

APPENDIX



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A.1 Incentives

A.1.1 GRAPEVINE TOWNSHIP REVITALIZATION PROGRAM (GTRP)

The City of Grapevine recognizes restoring and rehabilitating our architectural history is important towards our goal of preserving our cultural heritage.

To that end, the City Council created the Grapevine Township Revitalization Project (GTRP), Inc. to assist property owners in appropriately restoring, preserving and reconstructing the historic homes within the Township. GTRP provides at no charge, architectural design assistance, and in some cases, construction drawings, for homeowners wishing to restore, preserve or rehabilitate their historic homes.

GTRP is also an active participant in rehabilitating historic homes. The program has accepted historic homes (through a charitable contribution) that would otherwise be demolished, relocated the house, restored and resold the property for private home ownership.

The Township is the area bounded by Northwest Highway to the north, Railroad tracks to the south, Ball Street to the west and Austin and Wood Streets to the east.

A.1.2 GTRP GRANT PROGRAM

In addition, the City Council authorized the execution of a matching grant program for exterior revitalization of privately owned historic homes within the Township. Grants are awarded on a 2 to 1 matching basis up to \$10,000 for owner occupied houses and on a 1 to 1 matching basis up to \$5,000 for residential rental houses. All funds are reimbursed after the approved work is completed, paid for and receipts delivered to the Township Coordinator.

Approximately \$50,000 in matching grants are available each City of Grapevine Fiscal Year

(October-September). Examples of modifications eligible for grant assistance are the following:

- Roof repair or replacement
- Restoring a historic porch
- Removing non-historic siding
- Repairing historic wood siding
- Exterior painting
- Repairing original doors and windows
- Foundation repair

A.1.3 GTRP LOW INTEREST LOAN PROGRAM

Four local banks have also committed to assisting in preserving, restoring and rehabilitating our historic homes. They have agreed to provide low interest loans (of up to \$30,000 at the Wall Street Journal prime rate less 1%) to assist with the matching requirements of the grant program. The low interest loans may also be used for interior and exterior work, however, not in conjunction with the grant program.

A.1.4 HUD 203K MORTGAGE

The Federal Housing Administration (FHA), which is part of the Department of Housing and Urban Development (HUD), administers various single-family mortgage insurance programs. These programs operate through FHA-approved lending institutions, which submit applications to have property appraised and have the buyer's credit approved. These lenders fund mortgage loans which HUD insures.

The Section 203(k) program is HUD's primary program for rehabilitation and repair of single family properties. As such, it is an important tool for community and neighborhood revitalization and for expanding homeownership opportunities.

How does it work? Most mortgage financing plans provide only permanent financing for purchasing a property (i.e. the lender will not close on a property and fund the purchase until the condition and value of the property provide an adequate loan security). When rehabilitation is involved, the lender typically requires the work be completed prior to making a long-term mortgage. This involves the buyer getting a mortgage to purchase the property and securing one or more short term, interim construction loans at a typically higher interest rate to complete the rehabilitation. Once the work is completed, the owner will need to get another mortgage to pay off the short-term loans.

The Section 203(k) program eliminates the middle loans. The borrower can get just one mortgage loan, at a long-term fixed (or adjustable) rate, to finance both the acquisition and the rehabilitation of the property. To provide the rehabilitation funds, the mortgage amount is based on the projected value of the property with the work completed, taking into account the cost of the work.

A.1.5 INVESTMENT TAX CREDITS

Federal tax laws offer a unique incentive to taxpayers that contribute to the preservation of this nation's old and historic buildings. By rehabilitating directly or investing in the rehabilitation of eligible historic buildings, taxpayers can take advantage of personal income tax credits.

The federal income tax credit is equal to 20 percent of the cost of rehabilitating historic buildings or 10 percent of the cost of rehabilitating non-historic buildings constructed before 1936. These credits provide for a dollar for dollar reduction of personal income tax owed. The 20 percent credit is available for rental residential buildings, but neither credit is available for homes or apartments occupied by their owners.

The goal of the rehabilitation tax credit program is not to preserve a building as a museum, but instead, to put the buildings back

to use to meet current housing, retail, commercial and industrial needs. However, the work must be appropriate to the building's historic character.

A.1.6 PROPERTY VALUES

Grapevine is one of more than 50 cities across Texas that designates historic properties and areas as culturally significant. Local landmark and historic preservation commissions guide exterior rehabilitation of locally designated historic properties by working with property owners to achieve a positive community impact using sound and proven preservation techniques.

The Texas Historical Commission, through the cooperation of seven Texas Certified Local Governments, including the City of Grapevine and the Grapevine Heritage Foundation, participated in a study to report on the economic impacts historic preservation has on the Texas economy.

The study examined nine Texas cities and in all cities, historical designations stabilized property values. Seven of those cities (including Grapevine) showed significantly higher property values within designated historic districts when compared with similar but non-designated areas. In Grapevine, there existed as much as a 19 percent difference between a designated and non-designated area.

Property appraisers and assessors generally believe that the effect of designation is positive, especially on residential properties. As a part of this study, historic property appraisers gave high marks to historic designations and strongly recommended personal investments in historic districts because of the existing support for such investment.

A.1.7 FURTHER INFORMATION

For further information on any of the above mentioned incentives, please contact the Township Coordinator for the Grapevine Township Revitalization Program at:

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