



J. Allen Smith Endangered Properties Fund Guidelines

Summary

The J. Allen Smith Endangered Properties Fund provides effective alternatives to demolition or neglect of historic buildings by promoting their rehabilitation and enabling endangered historic properties to connect with buyers who will rehabilitate them. The Fund allows Knox Heritage to accept property donations, purchase endangered historic properties, or purchase options on those properties. In some cases it will allow Knox Heritage to stabilize and /or make improvements to purchased properties in order to increase their marketability. The properties will then be marketed to locate buyers who agree to preserve and maintain the structures. Protective covenants will be attached to the deeds to ensure the historic integrity of each property is retained, and purchasers will be required to sign rehabilitation agreements based on the work to be performed on the structure.

How does the program work?

An endangered historic property is either donated to Knox Heritage, optioned by Knox Heritage or purchased outright by Knox Heritage. The property is then marketed regionally and nationally to find a buyer who agrees to preserve and maintain the property. The property deed will contain protective covenants to ensure the historic integrity of each property is retained, and purchasers are required to sign rehabilitation agreements based on the work to be performed on the structure. In addition, if the property is not protected by local historic zoning, Knox Heritage will seek that protective overlay zoning for the property.

How does a property qualify?

A property qualifies if it is:

- Significant (National Register of Historic Places – listed or eligible)
- or
- Designated under a local H-1 or NC-1 Historic Overlay

And it is:

- Endangered
- Obtainable (owner is willing to sell or donate)
- Marketable

How does Knox Heritage acquire properties?

- Donations
- Bargain sales
- Option to purchase
- Fee simple purchase

What limitations are placed on the properties?

To ensure proper preservation and maintenance of J. Allen Smith Endangered Properties Fund properties, Knox Heritage attaches protective covenants to the deed. If rehabilitation is required, the purchaser must sign a rehabilitation agreement based on the work to be undertaken. New owners are not asked to perform museum-quality restorations, but are obliged to follow the Secretary of the Interior's Standards for Rehabilitation on exterior rehabilitation. In addition, Knox Heritage reserves the first right of refusal, to be recorded in the property deed, if the property is sold in the future. All protective covenants and the rehabilitation measures are monitored by Knox Heritage.

Is special financing available?

Knox Heritage does not offer grant money or special financing for rehabilitation projects. However, there are tax credits available through the federal government for structures rehabilitated for income-producing purposes. Knox Heritage staff is available to assist with the preparation of tax credit applications for a fee. In addition, the City of Knoxville and Knox County may have some funding available for low-to-moderate income buyers. Rehabilitation loans are also available from financial institutions.

Gifts of historic properties are tax deductible. Please consult with your tax advisor to determine the benefits you may receive for donating a property to Knox Heritage.

How does the Smith Endangered Properties Fund work with Knox Heritage's Vintage Homes program?

Knox Heritage utilizes both sources to preserve endangered historic properties. In addition, Knox Heritage makes up to \$10,000 of the Smith Endangered Properties Fund available to help leverage a \$350,000 line of credit from the National Trust for Historic Preservation for the Vintage Homes program.

For more information on the J. Allen Smith Endangered Properties Fund, please contact Knox Heritage at (865) 523-8008 or send an email to kimtrent@knoxheritage.org.