



CITY OF BEAUFORT
1911 BOUNDARY STREET
BEAUFORT MUNICIPAL COMPLEX
BEAUFORT, SOUTH CAROLINA 29902
(843) 525-7070
CITY COUNCIL WORKSESSION AGENDA
March 10, 2020

NOTE: IF YOU HAVE SPECIAL NEEDS DUE TO A PHYSICAL CHALLENGE, PLEASE CALL IVETTE BURGESS 525-7070 FOR ADDITIONAL INFORMATION

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STATEMENT OF MEDIA NOTIFICATION

"In accordance with South Carolina Code of Laws, 1976, Section 30-4-80(d), as amended, all local media was duly notified of the time, date, place and agenda of this meeting."

WORKSESSION - City Hall, Planning Conference Room, 1st Floor - 5:00 PM

I. CALL TO ORDER

A. Billy Keyserling, Mayor

II. EMPLOYEE NEW HIRE RECOGNITION

A. Fire Department - Kyle Bowman

B. Police Department - Laura Rutland, Courtney Piatt, and Michael Chutjian

III. DISCUSSION ITEMS

A. Update on Economic Development - John O'Toole, Beaufort County Economic Development Corporation Executive Director

B. Discussion regarding concept of creating a Lady's Island Village Center Area Plan

C. Incentives Ordinances - Proposed Changes

IV. EXECUTIVE SESSION

A. Pursuant to Title 30, Chapter 4, Section (70) (a) (1) of the South Carolina Code of Law: Discussion regarding Personnel.

B. Pursuant to Title 30, Chapter 4, Section (70) (a) (2) of the South Carolina Code of Law: Receipt of Legal Advice regarding Contractual Agreements, discussion regarding Purchase and Sale of Property and discussion regarding Economic Development regarding Magnus spec building and Project Ikon in Commerce Park.

V. ADJOURN



CITY OF BEAUFORT
DEPARTMENT REQUEST FOR CITY COUNCIL AGENDA ITEM

TO: CITY COUNCIL **DATE:** 2/20/2020
FROM: Reece Bertholf, Fire Chief
AGENDA ITEM
TITLE: Fire Department - Kyle Bowman
MEETING
DATE: 3/10/2020
DEPARTMENT: City Clerk

BACKGROUND INFORMATION:

PLACED ON AGENDA FOR:

REMARKS:



CITY OF BEAUFORT
DEPARTMENT REQUEST FOR CITY COUNCIL AGENDA ITEM

TO: CITY COUNCIL **DATE:** 2/20/2020
FROM: Matt Clancy, Chief of Police
AGENDA ITEM
TITLE: Police Department - Laura Rutland, Courtney Piatt, and Michael Chutjian
MEETING
DATE: 3/10/2020
DEPARTMENT: City Clerk

BACKGROUND INFORMATION:

PLACED ON AGENDA FOR:

REMARKS:



CITY OF BEAUFORT
DEPARTMENT REQUEST FOR CITY COUNCIL AGENDA ITEM

TO: CITY COUNCIL **DATE:** 3/3/2020
FROM: John O'Toole
AGENDA ITEM TITLE: Update on Economic Development - John O'Toole, Beaufort County Economic Development Corporation Executive Director
MEETING DATE: 3/10/2020
DEPARTMENT: City Clerk

BACKGROUND INFORMATION:

PLACED ON AGENDA FOR:

REMARKS:



CITY OF BEAUFORT

DEPARTMENT REQUEST FOR CITY COUNCIL AGENDA ITEM

TO: CITY COUNCIL **DATE:** 3/6/2020
FROM: David Prichard
AGENDA ITEM
TITLE: Incentives Ordinances - Proposed Changes
MEETING
DATE: 3/10/2020
DEPARTMENT: Community and Economic Development

BACKGROUND INFORMATION:

At the January 21, 2020 work session, council reviewed the current ordinances which provide incentives. I have incorporated the following changes based on that discussion:

- Delete Sections 5-2023, 5-2024, 10-2002, 10-3002(b)
- Combine Sections 5-2025, 2026, and 2027 and rename as Section 5- 2023, which will read as:
Sec. 5-2023. - Development.

A property owner responsible for:

- (a) development of student housing (as defined in section 5-2021(e) of this article)
- (b) development of a carriage house as defined in section 4.5.3 of the Beaufort Development Code of the City of Beaufort, South Carolina. Carriage houses receiving this incentive may not be used as short-term rental for a period of ten years.
- (c) rehabilitating a structure located in the Beaufort Historic District as depicted on the official zoning map of the City of Beaufort, South Carolina, and listed on the vacant and abandoned structures list maintained by the department of community and economic development

will be reimbursed for all city real property taxes paid by the owner on the relevant property for a maximum period of three (3) years. Reimbursements will be made on an annual basis after the city property taxes are paid and the owner has provided an affidavit that the units are being utilized for student housing.

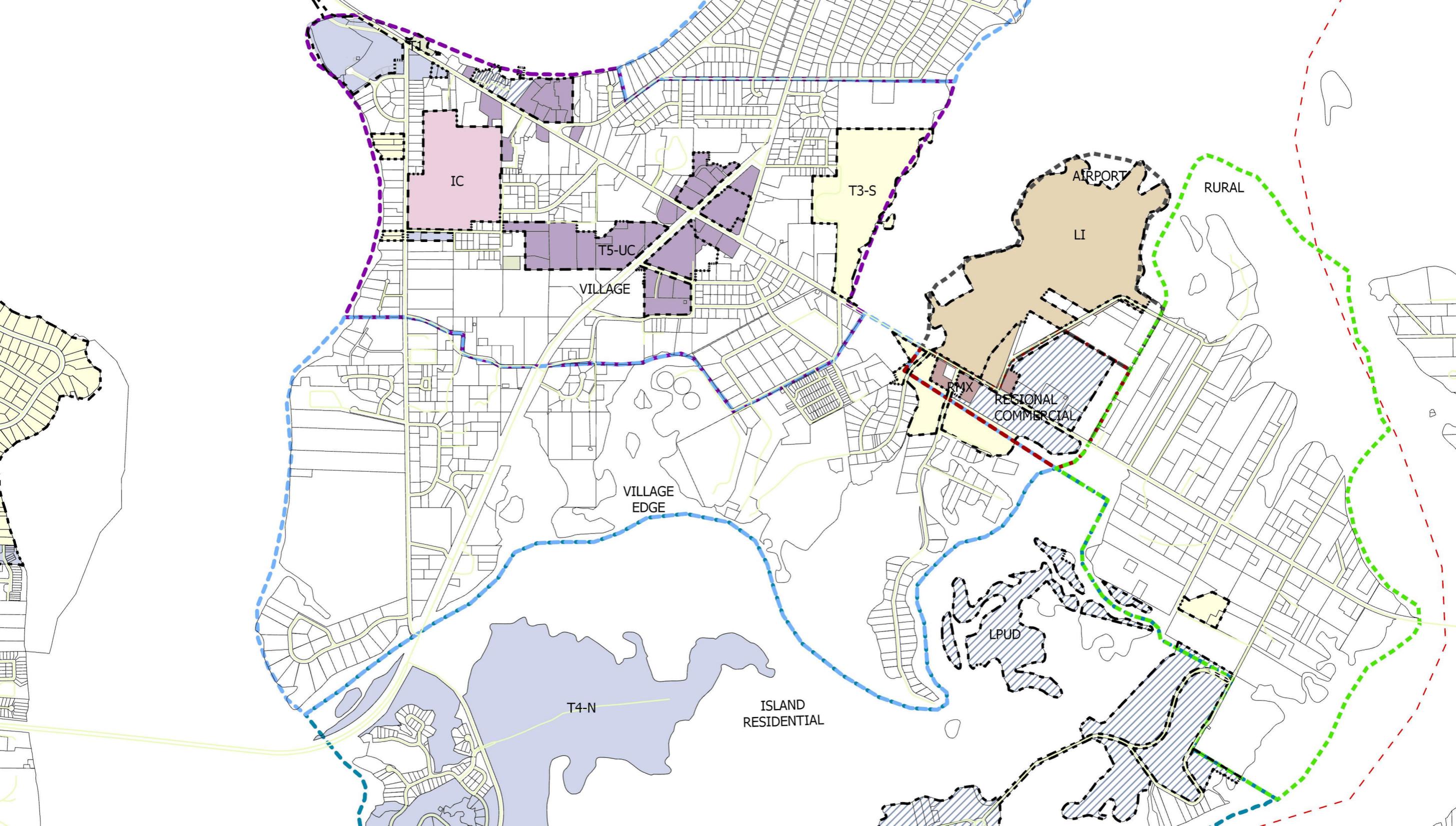
Council also requested a map showing which properties on Lady's Island would be eligible for reimbursement of city real property taxes. The areas are commercial and residential properties located within or that are a part of residential/commercial developments on Lady's Island with frontage on Lady's Island Drive (U.S. Highway 21 Bypass) south of U.S. Highway 21 Business or with frontage on Island Causeway or with frontage on Sea Island Parkway that are now contiguous to the city limits or will become contiguous with related annexations. See attached map.

PLACED ON AGENDA FOR: Discussion

REMARKS:

ATTACHMENTS:

| Description | Type | Upload Date |
|--|-----------------|-------------|
| Lady's Island Annexation Incentive Locations | Exhibit | 3/6/2020 |
| Memorandum re Incentive Ordinances | Backup Material | 3/6/2020 |
| Incentive Ordinances | Backup Material | 3/6/2020 |



IC

T3-S

T5-UC

VILLAGE

AIRPORT

RURAL

LI

RMX

REGIONAL
COMMERCIAL

VILLAGE
EDGE

LPUD

T4-N

ISLAND
RESIDENTIAL



Memorandum for City Manager From the Director of Community and Economic Development

25 June 2019

SUBJECT: Development and Annexation Incentives

You asked me to review the incentives the City is authorized to provide by ordinance. Below are the incentives authorized by ordinance:

- New construction/rehabilitation receiving affordable housing financial assistance – building permit fees reduced 50% - Municode Sec. 5-1005
- Occupancy of empty/vacant commercial buildings – reimbursement of city real property taxes up to 5 years – Sec. 5-2023
- New construction in downtown and redevelopment corridorsⁱ - reimbursement of city real property taxes up to 3 years – Sec. 5-2024
- Development of student housing - reimbursement of city real property taxes up to 3 years – Sec. 5-2025
- Development of accessory dwelling unitsⁱⁱ - reimbursement of city real property taxes attributed to the accessory dwelling unit up to 3 years – Sec. 5-2026
- Rehabilitation of vacant or abandoned structures in the Beaufort Historic District - reimbursement of city real property taxes attributed to the building rehabilitation up to 3 years – Sec. 5-2027
- Rehabilitated historic properties – special tax assessment equal to appraised value at time of preliminary certification for ten years – Sec. 10-1001
- Annexation – two times the projected city real property taxes minus two times any proportional payments remitted to a fire district – Sec. 5-2028 amended by O-4-19
- Annexation (commercial) – building permit fees reduced 50% within 12 months of annexation – Sec.10-2002
- Annexation (segments on Lady’s Island) - reimbursement of city real property taxes up to 3 years less that portion remitted to Lady’s Island Fire District; 90% in years four and five; 50% in year six; and 30% in year seven – Sec. 10-3002 (a)
- Annexation (Lady’s Island commercial recreation) - - reimbursement of city real property taxes up to 3 years less that portion remitted to Lady’s Island Fire District; 90% in years four, five and six; 60% in year seven; 50% in years eight and nine; and 40% in year ten – Sec. 10-3002 (b)

I have attached the ordinances.

-DAVID PRICHARD

ⁱ The following areas are defined as Redevelopment Areas:

- (1) The area defined by the lots on the north side of Calhoun Street, the lots on the east side of Carteret Street, the centerline of Bay Street, and the lots on the west side of Ribaut Road;
- (2) U.S. 21 Design District [*The area between the right-of-way and a line measured 500 feet perpendicular to the right-of-way running parallel to the right-of-way on both sides of U.S. Highway 21 from the Beaufort city limits east to the west side of Ribaut Road on the south and to the west side of Sycamore Street on the north.*]; and
- (3) Any lot within one-quarter mile of the intersection of Ribaut Road and Mossy Oaks Road.

ⁱⁱ A second dwelling unit either in or added to an existing single-family detached dwelling or in a separate accessory structure on the same lot as the main dwelling, for use as a complete, independent living facility with provision within the accessory dwelling unit for cooking, eating, sanitation, and sleeping. Such a dwelling is accessory and subordinate to the primary dwelling

Sec. 5-1005. - Reduction in fees and regulatory requirements for qualified affordable housing developments.

- (a) Building permit fees. Building permit fees shall be reduced up to a maximum of fifty (50) percent for any single or multifamily residential development, whether new construction or rehabilitation, that receives or will receive affordable housing financial assistance from any governmental or legally established nonprofit entity. Proof of qualification shall consist of legally executed documents establishing the financial assistance. No reduction shall be provided if work is undertaken without a permit. If the developer receives a reduction for any units which are ultimately not rented or sold to persons who are deemed low income, then the developer shall rebate to the city any savings which were incorrectly associated with those units.
- (b) *Affordable housing standards established.* Affordable housing is defined as a development with residential units available for rental or for sale to persons or families of low income defined as income equal to or less than eighty (80) percent of the area median income. Area median income is determined by the United States Department of Housing and Urban Development.
- (c) *Fee schedule.* Building permit fee reduction shall be calculated as follows:
 - (1) *Rental residential.* A scaling percentage based upon the percentage of units within the development which are reserved for qualifying individuals or households shall be used as follows:

| Percent of Affordable Units | Percent Reduction |
|-----------------------------|-------------------|
| 0—10% | 10% |
| 11—20% | 20% |
| 21—30% | 30% |
| 31—40% | 40% |
| 41—50% | 50% |
| 51% or greater | 50% |

- (2) *Owner occupied residential.* A reduction of fifty (50) percent of the building permit fee.

(Ord. No. O-02-05, § 2, 1-11-05)

ARTICLE C. - BEAUFORT REDEVELOPMENT INCENTIVE PROGRAM⁶ Footnotes:

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Editor's note— Ord. No. O-28-02, adopted July 9, 2002, deleted Art. C in its entirety and enacted similar provisions to read as herein set out. Former Art. C derived from Ord. No. O-26-98, adopted May 26, 1998; and Ord. No. O-54-99, adopted Sept. 28, 1999.

Sec. 5-2021. - Definitions.

- (a) *Appraised value.* For the purposes of this article, the appraised value of any property will be the value attributed to that property by the Beaufort County Tax Assessor's Office.
- (b) *Beaufort Redevelopment Incentive Program.* A program established for the following public purposes: Increase the occupancy of empty/vacant commercial buildings, encouragement of greater development and density in Beaufort's downtown, encouragement of student housing and affordable housing, and encouragement of annexation of property into Beaufort's city limits. The program will reimburse property owners for city taxes that are associated with an owner's occupancy of a certain previously empty/vacant buildings, an owner's development of a downtown property, an owner's development of student housing, an owner's development of an accessory dwelling unit, and an owner's annexation of property into the city limits. Reimbursement of these taxes will be promised and paid in order to encourage property owners to accomplish the program purposes. The realization of these goals will promote the public health, safety, morals, general welfare and security, prosperity, and contentment of the citizens of Beaufort. Hereinafter, the Beaufort Redevelopment Incentive Program will be referred to as "the program."
- (c) *Building.* Any structure located within Beaufort city limits built for the support, shelter, or enclosure of persons, animals, chattels, or property of any kind which has enclosing walls for at least fifty (50) percent of its perimeter. For the purposes of this article, each portion of a building separated from other portions by a fire wall shall be considered a separate building.
- (d) *Commercial building.* Any building located within Beaufort city limits that is adapted to occupancy for the transaction of business; for the rendering of professional services; for the display, sale or storage of goods, wares or merchandise; or for the performance of work or labor and was utilized for commercial activity during its most recent occupancy.
- (e) *Development of student housing.* Development of housing, whether construction of new buildings on vacant sites or renovation of existing structures that have remained vacant continuously for at least one (1) full calendar year, for occupancy by students enrolled on a full or part-time basis at the Technical College of the Lowcountry or the University of South Carolina Beaufort.
- (f) *Empty/vacant commercial building.* Any existing commercial building that has not housed any commercial activity for at least one (1) year prior to any occupancy asserted by a property owner(s) as qualifying under the program.
- (g) *Empty/vacant commercial building qualifications.* Any commercial building which is conveyed to a new property owner after that building has remained empty and/or vacant continuously for at least twelve (12) months during which time it has been continuously and actively offered for sale or lease. Any substantial use of an otherwise qualified commercial building within twelve (12) months prior to a new owner's attempt to qualify under the program, including any commercial, charitable, or residential use, will compromise the previous period that the building was empty/vacant and disqualify that building from the program.
- (h) *New occupancy of previously empty/vacant qualified commercial building.* Any new owner(s) attempting to benefit from section 5-2023 of this article must actively use the qualified commercial building for its generally recognized or obvious purpose, including, but not limited to: operation of a retail business, operation of a restaurant, storing of wares/chattels, or any other business activity allowed in the City of Beaufort. Any owner who maintains the property in the same fashion as during the minimum one (1) year that the building was empty/vacant will not qualify for the program, as one

of the public purposes of this article is to increase occupancy of previously empty/vacant commercial buildings. To maintain its qualification under section 5-2023 of this article, a previously empty/vacant commercial building that has been acquired by a new owner(s) must be continuously utilized in a viable, bona fide commercial capacity. A mere change in ownership of the property without accompanying viable commercial activity will not qualify a property hereunder.

- (i) *New construction.* For the purposes of section 5-2024 of this article, new construction will mean:
 - (1) Construction of new buildings on previously vacant sites;
 - (2) City-approved legal demolitions of blighted and/or dilapidated buildings and construction of new buildings on those sites;
 - (3) Renovations, improvements, and/or additions to second and higher stories in existing commercial buildings for the purpose of creating new housing; and
 - (4) Any renovations, improvements and/or additions or existing buildings where the renovations, improvements, and/or additions increased the appraised value of the building by at least fifty (50) percent.
- (j) *Property owner.* For the purposes of this article, any person, persons, or entity with legal title to the property in question will be deemed property owner.
- (k) *Rehabilitation of vacant or abandoned structures.* For purposes of section 5-2027, rehabilitation means renovations that bring the structure into a habitable condition. A rehabilitated structure shall have sound structural framing for roof, walls, floor, and foundation systems; completely weather-proofed wall, roof, and window systems; correctly sized heating systems; safe egress; and clean water supply with sanitary bathroom connected to sewer per code. A rehabilitated structure shall have passed a final inspection.

(Ord. No. O-28-02, 7-9-02; Ord. No. O-13-03, §§ 1, 2, 4-22-03)

Sec. 5-2022. - General provisions.

- (a) *Prospective application.* This article is prospective only and is not retroactive. Therefore, any action taken in regards to a property that would have qualified that property hereunder but which predates this article shall fail to qualify that property for the program.
- (b) *Qualification for the program.* Qualification for the program is contingent upon a change in the use, condition, and/or status of an owner's property and, to qualify under section 5-2023 of this article, a bona fide change in ownership of the commercial property in question. Furthermore, to qualify hereunder the property in question must be fully in compliance with all federal, state and local codes, statutes, regulations and ordinances. The property in question must qualify for the program before any development incentives may be earned. No person or entity other than the qualifying property's bona fide owner may receive any reimbursement for taxes paid. No property may qualify for the program more than one (1) time or under more than one (1) section.
- (c) *City of Beaufort's approval.* Any property owner seeking to participate in the program must receive the city's approval that the owner's property qualifies for the program before any reimbursements will be paid by the city to the owner. The determination as to property's qualification hereunder will be made by the city manager or his/her designee upon the application of the owner of the property in question.
- (d) *Appeals.* Any property owner aggrieved by the city manager's determination of whether that property owner's property qualifies hereunder may appeal to the city council by filing a letter with the city clerk setting forth the ground(s) for the appeal within ten (10) days of the city manager's determination. Council shall thereafter consider that appeal at its next regularly scheduled meeting. Council may consider any information presented by the aggrieved property owner and the city manager in making its determination as to whether the property in question qualifies for the program.

- (e) *Source of reimbursements paid by city.* For qualifying properties within the existing TIF District (pursuant to Ordinance No. O-34-96), any reimbursements hereunder which qualify as redevelopment project costs shall be paid from the TIF Fund. All other development incentives reimbursements paid by the city to any owners pursuant hereto shall be paid from the city general fund.
- (f) *Reimbursements by city.* The city will only reimburse a property owner for projected taxes or taxes actually paid to the city for the property qualified under the program. In no event will the city's development incentives to any property owner exceed the city's projections or actual payments made to the city by that property owner.
- (g) *Schedule of reimbursements.* Each time a property owner pays a city property tax, the city will reimburse that property owner the appropriate amount paid to the city provided that property maintains its qualification hereunder for at least ninety (90) days after the city receives the tax. Therefore, it is possible that a property could be approved for the program but subsequently disqualified for no longer maintaining that qualification pursuant hereto.
- (h) *Disqualification.* Any property that is approved hereunder may be disqualified from the program and any reimbursements to that property's owner may be suspended should that property fail to maintain its qualification hereunder. Such disqualification could be cause by any of the following or any other legitimate contravention of the program: ceasing commercial activities in a previously qualified commercial building; discovery that alleged commercial activity qualifying the property hereunder was merely a facade as no bona fide commercial activity takes place at or on the property in question; discovery that a structure intended for occupancy by students as defined in this article, is not longer occupied by students; violation of any federal, state, or local code, statute, regulation, or ordinance at, on, or by the property in question; no development or renovation is actually accomplished; and the taxes asserted by an owner do not actually relate to a qualifying property.

(Ord. No. O-28-02, 7-9-02)

Sec. 5-2023. - Occupancy of empty/vacant commercial buildings.

Any property owner who acquires ownership of any qualified empty/vacant commercial building and pays city real property taxes in regards to a qualifying property will receive credits for all such taxes paid. The amount of these credits will be calculated as follows: the new property owner will receive cash reimbursements for all city real property taxes paid over the same number of years the qualified property had been continuously empty and/or vacant and which was continuously available for sale and/or lease during that time, up to a maximum period of five (5) years.

(Ord. No. O-28-02, 7-9-02)

Sec. 5-2024. - New construction in downtown and redevelopment corridors.

The property owner responsible for qualifying new construction (as defined in section 5-2021(i) of this article) will be reimbursed for all city real property taxes paid by the owner on the relevant property attributable to the new development on that property for a maximum period of three (3) years. For the purposes of section 5-2021(i)(3) of this article, a property owner who creates new rental housing in an upper story (or in upper stories) of an existing commercial building in the tax increment financing district will receive double the reimbursement authorized hereunder. To qualify under this section 5-2024, the new construction must either be in the city downtown tax increment financing district or in a redevelopment corridor defined in section 11.2 of the Unified Development Ordinance of the City of Beaufort, South Carolina. Should a property owner elect to receive a lump sum payment for all such taxes which will be credited, the city will pay the property owner for all such real property taxes which the property owner will pay which are attributable to the qualifying new construction for a maximum period of three (3) years, upon that owner's receipt of a certificate of occupancy for that newly constructed building or that area of the previously existing commercial building which was renovated, improved, and/or added.

(Ord. No. O-28-02, 7-9-02; Ord. No. O-13-03, § 3, 4-22-03)

Sec. 5-2025. - Development of student housing.

A property owner responsible for development of student housing (as defined in section 5-2021(e) of this article) will be reimbursed for all city real property taxes paid by the owner on the relevant property for a maximum period of three (3) years. Reimbursements will be made on an annual basis after the city property taxes are paid and the owner has provided an affidavit that the units are being utilized for student housing.

(Ord. No. O-28-02, 7-9-02)

Sec. 5-2026. - Development of accessory dwelling units.

A property owner responsible for development of an accessory dwelling unit as defined in section 11.2 of the Unified Development Ordinance of the City of Beaufort, South Carolina will be reimbursed for all city real property taxes attributable to the accessory dwelling unit for a maximum period of three (3) years. Reimbursements will be made on an annual basis after the city property taxes are paid and the owner has provided an affidavit that the accessory unit is occupied.

(Ord. No. O-28-02, 7-9-02; Ord. No. O-13-03, § 4, 4-22-03)

Sec. 5-2027. - Rehabilitation of vacant or abandoned structures.

A property owner responsible for rehabilitating a structure located in the Beaufort Historic District as defined in section 4.9.C. of the Unified Development Ordinance of the City of Beaufort, South Carolina, and listed on the vacant and abandoned structures list maintained by the department of planning and development services, will be reimbursed for all city real property taxes attributable to the building rehabilitation for a maximum period of three (3) years. Reimbursements will be made on an annual basis after the city property taxes are paid on the rehabilitated structure.

(Ord. No. O-13-03, § 5, 4-22-03)

Sec. 5-2028. - Annexation incentives.

Replaced; ref: O-4-19

- (a) *Annexation agreements.* Any property owner who owns real property located in Beaufort County that is not within the corporate limits of the City of Beaufort who, upon the request of the city, executes an annexation agreement with the city will receive from the city a payment equal to one and one-half (1½) times that property's projected city real property taxes based upon the real property's then current appraised value, use, and city millage rate at the date of execution of the annexation agreement. Once such a property actually annexes into Beaufort's city limits pursuant to this subsection, that property's owner will receive another payment equal to one and one-half (1½) times that property's projected city real property taxes based upon that real property's appraised value, use, and city millage rate as of the time the property owner executed the annexation agreement.
- (b) *Annexation of properties.* Any real property owner who owns real property located in Beaufort County that is not within the corporate limits of the City of Beaufort who, upon the request of the city, annexes that real property into Beaufort's city limits, will receive credits and reimbursements for all city real property taxes paid by the property owner on that property and all city personal property taxes paid by the property owner for all personal property owned by the property owner and located at the annexed real property from the date of annexation for a maximum period of three (3) years. Should the property owner elect to receive a lump sum payment for all such taxes which will be

credited, the city will pay the property owner for all such projected city taxes based upon that real property's then current appraised value, use, and city millage rate and the relevant personal property then located at the property from the date of annexation for a maximum period of three (3) years.

(Ord. No. O-28-02, 7-9-02; Ord. No. O-13-03, § 5, 4-22-03)

Secs. 5-2029—5-2030. - Reserved.

CHAPTER 1. - SPECIAL PROPERTY TAX ASSESSMENTS FOR REHABILITATED HISTORIC PROPERTIES

Sec. 10-1001. - Special tax assessment created.

A special tax assessment is created for eligible rehabilitated historic properties for ten (10) years equal to the appraised value of the property at the time of preliminary certification.

(Ord. No. O-23-14, 9-23-14)

Sec. 10-1002. - Purpose.

It is the purpose of this division to:

- (a) Encourage the restoration of historic properties;
- (b) Promote community development and redevelopment;
- (c) Encourage sound community planning; and
- (d) Promote the general health, safety, and welfare of the community.

(Ord. No. O-23-14, 9-23-14)

Sec. 10-1003. - Eligible properties.

- (a) *Certification*. In order to be eligible for the special tax assessment, historic properties must receive preliminary and final certification.
 - (1) To receive preliminary certification a property must meet the following conditions:
 - a. The property has received historic designation.
 - b. The proposed rehabilitation work receives approval from the historic district review board (HRB); or
 - c. Be a project that commences on or after the date of the adoption of this ordinance. Preliminary certification must be received prior to beginning work.
 - (2) To receive final certification, a property must have met the following conditions:
 - a. The property has received preliminary certification.
 - b. The minimum expenditures for rehabilitation were incurred and paid.
 - c. The completed rehabilitation receives approval from the director of planning and development services as being consistent with the plans approved by HRB as part of preliminary certification.
- (b) *Historic designation*. As used in this section, "historic designation" means:
 - (1) the structure is at least fifty 50 years old and is located in the historic district;

- (2) The structure is located outside the historic district and is listed on the National Register of Historic Places; or
- (3) The structure is listed on the "1997 Beaufort County Above Ground Historic Sites Survey," and has been designated as "historic" according to Section 3.21 of the Unified Development Ordinance and its successors.

(Ord. No. O-23-14, 9-23-14)

Sec. 10-1004. - Eligible rehabilitation.

- (a) *Standards for rehabilitation work.* To be eligible for the special tax assessment, historic rehabilitations must be appropriate for the historic building and the historic district. This is achieved through adherence to the standards set out in Section 3.20.C of the Unified Development Ordinance and its successors.
- (b) *Work to be reviewed.* The following work will be reviewed according to the standards set forth above:
 - (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.
- (c) *Minimum expenditures for rehabilitation* means the owner rehabilitates the building, with expenditures for rehabilitation exceeding seventy-five (75) percent of the fair market value of the building. Fair market value means the appraised value as certified to the HRB by a real estate appraiser licensed by the State of South Carolina, the sales price as delineated in a bona fide contract of sale within twelve (12) months of the time it is submitted, or the most recent appraised value published by the Beaufort County tax assessor.
- (d) *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 floor space 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.
- (e) *Scope.* The special tax assessment may apply to the following:
 - (1) Structure(s) rehabilitated.
 - (2) Real property on which the building is located.
- (f) *Time limits.* To be eligible for the special tax assessment, rehabilitation must be completed within two (2) years of the preliminary certification date. If the project is not complete after two (2) years, but the minimum expenditures for rehabilitation have been incurred, the property continues to receive the special assessment until the project is completed or until the end of the special assessment period, whichever shall first occur.

(Ord. No. O-23-14, 9-23-14)

Sec. 10-1005. - Process.

- (a) *Fee required.* A fee as set out in the city's fee schedule shall be required for final certification for each application.
- (b) *Plan required.* Owners of property seeking approval of rehabilitation work must submit an HRB application with supporting documentation and application fee prior to beginning work.
- (c) *Preliminary certification.* Upon receipt of the completed application, the proposal shall be placed on the next available agenda of the HRB to determine if the project is consistent with the standards for rehabilitation in subsection 10-1004(a). After the HRB makes its determination, the owner shall be notified in writing. Upon receipt of this determination the owner may:
 - (1) If the application is approved, begin rehabilitation;
 - (2) If the application is not approved, may revise such application in accordance with comments provided by the HRB;
- (d) *Substantive changes.* Once preliminary certification is granted to an application, substantive changes must be approved by the HRB. Unapproved substantive changes are conducted at the risk of the property owner and may disqualify the project from eligibility. Additional expenditures will not qualify the project for an extension on the special assessment.
- (e) *Final certification.* Upon completion of the project, the project must receive final certification in order to be eligible for the special assessment the director of planning and development services will inspect completed projects to determine if the work is consistent with the approval granted by the HRB pursuant to section 10-1004(a). Final certification will be granted when the completed work meets the standards and verification is made that expenditures have been made in accordance with section 10-004(c) above. Upon receiving final certification, the property will be assessed for the remainder of the special assessment period on the fair market value of the property at the time the preliminary certification was made or the final certification was made, whichever occurred earlier.
- (f) *Additional work.* For the remainder of the special assessment period after final certification, the property owner shall notify the HRB of any additional work, other than ordinary maintenance. The HRB will review the work at a regularly scheduled hearing and determine whether the overall project is consistent with the standards for rehabilitation. If the additional work is found to be inconsistent the property owner may withdraw his request and cancel or revise the proposed additional work.
- (g) *Decertification.* When the property has received final certification and has been assessed as rehabilitated historic 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 from the owner to the HRB and the Beaufort County auditor requesting removal of the preferential assessment; or
 - (2) Rescission of the approval of rehabilitation by the HRB because of alterations or renovation by the owner or the owner's estate which causes the property to no longer possess the qualities and features which made it eligible for final certification.Notification of any change affecting eligibility must be given immediately to the Beaufort County assessor, auditor, and treasurer.
- (h) *Notification.* The city shall, upon final certification of a property, notify the Beaufort County assessor, auditor and treasurer that such property has been duly certified and is eligible for the special tax assessment.
- (i) *Date effective.* If an application for preliminary or final certification is filed by May 1 or the preliminary or final certification is approved by August 1, the special assessment authorized herein is effective for that year. Otherwise, it is effective beginning with the following year. The special assessment only begins in the current or future tax years as provided for in this section. In no instance may the special assessment be applied retroactively.

- (j) *Application.* Once the HRB has granted the special property tax assessments authorized herein, the owner of the property shall make application to the Beaufort County auditor for the special assessment provided for herein.

(Ord. No. O-23-14, 9-23-14)

CHAPTER 2. - PROMOTION OF ANNEXATION

Sec. 10-2001. - Benefit to new businesses.

The benefit described in section 10-2002 below shall be available to the owner of any commercial operation situated on land which is annexed into the city any time after March 1, 1996. A "commercial operation" shall be construed to be any business enterprise for which the purchase of a business license is required under this ordinance. A "new business" shall be defined as set forth in section 7-1002(9).

(Ord. No. O-14-96, 3-26-96)

Sec. 10-2002. - Building permit fees.

One-half (½) of the fees for any building permits which are issued to a new business within twelve (12) months of the effective date of the annexation shall be waived. This waiver shall apply only to building permit fees and not to any other fees which may be paid in conjunction with building permit applications (such as plan checking fees, plumbing permit fees, electrical permit fees, sign permit fees, safety inspection fees, and tree removal application fees).

(Ord. No. O-14-96, 3-26-96)

CHAPTER 3. - INCENTIVE REIMBURSEMENT GRANT PROGRAM FOR CERTAIN ANNEXATIONS

Sec. 10-3001. - Creation of the program.

The incentive reimbursement grant program for certain annexations is hereby established for the city. The city manager or his designee will administer the program.

(Ord. No. O-28-16, 9-13-16)

Sec. 10-3002. - Purpose of the program.

The purpose of the program is to provide reimbursement to the property owner, as a grantee under the program, of an amount equivalent to a portion of city real property taxes paid by the property owner of property that is annexed into the city at the request of the city and pursuant to the program. The initial designated areas for the program, as set by council, are (1) commercial properties (vacant or developed) used exclusively for recreational purposes located on Lady's Island with frontage on either Lady's Island Drive or Island Causeway that are now contiguous to the city limits or will become contiguous with related annexations, and (2) all other commercial and residential properties located within or that are a part of residential/commercial developments on Lady's Island with frontage on Lady's Island Drive (U.S. Highway 21 Bypass) south of U.S. Highway 21 Business or with frontage on Island Causeway or with frontage on Sea Island Parkway that are now contiguous to the city limits or will become contiguous with related annexations. The council may set additional or substituted designated program areas from time to time.

(Ord. No. O-28-16, 9-13-16)

Sec. 10-3003. - Provision for reimbursement.

- (a) *Residential and commercial properties.* A property owner of residential or commercial property who participates in the program is not eligible for, and waives, the annexation and other incentives set out in city Code sections 5-2021 through 5-2028. Under the program, the city will reimburse a residential or commercial property owner, who is requested by the city to annex and whose property is annexed, as the grantee, an amount representing one hundred (100) percent of the amount of City of Beaufort real property tax paid less that portion remitted to Lady's Island Fire District under the agreement for fire protection by annexed areas of Lady's Island, for the annexed residential or commercial property for the first three (3) years after program application for which city real property taxes are paid. For each of the following four (4) years, the amount of reimbursement shall be reduced as follows: Ninety (90) percent of such paid taxes in year four (4) and five (5), fifty (50) percent in year six (6), and thirty (30) percent in year seven (7). The city will make this reimbursement to the grantee within fifteen (15) business days of the city's receipt of proof of payment, satisfactory to the city, of city real property taxes for the annexed property. Reimbursement and the calculation of the amount of reimbursement shall not include any late payment of taxes or any amount paid as penalties.
- (b) *Commercial properties used exclusively for recreational purposes.* A property owner of commercial property used exclusively for recreational purposes who participates in the program is not eligible for, and waives, the annexation and other incentives set out in city Code sections 5-2021 through 5-2028. Under the program, the city will reimburse such commercial property owner, who is requested by the City to annex and whose property is annexed, as the Grantee, an amount representing one hundred (100) percent of the amount of City of Beaufort real and personal property tax paid less that portion remitted to Lady's Island Fire District under the agreement for fire protection by annexed areas of Lady's Island, for the annexed commercial (exclusively recreational use) property for the first three (3) years after program application for which city real and personal property taxes are paid. For each of the following three (3) years, the amount of reimbursement shall be reduced from one hundred (100) percent by an amount representing ten (10) percent of the total of city real and personal property taxes paid for the property (that is, ninety (90) percent of such paid taxes in year four (4), ninety (90) percent in year five (5), ninety (90) percent in year six (6)). For each of the remaining four (4) years, the amount of the reimbursement shall be reduced as follows: Sixty (60) percent in year seven (7), fifty (50) percent in year eight (8), fifty (50) percent in year nine (9) and forty (40) percent in year ten (10). The city will make this reimbursement to the grantee within fifteen (15) business days of the city's receipt of proof of payment, satisfactory to the city, of city real and personal property taxes for the annexed property. Reimbursement and the calculation of the amount of reimbursement shall not include any late payment of taxes or any amount paid as penalties.

(Ord. No. O-28-16, 9-13-16)

Sec. 10-3004. - Application and documentation for the program.

A property owner seeking a grant under the program must apply for the program by the time of annexation of the subject property, provide documentation of qualification as requested in the application, and agree to furnish any other information as may be needed by the city to determine qualification and reimbursement. The city manager may establish any policies or regulations needed for administration of the program.

(Ord. No. O-28-16, 9-13-16)