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City Council

Special Tax Valuation for 2020 Water Street SW

Agenda Date: 11/19/2013
Agenda Item Number: 4.C
File Number: 13-0914

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Title

Special Tax Valuation for 2020 Water Street SW

Recommended Action

City Manager Recommendation:

Move to approve the Special Valuation Tax for 2020 Water Street SW and authorize the City Manager to sign the Historic Preservation Special Valuation Agreement.

Body

Issue:

The City Council must give final approval to Special Valuation Tax applications. The Olympia Heritage Commission has reviewed this application and recommends approval.

Staff Contact:

Todd Stamm, Principal Planner, 360.753.8314

Presenter(s):

None. Consent Calendar item.

Background and Analysis:

In 1985, Washington State authorized owners of historic property on a local or national historic register to seek a 10-year exemption from property taxes associated with the cost of rehabilitating such properties. [See RCW Chapter 84.26.] To qualify, the actual cost of rehabilitation must be at least 25% of the assessed valuation of the historic property -- exclusive of land value -- prior to the rehabilitation. All improvements must be consistent with the "Washington State Advisory Council's Standards for the Rehabilitation and Maintenance of Historic Properties."

Applications for such exemptions are submitted to the County Assessor's Office, reviewed by the local jurisdiction (City of Olympia), and subject to approval or denial by the "local review board." The Olympia City Council has designated itself as that board. See OMC Chapter 3.60. Approval is required if all requirements of the law are met. Direct review of the structure has been delegated to the City's Heritage Commission. The Council's decision is appealable to superior court.

If approved, the cost of the rehabilitation is subtracted from the assessed value of the property for a 10-year period. This Local Tax Incentive Program is designed to encourage the preservation of

historic resources. It provides for "*a revision of the assessed value of a historic property which subtracts, for up to 10 years, such rehabilitation costs as are approved by a local review board.*" (RCW 84.26) The primary benefit of the law is that during the 10-year special valuation period, property taxes will not reflect substantial improvements made to the property. Special Tax Valuation is one of the incentives available for historic rehabilitation. The program also provides for protection because later disqualification includes tax penalties and the owner must agree to continued maintenance and use consistent with retaining the historic integrity of the structure.

Christiansen House - 2020 Water Street SW

On September 30, 2013, Green Cove Creek Limited Liability Corporation represented by Dr. Sarah Reade applied for such a tax exemption for the "Christiansen House" at 2020 Water Street SW for improvements done during 2013. This house is within the South Capitol National Historic District and on the local historic register (#H-65 & OHR-88-10). The applicant provided copies of paid invoices detailing improving with costs totaling \$157,498.44. The pre-rehabilitation assessed value was \$376,400.

Staff verified the individual receipts for documented work. This work included improved functionality of the home, historically accurate windows, a porch consistent with historic photographs, and repair to the flooring. (See attached list of improvements.) In September, members of the Olympia Heritage Commission toured the house to confirm that the rehabilitation had been done and that it was consistent with the applicable standards. At their October meeting, the Commission reviewed the application. The Commission concluded that the applicant met all requirements for approval in their rehabilitation and protection of the historic home and, accordingly, unanimously recommended City Council approval.

Neighborhood/Community Interests (if known):

The house is within the South Capitol Historic District, the integrity of which will benefit by having this house restored to its historic design.

Options:

1. Move to approve the Special Valuation Tax for 2020 Water Street SW and authorize the City Manager to sign the Historic Preservation Special Valuation Agreement.
2. Do not approve the Special Valuation Tax.
3. Postpone a decision pending more information. (Note, by law a decision must be made before December 31, 2013.)

Financial Impact:

Small reduction in future tax revenue associated with this property.