



City Council

Approval of Special Valuation for 1701 4th Avenue E

Agenda Date: 12/13/2016
Agenda Item Number: 4.D
File Number: 16-1360

Type: decision **Version:** 1 **Status:** Passed

Title

Approval of Special Valuation for 1701 4th Avenue E

Recommended Action

Committee Recommendation:

The Heritage Commission recommends approval of the special valuation application for 1701 4th Avenue E.

City Manager Recommendation:

Move to approve the special valuation application for 1701 4th Avenue E.

Report

Issue:

Whether to approve the application for property tax incentives for qualified rehabilitation expenses under the special valuation program.

Staff Contact:

Michelle Sadlier, Historic Preservation Officer, Community Planning & Development, 360.753.8031

Presenter(s):

None - Consent Calendar Item.

Background and Analysis:

The City of Olympia participates in the Washington State Special Valuation program, a benefit of having a designated historic property. Following Olympia Heritage Commission review and recommendation for approval, the City Council will make a final decision on whether to approve or deny the submitted application.

The City of Olympia received an application from Tina Roose and Teresa Guajardo for rehabilitation of the Richard & Lydia Stoecker House at 1701 4th Avenue E (Attachment 1). This rehabilitation work was conducted to convert the building from a residential use to a commercial one for use as a health center.

Special Valuation Program

This program provides owners of eligible historic buildings the opportunity to apply for a property tax revaluation following the completion of approved rehabilitation work. This program incentivizes historic preservation by helping offset the costs of work to maintain and upgrade older buildings that typically result in higher property tax values. Following review and approval of expenditures, the property tax is reassessed and the total approved amount invested is subtracted from the new property tax value for 10 years. More information on this program can be found in Attachments 2 and 3.

As outlined in OMC 3.60 Special Property Tax Valuation (Attachment 4), the Olympia Heritage Commission (OHC) performs a full review of each application and its related expenses. The OHC then makes a recommendation to the City Council for approval or denial of the application. Once the City Council approves or denies the application, the Thurston County Assessor is notified of their decision for final processing of the revaluation where approved.

Application for Special Valuation at 1701 4th Avenue E

This application was preliminarily reviewed by the City's Historic Preservation Officer to determine if it meets the requirements for participation in the program. She found that the application meets the preliminary requirements as follows:

- The house is listed on the Olympia Heritage Register;
- The submitted value of improvements is \$461,351.60, which is significantly over the required minimum value of 25% of the building's current property tax valuation of \$182,100.00;
- Submitted expenses meet the definitions provided in WAC-254-20-030 and Internal Revenue Code Section 47(c)(2), described in Attachment 1; and
- All construction work listed in the application has been completed within the required two-year timeframe.

Following this initial review, the OHC's Heritage Review Committee conducted an on-site open public meeting to inspect the rehabilitation work on October 31, 2016. Using the U.S. Secretary of the Interior's Standards for Rehabilitation (Standards), the Committee considered all elements of the renovation work completed by the applicant. As a result of this review, the Committee voted unanimously to recommend approval of all submitted expenses for special valuation based on the Standards.

The Heritage Review Committee's recommendation was presented to the full OHC at its November 30, 2016 meeting. The OHC discussed and supported the Committee's recommendation, passing a motion to recommend approval of the special valuation application and all qualified rehabilitation expenditures as submitted for 1701 4th Avenue E.

In summary, because the applicants have satisfied all of the requirements for the program, the OHC recommends approval of the application for special valuation.

Neighborhood/Community Interests (if known):

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

Options:

1. Approve the application.
2. Deny the application with findings of inconsistency with program requirements.

Financial Impact:

Staff time for processing Special Valuation applications is included in the base budget. Approving the application would result in no direct financial impacts to City of Olympia budgets.

Attachments:

Application and expenses
Special Valuation Pamphlet
Guide to Eligible Expenses
OMC 3.60