



DIVISION OF HISTORICAL AND CULTURAL AFFAIRS

HISTORIC PRESERVATION TAX CREDIT PROGRAM APPLICATION INSTRUCTIONS

The *State of Delaware, Historic Preservation Tax Credit Application* (Application) is the basis for the State Historic Preservation Officer (SHPO) to make determinations under Delaware's Historic Preservation Tax Credit Program (Program). The Program is administered by the Delaware Division of Historical and Cultural Affairs (HCA) and a member of the HCA staff serves as the Tax Credit Program Coordinator (Program Coordinator). The goal of this guidance is to assist applicants in completing the required documentation so that the Application will contain adequate documentation to allow for a timely review. Applicants are also welcome to contact the Tax Credit Program Coordinator for assistance in understanding Program requirements, completing their Application, interpreting the guidance which governs the rehabilitation, or regarding the status of the review process. Complete, adequately documented Applications will be reviewed by the Tax Credit Program Coordinator within thirty (30) days of receipt. This review period will run concurrently for Part 1 and Part 2 if they are submitted simultaneously. The review of the Part 3 will take longer because it must be submitted to the Division of Revenue for computation of the Credit Award after the HCA review is complete. Applications are accepted continuously throughout the year.

The Application has four parts: *Part 1* is the *Certification of Historic Property* (Part 1), *Part 2* is the *Certification of Rehabilitation* (Part 2), *Part 3* is the *Request for Certificate of Completion* (Part 3), and the fourth part is the *Request for Credit Award*. In the event of any discrepancy between the Application and any supplementary material submitted with it (such as architectural plans and drawings), information in the Application will take precedence. A Part 2 Continuation Sheet is used to provide information concerning special considerations or to continue sections of the Application for which additional space is needed. An Amendment Form is used amend any part of the Application that has already been submitted. Applications forms can be obtained by contacting the Tax Credit Program Coordinator at 302-736-7400, or can be downloaded from the HCA web site at: <http://history.delaware.gov/preservation/taxcredit.shtml>. Photographs, architectural plans, drawings and other materials submitted with any part of the Application are not returnable, and they may be reproduced by HCA without permission. Applications should be submitted to: Tax Credit Program Coordinator, Division of Historical and Cultural Affairs, 21 The Green, Dover, DE 19901.

Site visits by HCA staff are sometimes requested during the review process, and can also be arranged in advance of Application submittal. In cases of fire, vandalism, or where a previous rehabilitation has created conditions in which exterior and/or interior features are missing or damaged, it is mandatory that a site visit take place in advance of any work being undertaken so that such conditions can be documented. To arrange site visits, contact the Tax Credit Program Coordinator at 302-736-7400.

HISTORIC PRESERVATION TAX CREDIT APPLICATION PART 1 – CERTIFICATION OF HISTORIC PROPERTY

The Part 1 is the basis for the SHPO to make a determination if a building or structure qualifies as a Certified Historic Property under Delaware's Program.

- Delaware buildings or structures individually listed in the National Register of Historic Places (National Register) are considered to be Certified Historic Properties; therefore, submission of a Part 1 is not required. (Verification of listing in the National Register may be obtained by contacting the National Register Coordinator at 302-736-7400.)
- For buildings located within National Register districts, the documentation in the Part 1 must be sufficient for the SHPO to understand how the building relates to the district as a whole. The photographs submitted will assist in determining what particular features of the building comprise its historic character. The applicant should consult the National Register historic district nomination in which the property is located to assist them in preparing the Part 1. (Both the HCA National Register Coordinator and the Tax Credit Program Coordinator can provide information on how to access copies of National Register nominations.)
- A Part 1, if required, must be submitted prior to, or at the same time as a Part 2. It is recommended that they be submitted simultaneously. Only one building may be included on each Part 1.
- The person submitting the Part 1 may be the property owner, or any person acting on the owner's behalf. In the latter case, the applicant should provide documentation that the property owner is aware of the Application.
- When an applicant is also applying for federal tax credits, then only the cover page of the Delaware Part 1 is submitted.
- The Program Coordinator should be contacted if certain special circumstances are present as they require additional documentation. These are: certification of buildings in locally-designated historic districts, certification of locally-designated landmark buildings, and certification of individual buildings within multiple building National Register properties.
- Within thirty days of receipt of an adequately completed Part 1, the SHPO will determine that the property:

- Contributes to the significance of the named district and is a Certified Historic Property, or
- Contributes to the significance of the named National Register property and is a Certified Historic Property, or
- Meets the National Register Criteria for Evaluation and is a Certified Historic Property (for locally designated landmark properties), or
- Does not qualify as a Certified Historic Property.

INSTRUCTIONS FOR COMPLETING THE PART 1

1. Name of Property - If the building is known by an historic name or is called by its historic name in the district documentation then include this. However, for many properties in districts, there is no historic name. Provide a complete address, including street, city, county, state and zip code. Check whether the building is located within a National Register listed or locally designated historic district, and provide the name of the historic district. If it is a building within a multiple building property listed on the National Register as a single property, provide its name.

2. Nature of Request - Check appropriate box.

3. Applicant - Provide the applicant's name. Sign and date the application. If the applicant is a corporation or partnership, give both the name of that entity and the name of the person who signs the form. Provide the applicant's organization (if applicable), complete address, daytime telephone number, and e-mail address. Lessees with a remaining lease term of at least five (5) years may apply by attaching evidence of concurrence of the owner and a copy of the lease. Resident Curators with a life tenancy in a residential property may apply by attaching a copy of the tenancy agreement with the owner as evidence that the work is being accomplished within five (5) years of the signing of the agreement.

4. Project Contact - If different from the applicant, provide the name, organization (if applicable), complete address, daytime telephone number, and e-mail address of the person to whom inquiries regarding specifics of the Part 1 Application should be made.

5. Description of Physical Appearance - Provide information about the major exterior and interior features of the building. Describe the building in its present condition (before rehabilitation), not as it was when first built nor as it will be after rehabilitation. Note the architectural style, exterior construction materials (wood, brick, etc.), type of roof (flat, gable, hipped, etc.), number of stories, basic plan (rectangular, irregular, L-shaped, etc.), and distinguishing architectural features (placement and type of windows, chimneys, porches, decorative interior features or spaces). Indicate date of construction, and describe any changes that have been made to the building since its original construction - for example, additions, porch enclosures, new store-fronts, relocation of doors and windows, and alterations to the interior.

EXAMPLE: This three-story, flat-roofed, unpainted brick building, rectangular in shape, was constructed in 1850. It features regularly-spaced arched windows on the second and third floors (6 openings on the east elevation have been filled in over the years, exact date unknown), 2-over-2 double-hung sash, and a prominent bracket cornice. The first floor of the facade has been altered: the existing storefront dates from ca. 1950. On the interior, the first floor is divided into two principal spaces - a large commercial space in front and a smaller office behind. The front room was modernized in the 1950's and contains no surviving historic fabric except for a simple wooden staircase running along the party wall. A pressed metal ceiling is the most prominent feature in the rear office; baseboards, paneled doors, and window and door surrounds also survive in this room. The upper floors have two rooms each, identical in configuration to the first floor; these rooms retain their original appearance, although they contain no architectural detailing of any kind.

6. Statement of Significance - Summarize how the building contributes to the significance of the district. This summary should relate to the significance of the district as identified in the National Register nomination or district documentation. Is it similar to other buildings in the district in scale, building materials, style, and period of construction? Note important figures from the past associated with the building, former uses of the property, and the name of the architect or builder, if known.

EXAMPLE: The district is an intact grouping of architecturally significant commercial and industrial buildings constructed between 1850 and 1915 that display a variety of styles and types of architectural ornamentation popular during this era. The district is also significant as an early manufacturing and distribution center which led to the city's growth as one of the largest cities in the state. Industrial growth in the late 19th and early 20th centuries required the construction of larger buildings and several still exist within the boundaries of the district. This modest three-story building is typical in appearance and history of the majority of the buildings in the district. It was originally built for manufacturing buttons, but was converted into a store with offices above during the 1880's when wholesaling grew as an important new activity in the district. The building is similar to its neighbors in size, scale, materials, and style.

7. Photographs and Maps - Good, clear photographs of the building and its surroundings taken prior to rehabilitation are required. They should show all elevations of the building, views of the building in its setting on the street, and representative

interior spaces and features. Photographs should be in color and be 3" X 5" or 4" X 6" in size. Digital images must be printed on photographic paper. The back of each photograph should be labeled with the name and/or location of the property, the view (e.g. east side, interior of northwest second floor bedroom), the date taken and a number (ex. 1 of 30). All photos submitted with Parts 1 and 2 should be numbered sequentially and need not be duplicative. Photos should be rubber-banded or placed in an envelope; do not attach to paper, or place in photo sleeves. Photographs should be keyed by number to the Application narrative. It is also very helpful if photos are keyed to sketch plans of the property and sketch floor plans. When the applicant is also submitting an Application for federal tax incentives, not additional photographs are required for the State Application. If the property is within an historic district, or is one of a number of buildings within a property, then a scaled or sketch map, as appropriate, or a map drawn from the web which shows the exact location of the building within the district or property is very helpful.

HISTORIC PRESERVATION TAX CREDIT APPLICATION PART 2 - CERTIFICATION OF REHABILITATION

The Part 2 is the basis for the SHPO to determine if the rehabilitation work is consistent with the *Secretary of the Interior's Standards for Rehabilitation and the Guidelines for Rehabilitating Historic Buildings* (Standards), and the historic character of the district or property in which it is located (if applicable).

- The rehabilitation project may include both interior and exterior work, systems upgrades, adjoining new construction and site work. The underlying concern expressed in the Standards is the preservation of significant historic materials and features of a building in the process of rehabilitation. The Standards are applied in a reasonable manner, taking into consideration economic and technical feasibility. The Certification of Rehabilitation is based on whether the overall project is consistent with the Standards.
- If the description of the proposed rehabilitation in the Part 2 is not consistent with the Standards, then applicants are given the opportunity to revise the Part 2.
- Applicants are not held responsible for work carried out by previous owners.
- The Part 2 Application may be used to describe proposed, ongoing, or completed rehabilitation work; however, in order to better ensure that the project will be consistent with the Standards, it is strongly recommended that the Part 2 Application be submitted prior to initiating construction.
- The person submitting the Part 2 may be the property owner, or any person acting on the owner's behalf.
- When an applicant is also applying for federal tax credits, then only the cover page of the Delaware Part 2 is submitted.
- Non-homeowner applicants may choose to phase the project over 60 months as long as a plan for how this will be accomplished is submitted simultaneously with the Part 2. See Tax Credit Program Coordinator for additional guidance.
- Within thirty days of receipt of a adequately completed Part 2, the SHPO will determine either that:
 - The rehabilitation is consistent with the historic character of the property or district in which it is located and with the Standards and has determined that it is a Certified Rehabilitation as proposed, or if certain conditions are met in carrying out the project work, or
 - The rehabilitation is inconsistent with the Standards, and it is determined not to be a Certified Rehabilitation

INSTRUCTIONS FOR COMPLETING THE PART 2

1. Name of Property - If the building is known by an historic name or is called by its historic name in the district documentation then include this. However, for many properties in districts, there is no historic name. Provide a complete address, including street, city, county, state and zip code. Indicate by checking the appropriate box whether the property is individually listed in the National Register. If so, provide the date of listing (contact National Register Coordinator). Indicate whether a Part 1 Application has been submitted for the property; if so, give the date it was submitted. If a Certification of Historic Property has been received, provide the date.

2. Data on Building and Rehabilitation Project - Provide date of construction, and the type of construction (e.g., masonry bearing wall, wood frame, steel framed, or concrete). Provide the use(s) of the building before rehabilitation (e.g., school/vacant) and the proposed use after rehabilitation. Provide the floor area before rehabilitation and the floor area of all additions in square feet. Provide the number of housing units before rehabilitation, the number of these units that are low income as well as the number of housing units after project completion, and the number of these units that are low income. Provide the estimated start date and the estimated completion date. Indicate whether a plan for project phasing is being submitted. Attach documentation of what is included in each project phase and the project completion date.

3. Applicant - Provide the applicant's name. Sign and date the application. If the applicant is a corporation or partnership, give both the name of that entity and the name of the person who signs the form. Provide the applicant's organization (if applicable), complete address, daytime telephone number, and e-mail address. If not provided with the Part 1, lessees with a remaining lease term of at least five (5) years should attach evidence of concurrence of the owner and a copy of the lease, and Resident Curators with a life tenancy should attach a copy of the tenancy agreement with the owner as evidence that the work is being accomplished within five (5) years of the signing of the agreement.

4. Project Contact – If different from the applicant, provide the name, organization (if applicable), complete address, daytime telephone number, and e-mail address of the person to whom inquiries regarding specifics of project work should be directed.

5. Detailed description of rehabilitation work – Number each block in the Description of Rehabilitation sequentially adding as many pages as necessary to describe the project work. For each block, identify the architectural feature requiring work and indicate whether the feature described is original to the building, was added at a later date, or is new construction. Give approximate date of the feature. In the appropriate space describe the physical condition. Indicate photograph or drawing numbers that show the feature described. In the right block under the Description of Rehabilitation, explain what work is planned to rehabilitate the feature described. In describing the project work, begin by describing the exterior work (as appropriate, foundation, walls, roof, gutters/downspouts, chimneys, porches, windows, doors, other exterior trim, and, if applicable, storefront), including new construction, and then describe the interior work (as appropriate, floor plan changes, demolition, floors, walls, insulation, windows, doors, fireplaces, interior trim and other ornamentation), followed by any mechanical work, and finally any site improvements. A separate block should be used to describe each work item and its effect on architectural features or spaces. The Part 2 Continuation Sheet may be used if additional space is needed to continue the Description of Rehabilitation. Be clear and concise.

EXAMPLES:

Number 1: Architectural Feature Brickwork Approximate Date of Feature 1920

Describe existing feature and its condition:

The primary building material is red brick laid in common bond that is embellished with limestone trim. The brick survives in generally good condition with evidence of past re-pointing on each elevation. Areas of localized spalling and erosion/loss of mortar are also evident.

Describe work and impact on existing feature:

The brickwork will be gently cleaned primarily to remove surface dirt and areas of localized staining. The cleaning method to be employed will be a mild detergent cleaning with cold pressure washing not to exceed 600 psi and 4 to 5 gpm with a fan tip nozzle. If needed, a poultice with the appropriate solvent will be applied in those areas with excessive staining. In those areas where the mortar is eroded, the mortar joints will be spot pointed as needed with a matching mortar in the proportion of 1 part Portland, (Type II, white non-staining), 1 part lime (Type S, hydrated), and 6 parts sand. The new mortar will match the color, texture, composition and joint profile of the original mortar.

Photo no. 3, 6 Drawing no. _____

Number 2: Architectural Feature Main Staircase Approximate Date of Feature c. 1880

Describe existing feature and its condition:

Original stairs exist between the 1st and 3rd floors. Some balusters are missing and treads are worn. Later stair from 3rd to 8th floor

Describe work and impact on existing feature:

Replace missing balusters with matching pieces. Sand painted banisters and balusters and return to original varnished

Photo no. 9,10 Drawing no. _____

Photographs - The applicant must submit a sufficient number of good, clear photographs with the Part 2 Application to document both interior and exterior conditions, including site and environment. Photographs of "before" conditions are required even if the rehabilitation is completed when the Part 2 Application is submitted. This documentation is necessary for the SHPO to evaluate the effect of the rehabilitation on the building. At a minimum the photographic documentation should consist of several photographs of the site and setting, at least one photograph of each visible elevation, detailed close-up photographs of specific architectural features which will be affected by the rehabilitation work, interior photographs on all floors which include the significant interior architectural features to be affected by the rehabilitation. Photographs should be in color and be 3" X 5" or 4" X 6" in size. Digital images must be printed on photographic paper. The back of each photograph should be labeled with the name and/or location of the property, the view (e.g. east side, interior of northwest second floor bedroom), the date taken and a number (ex. 1 of 30). All photos submitted with Parts 1 and 2 should be numbered sequentially and need not be duplicative. Photos should be rubber-banded or placed in an envelope; do not attach to paper, or place in photo sleeves. Photographs should be keyed by number to the Description of Rehabilitation and to a sketch plan. On the sketch plan, for each picture taken, the number of the photograph should be inserted inside an arrow placed in the location of the photographer, and pointing in the direction of the view. When the applicant is also submitting an Application for federal tax incentives, not additional photographs are required for the State Application.

Drawings or sketches – Drawings or sketches of floor plans and site plans, prepared by an architect, a builder, or the applicant, are required to show major alterations or new construction. All drawings and sketches submitted with the Application should be numbered and keyed to the Application narrative. They should be no larger than 11" X 17.

Project Amendments – An Amendment Form is used to provide information on changes made to a project at any time after submission of the initial Part 2 Application. On these forms, provide the name and address of the property, and provide the project number assigned to the project (if known). Indicate changes in project work, giving the originally proposed treatment and the amended work item description. Provide the applicant’s name, organization, if applicable, complete address, daytime telephone number, and e-mail address (optional). Sign and date the form. The SHPO will render a decision on an amendment within thirty (30) days of receipt.

HISTORIC PRESERVATION TAX CREDIT APPLICATION PART 3 - REQUEST FOR CERTIFICATE OF COMPLETION

A project, or an approved phase of a project, can not receive a Certificate of Completion until the completed project work, or the work included in the approved phase, is determined by the SHPO to be consistent with the Standards.

- Applications are reviewed to assure that the project work was carried out in accordance with the approved Part 2 Application description and any conditions attached to the Certification of Rehabilitation.
- A final accounting of “qualified expenditures” documents the projects costs. Applicants must also submit a Division of Revenue Form 1811AC 0905, *Computation Schedule for Claiming Delaware Historic Preservation Tax Credits* (http://revenue.delaware.gov/services/current_bt/1811AC.pdf).
- If the project’s “qualified” expenditures are greater than \$100,000, a fee of \$250 is required. The check should be made payable to the State of Delaware.
- The Tax Credit Program Coordinator may request a site inspection.
- Within thirty days of receipt of an adequately completed Part 3, the SHPO will determine whether the completed rehabilitation is consistent with the Standards, and therefore, a Certificate of Completion for the project, or an approved phase, can be awarded.
- The SHPO will then submit Form 1811AC 0905 to the Division of Revenue. After the Division of Revenue computes the amount of Credits that may be claimed against tax liability, both Form 1811 AC 0905 and the Certificate of Completion will be then be forwarded to the applicant by the Program Coordinator.
- If the applicant will not use the tax credits themselves, then they must determine to whom the tax credits will be transferred. Once this has been determined, the applicant must submit, a Division of Revenue Form 1811CC, *Certification of Unused Delaware Historic Preservation Tax Credits* (http://revenue.delaware.gov/services/current_bt/1811CC.pdf).
- If the SHPO determines that the completed rehabilitation, or any approved phase of the project, is not consistent with the Standards and Guidelines, nor is it compatible with the historic character of the property or district in which it is located, the applicant and the Division of Revenue are informed of the SHPO decision. Any Credits which were awarded at the time the project received its Certification of Rehabilitation are forfeited. For phased projects, any Credits issued to the initial assignee or to the first taxable transferee for each phase are subject to revocations and repayment to the Division of Revenue or the Office of the State Bank Commissioner, if the project is not completed by the date agreed upon when the Certification of Rehabilitation was issued or in a subsequent approved written request, or in the event that any phase does not meet the requirements needed to receive a Certificate of Completion.

INSTRUCTIONS FOR COMPLETING THE PART 3

Project Number – Fill in this number, if known.

- 1. Name of Property** - Provide the name and address of the property exactly as furnished in the Part 2.
- 2. Data on Rehabilitation Project** - Provide the date on which project work began and the date on which it was completed and the building placed in service; for approved preliminary phases of a project, indicate NA. If an approved phased project, indicate the phase, and projected completion date. If known, provide the date on which the Part 2 was approved. If known, provide the amount of the Credit Award and the date(s) received. Provide the total “qualified” expenditures for the project. This must be supported by a full accounting of these expenditures.
- 3. Certification** – Check which category the best describes the applicant. By their signature, the applicant certifies that in their opinion the completed rehabilitation is consistent with the *Secretary of the Interior’s Standards for Rehabilitation* and is consistent with the work described in the Part 2 Application.

Final Account of “Qualified” Expenditures - For applicants which are non-profits or those applicants also seeking federal tax credits, this accounting may be a summary of final costs. For homeowners and resident curators, copies of invoices and or receipts are required. These should be copies, placed in date order with only one receipt/invoice per page.

Photographs - The applicant must submit a sufficient number of good, clear photographs with Part 3 to document both interior and exterior conditions after rehabilitation. These photographs document the condition of the building upon completion of the rehabilitation work. The photographic documentation should be generally repetitive of the views which were submitted with the Part 2 Photographs should be in color and be 3” X 5” or 4” X 6” in size. Digital images must be printed on photographic paper.

The back of each photograph should be labeled with the name and/or location of the property, the view (e.g. east side, interior of northwest second floor bedroom), the date taken and a number (ex. 1 of 30). All photos should be numbered sequentially and need not be duplicative. Photos should be rubber-banded or placed in an envelope; do not attach to paper, or place in photo sleeves.

HISTORIC PRESERVATION TAX CREDIT APPLICATION REQUEST FOR CREDIT AWARD

Request for Credit Award Application Guidance - The *Request for Credit Award* may be submitted at the same time as, or at any time after the submission of the Part 2. No tax credits will be assigned to the project until this form has been received.

- Attach an estimate of the “qualified” expenditures of the project with the address of the property noted at the top. This estimate must be prepared by a licensed architect, engineer, or contractor, or a certified construction cost estimator and transmitted on their letterhead or over their signature.
- For those applicants who do not have an estimate of all project costs, the *Request for Credit Award* can be submitted at the same time as the Part 3.
- If the project involves only a portion of a building, only those “qualified” expenditures properly allocable to that portion may be included in the estimate.
- If the property will be only partially in owner-occupied residential use after the rehabilitation, the estimate of “qualified” expenditures should separate the costs associated with this use and the percentage of the total square footage of the building in this use. Shared costs should be allocated on a percentage basis.
- For projects in which low income criteria applies to only a portion of the building, related costs must be differentiated in the estimate.
- “Qualified” expenditures are all expenditures associated with the rehabilitation **EXCEPT**:
 - acquisition of real property, or acquiring an interest in real property;
 - any addition to an existing structure, except where the combined square footage of all additions is twenty percent (20%) or less than the total square footage of the historic portion of the property and such addition has been determined by the SHPO in accordance with federal guidelines as: (a) preserving the character-defining features of the certified historic property, (b) adequately differentiating the new construction from the existing structure, and (c) complying with requirements regarding safety and accessibility in a manner reasonably designed to minimize any adverse impact on the historic property;
 - paving or landscaping costs which exceed ten percent (10%) of the total “qualified” expenditures;
 - sales and marketing costs; and
 - expenditures not properly charged to a capital account, including in the case of an owner-occupied property, expenditures that would not be properly to a capital account where the owner used such property as a trade or business.

INSTRUCTIONS FOR COMPLETING THE REQUEST FOR CREDIT AWARD

1. Applicant – Provide the applicant’s name. Sign and date the Application. If the applicant is a corporation or partnership, give both the name of that entity and the name of the person who signs the form. Provide the applicant’s organization (if applicable), complete address, daytime telephone number, and e-mail address.

2. Basis for Computing Credit Award - Provide an estimate of the total “qualified” expenditures as documented in the attachment. Provide the total estimate of the cost of the paving and landscaping so that it can be determined if they exceed 10% of the total “qualified” expenditures. Provide the total square footage of the building for which credits will be claimed, and the combined square footage of all additions so it can be determined whether the additions exceed 20% of the building. Provide the costs associated with construction of the additions. If applicable, indicate the square footage or percentage of the building which will be in owner-occupied residential use after the rehabilitation. Finally, check the applicable category into which the project falls based on the nature of the use after rehabilitation. If the category chosen indicates that low income criteria apply, then documentation in support of this must accompany the *Request for Credit Award*.

Attachments – For applicants which are non-profits or those applicants also seeking federal tax credits, this accounting may be a summary of final costs. For homeowners and resident curators, copies of invoices and or receipts are required. These should be copies, placed in date order with each receipt/invoice copied one per page. Assure that all receipts are readable. Documentation submitted in support of low income criteria should be discussed with the Tax Credit Program Coordinator.

The forms and other cited material included in these Instructions will be provided without cost by contacting the Delaware Division of Historical and Cultural Affairs (HCA) at 21 The Green, Dover, DE 19901 or at 302-736-7400. These forms are also available on the HCA web site at: <http://history.delaware.gov/preservation/taxcredit.shtml>.