

Introduced by _____

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF PASADENA ADDING CHAPTER 17.53 TO THE PASADENA MUNICIPAL CODE CONCERNING HISTORIC PROPERTY CONTRACTS (MILLS ACT CONTRACTS), A PROPERTY TAX REDUCTION INCENTIVE TO ENCOURAGE PRESERVATION OF QUALIFIED HISTORIC PROPERTIES

The People of the City of Pasadena ordain as follows:

SECTION 1. This ordinance, due to its length and the corresponding costs of publication, will be published by title and summary as permitted by Section 508 of the Charter.

The approved summary of this ordinance reads as follows:

“Summary

The purpose of this ordinance is to implement the California Mills Act, California Government Code Section 50280 *et. seq.* The Mills Act authorizes local government to enter into contracts with owners of private historic property who will rehabilitate, restore, preserve, and maintain qualified historic property. As consideration for the rehabilitation, restoration, preservation and maintenance of the qualified historic property, the City of Pasadena may provide certain property tax reductions in accordance with the relevant provision of the California Revenue and Taxation Code. The City Council has determined that entering into Historic Property Contracts as hereinafter provided, is an incentive for owners of designated historic resources to rehabilitate and preserve their properties. The City Council further determines that such preservation will assist in maintaining the City’s existing housing, which

includes affordable housing, and support the goals and objectives of the 1994 General Plan about preserving historically and architecturally significant buildings.”

SECTION 2. Title 17 of the Pasadena Municipal Code is amended by adding Chapter 17.53 to read in its entirety:

“Chapter 17.53

MILLS ACT CONTRACT PROCEDURES

Sections:

- 17.53.010 Purpose**
- 17.53.020 Definitions**
- 17.53.030 Limitations and Eligibility**
- 17.53.040 Required Provisions of Historical Property Contracts**
- 17.53.050 Procedures for Application and Approval of Historic Property Contracts**
- 17.53.055 Administrative guidelines**
- 17.53.060 Execution and Recordation of Approved Historic Property Contract**

17.53.010. Purpose.

The purpose of this Section is to implement the California Mills Act, pursuant to California Government Code Section 50280-50290, permitting the approval of Historic Property Contracts by establishing a uniform procedure for the owners of qualified historic properties within the City of Pasadena to enter into contracts with the City.

The City Council has determined that entering into Historic Property Contracts as hereinafter provided, is an incentive for owners of designated historic resources to rehabilitate and preserve their properties. The City Council further determined that such preservation will

assist in maintaining the City's existing housing, which includes affordable housing, and support the goals and objectives of the 1994 General Plan about preserving historically and architecturally significant buildings.

17.53.020. Definitions.

For purposes of this Section, the following words and phrases are defined as follows:

A. "Contributing Building/Structure" shall mean a building or structure in a Landmark Overlay District, and designated according to procedures of Section 17.52 of the Pasadena Municipal Code, or in a historic district listed in the National Register of Historic Places and identified as a contributing building or structure. A building or structure, which is identified as non-contributing in a designated district, may be considered contributing under this ordinance if the Historic Property Contract results in the exterior restoration of historic and architectural characteristics that were original to the building or structure.

B. "Historic Property Contract" shall mean a contract between an owner(s) of a designated historic resource and the City of Pasadena, meeting all the requirements of California Government Code Sections 50281 and 50282 and this Section.

C. "Qualified Historic Property" shall mean a building or structure that is a locally designated historic resource or a historic resource listed in the National Register of Historic Places, including "contributing buildings or structures" in a designated or listed historic district.

17.53.030. Limitations on Eligibility.

It is the intent of the City Council that unrealized revenue to the City from property taxes not collected due to executed Historic Property Contracts shall not exceed a total of \$75,000 annually, or \$25,000 annually for any one individual property, unless approved by the City

Council. In furtherance of this policy, Historic Property Contracts shall be limited to a maximum of ten (10) single-family residential properties per year and three (3) multi-family residential, commercial, or industrial properties per year, unless the City Council approves additional contracts beyond these limits.

For the purpose of this section, “assessed valuation” does not include any portion of the value of a mixed-use structure which is already exempt from payment of property taxes by a determination of the County Assessor pursuant to Sections 4(b) and 5 of Article XIII of the California Constitution and Sections 214, 254.5, and 259.5 of the Revenue and Taxation Code.

17.53.040. Required Provisions of Historical Property Contracts.

The required provisions of a Historic Property Contract shall include, but not limited to, the following specifications:

1. The contract term shall be 10 years minimum, with automatic renewal yearly on the anniversary of the contract date.

2. The contract is to assist the preservation of the historic resource. Therefore, restoration and rehabilitation of the property shall conform to the rules and regulations of the State of California Office of Historic Preservation (Department of Parks and Recreation), the Secretary of the Interior’s Standards for Rehabilitation, and the State Historical Building Code.

3. The owner agrees to permit periodic examination of the interior and exterior of the premises by the assessor, the Department of Parks and Recreation, the State Board of Equalization, and the City, as may be necessary to verify the owner’s compliance with the contract agreement, and to provide any information requested to ensure compliance with the contract agreement.

4. The benefits and burden of the contract shall be binding and inure to the benefit of all successors in interest of the owner.

5. The City shall provide written notice of the contract to the State of California Office of Historic Preservation within six months of entering into the contract.

6. The procedure for notice of non-renewal by the owner or the City, shall be as prescribed in Section 50282(a), (b) and (c) and Section 50285 of the California Government Code.

Additionally, the contract shall state that the City may cancel the contract if it determines that the owner has breached any of the conditions of the contract or has allowed the property to deteriorate to the point that it no longer meets the significance criteria under which it was designated. The contract shall also state that if the City cancels the contract for any of these reasons the owner shall pay the State of California a cancellation fee of twelve and one-half percent (12½%) of the full value of the property at the time of cancellation, as determined by the County Assessor without regard to any restriction on the property imposed by the Historic Property Contract.

The contract shall also provide that in the event preservation, restoration or rehabilitation becomes infeasible due to damage caused by natural disaster (e.g., fire, flood, earthquake, etc.), the City may cancel the contract without requiring the owner to pay the State of California the above-referenced cancellation fee as a penalty. However, in such event, a contract shall not be canceled by the City unless the City determines, after consultation with the State of California Office of Historic Preservation pursuant to Public Resources Code Section 5028, that preservation, restoration or rehabilitation is infeasible.

The City shall maintain a sample “Historic Property Contract” with all required provisions specified by this section. Contracts submitted on the City’s form shall be deemed to have all provisions necessary for a Historic Property Contract with the City. Additional provisions desired by the owner shall be subject to approval by the City Attorney.

17.53.050. Procedures for Application for and Approval of Historic Property Contracts.

An owner of a qualified historic property may file an application for a Historic Property Contract with the City. Each application shall be accompanied by a complete legal description of the property.

In January, and on a yearly basis, the City may notify by mailing or published notice, owners of qualified historic properties of the period of application for historic property contracts for that calendar year. Application forms, as prescribed by the City, shall be mailed to any property owner who requests such an application form. The deadline for submittal of completed Historic Property Contract applications shall be a date specified by the City during the first week of July. All applications shall be evaluated according to criteria established by the City in accordance with Section 17.53.055 below, priority consideration shall be given to applications that will:

- a) Substantially contribute to the preservation of a historic resource threatened by deterioration, abandonment, or conflicting regulations; or
- b) Create affordable housing, and facilitate preservation and maintenance of a property in cases of economic hardship; or
- c) Support substantial reinvestment in a historic resource and rehabilitation of a historic building or structure in the expanded State Enterprise Zone and other areas where the

City is concentrating resources on facade improvements, home rehabilitation, or similar revitalization efforts.

Applications which meet the criteria specified in paragraphs a, b and c above shall be given priority considerations. The selection process, however, shall not be limited to the criteria in paragraphs a, b and c.

If approved, the City shall prepare a Historic Property Contract that includes the requirements of this chapter, or a property owner may submit a Historic Property Contract, other than the City's standard form of Historic Property Contract, upon approval by the City Attorney. The City's standard form of Historic Property Contract or the owner's approved version shall be submitted to the City Manager for execution of the contract, unless the total revenue loss to the City exceeds \$75,000 from Historic Property Contracts per calendar year that contracts are executed, or the loss from an individual property exceeds \$25,000 in the calendar year in which the contract is executed. Historic Property Contracts that exceed these limits shall be subject to approval by the City Council. The City Manager shall report annually to the City Council on the approval of executed contract agreements.

17.53.055 Administrative guidelines

The City Manager or designee shall issue administrative guidelines for selection and administration of the historic property contracts.

17.53.060. Execution and Recordation of Approved Historic Property Contract.

Upon approval by the City Manager or the City Council of a Historic Property Contract, the City and the owner of the property shall be authorized to execute the agreement on condition that the property owner submit a check to the City made payable to the "L.A. County Recorder"

in the amount of the fee for recording the agreement. No later than 20 calendar days after execution of the agreement, the City shall cause a copy of the executed Historic Property Contract to be recorded in the Office of the Los Angeles County Recorder.

SECTION 3. If any section, subsection, sentence, clause, portion, or phrase of this ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of any competent jurisdiction, such decision shall not affect the validity of the remaining sections, subsections, sentences, clauses, portions, or phrases of this and each and every section, subsection, sentence, clause, portion, or phrase without regard to whether any other section, subsection, sentence, clause, portion, or phrase of the ordinance would be subsequently declared invalid or unconstitutional.

SECTION 4. This ordinance shall take effect upon the expiration of thirty days of its publication by title and summary.

Signed and approved this _____ day of _____, 2002

Bill Bogaard
Mayor of the City of Pasadena

I HEREBY CERTIFY that the foregoing ordinance was adopted by the City Council of the City of Pasadena at its meeting held _____, 2002, by the following vote:

AYES:

NOES:

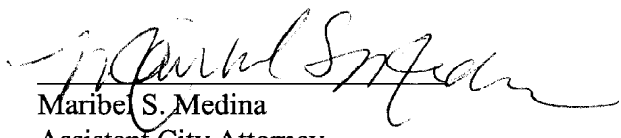
ABSENT:

ABSTAIN:

Published

Jane L. Rodriguez, CMC
City Clerk

APPROVED AS TO FORM:



Maribel S. Medina
Assistant City Attorney