

HISTORIC RESOURCE COMMISSION
MEETING MINUTES

Regular Meeting

December 17, 2008

The regular meeting of the Coronado Historic Resource Commission was called to order at 3:05 p.m., Wednesday, December 17, 2008, at the Coronado City Hall Council Chambers, 1825 Strand Way, Coronado, California, by Chairperson MacCartee.

MEMBERS PRESENT: Commissioners Crenshaw, Jones, MacCartee, O'Brien and St. Denis

MEMBERS ABSENT: None

STAFF PRESENT: Ann McCaull, Associate Planner
Martha L Alvarez, Recording Secretary

APPROVAL OF MINUTES

The minutes of December 3, 2008, were approved as submitted.

DIRECTOR'S REPORT

Director McCaull reported that at yesterday's City Council meeting, Council approved the Historic Alteration Permit for the property located at 1427 Fifth Street, as recommended by the Historic Resource Commission.

Director McCaull then introduced and welcomed Rachel A. Hurst, the new Director of Community Development, Redevelopment & Housing Services for the City.

ORAL COMMUNICATIONS AND OTHER MATTERS

None.

PUBLIC HEARINGS

HRPA 6-08 **DONALD HUBBARD** – Request for Historic Preservation Mills Act Agreement for the historically designated residence addressed as 1022 Park Place and located in the R-3 (Multiple Family Residential) Zone.

Ms. McCaull introduced the staff report as outlined in the agenda. On April 2, 2008, the Historic Resource Commission designated 1022 Park Place as a Coronado Historic Resource. One of the benefits of having the property designated as an Historic Resource is that the property owner is then eligible to apply to the City of Coronado for a Historic Resource Preservation (Mills Act) Agreement.

An Historic Resource Preservation Agreement is a contract between the property owner and the City, wherein the property owner agrees to preserve, and when necessary, restore and rehabilitate a designated historic resource throughout the term of the ten (10) year agreement. In exchange, the property owner receives a reduction in property taxes.

The Historic Preservation Ordinance directs that at a noticed public hearing “the Historic Resource Commission shall consider the proposed list of improvements, make recommendations for amendments to said list, and make a recommendation to the City Council regarding the proposed list of improvements”. The City Council has the approval authority over the Historic Preservation Agreement.

This agreement is unique in that the property owner has owned the property prior to Prop 13. As a result of the County Assessor completing the Mills Act estimate, the owner will not see any savings in property tax with the Agreement. However, future owners of the property would see a property tax reduction. The County Assessor’s office always uses the lowest valuation; therefore, with the agreement, the assessor will continue to use the lower (Prop 13) value rather than the Mills Act valuation. During the ten-year period of the agreement, the property owner is not planning to undertake any improvements other than general maintenance.

Chairperson MacCartee asked if the applicant’s heirs may benefit from a property tax reduction.

Director McCaull responded that the Mills Act Agreements runs with the property so the new owner would receive the benefit. Heirs have the option of filing a form with the County Assessor’s Office which would entitle them to retain the parents’ tax rate.

PUBLIC COMMENT

The applicant, Donald Hubbard, 1022 Park Place, asked questions about the Mills Act property tax benefits available to his heirs.

Director McCaull explained the benefits to Mr. Hubbard.

Bruce Coons, Executive Director, Save Our Heritage Organization (SOHO), 51 Aruba Bend, asked about the placement of this item on the Mills Act List because it has no fiscal impact.

Director McCaull said the Commission will be prioritizing this item on the List and it will be forwarded to City Council for review as there is no immediate fiscal impact.

COMMISSION DISCUSSION

Vice Chair O’Brien asked about the significant changes made to the home’s façade and whether these changes may affect the valuation of the home as a Mills Act house versus an historic house.

Mr. Coons said most of the changes appeared to have taken place before 1940 so this should be

taken into consideration. He added that he considers this home to be great and unique.

Commissioner St. Denis noted the staff report stated that the changes occurred in 1925.

Mr. Coons said the changes to the home do not detract from the home's integrity.

Commissioner St. Denis commented that the home is located in the R-3 zone.

COMMISSION ACTION

CHAIRPERSON MACCARTEE MADE A MOTION TO FORWARD THE HISTORIC RESOURCE PRESERVATION AGREEMENT APPLICATION TO THE CITY COUNCIL WITH THE APPROVED LIST OF IMPROVEMENTS FOR 1022 PARK PLACE (HRPA 6-08) AS FOLLOWS: GENERAL MAINTENANCE OF THE RESIDENCE.

COMMISSIONER CRENSHAW SECONDED THE MOTION.

AYES: Commissioners Crenshaw, Jones, MacCartee, O'Brien, and St. Denis.

NAYS: None.

ABSENT: None.

ABSTAIN: None.

The motion passed with a vote of 5-0.

HRPA 7-08 CITY OF CORONADO – Historic Resource Commission review of Historic Preservation Mills Act applications submitted in 2008 for prioritization and placement on the Historic Preservation Mills Act Waiting List.

Ms. McCaull introduced the staff report as outlined in the agenda. In the early years of the Mills Act Program, Mills Act Agreements were forwarded to the City Council based upon the chronological order of when an application was submitted. A few years into the program, it was clarified that the Mills Act was not an automatic entitlement to a property owner rather it was a benefit the City is providing to historic properties, and each agreement would be evaluated on its own merits. Per the City Council's direction, the Commission made a policy change in its recommendations to consider the "historical significance" of a property rather than solely the submittal date.

On an annual basis, the Commission prioritizes new applications based upon their historical significance for placement on the Mills Act waiting list. The purpose of today's meeting is for the Commission to prioritize applications received in 2008.

Five Mills Act applications were submitted to the City in 2008. the following properties shall be rated on their historical significance by the Commission today:

940 Glorietta Boulevard

928 H Avenue
450 A Avenue
848 D Avenue
1022 Park Place.

The following criteria is used to evaluate a structure's significance: 1) Age of dwelling; 2) Distinctive style/architecture; 3) Eminent danger, e.g. threat of demolition; 4) Historic importance: family/community; 5) Prominent architect/builder; 6) Scarcity value, e.g. few remaining examples left in community; and 7) Structural and design integrity—original structure intact. Each category can receive a point value ranging from 1-5, with 1 representing a low value and 5 representing a high value.

Vice Chair O'Brien commented that the last time this process took place, the Commission did not discuss each individual property but instead each Commissioner evaluated the properties on their own and submitted their scores. The overall score was then determined.

The Commission agreed to this process.

PUBLIC COMMENT

Randal and Melissa Wittry, 450 A Avenue, offered to provide information on their home.

The Commission explained that the information was already contained in the staff report and thanked Mr. and Mrs. Wittry.

COMMISSION DISCUSSION

Commissioner St. Denis commented that it would have been helpful to have been present when the criteria was being created.

Chairperson MacCartee said that sometimes one has to measure each home against each other when criteria is being considered.

Commissioner St. Denis asked, for example, what constitutes a well known person living in the home.

Chairperson MacCartee said that reviewing the information on why the home was designated historic by prior Commission members may be helpful in compiling individual scores for each home.

COMMISSION ACTION

THE COMMISSION SUBMITTED THEIR INDIVIDUAL SCORES AND STAFF WAS INSTRUCTED TO COMPILE A REPORT AND PRESENT IT AT THE NEXT MEETING.

NO VOTE WAS TAKEN.

MISCELLANEOUS

HRPA 8-08 **CITY OF CORONADO** – Historic Resource Commission discussion regarding possible changes to the Mills Act Program.

Director McCaull introduced the staff report as outlined in the agenda. This item was discussed at the Commission's December 3, 2008, meeting and continued to today's meeting to allow for additional discussion. At the December 3 meeting, the Commission generally supported the idea of negotiating a rental value with an owner of a Mills Act application to allow the City to control the amount of lost revenues to the City. The Commission also indicated an interest in tightening eligibility standards with Mills Act applications. In addition, the Commission indicated their desire to hold a workshop in mid-January regarding the application of the Secretary of Interior's Standards and expressed a desire that the City Council be included and/or invited to the meeting.

Chairperson MacCartee commented that the survey of the Mills Act Programs from other cities compiled by Director McCaull was fabulous and suggested that it be used as a basis for discussion at a future workshop.

Commissioner Crenshaw added one additional discussion item regarding public notification. She suggested a follow-up procedure to ensure that all properties within the 300 foot radius of an affected property are properly notified.

Director McCaull responded that about one year ago an incident occurred regarding failure to properly notify surrounding property owners of a public hearing. Since then, a series of check-and-balances have been implemented in the mailing review process by the City. For example, the Assistant Planner now creates a list of all the property owners located within 300 feet of the affected property. A map is printed and the affected property and surrounding properties within 300 feet are highlighted. In addition, the list of property owners is then cross-referenced with the mailing labels to ensure accuracy.

Commissioner Crenshaw asked if notification is given to the property owners or the tenants residing at the property address.

Director McCaull responded that notification is given to property owners residing within 300 feet of the affected property, per California State law.

Commissioner Crenshaw asked if the notification is marked differently.

Commissioner St. Denis said that the notification is stamped with the words "Public Notice."

Director McCaull suggested that a different color paper may be used for notification purposes but was unsure if it would be more effective. She also said that another type of notification is sent by the Community Development Department. Any time a building permit is requested to issued be

issued for demolition or construction, it is the department's policy that the property owner provide stamped envelopes for those properties immediately adjoining the affected property where demolition may occur.

Commissioner St. Denis said it is wonderful how other cities in California work with the fiscal cap. The cities' tax savings are only figured on the value of the original part of the house.

Director McCaull said that the City has the ability to implement this. She has had many discussions with the County Assessor's office recently regarding this subject as typically new additions would not be included in the Mills Act restricted value. In the approval of the Mills Act Agreements, the Commission can be more articulate in what they feel should be included.

Commissioner Crenshaw agreed that additions should not be included in the formula.

Vice Chair O'Brien said there are many criteria to be considered, e.g. additions and caps. Another suggestion, which is how the City of Escondido operates, is that a larger addition does not receive Mills Act. Other cities like to tie the Mills Act with the restoration work that is being done or the work that has been completed.

Commissioner St. Denis said the only issue is that the house may not need restoration, e.g. painting or new shingles, for the next two years. If the tax benefits are available, the property owner may be more willing to maintain his residence.

Director McCaull added that the property owners are required to submit a list of improvements they will be making to their home over the agreement period.

Commissioner St. Denis said that the City of Monterey sends out annual letters which requests maintenance information from the property owners.

Commissioner Jones said older homes require much more constant maintenance.

Chairperson MacCartee summarized that the Commission is in general agreement that they would like the fiscal cap removed.

Vice Chair O'Brien disagreed. He said that the fiscal cap forces the Council and the City to be fiscally responsible. It also suggests that a house that receives Mills Act deserves to receive it, thereby preserving the most quality houses. In addition, a combination of having a cap and also negotiating a Mills Act benefit would suggest that a more orderly group of homes are approved each years versus one or two homes.

Commissioner St. Denis suggested that the rent can be negotiated if the fiscal cap is removed. Additionally, if the condition is added where tax savings are only figured on the value of the original part of the house, it would be more in favor of the City. She would like to know if the community would be more responsive in seeking designation of their home if the fiscal cap is removed.

Chairperson MacCartee asked about the total value if the fiscal cap was removed.

Director McCaull said the backlog totals \$160,000 but does not include 1156 Isabella Avenue or other properties approved this year including the Monterey. The estimated total value is \$230,000 at this time based upon the current estimates provided by the County Assessor.

The Commission agreed that they would like a workshop held before they make a recommendation to the City Council.

Director McCaull said she reported to the City Manager and City Council that she would be presenting the recommendation by the Commission on the Mills Act fiscal changes to City Council by their second meeting in January. She said she could report that the Commission desired to hold a workshop on the Mills Act Program and therefore the recommendation will be delayed.

Director McCaull asked the Commission if they would also like to discuss the Program's eligibility requirements at the workshop.

The Commission agreed that they may wish to discuss eligibility at this time.

Bruce Coons, Executive Director, Save Our Heritage Organization (SOHO), 5100 Aruba Bend, said he would like to conduct additional studies. He understands that staff is trying to increase the number of Mills Act Agreements but said he was apprehensive about the precedent that the City may set. In addition, he would like to know if the City will be setting the rental value or if it will be negotiated and how that determined value will affect the Act. He added that he feels the fiscal cap should be removed. He suggested that proposed changes to the Program should be reviewed in order that adverse environmental impacts are not created. He said he was under the impression that the City was excluding new additions from the Mills Act Agreements.

Director McCaull said the County Assessor would not include the addition in the restrictive value.

Commissioner St. Denis said there are no historic districts in Coronado; however, there are several potential district areas. If the fiscal cap was removed, entire neighborhoods could apply for Mills Act. In addition, property values increase when historic districts are designated.

Chairperson MacCartee said she did not feel that the City would agree to removing the fiscal cap.

Director McCaull said that City Council gave staff very clear direction about one year ago. City Council stated they wanted more property owners to participate in the program and they did not want to remove the fiscal cap. She stated that staff would not support the Commission in forwarding a recommendation to City Council supporting the removal of the fiscal cap. She added that if the Commission does not desire to make changes to the program, there is no requirement to do so. She understands that it is difficult to establish eligibility restrictions and a

follow-up process to oversee completion of improvements. She agreed that the prioritization method in place allows for the most appropriate homes to receive the Mills Act.

Chairperson MacCartee agreed. She said that every property owners' needs are different. The Commission must find a way to work with the property owner. She does not want to place so many restrictions on the program that property owners are discouraged to use the program.

Chris Ackerman, 765 C Avenue, said that it is easy to make a list of items that will be required to be maintained on the home within a certain time frame. However, that is only one component of the Mills Act. Another component is the preservation aspect with regard to not significantly changing the visible exterior. The Community of Coronado is unique and he feels that in the past there has been a desire by property owners to build additions. It is an important component to the Mills Act to really look closely at the issue of maintaining the visual historicity of the property, whether large or small. There are many ways to accomplish adding on to the property; however, the City needs to begin valuating the historic visual qualities of each home that can be seen from the public right-of-way.

Commissioner O'Brien commented that the system is set up to address the issue of additions. If a property owner adds a second story or make a major expansion on a home that is historically designated, they need to obtain an alteration permit, which is then reviewed by the Historic Resource Commission.

Mr. Ackerman said he was not convinced that this issue is being sufficiently addressed and suggested that additions completed prior to the Mills Act designation be carefully considered.

Randal Wittry, 450 A Avenue, said that although the Commission has clear direction from the City Council regarding the Mills Act fiscal cap, he welcomes a workshop which will allow discussion between the Commission and City Council. He hopes that the outcome of the workshop will be a positive outcome for the community.

John Duncan, 536 A Avenue, said that with regard to potential eligibility restrictions on Mills Act, he understands that unless the property owner has a documented improvement or restoration that they may not be eligible for Mills Act designation. He said that this restriction may lead to very negative ramifications. For example, a property owner who purchases a home that has recently been restored would not appear to have a reason to apply for the Mills Act. Mr. Duncan asked about the prioritization method the Commission is using, especially since he just purchased a home in Coronado.

Director McCaull said that the prioritization that was done today by the Commission will not affect his property. She is unable to determine at this time if formal changes to the Mills Act Program would affect his property in the future; however, she does not feel it will since he has already submitted an application and changes to the Ordinance were not in effect at the time of submittal.

Director McCaull clarified that there are three older applications which were submitted prior to prioritization by the Commission. The Commission will keep these applications in the same order. For all other applications, the order may change depending on action taken by the Commission today.

Commissioner St. Denis asked if previous direction given to staff by City Council about the Mills Act Program was comprised of the previous City Council members. She stated that the City now has new members including a new Mayor, who is sympathetic to preservation. She wondered if the new City Council may be open to discussing with the Commission the possible removal of the existing fiscal cap.

Commissioner Crenshaw said she would also like discussion regarding changing the order of consideration for Mills Act homes based on their chronological order. This may make the program more fundamentally feasible and fiscally responsible to property owners.

Commissioner St. Denis added that it may also make the program more appealing.

Chairperson MacCartee said that the waiting list for the program is very long.

Director McCaull said that City Council is aware of this and is why they want adjustments made to the program. She does not believe that newly-elected Mayor Tanaka is supportive of eliminating the cap. However, she feels that Council is open to adjustments to the cap. There may be support to increasing the cap if the Commission provides suggestions on how to get property owners to participate each year and therefore reduce the waiting time.

Commissioner Crenshaw asked about the number of applicants to the program each year.

Director McCaull said that in 2006, she believed 10 applications were received. This number is different for subsequent years which would make it difficult to approve applications based on the year they were submitted. She added that there are cities which approve a certain number of applicants per year because of staffing constraints. However, Council looked at this issue from a fiscal point of view. They are very concerned about the fiscal implications with the program.

Commissioner O'Brien said he is in agreement with stipulated rent because the high value of real estate versus the low values of rent means that the Mills Act has a significant benefit. However, if rent is stipulated, the owner of the property will be pleased that he has reduced taxes and the City is able to attract more property owners to apply for the benefit.

The Commission agreed to recommend to City Council to continue to consider increasing the fiscal cap, and to hold a workshop to conduct further discussion regarding changes to the Mills Act.

COMMISSION ACTION

COMMISSIONER O'BRIEN MADE A MOTION TO RECOMMEND TO THE CITY COUNCIL CONSIDERATION OF THE FOLLOWING CHANGES TO THE MILLS ACT PROGRAM:

1. SUPPORT A NEGOTIATED RENTAL VALUE AS PRESENTED BY STAFF;
2. GIVEN THAT CITY COUNCIL ADOPT THE NEGOTIATED RENTAL VALUE, CITY COUNCIL SHOULD CONSIDER INCREASING THE FISCAL CAP;
3. ADDITIONAL BENEFITS TO THE MILLS ACT SHOULD BE ADDRESSED AT AN UPCOMING WORKSHOP AND DISCUSSION SHOULD INCLUDE:
 - a. DEVELOPING NEW ELIGIBILITY CRITERIA
 - b. RECENT AND PROSPECTIVE ALTERATIONS UNDER THE MILLS ACT AGREEMENT
 - c. CONSIDERATION OF APPROVAL OF A CERTAIN NUMBER OF HOMES PER YEAR
 - d. ELIMINATION OF THE FISCAL ANALYSIS OTHER THAN THE NEGOTIATED RENTAL VALUE.

COMMISSIONER O'BRIEN ADDED THAT THE EXISTING CRITERIA SHOULD BE MAINTAINED AS PART OF THIS INITIAL RECOMMENDATION TO COUNCIL.

COMMISSIONER CRENSHAW SECONDED THE MOTION.

AYES: Commissioners Crenshaw, Jones, MacCartee, O'Brien, and St. Denis.
NAYS: None.
ABSENT: None.
ABSTAIN: None.

The motion passed with a vote of 5-0.

ADJOURNMENT

There being no further business, the meeting was adjourned at 4:50 p.m.

Rachel A. Hurst
Director of Community Development, Redevelopment
& Housing Services