

INCENTIVE PROGRAMS FOR LANDMARK OWNERS

Technical Paper No. 16



King County

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Background

A generous program of incentives balances the controls imposed by the designation of King County landmarks. The incentive programs currently available are described below. These programs have changed over time and will continue to change as tax and zoning laws evolve or new sources of grant funds become available. Individuals owning King County landmarks, owners of landmarks in cities with which King County has interlocal agreements for landmarking services, or individuals who are considering designation are encouraged to contact the King County Historic Preservation Program at 206-477-4545 for updated information on incentive programs.

Special Valuation: A Local Tax Incentive Program for Rehabilitating Historic Buildings

Special valuation subtracts eligible costs associated with the rehabilitation of historic properties (land value is not included) for up to ten years. The primary benefit of the program is that during the ten-year special valuation period, property taxes do not reflect substantial improvements made to the property. Prior to the passage of this law, owners rehabilitating historic buildings were subject to increased property taxes once the improvements were made. To be eligible, the property must have undergone an approved rehabilitation within two years prior to applying for special valuation, and the rehabilitation must be equal in cost to at least 25% of the assessed value of the improvement (excluding land value).

Current Use Taxation for Open Space

Landmark property owners are eligible for tax relief through the Current Use Taxation (CUT) program (<http://www.kingcounty.gov/environment/stewardship/sustainable-building/resource-protection-incentives.aspx>). This program establishes a “current use” property tax assessment for qualifying property that is lower than the “highest and best use” assessment level that is applied to most land in the county. The reduction in taxable value ranges from 50% to 90% for the portion of the property in “current use.” Landmark property owners qualify for a 50% reduction in taxable value for the *land* buffers, special habitat, etc. – the percentage may be higher. Properties determined *eligible* for landmark designation may also qualify for this program if they include another eligible category.

For property to be entered in to the CUT program, either the potential for additional development or use must be present, or the owner must provide some form of public access or agree to other provisions in return for the tax reduction. Public access is encouraged, however, access is not required particularly when visitation could damage or endanger the resource (for example an archaeological site).

Technical Assistance

Owners of King County landmarks are eligible to receive a range of technical assistance services from the Landmarks Commission and staff. Primary among these is assistance from members of

the Commission's Design Review Committee who review and approve all changes to designated features of significance of landmark properties. Included on this committee are architects and preservation specialists who can share both their technical knowledge and broad experience working with historic buildings. In addition, the Program maintains technical papers and has access to information on a wide range of historic preservation issues.

Investment Tax Credits

The Tax Reform Act of 1986 authorizes owners of buildings listed in the National Register of Historic Places to take a 20% income tax credit on the cost of rehabilitating their buildings for industrial, commercial, or rental residential purposes. Many King County Landmarks are eligible for listing on the National Register. An owner investing in rehabilitation of a registered historic property will have credit against federal taxes. The Preservation Assistance Division of the National Park Service monitors this program, which is administered by the Washington State Department of Archaeology and Historic Preservation. For additional information contact Nicholas Vann at Nicholas.Vann@dahp.wa.gov or 360-586-3079.

Landmark Grant Programs

4Culture, a King County-chartered public development authority, administers two grant programs to which landmark property owners are eligible to apply:

- *Cultural Facilities Program*
A cultural organization (either arts or heritage) that owns or uses a King County Landmark is eligible to apply to the Cultural Facilities Program for the purchase, restoration or rehabilitation of the building.
- *Landmarks Capital Grants*
In 2002, King County established an annual grant-in-aid program for the stabilization and rehabilitation of landmark properties. Individuals owning designated local landmarks around the county are eligible to apply to this program.

Grant awards for both of these programs are made on a competitive basis. Funding decisions are made based on the criteria and priorities outline in the program guidelines. For additional information contact Dana Phelan at dana.phelan@4culture.org or 206-263-1604.