



Staff Reports

File #: 1600-2018, **Version:** 1

To: Honorable Mayor and Members of City Council

From: Lark Ferrell, Acting Community Development Director

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TITLE:

Preservation of Qualified Historical Property at 492 Randolph Street

RECOMMENDED ACTION:

Authorize the City Manager, on behalf of the City, to execute the Mills Act Historic Preservation Agreement for the George E. Goodman, Jr. House (Theodorides Residence) at 492 Randolph Street.

DISCUSSION:

BACKGROUND

The City has received a request for approval of a Mills Act Contract on a property that is being restored. The Mills Act Contract is being requested for the purpose of obtaining financial resources to help off-set the cost of repairs that the owners incurred in their efforts to restore and preserve the subject historic building and for ongoing preservation of the building. Any restoration work requiring a Certificate of Appropriateness will be submitted and reviewed separate from this request. The full restoration plan is further described in the Applicant's Plans and Supporting Documents (see Attachment 2).

MILLS ACT CONTRACT OVERVIEW

Mills Act: The Mills Act was adopted by the State legislature in 1972. The Mills Act provides a means for an owner to reduce property taxes on a historic property in exchange for an agreement with a local government entity that the owners maintain the property's historic character. The purpose is to encourage the renovation and maintenance of historic properties throughout the State by providing a tax incentive. It is similar to the Williamson Act, which encourages the preservation of agricultural land in return for a lower property tax rate.

The Mills Act enables local governments to enter into a voluntary contract with owners of historic properties. In order for a property to be eligible, it must be listed on the National Register of Historic Places, be listed on the California Register of Historic Places, or be listed on a local inventory. The subject property is eligible because, although it is not listed on the National Register of Historic Places, it is listed on the City's local historic inventory.

The City is not obligated to enter into contracts even if properties are eligible. However, if approved, the contract will be for an initial term of 10 years and will automatically be extended each year on its

anniversary date for an additional year unless the property owner or the City provides a notice of non-renewal. In such case, the contract would remain in effect for the balance of the existing term.

Responsibility of Parties: The property owner must agree to restore (if necessary) and maintain the property in a manner appropriate to its historic character. The local government is responsible for monitoring the property to ensure implementation of the restoration and/or maintenance of the property. Many communities use the Secretary of Interior's Standards for Rehabilitation as their restoration standard. However, each community makes its own determination as to what will be required of property owners.

If the City decides the property owner has breached the terms of the contract, the City can bring legal action against the owner or simply cancel the contract. If the contract is cancelled for this reason, a penalty of 12.5% of the market value of the property at the time of cancellation is assessed. Although the contract is initially made between the property owner and the City, it remains with the property even after it is sold. When the property transfers, it is not re-assessed at its new market value, thereby allowing the new property owners to enjoy a pre-existing reduced tax rate. This can contribute to the overall value of the historic property.

SCOPE OF REVIEW

The Mills Act Contract and associated *Rehabilitation, Restoration and Preservation Plan* requires review and approval by the City Council. Any restoration or reconstruction work proposed in conjunction with a Mills Act Contract request is subject to the provisions of the City's Historic Preservation Ordinance and may require review and approval of a Certificate of Appropriateness by the Cultural Heritage Commission.

The Mills Act Contract request for 492 Randolph Street does not include improvements that require an additional Certificate of Appropriateness. In order to be considered eligible for the subsequent tax year assessment, a contract must be approved by the end of the calendar year.

GENERAL PLAN AND ZONING

The applicant has requested a Use Permit for a bed and breakfast use on the property. Use Permit application PL18-0123 is currently under review and will require separate approval from the Planning Commission. Improvements to the property will include a parking lot addition at the rear of the property and minor restorative improvements to the exterior of the residence which are reviewed under Historic Clearance. All improvements to the property are detailed in the Restoration Plan. The Restoration Plan is consistent with General Plan and Zoning requirements.

VERIFICATION OF ELIGIBLE HISTORICAL STATUS

The subject property is on the City's Historic Resources Inventory as a Local Landmark (LLM) and is within the Napa Abajo-Fuller Park National Register. This Local Landmark Property is officially named the George E. Goodman, Jr. House. The Queen Anne Victorian residence was custom built for George E. Goodman, Jr., the youngest son of local banker George Goodman, Sr. in 1890. The property has seen many transitions over the years from its original single-family use to 12 single room occupants, to its most recent use as a multifamily apartment property. Following the 2014 South Napa Earthquake, the property has been undergoing repairs including interior remodeling and repairs, dry rot repair and replacement of exterior siding, chimney repair, and foundation work. The property has been vacant since August 2017. More information regarding the history of the property may be found in the Applicant's Plans and Supporting Documents (see Attachment 2).

CULTURAL HERITAGE COMMISSION MEETING SUMMARY

On November 8, 2018, the Cultural Heritage Commission held a public hearing and reviewed the Mills Act Contract request. The Commission's primary role was to determine whether the site continues to have historic integrity for historic status eligibility and is in compliance with the Secretary of the Interior Standards for Rehabilitation in order to make a recommendation to the City Council regarding the proposed Contract. Three nearby property owners addressed the Commission during the public hearing. The speakers were concerned that the Rehabilitation, Restoration, and Preservation Plan did not include removal of an addition to the front of the house and restoration of the original front porch. The Commissioners agreed that full restoration of the front porch would be the preferred scenario for long-term renovations. The Applicant explained her significant efforts to renovate the property to bring it back into productive use, and her willingness to explore restoring the porch at a future time. After further deliberation, the Cultural Heritage Commission unanimously passed a motion recommending approval of the Mills Act Contract and recommending that the property owner consider further rehabilitation of the front porch.

FINANCIAL IMPACTS:

The recommended action would result in a reduction in the City's share of annual tax revenue. The tax revenue is estimated to be reduced from the current \$2,982 per year to approximately \$894 per year (see Attachment 3). Because the initial term of the contract is ten years and the term is extended automatically each year for an additional year unless a notice of non-renewal is provided by the owner or the City, the reduction would continue for at least ten years. Once a notice of non-renewal is provided by the City or owner, the property tax reduction would cease upon the expiration of the remaining term of the contract.

CEQA:

The Community Development Director has determined that the Recommended Action described in this Agenda Report is not subject to CEQA pursuant to CEQA Guidelines Section 15060.

DOCUMENTS ATTACHED:

ATCH 1: Draft Mills Act Contract for 492 Randolph Street

EX A: Property Description

EX B: Site Plan

EX C: Preservation Plan

ATCH 2: Plans and Supporting Documents

ATCH 3: Table 1 - Estimated Property Tax Reduction

NOTIFICATION:

Legal notice of the public hearing was published in the Napa Valley Register at least 10 days prior to the hearing date.