Application for Special Valuation
STAFF REPORT OF FINDINGS

Historic Name: **Kehoe Block**
Property Address: **5002 N Market Street**
Applicant: **Kehoe Block, LLC – Sandra Bilbrey & Bobby Whittaker**
Date: **Application submitted March of 2024**

MANAGEMENT AGREEMENT: The Kehoe Block was listed on the Spokane Register on 05/23/2003 and does have a Management Agreement that covers the exterior of the building.

DESCRIPTION OF REHABILITATION: The Kehoe Block has undergone an extensive renovation of the storefront, interior and 2nd floor living space. Interior renovations continue.

Exterior:

- Restoration of the storefront windows to original full-height design
- Design and build of a new flat metal awning over the sidewalk on both Market and Olympic Avenues
- Redesigned 3 commercial entries

Interior:

- Restoration of the original tin ceiling after drop ceiling removal
- Restoration of the original fir flooring
- Demo of two basement access stairways
- Construction of new basement stairway in the northwest corner of the main floor
- Restoration of two south facing windows on the main level
- Basement floor included removal of the acoustic drop-ceiling, demo of the concrete slab, excavation of the concrete, and re-pouring of the floor to level it to include rebar installation for the foundation of the CLT stairway.
- Upper level renovations include demo of several non-bearing walls, window and door restoration and repair, and restoration of original fir floor.
- A major design element on the upper level is a central solarium. There were significant design and build costs to install steelwork and flooring to frame the solarium space and prepare for future skylight installation.
- The most complex interior work was the design, fabrication, and build of a modern, basement-to-roof stairwell, constructed of locally harvested and manufactured cross-laminated timber (CLT) from Vaagen Timber. This involved extensive architectural design, mechanical engineering, metal fabrication, and install costs.
- Systems upgrades included boiler maintenance, electrical upgrades, and plumbing upgrades to extend service where needed in new floor layouts.

Soft costs:

- Design fees
- Insurance
- Property taxes
- Permits, fees, utilities

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?

  The Kehoe Block was listed on the Spokane Register of Historic Places on May 23, 2003.

  ☒ **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 Kehoe Block owners did receive a CoA for the storefront work as well as the paint change to the building.

- 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 $592,699. Application was made in March of 2024, and value of the building at the beginning of the project (2022) was $229,600.

REPORTS

Staff Report: The submitted application is complete.

Preservation Officer Review?	yes	Date:	6/4/2024
Special Valuation Committee Site Visit?	yes	Site Visit:	6/12/2024
Landmarks Commission Review?	pending	Meeting Date:	6/20/2024