

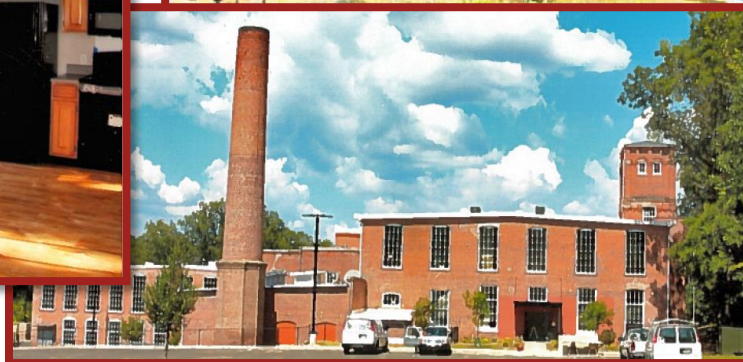
Georgia State Income Tax Credit for Rehabilitated Historic Properties SFY 2017 End of Year Report - July 1, 2016 thru June 30, 2017

Background

- In March 2002, the Georgia General Assembly passed into law the State Income Tax Credit for Rehabilitated Historic Property (O.C.G.A. Sec.48-7-29.8). Since January 2004, owners of historic residential and commercial properties who plan to undertake a substantial rehabilitation have been eligible to apply for the credit.
- The program is administered through the Historic Preservation Division (HPD) of the Georgia Department of Natural Resources in collaboration with the Georgia Department of Revenue.
- The program allows 25% of qualified rehabilitation expenditures to be taken as a state income tax credit for both historic homes and income-producing structures. If the property is in a low-income target area, a 30% credit is allowed. The credit is capped for individual projects at \$100,000 for historic homes and \$300,000 for income-producing buildings or \$5 million/\$10 million for projects meeting certain other criteria in a \$25 million annual program cap category.
- The State Preferential Property Tax Assessment for Rehabilitated Historic Property and the Federal Rehabilitation Investment Tax Credit are companion programs.

Eligibility

- Property must be listed in the Georgia Register of Historic Places or be determined eligible for listing at the time of application and be listed prior to claiming the tax credit.
- Project work must be certified as meeting the Department of Natural Resource's *Standards for Rehabilitation*.
- Project qualified rehabilitation expenditures must meet a substantial rehabilitation test.
- **Part A – Preliminary Certification** should be submitted to HPD before project work begins. Once the Part A is approved, the applicant has two years (five years for phased projects) to complete the rehabilitation.
- **Part B – Final Certification** is submitted to HPD when the project is finished. After the Part B is approved, the owner applies the credit to the taxable year the rehabilitation is completed or allocated.



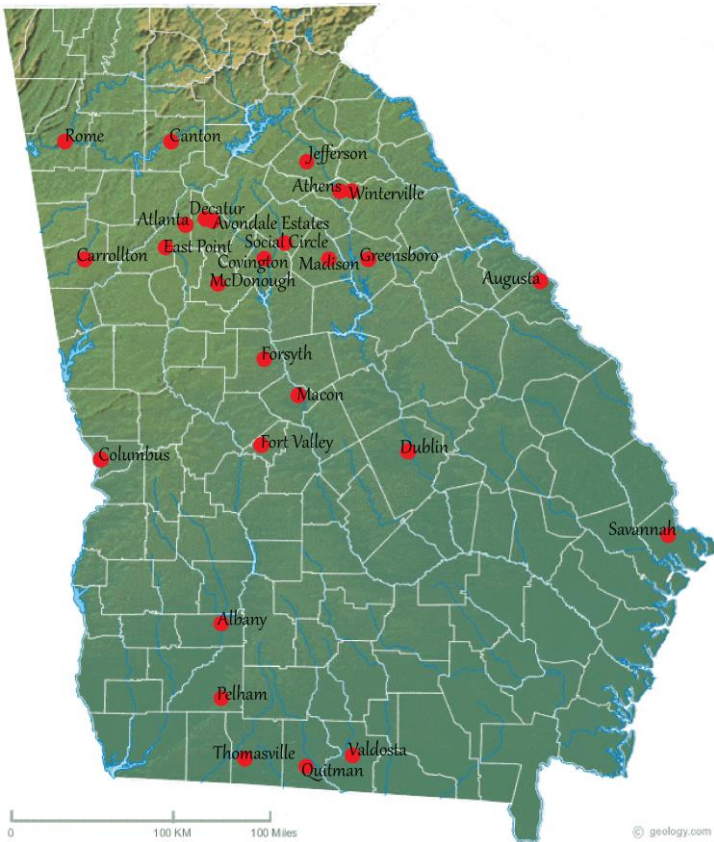
The Mary Leila Cotton Mill in Greensboro was able to take advantage of both the low income housing tax credit as well as the state and federal tax incentive programs for rehabilitation. The mill was transformed into apartments in an \$8.7 million rehab.

SFY 2017 Economic Impact of Tax Incentives:

Georgia's preservation tax incentives programs play a significant role in the economic development of communities throughout the state by creating jobs, spurring neighborhood and downtown revitalization, enriching and supporting cultural and heritage tourism, encouraging local investment, and boosting tax revenues.

Statistics for SFY 2017 reveal continued widespread utilization of tax incentives and the significant private investment they attract. Projects included houses, downtown commercial buildings, and adaptive use rehabilitation of institutional and industrial facilities with individual project investment ranging from about **\$16,000** to **\$16.5 million**. Communities with project activity were led by Macon, with **42** projects (preliminary and final certifications), followed closely by Atlanta (**41** projects) and Savannah (**36** projects). Other cities and towns with project activity included Athens, Albany, Augusta, Avondale Estates, Canton, Carrollton, Columbus, Covington, Decatur, Dublin, East Point, Forsyth, Fort Valley, Greensboro, Jefferson, Madison, Pelham, Quitman, Rome, Thomasville, Valdosta, and Winterville.

Another tangible measurement of the program's effectiveness is represented by the leveraging effect of the tax credits (ratio of tax credits earned to amount of private investment), especially considering the benefits of the private investment accrue before the tax credits are applied. In SFY 2017, the leverage ratio for completed projects (final certifications) was **1 : 9.07**.



- **99 preliminary certification applications** for *proposed* work were submitted representing **37 historic home** rehabilitations and **62 income-producing** property rehabilitations equaling:

- **\$170,365,431** in investment
- **1114** jobs created*
- **\$61,634,990** in salary and wages generated*
- **1159** additional jobs being created elsewhere*
- **\$33,652,830** in potential state tax credits
- **\$5,110,963** in state tax revenue generated from projects**
- **\$4,940,597** in local tax revenues generated from projects**

* Statistics calculated using multipliers provided in HPD's *The Economic Benefits of Historic Preservation in Georgia* report available on HPD's website at www.georgiashpo.org. Statistics provided here should not be directly compared to previous year reports as the economic modelling for each use different data sets.

- **69 final certification applications** for *completed* projects were submitted, representing **35 historic home** rehabilitations and **34 income-producing** property rehabilitations equaling:

- **\$75,438,157** in investment
- **493** jobs created*
- **\$27,292,167** in salary and wages generated*
- **513** additional jobs being created elsewhere*
- **\$8,315,162 million** in potential state tax credits
- **\$2,263,145** in state tax revenue generated from projects**
- **\$2,187,707** in local tax revenues generated from projects**

** Includes revenue from sales taxes, property taxes, wages & salaries, corporation and other taxes/revenues generated by project activities during rehabilitation.

Broad Street in Rome has seen several projects in the last few years. The first two buildings seen in this block were recently completed in a \$3.2 million rehab. The buildings now house offices, retail, and apartments.

