



Administrative Report

H.10., File # 20-1541

Meeting Date: 10/20/2020

To: MAYOR AND CITY COUNCIL

From: BRANDY FORBES, COMMUNITY DEVELOPMENT DIRECTOR

TITLE

APPROVE HISTORIC PROPERTY PRESERVATION AGREEMENT WITH MELDIA INVESTMENT REALTY OF AMERICA INC FOR THE PROPERTY LOCATED AT 224 - 226 S BROADWAY BEGINNING ON OCTOBER 20, 2020 FOR THE TERM OF TEN YEARS WITH AUTOMATIC RENEWAL EVERY YEAR THEREAFTER

EXECUTIVE SUMMARY

The Mills Act is a State law that enables cities to enter into agreements with the owners of officially designated historical buildings. In exchange for assuring continued preservation, property owners qualify for a property tax reduction. The property located 224-226 S. Broadway was designated as a landmark by the Preservation Commission on March 4, 2020. As such, this property 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 under the City's preservation program. This action was taken so that the Preservation Commission could outwardly promote the Mills Act to Redondo Beach property owners. This program has become the 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 have become aware of its availability and attractiveness.

The property at 224 - 226 South Broadway is located on the eastern side of South Broadway, just north of Torrance Boulevard. The site is comprised of two tied lots for an overall width of 50 feet and a depth of 150 feet. There are five detached structures including four bungalows and one garage.

The subject property is listed in the City historic resources survey as C-rated California Bungalows built in 1920. According to the survey, "C" rated structures are buildings that "reveal much of their original architectural style [and are] not substantially altered. These buildings are fairly modest in architectural style and design..."

The residence at the very front of 224 S. Broadway exhibits some features of typical California Bungalows built during the early development of the City. The house is a simple rectangular shaped

structure with a small, covered entry porch. The house has heavy wood trim around the openings and building edges as well as horizontal wood siding throughout. The roof has a main gable open to the street with vertical wood slats for the attic vent. The entry porch includes a small open gable which matches the pitch of the main gable and includes a decorative wooden design within the gable. This entry porch appears to be altered as it encroaches on the window trim below. The other street-facing structure is a detached two-car garage, which is located to the south of the 224 residence and on the 226 S. Broadway lot. There is a long driveway leading to the garage and it provides access to the site from Broadway.

Architecturally, the structures all exhibit exterior wood siding and heavy wood trim. All of the bungalows have an entry porch, though, most of them have more recent tile work which is proposed to be removed as part of the restoration project. The unit at 224B does not visually match the other bungalows as it exhibits an awkward roof line, a side porch entering into the kitchen space (instead of a true entry space), and a low interior ceiling. The true history of that particular building is unclear, though, the exterior materials appear to be a similar age as the other structures. The exterior materials on the garage appear to be more recent than those on the habitable structures. The garage has both vertical and horizontal siding, both of which were poorly maintained. From the street view, one can see that the garage still utilizes carriage doors.

Contextually, this property is adjacent to locally designated landmarks at 220 and 222 S. Broadway. There are also potential historic buildings located at 204, 216, 218 and 228. Across the street, there may be historic structures at 207 and 215 S. Broadway. Given the property's proximity to other original structures, this site has the potential to be a contributing member to a future historic district.

This site exhibits a type and style of development that was popular in the early development of Redondo Beach. These California Bungalows harken to a time when the City transitioned from a bustling wharf to a vacation destination. With the ties to the Boaz family and the various mentions of their happenings within the City, there appears to be some significance to Laura Boaz's contribution to the Redondo Reflex, particularly as "a pioneer Redondoan". Lastly, with its neighboring properties also dating back to the same era, this site is a contributing property to a potential historic district.

The Preservation Commission granted landmark status to the property on March 4, 2020.

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 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 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 Preservation Commission. The Mills Act requires the

agreement to "run with the property," and is binding upon subsequent property owners. The City may cancel the contract 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 percent of the property's full market value.

The primary benefit of the agreement to the owners is the reassessment of the historical 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 that is encouraging 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 toward this objective.

COORDINATION

The preparation of the Historic Property Preservation Agreement has been 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 percent 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:

Joe Hoefgen, City Manager

ATTACHMENTS

Property Photographs

Historic Property Preservation Agreement with Resolution of Landmark Designation