



THE ADVOCATE FOR NEW YORK CITY'S HISTORIC NEIGHBORHOODS

Frequently Asked Questions: The Historic Homeownership Rehabilitation Tax Credit Program

The Historic Homeownership Rehabilitation Tax Credit Program offers a state income tax credit equal to 20% of Qualified Rehabilitation Expenses (QREs) associated with repair, maintenance, and upgrades to historic homes. The homeowner program offers a state tax credit equal to 20 percent of the rehabilitation costs, up to \$50,000 in credits.

To avail this opportunity, you must own and live in the house. The total costs must exceed \$5,000 and you must spend at least 5% on exterior work. All the work must be approved by the State Historic Preservation Office (SHPO) before you begin.

HDC has gathered a few frequently asked questions that may assist homeowners in the decision to apply for Historic Tax Credits.

Question 1: Who and What Buildings are eligible for the Historic Homeownership Rehabilitation Tax Credit Program?

Answer: The credit is only for New York State taxpayers and given by the NY State Tax and Finance Office. The buildings must be listed on the State and National Register of Historic Places (Individually or as part of a larger Historic District). The buildings must also be located in a Qualifying Census Tract.

A Qualifying Census Tract is an area with a median family income at or below the New York State median family income, or one that meets specific federal low-income/distress criteria. To find out if your neighborhood is in a Qualifying Census Tract, you can contact HDC to check on your behalf.

Question 2: What kind of work qualifies for a Historic Tax Credit?

Answer: Work that qualifies you for a Historic Tax Credit may include:

- Structural systems, including foundations, floor joists and ceiling and attic rafters.
- Roofs, including roof coverings, rafters, fascia, soffits, gutters and downspouts.
- Interior work, including floors, walls, stairs, ceilings and trim around windows and doors.
- Utility systems, including heating, ventilation, air conditioning, electrical and plumbing systems as well as fire safety and permanently installed security systems.
- Windows and doors, including glass, frames, shutters, hardware and storm windows.
- Exterior walls, cornices, porches and foundations, including siding, dormers, brackets, columns, railings, stairs, window and door trim, concrete or masonry walls and chimneys.
- Weatherproofing, including caulking, weather-stripping and some insulation upgrades.

Question 3: Can a property owner who already started or completed work before the district is part of the State Register of Historic Places still apply for tax credits?

Answer: No, eligible work must be started after the district is part of the State Register of Historic Places. Tax credit eligibility is not retroactive.

Question 4: Once my district is certified to receive tax credits, can I hire myself/my relative/my friend to do the work?

Answer: The homeowner tax credit program allows homeowners to hire any contractor they feel qualified to complete the project, but it is understood that all projects must comply with local permitting and building department regulations.

A homeowner can certainly perform the work themselves but in this case, only the cost of the materials can be accredited.

Question 5: How long does it take to have my application approved before I can start work?

Answer: The application has three major components to it. Part One and Two are applications that are submitted together and sent online or via USPS. There is a review fee attached to the application. SHPO has 30 days to review and approve homeowner credit projects but if a homeowner is experiencing an emergency or a scheduling conflict, they should contact SHPO directly.

If a building is locally designated as an individual landmark or part of a New York City Landmarks Preservation Commission historic district, the owner must separately file a permit application with the Landmarks Preservation Commission, ideally before sending the application to SHPO. If the applicant is able to submit an approved LPC permit with their homeowner tax credit application materials, that can aid in the SHPO review process.

Question 6: My home also has an income-producing component. Can I use the federal commercial tax credit?"

Answer: If the property is your primary residence and also has a rental component, you can apply for Historic Tax Credits with the percentage of the property you occupy. You can prepare a scope of work that does not include interior work items for rental spaces. 100% of interior work in your direct living space will qualify. Exterior work items and shared spaces are prorated according to the percentage of the property you occupy.

The qualifications for participating in the federal (commercial) historic tax credit are similar - the building has to be listed in the State/National Registers of Historic Places, it has to be located in a qualifying census tract, and the rehabilitation has to meet the Substantial Rehabilitation Test and go through review with the National Park Service.

For more information, it is best to speak to SHPO staff to assist with the application process.

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For more assistance, please contact HDC at hdc@hdc.org and we will be happy to speak with you about the process of getting your neighborhood eligible for Historic Tax Credits.