds in that round.
- Should substantial funding equaling more than half an applicant's tax credit request become available after the February meeting but before the end of the same calendar year, that project will be offered a full or partial tax credit of these recaptured funds. Alternate projects will be funded in rank order. Any partially funded project will be offered recaptured funds to match their full request before the next project on the list is offered a partial award. Projects that are complete and have collected their tax credit award will not be offered additional recaptured funds even if their initial request was only partially funded.
- If alternate projects are tied, staff may ask the Board to review applications of tied alternate projects at a later Board meeting as funding becomes available, and to re-score alternate projects using the same scoring criteria and then using the tie-breaker policy outlined above if necessary.

USING THE CREDITS

- **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 (for example, code upgrades or a sprinkler system installed, inspected and in service). A copy of an approved tax credit certificate is submitted with the first tax return following project completion and may be carried forward on subsequent returns until the credits are exhausted or up to a maximum of nine years.
- **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, or insurance premium related to an ownership or leasehold interest in the qualified building. Tax credit

allocations may be converted into a credit certificate at any time following completion of the project; 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.

- **Expiration of the Credits:** Applicants forfeit their credits if they do not complete a project and claim the tax credit within three years from the date of its allocation. This deadline is written into statute and no extensions are available under any circumstances.

RECAPTURE POLICIES

Funding awarded through this program may be recaptured in the following situations:

- **Sale of Property:** the tax credit shall be recaptured should a property be sold before a project awarded credits is completed. Once a project is complete and credits have been earned, there is no penalty for sale or transfer of a property.
- **Good Standing:** the tax credit may be forfeited if it is determined a project or applicant is not eligible following an initial award, or if information provided in the application is found to be inaccurate.
- **Project Inspection and Recapture:** 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.
- **Liability for Recapture:** The applicant remains responsible for any recapture 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.

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 150 Vermont projects earned over \$40 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 C). For additional information about this program and to learn if your project qualifies, email Caitlin Corkins at 802-989-2686 or caitlin.corkins@vermont.gov.
- **[Federal Fire Sprinkler Incentive](#):** Passed in 2018, the Fire Sprinkler Incentive is a limited-time incentive that will allow the owners of commercial and residential structures to fully write off the full cost of a new sprinkler system installed after September 27, 2017, until December 31, 2022.
- **[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. Call Efficiency Vermont's business customer service line at 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 Landon Wheeler at landon.wheeler@vermont.gov or call 802-885-8942.

APPENDIX A: SCORING CRITERIA

All applications are scored based on three scoring criteria that correspond to sections of the program application. Projects must score a minimum of 25 points (average derived from individual Board scores divided by number of Board members scoring) to receive funding.

1. Project Scope and Timeline: 0-7 points

Board members will refer to Section 5 of the application and consider the following questions.

- a. Does the project scope clearly explain the work, uses, and outcomes of the project?
- b. Is the project timeline feasible/realistic?
- c. If applicable, are required permits in hand?
- d. If the project is phased, are the phases logical and well-defined?

The following standards will be used to evaluate and score projects:

0-1 points	Poor: incomplete information, scope of project is not clear, permits are not identified
2-3 points	Fair: complete information, but scope of project is not well defined, or permits/approvals needed are not identified
4-6 points	Good: information is complete, project scope is clear, and all permits/approvals are in process
7 points	Excellent: scope of project is well defined, including applicable phases, and all permits/approvals are in hand

2. Project Budget: 0-12 points

Board members will refer to Section 6 of the application and consider the following questions.

- a. Is the proposed budget logical and well-conceived?
- b. Does the budget match the scope of the project?
- c. Is the project based on credible construction costs?
- d. Will a state tax credit award leverage other private/public funding?
- e. Is there a financial gap and if so, will the credit allow the project to proceed?

The following standards will be used to evaluate and score projects:

0-2 points	Poor: incomplete information, budget does not match scope of work
3-6 points	Fair: information is complete but shows discrepancies or a financial gap larger than credit request, with no additional funding sources
7-10 points	Good: information is complete, and budget is clear with funding sources defined
11-12 points	Excellent: budget is clear, project funding, aside from requested tax credits, is in hand and will allow the project to effectively leverage a tax credit award

3. Public Benefit: 0-17 points

Board members will refer to Section 7 of the application consider the following questions.

- a. Will the project meet the identified needs of the local community?
- b. Does the project involve rehabilitation of a vacant or underutilized building?
- c. Will the project attract a new business, create jobs, or fill a need for housing?
- d. Will the project have long-term positive impacts in the community?
- e. Does the project help further local revitalization goals or initiatives?
- f. Are there partners/others who will benefit if this project goes forward?

The following standards will be used to evaluate and score projects:

0-4 points	Poor: applicant does not identify needs the project will address and/or the impacts of the project
5-9 points	Fair: applicant identifies a need met by the project (a-c) but not impacts (d-f) or vice versa
10-14 points	Good: applicant addresses how project will address at least one identified community need and identifies at least one positive impact as defined in questions a-f
15-17 points	Excellent: applicant identifies how project will address multiple needs and have multiple impacts as defined in questions a-f and includes data/facts to back up any needs met, or impacts made by the project

APPENDIX B: SAMPLE CREDIT CALCULATIONS

Sample #1:

A project combining 50% Code Improvement Credits and 10% Historic Rehabilitation Credits

Total qualified expenditures are \$500,000. This includes \$320,000 of general historic rehabilitation costs, \$120,000 for installation of an elevator and \$60,000 for upgrades to the sprinkler system.

10% Historic Credit	Actual/Estimated Costs approved by NPS	320,000
	<i>Costs up to \$500,000 x .1</i>	32,000
	<i>Costs over \$500,000 x .05</i>	
	Subtotal Historic Credits	32,000
25% Façade Credit (max \$25,000)	Total Façade Costs	
	Subtotal Façade Credits (Total Costs x .25)	
50% Elevator Credit (max \$75,000)	Total Elevator Costs	120,000
50% LULA Credit (max \$60,000)	Total LULA Costs	
50% Lift Credit (max \$12,000)	Total Lift Costs	
50% Sprinkler Credit (max \$50,000)	Total Sprinkler Costs	60,000
	Subtotal Elevator/Sprinkler Credits (Total Costs x .5)	90,000
50% Other Code Credit (max \$50,000)	Total Fire Prevention Costs	
	Total Electrical Costs	
	Total Plumbing Costs	
	Total ADA Costs	
	Total Hazard Abatement Costs	
	Total Brownfield Mitigation Costs*	
	Subtotal Other Code Credits (Total Costs x .5)	
50% Flood Mitigation Credit (max \$75,000)	Total Flood Mitigation Costs	
	Subtotal Flood Mitigation Costs (Total Costs x .5)	
GRAND TOTAL CREDITS REQUESTED		122,000

Half of the \$180,000 investment in the sprinkler and elevator work is qualified for the 50% Code Credit (\$120,000 elevator costs + \$60,000 sprinkler system upgrades = \$180,000 x .5 = 90,000).

The remaining \$320,000 in qualified expenditures is eligible for the 10% historic tax credit.

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.

Additionally, costs associated with the sprinkler and elevator system must be subtracted from the Historic Credit as they are eligible for the higher percentage Code Credit.

The credit request on the \$510,000 project is \$122,000 in state credits.

Sample #2:

A project combining 25% Façade Credit with 50% Code Improvement Credits

Total qualified expenditures are \$175,000. This includes an estimated \$20,000 for the installation of a sprinkler system; \$110,000 for other code improvements (installation of a fire alarm system, ADA bathrooms, and asbestos abatement), and \$55,000 restoration of the building’s storefront, second and third floor windows, and cornice.

10% Historic Credit		
	Actual/Estimated Costs approved by NPS	
	<i>Costs up to \$500,000 x .1</i>	
	<i>Costs over \$500,000 x .05</i>	
	Subtotal Historic Credits	
25% Façade Credit (max \$25,000)		
	Total Façade Costs	55,000
	Subtotal Façade Credits (Total Costs x .25)	13,750
50% Elevator Credit (max \$75,000)		
	Total Elevator Costs	
50% LULA Credit (max \$60,000)		
	Total LULA Costs	
50% Lift Credit (max \$12,000)		
	Total Lift Costs	
50% Sprinkler Credit (max \$50,000)		
	Total Sprinkler Costs	20,000
	Subtotal Elevator/Sprinkler Credits (Total Costs x .5)	10,000
50% Other Code Credit (max \$50,000)		
	Total Fire Prevention Costs	40,000
	Total Electrical Costs	
	Total Plumbing Costs	
	Total ADA Costs	20,000
	Total Hazard Abatement Costs	50,000
	Total Brownfield Mitigation Costs*	
	Subtotal Other Code Credits (Total Costs x .5)	50,000
50% Flood Mitigation Credit (max \$75,000)		
	Total Flood Mitigation Costs	
	Subtotal Flood Mitigation Costs (Total Costs x .5)	
GRAND TOTAL CREDITS REQUESTED		73,750

Other code expenditures exceed the cap in this category by \$10,000 therefore the worksheet reflects a total other code credit of \$50,000 which is the cap.

In this example \$15,000 the project also budgeted for a new roof, but this is ineligible for tax credits as it is neither a code nor façade improvement.

The total credit request on the \$200,000 project is \$73,750.

APPENDIX C: 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.

We encourage applicants to contact Caitlin Corkins to discuss specific project details and meeting the *Standards* before work begins. You can reach Caitlin at 802-828-3047 or caitlin.corkins@vermont.gov.

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

January 2023
Downtown and Village
Center Tax Credit Program
Application

January 2023 Downtown and Village Center Tax Credit Program Application

Please complete all sections of this application using *only* the space provided on this form. See Section 8 on page 6 for a list of required attachments which must be submitted with the application. **Application forms are due January 16, 2023.** Copies of funded applications may be shared with the Department of Taxes.

SECTION 1: APPLICANT/OWNER INFORMATION

NAME OF OWNER/LESSOR		LAST 4 DIGITS OF TAXPAYER ID
BUILDING ADDRESS		
DOWNTOWN	VILLAGE CENTER	NEIGHBORHOOD DEVELOPMENT AREA
MAILING ADDRESS OF OWNER/LESSOR		
DAYTIME PHONE & E-MAIL		
CONTACT NAME & PHONE & E-MAIL IF DIFFERENT FROM ABOVE		

SECTION 2: TAX CREDIT REQUEST SUMMARY

Fill in values in Section 2 by transferring totals from the tax credit calculations worksheet on page 4.

AMOUNT OF 10% HISTORIC CREDIT REQUESTED	AMOUNT OF 25% FACADE CREDIT REQUESTED
AMOUNT OF 50% ELEVATOR/LULA/LIFT CREDIT REQUESTED	AMOUNT OF 50% SPRINKLER CREDIT REQUESTED
AMOUNT OF 50% OTHER CODE REQUESTED	AMOUNT OF 50% FLOOD MITIGATION CREDIT REQUESTED
TOTAL PROJECT COST	TOTAL CREDITS REQUESTED

SECTION 3: BANK OR INSURANCE CREDIT CERTIFICATE INFORMATION

State tax credits may be assigned (sold) to a bank or insurance company. If you would like credits issued as a credit certificate, complete this section. *Note: This information may be 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, STATE, ZIP CODE
CONTACT NAME
CONTACT PHONE & E-MAIL

SECTION 4: BUILDING INFORMATION

The information in this section is collected to provide data on program outcomes. Please complete *all* items.

Date of Building		Grand List Value
Property SPAN #		
Original/historic use(s) of the building		
Current use(s) of the building		

Square Feet: *Before* *After*

Housing Units: *Before* *After*

Commercial Units: *Before* *After*

SECTION 5: PROJECT SCOPE/TIMELINE

Please briefly describe the scope of your project. What work will be completed? What will the building be used for? What changes/improvements will be made to accommodate new/expanded/improved uses? If applicable, briefly identify project phases:

Construction Start Date (month/year):

Estimated Construction Completion Date (month/year):

Most projects require some type of local or state review or permitting. Please list any permits and/or approvals required for your project and when they will be in hand.

SECTION 6: PROJECT BUDGET

A. Funding Sources

Please include all funding sources for the project. This includes private financing and bank loans, other tax credit equity, and any private or public grants or loans. Note if the funding is in hand, committed or planned at the time of application.

Funding Source	Status of Funding	Amount
Total Project Funding		

Please briefly list any partners both public and private involved in this project. For example, municipal partners, non-profit organizations, business owners/tenants, schools etc.

B. Project Budget Summary

Complete this chart based on estimated or actual costs. At minimum, please include materials and labor costs. Other budget categories might include soft costs, contingencies etc. Ideally costs will align with the project scope described in Section 5. Do not attach any receipts or estimates. However, if funded, retain these records in the event of an audit by the Vermont Department of Taxes.

Project Costs (please itemize)	Total Cost (labor and materials)
Total Project Cost	

Funding Gap (if any) and explanation:

C. Tax Credit Calculation

Use this worksheet to complete Section 2 of the application on page 1. Note, most credit tiers have caps. Historic credits cannot be combined with Façade credits (see sample calculations in the *Program Guidelines* document pages 8-9).

10% Historic Credit	Actual/Estimated Costs approved by NPS	
	<i>Costs up to \$500,000 x .1</i>	
	<i>Costs over \$500,000 x .05</i>	
	Subtotal Historic Credits	
25% Façade Credit (max \$25,000)	Total Façade Costs	
	Subtotal Façade Credits (Total costs x .25)	
50% Elevator Credit (max \$75,000)	Total Elevator Costs	
50% LULA Credit (max \$60,000)	Total LULA Costs	
50% Lift Credit (max \$12,000)	Total Lift Costs	
50% Sprinkler Credit (max \$50,000)	Total Sprinkler Costs	
	Subtotal Elevator/Sprinkler Credits (Total costs x .5)	
50% Other Code Credit (max \$50,000)	Total Fire Prevention Costs	
	Total Electrical Costs	
	Total Plumbing Costs	
	Total ADA Costs	
	Total Hazard Abatement Costs	
	Total Brownfield Mitigation Costs*	
	Subtotal Other Code Credits (Total costs x .5)	
50% Flood Mitigation Credit (max \$75,000)	Total Flood Mitigation Costs	
	Subtotal Flood Mitigation Credits (Total costs x .5)	
GRAND TOTAL CREDITS REQUESTED		

*Must be enrolled in the BRELLA program and have an approved Corrective Action Plan from the Agency of Natural Resources

Budget Narrative: Please describe how your budget numbers were compiled. For example, do you have estimates/quotes from contractors or cost estimators? Have you worked with an architect or consultant?

SECTION 7: PUBLIC BENEFIT

Please describe how this project will meet a need in your community and have a long-lasting positive impact. For example, how will the project meet the needs of your community? Does it involve rehabilitation of a vacant or underutilized building? Does it help further local revitalization efforts? Will the project create jobs, attract a new business, or fill a need for housing? Will it have wider economic impact? Please reference applicable data and/or planning documents such as municipal or regional plans to demonstrate needs and impacts.

SECTION 8: REQUIRED ATTACHMENTS

1. For **ALL** Projects, e-mail at least 1-2 photographs that show the front of your building. Label these images with the name of your building and its location.
2. For 10% Historic Credit applicants, submit a copy of approved Part 2 RITC cover sheet signed by NPS.
3. For 25% Façade Credit applicants, e-mail additional labeled photographs that clearly show all sides of the building and its setting on the street before construction. Applicants should also include plans and/or explanation sufficiently detailed to show existing conditions and anticipated changes, e.g., elevations, floor plans, sketches, or annotated photographs.
4. 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.

Note: If the project involves Brownfield Mitigation, you must provide evidence that the project is enrolled in the BRELLA program and has an approved Corrective Action Plan from the [Agency of Natural Resources](#).

5. For 50% Flood Credits, provide a scope of work certified by a registered engineer, architect, qualified contractor, or qualified local official. Improvements to qualified buildings listed, or eligible for listing, in the State or National Register of Historic Places shall be consistent with Secretary of the Interior's *Standards for Rehabilitation* (see Appendix C).

Completed applications are due Monday January 16, 2023, by 4:30 pm.

Please email application forms to:

accd.downtownvillagecentertaxcreditprogram@vermont.gov.

SECTION 9: ACKNOWLEDGEMENTS & SIGNATURE

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

- Qualified Applicant: I certify I own or lease the property described in this application.
- Qualified Project: I certify the subject building is at least 30 years old as of this date, is within a Designated Downtown or Village Center, and is not used solely as a private residence.
- Good Standing: I certify that I am in “good standing” with respect to, or in full compliance with a plan to pay 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 three 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 due to 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 State of Vermont, 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.

Print Name _____

Applicant Signature _____

Date _____

STAFF USE ONLY

Downtown Board Authorized Signature: _____

Date: _____

Fiscal Year: 2023

Award Date: _____

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

Tax Credit _____
Certificate _____

Assigned to: _____