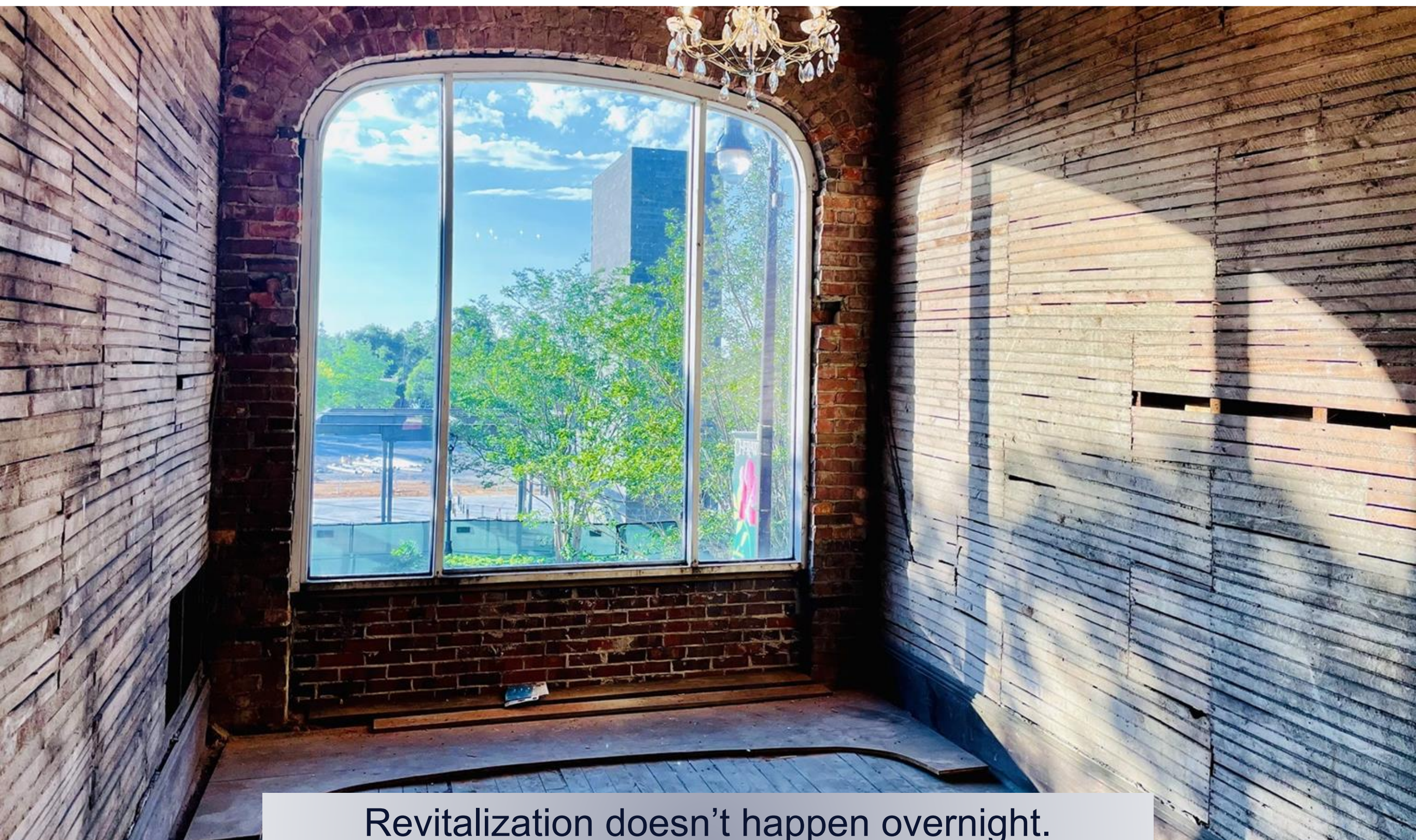




The Value of Incentives in Historic Preservation



Revitalization doesn't happen overnight.

Case Study: Cheraw



- Location: Chesterfield County
- Population: 5,500
- Strong Industrial Base
- Poorest Town in SC with a population of over 5000
- Council made downtown revitalization a top priority in 2019
- Downtown had long been on the decline – with dilapidated, vacant, and collapsed buildings.



Case Study: Cheraw

You don't serve steak on a dirty platter! –
Cheraw Downtown Master Plan ,2021

- The Town wanted to do their part, but we needed private property owners to participate as well!



Downtown Tree Trimming



Completed Preservation Work on ca. 1820 McIver Law Office

Case Study: Cheraw

- **Carrot or Stick – Incentives or Code Enforcement?**
- **Code Enforcement**
 - Ugly is not a crime.
 - Breeds Resentment.
 - Can be more expensive than promoting good stewardship of historic buildings.
 - Appropriate in some circumstances.



153 Market Street collapsed in 2021

Options

Case Study: Cheraw

Absentee Landlords

- Lack of concern
- Out of sight, out of mind



Case Study: Cheraw

Incentives

- Façade Grants
- Sign Grants
- Historic Building Preservation Grants
- Can be used to promote historic preservation objectives.
- Promotes mutual understanding of historic district objectives.
- Can be tailored for local conditions (What is the need in your community?)
- It's an investment!

Case Study: Cheraw



Façade Grants and Sign Grants

- Façade Grant - \$2,500 with a 20% Match Required
- Sign Grant - \$500 with a 1:1 Match Required
- Local Condition – Downtown looked rough!
- This was/is a triage program to address immediate needs.
- Allows our Board of Architectural Review to have greater design control.
- Creates social pressure.

155 Market Street – Before and After the Façade Program
Photo from Chatham and Co.

Case Study: Cheraw

Historic building preservation grant

- \$15,000 Grant with minimum \$30,000 spending requirement.
- Building must contribute to Cheraw Historic District
- Policy Objective – Preservation, prevent the further collapse of historic buildings.
- Less expensive than code enforcement.
- Started as a pilot program with a grant from the Municipal Association of SC.



223 Second Street stabilized their building with this grant program.



Collapsed roof at 153 Market Street

Case Study: Cheraw



168 Second Street prior to renovations.

153 Market Street featuring a new roof.



The Bailey Bill

- Local property tax abatement for rehabilitation of properties.
- No up-front cost to municipality.
- 10 Year Tax Assessment on the pre-rehabilitation value of the building.
- Cost in lost revenue is significantly less than the cost of a collapsed vacant building.



MAIN STREET
South Carolina



Bringing it all together

- Have patience! – Downtowns aren't rebuilt in one day!
- Don't be afraid to take risks!
- Education is important.
- Celebrate small victories.
- Work with property owners, not against them – they often don't want their buildings to fall apart either!



168 Second Street is now Bistro on 2nd



THE MAIN STREET APPROACH

A grassroots, community- and volunteer-driven strategy encouraging economic development through historic preservation.

Economic Development

Shopping Center Dynamics



Traditional Method

- Staff Driven
- Municipal Ownership
- Chase Jobs
- Transaction-based
- One-way communication

Historic Downtown Dynamics



Manning



Kingstre
e



Main Street Method

- Volunteer Driven
- Public/private Ownership
- Grow Jobs
- Relationship-based
- Two-way communication
- Celebrates cultural assets
- Fosters Vibrancy



THH


MAIN STREET
South Carolina

AIKEN
DRY GOODS

OPEN

THA




TH




MAIN STREET
South Carolina




THA



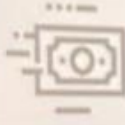
INCENTIVE
Federal income tax equal to 10-20% of Qualified Rehabilitation Expenses




ELIGIBILITY
Buildings must be individually listed in the National Register of Historic Places or contribute to a National Register District



ELIGIBLE USE
Income-producing uses such as offices, stores, rental housing, etc.



EXPENDITURE REQUIREMENTS
Costs > adjusted basis of the building (purchase price - cost of land + value of improvements made - depreciation already taken)



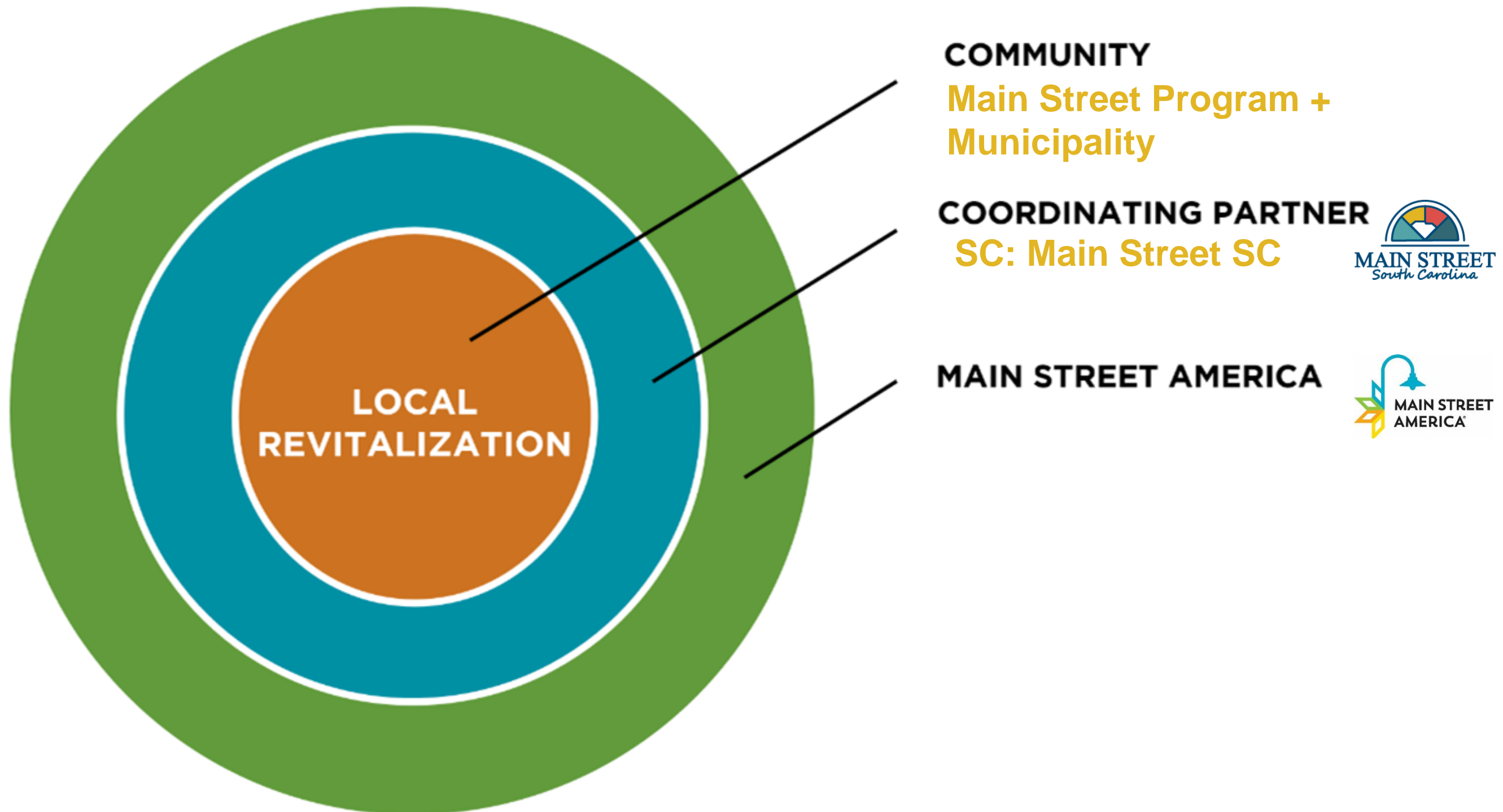
REVIEW OF WORK
National Park Service certifies that rehab meets Secretary of the Interior's Standards for Rehabilitation.
State Historic Preservation Office begins review process

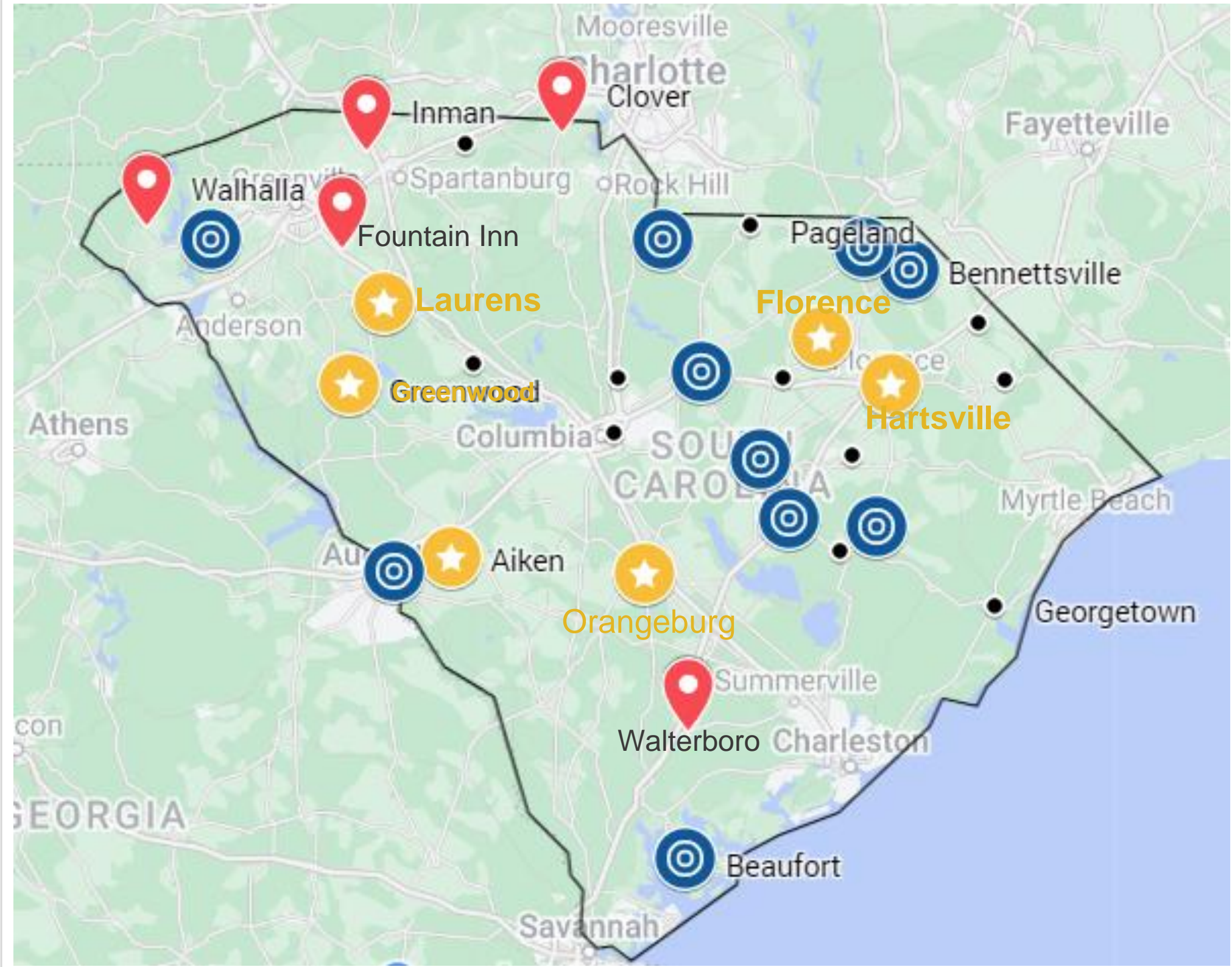
10-20% FEDERAL HISTORIC TAX CREDIT

BOUDREAU



Main Street: A Collaborative Model





32 Participating Communities

5	Under 2,500
6	2,500 – 5,000
16	5,000 – 20,000
5	Over 20,000

**As of March 2023*

Network Resources



Economic Incentives Toolkit

This toolkit shows available incentives to encourage downtown development and reinvestment. It provides overviews of various incentive programs along with visual inspiration from successful projects. Consult a tax attorney for more complete details.

Main Street South Carolina is a program of the
MASC Municipal Association
of South Carolina™

**Main Street SC, the state's
Coordinating Program,
develops training material
to address & support local
needs**

SC State Historic Tax Credit

- Piggybacks on the Federal Historic Tax Credit for purposes of qualifying projects, defining Qualified Rehabilitation Expenses, calculating credit amount.
- The credit can be used to offset any SC tax imposed under Title 12 of the SC Code of Law. Generally, it is used to offset the state corporate income tax.
- Credit must be used to equal installments over a three year period. Any unused portion may be carried forward for a five-year period.

Requirements

- Taxpayer applies using the federal application for the Historic Tax Credit.
- Minimum investment for owner-occupied residential is \$15,000 and is limited to one structure every 10 years.

Benefits

- Credit is equal to 10% of QREs or an election can be made to take a credit based upon 25% of QREs. If the developer chooses the 25% option, the credits are limited to \$1 million.
- Credit is applicable against state income and insurance premium taxes.
- May offset 100% of taxpayer's liability.
- Extra credits carry forward for five years.
- One-year credits taxed as transferrable credits.



Before photo by City of Clinton



After photo by City of Clinton

*First National Bank of Clinton, Clinton, SC
Converted into a mixed-use space with three market-rate apartments
upstairs and three commercial spaces on the ground floor.*

Incentive synopses provided herein are current as of January 1, 2019 and by
Anthony M. Quattrone, Esq. of Adams and Reese LLP.

Economic Incentives Toolkit –

pdf

Case Study: West Columbia



West
Columbia

SC

★ Designed by TownMapsUSA.com



Film Release

**Economic Development
Incentives:**
A Collaborative Process

Featuring:
Savage Craft
Ale Works
West Columbia, SC



Economic Development Incentives: A Collaborative Process

on-demand video resource

Case Study: West Columbia



Economic Development Incentives: A Collaborative Process

on-demand video resource

Questions?



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