



City Council

Approval of a Resolution Granting Special Tax Valuation for the Olympia Heritage Site at 317 4th Ave East

Agenda Date: 12/7/2021
Agenda Item Number: 4.D
File Number:21-1153

Type: resolution **Version:** 1 **Status:** Passed

Title

Approval of a Resolution Granting Special Tax Valuation for the Olympia Heritage Site at 317 4th Ave East

Recommended Action

Committee Recommendation:

The Heritage Commission recommends approval of the special valuation application for 317 4th Ave East.

City Manager Recommendation:

Move to approve the Resolution granting special property tax valuation status for the historic property at 317 4th Ave East.

Report

Issue:

Whether to approve t the Resolution granting special property tax valuation status for the historic property at 317 4th Ave East.

Staff Contact:

Marygrace Goddu, Historic Preservation Officer, Community Planning & Development, 360.480.0923

Presenter(s):

None - Consent Calendar Item.

Background and Analysis:

Special Tax Valuation

The City of Olympia participates in the Washington State Special Tax Valuation program. The program provides owners of designated historic buildings with the opportunity to apply for a property tax revaluation following the completion of approved rehabilitation work. The purpose is to incentivize historic preservation by offsetting the costs to maintain and upgrade older buildings. To qualify for special valuation, the qualified rehabilitation expenses must be equal to or greater than 25 percent of the value of the building, exclusive of land, prior to rehabilitation.

As outlined in OMC 3.60 Special Property Tax Valuation the Olympia Heritage Commission (OHC) performs a full review of each application and its related expenses. The OHC then makes a recommendation to City Council for approval or denial.

The application must be approved or denied by the City Council before December 31, 2021. If approved, the City enters into a ten-year agreement with the property owner to ensure no additional modifications are made that adversely impact the property's historic value without written consent by the City.

The Thurston County Assessor completes the final processing of the special valuation. Beginning in the following year (2022) property is reassessed (to include the new improvements) and the Total Qualified Expenditures are subtracted from the newly assessed property value for a period of ten years.

History of The Montgomery Ward Building

The Montgomery Ward Building opened in August 1929 as a retail location for the national mail order catalog company. Many contemporary concerns and values are reflected in the news account of the opening (*Daily Olympian*, Friday, August 23, 1929): the company's representative downplayed any impact to downtown small businesses and touted the new store as a regional attraction. The article boasted of the use of local contractors and materials in construction, and a list by name of new hires, "almost exclusively" locals, was included in the article. "Buy local" was important to us in 1929 too. Upon construction it was one of the largest store buildings in Olympia. Builders were proud of the 2nd floor ladies' restrooms, modern HVAC system, and wide aisles.

The building has since been home to a number of uses, many retail. Notably, in 1962 it was the first home of the Olympia Vocational Technical Institute, forerunner to South Puget Sound Community College.

Rehabilitation

The building's exterior has seen some alterations, primarily to the storefront windows and entry, but the overall form and materials remain unchanged from its 1929 presence. The interiors saw major remodels over time, and no original finishes remain.

The current rehabilitation brings a completely new, residential use to the property with 18 apartment units, 12 work/art studios and a large open atrium that has been designed to serve as a gallery and event space.

The interior design includes restoration of a large atrium window at the roof level that allows natural light into all three levels. Original wood beams have been exposed, and other original wood beams salvaged during construction have been repurposed for stair treads on a new stairway in the atrium. Building systems were entirely renewed, including a new elevator. A naturally-occurring artesian spring beneath the building requires a continuously acting pump system. Celebrating a unique aspect of the local environment and ecology, the water is ingeniously channeled along the interior perimeter of the bottom floor in a river-rock lined bed that intermittently flows with running water.

The building is renewed and ready to contribute another 90 years to our downtown.

Application for 317 4th Ave East

On October 27, 2021, the Olympia Heritage Commission passed a unanimous motion to recommend approval of the application for Special Valuation at 317 4th Ave East. The Heritage Commission

recommendation is based on the following:

1. The property is individually listed on the Olympia Heritage Register.
2. The rehabilitation work was completed within the requisite 24 months prior to application.
3. The rehabilitation work and related expenses were reviewed by the Heritage Review Committee on October 18, 2021. The committee unanimously recommended approval to the full Heritage Commission.
4. The assessed value of the structure prior to rehabilitation work was \$654,900.00. Total Qualified Expenditure must meet or exceed a value of \$163,725.00 to meet the 25 percent threshold.
5. Staff conducted a review of all receipts and found the Total Qualified Expenditure is \$1,763,217.34 and exceeds the 25 percent value threshold.

The attached Certificate of Approval will be submitted to the Thurston County Assessor.

Neighborhood/Community Interests (if known):

The public has an interest in preserving the places that are important to Olympia's history, culture, and sense of place.

Options:

1. Approve the resolution granting special valuation for the historic property at 317 4th Ave East.
2. Do not approve the resolution granting special valuation for the historic property at 317 4th Ave East.
3. Consider approval of the Resolution granting special valuation for the historic property at 317 4th Ave East at another time.

Financial Impact:

Approving the application will result in no direct financial impact to City budgets. Staff time for processing Special Valuation applications is included in the operating budget.

Attachments:

Resolution
Agreement
Photos
Heritage Commission Recommendation
Certificate of Approval