



## Staff Reports

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**File #:** 112-2021, **Version:** 1

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**To:** Honorable Mayor and Members of City Council

**From:** Vincent Smith, Community Development Director

**Prepared By:** Michael Walker, Senior Planner

**TITLE:**

Preservation of Qualified Historical Property at 608 Randolph Street

**RECOMMENDED ACTION:**

Authorize the City Manager, on behalf of the City, to execute a Mills Act Historic Preservation Agreement with Lauren Ackerman for the property at 608 Randolph Street.

**DISCUSSION:**

The City has received a request from Lauren Ackerman for approval of a Mills Act Contract for a Local Landmark property at 608 Randolph Street that has been 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 owner incurred in her efforts to restore and preserve the subject historic building and for ongoing preservation of the building. No new work requiring review of a Certificate of Appropriateness is proposed with this request. The full restoration plan is further described in the Project Description and the Restoration Plan attached hereto as Attachment 2 and Attachment 3, respectively.

### 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. The City is not obliged to enter into a contract even if the properties are eligible. The contract extends for an initial term of 10 years. It will automatically renew each year on its anniversary date creating a new 10-year agreement unless the property owner or the City provides a notice of non-renewal. In such case, the contract will terminate at the end of the current 10-year term or the applicable renewal term. 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.

**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 that the agreed to restoration and/or maintenance has been complied with. 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.

Should the City decide 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. However, 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. For Mills Act Contract requests, the Cultural Heritage Commission's primary role is to determine whether the site continues to have historic integrity and is therefore eligible for a Mills Act Contract. The Cultural Heritage Commission considered the requested Mills Act contract and associated *Rehabilitation, Restoration and Preservation Plan* on March 11, 2021 and unanimously recommended that the City Council approve the contract.

The Mills Act Contract request for 608 Randolph Street does not include improvements that require approval of an additional Certificate of Appropriateness.

## ANALYSIS

The proposed *Rehabilitation, Restoration and Preservation Plan (Restoration Plan)* does not propose new work subject to an additional Certificate of Appropriateness and is intended only to document the recent and future repairs to the resource. Extensive restoration work previously completed on the property is described further below:

- Porch reconstruction
- Custom stained-glass doors with transoms
- Restoration of historic stained-glass windows
- Foundation repairs
- Carriage House reconstruction
- Interior restoration & reconfiguration

In order to be considered eligible for the subsequent tax year assessment, a contract must be approved by the end of the calendar year.

### A. General Plan and Zoning

No modifications are proposed to site use, density or building setbacks. The Restoration Plan is consistent with General

Plan and Zoning requirements.

Verification of Eligible Historic Status

The subject property is on the City's Historic Resources Inventory as a Local Landmark (LLM) within the Napa Abajo-Fuller Park National Register District. This Local Landmark Property was originally constructed in 1888 by Bay Area architect Luther Tuton. More information regarding the history of the property may be found in the supporting documentation within the Applicant's Rehabilitation, Restoration, and Preservation Plan.

**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 \$3,405 per year to approximately \$2,043 to \$1,021 per year, depending upon level of reduction based on expenditures for improvements by the owner. (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 exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301, which exempts minor alterations to existing structures and Section 15331, which exempts projects that rehabilitate, restore, preserve and conserve historical resources in a manner consistent with the Secretary of Interior's Standards for the Treatment of Historic Properties with Guidelines for Preserving, Rehabilitating, Restoring and Reconstructing Historic Buildings.

**DOCUMENTS ATTACHED:**

ATCH 1 - Draft Mills Act Contract with Description, Site Plan, Preservation Plan

ATCH 2 - Plans, Supporting Documents, Letter of Recommendation

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.