

ATTACHMENT A
Fort Hancock
Terms, Restrictions, Conditions and
Specific Requirements for Rehabilitation
June 2017

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APPLICABLE LAWS

One of the Lessee's obligations under the Lease is to comply, at its sole cost and expense, with all Applicable Laws and Requirements. In addition, it is standard National Park Service practice to adhere to local building codes, in this case, those adopted by Middletown Township. Additionally, NPS may require consultation with state and local building officials (including Federal, state, and local laws, rules, regulations, requirements and policies) in fulfilling its obligations under the Lease agreement. Laws which may apply include, but are not limited to:

- The National Historic Preservation Act (NHPA), including Section 106 of the Act (which address related State Historic Preservation Office (SHPO) Considerations)
- The National Environmental Policy Act (NEPA)
- Americans with Disabilities Act (ADA)
- The Federal Fair Housing Act (FHA)
- International Existing Building Code (IEBC)
- International Residential Code (IRC)
- National Fire Protection Act (NFPA), particularly NFPA 13, NFPA 101, NFPA Section 914 Protection of Historical Structures, and the Uniform Fire Code
- Department of the Interior (DOI) Secretary of the Interior (SOI) Standards for the Treatment of Historic Properties 36 CFR 61 and 36 CFR 68
- The Uniform Building Code
- The National Electric Code
- The Uniform Mechanical Code
- The Uniform Plumbing Code
- Uniform Federal Accessibility Standards
- Uniform Code for Building Conservation and the Council of American Building Officials' (CABO)
- Local Building Codes adopted by Middletown Township
- State of NJ Rehabilitation Subcode
- One and Two Family Dwelling Code

Improvements must be designed by a licensed architect and/or engineer and must meet code and regulatory requirements. Lessee will be required to hire an independent third-party licensed building code inspector to ensure compliance with local code requirements.

DEFINITIONS

Architects

Architects are state-licensed professionals who design and evaluate buildings, site usage and building usage. Architects also review and can provide a code analysis of a building. The licensure involves the public health and safety of these facilities. Unlicensed persons may not practice architecture or call themselves architects. It is similar to medicine and law.

Engineers

Many of the building design functions overlap that of an architect, however engineers specialize in civil (land planning), structural, and mechanical (such as plumbing and HVAC, heating, ventilating and air conditioning and electrical).

Engineers and architects often work together on building projects. Structural engineers usually complete the assessment of the structure's ability to carry the loads for proposed uses.

Certifications

Your architect or engineer should be able to provide proof of full professional accountability and liability coverage. Documents prepared by licensed professionals are signed and sealed indicating so. The following are general guidelines.

Building feasibility: If you are considering rehabilitating all or part of an NPS structure, professional services of an architect or engineer may be required. A builder or cost estimator may be able to guide you with information about costs and the anticipated scope of work, but a professional with experience working with historic buildings will be able to provide detailed guidance as to the best methods to complete the work. Where the proposed project includes removal of walls, modifying layouts, the installation of new building systems and/or the repair of structure systems, the services of a licensed architect or engineer may be required to evaluate the new plan and ensure all changes are in compliance with the building code, the new plan and ensure all changes are in compliance with the building code, structural needs and SOI Standards. If structural walls, exits, or stairs are being added, removed, or altered, stamped working drawings will likely be required. Non-stamped schematic drawings may be adequate where this is not the case.

As-built drawings, proposal drawings

Many people can prepare drawings, such as students (in architecture), contractors, realtors, and non-profit staff. Drawings may not be required for routine repairs. However, for larger more complex projects, drawings are necessary to define scope of work, objectives and quantities and depending on the extent of design required, must be signed and sealed by a licensed architect or engineer.

Code assessment and adaptive re-use analysis

A code analysis must be undertaken in connection with any proposal to rehabilitate structures. The NPS realizes that many of these buildings have not been occupied in years and may not meet some of today's most basic building and life safety code requirements; based on this

determination the NPS will be requiring a code analysis for all new leases that propose the rehabilitation of a structure. This means a licensed professional must review the building codes as they apply to the proposed project to determine what the project will require.

Safety of the building: No major project should be undertaken without identifying in writing any problem areas relating to safety in structural, fire safety, overall health and security issues. The scope of rehabilitation begins with identifying such issues as:

- Structural damage
- Adequate fire exits and necessary sprinklering
- Hazardous materials identification and abatement
- Mold and other sources of air quality hazards
- Rooms with adequate light/air fire hazards
- Adequate ingress/egress
- Mechanical, Electrical, Plumbing

Permits or other Notices/Authorizations to Proceed: Architect's "Seals" (stamps which architects use to indicate they are a state-registered architect) are nearly always required on renovations when substantial changes are being made (as described above) and local building permits or other written NPS authorizations to proceed are required. This requirement can sometimes be waived if basic safety and health or structural issues are not involved.

A Letter of Intent

Prior to negotiation and execution of any lease, the selected applicant will be permitted to undertake due diligence required in connection with proposed use of the Premises under an Letter of Intent to be negotiated between NPS and the selected applicant

DESIGN AND CONSTRUCTION REQUIREMENTS

Treatment Standards and Requirements

Alterations and improvements to the historic structures and landscapes within Fort Hancock and Sandy Hook Proving Ground National Historic Landmark must be made in a manner consistent with the Secretary of the Interior's Standards for the Treatment of Historic Properties (SOI Standards). They must also be approved by NPS and may require consultation with the State Historic Preservation Office (SHPO) and/or the Advisory Council on Historic Preservation (ACHP). Simple maintenance such as repair projects do not typically require review by SHPO or ACHP. Exterior and interior character defining features must be maintained as part of any rehabilitation efforts made by the successful Applicant.

The appropriate standard for most of the projects completed under this Lease agreement will likely be SOI Standards. To be in conformance with the SOI Standards all efforts should be made to retain and repair the historic fabric, and if deteriorated beyond repair, replaced in-kind. When developing cost estimates in conjunction with proposals and corresponding construction schedules, Applicants should consider the cost to repair existing character defining features and components, rather than replacing.

The successful Applicant will be required to share information pertaining to any rehabilitation project in order for NPS to utilize such information when undertaking future rehabilitation projects. The successful Applicant may be required to complete and submit, among other documentation, “exit” or “close-out” surveys. Because this pilot project is the first of a number projects addressing preservation and use of additional Fort Hancock historic structures, NPS will rely on efforts made and records compiled by the successful Applicant when addressing ongoing rehabilitation and preservation of additional structures.

BUILDING INFORMATION - EXTERIOR

Site work

Existing parking spaces should be retained; modifications needed to meet accessibility standards can be made. The addition of tents, gardens, and landscaping can be considered by NPS on a limited basis. Landscaping should be in keeping with the cultural landscape plan prepared by NPS.

Thermal and Moisture

Installation of thermal insulation in the attic and between the roof rafters will be accepted and is recommended.

Doors and Transoms

Existing doors must be repaired, or if beyond repair, replaced in-kind, i.e. paneled wood doors with paneled wood doors.

Hardware

Existing hardware must be retained and restored to operating condition. New hardware to meet accessibility codes can be added to supplement the existing hardware.

Windows

Existing true divided light wood windows must be repaired, and if beyond repair, replaced in-kind with true divided light sashes to match the existing. To increase the R-value of the windows, the installation of storms is recommended; all storms should have narrow profiles so as to not obscure the window itself. Existing window hardware should be restored to operating condition.

Masonry and Facade

All existing masonry including the exterior buff face brick, the red brick backup and the stone base, sills, belt courses, and trim are to be repaired and repointed. All pointing to match existing mortar mix including strength, color and tooling. It must be noted that on most of the structures the exterior buff brick has thin “butter” joints. The installation of a slurry coat to repoint these joints will not be permitted. The use of grinding wheels to remove loose mortar will not be permitted. In some locations the exterior buff brick has

lost its bond to the red brick backup; the bond or tie between the face brick and structural backup must be restored.

Roof

The form and material of the existing roofs must be retained. Existing roof materials to be patched or repaired, and if deteriorated beyond repair, replaced 'in-kind', meaning asphalt shingles with asphalt shingles, slate with slate, tin porch and dormer roofs with gray metal roofs. The park has most recently used stainless steel roofing for the porches. Terne coated copper or terne coated stainless if available are acceptable options. Aluminum, bare copper, and galvanized or prefinished steel will not be accepted.

Cornices and Rakes

Historically the cornices and rakes were painted pressed tin. Some cornices and rakes have been removed and replaced with wood. In a few locations new fiberglass cornices and rakes have been fabricated and installed to replace the deteriorated metal. All existing metal cornices and rakes are to be repaired, and if deteriorated beyond repair, replaced in-kind or replaced with fiberglass.

Accessibility

Buildings open to the public must be made accessible in accordance with the Accessibility Guidelines. The manner by which exterior Accessibility Guidelines for access is proposed or implemented must be reviewed by NPS. Applicants must propose the Accessibility Guidelines for access by methods least intrusive to the landscape and the facility.

Entrance

Where required by the code, options for meeting accessibility requirements will be designed at the back of the building or the side elevation.

Steps

Existing steps to be repaired, or where previously replaced with an inappropriate design, are to be replaced to match the original.

Porches

All porches must be repaired. The porches on most buildings are deteriorated to the extent that full replacement will be required. Porch rehabilitation should follow plans developed for Buildings 7 and 17. Repair of the porches includes all framing, decking, roofing, flooring, balustrades, etc.

Chimneys

Repaint and cap all chimneys.

Ingress and Egress

Secondary method of egress may be required for buildings used as Residential/Office.

This is a code issue and will be determined based on the code review by your architect. Please be sure to include this description with your plans.

BUILDING INFORMATION - INTERIOR

Ceilings

Pressed tin ceilings should be retained and repaired/replaced in-kind as necessary.

Plaster

As much as possible, the sound plaster should be retained and repaired. If damaged beyond repair, replacement with alternative materials including gypsum board or gypsum board with a skim coat of plaster can be considered. Full scale removal of all plaster because it is "old" is not in keeping with SOI Standards.

Fireplaces

All mantels and overmantels are to be retained and repaired. Safe conversion to gas or electric fire will be permitted. The use of wood burning fireplaces will not be permitted.

Staircases

Railings, balusters, and newel posts must be retained and repaired or replaced in-kind.

Doors

Wood recessed panel doors, some with divided transom lights above. Existing doors to be repaired; if beyond repair, replaced in-kind, e.g. paneled solid wood doors with paneled solid wood doors.

Hardware

Existing hardware must be retained and restored to operating condition. New hardware to meet accessibility codes can be added to supplement the existing hardware.

Carpentry

Repair and or match existing original trim for new trim including baseboards and fireplace surrounds. To clarify, the SOI Standards will require some distinction between the original and new wood trim around original doors, especially trim including cap moldings, chair rail, wood wainscoting in stair hall.

Floor Plan

Original plan configuration may be modified to meet accessibility requirements, fire doors and safety ratings, utility location and reconfiguration required as a result of FEMA +3 practices. Replacement of building infrastructure (Mechanical and Electrical Equipment, HVAC), must be installed in a manner consistent with the FEMA recommendations as defined by current FEMA Advisory Base Flood Elevation maps at <http://www.region2coastal.com/bestdata>. Full scale removal of all interior partitions is not in keeping with the SOI Standards; some plan changes and/or new openings in the existing walls to meet program are usually permitted.

Kitchen and Plumbing Fixtures and Equipment

Existing kitchen and bathroom fixtures can be removed and replaced with new fixtures and equipment to meet current standards. Layouts and appliances can change.

Sprinkler System

The Applicant's architect shall identify requirements pertaining to sprinkler, egress, and fire rated materials necessary in connection with the use as proposed.

HVAC

Existing ventilation is per-open windows and there are no AC systems. The heating systems in many of the buildings have not operated in many years and do not meet current code and energy efficiency standards. It is assumed that the installation of new systems will be required. To limit the intrusion in the landscape of above ground oil tanks NPS has been converting its buildings to propane with underground tanks. The installation of underground propane tanks is recommended.

Distribution systems in the buildings vary; most recently NPS has successfully installed a high velocity air duct system for heating and cooling. The installation of all new systems must be completed to minimize the impact to the historic fabric. The heating system must be designed to maintain a 55 degree temperature in the building during the winter months even if the building is not occupied. Replacement of building infrastructure (Mechanical and Electrical Equipment, HVAC), must be installed in a manner consistent with the FEMA recommendations at 3 foot above 100 year floodplain elevation as defined by current FEMA Advisory Base Flood Elevation maps.

Light Fixtures/Electrical

The electrical and lighting systems in many of the buildings have not operated in many years and do not meet current code and energy efficiency standards. It is assumed that the installation of new systems including fixtures, wiring, and panels will be required.

UTILITIES

Electric

Electric service is provided by JCP&L. JCP&L owns the electrical system up to and including the transformer. The electrical system beyond the transformer is owned by the NPS. The Lessee will be responsible for installing individual meters at each building and for repair to the electrical system (if necessary) from the transformer to the meter and into the Leased Premises.

Heating Ventilation and Air Conditioning Systems

The existing buildings only had heat. Heating Ventilation and Air Conditioning Systems (HVAC) must be installed and located so as to avoid flood and other damage. Lessee must provide plans and specifications for a HVAC system. No specific system(s) is mandated, however, the new system(s) must be designed to obtain a minimum of 90% Annual Fuel Utilization Efficiency (AFUE). The design must be sensitive to and

respectful of the historic nature of the structure and will be subject to the compliance requirements of Section 106 of the National Historic Preservation Act.

Potable Water

Potable water is available and sufficient to support the full development of the entire Fort Hancock. The Lessee will be required to install a new water meter provided by the park and billed to the Lessee. Also, the Lessee will be required to have the water service line inspected and tested by a qualified licensed plumber and an inspection report with recommendations must be submitted to the park for approval. The report must also indicate whether the current water line size is adequate for the proposed use of the building, and identify the material of the existing water line. Any defective, leaking, or undersized water lines must be repaired or replaced before the Lessee occupies the building. Water lines that require replacement must be replaced with copper. Areas of open cut construction will require compliance with the National Environmental Policy Act (NEPA) and Section 106. Archeology monitoring shall be paid for by the Lessee. Asphalt and concrete repair and ground repair, i.e. seeding costs, must be borne by the Lessee and will be subject to the NEPA/106 compliance process. Any repairs will require NPS approval of plan and schedule. All work must be completed according to the most up to date New Jersey Code and constructed to industry standards. The capacity of the water system is 500 gallons per minute, not to exceed 7.5 million gallons per month. The annual maximum for potable water is 50 million gallons. We currently average 100,000 gallons per day. Buildings connect to a 6 inch water main. Buildings are served by 1.5 inch pipes. For all buildings, Applicants should propose how they intend to replace any non-copper plumbing components.

Sanitary Sewer

The sanitary system (which is fully separate from the storm sewer system) at Fort Hancock is functional and sized appropriately to accommodate the anticipated future development. Gravity-fed distribution pipes bring sanitary waste to a pump station. From there, sanitary waste is fed by a force main into the park's wastewater treatment plant. NPS maintains the collection and force main system, and the Lessee will be responsible for repairs to the lateral system from the building to the main trunk line. The Lessee will have the sanitary sewer lateral line videoed, tested, and inspected by a qualified licensed plumber and an inspection report with recommendations will be submitted to NPS for approval. The Lessee will be required to make any repairs to the sanitary sewer prior to occupying the building. If any pipe is collapsed, the pipe is required to be replaced with SDR 35 PVC pipe. All connections to the trunk line and from the building shall be made using standard couplings and transition fittings. Areas may be of open cut construction and require NEPA and Section 106 compliance. Archeology monitoring shall be paid for by the tenant. Asphalt and concrete repair and ground repairs, i.e. seeding costs, must be borne by the tenant and will be subject to the NEPA/106 compliance process. If the video shows a deteriorated pipe, the park may allow the pipe to be lined in lieu of open cut construction replacement. Any repairs will require park approval of plan and schedule. All work will be completed according to the latest New Jersey Code and constructed to industry standards.

Telecommunications and Data

Upgrades to cellular telecommunication infrastructure (4G LTE antenna) are currently underway at Sandy Hook. Additionally, the NPS is currently in the process of installing new fiber optic infrastructure throughout Sandy Hook that will replace aged and mostly inoperable copper lines previously owned and supported by Verizon. At this time, only NPS buildings in use are connected to the new fiber optic infrastructure. Leaseholders will have an opportunity to contract directly with a third party telecommunication provider (Verizon), at the Lessee's cost and expense, once the provider is online. The telecommunications underground infrastructure is in a loop configuration. The loop design allows for redundancy in service and future connections to other buildings. Lessees can connect to the infrastructure at specified new maintenance hole locations at their sole expense.

DESIGN AND CONSTRUCTION PROCESS

Pre-Construction

The Lessee must provide the following before the Lessor will issue any Building Permit, Notice to Proceed, or other Construction Authorization:

Construction documents

- Construction documents which includes utility plans for the location of existing utilities that may be affected by any improvements made by the Lessee as well as utility plans and permits from the appropriate public utility companies, Construction documents must be submitted to NPS at the schematic design, design development (50% construction documents) and 90% construction document phase for review.
- Construction documents must include detailed information about the repairs and alterations including the extent of removal and replacement as well as a full set of specifications; Construction documents must be prepared by licensed architects and engineers. A licensed historic architect meeting the professional SOI Qualification Standards must be included as a part of the team;
- Evidence, in the form of drawings, that improvements and alterations to historic structures comply with the Secretary of the Interior's Treatment of Historic Properties, NPS 28 and other Applicable Laws, including, without limitation, NEPA and Section 106;
- Documents submitted to NPS are reviewed for buildability, code adherence, NEPA compliance and adherence with the SOI Standards. All efforts shall be made to minimize the impact to the historic fabric. When the extent and nature of the work requires it, NPS will submit the documents to the NJ SHPO and/or ACHP for consultation.
- A correct copy of any contract with the Lessee's general contractor, architects, or consultants must be provided to NPS.
- If required by the Lessor, documentation that the required construction insurance and requisite bonds are in effect.

- Other information as may be required by the Lessor. The Lessor will not approve proposed Construction Documents unless it is able to determine, among other matters, that any proposed improvements are appropriate for Gateway and consistent with the requirements of Part 18, the Gateway's General Management Plan, and other Applicable laws.

Middletown Permitting

The park and Middletown Township have entered into an agreement that authorizes Middletown to issue Building Permits necessary in connection with rehabilitation of Fort Hancock. Middletown Township will issue temporary or permanent Certificates of Occupancy for those facilities upon completion of improvements. The cost of Middletown Township's Inspections and Permitting will be borne by the Lessee or other facility occupant.

During Construction

The Lessor is entitled to have on the Premises an inspector or representative who may observe all aspects of the work on the Premises. Current annotated Construction Documents must be kept on site at all times for inspection by the Lessor. Any material change in the approved Construction Documents and any deviation in actual construction from these documents are subject to the Lessor's prior written approval under the procedures identified in the Lease. An approved change order will be issued by Lessor if proposed changes are approved.

Post-Construction

Upon completion of the Improvements, the Lessee must provide the following:

- Notice of Completion which must include a written assessment prepared by an independent third party inspector, hired by the Lessee, concluding the improvements have been completed in compliance with the requirements of applicable local building codes;
- Satisfactory evidence of the payment of all expenses, liabilities, and liens arising out of or in any way connected with the Improvements;
- Complete set of "as built" drawings showing all revisions and substitutions during the construction period, including field changes and the final location of all mechanical equipment, utility lines, ducts, outlets, structural member, walls, partitions, and other significant features of the Improvements which shall become the property of NPS; and a complete inventory of all Furniture, Fixtures, and Equipment (FF&E) in or on the Premises as of the completion of the Improvements.

Certificate of Completion

Upon Approval by the Lessor of the completion of the Improvements, the Lessor will issue a Certificate of Completion, or similar documentation stating the Improvements are acceptable and authorizing the Lessee's occupancy of the Premises

OCCUPANCY LIMITATIONS & CONSIDERATIONS

NPS and the lessee are required to adhere to the International Building Codes, New Jersey Rehabilitation Sub-Code and NFPA. To obtain a certificate of occupancy a code analysis is usually required; use of the building, occupancy loads, egress, and the need for a fire detection and/or suppression system should be included in the analysis. The required Code Assessment prepared by a licensed professional will also identify occupancy allowances as well as any occupancy limitations.

INSURANCE

The buildings must be appropriately insured prior to use. Certificates of Insurance must be provided to NPS upon execution of any Letter of Intent or Lease. All policies must name the United States of America as Additionally Insured.

Bonds

If required by the Lessor, documentation that the required construction insurance and requisite bonds are in effect.

Construction Insurance

If required by the Lessor, documentation that the required construction insurance and requisite bonds are in effect.

Flood Insurance

Lessees must obtain Flood Insurance in sufficient coverage amounts. Flood Insurance is available through the National Flood Insurance Program (NFIP):

<https://www.floodsmart.gov/floodsmart/pages/faqs/how-can-i-get-flood-insurance.jsp>.

Liability

Lessees must obtain Liability Insurance in amounts not less than \$1 million per occurrence and \$3 million aggregate is required for each Building. NPS reserves the right to adjust the amounts and levels of insurance required in connection with any project undertaken in connection with this RFP.

Property

Lessees must obtain Property Insurance coverage provided in amounts equivalent to the selected applicant's level of investment.

JURISDICTION

Fort Hancock, though situated in Middletown Township, is under exclusive jurisdiction of the Federal Government and is not subject to the zoning regulations of Middletown Township, adjacent municipalities, or the County of Monmouth. Under exclusive jurisdiction, the Federal Government possesses all of the governmental authority with

limited exceptions. For example, the State has the right to serve civil or criminal process in the Park for activities which occurred outside the park and the State has a limited right to levy and collect certain kinds of State taxes.

LANDSCAPING

The Lessor will be responsible for mowing within the Premises to ensure consistent lawn maintenance practice within Fort Hancock. The Lessee will be obligated to maintain the grounds of the Premises in good condition, including, without limitation, ornamental plantings, in-ground plantings, and other botanical maintenance for landscape improvements made by the Lessee. Landscaping plans will need to be approved in advance by NPS.

The Lessor will be responsible for all common area mowing and basic grounds maintenance at Fort Hancock.

Plans for tents, planters, plant and produce gardens, and outdoor seating should be submitted for NPS review and approval. Applicants must refer to the cultural landscape reports which can be found at:

http://www.forthancock21stcentury.org/yahoo_site_admin/assets/docs/2006_0000_-_Cultural_Landscape_Report_for_Fort_Hancock_Part1.1263759.pdf

LIQUOR LICENSES

In the event the Applicant proposes to serve or sell alcohol in connection with its use and occupancy of the premises, proposed Lessee is required to obtain the necessary authorizations and approvals from the NPS. The State of New Jersey Division of Alcoholic Beverage Control will work directly with the NPS to authorize sale of alcohol.

NPS will consider proposals that entail Bring Your Own Bottle (BYOB) in connection with the proposed use and occupancy of a facility so long as such activities are carried out in accordance with applicable law, regulation, and policy.

PARKING

On-site parking is limited to the current driveway(s) associated with any particular structure.

SIGNAGE

The Lessee will be required to follow NPS signage standards. NPS will provide information pertaining to sign specifications such as size, materials, and specifications.

TAXES

Real Estate Taxes, Middletown Township

Lessees are not exempt from the payment of local real estate taxes. The NPS, as a federal entity cannot pass on its tax exempt status to any Lessee.

N.J.S.A. 54:4-3.3 provided tax exemption for real and personal property of the United States. The provision was repealed in 241 January 2016 1944 and State law today contains no tax exemption for Federal Government property. Any such exemption must now be found in Federal law. The "supremacy clause" of the United States Constitution and the doctrine of "sovereign immunity" precludes the levying of local property taxes on the Federal Government and, as a general rule, most Federal property is tax exempt.

The Assessor for Township of Middletown is in the process of evaluating the Sandy Hook historic structures. The tax rate is not yet known but Middletown has assured the NPS the valuations will account for current property conditions, limitations on use of the properties, as well as lease terms and conditions.

The Township Tax Assessor plans to complete property tax records identifying the assessed values, based on current condition of the buildings, by November 2016 for buildings at Fort Hancock identified in the RFPs. The owner of record will be identified as the United States and the tax status will be identified as "exempt" until such time as any building is leased. Selected Applicants will be able to meet with the Township Tax Assessor to address real estate tax implications related to the full assessed value once the improvements are complete.

Tax Credits, Historic

Projects may be eligible for historic tax credits based on the work proposed and accomplished on historic structures. Applicants are not required to hire a historic preservation consultant who specializes in tax credit applications but the New Jersey State Historic Preservation Office (NJ SHPO) recommends selected applicants utilize the services of an experienced qualified consultant. NJ SHPO will respond to questions but is not available to prepare the application. NJ SHPO cannot recommend a specific expert but can provide names of multiple consultants who have successfully completed historic tax credit applications in New Jersey.

Historic Tax Credit Application Process

The application is completed in three parts and must be submitted in hard copy format.

Parts 1 and 2 of the application must be submitted before work begins on the building. They must include the following documents:

- Historic Preservation Certification – NPS will provide the information needed for the applicant to prepare the application.
- Photographs documenting the appearance and condition of the building's prior to the start of the project: exterior, interior, site and environment.
- Professional drawings identifying planned alterations and showing existing

configurations. Documentation should include:

- A map of the historic district, clearly identifying the lot on which the building is located.
- Floor and other plans.
- Sections and Elevations (if applicable).
- Historic windows detail (see Project Handbook website above).

Parts 1 and 2 of the application are submitted to NJ SHPO (not to the Park), for review by:

- NJ SHPO;
- NPS Technical Preservation Services Branch (TPS) in Washington, DC (above the Park level).

Part 3 is the third and final part of the application. Once the work is completed, this documentation is required to show all changes which were made.

- Submitted to NJ SHPO, which will review the completed work against what was proposed/submitted as part of Part 2 ; they certify the completed work and submit certification to NPS.
- Only projects that meet the SOI Standards are certified.

Please visit the following sites to learn more about qualifying for tax credits:

<http://www.nps.gov/tps/tax-incentives.htm>

<http://www.nps.gov/tps/tax-incentives/before-you-apply.htm>

<http://www.nps.gov/tps/tax-incentives/taxdocs/about-tax-incentives-2012.pdf>

Calculating Historic Tax Credits

Tax credits are only available for properties proposed for use as a business or other income-producing purpose. Additionally, there is a requirement that a "substantial" amount be spent rehabilitating the historic building. This means that the cost of rehabilitation must exceed the pre-rehabilitation cost of the building. Generally, this test must be met within two years of project completion or within five years for a project completed in multiple phases.

The cost of a project must exceed the greater of \$5,000 or the building's adjusted basis. The following formula will help determine whether the rehabilitation project is considered substantial:

- $A - B - C + D =$ adjusted basis
- A = purchase price (Assessed Value from Middletown Tax Assessor) of the property (building and land)
- B = the cost of the land at the time of purchase (Assessed Value of the property as is)
- C = depreciation taken for an income-producing property
- D = cost of any capital improvements made since purchase (or since the lease

was executed)