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City Council

Approval of a Resolution Granting Special Valuation for the Olympia Heritage Site at 2420 Capitol Way South

Agenda Date: 12/18/2018

Agenda Item Number: 4.C

File Number: 18-1138

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

Title

Approval of a Resolution Granting Special Valuation for the Olympia Heritage Site at 2420 Capitol Way South

Recommended Action

Committee Recommendation:

The Heritage Commission recommends approval of the special valuation application for 2420 Capitol Way South

City Manager Recommendation:

Move to approve the resolution granting special property tax valuation status for the historic property at 2420 Capitol Way South

Report

Issue:

Whether to approve the application for property tax revaluation based on historic property rehabilitation costs.

Staff Contact:

Leonard Bauer, Deputy Director, Community Planning & Development, 360.753.8206

Presenter(s):

None - Consent Calendar Item.

Background and Analysis:

The City of Olympia participates in the Washington State Special 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 rehabilitation expenses must be equal to or greater than 25 percent of the value of the building (not the land value). Details on the Special Valuation program can be found at: <http://www.dahp.wa.gov/special-tax-valuation>.

As outlined in OMC 3.60 Special Property Tax Valuation (<https://www.codepublishing.com/WA/Olympia/>), 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 reviewed or denied by the City Council before December 31, 2018. If approved, the City enters into a ten-year agreement with the property owner to ensure no additional modifications are made without written consent by the City.

The Thurston County Assessor completes the final processing of the special valuation. Beginning in the following year (2019) the property tax is reassessed and the total approved expenditures are subtracted from the new property tax value (based on the improvements) for ten years.

2420 Capitol Way South

On December 5, 2018, the Olympia Heritage Commission passed a unanimous motion to recommend approval of the application for Special Valuation at 2420 Capitol Way South. The Heritage Commission recommendation is based on the following:

- 1) The property is listed on the Olympia Heritage Register (approved October 24, 2018).
- 2) The rehabilitation work was completed within the requisite 24 months prior to application.
- 3) The rehabilitation work was reviewed by the Heritage Review Committee on March 20, 2017. Noting the high quality of craftsmanship and retention of historic character, the Committee moved that staff review qualified expenditures and process the application.
- 4) The assessed value of the structure prior to rehabilitation work was \$164,000.00. Qualified expenditures would have to meet or exceed a value of \$41,100.00 to meet the 25 percent threshold.
- 5) Staff conducted a review of all receipts and found the total of qualified expenditures is \$266,348.67 and exceeds the 25 percent of value threshold.

The City Attorney has approved the attached ten-year agreement as to form. 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 2420 Capitol Way South.
2. Do not approve the resolution with findings of inconsistency with program requirements.

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
Certificate of Approval