HISTORIC RESOURCE COMMISSION

MEETING MINUTES

Regular Meeting January 7, 2009

The regular meeting of the Coronado Historic Resource Commission was called to order at 3 p.m., Wednesday, January 7, 2009, at the Coronado City Hall Council Chambers, 1825 Strand Way, Coronado, California, by Chairperson MacCartee.

MEMBERS PRESENT:	Commissioners Crenshaw, Jones, MacCartee, O'Brien and St. Denis
MEMBERS ABSENT:	None
STAFF PRESENT:	Ann McCaull, Associate Planner Martha L Alvarez, Recording Secretary

APPROVAL OF MINUTES

The minutes of December 17, 2008, were approved as submitted.

DIRECTOR'S REPORT

Historic Resource Commission Annual Election of Officers

(This item was taken up at the end of the meeting)

Chairperson MacCartee nominated Vice Chair O'Brien as Chair, commencing February 1, 2009. Commissioner St. Denis seconded the nomination. The motion passed 5-0.

Vice Chair O'Brien nominated Commissioner Crenshaw as Vice Chair, commencing February 1, 2009. Commissioner Jones seconded the nomination. The motion passed 5-0.

Director McCaull reported that on January 20, 2009, the Historic Alteration Permit for 1043 Ocean Boulevard was scheduled to be heard by City Council. Staff has been notified by the property owners that they are not ready for the meeting. It is tentatively scheduled to be heard in February or March. Ms. McCaull said she would keep the Commission apprised.

Commissioner Crenshaw asked if the project would subsequently return before the Commission.

Director McCaull said the project would return before the Commission only if the property owners were to make changes to the project design.

ORAL COMMUNICATIONS AND OTHER MATTERS

There were no members of the public wishing to speak at this time.

PUBLIC HEARINGS

NOI 14-08 **MARIE LOUISE JONES TRUST** – Notice of Intent to Demolish the single family residence addressed as 963 I Avenue and located in the R-1AE (Single Family Residential) Zone.

Director McCaull introduced the staff report as outlined in the agenda. City records indicate the dwelling was constructed in 1911 so the residence is 97 years old. The property is currently for sale. A future buyer may want to demolish the front residence. Since the dwelling is over 75 years of age, a Notice of Intent (NOI) to Demolish Permit Application has been filed with the City.

The home was originally owned by W.E. Beckner. The contractor and architect/designer were not identified. City records indicate there have been a few alterations to the exterior of the residence since its original construction. The Historic Resource Inventory completed in the 1980's and the Coronado Property Review (CPR) List completed in 2008 by the Historic Resource Commission did not identify this property.

All property owners located within 300 feet of the affected property have been notified. There was no written correspondence received by the City.

PUBLIC COMMENT

The applicant, Carvill Veech, 420 9th Street, provided photographs of the property and made herself available to answer questions. She added that the property has not been maintained since 1948 and is in a deteriorated condition.

COMMISSION DISCUSSION

Commissioner St. Denis asked if there was a possibility that a future buyer may want to make the home livable and possibly build at the front of the property. She added that if the home is determined today to be non historic and demolition is approved, it cannot be deemed historic in the future.

Ms. Veech responded that she had liability concerns because of the deteriorated state of the home and the difficulty she has had securing it from trespassers. She said the home has been on the market for six months and she had no invitations from a prospective buyer.

Commissioner Jones asked about the length of time the home has been vacant.

Ms. Veech said it was originally part of a two-house complex and was last occupied in 1976.

Commissioner Jones asked if the home has an operational plumbing system or water service.

Ms. Veech said the water service was shut off because there was a constant leak under the house. At one time, a remodeling permit was issued; however, the applicant was informed by SDG&E that they were unable to install a meter on the house as new rules required that the applicant remodel the home in order to comply with the new Codes. The applicant installed a power pole in anticipation of a remodel; however, the pole eventually rotted at the base and fell across the power lines in the back alley. Subsequently, significant flooding occurred in the home and the roof caved because of termite damage and rot. The only items that may be saved are some doors, pavers, and possibly some painted barn wood. She said she would love to find a buyer that would fix up the cottage.

Commissioner St. Denis said that the cottage was set back far enough to add a guest house. She asked if the applicant planned to sell the property immediately if the request was approved today.

Ms. Veech said she had no plans to demolish it at this time. Instead, she is selling the home with a permit to demolish.

Commissioner St. Denis pointed out that selling the home with the demolition permit would not help the applicant with liability issues.

Ms. Veech agreed and said this was why she was considering demolishing the home herself. The estimates, however, are twice the cost of liability insurance.

Vice Chair O'Brien said he does not feel the home can be repaired. In addition, it would be very difficult to build on the property because the cottage would be in the way.

Commissioner Crenshaw stated she does not feel the home would qualify to be designated historic.

<u>COMMISSION ACTION</u>

CHAIRPERSON MACCARTEE MADE A MOTION THAT THE HISTORIC RESOURCE COMMISSION MAKE A DETERMINATION THAT THE STRUCTURE ADDRESSED AS 963 I AVENUE (NOI 14-08) DOES NOT MEET THE CRITERIA TO BE DESIGNATED AN HISTORIC RESOURCE, WITH THE ADOPTION OF A RESOLUTION STATING THE FOLLOWING REASONS:

THE PROPERTY DOES MEET THE 75-YEAR AGE REQUIREMENT;

A. IT DOES EXEMPLIFY OR REFLECT SPECIAL ELEMENTS OF THE CITY'S AESTHETIC AND ARCHITECTURAL HISTORY;
B. IT IS NOT IDENTIFIED WITH A PERSON(S), OR AN EVENT(S) SIGNIFICANT IN LOCAL, STATE, OR NATIONAL HISTORY;

C. IT IS NOT ONE OF THE FEW REMAINING EXAMPLES IN THE CITY POSSESSING DISTINCTIVE CHARACTERISTICS OF AN ARCHITECTURAL STYLE, AND IS NOT VALUABLE FOR THE STUDY OF A TYPE, PERIOD, OR METHOD OF CONSTRUCTION AND HAS BEEN SUBSTANTIALLY ALTERED;

D. IT IS NOT REPRESENTATIVE OF THE NOTABLE WORK OF A BUILDER, ARCHITECT, ARTISAN OR LANDSCAPE PROFESSIONAL;

E. IT DOES NOT MEET THE STATE PROGRAM OF LANDMARKS AND POINTS OF HISTORICAL INTEREST AS SET FORTH IN ARTICLE 2 (COMMENCING WITH SECTION 50280) OF CHAPTER 1 OF PART 1 OF DIVISION 1 OF THE CALIFORNIA GOVERNMENT CODE AND ARTICLE 9 (COMMENCING WITH SECTION 439) OF CHAPTER 3 OF PART 2 OF DIVISION 1 OF THE CALIFORNIA REVENUE AND TAXATION CODE (AS AMENDED FROM TIME TO TIME).

THE FOLLOWING CONDITIONS WERE ADDED:

1. OWNER SHALL NOTIFY THE CITY AT LEAST 10 DAYS PRIOR TO DEMOLITION TO ALLOW CITY AND/OR THE CORONADO HISTORICAL ASSOCIATION AN OPPORTUNITY TO PREPARE A PHOTOGRAPHIC, FILM, VIDEO, OR OTHER APPROPRIATE RECORD OF THE EXTERIOR/INTERIOR OF THE STRUCTURE.

2. OWNER SHALL NOTIFY THE CORONADO HISTORICAL ASSOCIATION (CHA) AT LEAST 10 DAYS PRIOR TO DEMOLITION TO PROVIDE CHA WITH AN OPPORTUNITY TO SALVAGE HISTORIC BUILDING MATERIALS FOR THEIR "KEEP IT IN CORONADO" RE-USE PROGRAM.

VICE CHAIR O'BRIEN SECONDED THE MOTION.

AYES: Commissioners Crenshaw, Jones, MacCartee, O'Brien, and St. Denis.
NAYS: None.
ABSENT: None.
ABSTAIN: None.

The motion passed with a vote of 5-0.

There is a 10-day appeal period.

IS 3-08 **JIM AND MELINDA MARLAR** – Review and comment on Draft Mitigated Negative Declaration for the proposed demolition of the historically designated single family residence addressed as 465 Palm Avenue and located in the R-3 (Multiple Family Residential) Zone.

Director McCaull introduced the staff report as outlined in the agenda. At today's hearing, the Commission should review and comment on the adequacy of the Draft Mitigated Negative Declaration for this project and forward a recommendation to City Council.

On May 5, 2008, an application for an Historic Alteration Permit was filed with the City by Jim and Melinda Marlar for the proposed demolition of the residence along with an environmental initial study in accordance with Section 15063 of the California Environmental Quality Act (CEQA) Guidelines. On June 12, 2008, the City received additional information regarding the application, and on July 1, 2008, the City deemed the application complete for processing. In accordance with the City's CEQA Guidelines, the City Council is the decision-making body for the environmental document and both parties agreed to have the initial environmental hearing held on September 2, 2008.

On September 2, 2008, the City Council conducted an environmental initial study public hearing to determine (1) whether the single family residence addressed as 465 Palm Avenue is a designated historic resource and (2) whether to direct that a Negative Declaration, Negative Declaration with mitigation measures, or an Environmental Impact Report be prepared for the proposed demolition of the residence. The City Council affirmed the residence was historic and directed staff to proceed with a Negative Declaration and return to the City Council with revised mitigation measures. On October 21, 2008, the City Council reviewed the revised draft mitigation measures and directed staff to prepare and circulate the Draft Mitigated Negative Declaration for public review and comment.

A Mitigated Negative Declaration is a statement by the City that no additional environmental analysis is necessary for the project (in this case, the demolition of an historic structure) because the project with mitigation measures is not expected to have a significant effect on the environment. Mitigated Negative Declarations are based upon an "Initial Study" of the expected environmental impacts of the project. The Notice of Intent to Adopt a Negative Declaration announcing the public review and comment period beginning December 17, 2008, and ending January 8, 2009, was published in the Coronado *Eagle & Journal* on December 17, 2008. The notice was also mailed to all property owners within 300 feet of the subject property. The City has not received any written correspondence opposing the Mitigated Negative Declaration.

The Historic Resource Commission is the decision-making body for the Historic Alteration Permit (discretionary permit) and an advisory body to the City Council on the environmental document. The Negative Declaration shall be considered before approving the project. Therefore, at today's meeting, the Commission will first hold a public hearing on the Draft Mitigated Negative Declaration and forward any comments to the City Council, which is the decision-maker for the environmental document. Following the first public hearing, a second public hearing will be held on the Historic Resource Alteration Permit. Following public comment and discussion by the Commission on the Historic Resource Alteration Permit, the public hearing will be closed. The Historic Resource Commission will consider adoption of a Resolution to approve or deny the Historic Resource Alteration Permit following the City Council's action on the Mitigated Negative Declaration.

PUBLIC COMMENT

The applicants, Jim and Melinda Marlar, 465 Palm Avenue, made themselves available to answer any questions. Mr. Marlar stated as a legal point and for the record, that historic designation was required by City Council to be recorded per Coronado's Municipal Code. Historic designation was not recorded at the time they purchased the property; therefore, no actual or constructive notice was given to them at the time.

Chairperson MacCartee said she served on the Historic Resource Commission when this item previously came before them. She stated that the applicants were aware that the home was an historically designated home at the time they purchased it.

Mrs. Marlar said the statement was incorrect. She said the letters they have submitted to the City indicate that after they purchased the property, on the day they were moving in, the seller's real estate agent visited the home. As she was leaving, she happened to mention that the home was designated historic. Ms. Marlar stated that this was the first time they had been provided this information and had no prior knowledge of this when they purchased the property.

Chairperson MacCartee stated that the applicants subsequently applied for the Mills Act Program.

Mrs. Marlar said that when they reviewed the historic information, they spoke with their own real estate agent, and immediately visited the City. They were informed by staff that it was something they may want to consider because they would be eligible for the Mills Act. The Marlars informed staff that it was not on their title report and they had no previous knowledge of this information. The seller subsequently died while in the process of closing. On the closing papers, the seller's real estate agent had confirmed (signed) that there were no encumbrances.

Chairperson MacCartee asked if the applicant's real estate agent had informed them that the house was designated historic.

Mrs. Marlar stated that their real estate agent did not know either. It was the seller's real estate agent that knew. Mrs. Marlar said it took them about two years to decide whether they would apply for the Mills Act. They spoke with staff a number of time as well as their friends, Joe and Karen Moore, who had applied for the Mills Act and who indicated they had a very good experience. At the time of application, the Commission was prioritizing applications in the order of submittal date. Staff indicated that the waiting period would not be significant—possibly a couple of years at the most. Mrs. Marlar said it was her understanding that the waiting period could possibly be sooner because her house was very small and because of the amount of tax. Mrs. Marlar said it was always their intention to remodel and they expressed this concern to staff at that time. Staff indicated that there could be some leeway in receiving benefits because of the home's historic designation. The Marlars decided to apply but did not pull any permits. They did, however, spend over $20,000 in the process of obtaining plans and having them approved. Architect Kevin Rugee drew up these plans for them.

Chairperson MacCartee said she remembered that the Commission approved the request for the additions.

Mrs. Marlar clarified that the Commission approved a concept drawing.

Commissioner St. Denis stated, that according to the staff report, the item returned before the Commission for actual approval.

Mrs. Marlar responded that she only attended one hearing.

Chairperson MacCartee asked the applicant what she desired to do.

Mrs. Marlar referred to their letters submitted to the City and indicated that one year ago in November, they returned after living full time in Tucson and found documents at their home stating that the Mills Act applications had been reprioritized. Their application went from being close to the top of the list to almost the bottom. She said that even if no homes were listed before them, it would take at least 14 years before they received the Mills Act. She and her husband are in their 60's so it would have no meaning for them. Mrs. Marlar stated that they visited all of the homes on the Mills Act list and there are only two homes that are about the same size as their home. The other homes are fairly large and, other than general maintenance, will not need significant remodeling. Mrs. Marlar stated that they wish to retire in Coronado. They spoke with Lorton Mitchell and two others builders and they all indicated that it would cost them a minimum 25 percent more, which would equal to $100,000 or more, to remodel in order to have the home maintain its historicity. Mr. Mitchell also indicted to them that their home would not be conducive to modern living as the rooms are very small. Mrs. Marlar said they decided to proceed and retained the services of Architect Kevin Rugee. They spent $20,000 for the plans which she now considers "thrown away."

Chairperson MacCartee asked the applicants if they disliked the plans.

Mrs. Marlar clarified that they liked the plans and were willing to live in a small home as long as they received a tax benefit.

Commissioner St. Denis referred to the Historic Resource Commission Minutes of the meeting of June 21, 2006, when the applicants came before the Commission for the preliminary review to request approval to double their home in size. It reads, "Vice Chair MacCartee…expressed concern that because the criteria for the Mills Act Program may change, the applicant may not receive benefits as quickly as anticipated. Ms. Marlar said it would not be an issue."

Mrs. Marlar responded that although Commissioner MacCartee did make that statement, Mrs. Marlar did not understand the question. Mrs. Marlar also disagrees that, when they submitted their application, staff informed them that the Mills Act Program could change at some future date.

Commissioner St. Denis said she had a lengthy conversation with Kathy Coop, who was the

selling agent for Mrs. Gannon. Ms. Coop said it was very sad to see Ms. Gannon at the point of death when she sold her house. She said Ms. Gannon priced it very low. Commissioner St. Denis asked the selling agent if she had marketed the home as an historic resource. Ms. Coop responded that she was sure she did and could obtain the advertisements. She said everyone talked about the home being a very special historic house. Ms. Coop said there were seven full price offers that came in immediately and it was important to Mrs. Gannon to sell the home before she died. One of those offers was from the Marlars. Mrs. Gannon said she would sell the house to the Marlars because Judge Marlar, the applicant, attended school with her daughter in Arizona and she was sure that the Marlars would take care of her house.

Mrs. Marlar said she disagreed and said the house was sold very close to market value. She was also told by her real estate agent that there were three or four offers but no offers were full price with no contingencies. Mrs. Marlar said that the owner offered to sell it to a neighbor for $100,000 less so she does not feel that they purchased it at a huge bargain.

Commissioner St. Denis said that Ms. Coop felt that the Marlars purchased it at a bargain price.

Mrs. Marlar said this happened five years ago and at that time, the house sold for $800,000 which was very close to market value. In addition, she and her husband did not see any advertisement; they happened to walk by the house and noticed it was for sale. They had been looking on-and-off for a number of years whenever they visited town. When they toured the home, they discovered that her husband had been a neighbor to Mrs. Gannon's daughter in Phoenix.

Chairperson MacCartee asked if the applicants purchased their home with the intention of retaining it.

Mrs. Marlar replied no. When they purchased the home, they knew they wanted to remodel it because it was not large enough.

Chairperson MacCartee asked if they were pleased with the proposed remodel by Architect Kevin Rugee.

Mrs. Marlar said they knew the home would not be large enough; however, at that time they purchased what they could afford. They also had not determined if they were going to be full-time residents and used it as a vacation home, which is very different than using it as a full-time residence—1,250 square feet with two closets is very small.

Scott Aurich, 1037 Loma Lane, said he was the broker who represented the Marlars when they purchased the house. He has since spoken with Kathy Coop, the selling real estate agent. He said the house was marketed as "a home built by Chris Cosgrove," whom he recognized to be a significant architect. However, in 2002, there was no mention of a demolition permit or the historic designation. He added that during that time, historic designation did not have the same significance—it was merely considered a type of appreciation by the community. There was no restriction or requirement that the home go before the Design Review Commission in order to

obtain a demolition permit. He did not discuss with the Marlars about Mills Act benefits and he is not sure whether the program was in place at that time. The Marlars were hoping to buy the home and fix it up later. When the Marlars became aware of the significant cost to fix the house, it only merited to do so if they were to receive Mills Act benefits. Mr. Aurich stated this would be a classic example of a house that the Mills Act should try to help save. He does not feel that any of this has much to do with whether Council has reviewed a Negative Declaration or asked the Commission to comment on this as a Negative Declaration.

Commissioner St. Denis said it does because the Commission is also being asked by Council to recommend whether the house should be demolished.

Mr. Aurich stated that the Commission is not be asked to consider whether the house should be demolished at today's hearing.

Commissioner St. Denis said it is under discussion today.

Chairperson MacCartee asked Mr. Aurich if he is stating that he did not know the home was designated historic.

Mr. Aurich said he did not. He added that, in 2002, if homes had plaques on them, it was only a designation by the Historical Association.

Commissioner St. Denis said this house was the eighth house designated by the Historic Resource Commission.

Mr. Aurich said he was not the only realtor in town who did not know that the City was designating homes as historic—he assumed that historic designation was just an appreciation by the Historical Association.

Commissioner St. Denis stated that when Mrs. Gannon designated the house historic in 2000, she also asked about the Mills Act Program. Ms. St. Denis does not believe the program was available because Ms. Cindy Malornick had mentioned at that time that the program would be available soon.

Mr. Aurich asked when the Mills Act Program was started.

Director McCaull said that Mrs. Elena Gannon applied for historic designation under the City's old historic preservation process. At that time, the Design Review Commission "wore the hat" of the Historic Resource Commission and made a recommendation to City Council. The Coronado Historical Association assisted Mrs. Gannon with her application for designation. At the end of 2000, the City adopted the Historic Preservation Program in place today, which established the Historic Resource Commission, Mills Act Program, and the Historic Preservation Ordinance, which provides exception to Codes and other benefits. At the end of 2000, the current Ordinance was in place. When the property was acquired in 2002, the Ordinance in place today was in effect at that time.

Mr. Aurich said he was confident that at the time the selling agent, Kathy Coop, marketed the house, she was not aware that it was designated by the City, i.e. the Historic Resource Commission, and that the Mills Act Program was available to the buyer. Otherwise, they would have looked into conditioning the purchase on receiving designation and a Mills Act tax break. These options were not made available. The house was not discounted because it was historic or because there was some benefit for it being historic at the time.

Commissioner St. Denis clarified that it was not what Ms. Coop recalled. Ms. Coop said that Mrs. Gannon really wanted the house sold while she was alive so that it could work out with her children. Ms. Coop told Mrs. Gannon that she could ask more for this house. Mrs. Gannon told Ms. Coop no, as it was important to "get it done" as she wanted to make sure that the buyer would care for the house.

Mr. Aurich stated that the timing and cleanness of the Marlars' offer and willingness to perform may have been the reason the applicants received a relative fair price, although not a drastically discounted one.

Bruce Coons, Executive Director of Save Our Heritage Organization (SOHO), 51 Aruba Bend, commented that the discussion regarding whether the applicants were aware the home was historic is completely immaterial to the processing under CEQA for the Negative Declaration. Even if the home was not designated, a fair argument standard would apply and an environmental document would still be required to be processed. With regard to the Mitigated Negative Declaration itself, he feels that it is a completely improper document for this item because one cannot mitigate below a level of significance by doing HABS (Historic American Buildings Survey) drawings or offering it to be moved as these options are not valid under California law. Mr. Coons asked why the Commission was not taking this house forward to Council as an exception as exceptions were outlined for houses that were in imminent threat of demolition. Mr. Coons formally asked the Commission to recommend to City Council that this home be considered as an exception in order to resolve this issue.

Chairperson MacCartee asked if Mr. Coons's request included the previously approved alterations.

Mr. Coons said he would have to review the plans. If they were approved and met the Secretary of Interior Standards, it would fit within the program.

Nancye Splinter, 1027 G Avenue, confirmed that the home was listed as historic. The advertisement contained the name "Cosgrove" and the word "historic" which is why she visited the home when it was for sale. She said she is very much against the demolition. She understands that the applicants really do like their home as can be referenced by the applicant's attachment to their letter dated January 18, 2008, included in the staff report. Ms. Splinter urged the Commission that the house not be approved for demolition. She also asked that the Commission speak with the new Mayor and Council about the Mills Act fiscal cap and whether they would consider returning to the previous reprioritization method which would be

consideration by the application submittal date.

Chris Ackerman, 765 C Avenue, stated he personally knew the seller, Mrs. Elena Gannon, as she was a good friend of his mothers. He said he was here today as a tribute to Mrs. Gannon. He knew that she loved this house and it was very important to her. Less than two years before she died, she came before the City to have the home designated in order that the house be preserved. It was his understanding that Mrs. Gannon wanted a buyer who would care for the home. He said he would be very surprised if Mrs. Gannon would have marketed the house without noting it was protected by historic designation. Mr. Ackerman said he would support having the house be Mills Act designated as a possible solution to this sad situation.

Mr. Marlar reiterated for the record that they are trying to balance emotion with the legal side. As a Judge, he is naturally on the legal side. He has not mentioned this in any of the documents because he is not attempting to use any "clout" in a community where he has none. He stated that the Municipal Code states there are requirements in order to designate a home: 1) The current owner must apply; 2) the City Council must agree to the request and issue a Resolution; 3) the City must record the document with the County Recorder. The reason for the recording is to prevent exactly what has occurred in their case. Perspective buyers find out that there are encumbrances supposedly on their title that they never realized at the time. On the closing documents, the owner (seller) must indicate whether there are any restrictions, encumbrances or anything affecting the property. The owner (seller) checked "no" and initialed it. There was nothing to indicate that this house was historic. He does not recall what was said on the marketing flyer. This is the most significant problem with this issue. They did not know that the document was required to be recorded until the Commission dropped them from the top of the prioritization list to the very bottom. At that point, they began to review the regulations and discovered their home was never historic in the first place; therefore, it does not bind them. He summarized that they did not know the house was historic, there was no information on the record, and no one can controvert that. He added that the house is in a very deteriorated condition. As future full-time residents, it would only make sense to raise the house and build something they can actually live in for years to come. In the Negative Declaration that was proposed by Council, they said the applicants could and should offer the home to be moved. They agreed to this. If someone wants to move the house at their expense, they are welcome to do so. They will prepare the document report under the HABS to show the elevations, and will take photographs and show materials in order to salvage materials under the "Keep It In Coronado" program. They do not wish to be unreasonable; however, they feel they have been backed into a corner and they must do something with this aging infrastructure.

Chairperson MacCartee said the applicant appeared pleased with Architect Rugee's plans at one of the previous Commission meetings.

Mr. Marlar said they were pleased because they were under the impression they were moving up the ladder for the Mills Act. At that time, they were planning to remodel it and receive the Mills Act benefit which would apply not only to the original house but also to the additional remodel structure, as was the case with their friends, Joe and Karen Moore, who live at 520 B Avenue. This is a real benefit because taxes in California are very high—one percent of the purchase

price; he paid $800,000 for the house. He did not know at that time that the City had failed to record. They were willing to take the benefits if they had been offered and it would have been a win-win situation. If they had received the Mills Act benefit, pulled a permit and built the remodel, they would have waived their argument that the City did not record. It would truly be in the historic register at that time. To date, they have not received any benefit which is why he is so adamant that the City's failure to record does not bind them to do something for which they have never received a true benefit, and yet the City keeps saying "we can violate the law, not follow the law, but you (Marlar) have to follow it." They are frustrated.

Chairperson MacCartee asked if the applicants were open to receiving Mills Act if the Commission was able to get it for them.

Mr. Marlar said he would certainly consider it. He had asked for a meeting similar to this in January, when they filed their first application. They never received a response. Instead they were legally pushed back and the City Attorney would not return his once-a-week telephone calls for seven weeks. He is willing to discuss the issue if the Commission is able to put it on the table.

Commissioner Crenshaw asked if the property was an R-3 lot when they purchased it.

Mr. Marlar said yes.

Chairperson MacCartee said she understands this has caused a lot of ill will and bad feelings. They are trying to work their way through this as well. She added that they have never had an owner request that their home be un-designated historic.

Mr. Marlar said it was the reprioritization that led to this unintended consequence. When the Commission "re-shuffled the deck" and they dropped to the bottom of the list, they realized they would never receive the Mills Act benefit within their lifetime. They felt their next option was to demolish the house.

Commissioner St. Denis said that the Commission understands that the Mills Act Program is broken and it needs to be revised. The applicants are stuck in a very unfortunate place. She agrees with Mr. Coons and Mr. Aurich's suggestions and asked that Mr. Marlar "hang on" and be open minded so that the house may be saved.

Mr. Marlar said they will consider all sides. He then thanked the Commission.

Mrs. Marlar added that during this recent visit, they have discovered two leaks in their home, one being fairly major, and they have been informed by the termite company that unless they perform repairs, they are unable to certify their home for sale. They do not wish to invest a lot of money into their home at this point. They found staff to be receptive; however, staff did not have the legal knowledge or authority to act on their requests, and the item was referred to the City Attorney, who would not return their calls. She asked that the Commission be more receptive to people's needs so that demolition is not an option and a mutual resolution can be achieved.

Chairperson MacCartee replied that this is the Commission's intent. It has been a long learning process for this Commission, which is the newest Commission in the City. Ms. MacCartee asked Mrs. Marlar if she would be agreeable to a special exception if the Commission asked the Council for this.

Mrs. Marlar said they would need to consider it. Also, the special exception would have to apply to the entire house to include the remodel. They would still end up with a loss because it will now cost about $125,000 or more in order to keep the home historic.

COMMISSION DISCUSSION

Commissioner Jones asked if the structure was deemed qualified for the Mills Act, would the tax relief be retroactive to include the addition, or would it be subject to existing tax relief which only applies to the original structure and not the additions.

Director McCaull replied that the City has not had too many properties that have been approved for Mills Act where a building has been remodeled or added on to and where the assessment would be different. Generally, in speaking with the County Assessor, they defer to the City. The original home is primarily the structure that should receive the Mills Act. This issue was discussed at the Commission's last meeting. An example would be 1043 Ocean Boulevard, where they are proposing a second story master bedroom addition. This addition would not be covered under the Mills Act because it is not part of the historic structure. The Marlars are communicating that they desire to have the second story addition included as part of the Mills Act, which could be slightly different.

Commissioner Crenshaw asked who is responsible for filing (with the County Recorder) once the house has been designated historic.

Director McCaull said that the City of Coronado is responsible for filing. In the past, property owners have been asked to sign the document so that it can be recorded. In this case, it became quite difficult to have the document recorded because of the selling agent's health condition. The City has since established a new procedure whereby they record a document with the County Clerk that states a home has been designated historic. The document is without the owner's authorization, cites a Resolution number, and is certified by the City Clerk.

Commissioner Crenshaw asked if the City is able to record this document today.

Director McCaull said this has not been done in this case although a new procedure has been implemented because of the ongoing pending applications for this property.

Commissioner Crenshaw asked if the application process prevents the City from filing a document that would normally be filed and asked if the City has the right to file this document in this case.

Director McCaull stated that the City has not taken the position to file the document at this time.

Mr. Marlar pointed out that legally the City cannot record a document without the owner's consent. In this case, the prior owner had agreed and her will cannot be imposed on them. The time to have recorded the document was when the home was approved. If the document is recorded today, it will result in a lawsuit, a tender of Quitclaim deed, and a request by the Marlars to "get this off the property" or the City must pay the attorney's fees.

Commissioner St. Denis disagreed and commented that the law has changed. She said the Historic Resource Commission can deem a property historic and file it.

Mr. Marlar asked if she was referring to the document that was passed in 2000.

Commissioner St. Denis said the City Council deemed that the home was historic at their meeting in September.

Mr. Marlar replied that this is an entire new set of issues.

Commissioner St. Denis reiterated that the document can be recorded and the Commission can confirm that it applies.

Mr. Marlar said he respectfully disagreed that the City can record documents on a person's home because ultimately, it would result in an attempt at taking sometime—a de facto condemnation without compensation. He asked that this particular issue be tabled because this issue is too complicated for everyone involved.

Commissioner St. Denis agreed.

Mr. Marlar apologized for interrupting and said that the City Council also went "down that track" and at that time, he did not have an opportunity to rebut it and felt that this was an opportunity to at least address this issue from their prospective.

Mr. Coons clarified that perhaps The Honorable Judge Marlar is not familiar with our laws. Mr. Coons stated that under CEQA, the document does not have to be on any list and/or recorded to be significant for the CEQA or the purposes of the Negative Declaration. This is the law. Under the Fair Arguments Standard, the City can deem the property historic and therefore, under the CEQA, it must be treated as historic. The City has standing in these issues as the Historic Resource Commission and the City Council has declared that the property is historic.

Mrs. Marlar said she is aware that Joe and Karen Moore, who live on B Avenue, finished their remodel while they were in the process of the Mills Act. She and her husband also were planning to complete their remodel before they were actually granted the Mills Act because they were aware that the Moore's entire home, including the remodel, received the Mills Act tax benefit.

Director McCaull clarified that the purpose of today's public hearing is to review the Draft Negative Declaration and its adequacy along with the mitigation, and forward a recommendation to the City Council.

Commissioner Crenshaw asked if the Commission is required to make a determination today if they attempt to obtain an exemption for this home.

Chairperson MacCartee replied that she understands the owners are not willing to do this as this would entail the owners to ask for a continuance and return before Council to obtain a special exemption with the Mills Act. The Commission must determine today whether they wish to uphold the Council's Negative Declaration. If they uphold it, they must review and approve/disapprove the findings listed on the Negative Declaration. If they do not uphold it, they must provide Council with an explanation for their decision.

Director McCaull clarified that the Commission may forward to Council their comments about the findings listed on the Negative Declaration and provide an explanation as to why the Commission feels the findings are/are not adequate. The findings are not required to be changed.

Chairperson MacCartee asked that if the Commission does not agree with Council's decision, an explanation must be provided.

Commissioner St. Denis provided comments on the Draft Mitigated Negative Declaration findings, as follows:

Finding 1: She agrees with this finding which involves the demolition of an historically designated single family residence.

Finding 2: She does not agree with this finding as it states that the home is not unique because there are other Spanish Colonial Revival homes. It is a one-of-a-kind home whose exterior is in pristine, original condition, owned and built by and for Coronado's most noted builder. Its historical name is the "Chris Cosgrove" home. She read into the record the home's historic significance submitted in 2000, when it was designated, "The home was built in 1929 by Chris A. Cosgrove, a well-known, local contractor. Mr. Cosgrove's company designed and constructed many home in the San Diego and Coronado areas from the late 1910's to the 1940's. Other examples of his work can be seen at 1138 Glorietta Boulevard and 1132 Isabella Avenue. This home is a perfect example of moderate housing that was designed and built after World War I and just prior to the 1929 Stock Market Crash and subsequent Depression Era. With the end of the war, an increased optimism and a growing middle class, families moved to the Coronado area during this period and built homes in the Spanish style. Each home was designed with the individual owner's preferences in mind, which accounts for the variations in window, ceiling and exterior design. These homes are typically overlooked by the average tourist and architecture enthusiast, which is why there is a need to preserve the few

remaining structures that still exist before we lose precious historical building and homes."

Finding 3: She does not agree with this finding as the home is part of a body of work of Chris Cosgrove. Its small scale, Spanish cottage architecture is part of a cluster of houses like it in its neighborhood and it gives Coronado the character and sense of place we enjoy today and are struggling to preserve. It is why the Commission serves today.

Finding 4: She does not agree with this finding as it states that because the site could possibly accommodate two dwellings, it would further assist Coronado's housing needs. The owner has stated that they will build either one or two dwellings; however, this has nothing to do with the demolition of an historic resource.

Finding 5: She does not agree with this finding as it states that there are other more significant Cosgrove homes and therefore this building can be allowed to be demolished. Her reasons have been previously stated.

Finding 6, 7 and 8:

She refers to page 202 of the Minutes of the Regular Meeting of the City Council dated September 2, 2008, (page 169 of the Staff Report) which reads, "Bruce Coons…Executive Director, Save Our Heritage Organization, feels that there is no way the City Council can issue a negative dec on this property under CEQA. An EIR is required for this property whether it is designated or not. There is a fair argument that this is historic. It is a terrific Spanish colonial revival house with great ironwork and great tile. He wouldn't even try, if he were the City Council, to issue a neg. dec. or even a mitigated neg. dec. The Monterey Jail case says that won't suffice in the law for CEQA. This building, if they seek to demolish it, must do an EIR with a series of alternatives that look at incorporating the structure in the project…"

She refers to page 202 of the same Minutes, which reads, "Mr. Tanaka feels that… this would have a very negative effect on what it means to be in the (historic) inventory. He questioned if the City Council wants to take action to undermine its own (Historic Preservation) program. The whole point of the EIR process is to learn with certainty whether losing this house will have no impact on the City. He sees that this house is on the list appropriately. If they want to get off the list there is a way to do that, which is a focused EIR. He does not agree with the staff recommendation. He thinks it is meant to be kind but it doesn't take into account the effect it would have on the overall program. He feels that it is clear that the second alternative recommendation, directing a focused EIR, is what the City Council should do…"

She refers to pages 2002-2003 of the same Minutes (pages 169 and 170 of the Staff Report), which reads, "Mr. Monroe… would like to hear Mr. Pena's response to Mr. Coons' statements. Mr. Pena commented that it is

not a surprise that a historic agency takes that type of position. Court cases can be quoted but there is enough freedom in CEQA to allow for a document such as a neg. dec. It is a judgment call and is a difficult situation."

She refers to page 204 of the same Minutes (page 171 of the Staff Report), which reads, "Ms. Downey thinks…If the City Council said something is historic, it ought to have a full EIR so that appropriate mitigation can be determined. Mitigation doesn't get to be picked out of a bag. Under CEQA it doesn't work that way. There is set mitigation for whatever the significant impact is found to be. That is why she thinks the answer is to get a firm understanding of what it means to be historic into the record so that appropriate mitigation can be fashioned to deal with the destruction of that special historicity. The resolution was there but it didn't site the facts that were used to define it as historic, so how is staff to go back and properly mitigate."

Commissioner St. Denis added that Councilmember Downey and now Mayor Tanaka both voted against the Negative Declaration.

Commissioner St. Denis stated that the Mitigation Measures contained in the Negative Declaration are meaningless. She provided comments on the Measures, as follows:

Measure 1: She said that off-site relocation is hardly likely. It is not an answer. The house is a contributing structure to a neighborhood whose charm and scale relies a great deal on this house and its unique relationship to the other structures and to the street.

Measure 2: She said documentation is nice to have but "so what" when the house is gone.

Measure 3: She said the "Keep It In Coronado" program is nice but it is not the same as saving this house.

Commissioner St. Denis summarized that she cannot recommend that City Council approve or certify this.

Commissioner Jones concurred.

Commissioner Crenshaw concurred.

Vice Chair O'Brien said he would be in general support of Council's position. He stated that, as appointed representatives, it is their job to support the Council. He considered that the property is located in an R-3 zone and there are a number of similar houses. He cannot envision that an environmental report would establish that the City would be damaged by the demolition of this house.

Chairperson MacCartee said she cannot use her seat on the Commission to lose any more houses. She will support alterations, changes, but when it involves the demolition of a home, especially when she has seen plans that look wonderful, she cannot support it. She feels that Council should be the ones to make that decision. She respects decisions made by the City Council; however, the Commission designated this home and she will support the Commission's decision.

Director McCaull suggested that the Commission could make a recommendation to Council that the Commission does not support the certification of the Negative Declaration based upon the detailed representation given by Commissioner St. Denis. In addition, the fairly detailed comments contained in the minutes for today's hearing will be forwarded to Council for their review. At that time, Council would consider whether they wish to proceed with the certification of the Negative Declaration.

COMMISSION ACTION

CHAIRPERSON MACCARTEE MADE A MOTION TO RECOMMEND TO THE CITY COUNCIL THAT THE HISTORIC RESOURCE COMMISSION DOES NOT SUPPORT THE CERTIFICATION OF THE DRAFT MITIGATED NEGATIVE DECLARATION, AND DOES NOT CONSIDER THE FINDINGS OR MITIGATION MEASURES TO BE ADEQUATE.

THE FOLLOWINGS FINDINGS WERE MADE:

WITH REGARD TO THE FINDINGS:

FINDING 1: THE COMMISSION AGREES WITH THIS FINDING WHICH INVOLVES THE DEMOLITION OF AN HISTORICALLY DESIGNATED SINGLE FAMILY RESIDENCE.

FINDING 2: THE COMMISSION DOES NOT AGREE WITH THIS FINDING AS IT STATES THAT THE HOME IS NOT UNIQUE AS THERE ARE OTHER SPANISH COLONIAL REVIVAL HOMES. THE COMMISSION AGREES THAT IT IS A ONE-OF-A-KIND HOME WHOSE EXTERIOR IS IN PRISTINE, ORIGINAL CONDITION, OWNED AND BUILT BY AND FOR CORONADO'S MOST NOTED BUILDER. ITS HISTORICAL NAME IS THE "CHRIS COSGROVE" HOME. THE HOME'S HISTORIC SIGNIFICANCE SUBMITTED IN 2000, WHEN IT WAS DESIGNATED READS, "THE HOME WAS BUILT IN 1929 BY CHRIS A. COSGROVE, A WELL-KNOWN, LOCAL CONTRACTOR. MR. COSGROVE'S COMPANY DESIGNED AND CONSTRUCTED MANY HOME IN THE SAN DIEGO AND CORONADO AREAS FROM THE LATE 1910'S TO THE 1940'S. OTHER EXAMPLES OF HIS WORK CAN BE SEEN AT 1138 GLORIETTA BOULEVARD AND 1132 ISABELLA AVENUE. THIS HOME IS A PERFECT EXAMPLE OF MODERATE HOUSING THAT WAS DESIGNED AND BUILT AFTER WORLD WAR I AND JUST PRIOR TO THE 1929 STOCK MARKET CRASH AND SUBSEQUENT

DEPRESSION ERA. WITH THE END OF THE WAR, AN INCREASED OPTIMISM AND A GROWING MIDDLE CLASS, FAMILIES MOVED TO THE CORONADO AREA DURING THIS PERIOD AND BUILT HOMES IN THE SPANISH STYLE. EACH HOME WAS DESIGNED WITH THE INDIVIDUAL OWNER'S PREFERENCES IN MIND, WHICH ACCOUNTS FOR THE VARIATIONS IN WINDOW, CEILING AND EXTERIOR DESIGN. THESE HOMES ARE TYPICALLY OVERLOOKED BY THE AVERAGE TOURIST AND ARCHITECTURE ENTHUSIAST, WHICH IS WHY THERE IS A NEED TO PRESERVE THE FEW REMAINING STRUCTURES THAT STILL EXIST BEFORE WE LOSE PRECIOUS HISTORICAL BUILDING AND HOMES."

FINDING 3: THE COMMISSION DOES NOT AGREE WITH THIS FINDING AS THE HOME IS PART OF A BODY OF WORK OF CHRIS COSGROVE. ITS SMALL SCALE, SPANISH COTTAGE ARCHITECTURE IS PART OF A CLUSTER OF HOUSES LIKE IT IN ITS NEIGHBORHOOD AND IT GIVES CORONADO THE CHARACTER AND SENSE OF PLACE WE ENJOY TODAY AND ARE STRUGGLING TO PRESERVE. IT IS WHY THE COMMISSION SERVES TODAY.

FINDING 4: THE COMMISSION DOES NOT AGREE WITH THIS FINDING AS IT STATES THAT BECAUSE THE SITE COULD POSSIBLY ACCOMMODATE TWO DWELLINGS, IT WOULD FURTHER ASSIST CORONADO'S HOUSING NEEDS. THE OWNER HAS STATED THAT THEY WILL BUILD EITHER ONE OR TWO DWELLINGS; HOWEVER, THIS HAS NOTHING TO DO WITH THE DEMOLITION OF AN HISTORIC RESOURCE.

FINDING 5: THE COMMISSION DOES NOT AGREE WITH THIS FINDING AS IT STATES THAT THERE ARE OTHER MORE SIGNIFICANT COSGROVE HOMES AND THEREFORE THIS BUILDING CAN BE ALLOWED TO BE DEMOLISHED. THE COMMISSION'S REASONS HAVE BEEN PREVIOUSLY STATED.

FINDING 6, 7 AND 8:

THE COMMISSION REFERS TO PAGE 202 OF THE MINUTES OF THE REGULAR MEETING OF THE CITY COUNCIL DATED SEPTEMBER 2, 2008, (PAGE 169 OF THE STAFF REPORT) WHICH READS, "BRUCE COONS…EXECUTIVE DIRECTOR, SAVE OUR HERITAGE ORGANIZATION, FEELS THAT THERE IS NO WAY THE CITY COUNCIL CAN ISSUE A NEGATIVE DEC ON THIS PROPERTY UNDER CEQA. AN EIR IS REQUIRED FOR THIS PROPERTY WHETHER IT IS DESIGNATED OR NOT. THERE IS A FAIR ARGUMENT THAT THIS IS HISTORIC. IT IS A TERRIFIC SPANISH COLONIAL REVIVAL HOUSE WITH GREAT IRONWORK AND GREAT TILE. HE WOULDN'T EVEN TRY, IF HE WERE THE CITY COUNCIL, TO ISSUE A NEG. DEC. OR EVEN A MITIGATED

NEG. DEC. THE MONTEREY JAIL CASE SAYS THAT WON'T SUFFICE IN THE LAW FOR CEQA. THIS BUILDING, IF THEY SEEK TO DEMOLISH IT, MUST DO AN EIR WITH A SERIES OF ALTERNATIVES THAT LOOK AT INCORPORATING THE STRUCTURE IN THE PROJECT…"

THE COMMISSION REFERS TO PAGE 202 OF THE SAME MINUTES, WHICH READS, "MR. TANAKA FEELS THAT… THIS WOULD HAVE A VERY NEGATIVE EFFECT ON WHAT IT MEANS TO BE IN THE (HISTORIC) INVENTORY. HE QUESTIONED IF THE CITY COUNCIL WANTS TO TAKE ACTION TO UNDERMINE ITS OWN (HISTORIC PRESERVATION) PROGRAM. THE WHOLE POINT OF THE EIR PROCESS IS TO LEARN WITH CERTAINTY WHETHER LOSING THIS HOUSE WILL HAVE NO IMPACT ON THE CITY. HE SEES THAT THIS HOUSE IS ON THE LIST APPROPRIATELY. IF THEY WANT TO GET OFF THE LIST THERE IS A WAY TO DO THAT, WHICH IS A FOCUSED EIR. HE DOES NOT AGREE WITH THE STAFF RECOMMENDATION. HE THINKS IT IS MEANT TO BE KIND BUT IT DOESN'T TAKE INTO ACCOUNT THE EFFECT IT WOULD HAVE ON THE OVERALL PROGRAM. HE FEELS THAT IT IS CLEAR THAT THE SECOND ALTERNATIVE RECOMMENDATION, DIRECTING A FOCUSED EIR, IS WHAT THE CITY COUNCIL SHOULD DO…"

THE COMMISSION REFERS TO PAGES 2002-2003 OF THE SAME MINUTES (PAGES 169 AND 170 OF THE STAFF REPORT), WHICH READS, "MR. MONROE… WOULD LIKE TO HEAR MR. PENA'S RESPONSE TO MR. COONS' STATEMENTS. MR. PENA COMMENTED THAT IT IS NOT A SURPRISE THAT A HISTORIC AGENCY TAKES THAT TYPE OF POSITION. COURT CASES CAN BE QUOTED BUT THERE IS ENOUGH FREEDOM IN CEQA TO ALLOW FOR A DOCUMENT SUCH AS A NEG. DEC. IT IS A JUDGMENT CALL AND IS A DIFFICULT SITUATION."

THE COMMISSION REFERS TO PAGE 204 OF THE SAME MINUTES (PAGE 171 OF THE STAFF REPORT), WHICH READS, "MS. DOWNEY THINKS…IF THE CITY COUNCIL SAID SOMETHING IS HISTORIC, IT OUGHT TO HAVE A FULL EIR SO THAT APPROPRIATE MITIGATION CAN BE DETERMINED. MITIGATION DOESN'T GET TO BE PICKED OUT OF A BAG. UNDER CEQA IT DOESN'T WORK THAT WAY. THERE IS SET MITIGATION FOR WHATEVER THE SIGNIFICANT IMPACT IS FOUND TO BE. THAT IS WHY SHE THINKS THE ANSWER IS TO GET A FIRM UNDERSTANDING OF WHAT IT MEANS TO BE HISTORIC INTO THE RECORD SO THAT APPROPRIATE

MITIGATION CAN BE FASHIONED TO DEAL WITH THE DESTRUCTION OF THAT SPECIAL HISTORICITY. THE RESOLUTION WAS THERE BUT IT DIDN'T SITE THE FACTS THAT WERE USED TO DEFINE IT AS HISTORIC, SO HOW IS STAFF TO GO BACK AND PROPERLY MITIGATE."

THE COMMISSION NOTES THAT COUNCILMEMBER DOWNEY AND NOW MAYOR TANAKA BOTH VOTED AGAINST THE NEGATIVE DECLARATION.

WITH REGARD TO THE MITIGATED MEASURES:

MEASURE 1: THE COMMISSION DOES NOT AGREE THAT OFF-SITE RELOCATION IS LIKELY OR IS THE ANSWER. THE HOUSE IS A CONTRIBUTING STRUCTURE TO A NEIGHBORHOOD WHOSE CHARM AND SCALE RELIES A GREAT DEAL ON THIS HOUSE AND ITS UNIQUE RELATIONSHIP TO THE OTHER STRUCTURES AND TO THE STREET.

MEASURE 2: THE COMMISSION STATES THAT DOCUMENTATION IS NICE TO HAVE BUT IS IRRELEVANT IF THE HOUSE IS DEMOLISHED.

MEASURE 3: THE COMMISSION STATES THAT ALTHOUGH THE "KEEP IT IN CORONADO" PROGRAM IS NICE, IT IS NOT THE SAME AS SAVING THIS HOUSE.

COMMISSIONER CRENSHAW SECONDED THE MOTION.

AYES: Commissioners Crenshaw, Jones, MacCartee and St. Denis.
NAYS: Commissioner O'Brien.
ABSENT: None.
ABSTAIN: None.

The motion passed with a vote of 4-1.

Commissioner Crenshaw asked if the Commission would at this point recommend to Council to consider the alternative of requesting that special consideration be given to the applicant on the Mills Act program.

Director McCaull replied that at this time the Marlars have expressed an interest in obtaining a demolition permit.

Chairperson MacCartee stated that this issue could be discussed during the next agenda item.

HAP 13-08 **JIM AND MELINDA MARLAR** – Request for Historic Resource Alteration Permit for the proposed demolition of the historically designated residence addressed as 465 Palm Avenue and located in the R-3 (Multiple Family

Residential) Zone.

Director McCaull introduced the staff report as outlined in the agenda. On April 18, 2000, the City Council designated this property as an Historic Resource. The residence was designated historic primarily for its Spanish Colonial Revival architectural style and for being constructed by Chris Cosgrove who was a well-known local builder in Coronado's early history.

On May 5, 2008, an application for an Historic Resource Alteration Permit was filed with the City by Jim and Melinda Marlar for the proposed demolition of the residence along with an environmental initial study in accordance with Section 15063 of California Environmental Quality Act (CEQA) Guidelines. On June 12, 2008, the City received additional information regarding the application, and on July 1, 2008, the City deemed the application complete for processing. In accordance with the City's CEQA Guidelines, the City Council is the decision-making body for the environmental document and both parties agreed to have the initial environmental hearing held on September 2, 2008.

On September 2, 2008, the City Council conducted an environmental initial study public hearing to determine (1) whether the single family residence addressed as 465 Palm Avenue is a designated historic resource and (2) whether to direct that a Negative Declaration, Negative Declaration with mitigation measures, or an Environmental Impact Report be prepared for the proposed demolition of the residence. The City Council affirmed the residence was historic and directed staff to proceed with a Negative Declaration and return to the City Council with revised mitigation measures. On October 21, 2008, the City Council reviewed the revised draft mitigation measures and directed staff to prepare and circulate the Draft Mitigated Negative Declaration for public review and comment.

The Historic Resource Commission is the decision-making body for the Historic Resource Alteration Permit (discretionary permit) and an advisory body to the City Council on the environmental document. In accordance with State CEQA Guidelines Section 15074, the Negative Declaration shall be considered before approving the project. Therefore, the Commission will now hold a public hearing on the Historic Resource Alteration Permit. Following public comment and discussion by the Commission on the Historic Resource Alteration Permit, the public hearing will be closed. The Historic Resource Commission will consider adoption of a Resolution to approve or deny the Historic Resource Alteration Permit following the City Council's action on the Mitigated Negative Declaration.

PUBLIC COMMENT

Scott Aurich, 1037 Loma Lane, said the Marlars would agree to continue this item subject to being superseded by an approval for an exception that would apply to the entire house including the proposed remodel that Architect Kevin Rugee completed, to be incorporated in the Mills Act, if the Council deemed it appropriate. This would be a win-win situation.

Chairperson MacCartee said she agreed.

Director McCaull commented that the City is very concerned that it not be placed in a position where property owners will file a demolition permit because they have not received Mills Act. There are currently 28 property owners on the waiting list.

The applicant Jim Marlar, 465 Palm Avenue, reiterated that they will keep an open mind. However, he does not know procedurally whether they need to continue the item scheduled to be heard at the City Council meeting of January 20, 2009. He said that with the failure to record, this issue will either end up in Superior Court, or a compromise will be reached. He said that it would not make any sense to obtain the Mills Act only on the original house and exclude the addition because it is not possible to live in the home without the additional space. If it is a matter of law, the law should speak. He stated that they are willing to consider and accept any options at this time. They are attempting to be reasonable and think through on all issues.

Chairperson MacCartee thanked the applicants.

Bruce Coons, Executive Director for the Save Our Heritage Organization (SOHO), 51 Aruba Bend, agreed, in response to staff's comment, that persons may file a demolition permit in order to get ahead on the designation program. However, he feels that this case is different. To apply for a special exception, there is a much more formal process involved. He does not believe this is the intention of the applicant because of the sufficient amount of "paper trail" that has been created. He feels that this item can be made an exception without establishing a precedent for future cases.

Nancye Splinter, 1027 G Avenue, said she appreciates the owner's willingness to continue the process in order to resolve this issue. It is her understanding that when a Mills Act is approved, it applies only to the original house and not to future additions. She also noted that the selling agent documented that Anne Frank's aunt owned and lived in the home. She said she appreciates everyone's efforts to preserve the home. She will also lobby the Council to try to have the designation considered on the basis of date of application.

Chris Ackerman, 765 C Avenue, said he is here today on behalf of Mrs. Gannon and her dying wish to preserve the home.

Mr. Marlar stated, in response to the statement that Anne Frank's aunt or uncle lived at this home, he considers this information as hearsay. He also considers hearsay the declaration by Mrs. Gannon as to what she wanted done with the house.

Mr. Ackerman asserted that he personally knew Mrs. Gannon and his observation of what she wanted is not hearsay.

<u>COMMISSION DISCUSSION</u>

None.

<u>COMMISSION ACTION</u>

VICE CHAIR O'BRIEN MADE A MOTION THAT THE COMMISSION WILL NOT TAKE ACTION TODAY ON HAP 13-08, REQUEST FOR HISTORIC RESOURCE ALTERATION PERMIT FOR THE PROPOSED DEMOLITION OF THE HISTORICALLY DESIGNATED RESIDENCE ADDRESSED AS 465 PALM AVENUE AND LOCATED IN THE R-3 (MULTIPLE FAMILY RESIDENTIAL) ZONE.

THE COMMISSION AGREES THAT THEY WILL CONSIDER THE ADOPTION OF A RESOLUTION TO APPROVE OR DENY THE HISTORIC RESOURCE ALTERATION PERMIT FOLLOWING THE CITY COUNCIL'S ACTION ON THE MITIGATED NEGATIVE DECLARATION.

THE COMMISSION RECOMMENDS ADVISING COUNCIL THAT ONE OF THE TOOLS AVAILABLE TO THE APPLICANT, AS AN ALTERNATIVE TO THE PROPOSED REQUEST FOR DEMOLITION, IS THAT THE APPLICANT MAY SUBMIT THEIR REQUEST TO CITY COUNCIL FOR A SPECIAL EXCEPTION TO THE MILLS ACT GIVEN THE VERY UNUSUAL ASPECTS OF THE LONG HISTORY OF THIS PROPERTY BEFORE THIS COMMISSION. THIS REQUEST IS CONTINGENT UPON COUNCIL'S DECISION TO UPHOLD THE REQUEST FOR THE NEGATIVE DECLARATION WITH MITIGATION MEASURES.

COMMISSIONER CRENSHAW SECONDED THE MOTION.

Commissioner Crenshaw stated that the Council should be advised that the Commission did not approve the Negative Declaration. Therefore, the Commission is recommending that Council consider the exception.

Mr. Aurich agreed and suggested a more effective motion would be that the Commission recommend to Council that they do not support the Negative Declaration; however, they suggest this house a viable candidate for an exception based on its history, and so on. (No changes were made to the Motion.)

AYES: Commissioners Crenshaw, Jones, MacCartee, O'Brien, and St. Denis.
NAYS: None.
ABSENT: None.
ABSTAIN: None.

The motion passed with a vote of 5-0.

There is a 10-day appeal period.

MISCELLANEOUS

HRPA 7-08 **CITY OF CORONADO** – Prioritization Results for the 2008 Historic Preservation Mills Act Applications filed with the City.

Director McCaull introduced the staff report as outlined in the agenda. The prioritization results are as follows:

1. 940 Glorietta Boulevard (122 points)
2. 1022 Park Place (119 points)
3. 848 D Avenue (112.5 points)
4. 450 A Avenue (110 points)
5. 928 H Avenue (106.5 points)
6. 1021 Adella Avenue (104 points).

Director McCaull stated that these properties have been added and assimilated into the waiting list. She noted that the six properties are ranked at the bottom half of the list.

Commissioner Crenshaw reiterated that the property owners who submitted their applications first should be moving in a different direction. She added that she is uncomfortable with this process.

Commissioner St. Denis agreed. She said this process is causing a lot of confusion. Exceptions are good; however, when a home is approved, regardless of its size, it should be placed in the proper order. This process also puts too much onus on the Commission to attempt to prioritize these homes.

Commissioner Crenshaw added that this process is very subjective and there must be a better way to do this.

Chairperson MacCartee suggested recommending to City Council that this process be reviewed again.

Vice Chair O'Brien stated that Council would be reviewing this item at their meeting of January 20, with Commission recommendations. He understands that the Commission is split on this matter. He suggested that if there is a limit, the most historic homes should be listed at the top and prioritization should not be based on chronological order. He said the Council may release more homes than anticipated, and in the order he feels is appropriate.

Chairperson MacCartee said that the Commission may also want to consider the amount of Mills Act applications they will accept.

Commissioner Jones agreed.

Commissioner Crenshaw observed that the homes on the list this year were ranked differently by previous Commission members. She wondered if this was because there are two new Commission members or if it is because the more prominent homes have been designated historic and therefore, prioritized at the top of the list.

Vice Chair O'Brien agreed with Commissioner Crenshaw's second point. Of the six listed homes for prioritization, he did not see any that he would consider classic or unique.

Commissioner Crenshaw noted that the homes as listed would have met the criteria of being placed chronologically as well as by order of historic importance.

Commissioner St. Denis questioned whether there were other California cities that separated the two. She suggested providing a list of famous architects and builders such as Irvin Gill, Richard Requa, William S. Hubbard, Chris Cosgrove, Cliff May, William Templeton Johnson, and so on. A home built by any of these persons on the list would be judged in another category. She summarized that this program is not working and must be re-worked.

HRPA 8-08 **CITY OF CORONADO** – Historic Resource Commission discussion regarding possible changes to the Mills Act Program.

Director McCaull introduced the staff report as outlined in the agenda. This item was discussed at the Commission's December 3, 2008, and December 17, 2008, meetings and will be considered by the City Council at their January 20, 2009, meeting. The Commission should review and confirm the following statement relative to the Commission's recommendations to Council:

> In general, the Commission supports the idea of a negotiated rental value with an owner of a Mills Act application to allow the City to control the amount of lost revenues to the City, which in turn, would allow more owners to participate in the program each year. With a negotiated rental value, the Commission would also recommend that the City Council consider increasing the fiscal cap. The Commission also supports a Mills Act workshop in the new year (with Councilmembers invited) to allow further discussion of (a) developing new eligibility criteria; (b) acceptable alterations for homes applying for or approved for a Mills Act Agreement; (c) consideration of establishing a certain number of Mills Act contracts per year rather than based on fiscal implications; and (d) elimination of the fiscal cap.

Vice Chair O'Brien said that he was active in making the recommendation; however, it did not include item (d). He acknowledges that Commission members may have mixed feelings about this item; however, it is his understanding that this item will not be "on the table." He suggested it not be included as a recommendation to City Council as it undermines the many good points the Commission is attempting to make.

Chairperson MacCartee agreed.

Commissioner St. Denis stated that this item may not need to be taken off the table, especially since there is a new Council. If Council does not approve this item, the Commission would be very clear on the reasons for non approval. If the fiscal cap was removed and the City had some control on the number of applications that were approved, the City would be able to manage revenue loss. She added that as long as new, large homes continue selling at significant tax rates,

revenue will continue to increase.

Vice Chair O'Brien said that revenue continues to increase year by year.

Director McCaull commented that this year the State eliminated over one million dollars from the City's Redevelopment Agency. There continues to be more cuts to the City from the State and there will be more costs for unanticipated infrastructure projects that the City may have to undertake. This is why Council and the City Manager's office are fiscally conservative and require a fiscal cap.

Chairperson MacCartee said she would rather have a fiscal cap with the option of requesting exceptions.

Mr. Coons, suggested that during the budget process, the Commission could ask the Council to consider approving properties above the fiscal cap, if the budget allows.

Vice Chair O'Brien suggested the following wording:

> "…the Commission would also recommend that the City Council consider increasing the fiscal cap, given revenue criteria developed at the annual budget review."

Discussion items (a) through (c) would remain and item (d) would be eliminated.

After Commission discussion, Vice Chair O'Brien suggested the following wording:

> "…the Commission would also recommend that the City Council consider increasing the fiscal cap, and consider going beyond the annual cap for a one time reduction of the list during the budget process."

Director McCaull summarized, for clarification purposes, that the Commission would like Council to increase the current fiscal cap and consider an annual increase to the cap during the annual review of the budget.

The Commission agreed.

Director McCaull said the City does not have a fund for Historic Preservation Mills Act Program in the budget.

Vice Chair O'Brien said the Council may determine to raise the fiscal cap in any given year because there may be a surplus in the budget.

Chairperson MacCartee suggested the wording, "at the recommendation and discretion of the City Manager and the Chairman of the Historic Resource Commission."

Director McCaull suggested the Commission request Council to consider increasing the cap on

an annual basis.

Vice Chair O'Brien suggested the wording "…."on a basis determined by an annual budget review."

Director McCaull suggested the wording "and consider whether it is appropriate to increase the cap on an annual basis based upon the budgetary review."

Commissioner St. Denis suggested the wording "go beyond the cap" because the Commission has already asked that the cap be increased. She added the wording "…and on a yearly basis at the budget review, determine whether they can go beyond that cap based on anticipated budget revenues."

The Commission suggested the following recommendation be forwarded to City Council:

> In general, the Commission supports the idea of a negotiated rental value with an owner of a Mills Act application to allow the City to control the amount of lost revenues to the City, which in turn, would allow more owners to participate in the program each year. With a negotiated rental value, the Commission would also recommend that the City Council consider increasing the fiscal cap, and, at the discretion of the City Manager and Chairman of the Historic Resource, on a yearly basis at the budget review, determine whether they can go beyond that cap based on anticipated budget revenues. The Commission also supports a Mills Act workshop in the new year (with Councilmembers invited) to allow further discussion of (a) developing new eligibility criteria; (b) acceptable alterations for homes applying for or approved for a Mills Act Agreement; (c) consideration of establishing a certain number of Mills Act contracts per year rather than based on fiscal implications.

Nancye Splinter, 1027 G Avenue, said she really appreciated hearing this discussion because she feels the time is right. She said Mayor Tanaka and the City Council know there are issues that need to be "cleaned up." She suggested providing numbers—there are currently 122 properties that are designated historic, and currently there are 33 properties that are Mills Act funded. There are 27 properties that are Mills Act approved and not funded. The key is that there are approximately 200 houses that would ever qualify for the Mills Act in Coronado; it is less than 1.2 percent of the total homes in Coronado. Coronado and CDA receive back 58 percent of its property taxes. The average City in California receive back 24 percent of its property taxes. The City of San Diego receives back 16 percent and the City of La Mesa receives back 19 percent. She commented that if anyone in the State of California can afford to fund the Mills Act at a better level, it would be Coronado.

Director McCaull asked if the Commission desired to incorporate into the statement comments made by the Commission, e.g. the City will accept a certain number of contracts per year, and the Commission is not pleased with the existing prioritization method. She asked if the following wording was acceptable: "…consideration of establishing a certain number of Mills Act contracts per year rather than having it based on fiscal implications…" and "consideration of modifying

the way Mills Act contracts are considered in terms of prioritization method, chronological…"

Vice Chair O'Brien suggested adding the wording under item (a) so that it reads as follows:

(a) developing new prioritization and/or eligibility criteria.

The Commission agreed to this wording.

The Commission agreed to forward the following recommendation to City Council:

> In general, the Commission supports the idea of a negotiated rental value with an owner of a Mills Act application to allow the City to control the amount of lost revenues to the City, which in turn, would allow more owners to participate in the program each year. With a negotiated rental value, the Commission would also recommend that the City Council consider increasing the fiscal cap, and on a yearly basis at the budget review, determine whether they can go beyond that cap based on anticipated budget revenues. The Commission also supports a Mills Act workshop in the new year (with Councilmembers invited) to allow further discussion of (a) developing new prioritization and/or eligibility criteria; (b) acceptable alterations for homes applying for or approved for a Mills Act Agreement; (c) consideration of establishing a certain number of Mills Act contracts per year rather than based on fiscal implications.

Commissioner Crenshaw asked if the workshop would still be held in January.

Director McCaull said the workshop will most likely be held in February as it would not be appropriate for the Commission to hold a workshop without Council prior authorization.

Commissioner St. Denis confirmed that this information would be presented at the City Council meeting of January 20.

Director McCaull commented that at least two Commissioners should attend.

ADJOURNMENT

There being no further business, the meeting was adjourned at 6 p.m.

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Rachel A. Hurst
Director of Community Development, Redevelopment
& Housing Services