



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

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

In 1985, the City of Spokane adopted a statewide enabling legislation called the Special Valuation Tax Exemption, to "encourage maintenance, improvement and preservation of privately owned historic landmarks." The benefit of special valuation is that 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 the assessed value of the property 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.

## 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 certified as a contributing property within a Local Register Historic District.
2. All work must have been conducted in the 24 months prior to the application.
3. Rehab costs must be equal to at least 25% of the assessed value of the structure, not including land, prior to rehabilitation. The County Assessor's Office sets the value of the property.

## 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.

## Guidelines for Rehabilitation

All work must comply with the Secretary of the Interior's Standards. Standards can be reviewed at <https://www.nps.gov/tps/standards/rehabilitation.htm>

## Application Process

- Step 1: Property is listed on the Spokane Register.
- Step 2: Property owner applies for application on proposed work 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 of the calendar year.
- Step 4: Historic Preservation Officer (HPO) 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 the approved final amount to the Assessor.
- Step 8: Property owner sees a reduction in Spokane County property tax bill after one waiting year.

## 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.
- October 1 is the deadline for applications when special valuation is desired for the following year. NOTE: due to the lag in property tax assessments, 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 recommend that work not be done before a property is listed on the Spokane Register or reviewed first 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 a historic property to be eligible for special valuation, it must have been substantially rehabilitated (25% of assessed value of the building) 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 annual deadline is October 1 in order for the application to be heard in that calendar year. 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 of a commercial building who receive special valuation for a rehabilitation project may also be eligible to apply for the Federal Historic 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 in rehab at the time of filing: \$250
  - 1 to 5 million in rehab \$500
  - Over 5 million in rehab \$1000
- \$99 filing fee applies to both residential and commercial properties

## **Examples of Expenditures that Qualify**

### **Exterior**

Windows  
Doors  
Painting  
Roofing

### **Interior**

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

### **Other**

Architectural/consultant fees  
Taxes, insurance, and utilities during construction  
Construction administration expense  
Construction phase interest expense

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

- Homeowner Labor
- Acquisition Costs
- Enlargement of the Building
- Any additions considered non-historic
- Costs for Permanent Financing
- Overhead Costs
- Fixtures that are not attached
- Landscaping Costs
- Appliances: Not built-in

## **Contact Information**

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

808 West Spokane Falls Boulevard  
Spokane, WA 99201  
Phone: (509) 625-6543  
FAX: (509) 625-6013  
Web Page: <http://www.historicspokane.org>  
E-mail: [mduvall@spokanecity.org](mailto:mduvall@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