

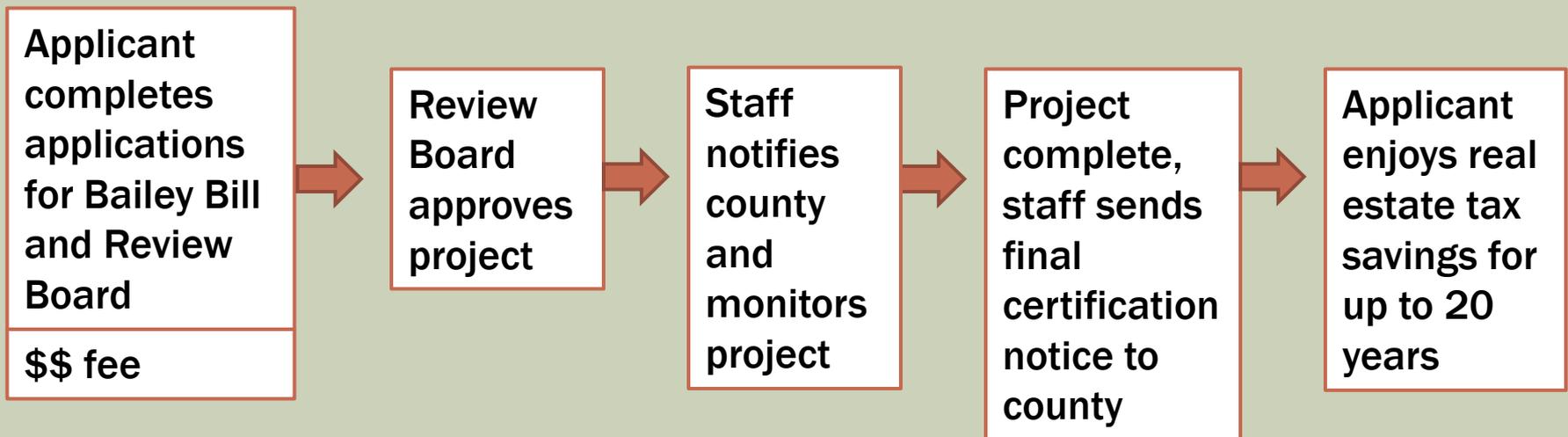
**LOCAL
PRESERVATION
INCENTIVES:
THE BAILEY BILL**

Amy Moore
Staci Richey

City of
Columbia
Historic
Preservation
Office

WHAT IS THE BAILEY BILL?

- South Carolina state legislation enacted in 1992 and amended in 2004 as a local real estate tax incentive for rehabilitation of historic property. It freezes the taxable assessed value of a property for up to 20 years following a minimum investment threshold, review and approval of the project, and successful completion of the project within two years.



BENEFITS FOR OWNERS

- Potential for significant savings on real estate tax
- Catalyst for starting a project
- Incentive for less protected building
- Removes some of the “sting” of historic designation
- Can transfer to new owner



BENEFITS FOR COMMUNITY

- Gain more landmarks and districts
- Recapture historic facades
- Catalyze an entire Main Street revival
- Educate people about their buildings
- Encourage local investment



CONSEQUENCES

- Owners have to maintain the property and any changes are under review
- Municipality has to maintain designation
- If property drops in value due to economic recession, the County maintains the Bailey Bill freeze at the same level



WHO CAN OFFER THIS?

COUNTIES

The governing body of any county by ordinance may grant the special property tax assessments authorized by this section to real property which qualifies as either "rehabilitated historic property" or as "low and moderate income rental property" in the manner provided in this section. A county governing body may designate, in its discretion, an agency or a department to perform its functions and duties pursuant to the provisions of this section in its discretion. SC Code Sec 4-9-195

Municipalities (Cities and Towns)

SECTION 5-21-140. Authority of municipalities to grant special property tax assessments to rehabilitated historic properties and low and moderate income rental properties.

The powers and authorities conferred upon county governing bodies by Section 4-9-195 are also conferred upon municipal governing bodies, mutatis mutandi.

HISTORY: 1990 Act No. 474, Section 2.

WHO CAN/CANNOT USE THIS?

CAN USE

- **Property owners**



- Those who do not pay a property tax, such as most churches or other non-profits, and government entities, do not benefit from this program

CANNOT USE

It might depend on your ordinance!

- Non-contributing properties
- Properties only considered “eligible” for the National Register (unless local program has adopted that as acceptable)
- Properties undergoing unsympathetic renovations
- Properties with insufficient investment

WHICH PROPERTIES QUALIFY?

- (State)(1) "Historic designation" means the owner of the property applies for and is granted historic designation by the county governing body for the purpose of the special property tax assessment based on one or more of the following reasons:

(a) the property is listed in the National Register of Historic Places;

(b) the property is designated as a historic property by the county governing body based upon criteria established by the county governing body and is at least fifty years old; or

(c) the property is at least fifty years old and is located in a historic district designated by the county governing body at any location within the geographical area of the county.

- National Register Properties
- Local Historic Districts (contributors)
- County designated buildings
- Individual landmarks in city/county

City of Columbia:

(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

STARTING A BAILEY BILL PROJECT



PRELIMINARY
CERTIFICATION
IS REQUIRED
BEFORE WORK
BEGINS

The Bailey
Bill is not
retroactive!

Meeting with an applicant on site can make the application process a lot smoother and allows for a Q&A session while looking at the building.

Meeting on site can also gain you access to the interior of a building, or rooftop access!



APPLYING FOR THE BAILEY BILL

For Local Board of Review:

- ✓ Application Form
- ✓ Photographs
- ✓ Written Description
- ✓ Fee \$\$\$\$
- ✓ Application to appear

City or county staff handle all of the above with the applicant.



CITY OF COLUMBIA PLANNING DEPARTMENT
REHABILITATED HISTORIC PROPERTY APPLICATION
PART A - PRELIMINARY REVIEW FORM

City of Columbia's
Bailey Bill application

This application is used by the City to review rehabilitation work on historic properties, in accordance with South Carolina 1976 Code Section 4-9-195, and pertinent regulations. A separate application should be submitted for each historic building, unless they were functionally-related during the historic period, in which case they can be submitted as a historic complex. Applications must include attachments as listed below and the required review fee to be considered complete. Submit application to the Planning Department, PO Box 147, 1136 Washington Street, Columbia, SC 29217. Phone: 803.545.3222; fax: 803.733.8647.

1. PROPERTY INFORMATION

Historic Name of Property (if known) _____
Address _____
City _____, South Carolina (ZIP) _____
Use: ___ Owner-occupied, or ___ Income-producing
Estimated project start date _____ Estimated project completion date _____
Estimated project costs \$ _____
*Fair market value of building \$ _____ Taxable value of property \$ _____
(PLEASE NOTE: FMV and taxable value of a property may be different. FMV of the building is used to determine the threshold for qualifying expenses for the Bailey Bill. The applicant is responsible for verification of the taxable value of a property and should consult with Richland County on this matter; the taxable value as understood by the County of a property at the time of preliminary certification will determine the value at which the property will be assessed for the 20 year abatement period).

References the state code

Obtains values from applicant

2. HISTORIC DESIGNATION

The property must have been designated "historic" by the local government allowing this incentive.
Significance: _____
Construction Date: _____ Describe major alterations or additions (give dates): _____

Establishes eligibility

This building is a:
___ City Landmark Building ___ Contributing structure in local historic district ___ Contributing structure in National Register District outside of City ___ National Register structure
Give BRIEF overview of the history of the building: _____

Lists out necessary items

3. ATTACHMENTS

The following information is needed to process your application. Please send complete information with the initial submission:
___ An original signed and completed application;
___ A Cashier's Check for \$150, made out to the City of Columbia for single family residences or duplexes; \$300 for all other properties; application fees are non-refundable.
___ Photographs clearly showing not only the areas to be rehabilitated, but also overall views of the building;
___ Sketched or architectural floor plans of pre-rehabilitation conditions; and
___ Sketched or architectural floor plans of the proposed work.
___ Estimates for proposed work on each architectural feature

Primary contact information

4. OWNER INFORMATION

Name _____ Signature _____
Address _____ Date _____
Daytime Telephone _____

PLANNING DEPARTMENT USE ONLY
___ The work as described in this application and attachments appears to meet the Standards for Rehabilitation and would receive final approval if completed as described.
___ The work as described in this application and attachments would meet the Standards for Rehabilitation if the Special Conditions on the attached sheet are met.
___ The work as described in this application and attachments does not appear to meet the Standards for Rehabilitation and is not approved for this property. The attached sheet describes the specific problems with the proposed work.

Authorized Signature _____ Date _____

CITY OF COLUMBIA
PLANNING DEPARTMENT
REHABILITATED HISTORIC PROPERTY APPLICATION
PART A - CONTINUED

5. DESCRIPTION OF PROPOSED WORK

Use the spaces below to describe the proposed work. Architectural features would include items such as: roof; exterior brick or siding; windows; doors; site/landscape features; entrance hall; main stair; parlors; fireplaces/mantles; floors/walls/ceilings; mechanical/ electrical/plumbing; etc. If an application has been submitted for the federal Investment Tax Credits, you may use a copy of the description of the proposed work from the federal form for this section, but your submittal must still include the information in sections 1 through 4.

<p>Architectural feature <u>Roof</u> Approximate date of feature <u>Unknown</u> Describe feature and its condition</p> <p>Roof is old and has damage / deterioration. Shingles are close to the end of their useful life and there is sheathing rot on the eaves. There is evidence of roof leaking on the rear addition</p> <p>Photograph No. <u>1 - 5</u> Drawing No. _____</p>	<p>Describe work and impact on feature</p> <p>Remove old shingles from original house and rear addition. Repair / replace roof decking where needed. Install new 30 year shingles.</p> <p>This should extend the life of the roof and prevent future water infiltration into the house</p>
<p>Architectural feature <u>Chimney</u> Approximate date of feature <u>1930</u> Describe feature and its condition</p> <p>The top of the chimney has deteriorated and bricks have fallen into the fireplace. Mortar is loose and deteriorating on the entire chimney</p> <p>Photograph No. <u>6</u> Drawing No. _____</p>	<p>Describe work and impact on feature</p> <p>Replace top section of chimney and repoint remaining portion. Add chimney cap.</p> <p>This will restore the chimney and prevent future deterioration. Also will prevent animals from getting into the chimney.</p>
<p>Architectural feature <u>Front Porch</u> Approximate date of feature <u>Unknown</u> Describe feature and its condition</p> <p>Significant portions of the front porch flooring are rotten. Some is original to the home while other areas have been replaced over the years. Existing railings do not allow water to drain from the porch. Possible insect or water damage on the joists under the flooring. Portions of the porch ceiling are rotten and are coming down.</p> <p>Photograph No. <u>7 - 13</u> Drawing No. _____</p>	<p>Describe work and impact on feature</p> <p>Remove old flooring and repair any damage to supporting structure. Replace flooring with new tongue and groove boards. Paint / seal new flooring. Replace damaged ceiling boards with new and paint ceiling. Add new wood railing that conforms to code.</p> <p>This will improve safety of porch, lengthen its useful life and improve aesthetics of the house.</p>

Pictures #1, #2, #3



Picture #4



REVIEWING A PROJECT

STANDARDS FOR REVIEW

“Approval of rehabilitation work” means the proposed and completed rehabilitation work is approved by the reviewing authority as appropriate for the historic building and the historic district in which it is located.
(State)

- **The City of Columbia has established the Secretary of the Interior’s Standards for Rehabilitation as the review level for projects and included its text in the adopted ordinance.**

TYPE OF WORK REVIEWED

(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.



REVIEWING AUTHORITY

- (7) "Reviewing authority" for approval of rehabilitation work pursuant to this section is defined as:
 - (a) the board architectural review in counties with a board of architectural review with jurisdiction over historic properties operating pursuant to Section 6-29-870;
 - (b) in counties without a board of architectural review with jurisdiction over historic properties, the county governing body may designate another qualified entity with historic preservation expertise to review the rehabilitation work; or
 - (c) if the county governing body does not designate another qualified entity, the Department of Archives and History shall review the rehabilitation work. No separate application to the department is required for properties receiving preliminary and final approval for the federal income tax credit allowed pursuant to Section 47 of the Internal Revenue Code or the state income tax credit allowed pursuant to Section 12-6-3535.

In other words: No local staff decisions



EXPENSES

Minimum
Threshold

Types of
Expenses

Proof of
Expense

MINIMUM EXPENDITURES

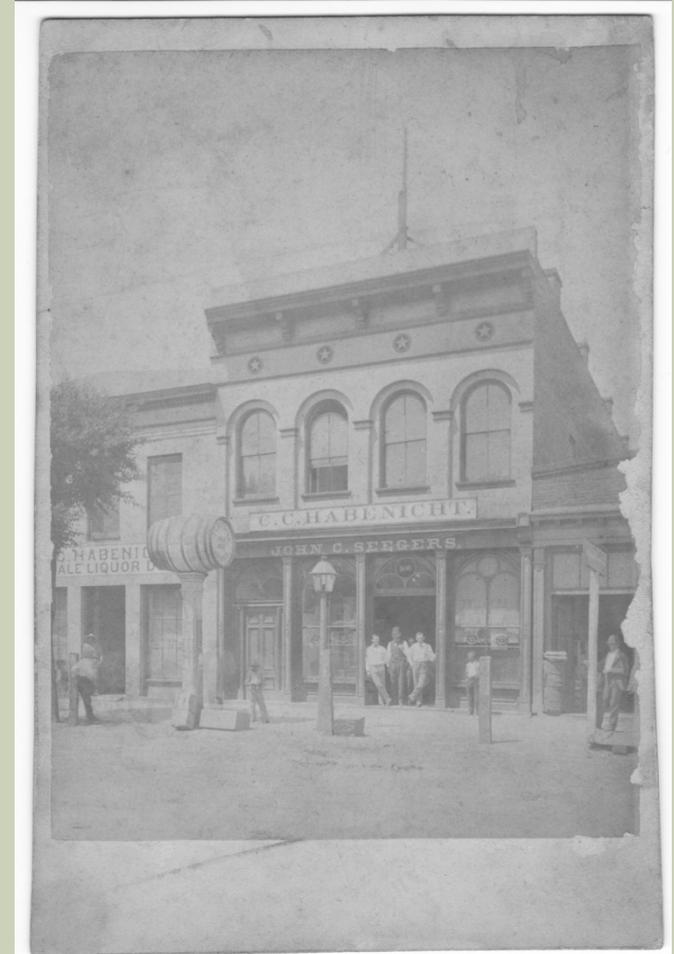
“Minimum expenditures for rehabilitation” means the owner or his estate rehabilitates the building, with expenditures for rehabilitation exceeding the minimum percentage of the fair market value of the building established by the county in its ordinance. The county governing body may set different minimum percentages for owner-occupied property and income producing real property, between twenty percent and one hundred percent. (State)



FAIR MARKET VALUE OF THE BUILDING



Assessment	
Year Of Assessment:	2014
Tax District:	1CC
Acreage Of Parcel:	0.00
Non-Agriculture Value:	\$195,200.00
Building Value:	\$57,100.00
Taxable Value:	\$252,300.00
Zoning:	C-5



Building Value: \$57,100
20% Threshold: \$11,420 in qualifying expenses

Main Street building in an area that is experiencing a rapid rise in appreciation

Image provided by Martha Fowler

MINIMUM EXPENDITURES

- City has it at the minimum allowed, 20%
- Expenses must be “incurred and paid” In other words: no DIY projects



- Richland County went from a 50% investment for owner occupied and 100% investment for income-producing to 20%, and from a 10 year to a 20 year period.

CITY OF COLUMBIA

- Eligible Expenses are those items that restore a historic feature (such as windows) or help make the building habitable, such as plumbing, roofing, wiring, heating and cooling, etc.



NOT EVERYTHING COUNTS

- "Approval of rehabilitation work" means the proposed and completed rehabilitation work is approved by the reviewing authority as appropriate for the historic building and the historic district in which it is located. (State)
- *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. (City)



www.houzz.com

UPGRADING
KITCHENS
AND BATHS
DO NOT
COUNT

5. DESCRIPTION OF PROPOSED WORK (Continued):

(Please feel free to make copies of this sheet. Use as many spaces as necessary to fully describe your project.)

<p>Architectural feature <u>Kitchen</u></p> <p>Approximate date of feature <u>original</u></p> <p>Describe feature and its condition</p> <p>* NOT APPLICABLE *</p> <p>Photograph No. <u> / </u> Drawing No. <u> </u></p>	<p>Describe work and impact on feature</p> <p>To be gutted and replaced with adequate, new floor, countertops, walls, cabinetry, sheetrock, and all appliances.</p>
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Before

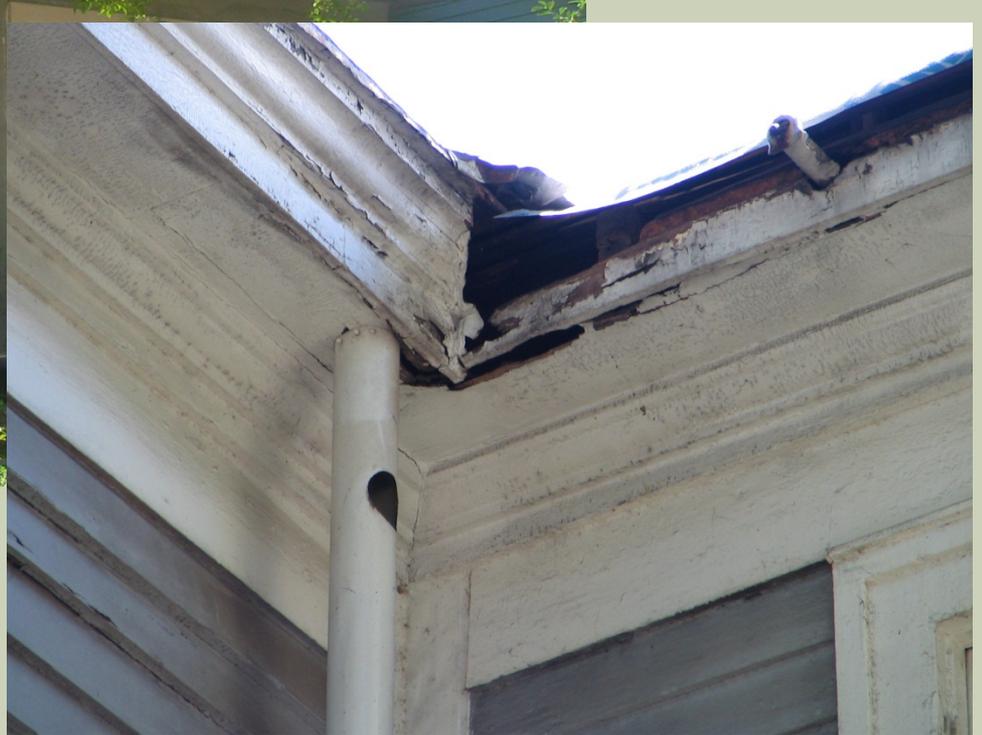


After

www.mygreataddition.com

**ADDITIONS
DO NOT
COUNT
TOWARD
INVESTMENT
THRESHOLD**

And they may disqualify a project for the Bailey Bill, it depends on their size, location, and relationship to the historic building





APPROVAL



- If the reviewing authority approves the project, then the County must be notified (assessor, treasurer) of the property value freeze
- Work can begin

Bailey Bill Applicant Memorandum of Understanding
1401 Laurel Street – Individual Landmark

The applicant must read and initial each of the following statements:

_____ I understand that my project has received preliminary approval from the Design/Development Review Commission (D/DRC) based on the submittal received and reviewed by them on **February 12, 2015**.

_____ I understand that **ANY** changes or additional work to the building which were not part of the original approved submission will need review and/or approval by either the D/DRC or its staff.

_____ I understand that any changes to the structure, either before final certification, at final certification, or **after** final certification (during the 20 year tax abatement period) which have not been expressly approved either by the D/DRC or its staff may disqualify my project from receiving tax abatement.

_____ I understand that the D/DRC staff will need to review the project regularly and I or my representative will meet with them on-site as necessary.

_____ I understand that I or my representative will notify the City of Columbia Planning and Development Services Division in writing if the property is sold within the 20 year tax abatement period. Failure to do so may disqualify the property from receiving the remainder of the tax abatement.

Upon sale of the property, a letter stating the date of sale and the name(s) of the new owner(s) shall be sent to the following address:

City of Columbia Planning and Development Services

Attn: Bailey Bill Ownership Transfer, 3rd Floor
1136 Washington Street
Columbia, South Carolina 29201

Printed Name of Property Owner(s)

Signature(s)

Date

**City of Columbia's
Bailey Bill Memorandum
of Understanding**

**This document helps
reinforce basic tenets of
the program and proves
knowledge by the
applicant in case of a
sticky situation**

FINAL CERTIFICATION

VERIFYING EXPENSES

- For a municipality, check the permit application
- Do a site visit to verify compliance
- Obtain copies of paid invoices and photographs of the completed work
- Check time-frame of approval, 2 years



CITY OF COLUMBIA
PRESERVATION PLANNING OFFICE
REHABILITATED HISTORIC PROPERTY APPLICATION
PART B - FINAL REVIEW FORM

Use this form to request Final Approval for Rehabilitated Historic Properties. This form is designed to follow the Part A -Preliminary Review Form, in which the owner describes the proposed rehabilitation work. Submit to City of Columbia, Preservation Planning Office, PO Box 147, 1136 Washington Street, Columbia, SC 29217. Phone: 803.545.3222; fax: 803.733.8647.

1. PROPERTY INFORMATION

Historic name of property (if known) _____

Address _____

City _____ South Carolina (ZIP) _____

Project completion date _____

Final project costs \$ _____

2. ATTACHMENTS

The following information is needed to process your application. Incomplete applications will unnecessarily delay the City's review of your project. Please send complete information with the initial submission:

____ A complete and signed Part B form;

____ Paid itemized invoices clearly indicating qualified rehabilitation expenses;

____ Photographs, keyed to the rehabilitation plans of the exterior and the interior showing not only the areas where rehabilitation was performed, but also overall views of the completed project.

3. OWNER INFORMATION

Name _____ Signature _____

Address _____ Date _____

_____ Daytime Telephone _____

PRESERVATION PLANNING OFFICE USE ONLY

____ The completed work as documented in this application and attachments meets the Standards for Rehabilitation and is approved for this property. This approval is one step in qualifying for the special property tax assessment for Rehabilitated Historic Property. OWNERS SHOULD NOTE THAT the City reserves the right to inspect the property within the (20 year) time period that is covered by this special tax assessment. Work that is not as it was represented in the application and/or additional work that is not in conformance with the Standards for Rehabilitation may be cause for the City to rescind the approval. Work causing the approval to be rescinded would make the entire project ineligible for the special tax assessment, and written notice of the rescinded approval shall be provided to all appropriate local officials. Additional work on the property that is proposed after the Final Approval should be submitted on a Part A - Amendment Form.

____ The completed work does not meet the Standards for Rehabilitation and is not approved for this property. The attached sheet describes the specific problems with the proposed work.

Authorized Signature

Date

____ See attached sheet





(E) When property has received final certification and is assessed as rehabilitated historic property, or low or moderate income rental 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 by the owner to the county to remove the preferential assessment;**
- (2) removal of the historic designation by the county governing body;**
- (3) decertification of the property by the local governing body as low or moderate income rental property for persons and families of moderate to low income as defined by Section 31-13-170(p);**
- (4) rescission of the approval of rehabilitation work by the reviewing authority because of alterations or renovations by the owner or his estate which cause the property to no longer possess the qualities and features which made it eligible for final certification.**



THE NUMBERS

NEWS - LOCAL



Bailey Bill tax incentive 'helps make the math work' for historic restoration projects

BY SARAH ELLIS - SELLIS@THESTATE.COM

09/21/2014 10:48 PM | Updated: 09/21/2014 10:50 PM



Wales Garden neighborhood TDOMINICK@THESTATE.COM

Story

Comments

Commercial example



Building Value	\$15,100
Total Property Value:	\$152,800
Building Permit:	\$248,000
Estimated Value after Rehabilitation	\$400,000

With Bailey Bill	Without Bailey Bill	Savings
\$4,089	\$10,704	\$6,615 x 20 years= \$132,303

Non-typical residential example

Purchase Price In 2012	\$65,500
Investment (from permits)	\$65,000
Property value frozen at	\$65,500
Changes, Improvements	Addition, pool, complete rehabilitation
Sold for in 2014	\$490,000
County's assessment of taxable value	\$371,200

With Bailey Bill	Without Bailey Bill	Savings
\$500	\$2,835	\$2,335 x 20 years = \$46,700

• MAR • 62



Typical residential example

Value at time of Bailey Bill	\$117,000 for entire property
Investment	\$40,000
Qualifying expenses	Roof, gas furnace replaced, prep and paint exterior
Current Valuation by County	\$168,600
Type of Property	Single-family, owner occupied

With Bailey Bill*	Without Bailey Bill	Estimated Savings
\$893	\$1,286	\$393 per year x 20 years = \$7,860



CONCLUSION

Among the Certified Local Governments in South Carolina:

For the period 10/1/13 through 9/30/14, there were 19 properties assisted through local tax incentive (Bailey Bill).

**Aiken, 9
Beaufort, 2
Columbia, 5
Conway, 1
Greenville, 1
Horry County, 1**

For the same period in 2012-13, it was 12 properties.

**Aiken, 6
Columbia, 3
Greenville, 1
Greer, 1
Horry County, 1**

**Source:
Brad Sauls,
SCSHPO**