

# Special Valuation: A Property Tax Incentive Program for Historic Buildings

SMC 17D.040.080



*Administered by the City-County Historic  
Preservation Office Since 1985*

In 1985, the City of Spokane adopted a state program, Special Valuation Tax Exemption, to "encourage maintenance, improvement and preservation of privately owned historic landmarks." During the ten-year special valuation period, property taxes will not reflect substantial improvements made to the property if an amount equal to at least 25% of its assessed value is spent on rehabilitation. The program applies to properties listed on the Spokane Register of Historic Places, and rehabilitation work must be done in compliance with the Secretary of the Interior's Standards for Rehabilitation.

## **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 the Spokane City-County Landmarks Commission.

## **Eligibility**

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

1. The property **must** be listed on the Spokane Register of Historic Places, individually, or as a contributing property within a Local Register District.
2. The Historic Landmarks Commission must have approved the work that was completed with a Certificate of Appropriateness.
3. Work must have been completed no more than 24 months prior to the application.
4. Rehab costs must be equal to at least 25% of the assessed value of the structure (excluding land) prior to rehabilitation. The County Assessor's Office sets the value of the property.

## **Guidelines for Rehabilitation**

All work must comply with the Secretary of the Interior's Standards. Standards may be viewed at: [http://www.nps.gov/hps/tps/standards\\_guidelines.htm](http://www.nps.gov/hps/tps/standards_guidelines.htm)

## **Application Process**

- Step 1: Property is listed on the Spokane Register.
- Step 2: Property owner applies for a Certificate of Appropriateness, then rehabilitates building in accordance with the Secretary of the Interior's Standards.
- Step 3: Property owner files application for Special Valuation with the County Assessor's Office prior to October 1.
- Step 4: HPO staff meets with applicant to discuss application requirements and procedures.
- Step 5: Property owner files paperwork and HPO processes application.
- Step 6: Landmarks Commission conducts public hearing on application.
- Step 7: If approved, HPO sends approved amount to the Assessor.
- Step 8: Property owner sees a reduction in Spokane county property tax bill within 2 years of application.

For Special Valuation Checklist, [click here](#).

## **Deadlines to Remember**

- Application for special valuation must be made no later than 24 months after the beginning date of the rehabilitation work included therein.
- The tax reduction will appear two years after approval, and it applies until the year following the end of the 10-year special valuation period.

## **Important Considerations**

- It is recommended that work not be done before a property is listed on the Spokane Register or first reviewed by the Landmarks Commission.
- Improvements must be consistent with the historic character of the building, and meet the Secretary of the Interior's Standards for Rehabilitation. A Certificate of Appropriateness should be issued before work is started.
- In order for an historic property to be eligible for special valuation, it must have been substantially rehabilitated (25% of assessed value) within 24 months prior to the date of application.
- The property must be maintained in good condition as long as the special valuation is in effect.
- Applications may be submitted at any time; however, the deadline is October 1 when special valuation is desired for two years following approval. Reduction in property taxes appears two years after special valuation approval and applies until the year following 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.

## **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 and a penalty equal to 12% of back taxes and interest may be due.

## **Appeal Process**

Any decision on disqualification of historic property for special valuation exemption or any other dispute may be appealed to the current year Board of Equalization by July 1<sup>st</sup> or 30 days after the disqualification, whichever is the later, except the denial on the original application.

## **Application Fees**

- \$150 for residential property
- Commercial properties:

Less than 1 Million at time of filing	\$250
1 Million to 5 Million at time of filing	\$500
5 Million or more at time of filing	\$1000

## **Examples of Expenditures that Qualify**

### **Exterior**

Windows, doors, painting, roofing

### **Interior**

Plumbing, electrical, lighting, wiring, flooring, doors, heating/air conditioning, finish work, cabinetry

### **Other**

Architectural/consultant fees, taxes, insurance, and utilities during construction, construction administration expense, construction-phase interest

## **Examples of Expenditures That Do Not Qualify**

Homeowner Labor, acquisition costs, enlargement of building, non-historic additions, permanent financing costs, overhead costs, fixtures that are not attached, landscaping, appliances (generally)

## **Contact Information**

### **Spokane City-County Historic Preservation Office**

808 West Spokane Falls Boulevard  
Spokane, WA 99201

Phone: (509) 625-6983

FAX: (509) 625-6013

Web Page: <http://www.historicspokane.org>

E-mail: [bdsinfo@spokanecity.org](mailto:bdsinfo@spokanecity.org)

### **Spokane County Assessor**

Spokane County Courthouse  
Mail Stop OCH-1

1116 W. Broadway Avenue  
Spokane, WA 99260-0010

Phone: (509) 477-5903

Fax: (509) 477-3697