NEW YORK STATE
2024

Department of Taxation and Finance

Instructions for Form IT-237
Claim for Historic Homeownership Rehabilitation Credit

IT-237-I

General information

You may be able to claim a credit on your New York State income tax return for qualified expenditures of at least $5,000 for the rehabilitation of a qualified historic home located in New York State.

The New York State historic homeownership rehabilitation credit is administered by the New York State Office of Parks, Recreation and Historic Preservation.

For more information about the program and the credit, visit the New York State Office of Parks, Recreation and Historic Preservation at *https://parks.ny.gov/*.

For more information about the terms used in these instructions, see *Definitions*.

Eligibility

To be eligible, you must:

- own **and** reside in the historic home in the year for which you claim the credit, **and**
- receive a *Certificate of Completion* from the New York State Office of Parks, Recreation and Historic Preservation.

You may also qualify for the credit if you purchased a qualified historic home and meet certain conditions.

Definitions

A *certified historic structure*, for purposes of this credit, is any building (and its structural components) which is listed in the State or National Register of Historic Places; or is located in a state or national registered historic district and is certified as being of historic significance to the district.

A *qualified historic home* is a *certified historic structure* located in New York State:

- which has been substantially rehabilitated (qualified rehabilitation expenditures of at least $5,000);
- which, or any portion of which, is owned, in whole or in part, by the taxpayer (including tenant-shareholders of a cooperative housing corporation);
- in which the taxpayer resides during the tax year for which the taxpayer is allowed the credit; **and**
- which is in whole or in part a targeted area residence within the meaning of section 143(j) of the Internal Revenue Code (IRC), or is located within a census tract that is identified as being at or below 100% of the state median family income in the most recent federal census.

A *certified rehabilitation* is any rehabilitation of a *certified historic structure* which has been approved and certified as being consistent with the standards established by the Commissioner of Parks, Recreation and Historic Preservation for rehabilitation by:

- the Office of Parks, Recreation and Historic Preservation;
- a local government certified pursuant to section 101(c)(1) of the National Historic Preservation Act; or
- a local landmark commission established pursuant to section 96-a or 119-dd of the General Municipal Law.

It requires:

- an initial certification that the structure meets the definition of a *certified historic structure*;
- a second certification to be issued prior to construction certifying that the proposed rehabilitation work is consistent with the standards established by the Commissioner of Parks, Recreation and Historic Preservation for rehabilitation; **and**
- a final certification issued when construction is completed, certifying that the work was completed as proposed and that the costs are consistent with the work completed.

A *qualified rehabilitation expenditure* is any amount properly chargeable to a capital account in connection with the *certified rehabilitation* of a *qualified historic home*, and for which depreciation would be allowable under section 168 of the IRC if the *qualified historic home* were used in a trade or business.

It does **not** include:

- any cost of acquiring any building or interest in a building;
- any expenditure attributable to the enlargement of an existing building; **or**
- any expenditure made before January 1, 2007.

Additionally, at least 5% (0.05) of the total expenditures made in the rehabilitation process must be allocable to the exterior of the building to qualify. For buildings used only partially for residential purposes, the expenditures qualify, but it would include **only** those expenditures allocated to the residential portion.

In the case of tenant-shareholders in a cooperative housing corporation or condominium owners, a percentage of the qualified rehabilitation expenditures for exterior work on the building containing the cooperative or condominium dwelling units shall be attributed to each unit within the building based on the percentage of space such unit occupies within the building.

In the case of a building where less than the entire building is used as the residence of the taxpayer, only the portion of the total expenditures made in the rehabilitation of the building that are attributable to the residence of the taxpayer shall be treated as qualified rehabilitation expenditures.

If a taxpayer purchases a *qualified historic home*, qualified rehabilitation expenditures made by the seller are deemed to have been made by the taxpayer purchasing the property if the purchaser has the information from the seller regarding the qualified rehabilitation expenditures and meets all the conditions listed under a *purchased qualified historic home*. You will be considered as having made the qualified rehabilitation expenditures made by the seller of the home on the date of purchase.

A *purchased qualified historic home* is any *qualified historic home* purchased by the taxpayer if:

- the taxpayer is the first purchaser of the home following the date of the final certification;
- the purchase occurs within five years of the date of the final certification;
- the taxpayer resides in the home during the tax year the taxpayer is allowed the credit;

- no credit was allowed to the seller regarding this rehabilitation; **and**
- the taxpayer is furnished with the necessary information (as determined by the Commissioner of Taxation and Finance) to determine the credit.

Credit details

The credit is equal to 20% (0.2) of the qualified rehabilitation expenditures. The maximum credit you may claim is $50,000 per year (plus any carryover from a preceding year). If you are married and both you and your spouse are eligible to claim the credit, you may each claim up to $50,000, whether you file joint or separate returns.

If the amount of the credit exceeds your tax for the year, and your New York adjusted gross income for the tax year is:

- $60,000 or less, any excess will be refunded without interest.
- more than $60,000, you may carry the excess over to the following tax year or years.

You will have to recapture all or a portion of the credit you previously claimed if you move out of the qualified historic home before the end of a two-year period that begins on the later of either the date the final certification was issued, or the date you purchased the qualified historic home.

For more information, see *Part 3 – New York State recapture of credit.*

How to claim the credit

Use Form IT-237 to claim the credit for either:

- the year you receive the *Certificate of Completion* from the Office of Parks, Recreation and Historic Preservation, **or**
- the year you purchased and resided in a qualified historic home that had been rehabilitated.

File Form IT-237 with your personal income tax return, Form IT-201 or Form IT-203.

Married taxpayers: A married couple may divide the amount of the credit equally or in any other manner they choose.

If you are married filing jointly, file a single Form IT-237. If you are married filing separately, file separate Forms IT-237.

If two or more people (other than a married couple) own a building **and** use it as their residence, the share of the expenditures shown on the *Certificate of Completion* is based on each owner's share of ownership in the home. Each taxpayer must file a separate Form IT-237 to claim their share of the credit.

Specific instructions

Part 1: Property information and calculation of credit

Schedule B: Calculation of credit

Column A

If you (and your spouse, if applicable) reside in the qualified historic home and are the sole owners of the home, enter 100% of the expenditures you paid or incurred shown on the *Certificate of Completion*.

If you (and your spouse, if applicable) share ownership of the qualified historic home with one or more individuals, but you (and your spouse, if applicable) are the **only owners that reside there**, enter the expenditures shown on the *Certificate of Completion* that **you** (and your spouse, if applicable) paid or incurred.

Example: *Taxpayer A and Taxpayer B equally own a certified historic home. Taxpayer A resides in the home, but Taxpayer B does not. The total qualified rehabilitation expenses were $120,000.*

Taxpayer A paid $100,000 of the expenses. Taxpayer A would enter $100,000 in column A of Form IT-237. Taxpayer B would not be eligible to claim the $20,000 of expenses paid or incurred since Taxpayer B does not reside in the home.

If you (and your spouse, if applicable) reside in the qualified historic home along with other owners of the home, the expenditures shown on the *Certificate of Completion* are based on each owner's share of ownership in the home.

Example: *Taxpayer A, Taxpayer B, Taxpayer C, and Taxpayer C's spouse own a certified historic home. Each owner has a quarter interest in the ownership of the property. However, only Taxpayer A, Taxpayer C, and Taxpayer C's spouse reside in the home. The qualified rehabilitation expenses incurred were $240,000. Therefore, Taxpayer C and Taxpayer C's spouse would enter $120,000 in column A of Form IT-237 whether they file separately or jointly. Taxpayer A would enter $60,000 in column A of Form IT-237. Taxpayer B would not be eligible to claim a share of the expenses ($60,000) since Taxpayer B does not reside in the home.*

Column C

Most taxpayers should enter the lesser of $50,000 or the column B amount.

However, if you are married (regardless of your filing status), and both of you own and reside in the property, you and your spouse may divide the credit equally, or divide the credit in any manner you choose, provided that neither of you claims an amount that exceeds $50,000.

Example: *You and your spouse own and reside in a certified historic home and are filing separate tax returns. The qualified rehabilitation expenses incurred were $300,000 (column A). The amount entered in column B on both Forms IT-237 is $60,000. If you and your spouse agree, you can claim 60% (0.6) of the credit and would enter $36,000 in column C. Your spouse would be eligible to claim the remaining 40% (0.4) and would enter $24,000 in column C of Form IT-237.*

Column D

If you are married filing jointly and have agreed to divide the credit equally, enter 50% (0.5) of column B. If you are **not** dividing the credit equally, enter the portion you have agreed upon, not to exceed $50,000. All others, leave column D blank.

Line 8

If your New York adjusted gross income (Form IT-201, line 33, or Form IT-203, line 32) **is $60,000 or less**, enter the amount from line 8 and code ***237*** on Form IT-201-ATT, line 12 or Form IT-203-ATT, line 12. Do **not** complete Part 2.

If your New York adjusted gross income (Form IT-201, line 33, or Form IT-203, line 32) **is more than $60,000**, continue with Part 2.

Line 9

If line 7 is greater than line 6, subtract line 6 from line 7. This is your net historic homeownership rehabilitation credit recapture. Do **not** complete Part 2. Enter this amount and code ***237*** on Form IT-201-ATT, line 20, or Form IT-203-ATT, line 19.

Part 2: Application of credit and calculation of carryover

Line 10

Form IT-201 filers: Enter the tax from Form IT-201, line 39, plus any amount from Form IT-201-ATT, line 21.

Form IT-203 filers: Enter the tax from Form IT-203, line 46, plus any amount from Form IT-203-ATT, line 20.

Line 11

If you are applying any credits against the tax before this credit, enter those amounts here.

Apply credits in the following order:

1. household credit
2. any credits that cannot be carried over or refunded
3. any credits that can be carried over for a limited duration
4. any credits that can be carried over for an unlimited duration
5. refundable credits

For more information, see *Ordering of personal income tax credits*, or visit *www.tax.ny.gov* (search: *ordering)*.

Line 13

Enter the amount from line 13 and code ***237*** on Form IT-201-ATT, line 6, or Form IT-203-ATT, line 7.

Part 3: New York State recapture of credit

If you no longer reside in the qualified historic home, you must recapture a portion of the credit you were originally allowed if less than two years have passed since the later of either the date the final certification was issued, or the date you purchased the qualified historic home.

Column A

Enter the project number for the recapture amount you are calculating.

Column B

Enter the number of months you owned and resided in the qualified property, beginning with the later of either the date the final certification was issued or the date you purchased the qualified historic home, and ending when you moved out of the residence.

Column D

Divide the column C amount by 24 and round the result to the fourth decimal place.

Column E

Enter only the amount of credit you actually claimed. Do **not** include any credit carryover you did not claim. You cannot apply any unclaimed credit carryover to your current or future year tax liability.