

Historic Preservation Program (HPP)
Policies and Procedures
City of Knoxville, Tennessee
Revised June 27, 2022

Purpose of the Program

The City of Knoxville's Department of Housing and Neighborhood Development is providing a program for owners of residential and commercial buildings located within H-1 or NC-1 historic overlay districts, or listed on the National Register of Historic Places, or eligible for listing on the National Register of Historic Places in the City of Knoxville, who are seeking funding for property improvement projects.

Background of Program

Beginning in 2015 the City of Knoxville allocated funding for Historic Preservation projects within the City of Knoxville. The primary use of the funds is focused on physical improvements to structures.

Up to 5% of the funding is available for non-construction or administrative projects, such as applying for inclusion on the National Register of Historic Places or creation of a museum exhibition with a Knoxville-centric historic theme.

Funding was made available through an annual Request for Proposals, administered through the Purchasing Department. The program has now evolved into a year-round application process, with applications reviewed and scored quarterly.

Application Process

Applications for the HPP will be available as funding allows. Applications will be accepted at all times during the year, and will be evaluated and scored by committee on a quarterly basis. The committee will meet to review applications following the last day of March, June, September and December. The application is a fillable PDF form available on the City of Knoxville's website. Applicants are also required to review the HPP Policies and Procedures, which provide information regarding eligibility and application requirements.

Applications should be received in our offices at least three weeks prior to a quarterly review. Staff will then schedule an on-site meeting to meet with the applicant, inspect the site and discuss the goals of the project.

Eligible Properties

Both residential and commercial buildings located within H-1 or NC-1 overlay districts and/or National Register listed or eligible for listing, within the Knoxville City limits are eligible for funding consideration. Note that the designation of "buildings" is intended to mean a structure consisting of walls and a roof used as a dwelling or a place of public accommodation and does not include fences, sidewalks/steps, driveways or parking areas, landscaping, hardscaping, or any other structure that is non-occupied by design, use or practice. "Commercial property" is defined for the purposes of this program to be property that generates, or is intended to generate, income.

Commercial properties may include some multi-family dwellings, but the primary use of the building generates income for the owner.

Preference will be given to projects that propose work that is essential to maintaining/restoring the building's exterior/structure as opposed to interior improvements.

Funding

For owner occupied buildings (including single family homes) that are exclusively or primarily residential, repayment of the loan funds in full, will be required at the end of construction. This funding will be structured as a zero interest loan, payable upon completion of the funded work.

For commercial buildings, including those with rental units, the budgeted scope of work approved for funding with HPP funds must be matched by the owner with a minimum 35% cash contribution. Such contributions must fund the items contained in the scope of work. For example, if the budget for the proposed work is \$10,000.00, the owner would provide a minimum of \$3,500.00 to that scope of work, with the City providing a maximum of \$6,500.00.

Mixed Funding Sources - The City Historic Preservation fund may be the proposed project's primary funding source, but other funding sources may be used in addition to City funding. Proposals will be evaluated for cost reasonableness and demonstrate that City funds are needed for the project to be completed. Proposals utilizing other funding sources in conjunction with City funds may receive higher scores.

Please note that non-monetary, in-kind contributions cannot count toward the matching funds. Donated labor or professional services will not be assigned a monetary value.

Conditions for Funding

Before making an application to the program, applicants should be familiar with several conditions which will govern the eligibility of proposed projects.

Applicants are advised the proposed projects must be essentially "shovel ready" at the time of application. There will be no material change to the scope of project work after awards are made and contracts executed.

Unpaid Taxes - Properties for which City or County property taxes are in arrears shall not be eligible for program funding. Any other properties owned by the applicant must also be current with City and County taxes. City Codes violations on any properties owned by the applicant may render the application ineligible.

Ownership of Building - Applicant must provide evidence of ownership of the property for which they are applying for funding. Funding is not available to be used for acquisition or help underwrite the acquisition of property.

Building Codes All proposed projects must meet all applicable building codes.

Historic Overlay and/or Designation Required The purpose of the HPP is to provide needed funding for improvements to buildings located within areas that have been designated (or have applied for designation) as historic overlay or neighborhood conservation overlay districts. Also eligible are properties that are listed on the National Register of Historic Places or are eligible for listing on the National Register of Historic Places within the City limits of Knoxville. Applicants must provide evidence to support the historic qualification of the structure.

Evidence of Homeowner's/Building Owner's Insurance Evidence of insurance is not required with the application, but will be required prior to any award being made.

Application Requirements

Detailed, Well-Conceived Plan Proposed improvement projects must be well thought out, with demonstrable pre-planning. The more complex the project, the more detailed the proposal must be. Please explain in detail, what your project will consist of, and who you anticipate will perform the work. Please include any architectural/engineering plans, environmental reviews, additional financing, etc. Any photographs showing areas of the structure that will be impacted by the proposed project may also be included.

Cost Estimates and Project Timetable Applications must contain cost estimates or quotes for the proposed projects. Cost estimates/quotes should be provided by licensed businesses and contractors, in writing, for the work to be performed. A project timetable, showing a reasonable expectation for beginning and completing the improvements, should be included.

Additional Funding Sources Proposals must include a list of all sources of funding and amounts for each source. Applications must demonstrate that the City funding is needed in order to fill a gap so that the project can be completed.

Application Process

Applications for the HPP will be available as funding allows. To obtain an application or additional information about the program, call the Department of Housing and Neighborhood Development at (865) 215-2854 or access our Department's website at https://knoxvilletn.gov/government/city_departments_offices/housing_and_neighborhood_development/. Complete the fillable PDF HPP application and email it to Ken McMahon at KMcMahon@knoxvilletn.gov.

Applicants are required to complete the program application and provide a project budget and timeline, architectural drawings, and specifications of the proposed scope of work to Housing and Neighborhood Development for review. Proposals must pass a threshold review for eligibility, and will then be reviewed for potential approval of funding.

Steps in the process are:

- A. Fillable PDF applications are available from the Department of Housing and Neighborhood Development website. Email completed application to Ken McMahon at KMcMahon@knoxvilletn.gov.

- B. Department staff will arrange a site visit to meet with owner/developer to discuss the project.
- C. Historic Preservation Application Review Committee will meet to evaluate and score applications. Applications will be primarily scored according project's cost and financial feasibility, project objectives/community benefit, project readiness, and loan repayment, if applicable.
- D. Information provided in the application will then be verified, including, without limitation, credit history, mortgage verification, property tax status, outstanding code violations, and liens.
- E. Applications will go before City Council for funding approval.
- F. Please note, buildings in Historic Overlay zone and Downtown Overlay District zone are subject to additional review by the Historic Zoning Commission and the Downtown Design Review Board.

Financing Policies

- A. **Reimbursements** - all funding is on a reimbursement basis only. Payments are issued after progress invoices are received and approved. Projects must be completed within an agreed timeline, per contract. Any extension of this timeline is at the sole discretion of the City of Knoxville, as approved in writing.
- B. **Security** - the HPP project funding will be secured by a deed of trust on the real estate for the requisite term which will self-amortize proportionally each year; provided the property continues to be maintained in accordance with the program requirements, such as retention of ownership, maintenance of the historic work completed, and payment of all property taxes due.

General Requirements

- A. All work must be performed in accordance with all adopted local building codes. Any renovation work undertaken prior to the City's final written authorization to begin construction is not eligible for assistance under the program. All renovation work undertaken in conjunction with the HPP that exceeds approved financial assistance shall be borne by the applicant.
- B. All construction management shall be the responsibility of the applicant.
- C. All applicants shall be required to demonstrate compliance with nondiscriminatory employment practices and Affirmative Action Programs under Title VI and Section 112 of the Civil Rights Act of 1969 and Public Law 92-65. Applicants are encouraged, to utilize minority and women-owned business enterprises under this program.
- D. The City, the Department of Housing and Urban Development, the Comptroller General of the United States, or any duly authorized representatives, shall have access to any

books, documents, papers and records which are directly related to the program assistance for the purposes of monitoring, making audits, examination, excerpts, and transcripts. All records supporting the costs and components of program assisted improvements shall be maintained for a period not less than five (5) years following completion of the program agreement period, agreement termination, or default, whichever shall first occur.

Subordination

Property owners who have a HPP loan with the City of Knoxville’s Housing and Neighborhood Development Department may apply for a subordination agreement. Applications will be reviewed carefully and, approved or disapproved, on a case-by-case basis. Approval is not automatic. Generally, the City will subordinate only once over the life of the loan. The criteria listed below will be considered in arriving at a decision.

1. Subordination agreements will only be approved for the purpose of refinancing of an existing mortgage with better rates and/or terms. Cash out exceptions will be for loans needed to make improvements to the property.
2. Basic requirements for approval:
 - a) The property owner’s loan(s) with Housing and Neighborhood Development must be compliant with policies or otherwise not in default.
 - b) Property taxes must be current and in compliance with the policy stated above.
 - c) Property owner must provide insurance coverage on the property with the City of Knoxville listed as additional insured.
 - d) The new loan must not affect the client’s ability to retain eligibility for their loan(s) to the City of Knoxville.

I have read and understand the Historic Preservation Program Policies and Procedures, for the City of Knoxville, revised June 27, 2022.

Signature of applicant and date

Printed name of applicant

Signature of witness and date

Printed name of witness

The City reserves the right to modify these regulations as necessary to improve the effectiveness of the Historic Preservation Improvement Program.