

301 Gervais Street, P.O. Box 125, Columbia, South Carolina 29214

SC INFORMATION LETTER 90-23

TO:	Vicki Jinnette Ringer Public Information Director
FROM:	Jean P. Croft, Tax Analyst Tax Policy and Appeals Department
DATE:	July 6, 1990
SUBJECT:	Special Property Tax Assessments for Rehabilitated Historic Properties and Low and Moderate Income Properties (Property Tax)
REFERENCE:	S.C. Code Ann. Section 4-9-195 (Enacted May 1990) S.C. Code Ann. Section 5-21-140 (Enacted May 1990)
AUTHORITY:	S.C. Code Ann. Section 12-3-140 (1976) SC Revenue Procedure #87-3
SCOPE:	An Information Letter is a temporary document issued for the purpose of disseminating general tax information and to respond to technical questions from within the Commission which are <u>not</u> related to a specific set of facts.

<u>Effective May 14, 1990</u>, Code Sections 4-9-195 and 5-21-140 were enacted allowing the governing body of any municipality or county to grant special property tax assessments to real property qualifying as "rehabilitated historic property" or as "low and moderate income rental property".

<u>Rehabilitated Historic Property</u>. Upon certification by the governing body of the county or municipality, the rehabilitated historic property must be assessed for two years at four percent, and for the next eight years at the greater of (1) forty percent of four percent of the appraised value of the property after rehabilitation, or (2) the tax originally assessed on the uncertified property.

Rehabilitated historic property is eligible for certification if:

- 1. the owner of the property applies for and is granted historic designation by the county or municipality governing body based on one or more of the following;
 - a. the property is listed in the National Register of Historic Places;
 - b. the property is designated as an historic property by the county or municipality governing body and is at least fifty years old; or
 - c. the property is at least fifty years old and is located in an historic district designated by the county or municipality governing body;
- 2. the rehabilitation work is approved by the Department of Archives and History as appropriate for the historic building and the historic district in which it is located;
- 3. within two years after receiving the approval of the rehabilitation plans, the owner or his estate rehabilitates the building;
- 4. the owner or estate of any property certified as "historic" takes no actions which cause the property to lose the qualities and features which made it eligible for certification; and
- 5. the rehabilitation began after January 1, 1987.

The Department of Archives and History has the authority to approve rehabilitation work in the county as qualifying for the special tax assessment provided for "rehabilitated historic property". All requests for approval must be accompanied by a nonrefundable application fee of one hundred dollars.

Low and Moderate Income Rental Property. After certification by the governing county or municipality, low and moderate income rental property is assessed an assessment for two years equal to six percent of the appraised value of the property at the time the certification was made, and an assessment for eight years equal to the greater of (1) forty percent of six percent of the appraised value of the property after rehabilitation, or (2) the tax originally assessed on the uncertified property.

Low and moderate income rental property is eligible for certification if:

- 1. the property provides accommodations under the Section 8 Program as defined in the United States Housing Act of 1937;
- 2. in the case of income-producing real property, the expenditures for rehabilitation exceed the appraised value of the property;

- 3. the owner takes no actions which cause the property to be unsuitable for designation as "low and moderate income rental property";
- 4. the rehabilitation began after January 1, 1987;
- 5. the rehabilitation is located in an area designated as a Low and Moderate Housing Rehabilitation District; and
- 6. if the property qualifies as "historic" as defined above, then the rehabilitation work must be approved by the Department of Archives and History.

If the property is certified as "rehabilitated historic property" or as "low and moderate income rental 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.