

Federal Historic Preservation Tax Credit

Eligibility Requirements

<https://www.nps.gov/tps/tax-incentives/before-apply/eligibility-requirements.htm>

There are **4 factors** that can help you decide whether your rehabilitation project would meet the basic requirements for the 20% tax credit.

1. The historic building must be listed in the National Register of Historic Places or be certified as contributing to the significance of a "registered historic district."

2. The project must meet the "substantial rehabilitation test."

In brief, this means that the cost of rehabilitation must exceed the pre-rehabilitation cost of the building. Generally, this test must be met within two years or within five years for a project completed in multiple phases.

The cost of a project must exceed the greater of \$5,000 or the building's adjusted basis. The following formula will help you determine if your project will be substantial:

- $A - B - C + D = \text{adjusted basis}$
- A = purchase price of the property (building and land)
- B = the cost of the land at the time of purchase
- C = depreciation taken for an income-producing property
- D = cost of any capital improvements made since purchase

3. The rehabilitation work must be done according to the Secretary of the Interior's Standards for Rehabilitation.

4. After rehabilitation, the historic building must be used for an income-producing purpose for at least five years. Owner-occupied residential properties do not qualify for the federal rehabilitation tax credit.

Application Process

<https://www.nps.gov/tps/tax-incentives/application-process.htm>

A three-part application is required to qualify for the 20% tax credit.

- **Part 1** presents information about the significance and appearance of the building.
- **Part 2** describes the condition of the building and the planned rehabilitation work. The proposed work will be evaluated based upon the *Secretary of the Interior's Standards for Rehabilitation*—a set of 10 rules of practice.
- **Part 3** of the application is submitted after the project is complete and documents that the work was completed as proposed. National Park Service approval of the Part 3 certifies that the project meets the Standards and is a "certified rehabilitation."

Working with the State Historic Preservation Office (SHPO)

All parts of the application are submitted to the SHPO where staff members review the application for completeness and accuracy. They may request additional information necessary for their review. They may visit the property. When they have finished their review, they send the application to the NPS with a recommendation as to whether the project meets the Standards for Rehabilitation.

National Park Service (NPS) Review

NPS receives the application from the SHPO and sends the owner a bill for the review fee (no fee applies to Part 1 reviews). After the fee is paid, NPS staff members review the application, and send the decision to the owner. Although every effort is made to follow the recommendation of the SHPO, the NPS decision may differ from that of the SHPO. By law, all certification decisions are made by the NPS.

Scope of Review

For purposes of the 20% tax credit, the project scope includes the entire building, along with any historically associated property under the same ownership. Individual condominiums or commercial spaces within a larger historic building are not considered individual properties apart from the whole.

The scope of review for a project is not limited to the work that qualifies as an eligible expense. The review encompasses the building's site and environment, as well as any buildings that were functionally related historically. Therefore, any new construction and site improvements occurring on the historic property are considered part of the project.

Fee Schedule

For projects for which a Part 2 application was received by a SHPO on or after December 31, 2012

Project Cost	Fee
\$5,000—\$79,999	No fee
\$80,000—\$3,849,999	$\$845 + 0.15\%(0.0015)$ of rehabilitation costs over \$80,000
\$3,850,000 or more	\$6,500

Ohio Historic Preservation Tax Credit

https://development.ohio.gov/cs/cs_ohptc.htm

The Ohio Historic Preservation Tax Credit (OHPTC) is administered by the Ohio Development Services Agency in partnership with the State Historic Preservation Office and the Ohio Department of Taxation. Applications are accepted in two rounds per year, in March and September. This competitive program provides a state tax credit up to 25% of qualified rehabilitation expenditures for the rehabilitation of historic buildings.

Determining Whether a Building is Historic

At the time of state application, a building must be considered one of the following:

- individually listed in the National Register of Historic Places
- contributes to a National Register of Historic Places-listed historic district
- contributes to a National Park Service-designated Certified Historic District
- individually listed by a Certified Local Government*
- contributes to a Certified Local Government-designated historic district

Round 20 Application is now open and ends March 30, 2018

Round 21 Schedule: Fall 2018

- SHPO Pre-App Meeting Request Deadline: August 1, 2018
- Intent to Apply and SHPO Pre-Application Meeting Deadline: August 15, 2018
- Historic Documentation (Part 1 and 2) Deadline: August 31, 2018 by 5:00 p.m.
- Application/Fee Submission Deadline: October 1, 2018 by 5:00 p.m.
- Application Review Period: October 2 – December 3, 2017
- Approved Applications Announced: On or before December 30, 2018

For Whom

Owners and long-term lessees of historically designated buildings who undertake a rehabilitation project may apply for the Ohio Historic Preservation Tax Credit. A building is eligible if it is individually listed on the National Register of Historic Places; contributes to a National Register Historic District, National Park Service Certified Historic District, or Certified Local Government historic district; or is listed as a local landmark by a Certified Local Government. Properties that will be used as a single-family residence or multi-family residential condominiums are not eligible.

Benefits

The Ohio Historic Preservation Tax Credit Program provides a state tax credit up to 25 percent of qualified rehabilitation expenditures incurred during a rehabilitation projects. Applicants are eligible for no more than \$5 million in tax credits unless approved as a catalytic project. The tax credit can be applied to applicable financial institutions, foreign and domestic insurance premiums or individual income taxes. Applicants that complete their project and receive a tax credit certificate with an effective date prior to June 30, 2019 can apply the tax credit against applicable commercial activity taxes.

How to Apply

Applications are received bi-annually in March and September for the Ohio Historic Preservation Tax Credit. Applicants file a competitive application with the Ohio Development Services Agency and applicable historic rehabilitation documentation with the State Historic Preservation Office. All applicants are required to schedule a pre-application meeting with the State Historic Preservation Office prior to submitting an application.

The Secretary of Interior Standards for Rehabilitation

1. A property shall be used for its historic purpose or be placed in a new use that requires minimal change to the defining characteristics of the building and its site and environment.
2. The historic character of a property shall be retained and preserved. The removal of historic materials or alteration of features and spaces that characterize a property shall be avoided.
3. Each property shall 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 architectural elements from other buildings, shall not be undertaken.
4. Most properties change over time; those changes that have acquired historic significance in their own right shall be retained and preserved.
5. Distinctive features, finishes, and construction techniques or examples of craftsmanship that characterize a property shall be preserved.
6. Deteriorated historic features shall be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature shall match the old in design, color, texture, and other visual qualities and, where possible, materials. Replacement of missing features shall be substantiated by documentary, physical, or pictorial evidence.
7. Chemical or physical treatments, such as sandblasting, that cause damage to historic materials shall not be used. The surface cleaning of structures, if appropriate, shall be undertaken using the gentlest means possible.
8. Significant archeological resources affected by a project shall be protected and preserved. If such resources must be disturbed, mitigation measures shall be undertaken.
9. New additions, exterior alterations, or related new construction shall not destroy historic materials that characterize the property. The new work shall be differentiated from the old and shall be compatible with the massing, size, scale, and architectural features to protect the historic integrity of the property and its environment.
10. New additions and adjacent or related new construction shall 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.