

# State Historic Preservation Office

## CT Historic Rehabilitation Tax Credit Program Guidelines

July 2014

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## Program Overview

The CT Historic Rehabilitation Tax Credit Program (P.A. 14-217, Section 165) establishes a 25% tax credit on the Qualified Rehabilitation Expenditures associated with the rehabilitation of a Certified Historic Structure for either 1) residential use of five units or more, 2) mixed residential and nonresidential use or 3) nonresidential use consistent with the historic character of such property or the district in which such property is located. An additional credit is available for projects that include affordable housing as provided in section 8-39a of the Connecticut General Statutes. Other program highlights include:

- 25% tax credit of the total qualified rehabilitation expenditures
- 30% tax credit of the total qualified rehabilitation expenditures if the project includes an affordable housing component provided at least 20% of the rental units or 10% of for sale units qualify under CGS Section 8-39a
- \$31.7 million in tax credit reservations are available each fiscal year
- per project cap is up to \$4.5 million in tax credits
- Qualified Rehabilitation Expenditures are hard costs associated with rehabilitation of the certified historic structure; site improvements and non-construction costs are excluded
- buildings must be listed on the National or State Register of Historic Places, either individually or as part of an historic district
- all work must comply with the Secretary of the Interior's Standards for Rehabilitation
- state tax credits may be combined with the 20% federal historic preservation tax credits provided the project qualifies under federal law as a substantial rehabilitation of depreciable property as defined by the Internal Revenue Service
- tax credit vouchers are issued after completion of rehabilitation work or, in phased projects, completion of rehabilitation work to an identifiable portion of the building placed in service (see Appendix B for instructions on phased projects)
- tax credits are available for the tax year in which the building or, in phased projects, an identifiable portion of the building is placed in service
- tax credits can only be used by C corporations with tax liability under Chapters 207 through 212 of the Connecticut General Statutes
- tax credits can be assigned, transferred or conveyed in whole or in part by the owner to others up to three times

### Eligible Applicants

- (1) The owner of a property as defined in P.A. 14-217 Section 165 or, in cases of multiple owners, a duly authorized joint owner, partner or member may submit an application on behalf of the owners.
- (2) A person or business entity that is not the owner of a property listed on the National or State Register of Historic Places shall be eligible to apply provided such person or business entity submits evidence that the owner has been informed of the application and has no objection to the filing. ***Note, only the owner possessing title to the property will be eligible for a reservation of tax credits.***

### Eligible Costs

Not every expense associated with a rehabilitation project contributes toward the calculation of the tax credit. Eligible costs, or Qualified Rehabilitation Expenditures, include only the hard costs related to the repair or improvement of structural and architectural features to the Certified Historic Structure. ***Please note only costs incurred after approval of the Part 2 application are eligible for the purpose of calculating the tax credit.*** These costs may include:

- Walls
- Partitions
- Floors
- Ceilings
- Permanent coverings, such as paneling or tiles
- Windows and doors
- Components of central air conditioning or heating systems
- Plumbing and plumbing fixtures
- Electrical wiring and lighting fixtures
- Chimneys
- Stairs
- Escalators, elevators, sprinkler systems, fire escapes
- Other components related to the operation or maintenance of the building

### Ineligible expenditures include:

- Acquisition costs
- Appliances
- Carpeting (if tacked in place and not glued)
- Decks (not part of the original building)
- Demolition costs (removal of a building on property site)
- Fencing, landscaping, parking lots, sidewalks, retaining walls

- New construction
- Window treatments

### **Secretary of the Interior's Standards for Rehabilitation**

The entire project as defined in P.A. 14-217, Section 165 must comply with the Secretary of the Interior's Standards for Rehabilitation (the Standards). The Standards are a series of concepts about maintaining, repairing and replacing historic materials, as well as designing new additions or making alterations. These concepts include:

1. A property will be used as it was historically or be given a new use that requires minimal change to its distinctive materials, features, spaces, and spatial relationships.
2. The historic character of a property will be retained and preserved. The removal of distinctive materials or alteration of features, spaces, and spatial relationships that characterize a property will be avoided.
3. Each property will be recognized as a physical record of its time, place, and use. Changes that create a false sense of historical development, such as adding conjectural features or elements from other historic properties, will not be undertaken.
4. Changes to a property that have acquired historic significance in their own right will be retained and preserved.
5. Distinctive materials, features, finishes, and construction techniques or examples of craftsmanship that characterize a property will be preserved.
6. Deteriorated historic features will be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature will match the old in design, color, texture, and, where possible, materials. Replacement of missing features will be substantiated by documentary and physical evidence.
7. Chemical or physical treatments, if appropriate, will be undertaken using the gentlest means possible. Treatments that cause damage to historic materials will not be used.
8. Archeological resources will be protected and preserved in place. If such resources must be disturbed, mitigation measures will be undertaken.
9. New additions, exterior alterations, or related new construction will not destroy historic materials, features, and spatial relationships that characterize the property. The new work will be differentiated from the old and will be compatible with the historic materials, features, size, scale and proportion, and massing to protect the integrity of the property and its environment.
10. New additions and adjacent or related new construction will be undertaken in such a manner that, if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.

The SHPO strongly encourages applicants unfamiliar with the Standards to contact the tax credit administrator early in the design process. This early communication can ease the review process.

## **Application Information**

Applications are accepted on a rolling basis. All applications and application materials must be submitted by mail; faxed or electronic applications will not be accepted. Applications missing any of the listed materials will be considered incomplete and will not be reviewed. The SHPO reserves the right to request additional information if necessary.

There is a five step application process. See Appendix A for application instructions.

Part 1, "Determination of Historic Structure Status," Form ITC 300

Part 2, "Request for Approval of Proposed Rehabilitation Plan," Form ITC 300a

Part 2, "Amendment Form" (if applicable), Form ITC 300b

Part 3, "Request for Preliminary Certification and Reservation of Tax Credits," Form ITC 300c

Part 4, "Request for Final Certification of Completed Rehabilitation," Form ITC 300d

Part 5, "Request for Issuance of Tax Credit Voucher," Form 300e.

The department shall review and issue a decision not more than thirty calendar days after receipt of a complete application. If an application is incomplete, not more than thirty calendar days after receipt the department shall notify the owner in writing and indicate what information is needed to undertake or complete review.

In cases where the owner has submitted Part 1 or Part 2 applications of the Historic Preservation Certification Application used by the National Park Service, and any additional application materials required by the department, if, pursuant to 16 USC 470 a recommendation is made to the National Park Service for approval, such recommendation shall be considered certification and approval by the SHPO.

## **Phased Projects**

For purposes of the Historic Rehabilitation Tax Credit Program, a phased project is one in which the proposed rehabilitation work to a certified historic structure is completed in two or more stages of development. Work to a single building or multiple-building projects can be part of an overall phased project. Both types of phased projects need to be described on the state Part 2 application, Request for Approval of Proposed Rehabilitation Plan, Form ITC 300a. The cost breakdown for each phase need not be indicated on Attachment 3A (Schedule of Values) of the state Part 3 application, Request for Preliminary Certification and Reservation of Tax Credits, Form ITC 300c. Only one reservation is issued for the certified historic structure (a single building or multi-building project) in its entirety.

In phased projects, a tax credit voucher can be issued on a prorated basis for the identifiable portion of the certified historic structure placed in service, provided the expenditures incurred

constitute a substantial rehabilitation. For additional information on Phased Projects see Appendix B for Instructions for Phased Projects.

### **Affordable Housing Certificate**

Applicants interested in seeking that additional 5% in tax credits for projects with an affordable housing component should contact the Department of Housing at (860) 270-8262. A copy of the approved affordable housing certificate is required at the time the Part 3 application is submitted. *Please allow several weeks for this paperwork to be completed.*

### **Issuance of Tax Credit Voucher**

In order to obtain a tax credit voucher, the rehabilitation must first be certified as completed in accordance with the approved Part 2 application and any subsequent approved amendments. Any owner entitled to the credit may sell, assign, or otherwise transfer the credit, in whole or in part, to one or more persons. The credit may be sold, assigned or otherwise transferred, in whole or in part, not more than three times.

The owner or any subsequent transferee shall jointly submit written notification of such transfer to the SHPO not later than thirty (30) days after such transfer. The notification after each transfer shall include:

- 1) the credit voucher number,
- 2) the date of the transfer,
- 3) the amount of such credit transferred,
- 4) the tax credit balance before and after the transfer,
- 5) the tax identification numbers for both the transferor and the transferee, and
- 6) any other information required by the department.

Failure to comply shall result in the disallowance of the tax credit until there is full compliance on the part of the transferor and the transferee, and for the second and third transfer on the part of the all subsequent transferors and transferees.

### **Fee Schedule**

By statute, the SHPO may charge an application fee in an amount not to exceed ten thousand dollars (\$10,000.00) to cover the cost of administering the program.

The following fee schedule will apply to all projects:

1. For-profit developers with a rehabilitation project yielding total Qualified Rehabilitation Expenditures (QREs) over \$1,000,000.00 will be charged one tenth of one percent of the total QREs up to \$5,000.00;
2. Non-profit groups and municipalities with a rehabilitation project yielding QREs over \$1,000,000.00 will be charged one tenth of one percent of the total QREs up to \$2,500.00; and
3. Any applicant with a rehabilitation project yielding total QREs of \$1,000,000.00 or less will not be charged an application fee.

Based on the Preliminary Schedule of Values submitted with the Part 3 - Request for Preliminary Certification and Reservation of Tax Credits application an initial \$1,000.00 fee may be charged for the review of the Part 3 application. Final fee payment, if applicable, is due with submission of the Part 5 – Request for Issuance of Tax Credit Voucher.

# Appendix A

## Application Instructions



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**CONNECTICUT HISTORIC REHABILITATION TAX CREDIT – P.A. 14-217 Section 165**

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**APPLICATION INSTRUCTIONS**

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Applications are accepted on a rolling basis. All applications and application materials must be submitted by mail; faxed or electronic applications will not be accepted. Applications missing any of the listed materials will be considered incomplete and will not be reviewed. The SHPO reserves the right to request additional information if necessary.

Owners seeking tax credits under the Historic Rehabilitation Tax Credit program are required to file one (1) copy of the following applications with the State Historic Preservation Office (SHPO):

Part 1 application - “Determination of Historic Structure Status” Form ITC- 300

Part 2 application - “Request for Approval of Proposed Rehabilitation Plan” Form ITC- 300a

Part 2 application – “Amendment Form” (if applicable) ITC-300b

Part 3 application - “Request for Preliminary Certification and Reservation of Tax Credits” Form ITC- 300c

Part 4 application - “Request for Final Certification of Completed Rehabilitation” Form ITC- 300d

Part 5 application - “Request for Issuance of Tax Credit Voucher” Form ITC-300e

**Submission and approval of the Part 1 and Part 2 applications prior to the commencement of construction is required.**

Parts 1 and 2 applications may be filed concurrently; all other applications must be filed in succession, only after approval of each prior application. All forms must be submitted with an original signature. Electronic submission of applications is not permitted.

The SHPO shall review and issue a decision not more than 30 calendar days after receipt of a complete application. If the application is incomplete, not more than 30 calendar days after receipt, the SHPO shall notify the owner in writing and indicate what information is needed to undertake or complete review. The owner shall have 30 calendar days to provide the information and may request additional time. SHPO approval of applications is conveyed only in writing.

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**READ THE FOLLOWING INSTRUCTIONS CAREFULLY BEFORE FILLING OUT THE APPLICATION FORMS.**

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PART 1 APPLICATION: DETERMINATION OF HISTORIC STRUCTURE STATUS, FORM ITC -300

Criteria

A “certified historic structure” means an historic property that

- (A) is listed individually on the National or State Register of Historic Places, or
- (B) is located in a district listed on the National or State Register of Historic Places, and has been certified by the SHPO as contributing to the historic character of such district.

A building is considered to be contributing to the historic character of a registered district if by design, setting, materials, workmanship, integrity and association it adds to the district’s sense of time and place and historical development.

Whether individually listed on the National or State Register of Historic Places or listed as part of a district on the National or State Register of Historic Places, if the property is a “complex”, that is, if it has two or more buildings that are functionally related historically, the complex is considered a district.

***If the property is a single building individually listed on the National or State Register of Historic Places, no Part 1 application is required.***

Filing a Part 1 application is required if the property (a) is in a district listed on the National or State Register of Historic Places or (b) is in a complex individually listed on the National or State Register of Historic Places or (c) is in a complex located in a district listed on the National or State Register of Historic Places.

If application is being made for certification under the federal historic preservation tax incentives program, use the National Park Service Part 1, “Evaluation of Significance,” Form 10-168, and attach the completed two-page cover sheet of the state Part 1, “Determination of Historic Structure Status,” Form ITC-300.

Completing the Part 1 Application

1. Building Data

- Fill in all blanks. Provide attachments.
- If the property has a known historic name, enter the name. If not, enter not applicable or unknown. With respect to industrial buildings located in a complex, indicate building name or number.

2. Owner Information

- Fill in all blanks. Provide attachments. Note: if a Certificate of Title is unavailable, an executed copy of a Title Insurance policy can be provided.
- Name and signature authority - The Part 1 application may be filed by an individual owner, by joint owners (tenants-in-common), or by a business entity with multiple owners. The application must be signed by the owner of record or by the authorized agent of the owner of record. If the applicant, whether an individual or a business entity, is not the owner of record, or if the individual is acting as the agent for multiple owners, the applicant must attach a statement authorizing the named individual to sign the application. Such statement can be in the form of a certified copy of a resolution or a letter of authorization.
- Indicate the name of the business entity as registered with Connecticut's Office of the Secretary of State.

3. Statement of Historical and Architectural Significance

- Provide information required in either section a or b. If the application is only for the state Historic Rehabilitation Tax Credit program, complete section b as follows:
  - summarize how the building contributes to the significance of either the complex or registered district in which it is located. Reference, as applicable, the criteria used for evaluating historic character.
  - provide photographs of all exterior elevations of the building, representative interior views, and any significant interior features. Photographs should be in color, numbered, dated, labeled with the building address, and identified by architectural elevation and/or feature shown. Images should be no larger than 4"x6" and printed on photograph paper.
  - a map showing the location of the building or complex in a district listed on the National or State Register of Historic Places.

4. Owner Certification

- Owner must sign certification statement, and original form must be submitted to the SHPO.

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PART 2 APPLICATION: REQUEST FOR APPROVAL OF PROPOSED REHABILITATION PLAN, FORM ITC-300a

Criteria

A building must be a certified historic structure prior to the owner filing a state Part 2 application, "Request for Approval of Proposed Rehabilitation Plan," Form ITC-300a. If the application is being made for certification under the federal historic preservation tax incentives program, use the National Park Service Part 2, "Description of Rehabilitation," Form 168a, and attach the completed two-page cover sheet of the state Part 2, "Request for Approval of Proposed Rehabilitation Plan," Form ITC-300a.

In order to obtain approval of the Part 2 application, the proposed rehabilitation work must meet the Secretary of the Interior's *Standards for Rehabilitation*. The goal of the *Standards for Rehabilitation* is to preserve the historic character of a building while returning it to good condition or undertaking alterations for new uses.

Regardless of the status of construction at the time of the application and the eligibility of costs, all completed, ongoing and proposed work must meet the *Standards for Rehabilitation*. In phased projects, sufficient information must be provided to evaluate all project work.

Completing the Part 2 application

1. Building Data

- Fill in the blanks.

2. Owner Information

- Fill in blanks. Provide attachments. Note: if a Certificate of Title is unavailable, a copy of a Title Insurance policy can be provided.
- Name and signature authority - The Part 2 application may be filed by an individual owner, by joint owners (tenants-in-common), or by a business entity with multiple owners. The application must be signed by the owner of record or by the authorized agent of the owner of record. If the applicant, whether an individual or a business entity, is not the owner of record, or if the individual is acting as the agent for multiple owners as defined in the program regulations, the applicant must attach a statement authorizing the named individual to sign the application. Such statement can be in the form of a certified copy of a resolution or a letter of authorization.
- Indicate name of business entity as registered with Connecticut's Office of the Secretary of State.

3. Rehabilitation Project Data

- Provide information required in section a.
- If the application is only for the state Historic Rehabilitation Tax Credit program, please provide the following project information:
  1. *Site Plan:* Site plans that show existing conditions and proposed work are required: site survey (including legal property boundary lines); existing buildings and structures; buildings, building sections, or structures to be removed; new construction; existing roads, walkways, and parking; proposed roads, walkways and parking; and such other site improvements as landscaping.
  2. *Architectural drawings:* Drawings must show proposed demolition, existing and proposed building plans, roof plan, and elevations, must be to scale and, as a general rule, should be no larger than standard half size or 16” by 22”. Annotated elevations indicating scope and nature of masonry, concrete, stucco, or wood siding repairs and/or replacement of historic materials may be required. Building sections or architectural construction details may be required. Drawings may be required for millwork or new storefront construction. Drawings that show existing window details (sill, meeting rail, head, jamb and muntin profile) and comparable proposed new window details are required if existing windows are to be replaced. Attach window schedule.
  3. *Structural drawings:* Framing drawings may be required if the rehabilitation plan includes replacement, repair or reinforcement of existing structural members. Drawings should be no larger than standard half size or “16” by 22”.
  4. *HVAC plans:* Plans should show location of mechanical equipment, and the layout of duct and distribution systems. Drawings should be no larger than standard half size or “16” by 22”.
  5. *Technical specifications:* Specifications must be submitted for masonry and concrete work, including replacement, repair, repointing, cleaning (including paint removal) or application of other materials. Submit specifications for the repair of historic metalwork. Names of products to be used and under what conditions, and methods should be indicated. Specifications for restoration or replacement of interior historic finishes may be required.
  6. *Other data:* On a project specific basis, perspective drawings or renderings may be requested by the SHPO if further clarification of proposed work is deemed necessary. Depending on the nature of the proposed rehabilitation work, this category may also include an engineer’s structural report, environmental assessment, code documents, or other professional evaluations.

7. *Photographs*: Exterior photographs should show all elevations of the building and associated site buildings or structures, and close-up views of major architectural elements. If the rehabilitation plan calls for window replacement, photographs documenting representative existing condition(s) must be submitted, including overall window views and close-up details on all elevations of the building. Interior photographs should show spaces and significant historic features. All floors and building sections must be documented. Key photographs to existing floor plans. *Photographs should demonstrate building conditions that require rehabilitation work as explained in the “Description of Project” attached to this application.*

Photographs should be in color, numbered, dated, labeled with the building address, and identified by architectural elevation and/or feature shown. Images should be no larger than 4”x6” and printed on photograph paper. In cases where the rehabilitation plan calls for reconstruction of a now-missing historic element or feature, a copy of one or more historic photographs or other historic visuals will be required.

8. *Description of Project*: In numbered blocks, provide a description of all project work, including site work, demolition, attached or adjacent new construction, and rehabilitation work to the certified historic structure. Using a separate block for each work item, indicate existing conditions and work to be undertaken. Begin with work to the site, then exterior and interior work, mechanical systems, electrical, and plumbing. As a general rule, address line items in Attachment 3C, “Schedule of Values” of the state Part 3 application, “Request for Preliminary Certification and Reservation of Tax Credits,” Form ITC-300c and the following building elements:

<u>Exterior</u>	<u>Interiors</u>
Foundation	Structural system
Walls	Floor plans
Storefronts	Finishes (floors, walls, ceilings)
Entrances	Millwork
Windows	Decorative details or ornamentation
Roof	
New construction	

In each block, indicate the corresponding drawing and photograph numbers. The form must be typed. Descriptions of proposed work should explain clearly the

nature and scope of work to be undertaken, and the materials and methods to be used. If project construction is in process at the time of application, indicate what items of work have been completed in whole or in part to date.

If the project involves masonry or concrete work, the application must include the following statements, as applicable:

Repointing mortar shall match the color, texture, strength, joint width and profile of the existing historic masonry. Good quality overall and close-up color photographs of sample masonry repointing shall be submitted to the SHPO for prior approval.

Cleaning or removal of paint from masonry or concrete surfaces shall be accomplished using the gentlest means possible. Good quality overall and close-up color photographs of sample masonry cleaning shall be submitted to the SHPO for prior approval.

If the rehabilitation work includes window replacement, the application must describe the existing and proposed type of window operation, material(s), glazing pattern, and type of glazing.

#### 4. Owner Certification

- Owner must sign certification statement, and original form must be submitted to the SHPO.

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PART 3 APPLICATION: REQUEST FOR PRELIMINARY CERTIFICATION AND RESERVATION OF TAX CREDITS, FORM ITC -300c

#### Criteria - General

Approval of both the state Part 1 application, "Determination of Historic Structure Status," Form ITC-300, and the state Part 2 application, "Request for Approval of Approved Rehabilitation Plan," Form ITC-300a, is required in order to apply for preliminary certification and a reservation of tax credits.

The applicant must demonstrate that the "qualified rehabilitation expenditures" meet the statutory definition of "substantial." Under the Historic Rehabilitation Tax Credit program, the term "substantial rehabilitation" or "substantially rehabilitate" means the qualified rehabilitation expenditures of a certified historic structure that exceed twenty-five percent of the assessed value of such structure prior to the commencement of construction.

Applicants must also provide the information on the sources of project financing, compliance with governmental regulatory requirements (including building and fire codes), and a statement explaining how the project accords with municipal land-use, economic development or housing goals.

At the time of filing, the applicant, whether an individual or a business entity, is required to possess title to the certified historic structure.

### Eligible Costs

Under the Historic Rehabilitation Tax Credit program, “qualified rehabilitation expenditures” means:

any costs incurred for the physical construction involved in the rehabilitation of a certified historic structure for residential use, excluding: (A) the owner’s personal labor, (B) the cost of a new addition, except as required to comply with any provision of the State Building Code or the State Fire Safety Code, and (C) any non-construction costs such as architectural fees, legal fees and financing fees.

Costs incurred prior to the approval of the state Part 2 application, “Request for Approval of Proposed Rehabilitation Plan,” Form ITC-300a, are not considered part of the basis for determining the amount of the tax credits, regardless of whether they are eligible or ineligible.

The amount of tax credit reserved is equal to 25% of the qualified rehabilitation expenditures not to exceed \$4.5 million per project and is based on the proposed schedule of values as approved by the SHPO.

**Once a tax credit reservation is issued, the amount of tax credits reserved under either program cannot be increased.**

### Completing the Part 3 application

#### 1. Building Data

- Fill in the blanks. Provide attachments.

#### 2. Owner Information

- Fill in blanks. Provide attachments. Note: if a Certificate of Title is unavailable, a copy of a Title Insurance policy can be provided.
- Name and signature authority - The Part 3 application may be filed by an individual owner, by joint owners (tenants-in-common), or by a business entity with multiple owners. The application must be signed by the owner of record or by the authorized agent of the owner of record. If the individual signing the application is the agent for multiple owners as defined in the program regulations, a statement authorizing the named



individual to sign the application must be attached. Such statement can be in the form of a certified copy of a resolution or a letter of authorization.

- Indicate name of business entity as registered with Connecticut's Office of the Secretary of State.

3. Documentation of Project Readiness

- a. Use Attachment 3A, to list sources of project financing and dollar amounts. For example, indicate whether funds are governmental (federal, state, or municipal) or private, the type of funding (loans, grants, bond monies, or tax credits) and the committed or anticipated amounts.
- b. Fill in the blanks. Regulatory requirements may include municipal planning and zoning regulations, inland wetlands regulations, local historic district Certificate of Appropriateness (if the building is located in a municipally designated local historic district), local design review board, state of Connecticut Department of Environmental Protection permit, state of Connecticut traffic control, and/or compliance with the provisions of Section 106 of the National Historic Preservation Act. Submit approvals as attachments. See sample municipal resolution.
- c. Statement may be submitted by chief elected municipal officer, town manager, director of economic development, municipal planner, or other municipal official with planning responsibilities. Statement should reference pertinent municipal documents and excerpts may be attached. *Do not submit more than one statement, not to exceed two pages in length.*
- d. Use Attachment 3B to list only those code requirements (including ADA) which may have an effect on the historic character of the certified historic structure, including retention/replacement of historic fabric or features, alterations to existing floor plans, and attached new construction for the project to proceed.
- e. Submit any attachments if applicable.

4. Estimated Qualified Rehabilitation Expenditures

- Schedule of Values - Attachment 3C

5. Substantial Rehabilitation Test

- Fill in the blanks. With respect to determining assessed value, refer to program regulations.

6. Owner Certification

- Owner must sign certification statement, and original form must be submitted to the SHPO.

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PART 4 APPLICATION: REQUEST FOR FINAL CERTIFICATION OF COMPLETED REHABILITATION, FORM ITC- 300d

Criteria

In order to obtain approval of the Part 4 application, the completed work must meet the *Standards for Rehabilitation* and conform to work previously approved by the SHPO. A Part 4 application can be filed for completed rehabilitation work to a certified historic structure in its entirety or to an “identifiable portion of the building.” “Identifiable portion of the building”

means an entire floor, a section of the building separated from another section by an historic firewall, or, in buildings with several periods of construction, a section that represents a distinct period of construction.

For projects in which the rehabilitation of a certified historic structure is to be completed in more than one phase, the phase for which a Part 4 application is being filed must constitute an identifiable portion of the building.

***All work to the certified historic structure, including all phases, must be completed prior to the expiration date of the Reservation Certificate.***

***Costs incurred for the building in its entirety or for a specific phase after the Part 4 application is filed will not qualify for purposes of computing the amount of a tax credit voucher.***

Completing the Part 4 application

1. Building Data

- Fill in the blanks.

2. Owner Information

- Fill in blanks. Provide attachments. Note: if a Certificate of Title is unavailable, a copy of a Title Insurance policy can be provided.
- Name and signature authority - The Part 4 application may be filed by an individual owner, by joint owners (tenants-in-common), or by a business entity with multiple owners. The application must be signed by the owner of record or by the authorized agent of the owner of record. If the individual signing the application is the agent for multiple owners as defined in the program regulations, a statement authorizing the named individual to sign the application must be attached. Such statement can be in the form of a certified copy of a resolution or a letter of authorization.

- Indicate name of business entity as registered with Connecticut’s Office of the Secretary of State.

3. Rehabilitation Project Data

- Fill in the blanks. Provide attachments.
- Photographs of completed rehabilitation work should correspond to photographs submitted with the Part 2 application. Exterior photographs should show all elevations of the building and close-up views of major architectural elements. Interior photographs should show representative interior spaces--including residential units--and significant historic features. Photographs should be in color, numbered, dated, labeled with the building address, and identified by architectural elevation and/or feature shown. Images should be no larger than 4”x6.”
- You are not required to have filed the National Park Service Part 3 application, Request for Certification of Completed Work (Form 10-168c) prior to filing the part 4 state application.

4. Owner Certification

- Owner must sign certification statement, and original form must be submitted to the SHPO.

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PART 5 APPLICATION: REQUEST FOR ISSUANCE OF TAX CREDIT VOUCHER

Criteria

The “Request for Issuance of Tax Credit Voucher,” Form ITC-300e is filed after approval of the Part 4 application, “Request for Final Certification of Rehabilitation,” Form ITC-300d.

In order to obtain one or more tax credit vouchers from the SHPO, the owner is required to provide a certification of costs prepared by an independent certified public accountant. The certification must be on letterhead and signed by the authorized representative of the accounting firm, and cite the pertinent statutory references as the basis for determining the qualified rehabilitation expenditures. In addition, the certification must specifically include an affirmative statement indicating that the procedures used included “verification of qualified rehabilitation expenditures by the examination of invoices, cancelled checks, settlement sheets and related documents.” By statute, in no case shall the amount of the tax credit voucher exceed the amount of the tax credits reserved. ***Incurred costs are those for which payment has been made.***

The qualified rehabilitation expenditures must meet the substantial rehabilitation test.

For projects in which the rehabilitation of a certified historic structure is to be completed in more than one phase, the Part 5 application can be filed after completion of each phase, provided the

qualified rehabilitation expenditures constitute a substantial rehabilitation for the identifiable portion of the building placed in residential service. For such phased projects, the amount of tax credits available is a portion of the total tax credits reserved. Costs are considered as incurred for the entire certified historic structure and are prorated for the portion of the building placed in residential service. Additional instructions for phased projects are located in Appendix B.

The owner is required to remit the required fee payment upon request by the SHPO. The total fee is one-tenth of one percent of the “qualified rehabilitation expenditures.” Prior payment of \$1,000 is credit against the total amount due. Check is made payable to Treasurer, State of Connecticut. Personal and cashiers checks are acceptable. No credit card payments are allowed.

### Completing the Part 5 application

#### 1. Building Data

- Fill in the blanks. Provide attachments.

#### 2. Owner Information

- Fill in blanks. Provide attachments. Note: if a Certificate of Title is unavailable, a copy of a Title Insurance policy can be provided
- Name and signature - The Part 5 application may be filed by an individual as the sole owner of record or by the authorized agent of the owner of record. The application must be signed by the owner of record or, if the individual signing the application represents the owner, a statement authorizing the named individual to sign the application on behalf of the owner and to request the distribution of tax credits must be attached. Such statement can be in the form of a certified copy of a resolution or a letter of authorization.
- Indicate name of business entity as registered with Connecticut’s Office of the Secretary of State.

#### 3. Rehabilitation Project Data

- Fill in the blanks. Provide attachments.

#### 4. Assignment of Tax Credit Voucher

- One or more tax credit vouchers, singly or in combination, can be issued to: an individual as the sole owner of record, a named business entity as owner, contributing taxpayer, or one or more multiple owners. As defined in the program regulations, multiple owners:  
means either direct owners in the form of tenants-in-common or indirect owners in cases where the limited liability partnership or limited liability company undertaking the certified rehabilitation includes more than one person or business entity as partners or members.

If the request is to issue a tax credit voucher directly to a “contributing” taxpayer, that taxpayer must be a C corporation, registered with Connecticut’s Office of the Secretary of State.

5. Owner Certification

- Owner must sign certification statement, and original form must be submitted to the SHPO.

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Direct questions to:

Administrator, Historic Tax Credit Programs

CT SHPO located within the Department of Economic and Community Development

General information number: (860) 256-2800

Send applications to:

Administrator, Historic Tax Credit Programs

CT State Historic Preservation Office

One Constitution Plaza, 2<sup>nd</sup> floor

Hartford, CT 06103

**SAMPLE FORMAT**

**PART 2 APPLICATION, "REQUEST FOR APPROVAL OF PROPOSED  
REHABILITATION PLAN"**

**DESCRIPTION OF PROJECT**

Number 1

Existing building feature \_\_\_\_\_ original altered c. \_\_\_\_\_

Description and Condition:

Proposed rehabilitation work:

Photo nos. \_\_\_\_\_ Drawing no. \_\_\_\_\_

Number 2

Existing building feature \_\_\_\_\_ original altered c. \_\_\_\_\_

Description and Condition:

Proposed rehabilitation work:

Photo nos. \_\_\_\_\_ Drawing no. \_\_\_\_\_

Number 3

Existing building feature \_\_\_\_\_ original altered c. \_\_\_\_\_

Description and Condition:

Proposed rehabilitation work:

Photo nos. \_\_\_\_\_ Drawing no. \_\_\_\_\_

**SAMPLE FORMAT**

**PART 3 APPLICATION, "REQUEST FOR PRELIMINARY CERTIFICATION AND  
RESERVATION OF TAX CREDITS"**

**CERTIFIED COPY OF MUNICIPAL RESOLUTION**

I, \_\_\_\_\_, the duly qualified and acting clerk of the Town of \_\_\_\_\_,  
Connecticut, do hereby certify that the following resolution was adopted at a meeting of  
\_\_\_\_\_, held on \_\_\_\_\_,  
and is on file and of record, and that said resolution has not been altered, amended or revoked  
and is in full force and effect.

(RESOLUTION)

Signed: \_\_\_\_\_

Town Clerk

Date: \_\_\_\_\_



## Appendix B

### Instructions for Phased Projects

## **SPECIAL INSTRUCTIONS FOR PHASED PROJECTS**

### **HISTORIC REHABILITATION TAX CREDIT PROGRAM**

#### **Definitions**

For purposes of the above-named state historic tax credit program, a phased project is one in which the proposed rehabilitation work to a certified historic structure is completed in two or more stages of development. Work to a single building or multiple-building projects can be part of an overall phased project. Both types of phased projects need to be described on the state Part 2 application, Request for Approval of Proposed Rehabilitation Plan, Form ITC 300a. The cost breakdown for each phase need not be indicated on Attachment 3A (Schedule of Values) of the state Part 3 application, Request for Preliminary Certification and Reservation of Tax Credits, Form ITC 300c. Only one reservation is issued for the certified historic structure (a single building or multi-building project) in its entirety.

In phased projects, a tax credit voucher can be issued on a prorated basis for the identifiable portion of the certified historic structure placed in service, provided the expenditures incurred constitute a substantial rehabilitation. There are some key words here.

A. The definition of “identifiable portion of the building” is “an entire floor, a section of a building separated from another section by an historic firewall, or, in buildings with several periods of construction, a section that represents a distinct period of construction.”

B. “Substantial rehabilitation” means the “qualified rehabilitation expenditures of a certified historic structure that exceed 25% of the assessed valued of such structure.” That value is stated in the state Part 3 application, Request for Preliminary Certification and reservation of Tax Credits, Form ITC 300-c. When a project is phased, the value against which the test is made is determined on the basis of the costs associated with “qualified rehabilitation expenditures” for the square footage of the identifiable portion of the building placed in service.

C. “Placed in service” means completion of substantial rehabilitation work that would allow for occupancy of the entire building or an identifiable portion of the building.

#### **Overview**

A state Part 4 application, Request for Approval of Completed Rehabilitation Work, Form ITC 300d must be filed for each phase. As is the rule for all projects regardless of whether the project

is phased or not, costs paid for after the date of receipt of the part 4 application by the State Historic Preservation Office (SHPO) are not considered eligible. In order to request issuance of a tax credit voucher for each phase of a phased project, the owner must file a state part 5 application, Request for Issuance of Tax Credit Voucher, Form ITC 300e and special Attachment 5A-c, which is for phased projects only. The amount of the tax credit is based on the costs associated with the square footage that is placed in service, regardless of whether the certified historic structure is mixed residential/nonresidential or solely nonresidential. Depending on the eligible costs in each phase, the square footage costs will vary. For each phase, the owner is required to submit with the state Part 5 application a Certification of Costs which has been prepared by an independent certified public accountant. An application fee based on a percentage of the total qualified rehabilitation expenditures may be charged by the SHPO for each application.

In the first phase, the total eligible costs of this phase are divided by the square footage of the entire certified historic structure (as previously indicated on the state part 3 application) to obtain a square footage cost. Square footage cost is then multiplied by the square footage of the identifiable portion of the building placed in service. This figure constitutes the qualified rehabilitation expenditures (QREs). The amount of the tax credit is then 25% (or 30% if qualified as affordable housing project) of the QREs. This method is to be used for subsequent phases except the last phase.

There is then a carryover (a “credit”) of eligible expenditures which are factored into the final determination of the remaining tax credits in the last phase of the project. For projects under the Historic Rehabilitation Tax Credit program, the carryover is determined by subtracting the QREs from the total eligible costs for the phase.

In the last phase of projects under the Historic Rehabilitation Tax Credit program, the sum of all carryover costs is added to the total eligible costs of the last phase to constitute QREs. The amount of the tax credit is then 25% (or 30% if qualified as affordable housing project) of the QREs.

The QREs are then the sum of all carryover costs plus the remaining eligible costs. The amount of the tax credit is then 25% (or 30% if qualified as affordable housing project) of the QREs.

**In no case can the total amount of tax credits issued for all phases for any project exceed the amount of tax credits reserved.**

**Instructions and Sample Calculations**

Complete Lines 1- 57 of Attachment 5A-c for all phases. For the first or subsequent phases except the last, fill out the information required under Part A: Lines 58-63. For the last phase, complete Lines 64-66.

**Sample calculation**

Project: 5-story building; 100,000 square feet; 20,000 square feet per floor; 80,000 square feet residential; 20,000 square feet nonresidential; 2-phase project. Reservation amount = \$5,000,000.00

Phase 1

Eligible costs: \$10,000,000

Bldg square footage: 100,000

Square footage costs: \$100

Square footage placed in service: 60,000

QREs: \$ 6,000,000

Amount of tax credit @25% of QREs: \$1,500,000

Carryover \$10,000,000 - \$1,500,000 = \$8,500,000

Tax Credit issued to date: \$1,500,000

Phase 2

Eligible costs: \$7,000,000

Bldg square footage: 100,000

Square footage costs: \$70

Square footage placed in service: 40,000

Carryover from phase 1 \$8,500,000

QRE's eligible costs plus carryover: \$7,000,000 + \$8,500,000 = \$15,500,000

Amount of tax credit @25% of QREs: \$3,875,000

**Maximum tax credit allowable under the program is \$5,000,000. Hence the last tax credit voucher is not \$3,875,000, but \$3,500,000.**



Department of Economic and  
Community Development

State Historic Preservation Office

**ATTACHMENT 5A-c: SCHEDULE OF VALUES (COSTS INCURRED) - PHASED PROJECTS**

**HISTORIC REHABILITATION TAX CREDIT**

Phase \_\_\_\_ of \_\_\_\_ phases

1	2	3	4	5	6	7
LINE	DIV	DIV/TRADE ITEM	INELIGIBLE	ELIGIBLE <sup>1</sup>	Costs Incurred Prior to Part 2 Approval	TOTAL EXPENSE
1	2	SITE TESTING/HAZARDOUS MATERIALS				
2	2	ENVIRONMENTAL REMEDIATION: SITE				
3	2	ENVIRONMENTAL REMEDIATION: CERTIFIED HISTORIC				
4	2	SITE GRADING & EXCAVATION <sup>3</sup>				
5	2	OTHER SITE WORK <sup>4</sup> specify _____ _____				
6	2	LANDSCAPING <sup>5</sup>				
7	2	SURFACE PARKING, ROADS AND WALKWAYS				
8	2	GARAGES/ STRUCTURED PARKING FACILITY				
9	2	DEMOLITION: SEPARATE BUILDINGS AND/OR STRUCTURES				

<sup>1</sup> Unless the project qualifies under the transition rule (projects under construction prior to July 1, 2006, but not placed in service as of that date), any costs for which payment has been made prior to the date of approval of the state Part 2 application, Request for Approval of Proposed Rehabilitation Plan, Form ITC 100-a, are not considered eligible.

<sup>2</sup> Includes abatement of hazardous materials, termite control, or mold

<sup>3</sup> Eligible work only if in conjunction with approved addition for building or life-safety code

<sup>4</sup> Includes hydrology systems and retaining walls

<sup>5</sup> Includes lawns, plantings, and fencing

10	2	DEMOLITION: GENERAL <sup>6</sup>				
11	2	DEMOLITION: SELECTIVE <sup>7</sup>				
12	2	SITE UTILITIES				
13	3	NEW CONCRETE <sup>8</sup>				
14	3	CONCRETE REPAIRS				
15	4	MASONRY NEW, REPAIR and REPOINTING				
16	4	CONCRETE/MASONRY CLEANING:				
17	5	METALS				
18	6	ROUGH CARPENTRY				
19	6	FINISH CARPENTRY				
20	7	MOISTURE PROTECTION				
21	7	INSULATION				
22	7	ROOFING				
23	7	SHEET METAL				
24	7	SIDING (INCLUDES REMOVAL OF NON-HISTORIC, REPAIR, REPLACEMENT)				
25	8	DOORS AND HARDWARE				
26	8	WINDOWS AND GLAZING				
27	9	ACOUSTICAL TILE				
28	9	DRYWALL				
29	9	CERAMIC TILE				
30	9	WOOD FLOORING				
31	9	RESILIENT FLOORING				
32	9	CARPETING				

<sup>6</sup> Includes all work to a certified historic structure required to remove deteriorated materials

<sup>7</sup> Includes only costs associated with approved removal of sections of the building owing to documented structural failure or for the purpose of new construction to recreate documented historic appearance

<sup>8</sup> Line items Nos. 13 through 17 refer only to work to the certified historic structure

33	9	PAINTING (INTERIOR AND EXTERIOR)				
34	10	SPECIALTIES				
35	11	CABINETS & VANITIES				
36	11	APPLIANCES				
37	12	BLINDS, SHADES, AND ARTWORK				
38	13	SPECIAL CONSTRUCTION: SEPARATE NEW BUILDINGS				
39	13	ADDITION: NON-CODE REQUIRED				
40	13	ADDITION: CODE REQUIRED				
41	13	ADDITION: HANDICAPPED ACCESS				
42	13	NEW CONSTRUCTION: RECONSTRUCTION				
43	15	ELEVATORS				
44	15	PLUMBING				
45	15	HVAC				
46	15	FIRE SUPPRESSION				
47	16	ELECTRICAL (BUILDING ONLY)				
48		RENTAL EQUIPMENT, specify: <sup>9</sup>				
49		GREEN ROOFS				
50		TOTAL STRUCTURE AND LAND IMPROVEMENTS				
51		PERMITS AND FEES				
52		CONTRACTOR BOND PREMIUM				
53		TOTAL CONSTRUCTION COSTS Sum of LINES 50-52				

<sup>9</sup> Includes dumpsters, scaffolding etc.

54	TOTAL INELIGIBLE COSTS: Column 4				
55	TOTAL ELIGIBLE COSTS: Column 5				
56	GENERAL REQUIREMENTS AND BUILDER'S OVERHEAD AND PROFIT: Not to exceed 15% of LINE 55 <sup>10</sup>				
57	TOTAL ELIGIBLE COSTS Sum of LINES 55 and 56				

<b>HISTORIC REHABILITATION TAX CREDIT PROGRAM</b>					
58	BUILDING SQUARE FOOTAGE <sup>11</sup>				
59	PER SQUARE FOOT REHABILITATION COSTS: LINE 57 divided by LINE 58				
60	SQUARE FOOTAGE PLACED IN SERVICE				
61	<b>TOTAL QUALIFIED REHABILITATION EXPENDITURES:</b> LINE 59 multiplied by LINE 60				
62	<b>PRO-RATED VOUCHER AMOUNT:</b> 25% OF LINE 61				
63	CARRY-FORWARD: LINE 57 minus the sum of LINE 62				
<b>LAST PHASE ONLY</b>					
64	CARRY-FORWARD FROM EACH PHASE – LINE 63				
65	TOTAL ELIGIBLE COSTS - LINE 57				
66	<b>TOTAL QUALIFIED REHABILITATION EXPENDITURES:</b> sum of LINE 64 and LINE 65				

<sup>10</sup> Line 56 must represent actual payments not an automatic add on to eligible expenditures.

<sup>11</sup> The square footage is the square footage at the time of acquisition irrespective of any subsequently approved demolition plus the square footage of any allowable enlargement of the building envelope to meet code requirements or to recreate a documented historic appearance.