

“Preservation is not only about recapturing the historic spirit of place, it’s about finding new uses and addressing community needs as well.”

—Richard Moe, President, National Trust for Historic Preservation

NATIONAL TRUST LOAN FUND

residential rehabilitation

CASE STUDIES

The National Trust for Historic Preservation believes strongly that historic preservation is an effective economic development tool for revitalizing urban neighborhoods. The widespread demographic and economic shift to auto-oriented suburbs has left many historic communities struggling with high crime rates, low homeownership levels and blighted properties. Through its more than 35-year old loan program, the National Trust for Historic Preservation has helped counter these trends by providing debt financing for the acquisition and rehabilitation of historic homes in communities of all income levels across the country. Whether the borrower is a non-profit preservation organization, a municipality or a community development corporation, these entities share the National Trust for Historic Preservation’s conviction that revitalizing our nation’s historic neighborhoods is integral to preserving a sense of community. At a time when national chains, big box retailers and cookie-cutter suburban mansions dominate the landscape, it is increasingly important that economic development efforts incorporate a neighborhoods unique identity and character to truly achieve vibrant, livable communities.

The chart on the following pages profiles several organizations dedicated to a preservation-based community development approach. Each group employs a customized strategy based on key factors, including the threatened community or housing type, opportunities for public and private partnerships, design ideals, affordability and the organization’s strengths. The chart format is intended to facilitate an at-a-glance comparison of each organization’s unique strategy for stimulating community revitalization through preservation in their historic neighborhood.

HERITAGE HOUSING PARTNERS (HHP)

Pasadena, CA • tel. 626. 403.4663 • www.pasadenaheritage.org/hhp.html

ORGANIZATIONAL AND PROGRAM INFORMATION

Organization

HHP was founded in 1998 as the real estate arm of Pasadena Heritage, a nonprofit citywide preservation organization. Its mission is to rehabilitate historic properties for resale to low- and moderate-income homebuyers.

Program Focus

HHP purchases historic houses, rehabilitates them using sound preservation principles and practices, and then sells them to new homeowners with financial assistance to make them affordable. The homeownership program targets properties that contribute to neighborhood distress, abandoned, foreclosed and dilapidated houses or those that have stagnated on the market. By investing in troubled properties, and reviving them through careful rehabilitation, HHP creates "new" homeownership opportunities for income qualifying buyers. By increasing the number of local stakeholders, the program also builds neighborhood pride.

Project Area

Pasadena and San Gabriel Valley's historic housing dates from the early 1900s. Much of HHP's work is concentrated in northwest Pasadena—a predominantly minority area with a high population density, a large percentage of renters and low household incomes.

THE FINANCIAL PICTURE

Organizational Support

Operating support grants were awarded by Fannie Mae and Washington Mutual, among others.

Program Support

City of Pasadena line of credit (\$1,070,000);
City of South Pasadena line of credit (\$200,000);
National Trust Loan Fund line of credit (\$350,000).

Support for Homeowners

HHP's financial assistance consists of low interest, deferred second mortgage loans (from \$47,000 to \$100,000) for low and moderate income first-time homebuyers who are purchasing houses rehabbed by HHP.



REVITALIZATION APPROACH AND RESULTS

Approach

HHP acquires vacant, foreclosed and dilapidated properties to create "new" homeownership opportunities without displacing existing residents. Properties to be acquired by HHP are identified with help from brokers, REO from lenders and from the City. They are purchased outright or optioned until financing can be secured.

Houses are rehabilitated by HHP in accordance with the Secretary of Interior's Standards. Once completely rehabbed, they are sold to low- and moderate-income homebuyers. Generous terms from the City have helped HHP keep the rehabilitated homes at an affordable asking price. Buyers are sought about 3-4 months ahead of completion. Properties are sold with conservation easements.

Results

Four homeownership projects are completed, five are under construction, and a 24-unit project is under development.



FELICITY STREET REDEVELOPMENT PROJECT, INC. (FSRP)

New Orleans, LA • tel. 504.581.3701 • www.felicitystreet.org

ORGANIZATIONAL AND PROGRAM INFORMATION

Organization

FSRP is a tax-exempt public charity created to revitalize the Central City Historic District in New Orleans. The organization operates with one full-time staff person, one part-time employee and about 10 volunteers.

Program Focus

FSRP acquires endangered properties, stabilizes them and sells them to owner-occupants and small businesses in the Lower St. Charles Avenue Corridor, a Save America's Treasures neighborhood: This is part of FSRP's overall revitalization plan to stabilize the remaining 19th century building stock, attract market-rate residential and small-scale commercial owners to the area, and reinforce and improve the residential quality of the neighborhood by working with existing property owners. This involves: 1) rehabilitating or assisting others to rehabilitate historic structures in the area, especially 19th century buildings, 2) ensuring that new construction is consistent with the scale, character, and ambiance of the area by providing assistance to builders and supporting appropriate municipal regulations, 3) developing a comprehensive plan for the area, and 4) promoting legislation that advances the Project's purpose.

Project Area

FSRP activity focuses on approximately 36 blocks of the nationally-listed Central City Historic District. The buildings there range in age from 80 to 150 years old.



THE FINANCIAL PICTURE

Organizational Support

FSRP receives project-based and unrestricted grants from foundations and private donors. FSRP also owns several investment properties in the neighborhood. The net rental income from these properties funds the FSRP operating budget.

Program Support

FSRP's loan pool has fluctuated from \$450,000 - \$800,000 over the years. These monies are a combination of borrowed funds and grants. FSRP has had several lines of credit, including one from the National Trust Loan Fund, one from a local bank and one private loans.

Support for Homeowners

FSRP does not offer financing to homebuyers but has established a relationship with a local lender. This relationship has helped facilitate the purchase of several properties. FSRP also refers purchasers to Operation Comeback (a Preservation Resource Center program that promotes the purchase and rehabilitation of vacant historic properties) for assistance on how to use various tax credits and work with other lenders.

REVITALIZATION APPROACH AND RESULTS

Approach

Properties may be acquired from tax sales, the city's blighted list, rescued from developer demolition threat and from private sales. Rehabs are taken to varying levels depending upon the condition of the building and its marketability. FSRP also considers the ability of the purchaser to complete the rehab. Additional work may be done to ensure the property is rehabbed to a level that the purchaser can then complete.

Results

Since 2000, 19 properties have been sold. FSRP currently has 22 units under development (16 rental and 6 for purchase).

KNOX HERITAGE INC. (KH)

Knoxville, TN • tel. 865.523.8008 • www.knoxheritage.org

ORGANIZATIONAL AND PROGRAM INFORMATION

Organization

Knox Heritage is a non-profit preservation organization dedicated to acquiring, rehabilitating and selling historic properties in the urban neighborhoods surrounding downtown Knoxville. It was founded in 1974 and was sustained mostly by volunteers until the hiring of a full-time executive director. KH also employs a program director for its residential rehabilitation program, Inner City Ventures, and an administrative support person.

Program Focus

KH's Inner City Ventures initiative acquires, rehabilitates and sells homes in historic Knoxville. It also works with local lenders and the local affordable housing group to obtain loans and other financing for homebuyers of these houses.

Project Area

Three local historic districts in Knoxville are the target areas for Inner City Ventures. In the city of Knoxville, 43% of the housing stock was built before 1959. The metropolitan population is 687,000 and the city's is 174,000.

THE FINANCIAL PICTURE

Organizational Support

KH funding has included a \$250,000 line of credit from the National Trust Loan Fund, and a \$100,000 line of credit/ \$35,000 reserve fund from the East Tennessee Foundation.

Program Support

Inner City Ventures receives funding through contracts with the City of Knoxville and Knoxville's Empowerment Zone Program, private donors, lease income, consulting fees and special events.

Support for Homeowners

Knox Heritage does not create new sources of financial assistance for homebuyers but it does work with local lenders and affordable housing groups to facilitate access to financing.



REVITALIZATION APPROACH AND RESULTS

Approach

Knox Heritage obtains properties through the private real estate market and through the City's Homemakers Program. This program makes blighted properties available for sale to non-profit and for-profit developers. Houses are optioned and marketed to potential buyers. The properties are then rehabbed according to the buyer's taste and budget. KH does not attach any conditions for resale.

Results

To date, Knox Heritage has rehabilitated and sold four properties.

PROVIDENCE PRESERVATION SOCIETY REVOLVING FUND (PPSRF)

Providence, RI • tel. 401.831.7440 • www.ppsri.org

ORGANIZATIONAL AND PROGRAM INFORMATION

Organization

Established in 1980, PPSRF is a tax-exempt organization affiliated with Providence Preservation Society. It works to revitalize low- to moderate-income historic neighborhoods and in downtown Providence. It is guided by a nine-member Board. There is five paid staff, including an architect and two rehabilitation specialists.

Program Focus

PPSRF provides rehabilitation loans and acquires and rehabilitates abandoned properties in target neighborhoods and downtown. The organization also provides tax certification and monitoring construction services to Providence CDCs to encourage their rehabilitation of large historic buildings for affordable housing.

Project Area

PPSRF targets its resources to low- and moderate-income historic neighborhoods, concentrating its programs in the Armory District and Elmwood neighborhoods. Providence is a city of 165,000 with a median income of \$54,000.



THE FINANCIAL PICTURE

Organizational Support

Thirty-five percent of organizational funds come from Community Development Block Grants; 35% from fees for services and developers fees; 20% from interest income from loans, and 10% from Rhode Island Housing and Mortgage Finance.

Program Support

The neighborhood loan pool is \$1.9 million and is supported by Community Development Block Grants, HOME funds, banks, the SHPO and corporations and foundations. The commercial loan pool is \$7.1 million and is supported by a program related investment from the Rhode Island Foundation.

Support for Homeowners

PPSRF provides rehabilitation loans for homeowners and also works with HOME and various city and federal programs to make other sources of financing available to new buyers.

REVITALIZATION APPROACH AND RESULTS

Approach

PPSRF provides plans and specifications and monitors construction free-of-charge.

Results

There are 320 completed rehabilitation projects; 28 of which were directly acquired by PPSRF.

CLEVELAND RESTORATION SOCIETY (CRS)

Cleveland, OH • tel. 216.426.1000 • www.clevelandrestoration.org

ORGANIZATIONAL AND PROGRAM INFORMATION

Organization

Formed in 1972, the mission of CRS is to preserve northeast Ohio's architecture through education, advocacy, and innovative programs. These include Neighborhood Historic Preservation Program (NHPP), Heritage Home Loan Program (HHLP) and Sacred Landmarks Assistance Program. CRS has 14 paid staff.

Program Focus

NHPP and HHLP offer low-interest long-term home equity loans and technical assistance to owners of houses built before 1954 that have no vinyl or aluminum siding. Financing may be used for projects such as new roofs, painting, landscaping, window repair, kitchen renovations, etc. Areas of technical assistance include the conservation of building materials, historic color schemes, appropriate repair and replacement of damaged architectural features and the maintenance of older homes.

Project Area

NHPP is available to participating wards in the City of Cleveland (councilpersons must renew annually to have the program in their ward). These wards tend to contain historic neighborhoods with large numbers of low-income residents and blighted housing. HHLP is available to fourteen of the area's more affluent city and suburban neighborhoods. Cleveland's city population is 500,000 and its county population is about 1 million. The housing stock dates to the 1860s and 1940s.

THE FINANCIAL PICTURE

Organizational Support

Twenty-nine percent of revenue comes from the Neighborhood Historic Preservation Program. This is derived from CDBG funds directly from the City of Cleveland Department of Community Development and individual allocations from council representatives in whose wards we work; 20% comes from Heritage Home Loan and allocations from individual council reps. in Cleveland and participating suburban municipalities; 17% is from the Preservation Resource Center of Northeastern Ohio, which is funded by foundations; 16% from Annual Fund and individual contributions; 10% from Sacred Landmarks Assistance Program, which is funded through foundations and an annual Sacred Landmarks Benefit, and 8% from CRS' Membership Program and events.

Program Support

Funds come from Key Bank. A Link-deposit from City CDBG funds (NHPP) and County Treasurer (HHP) is used to buy down the rate.

Support for Homeowners

CRS provides low-interest loans through two initiatives, NHPP and HHLP. NHPP offers a 1.5%, 12-year term home equity loan for residential rehabilitation. HHLP financing has no income restrictions nor are there charge closing costs or points.



REVITALIZATION APPROACH AND RESULTS

Approach

Homeowners can use NHPP or financing or consulting services for a large variety of home maintenance and improvement projects, ranging from small improvements to total rehabilitation. CRS staff develop customized specifications for the contractor bidding process, help locate qualified contractors and draw up the contract between the homeowner and contractor. CRS emphasizes the exterior and curb appeal of the rehabilitation work. CRS also provides substantive, free-of-charge technical assistance.

Results

To date, one house has been acquired, one lot purchased, and one property transferred to CRS for relocation. In addition, three single-family homes and two apartment buildings were acquired through receivership. Since September 2001, HHLP staff have made over 600 site visits and closed 120 loans valued at over \$4 million in community reinvestment. NHPP has facilitated \$13 million in reinvestment over eleven years.

HISTORIC MACON FOUNDATION (HMF)

Macon, GA • tel. 478.742.5084 • www.historicmacon.org

ORGANIZATIONAL AND PROGRAM INFORMATION

Organization

Formerly known as Macon Heritage Foundation, HMF is a private, non-profit membership organization formed in 1975 to promote the preservation, restoration and revitalization of Macon's (GA) historic districts.

Program Focus

The objective of HMF's Neighborhood Revitalization program is to restore neighborhoods to predominately owner-occupied residential status and to create an environment where residents' pride in their neighborhood would reduce crime and maintain the properties. Creating greater public awareness of the benefits of preservation is key to the program's success.

Project Area

HMF's work to date focused on the Huguenin Heights and Tatnall Square Heights neighborhoods within the Macon Historic District. Huguenin Heights features two-story Queen Anne houses averaging 2300 square feet, most of which were built in the late 1800s. Largely because of interstate highway construction in the 1970s, Huguenin Heights was riddled with deteriorating housing and high crime rates. The Tatnall Square Heights neighborhood was developed between 1897 and 1930. Most of the houses are one-story Queen Anne and late Victorian vernacular cottages. In 1999, at least 50% of the houses in this area were in sub-standard condition due to leaking roofs, aging porches, rotten siding, antiquated electrical and plumbing systems, and/or inadequate heating, cooling and insulation.

THE FINANCIAL PICTURE

Organizational Support

HMF is funded by memberships, donations, grants and fundraising events. The Neighborhood Revitalization program's funding has included grants, capital campaigns and lines of credit from the National Trust Loan Fund and local banks. Sources include: the Knight Foundation, Porter Foundation, Fickling Family Foundation, Grassmann Trust, Mercer University, First Union National Bank, Peyton Anderson Foundation, George and Ann Hatcher Foundation, Brown & Williamson Tobacco Co., and Central Georgia Eye Center.

Support for Homeowners

HMF does not offer financial assistance to homebuyers but other program partners offered incentives. For example, nearby Mercer University offered a stipend for faculty/staff that purchase homes in Huguenin Heights and Tatnall Square Heights neighborhoods. The City of Macon provided subsidies to moderate-income buyers. First Liberty Bank and Bank of America (then known as Nations Bank) waived or reduced closing costs for eligible buyers.

REVITALIZATION APPROACH AND RESULTS

Approach

Once a residential property is acquired, HMF markets the home for purchase. A potential buyer puts \$1,000 down, signs an agreement to contract and HMF removes the property from the market. The potential buyer reviews the rehabilitation plans and may make requests (i.e. a privacy fence or a deck). These requests are added to the final price. The potential buyer then commits another \$1,000 and signs a Contract to Purchase. The house is then fully renovated after about five months, including a new roof, wiring, plumbing, insulation, cabinets, countertops, etc. Most houses have tax abatement at the pre-rehab value. HMF only acquires rental property, vacant houses or vacant lots for compatible infill construction. A model house was created in Huguenin Heights using a foundation grant. It proved very helpful in marketing the neighborhood.

Results

A total of 16 single-family houses were rehabbed for sale in Huguenin Heights. Crime abated by 85% and property values more than doubled. In Tatnall Square Heights, 13 houses were rehabilitated for single family owners and three infill houses were built.

HISTORIC LANDMARKS FOUNDATION OF INDIANA (HLFI)

Indianapolis, IN • tel. 317.639.4534 • www.historiclandmarks.org

ORGANIZATIONAL AND PROGRAM INFORMATION

Organization

HLFI was founded in 1960 in response to the increasing number of historic buildings needlessly demolished in the name of "progress". Since its creation, HLFi has worked to save hundreds of Hoosier landmarks and raise public awareness of the benefits of historic preservation. It is the nation's largest local or statewide preservation organization. It has a 30-member board of directors and a staff of 45 professionals operating out of nine offices around the state. HLFi operates a real estate arm called Fund for Landmark Indianapolis Properties (FLIP).

Program Focus

FLIP has focused its attention on historic rehabilitation and new construction in neighborhoods that are often overlooked by the traditional real estate market. Special attention is paid to endangered houses and small commercial units.

Project Area

FLIP targeted its programs in Fall Creek Place, a designated Homeownership Zone just north of downtown Indianapolis. This 54-acre area was platted in the late-1800s and early-1900s and displays many of the prevailing architectural styles of the era, such as Queen Anne and Craftsman. The houses are between 1,700 and 2,800 square feet. Demographically, Fall Creek Place is very different from the rest of Marion County. Its unemployment and abandoned housing rates are much higher than the county and its owner-occupied levels and median income numbers are much lower than the county.

THE FINANCIAL PICTURE

Organizational Support

Contributions, grants, interest on endowed funds, and annual dues received from members finance HLFi's work.

Program Support

HLFI has total assets of \$1.2 million. Its resources for the Fall Creek Place program have included its existing revolving fund; charitable contributions; grants from foundations; a line of credit from the Indianapolis Neighborhood Housing Partnership, Citizens Gas and the National Trust Loan Fund. Other partners include the City of Indianapolis, King Park Area Development Corporation, Mansur Development, Citizens Gas, Fannie Mae and other private investors on the Fall Creek Place project.

REVITALIZATION APPROACH AND RESULTS

Approach

Fall Creek Place homeowners are eligible for special financing products from several banks. Some grant funds are available for buyers who are at or below 80% of area median income.

Results

To date, FLIP has rehabilitated or is in the process of rehabilitating 18 homes in the Fall Creek Place neighborhood. The re-sale prices have ranged from \$94,000 to \$300,000.



HISTORIC CHICAGO BUNGALOW ASSOCIATION (HCBA)

Chicago, IL • tel. 312.642.9900 • www.chicagobungalow.org

ORGANIZATIONAL AND PROGRAM INFORMATION

Organization

The Historic Chicago Bungalow Association is a non-profit organization, chartered by the state of Illinois that administers the Historic Chicago Bungalow Initiative. The Association's mission is to preserve the Historic Chicago Bungalow and to assist homeowners, through education and resources, in adapting the bungalow to meet their current needs. Staff includes a part-time Executive Director, a full-time Assistant Director, two consultants (architecture and public relations) and interns. Some of HCBA's work is delivered by city staff.

Program Focus

The Historic Chicago Bungalow Initiative was launched in 2000. It is a joint effort of HCBA, the City of Chicago, Chicago banks and realtors. HCBA facilitates homebuyers' access to conventional loans and provides grants, rebates, vouchers, vendor discounts and building permit assistance. Financial incentives extend only to certified Historic Chicago Bungalows. The homeowner also must make it his/her primary residence. Educational programs include workshops, expositions, newsletters, web site, and community meetings.

Project Area

The Initiative is specific to a housing type, rather than an income level or target area. The focus is the 80,000 bungalows built between 1910-1940 that surround the core of the city. They constitute nearly one-third of the city's single-family housing stock.

THE FINANCIAL PICTURE

Organizational Support

HBCA is funded by the City of Chicago's Department of Housing. The 2002 budget was \$425,000. Additionally, HCBA received grants and donations totaling \$20,000. The grants and rebate funds are from the Chicago Department of the Environment and the matching rehab grants for low and very low income households are from the Illinois Housing Development Authority passed through the HCBA.

Program Support

The conventional loan pool is unlimited, the City mortgage bond fund is tied to the City bond cap (set by HUD) and the matching grant fund is \$750,000. The incentive fund for energy efficient appliances is approximately \$1 million.

See "Organizational Support" for additional information.

Support for Homeowners

See "Approach".



REVITALIZATION APPROACH AND RESULTS

Approach

HCBA does not acquire or rehabilitate properties but the Initiative does offer a variety of financial incentives for both the purchase and the rehabilitation of bungalows. Buyers who meet certain income and purchase price criteria may qualify for a Bungalow Mortgage, consisting of a "gift" equal to 4% of the mortgage amount to be used as the down payment or for other costs; below-market mortgage rates, and a \$1000 voucher for an energy efficient appliance. Participating "Bungalow lenders" also lend at competitive rates (the City of Chicago bond fund may be used for middle-income households.) Rehabilitation incentives include: energy saver grants for improvements to heating and cooling systems; energy -efficient appliance vouchers and restricted-income grants for general rehabilitation work. The Illinois Housing Development Authority also offers grants for exterior envelop improvements that are matched 100% by HCBA. There is also a Bungalow Rehab Tax Credit that provides families (that meet income guidelines) with an opportunity to receive an annual federal income tax credit for 50% of the interest (up to \$2,000) paid on their rehabilitation loan.

Results

In less than two years, HBCA received 13,000 requests for information, certified 2500 homes, provided vouchers to 500 owners and held 35 community meetings and a Historic Chicago Bungalow Expo.

ABOUT THE NATIONAL TRUST LOAN FUND

The National Trust Loan Fund has more than 35 years of experience in supporting preservation-based community development projects across the country. As a certified Community Development Financial Institution, it has a mission of providing financial and technical resources to organizations that use historic preservation to support the revitalization of underserved and distressed communities. NTLF specializes in predevelopment, acquisition, mini-permanent, bridge and rehabilitation loans for residential, commercial and public use projects. Eligible borrowers include not-for-profit organizations, revitalization organizations or real estate developers working in certified Main Street communities, local, state or regional governments, and for profit developers of older and/or historic buildings.

National Trust Loan Fund

**NATIONAL TRUST FOR
HISTORIC PRESERVATION®**

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