HCA
DELAWARE HISTORICAL & CULTURAL AFFAIRS
Saving Delaware History

In July 2025, the Delaware Historic Preservation Tax Credit application process moved to a new online system. Applicants will submit applications, pay review fees, check the status of the state's review, submit tax claim forms, and request assistance through the application portal. This Guidance is in the process of being revised and reformatted to help applicants navigate the new system. Please check back soon for updated Guidance. If you need help with the new system in the meantime, email us at HCA_HistoricTaxCredit@delaware.gov, or call the office at (302) 736-7400.

DELAWARE HISTORIC PRESERVATION TAX CREDIT PROGRAM GUIDANCE FOR COMPLETING APPLICATIONS

These Application Instructions provide guidance to applicants to assist them in completing the *Delaware Historic Preservation Tax Credit Application (Application)*. Applicants are encouraged to contact the Tax Credit Program Manager for advice and assistance in completing the Application, interpreting the guidance to ensure that rehabilitation work will be consistent with the Standards, or regarding the status of the review process. The Program Manager is located in the State Historic Preservation Office (SHPO), within the Delaware Division of Historical and Cultural Affairs (HCA).

Complete, adequately documented *Applications* (or any part thereof) will be reviewed by the Tax Credit Program Manager within thirty (30) days of receipt. This review period will run concurrently for parts of the *Application* submitted simultaneously. Applications are accepted continuously throughout the year.

The *Application* has multiple parts, some of which are required while others are optional.

- *Certification of Historic Property* (*Part 1*) – This form is required. This form must be completed for all properties, whether individually listed on the National Register of Historic Places, part of a multiple building complex, or contributing buildings to a listed historic district. Exterior photographs of the outside walls of the building must be submitted with the Part 1 form. Once the State Office has approved the Part 1 application, the project is considered initiated for the purpose of this program.
- *Certification of Rehabilitation* (*Part 2*) – This form is required. It describes the rehabilitation work that will be carried out and provides the information required to evaluate whether the work will be consistent with the *Secretary of the Interior's Standards for Rehabilitation*. Photographs of those areas where work will be carried out must be provided with the *Part 2* submittal. Drawings may be required depending on the nature of the work.
- *Continuation Sheet* for Part 2 – This form is optional. It used only if the applicant has insufficient space on the standard form to provide describe their project. The section that it is continued should be clearly noted.
- *Request for Certificate of Completion* (*Part 3*) – This form is required. It is submitted at the time that rehabilitation is complete and provides information necessary to determine if the completed work is consistent with the *Secretary of the Interior's Standards for Rehabilitation*. Photographs showing the same views as were submitted with the Part 2 should be included with the *Part 3*. The required supporting documentation includes an accounting of the qualified costs associated with the project. Part 3 applications for projects with qualified rehabilitation costs of more than $750,000 must include a certified statement by a certified public accountant verifying that the expenses statement includes only qualified rehabilitation costs.
- *Amendment Form* – This form is optional as it is used only when there is a need to amend any part of the *Application* that has already been submitted.
- *Request for Credit Award* – This form is required, and is submitted at the same time as the Part 3 form. Along with the Part 3 form and its supporting documentation, this form is the basis for determining the amount of historic preservation tax credits that will be assigned to an applicant.

The *Application* forms can be obtained by contacting the Tax Credit Program Manager who will email them, or they 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 Manager, Division of Historical and Cultural Affairs, 29 N. State Street, Dover, DE 19901.

Site visits can be requested and can take place in advance submitting an *Application* for review or during the review process. 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 highly recommended that a site visit take place in advance of undertaking the work so that such conditions can be documented. To arrange site visits, contact Kara Briggs, Tax Credit Program Manager at kara.briggs@delaware.gov or 302-736-7433.

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

The *Part 1* provides information so that a determination can be made 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. (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 and character-defining features. 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 Manager can provide information on how to access copies of National Register nominations.).

A *Part 1* application form may be submitted at the same time as, or prior to, a *Part 2*. 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 Tax Credit Program Manager should be contacted if the following apply as additional documentation may be required:

- certification of buildings in locally-designated historic districts,
- certification of locally-designated landmark buildings, or
- certification of individual buildings within a multiple building National Register property.

Within thirty days of receipt of an adequately completed *Part 1*, the applicant will be notified as to whether the building is a Certified Historic Property. If the applicant had simultaneously submitted a *Part 2*, the Tax Credit Program Manager will proceed with the review.

Instructions for Completing *Part 1 – Certification of Historic Property*

1. Property Data – Enter the address of the property which the applicant wishes to certify. If the building is known by an historic name, then indicate this on the second line. If applicable, provide the name of the historic district in which the building is located, and check to indicate whether the historic district is National Register-listed or locally zoned. If the building is located within a multiple building property which is listed on the National Register as a single property, provide the name of the National Register listing.

2. Nature of Request - Check appropriate box. Attach a map, as requested.

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 will be 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. Fees - The fee for applicants of owner-occupied properties and resident curators is $100 (one-time fee). The Part 1 application fee for all other applicants is $250. The fee is due at the time the applicant submits their *Part 1* application. The application will not be reviewed until the fee is received. All fees are non-refundable.

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6. 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 storefronts, 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.

7. 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.

8. Photographs and Maps - Good, clear photographs of all sides of the building's exterior taken prior to rehabilitation are required. If the building is part of a multiple building nomination, then photos of its surroundings are required. Photographs should be in color, and if 4" X 6" in size, the back of each photograph should be labeled with the location of the property, the date taken, the view (e.g. east side, interior of northwest second floor bedroom), and a number (ex. 1 of 30 – see example). If the photographs are printed on 8" X 10" photographic paper no more than one or two photos should be printed on each page and each photo should be labeled as indicated above. 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 place photos in sleeves or a binder. Photographs should be keyed by number to the Application narrative. It is also very helpful if photos are keyed to sketch floor plan (this is required for federal projects). When the applicant is also submitting an Application for federal tax incentives, no additional photographs are required for the State *Application*. A map showing the location of the property and, if appropriate, a sketch map, showing the location of the building within a multiple building property, is required.

123 North Main Street, Dover
Date: March 15, 2018
Front of House
Photo 1 of 30

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DELAWAWARE HISTORIC PRESERVATION TAX CREDIT APPLICATION
PART 2 - CERTIFICATION OF REHABILITATION

The *Part 2* provides information so that a determination can be made as to whether the proposed rehabilitation work is consistent with the *Secretary of the Interior's Standards for Rehabilitation and the Guidelines for Rehabilitating Historic Buildings* (*Standards*), and with the historic character of the district or property in which it is located (if applicable).

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. It is important to note that an applicant is not held liable for rehabilitation activities carried out by a previous owner where the work was inconsistent with the *Standards*.

The rehabilitation project may include both interior and exterior work, systems upgrades, adjoining new construction and site work. See the Part 3 application information below for examples of qualified and non-qualified work. Also note that only proposed work is eligible for the program. Work that has already been completed prior to the Part 2 application will not be considered for tax credits.

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. Within thirty days of receipt of an adequately completed *Part 2*, the applicant will be notified as to whether the rehabilitation work is consistent with the *Standards*. The SHPO may require additional information to determine if the *Standards* have been met.

Instructions for Completing *Part 2 – Certification of Rehabilitation*

1. Property Data - Enter the address of the property which the applicant wishes to certify. If the building is known by an historic name, then indicate this on the second line. Indicate by checking the appropriate box whether the property is individually listed in the National Register; if it is part of a National Register historic district indicating its name; and if a Part 1 Application has been submitted for the property, either simultaneously or previously.

2. Data on Building and Rehabilitation Project – Requests that the applicant provide information related to the rehabilitation project and the building's use before and after the rehabilitation. An estimate of the rehabilitation costs must also be provided. This figure will be used as the basis for reserving credits, prior to the Credit Award. The application must include information on the basis of the cost estimate, such as copies of quotes or estimates.

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. **Note**: 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. Fees to be Assessed - The applicant fee is determined at 1.5% of the credit reservation requested in the *Part 2*, and payable, by check, to the State of Delaware. The fee will be calculated by the Delaware State Historic Preservation Office based on the qualified expenditures indicated in the *Part 2* and its associated documentation. A certified check is required if the fee exceeds $10,000. Payment must be received before the *Part 2* form will be signed by the SHPO. If the applicant requests an increase the amount of tax credits to be awarded to a project, this will result in a supplemental fee. All fees are non-refundable. (Note: *Part 2* application fees **do not** apply to applicants categorized as homeowners or resident curators.)

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Instructions for Completing *Part 2 – Description of Rehabilitation Work*

This form can be reproduced as many times as necessary in order to fully describe the project. At the top, provide the address of the property. Number each block sequentially and indicate one category of rehabilitation work being included in the project. If known, indicate the approximate date of the existing work. The applicant should first address exterior work including any new construction, followed by interior work, any mechanical work, and finally any site improvements. For each work category, describe the current condition and then the work to be accomplished.

A list of categories of rehabilitation work follows. They can be separated into as many entries as is needed to fully describe the project. This list is not all inclusive; please contact the Tax Credit Program Manager with any questions.

REHABILITATION WORK CATEGORIES

- Roofs, Gutters, Downspouts and Chimneys
- Foundation Walls, Piers and Crawl Space Enclosures
- Exterior Walls (siding, brickwork, pointing, stonework, stucco, etc.; mortar mix must be specified)
- Windows, Shutters, and Exterior Doors (detail showing cut through existing and new window required)
- Exterior Millwork (cornices and trim)
- Porches (posts, steps, balustrade, railings, flooring, decorative elements, etc.)
- Additions (including balconies and decks)
- Demolition (Interior or Exterior)
- Interior Floor Plan Changes (adding or removing walls)
- Interior Wall and Ceiling Surfaces and Floors
- Interior Millwork (mantels, doors, door and window surrounds, baseboard, cornices, staircases, etc.)
- Kitchen
- Bathrooms
- Mechanical Systems (electrical, plumbing, heating and cooling; ductwork, oil tank removal/cleanup)
- Energy retrofit (insulation, storm windows, awnings, etc.)
- New Building Additions (drawings required)
- Dependency Buildings (garages, barns, etc. as long as the dependency building contributes to the NR listing)
- Handicap Ramp (drawings required)
- Landscape Features and Site Work (lighting, fences, sidewalks, driveways, parking lots, vegetation)

Applicants may not receive tax credits for a project which only involves site work, for the costs related to the construction of new outbuildings, or for the costs associated with an addition where the expansion exceeds 20% of the square feet of the existing building, or the design of the addition is built inconsistent with the *Standards*.

Following are examples of entries which describe the rehabilitation work on the *Description of Rehabilitation* form. Many such forms may be needed in order to fully describe all of the rehabilitation work. If any single entry requires additional space, a *Continuation Sheet* may be used.

Number 1 **Rehabilitation Work for** Roof **Approximate Date of Feature** 1980

Describe existing feature and its condition:

Existing asphalt roof is in poor condition. Shingles are warped or missing. Gaps in flashing are causing leaks. Gutters are also in poor condition.

Describe work and impact on existing feature:

Remove existing asphalt roof and replace with new architectural shingle roofing. Replace all flashing. Remove and replace all gutters and downspouts. No change in roof configuration.

Photo Nos. 5, 7, 12 **Drawing No.** _____

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Number 2 Rehabilitation Work for Windows Approximate Date of Feature c .1920
Describe existing feature and its condition:

Most windows have wood, double-hung, 6 over 6, true divided light sash. Overall, the windows are in good, repairable condition, but have some broken glass. There are a few windows missing in the back of the building (photo 7 and 10), and two windows on the east side (photos# 32 and 333) have deteriorated beyond repair die to termite and water damage.

Describe work and impact on existing feature:

All windows with the exception of those pictures in photo #7, 10, 32, &33 will be repaired. All cords and weights will be replaced; glass will be replaced. Where windows have deteriorated beyond repair or are missing, new windows that match the existing windows will be installed. A drawing which shows a cut through both the existing window and the proposed replacement is attached.

Photo Nos. 4, 5, 6, 7, 10, 30, 32, 33, 34 Drawing No. 1

Number 3 Rehabilitation Work for Brick Walls Approximate Date of Feature c. 1920
Describe existing feature and its condition:

Exterior brickwork is in generally good condition and is unpainted. However, in some areas around the foundation and over some of the windows on the east and west elevations, they are in need of re-pointing. Near a broken downspout on the west elevation, the brickwork has eroded.

Describe work and impact on existing feature:

Deteriorated mortar joints will be raked out with hand tools to a depth of 2" and re-pointed with new mortar. New mortar will match the existing in strength, color, and compositions and the joints will replicate the size and tooling of the original joints, in accord with the guidance of the Department of the Interior's Preservation Brief No. 2: Repointing Historic Mortar. The failed area of wall near the downspout will be dismantled, the bricks cleaned and will be re-built using the original bricks. Repairs to the downspouts will keep the problem from recurring.

Photo Nos. 3-7, 10-15 Drawing No.

Number 4 Rehabilitation Work for HVAC Approximate Date of Feature 1990s
Describe existing feature and its condition:

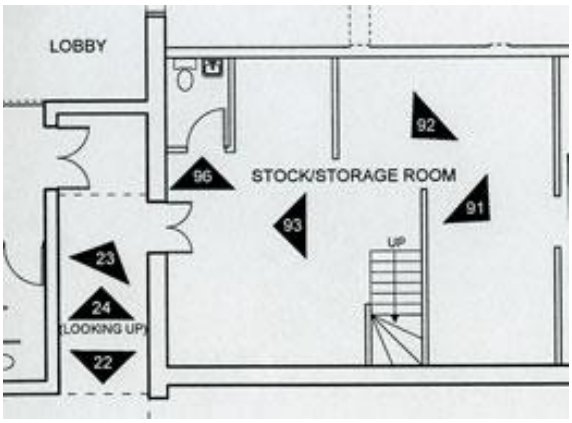
Existing forced hot air furnace was installed in the 1990s. No centralized air conditioning exists.

Describe work and impact on existing feature:

New HVAC furnace will be installed. No new ducts will be required. Various window air conditioning units will be removed.

Photo Nos. Drawing No.

Photographs - The *Part 2* must be accompanied by a sufficient number of good, clear photographs in order to document the existing (before rehabilitation) condition of both exterior and interior areas where the rehabilitation work will be carried out. These photographs are required when the *Part 2* is submitted so that the effect of the rehabilitation on the building can be evaluated.



Photographs should be detailed enough to illustrate the current conditions. Photographs should be in color, and if 4" X 6" in size, the back of each photograph should be labeled with the name and/or location of the property, the date taken, the view (e.g. east side, interior of northwest second floor bedroom), and a number (ex. 1 of 30 - see example above).

If the photographs are printed on 8" X 10" photographic paper no more than one or two photos should be printed on each page and each photo should be labeled as indicated above.

All photos submitted with *Parts 1 and 2* should be numbered sequentially and need not be duplicative. Photos should be

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rubber-banded or placed in an envelope; do not place photos in sleeves or a binder. Photographs should be keyed by number to the Description of Rehabilitation and to a sketch plan. On a 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 an applicant has also submitted an application for federal tax incentives, no additional photographs are required for the State *Part 2*.

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 *Part 2* should be numbered and noted within the text. Certain other categories require drawings to illustrate the work. No submitted drawings should be larger than 11" X 17".

DELAWARE HISTORIC PRESERVATION TAX CREDIT APPLICATION AMENDMENT FORM

An Amendment Form is used to provide information on changes made to a project at any time after submission of the *Part 2*. It may be used when providing additional information if the *Part 2* is placed on hold. It may also be used to amend a previously approved *Part 2* or *Part 3*. At the top, provide the address of the property. Indicate the work categories that are addressed in the amendment. Indicate changes in project work, as proposed, changes resulting from new discoveries, or additions to project work. Use a Continuation Sheet for additional information, as necessary. Provide the applicant's name, organization, if applicable, complete address, daytime telephone number, and e-mail address (optional). Sign and date the form.

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

A *Part 3* is submitted when the project work as described in the *Part 2*, as it may have been amended, is complete and is determined to be consistent with the *Standards* and to have fulfilled any conditions attached to the *Part 2*. The Part 3 application must provide documentation of the final project costs following the guidance in the instructions below. The applicant should also submit their *Request for Credit Award* at this time. Within thirty days of receipt of an adequately completed *Part 3*, the SHPO will certify whether or not the completed rehabilitation is consistent with the Standards and will issue a Certificate of Completion. If a Certificate of Completion is denied, then the applicant will forfeit any tax credits which may have been reserved for the project.

QUALIFIED vs. NON-QUALIFIED COSTS

Not all costs of a project are considered to be "qualified" for this Program, and there are differences between what is allowed under Delaware's Program and the federal historic tax credit program. Following is a list of some of Delaware's qualified and non-qualified costs.

Qualified Construction Costs (list is not all inclusive; all site work limited to no more than 10% of the project's qualified costs)

Alarm/Security
Architecture/Design Fees
Cabinets
Carpeting (if affixed in place)
Ceramic Tile
Builder's Clean-up Costs
Concrete
Counter and Vanity Tops
Demolition
Doors
Drywall
Electrical
Electrical Fixtures
Elevators
Engineering
Environmental
Excavation
Finish Carpentry
Fire Sprinklers
Flooring
Gutters
Hardware
Hauling and Dumping Fees
HVAC
Insulation
Labor (but not sweat equity)
Landscaping
Lumber
Masonry
Painting
Parking Lot
Permits
Plaster
Plumbing
Plumbing Fixtures
Rental Equipment
Roofing
Rough Carpentry
Rough Electrical
Rough Plumbing
Sheet Metal
Siding
Site Utilities
Site Work
Specialties
Structural
Structural Steel
Tuck-pointing
Windows

Qualified Soft Costs (list is not all inclusive; costs must be properly charged to a capital account)

Builder's Overhead
Builders Profit
Builder's Risk Insurance
Construction Period Interest
Construction Supervision
Construction-period Utilities
Contingency
Developer Fee
Developer Profit
General Contractor Fee
General Contractor Profit
General Requirements
Interest on Construction Loan
Historic Consultant
Legal related to above

Non-Qualified Costs (list is not all inclusive)

Acquisition of Real Property
Additions > 20% of building's size
Additions inconsistent with *Standards*
Appliances
Appraisal
Construction of Outbuildings
Equipment /Tool Purchases
Furnishings
Landscape buildings (gazebos)
Lightbulbs
Mailboxes
Marketing Costs
Moving
Rugs (unsecured)
Shelving (unattached)
Signs
Site work costs > 10% of total
Window Treatments (Blinds, etc.)

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Instructions for Completing *Part 3 – Certificate of Completion*

1. Property Data - Provide the address of the property exactly as furnished in the *Part 2*. Indicate any historic name.

2. Data on Rehabilitation Project - Provide the date on which project work began and the date on which it was completed. Provide the total "qualified" costs of the project. This must be supported by a full accounting of these expenses.

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 proposed work described in the *Part 2*. In order to claim the Historic Preservation Tax Credits, the Delaware Division of Revenue must be informed so that the tax credits are available to the applicant through the tax filing process. Therefore, a **Division of Revenue *Computation Schedule for Claiming Delaware Historic Preservation Tax Credits - Form 1811AC 0905* must be submitted with the Part 3**. The applicant completes Parts A and B and signs this form and once the *Part 3* has been certified and the final accounting of project costs has been verified, the Tax Credit Program Manager will forward it for signature. The signature process takes about thirty days after which time it is returned to the applicant by the Tax Credit Program Manager.

As these tax credits are transferable to anyone with Delaware income or franchise tax liability, any applicant can choose to take the full amount or a partial amount of the tax credits that they have claimed and transfer them using a Division of Revenue *Certification of Unused Delaware Historic Preservation Tax Credits – Form 1811CC 0701*. If the applicant knows the name of the transferee, they may submit this form simultaneously with the form that claims the tax credits. If the name of the transferee has not been determined, the form may be submitted at a later date. [revenue.delaware.gov/services/Business_Tax/Forms_New.shtml#bustxcr]

4. Fees to be Assessed - The applicant fee is determined at 1.5% of the initial credit reservation or of the credit award (whichever is more). The fee is payable by check to the State of Delaware. A certified check is required if the fee exceeds $10,000. The fee will be calculated by the Delaware State Historic Preservation Office based on the qualified expenditures indicated in the *Part 2* and its associated documentation. If the applicant requests an increase the amount of tax credits to be awarded to a project, this will result in a supplemental fee. All fees are non-refundable. (Note: For the Part 3 application, fees do not apply to applicants categorized as homeowners or resident curators.)

5. Required Attachments

- **Conditions** – If specific conditions were placed on the *Part 2* approval, the documentation of fulfillment of these conditions must be submitted with the *Part 3*.

- **Photograph**s – A sufficient number of good, clear photographs showing those areas where work was carried out is required. In general, the *Part 3* photographs should duplicate the same views as those submitted with the *Part 2*. Photographs should be in color, and if 4" X 6" in size, the back of each photograph should be labeled with the name and/or location of the property, the date taken, the view (e.g. east side, interior of northwest second floor bedroom), and a number (ex. 1 of 30 - see example above). If the photographs are printed on 8" X 10" photographic paper no more than one or two photos should be printed on each page and each photo should be labeled as indicated above. Should be numbered sequentially. Photos should be rubber-banded or placed in an envelope; do not place photos in sleeves or a binder. On a sketch plan (see diagram above), 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 an applicant has also submitted an application for federal tax incentives, no additional photographs are required for the State *Part 3*.

- **Final Accounting of Project Costs** – The required format for documentation of the final accounting of "qualified" project costs is described below. Please refer to the guidance above on qualified and non-qualified costs. Part 3 applications for projects with qualified rehabilitation costs of more than $750,000 must also include a certified statement by a certified public accountant verifying that the expenses statement includes only qualified rehabilitation costs.

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For Homeowner: Each invoice or receipt is to be copied so that there is only one invoice or receipt per page (except for multi-page invoices). No receipt for less than $5 will be accepted. All copies must be legible. Each page should be noted at the top as to its date, the total amount that is "qualified," and the work category on the Part 2 to which it relates. If any receipts contain ineligible costs, these should be crossed out and the total adjusted. A summary list of the invoices/receipts may be submitted as well but is not required.

Non-Profits: Non-profits may choose to follow either the format for Homeowners (above), or the format for Developers (below).

For Developers: The summary Schedule of Development Costs form below provides an example of a format for an accounting of project costs. Whatever the format, the summary documentation of project costs must be certified as accurate by an architect, a contractor, or an accountant. The accounting of final project costs should follow a format similar to that which was provided in the Part 2 estimate. If the developer chooses, they may follow the format for homeowners and submit their actual costs at the completion of the project.

The following Schedule of Development Costs is provided as an example of a summary format used when projects are depreciable, and are also applying for federal tax credits. As noted above, this summary format may also be used by non-profits but they would delete the federal eligible cost column. Cost categories shown are examples; categories can be revised.

SCHEDULE OF DEVELOPMENT COSTS

Cost Categories	**Total Costs**	**Federal Eligible Costs**	**State Eligible Costs**
Construction Costs (These costs may be further broken down; should exclude site work & costs of expansion.)			
New Construction Costs (outside bldg. footprint) ** (If less than 20% of the sq. ft. of the existing bldg.+)			
Demolition			
Environmental			
Landscaping and Site Costs +			
Appliances * (For other non-qualified costs see list above)			
Architect			
Engineer			
Historic Consultant			
Legal (not associated with acquisition)			
Loan Fees			
Insurance			
Accounting			
Construction Interest			
Construction Contingency			
Taxes during construction			
Utilities during construction			
Developer's Fees			
Marketing *			
(For other types of qualified soft costs, see list above)			
TOTAL			

* Costs never eligible for State or Federal Credits
** Costs never eligible for Federal Credits
\+ Costs only eligible for State Credits

Prepared by: _____ Date: _____

Certified/Verified By: _____ (must be an architect, contractor, accountant, or estimator)

This Guidance is in the process of being revised and reformatted to help applicants navigate the new online application system. Please check back soon for updated Guidance.

HISTORIC PRESERVATION TAX CREDIT APPLICATION
REQUEST FOR CREDIT AWARD

The *Request for Credit Award* should be submitted at the same time as the *Part 3* application, which must be accompanied by a final counting of project costs. The applicant uses the Request for Credit Award form to list their proposed figures for total qualified costs in certain categories.

If the project involves only a portion of a building, only those "qualified" costs allocable to that portion may be included in the accounting of project data and costs. If the building will be only partially in owner-occupied residential use after the rehabilitation, the accounting of project costs must separate those costs which relate to this use from costs related to other uses (contact the Tax Credit Program Manager to discuss). For projects in which low income criteria applies to only a portion of the building, related costs must be allocated on a square footage basis. Not all costs of a project are considered to be "qualified" for this Program, and there are differences between what is allowed under Delaware's Program and the federal program. Please refer to the guidance in the Part 3 application instructions.

Within thirty days of receipt of an adequately completed Request for Credit Award, the SHPO will certify whether or not the project data and basis for computing the tax credit award are accurate. The SHPO will notify the applicant of any corrections needed. If the SHPO determines the information is accurate and that all other program requirements have been met, a Credit Award will be made to the applicant.

Instructions for Completing t*he 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. Project Data and Costs – Provide the total "qualified" costs drawn from the final accounting of project costs given in the Part 3 application. Provide the total of the cost of site work, paving and landscaping; these costs may not exceed 10% of the total "qualified" costs. If the project included expansion of the building beyond its existing footprint, then provide the costs associated with this this addition. If applicable, indicate the square footage or percentage of the building which will be in owner-occupied residential use after the rehabilitation. Finally, if applicable, provide the amount of square footage of the building which will qualify for low income tax credits. If not previously provided, the applicant must submit the documentation from the Delaware State Housing Authority which supports the claim that the applicant received Low Income Housing Tax Credits.

3. Basis for Computing the Award of Tax Credits – In this section, the applicant must indicate which category describes their ownership interest in the building being rehabilitated. Note that additional documentation is required if claiming an increase in calculating tax credits when the project has been awarded Low Income Housing Tax Credits (LIHTCs) by the Delaware State Housing Authority, or because the applicant is making a claim that they meet the qualifications of a low income applicant.

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