

Agenda Report

TO: CITY COUNCIL

DATE: JUNE 26, 2006

FROM: CITY MANAGER

SUBJECT: ADDITIONAL HISTORIC PROPERTY CONTRACTS
(MILLS ACT) FOR 2006

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, set limits on the number of contracts (maximum of 10 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 individual property);
3. Acknowledge that the Historic Property Contracts program allows for Council to approve additional contracts beyond these limits;
4. Find that the unrealized revenues have been substantially less than anticipated (approximately \$7,000 per year); and
5. Authorize the City Manger to enter into 20 Historic Property Contracts for single-family residential properties in 2006 (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 Council provides for a maximum of ten single-family residential and three multi-family or non-residential Historic Property Contracts per year. 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).

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 38 owners of designated historic properties. Staff has analyzed data from contracts signed in 2003 and 2004¹. As expected, reductions in property taxes were, in all but one case, substantial with tax valuations reduced from 20% to 75%. During these two years, the total unrealized revenue to the City from property taxes collected on Historic Property Contract enrolled properties was \$14,374 (see below).

No.	Street	Prop 13	Mills Act	Savings	Owner Benefit	Unrealized Rev.
530	California Blvd.	766,300	269,000	65%	4,973	\$1,094
380	Del Mar Blvd.	758,688	307,500	59%	4,512	\$993
107	Fair Oaks Ave.	2,225,630	2,494,000	-12%	-2,684	0*
1275	Green St.	570,454	399,000	30%	1,715	\$377
1071	Marengo Ave.	302,047	146,100	52%	1,559	\$343
1080	Marengo Ave.	241,454	169,100	30%	724	\$159
1098	Marengo Ave.	290,931	153,700	47%	1,372	\$302
1185	Marengo Ave.	324,304	246,000	24%	783	\$172
745 # 2	Pasadena Ave.	218,552	130,700	40%	879	\$193
745 # 4	Pasadena Ave.	275,553	123,000	55%	1,526	\$336
745 # 5	Pasadena Ave.	274,300	92,300	66%	1,820	\$400
745 # 6	Pasadena Ave.	259,760	92,300	64%	1,675	\$368
645	Prospect Cres.	1,357,452	519,200	62%	8,383	\$1,844
460	Bellefontaine St.	525,141	420,300	20%	1,048	\$231
341	Adena St.	636,285	246,800	61%	3,895	\$857
1208	Catalina Ave.	264,297	190,800	28%	735	\$162
851	Chester Ave.	467,160	143,400	69%	3,238	\$712
1226	Holliston Ave.	340,091	192,600	43%	1,475	\$324
1153	Hudson Ave.	358,020	124,900	65%	2,331	\$513
529	Los Robles Ave.	389,639	196,300	50%	1,933	\$425
1183	Michigan Ave.	637,500	161,000	75%	4,765	\$1,048
260	Orange Grove	1,212,800	339,700	72%	8,731	\$1,921
551	Prospect Blvd.	907,902	278,100	69%	6,298	\$1,386
1285	Summit Ave.	285,734	201,400	30%	843	\$186
					TOTAL	\$14,347

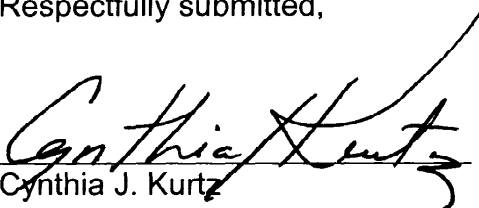
*Proposition 13 valuation was less than Mills Act valuation.

¹ Due to the County’s processing time, the City has not received valuations for contracts signed in 2005; they are expected in October. Staff expects the reduction in tax revenue to be slightly higher than previous years, but well below the \$75,000 limit for a calendar year.

FISCAL IMPACT

Authorizing an expansion of the Historic Property Contracts program from ten to 20 single-family residential properties for 2006 will have only a marginal effect on revenues to the City. The increased number of contracts will still 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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