



## Heritage Commission

### Approval recommendation of Special Valuation for 222 Capitol Way North

**Agenda Date:** 8/22/2018  
**Agenda Item Number:** 6.A  
**File Number:** 18-0771

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**Type:** decision **Version:** 3 **Status:** Passed

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#### **Title**

Approval recommendation of Special Valuation for 222 Capitol Way North

#### **Recommended Action**

Move to recommend approval of the Special Valuation for 222 Capitol Way North

#### **Report**

##### **Issue:**

The Commission's Heritage Review Committee recommends the approval of the application for special valuation submitted by Graham Trustees, owners of 222 Capitol Way North. The result of the Heritage Commission's review will be a recommendation to City Council, who will make the final determination before returning the application to the Thurston County Assessor for final processing.

#### **Staff Contact:**

Katie Pruitt, Associate Planner, 360.570.3746

#### **Presenter(s):**

Leonard Bauer, Deputy Director, Community Planning and Development

#### **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 Graham Trustees submitted their attached application to the Thurston County Assessor, which was received December 8, 2017. Details on the Special Valuation program can be found attached and at: <http://www.dahp.wa.gov/special-tax-valuation>.

#### Expenses

To qualify for special valuation, the rehabilitation expenses must be equal to or greater than 25% of the value of the building (not the land value). The submitted application indicates that on December 8, 2017, the Thurston County Assessor provided a value of \$1,447,400.00 for the building. The minimum value of approved expenses would have to meet or exceed a value of \$361,850.00 to meet the 25% threshold.

The applicant submitted the attached Expense Summary Table of rehabilitation expenses totaling \$1,529,946.31. The City's Historic Preservation Officer reviewed each receipt and determined some expenses did not meet the IRS requirements (Special Valuation Guide to Eligible Expenses is attached). Receipts determined ineligible include removable items or business expenses not related to the rehabilitation of the building. The attached total for Ineligible Expenses is \$268,113.06. The revised total of \$1,261,833.25 in rehabilitation expenses meets the value threshold.

### Designation Eligibility

Olympia Municipal Code 3.60, attached, describes which properties are eligible for this program. The applicant pursued a designation to the Olympia Heritage Register and the property was determined eligible as an individually listed property on May 31, 2017.

### Review Process

As the first step in the Heritage Commission's review process, the Heritage Review Committee visited the property to view the rehabilitation work on March 5, 2018. Using the attached U.S. Secretary of the Interior's Standards for Rehabilitation, the Committee considered all elements of the renovation work completed by the applicant. The Committee passed a motion to recommend the submitted expenses meet the U.S. Secretary of the Interior's Standards for Rehabilitation provided that: 1) mitigation is accomplished to address the removal of discovered archaeology during construction, and 2) staff remove any ineligible expenses to satisfy IRS Qualified Expenditures.

The mitigation for the archaeology is complete and staff has determined the total of expenditures for portable appliances and miscellaneous expenditures is \$268,113.06.

The Heritage Commission will 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.

### **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. Recommend approval of the application for Special Valuation.
2. Recommend denial of the application for Special Valuation.

### **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 budgets.

### **Attachments:**

Application for Special Valuation  
Special Valuation Program  
Expense Summary Table

Special Valuation Guide to Eligible Expenses  
Ineligible Expenses  
Olympia Municipal Code 3.60  
Heritage Register Application  
Heritage Register Approval - OHC May 31, 2017  
US Secretary Interior Standards of Review