



Administrative Report

H.13., File # 24-1317

Meeting Date: 10/29/2024

To: MAYOR AND CITY COUNCIL

From: MARC WIENER, COMMUNITY DEVELOPMENT DIRECTOR

TITLE

APPROVE HISTORIC PROPERTY PRESERVATION AGREEMENTS FOR THE PROPERTIES LOCATED AT 317 NORTH FRANCISCA AVENUE, 516 GARNET, AND 517 GARNET BEGINNING ON OCTOBER 29, 2024 FOR THE TERM OF TEN YEARS WITH AUTOMATIC RENEWAL EVERY YEAR THEREAFTER

The Mills Act is a State law that enables cities to enter into preservation agreements with the owners of officially designated historic buildings. In exchange for assuring continued preservation, property owners qualify for a property tax reduction. Proposed are agreements voluntarily sought by property owners at 317 North Francisca Avenue, 516 Garnet, and 517 Garnet. Each property was designated as a landmark by the Preservation Commission. As such, these properties qualify for consideration of a Historic Property Preservation Agreement (aka Mills Act Agreement).

BACKGROUND

Since October 1992, the City Council has supported the approval of Historic Property Preservation Agreements with owners of properties designated as Local Historic Landmarks. This program has become a major incentive for property owners to apply for Local Historic Landmark designation under the City's Preservation Ordinance and the number of Redondo Beach property owners interested in the Mills Act Program has increased each year as more property owners have become aware of its availability and benefits. The City Council is considering Historic Preservation Agreements for the following properties:

317 North Francisca Avenue

The property owner applied for Landmark Designation on September 1, 2023. The City's Historic Resources Survey identifies the property as a C-rated Colonial Revival property. C-rated structures tend to be very modest in design, but are often great contributors to historic districts. The design of this home is a blend of Craftsman with Colonial Revival details. Both of these architectural styles were popular in the City during the early 1900s and are well represented along North Francisca Avenue. These styles are also reflected in the adjacent Gertruda Avenue Historic District.

While the scale and design of this home are modest, the home does exhibit some valuable, character-defining features that have remained largely unaltered over the years. Because there are several original, designated homes along the 300 block of North Francisca Avenue, this property serves as a meaningful contributor to a potential historic district. This home was also owned by Dr. A. T. Hembree. Based on City records, he appeared to be an active member of the community in the early

1910s and 1920s. He was influential in creating the medical protocols for the emergency resolution adopted by the City during the Spanish Influenza epidemic. For the reasons noted above, the property merits designation as a local historic landmark, and the Preservation Commission granted landmark status on October 4, 2023.

516 Garnet

The property owner applied for Landmark Designation on April 20, 2023. The property is located on the southern side of Garnet Street, between South Francisca Avenue and South Guadalupe Avenue. The property exhibits many of the classic Craftsman character-defining features such as a prominent street-facing gable over a covered entry porch, wood windows, gable roof with exposed rafter ends, and exterior wood siding with trim. Craftsman is the most prevalent historic architectural style in Redondo Beach. The property merits designation as a local historic landmark, and the Preservation Commission granted landmark status on June 7, 2023.

517 Garnet

The property owner applied for Landmark Designation on August 7, 2023. The house is a small Bungalow reminiscent of the Craftsman style, and possesses some of the classic, character-defining features. The house exhibits wood trim and some wood accents, but the exterior is primarily stucco. The front sun porch has interior windows that appear to be original, thus, this space may have been enclosed after the home's original construction. The front elevation exhibits a street facing Dutch gable which is mirrored on the rear elevation. The house also has identical bay windows on the east and west sides of the building. The age and low-scale, cottage-like construction make this home a meaningful contributor to the potential historic district. The property merits designation as a local historic landmark, and the Preservation Commission granted landmark status on September 6, 2023.

Historic Property Preservation Agreement

The proposed Historic Property Preservation Agreements are identical to other agreements previously approved by the City Council. The following is a description of the most pertinent provisions of the agreement.

The Mills Act requires that the initial term of the Agreement be ten years. On the anniversary date of the Agreement, it is automatically renewed for an additional year so that it has a continual ten-year time horizon. The City or the owner may call for the Agreement to not be renewed prior to the established anniversary date. If this happens, the Agreement continues in effect until its current term expires, but the property will gradually be assessed more each year, incrementally raising the assessed value to match the market value until the Agreement expires.

The Agreement requires that the subject building be maintained and preserved in keeping with its historic character for the life of the Agreement. As a designated landmark, exterior alterations will be subject to review and approval by the Public Amenities Commission. The Mills Act requires the Agreement to "run with the property," and is binding for all subsequent property owners. The City may cancel the Agreement immediately (different from non-renewal) if it is found that the owner has failed to comply with the Agreement's terms, or if the structure has been allowed to deteriorate to the point where it is no longer a qualified historical structure. Cancellation carries with it a penalty equivalent to 12.5% of the property's full market value.

The primary benefit of the Agreement to the owners is the reassessment of the historic property by the County Assessor's Office based on a special formula within the Mills Act. The County Assessor,

however, will not determine the actual reduction in assessed value until after the Agreement is recorded.

Since the City's Historic Preservation Program is completely voluntary, it is dependent upon providing tangible incentives to property owners. The Mills Act is proving to be the primary incentive to encourage owners to list their homes as landmarks and fulfill the program's objective of preserving Redondo Beach's historic character and identity. Since older homes are often in need of more upkeep, the tax benefits of the Mills Act provide owners with additional resources to complete this work.

COORDINATION

The Agreements were coordinated with the City Attorney's Office.

FISCAL IMPACT

Based on reassessments, which have been made for other properties in Redondo Beach with Mills Act agreements, a typical residence would be reassessed at approximately 60% of its current market value. This would reduce the owners' annual property taxes by approximately 40%. The actual amount of the tax reduction is dependent upon the property's current assessed value. For example, if the property is currently valued at \$1,000,000, the reduced property assessment would be in the range of \$600,000.

The City currently receives 16.6% of the total property taxes collected on a given property. Based on the above, the annual loss in property tax revenue to the City would be approximately \$660 for a \$1,000,000 property reassessed at \$600,000. The total of the four properties would be approximately \$2,000.

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- Agmt - Historic Property Preservation Agreements with Landmark Resolutions, 317 North Francisca Avenue
- Application for Landmark Designation, 317 North Francisca Avenue
- Site Photos of Properties, 317 North Francisca Avenue
- Agmt - Historic Property Preservation Agreements with Landmark Resolutions, 516 Garnet Street
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