

Agenda Report

TO: CITY COUNCIL

DATE: OCTOBER 15, 2007

FROM: CITY MANAGER

SUBJECT: ADDITIONAL HISTORIC PROPERTY CONTRACTS
(MILLS ACT) FOR 2007

RECOMMENDATION

It is recommended that the City Council:

1. Acknowledge that authorizing additional Historic Property Contracts is categorically exempt from the California Environmental Quality Act (§15308, Class 8 exemption, Actions by Regulatory Agencies for Protection of the Environment);
2. Acknowledge that the Historic Property Contracts program, as adopted by City Council in 2002 and amended in 2007, set annual limits on the number of contracts (maximum of 20 single-family residential properties each year and three multi-family residential, commercial, or industrial properties each year) and unrealized revenue to the City (\$75,000 annually, or \$25,000 for any one property);
3. Acknowledge that the Historic Property Contracts program allows for City Council to approve additional contracts beyond these limits;
4. Acknowledge that the unrealized revenues have been substantially less than anticipated (average of \$18,000 per year); and
5. Authorize the City Manager to enter into six Historic Property Contracts for multi-family and commercial properties in 2007 (calendar year)

BACKGROUND

On October 14, 2002, the City Council authorized a Historic Property Contracts (Mills Act) program to support reinvestment in designated historic buildings (individual landmarks or those in historic districts) through property tax reductions. The program adopted by the City Council originally provided for a maximum of ten single-family residential and three multi-family or non-residential Historic Property Contracts per year. After three successful years with increasing numbers of Historic Property Contract applications, the Council increased the maximum number of single-family contracts to 20 in July 2007. The program further limits the loss of the City's tax revenue from the

Historic Property Contracts to \$75,000 per calendar year (for the new contracts issued during that year).

This year, staff received 20 applications for single family contracts and six applications for commercial/multi-family properties. Pursuant to §17.62.130(4)(b)(2) of the Zoning Code, Council action is required to authorize approval of additional contracts beyond the limits established in the Code. Staff is recommending that the Council authorize three additional commercial/multi-family contracts for the 2007 program. A codified increase in commercial/multi-family contracts will be proposed with the next round of Zoning Code amendments.

When a property owner submits a complete Historic Property Contract application, a site visit is conducted to assess present conditions and determine an appropriate rehabilitation/maintenance plan. (The owner is contractually obligated to follow this plan and yearly inspections ensure compliance.) Under the Mills Act (state) regulations, signed contracts are recorded with the County Recorder by the end of each year to receive assessment by the County Tax Assessor. Property tax reductions on contracts signed in a given year are not reflected on the tax rolls until the following year.

Analysis

Since 2003, the City of Pasadena has entered into Historic Property Contracts with 57 owners of designated historic properties. Staff has analyzed data from contracts signed in 2003-2005. As expected, reductions in property taxes were substantial, with tax valuations reduced from 16% to 85%. Last year, the total unrealized revenue to the City from property taxes collected on all Historic Property Contract enrolled properties was \$54,508 (see attachment). The total unrealized revenue for the contracts approved in 2005 only was \$35,248.

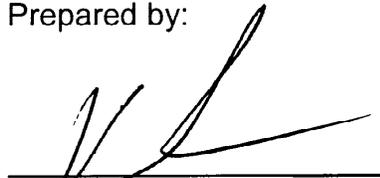
FISCAL IMPACT

Authorizing an expansion of the Historic Property Contracts program from three to six multi-family residential/commercial properties for 2007 will have a marginal effect on revenues to the City. The increased number of contracts will leave the unrealized revenue to the City well below the annual threshold of \$75,000 adopted by the Council in 2002.

Respectfully submitted,


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City Manager

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Planner

Approved by:



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Planning & Development Director

ATTACHMENT A: Historic Property Contract Savings & Unrealized City Revenue,
2006

ATTACHMENT A: HISTORIC PROPERTY CONTRACT SAVINGS & UNREALIZED CITY REVENUE, 2006

| 2003 CONTRACTS | | | | | | |
|-----------------------|-----------------------|-------------|-------------|---------|--------------------|--------------------|
| No. | Street | Prop 13 | Mills Act | Savings | Owner Benefit | Unrealized Revenue |
| 530 | W. California Blvd. | \$797,288 | \$263,200 | 67% | \$5,341 | \$1,175 |
| 380 | W. Del Mar Blvd. | \$789,338 | \$300,900 | 62% | \$4,884 | \$1,075 |
| 107 | S. Fair Oaks Ave. | \$4,131,000 | \$2,515,000 | 39% | \$16,160 | \$3,555 |
| 1275 | E. Green St. | \$593,498 | \$412,000 | 31% | \$1,815 | \$399 |
| 1071 | N. Marengo Ave. | \$314,249 | \$210,300 | 33% | \$1,039 | \$229 |
| 1080 | N. Marengo Ave. | \$688,500 | \$202,100 | 71% | \$4,864 | \$1,070 |
| 1098 | N. Marengo Ave. | \$302,683 | \$177,500 | 41% | \$1,252 | \$275 |
| 1185 | N. Marengo Ave. | \$337,404 | \$269,600 | 20% | \$678 | \$149 |
| 745 No2 | N. Pasadena Ave. | \$227,379 | \$135,400 | 40% | \$920 | \$202 |
| 745 No4 | N. Pasadena Ave. | \$286,683 | \$120,400 | 58% | \$1,663 | \$366 |
| 745 No5 | N. Pasadena Ave. | \$285,381 | \$90,300 | 68% | \$1,951 | \$429 |
| 745 No6 | N. Pasadena Ave. | \$270,253 | \$90,300 | 67% | \$1,800 | \$396 |
| 645 | Prospect Crescent | \$1,412,291 | \$508,200 | 64% | \$9,041 | \$1,989 |
| | | | | | Subtotal | \$11,310 |
| 2004 CONTRACTS | | | | | | |
| 341 | Adena St. | \$649,010 | \$278,000 | 57% | \$3,710 | \$816 |
| 460 | Bellefontaine St. | \$535,643 | \$451,300 | 16% | \$843 | \$186 |
| 1208 | N. Catalina Ave. | \$269,582 | \$209,100 | 22% | \$605 | \$133 |
| 851 | N. Chester Ave. | \$476,502 | \$176,900 | 63% | \$2,996 | \$659 |
| 1226 | N. Holliston Ave. | \$346,892 | \$205,100 | 41% | \$1,418 | \$312 |
| 1153 | N. Hudson Ave. | \$620,000 | \$136,500 | 78% | \$4,835 | \$1,064 |
| 529 | N. Los Robles Ave. | \$397,431 | \$221,500 | 44% | \$1,759 | \$387 |
| 1183 | N. Michigan Ave. | \$650,249 | \$224,300 | 66% | \$4,259 | \$937 |
| 260 | S. Orange Grove Blvd. | \$1,237,056 | \$372,400 | 70% | \$8,647 | \$1,902 |
| 551 | Prospect Blvd. | \$926,059 | \$300,200 | 68% | \$6,259 | \$1,377 |
| 1285 | N. Summit Ave. | \$291,447 | \$211,000 | 28% | \$804 | \$177 |
| | | | | | Subtotal | \$7,950 |
| 2005 CONTRACTS | | | | | | |
| 494 | Bradford St. | \$2,164,032 | \$409,600 | 81% | \$17,544 | \$3,860 |
| 540 | W. California Blvd. | \$642,425 | \$251,900 | 61% | \$3,905 | \$859 |
| 1160 | Chateau Road | \$1,924,739 | \$282,800 | 85% | \$16,419 | \$3,612 |
| 703 | N. Chester Ave. | \$781,975 | \$350,100 | 55% | \$4,319 | \$950 |
| 141 | N. Grand Ave. | \$1,950,213 | \$745,300 | 62% | \$12,049 | \$2,651 |
| 1330 | Hillcrest Ave. | \$3,891,671 | \$797,300 | 80% | \$30,944 | \$6,808 |
| 970 | Laguna Road | \$1,632,000 | \$275,900 | 83% | \$13,561 | \$2,983 |
| 1143 | N. Los Robles Ave. | \$910,350 | \$284,000 | 69% | \$6,264 | \$1,378 |
| 683 | S. Los Robles Ave. | \$869,040 | \$239,000 | 72% | \$6,300 | \$1,386 |
| 540 | S. Marengo Ave. | \$809,372 | \$392,000 | 52% | \$4,174 | \$918 |
| 433 | Martelo | \$969,000 | \$635,420 | 34% | \$3,336 | \$734 |
| 32 | S. Raymond Ave. | \$5,171,400 | \$2,612,000 | 49% | \$25,594 | \$5,631 |
| 1361 | Ridge Way | \$1,657,500 | \$421,000 | 75% | \$12,365 | \$2,720 |
| 542 | E. Rio Grande St. | \$481,000 | \$136,500 | 72% | \$3,445 | \$758 |
| | | | | | SubTotal | \$35,248 |
| | | | | | Grand Total | \$54,508 |