



Ohio

Historic Preservation

Tax Credit

Round 10 Program Policies

2013

Table of Contents:

1. DEFINITIONS	1
2. ELIGIBLE APPLICANTS.....	1
3. APPLICATION SCHEDULE AND PROCEDURES	2
4. APPLICATION SCORING	4
5. SELECTION OF APPROVED APPLICATIONS.....	4
6. AMENDMENTS	6
7. TAX CREDIT CERTIFICATION	7
8. FEE SCHEDULE.....	9
9. MONITORING AND REPORTING	10

1. Definitions

1.1. Except as otherwise provided, terms used in this document have the same meaning as Section 122:19-1-01 of the Ohio Administrative Code and Section 149.311 of the Ohio Revised Code.

2. Eligible Applicants

2.1. Eligible Applicants

- An eligible Applicant is the Owner of a Historic Building holding the fee simple interest in the building. Evidence of fee simple ownership can be demonstrated through providing the following documents
 - Deed for the property or County auditor’s card for all parcels.
 - Executed sale and purchase agreement for all parcels if the property was sold recently and a deed is not yet available. A deed or county auditors card will need to be provided to demonstrate the sale when it becomes available.
 - Executed closing documents for all parcels (settlement sheets).
- Effective September 26, 2012, an eligible Applicant is also a Qualified Lessee subject to a lease agreement for a Historic Building and eligible for the federal historic preservation tax credit under 26 U.S.C. 47. Evidence of a qualified lease can be demonstrated by providing an executed lease agreement for a term equal to or exceeding the lease term requirements under 26 U.S.C. 47(c)(2)(B)(vi), which

requires a minimum of 27.5 years for residential rental property and 39 years for nonresidential real property.

2.2. Eligible Projects

- Projects are eligible if they meet the definition of a Historic Building as outlined in section 149.311 (A) (1) of the Ohio Revised Code.
- Consistent with federal regulation 36 C.F.R. 67, dated February 26, 1990 or any successor to that section, a Project may include more than one building, such as an industrial or agricultural complex, provided there is historical evidence that the buildings functioned together during their time period of significance to serve an overall purpose.
- Row houses that were designed and constructed as a single building or complex shall be considered a single Project provided the Applicant owns each building included in the application.
- A project may include more than one Historic Building if the historic buildings are in close proximity within the same jurisdiction and rehabilitation activities and costs are undertaken by the same owner. Each Historic Building in a multiple building project is subject to the eligibility requirements of a single historic building as outlined in section 149.311(A)(1). If any building(s) in a multiple building application is ruled ineligible, qualified rehabilitation expenditures cannot be claimed from rehabilitation of the building(s) ruled ineligible.
- If an application has already been approved for a portion of a Historic Building and the project has not received approval of a federal Part 3 or, for a state only application, the same information presented with the request for certification, additional applications may be submitted for the same Historic Building if the following requirements are met:
 - The total amount of tax credits between all applications for one Historic Building must not exceed \$5,000,000.
 - Development impacts from the rehabilitation of the Historic Building may only be leveraged once for purposes of competitive scoring.
 - Additional applications must define a project that is mutually exclusive of previously approved applications and must be limited to a physical portion of the Historic Building (e.g. different floors or separate wings of a building).
 - Historic approvals necessary for certification must be received for all applications approved for a Historic Building prior to the issuance of a tax credit certificate for any application.

3. Application Schedule and Procedures

- 3.1. The Ohio Development Services Agency will accept applications on a semi-annual schedule (rounds) each fiscal year and an application submission period of three months will occur at the beginning of each round.
- 3.2. Distinct application review and approval periods shall be referred to as rounds. Round 1 refers to all applications approved on or before May 9, 2008. The first round in fiscal year 2012 will be Round 7 and additional rounds will be numbered consecutively.
- 3.3. The following dates will serve as rounds for the Application Periods for each fiscal year:
 - **Annual Fiscal Year Application Periods**
 - **First Round of Fiscal Year (July 1– December 31)**
 - Application Submission Period – July 1st – September 30th

- Application Review Period – October 1st – December 15th
 - Approved Applicants Announced - December 30
 - **Second Round of Fiscal Year (January 1– June 30)**
 - Application Submission Period – January 1st – March 31st
 - Application Review Period – April 1st – June 15th
 - Approved Applicants Announced - June 30
- 3.4. All applicants must schedule pre-application meetings with both the Ohio Development Services Agency and the Ohio Historic Preservation Office prior to submitting an application. Applicants are encouraged to contact both offices early in the application submission period to schedule the meetings to ensure availability. Pre-application meetings may be conducted in person, on-site when possible, or via conference call. Applicants will receive an email confirming completion of the pre-application meeting requirement that must be included in their application.
- 3.5. The Applicant must submit two completed original applications and one electronic version on compact disc to the Ohio Development Services Agency, Office of Redevelopment, 77 S. High Street, 26th Floor, Columbus, Ohio 43215.
- 3.6. Once an application has been submitted, it shall not be amended during the application submission period. An applicant may withdraw its application and submit a new application prior to the final day of the application submission period.
- 3.7. Applications must be received by close of business (5:00 p.m. Eastern Time) on the final day of the application submission period to be included in that evaluation period.
- 3.8. Any application received after the last day of the application submission period will be included in the following round.
- 3.9. For combined federal and state applications, the federal Part 1 application form—Evaluation of Significance—must be completed in accordance with federal instructions, including the cover sheet, physical appearance and significance data and statements, and submitted by the end of the final day of the application submission period for all properties except those which are single buildings individually listed on the National Register of Historic Places. For properties qualifying for Ohio Historic Preservation Tax Credits due to local landmark or historic district listing by a Certified Local Government (CLG), then, in addition to a preliminary federal Part 1 (which must include a draft National Register of Historic Places nomination form), the submission must include a copy of the signed and dated local ordinance establishing the individual listing or historic district listing and, if applicable, a statement from the local CLG official indicating that the property contributes to the significance of the local historic district. For all buildings within historic districts, the historic district map must be submitted, with the building clearly indicated. Required for all submissions are sets of labeled photographs showing the building’s site, setting, exterior and interior. The photographs must be keyed to existing conditions floor plans. For state only applications, the same description and significance information, with photographs and map, must be provided using the Ohio Parts 1 & 2 form.
- 3.10. For combined federal and state applications, the federal Part 2 application form—Description of Rehabilitation—must be completed in accordance with federal instructions and submitted by the final day of the application submission period. At the time of submission, applications must include a completed signed cover sheet, brief project summary narrative, and detailed written descriptions of the project work. Descriptions of the before and after rehabilitation appearances of the site and all interior and exterior features and systems of the building must be included. Also required are sets of labeled photographs showing the building’s site, setting, exterior, and interior.

The photographs must be keyed to existing conditions floor plans and referenced in the narrative. Drawings showing proposed work must accompany the application. For state only applications, the same rehabilitation information, with photographs and drawings, must be provided using the Ohio Parts 1 & 2 form.

- 3.11. Following the application submission period will be an application review period. During this time, applications will be reviewed for completeness and the Ohio Development Services Agency may request that Applicants provide additional information. Applicants can only submit additional information in direct response to written completeness review correspondence from the Ohio Development Services Agency. If the Applicant does not submit the requested information within 10 business days of the request, the application will be evaluated as submitted and may result in a competitive scoring reduction or ineligibility. If the information submitted in the application and/or the applicable Part 1 and Part 2 forms is materially insufficient, the Director shall notify the Applicant that the application will not be considered during the Application Period.
- 3.12. Concurrent with the completeness review, the Ohio Development Services Agency and Ohio Historic Preservation Office will review eligibility requirements for applications.
- 3.13. The Director will make a determination of each application by the final day of the Application Period. The Director shall notify all Applicants in writing of the status of an application upon completion of the Application Period.
- 3.14. Applicants that are not approved during an Application Period are eligible to re-apply in any of the following Application Periods.
- 3.15. During the application review period, the Ohio Development Services Agency will only publically release information on the total number of applications submitted, the total tax credits requested, the total project investment, and the number of jurisdictions and historic buildings represented in the applications.

4. Application Scoring

- 4.1. An application worksheet will be provided that contains detailed guidance on what materials and documentation will be required for a completed application.
- 4.2. Each application will require Applicants to self-score their Project. All scores will be verified by the Ohio Development Services Agency to ensure accuracy.
- 4.3. If an applicant elects to include multiple buildings in one application, the application will be scored based on the cumulative characteristics of all historic buildings in the project.
- 4.4. The Regional Distributive Balance set of criteria will make up 30% of the total points used to evaluate applications. The top scoring project from every unique jurisdiction (municipality or township) will receive the full points for the Jurisdictional Balance and County Per Capita Balance measures (total of 15 points).
- 4.5. The Potential Economic Impact set of criteria will make up 70% of the total points used to evaluate applications.

5. Selection of Approved Applications

- 5.1. Applications must score a minimum of 50 total points in the scoring criteria established in section 4 of this document to be eligible for approval.
- 5.2. Applications will be approved in the ranked order in which they were scored by the Director according to the scoring criteria established in section 4 of this document,

subject only to the requirement from ORC 149.311 (B)(2) set forth in section 5.7 of this document.

- 5.3. The Director will commit the amount requested in approved Ohio Historic Preservation Tax Credit applications until there is no longer a sufficient allocation of credits to do so under ORC 149.311 (D)(2). At that point, the program will offer a partial credit amount to Applicants in the ranked order in which they are scored. Applicants will be required to respond within a week of receiving notification if the partial credit amount will be accepted.
- 5.4. If additional tax credit allocations are made available from previously approved projects, applications awarded a partial credit amount under section 5.3 of this document will be fully funded before additional applications are considered. The Director will determine how remaining allocations will be made available for future Application Periods.
- 5.5. Should more than one fiscal year of credits be available in a round, the Director will prioritize applications with the highest overall points received during the application review process for the earliest available credit.
- 5.6. Should several applications receive the same point totals according to the scoring criteria established in section 4 of this document, the Director will determine which applications to approve by prioritizing applications in the following order:
 - Applications from jurisdictions that have never received funding;
 - Applications receiving the highest cumulative score from the leveraged investment, financing secured, and timeliness to completion criteria; and
 - Applications that have a larger physical scope (square footage).
- 5.7. In order to comply with ORC 149.311(B)(2), 5% of the available tax credit allocation in each application period will be reserved for small projects with Qualified Rehabilitation Expenditures equal to or less than one million dollars. Such projects must qualify as having been substantially rehabilitated as defined in 26 U.S.C. 47(C)(i). If any tax credit allocation reserved for small project applications is not allocated, it will be used to fund other applications in the same application period.
- 5.8. In accordance with ORC 149.311 (C)(3) and OAC 122:19-1-03 (C), the Director shall verify that the tax credit is a major factor in the owner's decision to rehabilitate the historic building or substantially increase investment in such rehabilitation.
 - Applicants seeking to demonstrate that the tax credit is a major factor in the owner's decision to rehabilitate the historic building must not have completed physical rehabilitation work beyond necessary stabilization, approved environmental abatement, and approved work that is necessary to make a determination that the building qualifies as a Historic Building. Stabilization is defined as the act or process of applying measures designed to reestablish a weather resistant enclosure and the structural stability of an unsafe or deteriorated property while maintaining the essential form as it exists at present (National Park Service, 1983).
 - Applicants seeking to demonstrate that the tax credit is a major factor in the owner's decision to increase investment in the rehabilitation of the historic building after rehabilitation work has begun must provide a third-party cost certification of Qualified Rehabilitation Expenditures incurred and must not have incurred more than 25% of the total project Qualified Rehabilitation Expenditures as of the application submission. Applicants must commit to expend the remaining 75% of the total project Qualified Rehabilitation Expenditures after application approval.
 - If the applicant performed the rehabilitation work prior to receiving a positive recommendation on an applicable Part 2 for the project, the Qualified

Rehabilitation Expenditures incurred prior to application approval will not be eligible for calculation of the tax credit.

- 5.9. The Director may issue a conditional approval of an application that requires Projects to meet specific milestones by a deadline established in the approval letter. If the Applicant does not meet the milestones established in the approval letter by the established deadline, the Director shall notify the Applicant that the approval is void.
- 5.10. When an application for a Project is rescinded for any reason, including lack of reviewable progress, the Director may utilize the funding allocated to the rescinded application for one or both of the following:
- As an approval to assist rehabilitation of the Historic Building for which the application was rescinded as described in another application pending within the current Application Period which meets all eligibility criteria as described in Section 2 of this document and the minimum score as set forth in Section 5.1 of this document; or
 - As an addition to the amount of tax credits available for approval during a future Application Period.

6. Amendments

- 6.1. Requests to amend approved applications as to Ownership, Project Information, and Qualified Rehabilitation Expenditures amendment requests must be filed with the Ohio Development Services Agency. These requests to amend will be reviewed by the Ohio Development Services Agency within 30 calendar days and a determination made. In instances when a determination cannot be made, the Director may request additional information.
- Change of Applicant Amendments: Any Amendment to reflect a change in the Applicant for a Project requires a signed letter from the original Applicant acknowledging the transfer of the tax credit application to the new Owner or Qualified Lessee and a submitted copy of one of the following documents for an Amendment determination:
 - Deed for the property or County auditor's card for all parcels
 - Executed sale and purchase agreement for all parcels
 - Executed closing documents for all parcels (settlement sheets)
 - Qualified lease that has been executed and, starting from the date of project completion, has a term equal to or exceeding the lease term requirement under 26 U.S.C. 47(c)(2)(B)(vi), which requires a minimum of 27.5 years for residential rental property and 39 years for nonresidential real property.
 - Project Information Amendments: Any Amendment changing Project information, including, but not limited to, the scope of the Project, the timeline for completion, end use, the historic buildings included in a project, or other essential Project information outlined in the application requires documentation of reviewable progress. This includes, but is not limited to, a viable financial plan, copies of final construction drawings, required historic approvals, and building permits. These Amendments will require a detailed explanation for the change and may involve providing additional required information for an Amendment determination. Amendments to end use or buildings included in a project will require a new cost-benefit analysis to be completed for the project.
 - Qualified Rehabilitation Expenditure Amendments: Any Amendment adjusting the Qualified Rehabilitation Expenditures listed in the approved application will require detailed financial information and justification. Effective for applications approved

after June 2008 in ORC 149.311 (D)(2), applications cannot be amended for an “amount greater than the estimated amount furnished by the applicant on the application.” Qualified Rehabilitation Expenditure Amendment requests that suggest changes to the historic rehabilitation elements of the project are subject to review by the Ohio Historic Preservation Office as indicated in Section 7.2 of the program policies. Amendments to increase Qualified Rehabilitation Expenditures will require a new cost-benefit analysis to be completed for the project.

- The Applicant will receive written communication from the Ohio Development Services Agency within 20 business days either containing a determination or a request for additional information. If additional information is requested, the Owner will have 20 business days to respond to the request. These established response timelines will continue until an Amendment determination is made.
- 6.2. Historic Rehabilitation Amendments: Any Amendment for combined federal and state applications dealing with the historic designation status, detailed description of rehabilitation work or other historic information must be submitted on the federal Continuation/Amendment Sheet form, filed with the Ohio Historic Preservation Office and follow its established schedules and filing procedures.
- For State Only Historic Preservation Tax Credit applications, the Ohio Development Services Agency will issue a determination based on the Ohio Historic Preservation Office recommendation for the historic rehabilitation Amendment. The Ohio Historic Preservation Office may require Applicants to submit additional documentation, drawings, photographs, maps or any other necessary information to make a recommendation.
- 6.3. The Director has the discretion to approve Amendments in whole or part.
- 6.4. The Director may issue a conditional approval of an Amendment requiring additional materials or progress by a deadline established in the Amendment determination. If the Applicant does not meet the conditions of approval by the established deadline, the Director shall notify the Applicant that the conditions have not been met and the conditional approval is void.

7. Tax Credit Certification

- 7.1. No later than 90 calendar days after the rehabilitation of the Historic Building or a project stage is complete, the Owner of the Historic Building shall notify the Director that the Project is complete in accordance with the application and request a historic preservation tax credit certificate. This request must include:
- Cover letter signed by the Owner or Qualified Lessee of the Project certifying that the Project has been completed and that the information contained within the request for certification is correct.
 - Proof of ownership or leaseholder interest of the Project. Ownership can be documented through a copy of the property deed or the county auditor’s card. Leaseholder interest can be documented through a copy of an executed qualified lease that, starting from the date of project completion, has a term equal to or exceeding the lease term requirement under 26 U.S.C. 47(c)(2)(B)(vi), which requires a minimum of 27.5 years for residential rental property and 39 years for nonresidential real property.
 - The full address of the property. The address and parcel numbers must be consistent with the proof of ownership and the approved application.
 - Historic approvals for the entire Project. For combined federal and state projects the federal Part 3 application form—Request for Certification of Completed

Work—must be completed in accordance with federal instructions and receive a positive recommendation from the Ohio Historic Preservation Office. For state only applications, the same rehabilitation information must be provided and receive a positive recommendation from the Ohio Historic Preservation Office.

- Proof of completion of the rehabilitation work. All Applicants must provide a certificate of occupancy or other documentation verifying that all relevant state and local regulations pertaining to the health and safety of occupants are met for the Project as described in the Application.
 - Financial analysis of the rehabilitation of the Historic Building. For projects with Qualified Rehabilitation Expenditures exceeding \$200,000, the financial analysis must be documented in a cost certification report completed by a third-party certified public accountant in accordance in ORC 149.311 (D)(5). The analysis shall include all Qualified Rehabilitation Expenditures, non-qualified rehabilitation expenditures, total Project costs and requested historic tax credits. Detailed project expenditures should include items such as acquisition costs, construction costs, furniture, fixtures, and equipment, construction interest, architect and engineer, taxes and insurance, legal and professional fees, financing fees, project overhead, developer fees, marketing and advertising, and any other major expenditure involved in the rehabilitation of the Historic Building.
- 7.2. The Applicant must submit two completed original requests for certifications, two electronic versions on compact disc, and the certification fee to the Ohio Development Services Agency, Office of Redevelopment, 77 S. High Street, 26th Floor, Columbus, Ohio 43215. One request for certification will be forwarded to the Ohio Historic Preservation Office for its review within one week of receipt by the Ohio Development Services Agency.
- 7.3. Upon receipt of a certification request from the Owner, the Ohio Development Services Agency will issue a written communication within 30 calendar days either containing a certification determination or a request for additional information. If additional information is requested, the Owner will have 30 calendar days to respond to the request. These established response timelines will continue until a certification determination is made.
- 7.4. The Director may use the date in which the request for certification was filed as the effective date on the certificate as long as all required information and approvals are received for the Project within 90 calendar days of request for additional information from the Ohio Development Services Agency and/or the Ohio Historic Preservation Office.
- 7.5. The Ohio Development Services Agency cannot issue a tax credit certificate for any Project until the first day of the fiscal year for which the Application was approved. If the Applicant submits a request for certification prior to the fiscal year for which the approved application was designated, the Ohio Development Services Agency will not respond until after the first day of such fiscal year.
- 7.6. If the Owner is a pass-through entity and will not be subject to the dealer in intangibles tax, the request for certificate must include the following:
- The name and address of each individual and each entity holding an equity interest in the pass-through entity as of the date that the pass-through entity files the tax credit certificate request must be listed. For each equity investor in the pass-through entity that is an individual, the individual's Social Security Number and for each equity investor in the pass-through entity that is not an individual, the equity investor's federal employer identification number must be listed.

- For each investor in the pass-through entity the equity investor’s taxable year-end must be listed.
- For each investor in the pass-through entity the equity investor’s percentage of ownership in the pass-through entity as of the date that the pass-through entity files the tax credit certificate request must be listed.
- For each equity investor in the pass-through entity, the type of tax against which the equity investor will apply the credit (that is, Ohio corporation franchise tax, Ohio insurance premium, or Ohio individual income tax) must be identified.

7.7. The certificate issued by the Director shall include the following:

- Application tracking number;
- Name of the Owner or Qualified Lessee;
- Address and location of the Project;
- Amount of Qualified Rehabilitation Expenditures certified for the Project;
- Taxable year in which the tax credit can be claimed; and
- Listing of how the credits will be applied to the tax liability of the Owner or Qualified Lessee, or if the Owner or Qualified Lessee is a pass through entity, to the shareholders, partners or members of the pass through entity, as requested by the Owner or Qualified Lessee and provided under section 5725.151, 5725.34, 5729.17, 5733.47 or 5747.76 of the Revised Code.

8. Fee Schedule

- 8.1. The total fees charged to any approved application shall not exceed 1.5 percent of the total approved tax credits.
- 8.2. The application fee will be based on the amount of tax credits requested as outlined in the table below. The fee is non-refundable and must be submitted with the application.

Tax Credit Requested	Application Fee
Less than \$10,000	\$50.00
\$10,000-\$24,999	\$100.00
\$25,000-\$49,999	\$250.00
\$50,000-\$99,999	\$500.00
\$100,000 to \$249,999	\$750.00
\$250,000-\$499,999	\$1,000.00
\$500,000-\$1,000,000	\$1,500.00
More than \$1,000,000	\$2,000.00

- 8.3. The servicing fee will equal 0.5 percent of the approved tax credits. The servicing fee must be paid in full within three months of application approval or the Director may rescind the application. The servicing fee is non-refundable even if the application is withdrawn or rescinded.

8.4. The certification fee will equal 1.5 percent of the tax credits requested at certification less the sum of the application fee and servicing fee paid by the applicant. The fee shall be paid before a tax credit certificate is issued. If the tax credits requested at certification have decreased such that 1.5 percent of the tax credits requested are less than the sum of the application fee and servicing fee paid by the applicant, the difference will be refunded and no certification fee will be required.

9. Monitoring and Reporting

- 9.1. During the Rehabilitation Period, the Director, State Historic Preservation Officer or staff of either agency may, upon reasonable notice of not less than three business days, conduct a site visit to the Project to inspect and evaluate the rehabilitation.
- 9.2. During the Rehabilitation Period and for a period of four years following the effective date on a project tax credit certificate, the Director may, upon reasonable notice of not less than 30 calendar days, request a status report from the Applicant consisting of information and updates relevant to the status of the Project. Status reports shall not be requested more than twice yearly.
- 9.3. In order to demonstrate sufficient evidence of reviewable progress within twelve months after the date the Applicant received notification of approval as required under Ohio Revised Code Section 149.311 (D)(5) , the Applicant shall provide the following:
- A viable financial plan which demonstrates that all financing has been secured for the Project. This includes, but is not limited to, letters of commitment from the Owner of the property, investment partners and equity investors.
 - Final construction drawings which demonstrate the complete rehabilitation of the full scope of the application.
 - All historic approvals, which includes all federal and state rehabilitation documents required by the Ohio Historic Preservation Office.

The Director shall review the submitted evidence and may request additional documentation from the Applicant if necessary. The Applicant will have 30 calendar days to provide the information requested, otherwise the approval may be rescinded at the discretion of the Director.

- 9.4. In order to demonstrate sufficient evidence of reviewable progress within eighteen months after the date the application received notification of approval as required under ORC 149.311 (D)(5), the Applicant is required to provide the detailed evidence that the Applicant has secured and closed on financing for the complete scope of rehabilitation for the Project. To demonstrate evidence that the Applicant has secured and closed on financing, the Applicant will need to provide signed and processed loan agreements, bank financing documents or other legal and contractual evidence to demonstrate that adequate financing is available to complete the Project. The Director shall review the submitted evidence and may request additional documentation from the Applicant if necessary. The Applicant will have 30 calendar days to provide the information requested, otherwise the approval may be rescinded at the discretion of the Director.
- 9.5. The amount of the Qualified Rehabilitation Expenditures identified in the Applicant's certification of completion and reflected on the historic preservation tax credit certificate issued by the Director is subject to inspection, examination and audit by the Tax Commissioner or the Tax Commissioner's employees and agents.
- 9.6. The Applicant shall establish and maintain for a period of four years following the effective date on a project tax credit certificate such records as required by the Director. Such records include, but are not limited to, records documenting Project expenditures and compliance with the US Secretary of Interior's Standards for Rehabilitation. The

Applicant shall make such records available for review and verification by the Director, State Historic Preservation Officer or Tax Commissioner or appropriate staff as well as other appropriate state agencies. In the event the Director determines an Applicant has submitted an annual report containing erroneous information or data not supported by records established and maintained under this rule, the Director may, after providing notice, require the Applicant to resubmit corrected reports.