

TAX CREDIT ANNUAL REPORT

Fiscal Year 2017-2018

Presented by:

S.C. Department of Archives & History
State Historic Preservation Office

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Historic Tax Credit Annual Report: Fiscal Year 2017-2018

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Photographs on front cover (clockwise from top left): Zeigler's Drug Store (Kress Corner), Florence, SC; Residence, Charleston, SC; Curtiss-Wright Hangar, Columbia, SC; William Wilkins House, Greenville, SC

THE SOUTH CAROLINA DEPARTMENT OF ARCHIVES AND HISTORY
State Historic Preservation Office (SHPO) has had another busy year. Fiscal year (FY) 2017-2018 has seen a 28% increase in both income-producing and homeowner tax credit applications over the previous year. This fiscal year, the SHPO received applications for **64 new tax credit projects from 22 counties, covering all seven congressional districts.** Historic tax credit projects continue to make a significant contribution to the South Carolina economy with approximately \$65 million dollars in total project costs spent on tax credit projects completed in FY 2017-2018, and an estimated \$191 million dollars in total project costs planned by in-progress tax credit projects. Together, the federal and state historic tax credit projects that were completed in FY 2017-2018 **earned a combined \$20 million dollars in historic tax credits.**

The SHPO is responsible for reviewing applications for income-producing projects seeking the 20% Federal Historic Tax Credit and/or the 10% (optional 25%) State Historic Tax Credit, and applications for residential projects seeking the 25% State Historic Owner-Occupied Tax Credit (Homeowner). Each tax credit program includes a 3-part application process. The applications for the income-producing projects are denoted with a **P**, and the applications for homeowner projects are denoted with an **S**. The first part of the application process is the determination of historic status with a P1 or S1 application. The second part is the description of work submitted for review on a P2 or S2 application. The third part is certification of the project once the work is complete and is submitted on a P3 or S3 application. During the course of the project, if the proposed work is revised, added to, or removed from the project scope, a P2 Amendment or S2 Amendment form must be submitted to the SHPO for review. In FY 2017-2018, the SHPO reviewed **148 total** P1, P2, P2A, and P3 tax credit applications and **4 total** preliminary determinations for income-producing projects, and **99 total** S1, S2, S2A, and S3 tax credit applications for homeowner tax credit projects. **The number of tax credit applications increased 28% over the previous fiscal year. The average review time for a completed application was 14 days.**

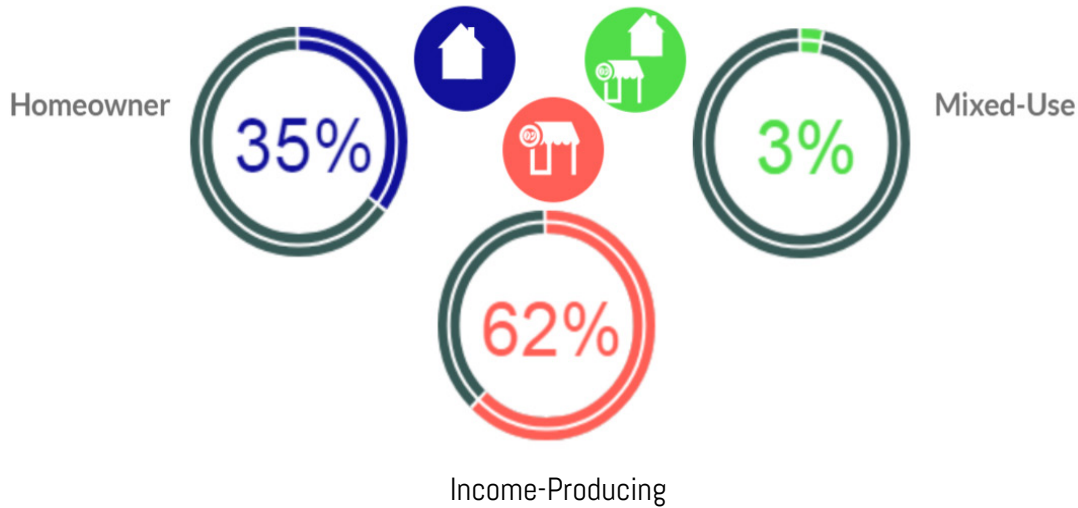
In addition to conducting application reviews, the SHPO team has been working hard to make it easier for the public to research and find information, and to make the tax credit application process more efficient. The SHPO published a new brochure for the residential tax credit which is available as a downloadable PDF on our website. We also updated the residential tax credit application forms which can be downloaded as fillable PDF's on the website. Hardcopies of the new brochure or revised tax credit applications may also be requested by contacting the SHPO directly. In addition to updating program materials and applications, staff members have traveled to various locations throughout the state speaking about tax credit opportunities for historic properties.

“...over \$65 million dollars in total project costs spent by tax credit projects completed in FY 2017-2018...”

The impact of increased flooding on historic properties continues to be at the forefront of our discussions. We are working with federal, state, and local governments and organizations in order to better document the current and future potential impacts of sea-level rise and flooding on historic buildings seeking tax credits. We continue to establish and strengthen our working relationships with key officials in the cities most affected by flooding to ensure mitigation efforts on historic properties seeking federal and state tax credits are completed in a manner that is compatible with the historic character of these important buildings.

This report provides greater detail on the income-producing and residential tax credit applications from FY 2017-2018. Thank you to the property owners that have participated in the historic tax credit program in years past. If you have any questions about the tax credit programs please visit our website at scdah.sc.gov or contact the appropriate SHPO staff.

New tax-credit projects submitted to SHPO in FY 2017-2018



The number of applications for historic rehabilitation projects seeking federal and state tax credits increased in Fiscal Year 2017-2018. Of the new project applications submitted to the State Historic Preservation Office for review in this last fiscal year, 35% of the applications were seeking the South Carolina 25% tax credit available for owner-occupied certified historic residential structures (Homeowner tax credit). 62% of the new project tax credit applications were seeking the 20% Federal Historic Tax Credit (HTC) and the 10%/25% South Carolina State Historic Tax Credit for income-producing tax credits. 3% of the new tax credit projects submitted to the SHPO were mixed-use projects meaning they are both owner-occupied and income-producing and will be seeking both forms of historic tax credits.

Total Tax Credits Earned in SC in FY 2017-2018*

\$20 Million

*Federal and State Income-Producing Credit, & State Homeowner Credit

In FY 2017-2018, the SHPO reviewed a total of 251 applications between income-producing and homeowner tax credit projects. That is a 28% increase in applications reviewed over the last fiscal year.

Although the number of applications increased significantly since last year, the average review period for each application decreased. The SHPO has 30 days to review each tax credit application submitted to our office. In FY 2017-2018, the average review time for applications received was 14 days, compared to the 18 day average review time for tax credit applications in FY 2016-2017.



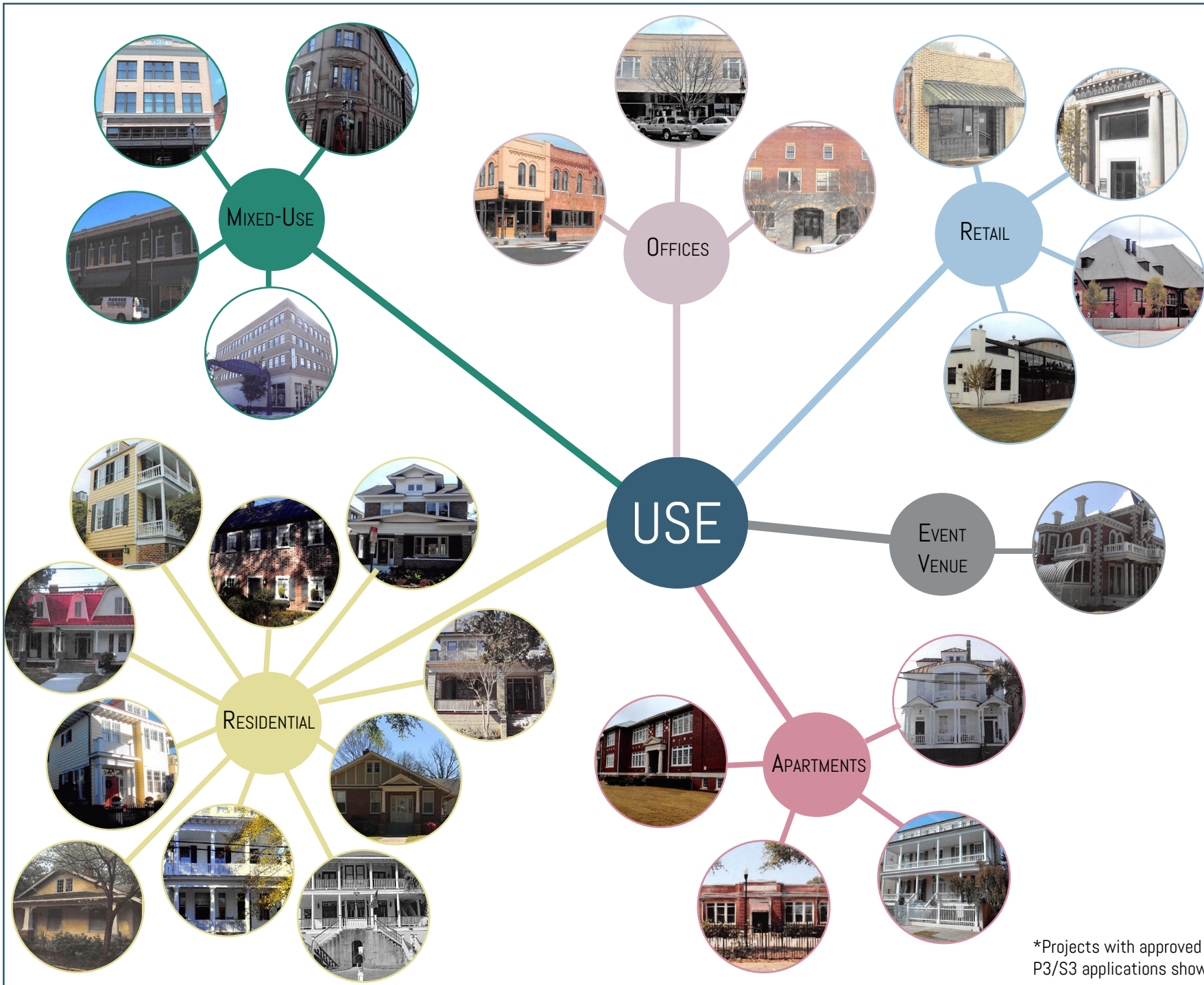
28%

Increase in number of tax credit applications over last fiscal year



14

Average number of review days for a complete tax credit application



*Projects with approved P3/S3 applications shown

THE STATE HISTORIC PRESERVATION OFFICE (SHPO) received 152 applications for income-producing tax credit projects from 18 different counties (vs. 10 counties during the last fiscal year). These projects represent the entire state of South Carolina, covering the Lowcountry, Midlands, and Upstate regions as well as both urban and rural areas of the state.



Total Project Costs (P3)

\$60.6 Million



Estimated Federal Tax Credits Earned

\$10.2 Million



Estimated State Tax Credits Earned

\$9.2 Million



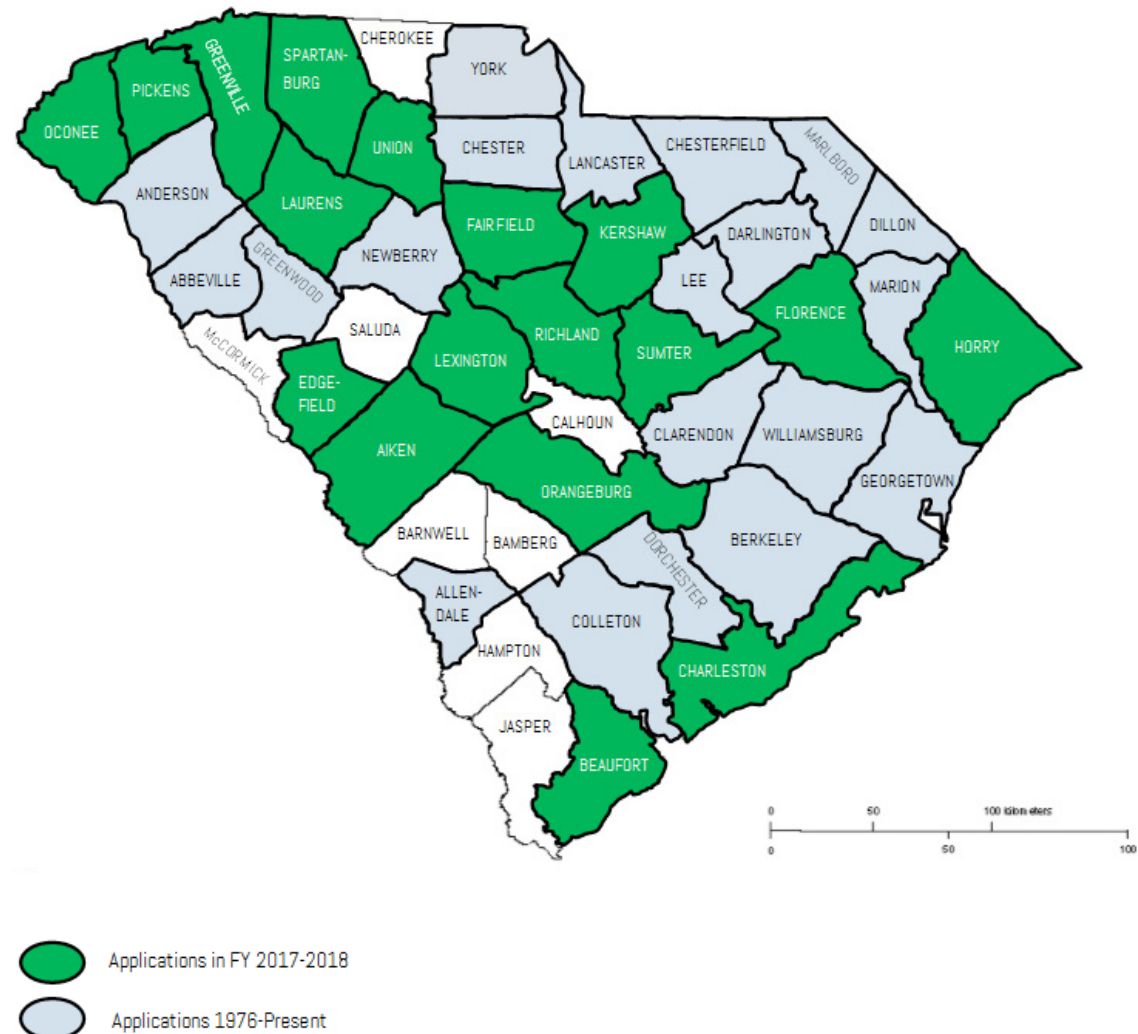
Estimated Total Tax Credits Earned

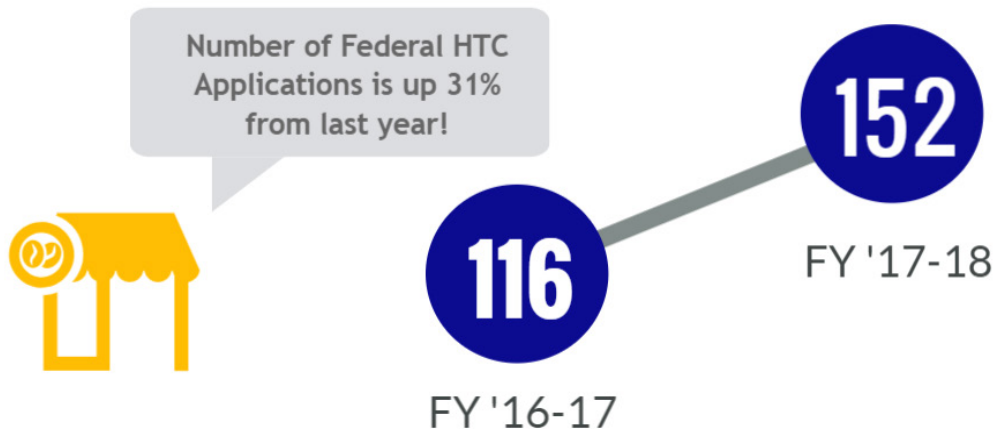
\$19.4 Million

The nineteen income-producing projects that submitted Part 3 applications to the SHPO for review during FY '17-'18 reported combined total project costs of approx. \$60 million. Of the total project costs, approximately \$52 million were spent on qualified rehabilitation expenses (QREs) and are eligible for the tax credit.

From the QREs, the completed projects earned a combined estimated \$10.2 million in Federal Historic Tax Credits and an estimated \$9.2 million in South Carolina Historic Tax Credits for a combined estimated \$19.4 million in tax credits earned this fiscal year.

Distribution of Applications Across the State (Income-Producing)





In Fiscal Year 2017-2018 the
AVERAGE REVIEW TIME
for Federal Applications:

P1 Applications: 7 days
P2 Applications: 25 days
Amendments: 23 days
P3 Applications: 16 days

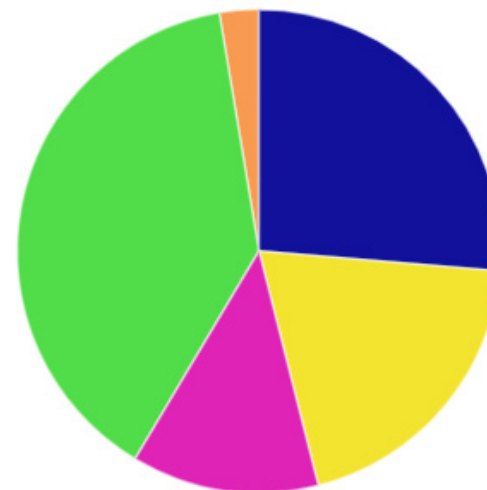
The number of Federal Historic Tax Credit applications the SHPO received and reviewed during Fiscal Year 2017-2018

INCREASED 31%
over the previous fiscal year.

In Fiscal Year 2017-2018 the State Historic Preservation Office (SHPO) reviewed

152 applications

for income-producing projects seeking the 20% Federal Historic Tax Credit (HTC) and the 10%/25% South Carolina Income-producing historic tax credit.



P1 Applications	40	P2 Applications	30
P3 Applications	19	Amendment Applications	59
Preliminary Review	4		

BEFORE



AFTER



Kress Corner, Florence

Zeigler's Drug Store (Above)
\$3467,000 Approx. Project Cost
Current Use: Office Space

Kress Building (bottom left)
\$6,182,000 Approx. Project Cost
Current Use: Mixed-Use

Commercial & Savings Bank (bottom right)
\$1,639,000 Approx. Project Cost
Current Use: Commercial/Retail

BEFORE



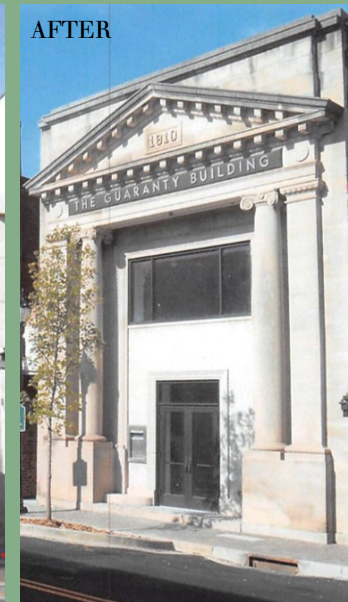
AFTER



BEFORE



AFTER





BEFORE



AFTER

Johnston House (above)

Charleston, South Carolina
 \$274,000 Approx. Project Costs
 Current Use: Apartments

First National Bank of Clinton (below)

Clinton, South Carolina
 \$1,014,000 Approx. Project Costs
 Current Use: Mixed Use

BEFORE



AFTER



BEFORE



AFTER



William Wilkins House (above)

Greenville, South Carolina

\$2,833,000 Approx. Project Costs

Current Use: Event Venue

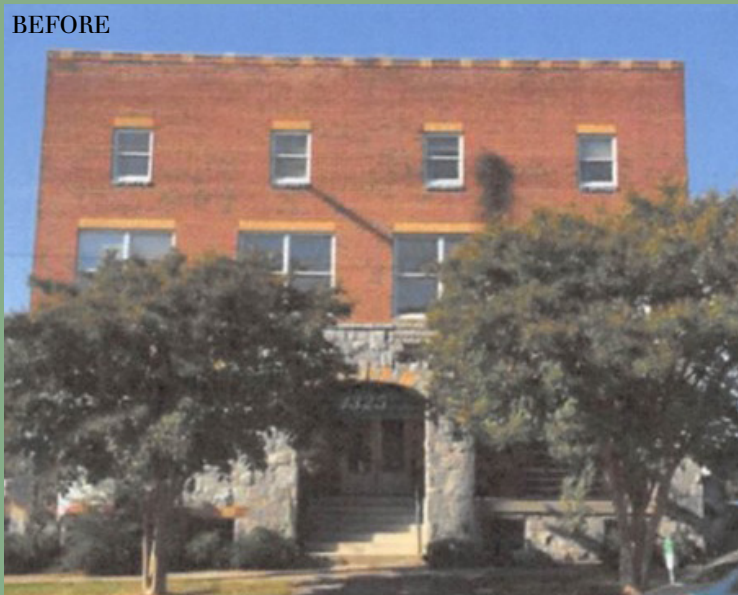
Champion & Pearson Funeral Home (below)

Columbia, South Carolina

\$1,850,000 Approx. Project Costs

Current Use: Office Space

BEFORE



AFTER



Fremont School (right)

Spartanburg, South Carolina

\$2,713,950 Approx. Total Project Costs

Current Use: Apartments

Curtiss-Wright Hangar (below)

Columbia, South Carolina

\$2,021,000 Approx. Total Project Costs

Current Use: Brewery

BEFORE



AFTER



AFTER



BEFORE



AFTER



Broad Street

Charleston, South Carolina

\$3,922,000 Approx. Total Project Costs

Current Use: Commercial/Residential (Mixed-Use)

BEFORE



AFTER



AFTER





AFTER



BEFORE



BEFORE



AFTER



AFTER

Drayton Mill (Parcel 2)

Spartanburg, South Carolina

\$11,000,000 Total Project

Current Use: Commercial/Retail

THE STATE HISTORIC PRESERVATION OFFICE (SHPO) received 99 applications for state homeowner tax credit projects from 10 different counties (vs. 7 counties during the last fiscal year). These projects represent the entire state of South Carolina, covering the lowcountry, midlands, and upstate regions as well as both urban and rural areas of the state.



Total Project Costs (S3)

\$4.3 Million



Total Eligible Rehab Expenses (S3)

\$2.4 Million



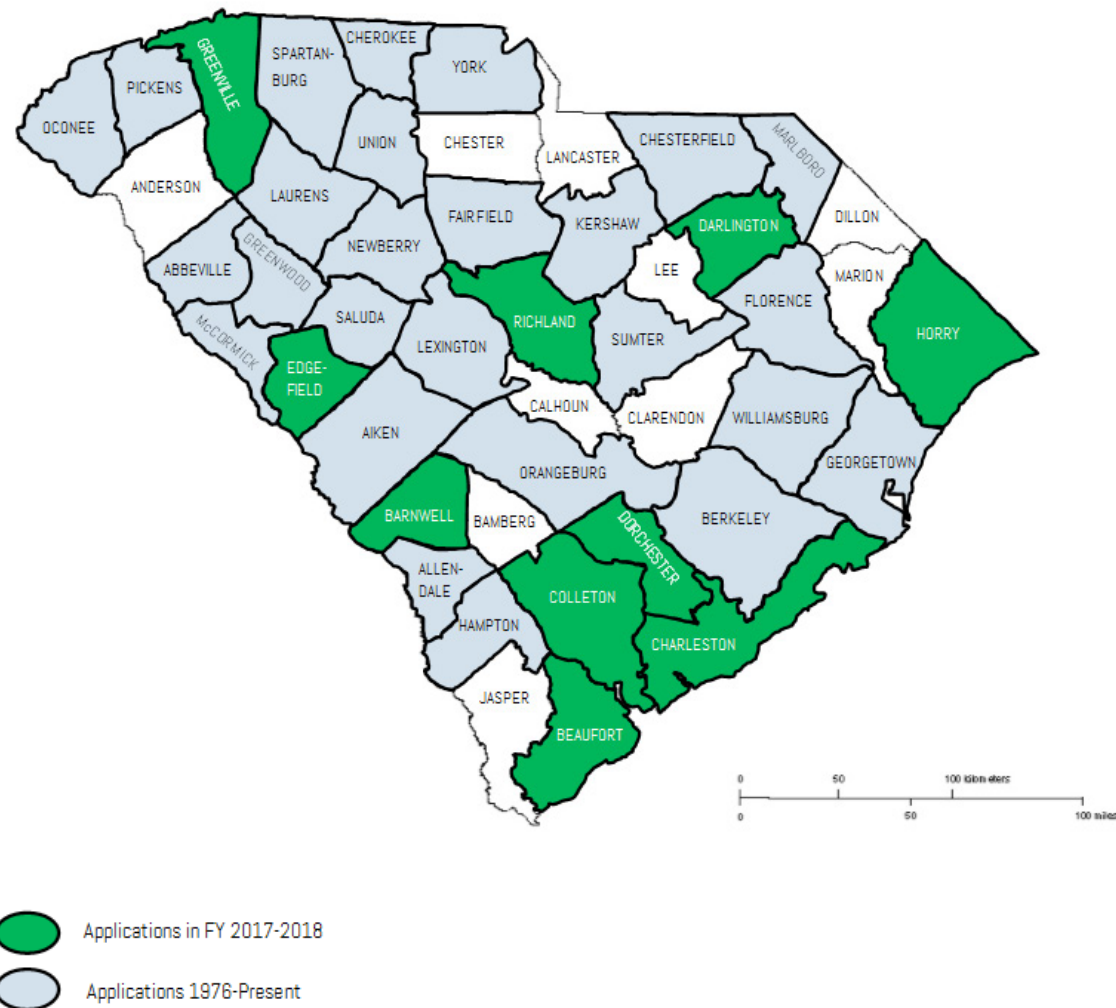
Estimated State Tax Credits Earned

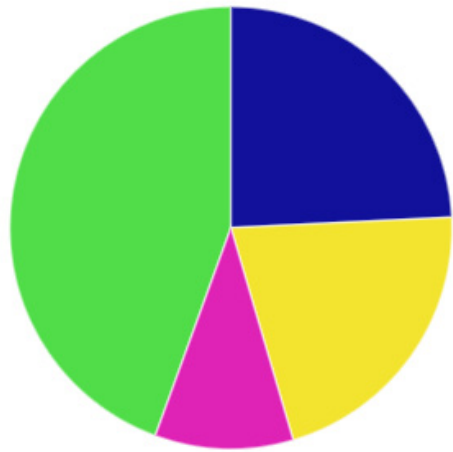
\$600K

The ten homeowner projects that submitted S3 applications to the SHPO for review during FY '17-'18 reported combined total project costs of approximately \$4.3 million.

Of the total project costs spent, approximately \$2.5 million was spent on 'allowable rehabilitation expenses'. The estimated tax credits earned by homeowner projects completed in FY '17-'18 is \$600,000. The tax credits earned are distributed over three years and unused credit may be carried forward up for up to 5 years.

Distribution of Applications Across the State (Homeowner)





● S1 Applications 24 ● S2 Applications 21
 ● S3 Applications 10 ● Amendment Applications 44

In Fiscal Year 2017-2018 the State Historic Preservation Office (SHPO) reviewed

99 applications

for homeowner projects seeking the 25% South Carolina Owner-Occupied historic tax credit.

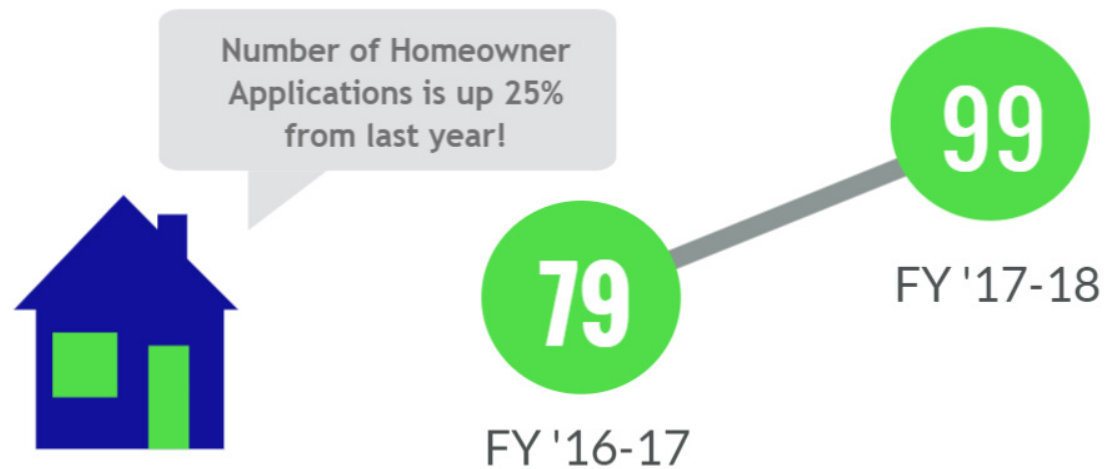
The number of state Homeowner Tax Credit applications the SHPO received and reviewed during Fiscal Year 2017-2018

INCREASED 25%

over the previous fiscal year.

In Fiscal Year 2017-2018 the
AVERAGE REVIEW TIME
 for Homeowner Applications:

S1 Applications: 4 days
 S2 Applications: 6 days
 S2 Amendments: 8 days
 S3 Applications: 7 days

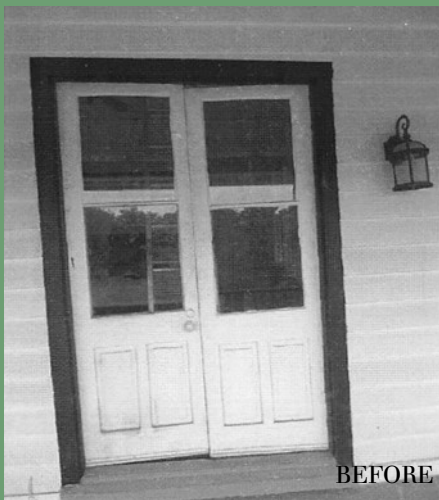




AFTER



BEFORE



BEFORE



AFTER

William Gaillard Mazyck House (above)

Sullivan's Island,
ca. 1911
Sullivan's Island Historic District

Residence (right)

Columbia, SC
ca. 1925
Bellevue Historic District



AFTER

BEFORE



AFTER



William Franklin Dargan House (above)

Darlington, South Carolina

ca. 1880-1882

Cashua Street-Spring Street Historic District

Residence (below)

Charleston, South Carolina

ca. 1912-1913

Charleston Historic District

BEFORE

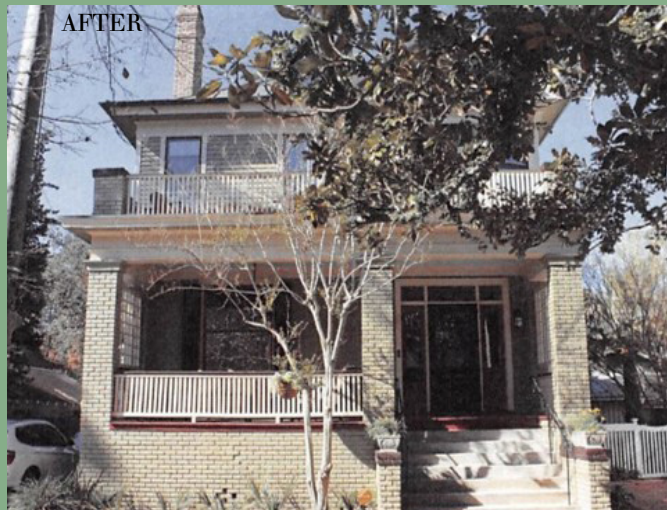


AFTER





BEFORE



AFTER

Residence (above)
Charleston, South Carolina
ca. 1913-1915
Charleston Historic District



BEFORE



Wegman Holmes House & Kitchen House (above)
Charleston, South Carolina
c. 1820-1825
Charleston Historic District



BEFORE



AFTER

KITCHEN HOUSE - AFTER

BEFORE



James McBeth House (below)

Charleston, South Carolina
ca. 1800-1810
Charleston Historic District

BEFORE



AFTER



BEFORE



AFTER



AFTER



Residence (above)

Charleston, South Carolina
ca. 1922
Hampton Park Terrace Historic District

Residence (above)

Charleston, South Carolina
ca. 1905
Hampton Park Terrace Historic District



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