



Phasing, Phased Rehabilitation Projects, and Phase Advisory Determinations — Part 2 and Amendment Applications

The instructions accompanying the [Historic Preservation Certification Application \(HPCA\)](#) provide information on phased rehabilitation projects and directions on completing the HPCA form for such projects. The HPCA Part 2 application includes separate fields for indicating the number of phases fully described in the application, the total number of phases proposed for the overall project, and whether the applicant intends to substitute the IRS 60-month measuring period for the purposes of substantial rehabilitation (further discussed below). The number, order, and scope of the phases are described by the applicant in the “Detailed Description of Rehabilitation Work” section of the HPCA Part 2 application. Phase advisory determinations are requested using the Amendment form.

This additional information supplements the [HPCA Instructions](#) (see pages 8–9 and page 11) and provides additional information on phasing, phased rehabilitation projects, and phase advisory determinations and how to complete the Part 2 and Amendment application forms. The Advanced Training on Historic Preservation Certification Applications webinar series ([Webinar #5](#)) also provides additional information on these topics.

For the purposes of the Part 2 application, applicants typically elect to phase a rehabilitation project for one or more of the following three reasons:

- **IRS 60-Month Measuring Period:** The applicant intends to substitute the IRS 60-month measuring period under the Internal Revenue Code (IRC) for the purposes of substantial rehabilitation (Treasury Regulation § 1.48-12(b)(2)(v) – see [Internal Revenue Service \(IRS\) FAQs](#)),
- **Advisory Determinations:** The applicant intends to request a phase advisory determination (see definition below) from the National Park Service (NPS) as to whether a completed phase meets the Secretary of the Interior’s Standards for Rehabilitation, and/or
- **Undefined Future Work:** Complete information for work in later phase(s) of the project is not yet known or available for inclusion in the Part 2 application and will be submitted at a later date.

Phasing, Phased Rehabilitation Projects, and Phase Advisory Determinations

What is a phase?

For the purposes of NPS certification, a “phase” is a stage or component of work that constitutes a discrete and distinguishable portion of the overall scope of work in a rehabilitation project. Any project may be submitted as a phased project for NPS certification purposes, whether under the regular IRS 24-month measuring period or the elected IRS 60-month measuring period. There is also no limit to the type and number of phases that can be

identified as part of a project in the HPCA application, however, the NPS may not be able to issue phase advisory determinations if desired by the applicant for certain types of work as further discussed below.

Why an applicant might typically elect to undertake a phased rehabilitation can be three-fold:

- to indicate that they intend to substitute the IRS 60-month measuring period;
- to allow the NPS to review the project in defined segments and issue phase advisory determinations if requested by the applicant (regardless of whether the project is subject to the regular IRS 24-month measuring period or the elected IRS 60-month measuring period); and/or

- to submit a Part 2 application for a proposed rehabilitation project for which rehabilitation work in later phases cannot yet be fully described or is not yet available.

The purpose of a phased rehabilitation for Internal Revenue Code (IRC) purposes is solely to allow the applicant to elect to substitute the 60-month measuring period (as further discussed below).

Please note that some States may have separate requirements regarding phasing for the purposes of the State tax credits, and which may not be the same as the NPS or IRC requirements.

IRS 60-Month Measuring Period

The IRS 60-month measuring period is only available under the Internal Revenue Code (IRC) to phased rehabilitation projects. When electing to substitute the IRS 60-month measuring period, the Part 2 application must describe the number and order of the phases and the general scope of the overall rehabilitation (NPS 36 CFR 67.6(b)(8)). The IRC and regulations also set forth conditions that must be met to substitute the 60-month measuring period for the 24-month measuring period including that the rehabilitation must “reasonably be expected to be completed in phases set forth in architectural plans and specifications completed *before the physical work on the rehabilitation begins* [emphasis added]” Treasury Regulation § 1.48-12(b)(2)(v). See [Internal Revenue Service \(IRS\) FAQs](#) for more information.

How much work must be fully described in a phased rehabilitation project for a Part 2 application to be approved?

For a phased rehabilitation project, each phase of work must be described in the Detailed Description of Rehabilitation Work section of the Part 2 application and should include the following:

- A narrative description identifying the general scope of the overall rehabilitation project and the number and order of the phases, a scope of work for each phase, and an estimated completion date/timeline for each phase (including whether any phases will be completed concurrently),
- A fully-described scope of work for the overall rehabilitation project and all work in those phases for which detailed information is available (full details for work in later phases should be submitted using the Amendment form as they become available),

- Photographs of the existing conditions of the entire property, including areas where no work is proposed, keyed to a site or floor plan, and
- Drawings showing existing conditions and proposed work.

A complete narrative description for each phase should identify what individual building components (and/or which buildings, in the case of a multiple-building project) are included in the phase and describe the associated features, their condition, and the impact on the features of the work proposed as part of the phase.

Enough of the overall rehabilitation project needs to be fully described in the Part 2 application narrative for the NPS to be able to preliminarily determine whether the project will meet the Standards for Rehabilitation. The initial Part 2 application should still identify historic features and whether they will be retained and preserved as part of the project, regardless of the eventual use of the property, even if more detailed information is not yet available. A phased project cannot be found to meet the Standards unless the work to be undertaken (or work to features and spaces particularly important to the historic character of the building) is described enough to be evaluated.

If an adequate enough description for at least a substantial part of the proposed rehabilitation work is not included in the Part 2 application, then the application could be considered incomplete and may lack the necessary information to be reviewed. For example, a Part 2 application in which the only phase of work fully described is for preparatory demolition work or work to a single tenant space on one floor of a multi-story building would not include enough information to determine if the overall project meets the Standards.

What if detailed information for later phases of a phased rehabilitation project is not yet available?

If detailed information on the rehabilitation work for phases proposed to be undertaken later in the project is not available, all information that is known should be provided in the Part 2 application (NPS 36 CFR 67.6(b)(8)).

In some instances, general treatment approaches to character-defining features, spaces, and materials in later phases may be sufficient to obtain a Part 2 approval without having more detailed information or drawings, depending on the proposed project and historic character and condition of the building — for example, if character-defining features, spaces, materials, and finishes will largely

be repaired or retained as part of the project, and any alterations to accommodate the new or continued use (e.g., new mechanical, electrical, and plumbing (MEP) systems) are largely confined to secondary or tertiary areas. (The Advanced Training on Historic Preservation Certification Applications webinar series ([Webinar #5](#)) provides additional information and examples on this topic.)

Enough information about the overall scope of work in a rehabilitation project still needs to be described in the Part 2 application for the NPS to be able to preliminarily determine whether the rehabilitation project will meet the Standards. In the case of a multiple-building project, the proposed rehabilitation work for at least one of the buildings must be fully described; and enough information about the proposed rehabilitation work to the other building(s) must also be provided sufficient to determine whether the overall project will meet the Standards.

Even when more detailed information is not yet available, it should still be possible in the initial Part 2 application to identify the historic features and whether they will be retained and preserved as part of the rehabilitation project. And when additional information does become available, it should then be submitted using the Amendment application form.

If a project includes new construction or an addition in a later phase of a project for which more detailed information is currently not available, the initial Part 2 application must include a general description of the proposed new construction or additions, even if the details have not been fully developed. A general description, as well as a map showing the location of the proposed new construction, and schematic drawings illustrating the size, scale, and massing of the new construction or addition relative to existing historic buildings and features should be submitted. The details of the new construction or addition can be submitted as an Amendment once more information becomes available.

What is a phase advisory determination?

A phase advisory determination is a request by the Applicant for the NPS to make an advisory determination that the rehabilitation work in a completed phase (or phases) of a phased project is consistent with the Standards for Rehabilitation. The features and/or spaces that comprise the phase must have been rehabilitated and all work that is part of the phase completed. A phase advisory determination is requested using the Amendment application form along with photographs equivalent to the documentation required for a Part 3 application for that phase.

The NPS may only issue an advisory determination on phases of a rehabilitation project that have been defined in the approved Part 2 form, and the determination is based only on the work in that completed phase. A phase advisory determination is not based on the *entire project* because it does not consider the cumulative effect of work that is part of other phases. A phase advisory determination for individual phase(s) can be superseded if it is found that the overall rehabilitation project does not meet the Standards in the review of the Part 3 Request for Certification of Completed Work.

What constitutes a phase for the purposes of a phase advisory determination?

Phase advisory determinations were originally intended as interim determinations to indicate whether the completed rehabilitations of individual buildings that are part of a multiple-building project or other substantial components of an overall rehabilitation project meet the Standards for Rehabilitation. In more recent years, some rehabilitation projects are being undertaken in greater numbers of phases with smaller scopes of discrete work. Requesting a phase advisory determination is optional.

For the NPS to determine if work to a feature or space meets the Standards, all the work proposed for that entire feature or space must be evaluated. In the context of a phase advisory determination, work to an entire feature or space cannot therefore be split among different phases of the project if an advisory determination will later be requested.

A phase advisory determination can be issued for completed work only when all proposed work in that space or the entire feature is complete. The phase advisory determination cannot be issued for partial work to a feature or space, or if additional work to that feature or space is proposed or expected to be undertaken in later phases of the project. In its review of Part 2 applications, the NPS may advise applicants if the work described for the identified phases would be insufficient to constitute a phase for the purposes of a later phase advisory determination request and whether such work meets the Standards.

What are examples of work that would or would not constitute a phase for the purpose of a phase advisory determination?

Examples of work that generally would constitute a phase for the purposes of a phase advisory determination include, but are not limited to:

- the rehabilitation of an entire individual building as part of a multiple-building project
- the entire exterior or interior of a building
- entire floor levels of a building
- distinct tenant spaces (including white-boxed spaces)
- new additions
- related new construction

Examples of work that generally would **not** by themselves constitute a phase for the purposes of a phase advisory determination include:

- work to only select features or portions of the exterior of a building when other work to that same portion of the exterior is also to be undertaken (e.g., only some doors or windows on an elevation when all the doors or windows are proposed to be repaired or replaced)
- electrical systems
- discrete individual features or materials such as doors or flooring that are part of larger spaces
- HVAC/mechanical equipment
- environmental remediation
- exploratory demolition
- interior demolition of walls, finishes, and/or mechanical equipment of a historically finished space
- demolition of historic portions of a historic building

Work that may **potentially** constitute a phase for the purposes of a phase advisory determination, depending on the facts and circumstances of the project, includes demolition of non-contributing buildings, stabilization, interior common areas (i.e., corridors, stairs, elevators, bathrooms, etc.) as part of core-and-shell construction, and installation of windows (if including exterior/interior trim).

Work that does not meet the Standards for Rehabilitation cannot be submitted by itself as a stand-alone phase but could be considered part of a larger phase as long as, and only if, the overall phase itself meets the Standards on a cumulative-effect basis.

Can phases and/or their individually-described scopes of work be changed after the initial Part 2 application has been approved?

For the purposes of NPS certification, the NPS can generally issue advisory determinations on the phases of a project that have been defined at the start of the project, in the approved Part 2 application, and for work completed in the defined phase. At the NPS's discretion, changes to the scope of work in defined phases may be considered either during the project or at the time of a phase advisory determination request.

For Internal Revenue Code (IRC) purposes, the IRC requires phasing plans to be set forth before physical work on the rehabilitation begins. A rehabilitation may reasonably be expected to be completed in phases if it consists of two or more distinct phases of development. The determination of whether the rehabilitation consists of distinct phases and therefore may reasonably be expected to be completed in phases is based on all the facts and circumstances in existence before physical work on the rehabilitation begins. For this purpose, written plans that describe generally all phases of the rehabilitation process shall be treated as written architectural plans and specifications (Treas. Reg. § 1.48-12(b)(2)(v)).

When can a Part 3 Request for Certification of Completed Work application be submitted for a phased rehabilitation project?

Separate Part 3 certifications for portions of a phased rehabilitation project will not be issued (NPS 36 CFR 67.6(b)(8)). A Part 3 application is submitted for a phased rehabilitation project once all the work in all the phases has been completed. Even though photographs of completed work may have been submitted as part of prior requests for phase advisory determinations for individual phases, photographs for the entire completed rehabilitation project are generally required. However, no additional photographs are normally necessary for work submitted as part of any phase advisory determination(s) approved in the prior year from receipt of the Part 3 application by the NPS (unless, for example, other work has since occurred, such as for the buildout of a tenant space). For any phase advisory determination(s) submitted and approved prior to that, representative *current* photographs sufficient to demonstrate that no further work has occurred to these areas of the building(s) and/or site since the submission of the phase advisory determination(s) will generally be sufficient for the purposes of the Part 3 application.

Work undertaken in later phases of a phased rehabilitation project that does not meet the Standards for Rehabilitation may result in a denial of certification of the entire rehabilitation if the overall project fails to meet the Standards.

Can an already-approved Part 2 application be amended to indicate that the applicant intends to substitute the IRS 60-month measuring period?

The Internal Revenue Code (IRC) sets additional conditions that must be met to substitute the 60-month measuring period for the 24-month measuring period including that the rehabilitation must “reasonably be expected to be completed in phases set forth in architectural plans and specifications completed before the physical work on the rehabilitation begins [emphasis added]” (See [Question 11 of IRS FAQs](#)).

If an amendment is submitted to substitute the 60-month measuring period after the estimated project start date identified in the initial Part 2 application, the NPS will still accept the amendment, but may issue a comment sheet reminding the applicant of the IRC requirements and directing them to contact the Internal Revenue Service should they have any questions concerning those requirements. Acceptance of the Amendment by the NPS is not an indication that the rehabilitation project meets the applicable IRC requirements.

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