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City Council

Recommendation of Approval or Denial of Special Valuation for 2420 Capitol Way South

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Title

Recommendation of Approval or Denial of Special Valuation for 2420 Capitol Way South

Recommended Action

Move to recommend approval of the property tax valuation application and all qualified rehabilitation expenditures as submitted for 2420 Capitol Way South

Report

Issue:

In the interest of time, the Commission's Heritage Review Committee was not provided an opportunity to review the application for special valuation submitted by Douglas Mayne and Mary Guptill, owners of 2420 Capitol Way South. The result of the Heritage Commission's review will be a recommendation to City Council, who will make the final determination before the recommendation is returned to the Thurston County Assessor for final processing.

Staff Contact:

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Presenter(s):

Leonard Bauer

Background and Analysis:

The Heritage Commission will review and provide a recommendation on approval or denial of this submitted application for Washington State's Special Valuation program.

Applicants Douglas Mayne and Mary Guptill submitted their application to the Thurston County Assessor, which was received September 27, 2018. The original application and support documentation are found in Attachment 1. Details on the Special Valuation program can be found in Attachment 1 and at: [<http://www.dahp.wa.gov/special-tax-valuation>](http://www.dahp.wa.gov/special-tax-valuation).

Expenses

To qualify for special valuation, the value of the rehabilitation must be equal to or greater than 25% of the value of the building (not the land value). The expenses submitted for consideration are found in Attachment 3. The submitted applications (Attachments 2a and 2) indicates that on October 2, 2018, the Thurston County Assessor provided a value of \$164,400.00. The minimum value of approved expenses would have to meet or exceed a value of \$41,100.00 to meet the 25% threshold. As shown in Attachment 3, the applicant has submitted expenses totaling \$297,299.87 with deductions for costs not meeting the IRS requirements (Attachments 3 and 4) the allowable costs total \$266,348.67. The value threshold has been met by the applicant.

Designation Eligibility

Olympia Municipal Code 3.60 describes which properties are eligible for this program (Attachment 5). The property has been determined eligible as an individually listed property on the Olympia Heritage Register approved by the Olympia Heritage Commission October 24, 2018 (refer to 10/24/18 minutes included in meeting packet).

Review Process

The City's Historic Preservation Consultant conducted an initial review of the application and submitted expenses. She then reviewed receipts to confirm the reported expenses.

As a part of the regular course in the Heritage Commission's review process, the Heritage Review Committee visited the property to view the proposed rehabilitation work on March 20, 2017. Using the U.S. Secretary of the Interior's Standards for Rehabilitation (Attachment 6), the Committee considered all elements of the renovation work proposed by the applicant. As a result of this review, the Committee passed a motion to recommend approval with conditions (Attachment 7). The Heritage Review Committee met at the property again on October 18, 2018 for review for individual placement on the Olympia Register and remarked how pleased they were with the completion of the work reviewed on March 20, 2017.

Review by consultant found minor expenditures not meeting the IRS definition of Qualified Expenditures primarily including the acquisition of tools which were deducted from the expenses (Attachments 3 and 4).

Consultant and the applicant are both aware of the discrepancy between the amount listed on the Department of Revenue application for "Actual Cost of Rehabilitation" at \$297,299.87 (Attachment 2) and Mr. Mayne and Ms. Guptill's itemized 2420 Capitol Way South Renovation Costs. The costs requested for approval are the Renovation Costs as edited by staff found on Attachment 3.

Tonight the full Heritage Commission will discuss this recommendation and make a final recommendation to the City Council on whether to approve or deny the application. The City Council will consider the Commission's recommendation at a future regular meeting.

Options:

1. Recommend approval of the application for Special Valuation.
2. Recommend denial of the application for Special Valuation.