



## **Attachment 2**

Cultural Heritage Commission Staff Report (excluding attachments)  
and Resolution of Recommendation



City of Beverly Hills

Planning Division

455 N. Rexford Drive Beverly Hills, CA 90210  
TEL. (310) 485-1141 FAX. (310) 858-5966

## Cultural Heritage Commission Report

**Meeting Date:** September 30, 2014

**Subject:** Approval of Mills Act Program for the Landmark Property, Joe E. Brown Residence, at 707 Walden Drive, Beverly Hills.

**Recommendation:** Adopt a Resolution recommending that City Council approve a Mills Act Contract for the Landmark Property, Joe E. Brown Residence at 707 Walden Drive, Beverly Hills.

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### REPORT SUMMARY

On May 28, 2014, a Mills Act Contract Application was submitted to the City by William and Jody Fay, Trustees of the Fay Family Trust, as owners of the Landmark Property, Joe E. Brown Residence, at 707 Walden Drive, Beverly Hills. As a local landmark property with an assessed value below \$7.5M the subject property does qualify to participate in the City's extended 3-year Pilot Mills Act Program.

Spanish Revival  
Residence at 707  
Walden Drive, Beverly  
Hills by Master Architect  
Rene Riverre



### DISCUSSION

The Mills Act contract is for an initial ten (10) year period and automatically renews each year. If approved for the City's Pilot Mills Act Program, City staff and the County Tax Assessor's office will use specific formulae to determine the amount of annual property tax relief for this historic property based upon net operating income estimate rather than upon the traditional assessed valuation method. In exchange for annual property tax reduction, the owner agrees to fully restore, protect and maintain this

Attachment(s):

1. Mills Act Application
2. Preservation Plan
3. Resolution
4. Sample Mills Act Contract

Report Author and Contact Information:

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Urban Designer  
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important historic property. Specifically, the applicant plans to use Mills Act Contract savings on an annual basis as detailed in the attached Rehabilitation and Maintenance Plan to complete numerous restoration projects valued in excess of \$520,000.00.

The Preservation Plan for this property is a part of the Mills Act application, will be incorporated into the Mills Act contract, and details a list of projects to be completed by the property owner during the initial ten year contract term. In addition, the application provides an estimate of the property owner's tax savings as well as an estimate of the City's property tax reduction. Since this estimate is based on financial data submitted by the applicant, the City will work with County Assessor to verify all calculations prior to final tax assessments. By executing the contract, the City does not corroborate the applicant's submitted financial statement, but authorizes tax abatement for the property.

Execution of this Mills Act contract would result in reduced property tax revenue to the City of approximately \$8,700.00 per annum and to the School District of approximately \$7,600.00. The City's Pilot Mills Act Program caps the total property tax losses to the City at a maximum of \$100,000.00 per annum. The current annual property taxes for this property are approximately \$63,000.00 which would be reduced under the Mills Act Program to approximately \$13,400.00. Under a Mills Act contract the estimated annual property taxes would be reduced over the period of the contract. The actual yearly revenue loss is subject to annual review and determined by the County Tax Assessor once the contract has been executed and recorded with the County.

#### **PUBLIC NOTICE**

The owner of the Landmark Property, Joe E. Brown Residence, at 707 Walden Drive, Beverly Hills was notified in writing that the Cultural Heritage Commission would consider the Mills Act Application for this property on September 24, 2014. As of the writing of this report, no public comments have been received.

#### **ENVIRONMENTAL REVIEW**

Approval of a Mills Act Program for the Landmark Property, Joe E. Brown Residence, at 707 Walden Drive, Beverly Hills 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 approval of a Mills Act Program for the Joe E. Brown Residence would not have a significant environmental impact and is exempt from CEQA pursuant to Sections 15308 and 15331 of Title 14 of the California Code of Regulations because approval of a Mills Act Program for the Joe E. Brown Residence is an action of the City to protect and preserve a historic resource.

#### **GENERAL PLAN CONSISTENCY**

Approval of a Mills Act Program for the Joe E. Brown Residence, at 707 Walden Drive, Beverly Hills, 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.

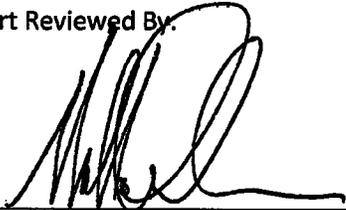
**SUMMARY**

It is recommended that the Cultural Heritage Commission support a Mills Act contract for the Joe E. Brown Residence, at 707 Walden Drive, Beverly Hills and forward a recommendation to City Council for approval.

**NEXT STEPS**

Once the Cultural Heritage Commission has deliberated, staff will forward to City Council the Commission's recommendation regarding a Mills Act Contract for the Joe E. Brown Residence, at 707 Walden Drive, Beverly Hills.

Report Reviewed By.

A handwritten signature in black ink, appearing to read 'W. R. Crouch', written over a horizontal line.

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William R. Crouch AIA, AICP  
Urban Designer

RESOLUTION NO. CHC 46

A RESOLUTION OF THE CULTURAL HERITAGE  
COMMISSION OF THE CITY OF BEVERLY HILLS  
RECOMMENDING THAT THE CITY COUNCIL APPROVE A  
MILLS ACT CONTRACT FOR THE JOE E. BROWN  
RESIDENCE LANDMARK PROPERTY, AT 707 WALDEN  
DRIVE, BEVERLY HILLS.

Section 1. On October 18, 2011 the City Council adopted Ordinance No. 11-R-12838 establishing a Mills Act Pilot Program for a two year period, with a capped maximum annual revenue loss to the City of \$50,000.00. The Pilot Mills Act Program was made available to “qualified historic property” within the City of Beverly Hills.

Section 2. On March 4, 2014 the City Council adopted Ordinance No. 14-R-12973 approving a three-year extension of the Mills Act Pilot Program until December 31, 2016 with an increased capped maximum annual revenue loss to the City of \$100,000.00. The Pilot Mills Act Program was made available to “qualified historic properties” within the City of Beverly Hills.

Section 3. A “qualified historic property” for the purposes of the three year extension of the Mills Act Pilot Program is defined as:

- a. A single-family residential property, a multi-family residential property or a commercial property with a tax assessed value not exceeding \$7.5 million dollars, unless exempted from the maximum tax assessed value through exceptional circumstances;
- 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.

Section 4. On May 28, 2014, a Mills Act Contract Application was submitted to the City by William and Jody Fay as Trustees of the Fay Family Trust for the property at 707 Walden Drive, Beverly Hills. In this case the property qualifies for participation in the City's Pilot Mills Act Program. The property is listed as a local Landmark on the City's Register of Historic Properties. On September 30, 2014, the Cultural Heritage Commission considered the Mills Act application for the Joe E. Brown Residence at 707 Walden Drive, Beverly Hills, and hereby recommends to City Council approval of a Mills Act Contract.

The Commission based its recommendation on careful consideration of the maintenance plan submitted as part of the Mills Act application for incorporation into the Mills Act contract. The Rehabilitation and Maintenance Plan (the "Plan") provides a list of expenses to be incurred in the maintenance and upkeep of the Joe E. Brown Residence during the initial ten-year contract term. In addition, the application provides an estimate of the property owner's tax savings as well as an estimate of the annual property tax reduction incurred by the City. Since this estimate is based on financial data submitted by the applicant, the City will work with County Assessor to verify all calculations prior to final tax assessments. By executing the contract, the City does not corroborate the applicant's submitted financial statement, but authorizes tax abatement for the property. The current annual property taxes for this property are estimated to be approximately \$63,000.00. Under the Mills Act, the estimated annual property taxes would be reduced during the contract period. The actual revenue loss per annum to the City is subject to annual review and

determined by the City and County Tax Assessor once the contract has been executed and recorded with the County. The Plan projects a total cost for all rehabilitation and maintenance works scheduled over the ten year contract period to be approximately \$527,700.00.

Section 5. PUBLIC NOTICE. William and Jody Fay as Trustees of the Fay Family Trust were notified in writing on September 20, 2014 that the Cultural Heritage Commission would consider recommending a Mills Act Contract for the Joe E. Brown Residence at 707 Walden Drive, Beverly Hills, on September 30, 2014. As of the writing of this report, no public comments have been received.

Section 6. ENVIRONMENTAL ANALYSIS. Approval of a Mills Act Contract for the Joe E. Brown Residence at 707 Walden Drive, Beverly Hills 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 inclusion of the Joe E. Brown Residence into the City's Pilot Mills Act Program would not have a significant environmental impact and thus is exempt from CEQA pursuant to Sections 15308 and 15331 of Title 14 of the California Code of Regulations because the inclusion of the Joe E. Brown Residence into the City's Pilot Mills Act Program is an action of the City to protect and preserve an historic resource.

Section 7. GENERAL PLAN CONSISTENCY. Inclusion of the Joe E. Brown Residence into the City’s Pilot Mills Act Program 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.

Section 8. The Cultural Heritage Commission hereby recommends that the City Council include the Joe E. Brown Residence at 707 Walden Drive, Beverly Hills into the City’s Pilot Mills Act Program, and approve a Mills Act Contract with the applicant.

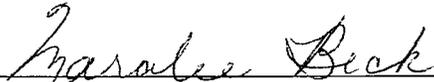
Section 9. The record of proceedings for the inclusion of the Joe E. Brown Residence into the City’s Pilot Mills Act Program is maintained by the City as part of the official records of the Community Development Department at 455 North Rexford Drive, Beverly Hills, California, 90210.


Section 10. The Secretary shall certify to the adoption of the Resolution and shall cause the Resolution and his certification to be entered in the Book of Resolutions of the Cultural Heritage Commission of the City.

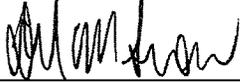
Dated: September 30, 2014



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WILLIAM R. CROUCH  
Secretary

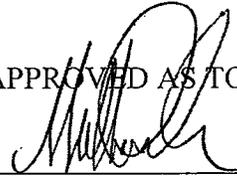
  
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MARALEE BECK  
Chairperson of the Cultural Heritage  
Commission of the City of Beverly Hills,  
California

APPROVED AS TO FORM:



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DAVID M. SNOW  
Assistant City Attorney

APPROVED AS TO CONTENT:



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WILLIAM R. CROUCH  
Urban Designer

EXHIBT A Mills Act Plan

STATE OF CALIFORNIA            )  
COUNTY OF LOS ANGELES       )     SS.  
CITY OF BEVERLY HILLS         )

I, WILLIAM CROUCH, Secretary of the Cultural Heritage Commission and Urban Designer of the City of Beverly Hills, California, do hereby certify that the foregoing is a true and correct copy of Resolution No. CHC 46 duly passed, approved and adopted by the Cultural Heritage Commission of said City at a meeting of said Commission on September 30, 2014, and thereafter duly signed by the Secretary of the Cultural Heritage Commission, as indicated; and that the Cultural Heritage Commission of the City consists of five (5) members and said Resolution was passed by the following vote of said Commission, to wit:

AYES:           Commissioners Pynoos, Waldow, Furie, Vice Chair Greer, Chair Beck.

NOES:           None.

ABSTAIN:       None.

ABSENT:        None.

  
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WILLIAM CROUCH, AIA, AICP  
Secretary of the Cultural Heritage  
Commission / Urban Designer  
City of Beverly Hills, California