City of Beverly Hills
Planning Division
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Planning Commission Report

Meeting Date: September 12, 2013

Subject: Policy Direction for the City of Beverly Hills Pilot Mills Act Program.

Recommendation: The Planning Commission is being asked to re-evaluate the Pilot Mills Act Program goals and objectives and make recommendations to City Council regarding the Pilot Program and its possible continuation beyond the initial two year term.

REPORT SUMMARY

This report presents recommendations for consideration by the Planning Commission from the Cultural Heritage Commission and the joint sub-committee of Planning and Cultural Heritage Commissioners, of suggested clarifications and refinements of the City's Pilot Mills Act Program and requests the Planning Commission forward recommendations to City Council regarding the Pilot Program and its possible continuation beyond the initial two year term.

BACKGROUND

The City's Pilot Mills Act Program is a self-directed, economic incentive program for owners of locally designated historic properties. The current program is capped at $50,000.00 per annum, maximum economic loss to the City through lost property taxes. The purpose of a Mills Act contract is to provide property tax relief for an owner in return for the long-term maintenance and preservation of the property's historic features and character. A Mills Act Contract between the owner of a City designated landmark property and the City of Beverly Hills is for an initial 10-year contract period.

In the Study Session of December 4, 2012, City Council requested the Planning and Cultural Heritage Commissions review the goals and policies of the City's Pilot Mills Act Program and report back to City Council regarding the Program.

POLICY REVIEW

On October 18, 2011, the City Council established a two year Pilot Mills Act Program with the following **criteria** for participating properties:

- A single-family residential property or a commercial property constructed as a public theater as a primary use;
- Located entirely within the City of Beverly Hills;

Attachments:
1. Comparative Mills Act Program Tabulation Sheets
2. Cultural Heritage Commission Staff Report January 9, 2013
3. Cultural Heritage Commission Staff Report March 6, 2013

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- Privately owned;
- Not exempt from property taxation; and
- Individually listed in the City of Beverly Hills' official landmark register based on the property being listed for its architectural significance.

Additionally, the City Council directed the following information be used for the ranking of applicant properties:

- Property is a theater, or performing arts building
- Designed by a master architect (as listed on the City's list of Master Architects)
- Listed on the National Register or State Register
- Date of filing.

City Council also directed that the following priority requirements be considered in making recommendations for program participation:

- Necessity. The residential or commercial project will require financial incentive in addition to any mortgage financing, private capital or public loans, to help ensure the preservation of the property. This criterion will establish that the property is in danger of deterioration and in need of substantial rehabilitation that has significant associated costs.

- Uniqueness. The project is a unique architectural example of a residential or commercial property. The unique characteristics of the designated landmark will be identified under this criterion.

- Investment. The residential or commercial project will result in additional private investment in the property other than for routine maintenance that may include seismic retrofitting and substantial repair or rehabilitation work. This criterion will estimate the costs for the restoration and rehabilitation of the property that the owner is committed to undertaking.

- Sustainability. The preservation plan included in the applicant's application has "green" or sustainable features, such as reuse of original or salvaged materials (including retaining interior plaster); restoration of missing sun-shading features such as porches, awnings, or shutters, etc. The retention, reuse, or recreation of these features should be consistent with the Secretary of the Interior's Standards and the historic character of the property. Applicants must also submit additional information in their applications to justify consideration under this priority consideration criterion.

PROGRAM ANALYSIS

At their meetings on January 9, 2013 and March 6, 2013 the Cultural Heritage Commission reviewed and re-evaluated the goals and policies shaping the City's Pilot Mills Act Program and agreed that the five (5) basic program criteria required by City Council, together with the four (4) priority rankings to be met by any participating property do provide clear parameters to applicants. The requirement that any participating property be a listed local Landmark shows the clear intention for this incentive program to encourage participation in the City's Preservation Program.

To that end, and to further reinforce the program goals, the Cultural Heritage Commission recommended at their meeting of March 6, 2013 the following clarifications and refinements to the City's Pilot Mills Act Program goals and policies:

- *Require local landmark application by applicants independently of any Mills Act application whether or not a Mills Act application would eventually be successful.*

- *Consider giving individual properties or districts listed on the National Register automatic listing onto the local Register just as the State currently automatically lists any National Registrations.*

- *Introduce caps on the tax assessed value of participating properties of $7.5M for Single-Family Dwellings and $10.0M for Commercial-Public Theater Properties, with the possible exemption from these property value limitations in exceptional circumstances for properties meeting necessary criteria.*

- *Allow for an acceptable mediation process to assist in the remedy of any breach, provided the City's Mills Act contract cancelation option is not compromised. At the December 4, 2012 Study Session related to Mills Act contract language, City Council did appreciate the challenges owners of highly valued properties face if participating in the pilot program and was not averse to considering a mediation process to assist in the remedy of any breach provided their contract cancelation option was not compromised.*

- *Further clarify the required priority measure for 'necessity' to help staff better target priority properties where property owners are actively rehabilitating their properties (not only maintaining their property) in compliance with the Secretary of the Interior's Standards for Rehabilitation and the California Historical Building Code.*

JOINT SUB-COMMITTEE MEETING OF PLANNING AND CULTURAL HERITAGE COMMISSION

On May 14, 2013 a joint sub-committee meeting of Planning and Cultural Heritage Commissioners was convened to review the five (5) recommendations of the Cultural Heritage Commission relative to the goals and policies shaping the City's Pilot Mills Act Program.

The joint sub-committee meeting comprising Planning Commissioners Rosenstein and Yukelson and Cultural Heritage Commissioners Waldow and Furie, suggested modifications to the recommendations of the Cultural Heritage Commission as follows:

1. Introduce a cap on the tax assessed value of participating properties of $10.0M for all Single-Family Dwellings and Multi-Family / Commercial Properties, with the possible exemption from these property value limitations in exceptional circumstances for properties with cultural-historic and/or architectural value to the community.

2. To be considered for possible exemption from the cap on the tax assessed value for participating properties, the following criteria will be used to establish exceptional circumstances:

a) The structure has cultural-historic and/or architectural value to the community.

b) Granting an exemption will assist in the preservation of a structure (including unusual and/or excessive maintenance requirements) that would otherwise be in danger of demolition, substantial alteration affecting the integrity of the structure or relocation.
c) Properties applying for a valuation exemption should be required to provide (as a part of the application) a Historic Structures Report (HSR) to substantiate the exceptional circumstances for granting the exemption. The HSR shall conform to the requirements outlined in National Parks Service, Preservation Brief 43 – The Preparation and Use of Historic Structures Reports. The City of Los Angeles currently requires a HSR be supplied for all properties valued above $1.5M.
d) Granting of any exception will not cause the annual cumulative loss of property tax revenue to the City to be exceeded.

3. In addition to an acceptable mediation process to assist in the remedy of any breach under an approved Mills Act contract, allow also for a process whereby the property owner in breach of conditions of approval would agree to reimburse the Beverly Hills Unified School District (BHUSD) for all loss of tax revenue associated with the property in breach of contract over the entire Mills Act Contract duration and in return the City Council would agree to pursue litigation only to remedy the breach and agree also not to cancel the Mills Act Contract and imposed the associated cancelation penalty costs of 12.5% of the assessed property value against the owner.

4. Consider a maximum three year time extension of the Pilot Mills Act Program with a maximum increased annual cap on lost property tax to the City of up to $250,000.00, and a corresponding annual loss to BHUSD of up to $200,000.00. (For comparison, a Mills Act contract for a property valued at $10M would result in an annual property tax loss to the City ranging from $14,400.00 to approximately $16,800.00 and to the BHUSD ranging from $11,800.00 to approximately $13,800.00).

STAFF ANALYSIS

Staff agrees with the recommended actions of the Joint Sub-Committee of the Planning and Cultural Heritage Commissions with the added caution that the possible increased annual cap on lost property tax to the City of up to $250,000.00, and corresponding annual loss to BHUSD of up to $200,000.00 is beyond any fiscal impacts previously anticipated by either the City or the School District and staff recommends additional outreach.

Staff has contacted BHUSD Superintendent Gary Woods, to advise of the Planning Commission's consideration of the City's Pilot Mills Act Program and to encourage participation by Superintendent Woods in the deliberations before the Commission particularly with regard to sustainable fiscal impacts that BHUSD are able to build into their annual budget in relation to the City's Pilot Mills Act Program.

Given that the two properties currently under consideration for Mills Act in this financial year will, if successful, encumber up to 70% of the current available program funds it is necessary to increase the maximum funding beyond the current $50,000.00 per annum ceiling if the program is also to be extended by an additional three year term. Staff recommends gradual, incremental increases to the annual cap on lost property tax to the City over time beginning with an initial increased annual cap on lost property tax from $50,000.00 to $100,000.00 per annum, with a corresponding maximum annual loss to BHUSD of up to approximately $80,000.00 per annum.

RECOMMENDATION

Staff recommends the Planning Commission re-evaluate the goals and objectives of the City's two year Pilot Mills Act Program, as recommended by the Cultural Heritage Commission and the joint sub-committee of Planning and Cultural Heritage Commissioners and make recommendations to City Council regarding the Pilot Program, it's three year continuation beyond the initial two year term and an increased annual cap on lost property tax to the City not to exceed $100,000.00 per annum, with a corresponding maximum annual loss to BHUSD of approximately $80,000.00.

Report Reviewed By:

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Attachment 1

Comparative Mills Act Program Tabulation

City	Is there a cap or limit on the value of a property applying for your City's Mills Act program?	Requirements for Buildings Applying for Valuation Exemption	Do property owners that do restoration work on their historic structure get more priority or benefits compared to property owners that only maintain their structure?	Does your City's Mills Act Program have a total expenditure limit?
Los Angeles	$1,500,000 (single family) $3,000,000 (multi-family, commercial, industrial)	Properties are required to prepare a Historic Structure Report (HSR) The Cultural Heritage Commission may grant assessment limitation exemptions in exceptional circumstances. Properties requesting assessment exemption must meet the following criteria: • Granting the exemption will assist in the preservation of a structure (including unusual and/or excessive maintenance requirements) that would otherwise be in danger of demolition, substantial alteration or relocation; and • The structure is an exceptional Historic-Cultural Monument or a Contributing Structure to an HPOZ; and • Granting the exemption will not cause the annual cumulative loss of property tax revenue to the City to exceed $2,000,000.	Properties that are actively being rehabilitated versus regular maintenance would have greater priority in the granting of a contract. Under the annual calculation of Mills Act Value, there could be slightly greater savings depending upon how flexible the assessor/ appraiser is in looking at one-time capital costs versus regular maintenance costs.	The City of Los Angeles has adopted a lost revenue cap of $2 million per year for their Mills Act program. The $2 million is for all contracts. Currently, the City's lost revenue for 562 contracts (15 years of contracts) is $886,961.61.

City	Is there a cap or limit on the value of a property applying for your City's Mills Act program?	Requirements for Buildings Applying for Valuation Exemption	Do property owners that do restoration work on their historic structure get more priority or benefits compared to property owners that only maintain their structure?	Does your City's Mills Act Program have a total expenditure limit?
Pasadena	$1.5 million	• Exemption for works of Greene & Greene, designated historic monuments, and properties listed individually in the National Register • One exception per year may be granted for special circumstances	Properties that are non-contributing and in a landmark or National Register district may be considered if the historic property contract agreement results in exterior restoration and/or reconstruction of significant historic and architectural features and if the work is based on pictorial, documentary, or physical evidence in compliance with the Secretary of the Interior's Standards for Rehabilitation.	Has an annual loss-of-revenue limit on new contracts, but not a total limit for the entire program. The annual limit is $75,000. There is also a limitation of $25,000 for an individual property.
Santa Monica	No cap on property value	None	No	No total expenditure limit
West Hollywood	No cap on property value	None	No	No total expenditure limit
Dana Point	No cap on property value	None	No	No total expenditure limit
Glendale	No cap on property value	None	No	No total expenditure limit

City	Is there a cap or limit on the value of a property applying for your City's Mills Act program?	Requirements for Buildings Applying for Valuation Exemption	Do property owners that do restoration work on their historic structure get more priority or benefits compared to property owners that only maintain their structure?	Does your City's Mills Act Program have a total expenditure limit?
La Canada-Flintridge	No cap on property value	None	No	$10,000 per year
Sierra Madre	No cap on property value	None	No	No total expenditure limit
San Juan Capistrano	No cap on property value	None	No	No total expenditure limit
Monrovia	No cap on property value	None	At this point the Mills Act Contract is a benefit available to all locally designated landmarks. Conditions of approval are applied to all contracts which may be limited to maintenance items for properties that are fully restored.	No total expenditure limit
Laguna Beach	No cap on property value	None	No	No total expenditure limit
Whittier	No cap on property value	None	No	No total expenditure limit

Attachment 2

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Cultural Heritage Commission Report

Meeting Date: January 9, 2013

Subject: Re-evaluation of Pilot Mills Act Program Goals and Policies.

Recommendation: At the request of the City Council the Cultural Heritage Commission and Planning Commission are being asked to re-evaluate the Goals and Policies for the Pilot Mills Act Program.

REPORT SUMMARY

This report makes recommendations to the Cultural Heritage Commission of suggested clarifications and reinforcements of the City's Pilot Mills Act Program goals and policies:

BACKGROUND

At the December 4, 2012 Study Session, City Council considered a request from the applicant for the Liliore Green Palmer Rains Estate at 603 Doheny Road to modify the City's standard Mills Act contract.

Under the Mills Act statutes, if a property owner breaches the agreement, then the City Council shall either cancel the Mills Act Contract or bring any action in court necessary to enforce the contract. (Govt. Code Sec. 50284.)[1] In the event of contract cancellation, the owner would be assessed a penalty of 12.5% of the unrestricted property value at the time of the breach. In the case of this property, worth as much as $15.8 million, the penalty to the owner of cancellation by the City could be as much as $1,975,000.00. The applicant's representative suggested that this would be an unfair penalty in that it bears no real correlation back to any breach that might result from a disagreement with the City regarding compliance with the Repair and Rehabilitation Plan, and in particular no relationship to the actual cost of any disputed repair or rehabilitation projects.

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[1] In 2011, Section 50284 was amended to ***require*** a legislative body to take one of the two actions (enforcement action or cancellation). Prior to the 2011 amendment the language stated: "The legislative body ***may*** cancel a contract if it determines that the owner has breached any of the conditions of the contract provided for in this article or has allowed the property to deteriorate to the point that it no longer meets the standards for a qualified historical property. The legislative body ***may*** also cancel a contract if it determines that the owner has failed to restore or rehabilitate the property in the manner specified in the contract." (Emphasis added.)

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In order to remedy the applicant's fairness and risk concerns, the applicant proposed additional language in the contract to allow for mediation of any possible dispute(s), regardless of the value of any disputed work(s), and recourse other than contract cancellation by the City.

After deliberation City Council decided that the standard contract language is adequate to address any breach and provide sufficient due process for a property owner to make any arguments to the City Council. Moreover, City Council did not want to limit its right to cancel the Mills Act contract in the event of an uncured breach. City Council did appreciate the challenges owners of highly valued properties face if participating in the program and was not averse to considering some kind of mediation process to assist in the remedy of any breech provided their contract cancelation option was not compromised.

However, after considering the matter before them City Council did consider the broader implications raised by the request and asked the Cultural Heritage and Planning Commissions to re-evaluate and review the goals and policies shaping the City's Pilot Mills Act Program.

POLICY REVIEW

The Cultural Heritage Commission and the Planning Commission have been asked by City Council to re-evaluate our program objectives and criteria for participating Mills Act properties.

In the City Council Meeting of October 18, 2011 that established the Pilot Mills Act Program, Council directed the following **criteria** be met by participating properties:

- A single-family residential property or a commercial property constructed as a public theater as a primary use;
- Located entirely within the City of Beverly Hills;
- Privately owned;
- Not exempt from property taxation; and
- Individually listed in the City of Beverly Hills' official landmark register based on the property being listed for its architectural significance.

Additionally, Council directed the following information be used for the ranking of applicant properties:

- Property is a theater, or performing arts building
- Designed by a master architect (as listed on the City's list of Master Architects)
- Listed on the National Register or State Register.
- Date of filing

City Council also directed that the following priority requirements be considered in making recommendations for program participation:

- <u>Necessity.</u> The residential or commercial project will require financial incentive in addition to any mortgage financing, private capital or public loans, to help ensure the preservation of the property. This criterion will establish that the property is in danger of deterioration and in need of substantial rehabilitation that has significant associated costs.

- Uniqueness. The project is a unique architectural example of a residential or commercial property. The unique characteristics of the designated landmark will be identified under this criterion.

- Investment. The residential or commercial project will result in additional private investment in the property other than for routine maintenance that may include seismic retrofitting and substantial repair or rehabilitation work. This criterion will estimate the costs for the restoration and rehabilitation of the property that the owner is committed to undertaking.

- Sustainability. The preservation plan included in the applicant's application has "green" or sustainable features, such as reuse of original or salvaged materials (including retaining interior plaster); restoration of missing sun-shading features such as porches, awnings, or shutters, etc. The retention, reuse, or recreation of these features should be consistent with the Secretary of the Interior's Standards and the historic character of the property. Applicants must also submit additional information in their applications to justify consideration under this priority consideration criterion.

ANALYSIS

It seems that the five (5) basic program criteria together with the four (4) priority rankings to be met by any participating property do provide clear parameters to applicants. The requirement that any participating property be a listed local Landmark shows the clear intention for this incentive program to encourage participation in the City's Preservation Program. To that end one way to reinforce the program goals would be to require local Landmark designation by applicants before any Mills Act application could be considered whether or not a Mills Act application would eventually be successful. One way to streamline this process would be to consider giving individual properties or districts listed on either the National or State Registers automatic listing onto the Local Register just as the State currently automatically lists any National Registrations.

Additionally, the four (4) priority requirements used in making recommendations for program participation are very helpful with the one suggestion that the required measure for 'necessity' could be further clarified as follows:

Necessity. This is a measure of how the success of a Mills Act application influences the financial viability of any restoration / rehabilitation project. Under this measure projects that involve significant amounts of restoration / rehabilitation, and particularly master architect contributors, are deserving of a higher priority than applications limited to ongoing property maintenance. The 'Necessity' measure could be strengthened by requiring ten year Mills Act project budgets include at least 75% (or some other percentage) for restoration / rehabilitation and not more that 25% (or some other percentage) for ongoing maintenance expenditures. The scope of required work for restoration / rehabilitation could be broadened to include restoration / rehabilitation expenditure within the previous three years, prior to the date of application subject to supporting documentation, provided that not more than 75% of the planned restoration / rehabilitation works have already been completed. Additionally, for properties valued in excess of three million dollars ($3M) a Historic Structures Report (HSR) could be required as part of the applicant's Preservation Plan to document the complete scope of restoration / rehabilitation

works. The City of Los Angeles currently requires a HRS be supplied for all properties valued above $1.5M.

RECOMMENDATION

Staff recommends the Cultural Heritage Commission consider the following clarifications and reinforcements of the City's Pilot Mills Act Program goals and policies:

- Require local Landmark designation by applicants before any Mills Act application could be considered whether or not a Mills Act application would eventually be successful.
- Consider giving individual properties or districts listed on either the National or State Registers automatic listing onto the local Register just as the State currently automatically lists any National Registrations.
- The 'Necessity' measure should be strengthened by requiring ten year Mills Act project budgets include at least 75% for restoration / rehabilitation and not more that 25% for ongoing maintenance expenditures. The scope of required work for restoration / rehabilitation should be broadened to include restoration / rehabilitation expenditure within the previous three years, prior to the date of application subject to supporting documentation, provided that not more than 75% of the planned restoration / rehabilitation works have already been completed. Additionally, for properties valued in excess of three million dollars ($3M) a Historic Structures Report (HSR) should be required as part of the applicant's Preservation Plan to document the complete scope of restoration / rehabilitation works.

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Attachment 3

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Cultural Heritage Commission Report

Meeting Date: March 6, 2013

Subject: Re-evaluation of Pilot Mills Act Program Goals and Policies.

Recommendation: At the request of the City Council the Cultural Heritage Commission and Planning Commission are being asked to re-evaluate the Goals and Policies for the Pilot Mills Act Program in an effort to ensure the Program's success.

REPORT SUMMARY

This report makes recommendations to the Cultural Heritage Commission of suggested clarifications and reinforcements of the City's Pilot Mills Act Program goals and policies:

BACKGROUND

In a Study Session on December 4, 2012, City Council considered the broader implications raised by a request to amend the standard Mills act Contract and requested the Cultural Heritage and Planning Commissions to re-evaluate and review the goals and policies shaping the City's Pilot Mills Act Program.

POLICY REVIEW

The Cultural Heritage Commission and the Planning Commission have been asked by City Council to re-evaluate the program objectives and criteria for participating Mills Act properties.

In the City Council Meeting of October 18, 2011 that established the Pilot Mills Act Program, Council directed the following **criteria** be met by participating properties:

- A single-family residential property or a commercial property constructed as a public theater as a primary use;
- Located entirely within the City of Beverly Hills;
- Privately owned;
- Not exempt from property taxation; and
- Individually listed in the City of Beverly Hills' official landmark register based on the property being listed for its architectural significance.

Additionally, the City Council directed the following information be used for the ranking of applicant properties:

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- Property is a theater, or performing arts building
- Designed by a master architect (as listed on the City's list of Master Architects)
- Listed on the National Register or State Register.
- Date of filing

City Council also directed that the following priority requirements be considered in making recommendations for program participation:

- Necessity. The residential or commercial project will require financial incentive in addition to any mortgage financing, private capital or public loans, to help ensure the preservation of the property. This criterion will establish that the property is in danger of deterioration and in need of substantial rehabilitation that has significant associated costs.

- Uniqueness. The project is a unique architectural example of a residential or commercial property. The unique characteristics of the designated landmark will be identified under this criterion.

- Investment. The residential or commercial project will result in additional private investment in the property other than for routine maintenance that may include seismic retrofitting and substantial repair or rehabilitation work. This criterion will estimate the costs for the restoration and rehabilitation of the property that the owner is committed to undertaking.

- Sustainability. The preservation plan included in the applicant's application has "green" or sustainable features, such as reuse of original or salvaged materials (including retaining interior plaster); restoration of missing sun-shading features such as porches, awnings, or shutters, etc. The retention, reuse, or recreation of these features should be consistent with the Secretary of the Interior's Standards and the historic character of the property. Applicants must also submit additional information in their applications to justify consideration under this priority consideration criterion.

ANALYSIS

It seems that the five (5) basic program criteria together with the four (4) priority rankings to be met by any participating property do provide clear parameters to applicants. The requirement that any participating property be a listed local Landmark shows the clear intention for this incentive program to encourage participation in the City's Preservation Program. To that end one way to reinforce the program goals would be to require local landmark application by applicants independently of any Mills Act application whether or not a Mills Act application would eventually be successful.

Another suggestion to help streamline the process would be to consider giving individual properties or districts listed on the National Register automatic listing onto the Local Register just as the State currently automatically lists any National Registrations. .

Additionally, on January 9, 2013, the Cultural Heritage Commission provided preliminary comments to staff relative to this item and suggested the introduction of caps on the tax assessed value of participating properties as follows:

- Single-Family Dwellings.
  Eligibility would be limited to a property tax assessment value of $7.5M.
- Commercial – Public Theater Properties.
  Eligibility would be limited to a property tax assessment value of $10.0M.

The Cultural Heritage Commission also suggested possible exemption from these property value limitations in exceptional circumstances for properties meeting the following criteria:

- Granting of an exception will not cause the annual cumulative loss of property tax revenue to the City to exceed $50,000.00
- The structure is of exceptional cultural-historic and/or architectural value to the community.
- Granting an exemption will assist in the preservation of a structure (including unusual and/or excessive maintenance requirements) that would otherwise be in danger of demolition, substantial alteration affecting the integrity of the structure or relocation.

Properties applying for a valuation exemption should be required to provide (as a part of the application) a Historic Structures Report (HSR) to substantiate the exceptional circumstances for granting the exemption. The HSR shall conform to the requirements outlined in National Parks Service, Preservation Brief 43 – The Preparation and Use of Historic Structures Reports. The City of Los Angeles currently requires a HSR be supplied for all properties valued above $1.5M.

At the December 4, 2012 Study Session related to Mills Act contract language, City Council did appreciate the challenges owners of highly valued properties face if participating in the pilot program and was not averse to considering a mediation process to assist in the remedy of any breech provided their contract cancelation option was not compromised.

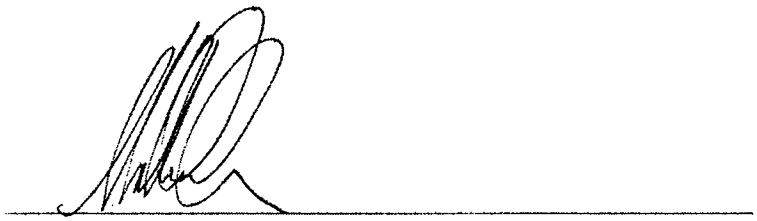
Additionally, the Mills Act Program should benefit those properties with the greatest need. The four (4) priority requirements used in making recommendations for program participation are very helpful with the one suggestion that the required measure for 'necessity' could be further clarified to help staff better target priority properties. The Mills Act Pilot Program is primarily for property owners who are actively rehabilitating their properties or have a plan to do so that is compliant with the Secretary of the Interior's Standards for Rehabilitation and the California Historical Building Code. The work needed to rehabilitate or restore a property should be pending or recently completed within the previous three years, prior to the date of application subject to acceptable supporting documentation being provided.
For applicants who are just starting their rehabilitation project, all work should be completed within the first 10 years of the contract. Owners who enter into a contract and do not rehabilitate or maintain the property as agreed are subject to the City cancelling the contract and the LA County Assessor collecting the 12.5% of current fair market value penalty against the property.

RECOMMENDATION

Staff recommends the Cultural Heritage Commission consider the following clarifications and reinforcements of the City's Pilot Mills Act Program goals and policies and make recommendations to the Planning Commission as follows:

- Require local landmark application by applicants independently of any Mills Act application whether or not a Mills Act application would eventually be successful.
- Consider giving individual properties or districts listed on the National Register automatic listing onto the local Register just as the State currently automatically lists any National Registrations.
- Introduce caps on the tax assessed value of participating properties of $7.5M for Single-Family Dwellings and $10.0M for Commercial-Public Theater Properties, with the possible exemption from these property value limitations in exceptional circumstances for properties meeting necessary criteria.
- Allow for an acceptable mediation process to assist in the remedy of any breech provided the City's Mills Act contract cancelation option is not compromised.
- Further clarify the required priority measure for 'necessity' to help staff better target priority properties where property owners are actively rehabilitating their properties or have a plan to do so that is compliant with the Secretary of the Interior's Standards for Rehabilitation and the California Historical Building Code.

Report Reviewed By:



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