Chapter 254-20 WAC
SPECIAL VALUATION FOR HISTORIC PROPERTIES

WAC

254-20-010 Purpose.
254-20-020 Authority.
254-20-030 Definitions.
254-20-040 Responsibilities of the local legislative authority.
254-20-050 Defining the class of eligible historic property.
254-20-060 Requirements for local review boards.
254-20-070 Responsibilities of local review boards.
254-20-080 Responsibilities of the state historic preservation officer.
254-20-090 Responsibilities of the owner—Application requirements.
254-20-100 Washington state advisory council's standards for the rehabilitation and maintenance of historic properties.
254-20-110 Eligibility and disqualification.
254-20-120 Historic preservation special valuation agreement.

WAC 254-20-010 Purpose. The purpose of these rules is to implement special tax valuation for rehabilitation of historic properties under which the assessed value of eligible historic property is determined at a rate that excludes, for up to ten years, the actual cost of the rehabilitation.

[Statutory Authority: RCW 84.26.120. 86-21-103 (Order 86-11), § 254-20-010, filed 10/20/86.]

WAC 254-20-020 Authority. These rules are promulgated by the advisory council on historic preservation under the authority granted in RCW 84.26.120.

[Statutory Authority: RCW 84.26.120. 86-21-103 (Order 86-11), § 254-20-020, filed 10/20/86.]

WAC 254-20-030 Definitions. Unless the context clearly requires otherwise, the definitions in this section apply throughout these rules:

(1) "Actual cost of rehabilitation" means costs incurred within twenty-four months 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 floorspace 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.

(2) "Certified historic structure" means property located within a national register historic district which has been:

(a) Certified by the secretary of the interior as contributing to the significance of a national register historic district pursuant to 36 C.F.R. 67.4; or

(b) Certified, under a process specified in local administrative rules, as contributing to the significance of an historic district in a local register of historic places which has been created by a local government historic preservation program certified by the secretary of the interior as provided in P.L. 96-515.

(3) "Class of historic property" means all historic property meeting any neutral, objective criteria for determining which types of historic property are eligible for special valuation that have been adopted by the local legislative authority under an ordinance or administrative rule, consistent with the purposes of chapter 84.26 RCW.

(4) "Cost" means the actual cost of rehabilitation, which cost shall be at least twenty-five percent of the assessed valuation of the historic property, exclusive of the assessed value attributable to the land, prior to rehabilitation.

(5) "Historic district" means historic property consisting of multiple buildings, sites, structures, or objects located in proximity to one another and related in historic period or theme.

(6) "Historic property" means real property together with improvements thereon, except property listed in a register primarily for objects buried below ground, which is:

(a) Listed in a local register of historic places created by comprehensive ordinance, certified by the secretary of the interior as provided in P.L. 96-515; or

(b) Listed in the National Register of Historic Places.

(7) "Local legislative authority" means the municipal government within incorporated cities and the county government in unincorporated areas.

(8) "Local review board" means any appointed committee designated by local ordinance to make determinations concerning the eligibility of historic properties for special valuation and to approve or deny applications therefor.

(9) "Owner" means the owner of record.

(10) "Rehabilitation" is the process of returning a property to a state of utility through repair or alteration, which makes possible an efficient contemporary use while preserving those portions and features of the property which are significant to its architectural and cultural values.

(11) "State review board" means the advisory council on historic preservation established under chapter 27.34 RCW, or any successor agency designated by the state to act as the state historic preservation review board under federal law.

(12) "Special valuation" means the determination of the assessed value of the historic property subtracting, for up to ten years, such cost as is approved by the local review board.

[Statutory Authority: RCW 84.26.120. 86-21-103 (Order 86-11), § 254-20-030, filed 10/20/86.]

WAC 254-20-040 Responsibilities of the local legislative authority. (1) Each local jurisdiction, at the option of the local legislative authority, shall designate a local review board and establish one or more classes of historic property that are eligible for special valuation under these rules.

(2) Multiple jurisdictions within the same county may elect to jointly designate, under an interlocal agreement, a

single local review board to carry out the purposes of chapter 84.26 RCW.

[Statutory Authority: RCW 84.26.120. 86-21-103 (Order 86-11), § 254-20-040, filed 10/20/86.]

WAC 254-20-050 Defining the class of eligible historic property. (1) Each "class of eligible historic property" shall be defined by the local legislative authority using objective criteria which lead to consistent decisions on determinations of eligibility.

(2) The criteria for the class of eligible historic property may take into account such factors as geographic location, date of construction, type of use, local landmarks designation, and other verifiable criteria consistent with the purposes of chapter 84.26 RCW, and these rules.

(3) Within historic districts, only certified historic structures may be included in the class of eligible historic property.

(4) Once a local jurisdiction has established a class of eligible historic property, 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 shall not have the effect of disqualifying property already subject to special valuation.

[Statutory Authority: RCW 84.26.120. 86-21-103 (Order 86-11), § 254-20-050, filed 10/20/86.]

WAC 254-20-060 Requirements for local review boards. (1) The local review board may be an existing board or commission of local government or a special purpose authority, but shall not be the same as the local legislative authority.

(2) The local review board shall be identified by local ordinance as having responsibility to:

(a) Make determinations concerning the eligibility of individual properties;

(b) Verify that the improvements are consistent with the advisory council's standards for rehabilitation and maintenance;

(c) Enter into agreements as required under WAC 254-20-070(2);

(d) Approve or deny applications for special valuation; and

(e) Monitor property for continued compliance with the agreement and statutory eligibility requirements.

(3) The local review board shall adopt bylaws and/or administrative rules governing:

(a) Compliance with the Open Public Meetings Act (chapter 42.30 RCW);

(b) Rules of parliamentary procedure;

(c) Order and conduct of business; and

(d) Frequency of meetings.

[Statutory Authority: RCW 84.26.120. 86-21-103 (Order 86-11), § 254-20-060, filed 10/20/86.]

WAC 254-20-070 Responsibilities of local review boards. (1) Following receipt of an application for special valuation from the county assessor, the local review board shall, consistent with locally adopted rules of procedure, determine if the property meets the following criteria:

(a) The property is historic property;

(b) The property is included within a class of historic property determined eligible for special valuation by the local legislative authority under an ordinance or administrative rule;

(c) The property has been rehabilitated at a cost which meets the definition set forth in RCW 84.26.020(2) within twenty-four months prior to the date of application; and

(d) The property has not been altered in any way which adversely affects those elements which qualify it as historically significant.

(2) If the local review board finds that the property satisfies all four of the above requirements, then it shall, on behalf of the local jurisdiction, enter into an agreement with the owner which, at a minimum, includes the provisions set forth in WAC 254-20-120. Upon execution of said agreement between the owner and the local review board, the local review board shall approve the application.

(3) If the local review board determines that the property does not meet all of the requirements for special valuation, then it shall deny the application.

(4) An application for special valuation shall be approved or denied by the local review board before December 31 of the calendar year in which the application is made. The local review board shall certify its decision in writing and state the facts upon which the approval or denial is based. The local review board shall file a copy of the certification with the county assessor within ten days of issuing a decision.

(5) If the application is approved, the local review board shall forward a copy of the agreement, the application, and supporting documentation as required by WAC 254-20-090(4) to the county assessor for recording and shall notify the state review board that the property has been approved for special valuation.

(6) Once an application for special valuation has been approved, the local review board shall determine, according to its bylaws and rules of procedure, whether or not the property has become disqualified, either because of the owner's failure to comply with the terms of the agreement, or because of a loss of historic value resulting from physical changes to the building or site. In the event that a local review board concludes that a property is no longer qualified for special valuation, it shall notify the owner, the county assessor, and the state review board in writing and state the facts supporting its findings.

[Statutory Authority: RCW 84.26.120. 86-21-103 (Order 86-11), § 254-20-070, filed 10/20/86.]

WAC 254-20-080 Responsibilities of the state historic preservation officer. (1) The state historic preservation officer will, upon request, provide technical assistance to the local legislative authority and the local review board in conducting special valuation activities.

(2) The state historic preservation officer shall inform the local review board if the state review board is notified by the owner of property subject to special valuation that the property no longer qualifies for special valuation under chapter 84.26 RCW.

[Statutory Authority: RCW 84.26.120. 86-21-103 (Order 86-11), § 254-20-080, filed 10/20/86.]

WAC 254-20-090 Responsibilities of the owner—Application requirements. (1) The owner of an historic property desiring special valuation shall apply to the assessor of the county in which the historic property is located upon forms prescribed by the department of revenue and supplied by the county assessor.

(2) In order to be eligible for special valuation, applications must be made not later than October 1 of the calendar year preceding the assessment year for which special valuation is sought.

(3) The owner shall be required to pay only such fees as are necessary to process and record documents pursuant to chapter 84.26 RCW.

(4) Applications shall include a legal description of the historic property. The owner shall also provide comprehensive exterior and interior photographs of the historic property before and after rehabilitation, architectural plans or other legible drawings depicting the completed rehabilitation work, and a notarized affidavit attesting to the actual cost of the rehabilitation work completed prior to the date of application and the period of time during which the work was performed.

(5) For properties located within historic districts, the application shall also include, in addition to the information specified in subsection (4) of this section, a statement from the secretary of the interior or the appropriate local official, as specified in local administrative rules, or by the local government, indicating that the property is a certified historic structure.

(6) Property owners applying for special valuation under these rules shall make available to the local review board documentation as to the actual cost of the rehabilitation project and the period of time during which the rehabilitation took place.

[Statutory Authority: RCW 84.26.120. 87-03-039 (Order 86-11), § 254-20-090, filed 1/16/87; 86-21-103 (Order 86-11), § 254-20-090, filed 10/20/86.]

WAC 254-20-100 Washington state advisory council's standards for the rehabilitation and maintenance of historic properties. The following rehabilitation and maintenance standards shall be used by local review boards as minimum requirements for determining whether or not an historic property is eligible for special valuation and whether or not the property continues to be eligible for special valuation once it has been so classified:

(1) Rehabilitation.

(a) Every reasonable effort shall be made to provide a compatible use for an historic property which requires minimal alteration of the building, structure, or site and its environment, or to use an historic property for its originally intended purpose.

(b) The distinguishing original qualities or character of a building, structure or site and its environment shall not be destroyed. The removal or alteration of any historic material or distinctive architectural features should be avoided when possible.

(c) All buildings, structures, and sites shall be recognized as products of their own time. Alterations that have no historical basis and which seek to create an earlier appearance shall be discouraged.

(d) Changes which may have taken place in the course of time are evidence of the history and development of a building, structure, or site and its environment. These changes may have acquired significance in their own right, and this significance shall be recognized and respected.

(e) Distinctive stylistic features or examples of skilled craftsmanship which characterize a building, structure, or site shall be treated with sensitivity.

(f) Deteriorated architectural features shall be repaired rather than replaced, whenever possible. In the event replacement is necessary, the new material should match the material being replaced in composition, design, color, texture, and other visual qualities. Repair or replacement of missing architectural features should be based on accurate duplication of features, substantiated by historic, physical, or pictorial evidence rather than on conjectural designs or the availability of different architectural elements from other buildings or structures.

(g) The surface cleaning of structures shall be undertaken with the gentlest means possible. Sandblasting and other cleaning methods that will damage the historic building materials shall not be undertaken.

(h) Every reasonable effort shall be made to protect and preserve archaeological resources affected by, or adjacent to, any project.

(i) Contemporary design for alterations and additions to existing properties shall not be discouraged when such alterations and additions do not destroy significant historical, architectural or cultural material, and such design is compatible with the size, scale, color, material, and character of the property, neighborhood, or environment.

(j) Wherever possible, new additions or alterations to structures shall be done in such a manner that if such additions or alterations were to be removed in the future, the essential form and integrity of the structure would be unimpaired.

(2) Maintenance.

(a) Buildings and structures shall not be allowed to deteriorate beyond the point where routine maintenance and repair will return them to good condition.

(b) Buildings shall be kept in a safe and habitable condition at all times. Structural defects and hazards shall be corrected. Any condition which constitutes a fire hazard shall be eliminated.

(c) Buildings shall be protected against ongoing water damage due to defective roofing, flashing, glazing, caulking, or other causes. Moisture condensation resulting from inadequate heat or ventilation shall be eliminated if present at levels sufficient to promote rot or decay of building materials.

(d) Deteriorated exterior architectural features and any broken or missing doors and windows shall be repaired or replaced.

(e) Painted exterior surfaces shall be maintained and repainted as necessary to prevent a deteriorated appearance or damage to the substrate. Exterior masonry surfaces shall be tuck pointed where required to maintain the mortar in sound condition. Finished tuck pointing shall match the original mortar joint in hardness and appearance.

[Statutory Authority: RCW 84.26.120. 86-21-103 (Order 86-11), § 254-20-100, filed 10/20/86.]

WAC 254-20-110 Eligibility and disqualification. (1) The actual cost of the rehabilitation work shall be calculated on the basis of expenses incurred for improvements or work elements completed prior to the date of application. Properties subject to ongoing or phased rehabilitation work shall be eligible for special valuation so long as the property meets the criteria of WAC 254-20-070(1).

(2) No application for special valuation under these rules shall be made after December 31, 1991.

(3) When property has once been classified and valued as eligible historic property, the expiration of the ten-year period allowed for special valuation shall not have the effect of disqualifying the property and thereby invoking the additional tax, interest, and penalty otherwise due when a property is disqualified or determined ineligible.

[Statutory Authority: RCW 84.26.120. 86-21-103 (Order 86-11), § 254-20-110, filed 10/20/86.]

WAC 254-20-120 Historic preservation special valuation agreement. The following historic preservation special valuation agreement shall be used by local review boards as the minimum agreement necessary to comply with the requirements of RCW 84.26.050(2):

This Historic Preservation Agreement is entered into on this .... day of ....., 19...., by and between ..... (hereinafter referred to as APPLICANT) and ..... (hereinafter referred to as LOCAL REVIEW BOARD).

WHEREAS APPLICANT is the owner of record of the historic property commonly known as ....., located at ....., State of Washington, as more fully described in Exhibit A, attached hereto and incorporated herein by this reference (hereinafter referred to as PROPERTY); and

WHEREAS APPLICANT has requested special valuation of the PROPERTY pursuant to chapter 84.26 RCW; and

WHEREAS the LOCAL REVIEW BOARD has determined that the PROPERTY has been substantially rehabilitated within the two year period preceding the date of application and the actual cost of said rehabilitation equals or exceeds twenty-five percent of the assessed valuation of the PROPERTY prior to the improvements; and

WHEREAS the LOCAL REVIEW BOARD has verified that the PROPERTY is historic property that falls within a class of properties determined eligible for special valuation by local ordinance or administrative rule; and

WHEREAS the LOCAL REVIEW BOARD finds that the rehabilitation work has not altered the PROPERTY in any way which adversely affects those elements which qualify it as historically significant;

NOW THEREFORE, in recognition of the foregoing, the APPLICANT enters into this Agreement with the LOCAL REVIEW BOARD and agrees to adhere to the following terms and conditions for the ten-year period of the special valuation classification:

1. APPLICANT agrees to comply with the Washington State Advisory Council's Standards for the Maintenance and Rehabilitation of Historic Properties as set forth in Exhibit B, which is attached hereto and by this reference incorporated herein.
2. APPLICANT agrees the property shall not be altered without the prior written consent of the LOCAL REVIEW BOARD signed by a duly authorized representative thereof. No construction, alteration or remodelling or any other action shall be undertaken or permitted to be undertaken which would affect the historic character of the PROPERTY which classifies it as eligible for special valuation, or which would affect the appearance of the PROPERTY as depicted in the photographs attached hereto and incorporated herein by this reference as Exhibits ..... through ....., or which would adversely affect the structural soundness of the PROPERTY; provided, however, that the reconstruction, repair, repainting, or refinishing of presently existing parts or elements of the PROPERTY subject to this Agreement, damage to which has resulted from casualty loss, deterioration or wear and tear, shall be permitted without the prior approval of the LOCAL REVIEW BOARD, provided that such reconstruction, repair, repainting, or refinishing is performed in a manner which will not alter the appearance of those elements of the PROPERTY subject to this Agreement as they are as of this date. Exterior changes which shall require the consent of the LOCAL REVIEW BOARD shall include, but not be limited to, any substantial structural change or any change in design, color or materials.
3. APPLICANT agrees the PROPERTY shall not be demolished without the prior written consent of the local review board.
4. APPLICANT agrees to make historic aspects of the PROPERTY accessible to the public one day each year if the PROPERTY is not visible from a public right of way.
5. APPLICANT agrees to monitor the PROPERTY for its continued qualification for special valuation and notify the appropriate County Assessor within 30 days if the PROPERTY becomes disqualified because of
   a. a loss of historic integrity,
   b. sale or transfer to new ownership exempt fromtaxation, or
   c. sale or transfer to new ownership which does not intend to agree to the terms of this Agreement nor file a notice of compliance form with the County Assessor.
6. The APPLICANT and LOCAL REVIEW BOARD both agree that there shall be no changes in standards of maintenance, public access, alteration, or report requirements, or any other provisions of this Agreement, during the period of the classification without the approval of all parties to this Agreement.

Term of the Agreement. This Agreement shall take effect immediately upon signature and remain in effect until the property is no longer eligible for special valuation either through disqualification under RCW 84.26.080 or upon expiration of the ten-year period of special valuation commencing January 1, 19...., and ending December 31, 19....

Hold Harmless. The APPLICANT or its successors or assigns shall hold the State and the LOCAL REVIEW BOARD

harmless from any and all liability and claims which may be asserted against the State and the LOCAL REVIEW BOARD as a result of this Historic Preservation Special Valuation Agreement or the participation by the APPLICANT in the Special Valuation Program.

Governing Law. The terms of this Agreement shall be construed in accordance with the laws of the state of Washington.

[Statutory Authority: RCW 84.26.120. 86-21-103 (Order 86-11), § 254-20-120, filed 10/20/86.]