



# United States Department of the Interior

NATIONAL PARK SERVICE

1849 C Street, N.W.  
Washington, D.C. 20240

IN REPLY REFER TO:

NOV 29 2006

Re: **Hamley and Company Leather Goods Store, Pendleton, Oregon**  
Project Number: **18067**  
Taxpayer's Identification Number:

Dear

My review of your appeal of the decision of Technical Preservation Services, National Park Service, denying certification of the rehabilitation of the property cited above is concluded. 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. Thank you and [redacted] for speaking with me via a conference call on October 30, 2006, and for providing a detailed account of the project.

My review of this matter incorporated all of the material in the initial application, as well as the matters discussed in your letter dated August 21, 2006, [redacted] letter dated November 1, 2006, the floor plan accompanying that letter, and the digital photographs sent to [redacted] of the National Park Service (NPS) via an e-mail from [redacted] dated October 31, 2006. After careful review of the complete record, I have determined that the rehabilitation of the Hamley and Company Leather Goods Store is not consistent with the historic character of the property, and that the project does not meet Standards 2, 3, 5, and 9 of the Secretary of the Interior's Standards for Rehabilitation. Therefore, the denial issued on July 21, 2006, by Technical Preservation Services 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 about 1900, the building served as the home of Hamley and Company Leather Goods for over 75 years, beginning in 1905. Hamley and Company was a nationally and even internationally known maker of saddles. The building itself "embodies the distinctive characteristics of late Italianate commercial architecture" typical of its time. In recognition of its significance in commerce and architecture, the building was listed in the National Register of Historic Places on June 9, 1982. The completed rehabilitation of this "certified historic structure" was found not to meet the Standards for Rehabilitation owing to the installation of siding in the storefront transoms, around the display windows and covering the masonry piers, and the introduction of posts underneath the suspended canopy. On the interior, TPS also cited the removal of wall finishes to expose the brick walls as further grounds for denial of certification.

I agree with the previous decision that each of these changes is incompatible with the historic character of the building. The siding installed in the storefront transoms, around the display windows, and over the masonry piers is not compatible with the character of an early-twentieth century commercial structure,

and impairs major traditional features of commercial buildings, and causes the project to contravene Standards 2 and 9. 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 9 states: “New additions, exterior alterations, or related new construction shall not destroy historic materials that characterize the property. The new work shall be differentiated from the old and shall be compatible with the massing, size, scale, and architectural features to protect the historic integrity of the property and its environment.” Similarly, I agree with the previous decision that the posts added beneath the canopy convey a “Western-style” and rustic motif that is further at odds with the documented character of the building as an example of “late Italianate commercial architecture.” For this reason, the new elements cause the project to fail Standard 9 (cited above) and Standard 3, which states: “Each property shall be recognized as a physical record of its time, place, and use. Changes that create a false sense of historical development, such as adding conjectural features or architectural elements from other buildings, shall not be undertaken.”

As for the interior, evaluating this aspect of the project was difficult because of the paucity of photographs documenting the condition and appearance of the structure prior to the start of work. Most of the photographs show work that was already well under way. Two of the five additional images transmitted with e-mail do show bare brick walls in two places. Overall, however, the building had a “finished” interior prior to rehabilitation—as it always had. As we discussed during our conference call, the historic photographs in the documentation on file with the National Register of Historic Places depict an interior with plaster walls or cabinetry in the front, retail portions of the property. And while the spaces had been modified over the years, the building remained “finished” on the interior in one fashion or another until the start of the rehabilitation under discussion. As a result of the work undertaken here, that predominantly “finished” appearance has been exchanged for an “unfinished” look of bare brick walls exposed to view. The practice of removing finishes to expose brick walls underneath is a contemporary practice incompatible, as is the case here, with the character of historic commercial and residential buildings. In fact, the interiors of such buildings almost always had walls finished with plaster, tin, panelling, wainscoting, cabinetry, display racks, or other surface coverings. Walls were left unfinished in basements and other utilitarian areas, and in buildings that were industrial in character. Photographs in the file show that the building featured plaster, panelling, and cabinetry in various combinations in the retail areas throughout its entire history. To step inside the building today is to enter an interior that has been given an entirely new and different character than at any time in its history. Consequently, this aspect of the project also causes it to fail Standard 2, cited above, and Standard 5, which states: “Distinctive features, finishes, and construction techniques or examples of craftsmanship that characterize a historic property shall be preserved.”

Your letter notes that several treatments cited by Technical Preservation Services consisted of removing non-historic elements. For example, the existing false stone veneer on the storefront was not historic, and thus its removal was permitted. Similarly, the siding in the transoms was relatively recent and could likewise be removed. Since the beginning of the historic preservation tax incentives program following passage of the Tax Reform Act of 1976, owners have been permitted to retain existing non-historic features, even when those features are unsympathetic to the historic character of the building. This is because the program is a rehabilitation program rather than a restoration one. Neither the regulations nor the Standards for Rehabilitation require the restoration of missing historic features or the removal of non-historic ones. However, because the tax credit applies to the work that an owner undertakes on the physical structure, it is appropriate to review all work done in the project to ensure that it is compatible with the historic character of the building undergoing rehabilitation. The statute defines “certified rehabilitation” as “any rehabilitation of a certified historic structure which the Secretary of the Interior has certified to the Secretary [of the Treasury] as being consistent with the historic character of such property...” [36 CFR Part 67; Internal Revenue Code Section 47]. Thus, although the non-historic

elements may be removed, the new work undertaken by an owner must be compatible with the historic character, or the resulting rehabilitation cannot be approved.

As I noted at the beginning of this letter, this rehabilitation was virtually completed before the application was received by the National Park Service. This is unfortunate, since neither the building nor the planned conversion presented any insuperable obstacles in theory, and I am confident that the impediments to certification discussed here could have been avoided. However, as program regulations note, "Owners who undertake rehabilitation projects without prior approval from the Secretary do so strictly at their own risk." [36 CFR Part 67.6], and I must weigh the project as it is, not as it might have been.

While the project as completed cannot be approved, I believe the harm occasioned to the historic character of the Hamley and Company Leather Goods Store by the deficiencies noted above can largely be undone and allow the project to be certified as meeting the minimum requirements for certification established by law. Specifically, reinstating the finished character of the interior retail spaces on the first floor is required (except in those areas where the walls were shown to be bare brick prior to rehabilitation). The wooden posts under the canopy must be removed, but the canopy itself does not need corrective work. The wooden siding over the storefronts, piers, and transoms must be replaced with a design compatible with the historic character of the building. Such a design may be based on historical evidence (such as historic photographs) or contemporary, but it must reflect and be compatible with the historically open and transparent character of the storefronts and transoms contrasted against the masonry piers supporting the upper stories. If you choose to proceed with corrective measures, you should send any proposals for accomplishing the work, with drawings of the proposed storefront changes, through the Oregon State Historic Preservation Office to Technical Preservation Services, National Park Service. Note that this project will remain ineligible for the tax incentives until it is designated a "certified rehabilitation" following completion of the overall project.

As Department of the Interior regulations state, my decision is the final administrative decision regarding rehabilitation certification. 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,



John A. Burns, FAIA  
Chief Appeals Officer  
Cultural Resources

cc: SHPO-OR  
IRS