

FEDERAL AND NEW YORK STATE HISTORIC PRESERVATION TAX CREDIT PROGRAMS

Incentives for Historic Commercial Properties

Owners of historic income-producing properties may be eligible for federal and state income tax credits equaling 20% - 30% of qualified rehabilitation costs.

PROGRAM ELIGIBILITY:

- You must own an income-producing property.
- The property must be listed or in the process of listing in the New York State and National Registers of Historic Places (individually or contributing to a listed historic district).
- The state tax credit requires that the property must be located in a qualifying census tract.
- The cost of the rehabilitation must be equal to or greater than the adjusted basis of the property; the IRS defines adjusted basis as the value of property minus the value of the land, plus improvements and depreciation.
- The rehabilitation work must follow the [Secretary of the Interior's Standards for Rehabilitation](#), which focus on repairing historic materials, retaining character-defining features, and preserving important interior spaces.
- The credit only covers work on the historic building, new construction outside the existing building footprint does not qualify.

GENERAL GUIDELINES:

- Contact the [Division for Historic Preservation](#) for assistance early in the project planning process before you begin work. All the work should be approved before you begin.
- Projects are reviewed by the division prior to submission to the National Park Service, which is responsible for final tax credit project approval.
- The tax credits are a dollar-for-dollar reduction in federal and New York State tax liability.
- The application has three parts: 1. Evaluation of Significance; 2. Description of Rehabilitation; and 3. Request for Certification of Completed Work.

QUICK TIPS:

- Thoroughly photograph the inside and outside of your building to document the existing conditions prior to the start of work. Failure to submit proper documentation could be cause for denial by the NPS.
- Historic windows, significant interior spaces, and original floor plans are important character-defining features that require careful consideration and appropriate treatment during project planning and construction.

FREQUENTLY ASKED QUESTIONS

What is a preservation tax credit?

It is a direct credit applied to the amount of federal and/or state income taxes owed. The amount of the credit is based on a percentage of the final cost of the rehabilitation work referred to as the Qualified Rehabilitation Expenditures (QREs).

How are the federal and state tax credit programs different?

The federal program offers a **20% credit** based on the Qualified Rehabilitation Expenditures (QREs), and there is no cap to the amount of credit that can be claimed. The state program is limited to properties that are **approved for the federal program and located in qualifying census tracts**. It offers a **20% or 30% credit**, but is **capped at a \$5 million credit** based on the QREs. In order to qualify for the **30% credit**, buildings must be placed in service after January 1, 2021, and have final QREs of no more than \$2.5 million dollars.

What kind of work qualifies?

All interior and exterior rehabilitation work is eligible for the tax credits as long as it follows the Secretary of the Interior's Standards for Rehabilitation, including work that adapts the property for contemporary use or improves its energy efficiency. The programs essentially cover the entire historic building envelope, from foundation to roof, inside and out.

How can I find out if a property is listed in the NYS & National Registers of Historic Places, and/or located in a qualifying census tract?

Visit parks.ny.gov/shpo/online-tools/ for access to the division's Cultural Resource Information System (CRIS) or call 518-268-2213 for State and National Registers program assistance.

What if my property is not listed on the Registers?

The Division staff can help you determine if your property is eligible for State and National Registers listing and, if so, provide assistance on the nomination process. Although listing is a program requirement, the property does not have to be listed before you begin the project.

Can the tax credits be used in combination with other public funding programs?

Yes. A variety of federal and state incentive programs can be used in conjunction with the preservation tax credits, such as community development grants and low-income housing credits.

What is the review and approval process?

The Division staff is your primary contact, reviewing your application materials throughout project planning and construction, providing technical assistance and advice, requesting information as needed, and submitting your application materials to the National Park Service for review & approval.

When can I claim my credits once a project is approved?

With the passage of federal tax reform in 2017, the federal historic tax credit is now required to be claimed over a five year period. The NYS credit can be fully claimed in the first year a building is placed in service.