
G. Potential Financial Incentives for Chaska Historic Building Owners

While there are many reasons to preserve, restore, rehabilitate, and recycle old buildings, financial incentives can be the most tangible. Financial incentives for rehabilitation have been developed on the local, state, and national levels. Rehabilitation of commercial buildings may qualify for several basic types of financial incentives: grants, below-market-rate loans and/or tax credits.

- *Initial Architectural Feasibility Grant*

Up to \$500 is available from the City of Chaska Economic Development Authority to evaluate and develop design recommendations for appropriate treatment of historic buildings. Contact the Community Development Office for further information and grant application guidelines.

- *Storefront Rehabilitation Loans*

Maximum amounts available from this revolving loan fund range from a maximum of \$10,000 for a building smaller than 5,000 s.f. up to \$50,000 for buildings over 10,000 s.f. in area. These loans are available at rates that are up to 3% below prime rate and may,

in some instances, require matching amounts of financing from the property owner. The application process for these loans requires a business plan that shows financial ability to repay the loan.

- *Tax Increment Financing (TIF)*

Tax Increment Financing uses increased property value after redevelopment to pay for public financing of redevelopment costs. It may provide public funds for the redevelopment or rehabilitation of blighted or deteriorated areas of the city. Construction of low and moderate income housing, the promotion of economic development, and employment opportunities in the TIF district are examples of qualifying project types.

The City of Chaska has established portions of the downtown as a tax increment/redevelopment district. Thus, tax increases generated in the district may be utilized to make public improvements to the area, such as parking lots, land acquisition, and other projects. Tax Increment Financing was utilized in the redevelopment of the Chaska Mill project.

Historic Preservation Tax Credits

- *Federal Historic Preservation Tax Credits*

Available to qualified building owners interested in substantially rehabilitating historic buildings. Income-producing, nonresidential buildings constructed before 1936 may qualify for a 10% investment tax credit.

National Register Commercial Historic District buildings that are certified as contributing to the significance of the district, qualify for a 20% tax credit and additional benefits. The program is designed to maximize private investment in the rehabilitation of commercial, industrial, and rental residential buildings. Buildings rehabilitated by their owners using the certified Historic Tax Credits include the Simons Livery building.

Application for these credits is subject to review and approval by the State Historic Preservation Office, National Park Service, and Internal Revenue Service.

- *Transportation Enhancement Funds*

Available from the Minnesota Department of

Transportation under auspices of the Federal Highway Administration, this program requires participation of the City of Chaska for properties contiguous to and relating to highways and rail corridors. Examples of projects that may qualify would be the Minneapolis & St. Louis Depot, Philip Riedele House, and properties along T.H. 41 (Chestnut Street). Consult the Community Development Office at City Hall for guidance in this program.

Facade Easements

- *Preservation Alliance of Minnesota*

Through the City of Chaska, a building facade can be donated to the Heritage Preservation Commission to access low interest loans. This program is most beneficial for historic buildings requiring major investment.

The Preservation Alliance of Minnesota, as a nonprofit preservation organization, can also accept facade easements for buildings listed on the National Register or as a contributing part of a National Register district. With the donation of the easement, the property owners can also claim a charitable deduction on their federal income taxes for the appraised value of the facade.

- *National Trust Preservation Loan Fund*

Tax-exempt nonprofit organizations or local governments seeking to rehabilitate historic properties may qualify for this program, administered by the National trust for Historic Preservation. Visit the web address in the front of this guide for the National Trust or the Trust's Main Street Center.

The National Trust for Historic Preservation issues grants to increase the flow of information and ideas in the field of preservation, stimulate public discussion, enable local groups to gain the technical expertise needed for particular projects, introduce students to preservation concepts and crafts, and encourage participation by the private sector in preservation. For more information on these financial programs, please contact the Chaska Community Development Department at City Hall (952 448-2851, Ext. 243).