Legislation Text

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TO:
Honorable Mayor and Members of the City Council

THROUGH:
Bruce Moe, City Manager

FROM:
Anne McIntosh, Community Development Director
Laurie Jester, Planning Manager
Angelica Ochoa, Associate Planner

SUBJECT:
Consider Designating 2820 Highland Avenue as a Historic Landmark and Approving a Mills Act Contract (Community Development Director McIntosh).
ADOPT RESOLUTION NO. 19-0014

RECOMMENDATION:
Staff recommends that the City Council adopt Resolution No. 19-0014 designating 2820 Highland Avenue as a historic landmark and approving a Mills Act contract.

FISCAL IMPLICATIONS:
If the Mills Act contract is approved for the subject property, a reduction of approximately $10,000 per year of property taxes is anticipated. The City's portion of this reduction is about 15% or $1,500 annually. However, the Los Angeles County Assessor (Assessor) will review, analyze, and determine the final calculation for property tax reduction to the property owner.

BACKGROUND:
On February 16, 2016, the City Council adopted amendments to the Zoning Code to revise the Historic Preservation regulations, Chapter 10.86, to designate historic landmarks throughout the City, with owner's consent. The Historic Preservation regulations are intended to identify buildings, structures, and sites that are of particular historic or cultural significance and define the City's heritage and historic development.

On March 20, 2018, the City Council adopted the Mills Act Program, Resolution No. 18-0034, and associated fees. A Mills Act Program provides property tax reductions to property owners who agree to invest in the preservation and rehabilitation of qualifying historic properties through a Preservation Agreement. The Preservation Agreement allows the owner to receive a reduction in property taxes in exchange for the property owner's commitment to repair, restore, rehabilitate, or otherwise maintain the historic property.

Proposed Historic Landmark Designation Application
The owners of the subject property, Chris and Annette Pickens, submitted an application for historic

landmark status on June 25, 2018, to the Community Development Department. In addition, a Historic Resource Identification Form, prepared by Arroyo Resources consulting firm, provides historic evidence that meets the local eligibility criteria and states why the subject property is historically significant. This report was submitted in support of the owner's historic nomination and application to the City. The existing subject site consists of a 1,432 square foot, two-story duplex residence located at the southeast corner of Highland Avenue and 29th Street, a walk street.

DISCUSSION:

Historic Landmark Designation Process

In order to request that a potential Historic Landmark be designated, the applicant must file an application with the Community Development Department with the required documentation. If the subject property meets certain criteria, staff will prepare a report for the Planning Commission to consider the Historic Landmark Designation at a noticed public hearing. The Planning Commission recommendation is forwarded to the City Council at a noticed public hearing for a final decision. Before the landmark designation is issued, the owner must consent to such designation. Once a property is designated a historic landmark, most changes to the exterior, as well as alterations and demolitions of structures on the property, are subject to the approval of a Certificate of Appropriateness by the Planning Commission or Director of Community Development.

Pursuant to the Historic Landmarks Designation procedures defined in Chapter 10.86 of the Manhattan Beach Municipal Code (MBMC), the application packet includes the following required information:

1. The assessor's parcel number and legal description of the site.
2. A description of the historic property and statement of how it qualifies under the criteria described in Section 10.86.070.
3. A detailed architectural description, enumerating the property's character-defining features, elevations, and spaces.
4. Construction chronology of the property, including history of major alterations/additions.
5. Ownership history.
6. A statement of significance describing why and how the property or feature meets the eligibility criteria of the Code including the area of significance, theme and period of significance.
7. Current photographs and (if available) historic photographs, maps, sketches, drawings, or other descriptive material as available to support the nomination.
8. The signature of the property owner(s) or their authorized agents, if the owner is the applicant.
9. Such other information as requested by the Commission or Director.

The application packet is included as Attachment 2.

Planning Commission

On September 26, 2018, the Planning Commission held a public hearing, took public testimony, discussed the item, and recommended to the City Council approval (4-0) of the subject property at 2820 Highland Avenue as a historic landmark in the City. The Planning Commission stated that the Historic Landmark designation process is significant and valuable to protect historic structures in the City. They supported approval of this first historic designation in the City based on the following criteria, as defined in Section 10.86.070(D):

Designation Criteria for Historic Landmarks

Historic Landmark-Criteria Findings:
In order to be eligible for consideration as a historic landmark, a subject property must be at least forty-five years old, must retain integrity from their period of significance, and must meet one or more of the seven aspects of historic integrity (location, design, setting, material, workmanship, feeling, and association). Historic landmarks must meet at least one of the following criteria:

1. It is or was once associated or identified with important events or broad patterns of development that have made a significant contribution to the social, political, cultural, or architectural history of the city, region, state, or nation.
2. It is or was once associated with an important person or persons who made a significant contribution to the history, development, and/or culture of the city, region, state, or nation.
3. It embodies the distinctive characteristics of a style, type, period, or method of construction.
4. It represents the work of a master, or possesses high artistic or aesthetic values.
5. It represents the last, best remaining example of an architectural type or style in a neighborhood or the city that was once common but it [is] increasingly rare.
6. It has yielded or has the potential to yield information important to the prehistory or history of the city, region, state, or nation.

The following statements describe some of the architectural and historical significance to the property based on the criteria set forth in Section 10.86.070.

2820 Highland Avenue - Built in 1932 by well-known and reputable city builders, the Daugherty brothers, and a Spanish Colonial Revival architectural style characteristic of the City's early history, one of the few remaining Spanish style homes in the City with integrity.

Based on the research and analysis submitted in the Historic Resource Identification Form, the subject property met the criteria in Section 10.86.070(D)(3), because "it embodies the distinctive characteristics of a style, type, period, or method of construction."

Per Section 10.86.080(E), after the Planning Commission makes a recommendation, the City Council is required to conduct a public hearing on the landmark nomination application and adopt a resolution approving, conditionally approving, or denying the application. All of the Planning Commission material is provided as Attachments.

Mills Act Contract
On June 25, 2018, the property owners submitted an application and the required documents for Mills Act consideration. A Mills Act contract provides an incentive in the form of a property tax reduction in exchange for the restoration, rehabilitation, and maintenance of historic properties. The property owners would like to apply for the Mills Act contract at the same time their property is being considered for historic designation by the City Council. The Mills Act contract is an agreement between the City and the owner of a designated historic landmark who agrees to preserve and maintain the property. The owner in turn will benefit for a reduction in property taxes, which should be used to offset costs to comply with the historic maintenance of the property. The Assessor's office values landmark property based on its current income potential, rather than future development potential.

The required submittal documents for Mills Act consideration include a proposed ten-year "rehabilitation, restoration and maintenance plan" for the property, estimated property tax calculation and any other materials, drawings or photographs. An estimated property tax calculation is provided as Attachment 6. Based on the current annual property taxes of $16,156.39, the estimated total tax annual savings to the property owner would be $10,338.21. The City's portion of this reduction is about 15% or $1,500 annually, or $15,000 for a ten-year period. The Assessor will do the final calculations and determine the actual reduced property taxes. The overall total expenses of proposed maintenance and rehabilitation work for ten years is $64,000. These expenses include remodel of the exterior building and exterior iron replacement, glass window replacement, interior replacement of Spanish floor tiles, repainting of the interior, and other renovations. The property owner also included a list of improvements totaling $41,000 that were completed after the purchase of the home in 2012.

The City's Historic Consultant has reviewed and evaluated all documents for Mills Act consideration and considered them to be adequate. These documents will be forwarded to the Assessor for final processing and execution of the Mills Act contract.

Staff is recommending that the City Council adopt Resolution No. 19-0014 approving the Mills Act application and upholding the Planning Commission's approval of the subject property, 2820 Highland Avenue as a Historic Landmark based on the Landmark designation criteria, Section 10.86.070(D)(3), because "it embodies the distinctive characteristics of a style, type, period, or method of construction."

PUBLIC OUTREACH/INTEREST:
After analysis, staff determined that public outreach, other than the required public hearing notice that was published in the paper and mailing of 500 foot radius to owners and residents, was not required for this issue.

ENVIRONMENTAL REVIEW:
Per the requirements of the California Environmental Quality Act (CEQA the establishment of the Program is exempt from the CEQA environmental review requirements pursuant to Section 15061(b)(3) of Title 14 of the California Code of Regulations. Further, the Mills Act Program would be categorically exempt from environmental review pursuant to section 15331 of the CEQA Guidelines, which exempts projects limited to maintenance, repair, stabilization, rehabilitation, restoration, preservation, conservation or reconstruction of historical resources in a manner consistent with the Secretary of the Interior's Standards for the Treatment of Historic Properties with Guidelines for Preserving, Rehabilitating, Restoring, and Reconstructing Historic Buildings in that it is a program that results in the preservation and maintenance of historic resources in exchange for property tax reductions. In addition, the Program is categorically exempt from CEQA, pursuant to CEQA Guidelines Section 15308 because it is an action by a regulatory agency (the City) to maintain, restore and protect the environment through protection of historical resources in the community.

LEGAL REVIEW:
The City Attorney has reviewed this report and determined that no additional legal analysis is necessary.

ATTACHMENTS:.
1. Resolution No. 19-0014

2. Mills Act Contract and Application
3. Planning Commission Staff Report and Attachments (September 26, 2018) (Web-Link Provided)
4. Planning Commission Minutes (September 26, 2018) (Web-Link Provided)
5. Public Comments (Received After September 20, 2018)
6. Public Comments (Postcards Received)
7. Property Tax Percentage Chart