



**Connecticut Commission  
on Culture & Tourism**

**SPECIAL INSTRUCTIONS FOR PHASED PROJECTS**

**HISTORIC STRUCTURES REHABILITATION TAX CREDIT PROGRAM ( CGS section 10-416a)  
HISTORIC PRESERVATION TAX CREDIT PROGRAM (CGS section 10-416b)**

**Definitions**

For purposes of the above-named state historic tax credit programs, a phased project is one in which the proposed rehabilitation work to a certified historic structure is completed in two or more stages of development. Work to a certified historic structure in its entirety may, in cases of multiple-building projects, also be part of an overall phased project. Both types of phased projects need to be described on the state Part 2 application, Request for Approval of Proposed Rehabilitation Plan, Form ITC 100-a. The cost breakdown for each phase need not be indicated on Attachment 3A (Schedule of Values) of the state Part 3 application, Request for Preliminary Certification and Reservation of Tax Credits, Form ITC 100-c. Only one reservation is issued for the certified historic structure in its entirety.

In phased projects, a tax credit voucher can be issued on a prorated basis for the residential units placed in service in an identifiable portion of the building, provided the expenditures incurred constitute a substantial rehabilitation. There are some key words here.

- A. The regulations define "identifiable portion of the building" as "an entire floor, a section of a building separated from another section by a firewall, or, in buildings with several periods of construction, a section that represents a distinct period of construction."
- B. "Substantial rehabilitation" means the "qualified rehabilitation expenditures of a certified historic structure that exceed 25% of the assessed value of such structure." That value is stated in the state Part 3 application, Request for Preliminary Certification and reservation of Tax Credits, Form ITC 100-c. When a project is phased, the value against which the test is made is determined on the basis of the costs associated with "qualified rehabilitation expenditures" for the square footage of residential placed in service.
- C. "Placed in service" means that substantial rehabilitation work has been completed which would allow for issuance of a certificate of occupancy for the entire building or, in projects completed in phases, for individual residential units that are an identifiable portion of the building.

**Overview**

A state Part 4 application, Request for Approval of Completed Rehabilitation Work, Form ITC 100-d must be filed for each phase. As is the rule for all projects regardless of whether the project is phased or not, costs paid for after the date of receipt of the part 4 application by the Commission are not considered eligible. In order to request issuance of a tax credit voucher for each phase of a phased project, the owner must file a state part 5 application, Request for Issuance of Tax Credit Voucher, Form ITC 100-e and special Attachment 5A-c, which is for phased projects only. The amount of the tax credit is based on the costs associated with the square footage that is placed in residential service, regardless of whether the building is all residential or mixed residential/nonresidential. Depending on the eligible costs in each phase, the square footage costs will vary. For each phase, the owner is required to submit with the state Part 5 application a Certification of Costs which has been prepared by an independent certified public accountant. An application fee based on a percentage of the total qualified rehabilitation expenditures will be charged by the Commission for each application.

In the first phase of both programs, the total eligible costs of this phase are divided by the square footage of the entire building (as previously indicated on the state part 3 application) to obtain a square footage cost.

Square footage cost is then multiplied by the square footage residential placed in service. This figure constitutes the qualified rehabilitation expenditures (QREs). The amount of the tax credit is then 25% (or 30% if qualified as affordable housing project) of the QREs. This method is to be used for subsequent phases except the last phase.

There is then a carryover (a "credit") of eligible expenditures which are factored into the final determination of the remaining tax credits in the last phase of the project. For all residential projects under the Historic Structures Rehabilitation Tax Credit program (CGS section 10-416a) or for mixed residential/nonresidential projects under the Historic Preservation Tax Credit program (CGS section 10-416b), the carryover is determined by subtracting the QREs from the total eligible costs for the phase. However, computation of the carryover is different if the project includes a nonresidential component under the Historic Structures Rehabilitation Tax Credit (CGS section 10-416b). Since the costs associated with nonresidential uses are not eligible under this program, these costs must be subtracted from the eligible costs. The same square footage costs as used in determining the residential costs are multiplied by the square footage of nonresidential uses (as previously indicated in the state Part 3 application). The carryover is then the sum of the QREs and the nonresidential costs subtracted from the eligible costs.

In the last phase of all residential projects under the Historic Structures program (CGS section 10-416a) and for mixed residential/nonresidential projects under the Historic Preservation Tax Credit program (CGS section 10-416b), the sum of all carryover costs is added to the total eligible costs of the last phase to constitute QRES. The amount of the tax credit is then 25% (or 30% if qualified as affordable housing project) of the QRES.

In the last phase of mixed residential/nonresidential projects under the Historic Structures program (CGS section 10-416a), the costs associated with nonresidential uses are not eligible and therefore must be subtracted from the eligible costs for this phase. The total eligible costs in this phase are divided by the square footage of the entire building (as previously indicated on the state part 3 application) to obtain a square footage cost. The square footage cost is then multiplied by the square footage of nonresidential uses (as previously stated on the part 3 application). These costs are then subtracted from the eligible costs. The QREs are then the sum of all carryover costs plus the remaining eligible costs (that is, the eligible costs after subtraction of costs associated with nonresidential uses). The amount of the tax credit is then 25% (or 30% if qualified as affordable housing project) of the QRES.

**In no case can the total amount of tax credits issued for all phases for any project exceed the amount of tax credits reserved .**

### **Instructions and Sample Calculations**

Regardless of the whether application is being made under the Historic Structures Rehabilitation Tax Credit program (CGS section 10-416a) or Historic Preservation Tax Credit program (section 10-416b), Lines 1- 57 of Attachment 5A-c are to be filled out.

If the project is all-residential under the Historic Structures Tax Credit program (CGS section 10-416a) or mixed residential/ nonresidential under the Historic Preservation Tax Credit program (CGS section 10-416b), fill out the information required under Part A: Lines 58-62 for the first or subsequent phases except the last . For the last phase, complete Lines 63-65.

If the project is mixed residential/nonresidential under the Historic Structures program (CGS section 10-416b), fill out the information required under Part B: Lines 58-64 for the first or subsequent phases except the last. For the last phase, complete Lines 65-70.

## Sample calculation

Mixed residential/nonresidential in which nonresidential expenditures not eligible

Project: 5-story building; 100,000 square feet; 20,000 square feet per floor; 80,000 square feet residential; 20,000 square feet nonresidential; 2-phase project

### Phase 1

Eligible costs \$10,000,000

Bldg square footage 100,000

Square footage costs \$100

Square footage residential place in service 40,000

QREs \$ 4,000,000

Amount of tax credit @25% of QREs \$1,000,000

Nonresidential square footage 20,000

Noneligible costs \$100 x 20,000 sq. feet = \$2,000,000

Carryover \$10,000,000 - \$6,000,000 = \$4,000,000

Tax Credit issued to date: \$1,000,000

### Phase 2

Eligible costs \$5,000,000

Bldg square footage 100,000

Square footage costs \$50

Nonresidential square footage 20,000

Noneligible costs \$50 x 20,000 sq. feet = \$1,000,000

Eligible costs \$5,000,000 - \$1,000,000 = \$4,000,000

Carryover from phase 1 \$4,000,000

QRE's eligible costs plus carryover: \$4,000,000 + \$4,000,000 = \$8,000,000

Amount of tax credit @25% of QREs \$2,000,000

Tax Credit issued this phase: \$2,000,000

Total project tax credit \$3,000,000

(Reservation: \$15,000,000 divided by total square footage = \$150 per square foot

Nonresidential 20,000 sq. feet at \$150 = \$3,000,000

QREs \$15,000,000 - \$3,000,000 = \$12,000,000

Amount of tax credit @25% of QREs = \$3,000,000

**However, under historic structures, maximum tax credit reserved at \$2,700,000.**

**Hence last tax credit voucher is not \$2,000,000 but \$1,700,000.**



**CONNECTICUT COMMISSION ON CULTURE AND TOURISM**

**ATTACHMENT 5A-c: SCHEDULE OF VALUES (COSTS INCURRED)- PHASED PROJECTS  
HISTORIC STRUCTURES TAX CREDIT (CGS Section 10-416a)  
HISTORIC PRESERVATION TAX CREDIT (CGS Section 10-416b)**

CHECK ONE:

- Application is being made for Historic Structures Rehabilitation Tax Credit program, CGS section 10-416a. After rehabilitation the property is all residential in use.
- Application is being made for Historic Structures Rehabilitation Tax Credit program, CGS section 10-416a. After rehabilitation the property is mixed residential and nonresidential in use.
- Application is being made for the Historic Preservation Tax Credit program, CGS section 10-416b

Phase \_\_\_\_\_ of \_\_\_\_\_ phases

| <sup>1</sup><br>LINE | 2<br>DIV | 3<br>DIV/TRADE ITEM  | 4<br>INELIGIBLE | 5<br>ELIGIBLE <sup>1</sup> | 6<br>TOTAL EXPENSE |
|----------------------|----------|--|-----------------|----------------------------|--------------------|
| 1                    | 2        | SITE TESTING/HAZARDOUS MATERIALS                                     |                 |                            |                    |
| 2                    | 2        | ENVIRONMENTAL REMEDIATION: SITE                                      |                 |                            |                    |
| 3                    | 2        | ENVIRONMENTAL REMEDIATION: CERTIFIED HISTORIC STRUCTURE <sup>2</sup> |                 |                            |                    |
| 4                    | 2        | SITE GRADING & EXCAVATION <sup>3</sup>                               |                 |                            |                    |
| 5                    | 2        | OTHER SITE WORK <sup>4</sup> specify<br>_____<br>_____<br>_____      |                 |                            |                    |
| 6                    | 2        | LANDSCAPING <sup>5</sup>   |                 |                            |                    |
| 7                    | 2        | SURFACE PARKING, ROADS AND WALKWAYS                                  |                 |                            |                    |
| 8                    | 2        | GARAGES/ STRUCTURED PARKING FACILITY                                 |                 |                            |                    |
| 9                    | 2        | DEMOLITION: SEPARATE BUILDINGS AND/OR STRUCTURES                     |                 |                            |                    |
| 10                   | 2        | DEMOLITION: GENERAL <sup>6</sup>                                     |                 |                            |                    |

<sup>1</sup> Unless the project qualifies under the transition rule (projects under construction prior to July 1, 2006, but not placed in service as of that date), any costs for which payment has been made prior to the date of approval of the state Part 2 application, Request for Approval of Proposed Rehabilitation Plan, Form ITC 100-a, are not considered eligible.

<sup>2</sup> Includes abatement of hazardous materials, termite control, or mold

<sup>3</sup> Eligible work only if in conjunction with approved addition for building or life-safety code

<sup>4</sup> Includes hydrology systems and retaining walls

<sup>5</sup> Includes lawns, plantings, and fencing

<sup>6</sup> Includes all work to a certified historic structure required to remove deteriorated materials

| LINE | DIV | DIV/TRADE ITEM   | INELIGIBLE | ELIGIBLE | TOTAL EXPENSE |
|------|-----|--|------------|----------|---------------|
| 11   | 2   | DEMOLITION: SELECTIVE <sup>7</sup>                             |            |          |               |
| 12   | 2   | SITE UTILITIES   |            |          |               |
| 13   | 3   | NEW CONCRETE <sup>8</sup>                                      |            |          |               |
| 14   | 3   | CONCRETE REPAIRS   |            |          |               |
| 15   | 4   | MASONRY NEW, REPAIR and REPOINTING                             |            |          |               |
| 16   | 4   | CONCRETE/MASONRY CLEANING:                                     |            |          |               |
| 17   | 5   | METALS   |            |          |               |
| 18   | 6   | ROUGH CARPENTRY  |            |          |               |
| 19   | 6   | FINISH CARPENTRY   |            |          |               |
| 20   | 7   | MOISTURE PROTECTION  |            |          |               |
| 21   | 7   | INSULATION   |            |          |               |
| 22   | 7   | ROOFING  |            |          |               |
| 23   | 7   | SHEET METAL  |            |          |               |
| 24   | 7   | SIDING (INCLUDES REMOVAL OF NON-HISTORIC, REPAIR, REPLACEMENT) |            |          |               |
| 25   | 8   | DOORS AND HARDWARE   |            |          |               |
| 26   | 8   | WINDOWS AND GLAZING  |            |          |               |
| 27   | 9   | ACOUSTICAL TILE  |            |          |               |
| 28   | 9   | DRYWALL  |            |          |               |
| 29   | 9   | CERAMIC TILE   |            |          |               |
| 30   | 9   | WOOD FLOORING  |            |          |               |
| 31   | 9   | RESILIANF FLOORING   |            |          |               |
| 32   | 9   | CARPETING  |            |          |               |
| 33   | 9   | PAINTING (INTERIOR AND EXTERIOR)                               |            |          |               |
| 34   | 10  | SPECIALTIES  |            |          |               |
| 35   | 11  | CABINETS & VANITIES  |            |          |               |
| 36   | 11  | APPLIANCES   |            |          |               |
| 37   | 12  | BLINDS, SHADES, AND ARTWORK                                    |            |          |               |
| 38   | 13  | SPECIAL CONSTRUCTION: SEPARATE NEW BUILDINGS                   |            |          |               |
| 39   | 13  | ADDITION: NON-CODE REQUIRED                                    |            |          |               |
| 40   | 13  | ADDITION: CODE REQUIRED  |            |          |               |

<sup>7</sup> Includes only costs associated with approved removal of sections of the building owing to documented structural failure or for the purpose of new construction to recreate documented historic appearance

<sup>8</sup> Line items Nos. 13 through 17 refer only to work to the certified historic structure

|  |   |  |  |  |  |
|--|---|--|--|--|--|
| 41   | 13  | ADDITION: HANDICAPPED ACCESS                                       |  |  |  |
| 42   | 13  | NEW CONSTRUCTION:<br>RECONSTRUCTION                                |  |  |  |
| 43   | 15  | ELEVATORS  |  |  |  |
| 44   | 15  | PLUMBING   |  |  |  |
| 45   | 15  | HVAC   |  |  |  |
| 46   | 15  | FIRE SUPPRESSION   |  |  |  |
| 47   | 16  | ELECTRICAL (BUILDING ONLY)   |  |  |  |
| 48   |   | RENTAL EQUIPMENT, specify: <sup>9</sup><br>_____<br>_____<br>_____ |  |  |  |
| 49   |   | GREEN ROOFS  |  |  |  |
| 50   | TOTAL STRUCTURE AND LAND IMPROVEMENTS<br>Column 6   |  |  |  |  |
| 51   | PERMITS AND FEES  |  |  |  |  |
| 52   | CONTRACTOR BOND PREMIUM   |  |  |  |  |
| 53   | TOTAL CONSTRUCTION COSTS<br>Sum of LINES 50-52  |  |  |  |  |
| 54   | TOTAL INELIGIBLE COSTS: Column 4  |  |  |  |  |
| 55   | TOTAL ELIGIBLE COSTS: Column 5  |  |  |  |  |
| 56   | GENERAL REQUIREMENTS AND BUILDER'S<br>OVERHEAD AND PROFIT: Not to exceed 15% of<br>LINE 55 <sup>10</sup>    |  |  |  |  |
| 57   | TOTAL ELIGIBLE COSTS<br>Sum of LINES 55 and 56  |  |  |  |  |
| <b>PART A</b>  |   |  |  |  |  |
| <b>ALL RESIDENTIAL- HISTORIC STRUCTURES CGS section 10-416a or</b> |   |  |  |  |  |
| <b>RESIDENTIAL/NONRESIDENTIAL CGS section 10-416b</b>              |   |  |  |  |  |
| 58   | BUILDING SQUARE FOOTAGE <sup>11</sup>   |  |  |  |  |
| 59   | PER SQUARE FOOT REHABILITATION COSTS<br>LINE 57 divided by LINE 58  |  |  |  |  |
| 60   | RESIDENTIAL SQUARE FOOTAGE PLACED IN<br>SERVICE   |  |  |  |  |
| 61   | <b>TOTAL QUALIFIED REHABILITATION<br/>EXPENDITURES (RESIDENTIAL ONLY):</b><br>LINE 59 multiplied by LINE 60 |  |  |  |  |
| 62   | CARRYFORWARD: LINE 57 minus LINE 61   |  |  |  |  |

<sup>9</sup> Includes dumpsters, scaffolding etc.

<sup>10</sup> Line 56 must represent actual payments not an automatic add on to eligible expenditures.

<sup>11</sup> The square footage is the square footage at the time of acquisition irrespective of any subsequently approved demolition plus the square footage of any allowable enlargement of the building envelope to meet code requirements or to recreate a documented historic appearance.

| <b>PART A - LAST PHASE ONLY</b>   |   |  |  |
|---|---|--|--|
| <b>ALL RESIDENTIAL- HISTORIC STRUCTURES CGS section 10-416a or RESIDENTIAL/NONRESIDENTIAL CGS section 10-416b</b> |   |  |  |
| 63  | TOTAL CARRYFORWARD FROM EACH PHASE:<br>LINE 62  |  |  |
| 64  | TOTAL ELIGIBLE COSTS:<br>LINE 57  |  |  |
| 65  | <b>TOTAL QUALIFIED REHABILITATION EXPENDITURES:</b> sum of LINE 63 and 64                               |  |  |
| <b>PART B</b>   |   |  |  |
| <b>MIXED RESIDENTIAL/NONRESIDENTIAL - HISTORIC STRUCTURES CGS section 10-416a</b>                                 |   |  |  |
| 58  | BUILDING SQUARE FOOTAGE <sup>12</sup>   |  |  |
| 59  | PER SQUARE FOOT REHABILITATION COSTS:<br>LINE 57 divided by LINE 58                                     |  |  |
| 60  | RESIDENTIAL SQUARE FOOTAGE PLACED IN SERVICE  |  |  |
| 61  | <b>TOTAL QUALIFIED REHABILITATION EXPENDITURES (RESIDENTIAL ONLY):</b><br>LINE 59 multiplied by LINE 60 |  |  |
| 62  | SQUARE FOOTAGE NONRESIDENTIAL   |  |  |
| 63  | SQUARE FOOTAGE COSTS NONRESIDENTIAL – NOT ELIGIBLE:<br>LINE 59 multiplied by LINE 62                    |  |  |
| 64  | CARRYFORWARD:<br>LINE 57 minus the sum of LINES 61 and 63   |  |  |
| <b>PART B - LAST PHASE ONLY</b>   |   |  |  |
| <b>MIXED RESIDENTIAL/NONRESIDENTIAL - HISTORIC STRUCTURES CGS section 10-416a</b>                                 |   |  |  |
| 65  | BUILDING SQUARE FOOTAGE   |  |  |
| 66  | PER SQUARE FOOT REHABILITATION COSTS:<br>LINE 57 divided by LINE 65                                     |  |  |
| 67  | SQUARE FOOTAGE COSTS COMMERCIAL – NOT ELIGIBLE:<br>LINE 59 multiplied by LINE 62                        |  |  |
| 68  | TOTAL ELIGIBLE COSTS<br>LINE 57 minus LINE 67   |  |  |
| 69  | TOTAL CARRYFORWARD FROM EACH PHASE:<br>LINE 64  |  |  |
| 70  | <b>TOTAL QUALIFIED REHABILITATION EXPENDITURES (RESIDENTIAL ONLY):</b><br>sum of LINE 68 and LINE 69    |  |  |

<sup>12</sup> The square footage is the square footage at the time of acquisition irrespective of any subsequently approved demolition plus the square footage of any allowable enlargement of the building envelope to meet code requirements or to recreate a documented historic appearance.