



# Renewal Communities Program

*Approving Tax Incentives for Economic Development in Federally Designated Communities*

## Purpose

The Community Renewal Tax Relief Act of 2000 (Act) designated the cities of Tacoma and Yakima as Renewal Communities, replacing their designation as Enterprise Communities.

The Renewal Communities designation provides targeted tax incentives for businesses located in these communities. One specific tax incentive is the Commercial Revitalization Reduction (CRD) that allows for accelerated depreciation of qualified revitalization expenditures related to the cost of a new building or the cost of substantially rehabilitating an existing building by providing a deduction from income before calculating federal income tax.

The amount of deduction per community is \$12 million, with a limitation of \$10 million per project.

CTED is the designated Community Revitalization Agency (CRA) to oversee, award, and monitor the CRD allocations in the state. Each city has developed their own Qualified Action Plan that outlines the criteria and process for projects applying for credits.

## Further Information

Contact the city of Yakima at [www.ci.yakima.wa.us](http://www.ci.yakima.wa.us)  
Contact the city of Tacoma at [www.cityoftacoma.org](http://www.cityoftacoma.org)  
Contact HUD at [www.hud.gov](http://www.hud.gov)

For specific information about Renewal Community and other available tax incentives, see IRS Publication 954 available at [www.irs.gov](http://www.irs.gov).

## Fast Facts

- In 2007, the city of Tacoma made CRD awards to two projects that created a total of 145 new jobs in the community.
- The city of Yakima awarded nine CRD incentives in 2007, creating a total of 358 jobs in the community.

## For More Information

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