



# Dayton Historic Preservation Commission

Regular Meeting Agenda

**Date:** August 22<sup>nd</sup>, 2018 **Time:** 6:00 PM

**Place:** 114 South 2<sup>nd</sup> Street, Dayton, Washington 99328

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**1. CALL TO ORDER**

**2. ROLL CALL**

**3. ADOPTION OF MINUTES**

A. July 25<sup>th</sup>, 2018

**4. DESIGN/SPECIAL VALUATION REVIEW**

A. JJ Dippel Special Valuation Review/Discussion of Allowable/Disallowed Expenses

i. Propane Stove \$3855

ii. Stair refurbishment \$3200

iii. Paving \$21680

**5. UNFINISHED BUSINESS**

A. JJ Dippel has been officially appointed to the Historical Preservation Commission

B. Updated bylaws will be presented to the City Council for approval in September.

**6. NEW BUSINESS**

**7. OTHER BUSINESS**

**8. ADJOURNMENT**

**Next Scheduled Meeting**

**September 26<sup>th</sup>, 2018 @ 6:00PM**

**114 South 2<sup>nd</sup> Street, Dayton, Washington 99328**

114 South 2<sup>nd</sup> Street

Dayton, Washington 99328

T: (509) 382-4676 E: meagan\_bailey@co.columbia.wa.us



# Dayton Historic Preservation Commission

Regular Meeting Minutes

**Date:** July 25, 2018 **Time:** 6:00 PM

**Place:** 114 South 2<sup>nd</sup> Street, Dayton, Washington 99328

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1. **CALL TO ORDER:** Chair Chrissy Talbott called the meeting of the Dayton Historic Preservation Commission to order at 6:00 PM.
2. **ROLL CALL:** Dayton Historic Preservation Commission members: Chrissy Talbott, Chair; Mike Smith, Vice Chair; Ginny Butler, Carole Lane. Staff: Dena Martin. Public: J.J. Dippel
3. **ADOPTION OF MINUTES**
  - A. **June 27<sup>th</sup>, 2018**
    - a. Butler motioned to approve the Dayton Historic Preservation Commission minutes from the June 27<sup>th</sup>, 2018 meeting. Smith seconded. All in favor; none opposed. Motion carries.
4. **DESIGN/SPECIAL VALUATION REVIEW**
  - A. **COA 2018-008: Schulman:** 151 East Main Street, Dayton, Washington 99328
    - a. The applicant was not present. The planning commission reviewed the submitted COA application.
    - b. Commission discussed the project. Butler asked for clarification on whether the front window was being replaced with a new window, or simply removed while the framing is repaired. If a new window is installed, she requested that it be a solid (undivided) storefront window in the same style as the existing window.
    - c. Butler commented that the proposed replacement doors are a good choice and more historically accurate than the existing door.
    - d. Talbott read COA 2018-008.
    - e. Butler motioned to approve Certificate Appropriateness 2018-008 with the condition that the front window, if replaced, be replaced with an undivided window. Lane seconded. All in favor. None opposed. Motion passed.
  - B. **JJ Dippel Special Valuation Review:** 218 South 4<sup>th</sup> Street, Dayton, Washington.
    - a. Talbott presented the preliminary statement in reference to Special Valuation for property located at 218 South 4<sup>th</sup> Street, Dayton, Washington.
    - b. Applicant JJ Dippel was present. Commission reviewed application materials, including photographs and invoices.

- c. Butler questioned whether the new deck and wood stove are allowable expenses for Special Valuation consideration. The deck is not original to the building and therefore may not be considered a replacement. The wood stove may be considered an appliance, which is not eligible.
- d. Staff will review expense eligibility and bring information to the August meeting.
- e. Further discussion was tabled until the August meeting.
- f. Smith and Lane suggested developing some type of brochure that lists the types of projects eligible for Special Valuation.

## **5. UNFINISHED BUSINESS**

### **A. Review of Commission Bylaws.**

- a. Commission reviewed the final bylaws updates with new verbiage regarding SEPA requirements for historical building demolitions added.
- b. Lane motioned to recommend the bylaws to City Council for adoption by resolution. Smith seconded. None opposed. Motion carries.

## **6. NEW BUSINESS**

- a. JJ Dippel introduction and application to join the Historical Preservation commission.
  - i. Dippel described her interests in joining the commission and her strengths as an applicant.
  - ii. Talbott and Lane commented that they applied to the Commission by sending a letter to the Mayor, and were appointed directly by the Mayor.
  - iii. This procedure was confirmed in the code and bylaws.
  - iv. Dippel will send a letter of application/interest directly to Mayor Craig George for consideration.

## **B. OTHER BUSINESS**

- a. Butler noted that the berm in the park where the Commission had planned to place the new Pietrzycki Park sign has been removed. Smith said he was aware of the situation and would speak to the appropriate parties.

## **7. ADJOURNMENT**

- a. Lane motioned to adjourn the meeting of the Dayton Historic Preservation Commission . Lane seconded. All in favor; none opposed. Talbott closed the meeting at 6:42 PM.

**Next Scheduled Meeting**  
**August 22<sup>nd</sup>, 2018 - 6:00 p.m.**  
**114 South 2<sup>nd</sup> Street, Dayton, Washington 99328**

Minutes approved by:

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Chrissy Talbott, Chair

Date

Attest:

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Meagan Bailey, Planning Director

Date

08/09/2018

First of all, Mayor and Council voted to add me to the Commission. Ok, for August, I know I sent these before, but I am sending a "revision to the revision" for Special Valuation. I am sending a revised (marked up) copy of the application where I changed the amount of the Upgrades, and resigned it with a different date.

I am providing a revised spreadsheet. I removed the Deck and the Exterior Stair Refurbishment. I added two things:

1. Vanity that replaced a pedestal sink in Main Bathroom (Dale White installed it)
2. Pavers that replaced raised gardens.

I believe the Pavers can qualify under "Landscaping," specifically, "Site work necessary for rehabilitation including clearing, disposal, stabilization, and restoration..." I believe my "paver" work would count as a "rehabilitation." Maybe not so much "restoration" as I removed the raised gardens and paved it. Not to mention, that area is "City Access Area" so paving it made sense to me.

Please send to other members.

Thank you.

JJ Dippel

7/30/2018

Commission members –

Please see JJ Dippel's comments below regarding Special Valuation. At last week's meeting the Commission questioned whether the deck and propane heat stove were eligible rehabilitation expenses. Upon further research, it has been determined that neither the deck, nor the steps repairs are eligible since neither were part of the original perimeter of the building.

The propane stove is up for debate. JJ has included applicable sections of the code in her email below. I'm also attaching some informational guidelines that were found in the City files. It looks like heating units have been considered eligible (though propane stoves aren't specifically mentioned) and appliances have not. I would request that the Commission review the attached information and JJ's argument in the email below to arrive at a determination on propane stove eligibility.

That said, JJ still needs \$16,637.94 in expenses to meet the 25% rehabilitation requirement on her home if the propane stove is not included and \$12837.94 if the stove is included.

JJ would like to move forward with two additional projects:

- 1) moving a furnace from the laundry room to the attic
- 2) refinishing the hardwood floors

JJ could submit this year, for 2019 Special Valuation consideration, if the projects are completed, bring the total rehabilitation costs up to 25%, and a new application is submitted by Oct. 1. If these projects are completed by Sept. 17, 2019, meet requirements, and JJ resubmits by Oct. 1, 2019 she could be considered for 2020 Special Valuation consideration.

The existing application should be denied at the next meeting with verbiage similar to below:

Sample Motion for Denial:

I move that the Application and Certification of Special Valuation on Improvements to Historic Property for the property located at 218 S 4<sup>th</sup> Street be denied as the rehabilitation expenditures totaling \$54,100 are not all eligible Special Valuation expenses and eligible expenses do not meet the 25% of assessment requirement.

Also, JJ's request to be considered as a Historical Preservation Commission member will be on the City Council agenda in September.

Please feel free to respond with any questions or comments.

Dena Martin  
Planning Clerk  
Columbia County Planning & Building  
509-382-4676

**From:** J J [<mailto:RETIREDFA@hotmail.com>]  
**Sent:** Thursday, July 26, 2018 11:29 AM  
**To:** Dena Martin; Meagan Bailey  
**Subject:** Re: July 25 Historical Preservation Packet - DIPPEL

I would appreciate if you forward this to the Commission Members.

My application for Special Valuation got tabled due to being unsure if the deck and propane heat stove were qualified to be included.

From my review of 26 CFR 1.48-12(c), it appears Ginny Butler is correct, I cannot include the deck. But, this would also mean I cannot include the refurbishment of the cement stairs (\$3200) as they were not part of the original building ( Refer to Section (c)(5) ). I have photos of the building when it was on Commercial, and when it was initially moved to 4th Street.

I wish to make a case to include the 20,000 BTU Propane Heat Stove installed by Blue Mountain Stove.

I reviewed 26 CFR 1.48-12(c) and included relevant sections (1), (2), (5), and (7):  
(c) Definition of qualified rehabilitation expenditures—

(1) In general. Except as otherwise provided in paragraph (c)(7) of this section, the term “qualified rehabilitation expenditure” means any amount that is—

- (i) Properly chargeable to capital account (as described in paragraph (c)(2) of this section),
- (ii) Incurred by the taxpayer after December 31, 1981 (as described in paragraph (c)(3) of this section),
- (iii) For property for which depreciation is allowable under section 168 and which is real property described in paragraph (c)(4) of this section, and
- (iv) Made in connection with the rehabilitation of a qualified rehabilitated building (as described in paragraph (c)(5) of this section).

(2) Chargeable to capital account. For purposes of paragraph (c)(1) of this section, amounts are chargeable to capital account if they are properly includible in computing basis of real property under § 1.46-3(c). Amounts treated as an expense and deducted in the year they are paid or incurred or amounts that are otherwise not added to the basis of real property described in paragraph (c)(4) of this section do not qualify. For purposes of this paragraph (c), amounts incurred for architectural and engineering fees, site survey fees, legal expenses, insurance premiums, development fees, and other construction related costs, satisfy the requirement of this paragraph (c)(2) if they are added to the basis of real property that is described in paragraph (c)(4) of this section. Construction period interest and taxes that are amortized under section 189 (as in effect prior to its repeal by the Tax Reform Act of 1986) do not satisfy the requirement of this paragraph (c)(2). If, however, such interest and taxes are treated by the taxpayer as chargeable to capital account with respect to property described in paragraph (c)(4) of this section, they shall be treated in the same manner as other costs described in this paragraph (c)(2). Any construction period interest or taxes or other fees or costs incurred in connection with the acquisition of a building, any interest in a building, or land, are subject to paragraph (c)(7)(ii) of this section. See paragraph (c)(9) of this section for additional rules concerning interest.

[snip]

(5) Made in connection with the rehabilitation of a qualified rehabilitated building. In order for an expenditure to be a qualified rehabilitation expenditure, such expenditure must be incurred in connection with a rehabilitation (as defined in paragraph (b)(2)(iv) of this section) of a qualified rehabilitated building. Expenditures attributable to work done to facilities related to a building (e.g., sidewalk, parking lot, landscaping) are not considered made in connection with the rehabilitation of a qualified rehabilitated building.

[snip]

(7) Certain expenditures excluded from qualified rehabilitation expenditures. The term “qualified rehabilitation expenditures” does not include the following expenditures:

- (i) Except as otherwise provided in paragraph (c)(8) of this section, any expenditure with respect to which the taxpayer does not use the straight line method over a recovery period determined under section 168 (c) and (g).

(ii) The cost of acquiring a building, any interest in a building (including a leasehold interest), or land, except as provided in paragraph (c)(3)(ii) of this section.

(iii) Any expenditure attributable to an enlargement of a building (within the meaning of paragraph (c)(10) of this section).

(iv) Any expenditure attributable to the rehabilitation of a certified historic structure or a building located in a registered historic district, unless the rehabilitation is a certified rehabilitation. (See paragraph (d) of this section which contains definitions and special rules applicable to rehabilitations of certified historic structures and buildings located in registered historic districts.)

(v) Any expenditure of a lessee of a building or a portion of a building, if, on the date the rehabilitation is completed with respect to property placed in service by such lessee, the remaining term of the lease (determined without regard to any renewal period) is less than the recovery period determined under section 168(c) (or 19 years in the case of property placed in service before January 1, 1987, and property placed in service that qualifies under the transition rules in paragraph (a)(2)(iv)(B) or (C) of this section).

(vi) Any expenditure allocable to that portion of a building which is (or may reasonably be expected to be) tax-exempt use property (within the meaning of section 168 and the regulations thereunder), except that the exclusion in this paragraph (c)(7)(vi) shall not apply for purposes of determining whether the building is a substantially rehabilitated building under paragraph (b)(2) of this section.

\*\*\*\*\*  
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Although I am not claiming any "depreciation" on taxes for my home, as it is not used in a business, I am including the cost of the the Stove (\$3800) and the cost of the permit (\$54.50) as part of "adjusted" cost basis of my home. Being an Accountant and former Auditor, I do keep very detailed records of my personal expenditures.

Please forward this to the Commission members. For now, I just want to make a case for the Propane Heat Stove to be included. But for now, keep the application in "suspense." I am planning two more projects:

1. Relocating the Furnace from the laundry room to the attic
2. Refinishing the hardwood floors

Neither project requires a COA at this point, although the furnace project will require a building permit. When I have completed these two projects, I will resubmit a REVISED application if the two projects bring the expenditures to a 25% point.

And I will prepare a letter to the Mayor for being included on the Dayton Historic Preservation Commission.

Thank you.  
J J Dippel





# Application and Certification of Special Valuation on Improvements to Historic Property

Chapter 84.26 RCW

File With Assessor by October 1

File No: \_\_\_\_\_

## I. Application

County: Columbia

Property Owner: J J Dippel Parcel No./Account No: 1030380070000

Mailing Address: PO Box 296, Dayton, WA 99328

Legal Description: Day + Mustard, Lot 7 Block 38; 7200 ~~sq~~ Q Ft.

Property Address (Location): 218 South 4<sup>th</sup> Street

Describe Rehabilitation: See attached spreadsheet.

Property is on: (check appropriate box)  National Historic Register  Local Register of Historic Places

Building Permit No: various - see spreadsheet Date: various Jurisdiction: Columbia - Dayton  
County/City

Rehabilitation Started: Sept 2017 Date Completed: June 2018

Actual Cost of Rehabilitation: \$ 54,100.00 \$ 54,763

## Affirmation

As owner(s) of the improvements described in this application, I/we hereby indicate by my signature that I/we am/are aware of the potential liability (see reverse) involved when my/our improvements cease to be eligible for special valuation under provisions of Chapter 84.26 RCW.

I/We hereby certify that the foregoing information is true and complete.

Signature(s) of All Owner(s): JJ Dippel 8/9/2018

JJ Dippel 6/28/2018

## II. Assessor

The undersigned does hereby certify that the ownership, legal description and the assessed value prior to rehabilitation reflected below has been verified from the records of this office as being correct.

Assessed value exclusive of land prior to rehabilitation: \$ 181,900

Date: 6-28-2018 C. Mills  
Assessor/Deputy

For tax assistance, visit <http://dor.wa.gov/content/taxes/property/default.aspx> or call (360) 570-5900. To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 705-6715. Teletype (TTY) users may call 1-800-451-7985.

JJ Dippel  
 Record of Upgrades/Improvements for application for Special Tax Valuation  
 218 S 4th Street; Dayton, Washington

**Home Value Per County: \$181,900.00**

Project	Comm Meeting	Approval?	Decision	COA #	Bldg Permit #	Project Compl	Final Cost	Notes
Propane Heat Stove	N/A	N/A	N/A	N/A	2017042	Jun-17	\$3,854.50	Stove existing at time of purchase was sitting on blocks, a code violation. No evidence a permit had been obtained for it. Some of the items on the attached invoice for the new stove were determined to be not needed. Stove = \$3800, permit = \$54.50.
Re-shingle Roof	9/27/2017	N/A	N/A	N/A	2017069	Oct-17	\$23,385.00	Replaced with "like kind" shingles, different color. No COA needed. Contractor obtained permit.
Repair Chimney	9/27/2017	N/A	N/A	N/A	N/A	Sep-17	\$1,296.10	Chimney deterioration mentioned on home inspection. Thought chimney needed replaced. It merely needed repair. No COA needed.
Replace 4 Windows	9/27/2017	Yes	Yes	2017-015	N/A	Oct-17	\$3,341.87	Windows in bedrooms, single pane w/ additional screw in storm windows. Replaced with double pane vinyl. Windows in locations that would not detract from charm & beauty of home. \$75 discount taken for damage to one of my doors during installation of window.
Rebuild interior stair rail to code, add guard rail at top of interior stairs.	N/A	N/A	N/A	N/A	<b>2018024</b>	May-18	\$830.67	Technically building permit not required, but since I was addressing code violation, it was suggested to obtain permit. Railing = \$814.09, Permit (pro-rated, total permit \$392.00, part used for a non-qualifying project) = \$16.58.
Replace Pedastal Sink with vanity in Main Bathroom	N/A	N/A	N/A	N/A	N/A	Feb-18	\$375.27	Vanity cost \$151.09. Dale White installed, his cost \$224.18. TOTAL \$375.27. (I also purchased a 4 inch Price Pfister faucet for \$139.80 for the vanity, but Dale managed to get the "spread" faucet from the old pedastal to fit into the vanity.)
Pave Spring Street side City Acces Area with pavers (formerly raised gardens with poppies)	N/A	N/A	N/A	N/A	N/A	May-18	\$21,680.00	City Access area, former homeowner had raised gardens with Poppies that often exceeded appropriate height.

\$54,763.41

ok

<b>Permit 2018024:</b>	Deck Cost:	\$18,410.28	95.77%	\$375.42	
	Interior Railing & Upstairs Guard Rail:	\$814.09	4.23%	\$16.58	
\$392.00		\$19,224.37	100.00%	\$392.00	Permit Cost

ok



PREVIOUS



NEW

			Cost	Tax	Total
2/5/2018	Home Depot	Vanity	\$139.00	\$12.09	\$151.09
2/6/2018	White Plumbing	Install	\$207.00	\$17.18	\$224.18
			<u>\$346.00</u>	<u>\$29.27</u>	<u>\$375.27</u>

Pavers

Before



After





# Dayton Historic Preservation Commission

111 South 1st Street  
Dayton WA 99228-1941

Phone (509) 382-2361  
Email: [cityclerk@daytonwa.com](mailto:cityclerk@daytonwa.com)

Fax (509) 382-2529

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## GUIDELINES REGARDING SPECIAL TAX VALUATION ELIGIBLE EXPENSES

Costs that are generally eligible for Special Tax Valuation must meet the definitions for “actual cost of rehabilitation” specified in WAC 254-20-030 and the IRS definition for “Qualified Rehabilitation Expenditure”<sup>1</sup>

For the purposes of Special Tax Valuation, “Qualified Rehabilitation Expenditures” generally **include**:

1. Direct construction costs;
2. Certain soft costs, including:
  - Architectural and engineering fees;
  - Construction permit fees;
  - Development management fees;
  - Construction loan interest and fee;
  - Utilities, taxes and insurance for the construction period; and
  - State sales tax.

Qualified Rehabilitation Expenditures generally **do not** include:

1. Any costs related to acquisition of the property;
2. Any expenditure attributable to enlargement of the building except to make the building fully usable (i.e. add a bathroom if one is not existing, add a kitchen if a kitchen is not existing);
3. Any costs of valuation and permanent financing of the property; and,
4. Overhead costs or other “costs of doing business”.

### Examples of Expenses that DO and DO NOT Qualify

**In addition to the above list,** Table 1 provides a limited overview of certain categories of items often purchased during renovations that have been determined by the Dayton Historic Preservation Commission (DHPC) to meet or not meet the definition of Qualified Rehabilitation Expense, based on Washington State and IRS guidelines.

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<sup>1</sup> WAC 254-20-030

“Actual Cost of Rehabilitation” means costs incurred within twenty-four prior to the date of application and directly resulting from one or more of the following:

- a) Improvements to an existing building located on or within the perimeters of the original structure; or
- b) Improvements outside of but directly attached to the original structure which are necessary to make the building fully useable but shall not include rentable/habitable floor space attributable to new construction; or
- c) Architectural and engineering services attributable to the design of the improvements; or
- d) All costs defined as “qualified rehabilitation expenditures” for purposes of the federal historic preservation investment tax credit.

The definition used by the IRS for “qualified rehabilitation expenditure” includes:

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 except attachments to make the building fully usable.

Items Generally Eligible	Items Generally NOT Eligible
<b><u>Appliances</u></b>	
<p style="text-align: center;">Water Heaters Furnaces</p> <p style="text-align: center;">Other mechanical such as: HVAC, A/C units, ventilation systems, blowers, etc.</p>	<p style="text-align: center;">Portable counter top appliances (toaster ovens) Washers and Dryers</p> <p style="text-align: center;">Commercial Kitchen Appliances</p> <p style="text-align: center;">Home electronic systems (stereo, TV)</p> <p style="text-align: center;">Kitchen Appliances: Refridgerators</p> <p style="text-align: center;">Range Ovens, cook top ranges, drop-in ranges, wall ovens</p> <p style="text-align: center;">Dishwashers Range hoods</p>
<b><u>Furnishings</u></b>	
<p style="text-align: center;">Built-ins</p> <p style="text-align: center;">Cabinetry, shelves, window seats/nooks</p>	<p style="text-align: center;">Moveable furniture:</p> <p style="text-align: center;">Chairs, Sofas, Beds, Tables, Kitchen Islands (if not permanently affixed to floor).</p>
<b><u>Plumbing and Electrical</u></b>	
<p style="text-align: center;">Supplies and materials Fixtures Faucets, sinks Light fixtures</p> <p style="text-align: center;">Required exterior work (water and sewer lines</p> <p style="text-align: center;">Fire suppression systems and other code- related requirements</p>	<p style="text-align: center;">Security and alarm systems Table or floor lamps</p>
<b><u>Landscaping</u></b>	
<p style="text-align: center;">Site work necessary for rehabilitation including clearing, disposal, stabilization restoration</p> <p style="text-align: center;">Site work for utilities Foundation work Landscape stabilization</p>	<p style="text-align: center;">Plants, soil amendments, etc.</p> <p style="text-align: center;">Landscape design work Accent lighting Sprinkler Systems</p>
<p>Note: If site is specifically landmarked, then landscape design and plantings may be included.</p>	

This list is not exhaustive and does not supersede the authority of DHPC to consider applications on a case by case basis. It is intended to provide guidance to applicants for the preparation of applications.

# Special Valuation: A Local Tax Incentive Program

## BACKGROUND

During its 1985 session, the Washington State Legislature determined that as the state approached its centennial year, the preservation of a lasting legacy of historic resources was an important goal. In order to reach this goal, the legislature passed a law which allows a "special valuation" for certain historic properties within the state. The primary benefit of the law is that during the ten year special valuation period, property taxes will not reflect substantial improvements made to the

### Definition:

*"Special Valuation" is the 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.*

property.

Prior to the passage of this law, owners restoring historic buildings were subject to increased property taxes once the improvements were made. This had the effect of discouraging some owners from rehabilitating their historically significant structures. The Legislature decided that restoration of these properties would be encouraged if tax relief were available. Property tax relief was selected as a tool which could provide the financial incentives necessary to promote rehabilitation of eligible historic properties. Since passage of this law, over thirty-five local governments have implemented programs which allow their constituents to take advantage of this tax relief.

## IMPLEMENTATION

Only local governments which implement the law are eligible to pass

on the tax relief to the public. The local government identifies the types of properties that are eligible for special valuation, and designates a local review board that will review applications.

## ELIGIBILITY

To be classified as eligible for special valuation, a property must first meet the following criteria:

1. It must be listed in the National Register of Historic Places, individually, or certified as contributing to the significance of a National Register Historic District, in order to receive a statement that a property is certified as contributing to the significance of a National Register Historic District, a property owner should contact their local government, or the Washington State Office of Archaeology and Historic Preservation,

OR 2. It must be listed in the Local Register of Historic Places established by a Certified Local Government,

AND 3. It must be of a class of properties approved by the local government.

Eligible properties which undergo substantial rehabilitation may receive special valuation if the rehabilitation

work is approved by the local review board. The work must have been conducted within two years prior to application, and must be equal in cost to at least 25% of the assessed value of the structure prior to rehabilitation.

## REQUIREMENTS

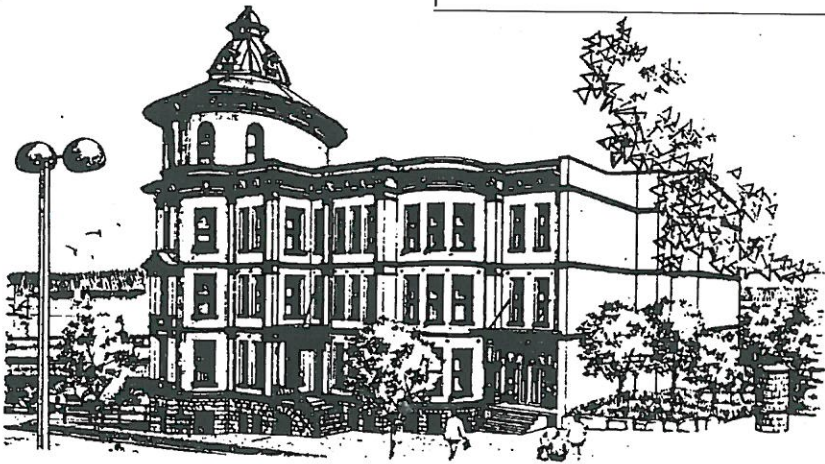
### Protection of the Property

Property owners who want to take advantage of special valuation must sign an agreement with the local review board that guarantees they will meet the following standards during the ten-year property tax exemption period:

- The property must be maintained in good condition.
- The owner must obtain approval from the local review board prior to making further improvements.
- The property must be visible from a public right-of-way, or otherwise be made available for public view once every year.

The penalty for violating the agreement or other program requirements is substantial. All back taxes which would otherwise have been owed, interest on back taxes, and a penalty equal to 12% of back taxes

*(Continued on page 4)*



The One Pacific Building, 7th & Pacific, Tacoma, WA  
The One Pacific Building  
7th & Pacific, Tacoma, WA The Harris Architects



## How the Application Process Works:

**APPLICANT:** • Submits application to the assessor no later than 24 months after beginning date of rehabilitation work.

**ASSESSOR:** • Reviews application for completeness.  
• Verifies legal owner, legal description, etc.  
• Submits application to local review board within ten working days.

**LOCAL REVIEW BOARD:** • Reviews application and attachments.  
• Determines approval or denial of application no later than December 31st of application year.  
• If application is approved, notifies applicant, assessor, and State Advisory Council within ten days.  
• Executes agreement with applicant.  
• Returns application to assessor.

**ASSESSOR:** • Records agreement.  
• Files application, agreement and certification statement (if applicable) with the county recording authority.  
• Determines special valuation and enters in tax roles separately from the normal assessed value.

### HOW ELIGIBLE PROPERTIES ARE DEFINED

To be eligible for special valuation, a property must be:

1. Listed in the National Register of Historic Places, individually or certified as contributing to the significance of a National Register Historic District.

**OR**

2. Listed in the Local Register of Historic Places established by a Certified Local Government (for more information about the Certified Local Government Program, contact the CLG Coordinator at 360-586-3074).

**AND**

3. It must be of a class of historic properties approved by the local government.

Note: The local government in each community determines which classes of historic properties are eligible for special valuation, and may elect to exclude some classes of property from the program.

## The Timetable

**WITHIN 2 YEARS PRIOR TO DATE OF APPLICATION:**

- Rehabilitation work begun and completed.

**BEFORE OCTOBER 1 (IF SPECIAL VALUATION IS DESIRED FOR FOLLOWING YEAR):**

- Applicant submits application.

**WITHIN 10 WORKING DAYS:**

- Assessor completes review and submits application to local review board.

**BEFORE DECEMBER 31:**

- Local Review Board approves (or denies) application and executes agreement.

**WITHIN 10 DAYS OF ISSUING THEIR DECISION:**

- Local Review Board submits approved application and agreement to assessor; assessor records documents.

**FIRST YEAR - JANUARY 1:**

- Special valuation effective.

**SECOND YEAR THROUGH ELEVENTH YEAR:**

- Taxes reflect special valuation.

**TENTH YEAR:**

- Special valuation ends.

**TWELFTH YEAR:**

- Taxes reflect revaluation of property following end of special valuation.

### **DETERMINING SPECIAL VALUATION**

The amount of property tax you will pay is based on the special valuation of your property. Special valuation is simply a value, for property tax purposes, which is calculated by subtracting qualified rehabilitation expenditures from the total assessed value of the property. Your property tax may change from year to year because of changes in the assessed value, but the qualified rehabilitation expenditures will continue to be deducted from the new assessment for the full ten-year period of special valuation.

(Continued from page 1)  
and interest may be due.

If the property is sold, the new owner must sign an agreement with the local review board ensuring that program requirements will be satisfied for the duration of the special valuation period, or the seller may be subject to the penalties discussed above.

### Qualified Rehabilitation Expenditures

The total cost of the rehabilitation must be equal to at least 25% of the assessed value of the property, exclusive of land value, prior to rehabilitation. "Qualified rehabilitation expenditures" are expenses chargeable to the project and include improvements made to the building within its original perimeter, architectural and engineering fees, permit and development fees, loan interest, state sales tax and other expenses incurred during the rehabilitation period. Not included are costs associated with acquisition of the property, or the enlargement of the building. The local review board in each jurisdiction determines which expenditures are qualified. Qualified rehabilitation expenditures for special valuation are the same as those for the federal Investment Tax Credits. (For a detailed explanation, see 26 CFR 1.48-12(c).)

### Rehabilitation Standards

In order to be eligible for special valuation, properties must retain their historic character after rehabilitation. The standards used by the local review board in their review and approval of the rehabilitation work are *The Washington State Advisory Council's Standards for Rehabilitation*. The State Advisory Council adopted *The Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings* as their standards.

### THE APPLICATION PROCESS

An interested property owner files an application with the assessor's office

after the rehabilitation work is completed. The assessor transmits the application to the local review board, which schedules a public meeting to discuss the application.

The board may determine the approval or denial of the application at this meeting, or may request additional information. Once the board has made its determination, the applicant and the assessor will be notified within ten days.

If the application is filed with the assessor's office before October 1 and approved by the board, special valuation goes into effect the following year.

### DEADLINES TO REMEMBER

Application for special valuation must be made no later than 24 months after the beginning of the rehabilitation work.

**October 1** is the deadline for applications when special valuation is desired for the following year.

### PARTICIPATING JURISDICTIONS

At the time of this publication, the following cities and counties have implemented the special valuation program:

Auburn	Newcastle
Bellingham	North Bend
Black Diamond	Olympia
Bothell	Pierce County
Camas	Port Townsend
Carnation	Puyallup
Centralia	Ritzville
Chehalis	Seattle
Cheney	Shelton
Clark County	Shoreline
Dayton	Skykomish
Everett	Snohomish County
Issaquah	Snoqualmie
Kenmore	Spokane City/County
Kennewick	Steilacoom
King County	Tacoma
Kirkland	Thurston County
La Center	Tumwater
Lacey	Vancouver
Longview	Walla Walla
Marysville	Wenatchee

Technical assistance in implementing the special valuation program is available to local governments from OAHF.

### IMPORTANT CONSIDERATIONS

- In order for a historic property to be eligible for special valuation, it must have been substantially rehabilitated within 24 months prior to the date of application.
- In order for a phased rehabilitation to be eligible, each phase of the rehabilitation must cost at least 25% of the assessed value of the property, exclusive of land value, prior to commencing that phase of work. Work on each phase must have been completed within 24 months prior to the date of application for special valuation for that phase.
- Improvements must be consistent with the historic character of the building. During the ten-year period of special valuation, additional improvements to the property are also subject to compliance with the *Washington State Advisory Council's Standards for Rehabilitation*.
- The property must be maintained in good condition as long as the special valuation is in effect.
- Special valuation may apply to a wide range of properties, at the discretion of the local government in each jurisdiction.
- Applications may be submitted at any time, however the deadline is October 1 when special valuation is desired for the following year. Reduction in property taxes appears one year after special valuation designation and applies until the year following the end of the ten-year period of special valuation.
- Property owners who receive special valuation for a rehabilitation project may also apply for the federal Investment Tax Credits for the same project.

### FOR INFORMATION

For further information about the special valuation program, contact:

Office of Archaeology and Historic Preservation  
1063 S. Capitol Way, Suite 106  
PO Box 48343  
Olympia, Washington 98504-8343  
360-586-3074  
www.oahp.wa.gov

# Special Valuation: For the Applicant

Applications for special valuation will be reviewed, and approved or denied, by a local review board designated by the local government. The board will make their determination at a public meeting, during which the applicant may be present.

It is advisable (and in some communities it is mandatory) for the applicant to consult with the local review board before beginning the rehabilitation work, to ensure that the project will comply with the board's standards.

## RESPONSIBILITIES

**1. WHILE CONDUCTING THE REHABILITATION**, the applicant must:

- a. **MONITOR** rehabilitation work to ensure that it conforms with *The Washington State Advisory Council's Standards for Rehabilitation*
- b. **MAINTAIN** accurate records of project costs, and dates of project work

**2. WHEN APPLYING FOR SPECIAL VALUATION**, the applicant must **FILE** an application for special valuation with the assessor's office (on the Department of Revenue form) no later than two years after beginning the rehabilitation project. The application must include as attachments:

- a. The legal description of the property
- b. Comprehensive exterior and interior photographs of the property before and after rehabilitation
- c. Architectural plans or other legible drawings depicting the completed project
- d. A notarized affidavit attesting to the actual cost of rehabilitation work
- e. A statement from (the appropriate local official) indicating that the property is a certified historic structure if it is located in an historic district

**3. IF A PROJECT IS APPROVED**, the applicant must:

- a. **SIGN** an agreement with the local review board guaranteeing that during the 10-year period of special valuation he or she shall:
  - **MAINTAIN** the property in safe and sound condition and protect it from the elements, and repair deteriorated or broken exterior features, in compliance with *The Washington State Advisory Council's Standards for Rehabilitation*
  - **OBTAIN** written consent of the local review board prior to making further improvements or alterations to the property
  - **MAKE** the property accessible to the public once each year if it is not normally visible from a public right-of-way
  - **OBTAIN** written consent of the local review board prior to demolishing the property
  - **NOTIFY** the assessor within 30 days if the property becomes disqualified for special valuation, e.g. if the terms of the agreement are violated
- b. **PAY** processing fees (and title search fees, if required) charged by the assessor's office

**4. IF THE PROJECT IS DENIED**, because the property is determined ineligible for special valuation, the applicant may **APPEAL** to the decision of the Local Review Board to Superior Court, or the County Board of Equalization.

## THE APPLICATION PROCESS

<b>Applicant</b>	<ul style="list-style-type: none"> <li>• Submits application to assessor no later than 24 months after beginning date of rehab work</li> </ul>
<b>Assessor</b>	<ul style="list-style-type: none"> <li>• Reviews application for completeness</li> <li>• Verifies legal owner and legal description</li> <li>• Submits application to local review board within 10 working days</li> </ul>
<b>Local Review Board</b>	<ul style="list-style-type: none"> <li>• Reviews application and attachments</li> <li>• Determines approval or denial of application no later than December 31 of application year</li> <li>• If application is approved, notifies applicant, assessor, and State Advisory Council within ten days</li> <li>• Executes agreement with applicant</li> <li>• Returns application to assessor</li> </ul>
<b>Assessor</b>	<ul style="list-style-type: none"> <li>• Records agreement</li> <li>• Files agreement and application with county recording authority</li> <li>• Determines special valuation and enters</li> </ul>

**5. IF THE PROJECT IS LATER DISQUALIFIED** for special valuation, or in the event of any dispute, the applicant may **APPEAL** to the County Board of Equalization.

**6. IF THE PROPERTY IS SOLD**, and the new owner desires continuation of the special valuation, her or she must **SIGN** an agreement with the local review board ensuring that the program requirements will be satisfied for the duration of the special valuation period.

### IMPORTANT DEADLINES

- Application for special valuation must be made no later than 24 months after the beginning date of the rehabilitation work.
- October 1 is the deadline for applications when special valuation is desired for the following year. NOTE: due to the lag in property tax payments, the tax reduction will appear one-year after special valuation designation, and it applies until the year following the end of the 10-year special valuation period.

### PHASED PROJECTS

Properties which are rehabilitated in phases may receive special valuation for each phase, provided that qualified rehabilitation expenditures for each phase exceed 25% of the assessed value of the property, exclusive of land value, at the time that phase began. Each phase is treated as though it were a separate project, and is subject to all requirements of the special valuation program.

# Special Valuation: For the Assessor

The assessor's role in the special valuation program is limited to processing the application forms and maintaining records of special valuation assessments for properties approved by the local review board. The assessor maintains two separate values on the tax rolls - the special valuation and the normal assessed value - for affected properties.

## RESPONSIBILITIES

**1. UPON RECEIPT OF AN APPLICATION**, the assessor must:

- a. **RECORD** the date of receipt
- b. **REVIEW** the application for completeness:
  - Verify the legal owner
  - Verify the legal description
  - Verify the legal description and parcel or tax account number
- c. **TRANSMIT** the application and attachments to the local review board within 10 days of receipt

**2. UPON RECEIPT OF AN APPROVED APPLICATION** and agreement from the local review board, the assessor must:

- a. **RECORD** the application, agreement, and certification statement (if applicable)
- b. **TRANSMIT** copies to the county recording authority
- c. **DETERMINE** the special valuation:
  - The total assessed value of the property (including improvements and land), minus the qualified rehabilitation expenditures, equals the special valuation. This special valuation will change to reflect changes in the total assessed value, and will be in effect for 10 years.
- d. **ENTER** the determined special valuation on the tax rolls separately from the normal assessed value
- e. **CHARGE** processing fees to the applicant, as necessary, in addition to any fees associated with a title search (these fees shall be payable to the county auditor or county recorder)
- f. **INDICATE** the special valuation on the yearly tax statement
- g. **RETAIN** copies of all documents
- h. **REVALUE** properties on the regular revaluation cycle, deducting the cost therefrom to determine the taxable value

**3. UPON TERMINATION** of the 10-year special valuation period, the assessor must:

- a. **REVALUE** the property without consideration for special valuation
- b. **ENTER** the new value on the tax rolls

**4. IF THE TERMS OF THE AGREEMENT** are violated, **OR** the property ownership changes without indication that the new owner will sign an agreement to meet the program requirements for the duration of the special valuation period, **OR** the property is disqualified for special valuation, the assessor must:

- a. **LEVY** the back taxes (which otherwise would have been due) plus interest and penalty:
  - Rehabilitation costs times the levy rate for the elapsed portion of the year,
  - Plus interest (from April 30) normally charged on delinquent tax bills

## THE APPLICATION PROCESS

<b>Applicant</b>	<ul style="list-style-type: none"> <li>• Submits application to assessor no later than 24 months after beginning date of rehab work</li> </ul>
<b>Assessor</b>	<ul style="list-style-type: none"> <li>• Reviews application for completeness</li> <li>• Verifies legal owner and legal description</li> <li>• Submits application to local review board within 10 working days</li> </ul>
<b>Local Review Board</b>	<ul style="list-style-type: none"> <li>• Reviews application and attachments</li> <li>• Determines approval or denial of application no later than December 31 of application year</li> <li>• If application is approved, notifies applicant, assessor, and State Advisory Council within ten days</li> <li>• Executes agreement with applicant</li> <li>• Returns application to assessor</li> </ul>
<b>Assessor</b>	<ul style="list-style-type: none"> <li>• Records agreement</li> <li>• Files agreement and application with county recording authority</li> <li>• Determines special valuation and enters</li> </ul>

- Plus an additional 12% penalty.

(For additional information, see WAC 458-15-090)

### THE TIME LAG

Due to the lag in property tax payments, special valuation status will precede, by one year, the reduction of taxes due on affected properties. Thus the reduced tax will apply until the year following the end of the 10-year special valuation period.

### IMPORTANT DEADLINES

- Application for special valuation must be made no later than 24 months after the beginning date of the rehabilitation work.
- October 1 is the deadline for applications when special valuation is desired for the following year.

### PHASED PROJECTS

Properties which are rehabilitated in phases may receive special valuation for each phase, provided that qualified rehabilitation expenditures for each phase exceed 25% of the assessed value of the property, exclusive of land value, at the time that phase began. Each phase is treated as though it were a separate project, and is subject to all requirements of the special valuation program.

# Special Valuation: For the Local Review Board

It is helpful for the local review board to meet with an applicant for special valuation **before** the rehabilitation work begins, and to review their project to ensure that it complies with *The Washington State Advisory Council's Standards for Rehabilitation*, as well as any additional local standards. This preliminary meeting is mandatory in some communities, and is suggested as a first step in the special valuation process which may avoid conflicts later on.

## RESPONSIBILITIES

**1. UPON RECEIPT OF AN APPLICATION** from the assessor, the local review board must:

- a. **SCHEDULE** a public meeting at which the application will be approved or denied
- b. **DETERMINE** eligibility of the property for special valuation based on the following criteria:
  - Is the property historic?
  - Is it included within a class of historic properties determined eligible for special valuation by the local government?
  - Will the rehabilitation work comply with the State Advisory Council's Standards by not adversely affecting those elements qualifying the property as historically significant?
- c. **REVIEW** the applicant's documentation of qualified rehabilitation expenditures to assure that they were at least 25% of the assessed value of the property, exclusive of land value, prior to rehabilitation

**2. IF THE PROPERTY IS DETERMINED ELIGIBLE** for special valuation, the local review board must:

- a. **PREPARE** and enter into an agreement (on behalf of the local government) with the applicant. The agreement must guarantee that certain minimum standards (listed below) were met during the 10-year period of special valuation
- b. **APPROVE** the application upon execution of the agreement with the applicant
- c. **TRANSMIT** copies of the application, agreement and certification statement (if applicable) to the assessor's office for recording
- d. **NOTIFY** the Washington State Advisory Council of the application approval
- e. **MONITOR** the property during the 10-year special valuation period to assure continued compliance with the requirements of the special valuation program

**3. IF THE PROPERTY IS DETERMINED INELIGIBLE** for special valuation, the local review board must:

- a. **ADVISE** the applicant of the reason(s) for denial
- b. **EXPLAIN** that the applicant may appeal the decision to Superior Court

**4. IF AN APPROVED PROPERTY IS LATER DISQUALIFIED**, due to either the owner's failure to comply with the terms of the agreement, **OR** to a loss of historic value due to alterations, the local review board must **NOTIFY** the owner, the assessor and the Washington State Advisory Council of the disqualification.

## MINIMUM STANDARDS FOR A SPECIAL VALUATION AGREEMENT

During the 10-year period of special valuation, the property owner shall:

- a. **MAINTAIN** the property in safe and sound condition and

## THE APPLICATION PROCESS

<b>Applicant</b>	<ul style="list-style-type: none"> <li>• Submits application to assessor no later than 24 months after beginning date of rehab work</li> </ul>
<b>Assessor</b>	<ul style="list-style-type: none"> <li>• Reviews application for completeness</li> <li>• Verifies legal owner and legal description</li> <li>• Submits application to local review board within 10 working days</li> </ul>
<b>Local Review Board</b>	<ul style="list-style-type: none"> <li>• Reviews application and attachments</li> <li>• Determines approval or denial of application no later than December 31 of application year</li> <li>• If application is approved, notifies applicant, assessor, and State Advisory Council within ten days</li> <li>• Executes agreement with applicant</li> <li>• Returns application to assessor</li> </ul>
<b>Assessor</b>	<ul style="list-style-type: none"> <li>• Records agreement</li> <li>• Files agreement and application with county recording authority</li> </ul>

protect it from the elements, and repair deteriorated or broken exterior features, in compliance with *The Washington State Advisory Council's Standards for Rehabilitation*

- b. **OBTAIN** written consent of the local review board prior to making further improvements or alterations to the property
- c. **MAKE** the property accessible to the public once each year if it is not normally visible from a public right-of-way
- d. **OBTAIN** written consent of the local review board prior to demolishing the property
- e. **NOTIFY** the assessor within 30 days if the property becomes disqualified for special valuation, e.g. if the terms of the agreement are violated

## IF THE PROPERTY IS SOLD

If an approved property is sold, and the new owner desires continuation for the special valuation, he must **SIGN** an agreement with the local review board ensuring that program requirements will be satisfied for the duration of the special valuation period.

## IMPORTANT DEADLINES

- An application for special valuation must be approved or denied before December 31 of the year in which the application is made.
- Within 10 days of approving an application for special valuation, the local review board must notify the applicant and the assessor of their decision and must transmit copies of the application and its attachments, and the agreement, to the assessor's office.

## PHASED PROJECTS

Properties which are rehabilitated in phases may receive special valuation for each phase, provided that qualified rehab expenditures for each phase exceed 25% of the assessed value of the property, exclusive of land value, at the time that phase began. Each phase is treated as though it were a separate project, and is subject to all requirements of the special valuation program.

# Special Valuation: For the Local Government

The action of the local government is the first step in implementing the special valuation program in each jurisdiction, thus allowing its constituents the potential to realize substantial tax savings. Since passage of the law, approximately thirty-five local governments have implemented the special valuation program.

## RESPONSIBILITIES

**WHEN ESTABLISHING THE SPECIAL VALUATION PROGRAM** for the jurisdiction, the local government must:

1. **IMPLEMENT** the special valuation law through ordinance or administrative rule
2. **IDENTIFY** one or more classes of historic properties in the community which are eligible for special valuation
3. **DESIGNATE** a local review board to review application, and approve or deny properties for special valuation
4. **APPOINT** members to the local review board

## IMPORTANT CONSIDERATIONS

- Once the local government has identified a class of eligible historic properties, it may amend the criteria defining the class at any time. However, if the new criteria are more restrictive than the previous criteria, the new criteria may not take effect for a period of two years following October 1 of the year in which the change is made. Amendments to the criteria will not disqualify properties already subject to special valuation.
- The law permits multiple local governments within the same county to jointly designate, under an interlocal agreement, a single local review board to administrate the program.

## THE APPLICATION PROCESS

- |                           |   |
|---------------------------|---|
| <b>Applicant</b>          | • Submits application to assessor no later than 24 months after beginning date of rehab work  |
| <b>Assessor</b>           | • Reviews application for completeness<br>• Verifies legal owner and legal description<br>• Submits application to local review board within 10 working days  |
| <b>Local Review Board</b> | • Reviews application and attachments<br>• Determines approval or denial of application no later than December 31 of application year<br>• If application is approved, notifies applicant, assessor, and State Advisory Council within ten days<br>• Executes agreement with applicant<br>• Returns application to assessor |
| <b>Assessor</b>           | • Records agreement<br>• Files agreement and application with county recording authority<br>• Determines special valuation and enters   |

## City of Dayton Historical Preservation Committee Roster

Seat #	Name/Address	Phone Numbers	E-mail	Appointed Date / Term Expires
1	Mike Smith Vice Chair	Home: Work: Cell: 509-540-6560	<a href="mailto:mandmsmith93@gmail.com">mandmsmith93@gmail.com</a>	Last Appointment Date 03/14/2018 <b>Term Expires: 02/28/2021</b>
2	JJ Dippel	Home: 360-296-6207 Work: Cell:	<a href="mailto:retiredfa@hotmail.com">retiredfa@hotmail.com</a>	Last Appointment Date: 8/08/2018 <b>Term Expires: 09/01/2021</b>
3	Ginny Butler	Home: 509-382-2866 Work: Cell: 509-290-3882	<a href="mailto:ginb@mac.com">ginb@mac.com</a>	Last Appointment Date 02/27/007 <b>Term Expires: 02/28/2020</b>
4	Carol Lane	Home: 509-382-2039 Work: Cell: 208-697-4714	<a href="mailto:jclane3329@yahoo.com">jclane3329@yahoo.com</a>	Last Appointment Date: 02/08/2016 <b>Term Expires: 02/28/2019</b>
5	Chrissy Talbott Chair	Home: Work: 509-525-8326 Cell: 509-520-1975	<a href="mailto:chrissy@williamsteamhomes.com">chrissy@williamsteamhomes.com</a>	Last Appointment Date: 02/08/2016 <b>Term Expires: 02/28/2019</b>