

CITY OF LA CAÑADA FLINTRIDGE

PLANNING COMMISSION STAFF REPORT September 23, 2014 meeting

Applicants/Owners:
Eric and Elizabeth Romero
4630 La Cañada Boulevard
La Cañada Flintridge, CA 91011

Case Type/Number:
MAC 14-03

Project Site:
4630 La Cañada Boulevard

Case Planner:
Harriet Harris

1. Request:

This is a request for a Mills Act Contract for the property located at 4630 La Cañada Boulevard.

2. Location:

The project site is located on the east side of La Cañada Boulevard, between Salisbury Road and Fairview Drive.

3. Recommendation:

Staff recommends that the Planning Commission recommend to the City Council that a Mills Act Contract **BE APPROVED**.

4. Historical Background

The subject house located at 4630 La Cañada Boulevard was constructed in 1931 for George and Florence Miller who owned a significant portion of this block and a portion of the block to the east as their poultry farm. In 1930 Mr. and Mrs. Miller began subdividing their poultry farm and Mr. Miller established himself as a real estate salesman and later a broker. Margaret Banks was also an investor while the property was being subdivided. In 1935, Ms. Banks became the sole owner of the subject property but it is unclear if she ever lived in the house. Once the house was completed, it was rented to Mr. and Mrs. Charles Mayes.

The house was built by Earl Wood who was a lumber dealer in Los Angeles and a partner in the real estate firm of Miller (the property owner) and Wood. The designer of the house remains



unknown. The historical report prepared by Tim Gregory offers various scenarios as to who could have provided the designs for the subject home.

Other residents of the house over the years include Mrs. Marie Murray (starting in 1949, although she may have been renting it since 1942), Mr. and Mrs. Murray (1957), renters Mr. and Mrs. Bartsch (1961), renters Mr. and Mrs. Martz (1964), Mr. and Mrs. Conklin (1966) took possession of the house but never lived in it, and Mr. and Mrs. Lievens (1967). The current owners, Eric and Elizabeth Romero, purchased the home in May 2013.

There have been a total of six owners and many renters of the property since the house was constructed with the current owners purchasing it in 2013.

The property currently comprises 6,678 sq. ft. When the Los Angeles County Tax Assessor first visited the property, it was reported that the floor area was 2,044 sq. ft. The current floor area is reported as 1,939 sq. ft. by the county tax assessor.



The approximately 1,900 sq. ft. Spanish Colonial Revival style house has many period architectural details such as a Spanish tile roof, arched openings, covered porches and a low-pitched and/or flat roof. Interior features unique to this home include the original fireplace in the living room, original doors and hardware, original wood floors, push button light fixtures and built-ins.

In 1957 a building permit was issued to construct a garage and hobby room. That same year the original garage was converted to a den and in

1966 the new detached garage was permitted. Also, in 2005, the house was connected to the public sewer.

5. Eligibility and Findings

In order for a property to qualify for a Mills Act Contract the property owner must make

qualifying improvements and perform maintenance and upkeep on the structure. The applicants have provided a list of work that was already completed and a separate list of planned work and a tentative schedule for the work to take place (see attached). As part of the Mills Act Ordinance the City Council also allowed for work that has already been completed to be included in contracts along with proposed projects. Property owners benefit from reduced property taxes in order to fund these improvements over a minimum ten-year time frame.

A Mills Act contract may be entered into at the sole discretion of the City Council. If executed, the Los Angeles County Tax Assessor would evaluate the property based on its ability to generate income. This method is known as the *Income Approach* to value. This involves estimating how much rent the house could generate in the current marketplace. The property's potential income is then divided by a pre-determined capitalization rate to determine the new assessed property value. The initial term for the contract agreement is ten years. However, an additional year is added to the term of the contract annually, unless the property owner or the City submits a "notice of non-renewal" to the other party in a timely manner as prescribed in the Mills Act Ordinance (attached). The actual amount of the tax reduction will not be known until it is calculated by the Tax Assessor upon approval of the contract by the City Council. The City currently gets 6.71% of the property tax revenues collected. It should be noted that the City Council has placed a \$10,000 limitation on the property tax reduction for each year's contracts combined. It should also be noted that the exact amount of the reduction is not known until the assessor evaluates the signed contract. Staff can only estimate the tax reduction and City's share to evaluate if the contracts could potentially exceed the \$10,000 limitation established by the City Council. Please note that once the assessor receives the signed contract they use one of three methods to determine the new valuation; assessed value, Prop 13, or income approach. The lowest valuation of the three is used to determine the new valuation. The income approach was used above since it is the likely approach that will be used. The final new assessment will be done in time for it to be reflected for the December 2015 installment.

In the case of the subject property the property tax reduction would range from \$329 to \$348. This is based on a rental rate of \$3,557 for the 3-bedroom house for the low side and \$3,878 for the high side based on a rental rate of \$2 per square foot. In the past, a rental rate was used that was determined by the market. In talking with the Tax Assessor it was revealed that, in general, they use \$2 per square foot to calculate the new tax rate (depending on geographic area). This works for the smaller homes applying for the Mills Act but does not work for the larger homes. For the purposes of calculating the tax reduction to determine if the current contracts exceed the \$10,000 limitation established by the City Council, staff decided to use a both approaches to calculating the reduction thereby creating the range.

Additionally, Mills Act Contracts require periodic inspections of the historic property by the City, to determine the owner's compliance with the terms and provisions of the agreement. In addition, the property owners are required to provide written updates to the City every year to document the progress on the rehabilitation/preservation plan.

Lastly, if the City Council agrees to enter into a Mills Act contract with the property owners, staff will record the contract with the Los Angeles County Assessor's Record's office. Contracts for the current year will be recorded no later than December 31 of the same year so that the property owner can have the reduction in property taxes for following tax year.

In order to qualify for a Mills Act Contract the Code requires that a house be a “qualified historic property” and defines that as one of the following:

1. The property is identified with persons or events significant in local, regional, state or national history.
2. The property is representative of the work of a notable builder, designer or architect.
3. The property contributes to the significance of a historic area, being a geographically definable area.
4. The property embodies one or more distinctive characteristics of style, type, period, design, materials, or craftsmanship.
5. The property has a unique location or physical characteristics or represents an established and familiar visual feature of neighborhood, community, or the City.
6. The property promotes awareness and appreciation of City, local and national history, and demonstrates the value of historic preservation as a community value.
7. The property has yielded, or may be likely to yield information important in prehistory or history.

The applicants have provided documentation prepared by Tim Gregory (The Building Biographer) establishing the historical significance of the property. Included in the report is information obtained from various sources. All of these materials and the detailed work plan are included as part of the Planning Commission packet as attachments.

The property owners have spent approximately \$169,000 on work already completed and have limited estimates for future work. Attached are the spreadsheets submitted by the property owners which itemizes the completed work and planned future projects. Based on site visits to the property and information received from Mr. Gregory collected from city records and other sources, the property meets the criteria set by the City for a Mills Act Contract.

6. Required Findings

Overall, the subject house would meet criteria 4 and 6 listed above. While the home's designer is unknown, according to Mr. Gregory, it is a good example of the modest-scale Spanish Colonial Revival houses that existing in La Cañada in the 1920s and 1930s and as they disappear over time they take on an increasing historical significance.

3.20.060 of the La Cañada Flintridge Municipal code requires that once a property satisfies one of the definitions of a “qualified historic property” the Planning Commission may recommend to the City Council to enter into a Mills Act contract if the following findings are satisfied:

Findings

- 1. The estimated tax benefit over a ten year period will not exceed the applicant's proposed financial investment.**

In the case of 4630 La Cañada Boulevard, the tax benefit realized would range from approximately \$61,000 to \$64,000 based on the rental income scenarios outlined above. Consequently, the amount already expended by the property owner already exceeds the estimated tax savings. Staff supports the finding.

- 2. The proposed work will provide a benefit to the public by restoring character defining features, preserving exemplary or exceptional features or structures, retrofitting unreinforced buildings, work that is necessary for the continued viability of the historic structure (systems upgrades), or the work is clearly visible from the street or public right-of-way.**

In the case of 4630 La Cañada Boulevard, some of the proposed work would enhance the exterior which would be visible from the public right-of-way. Much of the completed/proposed work involves the restoration of hardware and fixtures with period or replica pieces, fixes failing or deficient structural portions of the structure or restores finishes to their original condition. Staff supports the finding.

7. Recommendation:

Staff recommends that the Planning Commission recommend to the City Council that a Mills Act Contract **BE APPROVED**.

Attachments:

1. Application
2. Supporting Documentation
3. List of completed and planned work
4. Mills Act Ordinance