On the Cover: The Chilton Avenue-Orchard Parkway Historic District in the City of Niagara Falls. This historic district contains the last remaining contiguous and largely intact historic residential neighborhoods which represent the City’s growth and prosperity at the turn of the twentieth-century and before World War II. This district was listed on the National Register of Historic Place in 2010 to enable the property owners to utilize the New York State Homeowner’s Tax Credit. Niagara Falls became a CLG in 2002.
From the Coordinator

This Issue: the New York State Homeowner’s Tax Credit

There's a program that can help owners of historic properties in your community AND make your preservation commission look good in the process. The program is the New York State Homeowner’s Tax Credit.

While a federal credit for the rehabilitation of income producing properties has been in place since the 1970's, having a New York State credit for the rehabilitation of private homes has been a goal for many years at the State Historic Preservation Office and at our state-wide non-profit colleague, the Preservation League of New York State. It was the League's tireless work with the New York State legislature and the Governor's Office that made this a reality.

I encourage you to familiarize yourself with this program and promote it to your neighborhood groups, as well as homeowners who come before your commission. The process is easy, the benefits are tangible, and the success can be shared by all. Nothing succeeds like success, so see if you can the ball rolling in your municipality!

New Email Address

Please note that email addresses at SHPO have been changed, for the better, I think. While the names are the same (i.e. Julian.Adams) the suffix for all emails at the office is now “@parks.ny.gov”. This is greatly shortened from the earlier email address, and hopefully will be easier to remember. The system will be redirecting the old ones for a while, but please make a note of it!

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The New York State Homeowner’s Tax Credit: An Important Tool For Your Community

One thing I always stress to members of local preservation commissions is that reviewing Certificate of Appropriateness applications is just one part of their job. Local preservation commissions should also serve as a resource on historic preservation information for their community, providing information about the benefits, how-to’s, and local processes of historic preservation. This task can be done through workshops, publications, articles in a local newspaper or newsletter, or online through a link on their municipality’s website. While some of those are “active” projects that may require an extra time commitment on the part of a commission member or entail the hiring of a consultant or project manager, there are several things that can be done as part of your regular working that can serve as both information and potential benefit to a property owner in your local historic districts.

One such thing would be to promote state and federal tax credit programs either available or potentially available to the applicants who come before your board. One such credit is The New York State Historic Homeowner Tax Credit Program. This program is administered by the State Historic Preservation Office (SHPO), and is available to the owner of a “Qualified Historic Home” (more on that definition later).

Background on the Credit

At the time of the 2000 United States Census, New York State had the highest number of pre-1950 dwelling units in the country - a total of 3.3 million, which made up 43% of all existing dwelling units in the state. This number, which has not shifted significantly since that census, includes single family homes, multi-family buildings, apartment buildings, and cooperatives. Fifty percent of these units are in urban areas, which in New York State means two things: first, that they are in our historic cities, representing the architectural, social, and economic history of the Empire State, and; second, that being located in urban areas, they may also be located in concentrated areas of economic stress and disinvestment. Many of these urban areas are looking to spur reinvestment in their historic neighborhoods.

Also, New York State is a state with large rural areas, and these have villages and hamlets as their historic and traditional centers of commerce, social life, and concentrated housing. Many of these rural areas have seen a decline in agricultural use, and a loss of population. However, if they are within commuting distance from a larger urban population, they may be looking to attract people who are looking for a “small- town” living atmosphere, and many of these people may be interested in investing in a historic house. Some communities may also be seeing investment from “weekenders”, and others yet may be simply looking to encourage investment from existing residents.

A federal rehabilitation credit for commercial properties (income producing) has been in place since the late 1970’s and has a solid track record of attracting significant investment into historic
buildings. This investment into historic commercial, office, and rental buildings might not have been made without such an incentive, and it has made a difference on historic main streets and other commercial areas. However, no such credit currently exists at the federal level for owner occupied historic homes, and that has been a sore spot for many years.

To address that oversight several states have, over the past decade, enacted credits available for owners of historic homes and as a result have seen significant levels of investment and rehabilitation in historic neighborhoods. Looking to these existing examples across the United States, New York State first enacted a Historic Homeowner’s Tax Credit in 2006. Seen as a promising but not perfect bill, it was refined in 2009 creating the Homeowner’s Tax Credit program that became effective January 1, 2010.

As currently enacted (bill references A.9023-Hoyt/S.6056-Valesky), the New York State Homeowner’s Tax Credit provides a credit against state income taxes owed based on 20% of the cost of the rehabilitation. This credit is not “as of right”, but as you would expect, has qualifications and rules governing it usage.

Location, Location, Location

First, let’s break down what it means to be a “Qualified Historic Home”, noted as a program requirement in the second paragraph above. As defined in the act that created the credit, this term means an owner-occupied residential structure (including condominiums and co-ops) that:

- Is listed on the State or National Register of Historic Places (NR) either individually or as a contributing building in a historic district; **AND**
- Is located in a Federal Census Tract that is at 100% or below the State Family Median Income level,

What does all this mean?

First, let’s look at “Listed on the State or National Register of Historic Places (NR) either individually or as a contributing building in a historic district.” The Winter 2009-2010 Landmarker (Issue 14) discussed National and State Register listing and what those designations mean vs. local designation. You should be aware of the National and State Register listed districts and buildings in your community. If you don’t, it is okay: the SHPO can help you get that information (see below).

Next, there’s “Located in a Federal Census Tract that is at 100% or below the State Family Median Income level. This language can be a bit of a mystery to those not familiar with how government uses the United States Census. Federal and State governments typically use the information gathered during censuses to identify economic and social demographics within states, counties, towns, cities, and villages.

In essence, the Homeowner Tax Credit was created to assist owners of houses located within economically “distressed” neighborhoods, and the defined census tracts and “QCT”s are simply a way to geographically identify those areas that could best benefit from using the credit.
The State Historic Preservation Office website (http://nysparks.com/shpo/) has an “Online Tools” section that includes a GIS (Geographic Information System) link that has this information as one of the available “layers”. If you are familiar with GIS, you can use this tool to identify what areas of your community have what designation. Of course you can also simply call the appropriate staff contact (see “Contact” at the same website) and have them help.

Who can apply for the credit?

The applicant must be:

- A New York State taxpayer.
- The owner of a “qualified historic home” (as previously defined), OR
- The purchaser of a “qualified historic home.”

The first qualifier for who can take the credit is pretty obvious, since as the credit is taken against New York State income taxes, there must first be New York State taxes owed. The meaning of “Qualified” historic home is discussed in the section above, and if the property meets the definition, then its owner is eligible to apply for the credit. Note that the owner must have whole or part ownership, and that he or she must reside in the house during the taxable year in which the credit is allowed.

The third is a bit more complicated. Of course, those rehabilitating a home they already own, or purchasing a home and then rehabbing it are eligible for the credit, but there is also another way to access the credit. If the taxpayer is the first buyer of a qualified historic home after it has been rehabilitated by the seller and the project was certified as meeting the established requirements, then they may be eligible to claim the credit. The purchase must occur within five years of the certification of completed work and the seller must not have already taken the tax credit.

The above simply means that someone who has rehabilitated a house under the Homeowner Credit program, applied for and received approval to take the credit, instead of claiming it themselves, sells the house to a buyer with the credit, passing it through to the new owner. The credit can only be passed through to a purchaser once, to the “first buyer” after the approved rehabilitation, and not passed through several sales.

The project must:

- Have qualifying rehabilitation costs that exceed $5000
- Spend at least 5% of the total on exterior work.
- Receive preliminary approval from SHPO staff.
- Be completed after January 1, 2010. The program ends on December 31, 2014.

The program requires $5,000 be spent on the rehabilitation. Typical work that qualifies for the credit includes repairs to walls, exterior masonry, wall finishes (interior finishes such as plaster or other such surfaces and exterior finishes such as clapboard, brick, stucco, etc.), floors, ceilings, windows, doors, chimneys, stairs (interior and exterior), and roofs. Components of central air conditioning or heating systems, plumbing and plumbing fixtures, electrical wiring and lighting.
fixtures, elevators, sprinkler systems, fire escapes and other components related to the operation or maintenance of the building. This list is not exhaustive; the last page of the homeowner credit application has a full list work items, and the “Featured Websites” page of this newsletter has a link to that material. Please note that projects such as landscaping, fencing, additions or other work outside the historic building generally do not qualify.

At least 5% of the project cost has to be spent at the building’s exterior, as this credit is the state “underwriting” work at a private residence, and as such the public should receive a benefit from the project. Asking that a part of the work be at the exterior ensures that rehabilitation work at a property also acts as an improvement to the immediate neighborhood, the streetscape, and by larger association, the entire municipality and state as well.

Like most rehabilitation projects administered by the SHPO, the work must meet the Secretary of the Interior’s Standards for Rehabilitation. Many commissions use the Standards as the guide for their review responsibilities, so you may be familiar with them.

SHPO staff review all work proposed (i.e. BEFORE work) at the project and help property owners determine the best approaches to rehabilitation objectives. This may require some “back and forth” between the property owner and the staff person to “fine-tune” the application and have it hew more closely to the Standards.

As with the projects you see in your reviews, in general, projects should strive to retain and repair original, historic materials. Information on the Standards can be found in Issue #2 of the Landmarker (2006).

Everyone loves a refund!

One aspect of the New York State Homeowners Tax Credit program that is unique to it is that there is the possibility of receiving a refund on any unused or unusable portion. If the allowable credit (again, based on 20% of the cost of the allowable work) exceeds your state income tax for the year and your adjusted gross income is under $60,000, the excess will be treated as an overpayment of tax to be credited or refunded. You can either choose for the credit to applied to future returns or that the remaining credit balance be treated as a tax refund, returned to you.

What can you do to promote the credit?

As a member of a historic preservation commission, you are in a unique position to educate your community about this credit. Staff at the SHPO will be glad to work with you and your commission to provide information about those areas of your community that can already use the credit so that you can get the word out. Also, we are ready to work with your commission to find areas of your community that may already be identified as eligible by economic measures, but not yet listed on the National Register.

This has already happened in several places across New York State. Several community and municipal efforts have nominated and listed a neighborhood or neighborhoods on the National Register as historic districts, allowing property owners access to the Homeowner’s credit.
The cover of this issue of “The Local Landmarker” highlights the recently listed Chilton Avenue-Orchard Parkway Historic in Niagara Falls, placed on the Register for homeowners to access to the homeowner’s credit.

Currently SHPO staff is working with Johnson City in Broome County, part of New York’s Southern Tier, to list the “Johnson City Historic District” and enable homeowners there to use the credit. Also, the City of Little Falls along the Mohawk River in Herkimer County has recently completed working with the SHPO on an expansion of their historic district. This expansion takes in the majority of the City’s historic housing stock to achieve the same result as in Johnson City, allowing the homeowners in the district access to the Homeowner’s Credit. These listings are strong tools as larger projects that look to stabilize these neighborhoods and strengthen home ownership and neighborhood economic and social value.

Remember, listing a district on the National Register is an eligible project under the CLG grants criteria, so we can cost share with the municipality in this type of undertaking.

The Homeowner’s Tax Credit is an important historic preservation, economic development, neighborhood stabilization, and civic improvement tool. At one of your next Commission meetings, put it on the agenda and discussing how it might help your community.


**Featured Websites and Contacts**

**SHPO Contact for Homeowner’s Tax Credit**

Within the SHPO, there is a dedicated staff person who specific duty is to manage the New York State Homeowner’s Tax Credit. Her name is Sloane Bullough, and she can reached at 518-237-8643, ext 3252. She can also be reached by email at Sloane.Bullough@parks.ny.gov.

**Program information**

Information on all available tax credit programs, including the Homeowner’s Credit, can be accessed online at [http://nysparks.state.ny.us/shpo/tax-credit-programs/](http://nysparks.state.ny.us/shpo/tax-credit-programs/). This contains basic program information, as well as a “frequently asked questions” page, and the tax credit application itself.

**The Secretary of the Interior’s Standards**

The standards and guidelines that govern all rehabilitation tax credits (including the New York State Homeowner’s Tax Credit) are published and administered as to interpretation by the National Park Service. They can be found online at:

[www.nps.gov/history/hps/tps/standards_guidelines.htm](http://www.nps.gov/history/hps/tps/standards_guidelines.htm)

**Information from the New York State Department of Taxation and Finance**

Since this is a “tax” program, it is also good to have access to that agency’s information as well. Information about the credit from the New York State Department of Taxation and Finance can be found at:

[http://www.tax.ny.gov/pit/credits/historic_rehab_credit.htm](http://www.tax.ny.gov/pit/credits/historic_rehab_credit.htm)
**The Back Page**

A new feature on the New York State Historic Preservation Office’s website is a “Preservation Success Stories” link. This link takes you to stories about how historic preservation is working to revitalize New York’s historic downtowns and neighborhoods. Check back regularly as we are hoping to add more of these preservation “good news” items in the coming months.


*Photo:* This Craftsman-style bungalow in the City of Little Falls is included in the newly expanded National Register listed “Little Falls” historic district. The historic residential area of Little Falls now meets both criteria for participation of property owners to use the New York State Homeowner’s Tax Credit as well as the New York and Federal Rehabilitation Tax Credit for income producing properties.