

INCENTIVE PROGRAMS FOR LANDMARK OWNERS

Technical Paper No.4-IS



Issaquah Historic Preservation Program
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Background

A generous program of incentives balances the controls imposed by the Issaquah landmark designation program. The various incentives that are 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 designated City of Issaquah landmarks, or individuals who are considering designation of their property 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 the substantial improvements made to the historic 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 may be eligible for some tax relief through the Current Use Taxation (CUT) program. This program functions by establishing a "current use taxation" property tax assessment for the open space that is lower than the "highest and best use" assessment level that usually applies on most land in the County. The reduction in taxable value ranges from 50% to 90% for the portion of the property in "current use." Designated landmarks qualify for a 50% reduction in taxable value for the *land* portion of their assessment. Properties determined *eligible* for landmark designation might also qualify if they include another type of open space resource.

For property to be approved as open space under this program, either the potential for additional development or use must be present, or the owner might provide public access or agree to other restrictions in return for tax reduction. Public access is encouraged on open space preserved under this program. However, access is not required, when visitation could damage or endanger the resource (for example an archaeological site).

Technical Assistance

Owners of Issaquah 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 office maintains technical papers and other information on 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. Most Issaquah 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 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 an Issaquah 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 Issaquah landmarks, 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 outlined in the program guidelines. For additional information contact Dana Phelan at dana.phelan@4culture.org or 206-263-1604.