



**PLANNING AND COMMUNITY DEVELOPMENT
DEPARTMENT**

Planning Division

210 Lottie Street, Bellingham, WA 98225

Telephone: (360) 778-8300 Fax: (360) 778-8302

**City of Bellingham
Special Valuation Application**

Provide:

1. Legal Description of the historic property.
2. Comprehensive exterior and interior photographs of the historic property before and after rehabilitation,
3. Architectural plans or other legible drawings depicting the *completed* rehabilitation work at 8 ½" x 11", and
4. A notarized affidavit attesting to:
 - a. The actual cost of the rehabilitation work completed prior to the date of application
 - b. The period during which the work was performed.
5. Documentation of the actual cost of rehabilitation, and exactly when the work occurred. Calculate the actual cost of the rehabilitation work only for expenses incurred for improvements or work elements completed before the date of application.
6. Copy of covenant placing this property on the Local Historic Register, or copy of the City Council's Local Historic District, showing this property as individually listed.
7. Discussion of alterations made to this building.
 - Show that it has not been altered in any way that adversely affects those elements that qualify it as historically significant. (See the Washington State Advisory Council's "Standards for the Rehabilitation and Maintenance of Historic Properties" (WAC 254-20-100).
 - Show that the work complies with a Certificate of Alteration.
8. The assessed valuation of the property before to the improvements.
9. Fee.

Historic Preservation - Special Valuation **Are You Eligible?**

Special Valuation is -

Ten year property tax reduction on your upgraded historic building.

Special Valuation is governed by complex regulations. Simply:

1. Property must be:
 - On the City's local historic list, and
 - Upgrades may not have damaged historic elements.

2. Property taxes may be reduced by the cost of:
 - All work within the historic building
 - Work attached to the building to make it useable
 - Consultant costs for these improvements, and/or
 - "Qualified rehabilitation expenditures" under the Federal historic preservation tax.

3. How much are property taxes reduced?
 - There is no minimum. Your assessment may go to *zero*.

4. You will need to sign a 10-year agreement to:
 - Comply with the law,
 - Not demolish your building,
 - Allow some public access,
 - Monitor the building, and
 - Hold the City and the State harmless.

Special Valuation Checklist

1. Is your property eligible? (Answer Yes or No.)
 - A. Have you met with the City's Historic Preservation Planner? _____
 - B. Is the property on the Local Historic Register? _____
 - C. Does the work comply with a Certificate of Alteration? _____

2. If all answers are "Yes", calculate Cost of Rehabilitation:
 - A. Improvements only to existing building: _____
 - B. Improvements attached to building to make the building fully useable (not including new habitable floor space): + _____
 - C. Architectural & engineering services for all these improvements: + _____
 - D. 'Qualified rehabilitation expenditures' for the Federal Historic Preservation Investment Tax Credit, not included above: + _____

Total cost of rehabilitation*: \$ _____

3. Assessed Value of Building: \$ _____

4. Has:
 - A. the Cost of Rehabilitation been at least 25% of the Assessed Value of the Building before rehabilitation? (Yes or No) _____
 - B. Has this work occurred within 2 years of the date you will apply? (Yes or No) _____

5. If the answers to both 4A and 4B are "Yes", file an application with the Whatcom County Assessor for Special Valuation.

* See Page 5 for more examples of what can and cannot be included. If you have *any* questions, contact the Historic Preservation Planner, Page 5.

** Photographs of all exterior surfaces (including all facades, corners, and architectural details) and interior surfaces (including wider photographs of all surfaces and closer photographs of specific details to be changed.). Provide a key plan, to scale, showing where all photographs were taken.

Application Process

- Step 1: Property is listed on Bellingham's Local Historic Register.
- Step 2: Property owner applies for Certificate of Alteration (C of A) for proposed work on historic building.
- Step 3: Property owner rehabilitates building as per the C of A.
- Step 4: Applicant meets with City's Historic Preservation Planner to discuss application requirements and procedures.
- Step 5: Property owner applies for Special Valuation with the County Assessor's Office before October 1st. This application may be no more than 24 months after rehabilitation began.
- Step 7: Planning Division processes application.
- Step 8: Historic Preservation Commission hears application.
- Step 9: If approved, Planning Division sends approval to Assessor.
- Step 10: Property owner's property taxes reduced for 10 years.

NOTE: Due to lag in property tax payments, tax reduction appears two years after approval. Tax reduction applies for 10 full years.

Important Considerations

- Work should not be done before a property is listed on the Local Historic Register and reviewed by the Historic Preservation Commission. If the Commission does not agree that work meets code requirements, it will not approve Special Valuation.
- Improvements must meet Bellingham's Historic Preservation Code. A Certificate of Alteration should be issued before work is started.
- The historic property must have been substantially rehabilitated (at least 25% of assessed value) within 24 months before the date of application.
- Applications may be submitted at any time. However, the deadline is October 1 for Special Valuation reductions. A reduction in property taxes will appear two years after Special Valuation approval and will apply for ten-years thereafter.
- If the property is listed on the National Historic Register, property owners may also apply for the federal Investment Tax Credits for the same project.
- The property must be maintained in good condition as long as the special valuation is in effect.

Examples of Expenditures that Qualify

Exterior:

- Windows
- Doors
- Painting
- Roofing
- Structural repairs, and
- Stair and/or elevator towers needed to make building useable.

Interior:

- Plumbing
- Electrical
- Lighting
- Wiring
- Flooring
- Doors
- Windows
- Heating/air conditioning
- Finish Work, and
- Cabinetry (affixed to the wall).

Other:

- Architectural/consultant fees
- Taxes, insurance, and utilities during construction
- Construction administration expense
- Labor; and
- Construction phase interest expenses.

Examples of Expenditures That Do Not Qualify:

- Homeowner Labor
- Acquisition Costs
- Enlargement of the Building
- Costs for Permanent Financing
- Overhead
- Fixtures that are not attached, and
- Landscaping

Penalty

The penalty for violating the agreement or other program requirements is substantial: All back taxes that would otherwise have been owed, interest on back taxes. As well, a penalty of 12% of back taxes and interest may be due.

Appeals

Appeals on Special Valuation are to the Hearing Examiner.

Contact Information

Historic Preservation Commission, c/o Historic Preservation Planner, Planning Division
210 Lottie Street, Bellingham, WA 98225
360-778-8300 FAX 360-778-8302 TDD 360-676-6883 (TDD)

Citations from **Bellingham Municipal Code (BMC) 17.90**

17.90.030 Definitions

"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 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.

"Class of historic property eligible to apply for special valuation in the City " means all properties listed on the National Register of Historic Places or certified as contributing to a National Register Historic District which have been substantially rehabilitated at a cost and within a time period which meets the requirements set forth in Chapter 84.26 RCW, until the City of Bellingham becomes a Certified Local Government (CLG). Once a CLG, the class of properties eligible to apply for special valuation in the City of Bellingham means all properties listed on the City of Bellingham's Register of Historic Places.

"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.

"Special Valuation for Historic Properties" or "special valuation" means the local option program which when implemented makes available to property owners a special tax valuation for rehabilitation of historic properties under which the assessed value of an eligible historic property is determined at a rate that excludes, for up to ten years, the actual cost of the rehabilitation. (Chapter 84.26 RCW).

17.90.050 D. Effects of Listing on the Register

4. ... Once the City of Bellingham is certified as a Certified Local Government (CLG), only properties listed on the City of Bellingham's Register of Historic Places may be eligible for Special Tax Valuation on their rehabilitation in accordance with BMC 17.90.070.

17.90.070 Review and Monitoring of Properties for Special Property Tax Valuation

A. Time Lines

1. The owner of a historic property desiring special valuation shall apply to the Whatcom County Assessor on forms prescribed by the Department of Revenue and supplied by the Assessor.
2. The Assessor shall forward applications to the Commission within 10 calendar days of receipt.
3. All applications received by the Assessor by October 1 shall be reviewed by the Commission before December 31 of the same calendar year for a special valuation beginning the following year.
4. A Commission decision regarding an application shall be certified in writing and filed with the Assessor within 10 calendar days of issuance.

B. Procedure

1. The Assessor forwards the application to the Commission.
2. The Commission reviews the application at a public meeting and determines if the application is complete and if the property meets the criteria set forth in WAC 254-20-070(1) and listed in BMC 17.90.070 (C).
 - a. If the Commission finds the property meets all the criteria, then, on behalf of the City, it enters into a Historic Preservation Special Valuation Agreement as set forth in WAC 254-20-120 and BMC 17.90.070 (D) with the owner. Upon execution of the agreement between the owner and Commission, the Commission approves the application.
 - b. If the Commission determines the property does not meet all the criteria, then it shall deny the application.
3. The Commission certifies its decisions in writing and states the facts upon which the approval or denial is based and files a copy of the certification with the Assessor.
4. For approved applications, the Commission:
 - a. Forwards copies of the agreement, application, and supporting documentation to the Assessor,
 - b. Notifies the State Review Board that the property has been approved for special valuation, and

3. Property Review Criteria:

In its review the Commission shall determine if the properties meet all 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 City under BMC 17.90.070 (C) (1);
- c. The property has been rehabilitated at a cost which meets the definition set forth in this chapter and 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 as determined by applying the Washington State Advisory Council's Standards for the Rehabilitation and Maintenance of Historic Properties in accordance with WAC 254-20-100.

4. Rehabilitation and Maintenance Criteria:

The Washington State Advisory Council's Standards for the Rehabilitation and Maintenance of Historic Properties in WAC 254-20-100 shall be used by the Commission as minimum requirements for determining whether or not a 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.

D. Agreement:

The Historic Preservation Special Valuation Agreement in WAC 254-20-120 shall be used by the Commission as the minimum agreement necessary to comply with the requirements of RCW 84.26.050(2).

E. Appeals:

The Commission's decision regarding any application for special valuation or disqualification of a historic property from continued eligibility for special valuation may be appealed to Superior Court under RCW 34.05.570.

17.90.090 Fee Schedule

An application for designation on the Historic Register, Certificate of Alteration or Demolition, special valuation, or adaptive use shall be accompanied by a fee payment to the City in an amount set by City Council resolution.