

VILLAGE OF JOHNSON
Office of the Village Trustees
Phone: 802-635-2611

Re: Tax Credits and Low Interest Village loans

Dear Property and/or Business Owner,

Below please find the information about two valuable financial tools available to property and business owners in the Village of Johnson. The first tool is the Tax Credits Program offered by the State of Vermont. The second tool is the Village Revolving Loan Fund that offers low interest building improvement and small business loans.

Tax Credits: Tax credits are available to owners or lessees of a building constructed before 1983 located within a Designated Village Center and not used solely as a single-family residence. Tax credits support general rehabilitation work, code compliance work, data and network wiring, and exterior improvements. Applications are submitted to the State of Vermont and are typically due at the beginning of July. Applicants are encouraged to apply before work begins; however, applicants may apply for credits within one year of project completion. Please contact Caitlin Corkins, Tax Credits and Grants Coordinator, (802) 828-3074 or caitlin.corkins@vermont.gov if you have questions about the tax credits. An informational sheet summarizing the available tax credits is attached to this letter.

Johnson's Designated Village Center is located primarily along Main Street, and portions of Pearl and School Street. The map depicting properties located within the Designated Village Center is attached to this letter and can also be viewed at www.townofjohnson.com by clicking on Documents and Plans.

Low Interest Loans: The Village of Johnson Revolving Loan Fund offers low interest loans for building improvements and small business development. Through the program, property and business owners can apply for a loan at an attractive interest rate (Prime minus 2% with a floor of 0.5%). In the past, the program provided loans to support several local businesses as well as building owners interested in code improvements and other building upgrades. Applications are reviewed on a monthly basis by the Village Trustee Board. The borrowing guidelines are attached to this letter and can also be found at www.townofjohnson.com by clicking on Documents, and Applications and Forms.

VILLAGE CENTER DESIGNATION TAX CREDITS

DESCRIPTION OF TAX CREDITS

- 25% Façade Improvement Tax Credit: Up to \$100,000 in eligible costs for a maximum of \$25,000 in credits.
- 50% Code Improvement Tax Credit: Credit allocations are up to \$50,000 for elevators, up to \$50,000 for sprinkler systems, up to \$40,000 for limited use/limited application elevators (LULAs) and up to \$12,000 for lifts. Other code work to meet ADA requirements, electrical or plumbing codes, and the abatement of hazardous substances like lead paint and asbestos is eligible for a credit allocation of up to \$50,000 for the combined costs of these improvements. Code credit projects must be inspected by code officials.
- 50% Technology Credit: Credit allocations are up to \$30,000 for installation or improvements made to data and network installations and HVAC (heating, cooling or ventilation systems) reasonably related to data or network improvements. Technology projects must be certified by a licensed engineer.
- 10% Historic Tax Credit: Available only for approved Federal Rehabilitation Tax Credit projects. This credit is not capped; however, the first \$500,000, and half of the costs exceeding \$500,000, are eligible for the credit.

USING THE CREDITS

- Bank or Insurance Credit Certificate: Applicants may request a credit allocation in the form of a bank or insurance credit certificate. Banks may accept the certificate in return for cash, or for adjustments to the rate or term of the applicant's mortgage or loan related to an ownership or leasehold interest in the qualified building. Insurance companies may purchase the credits to offset their premium taxes. Tax credit allocations may be converted into a credit certificate at anytime; however, the request must be in writing, show proof of project completion, and indicate the unused credit balance. The dollar amount of the converted certificate is subject to the Tax Department's review and certification.
- Claiming the credits: Tax credits may be used in the first tax year in which the project or an identifiable phase is complete (e.g. code upgrades or a sprinkler system installed, inspected and in service). A copy of an approved credit certificate is submitted with the first tax return and subsequent returns until the credits are exhausted. Unused credits may be carried forward up to nine years.
- Expiration of the Credits: Applicants forfeit their credits if they do not complete a project and claim the tax credit within five years from the date of the allocation

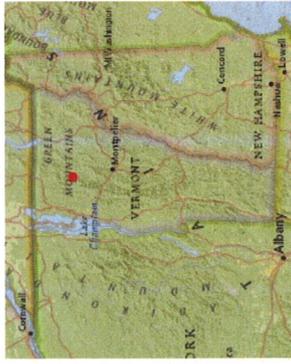
**Detailed information about the Tax Credit Program: Caitlin Corkins, Tax Credits & Grants Coordinator
Department of Housing and Community Development; 802-828-3047.**



Johnson, VT - State Designated Village Center

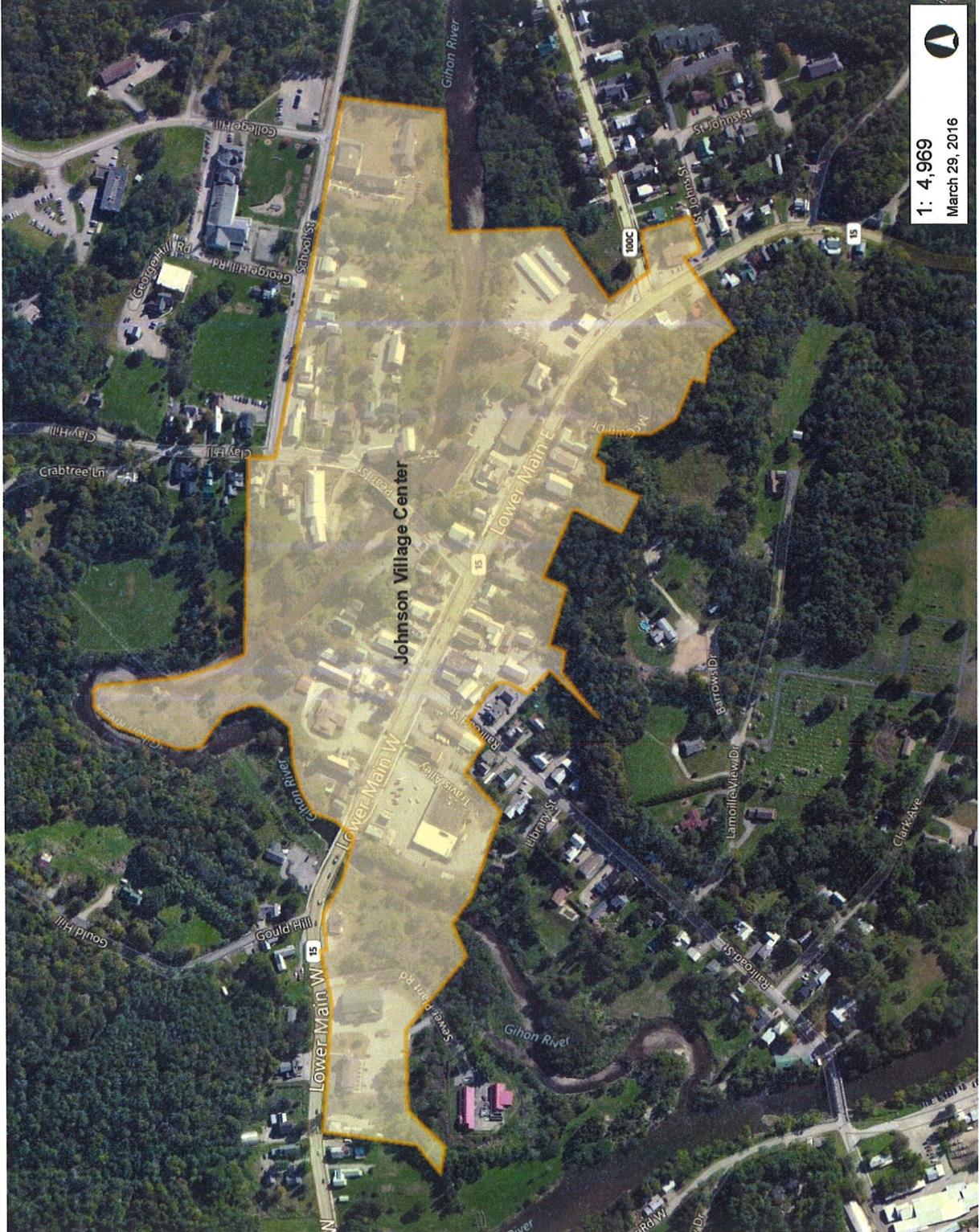
Vermont Agency of Natural Resources

vermont.gov



LEGEND

- Downtown District Boundaries
- Neighborhood Development Areas
- Growth Center Boundaries
- Village Boundaries
- New Town Center Boundaries
- Town Boundary



1: 4,969
March 29, 2016



NOTES

Map created using ANR's Natural Resources Atlas

DISCLAIMER: This map is for general reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable. ANR and the State of Vermont make no representations of any kind, including but not limited to, the warranties of merchantability, or fitness for a particular use, nor are any such warranties to be implied with respect to the data on this map.

252.0 0 126.00 252.0 Meters

1" = 414 Ft 1cm = 50 Meters

THIS MAP IS NOT TO BE USED FOR NAVIGATION

WGS_1984_Web_Mercator_Auxiliary_Sphere
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VILLAGE OF JOHNSON COMMUNITY IMPROVEMENT REVOLVING LOAN FUND PRIORITY GUIDELINES

The Village of Johnson has established a revolving loan fund from the remainder revenue of a Vermont Community Development Loan originally established for the removal of slums and blights and or rectifying health and welfare threats to the community. While there are no longer any restrictions on how the money may be spent, henceforth, it shall be the Policy of the Board of Trustees to prioritize the funds in the following manner:

Eligibility:

The Revolving Loan Fund is available to entities located in the Village of Johnson and entities located in parts of the Town of Johnson that are designated as Town-Village sewer service areas. Entities located in parts of the Town that are designated as Town-Village sewer service areas are only eligible to apply for connections to municipal water and sewer services with highest priority for connections requiring line extensions of sewer mains (described below as the highest priority no 5.)

Highest Priority:

- 1) Municipal governmental uses or services deemed necessary to maintain or improve essential services and or improve the quality of life of the residents of the Village of Johnson. These may include, but are not limited to: water or sewer facility improvements, connections or extensions, Fire or General Department uses, advancement of community and economic development goals and priorities, etc. The Trustees may reserve a portion of the fund for future uses outlined in the highest priority #1.
- 2) Improvements to owner occupied and commercial buildings to: correct code, address structural and safety issues, replace or repair mechanical or structural systems, improve energy efficiency, reduce fuel consumption, and improve the value and appearance of the building. All improvements should result in an improved quality of housing or an improved economic development condition.
- 3) Small business loans for start-up, expansion and equipment; and geared toward job creation, support of economic development and provision of goods and services that benefit the community. Small businesses may include for-profit, non-profit, partnership, cooperative or proprietorship.
- 4) Improvements for special needs of the elderly and or handicapped.
- 5) Connections to municipal water and sewer services with highest priority for connections requiring line extensions of sewer mains.

Lowest Priority:

- 1) Closing costs, property inspection costs, engineering consultant fees, permitting fees, etc. associated with purchase of real estate. The intent is to enable borrowers to leverage other funding or loans toward the purchase of real estate to be used for economic development, job creation, or provision of goods and services that benefit the community.
- 2) Restoration of unique architectural features.
- 3) Landscaping and erosion control with an emphasis on improving the appearance of the property.

Lending Criteria

- Fixed interest rate: Prime minus 2% with a floor of 0.5%. Preferential interest rates for projects involving owner occupied buildings will be considered for low income borrowers.
- Minimum loan amount is \$1,000. Overall borrowing limit is \$30,000. Highest Priority no. 3 (small business loans) borrowing limit is \$10,000.
- Projects geared toward job creation and economic development may request a loan exceeding \$30,000.
- Loan term shall be determined on a case by case basis with a goal of the shortest reasonable term.

It shall be the intent of the Trustees to operate the fund as a revolving loan fund which is intended to perpetuate the priorities established and not for making outright grants to individuals. The Trustees shall have full control over the review and approval of funds and the terms and conditions of the loans. The priorities may be periodically re-evaluated and amended by the Board as needed.

Adopted by Village of Johnson Board of Trustees, this 11th day of October, 2011

Gordon Smith, Chair

George Pearlman

Walter Pomroy

Ellis O'Hear

Chris Parker