

Application for Special Valuation

STAFF REPORT OF FINDINGS

Historic Name: 2222 W 2nd (Browne's Addition Historic District Contributing Property)
Property Address: 2222 W 2nd Avenue
Applicant: Diggles & Scrode LLC (Steve Dewalt)
Date: Application submitted October 2022

MANAGEMENT AGREEMENT: The house at 2222 W 2nd Avenue is a contributing property in the Browne's Addition Local Historic District. The district was listed on the Spokane Register of Historic Places on November 3, 2019.

DESCRIPTION OF REHABILITATION: The contributing property (named by the current owners as the Beech House) has undergone a series of improvements during the past two years. The 1887 house had been used as a duplex for many years and is in the process of being converted into a tri-plex.

Exterior:

- Removal of metal siding to expose original wood siding
- New roofing

Interior:

- Complete gut of the interior to create 3 units (demo)
- In-floor heating
- HVAC work
- New and repaired hardwood flooring
- 4 new bathrooms with tubs or showers
- 3 new kitchens
- New interior doors
- 4 Gas fireplaces
- New exterior doors
- Plumbing
- Electrical
- Insulation
- Drywall
- Foundation footings
- Internal structure
- Fire suppression & monitoring systems

Soft Costs:

- Construction interest
- Architecture fees
- Structural engineering fees

- Equipment rental fees
- Consultant fees

FINDINGS OF FACT:

Authority to review the Special Valuation application: Under Ordinance No. C-31094, 6.05.100 (SMC 17D.100.310) the Landmarks Commission has the authority to “serve as the local review board for special valuation of historic property in Spokane” and to “approve or deny applications for special valuation.”

Does the application meet the Special Valuation criteria set forth in RCW 84.26?

- The property must “be a historic property” and “fall within a class of historic property determined eligible for special valuation by the local legislative authority.” RCW 84.26.030
Listed on Spokane Register?
Browne's Addition Historic District was listed on the Spokane Register of Historic Places on November 3, 2019. The house at 2222 W 2nd is a contributing property.
 YES NO
- The property must “be rehabilitated at a cost which meets the definition set forth in RCW 84.26.020(2) (“at least 25% of the assessed valuation of the property, exclusive of the assessed value attributable to the land, prior to rehabilitation”) within twenty-four months prior to the application for special valuation.”
Rehab cost over 25% of the assessed valuation? YES NO
Rehab work within 24 months prior to application? YES NO
- The property must be protected by an agreement between the owner and the local review board as described in RCW 84.26.050(2).
Property owners entered into Management Agreement?
Yes YES NO
- The rehab work must meet the standards, “not be altered in a way which adversely affects those elements which qualify it as historically significant” RCW 84.26.050. The work must meet rehabilitation guidelines, as defined in WAC 254-20-030(10) as “the process of returning a property to a state of utility through repair or alteration, which makes possible an efficient contemporary use while preserving those portions and features of the property which are significant to its architectural and cultural values.”
Certificates of Appropriateness issued for exterior work? YES NO

The work did not require a Certificates of Appropriateness because changes to the exterior would be considered as maintenance (removal of metal siding) on the Spokane Register of Historic Places.
- The application must be complete, as defined by WAC 254-20-090 (4) “applications shall include a legal description of the historic property. The owner shall also provide comprehensive

exterior and interior photographs of the historic property before and after rehabilitation, architectural plans or other legible drawings depicting the completed rehabilitation work, and a notarized affidavit attesting to the actual cost of the rehabilitation work completed prior to the date of application and the period of time during which the work was performed.”

Completed application? YES NO

- The rehab costs must result from one or more of the following (WAC 254-20-030):
 - (a) Improvements to an existing building located on or within the perimeters of the original structure;
 - (b) Improvements outside of, but directly attached to the original structure which are necessary to make the building fully useable (not including rentable/habitable floor space attributable to new construction);
 - (c) Architectural and engineering services attributable to the design of the improvements;
 - (d) “qualified rehabilitation expenditures” as defined by the federal historic preservation investment tax credit.

As noted in “*Tax Aspects of Historic Preservation: Frequently Asked Questions & Answers*” (Mark Primoli, Internal Revenue Service), examples of expenses that do not qualify for the rehabilitation tax credit are acquisition costs, appliances, cabinets, carpeting (if tacked in place and not glued), decks (if not part of original building), demolition costs (removal of a building on property site), enlargement costs (increase in total volume), fencing, feasibility studies, financing fees, furniture, landscaping, leasing expenses, moving (buildings) costs (if part of acquisition), outdoor lighting remote from building, parking lot, paving, planters, porches and porticos (not part of original building), retaining walls, sidewalks, signage, storm sewer construction costs, window treatments.”

Claimed expenses are allowable? Exception noted below: YES NO

Claimed expenses are allowable in the amount of \$598,788.34. Staff removed mortgage interest from the application as ineligible expenses in the amount of \$17,498.66. Construction loan interest is an eligible expense, but no expenses related to permanent financing are eligible. Application was made in October of 2022, and value of the building at the beginning of the project (2020) was \$324,600.

REPORTS

Staff Report: The submitted application is complete.

Preservation Officer Review?	yes	Date:	12/7/22
Special Valuation Committee Site Visit?	yes	Site Visit:	12/7/22
Landmarks Commission Review?	pending	Meeting Date:	12/21/22