

## **Section 18: Funding Opportunities**

Many opportunities exist for the Southern Maryland Heritage Area (SMHA) to acquire funding. Opportunities exist on the federal, state, local, and private levels and this section is designed to provide a listing of helpful funding sources available to the Southern Maryland Heritage Area. These funding initiatives are designed to assist the SMHA in seeking future support for its operations.

### **Federally Funded Programs**

At present, a federal funding structure exists for historic preservation initiatives and associated endeavors. As an important step to acquiring additional federal support, the SMHA should pursue “National Heritage Recognition” through a partnership with another regional Heritage Area, such as the Annapolis, London Town, and South County Heritage Area. This will make federal funding more readily available for Heritage Area use, thus allowing it to become a sustained entity. At present, many federal agency funding programs are compatible with the Southern Maryland Heritage Area’s mission. These funding opportunities will require further exploration, research, and management. The programs below supply a brief description of funding opportunities related to historic preservation initiatives:

**Federal Rehabilitation Tax Credits:** Federal tax credits are very useful in the restoration of historic properties. Displaying the tendencies of adaptive re-use, many of these sites and structures have been restored and then converted for other uses, such as senior housing. The Federal Rehabilitation Tax Credits enable owners of “income-producing certified historic structures” to garner assistance. Property listing on the National Register of Historic Places is considered designated certified status. Properties may also be considered if they are marked as contributing elements within an historic district. Criteria and Benefits include:

- Certified rehabilitation must follow the “Secretary of the Interior’s Standards for Rehabilitation.” (See standards at end of this Section)
- Structures designated for rehabilitation must be certified on the National Register of Historic Places or marked as contributing within an historic district.
- Credit amounts cover 20% of associated rehabilitation costs.
- Applications are available through the Maryland Historical Trust.

**National Trust for Historic Preservation:** The National Trust administers various loan and grant programs such as the *National Preservation Loan Fund* and the *Preservation Services Fund*. The former provides below-market rate loans to non-profit organizations and government agencies for acquisition and rehabilitation of historic properties (or the creation or expansion of revolving loan funds). The *Preservation Services Fund* provides matching grants to non-profit organizations, universities, and various public agencies for the initiation of preservation projects.

These funds can be used in acquiring professional architectural service support, law and planning, economics, and educational programs, addressing subjects of importance in the world of historic preservation. In addition, the *Johanna Favrot Fund* is also administered by the National Trust, offering grants ranging from \$2,000-\$25,000 to non-profit organizations, government agencies, profit generating businesses, and individual projects that may contribute to preservation initiatives. These funds may be used to acquire professional expertise in various areas, such as architecture, planning, archeology, media relations, and preservation education programs.

**Specific Federal Programs:** This is a list of specific federal programs applicable to SMHA activities. These programs supply funding and technical assistance to support Southern Maryland Heritage Area objectives. Opportunities offered by these programs will need to be researched and analyzed for compatibility with SMHA initiatives. These programs include:

- **Historic Preservation Fund Grants-In-Aid:** administered by the National Park Service, Department of the Interior.
- **Technical Preservation Services:** administered by the National Park Service, Department of the Interior.
- **National Center for Preservation Technology and Training:** administered by the National Park Service, Department of the Interior.
- **National Historic Landmark:** administered by the National Park Service, Department of the Interior.
- **National Natural Landmarks Program:** administered by the National Park Service, Department of the Interior.
- **Rivers, Trails, and Conservation Assistance:** administered by the National Park Service, Department of the Interior.
- **National Maritime Heritage Grants:** administered by the National Park Service, Department of the Interior.
- **Federal Transit Formula Grants:** administered by the Federal Transit Administration, Department of Transportation.
- **Promotion of the Humanities Federal/State Partnership:** National Endowment for the Humanities, the National Foundation of the Arts and Humanities.
- **Promotion of the Arts Leadership Initiatives:** National Endowment for the Humanities, the National Foundation of the Arts and Humanities.
- **Promotion of the Arts Grants to Organizations and Individuals:** National Endowment for the Humanities, the National Foundation of the Arts and Humanities.
- **Conservation Project Support:** administered by the Office of Museum Services, Institute of Museum Library Services, and the National Foundation of the Arts and Humanities.
- **Institute of Museum and Library Services:** administered by the Office of Museum Services, Institute of Museum Library Services, and the National Foundation of the Arts and Humanities.
- **Museum Assessment Program:** administered by the Office of Museum Services,

Institute of Museum Library Services, and the National Foundation of the Arts and Humanities.

- **Museum Leadership Initiatives:** administered by the Office of Museum Services, Institute of Museum Library Services, and the National Foundation of the Arts and Humanities.
- **Professional Services Program:** administered by the Office of Museum Services, Institute of Museum Library Services, and the National Foundation of the Arts and Humanities.

**Other Federal Funding Sources:** This is a list of Federal agencies, where funding can be acquired to support Southern Maryland Heritage Area technical assistance efforts, projects, and programs. Funding opportunities offered by these agencies will need to be researched and analyzed for compatibility with SMHA initiatives. These agencies include:

- The National Park Service;
- The United States Army Corps of Engineers;
- The Environmental Protection Agency; and
- The U.S. Fish and Wildlife Service.

## State Funded Programs

The state of Maryland offers various programs designed to provide funding for SMHA initiatives, as well as funding assistance for the physical rehabilitation and preservation of historic sites and structures. Most of these programs are administered by the Maryland Historical Trust (MHT) but State agency funding and technical assistance partnerships as a whole will be critical for the Southern Maryland Heritage Area in the initial stages of development. Some state programs that directly benefit the Southern Maryland Heritage Area include:

**Maryland Rehabilitation Tax Credits:** As part of the Maryland Heritage and Tourism Areas Act of 1996 (House Bill #1), a new tax credit program was created, providing incentives for the rehabilitation of historic buildings. Credits are available to owner-occupied residential properties as well as those that are commercial (e.g., income-producing). Program criteria and benefits are as follows:

Criteria:

- Rehabilitation must conform to the “Secretary of the Interior’s Standards for Rehabilitation.”
- In a 24 month period, rehabilitation expenditures must be substantial (exceeding \$5,000 for owner-occupied residential properties).

Benefits:

- Maryland rehabilitation tax credits equal 20% of the qualified capital costs in the rehabilitation of “certified heritage structures.”

**The Heritage Preservation and Tourism Areas Grants:** The Heritage Preservation and Tourism Areas Program is administered under the Maryland Heritage Areas Authority (MHAA, a subsidiary of the MHT). The program was designed to develop an approach to revitalization through the combination of heritage tourism and small business development with preservation, cultural conservation, and education initiatives. Financial assistance is provided to Recognized (RHA) and Certified (CHA) Heritage Areas. Once recognized by MHAA as an RHA, matching grants are provided for the development of a management plan. Once an RHA has become a CHA many benefits follow. Among these are the following:

- Matching grants of up to 50% to local jurisdictions or other appropriate entities for planning, design, interpretation, marketing, and programming.
- Broad program support from State government. The Departments of Housing and Community Development, Business and Economic Development, Natural Resources, Higher Education, Transportation and General Services must prepare program statements for all Certified Heritage Areas which detail agency actions that support the Area in planning, development, use, regulation and other assistance. In carrying out activities in Certified Heritage Areas, all State agencies must cooperate and coordinate with the management entity for the Area, and ensure that those activities are consistent with the management plan and will not have an adverse effect on the historical and cultural resources of the area unless there is no prudent and feasible alternative.

In addition to the benefits listed above, once a Target Investment Zone has been Certified it becomes eligible for:

- Matching grants of up to 50% and loans to local jurisdictions or other appropriated entities for property acquisition, development, preservation and restoration. Grants for such capital activities may only be made within five years of the date that Management Plan approval is given by the Authority unless the Authority determines that the project is essential for the success of the area.
- Tax credits, which are applicable to residential and commercial buildings (including non-historic significant structures in active tourism use) and can be used as an income tax or mortgage credit.
- Revenue bond financing, which includes low-interest loans for revenue generating projects, funding for demonstrated CHA needs, and potential source funding for “big ticket” projects.

**Maryland Historical Trust (MHT) Grant Fund:** The MHT Grant Fund includes three programs; the *Capital Historic Preservation Grant Program*, the *Non-Capital Historic Preservation Program*, and the *Historical and Cultural Museum Assistance Grant Program*. These grant funds are continual and non-lapsing, consisting of funds annually appropriated by the State of Maryland. Grants to fund capital projects include acquisition, restoration, and re-use of historic properties. Non-profits, local jurisdictions, businesses and individuals may apply for

grant funds but only non-profits and local jurisdictions are eligible for non-capital grants. A 50/50 match is required from all local jurisdictions for capital and non-capital projects. The maximum grant awarded is \$40,000 for activities ranging from research and survey work to development of educational programs and planning.

In addition, *Heritage Museum Enhancement Grants*, *Heritage Museum Mini Grants*, and *Heritage Museum Consultant Grants* are administered through the Historical and Cultural Museum Assistance Program.

- Heritage Museum Enhancement Grants range are awarded to community (budgets under \$100,000), regional (budgets from \$100,000 to \$500,000), and statewide (budgets over \$500,000) museums. Grant awards are based on a percentage of a museum's annual operating budget. At this time the percentages are: Community Museums—up to 8%, Regional Museums—up to 5%, Statewide Museums—up to 3%.
- Heritage Museum Mini Grants range from \$500-\$5,000.
- Heritage Museum Consultant Grants provide up to \$525 for technical assistance.
- None of these grants require matching funds.

**The Neighborhood Partnership Program:** this Department of Housing and Community Development (DHCD) program promotes partnerships between businesses and nonprofit organizations by allocating \$1 million in Maryland tax credits to support projects serving communities in Priority Funding Areas. The Neighborhood Partnership Program (NPP) supports nonprofit projects and community revitalization efforts by awarding allocations of state tax credits to the sponsoring organizations to use as incentives for business contributions. Any business may reduce its Maryland tax liability by contributing cash or goods to support NPP projects. The business earns credits equal to 50 percent of the contribution, in addition to deductions on both State and federal taxes as a result of the charitable contribution.

**Historic Preservation Revolving Loan Fund:** This MHT fund provides loans to non-profit organizations, local jurisdictions, businesses and individuals. Historic properties listed or eligible for listing on the National Register may acquire funds to rehabilitate or restore. Funds may also be used to initiate short-term studies, surveys, planning, architectural engineering, or other pre-construction evaluations. Low interest loan amounts average from \$100,000-\$300,000, however, recognized receivers must grant a perpetual historic easement to the MHT.

**The Easement Program:** The Easement Program is administered by the Maryland Department of Housing and Community Development (MDHCD). The purpose of the program is to ensure the perpetual preservation of historically significant properties through easements. In exchange for assistance (tax benefits are available for easement donations), property owners grant the State a perpetual easement for the historic property in question. Everyone benefits from the easement program, the State, County governments, and property owners.

**Preservation Maryland Grant and Loan Programs:** Preservation Maryland provides grant

funds up to \$5,000 and low-interest loans up to \$50,000 to non-profit organizations involved in preservation activities. Jointly administered by Preservation Maryland and MHT, is the *PM/MHT Special Grant Fund*. This fund is designed to supply up to \$5,000 to entities demonstrating special needs not met by other programs, usually priority designated areas.

**Environmental Review of State and Federally Assisted Undertakings:** The purpose of this program is to undertake an environmental review of all State/Federal projects (in conjunction with the assisting agency) in order to avoid contrary effects to historically significant properties. Eligible applicants include County governments, municipalities, individuals, and profit/non-profit organizations.

**Technical Assistance Services:** The State of Maryland provides many technical assistance programs. These programs are designed to assist communities and other organizations in the following areas: community planning, community transportation and environmental planning, historic preservation, and land-use planning. In addition many services are also provided such as computer modeling, topographic/planimetric and property mapping, planning management, as well as socio-economic data and forecasting. Specific technical assistance programs can be explored through the Maryland Office of Planning.

**Other State Funding Sources:** This is a list of other State agencies, where funding can be acquired to support Southern Maryland Heritage Area technical assistance efforts, projects, and programs. Many State agencies maintain programs that can assist the SMHA fulfil its mission. Funding opportunities offered by these agencies will need to be researched and analyzed for compatibility with SMHA initiatives. These Maryland agencies include:

- Department of Housing and Community Development Division of Historical/Cultural Programs
- Department of Transportation (ISTEA)
- Department of Natural Resources Program Open Space
- Department of Employment and Economic Development
- Maryland Historic Trust
- Maryland Office of Planning
- Neighborhood Business Development Program
- Maryland Office of Tourism Development

## **Locally Funded Programs**

Much like the State of Maryland, local County and Municipal support will be critical for the initial success of the Southern Maryland Heritage Area, and for sustaining the SMHA as well. Financial assistance can be sought at the local level or through organizations dedicated to similar purposes. The following are two examples of local sources of funding, however many more programs exist and will require further exploration and research:

**Certified Local Government Sub-Grants:** Sub-grant funds are a benefit provided to local governments who are actively participating in the Certified Local Government Program (which is a federal/state/local partnership). Certified status under this program stems from local government enforcement of state or local legislation aimed at the designation and protection of historic properties. In addition, local governments must establish and maintain a qualified historic preservation commission, a system for the survey and inventory of historic properties, provide for public participation in these activities, and other functions delegated by the state historic preservation officer. The CLG Sub-grant is a federally funded program through MHT's annual appropriation from the National Park Service. Funds may be used for a variety of projects, which include historic site research, National Register nomination development, community planning, public education, and archeology. CLG funds are available on a matching 60/40 basis, which requires applicants to cover 40% of the total project cost.

**Local Rehabilitation Tax Credits:** Local property tax credits are available for the rehabilitation of homes as well as income-producing designated historic buildings in a growing number of jurisdictions. They are typically provided either as an offset of property taxes owed by a percentage of the rehabilitation expenditure (up to ten percent), or an amount equal to the increase in property taxes resulting from the rehabilitation improvements for a period of up to ten years.

**The National Center for Preservation Technology and Training:** Located in Louisiana at Northwestern State University, the National Center for Preservation Technology provides support in the fields of archeology, historic architecture, historic landscapes, and material conservation and interpretation. Grant funds focus technical issues regarding preservation and conservation, which includes technical training. Federal laboratories, accredited museums, non-profit organizations, State historic preservation offices, and native tribal preservation offices are all eligible for these grants.

## **Private Foundations**

A key element to the sustainability of the Southern Maryland Heritage Area is private foundation funding. Private foundations supply added sources of revenue in addition to federal, state, and local support, helping the SMHA achieve its goals and objectives. Private income sources will mitigate SMHA reliance on federal, state, and local sources, allowing more flexibility in operations and a better chance of survival and success. As a goal, the SMHA should seek to build a network of foundation and corporate funders, which donate on an annual or pre-structured basis. In general, the SMHA will seek foundation funding based on two elements:

- **General Funding** - serving the day to day organizational, operational, and management aspects of the SMHA entity; and
- **Project Funding** - serving specific projects or other programs administered or assisted by the SMHA.

Currently, there are 47,000 active private foundations and corporate sponsorship programs operating in the United States. Many of these sources can be researched and accessed from various information nodes, such as the World Wide Web. One of the most difficult aspects of the grant-seeking process is selecting private foundations and corporations with similar interests, purposes, and agendas. To assist these efforts, there are several non-profit resource centers (such as the Foundation Center), which help organizations identify appropriate funding sources and develop target proposals to acquire funding. This will help the SMHA narrow their target spectrum and apply for assistance to only those foundations with similar purposes. It should be noted that most private foundations will support operating costs. For more information on private foundations and corporate funders visit the Center's website, [www.fdncenter.org](http://www.fdncenter.org), or contact: *The Foundation Center*; 1001 Connecticut Avenue and K Street; Suite #938; Washington, D.C. 20036; Telephone # (202) 331-1400; Fax # (202) 331-1739; Hours of Operation: Monday 10:00 a.m. to 7:00 p.m. and Tuesday through Friday 10:00 a.m. to 5:00 p.m.

## **The United States Secretary of the Interior Standards for the Rehabilitation of Historic Structures**

In order to garner financial assistance from Federal government and/or Maryland state government programs, these standards must be followed during historic structure restoration/rehabilitation. The standards for rehabilitation are as follows:

- Properties with historic attributes are to be used for historic purposes or, if a new use is designated, the defining characteristics of the building, site, and environment must be maintained.
- The historic character of a property must be retained and preserved, avoiding any alterations of physical features and appearance.
- Properties are recognized by the federal government as testaments to their historic time, place, and use. Any structural or other changes to these elements relays a sense of false historical development, which is not permitted under these guidelines.
- Historic changes that have occurred over the years, such as architectural, structural, or other, carry significance in their own right and must be retained and preserved.
- Examples of distinctive craftsmanship, such as historic construction techniques, add character to a property and must be retained.
- Historic features that have deteriorated over time must be repaired not replaced. Any new features constructed (due to the severity of deterioration) must match existing features, where possible. The replacement of any missing features must be documented by physical

and pictorial evidence of replacement.

- Damage causing physical or chemical treatments cannot be used when restoring an historic structure.
- Significant archeological resources discovered on historic properties must be protected and preserved. Archeological resources that are disturbed during rehabilitation must be mitigated.
- Any new construction or alterations to a property cannot destroy existing historic materials. Any new work must be compatible with the massing, size, scale, and architectural features of the historic property. This will protect the integrity of the property and its environment.
- New additions or other related construction projects undertaken on a property, in a manner that if removed in the future, must not impair the integrity of the historic property and its environment.