



Administrative Report

H.8., File # 21-3006

Meeting Date: 9/21/2021

To: MAYOR AND CITY COUNCIL

From: BRANDY FORBES, COMMUNITY DEVELOPMENT DIRECTOR

TITLE

APPROVE CORRECTED HISTORIC PROPERTY PRESERVATION AGREEMENT WITH MOHAMMAD NAMVAR, OWNER, FOR THE PROPERTY LOCATED AT 724 N. IRENA AVENUE WHICH BEGAN ON MAY 21, 2019 FOR THE TERM OF TEN YEARS WITH AUTOMATIC RENEWAL EVERY YEAR THEREAFTER

EXECUTIVE SUMMARY

The City Council approved an Historic Preservation Agreement for 724 N. Irena Avenue on May 21, 2019. That agreement contained a typo in the legal description within Exhibit A, and the City was asked by the Los Angeles County Assessor to correct the error. The County has applied the property tax reassessment, and the attached agreement will correct the record. All other terms of the agreement remain effective, including the initial start date.

BACKGROUND

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 at 724 N. Irena Avenue was designated as a landmark by the Preservation Commission on March 6, 2019. As such, this property qualifies for consideration of a Historic Property Preservation Agreement (aka Mills Act Agreement).

The home at 724 N. Irena Avenue is identified in the City's Historic Resources Survey as a B-rated Colonial Revival structure. This type of architecture was popular between 1900 to 1912. Referred to as the "classic box," Colonial Revival homes often have a square or rectangular floor plan, include a Dutch gable or a roof with dormers, exhibit symmetrical wood-framed windows, have narrow clapboard siding, and tend to have an entry pediment with decorative porch column. The subject home clearly exhibits these characteristics. In Staff's opinion, the home also features elements of Craftsman design. It has a simple, box-like floor plan, roof dormers, and exterior horizontal wood siding.

Per the Los Angeles County Assessor, the existing residence was built in 1907. City Building records show that the original detached garage was built in 1926 and a new front porch was constructed in 1934. A garage addition was later built in 1962.

The home reflects various types of architectural influences that were prevalent during the early

development of the City. The structure reflects elements of the City's cultural, social, and economic history, and serves as a valuable historical resource to the community. At its meeting of March 6, 2019, the Preservation Commission adopted a resolution granting the property Local Historic Landmark designation.

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 correction to the Historic Property Preservation Agreement has been prepared by 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

Corrected Historic Property Preservation Agreement 724 N. Irena Avenue

Original Historic Property Preservation Agreement 724 N. Irena Avenue

Email from Los Angeles County Assessor regarding Exhibit A error