



United States Department of the Interior

NATIONAL PARK SERVICE
1849 C Street, N.W.
Washington, D.C. 20240



October 19, 2012

Re: **Kress Building and Annex, 638 SW 5th Avenue, Portland, Oregon**
Project Number: **25656**

Dear

I have concluded my review of your appeal of the decision of Technical Preservation Services (TPS), National Park Service (NPS), denying certification of the rehabilitation of the property cited above. The appeal was initiated and conducted in accordance with Department of the Interior regulations (36 CFR Part 67) governing certifications for Federal income tax incentives for historic preservation as specified in the Internal Revenue Code. I thank your associates

for meeting with me in Washington on August 28, 2012, and for providing a detailed account of the project.

After careful review of the complete record for this project, including the additional information submitted by with his letter of September 18, 2012, I have determined that the rehabilitation of the Kress Building is not consistent with the historic character of the property and the historic district in which it is located, and that the project does not meet Standards 2 and 5 of the Secretary of the Interior's Standards for Rehabilitation (the Standards). Therefore, the denial issued on February 21, 2012, by TPS is hereby affirmed. However, I have further determined that the project could be brought into conformance with the Standards, and thereby be certified, if the corrective measures described below are undertaken.

Built in 1928, the Kress Building was listed in the National Register of Historic Places on September 12, 1996. The rehabilitation of this "certified historic structure" was found not to meet the Standards owing to various treatments undertaken on the ground floor commercial space and mezzanine and second floor, involving a new suspended ceiling, wall and column finishes, and exposed pipes and conduits.

With regard to the "exposed brick walls" cited by TPS, your appeal noted that they are not walls from which historic finishes were removed to expose the unfinished masonry beneath, but rather are ceramic tiles that appear to be brick. With regard to exposed pipes and conduits, on the first floor they are installed above the plane of the new suspended ceiling, and those on the second floor are painted to match

the ceiling color, somewhat disguising their presence. With regard to the columns, the rehabilitation removed later finishes to reveal the original columns. After nearly a century, the newly-exposed columns exhibit signs of age and deterioration. However, I disagree with TPS that those imperfections impart an unfinished, industrial character to the columns. Consequently, I have determined that these treatments do not diminish the historic character of the building. Accordingly, they have not entered into my decision.

Although I agree in part with TPS' determination that the completed rehabilitation has conferred an unfinished character on this space that is more in keeping with an industrial building than of a commercial building from the early-mid twentieth century, I disagree that it is the finish materials themselves that cause an unacceptable change in character. I accept the argument that the brick tiles, expanded metal mesh ceiling tiles, and repurposed gymnasium bleacher sections are finish materials consistent with the new retail concept. However, I have determined that the expanded metal mesh ceiling tiles—as installed and documented in the photographs submitted for my review—do not function as a finish material. Rather, the mesh tiles function as a transparent screen, clearly revealing the ducts, pipes, and conduits, and the unfinished underside of the concrete floor slab, above the plane of the suspended ceiling. As a result, the unfinished character of this ceiling treatment causes the rehabilitation to contravene Standards 2 and 5. Standard 2 states: "*The historic character of a property shall be retained and preserved. The removal of historic materials or alteration of features and spaces that characterize a property shall be avoided.*" Standard 5 states: "*Distinctive features, finishes, and construction techniques or examples of craftsmanship that characterize a historic property shall be preserved.*"

At our meeting, your presentation acknowledged that the expanded metal mesh tiles installed in the suspended ceiling are not the woven wire mesh tiles approved by TPS in its review of the project. Yet the objection here is not to the appearance or design of *this* metal ceiling *per se*. I accept the premise set forth at our meeting that the latest modifications to this large ground floor commercial space are just the latest in a long series of redesigns by multiple tenants over the years, each of whom imposed its own retail concept on the space. The overall look you sought and achieved here is merely the latest in this series. Thus, I do not object to the expanded metal mesh ceiling tiles used here. However, the new ceiling functions like a theatrical scrim, where features behind the scrim are concealed or revealed depending on changes in the lighting. In this instance, the mechanical equipment and underside of the concrete floor slab appear lighter in color than the tiles and grid of the suspended ceiling, and are lighted, making them prominently visible. As a result, I find that this aspect of the project is not in keeping with the historic character of the Kress Building.

While the project in its current state does not meet the Standards, this deficiency could be remedied by significantly reducing the visibility of the ducts, pipes, and conduits, and the unfinished underside of the concrete floor slab, above the suspended ceiling. The desired result is that the ceiling will function as a finished, planar surface, not as a screen revealing what is above it. This could be achieved by painting the mechanical equipment and floor slab above the suspended ceiling a dark color, or by reducing the lighting level above the suspended ceiling to achieve the same result, or by a combination of both. I note that the ceiling tiles are not opaque and recognize that features above the suspended ceiling will not be invisible. However, they must not be prominently visible.

If you choose to proceed with the changes described above, you may secure certification of the rehabilitation by submitting a Part 2 amendment describing the proposed changes, including photographs of a mock-up of the changes, to this office, Attention: Mr. Michael Auer, with a copy to the Oregon State Historic Preservation Office. Should you opt not to engage in such a process, then this letter will constitute the final administrative decision with respect to the February 21, 2012, denial that TPS issued regarding rehabilitation certification. Also, please note that this project will not become a "certified rehabilitation" eligible for the tax incentives until it is completed and so designated by the NPS.

A copy of this decision will be provided to the Internal Revenue Service. Questions concerning specific tax consequences of this decision or interpretations of the Internal Revenue Code should be addressed to the appropriate office of the Internal Revenue Service.

Sincerely,

A handwritten signature in black ink, appearing to read "John A. Burns". The signature is fluid and cursive, with a long horizontal stroke at the end.

John A. Burns, FAIA
Chief Appeals Officer
Cultural Resources

cc: SHPO-OR
IRS