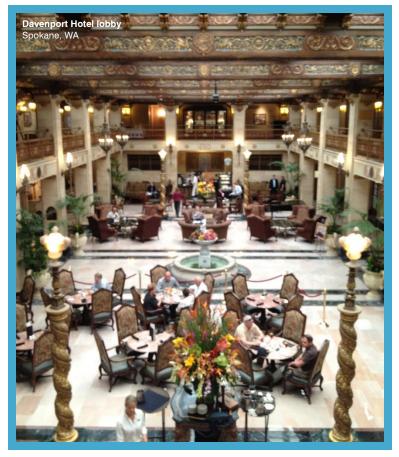
SPECIAL VALUATION

What is it?

A REVISION OF THE ASSESSED VALUE OF A HISTORIC PROPERTY WHICH SUBTRACTS, FOR UP TO TEN YEARS, SUCH REHABILITATION COSTS AS ARE APPROVED BY A LOCAL REVIEW BOARD.

Special Valuation is one of the most useful incentives for encouraging the preservation of the state's historic resources. It is a proven, effective tool for **COMMUNITY REVITALIZATION**, **JOB CREATION**, aids in **DISASTER RELIEF AND PREPAREDNESS**, and is inherently **SUSTAINABLE**. Since 2000 when data tracking began, over 600 properties in Washington state totaling over \$1.03 billion dollars have been completed using Special Valuation. Application numbers range depending on your community, with total qualified rehabilitation expenditures per year ranging from a few thousand dollars to more multi-million dollar projects. There is no per-project or program cap on expenditures.



How do I qualify?

There are a few threshold requirements for a project to become certified *(further explanation on back)*:

- Must be listed in your City's local historic register or in the National Register of Historic Places (depends on local government).
- 2. Property may be **private or income producing** (depends on local government).
- 3. Project must be substantial.
- 4. Rehabilitation work should meet the Secretary of the Interior's Standards for Rehabilitation (Standards) or your City's local design

The Special Valuation program is reviewed locally by Historic Preservation Commissions in Certified Local Government (CLG) communities. There is a plethora of information and guidance for the program. Click the image below to download the brochure. You can also find technical guidance on the DAHP and NPS websites (see links below).

BACKGROUND During its 1985 session, the Washington State Legislature determined that as the state approached its contentinal year, the preservation of a lasting legacy of historic resources was an important	on the tax relief to the public. The local government identifies the types of properties that are eligible for	board. The work must have been conducted within two years prior to application, and must be equal in cost
	special valuation, and designates a local review board that will review applications. ELIGIBILITY	to at least 25% of the assessed value of the structure prior to rehabilitation. REQUIREMENTS
goal. In order to reach this goal, the legislature passed a law which allows	To be classified as eligible for special	Protection of the Property
a "special valuation" for certain historic properties within the state. The primary benefit of the law is that	valuation, a property must first meet the following criteria:	Property owners who want to take advantage of special valuation must sign an agreement with the local
during the len year special valuation period, property taxes will not reflect substantial improvements made to the property.	 It must be listed in the National Register of Historic Places, individually, or certified as contributing to the significance of a National Resister Elustoric District. In 	review board that guarantees they wil meet the following standards during the ten-year property tax exemption period:
Definition: "Special Valuation" is the revision.	order to receive a statement that a property is certified as contributing to	 The property must be maintained in good condition.
of the assessed value of a historic property which subtracts, for up to ten years, such rehabilitation costs as are approved by a baced review board.	the significance of a National Register Historic District, a property owner should contact their local government, or the Department of Archaeology and Historic Preservation.	 The owner must obtain approval from the local review board prior to making further improvements.
	OR 2. It must be listed in the Local	 The property must be visible from a public right of way, or
Prior to the pussage of this law, owners restoring historic buildings were subject to increased property	Register of Historic Places established by a Certified Local Government,	otherwise be made available for public view once every year.
taxes once the improvements were made. This had the effect of discouraging some owners from rehabilitating their historically	AND 3. It must be of a class of properties approved by the local government.	The penalty for violating the agreement or other program requirements is substantial. All back taxes which would otherwise have
significant structures. The Legislature decided that restoration of these properties would be encouraged if tax	Eligible properties which undergo substantial rehabilitation may receive special valuation if the rehabilitation	been owed, interest on back taxes, an a penalty equal to 12% of back taxes and interest may be due.
relief were available. Property tax relief was selected as a tool which could provide the financial incentives	work is approved by the local review	(Consinued on page
necessary to promote rehabilitation of eligible historic properties. Since passage of this law, nearly fifty local governments have implemented		
programs which allow their constituents to take advantage of this tax relief.		
IMPLEMENTATION		4 65 2
Only local governments which implement the law are eligible to pass.		

 Click the image to download the Special Valuation brochure

> Also be sure to visit one of the following websites for more info on preservation standards: <u>www.dahp.wa.gov</u> www.nps.gov/tps

SPECIAL VALUATION

How do I qualify? (continued from front)

1. Building must be eligible in accordance with your City's ordinance. In many cases, this could mean it has to be listed in the **local historic register** or in the **National Register of Historic Places** either individually or as a contributing property to a historic district.

If you're unsure about the local listing status of your building, ask your local Historic Preservation Officer. You can find a list of them on our website at: <u>www.dahp.wa.gov/clg-program-participants</u>. You can also visit our online database of historic properties (<u>WISAARD</u>) to find out if your property is listed in the National Register.

- 2. Each local government also determines what property "types" are eligible. In many cases, the property may be for **private use** (owner-occupied single family home) or may be **income producing**. This may include but not be limited to proposed uses such as hotel, restaurant or bar, retail, office, rental residential, industrial, or agricultural.
- 3. The project must be **substantial**. This means the amount spent on rehabilitation* must be equal to or greater than 25% of the assessed value of the structure** prior to rehabilitation.

*qualified expenditures can be soft or hard project development costs, and not necessarily reserved for historic character defining features of a property.

**a value of the structure means the <u>improvement</u> value according to your County Assessor. This does not include the value of land.

- 4. The rehabilitation work should be done according to the <u>Secretary of the Interior's Standards for</u> <u>Rehabilitation</u> (Standards) or other adopted local design review guidelines. Eligible properties which undergo substantial rehabilitation may receive Special Valuation IF the rehabilitation work is approved by the local review board / historic preservation commission. The work must have been conducted within two years prior to application.
- 5. Property owners who take advantage of Special Valuation must sign an agreement with the local review board that guarantees they will do the following for the full ten-year property tax exemption period: (a) maintain the property in good condition; (b) obtain approval from local review board prior to making further improvements; and (c) property must be visible from a public right-of-way or otherwise be made available for public view once every year.



For enabling legislation, see RCW 84.26 and administrative rules WAC 254-20 and WAC 458-15

For additional information, please contact your local Historic Preservation Officer, or our office:

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