

Attachment 2:

**Cultural Heritage Commission Report and Meeting Synopsis
– April 10, 2013**



City of Beverly Hills

Planning Division

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TEL. (310) 485-1141 FAX. (310) 858-5966

Cultural Heritage Commission Report

Meeting Date: April 10, 2013

Subject: Strategy for Developing the City's Historic Preservation Incentive Program

Recommendation: That the Cultural Heritage Commission review and comment on the information contained herein.

BACKGROUND

An informational overview of incentives for historic preservation was presented to the Cultural Heritage Commission (CHC) at the January 9, 2013 regular meeting. The CHC requested that staff work with the Preservation Incentives Subcommittee to continue to develop scenarios for an incentives program for Beverly Hills and to return to the Commission with further information.

DISCUSSION

At the request of the Cultural Heritage Commission and the Preservation Incentives Subcommittee, staff has conducted an analysis of the possible incentives that could be included in a Historic Preservation Incentives Program for Beverly Hills.

A basic description of specific incentives is included below for reference. Specific incentive options have been analyzed in terms of potential costs (time, money, barriers) and benefits (promoting or preserving historic resources). Each incentive has been broken down to identify the following properties:

- Time frame for implementation;
- Estimated level of costs for the City to implement and for the applicant;
- Factors or potential barriers to consider;
- Benefits that are likely to result;
- What actions will be needed; and
- Which agencies and community or stakeholder groups might be involved.

Estimates of timing and cost are kept general to guide the Commission in decision making about which programs to pursue. More in-depth analysis of specific program requirements could be conducted once the CHC, Planning Commission (PC) and City Council set priorities for the incentives work program.

Report Author and Contact Information:

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Contract Planner
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	Incentive & Description	Time Frame for Implementation	Costs	Considerations	Benefits	Actions Needed	Groups Involved
FINANCIAL	<p>Federal Tax Credits</p> <p>Tax relief for owners of historic properties is provided by the federal government in the form of tax credits. Federal historic preservation tax credits lower the amount of tax owed and are offered at two levels: 20% and 10% of cost of construction.</p>	Short	<p>For city: <i>Low</i>. Staff time for technical assistance guiding applicants in the process or assisting with application for National Register.</p> <p>For owners: <i>High</i>. Will require investment of time and resources to apply for National Register designation and/or tax credit application. But if application is successful, the owner could reap large tax savings.</p>	<p>-Only applies to properties listed on or eligible for the National Register (20% tax credit), or to certain properties built before 1936 (10% tax credit).</p> <p>-Private residential properties are not eligible.</p>	<p>-Rehabilitation costs provide tax advantages to owners who improve their historic properties.</p> <p>-Helps make historic redevelopment financially possible.</p>	<p>-Inform applicants looking to rehabilitate historic properties of the possibility of tax credits.</p> <p>-Staff can assist applicants with application for National Register of Historic Places.</p>	<p>City Staff – Planning Division for technical guidance.</p> <p>Applicant</p> <p>National Parks Service (NPS)</p>

FINANCIAL	<p>Mills Act Contracts</p>	Short	<p>For city: <i>High</i>. Tax benefits to property owners results in decreased tax revenue to the City and other agencies.</p> <p>For applicant: <i>Mid</i>. Have to commit to maintaining the property for minimum 10 years and use savings to reinvest in the property. But tax savings, particularly for recently-acquired properties, can be considerable.</p>	<p>-The City's current Pilot Mills Act Program is under re-evaluation by the CHC and CC.</p> <p>-Recommendation that only properties that are local landmarks be eligible to apply.</p>	<p>-Promotes preservation, rehabilitation, and maintenance of historically designated properties by the property owner.</p> <p>-May provide substantial tax relief to the property owner, particularly on recently-acquired properties which would have higher assessed property values.</p> <p>-The historic contract could boost the marketability of a property.</p>	<p>-Future of Mills Act program depends on direction from City Council.</p> <p>-If the program is renewed, eligibility and criteria could be re-evaluated.</p>	<p>City Council & CHC</p> <p>City staff – Planning Division; City Attorney's Office.</p> <p>Los Angeles County Assessor's Office.</p> <p>Possibly an outside consultant for fiscal impact analysis.</p>
FINANCIAL	<p>Fee waivers or deductions</p> <p>Some cities offer full or partial refunds of building permit fees for work on historic properties.</p>	Mid	<p>For city: <i>Mid – High</i>.</p> <p>-Reduced fees to applicants results in a direct loss of revenue to the City.</p> <p>-Budget for hiring an outside consultant to conduct the fiscal impact analysis would need to be allocated.</p>	<p>-Cost is a consideration for how the subsidy should be structured.</p> <p>-Recommendation that only properties that are local landmarks be eligible to apply.</p>	<p>-Would be a local incentive specific to City of Beverly Hills (though other cities also have similar programs)</p> <p>-Direct financial incentive to encourage property owners to maintain or rehabilitate historic properties.</p>	<p>-Study how to structure such a program – criteria for eligibility, amount of fees to be refunded, etc.</p> <p>-Conduct a fiscal impact analysis.</p>	<p>City staff – Planning Division; Building and Safety Division</p> <p>Outside consultant for fiscal impact analysis.</p> <p>City Council for approval of fee schedule</p>

CONSERVATION	Conservation and Façade Easements	Mid	<p>For city: <i>Low</i>, if the easements are handled by an outside preservation organization such as the LA Conservancy.</p> <p>For applicant: <i>Mid</i>. Restricts the future appearance and/or use of the property. Requires applicant to process application and agreement.</p>	<p>-The LA Conservancy can be the easement holder for such easements. If appropriate in the future, Beverly Hills could establish its own non-profit conservancy (e.g. Pasadena Heritage).</p>	<p>-Protects the architectural and historical significance of a building by restricting the right to alter its appearance or footprint.</p> <p>-The property owner who donates an easement can receive a one-time income tax deduction. The value of the easement is determined by calculating the difference between the fair market value of the property without the easement, and the value of the property with the easement restrictions (limitations on future development, height, use, etc.)</p>	<p>-Staff to identify projects which may be good candidates for such an easement, and direct applicants to LA Conservancy.</p>	<p>City Staff – Urban Design Team.</p> <p>Conservation organization (e.g. LA Conservancy).</p>
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CONSERVATION	<p>Transfer of Development Rights (TDR)</p> <p>TDR is a growth management tool that allows for the development potential on sensitive sites to be transferred or sold to non-sensitive sites through the private market.</p>	Long	<p>For City: <i>High</i>. Cost of developing a TDR program would be high and would need to be funded as a separate work program.</p> <p>For applicant: Value of buying & selling development rights would be determined in the marketplace.</p>	<p>-Developing a TDR program could be a complicated and complex process. Designing and implementing such programs has proven to be difficult (but not impossible) elsewhere.</p> <p>-Factors that will influence the TDR market include: local housing and land market conditions; underlying zoning restrictions; ability to acquire additional density through other means, etc.</p>	<p>-Discourages demolition of historic buildings by allowing property owners to realize the unused economic potential of their property.</p> <p>-Helps minimize negative economic impacts to landowners by providing a path for a property owner to recoup part of the economic loss that the historic preservation ordinance may have caused.</p> <p>-Helps bolster the legal basis of the City's historic preservation program in regards to the issue of whether a 'taking' has occurred.</p> <p>-TDR programs prosper in areas with high land values and hefty development pressures, both of which apply to Beverly Hills.</p>	<p>City would need to establish a "TDR Bank" and designate areas where development may be transferred to or from. The "sending zone" is the area to be protected, where development potential will be exported from. "Receiving zones" are areas designated to accept development potentials, which are appropriate for and exhibit a market demand for increased density.</p> <p>-Conduct a land suitability analysis to determine which areas of the City are appropriate sending and receiving zones.</p> <p>-Need to engage local real estate & development community during the process</p>	<p>City Staff – Planning Division; City Attorney's Office.</p> <p>Outside consultants for analysis and drafting program.</p> <p>Involve real estate & development community.</p>
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CONSTRUCTION	California State Historic Building Code (CHBC)	Mid	<p>For City: <i>Low</i>.</p> <p>For applicant: <i>Low</i>. Would need to go through process to seek designation as a local landmark.</p>	<p>-Recommendation that only properties that only local landmarks be eligible to be granted the benefit of the CHBC.</p>	<p>-Allows for flexibility in the otherwise rigid building regulations to enable sensible rehabilitation, restoration, preservation, relocation, or change in occupancy of historic buildings.</p> <p>-Aims to encourage preservation of historic buildings and conservation of architectural elements while maintaining standards for public safety.</p> <p>-Intent is to further a cost-effective approach to preservation.</p>	<p>-City has already adopted the CHBC.</p> <p>-Inform eligible properties of the available use of the CHBC.</p>	<p>City Staff – Planning Division; Building & Safety Division; Development Services Team.</p> <p>Could partner with professional organizations (e.g. California Building Industry Association [BIA], American Institute of Architects [AIA]) to publicize the option of using the CHBC in Beverly Hills.</p>
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ZONING	<p>Adaptive Reuse Ordinance</p> <p>An adaptive reuse ordinance could modify zoning requirements to facilitate the conversion of existing historic structures into new uses. The ordinance could create an expedited approval process and ensure that older and historic buildings are not subjected to the same zoning and code requirements that apply to new construction, which might otherwise preclude reuse of historic buildings.</p>	Long	<p>For City: <i>High</i>. Cost of developing an ordinance is high and would need to be funded as a separate work program.</p>	<ul style="list-style-type: none"> -Thorough research and analysis would need to be conducted to examine the suitability of such an ordinance for Beverly Hills. -Consider if ordinance should apply only to properties listed on the local register. -All work should be conducted in accordance with the Secretary of the Interior's (SOI) Standards 	<ul style="list-style-type: none"> -Would facilitate the process of converting historic structures and encourage the preservation of historic resources -Allows obsolete historic structures to breathe new life through rehabilitation and change of use. -Could be a neighborhood revitalization tool for underutilized areas of the city -Can help create new housing units to serve market-rate and affordable tenants. 	<ul style="list-style-type: none"> -Study other cities' adaptive reuse ordinances. -Begin to investigate the appropriateness of such an ordinance in Beverly Hills by identifying potential subject properties, etc. 	<p>City staff – Planning Division; Building & Safety Division; City Attorney's Office.</p> <p>May need to employ a consultant to conduct analysis and/or draft the ordinance.</p> <p>Could seek guidance from other cities, such as Los Angeles, who have adopted such an ordinance.</p> <p>Could engage development community involved in adaptive reuse of historic structures.</p>
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ZONING	<p>Bonus or Incentive Zoning</p> <p>A developer may be granted certain zoning “bonuses,” e.g. additional density above and beyond what would ordinarily be permitted by the zoning code in exchange for providing a public amenity such as historic preservation.</p>	Long	For City: <i>High</i> . Cost of developing an ordinance is high and would need to be funded as a separate work program.		<p>-Incentivizes developers to save and reuse historic structures rather than demolish them to make way for new development.</p> <p>-Benefits the public through provision of amenities such as historic preservation, open space, affordable housing, etc.</p>	<p>- Begin a study to investigate the appropriateness of such an ordinance in Beverly Hills by identifying potential subject properties, etc.</p> <p>-Coordinate with City’s Long-Range Planning Team to explore the possibility of tying zoning bonuses to meeting the City’s housing needs as identified in the Housing Element of the General Plan.</p>	<p>Planning Commission</p> <p>City staff – Planning Division; Building & Safety Division; Development Services Team.</p> <p>Involve real estate/development community.</p> <p>Include resident groups for zoning changes that are proposed in or near to residential areas.</p>
ZONING	<p>Parking Reduction</p> <p>City could offer a reduction in in-lieu parking fees or other parking relaxations to encourage the preservation or reuse of historic buildings.</p>	Mid - Long	For City: <i>High</i> . Loss of in-lieu parking fees could be substantial. Cost		<p>-Reduction in in-lieu parking fees or on-site parking requirements could translate into substantial cost savings for applicant.</p> <p>-Flexibility in standards could enable historic structures to be utilized, which might not otherwise be able to provide required parking on site.</p>	<p>-Funds would need to be allocated to hire a consultant to conduct a parking study.</p>	<p>Planning Commission</p> <p>City Council</p> <p>City staff – Planning Division; Transportation Division.</p> <p>Engage downtown business community</p>

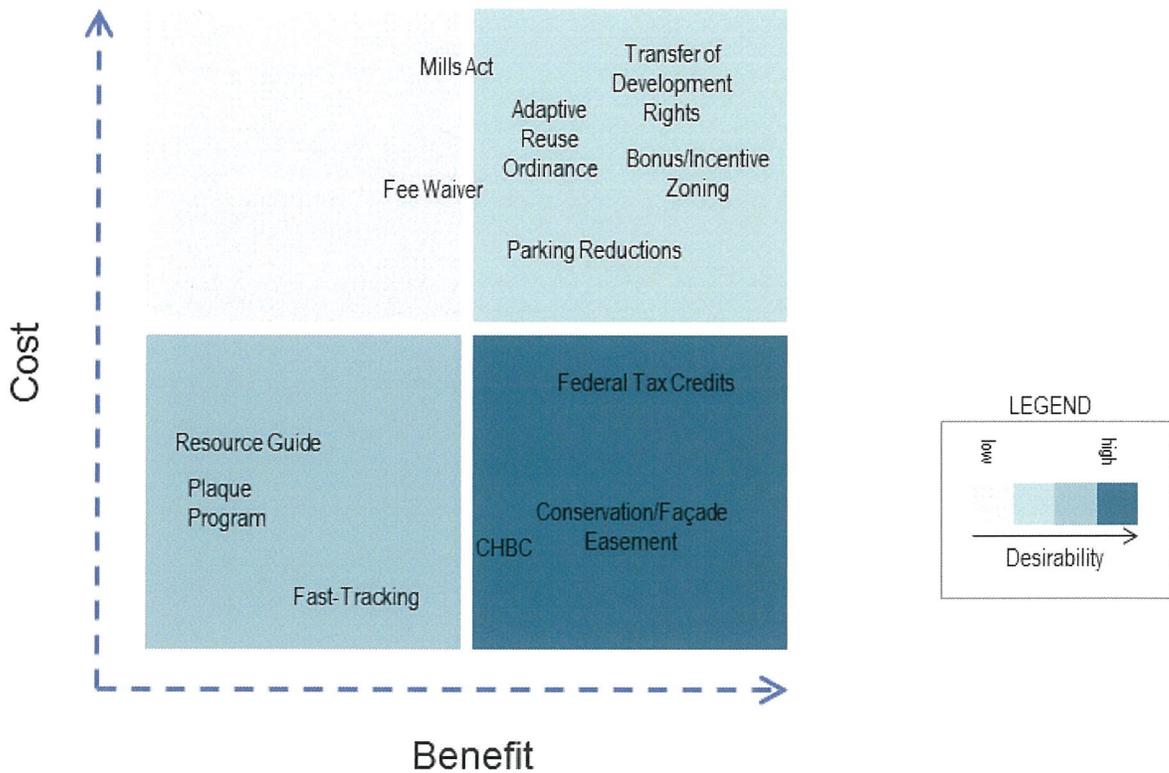
ADMINISTRATIVE	<p>Resource Guide for Homeowners</p> <p>Compile a guidebook of resources and tips for owners of historic properties, e.g. guidelines for restoration</p>	Short	<p>For City: <i>Low – Mid.</i></p> <p>-Staff time.</p> <p>-Design services.</p> <p>-Printing costs.</p>	<p>-Whether to compile one comprehensive manual or to create a series of guides.</p> <p>-Once published, keeping information current and accurate could be an issue.</p>	To be able to provide easily accessible information to homeowners.	<p>-Conduct research, compile information</p> <p>-Document design</p> <p>-Publish and disseminate</p>	<p>City Staff – Planning Division; Graphic Services.</p> <p>Consult other cities or organizations for content.</p> <p>Possible hire consultant for graphic design.</p> <p>Disseminate finished product through citizens groups such as homeowners associations.</p>
ADMINISTRATIVE	Fast-tracking of project approvals	Short	<p>For City: <i>Low.</i> Staff time and reprioritization.</p> <p>For applicant: <i>none.</i></p>	-Recommendation that only properties that only local landmarks be eligible for fast-tracking.	Time savings could translate to financial savings for applicants.	-Adopt a City policy regarding which projects or properties should receive fast-track priority processing.	City staff – Planning Division; Building & Safety Division; Development Services Team.

ADMINISTRATIVE	<p>Plaques</p> <p>Owners of historical properties that have been designated by as either a Historic Landmark or a Contributing Resource on the Beverly Hills Register of Historic Properties, are eligible to apply for a Beverly Hills Historic Property Plaque. The Plaque is to be placed on the exterior façade of the building or at the front of the property to acknowledge the date when the resource was constructed and its historic significance.</p>	Short	<p>For City: <i>Low – mid.</i></p> <p>For applicant: <i>Low – mid.</i></p>	<p>Cost will depend on if the City chooses to provide the plaque at no cost for landmarked properties. Currently, owners of landmarked properties may order plaques through the Urban Designer at a cost that ranges from approximately \$150 to \$930, based on the desired size of the plaque.</p>	<p>-Provides recognition to homeowner</p> <p>-Increases public awareness of Beverly Hills’ history through a historical marker</p>	<p>-Commission could approach partner organization(s) to sponsor the plaque program by providing some or all of the cost of the plaque.</p> <p>-Staff to inform owners of locally landmarked properties of the plaque program.</p>	<p>City staff – Urban Design Team.</p> <p>Possible partner organization.</p>
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ANALYSIS

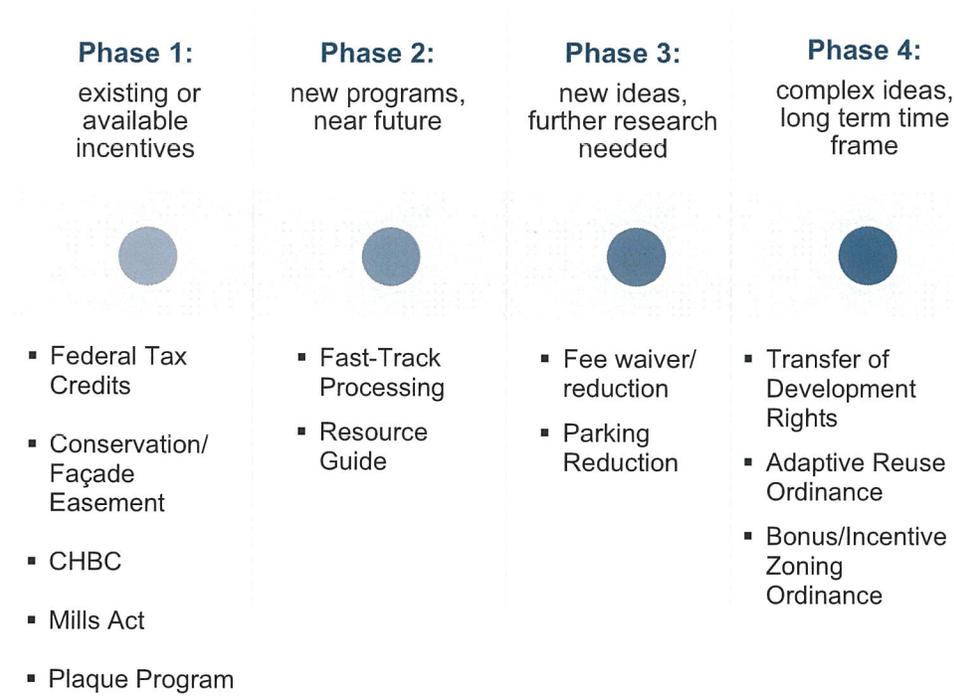
Cost-Benefit

The information parsed in the incentive analysis can be used to chart the incentives in terms of potential costs and benefits. The cost-benefit diagram can help illustrate the viability of such programs to be implemented; for example, the most desirable incentives would be those with low costs and high benefits.



Phasing

Authorizing a comprehensive Historic Preservation Incentives Program is a substantial undertaking that will require significant time, planning and resources. As such, it is recommended that the Program be broken down into phases and implemented over time. This allows the City to capture the “low-hanging fruit” and capitalize on opportunities that are within reach to be implemented in the near future. Other ideas or programs that are more complicated or longer-range can be identified for later phases. Alternatively, programs can be rearranged in phases based on the priorities of the CHC, Planning Commission, and City Council.



CONCLUSION

Staff has conducted an analysis of specific preservation incentive programs in terms of timing and suitability for implementation. This information has been used in a cost-benefit diagram to create a proposed phasing plan in order to identify priorities for development of an incentives program. Once the Cultural Heritage Commission provides feedback to staff, it is recommended that the proposed strategy for developing a preservation incentives program be forwarded to a joint subcommittee of the Cultural Heritage and Planning Commissions as a next step.

Report Reviewed By:



William Crouch AIA, AICP
Urban Designer



CITY OF BEVERLY HILLS
455. N. Rexford Drive
Beverly Hills, California 90210

CULTURAL HERITAGE COMMISSION
REGULAR MEETING SYNOPSIS
April 10, 2013
1:30 PM

MEETING CALLED TO ORDER

Date / Time: April 10, 2013 / 1:35 PM

ROLL CALL

Commissioners Present: Commissioners Pynoos, Greer, Beck, Vice Chair Waldow, Chair Furie
Commissioners Absent: None
Staff Present: William Crouch, Reina Kapadia, Karen Myron (Community Development Department); David Snow (City Attorney's Office); Jan Ostashay (City Historic Consultant)

APPROVAL OF AGENDA

Motion: Motion by order of the Chair to approve the agenda as amended, hearing item #8 ahead of items #4 - #7.
Action: **The agenda was approved as amended.**

COMMUNICATIONS FROM THE AUDIENCE

Speakers: None.

ADOPTION OF MINUTES

1. Minutes of the Cultural Heritage Commission Regular Meeting of January 9, 2013.
2. Minutes of the Cultural Heritage Commission Special Meeting and Bus Tour of February 26, 2013.
3. Minutes of the Cultural Heritage Commission Special Meeting of March 6, 2013.

Motion: Motion by order of the Chair to approve the minutes, with a noted spelling correction in item #1.
Action: **The minutes were approved as corrected.**

PUBLIC HEARINGS

8. Nomination for inclusion onto Local Register of Historic Properties for the Fox Wilshire Theatre / Saban Theatre at 8440 Wilshire Boulevard, Beverly Hills.

Forward the Nomination of Fox Wilshire Theatre / Saban Theatre at 8440 Wilshire Boulevard to the City Council for Local Landmark Designation.

Planner: William Crouch, Urban Designer
Jan Ostashay, City Historic Consultant

Public Input: Peyton Hall, Rabbi David Baron

Motion: Motion by Commissioner Greer, Second by Commissioner Beck to approve the Local Landmark Nomination resolution as amended, and forward the recommendation to City Council for approval (5-0).

Action: The resolution was approved as amended.

SPECIAL PRESENTATION FOR CITY WIDE HISTORIC SURVEY AND UPDATE

4. A special presentation was made by the Consultant Team from Historic Resources Group of Pasadena, who will be completing the City Wide Historic Resources Survey and Update. The consultant team was introduced to the Commission and provided a short overview of their proposed methodology, process, and timeline to complete this important project.

Action: No action was taken on this item.

PUBLIC HEARINGS, CONTINUED

5. Initiation of Nomination Proceedings for inclusion onto Local Register of Historic Properties of property at 910 N. Bedford Drive, Beverly Hills.

Forward the Initiation of the property at 910 N. Bedford Drive to the Director for a report and recommendation.

Planner: William Crouch, Urban Designer
Jan Ostashay, City Historic Consultant

Public Input: None.

Motion: Motion by Vice Chair Waldow, Second by Commissioner Pynoos to initiate nomination proceedings for inclusion on the Local Register of Historic Properties (5-0).

Action: Approved to initiate nomination proceedings.

6. Nomination for inclusion onto Local Register of Historic Properties of property at 801 N. Rodeo Drive, Beverly Hills.

Forward the Nomination of the property at 801 N. Rodeo Drive to the City Council for Local Landmark Designation.

Planner: William Crouch, Urban Designer
Jan Ostashay, City Historic Consultant

Public Input: None.

Motion: Motion by Commissioner Beck, Second by Vice Chair Waldow to approve the Local Landmark Nomination resolution as amended, and forward the recommendation to City Council for approval (5-0).

Action: The resolution was approved as amended.

7. Nomination for inclusion onto Local Register of Historic Properties for Beverly Hills City Hall at 450 N. Crescent Drive, Beverly Hills.

Forward the Nomination of Beverly Hills City Hall at 450 N. Crescent Drive to the City Council for Local Landmark Designation.

Planner: William Crouch, Urban Designer
Jan Ostashay, City Historic Consultant

Public Input: None.

Motion: Motion by Vice Chair Waldow, Second by Commissioner Greer to approve the Local Landmark Nomination resolution and forward the recommendation to City Council for approval (5-0).

Action: The resolution was approved.

9. Final Action and Recommendation for Denial of Landmark Nomination for inclusion onto Local Register of Historic Properties for the property at 1174 N. Hillcrest Road, Beverly Hills.

Adopt a Resolution denying designation of the property at 1174 N. Hillcrest Road as a Local Landmark.

Planner: William Crouch, Urban Designer
Jan Ostashay, City Historic Consultant

Public Input: Tom Levyn

Motion: Motion by Commissioner Beck, Second by Commissioner Greer to approve the resolution denying Local Landmark designation (5-0).
Action: **The resolution was approved.**

10. Request from the Planning Commission for Review and Comment on Historic Assessment Reports for the Property at 9269 Burton Way.

The Cultural Heritage Commission was asked to determine if a Historic Resource exists at 9269 Burton Way, and if so whether a proposed demolition would have a significant adverse effect on the historic resource.

Planner: Ryan Gohlich, Senior Planner
Public Input: Edward Levin

Action: **The Commission, serving in an advisory capacity to the Planning Commission, reached a unanimous opinion that the property does not meet historic guidelines under CEQA, and that the property does not meet criteria of Local Landmark Designation.**

11. Strategy for Developing the City's Historic Preservation Incentive Program

Staff report and discussion of a strategy for developing the City's Historic Preservation Incentives Program.

Planner: Reina Kapadia, Limited Term Planner
Public Input: None.

Action: **Received and filed.**

12. Review of Administrative Guidelines and Application Form for the Director's Determination of Ineligibility for Landmark Designation.

Staff report and review by the Commission of Administrative Guidelines and Application Form for the Director's Determination of Ineligibility.

Planner: William Crouch, Urban Designer
Public Input: None.

Action: **Received and filed.**

COMMUNICATIONS FROM THE COMMISSION

- Report by Commissioners of Ad Hoc Committee Activities.
- Discussion by Commissioners of Potential Historic Resources which may warrant further consideration.
- Communications from Commissioners.

COMMUNICATIONS FROM THE URBAN DESIGNER

- Update regarding status of Mills Act Application for Saban Theatre.
- “Certified Local Government Program” application update
- California Preservation Foundation Annual Conference.

MEETING ADJOURNED

Date / Time: April 10, 2013 /4:49 PM