

Neighborhood Preservation Act Tax Credits

May 1st, 2025



Missouri Department of
Economic Development

“NPA”

- The purpose of the Neighborhood Preservation Act Program is to promote home ownership through housing rehab or new housing construction.
- No rental properties are allowed.
- All homes must be owner-occupied.



NPA at a Glance

- Authorized by Sections 135.475 to 135.487 RSMo.
- Provides credits between 15-35% of the value of the eligible costs.
- Tax credits have a 5 year carry forward and a 3 year carry back.



NPA Eligibility

- Accomplished by statutorily designated areas in the State (“distressed areas” or “distressed communities”)
 - Qualifying areas
 - Eligible areas
- Program benefits are designed according to the two areas and by the activity:
 - New construction
 - Rehabilitation
- NPA uses a Map Look Up Tool to determine if property is eligible, qualifying, or not eligible.



Eligibility Grid - Rehabilitation

◈ Eligible Area-

- Residence must be at least 40 years old.
- Tax Credit- 25% of eligible costs, \$10,000 minimum, and \$25,000 tax credit max/10 years.
- Substantial Rehabilitation isn't available for eligible areas.

◈ Qualifying Area-

- Residence must be at least 40 years old.
- Tax Credit- 25% of eligible costs, \$5,000 minimum, and \$25,000 tax credit max/10 years.
- Substantial Rehabilitation: 35% of eligible costs, minimum of \$5,000 or 50% of purchase price, and \$70,000 tax credit max/10 years.



Eligibility Grid – New Construction

◈ Eligible Area-

- Replaces a residence that is greater than or equal to 40 years old or is vacant or other classification for greater than or equal to 40 years.
- Tax Credit- 15% of eligible costs, no minimum, and \$25,000 tax credit max/10 years.

◈ Qualifying Area (Non-Distressed)-

- Vacant greater than or equal to 2 years or condemned.
- Tax Credit- 15% of eligible costs, no minimum, and \$40,000 tax credit max/10 years.

◈ Qualifying Area (Distressed Community)-

- Vacant greater than or equal to 2 years or condemned (DED will require proof).
- Tax Credit- 15% of eligible costs, no minimum, and \$40,000 tax credit max/10 years.



Eligible Areas

- A Missouri location not within a distressed community, which is either located within a United States census block group that:
 - MSA with median household income of less than 90%, but greater than or equal to 70% of the median household income for the metropolitan statistical area in which the census block group is located; or
 - If in a nonmetropolitan area, has a median household income of less than 90%, but greater than or equal to 70% of the median household income for the nonmetropolitan areas in the state.



Qualified Areas

- A metropolitan statistical area or nonmetropolitan statistical area within a United States census block group which has a median household income of less than 70% of the median household income for the metropolitan statistical area or nonmetropolitan area, respectively, or
- A metropolitan statistical area located in a distressed community.



Distressed Communities

- Whole communities defined by statute versus individual census block groups



Overall Administration

- Annual cap of \$16 Million
 - \$8 Million allocated to Eligible Areas
 - \$8 Million allocated to Qualifying Areas
- Applicant must own the property at the time of the application.
- Project must be completed in 2 years. Applicants are responsible for reaching out to DED if a one-time extension is necessary.
- Not available for commercial or rental property. Only owner-occupied homes/condos.



Eligible Costs - Rehabilitation

- Rehabilitation:
 - Utility extensions on the property (water, sewer, electrical)
 - Sidewalks and driveways directly attached to the building.
 - Site preparation
 - Survey
 - Architectural and engineering services
 - Construction
 - Modification
 - Expansion
 - Remodeling
 - Structural alteration
 - Replacements and alterations
 - Costs directly attributed to the rehabilitation



Eligible Costs – New Construction

- New Construction:
 - All eligible rehabilitation costs
 - Utility extensions on the property (water, sewer, electrical)
 - Sidewalks and driveways directly attached to the building.
 - Property acquisition
 - Development
 - Modification
 - Expansion
 - Remodeling
 - Structural alteration
 - Replacements and alterations
 - Costs directly attributed to the rehabilitation



Application Process

- Part 1 Application cycle runs from the first business day in January until mid-February.
- Lottery determines if there is insufficient cap room. Lottery has been run for “qualifying” areas but never for “eligible”. Award and denial letters will be sent out no later than June 30th.
- Work is completed on the new construction or the rehabilitation!
- Part 2 Application is submitted within 2 years of the approval of the Part 1. Part 2 application includes final application, required final documents, cost certification, and proofs of payment (invoices, canceled checks, bank statements). NPA requires a CPA to review the cost certification and proofs of payment if the total project costs exceeds \$250,000.00.
- After Part 2 Application has been received and reviewed, DED will send applicant an issuance fee invoice.
- After the issuance fee has been paid, DED will issue tax credit certificate.
- Tax Credit Accountability Act applies following issuance. This is done by DOR, not DED.



Part 1 Application (Preliminary Application)

- Applicant name, address, phone number and social security number
- Legal description of property
- Proof of age of the structure
- Fair market value
- Complete written description of proposed project(s)
- Before photographs of project(s)
- Applicant's signature notarized
- Tax Classification (non-agriculture or flood plain)
- Proof of acquisition (purchase price)



Part 2 Application (Final Application)

- Applicant and project information
- “After” photographs
- Completed expenditures spreadsheet
- Proofs of Payment (invoices, checks, receipt, bank statements).
- Copy of occupancy or maintenance permit signed by the proper code enforcement authority
- Notarized signature of property owner



Use with Other Programs

- The NPA Program may not be used with any other state tax credit program except for the Historic Preservation Tax Credit Program (HTC). If an applicant chooses to apply for NPA and HTC, they will receive a 20% of QRE's with a cap tax credit amount of \$40,000.00.
- NPA will affect the QRE'S on the HTC programs by making sure to follow the HTC Guidelines and completing the HTC cost certification. This cost certification will be used by both programs in the credit approval process. One cost certification will suffice for projects utilizing both NPA and HTC credits.



NPA Links and Documents

- NPA Website- [Neighborhood Preservation Act \(NPA\) | Department of Economic Development \(mo.gov\)](#)
- Program Summary- [NPA Program Summary | Department of Economic Development \(mo.gov\)](#)
- Frequently Asked Questions-[NPA - Frequently Asked Questions \(FAQ's\) | Department of Economic Development \(mo.gov\)](#)
- NPA Map-[Neighborhood Preservation Act \(arcgis.com\)](#)
- NPA Flow Chart- [NPA Flow Chart | Department of Economic Development \(mo.gov\)](#)
- NPA Preliminary Application Checklist-[NPA - Preliminary Application Checklist | Department of Economic Development \(mo.gov\)](#)
- NPA Preliminary Application- [NPA - Preliminary Application | Department of Economic Development \(mo.gov\)](#)
- Certification of Alien Employment- [Certification of Alien Employment Form | Department of Economic Development \(mo.gov\)](#)
- NPA Final Application Checklist-[NPA - Final Application Checklist | Department of Economic Development \(mo.gov\)](#)
- NPA Final Application-[NPA - Final Application | Department of Economic Development \(mo.gov\)](#)
- NPA Expense Certification Guide- [NPA - Final Application | Department of Economic Development \(mo.gov\)](#)
- NPA- Eligible & Ineligible Expenditures- [NPA - Eligible & Ineligible Expenditures | Department of Economic Development \(mo.gov\)](#)
- NPA-E Form- [NPA-E Form | Department of Economic Development \(mo.gov\)](#)
- Missouri Transfer Form-[Form MO-TF - Missouri Tax Credit Transfer Form](#) (DOR takes care of this).
- NPA Guidelines- [NPA - Guidelines | Department of Economic Development \(mo.gov\)](#)



Questions?



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