



Incentives at the Local Level

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PlaceEconomics

The Afternoon's Presentation

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Introduction

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Why, When and What
of Incentives

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Two Incentive Surveys
NAPC and NMSC

Key Findings

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Innovative Incentives

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Conclusions & Q&A

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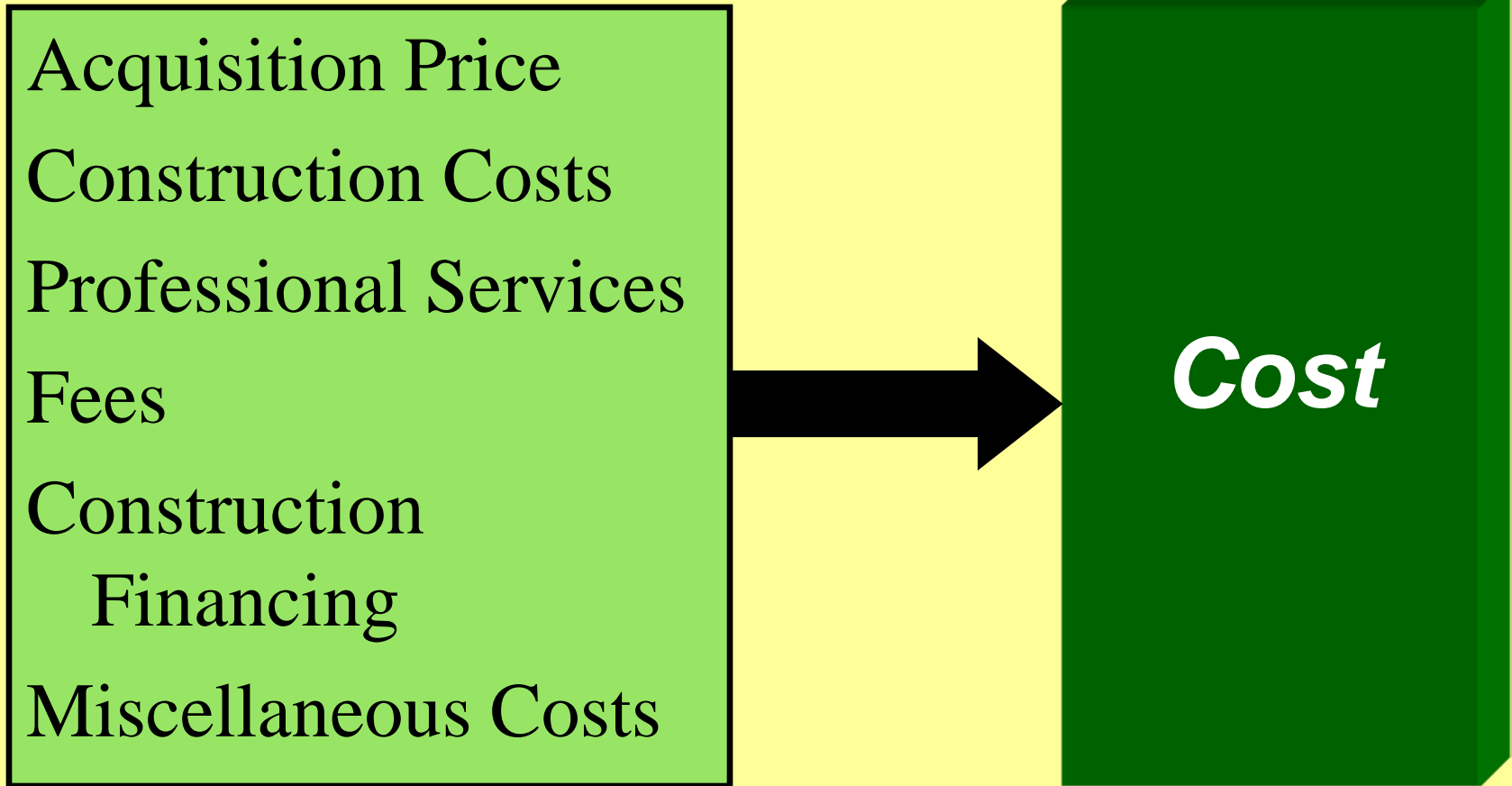


**Why incentives
and what do they
do?**

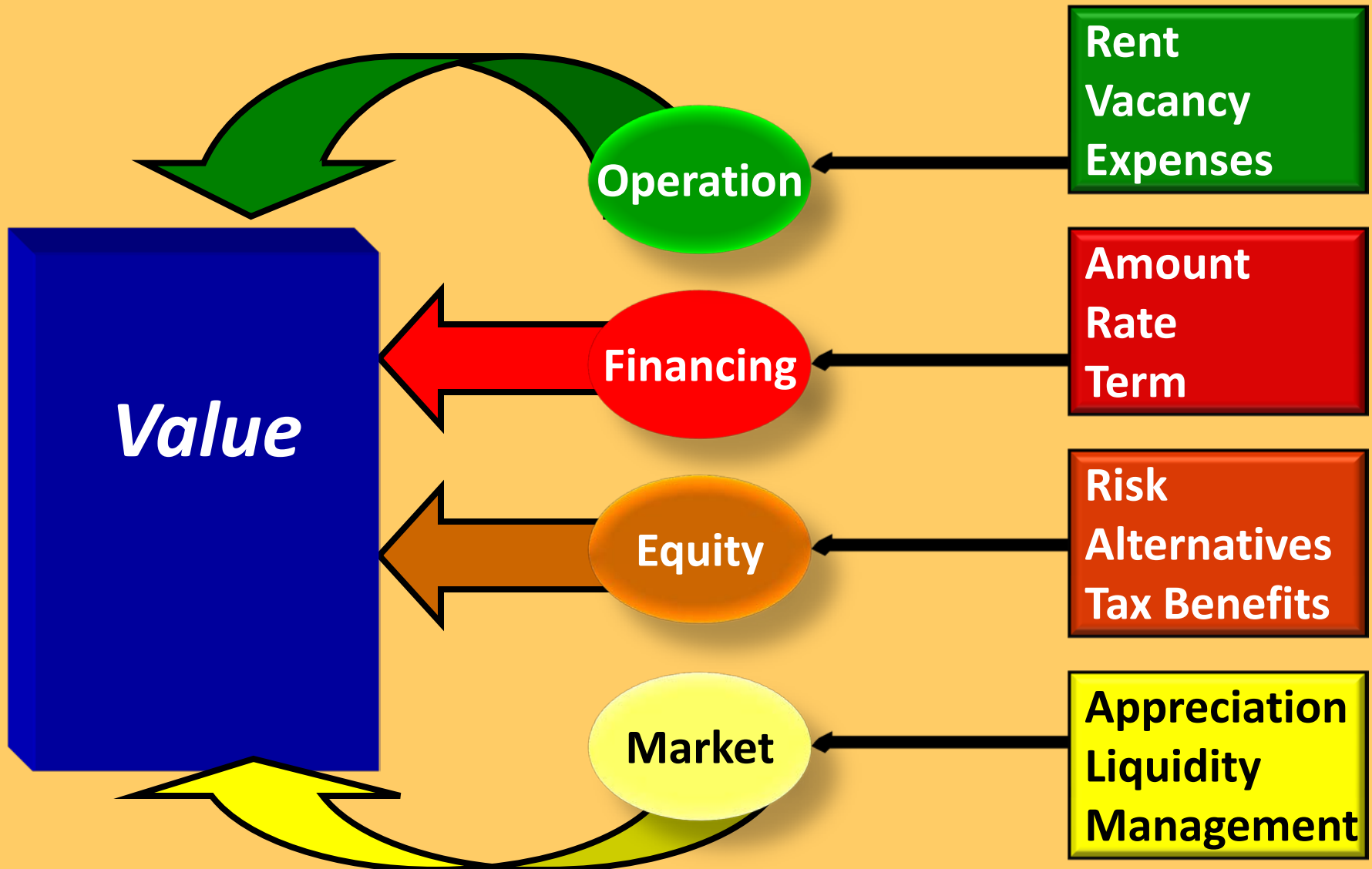
The Three Misunderstood Words



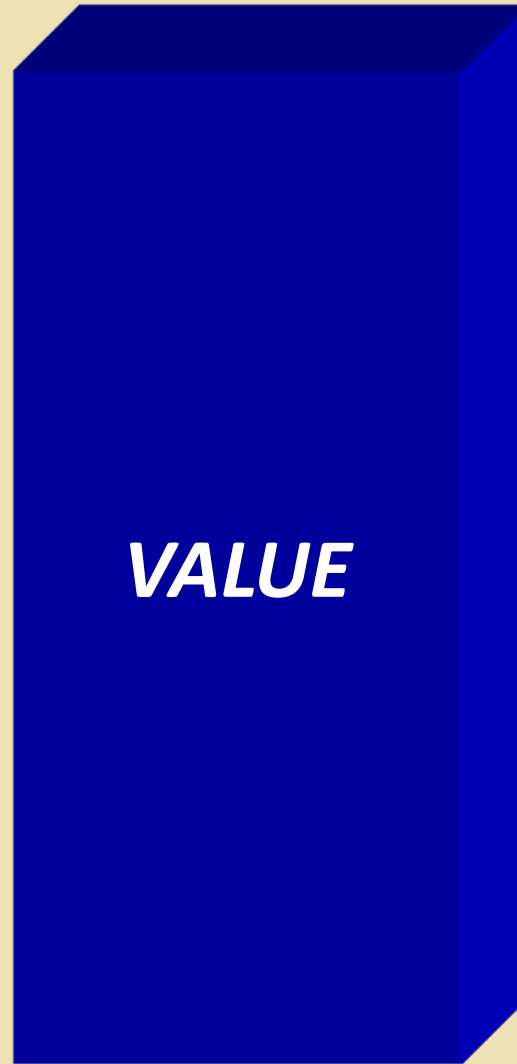
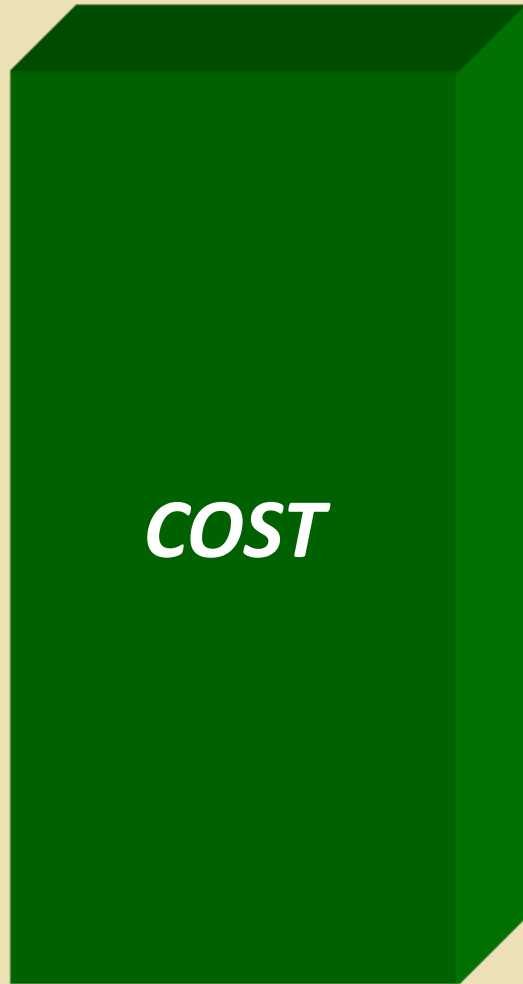
In real estate what makes up *COST*?



In real estate what makes up *VALUE*?

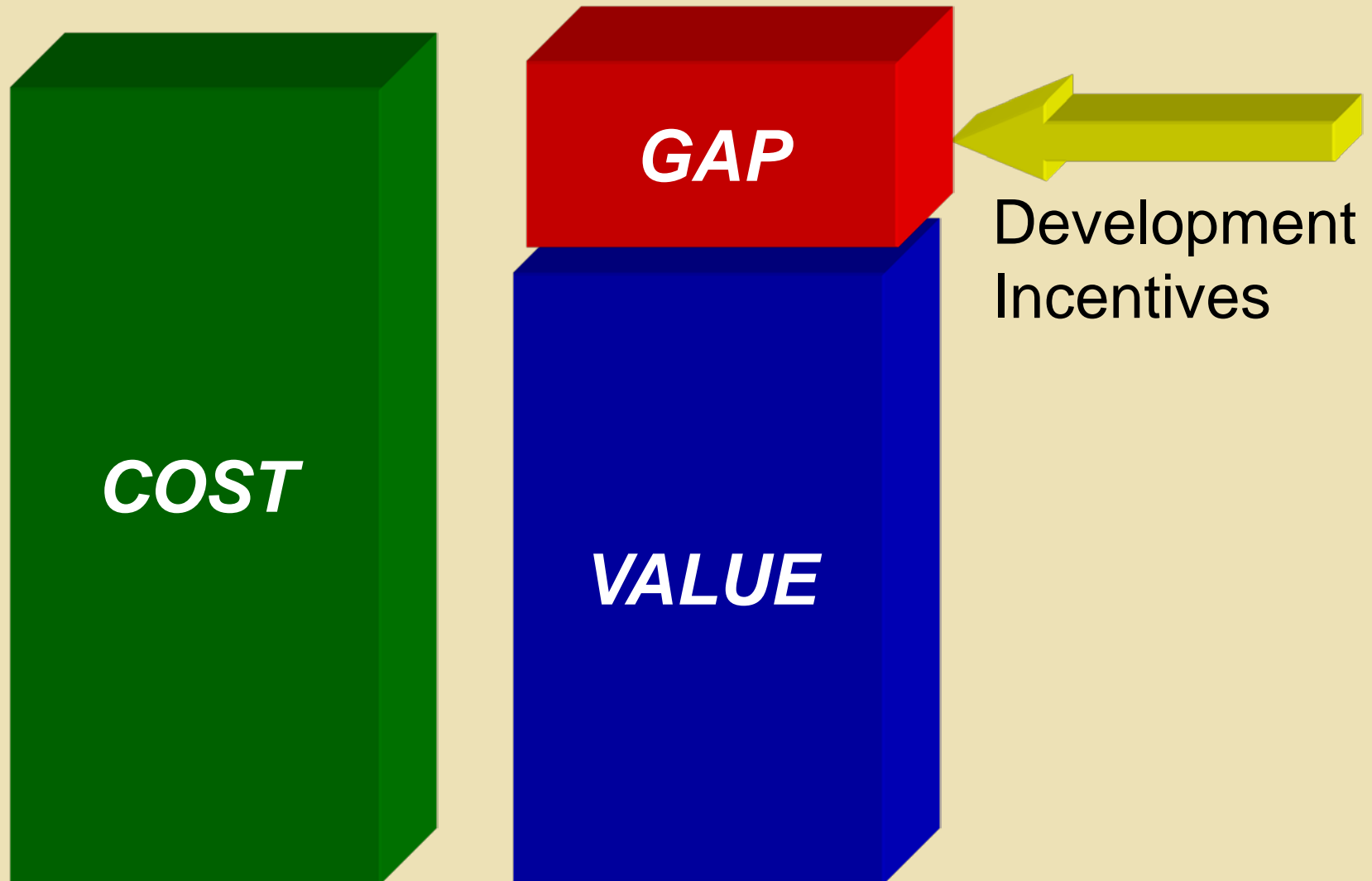


The *Cost/Value Relationship*

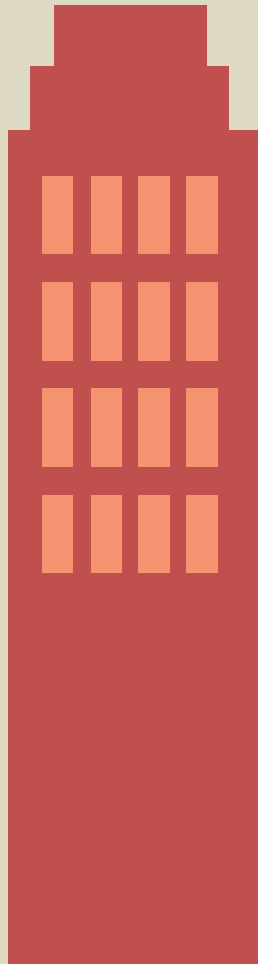


When *Value Exceeds* Cost
Capital will
flow quickly
to the
opportunity

The Cost/Value Relationship

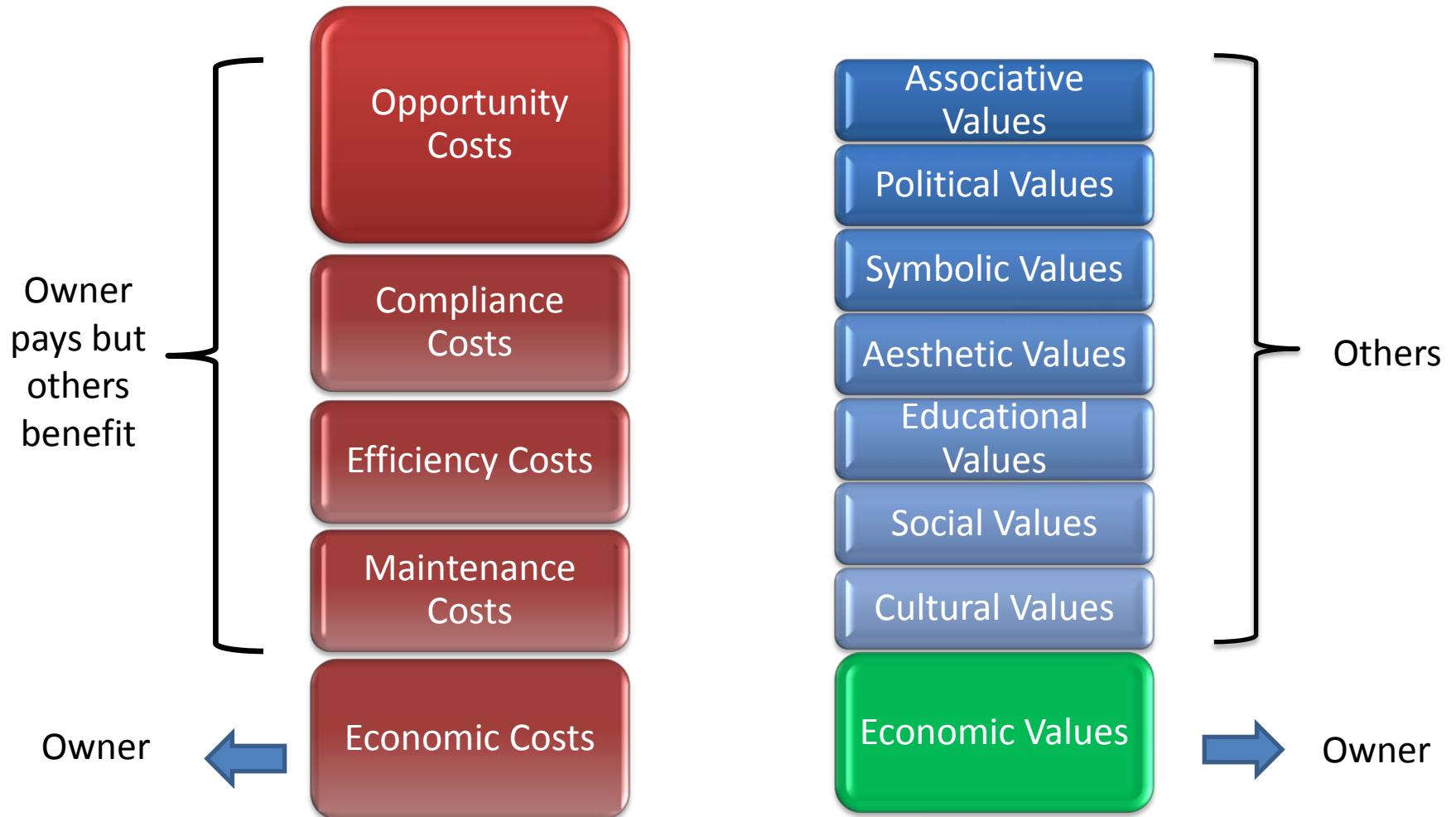



Economic Costs & Values



When only economic values are considered, the owner/developer has to bear the costs but also receives the benefits (economic value)

But historic buildings also have non-economic values





Opportunity
Cost

Incentives are a means
of recognizing that
many of the values of
historic buildings don't
accrue to the owner
but to the public at
large

What does the incentive do?

Reduce Costs

Reduce Cash
Required

Increase
Income

*Reduce
Expenses*

Improve
Financing

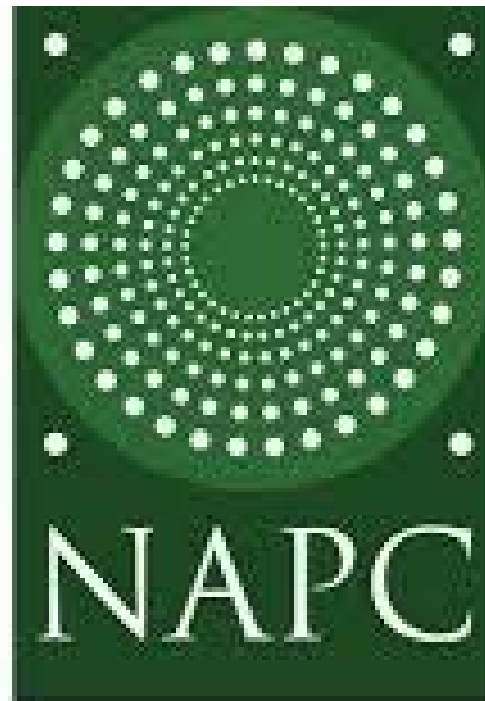
Reduce Risk

Improve
Investment
Environment

Improve
Information
Environment



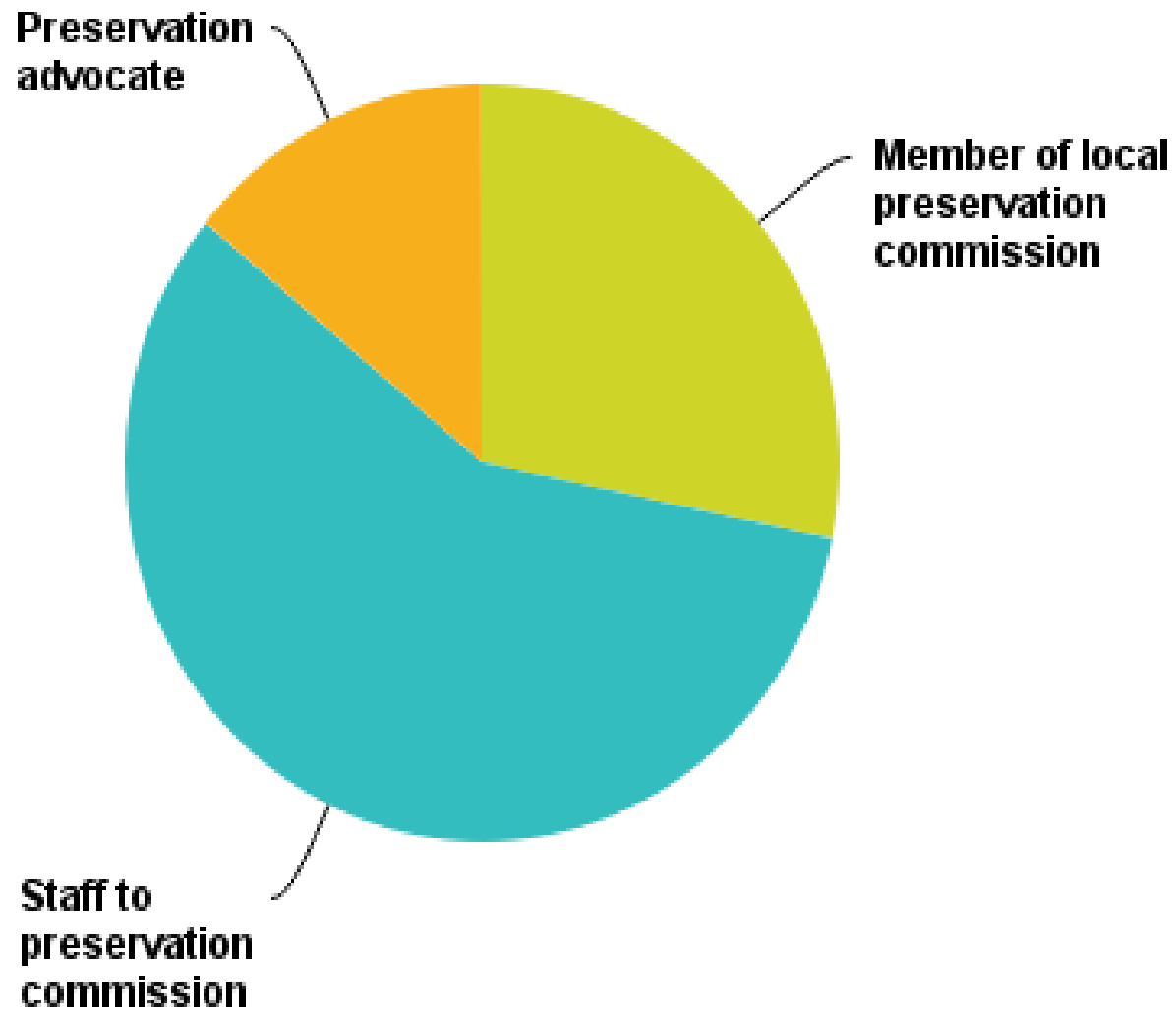
WHAT'S & WHY'S OF THE SURVEYS



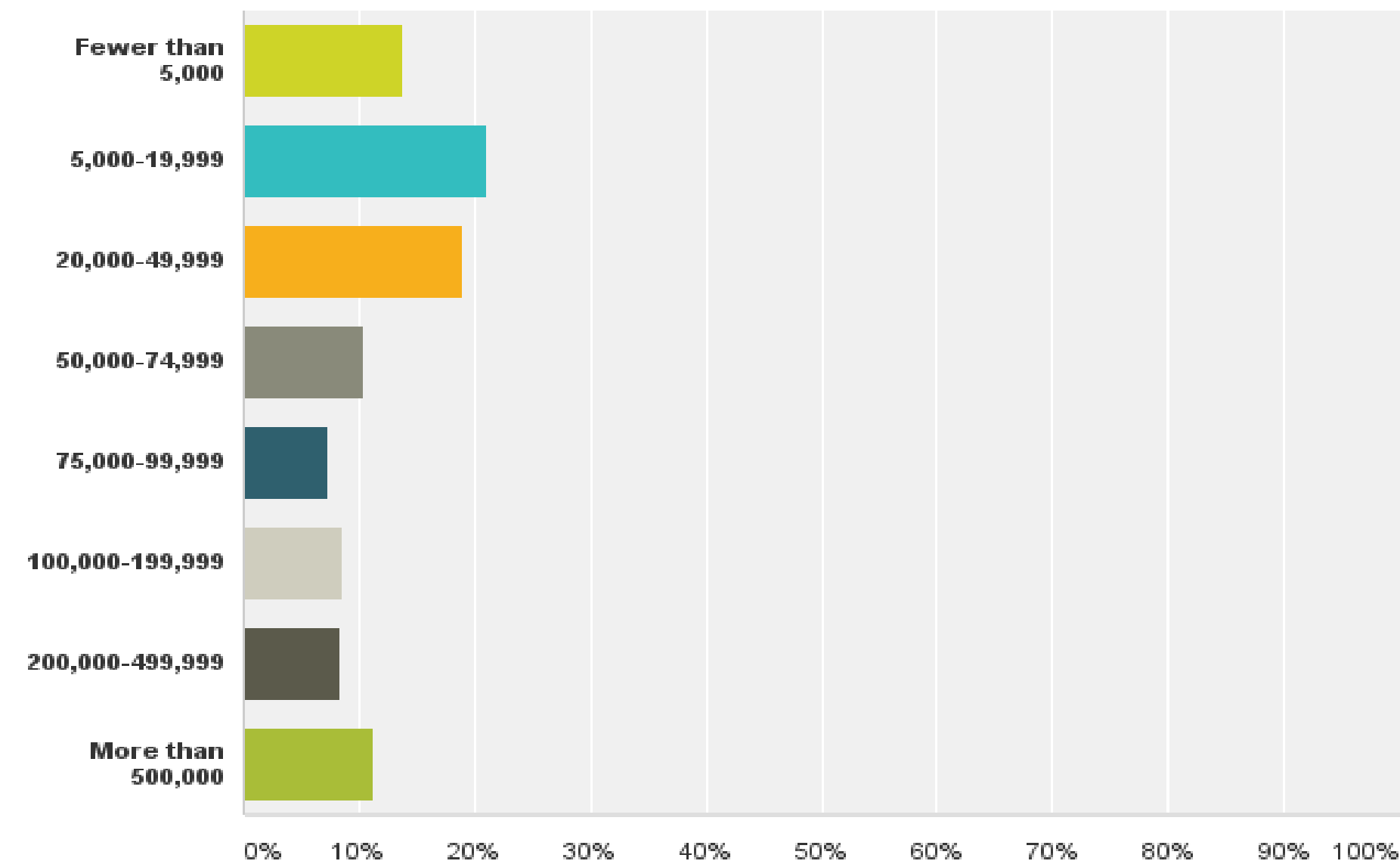
NATIONAL ALLIANCE *of*
PRESERVATION COMMISSIONS

education + advocacy + training

Who Answered the Survey?



Population of Responding Communities





National Main Street Center

a subsidiary of the
National Trust *for* Historic Preservation



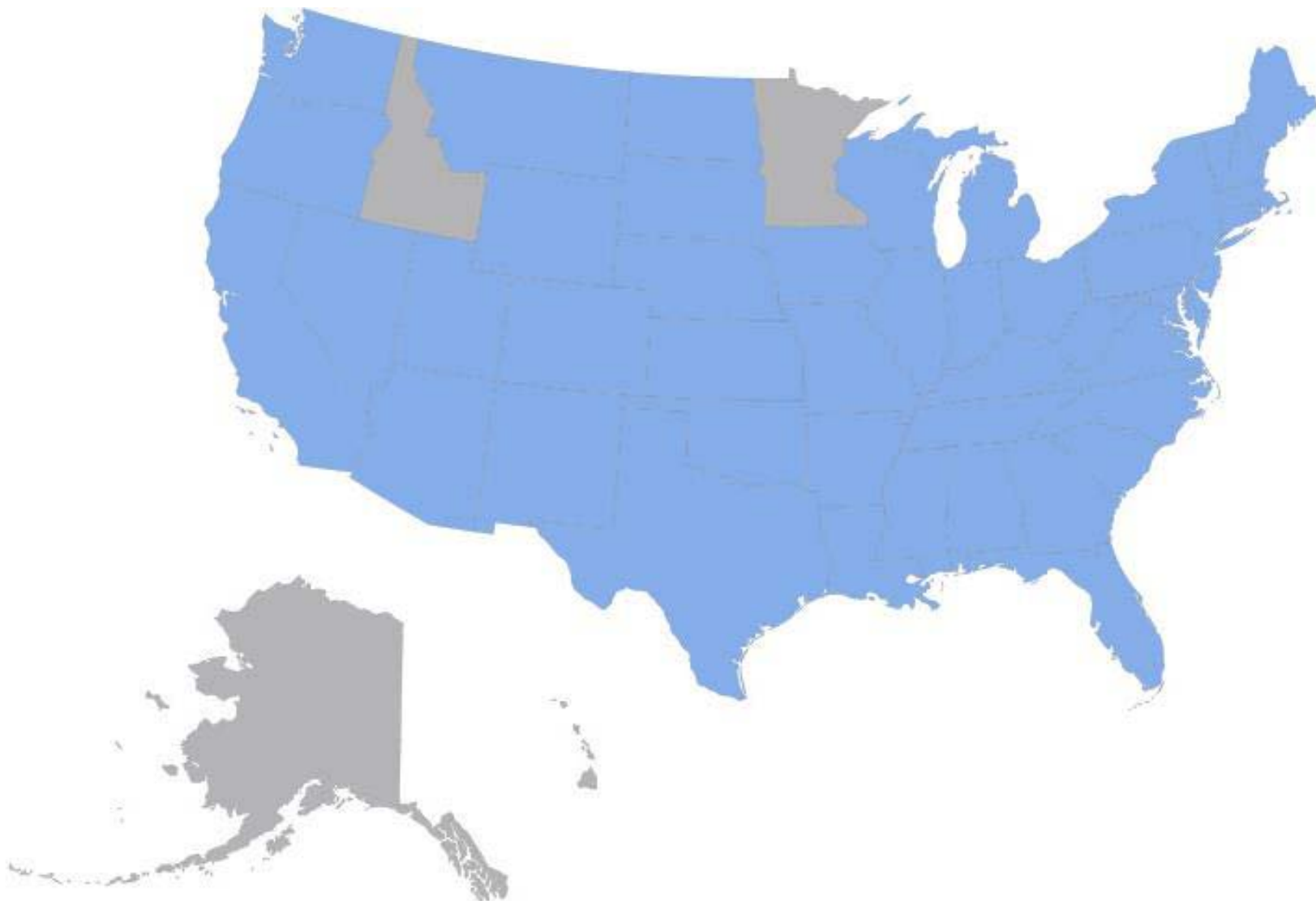
GREAT DOWNTOWNS DON'T JUST HAPPEN



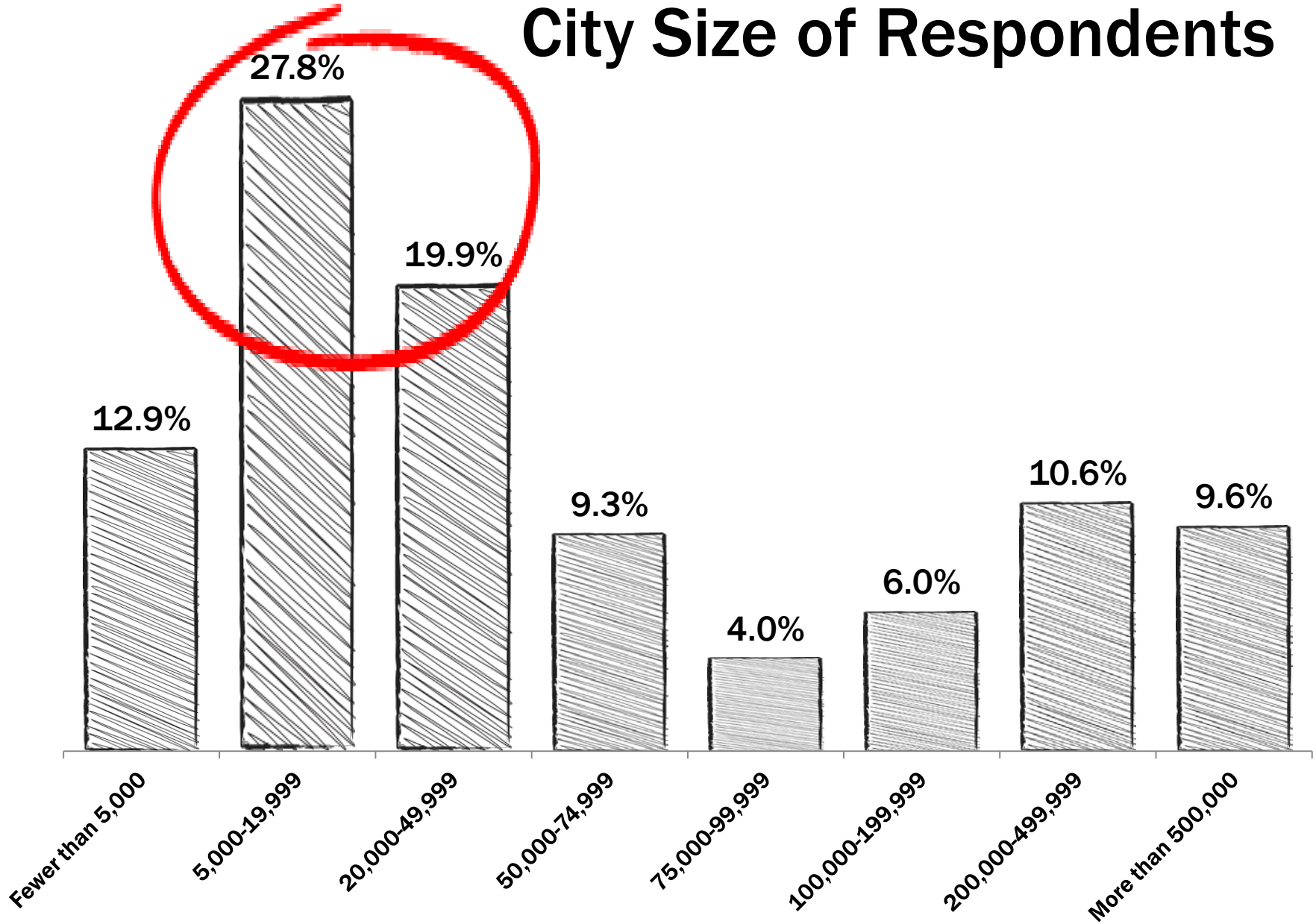


WHY BUILDINGS AND BUSINESSES?

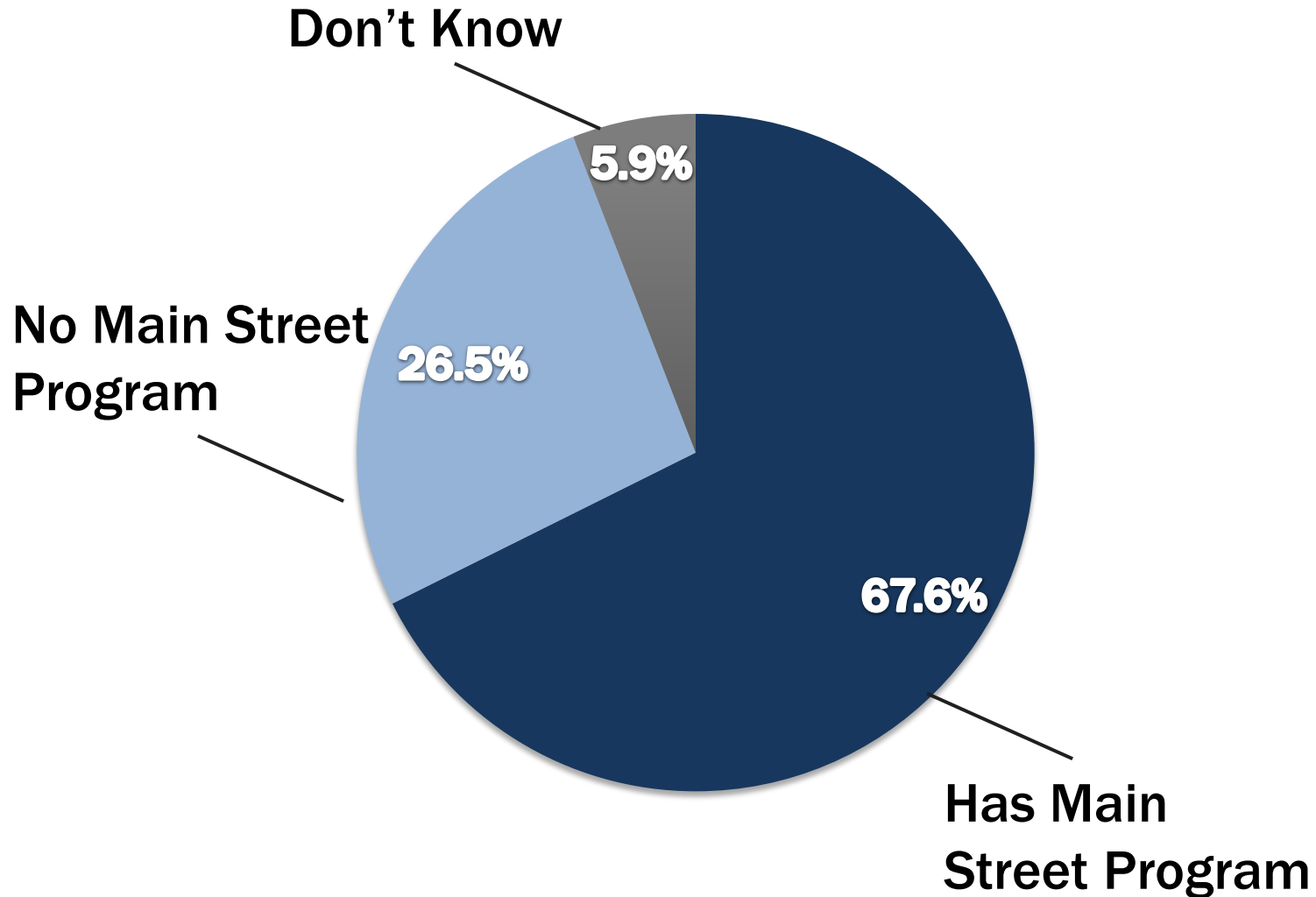
306 Responses from 46 states and DC



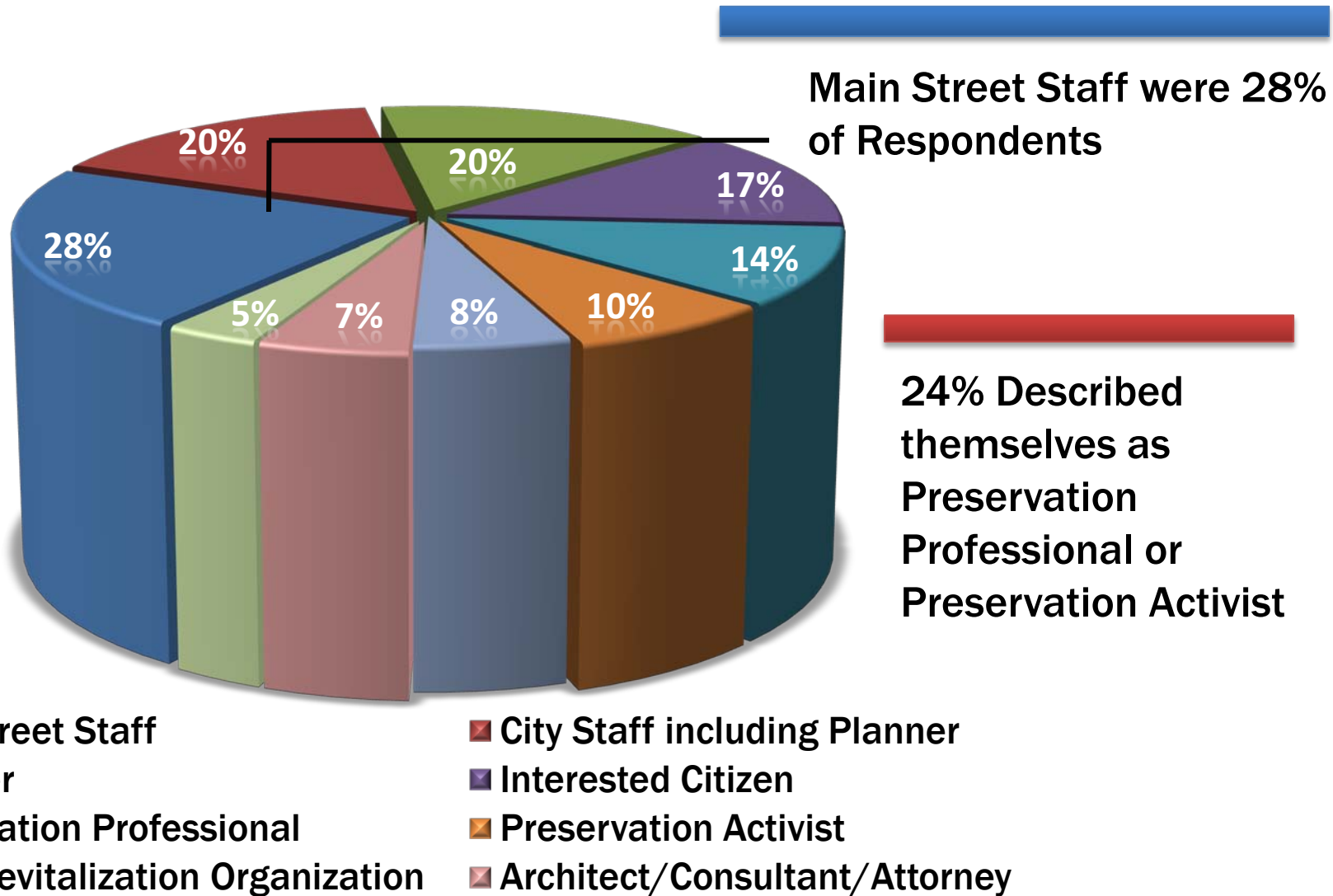
City Size of Respondents



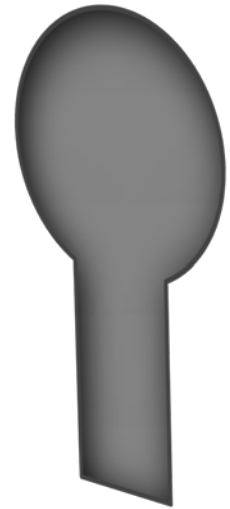
Main Street Community Respondents



Who were the Respondents



Key Findings



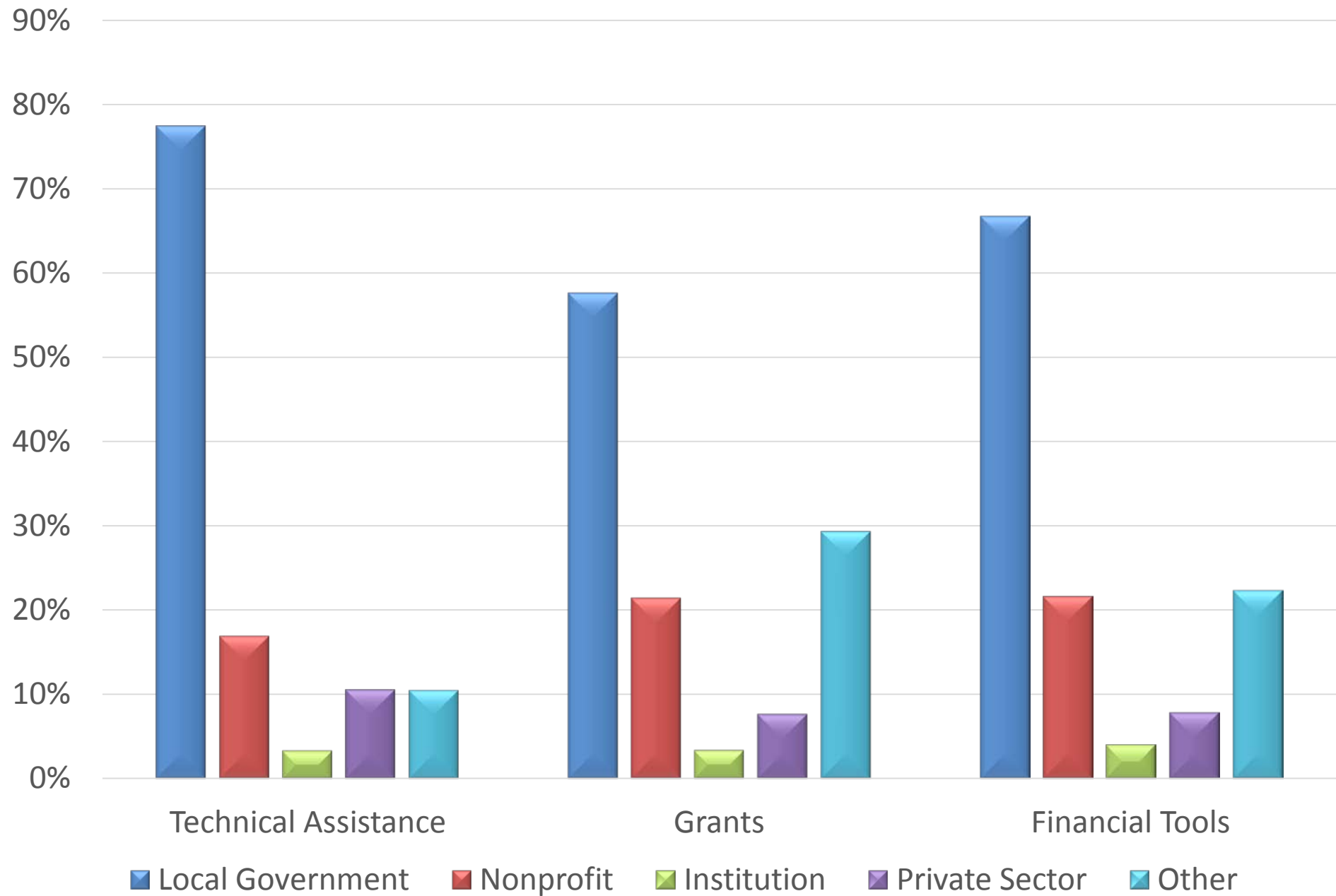
NAPC Survey



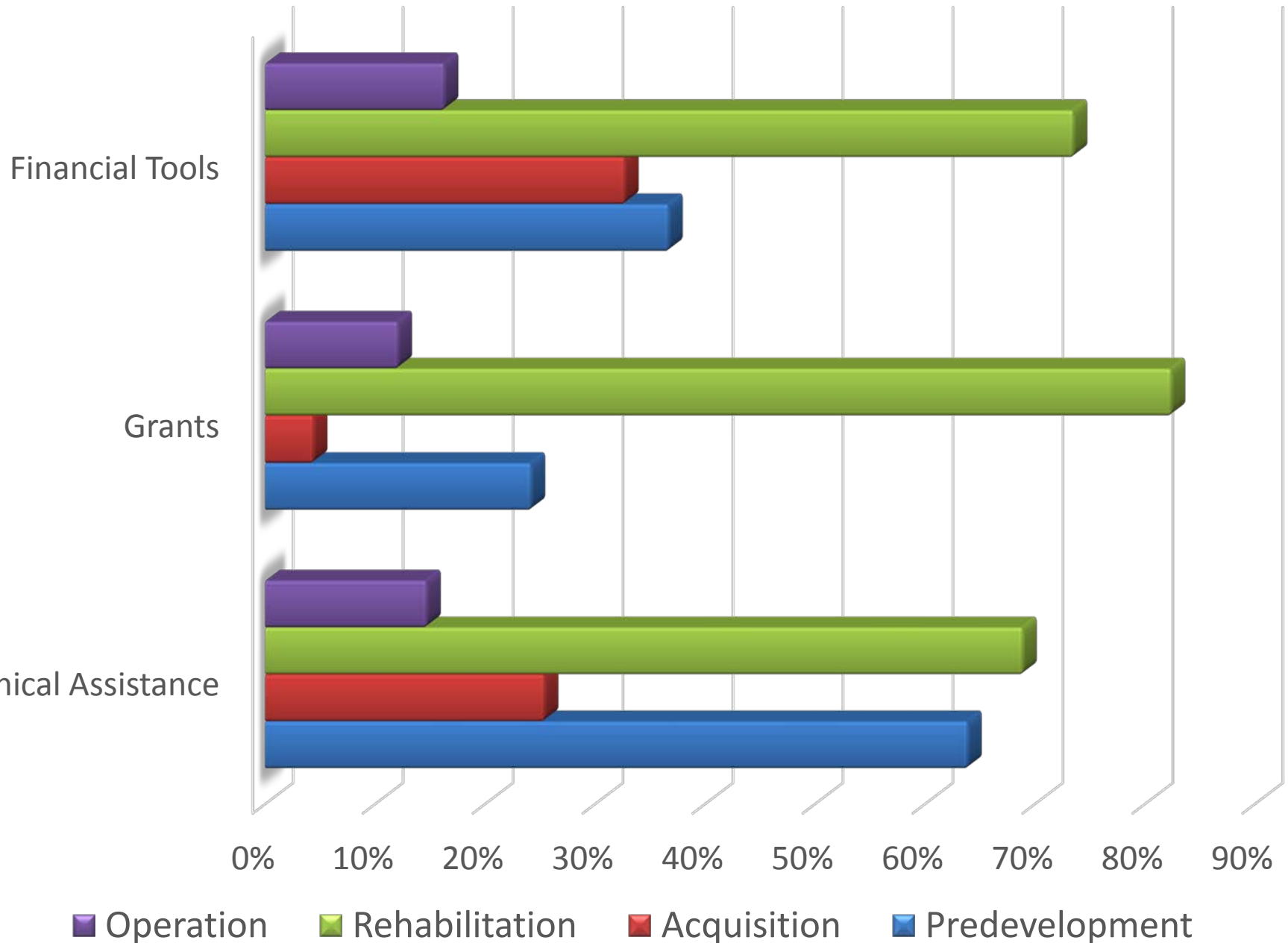
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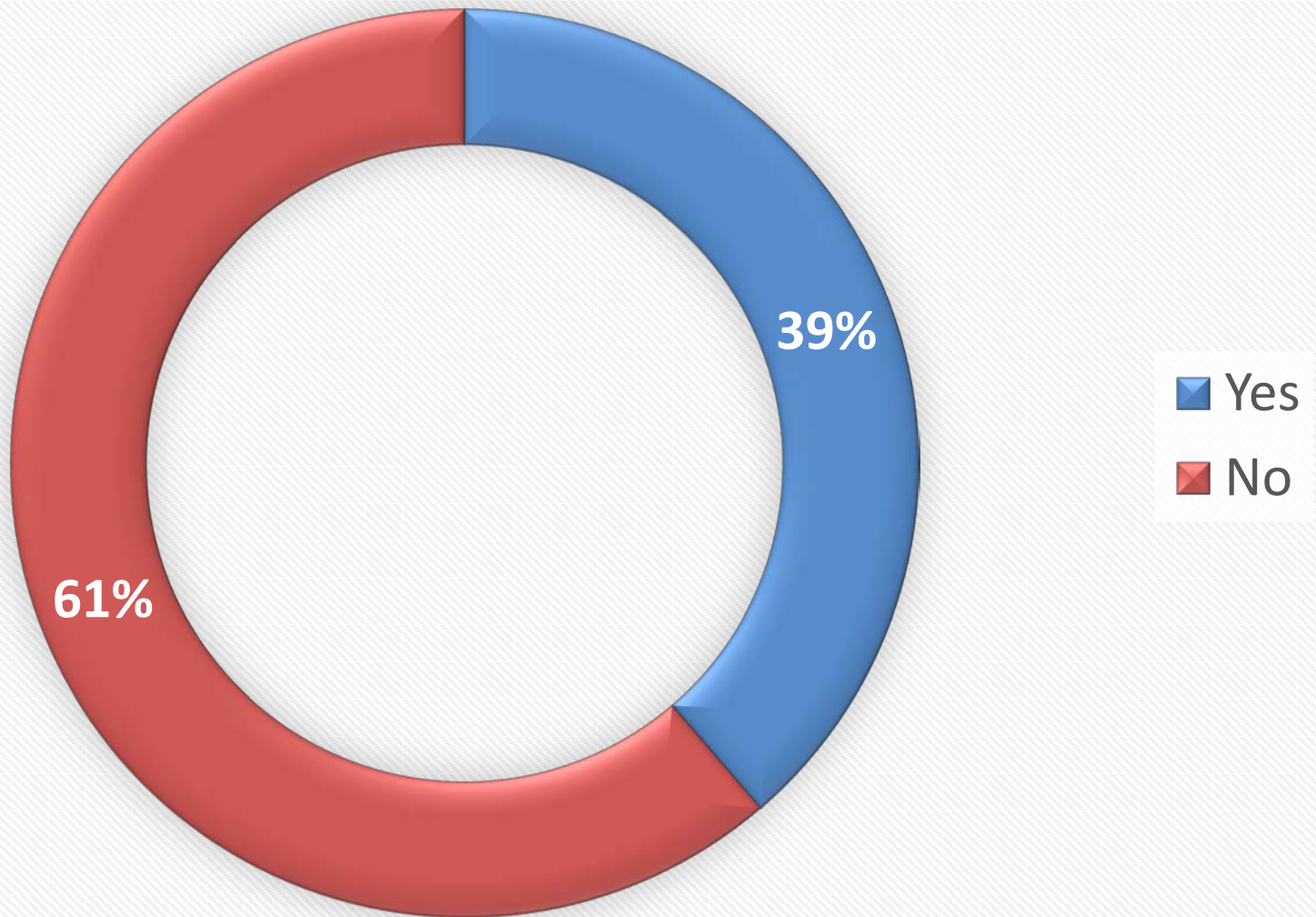
Who Provides Incentive?



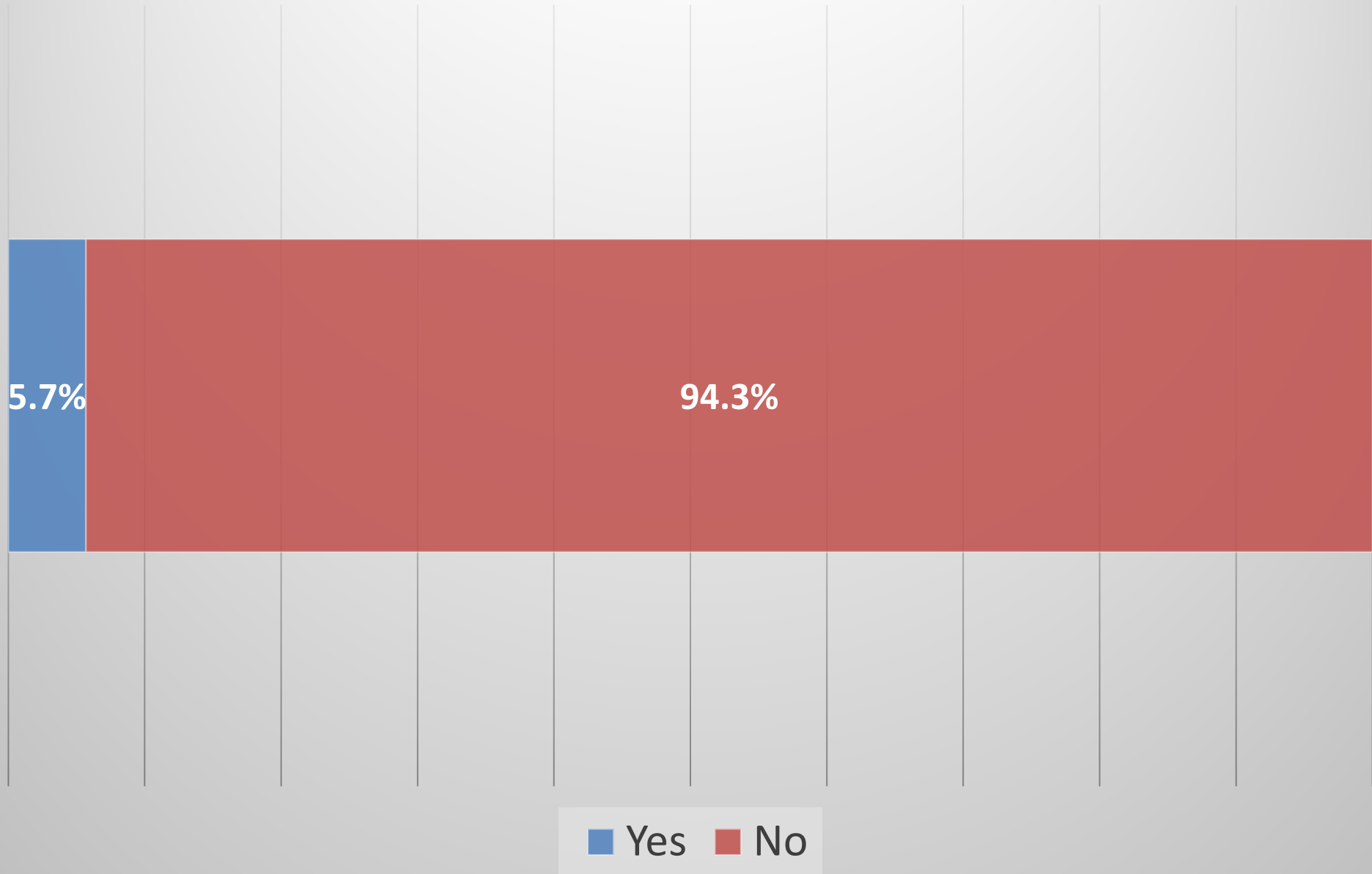
When is Incentive Received/Used?



Does Your Community Use Preservation Easements?



Incentives for Using Historic Buildings for Affordable Housing?



National Main Street Center Survey



National Main Street Center

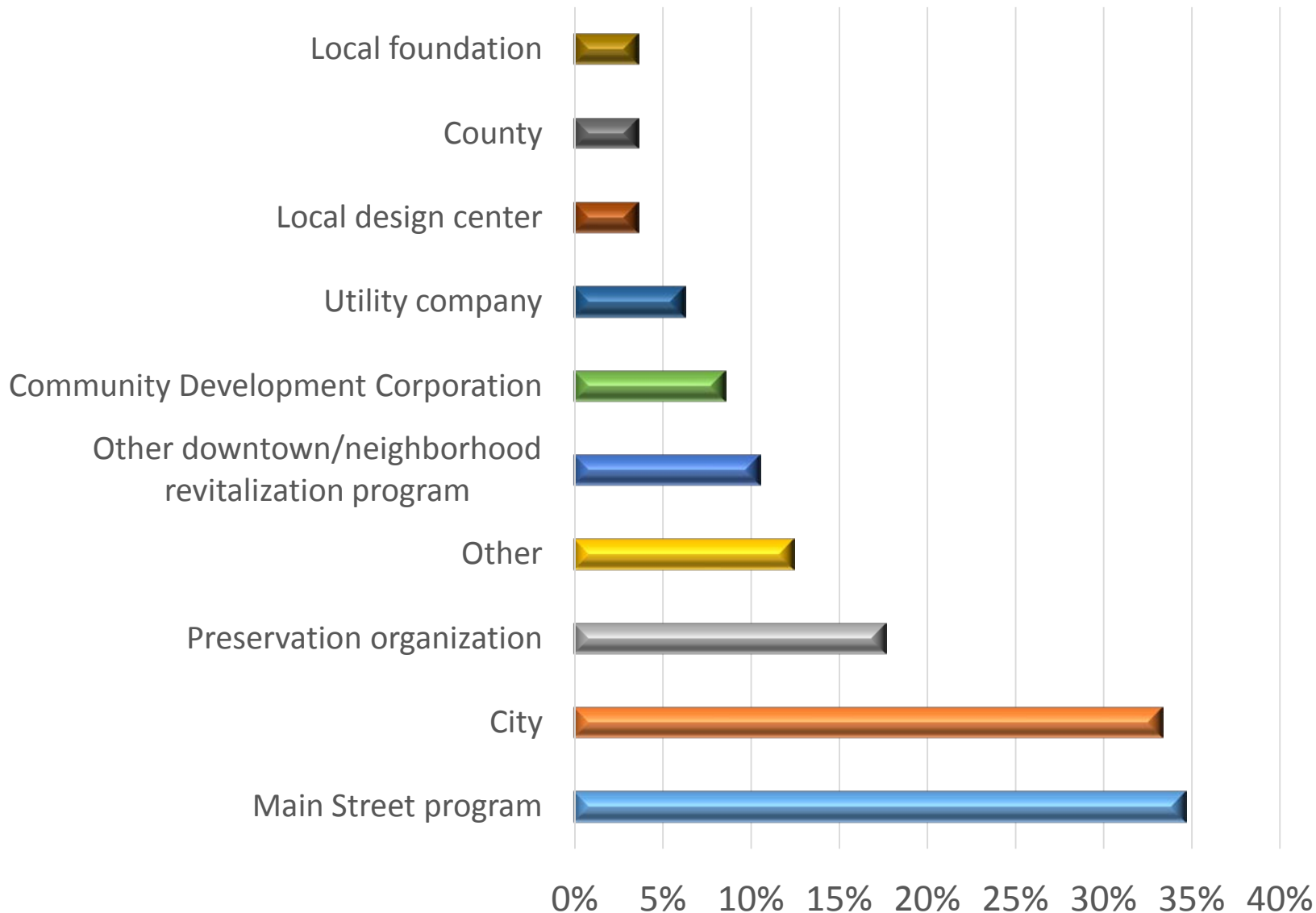
a subsidiary of the
National Trust *for* Historic Preservation

Types of Incentives

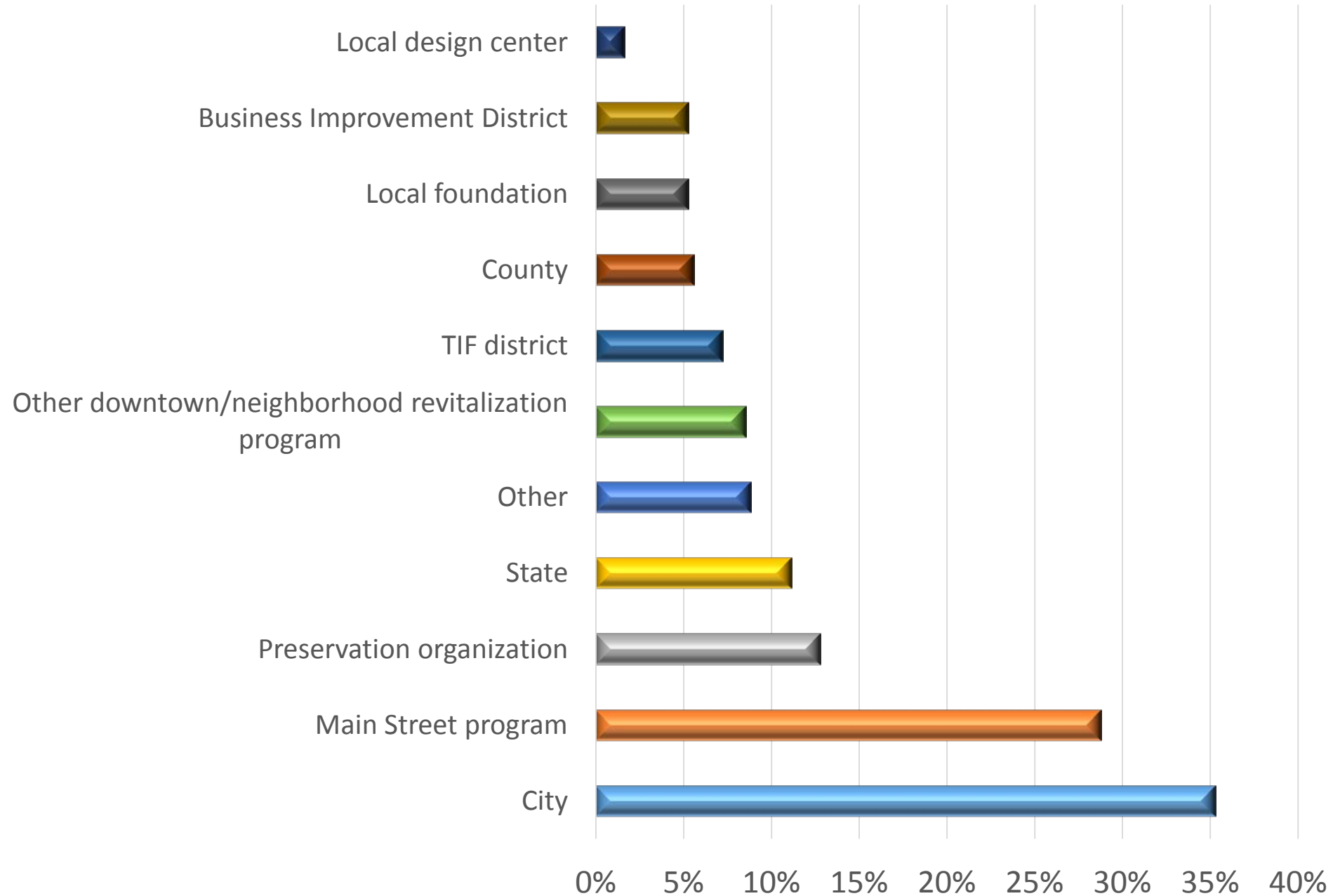


-  Grants
-  Technical Assistance
-  Regulatory Incentives
-  Local Tax Incentives
-  Financial Tools

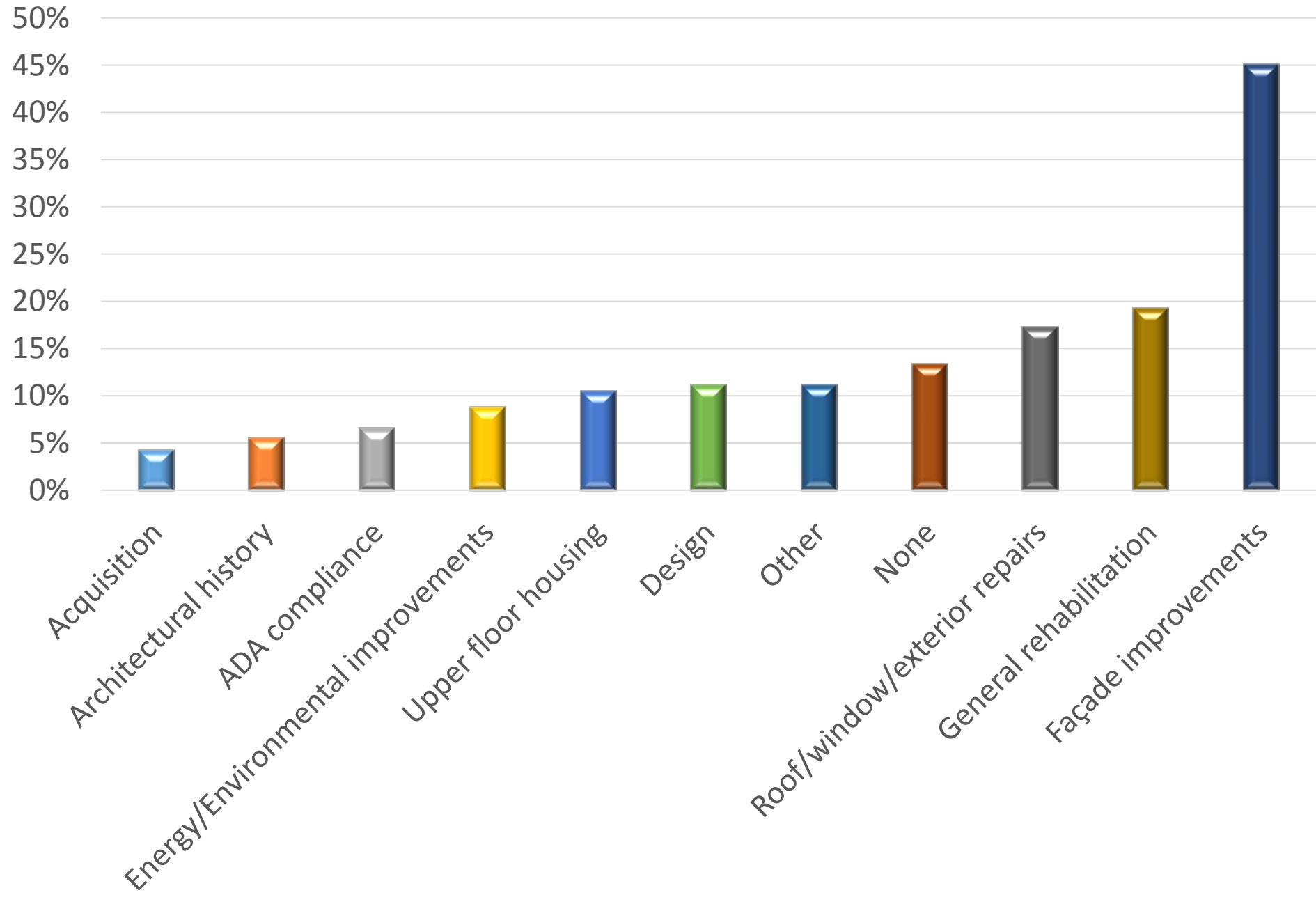
Who Provides Technical Assistance



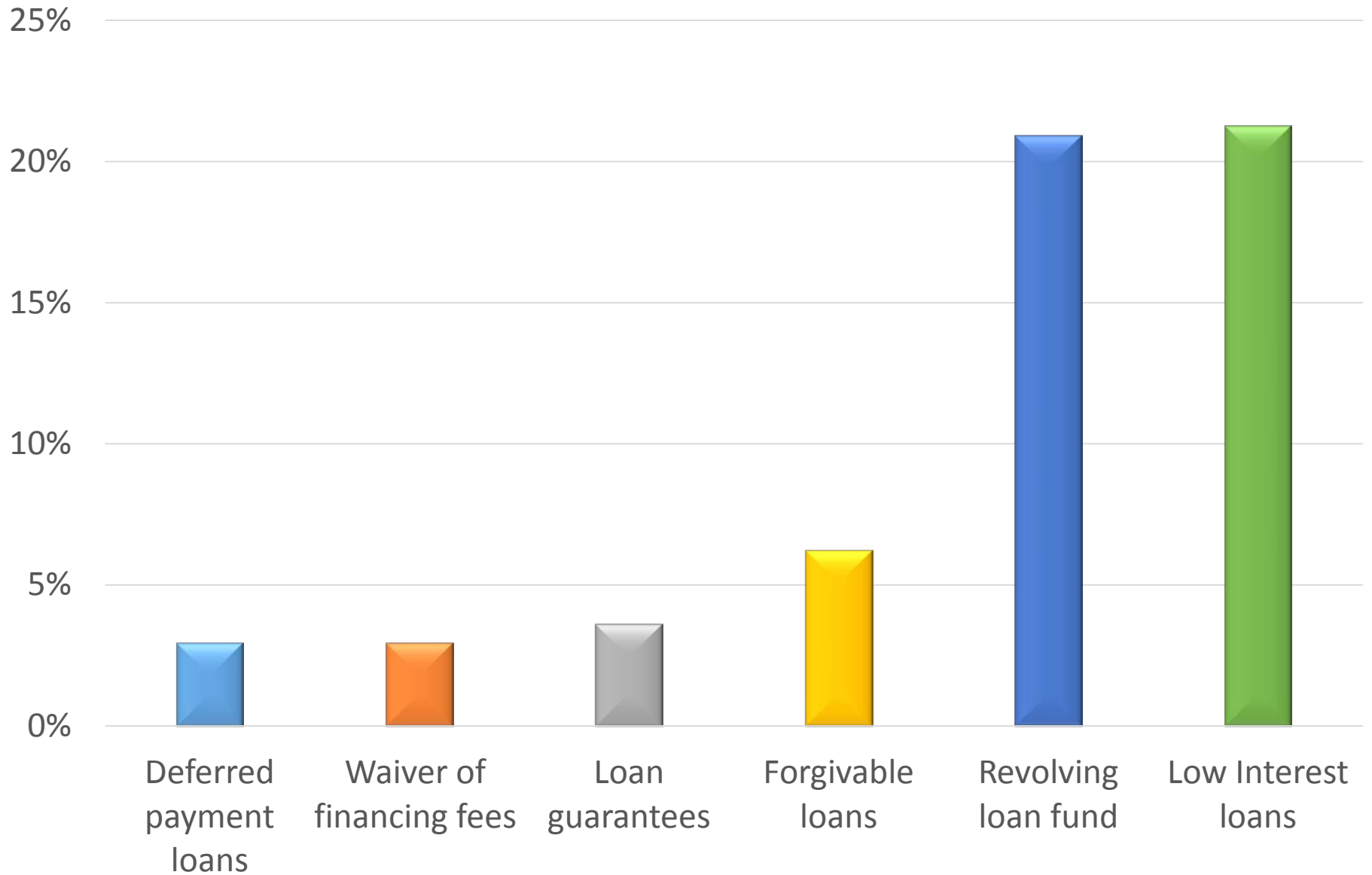
Who Funds Technical Assistance



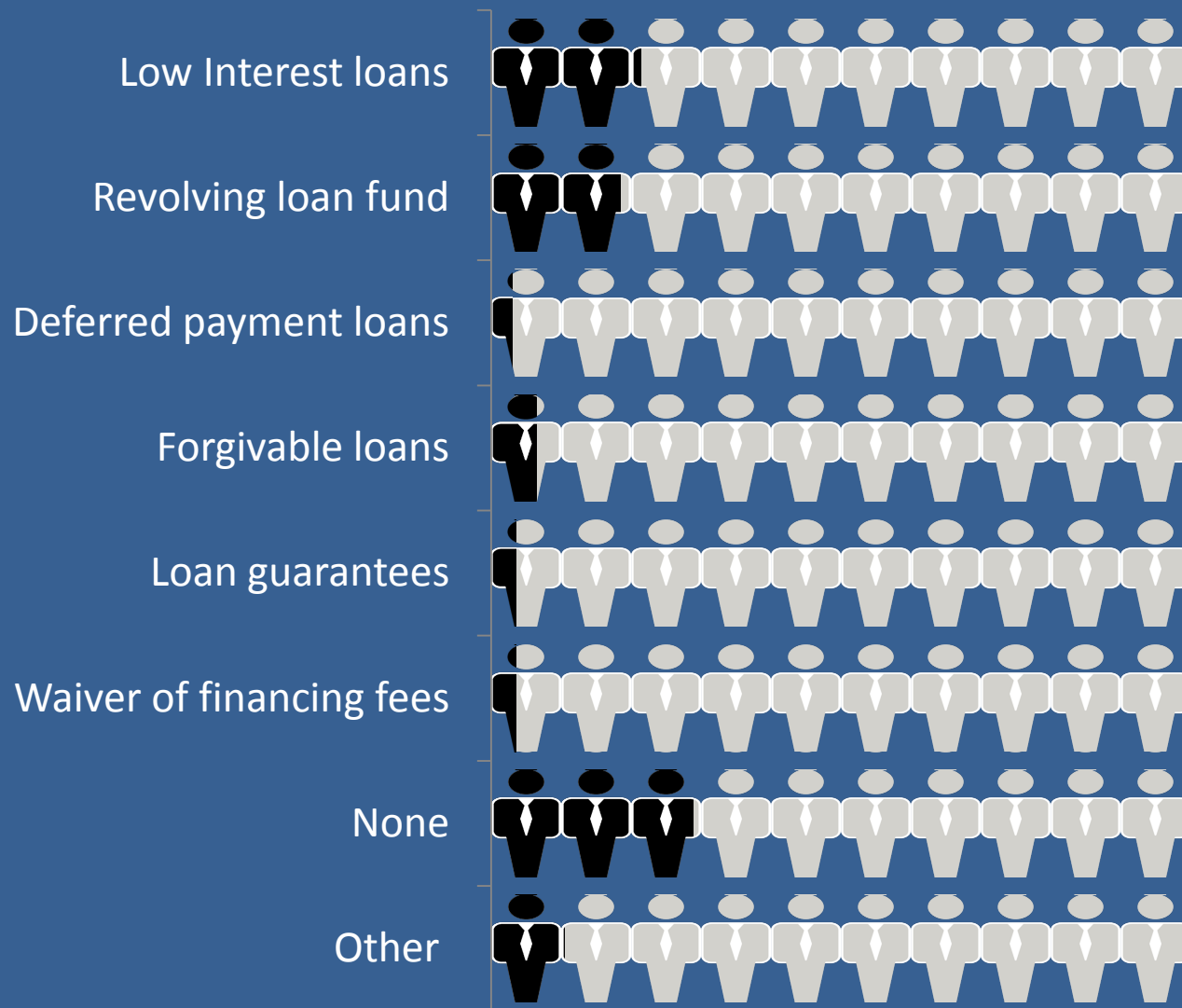
Types of Grants for Buildings



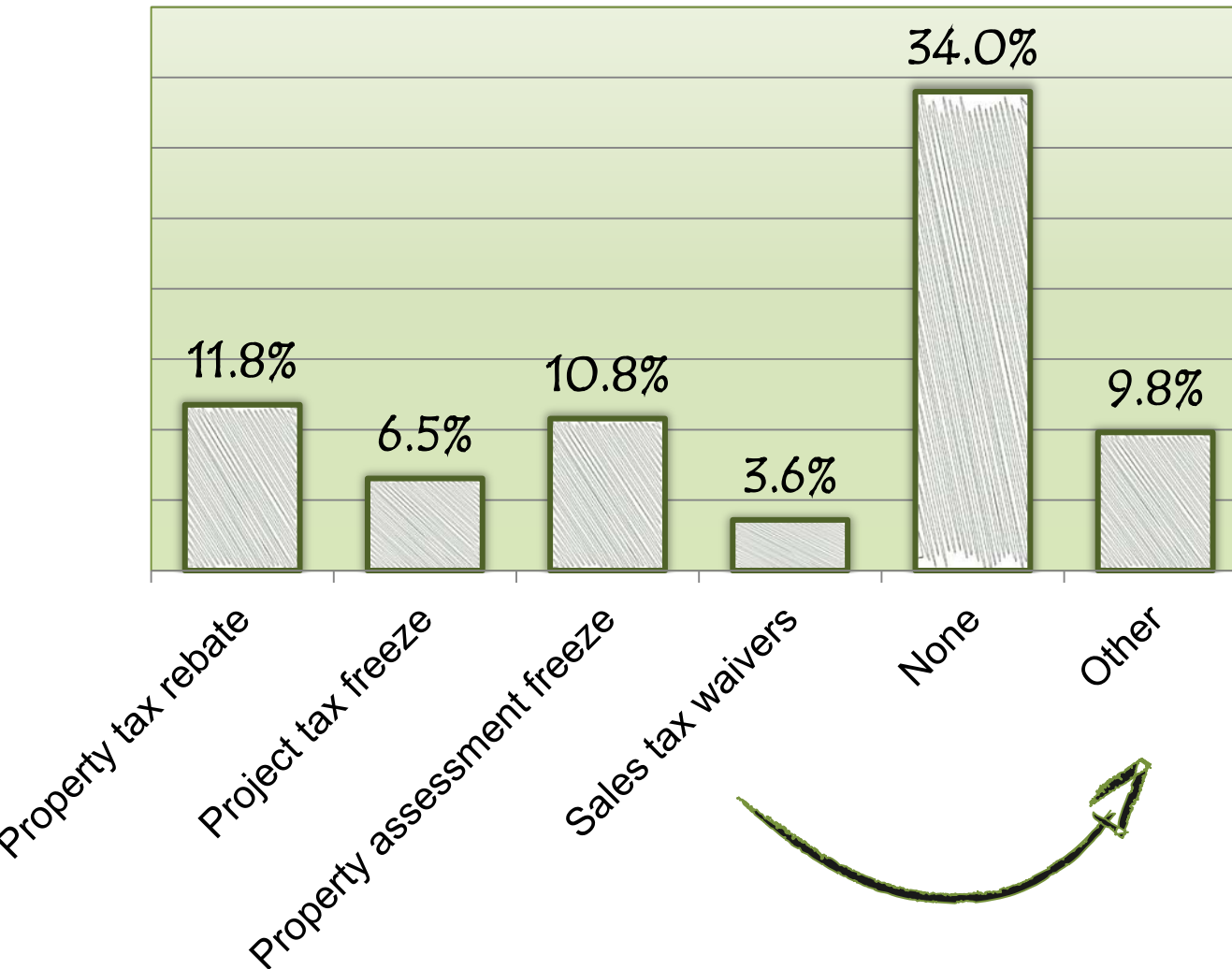
Financial Incentives for Buildings



Use of Financial Incentives for Buildings



Local Tax Incentives for Buildings

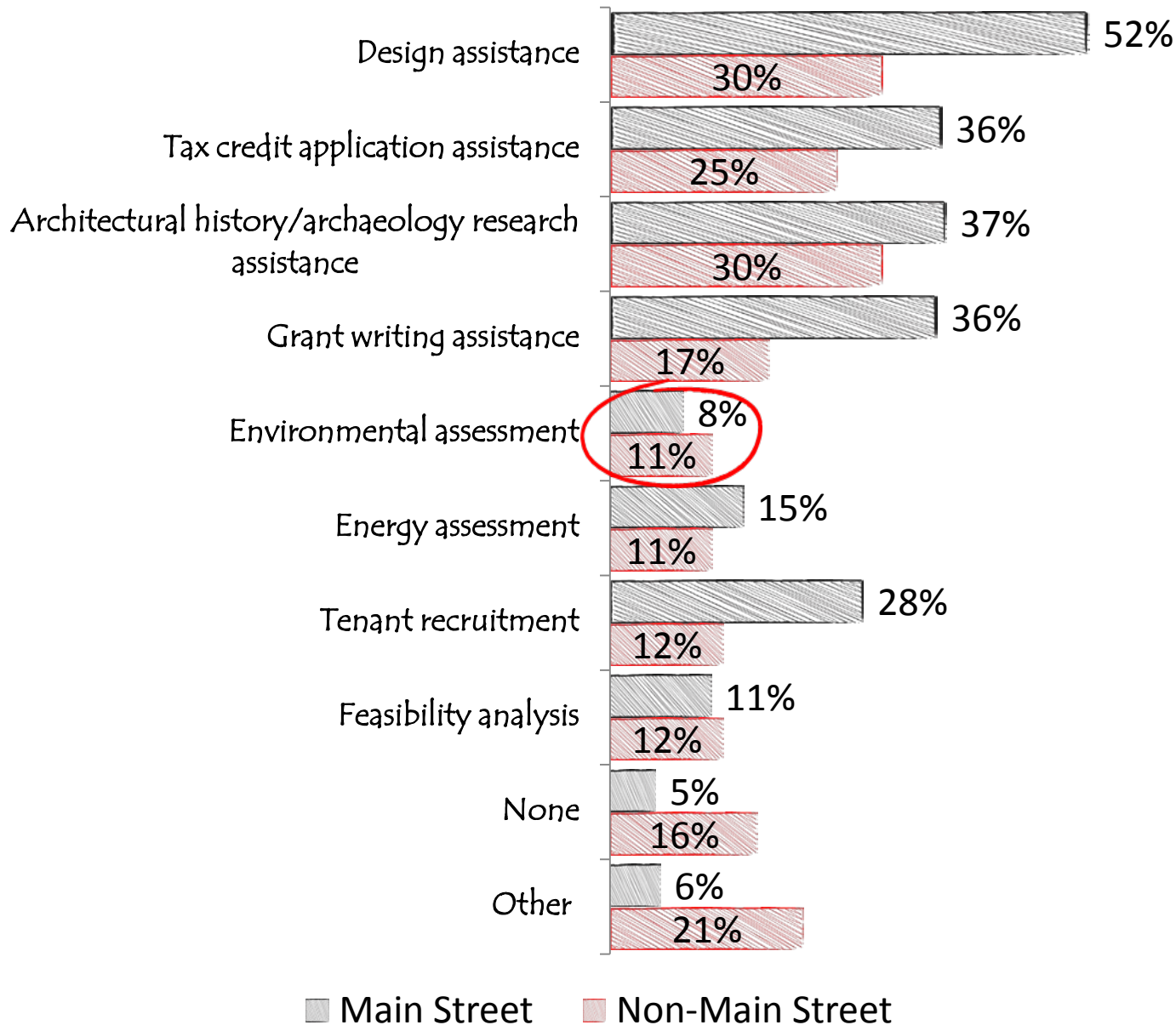


Very few communities have local tax-based incentives for buildings

Main Street vs Not Main Street

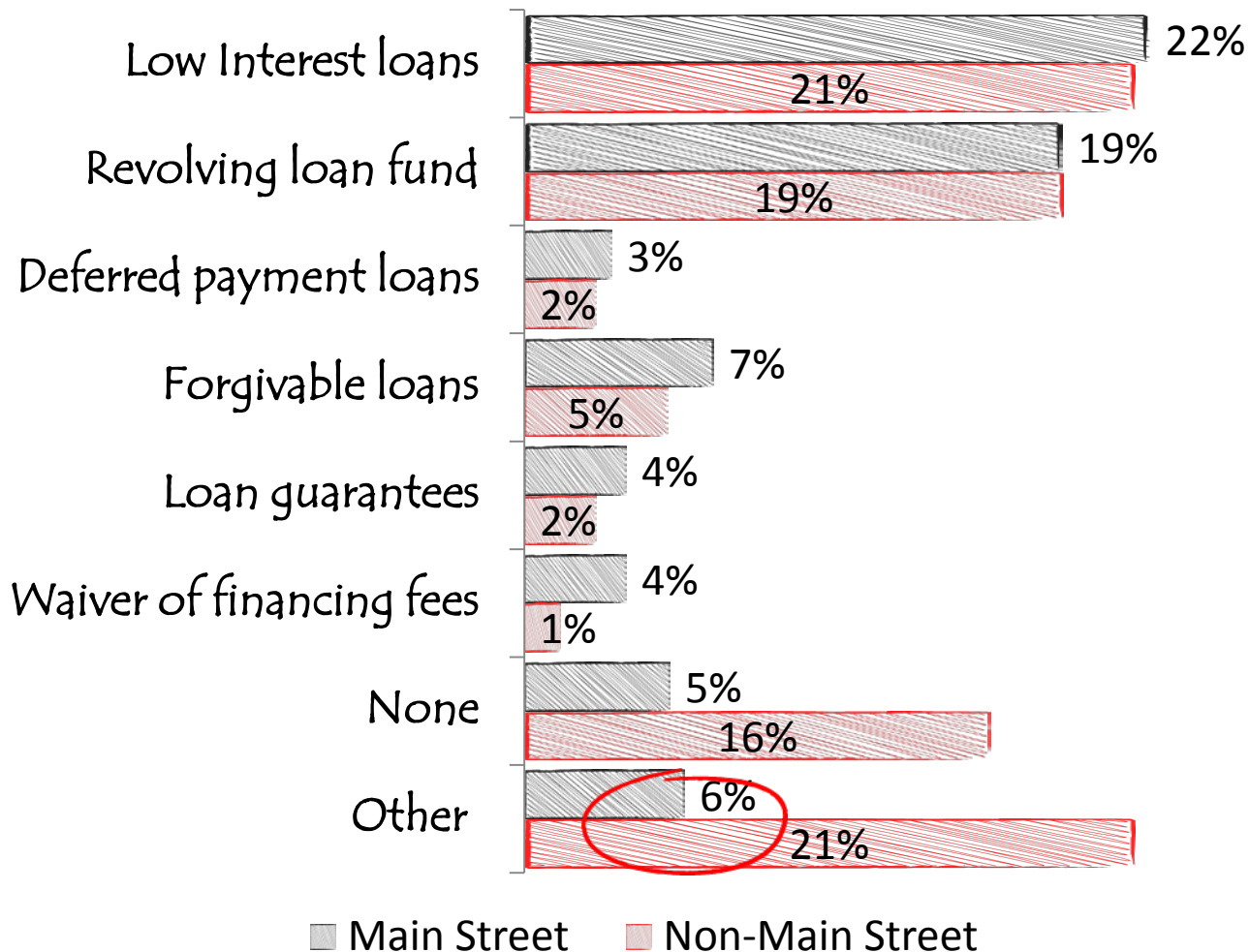


Technical Assistance Provided



Main Street
much more
likely to
provide
technical
assistance

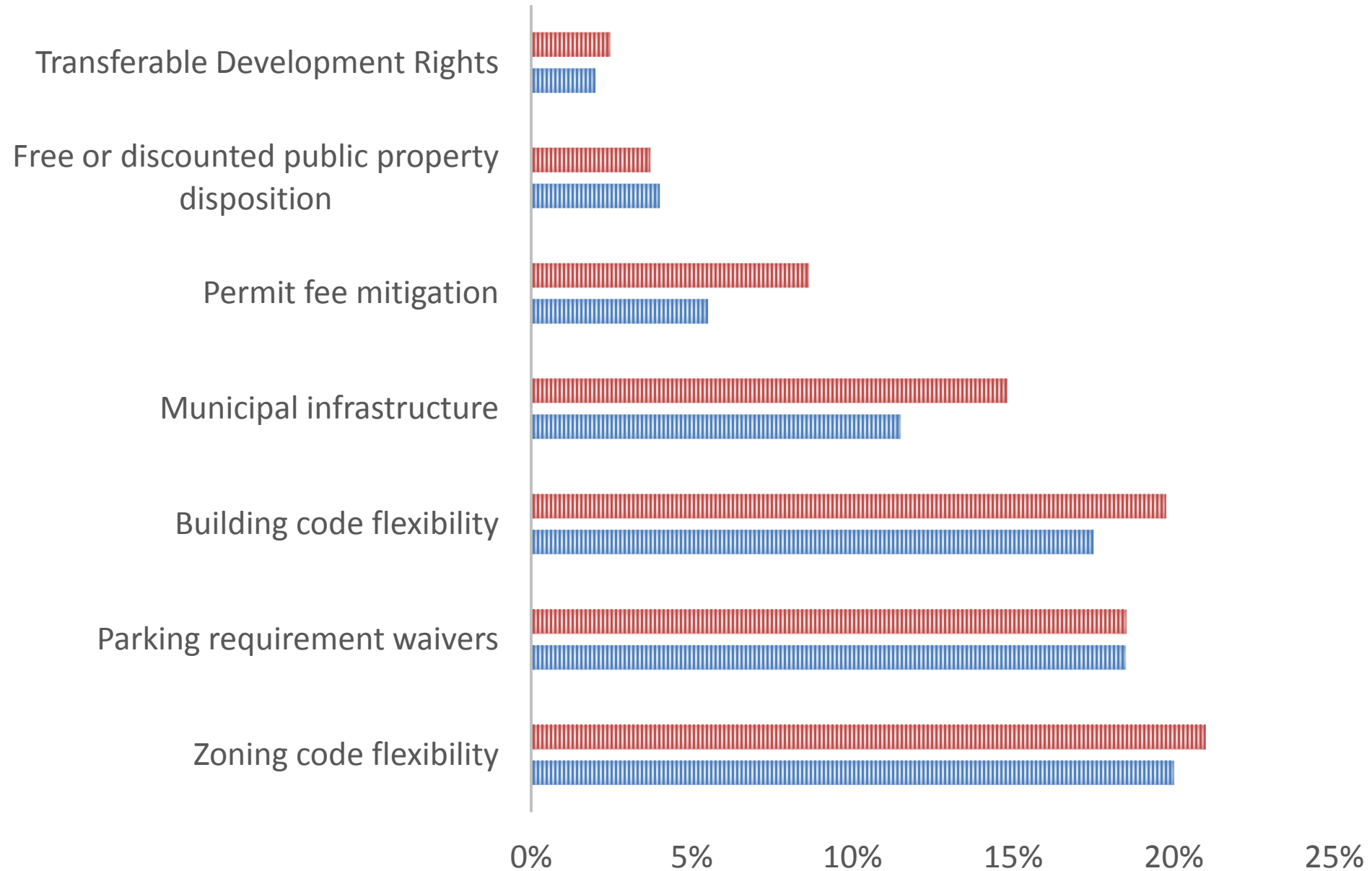
Financial Assistance Provided



Main Street and non-Main Street communities aren't different in financial assistance provided (except "other")

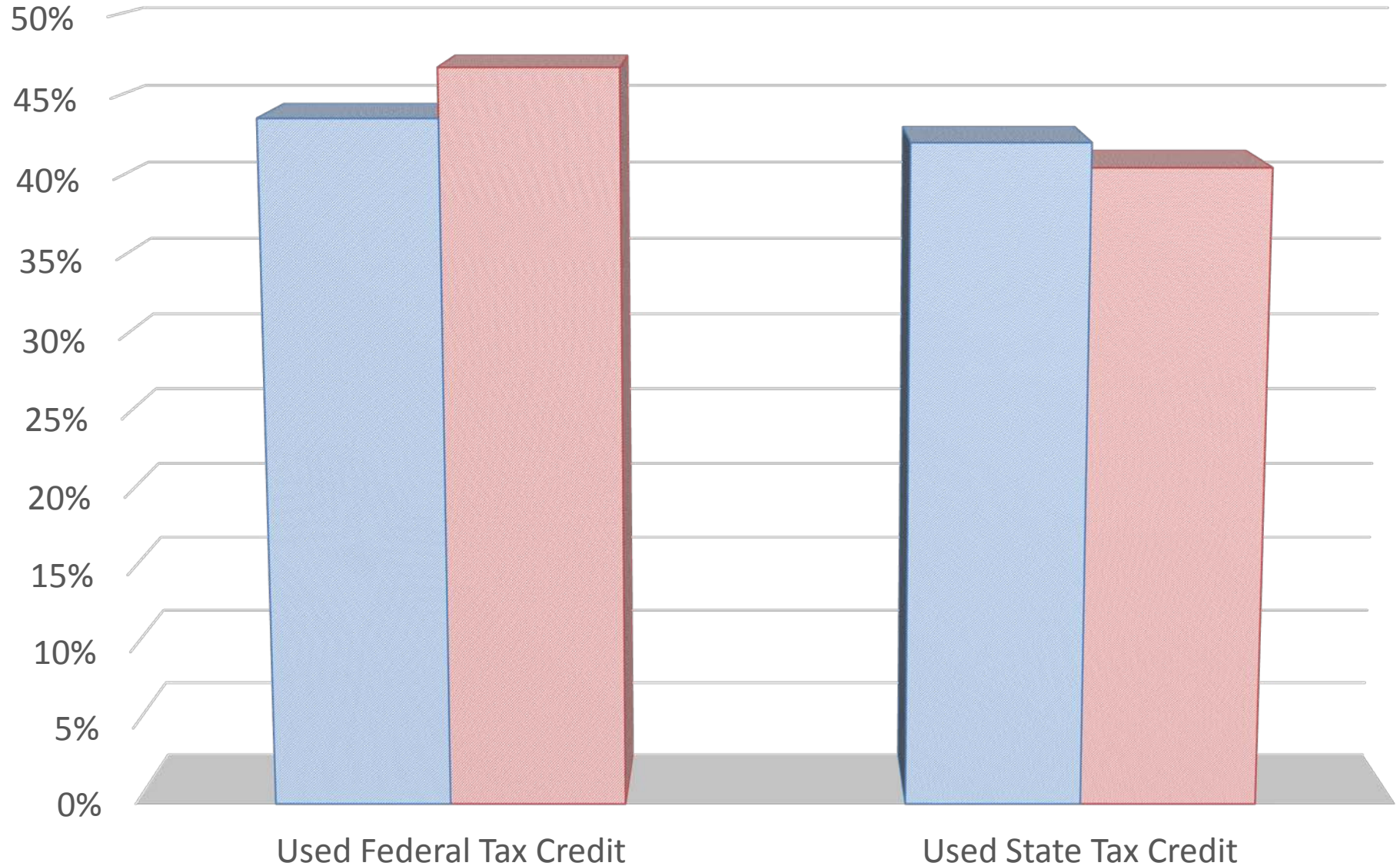
REGULATORY INCENTIVES

Not Main Street Main Street



USE OF HISTORIC TAX CREDITS

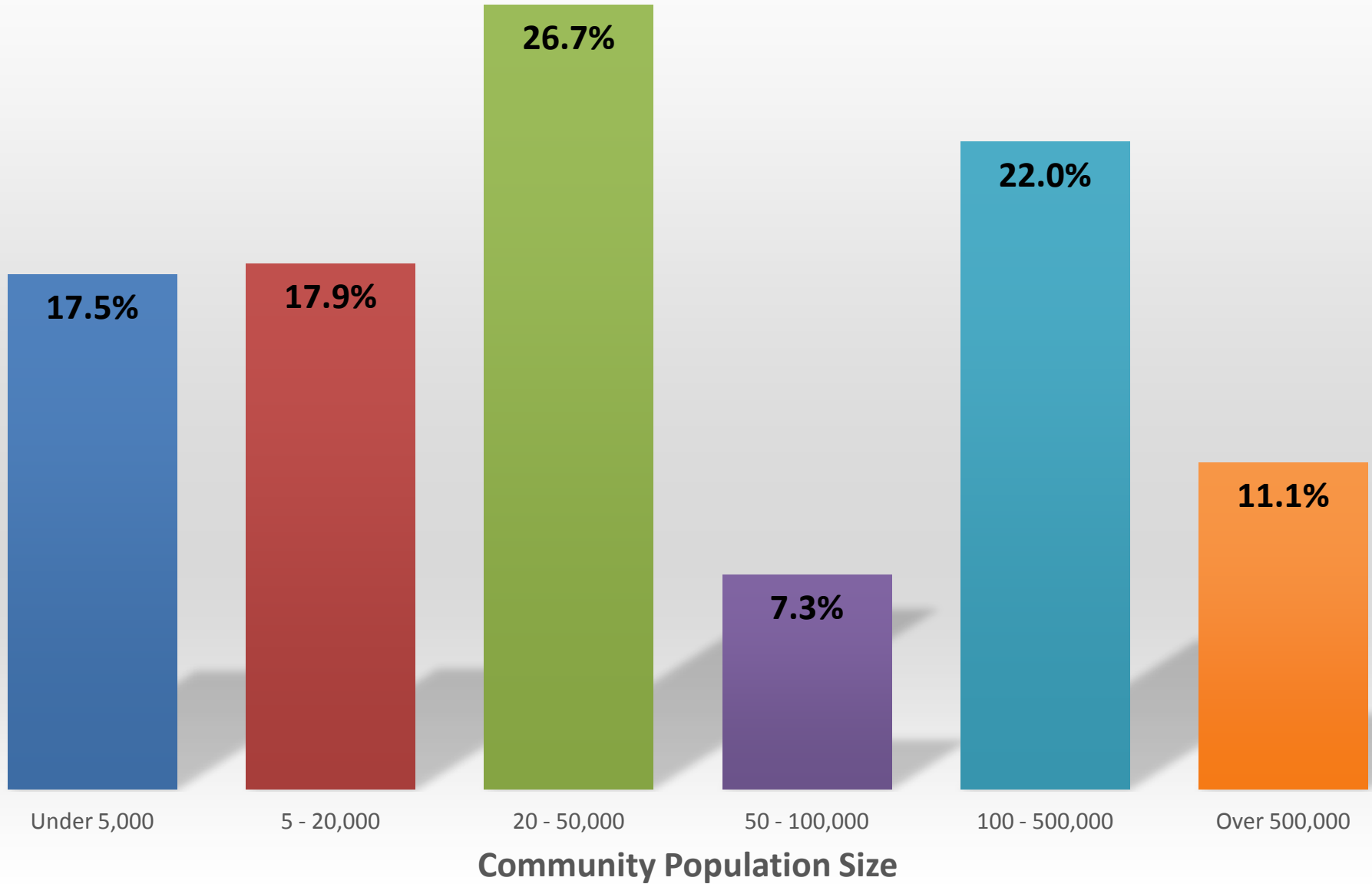
■ Main Street ■ Not Main Street



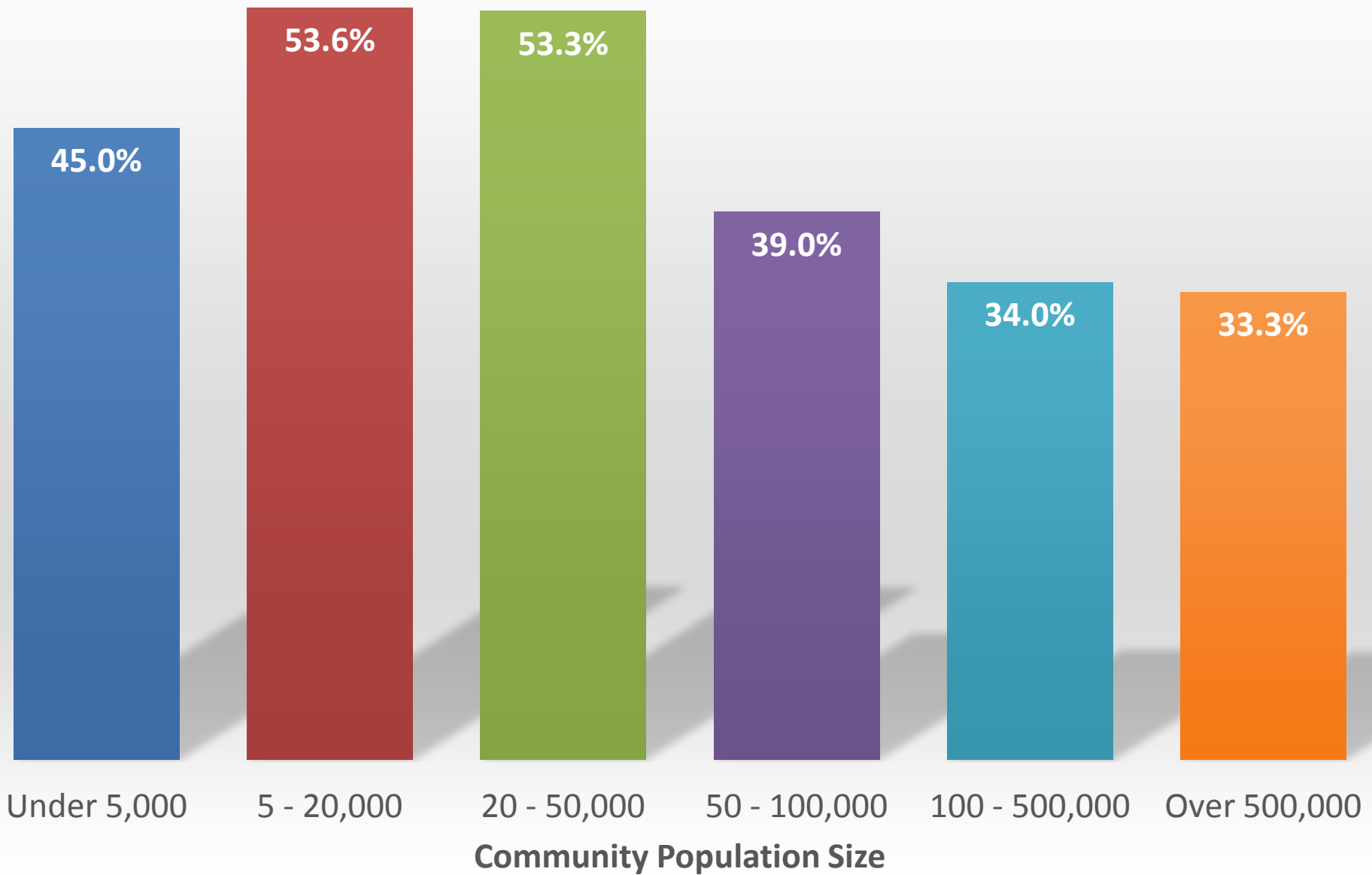
Differences by Population Size



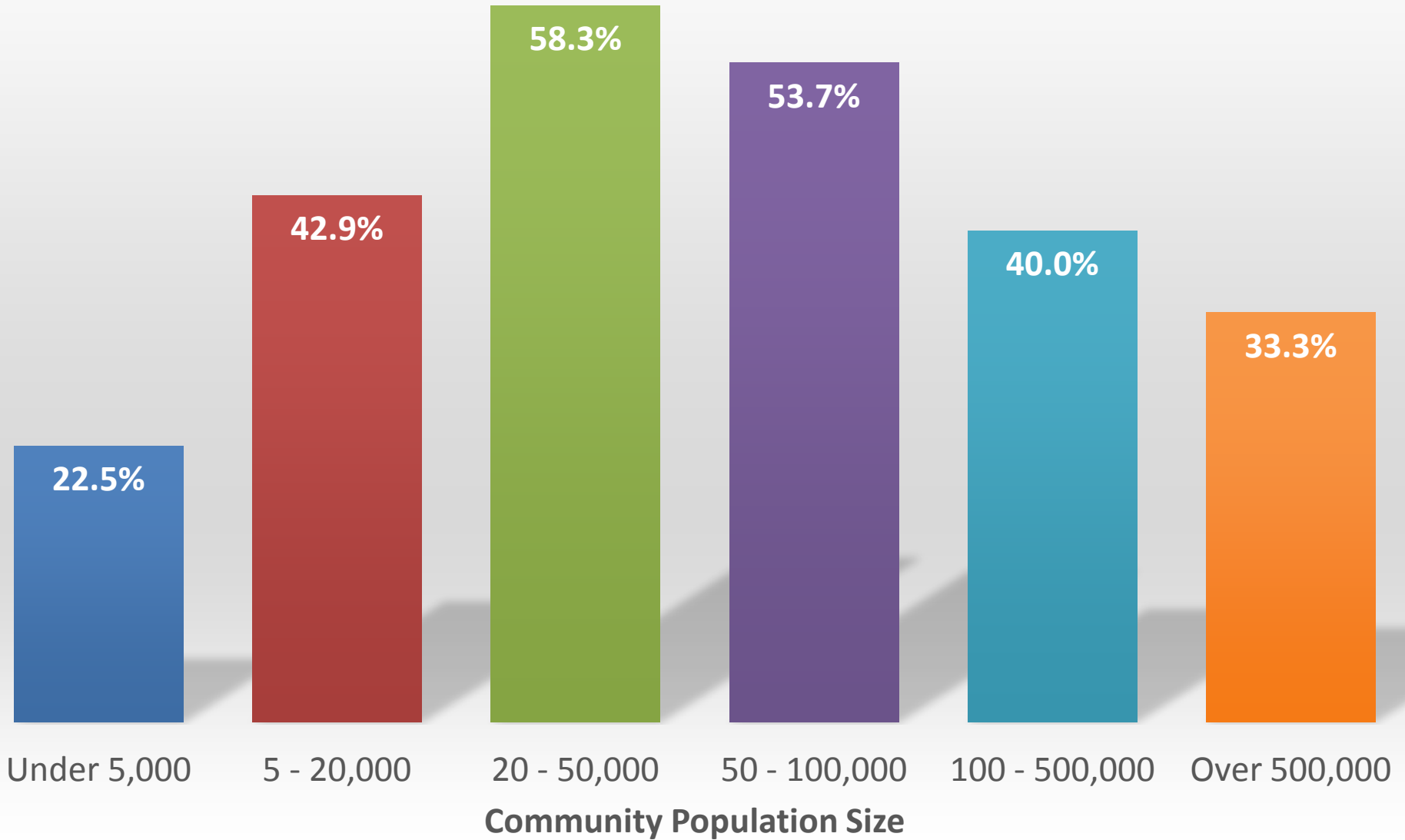
Revolving Loan Fund



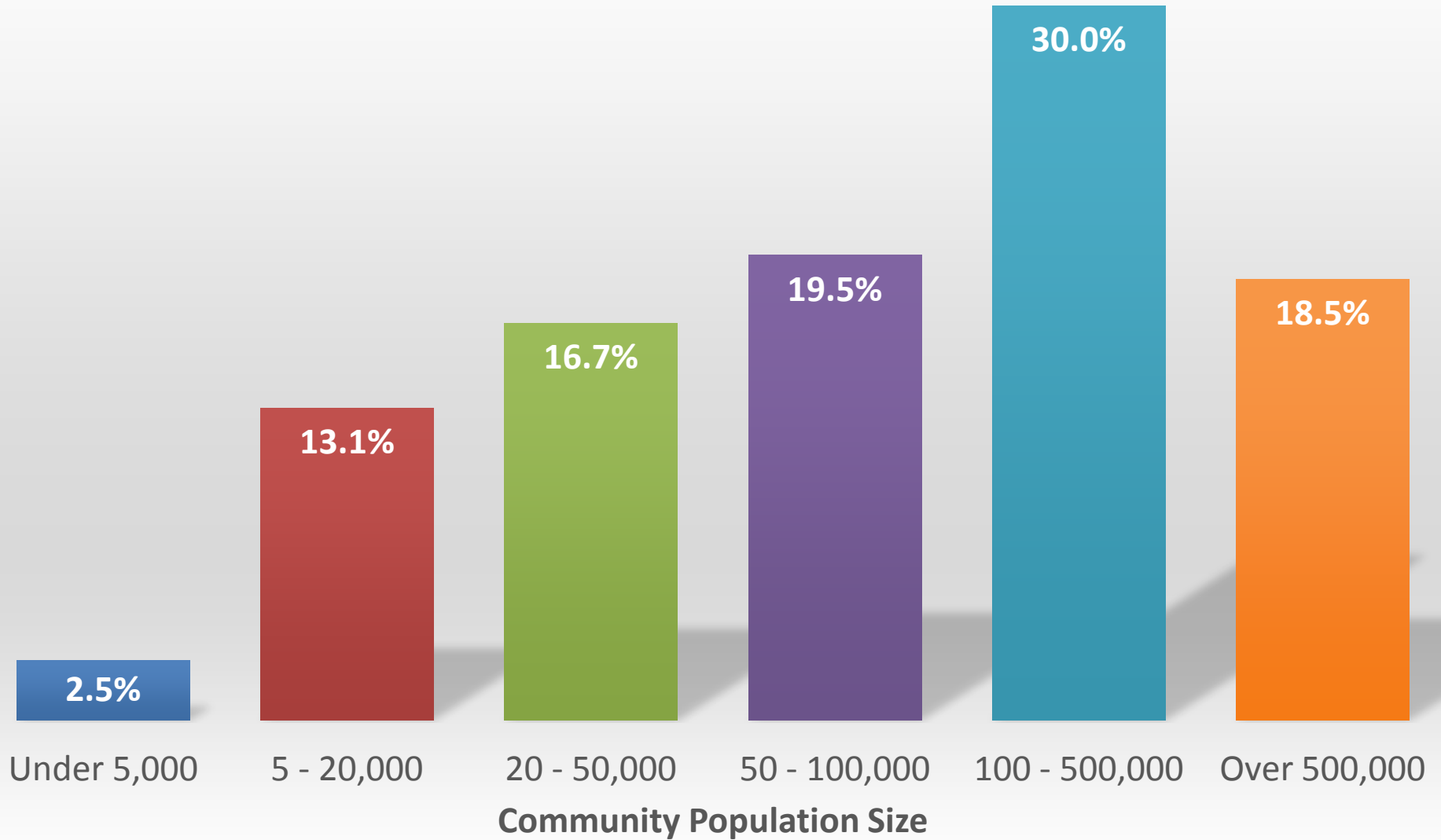
Façade Improvement Grants



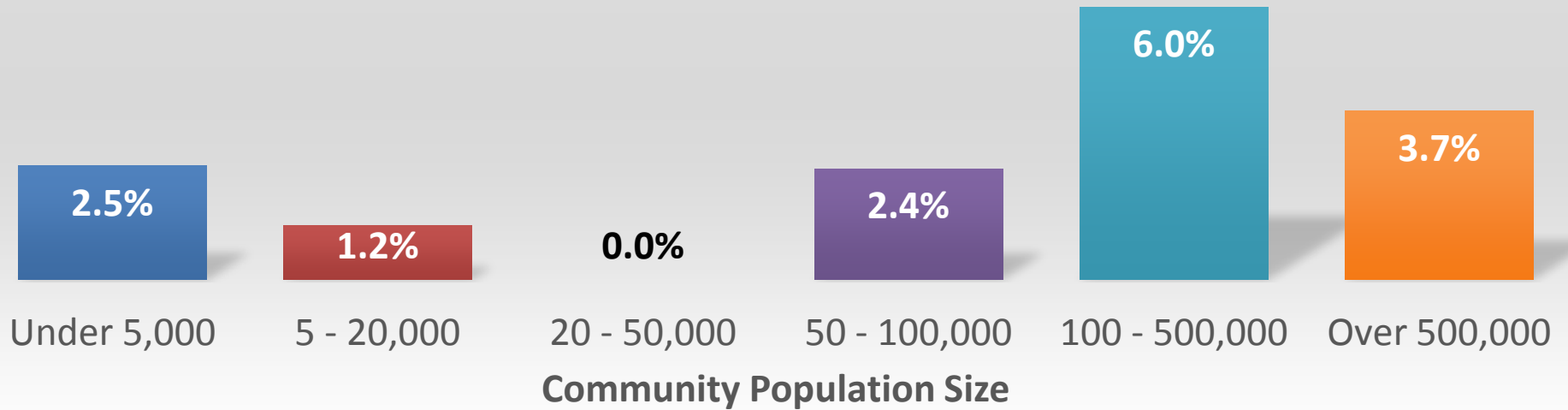
Used Federal Historic Tax Credit



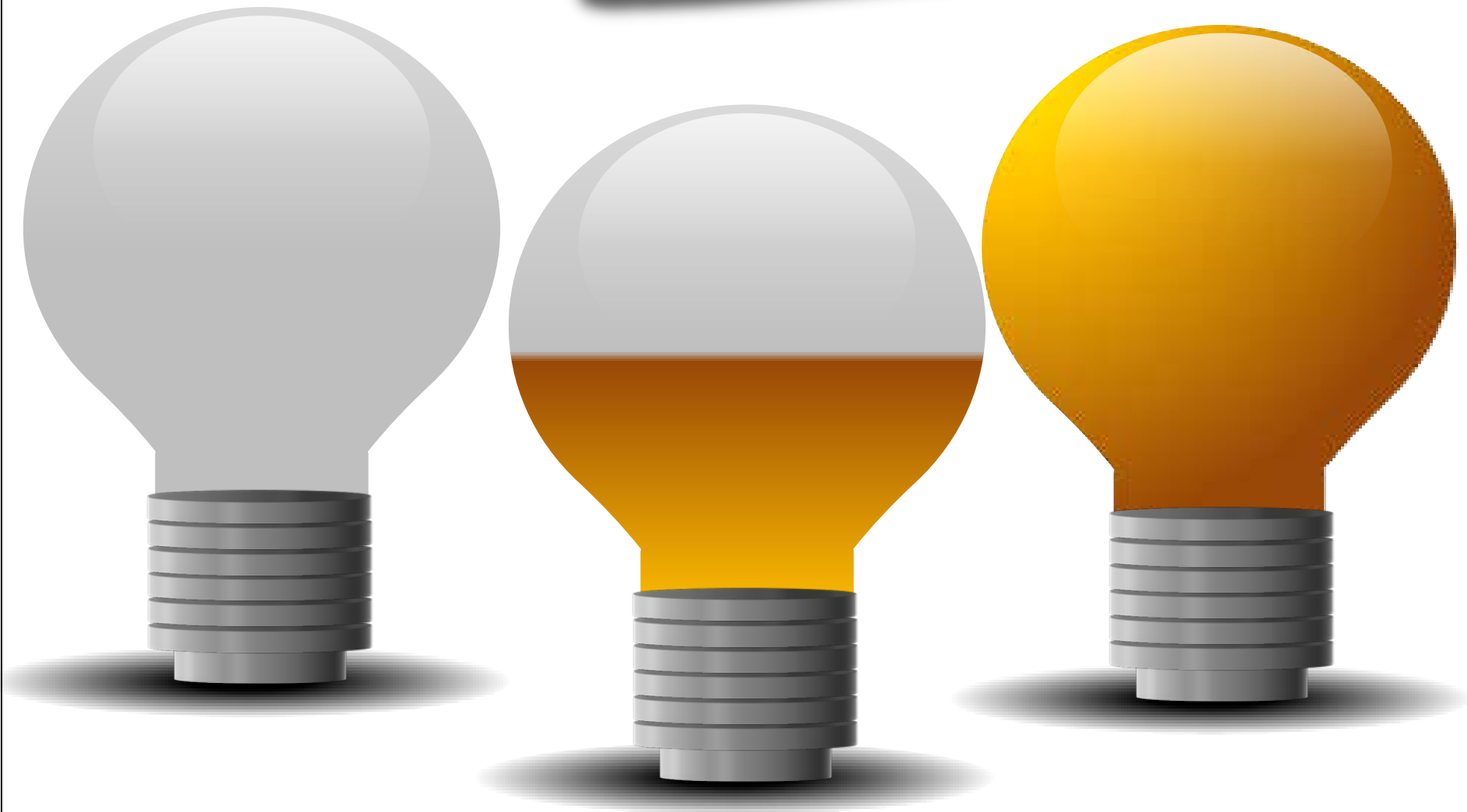
Used Preservation Easements



Transferable Development Rights



Innovative Incentives



[illegible]

Dodge City, KS – Combination Grant/Loan Program

- Since 2011
- 50/50 grant program up to \$10,000
- 50/50 zero % loan program up to \$10,000
- 19 exterior grant projects
- 4 interior loan projects



Washington, MO – Sign/Awning and Window Grants

- Matching grant up to \$500
- Granted \$3,200 but private investment has reached nearly \$14,000 in the program
- Window grant in planning phase



Mesa, AZ – Sprinkler Assistance

- 50/50 match for up to \$10,000 to assist with costs of installing a fire suppression system
- Must be in downtown area with preference given to Main street
- Applicants have all been tenants/businesses



Smithfield, NC – R2 Rush

- Restaurant/retail
- \$4/\$2 per square foot for one year up to \$10,000
- “online is the new word of mouth” –
Yelp/Urbanspoon/Open table



Beatrice, NE – Low Interest Revolving Loan Fund

- Seeded with \$50,000
- Business retention, expansion, recruitment
- Gap financing
- 1.9% interest



Birmingham, AL – sales tax rebate

- Sales tax rebate
- Share of % of new revenue
- Case-by-case basis



Water Valley, MS – creative economy grants

- Since joining Main Street 8 years ago Water Valley Main Street has undergone major renovations
- Creative economy businesses driving the energy back into town
- State grant for \$10,000
- Matching from 4 recipients and Main Street
- Totaling \$40,000

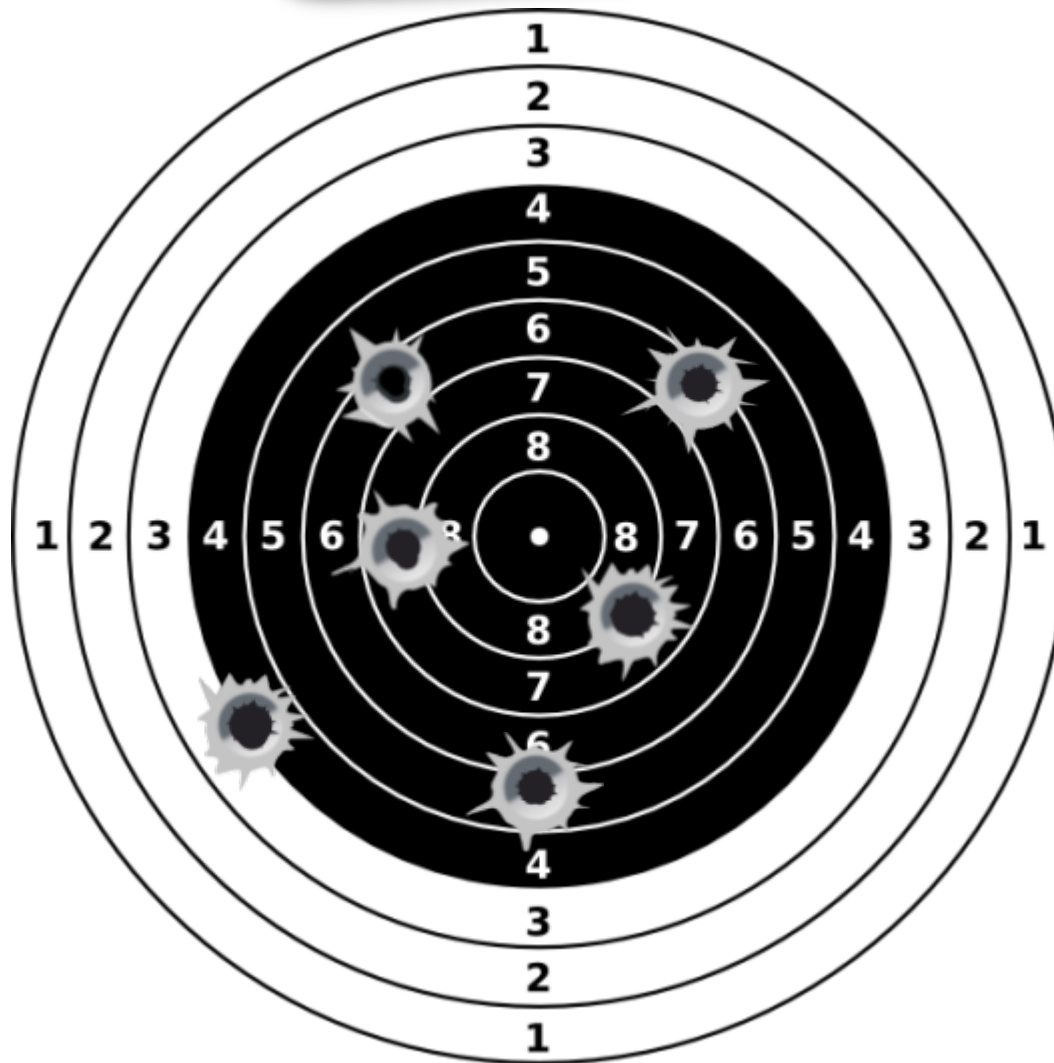


Grand Haven, MI – Business Assistance Team

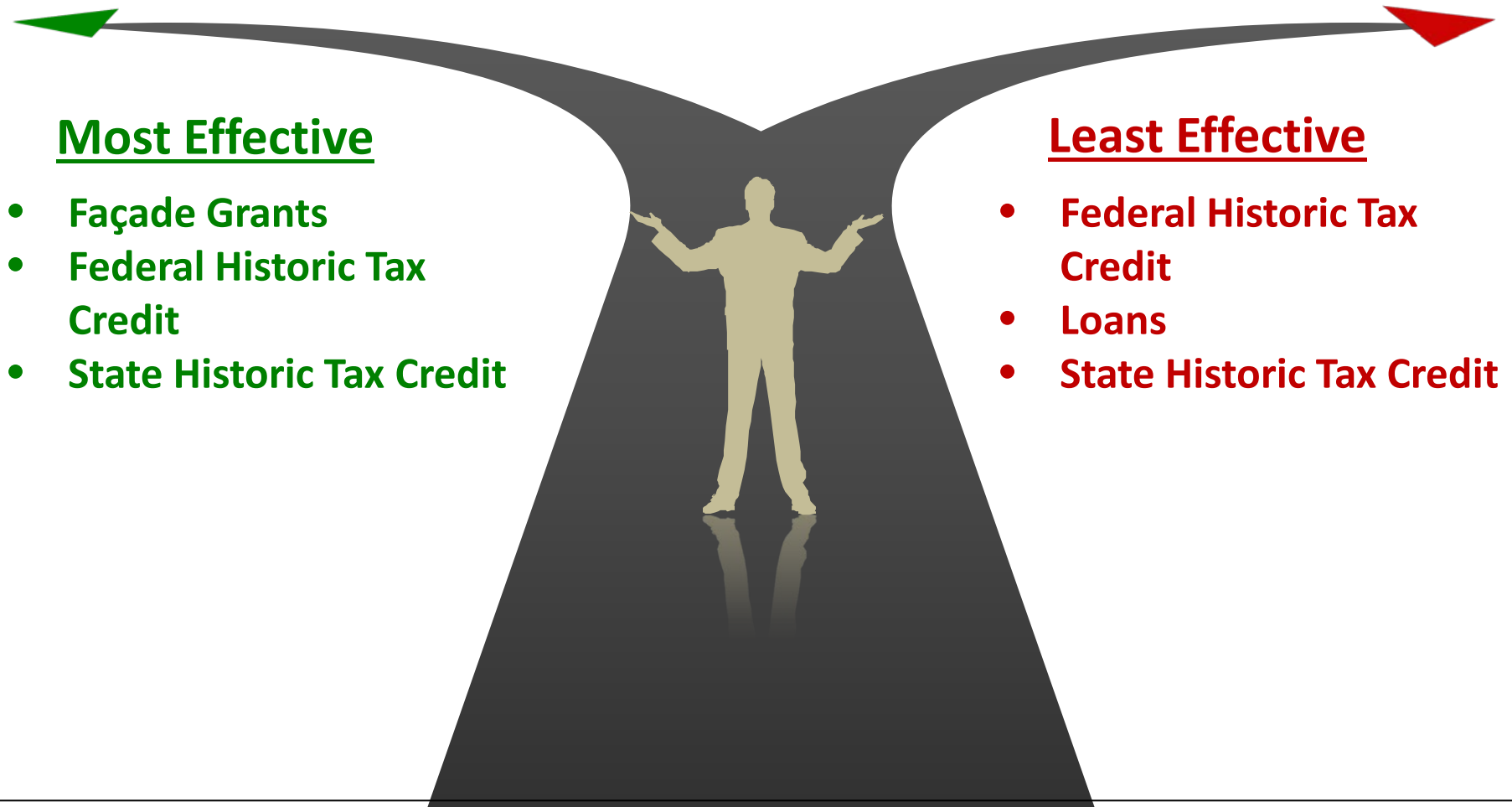
- MS staff of 1
- Business assistance pro bono by local businesses, accounting, legal, real estate, banking, window/storefront design
- Confidential one-on-one meetings



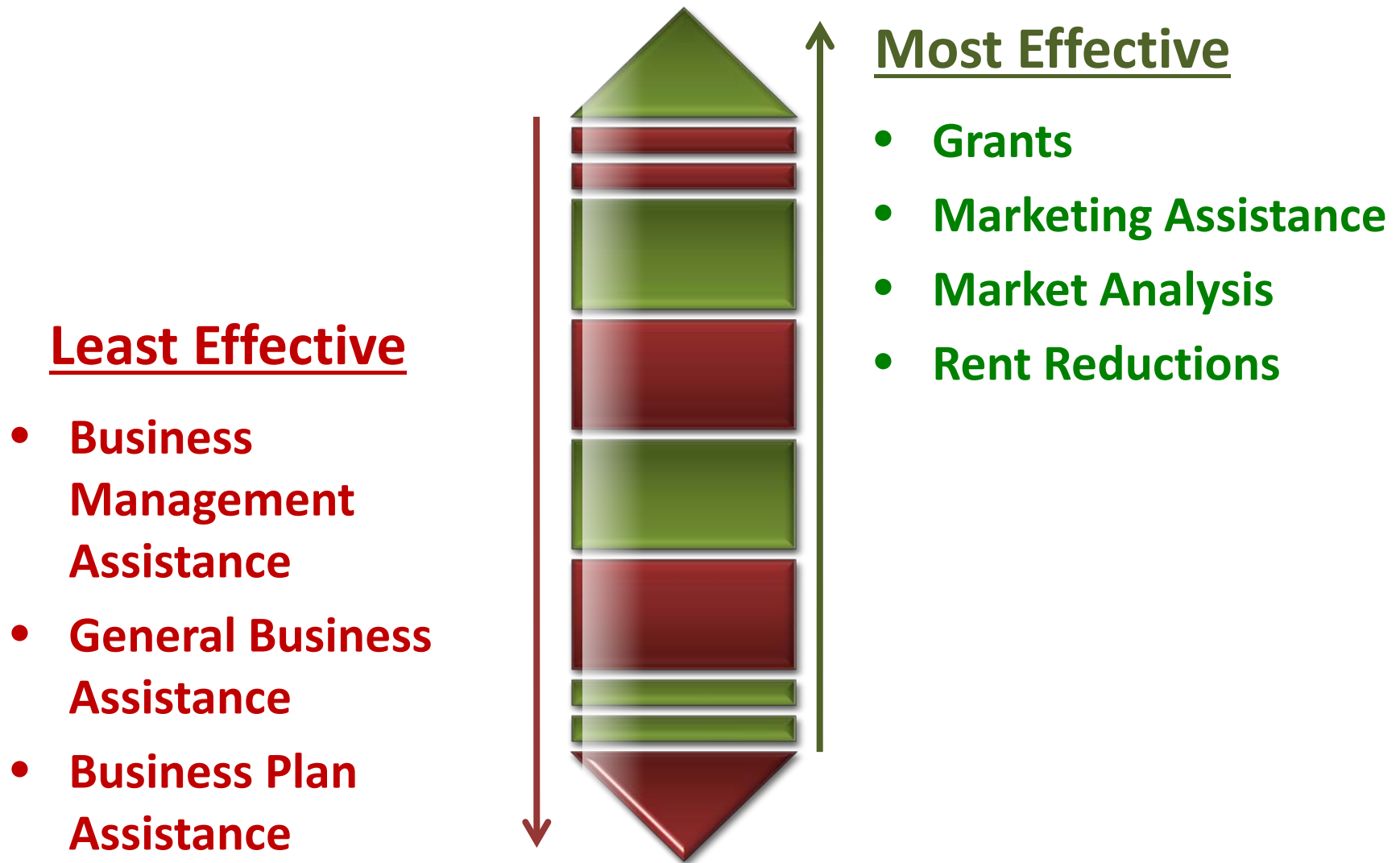
When Incentives work; Conclusions



Effectiveness of Building Incentives

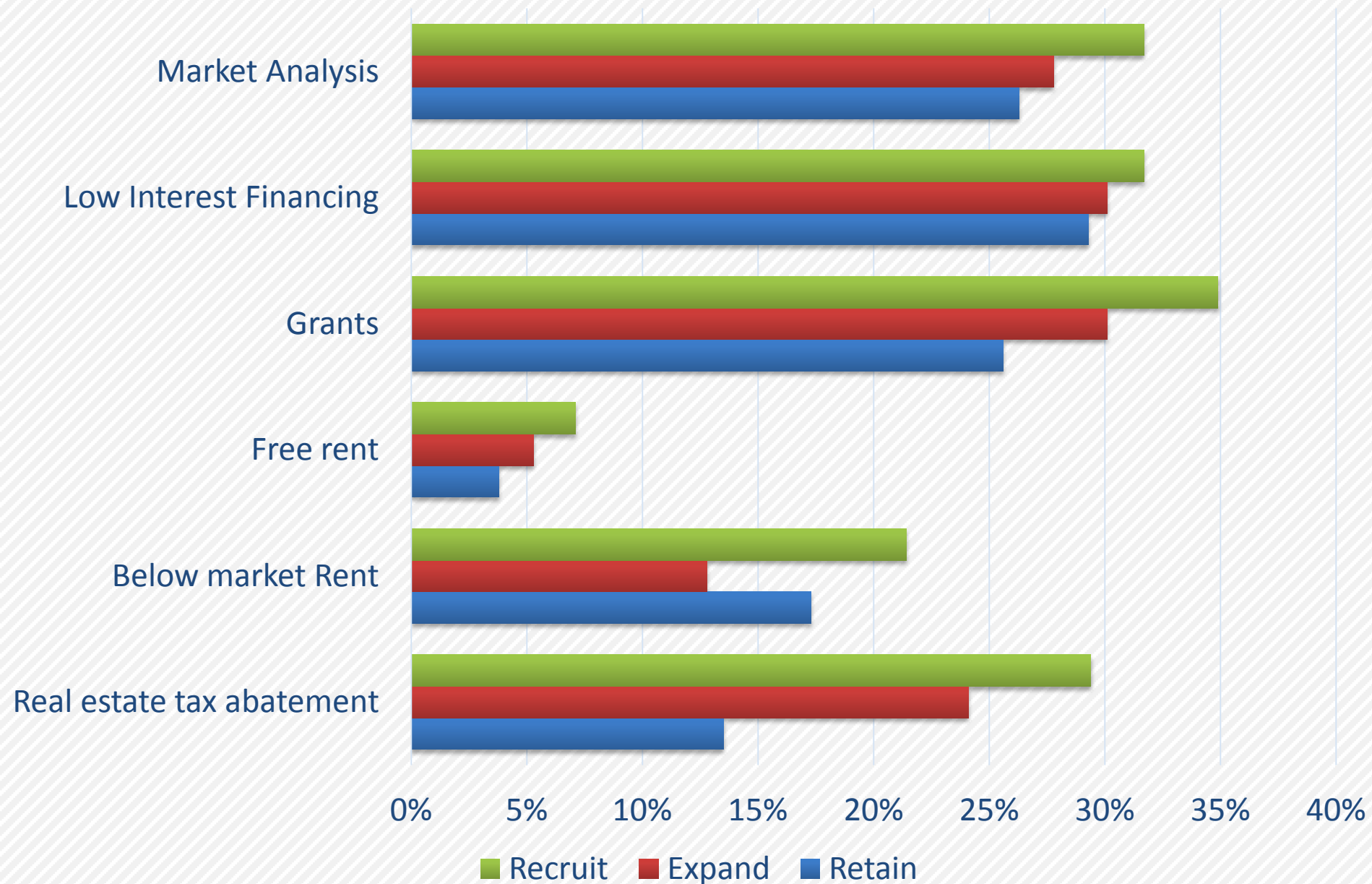


Effectiveness of Business Incentives



Who Gets Incentives?

Retain, Expand, Recruit



Incentives Work Best When...

Directed to a particular need

Directly related to the gap

Paired with appropriate regulations

Clearly communicated

Actively marketed

Simple in implementation

Within an overall public policy objective

Depoliticized

Q & A

