



AGENDA REPORT

Meeting Date: December 4, 2012

Item Number: D-1

To: Honorable Mayor & City Council

From: Jonathan Lait AICP, Assistant Director of Community Development

Subject: A RESOLUTION OF THE COUNCIL OF THE CITY OF BEVERLY HILLS DESIGNATING THE LILIORE GREEN PALMER RAINS ESTATE AT 603 DOHENY ROAD AS A LOCAL LANDMARK AND PLACING THE PROPERTY ON THE REGISTER OF HISTORIC PROPERTIES; AND

A RESOLUTION OF THE COUNCIL OF THE CITY OF BEVERLY HILLS APPROVING A MILLS ACT CONTRACT FOR THE LILIORE GREEN PALMER RAINS ESTATE AT 603 DOHENY ROAD, BEVERLY HILLS.

Attachments:

1. Cultural Heritage Commission Landmark Recommendation.
2. Cultural Heritage Commission Mills Act Recommendation.
3. Resolution Designating Liliore Green Palmer Rains Estate at 603 Doheny Rd, Beverly Hills, as a Local Landmark and Exhibit A, " Landmark Assessment Report.
4. Resolution Approving a Mills Act Contract for the Liliore Green Palmer Rains Estate at 603 Doheny Rd, Beverly Hills including Exhibit A, " Mills Act Application of October 3, 2012" and Exhibit B, Repair and Rehabilitation Plan, and Exhibit C, Mills Act Contract.

RECOMMENDATION

Staff recommends that City Council adopt a resolution designating the Liliore Green Palmer Rains Estate at 603 Doheny Road Beverly Hills as a Landmark on the Local Register of Historic Properties and subsequently move to approve the Mills Act contract for this property with an upper level cap on resulting yearly revenue loss to the City from this property of \$21,890.94 and an annual property tax reduction not to exceed \$125,810.00. Staff also support the applicants wishes, that in the case Council chooses not to approve a Mills Act Contract for this property, then the Landmark nomination also be denied.

INTRODUCTION

On May 25, 2012, a Mills Act Contract Application was submitted to the City on behalf of the property owners of the Liliore Green Palmer Rains Estate at 603 Doheny Road. The application was received before the closing date for current year Mills Act Applications of May 31, 2012. In this case the applicant desires to be included in the City's Pilot Mills Act program beginning with the 2013 Property Tax Assessment. To achieve that deadline the County Assessor requires the necessary documentation be filed before December 31st 2012.

BACKGROUND

On January 24, 2012, the City Council adopted Ordinance No. 12- O-2617, establishing a historic preservation program and establishing a Local Register of Historic Properties in the City of Beverly Hills. The Ordinance enables the City Council to designate local landmarks and historic districts and to place those properties and geographical areas on the City's Register of Historic Properties.

A Pilot Mills Act Program was also established by City Council as an incentive for owners of local Landmark properties in Beverly Hills. The program offers property tax reduction to owners of participating historic properties. In exchange property owners agree to use tax savings to complete a pre-approved Preservation Plan to restore, repair and maintain historic properties over the life of the contract. Mills Act contracts run for an initial ten (10) year term automatically renewing each year after that on the agreement date anniversary. The City Council adopted Ordinance No. 11-R-12838 on October 18, 2011, establishing the Pilot Mills Act Program for a two year period, for a maximum of six qualified participating properties and with a capped maximum annual revenue loss to the City of \$50,000.00.

At present, this property is the only one likely to be considered in 2012. At the midpoint of the pilot program this property would commit approximately 44% of the available program funding. Presently, only one other property is considering a Mills Act application in 2013 before the application window closes on May 31st 2013. It is very unlikely that the maximum number of six participating properties will be reached for the Pilot Mills Act Program. Staff will return to City Council next summer to review the Pilot Program and to seek Council direction regarding any continuation of a Mills Act Program in the City.

The Pilot Mills Act Program is available to "qualified historic property" within the City of Beverly Hills. A "qualified historic property" for the purposes of the Beverly Hills Mills Act Pilot Program must satisfy the following requirements:

- a. A single-family residential property or a commercial property constructed as a public theater as a primary use;
- b. Located entirely within the City of Beverly Hills;
- c. Privately owned;
- d. Not exempt from property taxation; and
- e. Individually listed in the City of Beverly Hills' official landmark register based on the property satisfying at least two landmark criteria, including architectural significance.

The Liliore Green Palmer Rains Estate at 603 Doheny Road, Beverly Hills satisfies all required criteria to be included in the City's Pilot Mills Act Program except that the property is not currently listed as a local landmark. For the City's Pilot Mills Act Program to be available for this

property it must first achieve listing as a local Landmark on the City's Register of Historic Properties, and this also is included in the applicant's request.

DISCUSSION

At the meeting of September 4, 2012 the Cultural Heritage Commission initiated nomination proceedings for the subject property. On October 2, 2012 the Commission visited the property to review the applicant's 'Repair and Rehabilitation Plan' which catalogues the expenditure for all rehabilitation, repair and maintenance works scheduled over the ten year Mills Act contract period.

On October 9, 2012 The Cultural Heritage Commission considered a Landmark Assessment Report provided by the applicant for the Liliore Palmer Rains Estate, and other evidence provided during the proceedings and moved to nominate the Liliore Palmer Rains Estate as a Local Landmark. The Commission based its action on the findings of fact and reasons listed in the Landmark Assessment Report by Margarita Jerabek Wuellner, and Amanda Kainer, of PCR Services Corporation, and other evidence provided during the proceedings and observations during a visit to the property and supported the finding of significance under the City's criteria for designation as required in Section 10-3-3212 of the Historic Preservation Ordinance as follows:

Landmark Designation Criteria (BHMC 10-3-3212)

- The subject property satisfies landmark significance **Criterion A1** of the City's historic preservation ordinance (Article 32 of Chapter 3 of Title 10, Section 10-2-3212): is identified with important events in the main currents of national, state, or local history, and directly exemplifies and manifests significant contributions to the broad social, political, cultural, economic, recreational, and architectural history of the nation, state, city, or community. The property is identified with an important event in local history; the urgency ordinance prohibiting the removal of trees proposed after Merv Griffin sought a permit to remove some of the Canary Pine trees and subdivide the estate. The decisive action of the Planning Commission and City Council as a result of this case has had great civic influence and was an important environmental decision in the City's history. Trees are protected in the City of Beverly Hills and no person shall damage or remove any protected native or heritage tree without a tree removal permit.
- The subject property satisfies landmark significance **Criterion A3** of the City's historic preservation ordinance: the property embodies the distinctive characteristics of a style, type, period, or method of construction, in that this eclectic Period Revival and Rustic style property is an exemplary early example of forested Residential Estate Architecture in Beverly Hills.
- The subject property satisfies landmark significance **Criterion A4**: represents the notable work of a person included on the City's List of Master Architect or possesses high artistic or aesthetic value, of the City's landmark criteria. The property is a good representative of its style, type, and period as evident in its design, workmanship, most materials, location, and overall setting. It is also directly associated with James F. Dickason (1894-1949), a local designer and builder, who is included on the City's List of Master Architects.

- The subject property satisfies the requirements of **Criterion B.**, which requires the property retains integrity from its period of significance, 1940 to 1993. The Estate property does retain integrity of location, design, setting, materials, workmanship, and association.
- The subject property satisfies the requirements of **Criterion C.** because the Estate has historic value in the City of Beverly Hills. The proposed landmark is of significant architectural / historic – cultural landscape value to the community and designation of this Estate as a landmark is reasonable, appropriate, and necessary to promote, protect, and further the preservation goals and purposes of the City.

In summary, the Liliore Green Palmer Rains Estate at 603 Doheny Road, Beverly Hills retains integrity from its period of significance, 1940 to 1993 and has historic value. The property warrants designation because of its exceptional contribution as an early forested Residential Estate in the City of Beverly Hills and the Southern California region. The Estate embodies the distinctive characteristics of a particular property type; a large luxury home, with landscaped grounds, rose-garden, Canary Island Pine forest, hill top cabin and natural spring. Additionally the property represents the most notable work of James F. Dickason, a recognized master architect / builder. Based on the evidence presented, the Liliore Green Palmer Rains Estate meets the criteria for designation as a local historic landmark.

Mills Act Application

If designated by City Council as a local Landmark, the owners of the Liliore Green Palmer Rains Estate would be eligible to participate in the City's Pilot Mills Act Program pursuant to the provisions of California Government Code Sections 50280-50290. A Mills Act contract requires the City of Beverly Hills and the County Tax Assessor's office to use specific formulae to determine the value of the historic property based upon net operating income rather than upon the traditional assessed valuation method, to calculate property tax reduction. In exchange for the property tax reduction, the owner agrees to protect, maintain, and where necessary, restore the historic property. The Mills Act contract is for a ten (10) year period. The applicant plans to use Mills Act Contract savings for:

- Natural ground spring water capture and irrigation system upgrades for the historic cistern.
- Maintenance of extant Canary Island pine forest.
- Repairs and maintenance of Rustic-style Cabin including fire rated roof.
- Building Maintenance Survey.
- Patching of exterior cast concrete block veneer to main residence.
- Exterior painting of main residence.
- HVAC replacement including humidity control to protect structural elements.
- Repair and maintenance of eastern site perimeter walling.
- Continued maintenance of buildings and grounds.

The Repair and Rehabilitation Plan provided by the applicant (Attachment 4, Exhibit B) details the proposed 10 year work plan for this property included in the Mills Act application and will form part of the Mills Act contract. The applicant's Repair and Rehabilitation Plan projects a total expenditure from property tax savings, for all rehabilitation, repair and maintenance works scheduled over the ten year contract period, to be \$1,017,528.27.

GENERAL PLAN CONSISTENCY

Designation of the Liliore Green Palmer Rains Estate at 603 Doheny Rd, Beverly Hills, as a local historic Landmark and approval of a Mills Act Contract for this property is consistent with the objectives, principles, and standards of the General Plan. General Plan Policy "HP 1.3 – Promote National, State, and Local Designation of Historic Resources" encourages the establishment of programs encouraging the nomination of landmarks. General Plan Policy "HP 1.4 – Develop Incentives to Protect Significant Historic Resources" encourages the development and funding of financial and regulatory incentives to encourage the protection of historic buildings, including Mills Act contracts.

ENVIRONMENTAL DETERMINATION

Designation of the Liliore Green Palmer Rains Estate at 603 Doheny Road, Beverly Hills as a local historic landmark and its inclusion in the City's Pilot Mills Act Program was assessed in accordance with the authority and criteria contained in the California Environmental Quality Act (CEQA), the State CEQA Guidelines, and the environmental regulations of the City. It has been determined that the landmark designation and the inclusion of the Liliore Green Palmer Rains Estate into the City's Pilot Mills Act Program would not have a significant environmental impact and is exempt from CEQA pursuant to Sections 15061(b)(3), 15308, and 15331 of Title 14 of the California Code of Regulations. It can be seen with certainty that there is no possibility that the landmark designation of the Liliore Green Palmer Rains Estate and its inclusion into the City's Pilot Mills Act Program will have a significant effect on the environment, as no specific development is authorized by this resolution, and any future development proposed pursuant this resolution will require separate environmental analysis when the details of those proposals are known. Further, the landmark designation of the Liliore Green Palmer Rains Estate and its inclusion into the City's Pilot Mills Act Program is an action of the City to protect and preserve an historic resource.

FISCAL IMPACT

Execution of this Mills Act contract would result in reduced property tax revenue to the City. The City's Pilot Mills Act Program does however cap property tax losses to the City at a maximum of \$50,000.00 per annum. The current annual property taxes for this property are \$157,500.00. Under Mills Act the applicant's estimated annual property taxes would be reduced to approximately \$31,690.00 per annum, a yearly reduction of approximately \$125,810.00, 17.4% of which, or a maximum of \$21,890.94 per annum would be staff's recommended maximum yearly capped loss to the City. The annual loss to the School District, calculated at 15.3% of the yearly tax reduction, would be \$19,248.93. The actual revenue loss per annum is subject to annual review and determined jointly by the City working with the County Tax Assessor.

Susan Healy Keene, AICP
Director of Community Development

 For SAC.
Approved By _____