

UNPRECEDENTED OPPORTUNITY FOR DEVELOPERS:

City of Columbia and Richland County offer major tax breaks to encourage development



In an innovative plan to spur development and ease the tax burden for developers and investors, the City of Columbia and Richland County are offering significant tax breaks for large commercial and residential projects totaling more than \$30 million. Close to two-thirds of Columbia’s property is government-owned, and therefore, goes untaxed, leading to higher tax rates and what many describe as an undue tax burden on commercial taxpayers.

“The City and County have united in a collaborative effort to reduce some of the costs of doing business, in order to stimulate more commercial mixed-use development here in the Midlands. Based on local vacancy rates, we know there is a strong appetite for office, hotel, multifamily residential, and retail/restaurant amenities. Today’s announcement demonstrates to the development community that Richland County and the City of Columbia welcome new investment to our community, and we are open for doing business,” noted Ryan Coleman, Director, Columbia Office of Economic Development.

Developers can receive up to 50% joint property tax break for up to 10 years on approved projects. Deals require at least \$30 million in investment, and money saved must be spent on area improvements like sidewalks, utility infrastructure, turn lanes, or parking. The breaks are currently set to expire in 2022.

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“This is a tremendous opportunity for both owners and developers across Columbia and the country,” said Nick Stomski, Partner, Trinity Partners. “We’ve been working with clients looking to invest, develop, and expand their portfolio, but the tax scenario proved to be a hurdle. Columbia has had some grass-roots momentum with development in the past few years, and this new tax break will only enhance and grow the city’s housing, hospitality, retail, and workspace options. Given that we now rank fourth in the nation for cities Millennials are calling home, the timing couldn’t be better.”

Stomski and his fellow team at Trinity Partners have already started conversations with developers, investors, and landowners about the tax break and how it can help them with their real estate investment goals.

“Whether you own land and you’ve been waiting to sell, or you’re from out of market and ready to seriously consider developing in Columbia, this new tax break is too good not to investigate,” said Stomski. “Our city is at a tipping point, and innovative, entrepreneurial developers and investors would be smart to take advantage of it.”

Developers interested in taking advantage of the new tax break will complete a “Request for Consideration of Credit Application” including details about the commercial development and a pro forma outlining the expected costs and profits of their planned development project.

Projects will be evaluated based on the following criteria (taken directly from the City of Columbia’s resolution):

The type and nature of the public infrastructure provided at the commercial development or by the developer within the City of Columbia.

If the commercial development includes a residential component, whether any of the residential units are made available for use as affordable or workforce housing.

The total amount of expected taxable investment at the commercial development over a five-year period, which must not be less than \$30 million.

Whether the benefits of the commercial development to the public exceed the costs of the property tax credit as shown by a cost/benefit analysis.

Such other factors as the City’s Economic Development Department Staff and the City Council Economic Development Committee deem relevant.

For more information about the tax break and how it may apply to your project or real estate goals, reach out to the local market experts at Trinity Partners.



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