

## Q&A/FACT SHEET

### How co-op owners can apply for interior apartment renovations along with the Historic Homeownership Rehabilitation Tax Credit

The New York State Historic Homeowner Tax Credit became available in 2007 and provides a state income tax credit equal to 20% of qualified rehabilitation expenditures. The credit is a dollar amount owners do not have to pay on their state income taxes. Cooperative owners can take the credit, but since the law was created with owners of freestanding houses in mind, there are specific things that need to be considered when a co-op owner is taking the credit.

The issue that comes up for co-ops is that the program requires that at least 5% of the project's total rehabilitation expenditures be on the exterior. Because co-op owners do not control the exterior of a building individually, they can only take this tax credit when the co-op association is undertaking an exterior rehab project and using the homeowner credit. Individuals who want to do rehab work on the interior of their units need to link their application to the association's exterior rehabilitation application. This is easily done by including the Project Review number (PR #) associated with the exterior rehabilitation application on a new application describing an individual interior project. In addition, individuals need to take the credit in the same year the co-op association takes the credit.

The application is 3 parts. Part 1 and 2 should be submitted to New York State Office of Parks, Recreation, and Historic Preservation (OPRHP) first. OPRHP will send an approval letter to start work. When work is complete, owners fill out Part 3, the Certification of Completion, and send to OPRHP with photos of completed work by early October or earlier in the year they intend to take the tax credit. The credit is taken in the year in which Part 3 approval is received.

Keep in mind that the OPRHP needs about 30 days to review a submission. You might be asked for additional information as well and the 30 day clock starts again when OPRHP receives that information. Working backward, it is important to start planning your interior rehabilitation ahead of time so that everything fall into place to get 2012 final approval.

You must fill out an individual application, which you can download from <http://nysparks.com/shpo/tax-credit-programs/> (scroll down to New York State Historic Homeownership Rehabilitation Tax Credit, and click on [Tax Credit Application Form \(pdf\)](#)). This website also has additional information about the program.

**Q:** The application has three parts: when do I send them in?

**A:** Prior to the beginning of your renovation, you should send in Parts 1 and 2 of the application, along with your before photos. After the work is completed, you should send in Part 3, along with your after photos.

**Q:** Question 2 on the application checklist asks for at least \$5,000 to be spent on the rehabilitation: does this also hold true for interior renovations?

**A:** No, there is no minimum. Your renovation is considered an extension of the larger, building-wide project.

**Q:** Question 3 on the application checklist asks if at least 5% of the total rehab cost is being spent on the exterior. Which box should I check? I am only doing interior renovations.

**A:** Check yes, and indicate that it is linked to the exterior project.

**Q:** The application asks for a street map of the property. Will I have to supply this?

**A:** No, since it has already been supplied along with the building-wide application. You should instead supply the PR# of the building-wide application. See table above.

**Q:** Is there an application fee?

**A:** No, the fee has already been paid as part of the building-wide application.

**Q:** The application asks for photos of the building exterior. Is this necessary?

**A:** No, they have already been sent in with the exterior project.

**Q:** What kind of work is acceptable?

**A:** There is a list of eligible and noneligible expenses on the last page of the application. Read that carefully. If a work item is an eligible expense, it must also be appropriate for your historic building. OPRHP uses the Secretary of the Interior Standards for Rehabilitation to review projects for appropriateness. These are online at <http://www.nps.gov/tps/standards/four-treatments/treatment-rehabilitation.htm>. If you are replacing cabinets, painting, refinishing a floor, or replacing kitchen and bathroom floors and fixtures, these are appropriate. If walls are being removed or added, or if molding is being altered, the review is more entailed.

**Q:** Who is my contact?

**A:** If you have questions about how to fill out the application or specific work you are proposing, call Sloane Bullough at OPRHP. Her contact information is [sloane.bullough@parks.ny.gov](mailto:sloane.bullough@parks.ny.gov), 518-237-8643, ext. 3252. OPRHP does not provide legal, tax, or accounting advice however.