

Texas Historic Preservation Tax Credit Application Guide

2023

The Texas Historical Commission (THC) administers the Texas Historic Preservation Tax Credit (THPTC) program with the office of the Texas Comptroller of Public Accounts (Comptroller). The program promotes the rehabilitation of income-producing historic structures of every period, size, style, and type. Through this program, underutilized or vacant schools, warehouses, factories, retail stores, apartments, hotels, houses, offices, and other buildings throughout the state may be returned to useful life in a manner that maintains their historic character.

This document is intended as a preliminary guide to provide general information and clarification about the application process.

General Information

The Texas Historic Preservation Tax Credit Application (state application) is a three-part application used to apply for a Certificate of Eligibility, which is required for receiving this tax credit. The THC certifies whether a building is a “certified historic structure” and whether a rehabilitation is a certified rehabilitation, i.e., meets the Secretary of the Interior’s Standards for Rehabilitation (Standards) and is consistent with the historic character of the building and, where applicable, with the district in which it is located.

Title 13, Section 13.1 of the Texas Administrative code establishes the process by which this application is assessed and approved. Approval of state applications is conveyed in writing by duly authorized officials of the THC by means of a Certificate of Eligibility for the tax credit. Note that approval of a project by other federal, state, and local agencies and organizations does not ensure certification by the THC for tax purposes.

This program corresponds closely with the Federal Historic Preservation Tax Incentives program offered by the National Park Service (NPS) and the Internal Revenue Service (IRS), with applications accepted through the THC. Applicants are encouraged to apply to both programs together. Please be aware that although both programs use the same architectural standards, the financial and eligibility requirements differ between the two programs. More information about the federal program is available on the THC and NPS websites.

Applicants are strongly encouraged to contact the THC early in the project planning process, to submit applications describing proposed work, and to receive a determination of its conformance with the Standards for Rehabilitation before beginning rehabilitation work.

Texas tax codes and the Internal Revenue Code govern financial and other tax matters relating to the rehabilitation tax credits. General information about the tax aspects of these incentives will be available at the THC and Comptroller’s websites. Specific questions about the tax aspects of this application process should be addressed to the Comptroller, or to your financial advisor. Note that issuance of a Certificate of Eligibility by the THC does *not* ensure the application meets the Comptroller’s specific requirements for issuance of a tax credit certificate.

Table of Contents

General Information	Page 1
Background	Page 2
Application Process	Page 2
Part A	Page 5
Part B	Page 8
Secretary’s Standards for Rehabilitation	Page 8
Amendments	Page 10
Part C	Page 11
Documentation & Fees	Page 12
For More Information	Page 13

Background: The Texas Historic Preservation Tax Credit

This program offers a 25% franchise tax credit for the “certified rehabilitation” of a “certified historic structure.”

A “certified historic structure” is a building that is listed individually in the National Register of Historic Places, as a Recorded Texas Historic Landmark, or as a State Antiquities landmark, or is located in a “registered historic district” and certified by the Secretary of the Interior as contributing to the historic significance of the district. A “registered historic district” is a district listed in the National Register or a state or local district certified by the Secretary of the Interior.

A “certified rehabilitation” is a rehabilitation of a certified historic structure that the Texas Historical Commission has certified to meet the Secretary of the Interior’s Standards for Rehabilitation (Standards), indicating that it is consistent with the historic character of the structure and, where applicable, with the district in which the structure is located.

Depreciable, income-producing properties can qualify for the tax credits in accordance with Section 47 of the Internal Revenue Code. Tax exempt use properties also qualify for the state tax credits, as per our governing legislation, they are exempt from the requirement to maintain a depreciable use. The applicant is responsible for complying with the limitations of the program’s tax code requirements.

Before Applying

- Consult an accountant, tax attorney, other tax advisor, or the Texas Comptroller’s office to determine whether these incentives apply to your own tax and financial situation.
- Make sure the proposed project meets the minimum cost threshold and other legal and financial requirements.
- Contact the Texas Historical Commission for information and technical assistance if needed.
- Visit the THC program website at <http://www.thc.texas.gov/taxcredits>, which includes guidance publications, program rules, frequently asked questions, and much more.

APPLICATION PROCESS

Who May Apply

An applicant must be the owner of the property within the meaning of *owner* set forth in Chapter 13 of the Texas Administrative Code: “*Owner* -- a person, partnership, company, corporation, whether for profit or not, governmental body, or other entity holding a legal or equitable interest in a Property or Structure, which can include full or partial ownership interest.”

It is possible that long-term lessees may apply for state tax credits per Internal Revenue Code Section 47(c)(2) if their remaining lease period is at least 27.5 years for residential property or 39 years for nonresidential property.

If the applicant is not the owner of the property, or is not the owner at the time of application within the meaning of *owner* described above, the application must also be signed by the owner indicating that he or she is aware of the application and has no objection to the request for an application review.

How to Apply

The application forms for the state tax credit program are available as fillable PDFs on the THC program website. As of August 15, 2023, formal applications must be submitted electronically through the THC website at <https://xapps.thc.state.tx.us/TaxCredits2>, as described in posted instructions. Applications submitted in hard copy—or via fax, email, or other means—will not be accepted. See additional information on the program website on how to format, name, and organize electronic files for submission.

If necessary for review, program staff may request hard copies of certain project materials such as architectural plans. Staff may also allow submission of limited supplemental information by email where appropriate.

Acceptable types of electronic signatures (e-signatures) are limited to:

- 1) Scanned PDFs of actual, original wet-signed application forms;
- 2) Scanned or digitized versions of actual, original handwritten signatures;
- 3) Digital signatures using a digital ID (e.g., using Adobe software), that include a digitally-signed stamp.

A typed name in a different font, or other types of generated signature images, are not accepted.

When to Apply

Apply at any time during the year. A Part A application must be received before the project is completed, otherwise the project is ineligible to be certified. The requirement for Part A submission may be waived for subsequent phases of a larger planned rehabilitation.

The first two application parts may be sent separately or together, but if they are sent separately, Part A must precede Part B.

Apply before starting rehabilitation work whenever possible. It is important to submit a Part B application describing proposed work, and to receive a determination from the THC, *prior to the start of work*. Owners who undertake rehabilitation projects without prior consultation with the THC do so at their own risk.

Apply for a Part C certification as soon as possible after the building is placed in service and/or the project is completed. Credits are earned for work completed in the previous tax year. For example, once a credit for a project completed on July 1, 2024 has been established with the Comptroller, the credit may be claimed on the Texas Franchise Tax Report due in May 2025.

Review Process

The THC reviews the application and makes final certification decisions, which are documented on an official form and are forwarded to the applicant. Upon THC's certification of the rehabilitation, a Certificate of Eligibility for the state credit will be provided for the owner(s) by the THC.

In the case of simultaneous applications for the federal and state programs, THC first reviews the federal application and forwards it to the NPS with a recommendation. The THC will make their final determination on state credits *after* receiving the NPS determination for federal credits. The NPS decision may differ from the recommendation of the THC, and the THC's decision on state credits may differ from the NPS's prior decision on federal credits (although generally does not).

Review Times and Requirements

Reviews of a *complete* application, or any part of an application, will be completed as quickly as possible. Allow at least 30 days for each part of the application to be reviewed by THC. Review times may vary depending upon the complexity of the project. For simultaneous applications, reviews are typically conducted in 30 days or less by THC, and 30 days from receipt by NPS.

THC staff typically review projects in the order received, and priority may be given for amendments for under-construction projects if time permits.

A complete application consists of the current version of the state application forms, including:

- signed and dated form(s) (Part A, Part B, Part C, or amendment), including all required applicant and project data; and
- other required information provided in sufficient detail (Description of Physical Appearance and Statement of Significance for Part A and Detailed

Description of Rehabilitation Work for Part B), and all required supporting information (photographs, architectural drawings, etc.) for each form as described in these instructions.

Incomplete applications may be placed on hold for additional information or returned to the owner for resubmission. Older, non-current versions of the application form are not accepted.

Review of Part B and/or Part C applications by the THC does not start, and no determination can be made, until payment of the review fee has been received (see Review Fees, page 12). Amendments to any part of the application do not require additional review fees.

Concurrent Federal/State Application Submission

When applying for both the Federal Historic Preservation Tax Incentives program and the Texas Historic Preservation Tax Credit program, applications must be submitted to each program separately. Both federal and state applications must be sent directly to the THC for review.

If an application for the federal program is being submitted simultaneously—or if an application for the same project has previously been submitted for the federal program—a state application form must be submitted to the THC, but no additional accompanying materials (plans, photos, and the like) will be required. The materials submitted for the federal program will be forwarded to NPS, but will also be retained at the THC for review by both programs.

Phased projects

An applicant may present a “phased” state submission, which is a proposal to complete a cohesive, multi-step rehabilitation under a **planned series of related state**

applications. Each application will relate to a separate phase of the cohesive planned rehabilitation, and each of these files will have its own Part B and Part C, and therefore may receive tax credits separately. The initial submission for a phased rehabilitation requires a Part A, but subsequent submissions for latter phases will not require a new Part A.

NOTE: This differs from the definition of a “phased project” under the Federal Tax Incentives program. For the federal program, a phased project combines a series of phases under a **single federal application**.

A single federal phased project may be subdivided into multiple state applications under a cohesive phased state submission, as described above. If an applicant is pursuing this option, the following requirements must be met:

- The project must be submitted to the National Park Service as a phased federal project, i.e. it must be officially identified as a phased project on the federal application. The phases of construction should relate to defined portions of the scope of work, which must be laid out in the federal Part 2 application.
- Each of the applications for the state tax credit program should line up with the individual project phases as identified in the federal application.
- When closing out a state project that is also a phase of a federal tax credit project, the applicant must submit for an Advisory Determination from the National Park Service for approval of that phase before THC is able to certify the corresponding state tax credit application.

Part A: Evaluation of Significance

Historical designations are official recognitions of historic resources. Within the state credit program, several types of designations enable a property to qualify as a “certified historic structure.” The Part A: Evaluation of Significance is used for this purpose.

Use Part A of the application to request certification that a property:

- is currently listed individually in the National Register of Historic Places
- is currently designated as a Recorded Texas Historic Landmark (RTHL) or State Antiquities Landmark (SAL)
- contributes to the significance of a registered historic district or a National Register property with more than one building and is thus a “certified historic structure” for purposes of the tax credit.

Or use Part A to request a preliminary determination for a property not yet formally designated as historic, as to whether:

- a building may meet the National Register Criteria for Evaluation as an individual listing;
- a building may meet the required criteria for contributing to the significance of a potential National Register historic district;
- a building outside the period of significance or physical boundary of a registered historic district would contribute to the significance of the district, if amended;

Part A is required for *all projects*, regardless of whether they are currently designated or can be determined eligible for designation. If the property is a single building listed in the National Register of Historic Places, or as a Recorded Texas Historic Landmark (RTHL) or State Antiquities Landmark (SAL), it is automatically considered a “certified historic structure,” but Part A is still required in order to confirm its status and listing date.

If the building is a contributing structure within an existing National Register historic district or within a National Register-designated property, its contributing status will be confirmed through review of a Part A application.

If the building is neither within a registered historic district nor individually listed in the National Register, or as a RTHL or SAL, the owner must submit a Part A to determine whether the building may be eligible for listing. If it is found to be eligible, the owner must begin the

separate process nominating the building. There are three different cases in which a nomination is required.

First, for properties that are not currently designated but are determined to be individually eligible, the property must be individually listed by the owner. THC recommends applying for listing in the National Register of Historic Places rather than pursuing designation as a RTHL or SAL, as the latter processes can be more time-consuming and do not fulfill the requirements of the federal tax credit program.

Second, if a building is determined to be eligible as part of an existing district, but only if the district nomination is revised, then the owner must take steps to enact an amendment to the district nomination. Inclusion of new buildings is either achieved with a boundary increase or a revision to the period of significance of the district.

Finally, a building may be determined to contribute to an eligible district that does not yet exist. This is the most complex scenario, as the applicant must first demonstrate that a potential district is eligible and submit documentation that supports listing, including an analysis of other properties and a map indicating the proposed boundary. In addition, the applicant must then demonstrate that his or her building would contribute to the district. The applicant would then be required to nominate the district.

Note that if official listing is undertaken during the course of the project, the applicant must then resubmit a revised Part A: Evaluation of Significance (cover page only). This new documentation will reflect its status as a certified historic structure. Tax credits cannot be awarded until this status can be confirmed by THC.

Late Submissions. Owners who wait until after all work is complete and the building is placed in service before they file Part A of the application (and, where applicable, nominate the building or district to the National Register) do *not* qualify for tax credits.

Appeals. THC’s determination of eligibility of a property is a preliminary assessment for guidance purposes only. If the Part A determination indicates that a property ‘does not appear eligible,’ the applicant may still elect to pursue the nomination process.

Evaluating Part A

Part A determinations are based on the significance and integrity of the property prior to rehabilitation, according to the guidelines of the National Register of Historic Places.

For buildings in historic districts, the information furnished with Part A applications must be sufficient: 1) to demonstrate the National Register eligibility of the district within proposed boundaries, 2) to document how the building relates historically and/or architecturally to the district and 3) to evaluate the integrity of the building according to the NRHP guidelines. Applicants should consult the National Register historic district nomination (on file at the THC or at the local preservation commission). Such requests will be reviewed for conformance with the Secretary of the Interior's Standards for Evaluating Significance within Registered Historic Districts.

Applications for preliminary determinations of individual listing on the National Register will be evaluated using the National Register Criteria (36 CFR Part 60). For buildings that are in potential historic districts or that are outside the period or area of significance of a registered historic district, applications will be reviewed for conformance with the Standards for Evaluating Significance within Registered Historic Districts. (36 CFR 67.5)

The Secretary of the Interior's Standards for Evaluating Significance within Historic Districts

1. A building contributing to the historic significance of a district is one which by location, design, setting, materials, workmanship, feeling and association adds to the district's sense of time and place and historical development.

2. A building not contributing to the historic significance of a district is one which does not add to the district's sense of time and place and historical development; or one where the location, design, setting, materials, workmanship, feeling and association have been so altered or have so deteriorated that the overall integrity of the property has been irretrievably lost.

3. Ordinarily buildings that have been built within the past 50 years shall not be considered to contribute to the significance of a district unless a strong justification concerning their historical or architectural merit is given or the historical attributes of the district are considered to be less than 50 years old.

Completing the Part A Form

General Requirements. The form must be the official cover sheet, and must bear an accepted form of the applicant's e-signature, and must be dated (see Application Process, Page 2). Other sections may be expanded as needed or continued on blank or self-made word-processing sheets, to be submitted together with the form.

Application Content. For properties not currently

designated, Part A applications must contain substantially the same level of documentation as National Register nominations, as specified in 36 CFR Part 60 and NPS instructions for completing National Register nominations. An application for a preliminary determination for individual listing must show how the building meets the National Register Criteria for Evaluation. An application for a building in a potential historic district must describe the district and document how the district meets the criteria and how the building contributes to the significance of that district. An application for a preliminary determination for a building in a registered historic district that is outside the period or area of significance of the district must justify the expanded significance of the district and how the building contributes to the significance of the district.

Preliminary determinations are not binding upon the THC or NPS, and become final only when the building or district is listed in the National Register, or, for buildings outside the period or area of significance of a registered historic district, when the district documentation is formally amended.

Description of Physical Appearance. Describe the major features of the building on both the exterior and the interior. 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). Describe changes made to the building since its construction (additions, porch enclosures, new storefronts, relocation of doors and windows) and interior alterations. Describe other buildings on the property such as carriage houses, barns, and sheds. (See Special Considerations: Multiple Buildings, page 6.) Discuss how the building relates to others in the neighborhood or district in terms of siting, scale, material, construction, and date. Provide the construction date and date(s) of alterations. Give the source of the date. Check the appropriate box if the building has been moved.

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 bracketed cornice. The first floor of the facade has been altered: the existing storefront dates from ca. 1990. 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 greatly altered in the 1990'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 (see photographs).

Statement of significance. Summarize the history and significance of the building, and, for buildings in historic districts, describe how the building contributes to the significance of the district. Note important figures from the past associated with the building, any former uses, and the name of the architect or builder, if known.

If the building is in a district, this summary should relate to the significance of the district (including the district's period of significance) as identified in the National Register nomination or district documentation. This statement of significance should also relate to the Secretary of the Interior's Standards for Evaluating Significance within Registered Historic Districts. Is it similar to other buildings in the district in scale, building materials, style, and period of construction?

Example

(Building within a registered historic district)
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 (see photographs). 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.

Submit with the Part A Form

Photographs and photo key. For all Part A applications, send photographs of the property as it appears *before* rehabilitation. Include photographs of the building's site and environment, all of the building's sides, all major interior spaces and features, and representative secondary spaces and features. See page 12 for instructions on preparing and labeling photographs for certification applications. Historic photos are helpful if available.

Map. Submit a map of the historic district, with the building location highlighted. If the application describes a property with more than one building, the map must show each structure.

Special Considerations – Part A

Certain situations may require applicants to do additional research or provide additional information.

Moved buildings. Moving a building into or within a historic district can jeopardize its ability to contribute to the significance of the district. For a building that has been moved or will be moved, the Part A must document: 1) the effect of the move on the building's appearance (any proposed demolition, proposed changes in foundations, etc.); 2) the setting and environment of the proposed site; 3) the effect of the move on the historic and visual character of the district; and 4) the method for moving the building. The application must also include photographs of the previous and proposed environments, including sites, adjacent buildings, and streetscapes. For buildings individually listed in the National Register, the procedures in 36 CFR Part 60 must be followed before the move, or the buildings will be removed from the National Register, will not be considered certified historic structures, and will have to be re-nominated for listing.

Properties less than 50 years old. Properties less than 50 years old are generally considered not to contribute to the significance of a district and are ordinarily excluded from individual listing in the National Register. Standard 3 of the Secretary of the Interior's Standards for Evaluating Significance within Registered Historic Districts requires that to be certified as contributing to the district such properties must have exceptional historic or architectural merit or the district must encompass significant qualities and characteristics that are less than 50 years old.

Documentation for these properties must explain how the property meets the requirements. (For information on the individual listing of properties less than 50 years old, refer to *National Register Bulletin No.22, How to Evaluate and Nominate Potential National Register Properties That Have Achieved Significance within the Last 50 Years.*)

Multiple buildings and functionally-related buildings. Some historic properties have more than one building. In these cases, Part A must describe all the buildings on the property, even those that will not undergo rehabilitation. This requirement applies to properties listed individually in the National Register and to properties in historic districts. The Part A must describe each building and its significance, and state whether it is a candidate for certification of significance or non-significance. The application must contain photographs of each building and a sketch map or site plan of the entire property. If the buildings were functionally related historically, the decisions regarding the certification of the rehabilitation will be based on the rehabilitation of the entire property, and not on each individual component.

Part B: Description of Rehabilitation

If a property is a certified historic structure or received a preliminary determination of significance, the applicant or owner of the property shall request that the Commission determine if the rehabilitation plan is in conformance with the Standards for Rehabilitation. Part B describes rehabilitation work to be undertaken on the building, and must be completed by all applicants seeking the state tax credit. Part B will not be reviewed by the THC until Part A has been filed and acted upon.

Applicants are strongly encouraged by THC to submit applications describing proposed work for review prior to the start of work, to determine if the proposed work is appropriate. For complex projects, applicants are encouraged to contact THC for preliminary consultations. Owners who undertake rehabilitation projects without prior consultation with the THC do so at their own risk.

Rehabilitation work may be submitted for certification as part of separate applications for successive tax years, as long as the minimum \$5,000 threshold is met for each application. The Part B application includes a statement of the start and end date for the scope of work for which the credit is sought. If the proposed scope of work includes work items that have already been completed, the applicant must demonstrate that the entirety of the work is a single cohesive rehabilitation project.

Appeals. If a Part B is denied due to failure to meet the Standards for Rehabilitation, the applicant may request in writing to the Executive Director to appeal the determination; appeal instructions are issued at denial.

Evaluating Part B

Proposed work will be evaluated using the Secretary of the Interior's Standards for Rehabilitation and 36 CFR 67.7. Conformance with the Standards will be determined on the basis of the application documentation and other available information by evaluating the property as it existed prior to the start of any rehabilitation work by the current owner. This stands regardless of when the property becomes or became a certified historic structure and regardless of when the Part B application is or was received.

The Standards apply to *both interior and exterior work*, and the THC reviews the entire rehabilitation project, including any attached, adjacent or related new construction on the property. The Standards are applied in a reasonable manner to each property individually, taking into consideration economic and technical feasibility. Certification is based on whether the overall project meets the Standards. To be certified, a rehabilitation project must

be determined to be consistent with the historic character of the building and, where applicable, the district in which it is located. The Secretary's Standards for Rehabilitation take precedence over other regulations and codes in determining whether the rehabilitation project is consistent with the historic character of the property and, where applicable, the district in which it is located.

The Secretary's 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 historic 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.

architectural drawings or sketches, in as much detail as possible, showing the existing conditions and the proposed rehabilitation work and any new additions or new construction. Include floor plans and, where necessary, sections and elevations. Dimensions and notes must be clearly legible. For larger projects, plans at the design development phase are recommended. For small projects, sketches may suffice. Drawings must be numbered and keyed to the application narrative.

Review Fee. An application fee is charged for review of the Part B and is not refundable. Please see the review fee table to determine the appropriate fee. Projects will not be reviewed until the fee is received. Resubmission of a rejected application will require a new fee, and fees are not refunded in the case of project denial. Submit review fees in accordance with posted instructions.

Special Rehabilitation Concerns

Several treatments can be problematic. The *Guidelines for Rehabilitating Historic Buildings* accompanying the Secretary of the Interior's Standards for Rehabilitation, as well as information available on the NPS website, provide further guidance on these and other treatments. Applicants should address these concerns when undertaking work in any of these areas and include the information outlined below in the application.

Exterior masonry cleaning. Owners are strongly encouraged to clean masonry only when necessary to halt deterioration or to remove graffiti and stains. Indicate the physical condition of each material to be cleaned. Specify what the cleaning is intended to accomplish (soot removal, paint removal, etc.) and what process is to be used. When chemical systems are to be employed, specify the product to be used and its application. Information for cleaning involving chemical processes should include products to be used and water pressure in pounds per square inch (psi). Provide material to show that the method selected will not harm the masonry. Summarize results of test patches, and include close-up color photographs of masonry surfaces before and after cleaning as evidence.

Exterior masonry repair. Indicate deteriorated areas and describe repair method proposed. Provide evidence that repointing mortar will match the historic in composition (ratio of lime, cement, sand and any additives), color, texture, and tooling. Owners are encouraged to repoint only those portions of the masonry that require repair.

New windows. If replacement is proposed, indicate the condition of existing windows (sash, glazing, muntins, etc.) and the reasons for replacement. Photographs must be provided as evidence of severe deterioration; provide data

Completing the Part B Form

Cover page. The form must be the official cover sheet, and must bear an accepted form of the applicant's e-signature, and must be dated (see Application Process, Page 2). Other sections may be expanded as needed or continued on blank or self-made word-processing sheets, to be submitted together with the form.

The *estimated rehabilitation costs* must be reported on the form and are defined as the project's total estimated "Qualified Rehabilitation Expenditures," or "QREs," pursuant to section 47 of the Internal Revenue Code. For a project involving multiple buildings that were functionally related historically pursuant to 36 CFR part 67, the costs reported on the form must be the total estimated rehabilitation costs of the entire project. The costs reported cannot have been incurred after the date of project completion, and/or the tax year in which costs are claimed for the credit.

Detailed Description of Rehabilitation Work. Describe *all* work that will be undertaken on the property, not simply work for which the tax credit will be sought. Thoroughly describe each feature and the work that will be done on it. Begin with site work, followed by the exterior, including new construction, and then the interior. Give the photograph or drawing numbers that show the feature, and the marked photographs or drawing numbers showing the proposed work. Describe processes such as masonry cleaning in the application narrative; do not attach specification books. Include information relevant to the application of the Secretary of the Interior's Standards for Rehabilitation and 36 CFR 67.7. For phased projects: In the Part B, outline the work to be done during this current period of work, and also fully describe all previous work completed by the current owner at the property in the 24 months prior to submission of the current application.

Send with the Part B Form

Photographs and photo key. Submit photographs showing the interior and the exterior *before* rehabilitation. Include the building's site and environment, all of the building's sides, all major interior spaces and features, and representative secondary spaces and features, including areas where no work is proposed. See page 12 for instructions on preparing and labeling photographs for certification applications.

Architectural drawings or sketches. Submit

on the cost of repairing existing windows versus installing replacements. Owners are strongly encouraged to retain and repair historic windows. Tinted glass often causes a change in character and may result in denial of certification. Where replacement of existing window appears justified by supporting documentation, and where the windows are an integral part of the building's design and character, the replacement sash must match the original in size, pane configuration, color, trim details, and planar and reflective qualities, and, in most cases, materials. Scaled drawings comparing the existing windows with the replacement windows must be provided.

Storefront alterations. Justify changes to storefronts and provide photographs of the areas to be altered. Document the date of construction of the existing storefront and its condition. If a historical treatment is planned, provide the evidence on which the proposed new storefront designs are based. Owners are strongly discouraged from introducing a storefront or new design element that alters the character of the structure and its relationship with the street or that causes destruction of significant historic material.

Interior partitions, trim, and finishes. Document the existing condition of the interior. Indicate both historic and non-historic walls. Show walls to be removed or altered. Note whether trim and wall and ceiling finishes will be affected. Owners are strongly discouraged from changing historic floor plans unnecessarily and from exposing masonry surfaces unless this condition is supported by historical evidence.

New heating, ventilation, and air conditioning (HVAC) systems. Indicate what effect the new equipment and ductwork will have on the historic building. New systems must not run across windows or introduce an “unfinished” character to finished interior spaces. Installation of systems that cause damage to the historic building material or visual loss of character may result in denial of certification.

New additions and new construction. New additions may substantially alter the appearance and form of historic structures, and may cause denial of certification. Similarly, new construction, including site work, may affect the relationship of a structure to its site, change the historic landscape, or otherwise damage the historic character of the property. Owners are strongly encouraged to obtain THC approval before undertaking projects involving new additions or new construction.

Amendments

Use an Amendment form to:

- Submit information requested by the THC for an application under review and on hold.
- Amend a previously submitted Part A, B, or C application with new information.
- Inform the THC of a change in ownership.

Completing the Amendment Form

First page of form. This page must be the official cover sheet, and must bear an accepted form of the applicant's e-signature, and must be dated (see Application Process, Page 2). Other sections may be expanded as needed or continued on blank or self-made word-processing sheets, to be submitted together with the form.

To amend a previously submitted application. Briefly describe changes to the original application. Describe in detail in attachments if necessary. Do not resubmit an entire narrative with changes; only highlight the items that have changed from the previous submission. Do not leave the narrative form blank: always provide at least a summary of the changes that are being reviewed.

Submit with Amendment Form

Amendments to previously submitted applications. Send photographs and architectural drawings or sketches needed to illustrate the amendment for which determination is requested. Do not resubmit materials that have not changed from the previous submission.

No review fee is required for an amendment.

Part C: Request for Certification of Completed Work

Use the Part C form to request approval of any completed rehabilitation work for which a credit is sought. The completed work may be inspected by an authorized representative of the Secretary of the Interior to determine if the work meets the Standards for Rehabilitation.

The “placed in service date” or completion date for any scope of work for which credits are sought must be proved by a third-party document; typically these are certified by a local code official or an architect and signed by the owner and contractor. The accompanying detail for this documentation must specify that all scopes of work described in the application are the same as that certified as complete.

Appeals. If a Part C is denied due to failure to meet the Standards for Rehabilitation, the applicant may request in writing to the Executive Director to appeal the determination; appeal instructions are issued at denial.

Completing the Part C Form

Cover pages of form. This page must be the official cover sheet, and must bear an accepted form of the applicant’s e-signature, and must be dated (see Application Process, Page 2). Other sections may be expanded as needed or continued on blank or self-made word-processing sheets, to be submitted together with the form.

The *project completion date* is the date that all work related to the project was completed. If the project completion date and the date the property is “placed in service” are different, the date the project was completed is the date that must be reported on the form.

Both the *estimated rehabilitation costs* and the *total estimated costs*, which includes the costs attributable to the rehabilitation work plus all other project costs, must be reported on the form. The *estimated rehabilitation costs* are defined as the project’s estimated “Qualified Rehabilitation Expenditures,” or “QREs,” pursuant to section 47 of the Internal Revenue Code.

If the rehabilitation project involved multiple buildings that were functionally related historically pursuant to 36 CFR part 67, the costs reported on the form must be the total costs for the entire project.

On page 1, list all additional owners with their addresses and Social Security or Taxpayer ID numbers; continue on additional sheets as necessary.

Submit with the Part C Form

Documentation of completion date. The applicant must substantiate the completion date of the work with one of two sources of documentation: a Certificate of Occupancy, or an architect’s Certificate of Substantial Completion, AIA Document G704. The description of the project, or designated portion of the project, must clearly include all work covered by the Part B and for which credits are sought. This document must be signed by the architect, contractor and owner.

Photographs. Send photographs taken after completion of the rehabilitation work showing the same views as in the Part B. See below for instructions on preparing and labeling photographs for certification applications.

Review Fee. Please see the review fee table to determine the appropriate review fee. Projects will be placed on hold until the fee is received.

Late Submissions. A project may not be certified unless a Part A was received prior to its completion. Tax credits cannot be received until Part C is approved.

DOCUMENTATION AND FEES

Photographs for Certification Applications

Photographs must be clear and have sufficient resolution to show the details required for review of rehabilitation work.

Applications with photographs that are not adequate for review will be placed on hold, and applicants will need to submit better quality photographs before the THC or NPS can complete review of the application.

Do not submit photographs smaller than 4”x6” on a standard size page. Do not combine photos and other portions of your application materials into a single document.

Number of photographs. Applicants must use their judgment as to how many photographs adequately "tell the story" of their building. Large or complex projects often require more photographs to illustrate the various elements and areas the building and site.

Format of Photographs. The property name, address, date of photos, and application part (i.e. Part A, Part B, Amendment, Part C) must be listed at the top of each page. The photo number (labeled according to a photo key) and caption must be listed under each photo. The caption must include the view shown (e.g., north side) and a description of the view (e.g., plaster damage in dining room, north wall).

Our office recommends submitting photos in organized PDF documents with captions, as described above. We will also accept a maximum of 20 individual photographs per submission. Only JPG and TIFF files are accepted; no other photo file formats are accepted. Photos must be saved into one zipped folder.

Photographs must be numbered and keyed to both the description of proposed work in the application and photo key plans of the building and site.

Review Fees

The THC requires separate, individual fees for reviewing Part B and Part C applications in accordance with the current fee schedule. Fees are based on the estimated rehabilitation costs reported on the application forms and defined as the project’s total estimated “Qualified Rehabilitation Expenditures.”

Checks must be made payable to the Texas Historical Commission and sent to our office in hard copy according to mailing instructions on our website. Checks must be labeled with “Tax Credit Program,” the project name, and the project number. Use the Fee Transmittal Form to submit with your check. Do not send loose, unlabeled checks as this will delay review.

Applications will be placed on hold until the non-refundable application fee for that portion of the application has been received. Resubmission of an application due to a prior rejection or any other circumstances will require a new fee. Fees are not refundable in the case of project denial. Amendments to a pending application or approved project do not require additional fees.

Current Application Fee Schedule

Eligible costs and expenses	Part A review fee	Part B review fee	Part C review fee
\$5,000 to \$50,000	\$ -	\$ 150	\$ 150
\$50,001 to \$100,000	\$ -	\$ 250	\$ 250
\$100,001 to \$250,000	\$ -	\$ 375	\$ 375
\$250,001 to \$500,000	\$ -	\$ 500	\$ 500
\$500,001 to \$6,000,000	\$ -	0.15% of estimated eligible costs and expenses	0.15% of final eligible costs and expenses
Over \$6,000,000	\$ -	\$ 9,000	\$ 9,000

*When calculating, use the current estimated QRE value, as stated on the application you are submitting.

FOR MORE INFORMATION

See the THC program website for more information on the historic preservation tax incentives, both state and federal.

Also view the National Park Service's website for more information on:

- The Secretary of the Interior's Standards for Rehabilitation and accompanying *Guidelines*:
<https://www.nps.gov/orgs/1739/secretary-standards-treatment-historic-properties.htm>
- Planning Successful Rehabilitation Projects:
<https://www.nps.gov/subjects/taxincentives/planning-successful-rehabilitation.htm>
- Technical Preservation Briefs and Interpreting the Standards Bulletins, alphabetized by topic:
<https://www.nps.gov/orgs/1739/preservation-by-topic.htm>
- Requirements for electronic submission:
<https://www.nps.gov/subjects/taxincentives/hpca-electronic-submission.htm>