



United States Department of the Interior

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



May 13, 2020

[REDACTED]

Property: **Atlantic Building, 260 South Broad Street, Philadelphia, PA**
Project Number: **37364**

Dear [REDACTED]

I have concluded my review of your appeal of the March 11, 2019 Decision of Technical Preservation Services (TPS), National Park Service, denying certification of the Part 2 – Description of Rehabilitation application for the property cited above (the Decision). The appeal was initiated and conducted in accordance with Department of the Interior regulations [36 C.F.R. part 67] governing certifications for federal income tax incentives for historic preservation as specified in the Internal Revenue Code. I thank you and [REDACTED]

[REDACTED], for meeting with me on June 10, 2019, and for providing a detailed account of the project.

After careful review of the complete record for this project, including the materials presented as part of your appeal, and the additional information Ms. Hamilton submitted on August 16, 2019, after my request at the appeal meeting, I have determined that there is not sufficient information regarding the pre-rehabilitation conditions of the interior of the Atlantic Building to justify completion of the TPS review of the Part 2 application. Accordingly, I hereby affirm the denial of certification—on the basis of a lack of information—of the Part 2 application issued by TPS in its Decision.

Completed in 1922, the Atlantic Building is a 20-story, Neoclassical Style commercial building that served as the headquarters of the Atlantic-Richfield Company (later ARCO) until the 1960s. It is located at the intersection of South Broad and Spruce Streets, a prominent corner in downtown Philadelphia, and contributes to Philadelphia's Broad Street Historic District.

According to the Part 2 application, you purchased this building in 2012, intending to convert it to condominiums. The application states that at that time historic finishes existed only in the elevator lobbies and that these were retained where extant, while the modern interior partitions on floors 2-20 were removed. Due to market changes, you revised the proposed use of the building from condos to rental apartments, and the Part 2 cover sheet lists the project start date as January 1, 2016.

After review of the original Part 2 application, TPS issued a denial of certification on March 27, 2018, based on a lack of sufficient information to be able to completely evaluate whether the in-progress rehabilitation work meets the Standards, and for specific completed rehabilitation treatments that were found to not meet the Standards.

With regard to lack of information, the regulations state:

In all cases, documentation including photographs adequate to document the appearance of the structures prior to rehabilitation, both on the exterior and on the interior, and its site and environment prior to rehabilitation must accompany the application Where necessary documentation is not provided, review and evaluation may not be completed and a denial of certification will be issued on the basis of lack of information. [36 CFR Part 67.6(a)(1)].

You did not appeal the March 27, 2018 denial decision, but rather chose to submit additional information to TPS for further review. After review of the new material, TPS determined that there still was not sufficient information to be able to complete the review of the Part 2 application and issued the Decision pursuant to 36 CFR Part 67.6(a)(1) that is the subject of this appeal.

In the March 11, 2019 Decision, TPS stated:

The application includes photographs taken in 2015 as pre-rehab documentation, but these photographs document less than one-half of the building's interior. No photographs are provided of eleven (floors 3, 5, 8, 10, 11, 12, 14, 15, 17, 18, and 19) of the twenty floors in the building, and only one photograph is provided of some of the floors that are documented. Only six of the elevator lobbies (floors 2, 4, 9, 13, 16, and 20), containing what the application states is the only remaining historic fabric above

the first floor, are documented. In addition, many of the 2015 photographs and the plans used as the photograph keys show that, in fact, all of these floors were not demolished prior to 2015.

You submitted additional photographs with your appeal meeting presentation, and later submitted at my request additional information, including research in the ARCO company archives (unfortunately unsuccessful), a copy of the CBRE Offering Memorandum from 2010 (prior to your purchase of the property in 2012), copies of demolition drawings, additional photographs and drawings showing materials in the elevator lobbies, further explanation of the changes made in the conversion from condos to rental apartments, and confirmation of the height of the elevator lobby ceilings to accommodate HVAC ducts.

In reviewing all of these materials, I note that the CBRE Offering Memorandum states that the building “*was renovated in 1990 with a grant from the Preservation Alliance for Greater Philadelphia in accordance with the highest standards of Historical Society specifications. The property was subsequently modernized in 2000/2001 and the building’s façade and ornate art-deco style lobby are both subject to the easements granted to the historic preservation agency.*” There is no evidence in the project file that any of this work was researched as part of this application. The prospectus also noted that the building was 52% leased, with the prime tenant leasing a third of the office space (104,000 of 306,00 square feet) with a lease expiring in 2013. Thus, despite the lack of pre-2015 photographs in the Part 2 application, we know that over half of the interiors remained in use at the time of your purchase of the property in 2012, and that those spaces had been renovated twice in the previous two decades with stated respect for the building’s historic character.

With regard to demolition drawings, Ms. Hamilton stated in her cover letter of August 16, 2019, that, “*As the applicant’s original plans for the building proposed conversion into residential condominiums, the demolition contract was let for removal of all interior finishes beyond the 1st floor main lobby and demolition drawings were not prepared.*” However, public records show that there were six permits issued for demolition work by the City of Philadelphia between October 26, 2012 and July 16, 2014 (#s 434966, 468901, 492879, 494879, 496694, and 549773). Three of the permits specifically required sets of professional quality drawings be submitted for review and approval by the Department of Licensing and Inspections before starting the renovation work. Despite numerous requests by TPS, and by me at the appeal meeting, for information on the condition of the interiors of the building prior to undertaking any work, these demolition drawings were not submitted with or added to the Part 2 application.

After consideration of all the materials in the project file, and some online research in public records, I concur with TPS’s statement in the Decision letter:

“Consequently, there is no way for the us to determine whether any historic spaces existed beyond the elevator lobbies or whether any historic features and materials remained on these floors in the office spaces, such as moldings, trim, expressed beams on the ceilings, etc. In your application, you indicated that you do not believe that any such features or materials remained as the result of remodelings that had occurred to these spaces over the years, but without photographic documentation of the property at the start of the project, this is mere speculation, and we have no way of confirming that no significant spaces, features, or materials remained at the start of the project.”

Although I am affirming the TPS Decision denying certification of the Part 2 application, please note that the scope of this appeal decision is limited to the issues of the denial described above. As noted, it appears reasonably likely that further research could uncover additional information on the pre-rehabilitation condition of the building. You have the option of submitting an amendment through the normal process with additional information, which may include drawings and other documentary evidence in addition to photographs, to confirm the condition of interior spaces at the time you acquired the building, and prior to undertaking any work on the condominium conversion. If, in the future, TPS were to review and deny certification of a Part 2 amendment, this decision would not preclude an appeal of those potential decisions.

As the Department of the Interior regulations state, my decision is the final administrative decision with respect to TPS’s March 11, 2019 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, FAPT
Chief Appeals Officer
Cultural Resources

cc: PA SHPO
IRS

