

# Historic Homeownership Rehabilitation Credit Application Instructions



Parks, Recreation, and Historic Preservation

## Owners of older homes may qualify for a New York State Historic Homeownership Rehabilitation Credit, which is a State income tax credit equal to 20% of Qualified Rehabilitation Expenditures

### Qualifications:

- The applicant must own and live in the house (non-income producing second homes also qualify).
- The house must be listed in the New York State or National Registers of Historic Places individually or as a *contributing* building in a listed Historic District. *Note: In some cases, a local historic district has been certified to participate in tax credit programming.*
- The house must be located in a qualifying census tract.
- The qualified rehabilitation expenditures (QREs) must be \$5,000 or more with a minimum of 5% of that being spent on exterior work.
- All the work must be approved **before** work begins.

Please contact NYS Division for Historic Preservation (DHP) staff at 518-268-2213 with questions about qualifications.

### The Application:

- The application comprises three parts. Parts 1 & 2 are submitted together and prior to work commencing on the property. Part 3 is submitted after the work is completed.

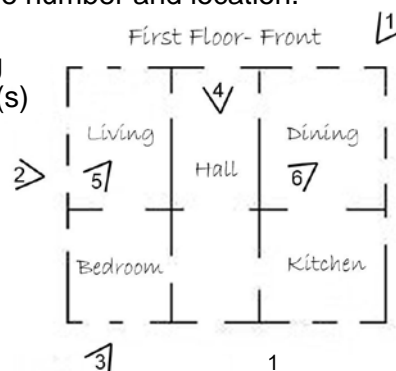
**Part 1:** Provides the baseline information about the applicant and the property. This helps the DHP to establish that the property meets the qualifications listed above.

**Part 2:** Establishes the proposed work and breaks down the work items into categories (roof, masonry, kitchen rehab, plumbing, etc.). Part 2 additionally requires a brief description of the existing condition, the proposed rehabilitation, estimated costs, and references to images. If you need to add more work items to your project after submitting your Part 1 & 2, use the **Part 2 Amendment Sheet**. *Note: You do not need final contractor estimates to submit your application.*

**Part 3:** Is submitted after the work is completed and mirrors much of the Part 2 format. Please submit only those work items that were completed, a description of each work item, references to photos, and the final project costs. *Note: The DHP does not require copies of invoices or receipts, please retain those for your records.*

### Images/ Photographs:

- Providing images/ photographs of the property and work items are critical for the DHP to evaluate the condition of the building and work proposals.
- It is best to provide digital images on a CD or USB/thumb drive. Generally, emailed digital images will not be accepted unless authorized by DHP staff. All image files should be named with a number and location. If digital submission is not possible, printed photographs will be accepted in 4x6" color format and each one needs to be labeled with the number and location.
- Part 1 & 2 submissions require:
  - Images of all visible elevations/sides of the exterior of the building
  - General views showing the existing conditions of the project area(s)
  - Detailed images showing where work is proposed
- Part 3 requires images of the completed work. Images should be from the same angle as the 'before' images submitted with the Part 1 & 2.
- Complex projects should have existing conditions pictures keyed to sketched floor plan. Identify the floor (Basement, 1<sup>st</sup>, 2<sup>nd</sup>, etc.), label rooms and the front of the house. *See example at right.*



### Building Product Information:

The DHP requires the repair of historic building fabric; however, when the building material is deteriorated beyond repair, which must be clearly demonstrated in photos, replacement in-kind is appropriate. When replacement using substitute materials is proposed, please provide the manufacturer's product information sheets or shop drawings. For example, this can include a door manufacturer's cut-sheet that demonstrates the material and configuration of the replacement item, or documentation of proposed replacement lighting or bathroom fixtures, flooring, moldings, etc.

### Local Approvals:

In many communities across NYS, historic districts are both listed on the Registers and locally landmarked. These locally landmarked properties are created to protect historic resources on a municipal level through the building permit process. It is not necessary to obtain local approvals prior to submitting a historic tax credit application, but in some cases, a local approval provided at the time of submission can help to inform DHP staff when reviewing the application. It is advised that the applicant inform both the local government and the DHP when the property will require both reviews.

### Determining Registers Status and Census Tract Eligibility:

Eligible census tract and Registers information can be found online through the DHP's GIS Cultural Resources Information System database (<https://parks.ny.gov/shpo/online-tools/>) or by contacting the National Register staff member assigned to the project's county (<https://parks.ny.gov/shpo/contact/>).

### Timing:

- DHP staff has 30 days to review applications.
- Approvals will be sent via email unless otherwise requested.
- Please note that a Part 1 & 2 application can be open for multiple years, but the credit can only be claimed in the same year that the Part 3 Certification of Completed Work (COC) is issued.
- A Part 3 should be submitted by Dec. 1 if you plan to claim the credit in that tax year. The DHP cannot guaranty that a COC will be issued within the same calendar year should the Part 3 application contain incomplete information, work that was completed without approval, or work that does not meet the Secretary of the Interior Standards for Rehabilitation.

### Processing Fees and Application Delivery:

- Applications and fees must be submitted by regular mail (*see address below*) and will not be accepted via email. Original signatures are required in ink.
- Applicants whose New York adjusted gross income is \$60,000 or below are exempt from processing fees (*see Income Waiver in Part 2*). If the amount of the credit exceeds your tax for the year, the excess will be refunded without interest.
- Applicants who are not exempt should follow the fee schedule below and may carry any unused credit forward to subsequent tax years:

**Part 2 Fee:                     \$25.00**

#### **Part 3 Fee Schedule:**

<b>Final Rehabilitation Expenses of:</b>	<b>Fee:</b>
\$5,000 - \$9,999	\$25.00
\$10,000 - \$49,999	\$75.00
\$50,000 - \$99,999	\$175.00
\$100,000 - \$149,999	\$275.00
\$150,000 - \$199,999	\$375.00
\$200,000 - \$250,000 and above	\$475.00

- Please make checks payable to OPRHP, write "**homeowner**" and the **address of the property** or the **Project Number** in the subject line if it has already been assigned.
- USPS Mailing Address: OPRHP, PO Box 189, Waterford, NY 12188
- FedEx or UPS Mailing Address: OPRHP, 10 Delaware Avenue North, Cohoes, NY 12047
- Phone: 518-268-2213

**Part 2 - Sample Work Sheet:**

*\*Please note that costs indicated in the Part 2 work sheet can be approximated values of the anticipated expenditures provided by the applicant. Contractor estimates are not required for Part 2 approval. Exact numbers of final costs will be submitted with the Part 3.*

Photo # (Key photos to a construction plan)	Title of Work Proposed	Existing Condition	Proposed Work	Estimated Cost*
1, 2, and 3	1. Roofing	Worn out and leaking asphalt shingle roof. <i>(Provide photos showing condition).</i>	Install new 3-tab asphalt shingles. Include all repairs, underlayment, etc.	\$10,500.00
4, 5, and 6	2. Masonry Repointing	Mortar is loose on the rear of the building.	New mortar will match the historic mortar in all qualities including strength, color, texture and tooling.	\$1,000.00
7,8, and 9	3.Porch repair	Rotted wood floor, railings, and steps	Repairs will be made in kind to match the historic features in all qualities including material, dimensions, and design	\$8,000.00
10,11, and 12	4.Window repair, storms	Deteriorated, drafty windows.	Window repairs in kind to match, install triple track aluminum storms on the exterior. Meeting rail will line up with the historic windows and a factory finish will match the window finish. Weather stripping will be added.	\$2,000.00
13 and 14	5. Kitchen renovation	Dated features	New cabinetry, tile floor, sink and painting. <i>(Note: Appliances are not eligible expenses)</i>	\$10,000.00
N/A	Building Permit	N/A	N/A	\$500.00
Total Estimated Cost:				\$32,000.00

**Information for homes with income-producing components:**

Owners who earn income from their homes through rental apartments, offices, B&Bs, etc. are still eligible for the homeownership credit; however, calculating the qualified expenditures is different than with a single-family home. The applicant can still claim the full cost of qualified expenses for work on the *interior* spaces in which they reside. Only a portion of work on the *exterior*, or in *shared spaces* (basements, attics, common halls, stairways), can be claimed as an expense. For example, if 50% of the building serves as your residence, you may only claim 50% of the cost of replacing your roof. The calculation of the percentage should be based on the overall square footage of your home and should be the same as the percentage you indicate on your NYS taxes. Additionally, you must complete the **Project Work Sheet for Income-Producing Homes** and submit it with your Part 3 Application. Please contact the a DHP representative for more information about these types of applications.

## APPENDIX A

### **Qualified Rehabilitation Expenses include but are not limited to:**

- Ceilings
- Chimneys
- Components of central air conditioning and heating systems
- Electrical wiring and lighting fixtures
- Elevators, sprinkler systems, fire escapes
- Finishes (interior and exterior)
- Disaster repair funded by the Federal Emergency Management Agency (FEMA) or insurance
- Floors
- Geothermal heating systems
- Kitchen and bathroom cabinets
- Labor costs (professional)
- Masonry Repairs
- Material costs
- Partitions
- Permanent coverings, such as paneling or tiles
- Plumbing and plumbing fixtures
- Reconstruction of a missing historic feature including a porch if there is physical evidence or photographic documentation
- Roofs (house only, no garages or outbuildings)
- Soft costs: architect, engineer, building/preservation consultant, expeditor, materials testing, and permit fees
- Solar panels not visible from the public right-of-way
- Stairs
- Wall to wall or permanently installed carpeting
- Walls
- Windows and doors
- Other components generally related to the operation of the building

*Note: if the homeowner is providing labor, only material costs may be claimed for the work.*

### **Expenses that do not qualify include but are not limited to:**

- Alarm systems
- Appliances (window air conditioning units, refrigerators, washer/ dryer, etc.)
- Carpets that are not glued to the substrate.
- Demolition costs for the removal of a secondary building on the property site
- New construction costs or enlargement costs (increase in total volume). An exception is the reconstruction of a missing historic feature.
- Fencing
- Feasibility studies
- Financing fees
- Furniture
- Insurance costs
- Labor done by homeowner (sweat equity)
- Landscaping
- Maintenance and cleaning
- Outbuilding rehabilitation (this includes garages, carriage houses, sheds & barns)
- Outdoor lighting remote from building
- Parking lots
- Paving
- Planters
- Porches and porticos (non-historic)
- Retaining walls (landscape)
- Rubbish removal
- Scaffolding rental unless a contractor includes it with the bill.
- Sidewalks
- Signage
- Storm sewer construction costs
- Tools
- Walkways & Patios
- Window treatments
- Work related to income producing portions of the building
- Work generally performed outside the building footprint

*Please note that any work that does not conform to the Secretary of the Interior Standards for Rehabilitation is not an eligible expense and will jeopardize approval of the entire project for the tax credit. The Standards can be found at: <https://www.nps.gov/tps/standards/rehabilitation.htm>*

2-10-2020