

code amendments. On October 20, 2008, it recommended approval of the amendments to the historic property contract (Mills Act) program with a request for a mechanism to allow exceptions—on a case-by-case basis—for properties with an assessed value greater than \$1.5 million. The Commission also recommended that non-contributing properties proposed for rehabilitation that will then qualify as contributing buildings be eligible for historic property contracts. The Commission's recommendations have been incorporated into the staff recommendation for these amendments.

RECOMMENDATION FROM THE PLANNING COMMISSION:

On February 13, 2008, the Planning Commission unanimously recommended approval of the policy changes and technical corrections in these code amendments with a recommendation that the call-for-review procedure be reconsidered during the update of the General Plan. On November 11, 2008, it unanimously recommended approval of the amendments to the historic property contract program with a recommendation that, in the future, staff analyze removing the cap on the number of contracts and/or the total loss of annual revenue and investigate the adoption of an application fee for Historic Property Contracts and other ways to cover the costs associated with the program. Staff is working on said analysis, but this is not a part of these amendments. The decision of whether to adopt a fee will be considered with the FY2010 fee schedule update in spring 2009.

EXECUTIVE SUMMARY:

In November 2002, the City Council approved a new historic preservation ordinance in the zoning code with significantly stronger protections for designated historic resources. In 2005 and 2007, the Council also approved minor technical changes to this ordinance (Ch. 17.62). Since then, the Historic Preservation Commission has requested a code amendment enabling them to initiate calls for review of decisions by the Director of Planning & Development similar to the authority that the Design Commission has over design cases. The staff has also proposed a modified procedure to select applications for historic property contracts (Mills Act) and an increase in the available number of contracts for multi-family, commercial, and industrial properties. A fourth policy change is a proposal to extend interim regulatory reviews in pending landmark districts to all districts under consideration for designation.

BACKGROUND:

Changes presented in this report maintain the framework of the existing ordinance while adding more direction to the regulatory procedures and findings

and more specificity to the selection process for historic property contracts. Staff proposes the following policy changes:

1. Call for Review of Decisions by the Director of Planning & Development.

Currently the Zoning Code authorizes the Planning Commission and City Council to call for review all decisions of the Director of Planning & Development, except design-review decisions, which are subject to a call for review by the Design Commission and City Council. This procedure excludes the Historic Preservation Commission from initiating a call for review of a staff-level decision on historic preservation cases. This change would transfer from the Planning Commission to the Historic Preservation Commission calls for review of staff decisions on applications related to historic preservation (e.g. applications for Certificates of Appropriateness and relief from replacement building permit; denials of applications for designations of landmarks, historic monuments, landmark trees, or historic signs).

The Historic Preservation Commission already acts as the decision-making body for appeals of Director of Planning & Development decisions in historic and landmark districts. The code amendment brings together appeals and calls for review under the purview of the Historic Preservation Commission instead of segmenting it between two commissions.

Recommendation: Authorize the Historic Preservation Commission to call for review decisions of the Director of Planning & Development on applications for Certificates of Appropriateness and relief from replacement building permit and denials of applications for designations of landmarks, historic monuments, landmark trees, or historic signs.

2. Historic Property Contracts (Mills Act) Selection Process.

The proposal removes the criteria for selecting recipients of historic property contracts from the code to administrative guidelines. It also proposes new criteria for selecting properties in these guidelines.

Operating under State-enabling legislation (Mills Act), the Historic Property Contract program (§17.62.130 4) supports the preservation, maintenance, and rehabilitation of the City's significant historic resources through significant reductions in property tax. This program limited the annual contracts to ten single-family properties and three commercial, industrial or multi-family properties. 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). Since 2003, the city has entered into 104 historic property contracts with private-property owners. In 2006, after receiving more applications than the available number of contracts, the staff requested authorization from the Council to increase the annual number of single-family residential contracts from ten to 20. The Council approved this request, and in

2007, it allowed—on a one-time basis—an increase to the annual limit for commercial, industrial and multi-family properties from three to six.

In 2008, the City received 40 single-family residential applications, twice the allowable number of contracts. Instead of proposing another increase to the annual limit, which would likely bring the total loss of annual revenue above the limit of \$75,000, staff (acting pursuant to the guidelines) decided—for the first time—to select applications competitively by using a numerical ranking system and the “priority criteria” in Ch. 17.62.

With the benefit of this experience, staff proposes to formalize this process in administrative guidelines. Portions of the program in the code are also more appropriately addressed in administrative guidelines (e.g., the application and procedures for recording contracts with the County). Over time, guidelines allow more flexibility for periodic adjustments to the selection criteria or eligibility thresholds without the lengthier process of formally amending the code.

Among the new proposals in the guidelines are:

- Limiting contracts for single-family houses to a total assessed value of \$1.5 million, with an exemption for works of Greene & Greene, designated monuments, and properties listed individually in the National Register. The staff also recommends approval of the recommendation from the Historic Preservation Commission to allow—in addition to the exceptions listed above — one exception each year to the restriction on total assessed value of a property.
- Permitting owners of a non-contributing property—with a rehabilitation work plan that, if implemented, would change the property to a contributing status—to compete for contracts (as recommended by the Historic Preservation Commission).
- Requiring applicants to submit a plan for future rehabilitation of a historic property; properties already rehabilitated or without a need of rehabilitation would be ineligible for a contract.
- Assigning points to applications that meet the stated priorities and have a plan for rehabilitation and competitively awarding contracts to those properties with the highest number of points.

Recommendation: Transfer provisions in the code regarding selection of historic property contracts from the code (§17.62.130 4) to administrative guidelines subject to approval by the City Manager (with an advisory review by the Historic Preservation Commission). Adopt proposals for eligibility and selection in the guidelines.

3. Increase annual maximum number of Historic Property Contracts for Multi-family Residential, Commercial and Industrial Properties from three to six.

The Code currently limits the number of historic property contracts for multi-family residential, commercial and industrial properties to three per year. The proposed amendment would increase this annual limit to six to accommodate growing interest in the program. Because the total loss of revenue for new contracts has never exceeded the annual limit of \$75,000 with the current quantity limitations, this loss-of-revenue limit will remain. On an annual basis, staff reports to the Council the cumulative loss of revenue resulting from this program. The Council approved this change—on a one-time basis—for calendar year 2007.

Recommendation: Increase the annual maximum number of historic property contracts for multi-family residential, commercial and industrial properties from three to six.

4. Interim Protection for Historic Resource While Designation Is Pending.

The code presently specifies that major and minor projects in an area under consideration for designation as a landmark district require a Certificate of Appropriateness (a historic-preservation permit for exterior alterations, demolition, new construction, relocations). This interim review procedure takes effect only when the Historic Preservation Commission, after a public hearing, recommends approval of the designation to the City Council. (Projects initiated before the action of the Historic Preservation Commission are exempt from review.) If the Council disapproves the designation—or the designation fails during the one-year period allowed by code—the interim protections are no longer in effect.

Currently, the code section which provides the interim protections, limits this protection to those districts that also qualify for listing in the National Register of Historic Places. The proposed amendment extends this provision to all landmark districts awaiting designation by the Council, and limits the regulation to major projects. Minor projects would be exempt from review until formal designation by the City Council.

Recommendation: Extend the existing interim protections in areas awaiting designation as a landmark district to all potential districts and limit reviews to major projects.

5. Other Minor Issues and Technical Corrections¹.

There are a variety of definitions that need to be refined and clarified; currently there is some confusion over major and minor projects and the procedures for these reviews. Adding references to the National Register bulletins on integrity and boundary identification provide a better understanding of the landmark

¹ For an expanded discussion of minor issues and technical corrections, see Attachment A.

process. Technical corrections include formalizing some standard practices and correcting some omissions and outdated references in the Code.

GENERAL PLAN CONSISTENCY:

The proposed revisions to the Zoning Code are consistent with the following objectives and policies of the City’s General Plan.

Policy 5.1 – **Urban Design Principles:** Apply city-wide urban design principles to complement the scale and quality of the best architectural and urban design traditions.

Policy 5.7 – **Enhanced Environment:** Development should be should be shaped to improve the environment for the public; it should support the distinctiveness of the locality and region as well as the special characteristics of the existing fabric of the site’s immediate surroundings.

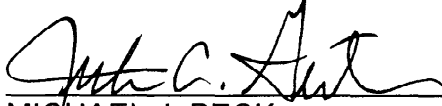
Objective 6 – **Historic Preservation:** Promote preservation of historically and architecturally significant buildings and revitalization of traditional neighborhoods and commercial areas.

Policy 6.3 – **Adaptive Reuse:** Encourage and promote the adaptive reuse of Pasadena’s historic resources.

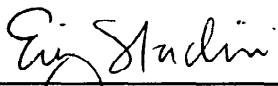
FISCAL IMPACT:

The proposed amendments do not affect revenues to the City. The City Council has already adopted annual limits for historic property contracts, and the changes proposed to this program are administrative. Over the long term, by limiting the assessed value of properties eligible for this program, the City may acquire more revenue from property taxes than might otherwise occur if there were no limits on the assessed value of participating properties.

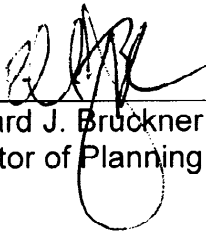
Respectfully submitted,


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Attachment A: PROPOSED AMENDMENTS TO THE ZONING CODE
Policy Changes, Updated Definitions and Technical Corrections

Attachment A

PROPOSED AMENDMENTS TO THE ZONING CODE Policy Changes, Updated Definitions and Technical Corrections January 2009

Policy changes

1. Call for Review of Decisions by the Director of Planning & Development.
Authorize the Historic Preservation Commission to call for review decisions of the Director of Planning & Development on applications for Certificates of Appropriateness and relief from replacement building permit and denials of applications for designations of landmarks, historic monuments, landmark trees, or historic signs.
2. Historic Property Contracts (Mills Act) Selection Process.
Transfer provisions in the code regarding selection of historic property contracts from the code (§17.62.130 4) to administrative guidelines subject to approval by the City Manager (with an advisory review by the Historic Preservation Commission). Adopt proposals for eligibility and selection in the guidelines.
3. Increase annual maximum number of Historic Property Contracts for Multi-family Residential, Commercial and Industrial Properties from three to six.
Increase the annual maximum number of historic property contracts for multi-family residential, commercial and industrial properties from three to six.
4. Interim Protection for Historic Resource While Designation Is Pending.
Extend the existing interim protections in areas awaiting designation as a landmark district to all potential districts and limit reviews to major projects.

Updated definitions

References to National Register Bulletins When Evaluating Applications for a Historic Designation.

The designation section of the historic preservation ordinance refers generally to National Register bulletins (from the National Park Service) as a guide for evaluating applications for historic designations. Adding two references to the bulletins will help property owners, the Historic Preservation Commission, and others to understand more clearly the process of evaluating the significance of a property.

One proposal is to add a statement emphasizing the importance of integrity (the ability of a property to convey its significance) when evaluating applications for a historic designation. According to the National Register, the seven aspects of

integrity are location, design, setting, materials, workmanship, feeling, and association.

The other proposal is to refer to National Register of Historic Places Bulletin (#21, Defining Boundaries for National Register Properties) when evaluating applications for new landmark and historic districts. Accompanying this proposal is a requirement for early consultation with staff about appropriate boundaries when neighborhoods apply to the City for designation of a landmark district.

Definition: major/minor project.

The historic preservation ordinance categorizes projects (applications for a Certificate of Appropriateness) as “major” or “minor.” The Historic Preservation Commission reviews major projects at a public hearing. The Director of Planning & Development reviews minor projects. Several additional provisions are proposed in the code to resolve uncertainty about whether a project is “major” or “minor.”

Major projects

- Add any rear addition of a height greater than that of the existing building, if the rear addition is visible from the street. (The proposed addition follows the standard practice of the Historic Preservation Commission to review these additions as major projects.)
- Remove references to additions on street-facing elevations that are less than 200 square feet in size. (In the definition for “major” projects, the exception for additions less than 200 square feet is arbitrary and contradicts other thresholds for project reviews. Omitting this threshold leaves all additions on street-facing elevations as major projects in landmark and historic districts.)

Minor projects

- Clarify that demolition of an accessory structure to a non-contributing building in a landmark or historic district is a minor project. (Under the proposal, demolition of the primary structure on a non-contributing property in a landmark or historic district remains as a major project.)
- Clarify further that only demolition, alteration and new construction of an accessory structure on a non-contributing property built during the period of significance for a district is a minor project. All work to accessory structures built outside the period of significance is exempt from review. (This proposal exempts accessory structures on non-historic properties from design review. Changes to these structures have minimal effect on the integrity of a historic district.)
- Confirm that substantial alteration to a non-contributing building is a minor project. Additionally, one-story rear additions, replacement windows and doors, replacement garage doors, new siding or wall cladding and new dormers are exempt from review on non-contributing properties, unless the alterations significantly hinder the possibility that

the house could—with appropriate rehabilitation—become a contributing building. In those cases, these alterations are minor projects. (This proposal distinguishes reviews between contributing—i.e., historic—properties in a district and those that are non-contributing—i.e., not historic. It also offers greater protection to properties that are non-contributing but could become contributing through reconstruction of missing features, removal of an addition or stucco coating over wood, etc.)

- Clarify that reroofing in a different material similar to the existing or original roofing is a minor project.

Definition: Demolition

- Clarify that substantial removal of a street-facing building wall constitutes demolition for the purposes of historic preservation review. (A literal reading of the current definition is that removal of any portion of a wall is demolition. Adding “substantial” clarifies the distinction between an alteration and a demolition.)

Technical corrections

Formalize Sequence of Reviews for Private-Development Projects When Code Requires Reviews by the Historic Preservation Commission and Design Commission.

Currently, for public projects affecting historic resources, the code specifies that the Historic Preservation Commission forwards advisory recommendations to the Design Commission. The Design Commission, which has a representative from the Historic Preservation Commission, acts as the decision-making body. (For projects below the thresholds for commission-level reviews, the Director of Planning & Development is the decision maker.)

In some cases, the code requires reviews by both the Historic Preservation Commission and Design Commission of private-development projects (e.g., Chandler School). For these projects, the code does not specify a sequencing of reviews as it does for public projects. In practice, though, the two commissions often follow the procedure in place for public projects. The proposed change formalizes this procedure for private projects and eliminates the possibility of conflicting outcomes between two commissions.

Incentive for projects in RM zoning districts with historic resources.

The existing incentive for preservation of historic resources on sites with new multi-family projects is available only to buildings with California Historical Resource Status Codes of 6L (ineligible for designation but of interest in the local planning process). The proposed change extends this incentive to properties with historic designations or that are eligible for historic designations, i.e., status codes of one through five. (The current wording mistakenly omits the

applicability of this incentive to designated and eligible historic properties. Adding properties with status codes of one through five corrects this mistake and allows use of this incentive for all designated and eligible properties.)

Modify Top-plate of Accessory Structures in Landmark and Historic Districts.

The proposed change allows the Historic Preservation Commission to modify the top plate height of an accessory structure to achieve greater compatibility with an existing historic structure. The code currently allows the Commission to approve additional overall height for an accessory structure in a landmark or historic district. The added height often requires a change to the height of the top plate, and this change permits a change in the plate height to accompany a change in the overall height.

Review Procedure in Office Conversion districts.

In certain districts, the code allows conversion of historic residential buildings to an office use—and in others office uses are permitted in designated historic resources. Currently, the code requires the Historic Preservation Commission to review all alterations to these properties. The proposed change brings reviews of these alterations into line with the “category-one review procedures” that apply city-wide to designated properties: the Historic Preservation Commission reviews major projects and the Director of Planning & Development reviews minor projects. This change removes two exceptions to the standard procedures in the code.

Remove References to Outdated Status Code.

In two places, the code references State of California Historical Resource Status Code (evaluation) of 5S3. The State no longer uses a 5S3 evaluation. The proposed change eliminates this reference to bring the code into conformance with the updated version of the State of California Historical Resource Status Codes.