



Incentives for Downtown Investment

2024 MASC Annual Meeting

The information provided here is for informational and educational purposes and current as of the date of publication. The information is not a substitute for legal advice. Consult your attorney for advice concerning specific situations.

Greenville, SC
Thursday, July 18
3:15p – 4p

Today's Speakers



Gary Bailey

Bailey Building Owner
Laurens

gbailey@lovebaileycpa.com



Rob Wolfe

Town Manager
Cheraw

rwolfe@cheraw.com



Andrew Porio

VP Business Development
Tax Credit Marketplace

aporio@taxcreditmp.com

MARCH 2020



ADVERTIS
OFFICE

307th Street

THE ARTIST'S COOP

The Coffee Shop

The SQUARE ROOTS STORE

117

MARCH 2020



E LAURENS ST

Edward Jones
INVESTMENTS

MARCH 2020



PALMETTO
HARDWARE

MARCH 2020





MARCH 2020

MARCH 2020



MARCH 2020



MAY 2024



MAY 2024

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MAY 2024



THE
BAILLY BUILDING
• The Edwards Room
• Love Bailly CPA'S
• Groucho's Deli
• Edward Jones

PALMETTO
HARDWARE

FDC

KXT 4995



MAY 2024

MAY 2024



MAY 2024



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BAILEY



CERTIFIED PUBLIC ACCOUNTANTS



MAY 2024



BUILDING INVESTMENT

Building Purchase March 2020	\$ 335,000
<u>Renovations</u>	<u>1,950,000</u>
Total Renovation	\$2,300,000
Total Credits (historic & abandon)	\$1,215,174
<u>Less: Credit Sale</u>	<u>(239,105)</u>
Net Credits	\$ 976,069
<u>Net Investment</u>	<u>\$1,323,931</u>
Grouchos Construction (2024)	\$ 365,493
<u>Net Investment</u>	<u>\$1,689,424</u>
<u>May 2024 Appraisal</u>	<u>\$2,800,000</u>

***Estimated property tax savings over the 10yrs is \$100,000

Public Investment in Downtowns

Making the Numbers Work

- Defining the Main Street Program: **Adaptability**
- Main Street is: 4 Principles to Guide Local Policy Making
- Main Street is not: A plug and play equation that creates a thriving downtown.

**The 4-Point Approach is
44+ years strong!**



Cheraw Quick Notes:

- Joined the Main Street in 2019
- Approximately \$1 million in local investment since 2020

Assets:

- Historic Resources
- Strong Industrial Base
- Cultural History

Weaknesses:

- Disinvestment in Downtown
- Dilapidated Properties



Mar 26, 2021, 1:59 PM

“You don’t serve steak on a dirty platter!”

– Cheraw Downtown Master Plan, 2021

The Town of Cheraw needed to focus on maintaining our sense of place.

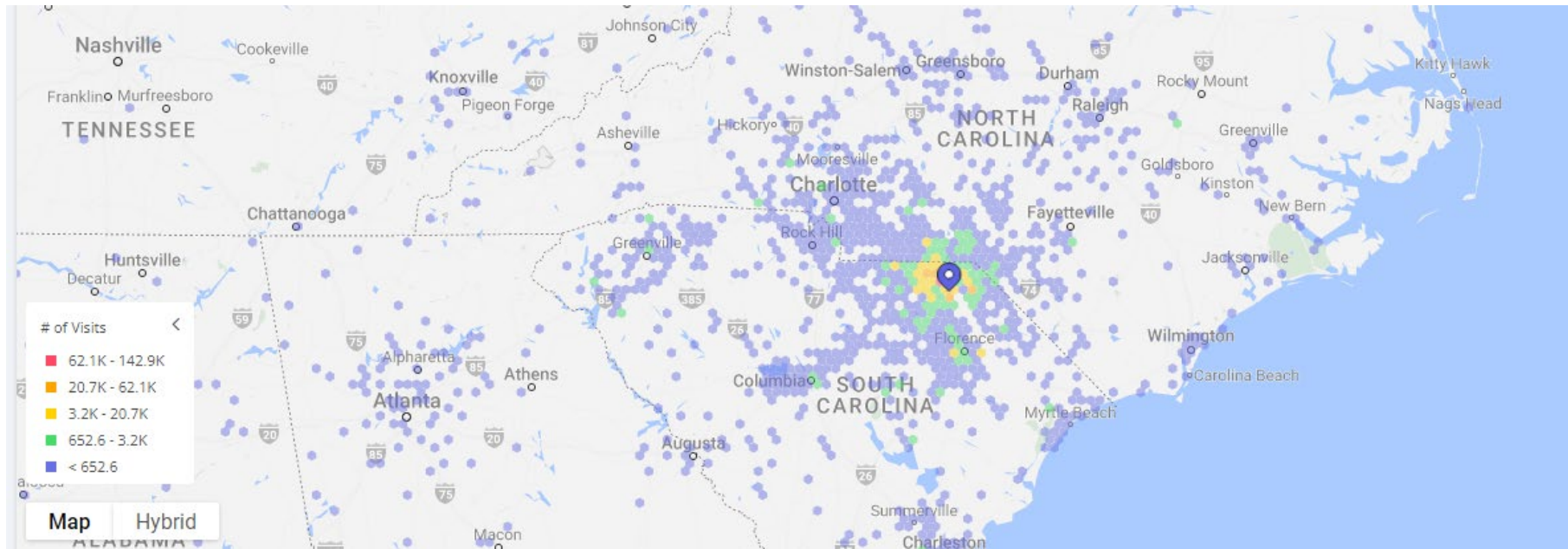


Town and private investment secured a 104 room Springhill Suites in downtown in mid-2020

Utilization of Local Resources

- How do we encourage private property owners to invest in downtown?





Justification

- Downtowns are a tourism asset. You have to maintain your tourism assets!
- Nichols v. South Carolina Research Authority
- In 2023 Downtown Cheraw had 100,000 unique visitors, with 826,000 total visits. Up from 77,000 and 644,000 in 2021 respectively.

Façade Grants



157 Market Street



Historic Building Rehabilitation Grants

- Started with a Hometown Economic Development Grant
- Promotes the sale of buildings.
- Promotes Good Stewardship of Historic Resources
- Since 2021 Cheraw's Historic Rehab Grant has helped promote the transfer of three properties and helped secure approximately \$400,000 in private investment.



168 Second Street





Maintaining our intact streetscapes is a top priority to maintain Cheraw's sense of place.



Tax Credit & Syndication Opportunities

Main Street South Carolina
Municipal Association of SC
July 18, 2024

Andrew Porio
VP Business Development

Presentation Outline

- Tax Credit Overview & Statistics
- State & Federal Credits: A Deeper Dive
- Tax Credit Monetization Process
- TCM Recent Fund Statistics
- Project Spotlights
- Recent Legislation, Questions



Tax Credit Marketplace

- 2010**
Principals began monetizing S.C. tax credits
- 2013**
Formed Tax Credit Marketplace, LLC
Tax Credit Marketplace began connecting investors with developers to partner in the monetization and investment of tax credits.
- 2014**
Launched first annual state credit fund
This state credit fund was designed to aggregate credits, which solved an inefficient market.
- 2017**
Formed Poinsett Securities, LLC
Poinsett Securities, LLC was formed to be a captive Broker Dealer for Tax Credit Marketplace, LLC
- 2017**
Closed first federal tax credit fund
- 2021**
Opened Charleston, S.C. office
- 2023**
\$140M in Monetized Tax Credits
Tax Credit Marketplace has monetized over \$140 million in tax credits.

Purpose of South Carolina Rehabilitation/Revitalization Tax Credit

The abandonment of buildings has resulted in the disruption of communities and increased cost to local governments by requiring additional police and fire services due to excessive vacancies. Many abandoned buildings pose safety concerns. A public and corporate purpose is served by restoring these buildings to productive assets for the communities in which they are located and result in increased job opportunities.

Acts create an incentive for the rehabilitation, renovation, and redevelopment of abandoned and/or historic buildings located in South Carolina.

Purpose of South Carolina Rehabilitation/Revitalization Tax Credit



Tax Credits Currently Available in SC

SC Abandoned Buildings
Revitalization Act

Federal Historic
Rehabilitation Act

SC Textile Communities
Revitalization Act

Federal Renewable Energy
ITC

SC Historic Rehabilitation
Incentives Act



Abandoned Building Revitalization

- 2/3 vacant continuously for 5 years prior to submission of NOI
- Costs to increase square footage by over 100% excluded from credit calculation
- 25% credit; \$700k maximum per site. Can be multi-sited in certain circumstances to maximize credits
- Final actual rehab costs must be greater than 80% and capped at 125% of amount in NOI
- Current sunset: 12/31/2035

Abandoned Building Credit Producing Projects



5th and Sloan Apartments
2901 Rosewood Drive
Columbia, SC



The Dewberry Hotel
L. Mendel Rivers
Federal Building
(built 1964)
Charleston, SC



Anchorage Restaurant
586 Perry Avenue
Greenville, SC

Textile Revitalization

- SC Rev-Proc 15-08
- 25% credit - unlimited
- 80% closed continuously for at least ONE year prior to filing NOI; or non-operational as a textile facility
- Site may be subdivided with separate developers
- Pre-2008: 1,000 feet; excludes ancillary service areas unless property acquired pre-1/1/2008 (footprint rule)
- Includes only areas within the boundaries of the manufacturing, dyeing or finishing operation
- Post 2018: Distressed area rules commenced

100 Roe Road - Travelers Rest, SC



- Former EMB-Tex Plant
- Multiple phases: Single Family Residential, Multifamily, and Commercial

- \$100 - \$120 million estimated development budget
- Placed in service over 3-year period (2022 -2024)

Textile Credit Producing Project



Markley Place
110 Markley Street
Greenville, SC

SC Historic Rehabilitation Tax Credits

- 25% tax credit up to \$4 million QRE OR 10% unlimited; may be combined with Textile and Abandoned Building
- Properties that qualify for Federal Historic Rehabilitation credits (20%), also qualify for SC Historic Rehabilitation credits (25%)
- June 2015 – Amended to offer 25% option up to \$4 million QRE

Historic Credit Producing Project



20 South Battery
Charleston, SC

Community Impact

- Investors: 500+
- Projects: 100+
- Real Estate Developers: 75+
- Counties: 19
- Total estimated rehabilitation investment: \$672 million
- Total tax credit investments: 139
- Total credits monetized: \$140 million



Federal Historic Tax Credits

- 20% credit
- Construction at least 50 years old. Must be a “certified historic structure” on National Register of Historic Places administered by the NPS or located in a historic district and certified as having historic significance
- 5-year utilization period
- Can stack with AB or Textile and SC Historic
- Bailey Bill available

Federal Historic Tax Credits

Federal Historic Program Accomplishments 1977-2023

- \$131.71 billion in historic rehabilitation investments
- 49,263 projects certified as Historic Projects

National Park Service HTC 2023 Annual Report Highlights:

- \$34.8 billion of total rehabilitation investments (Qualified Rehabilitation Expenditures)
- 4,922 projects certified as Historic Projects

South Carolina Statistics 2016-2023

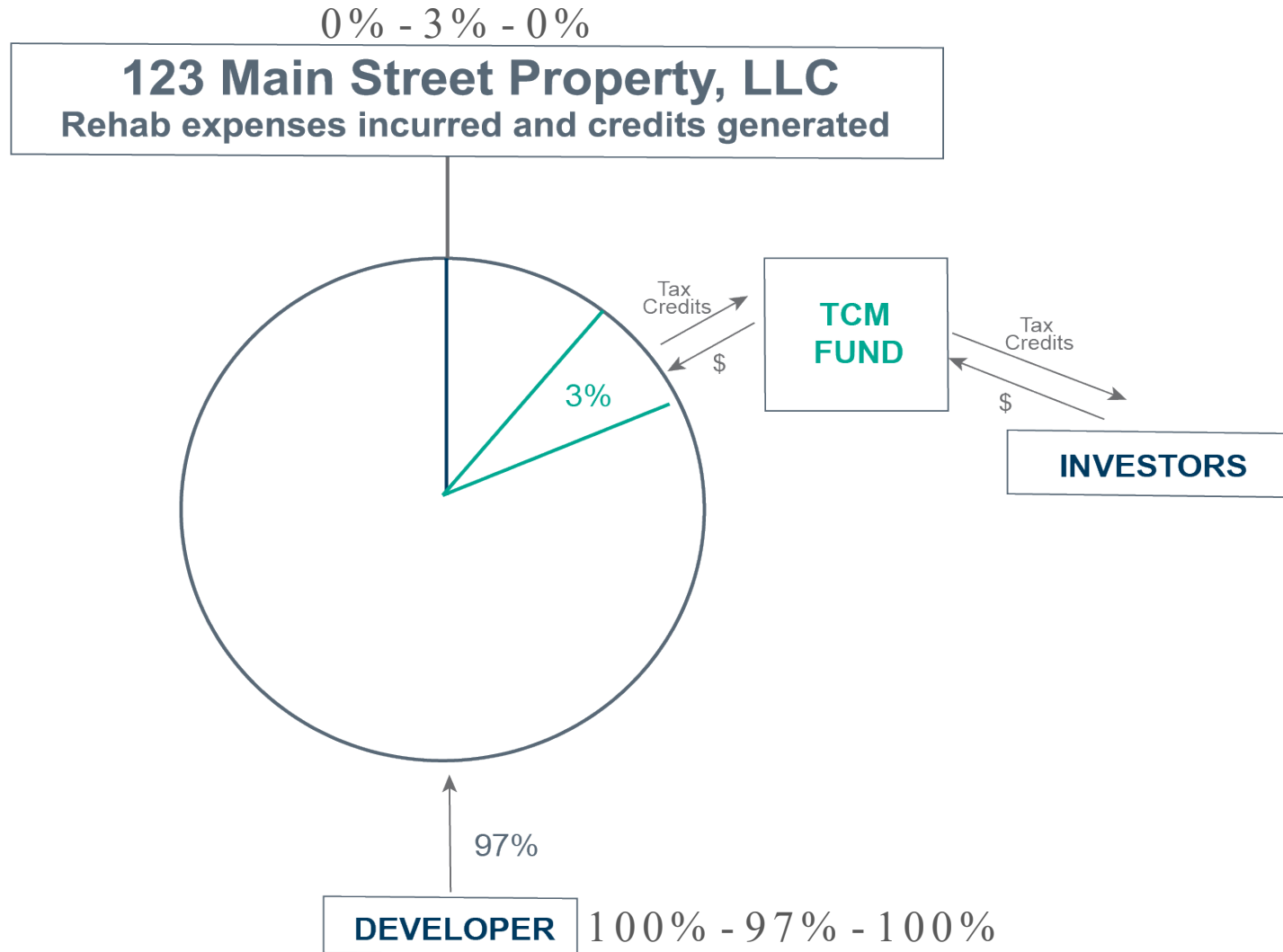
- 98 projects completed
- \$489.73 million of qualified rehabilitation expenses
- \$97.9 million in Federal Historic Tax Credits generated

Historic Tax Credit Producing Project



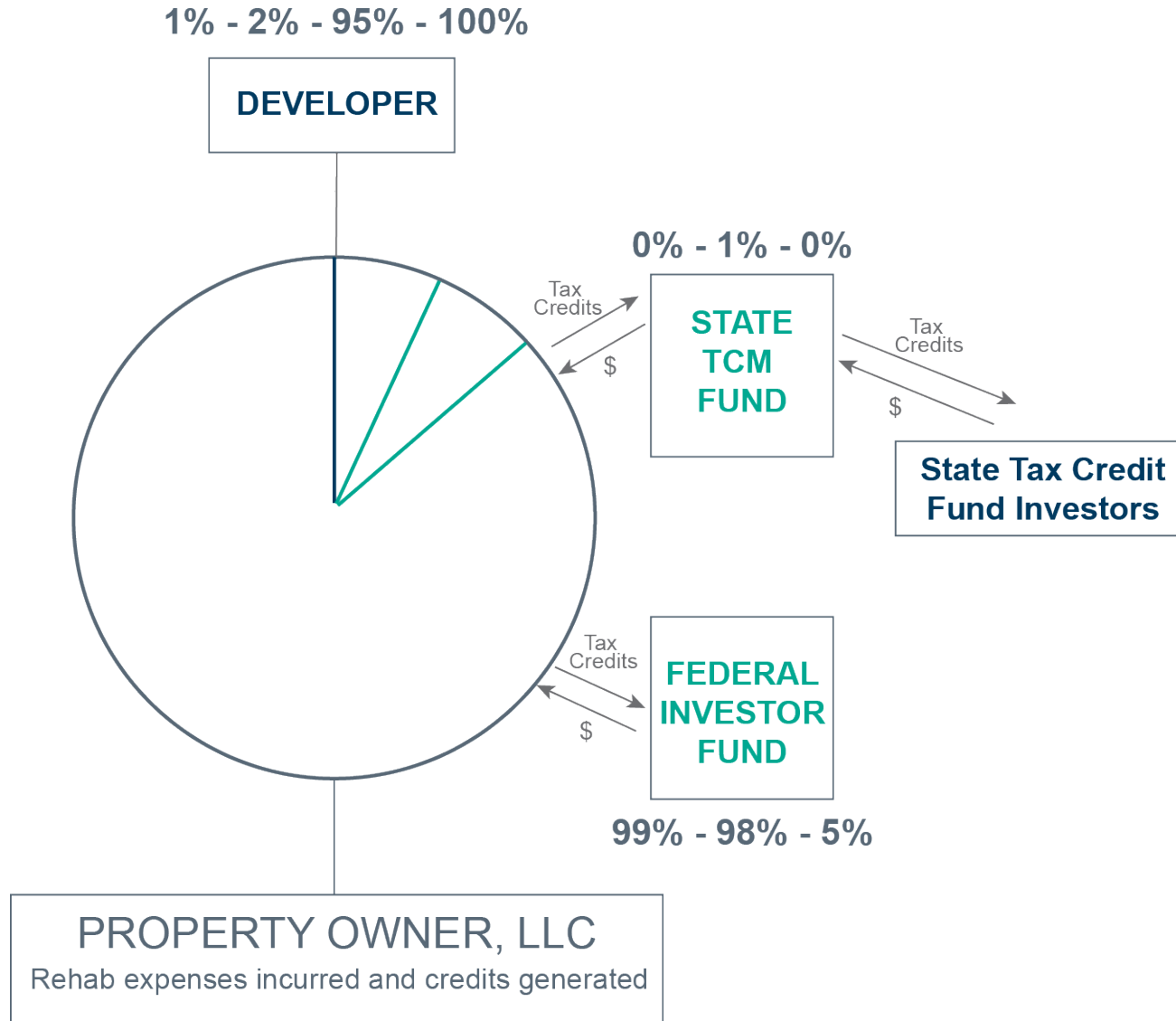
Savage Craft Brewery
420, 424 – 426 Center Street
West Columbia, SC

SC Tax Credit Life Cycle



- 3 or 5-year put/call

Federal Tax Credit Life Cycle



- 5-year flip for Federal Investor, followed by put
- 3 or 5-year put/call for State Investor

Unique Projects



1770 Anchorage
William Elliott House (est. built 1800)
1103 East Bay Street
Beaufort, SC



Former Aug Smith Dept Store Building
174 East Main Street
Spartanburg, SC
(est. built 1926)



Savage Craft Ale Works
430 Center Street
West Columbia, SC
Federal & State
HTC Credits
AB Credits



William T. Wilkins House
105 Mills Ave
Greenville, SC
(Built 1878)
Federal & State
Historic Credits
AB Credits



Recent Legislation

SC S0271 : Passed May 2021

Extend the provisions of the SC AB Rules until 12/31/2025; Railway easement

SC S0627 : Passed June 2021

Pass through trade and business income

SC S1087 : Passed June 2022

Comprehensive Tax Cut Act of 2022

SC H4547 : Pre-filed November 2023

Extend the AB Revitalization Act until 12/31/2035; with cost escalators

SC S1021 : Passed May 2024

Extend the AB Revitalization Act until 12/31/2035; increase credit to \$700K

Certifying Resolution

A RESOLUTION

TO CERTIFY PROPERTY AS AN ABANDONED TEXTILE MILL SITE PURSUANT TO SOUTH CAROLINA CODE SECTION 12-65-60 (GREENVILLE COUNTY TAX MAP NUMBERS 0485.00-01-013.12, 001.00, -001.01, -002.00, -012.00, -012.01, 012.03, and 0488.00-02-009.00)

WHEREAS, the South Carolina Textiles Communities Revitalization Act (the "Act") was enacted in Title 12, Chapter 65 of the South Carolina Code of laws (2008), as amended, to create an incentive for the rehabilitation, renovation, and redevelopment of abandoned textile mill sites located in South Carolina;

WHEREAS, the Act provides that it is necessary to encourage private investment and restore and enhance the tax base of the taxing districts in the areas by the redevelopment of these abandoned textile mills sites;

WHEREAS, South Carolina Code Section 12-65-30 provides that a taxpayer who rehabilitates an abandoned textile mill site is eligible either for a credit against certain income taxes, license fees or premium taxes, or a credit against local property taxes;

WHEREAS, South Carolina Code Section 12-65-20(1) provides that a textile mill is "abandoned" if at least eighty percent of the textile mill has been closed continuously to business or otherwise nonoperational as a textile mill for the previous year;

WHEREAS, South Carolina Code Section 12-65-20(3) provides that a "textile mill" is "a facility or facilities that were initially used for textile manufacturing, dyeing, or finishing operations and for ancillary uses to those operations;"

WHEREAS, South Carolina Code Sections 12-65-20(4)(a) and (b)(iii), provide that a "textile mill site" includes "the textile mill together with the land and other improvements on it which were used directly for textile manufacturing operations or ancillary uses;" and in the case of the textile mill being in a distressed area of a county in South Carolina, as designated by the applicable council of governments it includes "land and improvements which were used directly for textile manufacturing operations or ancillary uses, or were located on the same parcel or a contiguous parcel within one thousand feet of any textile mill structure or ancillary uses;"

WHEREAS, South Carolina Code Section 12-65-20(b) provides that a "contiguous parcel" is "any separate tax parcel sharing a common boundary with an adjacent parcel or separated only by a private or public road;"

WHEREAS, South Carolina Code Section 12-65-60 provides that a taxpayer may apply to the municipality or county in which the textile mill site is located for a certification of the textile mill site providing that the site qualifies as an abandoned textile mill site and that its geographic area is consistent with Section 12-65-20(4);

WHEREAS, South Carolina Code Section 12-65-60 provides that the taxpayer may conclusively rely upon the certification of the municipality or county in determining the credit allowed;

WHEREAS, South Carolina Revenue Ruling No. 15-8, Section 12.A. provides that a "taxpayer," is that which or who rehabilitates the textile mill site and places it in service for its intended use;

WHEREAS, some or all of the Taxpayers, as provided herein below, intend to develop the Property, as defined herein below, into a mixed use development known as "Pinestone;"

WHEREAS, the map attached hereto as Exhibit A and incorporated herein, shows the subject parcels of land for Pinestone being designated as 0485.00-01-013.12 (the "Mill Parcel") - 001.00, -001.01, -002.00, -012.00, -012.01, 012.03, and 0488.00-02-009.00 (the "Contiguous Parcels," each being a "Contiguous Parcel," and the Contiguous Parcels together with the Mill Parcel being the "Property");

WHEREAS, the chart attached hereto as Exhibit B and incorporated herein, shows the current, affiliated owners of each parcel of the Property being Liquid Combustion Technology LLC, Roeh, LLC, Pinestone Opportunity Fund, LLC, and Pinestone South End Circle, LLC, all South Carolina limited liability companies, Snikwah, Inc., a South Carolina corporation, and Cary H. Hall, Jr. and Joe O. Hawkins, as Co-Trustees of the Hawkins Electing Small Business Trust under Trust Agreement dated March 29, 2002 (collectively, the "Owners," and each an "Owner");

WHEREAS, the Mill Parcel is to be rehabilitated and developed by affiliated companies Pinestone Apartment Owner, LLC, and Pinestone Commercial Property LLC, both South Carolina limited liability companies;

For purposes herein, each Owner along with Pinestone Apartment Owner, LLC and Pinestone Commercial Property LLC are referred to as the "Taxpayers;"

WHEREAS, the Mill Parcel contains a former textile mill built in approximately 1962 for Emb-Tex, later M-Tex, which manufactured textile products, specifically embroidery. It is believed that M-Tex ceased operations sometime in the early 2000s;

WHEREAS, at least eighty percent of the textile mill has been closed continuously to business or otherwise non-operational at a textile mills site since at least 2007, when Liquid Combustion Technology, LLC acquired the same;

WHEREAS, the Contiguous Parcels share a common boundary with an adjacent parcel and are within one thousand feet of the textile mill structure or ancillary uses;

WHEREAS, the applicable council of governments for the Property, the Appalachian Council of Governments, has certified that the Property is in a distressed area of the State as provided in its letter dated June 16, 2020, attached hereto as Exhibit C and incorporated herein.

NOW THEREFOR, BE IT RESOLVED by the City Council of the City of Travelers Rest, South Carolina, which hereby certifies as follows, as of the date hereof:

Section 1. The Taxpayers have submitted to the City a request for certification of the Property as a textile mill site pursuant to South Carolina Code Section 12-65-60.

Section 2. Based on the information provided to it, the County hereby certifies pursuant to the Act that:

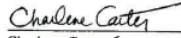
- a. The Property was a textile mill as defined in S.C. Code Section 12-65-20(3).
- b. The Property has been abandoned as defined in S.C. Code Section 12-65-20(1).
- c. The geographic area of the Property is located within a distressed area as designated by the applicable counsel of government, the Appalachian Council of Governments, and is a textile mill site and its geographic area is consistent with South Carolina Code Section 12-65-20(4).

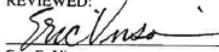
Section 3. This Resolution shall become upon the date of enactment.

[Signature pages follow.]

DONE, in a meeting duly assembled this 10 day of August 2020.


Brandy Amidon, Mayor

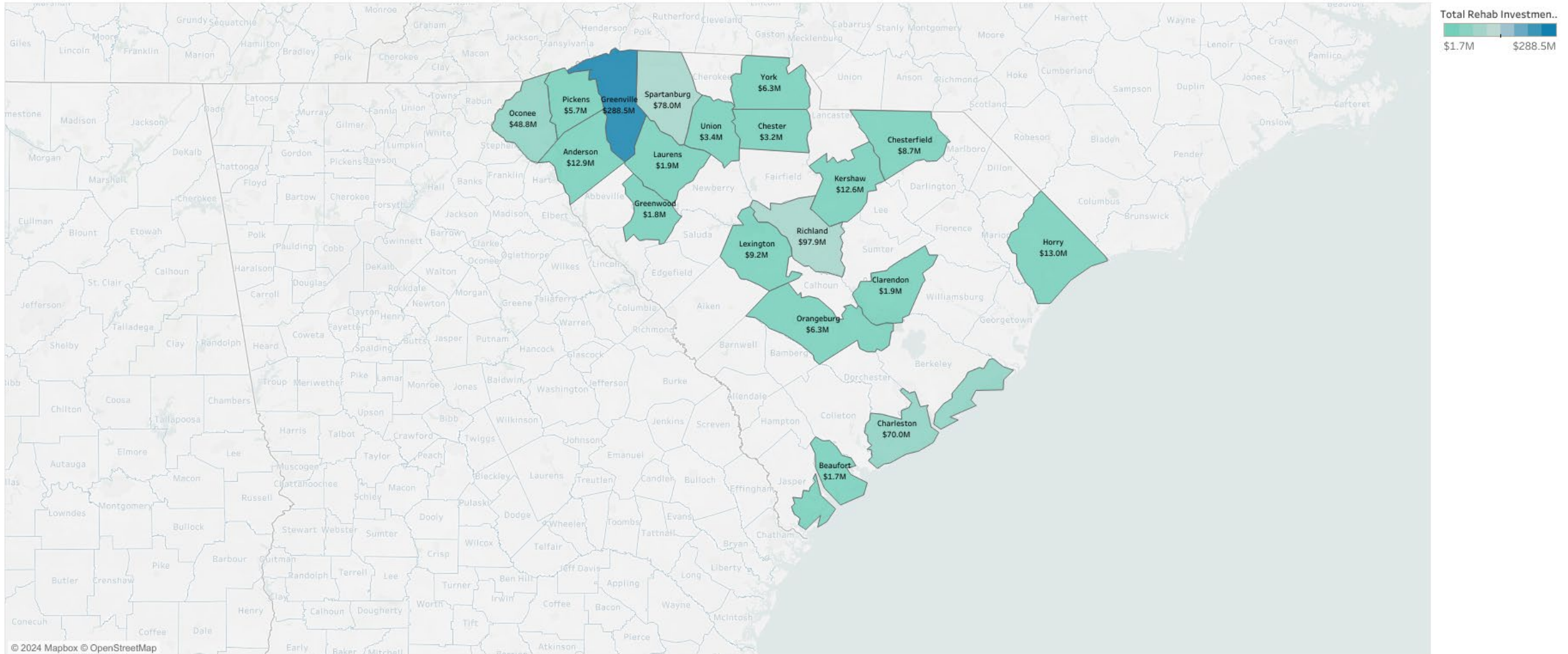
ATTEST:

Charlene Carter
City Clerk and Treasurer

REVIEWED:

Eric E. Vinson
City Administrator



Rehabilitation Supported by TCM

Total Rehabilitation Costs of TCM Fund Investments



Project Spotlight



420, 424 – 426 Center Street
West Columbia, SC



Project Spotlight



Project Spotlight



Project Spotlight

	<u>Parcel A:</u> Fire House & City Hall	<u>Parcel B:</u> New Construction	<u>Parcel C:</u> Jail	<u>Parcel D: Army</u> Hall
Federal Credits	\$ 716,266		\$ 174,429	\$ 344,940
SC Historic Credits	\$ 895,333		\$ 218,036	\$ 435,530
SC AB Credits	\$ 500,000	\$ 500,000	\$ 140,625	\$ 263,553

Construction Loan \$3,632,000
 Federal Tax Credit Equity \$883,245
 State Tax Credit Equity \$2,008,093
 Sponsor Equity \$1,827,942
 Deferred Dev Fee \$1,252,692

Total Project Cost \$9,603,972
 Total Credits Generated \$4,188,712
 Total Tax Credit Equity \$2,891,338
 Percentage of Project Cost 30.11%
 Tax Credit Mezz Loan \$1,574,000

Project Spotlight



Project Spotlight

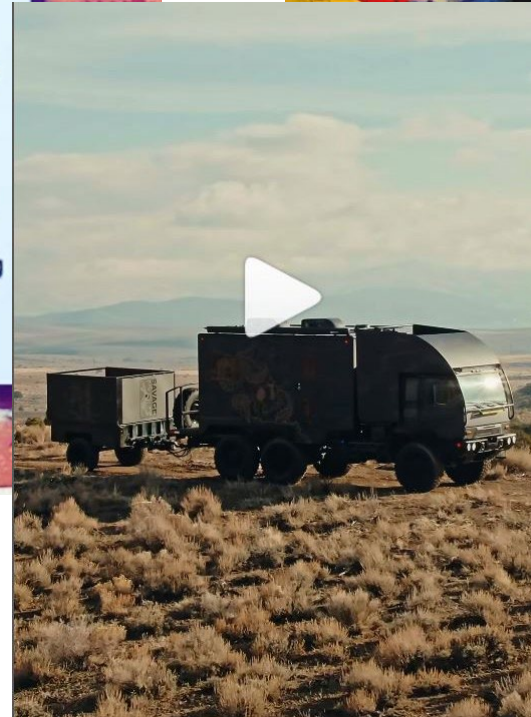


Project Spotlight

'White Lightning' Under Your Feet



In February 1925, New Brookland Police Chief L.C. Merchant oversaw 85 gallons of "white lightning" returned to the earth behind the New Brookland jail on Center Street. Chief Merchant and two colleagues captured the 170 half-gallon fruit jars of moonshine over a two night span from suspicious vehicles leaving the little city beyond the river and heading to Columbia. New Brookland Mayor Lemuel Hall was on hand to witness the liquor disappear into the soft dirt. Two years prior, Mayor Hall ordered 160 gallons of "perfectly good" booze - "some was red, some was white and some was other colors" - to be loaded into the town sprinkler at the jail and sprayed along 12 blocks of Meeting and State Streets. This made New Brookland perhaps the first town in the United States to sprinkle its streets with whiskey. (Source: The State)



Project Spotlight



WINNER!
South Carolina Department of
Archives and History's Historic
Preservation Honor Award



Savage Craft Ale Works
West Columbia, SC

QUESTIONS?



Gary Bailey

Bailey Building Owner
Laurens

gbailey@lovebaileycpa.com



Rob Wolfe

Town Manager
Cheraw

rwolfe@cheraw.com



Andrew Porio

VP Business Development
Tax Credit Marketplace

aporio@taxcreditmp.com

843.737.8017



Resources



[Economic Incentives Toolkit](#)
pdf



Bailey Bill
Economic Impact Study
Columbia, SC



[Economic Development Incentives: A Collaborative Process](#)
on-demand video resource