

South Carolina Historic Tax Credit Programs Annual Report Fiscal Year 2023-2024

Presented by the S.C. Department of Archives & History
State Historic Preservation Office
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Two state income tax credits can assist property owners with historic property rehabilitation projects (SC Code of Laws 12-6-3535).^{*} Both credits involve a review of the rehabilitation by the State Historic Preservation Office (SHPO), part of the S.C. Department of Archives & History, to certify that the building is a historic property and that the work on the building meets the Secretary of the Interior's Standards for Rehabilitation.

This report focuses on accomplishments during the state fiscal year July 1, 2023 to June 30, 2024.

Income-Producing Properties

The state income tax credit for [income-producing properties](#) is available to taxpayers that qualify for the federal rehabilitation income tax credit for historic properties. To take advantage of the federal and state programs, the building must produce income, must be certified historic, the rehabilitation costs must be substantial (exceeding the adjusted basis), and the way the work is done must be compatible with the historic building.

The amount of the federal income tax credit is 20% of the rehabilitation costs. The amount of the state income tax credit is 10% or an optional 25% (not to exceed \$1 million for each certified historic structure) of the rehabilitation costs. In addition to review by the SHPO, these projects are also reviewed by the National Park Service who issues final approvals.

^{*} South Carolina has other tax incentives that can be used with the historic income tax credit such as the Abandoned Buildings Revitalization Credit and the Textile Communities Revitalization Act. Local governments can offer a special property tax assessment, known as the Bailey Bill (SC Code of Laws 4-9-195 and 5-21-140). For more information see the SC Department of Revenue information on [Property Rehabilitation and Housing Credits](#). Use of these credits is beyond the scope of this report.

Key Accomplishments

The historic income tax credits helped facilitate a record-setting

\$232 million invested in historic buildings around the state

34 completed income-producing projects

7 completed state owner-occupied residential projects

SHPO staff completed **99%** of reviews for both state and federal programs in 30 days or less, in an average review time of **7 days**.

SHPO staff also successfully implemented the digital application process for income-producing properties with the National Park Service.

Fiscal Year 23-24 was a record setting year for the Income-Producing Properties tax credit programs in South Carolina.

- **34 completed and approved projects**
- **\$218.8 million in rehabilitation costs**
(previous record was \$176 million in FY 16-17)

Among the completed projects are rehabilitations of several buildings that took many years of planning and construction. These projects adaptively used historic buildings and contributed to the revitalization of their surrounding communities with housing, retail and restaurant, office, and event spaces. Brief descriptions and photographs document four of these projects completed during the fiscal year.

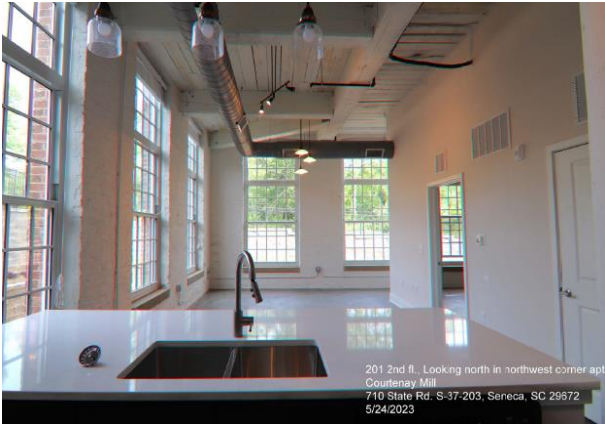
Project Locations

Anderson (1)
Beaufort (1)
Camden (2)
Charleston (5)
Clinton (1)
Columbia (12)
Easley (1)
Greenville (3)
Manning (1)
Myrtle Beach (1)
Newry (1)
Rock Hill (1)
Seneca (1)
Spartanburg (2)
Sumter (1)

Owners of the **Babcock Building** in Columbia (below) at Bull Street completed a nearly \$60 million dollar project to convert the historic building into 208 apartments. The project included rebuilding the iconic cupola, destroyed by a fire in September 2020. (Image from Babcock Building LLC)



The **Courtenay Mill** in Newry near Clemson and Seneca underwent a \$35 million rehabilitation project that transformed the historic mill into apartments (below). According to the Visit Oconee SC website, Newry Mill opened in 2023 with improvements including: construction of 197 apartments (79 in the historic building and 118 in new buildings), revitalization of the general store and post office as a store, café and event space (also a tax credit project), historic dam restoration, nature trails, a walking bridge over the Little River, a public green space, kayak launch, and wildlife habit restoration.



The **Powerhouse at Rock Hill Printing and Finishing Company** project transformed a vacant former industrial building (below) into a community hub. Built in 1929 the Powerhouse provided electricity for the large Rock Hill Printing and Finishing Company. The owner completed a mixed use project combining a community food hall, craft brewery, retail spaces, and residential units. The over \$19 million project required creative architectural and engineering solutions to overcome the rehabilitation challenges and was recognized with a 2024 Historic Preservation Honor Award.



Images from The Sherbert Group

The **Charleston City Jail** underwent an extensive rehabilitation that retained the property's historic character and stabilized the significantly deteriorated structure. The \$14 million project dealt with numerous structural and masonry issues and preserved interior features such as fireplaces, wood flooring, iron staircases, iron doors and grillwork, and the interior floor plan. The project created office suites and event space in this 200-year-old structure in downtown Charleston.



Images from Ryan

Owner-Occupied Residences

The state income tax credit for owner-occupied residences is equal to 25% of rehabilitation expenses as defined in the state law as "preservation and rehabilitation work done to the exterior of a certified historic residential structure, repair and stabilization of historic structural systems, restoration of historic plaster, energy efficiency measures except insulation in frame walls, repairs or rehabilitation of heating, air-conditioning, or ventilating systems, repairs or rehabilitation of electrical or plumbing systems exclusive of new electrical appliances and electrical or plumbing fixtures, and architectural and engineering fees."

Fiscal Year 23-24 saw steady interest in the program with:

- **7 completed and approved projects**, representing **\$2.2 million in qualifying rehabilitation expenses** and over \$13 million in total investments
- 10 additional projects applying for and receiving approval for proposed work

This document does not provide legal, tax or accounting advice; the information provided is intended to be general in nature; and readers are strongly encouraged to consult their own professional tax, accounting and legal advisors on individual tax matters, or consult the SC Department of Revenue or the Internal Revenue Service (IRS). The SHPO is not responsible for the information or advice provided here as it may affect the specific tax consequences to any individual (including sole proprietor), corporate, partnership, estate or trust taxpayer, which will depend on many other facts and circumstances. The information is for the general benefit of persons interested in obtaining certifications from the SHPO that may allow them to qualify for federal and/or state historic income tax credits. Given the frequency of changes in federal and state tax laws, regulations and guidance, the information represents a good faith effort to reference controlling laws and regulations as accurately as possible.