

**February 5, 2005**

**Honorable Mayor and Members of the  
Hermosa Beach City Council**

**Regular Meeting of  
February 22, 2005**

<p style="text-align: center;"><b>REPORT ON HISTORIC PRESERVATION PLAN</b></p>
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**Recommendation:**

That the City Council receive the report and provide direction to staff on whether or not to proceed with implementation of the proposed voluntary program.

**Background:**

On January 11, 2005, the City Council received a report on a Historic Preservation Plan prepared by the Select Committee for the Development of a Historic Preservation Plan and directed staff to return with a report evaluating the proposal and its implementation. The Planning Commission also reviewed the plan and provided input at their meeting of November 6, 2004.

**Analysis:**

The Select Committee for the Development of a Hermosa Beach Historic Preservation Plan has prepared a draft Plan. The draft plan prescribes actions to identify properties that may have historic significance and incentives and regulations to preserve them.

The draft plan contains six main components which include: Historical Summary and Overview, Establishment of a Historic Preservation Commission, Preparation of a Citywide Historic Resources Survey, Promoting Historic Preservation with Economic Incentives, Other Incentives and Discussion of CEQA. Some of the actions require follow-up studies and surveys by the City to identify historic properties that merit historic recognition, some require follow-up training of staff, Council and Commission members, some are private sector driven such as using marketing programs, the Mills Act and other tax or fee incentives to encourage preservation of properties and some involve coordination and providing better information to city departments. A qualified architectural historian will need to prepare a survey of the City as a first step in identifying properties with historic merit that are candidates for preservation.

**General Comments and Issues**

The Plan is proposed as a voluntary however, its major component involves citywide property surveying and the product of the survey, a historic resources list, will have unintended consequences that may make it compulsory under the California Environmental Quality Act (CEQA).

CEQA provides that a substantial adverse change in a historical resource is considered a significant effect on the environment and must be mitigated<sup>1</sup>. This means that any alteration of a surveyed building deemed to be significant ( listed on a historic resources survey as potentially significant) must be reviewed under CEQA unless it is altered pursuant to the Secretary of the Interior's Standards (adopted by the City) in which case the impacts are considered as mitigated to a level of insignificance<sup>2</sup>.

The outcome of this process is that a remodeling project for properties on the historic resources list will require filing a Negative Declaration with the State which delays a project a minimum of 21 days. Further, if the project is not to be improved pursuant to the Secretary's Standards, then it is potentially subject to an EIR. So even though a property owner has not voluntarily chosen historic landmark status or even to be added to a list of historic resources, the property will be subject to delay in remodeling or may be precluded from remodeling or redevelopment.

Demolition of properties identified historic survey are subject to CEQA and requires that the owner proceed through the Certificate of Appropriateness procedure to go forward with demolition. There is nothing voluntary about the Certificate of Appropriateness process which requires a report by a qualified architect/historian to determine the historic merit of the property. Furthermore, if you cannot mitigate (remodel appropriately or relocate the building to comply with CEQA because you do not intend to preserve the building, the only other option is for the City Council to adopt a Statement of Overriding Consideration.

Therefore, establishment of a list of potentially historic buildings means that all buildings on the list are subject to environmental review and delays in plan approval and construction. Demolition of a single family dwelling which currently does not require discretionary review by the City will be considered a "project", and an owner will be compelled to preserve and rehabilitate the building pursuant to the Secretary of Interior Standards or enlist the assistance of qualified architectural historian to demonstrate why the building does not need to be preserved. (Please see attachment for detailed list of programs and commentary)

Some of the programs in the Plan can be implemented by the City to help preserve buildings on a voluntary basis. These program includes assistance and coordination of tax incentives under the Mills Act, revisions to the City's Nonconforming Ordinance to reduce or relax some of the development standards for recognized historic properties that have been voluntary surveyed, and dissemination of historic preservation information by city staff to encourage historic preservation. These can be done a case by case basis with the property owner involved each step of the way. A great deal depends on the historic survey as to what the overall impact would be on the city. If the survey shows a large number of properties that would fall into the historic building category then the effort will be greater than a small number of buildings. The effort that the Select Committee has completed has provided a foundation to discuss the issue. The first step is to determine whether on not from a policy stand point the City Council wishes to have the historic survey performed. Once this survey is completed I believe that it would be much more clear to determine the effort that would be involved in moving forward with the other aspects of the program set forth by the committee.

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Stephen R. Burrell  
City Manager

Notes:

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1. Appendix R Section B (4), Historical and Archeological Resources of CEQA guidelines
  2. Appendix R, Section B (3).

Attachments:

1. Historic Preservation Plan
2. Historic Preservation Ordinance

## Attachment

### Detailed List of Plan Programs & Commentary

1. **Establishment of a Historic Preservation Commission (HPC).** The HPC is proposed to review all proposed historic nominations and designations, all rehabilitation incentive applications, all public outreach or information and provide its recommendations for designation to the City Council for approval. The decisions of the HPC are final unless appealed to City Council or unless Planning Commission has authority over the project under the Zone Code.

#### Comments:

1. The City Council currently has authority to review all historic building nominations or designations under the current Historic Preservation Ordinance in Chapter 17.53 of the Zone Code. During the Ordinance adoption in 1998, the City Council determined that establishing another commission was a redundant step and the City Council was deemed to be the most appropriate decision making body since the Council had ultimate authority on landmark designation anyway. Pursuant to the Ordinance, the City Council has the authority to:
  - Study, review, conduct hearings and make decisions regarding proposed designations and removal of designations of landmarks.
  - Maintain a register of landmarks within the City of Hermosa Beach.
  - Determine an appropriate system of markers for landmarks.
  - Adopt application and submittal requirements for Certificates of Appropriateness to alter, restore, demolish, remove, or relocate any landmark.
  - Review and render decisions regarding all alteration, restoration, demolition, removal and relocation proposals related to landmarks in conjunction with applications for certificates of appropriateness.
  - Develop incentives for preservation of historic properties.
2. The Plan does not recognize that there will be additional on-going costs associate with staffing and servicing another City Commission (costs required for creation of plaques, markers certificates and installation of same, monitoring historic building improvements, costs in implementing Mills Act).
3. Since a citywide survey of significant historic resources has not been conducted it is not clear if the amount of historic resources in this community warrant a Commission separate from the City Council. The determination of whether a Commission is necessary or warranted should be made after review of historic resources in the community, or if some of the non-advisory and more detailed responsibilities like approval of Certificates of Appropriateness could be handled by the Planning Commission.
4. The Plan does not specify qualifications of the proposed HPC members except that there must be 5 individuals with demonstrated competence in historic preservation.

**2. Promoting Historic Preservation with Economic Incentives.** The Plan proposes economic incentives for *voluntary* preservation such as the Mills Act contracts, granting of exceptions use and development requirements of the Zoning Ordinance, and fee waivers to encourage rehabilitation.

Comments:

1. The plan does not adequately discuss the implications of these *voluntary* programs with respect to the California Environmental Quality Act. To qualify for any of these incentives a property must be listed on a survey or register of historic resources. Once on such a list, the property is de facto considered a significant environmental resource under the terms of CEQA, and the preservation of the historic attributes of that resource is really no longer voluntary, but required by law (unless proven otherwise by a costly Environmental Impact Report). Thus it may be misleading to characterize that these incentives will help voluntary efforts to preserve properties, and may more appropriately be described as methods for mitigating the potential economic burdens placed on a property with a historic designation.
2. Change of use policies to preserve historic buildings without regard to nonconforming conditions or surrounding conditions may have negative consequences to a neighborhood. (ie a commercial use that is a nuisance to a residential neighborhood.)
3. Implementing permit fee waivers will reduce city revenues.

**4. Other Incentives.** The plan proposes development incentives to encourage preservation.

Comments:

1. The Plan does not address whether a reduction in development standards to accommodate a historic building may have negative impacts on surrounding neighborhoods.
2. The Plan does address whether allowing uses not permitted in the zone in which a historic building is located may have negative impacts on the surrounding neighborhood (e.g. a commercial use that is a nuisance to a residential neighborhood.)
3. The Plan suggests public information programs but does not specify the extent of the programs or calculate their costs.

**5. Preparation of a Citywide Historic Resources Survey.** The plan recommends that an independent citywide survey of historic resources be conducted. The result would be a list of properties that are historically or culturally significant. The plan states that this is essential for an informed decision making process, based on a non controversial and non political survey. The plan states that the city-wide survey would become the foundation upon which all preservation programs would be based.

Comments:

1. The plan states that a survey is the foundation of the preservation program. If that is the case, maybe all the other issues discussed in the plan relating to formation of an HPC, economic incentive programs, code changes etc. will need to be re-evaluated based on the information found in such a survey. It would be a good idea to complete the survey first and then determine what steps or process should be put in place to implement the programs that the community determines are needed to protect the historic resources.
2. The plan does not adequately discuss the scope of work or costs associated with citywide survey estimated cost up to \$60,000 by one consultant. Once a scope of work is

developed and approved then we would be in the position of getting quotes for the cost of the survey.

3. The plan does not adequately discuss the process for adopting an official list, which despite the independent nature of the analysis, could inherently be controversial when the official list is up for adoption by the City Council.
4. The plan does not adequately discuss the implications for property owners that may have a property identified on a list. (i.e. implications for future development, application of CEQA, etc.)
5. The Plan does not provide technical criteria for what is historic and what merits designation. This would be a task that a consultant could help with when a survey is done.
6. The Plan will result in new costs to property owners of surveyed properties who must retain a "preservation architect" to complete plans for historic landmarks and or demonstrate how the property will be developed consistent with the Secretary of Interior Standards. This may not be an issue for a property owner wishing to have a property on the list but could become an issue for someone that wish to remodel or demo a building on the list.
7. The City will incur new costs for plan review to ensure consistency with historic preservation recommendations when evaluating properties with historic significance, since a consultant with such expertise must be retained to conduct plan reviews and inspections. The City must incur these costs or the costs must be passed on to the property owners. The costs for this work on the Bejou was passed on to the building owners.

**5. CEQA Issues.** The Plan refers to the California Environmental Quality Act adopted in 1970 as a tool to ensure preservation of historic properties, however it fails to note the implications of CEQA relative to survey properties.

Comments:

Substantial adverse change in a historical resource is considered a significant effect on the environment and is subject to CEQA. Appendix R Section B (4), Historical and Archeological Resources of CEQA guidelines provides that The Lead Agency shall identify potentially feasible measures to mitigate significant adverse changes in the significance of an historical resource". This means that any alteration of a surveyed building deemed to be significant by the local jurisdiction must be reviewed under CEQA unless it is to be altered pursuant to the Secretary of the Interior's Standards (Adopted by the City) in which case the impacts are considered as mitigated to a level of insignificance (Appendix R, Section B (3)). The project is still subject to filing a Negative Declaration with the State which is a minimum 21 day process. If the project is not to be improved pursuant to the Secretary's Standards, then it is potentially subject to an EIR. So even though a property owner has not voluntarily chosen historic landmark status, but is on a list of historic resources, the property will be subject to delay in redevelopment or may be precluded from redevelopment. Demolition of identified historic buildings are subject to CEQA and therefore requires that the owner proceed through the Certificate of Appropriateness procedure to go forward with demo. This requires a report by a qualified architect/historian who can provide a technical analysis of the historic merit of the property. Furthermore, if you cannot mitigate under CEQA because you do not intend to preserve the building, the only other option is to adopt a Statement of Overriding Consideration at City Council.

Therefore, establishment of a list of potentially historic buildings means that all buildings on the list are subject to environmental review. Demolition of a single family dwelling will then be considered a “project”, and the proposed historic preservation program will not be voluntary since an owner will be compelled to rehab the building pursuant to the Secretary of Interior Standards.

The City Council may be required to adopt a Statement of Overriding Consideration every time an owner chooses to demolish a building listed in the historic survey.