



CITY OF CARMEL-BY-THE-SEA CITY COUNCIL Staff Report

August 3, 2021
PUBLIC HEARINGS

TO:	Honorable Mayor and City Council Members
SUBMITTED BY:	Evan Kort, Associate Planner
APPROVED BY:	Chip Rerig, City Administrator
SUBJECT:	Consideration of an Appeal by Christopher Mitchell (APP 21-197), on behalf of Esperanza Carmel Commercial LLC, of the Historic Resources Board decision to issue a Finding of Noncompliance with the Secretary of the Interior's Standards for the demolition of the Palo Alto Savings and Loan Bank Community Room located at Dolores 2 southeast of 7th Avenue, in the Service Commercial (SC) Zoning District

RECOMMENDATION:

Adopt Resolution 2021-043 denying the appeal by Christopher Mitchell (APP 21-197) and upholding the Historic Resources Board's decision to issue a Finding of Noncompliance with the Secretary of the Interior's Standards for the demolition of the Palo Alto Savings and Loan Bank Community Room located at Dolores 2 southeast of 7th Avenue, in the Service Commercial (SC) Zoning District, APN: 010-101-017.

BACKGROUND/SUMMARY:

EXECUTIVE SUMMARY

The applicant, Christopher Mitchell, has appealed the Historic Resources Board (HRB) decision to issue a Finding of Noncompliance with the Secretary of the Interior's Standards for a project to demolish a building on the Palo Alto Savings and Loan Bank Complex. While the site is not eligible for listing on the national or local inventory because it is less than 50 years old, it was determined in 2001 by Architectural Historian, Richard Janick, that the site is eligible for listing on the California Register of Historic Resources (CRHR) under Criterion 3 (architecture), "as a significant example of Second Bay Region Style by local architect Will Shaw and Associates with design assistance by former partner Walter Burde" and the complex, as a whole, is a historic resource for the purposes of the California Environmental Quality Act (CEQA) (the CRHR does not have a 50 year old requirement). Therefore any associated project is subject to review by the HRB for a determination of "consistency" or "inconsistency" with State standards. Staff initially presented a recommendation of project consistency to the HRB based on technical reports prepared for the City. After consideration, the HRB found the proposed demolition of the Community Room to be inconsistent with the Secretary of the Interior's Standards and thus issued a Finding of Noncompliance.

BACKGROUND/ PROJECT DESCRIPTION

The project site is located on Dolores 2 southeast of 7th on a 12,000 square foot lot comprised of three lots of record (Block: 91, Lots: 6, 8, 10). The applicant is proposing to demolish all improvements across the three lots and construct a 16,898 square foot two-story mixed-use development with an 11,371 square foot basement garage. Two-thirds of the project site (lots 6 & 8) are located on part of the Palo Alto Savings and Loan Bank complex which currently occupies Lots 2, 4, 6, and 8 of Block 91.

The Palo Alto Savings and Loan Bank complex, consisting of a bank building (currently the 7th and Dolores Restaurant) and detached community room building, was constructed in 1972 and was designed by noted architects, Walter Burde and William Shaw, both of whom are listed in the City's Historic Context Statement. While the Palo Alto Savings and Loan buildings are characteristic of the Second Bay Region Tradition of architecture, and designed by noted architects, the complex was deemed ineligible for listing on the City's Historic Inventory as well as the National Register by the City Council in 2019. This determination of Ineligibility was issued for the property following an appeal of the HRB decision at the time to add the property to the City's Historic Inventory; the current Determination of Ineligibility will expire on October 26, 2022. This original determination did not distinguish between the bank building and the community room, but rather analyzed the complex as a whole. While the complex is not eligible for listing on the nation or local inventory, it was previously determined that the site is eligible for listing on the California Register of Historic Resources (CRHR) and the complex, as a whole, is a historic resource for the purposes of the California Environmental Quality Act (CEQA).

On January 8, 2021, an application for a Design Review Application was submitted to the Community Planning and Building Department that proposed the demolition of the community room as part of the subject Esperanza Carmel project. As part of the project review, a Phase II Report was prepared by historian Margaret Clovis, one of the City's historic consultants, evaluating the project's consistency with the Secretary of the Interior's Standards and Guidelines based on the preliminary project plans. The Phase II Report concludes the project, consisting of the demolition of the community room, would not have a significant impact on the bank building (which would remain) provided the project meets the applicable Secretary's Standards for Rehabilitation and that the recommended conditions identified in the report are followed.

Staff recommended the HRB approve a determination of consistency based on the technical report prepared by Margaret Clovis. A Resolution was prepared for the issuance of a Determination of Consistency for the project which was considered at the April 19, 2021 HRB meeting. In accordance with CMC 17.32.160.B.1, *"If the Board concurs with the evaluation [prepared by the qualified professional], the Board shall issue a determination of consistency and adopt any appropriate conditions of approval. Any finding of compliance by the Board shall be supported by substantial evidence. If the Board does not concur, the Board may request additional information prior to issuance of a determination of consistency, or may issue a finding of noncompliance with the Secretary's Standards. Any finding of noncompliance by the Board shall be supported by substantial evidence."*

After consideration of the materials provided and public testimony, the Board voted 2-1 (with 1 member absent, 1 vacant seat) to continue the application to the following hearing with direction to staff to return with a revised resolution for adoption with a Finding of Noncompliance. Staff returned at the following hearing with an amended resolution for adoption based on the findings made by the HRB. The Board voted 3-1 (1 vacant seat) to adopt a resolution with amended findings made at the hearing and issued a Finding of Noncompliance with the Secretary of the Interior's Standards (Attachment 5).

On May 19, 2021, the appellant, Christopher Mitchell, submitted a timely appeal of the HRB's decision. The applicant's appeal documents have been included as Attachment 2.

Of important note: the scope of the HRB review (as is the scope of this appeal) was to determine whether the proposed demolition of the community room is consistent with the Secretary of the Interior's Standards and to determine if the proposed demolition would have an adverse impact to the overall resource, which includes the Bank Building that would remain. The preliminary project plans were included in the HRB staff report as the Phase II Evaluation made specific recommendations regarding setbacks from the Bank Building to maintain an important spatial relationship, as well as to show the protection plan as required by the Phase II Evaluation (refer to Attachment 3). The merits of the proposed development are not part of this review –the scope of this review is limited to the evaluating whether the demolition of the community room is consistent with the Secretary of the Interior's Standards.

STAFF ANALYSIS

The applicant has filed an appeal of the Historic Resources Board's decision to issue a Finding of Noncompliance with the Secretary of the Interior's Standards for the demolition of the Palo Alto Savings and Loan Bank Community Room. As part of the appeal documents, the applicant submitted the April 19, 2021 staff report, an addendum to a historic evaluation (prepared by Margret Clovis for the City) and the Phase II Historic Evaluation (prepared by Margret Clovis) as the grounds for the appeal (Attachment 2); the original staff report recommended the HRB adopt a Determination of Consistency and the Phase II Evaluation concluded the proposed demolition was consistent with the Secretary's Standards on the condition that the recommendations in the Phase II evaluation were carried out.

CMC 17.32.160 sets out the process for evaluating alterations to historic resources as follows:

B. Determinations of consistency for major alterations shall be prepared by a qualified professional and shall be supported by written documentation that (1) identifies which of the Secretary's Standards are applicable to the project, (2) reviews the proposed project, and (3) explains the basis of the determination.

1. If a proposed major alteration is found by the qualified professional to be consistent with the Secretary's Standards, the project shall be presumed to be consistent for purposes of making a preliminary determination regarding any required environmental documentation and staff shall forward the application and evaluation to the Board for action.

a. If the Board concurs with the evaluation, the Board shall issue a determination of consistency and adopt any appropriate conditions of approval. Any finding of compliance by the Board shall be supported by substantial evidence.

b. If the Board does not concur, the Board may request additional information prior to issuance of a determination of consistency, or may issue a finding of noncompliance with the Secretary's Standards. Any finding of noncompliance by the Board shall be supported by substantial evidence.

As required by CMC 17.32.160.B.1, a qualified professional (Margaret Clovis) prepared a Phase II Historic Evaluation and found that Standards 1, 2, 5, 6, 8, 9, and 10 of the Secretary of the Interior's Standards are applicable to the proposed demolition of the community room and concluded that the project meets said standards provided the recommendations outlined in the Phase II report are carried out. As such, staff prepared a Resolution for the adoption of a Determination of Consistency which included conditions of approval to ensure recommendations from the Phase II report were implemented pursuant to CMC 17.32.160.B.1 (refer to Attachment 3).

The Phase II Evaluation concluded that: *"The primary building within the complex is the bank, and the property's architectural significance is predicated on the bank, not the community room which is simply an ancillary structure. The community room has been evaluated for eligibility for listing in the California Register based on its merits alone and it does not meet the criteria for listing as an individual resource."* As the report concluded that the primary building within the complex is the bank building, it was found that demolition of the ancillary community room would not have a significant impact on the historic resource provided the recommendations of the Phase II evaluation were carried out.

The HRB deliberated the findings of the Phase II evaluation, and ultimately did not concur with the conclusion of the report. The HRB determined the proposed demolition of the Community Room would have an adverse impact on the overall historic resource and made the finding that, *"The Bank building and the Community Room are a historically related unit [and though the community] room is subordinate to the Bank, it has retained its historic integrity and is an integral component of the original design as approved by the architects' client, the owners of the Palo Alto Savings and Loan Bank. The HRB also found that: 1) "despite being an auxiliary use it*

was still part of the original concept of the building from the beginning,” and 2) “Simply because an element of a building is smaller or “subordinate” to other parts does not make them less important to the whole as a piece of architecture.” The HRB continued to make an additional 15 findings to support their position that the community room is an equally important portion of the fabric of the historic resource and the demolition of the Community Room would have an adverse impact to the resource and therefore is not compliance with the Secretary’s Standards (refer to Attachment 5).

As such, the project was continued to the following hearing with direction to staff to prepare a resolution for adoption of a Finding of Noncompliance based on the verbal findings made by the HRB members, as well as written comments provided by the Board to staff following the hearing. The Finding of Noncompliance was adopted by the HRB at the following hearing (Attachments 4 & 5).

Based on the findings made by the Historic Resources Board, Staff recommends the City Council adopt a Resolution (Attachment 1) denying the appeal by Christopher Mitchell and uphold the Historic Resources Board’s decision to issue a Finding of Noncompliance with the Secretary of the Interior’s Standards for the demolition of the Palo Alto Savings and Loan Bank Community Room as adopted in Planning Commission Resolution 2021-03-HRB.

In accordance with CMC 17.32.170, Projects that Adversely Impact Historic Resources: *“No permit authorizing significant adverse impacts to an historic resource inconsistent with the Secretary’s Standards shall be issued unless necessary to address a public health and safety emergency as provided in CMC 17.30.010 or until completion of the environmental impact report (EIR) process and adoption of one or more of the findings in CMC 17.64.050. Preparation of an EIR for such projects shall include a review of project alternatives and/or mitigation measures that would achieve consistency with the Secretary’s Standards, including consideration of the “no project” alternative. The EIR also shall include an analysis of the feasibility of each alternative.”*

Alternatives: Should the City Council determine that the proposed project would not adversely impact a historic resource, and wish grant the appeal and issue a Determination of Consistency, staff recommends the Council adopt a resolution containing the original Findings and Conditions of Approval prepared by Staff and presented at the April 19, 2021 Historic Resources Board hearing (Attachment 3).

Since the hearing on this matter is de novo, the Council could also provide direction to staff to prepare a resolution with additional Recommended Conditions of Approval and/or findings which the Council deems more appropriate.

FISCAL IMPACT:

None for this action.

PRIOR CITY COUNCIL ACTION:

In 2019, the City Council made the determination that that a property does not qualify for the Carmel Inventory and issued a "Determination of Ineligibility" for the property. The item was brought before the City Council following the appeal of the Historic Resources Board’s decision to add the property to the City’s Historic Inventory. When the associated Determination of Ineligibility expires on October 26, 2022 and the property will be eligible to revaluation for listing on the local inventory.

ATTACHMENTS:

[Attachment #1 - Resolution 2021-043 Esperanza Carmel Appeal](#)

[Attachment #2 - Appeal Documents](#)

[Attachment #3a - Historic Resources Board Staff Report and Attachments 1-3 \(April 19, 2021\)](#)

[Attachment #3b - Historic Resources Board Attachments 4-9 \(April 19, 2021\)](#)

[Attachment #4 - Historic Resourced Board Staff Report and Attachments \(May 17, 2021\)](#)

[Attachment #5 - Adopted Historic Resources Board Resolution \(Reso. 2021-03-HRB\)](#)