HISTORIC AND DESIGN REVIEW COMMISSION

August 05, 2015 Agenda Item No: 17

HDRC CASE NO: 2015-294

ADDRESS: 928 W COMMERCE ST

LEGAL DESCRIPTION: NCB 265 BLK 84 LOT 26 COMMERCE ST PROJECT 2014 NEW ACCT PER

PLAT 9658/200-204 EXE 09/06/13

ZONING: D H HS

CITY COUNCIL DIST.: 5

DISTRICT: Cattleman Square Historic District

LANDMARK: Grand Central Hotel

APPLICANT: Center for Healthcare Services
OWNER: Center for Healthcare Services
TYPE OF WORK: Demolition with New Construction

REQUEST:

The applicant is requesting a Certificate of Appropriateness for approval to demolish an existing, historic one story structure at 928 W Commerce constructed circa 1915. The applicant has proposed to demolish this structure and to replace it with a structure that is comparable in massing and square footage. The applicant received approval to demolish to additions to this one story structure on August 6, 2014, and received a Certificate of Appropriateness for the redevelopment of the property on November 19, 2014.

APPLICABLE CITATIONS:

UDC Section 35-614. – Demolition

Demolition of a historic landmark constitutes an irreplaceable loss to the quality and character of the City of San Antonio. Accordingly, these procedures provide criteria to prevent unnecessary damage to the quality and character of the city's historic districts and character while, at the same time, balancing these interests against the property rights of landowners.

- (a) Applicability. The provisions of this section apply to any application for demolition of a historic landmark (including those previously designated as historic exceptional or historic significant) or a historic district.
 - (3)Property Located in Historic District and Contributing to District Although Not Designated a Landmark. No certificate shall be issued for property located in a historic district and contributing to the district although not designated a landmark unless the applicant demonstrates clear and convincing evidence supporting an unreasonable economic hardship on the applicant if the application for a certificate is disapproved. When an applicant fails to prove unreasonable economic hardship in such cases, the applicant may provide additional information regarding loss of significance as provided is subsection (c)(3) in order to receive a certificate for demolition of the property.
- (b)Unreasonable Economic Hardship.
 - (1)Generally. The historic and design review commission shall be guided in its decision by balancing the historic, architectural, cultural and/or archaeological value of the particular landmark or eligible landmark against the special merit of the proposed replacement project. The historic and design review commission shall not consider or be persuaded to find unreasonable economic hardship based on the presentation of circumstances or items that are not unique to the property in question (i.e. the current economic climate).
 - (2)Burden of Proof. The historic and design review commission shall not consider or be persuaded to find unreasonable economic hardship based on the presentation of circumstances or items that are not unique to the property in question (i.e. the current economic climate). When a claim of unreasonable economic hardship is made, the owner must prove by a preponderance of the evidence that:
 - A. The owner cannot make reasonable beneficial use of or realize a reasonable rate of return on a structure or site, regardless of whether that return represents the most profitable return possible, unless the highly significant endangered, historic and cultural landmark, historic and cultural landmarks district or demolition delay designation, as applicable, is removed or the proposed demolition or relocation is allowed;
 - B. The structure and property cannot be reasonably adapted for any other feasible use, whether by the current owner or by a purchaser, which would result in a reasonable rate of return; and
 - C. The owner has failed to find a purchaser or tenant for the property during the previous two (2) years, despite

having made substantial ongoing efforts during that period to do so. The evidence of unreasonable economic hardship introduced by the owner may, where applicable, include proof that the owner's affirmative obligations to maintain the structure or property make it impossible for the owner to realize a reasonable rate of return on the structure or property.

(3)Criteria. The public benefits obtained from retaining the cultural resource must be analyzed and duly considered by the historic and design review commission.

As evidence that an unreasonable economic hardship exists, the owner may submit the following information to the historic and design review commission by affidavit:

A. For all structures and property:

- i. The past and current use of the structures and property;
- ii. The name and legal status (e.g., partnership, corporation) of the owners;
- iii. The original purchase price of the structures and property;
- iv. The assessed value of the structures and property according to the two (2) most recent tax assessments;
- v. The amount of real estate taxes on the structures and property for the previous two (2) years;
- vi. The date of purchase or other acquisition of the structures and property;
- vii. Principal balance and interest rate on current mortgage and the annual debt service on the structures and property, if any, for the previous two (2) years;
- viii. All appraisals obtained by the owner or applicant within the previous two (2) years in connection with the owner's purchase, financing or ownership of the structures and property;
- ix. Any listing of the structures and property for sale or rent, price asked and offers received;
- x. Any consideration given by the owner to profitable adaptive uses for the structures and property;
- xi. Any replacement construction plans for proposed improvements on the site;
- xii. Financial proof of the owner's ability to complete any replacement project on the site, which may include but not be limited to a performance bond, a letter of credit, a trust for completion of improvements, or a letter of commitment from a financial institution; and
- xiii. The current fair market value of the structure and property as determined by a qualified appraiser.
- xiv. Any property tax exemptions claimed in the past five (5) years.

B. For income producing structures and property:

- i. Annual gross income from the structure and property for the previous two (2) years;
- ii. Itemized operating and maintenance expenses for the previous two (2) years; and
- iii. Annual cash flow, if any, for the previous two (2) years.
- C. In the event that the historic and design review commission determines that any additional information described above is necessary in order to evaluate whether an unreasonable economic hardship exists, the historic and design review commission shall notify the owner. Failure by the owner to submit such information to the historic and design review commission within fifteen (15) days after receipt of such notice, which time may be extended by the historic and design review commission, may be grounds for denial of the owner's claim of unreasonable economic hardship.

When a low-income resident homeowner is unable to meet the requirements set forth in this section, then the historic and design review commission, at its own discretion, may waive some or all of the requested information and/or request substitute information that an indigent resident homeowner may obtain without incurring any costs. If the historic and design review commission cannot make a determination based on information submitted and an appraisal has not been provided, then the historic and design review commission may request that an appraisal be made by the city.

(d)Documentation and Strategy.

- (1)Applicants that have received a recommendation for a certificate shall document buildings, objects, sites or structures which are intended to be demolished with 35mm slides or prints, preferably in black and white, and supply a set of slides or prints to the historic preservation officer.
- (2)Applicants shall also prepare for the historic preservation officer a salvage strategy for reuse of building materials deemed valuable by the historic preservation officer for other preservation and restoration activities.
- (3)Applicants that have received an approval of a certificate regarding demolition shall be permitted to receive a demolition permit without additional commission action on demolition, following the commission's recommendation of a certificate for new construction. Permits for demolition and construction shall be issued simultaneously if requirements of section 35-609, new construction, are met, and the property owner provides financial proof of his ability to complete the project.
- (4)When the commission recommends approval of a certificate for buildings, objects, sites, structures designated as landmarks, or structures in historic districts, permits shall not be issued until all plans for the site have received

approval from all appropriate city boards, commissions, departments and agencies. Permits for parking lots shall not be issued, nor shall an applicant be allowed to operate a parking lot on such property, unless such parking lot plan was approved as a replacement element for the demolished object or structure.

(e)Issuance of Permit. When the commission recommends approval of a certificate regarding demolition of buildings, objects, sites, or structures in historic districts or historic landmarks, permits shall not be issued until all plans for the site have received approval from all appropriate city boards, commissions, departments and agencies. Once the replacement plans are approved a fee shall be assessed for the demolition based on the approved replacement plan square footage. The fee must be paid in full prior to issuance of any permits and shall be deposited into an account as directed by the historic preservation officer for the benefit, rehabilitation or acquisition of local historic resources. Fees shall be as follows and are in addition to any fees charged by planning and development services:

0—2,500 square feet = \$2,000.00 2,501—10,000 square feet = \$5,000.00 10,001—25,000 square feet = \$10,000.00 25,001—50,000 square feet = \$20,000.00 Over 50,000 square feet = \$30,000.00

FINDINGS:

- a. The applicant received a Certificate of Appropriateness for approval to demolish a non-contributing rear addition to the contributing one story brick structure at 928 W Commerce on August 6, 2014. On November 19, 2014, the applicant received conceptual approval for the rehabilitation of the one story brick structure, a three story brick structure and the construction of a new three story structure and above ground parking structure.
- b. A a request for the demolition of the one story brick structure was listed on the Historic and Design Review Commission's May 20, 2015, agenda, however, due to the inability to hold a quorum, this request was not heard. Staff's recommendation at that time was for the applicant to rehabilitate the existing structure.
- c. Final approval for the rehabilitation of the one story brick structure, a three story brick structure and the construction of a new three story structure and above ground parking garage was given on June 17, 2015. Also at that meeting, the request to demolish the one story structure was withdrawn by the applicant. Staff recommendation at that time was for the applicant to provide staff and the HDRC with a structural report as well as information showing the exploration of local, state and federal tax incentives that would relieve or offset the cost of rehabilitation over the cost of demolition and new construction.
- d. At this time, the applicant is requesting to demolish the one story brick structure, primarily a one story brick wall constructed in 1917. The applicant has noted that a new one story brick structure will be constructed to replace the demolished structure.
- e. Generally, property owners are encouraged to explore ways to incorporate historic and contributing buildings into new developments. Rehabilitation work for designated buildings is eligible for local, state and federal tax incentives. Demolition should always be a last resort.
- f. The loss of a historic landmark constitutes an irreplaceable loss to the quality and character of San Antonio. Demolition of any contributing buildings should only occur after every attempt has been made, within reason, to successfully reuse the structure. Clear and convincing evidence supporting an unreasonable economic hardship on the applicant if the application for a certificate is disapproved must be presented by the applicant in order for demolition to be considered. The criteria for establishing unreasonable economic hardship are listed in UDC Section 35-614 (b)(3). The applicant must prove by a preponderance of the evidence that:
 - A. The owner cannot make reasonable beneficial use of or realize a reasonable rate of return on a structure or site, regardless of whether that return represents the most profitable return possible, unless the highly significant endangered, historic and cultural landmark, historic and cultural landmarks district or demolition delay designation, as applicable, is removed or the proposed demolition or relocation is allowed;

[The applicant claims that without the demolition of the contributing structure at 928 W Commerce, the owner would not be able to develop an economically viable project. The total estimated cost to restore the existing one story structure is \$673,530. The cost to demolish and construct a new, comparable structure is \$289,010. The difference of \$384,520 is one that the applicant feels would not be economically feasible for the owner. The applicant has stated that the difference of \$384,520 is substantial to CHCS, a government entity whose goal is not to realize a reasonable rate of return, but to serve the community. The applicant has also stated that the saving of approximately \$385,000 could be used to hire additional medical staff or to treat patients. According to Bexar County Appraisal District, the property was appraised at \$2,187,800 in 2014.]

B. The structure and property cannot be reasonably adapted for any other feasible use, whether by the current owner or by a purchaser, which would result in a reasonable rate of return;

[Currently, the property at 928 W Commerce is to become the Center for Health Care Services, Westside Clinic. The applicant has stated that the existing wall could be preserved, but at an unreasonable cost to CHCS.

C. The owner has failed to find a purchaser or tenant for the property during the previous two (2) years, despite having made substantial ongoing efforts during that period to do so. The evidence of unreasonable economic hardship introduced by the owner may, where applicable, include proof that the owner's affirmative obligations to maintain the structure or property make it impossible for the owner to realize a reasonable rate of return on the structure or property.

[While the applicant has not actively marketed the property to potential purchasers, this property has had multiple owners in the past several years who have not successfully redeveloped the site. The applicant has stated that the owner has no intention of selling the property and that the property was purchased with the intention of redeveloping the property. With the demolition of the one story brick structure, the owner believes an economically feasible development would occur.]

- g. Staff finds that the applicant has presented information toward proving an economic hardship including information regarding the structural integrity of the existing, original wall. Per the provided structural report, the original wall must be braced and is currently not attached to the existing structure. The applicant has stated that the wall is currently supported by non original structural features, including the steel roof.
- h. Staff finds that the applicant has presented information toward proving an economic hardship, however at this time, the applicant has not provided staff with information regarding the exploration of local, state and federal tax incentives that would relieve or offset the cost of rehabilitation over the cost of demolition and new construction.
- i. The property is traversed by a previously recorded archaeological site, 41BX620, the Alazan Acequia. The Alazan Acequia is also a designated City of San Antonio landmark. Therefore, archaeological investigations shall be required for the project area.

RECOMMENDATION:

At this time, staff does not recommend approval based on findings e through h. Staff recommends that the applicant provide staff with information regarding the exploration of local, state and federal tax incentives that would relieve or offset the cost of rehabilitation over the cost of demolition and new construction.

CASE MANAGER:

Edward Hall





Flex Viewer

Powered by ArcGIS Server

Printed:Jul 28, 2015

The City of San Antonio does not guarantee the accuracy, adequacy, completeness or usefulness of any information. The City does not warrant the completeness, timeliness, or positional, thematic, and attribute accuracy of the GIS data. The GIS data, cartographic products, and associated applications are not legal representations of the depicted data. Information shown on these maps is derived from public records that are constantly undergoing revision. Under no circumstances should GIS-derived products be used for final design purposes. The City provides this information on an "as is" basis without warranty of any kind, express or implied, including but not limited to warranties of merchantability or fitness for a particular purpose, and assumes no responsibility for anyone's use of the information.



Where hope and healing begin.

928 W. Commerce

Request to Demolish One-Story Wall Located Within Cattleman Square Historic District







Center for Health Care Services



- The Center for Health Care Services ("CHCS") is a Local Mental Health Authority of the Texas Department of State Health Services ("DSHS").
- Local Mental Health Authorities are locally governed components of DSHS.
- CHCS has been delegated the responsibly of providing mental health, substance abuse and intellectual and development disability services to residents of Bexar County (approximately 1.8 million people).

928 W. Commerce



In 2012 CHCS purchased the property at 928 W. Commerce to develop a new integrated care clinic. This location was selected due to a need for mental and other health services in the surrounding area.



928 W. Commerce Project Plans





Site Map



Wall Requesting to remove

One Story
Building –
approved to be
demolished

Grand Central Hotel

– to be restored and
rehabilitated

Rear portion of building - already removed



928 W. Commerce Project Plans





928 W. Commerce Project Plans





Commerce & Frio Perspective

928 W. Commerce HDRC Action

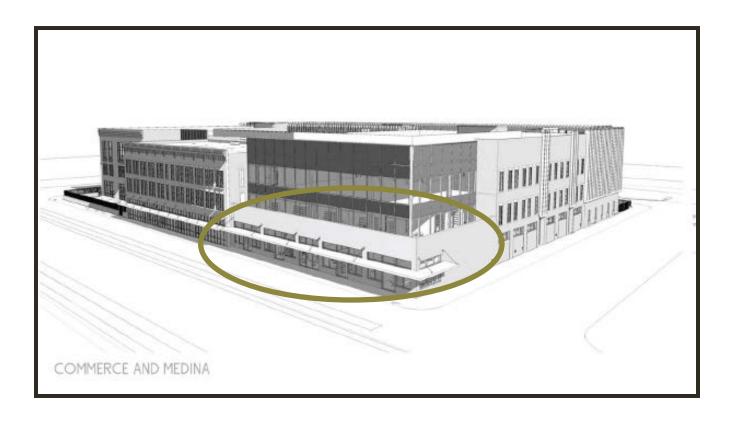


- On June 17, 2015 the HDRC approved a Certificate of Appropriateness to:
 - Restore and rehabilitate a 3-story red brick building (former Grand Central Hotel; designated as a Historic Landmark)
 - □ Construct a new 122,000 sq. ft. clinic
 - Construct a new 130,000 sq. ft. parking garage

928 W. Commerce Demolition Request



 CHCS requests a Certificate of Appropriateness to demolish the one-story wall of the building at Commerce and Medina and to replace it with a similar structure



One Story Wall



- The wall is part of a building constructed in approximately 1917. The wall is located on a building within Cattleman Square Historic District; the wall is not a designated Historic Landmark.
- The history of the building is unknown.
- The wall is currently supported by the building "system" and is only standing today due to building modifications that occurred much later than 1917 (for example, the steel roof).

Structural Engineer Letter

The structural engineer's letter states that the wall must be braced and is not attached to the existing structure.



Richard M. Chetter, P.E. Ronald A. Podojil, P.E. Richard D. Roll, P.E., SECB

April 27, 2015

Mr. James Sterner, AIA

Muñoz and Company 1017 N Main, Ste 300 San Antonio, TX 78209

Re: The Center for Healthcare Services Existing historic Building 928 W. Commerce

Mr. Sterner,

Be advised, in our opinion several items need to be addressed as soon as possible.

- The exterior brick veneer located on the southwest corner of the existing single story building does not
 appear to be supported or attached to the existing structure. This wall shall be braced.
- A crack was observed in the load bearing brick wall above a door opening on the northeast corner of the three-story building. This opening shall be shored until the crack can be repaired.
- Install a temporary diaphragm on the second and third floor framing. See the enclosed drawing.
 - The temporary diaphragm shall be made of ¾* plywood,
 - Fasten the plywood to the existing floor framing with 1 ½" wood panel fasteners. The
 fasteners shall be spaced at 6" o.c. along the perimeter of the plywood sheets and 12" o.c. in
 the field.
 - Additional blocking or 2x12 floor joists maybe required to achieve the fastening patterns.

Let me know if you need additional information.

Fred A Poly , NE.

Sincerely.

Ronald A. Podojil, P.E.

R-S-C-R, INC.

Encl.

1950 LA MANDA BLVD. SA

SAN ANTONIO, TEXAS 78201

P: (210) 340-7973

F: (210) 366-2324

One Story Wall Commerce View





One Story Wall Commerce View









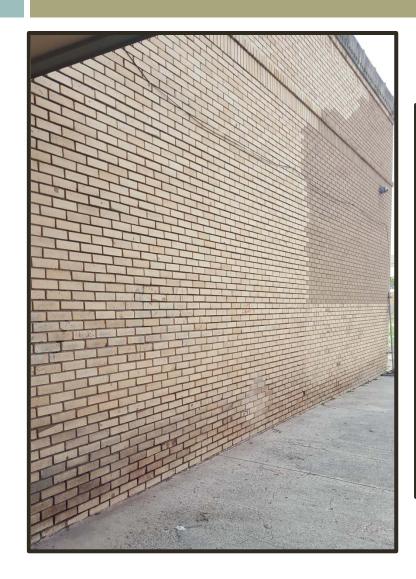
One Story Wall Medina View





One Story Wall Medina View







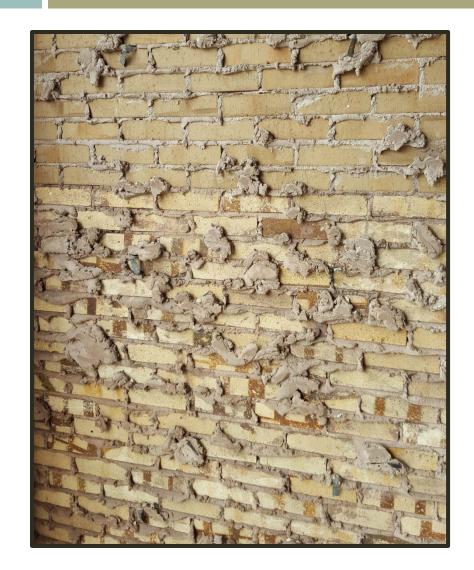
One Story Wall Interior View





One Story Wall Interior View







UDC Demolition



In the Cattleman
Square Historic District,
the applicant (CHCS)
must establish that
retaining the wall
results in an
unreasonable economic
hardship.

Sec. 35-614. - Demolition.

Demolition of a historic landmark constitutes an irreplaceable loss to the quality and character of the City of San Antonio. Accordingly, these procedures provide criteria to prevent unnecessary damage to the quality and character of the city's historic districts and character while, at the same time, balancing these interests against the property rights of landowners.

- (a) Applicability. The provisions of this section apply to any application for demolition of a historic landmark (including those previously designated as historic exceptional or historic significant) or a historic district.
 - (1) Historic Landmark. No certificate shall be issued for demolition of a historic landmark unless the applicant demonstrates clear and convincing evidence supporting an unreasonable economic hardship on the applicant. In the case of a historic landmark, if an applicant fails to prove unreasonable economic hardship, the applicant may provide to the historic and design review commission additional information regarding loss of significance as provided is subsection (c)(3) in order to receive a historic and design review commission recommendation for a certificate for demolition.
 - (2) Entire Historic District. If the applicant wishes to demolish an entire designated historic district, he has to provide clear and convincing evidence of economic hardship on the applicant if the application for a certificate is to be approved.
 - (3) Property Located in Historic District and Contributing to District Although Not Designated a Landmark. No certificate shall be issued for property located in a historic district and contributing to the district although not designated a landmark unless the applicant demonstrates clear and convincing evidence supporting an unreasonable economic hardship on the applicant if the application for a certificate is disapproved. When an applicant fails to prove unreasonable economic hardship in such cases, the applicant may provide additional information regarding loss of significance as provided is subsection (c)(3) in order to receive a certificate for demolition of the property.

Economic Hardship



As previously mentioned, CHCS is a Local Mental Health Authority of the State of Texas. Per the Texas Department of State Health Services:

Each LMHA is also required to consider public input, the ultimate cost-benefit, and client care issues to:

- Ensure consumer choice and the best use of public money in assembling a network of service providers and determining whether to become a provider of service or to contract that service to another organization, and
- In making recommendations relating to the most appropriate and available treatment alternatives for individuals in need of mental health or mental retardation services.
- As a Local Mental mealth Authority, CTC3 is required by State law to use federal and state funds in Bexar County for:
 - 1) community mental health and intellectual/developmental disability (IDD) services
 - 2) chemical dependency services

Economic Hardship



- CHCS is governmental entity
- CHCS receives federal, state, and local funding. The local funding is from Bexar County and the University Health System.
- In 2014 CHCS ranked 36 out of 38 Local Mental Health Authorities in the State of Texas in terms of funding per capita
 - The highest LMHA per capita rate for 2014 was \$32.59. CHCS received \$13.71.
- Construction of the new clinic will be financed with tax exempt and traditional financing. The clinic operations will support the debt service.

Economic Hardship UDC §35-614(b)(2)A



Sec. 35-614, - Demolition.

- (b) Unreasonable Economic Hardship.
 - (2) Burden of Proof.
 - A. The owner cannot make reasonable beneficial use of or realize a reasonable rate of return on a structure or site, regardless of whether that return represents the most profitable return possible, unless the highly significant endangered, historic and cultural landmark, historic and cultural landmarks district or demolition delay designation, as applicable, is removed or the proposed demolition or relocation is allowed;
 - The costs associated with preserving the wall are addressed on the following page. Please note that CHCS is a **governmental entity** whose goal is not to "realize a reasonable rate of return", but to serve the local community.

Removal of Wall - Cost



The Center for Health Care Services - Westside Clinic - 928 W. Commerce St.

Cost to restore existing 1 story building wall at the comer of Commerce and Medina:

Mold Abatement at Wall	3,784	SF	18,920
Lead Abatement at Wall / Windows	6	EA	1,500
Demo Sidewalk for Deadman	2,067	SF	8,268
Remove Canopy Struc - 942 SF	4	wks	18,045
Pour Deadmen for Bracing	35	EA	14,000
Bracing of Wall	35	EA	73,369
Structural Support / Bolts for Bracing	35	EA	16,559
Temporary Walkway	212	LF	46,825
Sidewalk Rental	1	LS	39,380
Street Rental - for Temp Walkway	1	LS	47,257
Concrete Beam Support	172	LF	39,539
Demo Struc Steel Frame / Brace Existing Roof	2,580	SF	38,700
Demo Struc Slab	2,580	SF	30,960
Saw Cut Struc Slab	172	LF	1,720
Haul Off	191	CY	5,733
Demo Existing Demo of Discolored Brick	1,100	SF	16,500
Replace Discolored Brick	1,100	SF	19,800
Repoint Brick	3,784	SF	37,840
Replace Brick	946	SF	17,028
Clean existing brick	3,784	SF	9,460
Brick Sealer	3,784	SF	5,676
Build new Canopy Struc	943	SF	153,038
Erect new Canopy Struc	943	SF	9,543
Tie in Roof to Wall	172	LF	3.870
TOTAL	·		673,530

Cost to construct new 1 story wall at the comer of Commerce and Medina:

Misc Demo			10,000
Build new Canopy Struc	943	SF	153,038
Erect new Canopy Struc	943	SF	9,543
Remove Canopy Struc - 942 SF	4	wks	18,045
Back up drywall partition	3,784	SF	24,596
waterproofing	3,784	SF	5,676
Brick veneer	3,784	SF	68 112
TOTAL			289,010



Removal of Wall - Cost



- □ The estimated cost of restoring and rehabilitating the wall is \$673,530.
- □ The estimated cost to remove and reconstruct the wall is \$289,010.
- □ The difference of \$384,520 is a very significant cost to a CHCS, which is a governmental entity that is funded through federal, state, and local dollars. This public money could be used to hire additional medical staff or to treat patients in need of services that they cannot afford.

Economic Hardship UDC §35-614(b)(2)B



B. The structure and property cannot be reasonably adapted for any other feasible use, whether by the current owner or by a purchaser, which would result in a reasonable rate of return; and

- CHCS purchased the property with the intent to develop it for a new clinic and associated services. The wall may be able to be preserved, but not reasonably. The cost is unreasonable to CHCS.
- Please note that CHCS is spending a significant amount of money preserving the Historic Landmark Grand Central Hotel next door.

Economic Hardship UDC §35-614(b)(2)C



- C. The owner has failed to find a purchaser or tenant for the property during the previous two (2) years, despite having made substantial ongoing efforts during that period to do so. The evidence of unreasonable economic hardship introduced by the owner may, where applicable, include proof that the owner's affirmative obligations to maintain the structure or property make it impossible for the owner to realize a reasonable rate of return on the structure or property.
- CHCS has no intentions of selling the property. They purchased it with the intent to redevelop a significantly underused parcel on the near west side. If successful, CHCS will fully restore the Grand Central Hotel and bring new development to the area.

Reconstructed Wall



- If the removal of the old wall is approved, CHCS intends to reconstruct the wall with a similar character and similar massing.
- A new awning similar in appearance to the existing awning will be added. The new windows will be in locations similar to the existing windows.

Existing Wall





Proposed Wall







