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Affordable Housing Alert

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New York State creates state historic tax credit transfer program

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The State issued procedures to allow transfer of state historic tax credits (SHTC) allowed in any given year to other entities upon issuance of a Transfer Approval Certificate by the Office of Parks, Recreation and Historic Preservation.



What's the impact?

- This is a long-desired change to the New York State Historic Tax Credit Program to increase flexibility and yield an expanded investor pool and greater competition for credits.
- Unlike other states with multiple permitted transfers, the new program only permits one transfer during the taxable year the SHTC is earned, but it does create an exemption for certain not-for-profit intermediary transfers.

New York now joins other states like Connecticut, Delaware, and Massachusetts that permit the transfer of the state historic tax credit separately from federal historic tax credits, and the [Program Guideline effective as of April 23, 2026](#) (the Program Guidelines) details the requirements of the Transfer Program. Beginning in tax year 2026, Eligible Taxpayers / Eligible

Transferor (defined as a property owner of a qualified historic rehabilitation project or a member, partner, or shareholder thereof) may transfer state historic tax credits allowed in any given year to other entities upon issuance of a Transfer Approval Certificate by the Office of Parks, Recreation and Historic Preservation (OPRHP).

For developers of affordable housing with a historic designation, this opens up the state historic tax credit program to match the flexibility of the New York State Low-Income Housing Tax Credit Program. This should expand the number of investors who can benefit from the state historic tax credits if based upon the experience in other states.

Key features: New York's State Historic Tax Credit Transfer Program

The new New York State Historic Tax Credit Transfer Program has several key features, including the following:

ONE-TIME TRANSFER RULE The State issued procedures to allow transfer of state historic tax credits (SHTC) allowed in any given year to other entities upon issuance of a Transfer Approval Certificate by the Office of Parks, Recreation and Historic Preservation.

CREDIT CAP RETAINED

The SHTC remains capped at \$5,000,000 per certified historic structure.

NOT-FOR-PROFIT INTERMEDIARY

A Qualified Not-For-Profit Intermediary (QNPI) may act as a conduit between the transferor and transferee, and the transfer to a QNPI is exempt from the one-time transfer restriction. The QNPI may retain a reasonable administrative fee.

GUARANTY

OPRHP reserves the right to require a guaranty running to the State of New York from Eligible Taxpayers / Eligible Transferors regarding obligations imposed to effectuate a transfer of SHTC.

STANDARDIZED APPLICATION

[OPRHP established a formal transfer application](#), with required transfer contract conditions and terms, and an annual submission deadline of January 15 of the year following the tax year.

PROJECT ELIGIBILITY

The Program Guidelines define “Qualified Rehabilitation Project” as one that has been approved for federal historic tax credits and meets one or more of three criteria: (1) projects in lower-income census tracts (at or below 100% of area median income); (2) projects located within a state park, historic site, or on OPRHP lands; or (3) projects undertaken for the provision of affordable housing that enter into a qualified regulatory agreement or meet specific federal and state affordability tests.

BIFURCATION OF SHTCS:

While a particular SHTC may only be transferred once, the Program Guidelines appear to support that a tranche of SHTCs earned from a Qualified Rehabilitation Project may be divided among multiple Eligible Transferees.

RECAPTURE

Under the approved SHTC Transfer Contract terms set forth in the Program Guidelines, Eligible Taxpayers / Eligible Transferors rather than Eligible Transferees are liable for any payments in connection with the recapture of any transferred SHTCs.

Next steps for housing stakeholders

Nixon Peabody’s [Historic Rehabilitation Tax Credit](#) and [Affordable Housing](#) lawyers are closely tracking OPRHP’s implementation of New York’s new SHTC transfer program and are ready to help developers, investors, and nonprofits structure transfers that maintain compliance and maximize credit value and capital. If you have a historic rehabilitation or affordable housing project in the pipeline, we can guide you through eligibility, documentation, and timing to help you execute efficiently and with confidence.

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