



Administrative Report

H.5., File # 24-1769

Meeting Date: 11/12/2024

To: MAYOR AND CITY COUNCIL

From: MARC WIENER, COMMUNITY DEVELOPMENT DIRECTOR

TITLE

APPROVE A HISTORIC PROPERTY PRESERVATION AGREEMENT FOR THE PROPERTY LOCATED AT 707 SOUTH BROADWAY BEGINNING NOVEMBER 12, 2024 FOR A TERM OF TEN YEARS AND AUTOMATIC RENEWAL EVERY YEAR THEREAFTER UNLESS TERMINATED

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. The proposed agreement is voluntarily and has been requested by property owners at 707 South Broadway, which was designated as a landmark by the City's Preservation Commission, and, as such, qualifies 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. The Mills Act 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 program has increased each year as more property owners have become aware of its availability and benefits.

At this time, recommended is a Historic Preservation Agreement for the property located at 707 South Broadway. The property owner applied for Landmark Designation on April 7, 2024. This address is listed in the City's Historic Resources Survey as an A-rated Craftsman structure. Per the survey, A-rated structures are considered to be "obvious examples of historically significant or notable structures indicated by distinctive architectural characteristics or age." The survey also notes a National rating of "3," which indicates that the property is considered eligible for designation in the National Register.

The design of the home is a prime example of the Craftsman style of architecture. Very few alterations have been made to the exterior of the main residence with the original shape and form of the home, including exterior materials, remaining intact. The Craftsman style is the most prevalent historic architectural style in the City and, as such, this property is representative of the early period of growth and development in Redondo Beach. Building records reflect permits issued for the residence in 1911, and the detached garage was built in 1961. The application materials indicate that this was the first house on this block, which is very possible. The permit was issued to Matilda

Boebinger, one of the few female real estate investors during the early development of the City. There is a Redondo Reflex article from 1913 where Matilda is praising Redondo Beach as an ideal community for investment, with the properties being more affordable and more desirable than other seaside communities. She owned at least five other properties in Redondo Beach. The property merits designation as a local historic landmark, and the Preservation Commission granted landmark status on May 1, 2024. Many of the homes in this area were built closer to the 1920s. There is another locally designated landmark located at 709 South Broadway, which was constructed in 1923.

The proposed Historic Property Preservation Agreement is 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 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 and the property will gradually increase in assessed value each year to match the current market value when 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 Mills Act formula. 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 on 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 Agreement was coordinated with the City Attorney's Office.

FISCAL IMPACT

Based on reassessments, which have been made for other properties in Redondo Beach pursuing 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.

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- Agmt - Historic Property Preservation Agreements with Landmark Resolutions, 707 South Broadway
- Application for Landmark Designation, 707 South Broadway
- Site Photos of Properties, 707 South Broadway