City of Bellevue

10/14/2025

## CITY COUNCIL AGENDA TOPIC

Public hearing and action on Resolution of the City Council of the City of Bellevue, Washington, denying the Timiri application to enroll portions of King County Parcel No. 8669400210, located at 4277 137th Ave. NE, Bellevue, Washington, to open space classification under King County's Public Benefit Rating System ("PBRS") Program.


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## EXECUTIVE SUMMARY

**ACTION**

After holding the public hearing, staff will ask Council to consider adoption of the resolution denying the Timiri application for Public Benefit Rating System (PBRS) Open Space Classification of the Timiri property located at 4277 137th Avenue NE, Bellevue, Washington (King County Parcel No. 8669400210).

## RECOMMENDATION

Hold the public hearing and after deliberation and consideration of public comments and staff recommendations, consider moving to adopt Resolution No. 10549

## BACKGROUND/ANALYSIS

**Regulatory Context**

Washington enacted the Open Space Taxation Act, codified at Chapter 84.34 RCW (the "Act") in 1970, primarily as an incentive for property owners to preserve existing open space, farmland, and timber land. In return, eligible portions of the property are taxed at a lower rate to reflect their current use rather than their highest and best use. The Act authorizes counties to establish open space priorities and a "Public Benefit Rating System," or PBRS. King County has adopted open space priorities and a PBRS program, outlined at Chapter 20.36 of the King County Code (KCC). King County's open space resource criteria must comply with the approval criteria outlined in the Act and are found in the open space resource categories listed in the PBRS program, codified at KCC 20.36.100.

Consistent with state goals, the purpose of King County's PBRS program is to encourage the conservation of natural resources in the County. The PBRS program places a value on each open space resource category ('via "points") and the amount of tax reduction is based on the number of points awarded to a property. To be eligible for open space classification under the County's PBRS program, a property must contain one or more qualifying open space resources and have a minimum of five points as determined under the County's PBRS program. There are 20 categories of open space resources. KCC 20.36.100(C)(1)-(20). Only if one of the 20 resource categories exist on a property, may five types of “bonus categories” apply. KCC 20.36.100(D)(1)-(5).

Under the Act, if the subject property is in an incorporated part of the county, the applicable county and the local jurisdiction that the property is located within are responsible for evaluating the property and assessing whether it qualifies for open space resource categorization. Here, both King County and Bellevue must act as granting authorities on the application. Legislative authorities from each jurisdiction must hold a public hearing on the application and the Act requires that both county and City legislative authorities identically approve the application for the classification to go into effect. King County code delegates legislative authority for the County to a hearing examiner. The City of Bellevue does not currently have a delegation of authority; therefore, council must evaluate the application and either deny, approve in part, or approve in full the application.

King County and the City of Bellevue each conduct their own assessment of the application when determining whether open space categories under the PBRS and Act apply to the property; thereby resulting in a tax reduction. The Act does not explicitly state that both legislative authorities must apply the relevant county’s PBRS program, if any, when evaluating the application. However, guidance from the Department of Revenue states that if the applicable county has a PBRS system, both the county and relevant City should use the county’s PBRS system. Thus, Bellevue should review the application using the criteria provided under KCC 20.36 while also considering the purpose of the Act.

**Application and Review**

<u>The Timiri Enrollment Application</u>
Mr. Timiri applied to King County to enroll approximately 1.33 acres of their 1.38-acre parcel located at 4277 137th Avenue NE, Bellevue, Washington (King County Parcel No. 8669400210) into the PBRS program (Attachment A). Since the property is in Bellevue, both the City and King County review and take action on the application. On September 23, the Bellevue City Council held a study session on the application. On September 24, King County held a public hearing. King County staff presented their recommendation to the County’s hearing examiner at the time of the public hearing. On October 3, the King County hearing examiner issued a recommendation denying the application in full. If he chooses to appeal the decision, Timiri must appeal the denial to the King County Council by October 27. It is staff’s understanding that if the denial is not appealed, the King County Council will adopt the hearing examiner decision denying the application.

<u>City Review</u>
The City’s Community Development Department has conducted an independent review of the application using King County’s PBRS criteria, under KCC 20.36, in determining whether the property meets any of the 20 open space resource categories outlined in KCC 20.36.100, with accompanying “points” for a tax reduction. However, KCC 20.36 must be read consistent with the Act and the City must also consider the resulting revenue loss or tax shift if the application were granted as well as the statutory factors pertaining to conservation as outlined in RCW 84.34.037(2). As part of its review, the City attended a joint site visit with King County staff in May, reviewed all materials submitted by the applicant, reviewed KCC 20.36 and the Act, considered easements pertaining to the property, reviewed maps of the subject area, conducted outreach to Bridle Trails Homeowners Association, and consulted

with the City's Finance and Asset Management Department on the fiscal effect of an approval of the subject application.

City Action

After reviewing the application and considering public comment and staff recommendations, the Council has three options: (1) approve the application with King County's conditions; (2) approve the application and impose different conditions or no conditions; or (3) deny the application if Council finds the application unsupported by the record. Denials must be in writing and must include reasons for the denial. Washington Administrative Code (WAC) 458-20-250. Applicants may appeal denials of open space classifications to superior court, which are reviewed under an arbitrary and capricious standard. If an application is denied, an applicant must wait 365 days from the date they initially applied to reapply.

If the Council determines the application satisfies the statutory criteria and King County Code and votes to approve the application, that action should occur at the October 14 Council meeting, or as soon as possible. If the Council determines the application should be denied, a vote should occur at the October 14 Council meeting or as soon as possible thereafter. Whether the application is approved or denied, a resolution must be adopted explaining the basis for the approval or denial and should be forwarded to the King County assessor, the applicant, and King County.

**Approval Criteria**

Pursuant to the County's PBRS program, which sets forth 20 different resource categories of open space, each open space resource category contains specific criteria which must be met for the category to apply. These resource categories are discussed in detail in Attachment B, along with staff's analysis of their application to this property. The resource categories must all be read consistent with the intent of the Act. Under the PBRS program, the amount of tax reduction a property may qualify for is based on a points system and varies depending on the open space resource, ranging from 3 points to 35 points. The Act provides King County with discretion when setting the point system determining assessed value reductions. The awarded points translate into an annual tax reduction ranging from 50 percent to 90 percent for the portion of land enrolled as shown below:

**Table 1: Public Benefit Rating Tax Reduction**

| Public Benefit Rating | Tax Reduction | Current Use Value |
|---|---|---|
| 0 - 4 points | 0 % | 100 % of Appraised Value |
| 5 - 10 points | 50 % | 50 % of Appraised Value |
| 11 - 15 points | 60 % | 40 % of Appraised Value |
| 16 - 20 points | 70 % | 30 % of Appraised Value |
| 21 - 34 points | 80 % | 20 % of Appraised Value |
| 35 points and above | 90 % | 10 % of Appraised Value |

The statutory criteria for considering an application to reclassify land as open space for taxation purposes are set forth in the Act at RCW 84.34.037(2):

(2) In determining whether an application made for [open space classification] should be approved or denied, the granting authority may take cognizance of the benefits to the general welfare of preserving the current use of the property which is the subject of the application, and shall consider:

(a) The resulting revenue loss or tax shift;

(b) Whether granting the application [for open space classification] will

(i) conserve or enhance natural, cultural, or scenic resources,

(ii) protect streams, stream corridors, wetlands, natural shorelines and aquifers,

(iii) protect soil resources and unique or critical wildlife and native plant habitat,

(iv) promote conservation principles by example or by offering educational opportunities,

(v) enhance the value of abutting or neighboring parks, forests, wildlife preserves, nature reservations, sanctuaries, or other open spaces,

(vi) enhance recreation opportunities,

(vii) preserve historic and archaeological sites,

(viii) preserve visual quality along highway, road, and street corridors or scenic vistas,

(ix) affect any other factors relevant in weighing benefits to the general welfare of preserving the current use of the property.

**Fiscal Impact to the City:**

<u>Consideration of Revenue Loss or Shift</u>
Using data from the King County Assessor's Office, City staff has calculated the revenue impact from this specific property. Please note the calculations provided below are general in nature and do not account for differences in values of land and improvements, therefore they are best estimates.

| **Table 2: 2025 Appraised Value (based on KC Assessor information, 6/11/2025)** | | | | |
|---|---|---|---|---|
| **Assessor's Parcel Number** | **Land Value** | **Improvement Value** | **Total** | **Tax** |
| 8669400210 | $1,269,000.00 | $542,000.00 | $1,811,000.00 | $13,267.35 |

Table 2 above shows the appraised value for the subject property. The total tax assessed for the property in 2025 is $13,267.35. For illustrative purposes, if a 90 percent reduction to the annual property taxes for the 1.33-acre of requested land area is applied, the annual property taxes would be reduced by approximately $8,367. According to the King County Assessor's Office, the City's portion of this annual tax amount is approximately 13.5 percent, or $1,127. The Assessor would continue to assess the ineligible portion of the property at market value. However, staff notes that only 1.10 acres of the subject property could be eligible at most, discussed below in the staff analysis and recommendation. The parcel totals 1.38 acres and when the applicant's home and immediate yard and patio area is excluded, there is only 1.10 acres of potentially eligible land. This reduction from 1.33 acres to 1.10 acres would not significantly change the tax exemption amount and fiscal impact to the City, as the number of points being requested remains the same. Since the tax reduction applies to one property, the tax shift to other Bellevue property owners is minimal. However, if similar requests were to be submitted and approved, the tax shift would be more substantive and would have an impact on Bellevue's property owners' annual taxes who do not receive a tax reduction.

**Council Questions and Staff Responses**

Staff provided a briefing to Council on the PBRS program and scope of the request on September 23. During this meeting, Council discussed the application and requested additional information on several topics as described below.

*Bellevue City Council's rationale for the denial of the similar request in 2022.*

In 2022, the Bellevue City Council voted 4-3 to deny the request for the same property for classification under PBRS. Councilmembers who voted to deny the application stated that the application did not meet the intent of the Act or the evaluation criteria and also expressed concerns about the decrease in revenue. Councilmembers were also concerned with granting the PBRS classification for a trail that already has public access as well as for land encumbered by PSE and Olympia pipeline easements with no evidence the land met the statutory criteria and provided a public benefit.

*Information on the other PBRS properties located in Bellevue*.

There are three other properties enrolled in the PBRS program that are located within the City. All three properties were enrolled in the program prior to annexation with the City and therefore were approved solely by the King County Council. Two properties are located in the West Lake Sammamish neighborhood, and one is located in Eastgate. The two properties located in West Lake Sammamish are both active areas for recreation, the Camp Sambica Bible Camp and Vasa Park recreation and were awarded PBRS for public access recreation and trails. The third property is a residential property in Eastgate with 1.12 acres assigned as having a conservation/historic easement, significant plant, wildlife, or salmonid habitat area, urban open space; and a watershed protection area.

*The purpose of the program and whether the program is intended to achieve conservation of land that could otherwise be developed versus preservation of open space, wetlands and other critical areas?*

The Act and the PBRS program are intended to provide an incentive in the form of a tax reduction on private property that could otherwise be developed and to provide an added incentive for properties with wetlands, streams, habitat, ecological enhancement projects, properties which have historic structures or features to be preserved.

*The tax shift impact on Bellevue property owners if the tax reduction was granted and does granting a reduction set a precedent for Council to grant other similar requests?*

The tax shift impact on the annual tax that is allocated to Bellevue is fairly negligible, since Bellevue's share of the annual tax is $1,127 for this request. However, if there are other similar requests where the reduction applies that would contribute to a more substantive tax shift and would impact Bellevue property owner’s annual taxes.

If this application were granted, whether in part, or in full, it would set a precedent for similar properties. Action on the application is a legislative determination that is reviewed under arbitrary and capricious standards. This provides the Council with discretion when assessing the factors, but similar properties should be treated similarly if assessed by the same legislative body. Over time as the Council changes, this is less of an issue but still a consideration.

*Is there public access to the Trails End easement?*

The trail is open to the public per the 1961 Plat Map, however, there is no evidence indicating how many general members of public access the Trails End Easement trail, as compared to homeowner association (HOA) members. The easement trail does not connect to regional trail systems. There is no evidence indicating Mr. Timiri maintains the trail or has the ability to maintain or alter the trail. Mr. Timiri has not made any proposals in his application to create additional trails on his property, nor is there evidence indicating members of the public would have any desire or reason to enter the trail from the front of his property.

*The length of time that KCC 20.36 has been in effect and when it was first established?*

King County’s PBRS code was first established in 1971, after the Open Space Taxation Act was enacted in 1970. The PBRS code has been amended several times since, with the most recent amendment occurring in 2022.

**Staff Analysis and Recommendation**

Mr. Timiri has owned the property since 2019. At the time of purchase, Mr. Timiri’s property was burdened by a Puget Sound Energy (PSE) and Olympic pipeline easement as well as a pre-existing Trails End trails easement, which encompasses a trail that moves through the Trails End community. Per the 1961 Trails End plat dedication, the trail easement is open to the public. It is unclear at this time how much general public use the trail receives, as opposed to use by HOA members. The Act and the King County PBRS program state that the applicant’s home, driveway, landscaping and any other personal uses are not eligible to qualify for a tax exemption. Both King County and the City agree that the maximum potentially eligible area, which includes the Trails End Easement and the PSE and Olympic Pipeline easements, totals 1.10 acres (Mr. Timiri applied for 1.33 acres).

The applicant has applied for a number of resource categories with a corresponding point reduction totaling 150 points, which would result in a 90 percent tax reduction. The open space criteria that the applicant is requesting points for include a number of various categories, ranging from an active linkage trail, aquifer protection areas, ecological enhancement land and many other categories. However, the available information establishes the property does not meet the open space resource categories outlined in KCC 20.36.100 nor does the property meet the intent of the Act.

A detailed analysis of the criteria and Bellevue staff’s evaluation is included as Attachment B. It is significant to staff’s analysis that the property is already encumbered by easements which limit or restrict Mr. Timiri’s ability to develop those portions of his property. Further, there is no evidence of any notable public use of the pre-existing trail easement, no evidence that Mr. Timiri has the ability to improve or modify the trail, and no evidence of natural resource conservation or wildlife conservation on the remaining portion of the property. The Olympic pipeline and PSE easement area consists of an open grassy area.

Bellevue has three other properties that are enrolled under the PBRS program which occurred prior to them being annexed into the City. Two of the properties, Vasa Park and Sambica Camp and Retreat Center, are private recreational areas and differ significantly from the subject request in that they are active recreation areas. They were awarded PBRS for public access recreation and trails.. The third property is a residential property in Eastgate with 1.12 acres assigned as having a conservation/historic easement, significant plant, wildlife, or salmonid habitat area, urban open space; and a watershed protection area.

Following staff review of the property, the County's PBRS program (KCC 20.36), as well as the Act, staff has concluded that the request does not satisfy the criteria listed under King County Code 20.36.100. Staff recommends that the request be denied by the Bellevue City Council following the public hearing. If the Council denies the application, a Resolution stating the basis for denial must be adopted.

Pursuant to the PBRS code, a King County hearing examiner held a public hearing and considered the Timiri application on September 24, and on October 3 issued a recommendation denying the application in full. If he chooses to appeal the decision, Timiri must appeal the denial to the King County Council by October 27. It is staff's understanding that if the denial is not appealed, the King County Council will adopt the hearing examiner decision denying the application. However, the City must still consider the application and either deny or admit the application.

**Duration of Classification**

Acreage enrolled in the PBRS program must remain undeveloped and classified as open space. Under the Act and the PBRS program, if the use changes from Open Space or is otherwise removed from the program, the property would be subject to the additional tax, interest, and penalty provisions of the Act. After 10 years in the program, the classification continues until the owner requests removal, the use no longer complies, a sale renders the land exempt from property taxes, or the ownership has changed and the new owner has not signed a Notice of Continuance. Additional tax, interest, and penalties will apply if the land is out of compliance and does not meet one of the statutory exceptions in the Act.

**Public Notice**

Pursuant to RCW 84.34.037(1), Notice of the Public Hearing was published in the Seattle Times on September 25.

## POLICY & FISCAL IMPACTS

**Policy Impact**

Bellevue staff are evaluating the application under the criteria within the PBRS program and the Act and alignment with the following Bellevue Comprehensive Plan policies below:

- **Comprehensive Plan Policy LU-2**: Retain the City's park-like character through the preservation and enhancement of parks, open space, and tree canopy throughout the City.

- **Comprehensive Plan Policy LU-39**: Preserve open space and key natural features through a variety of techniques, such as sensitive site planning, conservation easements, transferring density, land use incentives and open space taxation.
- **Comprehensive Plan Policy CL-9:** Support partnerships between the City and private landowners to steward private lands and ancestral lands, streams, habitat and other natural resources for the benefit of all.
- **Comprehensive Plan Policy CL-77:** Provide incentives to private property owners to achieve specific habitat improvement goals, including retention and enhancement of native vegetation.
- **Comprehensive Plan Policy CL-89:** Improve wildlife habitat especially in patches and linkages by enhancing vegetation composition and structure, and incorporating indigenous plant species compatible with the site.
- **Bridle Trails Subarea Plan Policy S-BT-40:** Natural vegetation should be protected and preserved to provide buffers between land uses.

### Fiscal Impact

If the PBRS enrollment application were approved in full (1.33 acres), the property owner's annual tax would be reduced, with Bellevue's impact being approximately $1,127 less in annual tax revenue specific to this property. However, the foregone revenue from the tax reduction is offset by a slightly higher levy rate, which is shared among non-PBRS taxpayers. Since Bellevue is a large, highly urbanized City with a broad tax base, the impact of the reduction of one additional property receiving a tax reduction on Bellevue property owners is negligible.

## OPTIONS

1. Hold the public hearing, and following the public hearing, adopt a resolution of the City Council of the City of Bellevue, Washington, denying the Timiri application to enroll portions of King County Parcel No. 8669400210, located at 4277 137th Ave. NE, Bellevue, Washington, to open space classification under King County's Public Benefit Rating System ("PBRS") Program.
2. Hold the public hearing, and following the public hearing, do not adopt the Resolution and provide alternative direction to staff.

## ATTACHMENTS

A. PBRS Application
B. Analysis and Evaluation of request under PBRS program
Proposed Resolution No. 10549

## AVAILABLE IN COUNCIL LIBRARY

N/A