



The City of Seattle

Landmarks Preservation Board

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SPECIAL VALUATION FOR REHABILITATED HISTORIC PROPERTIES

Eligibility

Properties that are designated Seattle landmarks subject to controls imposed by a designation ordinance or are contributing buildings located within National Register or local historical districts are eligible properties. Eligible properties may receive a special valuation for property tax purposes if they undergo approved rehabilitation. Such rehabilitation must be completed within two years prior to the date of application and be equal in cost to at least twenty-five percent of the assessed value of the structure prior to rehabilitation. For example, if you file an application with the Assessor on May 10 of a given year, the eligible costs are those, which have been, incurred the two years **prior to** the application being filed. The State law does allow phasing of projects so it is possible for a property owner to apply for Special Tax Valuation more than once. Local and National Register historic districts are the Pioneer Square Preservation District, the Pike Place Market Historical District, the International Special Review District, the Ballard Avenue Landmark District, the Harvard/Belmont Landmark District and the Columbia City Landmark District.

To determine if your property is an eligible property, please contact the Historic Preservation Program, City of Seattle, 684-0228.

Local Review Board

The Seattle Landmarks Preservation Board is the Local Review Board for the purposes of the Special Valuation of Property Act (Act), Chapter 84.26 RCW. The Board adopted regulations for the administration of the Act. Copies are available from the Historic Preservation Program offices.

Rehabilitation Expenditures

Eligible rehabilitation expenditures are based on the IRS definition of "Qualified Rehabilitation Expenditure" (QRE), PL 97-34, Sec. 212(e)(2):
IN GENERAL--The term "qualified rehabilitation expenditure" means any amount properly chargeable to capital account... AND ...does not include--(ii) COST OF ACQUISITION--the cost of acquiring any building or any interest therein. (iii) ENLARGEMENTS-- Any expenditure attributable to the enlargement of the existing building.

**Administered by The Historic Preservation Program
The Seattle Department of Neighborhoods**

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A Qualified Rehabilitation Expenditure includes:

- 1) direct construction costs;
- 2) architectural and engineering fees;
- 3) construction permits and other code-related expenses;
- 4) development management fees;
- 5) construction loan interest and fee;
- 6) utilities, taxes, and insurance for the construction period; and
- 7) state sales tax.

A Qualified Rehabilitation Expenditure does not include:

- 1) any costs related to acquisition of the property;
- 2) any expenditure attributable to enlargement of the building;
- 3) any costs of valuation and permanent financing of the property; and
- 4) overhead costs or other "costs of doing business."

Application Process

A property owner must file the application with the King County Department of Assessments for special valuation by October 1 preceding the year for which special valuation is sought. The Department of Assessments refers the application to the Landmarks Preservation Board within ten days of its receipt.

The Board will hold a public meeting in conjunction with regular scheduled meetings and will provide adequate notice to property owners, and place the request for special valuation certification item on its agenda no later than 45 days from receipt of the application from the Department of Assessments. After an application is referred to the Board, staff from the Historic Preservation Program will contact the applicant to request the following information:

- representative photographs of the exterior and interior of the building **prior to** and **after** rehabilitation;
- a narrative describing the rehabilitation; and,
- detailed information about the costs incurred, including sufficient documentation to confirm the expenditures. This information can be in the form of receipts, check ledgers or income tax returns.

An application for special valuation must be approved or denied by the Board before December 31 of the calendar year in which the application is made. The applicant and the

Department of Assessments will be notified in writing of the approval or denial of the application within 10 days of the meeting.

When an application is approved, the special value goes into effect the following year and tax savings are realized the year following that.

For example:

September 30, 2011:	Application filed with Department of Assessments
October 19, 2011:	Board reviews and approves application
January 1, 2012:	New value is in effect, reflecting eligible cost reductions
January 1, 2013:	Taxes due reflect new value

Fees

The Seattle City Council has established a \$250.00 application fee to pay for administrative costs. The application fee is payable to the City of Seattle and should be submitted to the Historic Preservation Program after the Board has taken action on the application and the agreement is signed.

DO NOT ENCLOSE THE APPLICATION FEE WITH YOUR SUBMISSION TO THE ASSESSOR.

Meetings

The Landmarks Preservation Board meets on the 1st and 3rd Wednesday of each month.