



Agenda Report

18-251

Agenda Date: 5/15/2018

REPORT TO COUNCIL

SUBJECT

Mills Act Contract for 653 Jefferson Street

BACKGROUND

The State of California enacted legislation that allows owners of historically designated properties to enter into a "Mills Act" contract with the legislative bodies of local agency jurisdictions, pursuant to Government Code Section 50280 and following. Mills Act contract properties then qualify for property tax incentives contained in the California Revenue and Taxation Code. The purpose of a Mills Act Contract is to offer owner(s) of historically significant properties an economic incentive to maintain and preserve the historic physical integrity of their properties, which thereby also increases the aesthetic and economic health of the surrounding neighborhood and the City. The City Council established a process for evaluating Mills Act contract requests on September 4, 1993 (Resolution No. 5843), that established a limit of five contracts per year. In 2004, the City Council increased the number of allowable contracts to ten per year.

The subject request includes listing of the property on the City's Historic Resource Inventory (HRI), the approval of a Mills Act Contract, the adoption of a 10-Year Restoration and Maintenance Plan associated with the Historical Preservation Agreement, and the issuance of a historical bronze plaque.

The project request was considered by the Historical and Landmarks Commission (HLC) at its meeting on March 1, 2018 and recommended by the HLC for approval.

DISCUSSION

The property at 653 Jefferson is not currently listed on the City's Historic Resource Inventory. A State Department of Parks and Recreation (DPR) form evaluating the significance of the structure has been prepared and concludes that the property retains sufficient integrity and is eligible for listing on the City of Santa Clara Historic Resource Inventory.

Attached are the applicants', Arlene Pineda Juntado and Edward Scott Sympson, Statement of Justification and the proposed Historic Property Preservation Agreement (Mills Act Contract) with exhibits including the DPR and the proposed 10-year Restoration and Maintenance Plan.

The HLC reviewed the Historical Survey and Proposed 10-Year Restoration and Maintenance Plan. The discussion focused on the status of the related detached accessory building. The Commission noted that the work on the detached structure which is consistent with "The Secretary of Interior's Standards for Rehabilitation" is allowed. The Commission noted that demolition of the structure would require added discussion in the survey report, and that the discussion under "Related Features" is not adequate. No comments were received from the public during public comment period.

HLC recommended for Council approval adding the property on the HRI, the approval of a Mills Act Contract, the adoption of a 10-Year Restoration and Maintenance Plan associated with the Historical Preservation Agreement and issuance of a bronze plaque at its meeting of March 1, 2018. The staff report and meeting minutes are attached.

Based upon information provided by the applicant to staff, the subject property has sufficient historical value as to warrant use of a Mills Act contract to promote the ongoing preservation of the property. This contract would be the first entered into in 2018 and within the ten allowed per City Council policy for the calendar year.

ENVIRONMENTAL REVIEW

The Mills Act program is exempt from the CEQA environmental review requirements per CEQA Section 15061(b)(3). The activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

FISCAL IMPACT

The amount of the property tax reduction depends upon the property location, size, and comparable properties in the area. Currently the assessed value of the property is approximately \$718,000 and the annual property taxes are \$8,349. The City receives 10% of the base property tax. The Mills Act tax reduction is based on an income capitalization method (ICM) calculation based on the average monthly rent, average maintenance costs and an amortization schedule to arrive at a reduced appraisal value resulting in lower property taxes. The anticipated reduction in taxes would be between 20% to 80% based on the County's evaluation of the property's age, condition, and local market value factors in accordance with the formula set by state law. The estimated fiscal impact for the City would be a negligible decrease of property tax revenue in the range of \$300 to \$700.

COORDINATION

This report has been coordinated with the Finance Department and City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

1. Approve the addition of the property at 653 Jefferson Street to the City of Santa Clara Historic Resource Inventory (HRI);
2. Approve placement of a historic oval plaque for the property at 653 Jefferson Street, with the year "1895" appearing as the year of construction; and,
3. Authorize the City Manager to execute a Historic Property Preservation Agreement (Mills Act

Contract) and adopt the 10-Year Restoration and Maintenance Plan associated with the Historic Property Preservation Agreement for the property at 653 Jefferson Street with Applicants Arlene Pineda Juntado and Edward Scott Sympson; PLN2017-12937.]

Reviewed by: Andrew Crabtree, Director of Community Development

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Historic Preservation Agreement
2. Property Description - Exhibit A
3. Primary Record - Exhibit B
4. Standards for Rehabilitation - Exhibit C
5. Restoration Schedule - Exhibit D
6. Applicant's Statement of Justification
7. Historical and Landmarks Commission Staff Report without attachments for March 1, 2018
8. Historical and Landmarks Commission Minutes for March 1, 2018