

June 20, 2024

## MEMORANDUM

**To:** Parks, Public Utilities & Technology Committee  
**From:** Yolanda Ho, Supervising Analyst  
**Subject:** CB 120800: Application for Current Use Taxation for 2024

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On June 26, the Parks, Public Utilities & Technology Committee (Committee) will hold a public hearing, discuss, and possibly vote on an application for current use taxation for the Hillman City P-Patch property owned by GROW, a non-profit organization that supports organic gardening and P-Patches. The application is:

E23CT003S: Application of GROW, Inc. for property located at 4613 S Lucile St, for open space purposes, 0.21 acres.

[Clerk File 322949](#) contains the application and the King County Department of Natural Resources and Parks (DNRP) report on the application. [Council Bill \(CB\) 120800](#) would approve the application as recommended by the DNRP report that is Attachment 1 to the legislation.

This memorandum describes: (1) Washington State's current use taxation program and King County's Public Benefit Rating System (PBRs); (2) the process for considering current use taxation applications; and (3) the Hillman City P-Patch application.

### Current Use Taxation

The Revised Code of Washington (RCW) Chapter [84.34](#) provides an incentive for property owners to voluntarily maintain open space on private land by taxing the property at a lower rate based on its current use, rather than the assessed value of its highest and best use. In King County, applications for current use taxation for open space are evaluated based on a "public benefit rating system" (PBRs) promulgated by King County pursuant to RCW 84.34.035.

Applications for PBRs open space designation are filed with and reviewed by the King County Department of Natural Resources and Parks (DNRP). DNRP assigns points to applications under the PBRs based on the type of open space resource a property is eligible for. Open space resources include: public recreation areas; buffers to public lands; linkages to pedestrian or bicycle trails; designated historic landmark sites; view corridors; urban open spaces; and significant plant, wildlife, or salmonid habitats. Bonus points are also provided for restoration of open space resources, conservation easements, and allowing public access to the open space.

For a property to be enrolled in PBRS, it must be eligible to receive at least five points to qualify. Open spaces with higher point totals receive larger reductions on property taxes, as shown in Exhibit 1 below.<sup>1</sup>

*Exhibit 1. Public benefit rating and property tax reduction*

<b>Public Benefit Rating</b>	<b>Property Tax Reduction</b>
0 to 4 points	0 percent
5 to 10 points	50 percent
11 to 15 points	60 percent
16 to 20 points	70 percent
21 to 34 points	80 percent
35 points and above	90 percent

Owners of property enrolled in the PBRS must maintain the open space in the same or better condition as it was when approved for enrollment. Property stays in the program until (1) its owner withdraws the property; (2) it is removed by DNRP because it no longer meets the PBRS criteria; or (3) a change of use occurs that results in the property being disqualified. When a property is removed, the landowner is required to pay the difference between the amount of tax paid as open space and the amount that would have been paid for up to a maximum seven years, plus interest and possibly a 20 percent penalty.

### **Council Action on Current Use Taxation Applications**

RCW 84.34.037 establishes the process to approve a current use taxation application, requiring that the legislative bodies for the County and City separately: (1) hold a public hearing; and (2) take legislative action to approve the application. While the respective legislative bodies may choose to approve the application in part or in whole, they must take the same action for the property to be enrolled in PBRS (i.e., if the City Council approves the application in whole, the County Council needs to do the same). The granting or denial of a current use taxation application is a legislative act and “is reviewable only for arbitrary and capricious decision-making.”

RCW 84.34.037 also provides guidance for evaluating applications for current use taxation. It includes factors such as fiscal impacts, environmental benefits, recreational opportunities, and adjacent uses. King County’s PBRS is designed to allow for a consistent rating of open spaces based on these factors.

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<sup>1</sup> Only portions of property set aside for open space are eligible for property tax reductions. Buildings and improvements, such as parking areas or driveways, are excluded from the calculation of the property tax reduction.

## Hillman City P-Patch

The applicant (GROW) has applied for current use taxation for the Hillman City P-Patch located on the southeast corner of S Lucile St and 46<sup>th</sup> Ave S in the Hillman City neighborhood (Council District 2). The applicant has dedicated two lots totaling 9,270 square feet for P-Patch purposes, serving as publicly-accessible open space and community gardens. The lots flank a central lot owned by Seattle Parks and Recreation (see Exhibit 2). The west lot was enrolled in PBRs in 1999 and has a current use value set at 50 percent of assessed value. The east lot is not yet participating in the program.

GROW's application is to reclassify the west lot to add more PBRs categories, further lowering its taxable value, and to enroll the east lot in the program. The DNRP report on the application (Attachment 1 to CB 120800) describes the open space as follows:

The property is a community p-patch garden (known as the Hillman City P-Patch), and includes raised garden beds, walking paths and a shed used to store equipment used to maintain the gardens. The open space area consists of the entire property.

*Exhibit 2. Hillman City P-Patch Site*



DNRP recommended a total of 63 points under the PBRs:

- 5 points for the property's use as a public recreation area.
- 5 points for providing unlimited public access to the property.
- 18 points<sup>2</sup> for a conservation easement placed on the property, requiring it to be used for community garden and open space purposes. The City of Seattle's P-Patch program is the beneficiary of the easement, which was granted to the City in 2006.
- 35 points for the easement and access because the property provides both unlimited public access and that access is protected through an easement.

This would result in a current use value set at 10 percent of market value and a 90 percent reduction in taxable value for the portion of the land enrolled in PBRs. In 2023, the total appraised value for both parcels was \$538,000. Approval of the application would reduce the appraised value by 90 percent. Using the 2023 appraised value and property tax rate, this reduction would reduce the total taxable value to \$53,800, resulting in a property tax amount of \$437. The property tax due for both lots in 2023 was \$2,626, for reference.

Property taxes in Washington State are levied to raise a specified amount of revenue in a given year, and this amount is divided by the appraised value of all properties in Seattle. The reduction in the appraised value of properties participating in the PBRs does not decrease the total amount of revenue the City receives, but instead marginally increases the tax due from all other properties in Seattle. Participation in PBRs therefore shifts the resulting tax savings to landowners in affected levy rate distributions through an increase in levy rates, which essentially results in no loss of property tax. Thus, approval of this application would have no fiscal impact to the City.

The King County Hearing Examiner held a public hearing on the application on November 29, 2023, and recommended that the Metropolitan King County Council approve the application. On January 16, 2024, the County Council passed [Ordinance 19733](#) approving the application.

### **Next Steps**

The Committee will hold a public hearing, discuss, and may vote on CB 120800 at its June 26 meeting. Note that a vote the same day as a public hearing requires passage of a motion by the Committee Chair to suspend Council Rule VI.H.3.

If the Committee votes to make a recommendation on the bill on June 26, the City Council could vote on the bill as early as July 2. After Council passes the legislation, King County will incorporate the lower taxable values in its 2025 tax rolls.

cc: Ben Noble, Director  
Aly Pennucci, Deputy Director

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<sup>2</sup> GROW used an old application form where the conservation easement bonus category provided 15 points, which would have resulted in a total of 60 points as indicated on its application. PBRs now grants applications with a conservation easement 18 points, resulting in the total of 63 points, as indicated in the DNRP report.