

March 2016

TO: Beaux Arts Residents  
FROM: Town Planning Commission  
RE: Tools for Historic Preservation

Last fall, the Planning Commission reached out to solicit your input about the possibility of becoming a “Certified Local Government” (CLG) as a way to create an incentive for the voluntary preservation of historic homes in the town. Many of you submitted questions, and with this follow up message, we hope to provide the answers. Several of the responses were prepared by the State’s Archeology and Historic Preservation Officer, with sources noted. If you have further questions or comments, please contact Deputy Clerk Angela Kulp to share with the Planning Commission before we make a recommendation to the Council on this particular program. Thank you!

### **Town of Beaux Arts, Planning Commission’s Frequently Asked Questions about CLG’s:**

1. What is the purpose of becoming a “CLG” or Certified Local Government?
  - From the perspective of the Planning Commission, the sole reason is to have a legally-recognized system in place which would encourage the restoration of older homes. Once an owner has voluntarily placed their home (structures 50-years or older) on the Historic Register and then makes qualified renovations, it is most likely the state’s property tax assessment on the structure will increase. The “reward” to the owner for choosing restoration over demolition is that the tax assessment will remain at the pre-restoration level for a period of ten years.
  - The only way in which an owner can take advantage of this tax incentive is for the Town of Beaux Arts to become a Certified Local Government (a CLG).
2. Can one qualify for the tax incentive on restoration made before the Town became a CLG?
  - Unfortunately, no.
3. Is it true that I (property owner) won’t be able to do anything with my property?
  - *The application of a permit will trigger a review of proposed changes. It does not attempt to stop changes; only ensure that they are compatible with the character of the historic property. This will be spelled out in ordinance. Preservation is not about stopping change. It is about incorporating change in a compatible manner.*
  - *Remember that **no review process will take place unless a property is listed on the local register**. You could have the ordinance in place and no reviews will ever happen until a property owner willingly (voluntarily) places their property on the register. **A property should not be placed on the register without owner consent.** The benefit of the CLG program is that the town will have a program in place to be proactive about historic properties. It also provides a grant opportunity for preservation planning activities to further assist with the needs of BAV specifically, should you wish to pursue it. The grant can be used to educate the community about preservation in the form of written material or a workshop. It can be used to assess historic properties for their possible eligibility for the local register. There are any numbers of things that can be done with the grant funding.*
4. Is it the desire of the Planning Commission to preserve all houses that are 50-years old or older?
  - No, not all houses are worth preserving. The desire is to offer incentives for those who do wish to preserve.
  - The Village is unique because its homes include a wide variety of architectural styles as well as sizes and ages. It is hoped diversity will continue.
5. Does becoming a CLG limit the property rights of the owner?
  - NO!

- The historic register is strictly and only for those who voluntarily place their home on the list.
- The only limitation is **IF** the owner wishes to make changes **AND** take advantage of the state's tax incentive, any exterior changes made within the existing footprint must remain true to the historic architectural time-period of that home.

6. Is it true that the value of my (individual) property will go down?

- *This cannot be known for sure because of the many factors involved. The majority of research done on this topic indicates that property values either hold steady or increase within designated historic districts. See the Economic Impact Study: (<http://www.dahp.wa.gov/sites/default/files/EconomicDevStudySummaryReport.pdf>), which discusses some samples in Washington State. There are other examples from other states, but Washington examples make a good start. Try also contacting the City of Seattle to see if they have any experience with districting and property values. They have 8 historic districts in the City and hundreds of individually listed properties. Contact the Department of Neighborhoods: <http://www.seattle.gov/neighborhoods/preservation/>*

7. Bringing an old house up to code is probably the most challenging and expensive aspect of restoration. In the DAHP's experience, how often does the State's 10-year tax-saving benefit equal or out-weigh the cost of meeting IBC code requirements? The concern here is that restoration would not be cost effective due to the demands of meeting current code.

- *The special valuation incentive is meant to alleviate the increased cost of property taxes based on increased value. It does not really offset the cost of the actual rehabilitation. Depending on the project, it is sometimes more expensive to bring a building up to code versus new construction and sometimes it isn't. Another thing to note is that if the town wishes to retain historic resources, it is within the discretion of the local building official to make provisions for historic properties. Of course compromising safety is not suggested, but there are often ways to meet the spirit of a code while retaining the historic character of a building. And also remember that codes are not required to be met unless a threshold is met. Property owners who do not wish to do any work to their property will not have to meet code. It is only when construction is proposed that codes must be met. Adopting a historic preservation ordinance with special valuation will have no effect on those who do not undertake any construction projects. See this link on DAHP's website for more information about codes and historic buildings: <http://www.dahp.wa.gov/building-codes>*

8. Is it true that I (property owner) will have to restore it to the way it looked originally?

- *DAHP has never seen an ordinance that says this. Projects are only reviewed when permits are applied for. And only the applied for changes are reviewed in accordance with the standards that are adopted in the ordinance. Property owners are never penalized for features that are missing. They would never have to "put back" anything that was missing. Preservation ordinances encourage the retention of features that are still there.*

9. If a historic house has already been compromised, but the owner wishes to restore the old, original portion of the house, could that owner do so and still qualify for the tax benefit?

- *That depends. The house should be placed on the local register before it can qualify for special valuation. If it is too compromised to be placed on the register, then that will be the sticking point. The commission should decide if the property meets the criteria for register listing established in the ordinance. If it still meets the criteria for listing, then in theory the restoration would qualify.*
- *Keep in mind that new construction outside the envelope of the historic building does not qualify according to tax rules.*

10. The Town understands it is the responsibility of the local commission to review plans and affirm their compliance/historic integrity. How technical is the review to be?

- *It is the responsibility of the commission, yes. Projects are reviewed in accordance with standards that are adopted in the ordinance. Usually it is the Secretary of the Interior's Standards for Rehabilitation. <http://www.dahp.wa.gov/general-preservation-guidance>. It takes some practice to interpret the standards when reviewing a project. The review will be as technical as the project is. The main goal of review is to ensure preservation of the character-defining features of the property. These character-defining features should be documented in the register nomination. Ask yourself these questions when looking at a project: Are any important features going to be affected and what would the effect be? If any features are to be negatively affected, is there a better way to achieve the desired goal without affecting them too much or losing them altogether? Is this addition compatible with the characteristics of the house? Are there any treatments proposed that may damage the historic features?*
- *For example, if a house were listed on the register and it was determined that the rear of the house was not important, or if it was not visible from the street, and the owners wanted to construct an addition on the rear that was minimally visible from the street, that would not be a technical review. What goes on the back will not be as important. The Town will not have to get into the details of that addition.*
- *The Town may also write the ordinance so that the commission's review is advisory. The Town has no approval or disapproval power. Some communities require that building owners get a review in the hopes of encouraging good design and preservation of historic features, but the comment of the historic commission is advice that can be taken or not. The local building official can issue a permit whether the commission likes it or not.*

11. If the town is not able to find a qualified architect and/or other qualified individuals for the historic commission within our small community, would the town be required to hire professionals?

- *No, just do the best effort possible. The State's DAHP asks that the town document a basic effort to recruit those that may qualify. If the town is not successful in recruiting them, it is not going to keep the town from becoming a CLG. DAHP will provide information training to the commission.*

12. Who is responsible to inspect the actual construction for compliance?

- *The town, usually it is the local planning commission.*

13. How much volunteer-time would this review take?

- *This can't be answered right now since it's never been done here before. However, the expectation is the timing would have to be in keeping with what is already part of the permitting process.*
- *The review for historic compliance would be conducted by trained volunteers (perhaps the Planning Commission) and would not be at an additional cost to the owner.*

14. How would the restoration building permit process differ from what is now required?

- *One would still go through the usual Town building application process.*
- *If the owner's intent is also to take advantage of the state's tax incentive, the plans would also be reviewed for compliance and consistency in architectural style given through the State's guidelines.*

15. Please provide a hypothetical example of how the costs of approved restoration would be reflected in the 10-year tax reduction. Say the assessed value of the house (building or structure only) is \$30,000 and the cost of restoration is \$200,000 (exceeding the required 25% of assessed

value). In dollars, approximately what would the owner's tax savings be? Could the state please explain the system by which this would be calculated?

- *Calculation is independent of the land value. Taxes are still paid on the land at the same rate.*
- *The assessed value of the building at the beginning of construction is \$30,000 and \$200,000 is spent on the rehabilitation. When the rehabilitation is completed the property would be reassessed. The newly assessed value is \$230,000. Subtract \$200,000 from that value and the taxable value of the building is \$30,000 for ten years. See this link for further explanation: <http://www.dahp.wa.gov/special-tax-valuation>*

16. What's to stop a person from taking advantage of the tax benefit and then taking the home back of the register?

- Harsh consequences! Per the State under the *Special Valuation: Tax incentive*: [http://www.dahp.wa.gov/sites/default/files/Special%20Valuation%20Pamphlet%202012\\_0.pdf](http://www.dahp.wa.gov/sites/default/files/Special%20Valuation%20Pamphlet%202012_0.pdf)  
"The penalty for violation the agreement or other program requirements is substantial. All back taxes which would otherwise have been owed, interest on back taxes, and a penalty equal to 12% of back taxes and interest may be due."

17. What happens if a restored house is sold before the 10-year tax-benefit period is up, does the new owner have to keep it on the Historic Register?

- No, but documents must be signed prior to title transfer for the special valuation to continue. If these steps are not taken, additional real estate excise taxes shall become due and payable by the seller when the sale closes.

18. Could a homeowner make incremental repairs/improvements over a period of time and still qualify for the tax incentive?

- Yes. From the State's document on the tax incentive: [http://www.dahp.wa.gov/sites/default/files/Special%20Valuation%20Pamphlet%202012\\_0.pdf](http://www.dahp.wa.gov/sites/default/files/Special%20Valuation%20Pamphlet%202012_0.pdf)  
"Properties which are rehabilitated in phases may receive special valuation for each phase, provided that qualified rehabilitation expenditures for each phase exceed 25% of the assessed value of the property, exclusive of land value, at the time that phase began. Each phase is treated as though it was a separate project, and is subject to all requirements of the special valuation program."

19. Would the Town's building regulations change?

- Further study is needed to determine if any regulations could/should be altered to encourage restoration. Some of the old homes do not comply with our current codes. Are there acceptable trades-offs?

20. Some are fearful of adding yet another layer of bureaucracy to an already complex building application process. What does the state suggest?

- *Consider reducing the bureaucracy for historic buildings where feasible. This could be an incentive for historic designation.*

Questions underlined are directly from residents, and common program questions shared as myths.

- *Answers in italics were answered directly by the State's Department of Archeology and Historic Preservation (DAHPP).* <http://www.dahp.wa.gov/programs/certified-local-government-program>
- All other answers were pulled from the State's source materials.  
[http://www.dahp.wa.gov/sites/default/files/Special%20Valuation%20Pamphlet%202012\\_0.pdf](http://www.dahp.wa.gov/sites/default/files/Special%20Valuation%20Pamphlet%202012_0.pdf)  
<http://www.dahp.wa.gov/special-tax-valuation>