Summary of Maryland Heritage Areas Authority (MHAA) Grant and Loan Programs

Program Summary

- Background: The Maryland Heritage Areas Authority (MHAA) is an independent program in the Executive Branch. The program is administered by the Maryland Historical Trust, an agency of the Maryland Department of Planning.
    - The program is governed by the Maryland Heritage Areas Authority, a 17 member body that includes the Secretaries of 7 State Departments (Business & Economic Development, Housing & Community Development, Higher Education, Transportation, Natural Resources, Planning, and the State Historic Preservation Officer), plus representatives appointed by the Governor to represent the Md. Assoc. of Counties, two local jurisdictions, two representatives each of the Speaker of the House and President of the Senate, Md. Greenways Commission, Md. Tourism Development Board, and two experts in historic preservation and heritage tourism.
    - Funding comes from Program Open Space (POS) funds which are derived from property transfer tax revenues.
    - Currently there are 11 Certified Heritage Areas (CHAs)and 2 Recognized Heritage Areas. **Only projects and activities in CHAs are eligible to for MHAA grants and loans.**
    - Additional information is available on the Maryland Historical Trust website under "**Heritage Areas**."

- Heritage Area grants and loans can support projects that focus on HISTORICAL, CULTURAL, or NATURAL resources, sites, and facilities AND include a visitor or tourism component.

- Most important question to ask yourself is: **IS MY PROJECT LOCATED WITHIN A CERTIFIED HERITAGE AREA?** (and for CAPITAL GRANTS and LOANS, IS MY PROJECT WITHIN A TARGET INVESTMENT ZONE (A "TIZ" is a smaller, defined area within the larger Certified Heritage Area with high heritage tourism potential. TIZs are designated in the Heritage Area Management Plan, or can be added or expanded at a later date).

- If the answer is YES, then the next question is: **DOES MY PROJECT HAVE A HERITAGE TOURISM COMPONENT?** (e.g. is it a visitor destination such as a museum, visitor center, or nature center; or does it help to provide facilities and services that support heritage tourism, such as rehabilitating a historic building as a Bed & Breakfast or restaurant, does the project include Tourism-related retail. or is it an event that will increase visitation to the Heritage Area?).

- The APPLICATION PROCESS is a **TWO-STEP PROCESS**:

  1. **First** apply to the LOCAL HERITAGE AREA MANAGEMENT ENTITY. They review and rank application and forward their recommendations to
  2. **Second**, the MARYLAND HERITAGE AREAS AUTHORITY at the STATE LEVEL makes final funding decisions, based on local CHA input and 9 criteria set by MHAA.

- AVAILABLE FUNDING: Has been $3 MILLION. This money becomes available to successful grant applicants on **July 1, 2010**.

- DEADLINE FOR APPLICATION: For the next grant round (Fiscal Year 2011), the Maryland Heritage Areas Authority has authorized a single grant round, with a final decision on awards to be made no later than July 2010. Because of the two step process that requires applications first to be submitted to local Heritage Area Management Entities, **it is likely applications will be due to your local Heritage Area management entity in FEBRUARY or MARCH 2010**.

*INFORMATION REGARDING GRANT APPLICATION DUE DATES WILL BE AVAILABLE FROM LOCAL HERITAGE AREA MANAGEMENT ENTITIES and the MARYLAND HISTORICAL TRUST WEBSITE AS SOON AS POSSIBLE (under http://mht.maryland.gov then click on "Heritage Areas")

- There are 4 Basic Categories of Maryland Heritage Areas Authority (MHAA) **Grants,** plus 1 **Loan** program.

GRANTS, LOANS & TAX CREDITS

GRANTS

COMMON TO ALL GRANT PROGRAMS:

1. All grants are **50/50 matching** grants (dollar-for-dollar match)
2. At least **75%** of the Grantee's match must be **cash** (25% may be in-kind)
3. State funds can **not** be used as match
4. Application deadlines are set by the Maryland Heritage Areas Authority and dependent on funding availability
5. Applications are available online at the Maryland Historical Trust web site at http://mht.maryland.gov under "Heritage Areas," or call Richard Hughes at 410-514-7685. **NOTE: It is not anticipated that final 2010 application forms will be available until November 2009.**

1) PROJECT GRANTS - (NON-CAPITAL and CAPITAL):

a) ELIGIBLE APPLICANTS:
   i) Non-profit organizations
   ii) Local jurisdictions

b) ELIGIBLE ACTIVITIES:
   i) **Non-Capital Projects**:
      (1) Planning (e.g. planning and feasibility studies, research, field investigations for activities that support the Heritage Area);
      (2) Design (design documents for projects & activities);
      (3) Interpretation (e.g. interpretive exhibits & signage; other materials that further the educational and recreational objectives of the Heritage Area);

(4) Programming (programs that encourage revitalization & investment in the Heritage Area such as seminars, conferences, reenactments, festivals, performances).

ii) **Capital Projects**
(Generally MUST be in a Target Investment Zone, unless MHAA determines the project is essential to successfully implementing a Certified Heritage Area management plan. Please contact MHAA staff for additional information if your Capital project is not in a Target Investment Zone)

(1) Acquisition (acquire real property, up to 50% of average of 2 appraisals);
(2) Development (repair or alteration of an existing building to allow a contemporary use while preserving significant, historical, architectural, or cultural values. Unique to the Heritage Areas program, in Target Investment Zones, **new construction** may be eligible);
(3) Rehabilitation (activities directed to returning a property to a state of utility);
(4) Restoration (restoration to depict the form, features, and character of a property as it appeared at a particular period of time);
(5) Pre-Development (preparation of plans & specifications, reasonable fees for architectural design and engineering. May include costs for eligible new construction-related costs).

c) GRANT AMOUNTS AND MATCH REQUIREMENTS:
i) Non-Capital Projects: Up to **$50,000**
ii) Capital Projects: Up to **$100,000**
iii) Heritage Area management entity Discretionary (mini-grant) funds: $10,000 (check with MHAA staff before applying)
iv) 50/50 matching funds required
v) 75% of match must be cash
vi) State funds can **not** be used as match

d) SPECIAL TERMS AND CONDITIONS FOR CAPITAL PROJECTS:

i. **Insurance** is required on assisted property (Recipients of funds for capital projects will be required to insure the assisted property against loss or damage by fire or other hazards, casualties, and contingencies as may be required by MHAA, in amounts satisfactory to MHAA. Similarly, General Liability Insurance will be required for all construction.)

ii. **Perpetual Preservation Easement** – An easement donation to the Maryland Historical Trust may be required if the project involves a significant historic building. Terms of preservation easements are individually negotiated for each property. Consult Maryland Heritage Areas Program staff (Richard Hughes at 410-514-7685 or rhughes@mdp.state.md.us)

LOANS **(Must be in a Certified Heritage Area Target Investment Zone)**

1) ELIGIBLE APPLICANTS:
a) Local jurisdictions [1]
b) Non-profit organizations [1]; [2]
c) Business entities [1]; [2]
d) Individuals [2]

[1] - *Non-profits and business entities must be in good standing and qualified to do business in Maryland, and have the legal capacity and authority to incur the obligations involved in the loan.*

[2] - *All loan applications must include written evidence that the Heritage Area Management Entity endorses the project and the applicant is the appropriate lead agent.*

2) ELIGIBLE PROJECTS/ACTIVITIES:
   a) Acquisition (fee title or other)
   b) Rehabilitation
   c) Restoration
   d) New construction
      (If design is responsive to applicable, relevant design guidelines)
   e) Leasehold improvements ((Term of lease must be at least equal to loan term)
   f) Purchase of equipment, furnishings, inventory
      (Must be in combination with other capital improvements)
   g) Working capital
      (Must be in combination with other capital improvements)

3) LOAN AMOUNTS:
   a) Limited to available uncommitted balance in MHAA Financing Fund at time of application.
   b) Up to 50% of total project cost can be financed by the loan.

4) LOAN TERMS, CONDITIONS, AND SCHEDULES:
   a) Interest rate is below market
   b) Minimum 5% applicant capital cash contribution is required
   c) Target loan term is 5 – 10 years, depending on use and loan size.
   d) Personal guarantees and collateral required
   e) No prepayment penalties
   f) No origination fees
   g) Appropriate acknowledgement of MHAA support may be required
   h) Period of time from application to settlement is generally 4 to 6 months
   i) Application schedule set by the Maryland Heritage Areas Authority and dependent on funding availability

TAX CREDITS IN CERTIFIED HERITAGE AREAS

a) A State Heritage Preservation Tax Credit of up to 20% of the eligible costs of rehabilitating certain structures, including historic and non-historic structures being used for heritage tourism related purposes, may be available if the structure is located within a Certified Heritage Area (CHA).

b) Any historic structure that is listed on the National Register of Historic Places is eligible to apply for the tax credit, whether located in a CHA or not..

c) **Historic** structures that are not listed on the National Register of Historic Places (a "non-listed, non-designated" structure) , but are located within a CHA **Target Investment Zone**, may also be eligible to apply for the 20% tax credit.

d) **Non-historic** structures located in or outside of a Target Investment Zone that have been certified by the MHAA as contributing to the significance of the CHA may be

eligible to apply for the tax credit. A non-historic structure can contribute to the significance of a CHA if it is:

1. Not architecturally, historically, or culturally significant in and of itself, but its rehabilitation **significantly enhances the overall architectural, historical, or cultural quality of the heritage area and the visitor experience.**

LOCAL CERTIFIED HERITAGE AREA MINI-GRANTS

a) Generally under $2,500; check with your local Certified Heritage Area management entity

GRANTS FOR HERITAGE AREA MANAGEMENT ENTITIES ONLY

OPERATING ASSISTANCE GRANTS:

e) ELIGIBLE APPLICANTS:
   i) Heritage Area Management Entities
   ii) Non-Profits or Local Jurisdictions to which **management responsibilities have been delegated** by a Heritage Area Management Entity

f) ELIGIBLE ACTIVITIES/COSTS:
   i) Staffing
   ii) Rent, utilities, equipment and supplies
   iii) Contractual services (* May include certain activities that are **Heritage Area-wide in scope** such as Heritage Area brochures, newsletters, etc.)

g) GRANT AMOUNTS AND MATCH REQUIREMENTS:
   i) Operating assistance available for up to 10 years (**Policy may be modified based on Strategic Plan*)
      (1) Up to $100,000 available
      (2) 50/50 matching funds required
      (3) 75% of match must be cash
      (4) State funds may **not** be used as match

HERITAGE AREA MARKETING GRANTS:

h) ELIGIBLE APPLICANTS:
   i) Heritage Area Management Entities
   ii) Marketing partners designated by the Heritage Area Management Entity
   iii) Destination Marketing Organizations (DMOs) recognized by the Md. Office of Tourism Development (usually the County Office of Tourism)

i) ELIGIBLE ACTIVITIES/COSTS:
   i) Advertising placement (e.g. purchase of print space, television or radio time, internet space)
   ii) Participation in consumer and travel trade shows (allowable expenditures include booth space cost, delegate registration fees; travel expenses are ineligible, but can serve as match)
   iii) Printed material/Collateral (preparation of communication documents e.g. brochures, maps, guides, trade show exhibits, videos; can include design, production, photography, and printing)
   iv) Website development (actions required to establish a Heritage Area on the World Wide Web; website maintenance and updating is ineligible)

j) GRANT AMOUNTS AND MATCH REQUIREMENTS:
   i) Up to $50,000
   ii) 50/50 matching funds required
   iii) 75% of match must be cash
   iv) State funds may **not** be used as match

HERITAGE AREA MANAGEMENT PLAN DEVELOPMENT GRANTS

*Available ONLY to **Recognized Heritage Areas** (RHAs).

k) ELIGIBLE APPLICANTS:
   i) Local jurisdictions (application must be submitted with all other jurisdictions within the RHA that will benefit from the grant)
   ii) * Non-profit organizations
   iii) * Business entities

   * Non-profits and business entities must be authorized to submit the grant by all local jurisdictions in the RHA, be in good standing and qualified to do business in Maryland, and have the legal capacity and authority to incur the obligations involved in the grant.

l) ELIGIBLE ACTIVITIES/COSTS:
i) Development of a Heritage Area Management Plan
ii)

2. GRANT AMOUNTS AND MATCH REQUIREMENTS:
   iii) Grant amount is based on need and overall approach being proposed by the applicant.
   iv) 50/50 matching funds required
   v) 75% of match must be cash
   vi) State funds may **not** be used as match

For additional information, contact:

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or

Visit the Maryland Historical Trust website for information and to download application forms at
http://mht.maryland.gov
then select "Heritage Areas"