

LOCAL TAX INCENTIVES FOR HISTORIC PRESERVATION **City of Aiken, South Carolina**

INTRODUCTION

In 1994, City Council enacted local tax incentives for historic preservation in accordance with S.C. Code Ann. Sec. 4-9-195 (Supp. 1998), Sec. 5-21-140 (Supp. 1998), and 23 S.C. Code Ann. Regs. 12-100 *et seq.* (Supp. 1998). In 199_, it made changes to the program.

If a property owner completes a substantial rehabilitation of an historic building, **the tax assessment may be frozen for two years if the historic building is substantially rehabilitated during the two-year freeze. For the next eight years, the property taxes may be based on either 40% of the post-rehabilitation assessment or 100% of the pre-rehabilitation assessment, whichever is greater.** If the tax incentives are requested for work that has already been completed, the benefits are available for eight years since the initial two-year freeze is not applicable. At the end of the eight-year period, property taxes are based on post-rehabilitation assessments.

PROCEDURES

To qualify for the special tax assessment, **a building must be certified by the City as a “rehabilitated historic property”** which involves the following steps:

- 1. The owner requests verification by the Planning Director that the property is historic. To be verified as historic, **the building must be listed on the Aiken Historic Register** (either as a landmark or as located in an historic district) **and:**
 - be at least **fifty years old**; *or*
 - be **listed individually on the National Register of Historic Places or be classified as a contributing property** in a district listed in the National Register of Historic Places.**

Application forms for this step of the process are available from the City’s Department of Planning and Community Development; no application fee or public notice is required.

If a property is not currently included in the Aiken Historic Register, designation must be requested by submitting a designation application to

the Planning Department; an application fee for this is required, and the process takes several months to complete.

If the Planning Director denies a verification request, an owner may appeal the decision to the Historic Preservation Commission by submitting a written appeal request at least fifteen (15) calendar days before the date of a Commission meeting. In cases where it is not clear that a structure is at least fifty years old either because of insufficient documentation or alterations, the Planning Director may refer the verification request to the Historic Preservation Commission for a decision.

2. **The rehabilitation work is approved by the Historic Preservation Commission.**

To complete this step of the process, the **owner must submit a “Rehabilitated Historic Property Application” with the required fees and attachments** to the City of Aiken Department of Planning and Community Development.

Because a request for tax incentives requires a more comprehensive review of work than a “Certificate of Appropriateness Application,” more time is required for its review, and applicants must allow Historic Preservation Commission members and staff access to the interior of the subject building(s) and areas not visible from a public street.

A Rehabilitated Historic Property Application must be submitted at least 15 days before a Commission pre-meeting work session. At the public hearing immediately after the work session, the Commission will decide whether to schedule formal consideration of the Rehabilitated Historic Property application at the next month’s regular meeting and will make arrangements with the property owner, who must either be present or have a representative attend the meeting, for access to the property.

Owners are strongly encouraged to submit the Rehabilitated Historic Property Application for approval prior to undertaking any of the work; a Certificate of Appropriateness is required before any work covered by the Historic Preservation Ordinance is started. Part A of the Rehabilitated Historic Property Application may be submitted instead of a Certificate of Appropriateness Application, but a Certificate of Appropriateness Application may not be used to request approval of work for the historic preservation tax incentives. Although work that

commenced after January 1, 1987, may be considered for the historic preservation tax incentives, **owners who undertake rehabilitation projects without prior approval do so at their own risk.**

As required by State regulations, the review of rehabilitation work is based on the following **Standards for Rehabilitation.**

- A. *A property shall be used for its historic purpose or be placed in a new use that requires minimal change to the defining characteristics of the building and its site and environment.*
- B. *The historic character of a property shall be retained and preserved. The removal of historic materials or alteration of features and spaces that characterize a property shall be avoided.*
- C. *Each property shall be recognized as a physical record of its time, place and use. Changes that create a false sense of historical development, such as adding conjectural features or architectural elements from other buildings, shall not be undertaken.*
- D. *Most properties change over time; those changes that have acquired historic significance in their own right shall be retained and preserved.*
- E. *Distinctive features, finishes, and construction techniques or examples of craftsmanship that characterize a property shall be preserved.*
- F. *Deteriorated historic features shall be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature shall 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.*
- G. *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.*
- H. *Significant archaeological resources affected by a project shall be protected and preserved. If such resources must be disturbed, mitigation measures shall be undertaken.*
- I. *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 property and its environment.*

- J. *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.*

The Historic Preservation Commission shall also use the Secretary of the Interior's Standards for Rehabilitation (Secretary's Standards) and the guidelines and other documents developed by the U.S. Department of the Interior for applying the Secretary's Standards and advising on rehabilitation procedures. **In addition, the Commission shall consider any additional guidelines and policies it has adopted with the approval of City Council** for its design review responsibilities.

Work for which a Certificate of Appropriateness has been issued might not be approved for the tax incentives. The scope of design review for tax incentive requests covers significantly more than for Certificates of Appropriateness. Interior changes; alteration, construction, demolition, relocation, and other work not visible from a street; and impacts on archaeological resources are considered. Information on special rehabilitation concerns is provided in the instructions for the Rehabilitated Historic Property Application.

Within two years after receiving approval for rehabilitation plans from the Historic Preservation Commission, the owner must rehabilitate the building and the **qualifying expenses for the rehabilitation must exceed:**

- **for owner-occupied real property, 50% of the appraised value of the building;** and
- **for income-producing real property, the appraised value of the building.**

Eligible expenses may be the actual cost of rehabilitation relating to one or more of the following:

- improvements located on or within the historic building as designated;
- improvements outside of but directly attached to the historic building which are necessary to make the building fully usable (such as vertical circulation) but shall not include rentable/habitable floor space attributable to new construction;
- architectural and engineering services attributable to the design of the improvements; or
- costs necessary to maintain the historic character or integrity of the building.

In addition, the **rehabilitation cannot have been commenced or undertaken as a result of a natural disaster, catastrophe, accident, or force majeure.**

The final determination for the tax incentives is based on review of completed work following the submission of Part B of the Rehabilitated Historic Property Application. *Any additional work on the property, other than ordinary maintenance and/or repair with matching materials, done after the approval and before the expiration of the special property tax assessment must also be approved.* The Historic Preservation Commission may rescind approval of the rehabilitation work, making the property immediately ineligible for the special tax assessments, if the owner (or his/her estate) takes actions which cause the property to lose the qualities and features which made it eligible for its historic designation.

An appeal of a denial decision by the Historic Preservation Commission may be made according to the procedures outlined in the applicable State regulations. Within thirty days of receipt of the decision, the owner may submit a written appeal request to the Deputy State Historic Preservation Officer, South Carolina Department of Archives and History, 8301 Parklane Road, Columbia, SC 29223-4905.

3. After the work is approved, **the Planning Director notifies the County assessor, auditor, and treasurer that the property is certified as a rehabilitated historic property for the special property tax assessment.**
4. **Application for the special tax assessment is then made annually by the owner to the Aiken County Auditor.**

The City of Aiken does not have to recertify a property for the annual application to the Aiken County Auditor after the building(s) has been certified as a rehabilitated historic property. However, the Historic Preservation Commission may conduct annual inspections during the period of the special assessment, and the owner must allow access to areas not visible from a public street and the interior of the building(s) for these inspections. **The certification can be withdrawn if the property becomes disqualified by any one of the following:**

- written notice by the owner to remove the preferential assessment;
- sale or transfer of ownership during the ten-year period of special assessment, other than in ordinary course within probate proceedings;
- removal from the Aiken Historic Register if the property no longer possesses the qualities that made it eligible for designation; or

- recision of approval of the rehabilitation work by the Historic Preservation Commission because of alterations or renovations by the owner (or his/her estate) which cause the property to no longer possess the qualities and features which made it eligible.

If a property is certified as a rehabilitated historic property before the first day of April of a particular year, the special assessment is effective for that year; otherwise, it is effective beginning with the following year.