Ohio
Historic Preservation
Tax Credit

Frequently Asked Questions (FAQ's)

Program Basics

What is the Ohio Historic Preservation Tax Credit program?

The Ohio Historic Preservation Tax Credit (OHPTC) helps finance the rehabilitation of historically significant buildings by offering a tax credit to owners or long time lessees of historic buildings. The program leverages private investment within communities, creates local construction and permanent jobs, and brings formerly vacant or under-utilized spaces back into productive use. The program is competitive and receives applications twice each year.

What is a tax credit?

A tax credit reduces the amount of tax owed; one dollar of tax credit reduces tax liability by one dollar. This differs from a tax deduction as a tax deduction lowers the amount of income that is taxed. The OHPTC program provides for a refund up to $3 million if sufficient applicable Ohio tax liability does not exist to claim an awarded tax credit. The OHPTC is performance-based: developers cannot be issued the credit until construction is complete and all requirements are verified.

Can the OHPTC be used in conjunction with the federal historic preservation tax credit?

Yes. The Ohio program was designed to be used in conjunction with the federal program. Although there is not a requirement to seek both credits, the vast majority of applicants to the Ohio program also seek the federal credit. Projects that seek both the Ohio and federal credit are known as Combined State and Federal projects. Projects that do not seek the federal credit are known as State-Only projects.

How much is the credit worth?

Applicants to the OHPTC program may request up to 25% of the qualified costs of a rehabilitation project, known as Qualified Rehabilitation Expenditures (QREs). The maximum amount an applicant may request is $5 million, unless approved as a catalytic project. If eligible, a project may also seek the Federal Historic Preservation Tax Credit valued at 20% of QREs.

Ohio
Historic Preservation
Tax Credit

For example, a project with QREs of $1 million may be eligible for up to $250,000 in OHPTC and $200,000 in federal credits.

Are the tax credits available for work on single family private residences?

No. The Ohio Historic Preservation Tax Credit is not available for the rehabilitation of single family residences or condominiums. This includes farmsteads with an owner-occupied home and accessory buildings. Eligible properties include multi-family rental housing, commercial, office, retail, industrial, or institutional properties. Eligibility is based on the use of the property following rehabilitation.

What is a catalytic project?

Catalytic projects are large-scale rehabilitation projects that will foster significant economic development and are eligible to receive up to $25 million in tax credits. The catalytic program has been discontinued, but projects funded under this program will be allowed to continue to completion.

Where can I go for more information online?

OHPTC program webpage: www.ohptc.development.ohio.gov
Federal program webpage: http://www.nps.gov/tps/tax-incentives.htm
SHPO tax incentives webpage:
https://www.ohiohistory.org/preserve/state-historic-preservation-office/tax-incentives

What do program acronyms mean?

> **OHPTC:** Ohio Historic Preservation Tax Credit
> **ODSA:** Ohio Development Services Agency
> **QRE:** Qualified Rehabilitation Expenditures
> **SHPO:** State Historic Preservation Office
> **NPS:** National Park Service
> **IRS:** Internal Revenue Service
> **TPS:** Technical Preservation Services
> **NRHP:** National Register of Historic Places
> **CLG:** Certified Local Government
> **NRQ:** National Register Questionnaire

What documents guide the program?

> **Ohio Revised Code (ORC):** 149.311
> **Ohio Administrative Code (OAC):** 122: 19-1-01 to -08
> **Program Policies** – posted on ODSA webpage
> **Application Guide** – released each application round on ODSA webpage
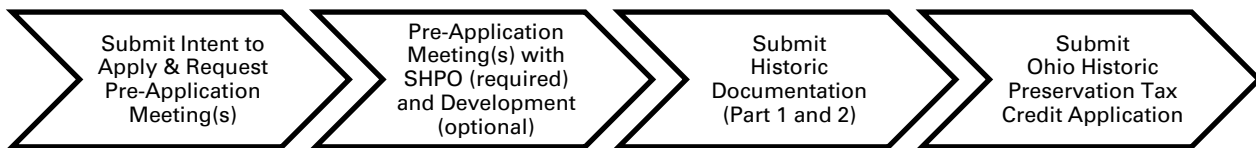
Application Process

How do I apply for the credit?

Applying to the OHPTC program is a multifaceted process that includes both the Ohio Development Services Agency (ODSA) and State Historic Preservation Office (SHPO). Two application periods, known as rounds, are held each year in the spring and fall.

A competitive Ohio Historic Preservation Tax Credit Application is submitted online for review by ODSA. Prior to this submission, applicants must complete an Intent to Apply form and may hold a pre-application meeting with ODSA program staff to discuss their project and application.

Applicable Part 1 and 2 forms, documenting the historic designation and proposed rehabilitation of the historic building(s), are submitted in hard copy to the SHPO for review. Prior to the submission, applicants must request and hold a required pre-application meeting with SHPO program staff to discuss their project and application.

Submit Intent to Apply & Request Pre-Application Meeting(s)	Pre-Application Meeting(s) with SHPO (required) and Development (optional)	Submit Historic Documentation (Part 1 and 2)	Submit Ohio Historic Preservation Tax Credit Application

What is the OHPTC Intent to Apply form?

The Intent to Apply is a short, online form that is submitted at the beginning of the application process to notify the ODSA and SHPO of a potential application for an upcoming application round. The form provides both agencies with basic information about anticipated projects prior to full application submission. Information submitted is non-binding and may be changed when application materials are submitted. Pre-application meetings with ODSA and SHPO may also be requested through the Intent to Apply form.

Can you explain the application round deadlines and timeframe for awards?

The OHPTC program has a set of split deadlines: one set for the applicable Part 1 and 2 applications that are reviewed by SHPO and one set for the competitive application that is reviewed by ODSA.

During the spring round, the OHPTC Intent to Apply form must be submitted online by February 15, SHPO pre-application meetings must be requested by February 1, the Part 1 and Part 2 must be submitted to the SHPO by February 28, and the OHPTC competitive application must be submitted online by March 31. Awards will be announced on or before June 30.

During the fall round, the OHPTC Intent to Apply form must be submitted online by August 15, SHPO pre-application meetings must be requested by August 1, the Part 1 and Part 2 must be submitted to the SHPO by

August 31, and the OHPTC competitive application must be submitted online by September 30. Awards will be announced on or before December 31.

Please note that these deadlines may be adjusted year to year to accommodate holidays, weekends, and leap days. Please check the OHPTC program webpage (www.ohptc.development.ohio.gov) for the most up to date deadlines.

Are there fees associated with the application process?

Yes. There is a nominal application fee ($50-$2,000) based on the amount of tax credits requested. After a project is approved for tax credits, servicing and certification fees are also collected; together all three fees will equal no more than 1.5% of the tax credit awarded to the project. These fees cover administrative costs at both the ODSA and SHPO.

No fees are collected until the competitive application is submitted to the Ohio Development Services Agency. All initial consultation, pre-application meetings, and other assistance prior to an application are provided free of charge.

Applicants seeking the federal credit may also pay a review fee to the National Park Service.

Where do I send my application materials?

All historic documentation, including the Part 1 and 2 during the application process, and later any amendments and the Part 3, should be submitted directly to the SHPO at the following address: Ohio History Connection, State Historic Preservation Office, 800 East 17th Avenue, Columbus, Ohio 43211.

The competitive OHPTC application is submitted online to the ODSA. Application fees should be concurrently mailed to the ODSA at the following address: Ohio Development Services Agency, Office of Strategic Business Investments, ATTN: Ohio Historic Preservation Tax Credit Program Manager, 77 South High Street, 28th Floor, Columbus, Ohio 43215. Please use package tracking or delivery confirmation when you mail your fee.

What is a "Part 1," "Part 2," and "Part 3" application?

These are the three parts of one application that are reviewed by the SHPO. If applicants are also seeking the federal credit, these applications would also be reviewed by the National Park Service for final approval.

- Part 1 of the Historic Preservation Certification Application is the Evaluation of Significance. This form outlines the building's significance and contribution to the historic district. A Part 1 is not required for buildings that are individually listed on the National Register.
- Part 2 is the Description of Rehabilitation. This form outlines what work is proposed to be done to the building, how the historic fabric will be treated, and how the work will meet the Secretary of the Interior's Standards.

Ohio
Historic Preservation
Tax Credit

- Part 3 is the Request for Certification of Completed Work. This form is submitted at completion of the project and is used to verify that the completed work meets the Standards.

Each of these forms has a narrative and requires a complete set of interior and exterior photos of the property with a photo key. Drawings are often required as well.

How is the Part 1 and 2 process different for State-Only Projects?

There is a separate Ohio Parts 1 and 2 form for applicants not seeking the federal credit; this form contains very similar content to the federal form and will also be submitted for review to the SHPO. Only one copy of the Ohio Parts 1 and 2 form needs to be submitted to the SHPO as the National Park Service will not review State-Only Projects.

Who reviews my application materials?

The State Historic Preservation Office reviews the Part 1, Part 2, and Part 3 Historic Preservation Certification Applications and, for Combined State and Federal Projects, forwards them to the National Park Service for final review and approval. Each building will be assigned a reviewer at the SHPO.

The OHPTC program's competitive application will be reviewed and scored by staff at the Ohio Development Services Agency.

If I am resubmitting an application because I was not funded in a previous round, what do I need to submit?

The competitive OHPTC application must be completely re-submitted, including a new application fee. Applicants must also submit a new Intent to Apply form.

If the rehabilitation work and end uses of the building described in a previously approved Part 2 are unchanged, additional documentation is only required if the Part 2 was approved more than two years ago. If the Part 2 was approved within two years, the applicant must only submit a letter certifying that the rehabilitation work is unchanged. If the proposed end uses or residential unit counts have changed, a Part 2 amendment must be submitted. Always check with the SHPO project reviewer regarding what additional documentation is required and reference Program Policy 3.11 for additional information.

What if my building(s) are not yet on the National Register of Historic Places?

For State-Only Projects, buildings do not need to be listed on the National Register if the buildings are locally designated by a Certified Local Government (CLG). For Combined State and Federal Projects, National Register designation is only required for the federal credit if the buildings are locally designated by a CLG. Some applicants choose to pursue local CLG designation to be eligible to submit an OHPTC application while concurrently seeking National Register listing for the federal credit.

If applicants are in the middle of the designation process, the property must be listed in the National Register by the National Park Service, or the CLG designation must be effective, on or before the competitive application deadline (usually March 31 or September 30).

The OHPTC Pipeline Initiative provides grants to assist in nominating buildings, districts, and areas to the National Register. Applications are funded on an open cycle basis throughout the year. For more information, visit the OHPTC program webpage (www.ohptc.development.ohio.gov).

How is the competitive application scored?

The competitive application is objectively scored with a 100 point rubric. The scoring criteria consider regional balance across the program, economic impact of the project, and a cost-benefit analysis comparing the requested tax credit to state and local tax revenues that could be generated by the proposed project.

Applicants can self-score 94 out of the 100 possible points and have a good understanding of their competitiveness. ODSA can help assist applicants in self-scoring their application and potential strategy for improving the potential score of a project.

Can my project include multiple historic buildings?

Yes. Applicants may group multiple historic buildings into one OHPTC completive application if all buildings are in close proximity, are owned or leased by the same applicant, and will have the same primary end use. Such applications are subject to the $5 million project cap. Applicants may also individually submit applications for each historic building in a multiple building development.

Regardless of how applicants may group buildings for the competitive application, separate historic documentation, including the Part 1 and 2 forms, must be submitted to the SHPO for each individual historic building. Applicants may consult with their SHPO project reviewer to determine how many historic buildings may exist within a proposed project scope.

Can I divide my project to request the project cap on multiple portions of the same building?

No. The program legislation caps each historic building at $5 million in tax credits. If multiple OHPTC competitive applications are filed on the same historic building, the sum of the applications cannot exceed $5 million. The extent of a historic building is defined by the Part 1 and Part 2 application. If connected buildings are defined as separate historic buildings by the SHPO and/or NPS through the Part 1 and Part 2 process, each separate building is eligible to request the full project cap.

What rehabilitation work can occur prior to an approval of my application?

The OHPTC program requires applicants to document that the tax credit is a major factor in the applicant's decision to undertake the rehabilitation project. Therefore, construction on the project should not commence prior to application approval.

To ensure that the building does not deteriorate or constitute a safety hazard during the application process, stabilization, environmental abatement, and work necessary to qualify the building for the National Register is permitted prior to application approval. Any rehabilitation work should be discussed with the SHPO to ensure compliance with the U.S. Secretary of Interior's Standards for Rehabilitation. Applicants may discuss proposed stabilization activities with ODSA staff to ensure proposed work falls within the policy parameters.

For projects that are no more than 25% through construction (measured based on expenditure of QRE's), applications may still be submitted but applicants would apply under the argument that the tax credit is a major factor in the applicant's decision to *increase investment* in the rehabilitation project. This requires applicants to document incurred costs to date with a third-party cost certification, commit to the remaining 75% (or greater) of the project, and identify tangible additional investment planned if the tax credit is received (e.g. completion of an additional floor, installation of improved HVAC, etc.). The additional investment items must be roughly proportional to the tax credit amount requested.

Am I required to hire a consultant?

No, consultants are not required. Some applicants choose to hire historic preservation, architecture, financial, or legal consultants to assist in completing application materials. Applicants who have been willing to commit time and resources have successfully completed applications without consultants. ODSA and SHPO are not able to recommend consultants.

After the Award

How long do I have to complete my rehabilitation project?

Applicants select a non-staged (24 month) or staged (60 month) rehabilitation period at the time of application. There is a point advantage on the competitive application for selecting a non-staged project, but only a staged project may claim the tax credit after project stages are completed. Approved projects will be given an end date based on the end date proposed in the application or the end of the rehabilitation period (24 or 60 months), whichever is latest. If the project is not underway at the project end date, the tax credit award could be rescinded.

For projects that are financed and under construction, ODSA will consider change of timeline amendments to extend the project end date to permit construction to be completed. If change of timeline amendments are sought before a project is financed and under construction, the approval will generally be conditioned upon meeting those milestones.

Are there post-approval milestones to meet?

Yes. Following approval of a tax credit award, the first major milestone is the 12 Month Reviewable Progress Report. This report is requested 12 months following approval of the application and requires applicant to document a viable financial plan, complete construction drawings, and current historic approvals. ODSA will request this report from applicants and provide time for response. ODSA will review responses and issue a letter determining if projects met the reviewable progress requirements. For projects that meet reviewable progress requirements at 12 months, the next major milestone is the project end date.

For projects that do not meet reviewable progress requirements at 12 months, the next major milestone is the 18 Month Reviewable Progress Report. This report is requested 18 months following approval of the application (or six months after the 12 month report) and requires applicants to document closing on financing. If applicants have not closed on financing, the tax credit award could be rescinded.

If project costs have increased, can I seek additional tax credit?

No, the tax credit amount is limited to the amount requested in the approved application.

For projects that are not yet under construction, a new competitive application may be submitted in a later round to request a larger tax credit. Applicants may conditionally withdraw a previously-approved application conditioned on approval of the new application.

When do I need to submit an amendment?

An amendment is required for the OHPTC competitive application if applicants seek to change the project timeline (end date), scope (square feet/end use), or applicant (owner or lessee) from what was proposed in the original application. Applicant may contact ODSA staff to confirm if an amendment is required for the

proposed change. To request an amendment, applicants complete an Application Amendment Request form and submit with required documentation to ODSA for review.

An amendment or new submission may be required for the Part 2 if applicants seek to make changes to the rehabilitation work proposed in the approved Part 2. Applicants may contact the SHPO project reviewer to confirm if an amendment is required or recommended for the proposed change.

Can the applicant (building owner or long-term lessee) change post-approval?

Yes. Changing an applicant can be accomplished through an amendment request. As part of the amendment request, applicants must submit a letter signed by the authorized representative of the original application that acknowledges transfer of the tax credits to the new applicant. When the original and proposed applicants are not related parties, ODSA allows applicants to submit the amendment request prior to the property transfer or execution of the long-term lease. In these situations, ODSA requires the proposed applicant to document its ownership or leaseholder interest.

Certification and Claiming Process

How do I request a tax credit certificate?

Within 90 days of completing the project, applicants complete and submit the Request for Certification and Notice of Project Completion form. This form is submitted to the ODSA for review and outlines all certification documentation requirements that must also be fulfilled. Certification requirements include a third-party cost certification, certificate(s) of occupancy, proof of ownership or leaseholder interest, SHPO Part 3 approval, and certification fee. The Request for Certification form can be submitted without any of the documentation requirements if they are not yet available.

Concurrently to the Request for Certification submission, applicants complete and submit the Part 3 to the SHPO for review. State-Only Project applicants do not use a separate Part 3 form, but submit photographs of the completed project similar to the federal Part 3 process. Instructions for State-Only Project certification photographs are found within the Request for Certification form. The SHPO will notify ODSA when a Part 3, or State-Only Project equivalent, has been approved.

When can the tax credit be claimed?

The tax credit certificate is issued at completion of a project or project stage. Each certificate will have an effective date that determines when the credit may be claimed. For instance, if a tax credit certificate were issued with an effective date in 2016 and the recipient will claim the credit against the income tax, it may first be claimed on the 2016 tax return filed in early 2017 (for a calendar year taxpayer).

The effective date is the date the director signs the certificate, after the supplemental materials have been received and reviewed. When the credit may be claimed will depend on both the effective date of the credit certificate and which tax the credit recipient claims the credit against.

To issue a tax credit certificate, does the Part 3 need to be approved by NPS or just SHPO?

The Part 3 only needs to be approved by SHPO for the OHPTC certificate to be issued. The SHPO will notify ODSA when a Part 3 has been approved for a project that has submitted the Request for Certification and Notice of Project Completion form.

What Ohio taxes can the tax credit be claimed against?

The OHPTC can be claimed against the applicable income tax, financial institutions tax, and both foreign and domestic insurance premiums taxes. Under limited circumstances, taxpayers with projects that are completed prior to June 30, 2019 may be able to claim the credit against the commercial activity tax.

Does the Ohio program have a recapture or claw back provision?

After a project has received approval of an applicable Part 3 from the SHPO and ODSA has issued the final tax credit certificate, there is no additional compliance period. Therefore, the tax credit could only be recaptured

in the event of a miscalculation of the tax credit as determined by an audit of the Qualified Rehabilitation Expenditures.

For staged projects, tax credits issued after early project stages can be recaptured should the project not be able to achieve approval of an applicable Part 3 from the SHPO.

Can the Ohio credit be transferred to another entity?

No. The tax credit is not transferrable. However, the tax credit can be allocated to investors through a pass-through entity structure as the owners mutually agree. Applicants may reference Ohio Revised Code sections 5726.52, 5725.34, 5729.17, and 5747.76 for additional information.

Who can I contact at the Ohio Department of Taxation with questions?

For questions regarding claiming the OHPTC at the Ohio Department of Taxation, applicants may contact Holly Lynch at 614-466-3985 or holly.lynch@tax.state.oh.us.

Who can I contact at the Internal Revenue Service with questions?

For questions regarding Qualified Rehabilitation Expenditures (QREs) and claiming the federal credit at the Internal Revenue Service (IRS), applicants may contact Colleen Gallagher at Colleen.K.Gallagher@irs.gov or (763) 347-7361.