



The City of Seattle

Landmarks Preservation Board

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LPB 568/08

MINUTES

Landmarks Preservation Board Meeting

Seattle Municipal Tower

700 5th Avenue, 40th Floor

Room 4060

Wednesday, September 17, 2008 – 3:30 p.m.

Board Members Present

Stephen Lee
Jerry Finrow
Henry Matthews
Tom Veith
Czarina Nicolas
Christine Howard
Vernon Abelsen
Alyce Conti
Marie Strong
Mollie Tremaine
Mark Hannum

Staff

Elizabeth Chave
Sarah Sodt
Melinda Bloom
Karen Gordon

Absent

Ron Martinson

Chair Stephen Lee called the meeting to order at 3:35 PM.

091708.1 APPROVAL OF MINUTES

Meeting of July 16, 2008

Minutes to be resubmitted and reviewed next meeting.

Ms. Strong arrived at 3:37 p.m.

091708.2 CERTIFICATES OF APPROVAL

091708.21 Bon Marche Stables
2315 Western Avenue
Proposed rooftop antenna screening

Sarah Sodt explained the application for rooftop antenna screening. ARC reviewed the application and asked the applicant to look at one other alternative for the cladding rooftop screening.

Applicant Comment:

Jennifer Taylor provided photographs and samples of cladding. Originally they chose lap siding to match the building; ARC suggested it was better to not to mimic the historic cladding, but to instead match the existing penthouse which is just flat panels painted to match; this is now the applicant's preference as well.

Ms. Sodt stated the other rooftop penthouses are already painted the same color to match the building which is why they are sticking with that color choice.

Mr. Lee noted it was difficult to see from the street.

Public Comment: There was no public comment.

Board Discussion:

Mr. Abelsen explained the applicant did what ARC requested; he preferred the flat panel siding.

Mr. Lee would have preferred both penthouses be painted dark gray to disappear. He asked if the Board was ready to make a motion to approve the flat panels.

Action: I move that the Seattle Landmarks Preservation Board approve the application for the proposed rooftop antenna screening.

This action is based on the following:

1. The proposed antenna screening does not adversely affect the features or characteristics specified in the Designation Report, as the proposed alterations do not destroy historic materials that characterize the property, and are compatible with the massing, size and scale and architectural features of the landmark, as per Standard #9 of the Secretary of Interior's Standards for Rehabilitation.

2. The other factors in SMC 25.12.750 are not applicable to this application.

MM/SC/MH/MT

10:0:0 Motion approved.

091708.3 DESIGNATION

091708.31 Dr. Annie Russell House
5721 8th Avenue NE

Ms. Chave explained that the Board had gone on a tour of the house yesterday. She read the nomination report and said the Board had approved the nomination of the site (including shed), the exterior of the house and the first floor interior including the central hallway, the stairway to the 2nd floor; excluding the kitchen and bathroom.

Mimi Sheridan, architectural historian, presented the designation information. She explained this was one of two houses built for Dr. Annie Russell by Walter G. Frost, the father-in-law of Dr. Russell's son, Homer. She said the Homer Russell house was built in 1906; the official date given for this house is 1908 at the latest. After Dr. Russell died in 1922, Homer moved in and lived there for 20 years after which it was used as a rental. One of the students, Mark Holmes, bought it. The house was purchased in 1978 by Bob and Babs Roedeick; Mrs. Roedeick still owns the house and resides there.

Ms. Sheridan explained that Dr. Annie Russell was one of Washington's first female doctors. She said Dr. Russell practiced in Seattle from 1890 – the 1930's. She led an active and controversial life; she had lost her license for a few years for practicing abortions.

Ms. Sheridan explained some of the alterations. She said the shed addition was added in the 1970's but the chimney and the gable section are original and there was a staircase in that area that had been removed. She said the southeast corner was altered in the 1950's; the fireplace is original. She said the interior paneling may date from this period as well.

Ms. Sheridan noted Frederick Sexton was the architect. She said his best known building is the Georgetown City Hall. She said he was well-connected and did eclectic residential work. She said the house has been written up in just about every book about Seattle architecture and they tend to call it "Swiss Chalet/Craftsman" style.

Ms. Conti arrived at 3:50 p.m.

Board Questions:

Mr. Abelsen asked if Ms. Sheridan knew how many other female doctors were active at the time Ms. Russell was working as a doctor and were any others of significance.

Mr. Sheridan said there were a few others; Dr. Russell wasn't the first. She was moderately important and Ms. Sheridan didn't know if she was crucial in furthering the cause of women. She said the history of abortion is not well documented.

Mr. Abelsen noted Ms. Sheridan cited references that called the house "Swiss Chalet/Craftsman" style and asked if that was consistent throughout documentation she reviewed.

Ms. Sheridan noted several people used that and people tend to use the same sources so things tend to be repeated.

Ms. Chave stated that in the article that is attached to the nomination there is a sketch of an Alpine Cottage that was attributed to Sexton.

Mr. Abelsen noted that once designated this will become a new point of reference.

Ms. Sheridan thought it should be a point of reference for that style.

Public Comment: There was no public comment.

Board Discussion:

Mr. Lee said it would be interesting to see if there were other local influences on the design such as the longhouse. He said this house has unusual shakes and the way the eaves are canted up at the corners; the clerestory windows have been covered up.

Mr. Matthews suggested that it fits under the general category "rustic architecture". He said the Swiss Chalet was one influence for National Park lodges, rich men's lodges, Adirondack retreats etc. He said if one looks at the literature of the development of the lodges of the Adirondacks it is all to do with the spirit of being a backwoods man; all these wealthy New Yorkers were out there holding cocktail parties in places built of massive logs with the bark still on and stone fireplaces. He said they were being fervent outdoorsmen away from civilization as long as they could bring their trappings of the good life with them. He said the Annie Russell House is a little different in that it is a more ordinary person's house although this woman was not ordinary she must have picked up something of the spirit that inspired this rustic architecture. He said he didn't think it matters that whether

it is the most classic example or whether it follows all the rules, it is a really forceful example of enjoying natural materials and making them part of a unique house. He thought it was an extremely good example of this type of architecture and it is significant American type that has been ignored in almost all the histories of American architecture.

Mr. Finrow said that Mr. Matthews explained the significance well.

Mr. Matthews added that the woman who built the house deserves recognition; the fact that she was one of the first women doctors in Seattle is significant. She was at least on the level of Seattle people that the Board has honored in this way; he agreed with the Staff Report to designate based on D, E, and F.

Mr. Veith noted that anybody who tries to write descriptions of 50 or 500 houses that are built in this era will always be faced with the issue of assigning it to a style. He said architects in this period were very eclectic so it is not unusual to find different characteristics borrowed from other buildings and other styles in one structure. He said the unusual characteristic of the house is what makes it unique; it is combining trends of thought from various places. He agreed with Mr. Matthews that it is a Rustic style house; he said we don't need to demand that something be a pure style especially from this period when nothing was a pure style.

Ms. Tremaine asked if the river rock should be preserved.

Ms. Chave explained that it would be included as proposed in the Staff Recommendation.

Mr. Lee said the influence is interesting because it reminded him of old buildings he lived in in England from the Tudor period with the clerestory windows and other elements.

Mr. Veith agreed with the Staff Report and supported designation based on B, D, and F.

Mr. Abelsen supported designation and appreciated comments from Mr. Matthews and the clarification that it is more a Rustic design and supported it on criteria D.

Mr. Hannum supported designation on B, D and F. He said Criterion B specifically is not utilized very often; he thought it was a great example to associate it with a very interesting woman.

Ms. Tremaine supported designation on B, D and F. She said she can't think of another house in the City that comes close to the uniqueness of the house. She said it reminded her of a lodge.

Ms. Nicolas agreed with designation based on B, D, and F.

Ms. Conti supported designation and agreed with the Staff Report on criteria B, D, and F.

Ms. Strong supported designation in conjunction with the Staff Report, B, D, and F.

Mr. Matthews reiterated his support; he said it meets standards B,D and F..

Ms. Howard agreed with the Staff Report and supported designation based on B, D, and F. She thought it was particularly interesting to see a Rustic style house of this period. She said it seems to be a very specific response to living out west at a point when Seattle was no longer a pioneer town.

Mr. Finrow agreed and supported designation and agreed the kitchen should be excluded.

Mr. Lee agreed with the Staff Report and was glad he had gotten the tour.

Action: I move that the Board approve the designation of the Dr. Annie Russell House at 5721 8th Ave NE a Seattle Landmark; noting the legal description above; that the designation is based upon satisfaction of Designation Standards B, D and F; that the features and characteristics of the property identified for preservation include the exterior of the building; the first floor interior, including the central hallway and stairway to the second floor, but excluding the kitchen and bathroom; and including the site and the shed.

MM/SC/VA/CH

11:0:0 Motion approved.

091708.4

NOMINATION

091708.41

Seattle Labor Temple
2800 First Avenue

Mimi Sheridan provided context of the site at the northwest edge of Belltown between Broad and Clay. For many years Belltown was an enclave of the labor movement; once this building was built a lot of other labor/union halls were built in this area: the IBEW hall, Seamen's Union and the Musician's Union.

She provided background on the labor movement in Seattle. In the late 19th century Seattle had a strong labor movement; by 1903 there were already 75

labor organizations in the City with 7,000 organized workers. In the early part of the 20th Century the middle class joined with labor during the Progressive Era to make a whole range of reforms. Particularly in the northwest people got together for job safety, fair pay and public ownership. There was a more radical portion of the labor movement which endorsed and fought for public ownership and control and distribution of wealth. Out of these movements came the founding of the Port of Seattle in 1911 and the founding of Seattle City Light in 1905.

Ms. Sheridan explained the business people, defined as Chamber of Commerce and the Seattle Times were opposed to the distribution of wealth. WWI had tremendous impacts; there was great industrial growth in Seattle with ship building. There were 35,000 people in the ship building industry. At the beginning of the war there were 9,000 union members; these were crafts workers. In 1917 clerks, longshoremen joined in. At the end of WWI the 35,000 ship builders were left high and dry; most were fired and others didn't get expected wage increases which resulted in great unrest. In February 1919 the Seattle General Strike in which 60,000 workers - 20% of the population of the City - shut the City down. It ended after about five days.

In the 1920s there was growing conservatism. The legislature both locally and nationally turned against labor and they lost a lot the gains they had made during the Progressive Era. Dave Beck worked with business people for fair pay and working conditions and did not support social justice or other issues that had been followed during the Progressive Era. Mr. Beck controlled the Teamsters and the Teamsters controlled everything. During the 1930s there were bitter maritime strikes and during those days the maritime industry was extremely important; it was headquartered in San Francisco but Seattle was the second major port. Beginning the early 1930s there were many strikes that tied up the entire West Coast. In Seattle, they resulted in a violent confrontation. After WWII there was lengthy period of economic unrest. People were looking for opportunity for raises which didn't come; there were strikes in every major industry. This resulted in anti-labor legislation, the Taft-Hartley Act of 1947 which made organizing more difficult.

Ms. Sheridan noted that in the 1940s and 1950s many union halls were built in Belltown. Washington is one of the most unionized states in the country. Unions continue to play a major political and economic role in the City (aerospace, maritime, public employees, service workers).

Ms. Sheridan explained the M. L. King County Labor Council is the primary tenant. In 1888 it began as WCLU and merged with CIO in 1955; it still plays an active political role and is still located in this building. The cornerstone of the original labor temple built in 1905 is located in the current labor temple. There are 75,000 workers and a 450 member council. The labor temple is a specific building type that is quite rare today. One hundred years ago many

cities had labor temples but not many exist let alone exist in a functioning manner like this one does. The spaces in the labor temple reflect the primary functions: organizing center with offices for Labor Council, offices for smaller unions that share the space, meeting halls, space for recreation, political and other activities, space for restaurants, union newspapers and social service agencies.

The building was constructed in three stages. Staged construction is part of the significance of the building because they started to build it in the 1930s but could only build it as money became available. In 1941 the AFL pledged \$105,000.00 to build it and built the first section – a two-story structure at the south end - in 1942. This was during the war so they used a minimal amount of steel. It was constructed of ordinary masonry materials with a foundation for a three-story building. The seal of the AFL is above the entry. In 1955 the third story was added. In 1946 they got government approval and built the auditorium. The brick on the new portion was compatible but different brick. The south side is fairly plain and most of the windows have been changed out. On the north side the original nine-light steel sash still exists. There is a courtyard in the back.

Ms. Sheridan explained the interior lobby spaces are largely intact. The main entry to the southern section is very 1940s with glazed tile floor, wood doors and wainscoting. The newer section with the main auditorium has polished red granite, terracotta, original light fixtures, original doors and terrazzo floors in the downtown meeting areas. Terracotta is one of the significant features of this building; in the 1930s, 1940s, 1950s terracotta was not used much. This is one of the few buildings from the post war period that uses terracotta to this extent. Terracotta was used extensively in the spandrels throughout the building and around the entry; it is three-dimensional.

Ms. Sheridan said the architects were McClelland and Jones with McClelland serving as AIA Chapter President for three years. She found only two buildings that they did: this one and the Jones Soda building in the South Lake Union area. Harmon, Pray and Dietrich did the third floor and are much better known.

Board Questions:

Mr. Veith said when the Teamsters building was discussed Beck was discussed; he asked if there were other meaningful personalities who were associated with the building.

Ms. Sheridan didn't find much and wasn't sure how much Beck was in the Teamsters building but didn't come across anyone else.

Mr. Veith asked if this building was one where major negotiations would take place.

Ms. Sheridan wasn't sure.

Mr. Hannum asked why the brick was changed on the third story addition.

Ms. Sheridan said they built the building as they got money so was built in different stages; she wasn't sure why they made selection to go with another brick.

Mr. Abelsen asked what the origin of the use of "temple" was and wondered if there was a religious connection.

Ms. Sheridan wasn't able to find that information but thought it goes back to the early 19th Century.

Mr. Abelsen asked if there was a hierarchy of use of space because Ms. Sheridan had mentioned there was a general use of the building and then there were smaller offices, auditorium and recreation. He wondered if this was expressed in the floor plate.

Ms. Sheridan agreed and said this could be seen from the outside with the auditorium which is clearly an important entrance. She said the union offices are spread throughout. The auditorium is in the separate wing and she thought that was clearly the most important space.

Mr. Lee said Staff recommends just the exterior, but wondered if the lobby area should be included.

Ms. Sheridan thought the entry, interior doors, vestibule and stairs are significant.

Mr. Lee noted that if it isn't mentioned now, it can't be added later.

Ms. Tremaine said the Staff Report mentions Criterion D and that she thought the building looked pretty plain and thought landmarks should be extra special. She asked if it was a Category 1 building.

Ms. Sheridan disagreed and stated the use of terracotta is significant.

Ms. Sodt advised it was a Category 1 building.

Ms. Tremaine asked how this building compares to the one on 2nd that has the columns.

Ms. Sheridan said it is a different building type; this has more architectural distinctiveness and is socially more significant.

Mr. Finrow stated it was not an identifiable style and asked if it was more illustrative of a method of construction and materiality, period. He asked Ms. Sheridan to talk more about this.

Ms. Sheridan stated it was Modernist. She said it is a simple building but it has good detailing in terms of the use of terracotta. The colored terracotta itself unusual, the brick detailing around the windows on the 3rd floor, the strong vertical elements on the ground floor at the entry, specifically the entry to the auditorium all contribute to a nicely done Modernist buildings.

Mr. Finrow asked for more information about the terracotta and asked if colored terracotta were really unique.

Ms. Sheridan said the terracotta is unusual; it is a very late use of terracotta. During the first 20-30 years of the Century it was common but by 1930 there are very few examples. Almost all of the terracotta in Seattle are cream colored; this one isn't.

Mr. Finrow said if one were to look at all the labor temple buildings in this area; the Seaman's Building is a different building type, a union hall. He asked what the difference between a union hall and labor temple.

Ms. Sheridan said a labor temple is an organizing place where the Labor Council is headquartered and has offices for small unions, several big meeting halls and other activities such as newspaper, recreational rooms, social service agencies etc. A big union hall like the Seaman's Union has a hiring hall, which may be unique in that the top floor was actually hotel rooms for traveling seaman; other services were located in the basement.

Mr. Finrow asked how many labor temples are there in Seattle.

Ms. Sheridan said there is only one; there is also a single one in Everett.

Mr. Finrow confirmed that this was the only labor temple in Seattle.

Ms. Sheridan concurred.

Mr. Finrow asked what unions have had space in the labor temple.

John Masterjohn, Seattle Labor Temple, said the bigger unions that were in the labor temple were the machinists, ironworkers, painters, longshoremen, boilermakers; IBEW, Teamsters; a lot of labor unions now have their own buildings. He said the temple is just about full; there are about three or four

vacancies because the painters who were in there just moved out and had a large number of offices. Rebound has moved into an office in the basement.

Mr. Finrow asked if there would be warm feelings in the heart of someone who had spent years in this building; he asked about the emotional content of the building.

Mr. Masterjohn said some of the unions that were in there before have a good feelings for it. It is not the oldest building but there is a lot of good feeling for it. There is a machinist who is still on the board at the Labor Temple. The boilermakers moved back in because they like the building. He noted it is a great building.

Mr. Finrow asked about the machinists.

Mr. Masterjohn explained it was more the metal workers.

Mr. Finrow asked what the two or three most important events that have occurred in the building were.

Mr. Masterjohn said WTO was focused around that area; the marches started from there. A number of marches have started from the labor temple area. WTO was a big one.

Ms. Howard asked if the building is associated with any people, personalities that are important.

Mr. Masterjohn said he couldn't think of anyone. The labor temple is just a group of labor unions that all occupy one building and are working for the betterment of their membership.

Mr. Matthews stated that rather than celebrating an individual we are celebrating the collective enterprise and that is what the labor temple was all about.

Mr. Masterjohn concurred; it is a group of unions that put their money into that building. They bought shares to build the building and that is how it was kept. Everyone bought shares and that money went into the building fund to add on and build the building. And now it is through the rent and the leasing of the halls that it is maintained. He said there is a food bank there and a labor agency that works with the King County Labor Council.

Mr. Lee asked if Mr. Masterjohn had any comments about designating the building a Seattle Landmark.

Mr. Masterjohn stated he wasn't against it; their Board agreed it should be nominated because of its labor affiliation. His concern is that there are some things that need to be repaired. They put new windows in on the front and some new windows on the south side. There are some old casing windows that leak; eventually they will have to do new windows. He is concerned landmarking will make it difficult to do repair. They also want to do air conditioning.

Mr. Lee said the Board recognizes that it is vital that buildings stay being used. Most of what the Board does is review and help people make changes to buildings to make them usable. There are benefits to landmark status.

Ms. Sodt mentioned the Special Tax Valuation.

Mr. Masterjohn explained that Ms. Sodt had reviewed the incentives with him.

Mr. Matthews noted they work well if the owners develop a comprehensive plan to survey the conditions of the buildings rather than one at a time.

Mr. Masterjohn concurred and said they are getting a plan together.

Mr. Veith asked if the image of the building is used on letterhead or cards.

Mr. Masterjohn said he didn't think so.

Mr. Lee said like the Rainier Club and the WAC where the building is the use and the use is building; it actually has that connection with everyone and that is why it is important to people.

Public Comment:

Maya Krall Asley supported nomination and said she worked in the building for ten years. She thinks the building has been pictured on letterhead in the past.

Board Discussion:

Mr. Matthews said this represents a proud part of Seattle history. If groups of people would get together to solve their problems in this way we would have a better world. Architecturally, it is a simple utilitarian building but it is handsome and not ostentatious. There is a certain elegance about it. He agreed with the Staff Report.

Ms. Howard supported nomination and this is a significant part of Seattle's history. The late use of terracotta is significant.

Mr. Lee asked about including interiors.

Ms. Sodt said she took a tour of the building. While they are intact and well maintained she doesn't believe they rise to the level of significance that would merit nomination; particularly since one can see the use of the building from the exterior so can tell where the big auditorium is located within the building and where the offices are located by the size of the windows and the entry ways. She went into the large auditorium; there weren't any interesting characteristics. It is just a plain auditorium.

Mr. Matthews thought the owners of the building should be given the freedom to do what they need to do to with the interior while designating the exterior.

Ms. Howard agreed with Mr. Matthews.

Mr. Finrow thought Criterion D was on the edge. He likes Criterion C; the union history of the City is very important. Recognizing the value and significance of the small unions of the City in this way is appropriate. He was in favor of nominating based on C and probably D.

Ms. Strong definitely thought the building worthy of nomination; there were so many union buildings in Belltown. This building was a major building and she now understands why, that it was a temple and not just a union hall. She thought it interesting to read of the detail of services provided to the union members: the hotel, barbershop, restaurant and bar. She hadn't realized socially how much support came from unions. She supported nomination based on the Staff Report recommendation of C and D.

Ms. Conti supported nomination based on C and D; she has been in the building and loves the use of terracotta. She didn't know about the history of terracotta use. This reminds her of a mini-Modernist-Deco building.

Ms. Nicolas supported nomination based on C.

Ms. Tremaine stated she had issues with Criterion D; if it is designated Modernist there are lots of buildings in that area that are considered Modernist that will not be nominated. The social/cultural union thing is huge in Seattle and she wonders if there might be something – a labor oriented place – that might come up later on. She said she won't vote against it but she did have some issues about D.

Mr. Hannum supported the nomination and thought the interiors should be included because they could always be eliminated later.

A discussion ensued about whether or not the interior should be included. Ms. Conti said there is a nice feel to the entry; the door to the auditorium is very nice, the auditorium itself is standard but it has a nice feel.

Mr. Abelsen supported nomination and said the origin and construction type is significant. The style may not be as the building type. He suggested the building style could be explained as it relates to the use of building. The fact that they were previously associated with the AFL and the craft of the building is expressed in the structure, at the entry as well as in the masonry work. It is a very well crafted building. He agrees fully that the importance of this building and occupancy now, and in the past are very significant to the growth and history of the City. Noting that because labor marches have started at this point should weigh in on Board review when this goes to Designation.

Mr. Veith stated he had some misgivings about D and that if the Board was just looking at the building itself without its relationship to the union – he thought it a nice building but is not a building that would make the cut. One thing he thought interesting about the building is the zipper they used to put on the addition; he thought it was a really nice job of cutting into what was probably originally the parapet and then it gives a little hint of a fortress there. He can see the unions existing in the onslaught of middle class America. There are a lot of things about the building he thought interesting and evocative. The main reason he would support nomination was because of its place in the history of unions in the City and it's obviously a center for large group of people. That association with that aspect of our cultural, political and economic heritage is very important. The building is basically a double loaded corridor and the halls don't seem remarkable but he is curious about the lobby and about the experience of going to the hall, of going into the building and the Board has a responsibility to make sure we don't leave some important characteristic out. He suspected the interior might not be included in the designation but he would hate to make it impossible and then to discover that something important was missed.

Ms. Sodt recommended if the Board decided to nominate the interior, it be limited to the lobby spaces. Ms. Sodt said there are two main lobbies, one in each building.

Mr. Lee said in relating it to a religious building the narthex in a church is a very important space as it creates a buffer between the outside and the inside. He echoed Mr. Matthews in that this is an elegant and handsome building. It is equally as important as the more ornate terracotta buildings that are often seen here. He supported nomination based on C and D.

Action: I move approval of the Seattle Labor Temple Building at 2800 First Avenue for consideration as a Seattle Landmark; noting the legal description

in the Nomination Form; that the features and characteristics proposed for preservation include the exterior of the building, the entrance lobbies and the site; that the public meeting for Board consideration of designation is scheduled for November 5, 2008; that this action conforms to the known comprehensive and development plans of the City of Seattle.

MM/SC/HM/MS 11:0:0 Motion approved.

091708.5 CONTROLS & INCENTIVES

091708.51 Japanese Language School
1414 S. Weller Street
Request for extension

Ms. Chave explained the request for a six month extension.

MM/SC/MT/VA 10:0:1 Motion approved. Ms. Conti was out of the room

091708.52 Seattle Japanese Garden
Lake Washington Boulevard
Request for extension

Ms. Chave explained the owner's (Parks Dept) request for a nine month extension; the Controls Agreement needs more work. She said they have started doing research on what other cities do or don't do with landscape preservation.

MM/SC/MH/MT 11:0:0 Motion approved.

091708.53 Garfield High School
400 23rd Avenue

Ms. Chave presented the School District's request for extension. She said the District's letter had been sent the Board

Ms. Chave explained the request for a four month extension.

MM/SC/MT/CH 11:0:0 Motion approved.

091708.54 Eitel Building
1507 Second Avenue
Request for extension

Ms. Sodt explained the request for a ninety day extension. They are still working on their SEPA and Supplemental EIS and they are hoping to get that wrapped up soon. They have also submitted some materials for Staff to review so they are still in negotiations with them.

MM/SC/TV/JF 11:0:0 Motion approved.

091708.55 Bon Marche Stables - Controls & Incentives
2315 Western Avenue

Karen Gordon introduced the item and explained that as part of the Controls & Incentives negotiations, any party can terminate the negotiation and that this is the first time she has done that. Based on the memo she sent to the Board before the meeting and the information received from the property owner and his consultants, she did not believe it was productive to continue negotiating in this circumstance. The City retained an appraiser to evaluate the appraiser's report of the property owner and the Board received that report. In addition, Board members Tom Veith, Marie Strong, Alyce Conti and Mark Hannum reviewed the report.

As a result of reviewing the property owner's information and the information provided by the City's consultants, it did not appear that an agreement would be reached so Ms. Gordon made a decision to declare an impasse and terminate the negotiations. She prepared a recommendation on Controls and Incentives. The features of the building that would require a Certificate of Approval are the exterior only, which is what was nominated and designated. A Certificate of Approval is not required for in-kind maintenance or repair. Staff will establish an administrative review process as has been done for a number of landmarks that identifies a procedure where a number of items including the elimination and addition of duct, conduit, HVAC vents, grills, fire escapes, pipes and other similar wiring or mechanical elements is eligible for administrative review and also identifies incentives available.

In information provided by the property owner there was discussion about additions to the building; Ms. Gordon has included the term "exterior of the building" because she thinks the paragraph is clear and reads that "a Certificate of Approval is required". Ms. Gordon stated that she has been clear in discussions with the property owner that this Board has on a number of occasions allowed people to add additional height or additional floors to the building but was not comfortable exempting Board review in the Controls and Incentives agreement as the Board would likely want to review any proposed additions. Ms. Gordon wanted to make it clear that additions are certainly something that would be open to the property owner and it is something the Board has done before which was her rationale in writing the agreement so that it wouldn't exempt future additions, but with a message to the property owner additions are something that the Board has considered and granted on

numerous occasions. Ms. Gordon acknowledged that the property owner is present and said then outlined the process. SMC 25.12.500 is the provision that allows either party to terminate or declare an impasse. SMC 25.12.520 states in the event Board Staff and Owner are unable to reach an agreement, which is the case here, the Board shall file its recommendation on Controls and Incentives with the Hearing Examiner and City Clerk and serve it on the Owner and mail a copy to interested persons of record. SMC 25.12.535 states that if the Owner objects to the Board's recommendations for Controls and Incentives, the Owner's objections shall be filed with the Hearing Examiner not later than fifteen days after service of the Board's recommendation.

Mr. Lee asked if what the Board is considering today is voting on the Controls and Incentives.

Ms. Gordon stated the Board can vote to approved the recommended Controls and Incentives or the Board can modify them.

Owner Comment:

Boris Castellanos, Allegra Properties, building owner, stated his family owns the property and he manages it. He explained the path that has led to the impasse. The family owns another historic building. He found Ms. Gordon and Ms. Sodt very helpful in explaining the process and providing direction. He was referred to Susan Boyle, BOLA Architects, and during the first meeting she made it clear she was not a "hired gun" and that she would be happy to investigate the best use and historic aspects, if any. He wanted the Board to understand that his first response was not to fight this; they have other properties like this and he wanted to investigate all the options. After Ms. Boyle informed them that she didn't see adequate historic significance in the building they shared that information with the Board and several but not all the Board members were able to tour the building. The building was then nominated and then once he understood the Controls and Incentives process he hired two additional consultants: a land use attorney and an appraiser. Both are well respected and well versed in historic properties; his request of them was not to make it work in his favor but simply to see if it is financially feasible to own and develop this property if Controls were put in place. He was not just looking to say "no".

Mr. Castellanos said they are also doing some preliminary work on another building which, he hopes, will be an example of how to work with the Board and within the historic guidelines and still have a feasible and historically significant property. After they submitted their first draft of the financial analysis for 2315 Western Ave., the Board requested more information and the construction costs come from a cost estimator instead of a contractor that did him a favor by giving his construction numbers. He said they answered all the questions and the cost estimator, who they paid a good-sized fee to,

came in with a higher cost estimate than did the contractor suggesting that the alternate use of the building would be even less feasible. He said they met with Staff again and provided an amended report. He wasn't sure if it was the Board or the City that hired the appraiser to overview his team's work but they gave quite a bit of information that they weren't familiar with; they didn't tour the building; and they didn't take the ten minutes that it would have taken to call any of the team members on his team to familiarize themselves. He said he believed that in the report that was provided to the Board by the appraiser hired by the City, all of the appraisers' questions would have been easily answered and it is especially hard to swallow because it is his understanding that this report was the major factor in the decision to call an impasse. He said they weren't even getting a chance to respond to those and they were really, in his opinion, simple questions.

Mr. Castellanos apologized to Mr. Veith and Mr. Hannum because they were at the last meeting and he understood that there might have been some perceived standoffishness from some of the consultants. He said if that was true he apologized because that was never the intent; they have always wanted to try to make it work or find out if it could. They put a lot of work into it, asked questions, did a lot of work to back up their work, asked more questions and lots more work to back up that work and then comes this report from the City. He thanked the Board for its time and its commitment to keeping Seattle's historic presence. He hoped they could come to a resolution and work on their other properties. He said he is open for questions and didn't think this was at an impasse and thought they were at a point where there were still questions. He said they tried hard and went back to the drawing board and spent lots of time and money to answer the questions.

Mr. Lee reiterated Ms. Gordon's comment that the Board can't negotiate.

Ms. Gordon stated the Controls could be adopted or modified.

Mr. Lee said the Board relies on Staff and is held to the regulations. The Board heard what Mr. Castellanos said and is sad that it has not turned out as is typically done. The Board can vote on the Controls and Incentives as presented today.

Mr. Veith added the Board can modify them.

Mr. Lee stated the Controls can be modified but the Board can't negotiate.

Mr. Castellanos asked for clarification on what "modify" means.

Ms. Gordon noted the Ordinance says, "In the event the Board staff and the owner are unable to reach an agreement, or the agreement reached is disapproved by the Board, the Board shall file its recommendation on controls

and incentives with the Hearing Examiner and the City Clerk, serve it on the owner, and mail a copy to interested persons of record.” Ms. Gordon noted she was clear and copied the Owner when she responded to his attorney that those are the steps at this point that either party can declare an impasse; she declared an impasse. It was based on a number of factors: her perception and her reading of the consultant’s report. It is not that there were easily answered questions but there were significant issues in both the methodology of the work that the property owner’s appraiser did and their assumptions. Some of the Board members sat in on the last meeting. She invited them to share their observations of that meeting in terms of questions that were answered or unanswered. The options are to adopt the Controls and Incentives or modify them. It was very clear with the Owner’s attorney that this is not a negotiation session with the Board.

Mr. Castellanos said he understood that. He apologized and stated that Ms. Gordon was clear and that he just didn’t know that “modified” would mean.

Mr. Lee asked for comments from the Board, particularly the four Board members who were involved with reviewing the reports.

Mr. Hannum stated that an impasse was reached because the information that they were presented, primarily the O’Connor report, had a lot of circular referencing that he was uncomfortable with. It seemed like in several attempts at asking questions we always came back to the same issue of how they determined the value. He said he was pleased when the City hired an outside consultant to review the appraisal because he sees residential real estate appraisals in his job rather than commercial. Again, the O’Conner report seemed to him to have a lot of circular logic in it and that was supported in the analysis from the other appraiser so he thinks this is an impasse.

Ms. Conti concurred with Mr. Hannum and stated she felt an impasse was reached. She has been communicating with Staff and reviewing all the reports. She reviewed O’Connor’s report and got back with her questions and she thought that things were going back and forth in terms of the questions and not really having any of the questions answered in terms of the numbers, where the market information was being derived, rental rates and that sort of thing. A lot of the information was very old, the methodology was strange at best; how they arrived at things like 10.5% rate of return for example when all the comparables are around 8.5% and the typical average was around 8%. She noted she deals with commercial appraisals all the time and this was confusing at best. To try to wade through it and pick through it was very confusing. She said they really tried to understand the report.

Ms. Strong concurred with Mr. Hannum and Ms. Conti. She said they reviewed a very large document which was the O’Connor appraisal report. There were a lot of stated assumptions in that report that had no back up of documented information. After the initial receipt of that report, Board members began asking questions and every time they came back to the same numbers which, in her mind, the comparables that were used to get to that number weren’t truly comparables. Like Mr. Hannum, she deals in residential

real estate but she knows one doesn't use properties that are not alike. It is difficult to compare a property that has a 25,000 square foot lot in a different, more desirable part of Belltown to a 7,200 square foot lot. The report didn't back up the assumptions, and the numbers were based on those assumptions so the numbers never seemed valid to her.

Mr. Veith said one thing he would expect to see in a report if comparables are used to establish value of the property is some sort of systematic adjustment of the comparables so that they were comparable to the property being reviewed. The only thing he can go on is when he has purchased houses in the past, the Bank has to see an appraisal and the appraisal usually has three comparables and there are several factors that are listed in how the comparables' features are adjusted to match more closely the property that is being compared. He didn't understand how the comparables got adjusted. He said it seemed like the only option that was offered for continuing to use the building as is was a rather substantial remodel and it was not clear to him that there wouldn't be a way of incrementally improving the building as tenants turn over. He thought there was some discussion of the lease agreements and a typical triple net agreement, some of those costs of modifying the building to suit the tenant would be borne by the tenant so it wasn't clear to him exactly how they could not continue to use the building as is with incremental improvements.

Mr. Veith said he didn't have a sense of the actual investment, only the argument was all geared towards what the building was worth assuming that all the calculations were done on the basis of what the property is worth now rather than what the investment was. He said he understood that the value of an investment improves and changes over time but he said he didn't have a sense of what the actual investment was. He said he thought there were investment amounts that were actually put into the building that he wasn't aware of because of the way the information was presented. He said those are a sampling of some of the issues. The report was very long and it took some time to wade through it. He can't say that the length of the report didn't deteriorate his ability to understand the information that was presented but it seemed like there would be a way to get more concrete information that would make the issue easier to consider. He said in a sense he is trusting Staff has done what they can to come up with a reasonable set of Controls and Incentives and since the Board did designate the exterior of the building it seems like the logical thing to do is to control the exterior of the building.

Mr. Abelsen asked if it was the intent of the property owner to remove Controls and Incentives. He said it seems that the recommended Controls and Incentives that are before the Board is a fairly standard approach.

Ms. Gordon stated they never got far in terms of what the Controls would look like so when she declared impasse she thought it was wise to use the standard agreement we typically use, and that we would be treating this property as we would treat everyone. She identified the exterior of the building, which is what the board designated as Mr. Veith noted. She wanted to make sure that should this be appealed and go to the Hearing Examiner it was clear to those decision makers that we wanted to ensure administrative review and incentives were available etc.

Mr. Veith said four extensions were just considered; the interesting thing about the extensions is during that period when the agreement isn't in place it is actually more work for the applicant.

Public Comment: There was no public comment.

Board Discussion:

Mr. Lee stated this is a very standard Controls and Incentives agreement, there is nothing unusual about it and the Board has voted on the exact wording on a number of buildings recently. He said is not comfortable modifying it and that it is sad that it reached an impasse but the Board cannot make a decision on negotiating with the owner and it will likely be appealed to the Hearing Examiner and they will make the decision, which they are qualified to do. He suggested that the Board make a motion to vote in support of the recommend Controls and Incentives agreement.

Action: I move to approve the recommended Controls and Incentives agreement for the Bon Marche Stables at 2315 Western Avenue, as proposed per SMC.25.12.520.

MM/SC/MH/AC 11:0:0 Motion approved.

091708.6 BOARD BUSINESS

091708.7 STAFF REPORT

Respectfully submitted,

Elizabeth Chave, Landmarks Preservation Board Coordinator

Sarah Sodt, Landmarks Preservation Board Coordinator