



Administrative Report

H.9., File # 25-1647

Meeting Date: 12/16/2025

To: MAYOR AND CITY COUNCIL

From: MARC WIENER, COMMUNITY DEVELOPMENT DIRECTOR

TITLE

APPROVE AN HISTORIC PROPERTY PRESERVATION AGREEMENT FOR THE PROPERTY LOCATED AT 519 SOUTH CATALINA FOR A TEN-YEAR TERM WITH AUTOMATIC ONE-YEAR RENEWALS

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. At this time, a Historic Property Preservation Agreement (aka Mills Act Agreement) is being sought for the property at 519 South Catalina, which was voluntarily designated as a Historic City Landmark on May 4, 1994.

BACKGROUND

Since October 1992, the City Council has supported the approval of Mills Act Agreements with owners of properties designated as Local Historic Landmarks. This program has become an incentive for property owners to apply for Local Historic Landmark designation under the City's Preservation Ordinance. 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 the program and its benefits. This item provides the opportunity for the City Council to consider a Historic Property Preservation Agreement for the following property:

519 South Catalina

The subject property is located at 519 South Catalina Avenue on the west side of the street, situated between Ruby Street to the north and Sapphire Street to the south. The site consists of a 2,819-square-foot primary residence and a 1,023-square-foot detached accessory structure located at the rear of the lot, which currently houses a garage and an Accessory Dwelling Unit (ADU).

Constructed in 1913 by local capitalist and politician Henry J. McNally, the residence is historically known as the "Gephart House." It is a representative example of Craftsman architecture, featuring a side gable roof, a distinctive central gable dormer, decorative knee braces, exposed rafter tails, and a full-width porch supported by elephantine posts on brick piers. Notable past residents include Walter Gephart (1917) and Frank Heischman (1931-1952).

Recognizing its architectural value, the Preservation Commission designated the property as a Local Landmark No. 19 on May 4, 1994.

Historic Property Preservation Agreement

The Mills Act requires that the initial term of the Historic Property Preservation 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 at a higher value 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 owner 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 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 Historic Property Preservation Agreement was prepared in coordination with the City Attorney's Office, as well as the property owner.

FISCAL IMPACT

Under the Mills Act agreement, a typical residence would be reassessed at approximately 60% of its current market value. The specific tax reduction is dependent upon the property's 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. As such, the property taxes (1.25% tax rate) would be reduced from approximately \$12,500 to \$7,500. The City currently receives 16.6% of the total property taxes collected on a given property. Based on the above calculations, the annual loss in property tax revenue to the City would be approximately \$800 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, 519 South Catalina
- Application for Certificate of Appropriateness for Landmark Designation, 519 South Catalina, April 29, 2025
- Site Photos of Property, 519 South Catalina
- Reso - Public Amenities Commission No. 2025-10-PA-05 Historic Landmark Designation, 519 S Catalina, October 8, 2025