

DIVISION 5. SPECIAL PROPERTY TAX ASSESSMENTS FOR REHABILITATED HISTORIC PROPERTIES

Sec. 17-695. Special tax assessment created.

A special tax assessment is created for eligible rehabilitated historic properties for 20 years equal to the appraised value of the property at the time of preliminary certification.

(Ord. No. 2007-063, § I, 9-5-07)

Sec. 17-696. Purpose.

It is the purpose of this division to:

- (1) Encourage the restoration of historic properties;
- (2) Promote community development and redevelopment;
- (3) Encourage sound community planning; and
- (4) Promote the general health, safety, and welfare of the community.

(Ord. No. 2007-063, § II, 9-5-07)

Sec. 17-697. Eligible properties.

(a) *Certification.* In order to be eligible for the special tax assessment, historic properties must receive preliminary and final certification.

- (1) To receive preliminary certification a property must meet the following conditions:
 - a. The property has received historic designation.
 - b. The proposed rehabilitation work receives approval from the design/development review commission (DDRC).
 - c. Be a project that commenced by or after August 17, 2004 to the date of the adoption of this ordinance and work was permitted to have begun prior to receiving preliminary certification; or
 - d. Be a project that commences on or after the date of the adoption of this ordinance. Preliminary certification must be received prior to beginning work.
- (2) To receive final certification, a property must have met the following conditions:
 - a. The property has received preliminary certification.
 - b. The minimum expenditures for rehabilitation were incurred and paid.
 - c. The completed rehabilitation receives approval from the secretary to the DDRC as being consistent with the plans approved by DDRC as part of preliminary certification.

(b) *Historic designation.* As used in this section, "Historic Designation" means the property maintains one or more of the following:

- (1) The property is listed on the National Register of Historic Places either individually or as a contributing property in a district.
- (2) The property is at least 50 years old and is an individual landmark or a contributing property in a local district as designated by city council and listed in sections 17-681 and 17-691 of the City of Columbia Code of Ordinances.

(Ord. No. 2007-063, § III, 9-5-07)

Sec. 17-698. Eligible rehabilitation.

(a) *Standards for rehabilitation work.* To be eligible for the special tax assessment, historic rehabilitations must be appropriate for the historic building and the historic district in which it is located. This is achieved through adherence to the following standards:

- (1) The historic character of a property shall be retained and preserved; the removal of historic materials or alterations of features and spaces that characterize each property shall be avoided.
- (2) Each property shall be recognized as a physical record of its time, place and use; changes that create a false sense of historical development shall not be undertaken.
- (3) Most properties change over time; those changes that have acquired historic significance in their own right shall be retained and preserved.

(4) Distinctive features, finishes, and construction techniques or examples of craftsmanship that characterize a property should be preserved.

(5) Deteriorated historic features shall be repaired rather than replaced; where the severity of deterioration requires replacement of a distinctive feature, the new should match the old in design, color, texture, and other visual qualities and, where possible, materials; replacement of missing features shall be substantiated by documentary, physical, or pictorial evidence.

(6) Chemical or physical treatments, such as sandblasting, that cause damage to historic materials shall not be used; the surface cleaning of structures, if appropriate, shall be undertaken using the gentlest means possible.

(7) New additions, exterior alterations, or related new construction shall not destroy historic materials that characterize the property; the new work shall be differentiated from the old and shall be compatible with the massing, size, scale, and architectural features to protect the historic integrity of the historic property and its environment.

(8) New additions and adjacent or related new construction shall be undertaken in such a manner that if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.

(b) *Work to be reviewed.* The following work will be reviewed according to the standards set forth above:

(1) Repairs to the exterior of the designated building.

(2) Alterations to the exterior of the designated building.

(3) New construction on the property on which the building is located.

(4) Alterations to interior primary public spaces.

(5) Any remaining work where the expenditures for such work are being used to satisfy the minimum expenditures for rehabilitation.

(c) *Minimum expenditures for rehabilitation* means the owner or the owner's estate rehabilitates the building, with expenditures for rehabilitation exceeding 20 percent of the fair market value of the building. Fair market value means the appraised value as certified to the DDRC by a real estate appraiser licensed by the State of South Carolina, the sales price as delineated in a bona fide contract of sale within 12 months of the time it is submitted, or the most recent appraised value published by the Richland County Tax Assessor.

(d) *Expenditures for rehabilitation* means the actual cost of rehabilitation relating to one or more of the following:

(1) Improvements located on or within the historic building as designated.

(2) Improvements outside of but directly attached to the historic building which are necessary to make the building fully useable (such as vertical circulation) but shall not include rentable/habitable floorspace attributable to new construction.

(3) Architectural and engineering services attributable to the design of the improvements.

(4) Costs necessary to maintain the historic character or integrity of the building.

(e) *Scope.* The special tax assessment may apply to the following:

(1) Structure(s) rehabilitated.

(2) Real property on which the building is located.

(f) *Time limits.* To be eligible for the special tax assessment, rehabilitation must be completed within two years of the preliminary certification date. If the project is not complete after two years, but the minimum expenditures for rehabilitation have been incurred, the property continues to receive the special assessment until the project is completed or until the end of the special assessment period, whichever shall first occur.

(Ord. No. 2007-063, § IV, 9-5-07)

Sec. 17-699. Process.

(a) *Fee required.* There is a fee of \$150.00 required for final certification for each application

for review of rehabilitation work of single-family and/or duplex structures and \$300.00 for all other structures. Fees are payable to the City of Columbia, and final certification will not be given without payment of this fee.

(b) *Plan required.* Owners of property seeking approval of rehabilitation work must submit a rehabilitation historic property application with supporting documentation and application fee prior to beginning work.

(c) *Preliminary certification.* Upon receipt of the completed application, the proposal shall be placed on the next available agenda of the D/DRC to determine if the project is consistent with the standards for rehabilitation in subsection 17-698(a) above. After the D/DRC makes its determination, the owner shall be notified in writing. Upon receipt of this determination the owner may:

- (1) If the application is approved, begin rehabilitation;
- (2) If the application is not approved, he may revise such application in accordance with comments provided by the D/DRC;

(d) *Substantive changes.* Once preliminary certification is granted to an application, substantive changes must be approved by the D/DRC. Unapproved substantive changes are conducted at the risk of the property owner and may disqualify the project from eligibility. Additional expenditures will not qualify the project for an extension on the special assessment.

(e) *Final certification.* Upon completion of the project, the project must receive final certification in order to be eligible for the special assessment. The secretary to the D/DRC will inspect completed projects to determine if the work is consistent with the approval granted by the D/DRC pursuant to section 17-698. Final certification will be granted when the completed work meets the Standards and verification is made that expenditures have been made in accordance with subsection 17-698(c) and (d) above. Upon receiving final certification, the property will be assessed for the remainder of the special assessment period on the fair market value of the property at the time the preliminary certification was made or the final certification was made, whichever occurred earlier.

(f) *Additional work.* For the remainder of the special assessment period after final certification, the property owner shall notify the D/DRC of any additional work, other than ordinary maintenance. The D/DRC will review the work at a regularly scheduled hearing and determine whether the overall project is consistent with the standards for rehabilitation. If the additional work is found to be inconsistent the property owner may withdraw his request and cancel or revise the proposed additional work.

(g) *Decertification.* When the property has received final certification and has been assessed as rehabilitated historic property, it remains so certified and must be granted the special assessment until the property becomes disqualified by any one of the following:

- (1) Written notice from the owner to the D/DRC and the auditor requesting removal of the preferential assessment;
 - (2) Removal of the historic designation by the Columbia City Council; or
 - (3) Rescission of the approval of rehabilitation by the D/DRC because of alterations or renovation by the owner or the owner's estate which causes the property to no longer possess the qualities and features which made it eligible for final certification.
- Notification of any change affecting eligibility must be given immediately to the Richland County Assessor, Auditor, and Treasurer.

(h) *Notification.* The city shall, upon final certification of a property, notify the Richland County Assessor, Auditor and Treasurer that such property has been duly certified and is eligible for the special tax assessment.

(i) *Date effective.* If an application for preliminary or final certification is filed by May 1 or the preliminary or final certification is approved by August 1, the special assessment authorized herein is effective for that year. Otherwise, it is effective beginning with the following year. The special assessment only begins in the current or future tax years as provided for in this section. In no instance may the special assessment be applied retroactively.

(j) *Application.* Once the D/DRC has granted the special property tax assessments authorized herein, the owner of the property shall make application to the Richland County Auditor for the special assessment provided for herein.
(Ord. No. 2007-063, § V, 9-5-07; Ord. No. 2012-010, 4-10-12)

NEW CREDIT FOR REVITALIZING AN ABANDONED BUILDING

Act 57 provides a credit in Chapter 67, Title 12, for rehabilitation, renovation and/or redevelopment of an abandoned building site begun in a tax year beginning after 2012 and made before December 31, 2019. An eligible taxpayer may claim a credit against (A) income tax, corporate license fees or the tax on banks or savings and loans, or (B) real property taxes levied by local taxing entities.

The revitalized abandoned building site must be put into operation for income producing purposes and meet the purpose of the Act. No credit is allowed unless the taxpayer incurs rehabilitation expenses of:

- more than \$250,000 for buildings located in the unincorporated areas of a county or in a municipality in the county with a population of more than 25,000 persons, based on the most recent official United States census;
- more than \$150,000 for buildings located in the unincorporated areas of a county or in a municipality in the county with a population of at least 1,000 but not more than 25,000 persons, based on the most recent official United States census; and
- more than \$75,000 for buildings located in a municipality with a population of less than 1,000 persons, based on the most recent official United States census.

The taxpayer must file a Notice of Intent to Rehabilitate with the Department before incurring rehabilitation expenses. Otherwise, only those rehabilitation expenses incurred after the notice is provided qualify. If actual rehabilitation expenses incurred are between 80% and 125% of the estimated rehabilitation expenses set forth in the Notice of Intent to Rehabilitate, the credit is 25% of actual expenses incurred. If actual rehabilitation expenses exceed 125%, the credit is based on 125% of the estimated expenses. If actual rehabilitation expenses are below 80%, the credit is not allowed.

The entire credit is earned in the tax year in which the applicable phase or portion of the building site is placed in service but must be taken in equal installments over a 5-year period, beginning with the tax year in which the applicable phase or portion of the building site is placed in service.

The entire credit may not exceed \$500,000 for a taxpayer in a tax year for each abandoned building site. This limitation applies to each unit or parcel deemed to be an abandoned building site. The credit allowed by this subsection is limited in use to 50% of either: (a) the taxpayer's income tax, bank tax or savings and loan tax liability for the tax year; or (b) the taxpayer's corporate license fees if the credit is claimed against corporate license fees. Unused credit may be carried forward for five years.

A taxpayer claiming the income tax credit must not claim the TC-23 Credit for Textiles Rehabilitation or the TC-31 Retail Facilities Revitalization Credit for the same expenses. Use **TC-55** if claiming credit on your income tax return.

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Note: This is my personal opinion. It is not to be construed as the Department's official position regarding this matter. It is not binding on the Department or its employees. If a formal, binding ruling is necessary, please see the Information Guide found on our website, which explains our procedures for requesting a private revenue opinion.

Free tax workshops are available! For registration information, visit <http://www.sctax.org/Tax+Workshops/default.htm>



Preservation Hotline #1

South Carolina Department of
Archives & History
8301 Parklane Road
Columbia, SC 29223-4905

State Historic
Preservation Office
<http://shpo.sc.gov/>

How to nominate a South Carolina property to the National Register of Historic Places

Nominations to the National Register of Historic Places can be pursued either by the owner of a property or by anyone else who is an interested party. All nominations undergo scrutiny in a process that begins with a preliminary review by the State Historic Preservation Office (SHPO), continues with a review by the South Carolina State Board of Review, and ends with a review by the National Register Office of the National Park Service. The nominating process is outlined below.

- 1▶ As a first step, you should request a Preliminary Information Form (PIF) by calling 803-896-6172, or you can print a PIF from our website at <http://shpo.sc.gov/programs/natreg/pages/listing.aspx>. You should complete the PIF and return it to the above address along with the required historical documentation, photographs, and maps.
- 2▶ The process will begin when the SHPO reviews the information and makes a recommendation on the property's potential for listing in the National Register. This preliminary review is not binding. It merely facilitates requests and discourages the investment of time and money in properties that fall short of the federal criteria.
- 3▶ Following the preliminary review, the SHPO will notify you of its recommendation. If the recommendation is negative, the SHPO will discourage you from continuing the process. If the recommendation is positive, the SHPO will encourage you to pursue a formal National Register nomination. You can prepare the nomination yourself, or you can hire a professional historic preservation consultant to do it for you. Because the SHPO has limited time and staff, it is not able to prepare nominations.
- 4▶ The SHPO's National Register staff will provide instructions, forms, and guidance to preparers of nominations. Staff will review your nomination for adherence to National Park Service criteria and technical standards. Draft nominations may be submitted anytime during the year. Staff will examine it and return it to you with any suggested revisions. You must revise your draft and return your nomination in final form. Completed nominations will be placed on the agenda of the State Board of Review for consideration as soon as possible after they have been reviewed and approved by staff. The Board is made up of historians, architectural historians, architects,

archaeologists, and other citizens interested in historic preservation. It holds public meetings three times each year, usually in March, July, and November. Meeting dates are subject to change.

- 5▶ The SHPO will send you an official notification of intent if you are the owner of a property that South Carolina's State Board of Review will be considering for nomination. As the owner, you will have the opportunity to comment on the proposed action, either by supporting the nomination or by submitting an objection to the SHPO. If you wish to object, you must do so in a notarized letter that certifies both your ownership of the property and your objection to the nomination.
- 6▶ National Register nominations are presented to the Review Board at its public meetings. Nominations that the Board approves are revised by the SHPO staff, if necessary, then signed by the Deputy State Historic Preservation Officer and forwarded to the National Park Service in Washington. The National Register Office of the Park Service reviews the nominations and has 45 days to approve or reject them for listing in the National Register or to return nominations that are technically or professionally inadequate to the SHPO for correction and resubmission.
- 7▶ When the National Park Service approves a nomination, the nominated property is usually listed in the National Register. If the private property owner (or a majority of private property owners if the property is a historic district), has objected to the nomination, the property will be approved for listing but not entered in the National Register. The Park Service will notify the SHPO of its action on the nomination, and the SHPO will then relay the information to you. You will be issued a certificate and may, as an owner or other interested party, purchase a bronze plaque designating the nominated property as a National Register listing.

The activity that is the subject of this brochure has been financed, in part, with federal funds from the National Park Service, Department of the Interior. The contents and opinions, however, do not necessarily reflect the views or policies of the Department of the Interior. Under Title VI of the Civil Rights Act of 1964 and Section 504 of the Rehabilitation Act of 1973, the Department of the Interior prohibits discrimination on the basis of race, color, national origin, or handicap in its federally assisted programs. If you believe you have been discriminated against in any program, activity, or facility as described above, or if you desire further information, please write to: Office of Equal Opportunity, U.S. Department of the Interior, Washington, DC 20240.

Technical Preservation Services

National Park Service
U.S. Department of the Interior[Home](#) > Tax Incentives

Tax Incentives for Preserving Historic Properties

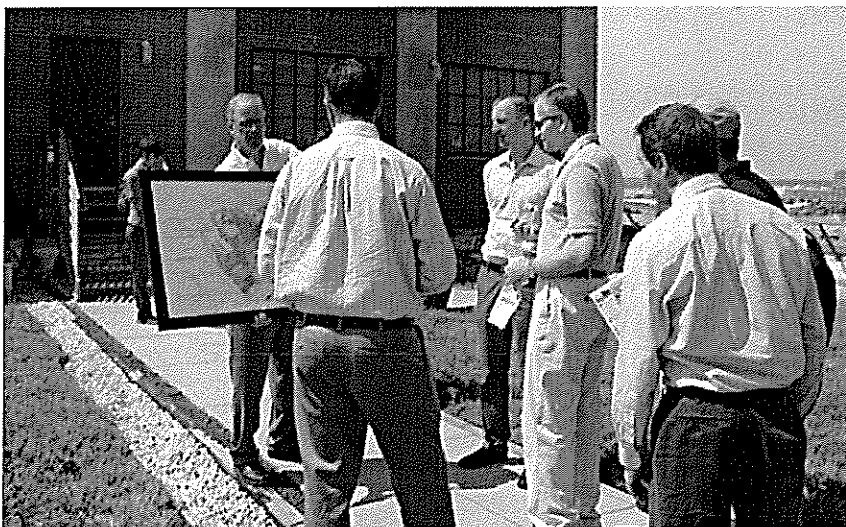
The Federal Historic Preservation Tax Incentives program encourages private sector investment in the rehabilitation and re-use of historic buildings. It creates jobs and is one of the nation's most successful and cost-effective community revitalization programs. It has leveraged over \$84 billion in private investment to preserve 42,293 historic properties since 1976. The National Park Service and the [Internal Revenue Service](#) administer the program in partnership with [State Historic Preservation Offices](#).

PLEASE NOTE

[Public Law No: 115-97 \(December 22, 2017\)](#) amends the Internal Revenue Code to reduce tax rates and modify policies, credits, and deductions for individuals and businesses. Section 13402 modifies the 20% Historic Rehabilitation Tax Credit, repeals the 10% tax credit for the rehabilitation of non-historic buildings, and provides transition rules for both credits. These and other changes to the Internal Revenue Code may affect a taxpayer's ability to use the 20% tax credit.

Applicants requesting historic preservation certifications by the National Park Service and those interested in the use of the credits are strongly advised to consult an accountant, tax attorney, legal counsel, or the Internal Revenue Service regarding the changes to the Internal Revenue Code related to [Public Law No: 115-97](#).

Reports

[2016 Annual Report](#)[2016 Statistical Report](#)[Annual Report on the Economic Impact of the Federal Historic Tax Credit for FY 2016](#)[35th Anniversary Report \(2012\)](#)[Annual and Statistical Reports Archive](#)[Final Report on the Implementation of Program Review Recommendations and Action Plan 2016](#)

20% Tax Credit

A 20% income tax credit is available for the rehabilitation of historic, income-producing buildings that are determined by the Secretary of the Interior, through the National Park Service, to be "certified historic structures." The State Historic Preservation Offices and the National Park Service review the rehabilitation work to ensure that it complies with the [Secretary's Standards for Rehabilitation](#). The Internal Revenue Service defines qualified rehabilitation expenses on which the credit may be taken. Owner-occupied residential properties do not qualify for the federal rehabilitation tax credit. Learn more about this credit [before you apply](#).

Each year, Technical Preservation Services approves approximately 1200 projects, leveraging nearly \$6 billion annually in private investment in the rehabilitation of historic buildings across the country. Learn more about this credit in [Historic Preservation Tax Incentives](#).

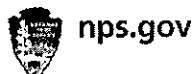
10% Tax Credit

The 10% tax credit is available for the rehabilitation of non-historic buildings placed in service before 1936. The building must be rehabilitated for non-residential use. In order to qualify for the tax credit, the rehabilitation must meet three criteria: at least 50% of the existing external walls must remain in place as external walls, at least 75% of the existing external walls must remain in place as either external or internal walls, and at least 75% of the internal structural framework must remain in place. There is no formal review process for rehabilitations of non-historic buildings.

PLEASE NOTE that Public Law No: 115-97 (December 22, 2017) ⁰⁷ repeals the 10% tax credit.

Tax Benefits for Historic Preservation Easements

A historic preservation easement is a voluntary legal agreement, typically in the form of a deed, that permanently protects an historic property. Through the easement, a property owner places restrictions on the development of or changes to the historic property, then transfers these restrictions to a preservation or conservation organization. A historic property owner who donates an easement may be eligible for tax benefits, such as a Federal income tax deduction. Easement rules are complex, so property owners interested in the potential tax benefits of an easement donation should consult with their accountant or tax attorney. Learn more about easements in [Easements to Protect Historic Properties: A Useful Historic Preservation Tool with Potential Tax Benefits](#).



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