

Historical Resources Board Workshop

Historic Preservation Incentives

June 6, 2008





Historical Resources Board Workshop

- Agenda noticing
 - All historic site property owners
 - All owners with submitted nominations
 - Backup materials posted to website
 - Issues, Response and Alternatives
 - Revised Mills Act Program matrix



Historical Resources Board Workshop

■ Objective of Workshop

- Continue public comment
- Review issues previously raised
- Review responses to issues and revised proposed changes to Mills Act program
- HRB recommendations on issues



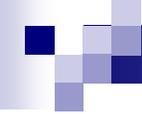
Potential Changes to Mills Act Program

- Proposal presented at April HRB Workshop
 - Annual limit
 - Additional Eligibility Requirements
 - Threatened or deteriorated resource
 - Affordable housing
 - Economic hardship
 - Supports revitalization efforts



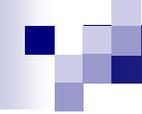
Potential Changes to Mills Act Program

- Proposal presented at April HRB Workshop
 - Application deadline June 30th
 - Contract Requirements
 - Resource visible from public right-of-way
 - Tailored agreement to achieve rehabilitation or restoration
 - Inspection for new agreement and every 5 years



Potential Changes to Mills Act Program

- Proposal presented at April HRB Workshop
 - Fees
 - \$590 for agreement
 - \$492 monitoring with agreement and every 5 years
 - \$949 enforcement only if needed



Potential Changes to Mills Act Program

■ Areas of General Agreement

- Application deadline
- Contract Requirements
- Inspection Schedule
- Fees

■ Areas of Disagreement

- Annual limit
- Eligibility requirements



Issues Raised on Proposed Changes

- Chart of issues raised by homeowners, preservation professionals, HRB Members, and public at meetings and in writing
- Responses address the City's position and provide background on the issue
- Alternatives that could be implemented to address the issue are suggested

Issues Raised on Proposed Changes

- Issue No. 1: Why change the existing Mills Act Policy?
 - Changes in preservation program, including regulations and review process
 - Properties in need of rehabilitation or restoration and in low and moderate income areas
 - Monitoring to assure compliance
 - Tailored agreements to tax savings reinvested in historic property
 - Understand and manage fiscal impact on annual basis

Issues Raised on Proposed Changes

- Issue No. 1 Alternatives
 - Comprehensive changes to focus on rehabilitation needs and in areas of low and moderate income households, add monitoring requirements, tailor agreements to each property, and manage fiscal impacts of program
 - Limited changes to add monitoring requirements, tailor agreements to each property
 - No changes

Issues Raised on Proposed Changes

- Issue No. 2: How will changes affect nominations already submitted?
 - Pipeline provisions for annual limit and eligibility
 - No pipeline for application deadline, contract requirements, inspections schedule, and fees
- Alternatives
 - Apply to all designated and those submitted
 - Apply to all designated and not submitted
 - No pipeline provisions

Issues Raised on Proposed Changes

- Issue No. 3: This is the only incentive for single family home owners.
 - HRB Incentives Subcommittee formed
 - General Plan policies address incentives
 - Use of Transfer of Development Rights
 - Architectural assistance service
 - Retention of non-conforming setbacks
 - Protection and preservation of important archaeology sites on private property
 - Use of conservation areas to protect neighborhood character through design guidelines

Issues Raised on Proposed Changes

■ Issue No. 3 Alternatives

- Add new non-fiscal incentives with changes to Mills Act policy
- Add new non-fiscal incentives after changes made to Mills Act policy
- No new incentives

Issues Raised on Proposed Changes

- Issue No. 4: Annual limit will reduce protections for historic sites.
 - No change to protections provided by regulations
- Alternatives
 - Set an annual fiscal limit
 - Set an annual numerical limit
 - No limit

Issues Raised on Proposed Changes

- Issue No. 5: Additional eligibility criteria will effectively eliminate program because few if any buildings would qualify.
 - Eligibility criteria intended to address General Plan policies, prioritize new contracts for properties in immediate need, help achieve housing needs, economic hardship, reinvestment in historic property



Issues Raised on Proposed Changes

- Issue No. 5 Alternatives
 - Require property meets at least one criteria
 - Use criteria to prioritize new contracts
 - No eligibility criteria

Issues Raised on Proposed Changes

- Issue No. 6: Proposed fees are too high.
 - Best estimate of staff time to support program-cost recovery fee
- Alternatives
 - Full cost recovery
 - Partial cost recovery
 - Minimal fee and no increase in program (no monitoring)

Issues Raised on Proposed Changes

- Issue No. 7: Losing important historic buildings causes negative impact on neighborhoods.
 - Mills Act preserves individual buildings
 - Additional tools needed to address neighborhood character
 - Conservation areas with design guidelines



Issues Raised on Proposed Changes

■ Issue No. 7 Alternatives

- Address neighborhood character with community plan updates
- Implement conservation areas in advance of plan updates
- Do not address neighborhood character

Issues Raised on Proposed Changes

- Issue No. 8: Fiscal impact of Mills Act tax reduction is minimal compared to overall benefits of historic preservation.
 - Need to understand and manage fiscal impact on annual basis
 - Current loss is \$1,126,073, based on 885 contracts

Issues Raised on Proposed Changes

- Issue No. 8 Alternatives
 - Fiscal limit based on average loss per contract
 - Numerical limit based on average number of contracts
 - No limit and no management of fiscal impact on general fund

Issues Raised on Proposed Changes

- Issue No. 9: Cost of maintaining historic house is greater than for a non-historic house.
 - Mills Act tax reduction helps off-set cost – average savings \$7,485 (range less than \$1,000 to over \$20,000)
- Alternatives
 - Limit additional incentives to non-fiscal impacts
 - Evaluate ability for new fiscal incentives
 - No new incentives

Issues Raised on Proposed Changes

- Issue No. 10: Need to make sure that low and moderate income neighborhoods can benefit from the Mills Act program.
 - Guidelines assist homeowners with designation and reduce cost of hiring consultant
 - Establish historic districts to bring more properties into preservation program to benefit from Mills Act incentives

Issues Raised on Proposed Changes

- Issue No. 10 Alternatives
 - City take lead to establish districts in low/mod income areas and prioritize new contracts for these owners
 - Public/private sponsorship programs to support preservation for low/mod property owners
 - Do not prioritize new contracts for low/mod income neighborhoods



Mills Act Program

- Matrix of existing and proposed program
- Changes made following each public meeting
- Handout reflects revised proposal



Mills Act Program

- Annual Limit

- Current Program

- None

- Proposed Program (Revised)

- Annual Limit

- Fiscal or Numerical

- No aggregate limit

Mills Act Program

■ Eligibility Requirements

Current Program

- None

Proposed Program (Revised)

- Designation by December 31st of previous year and
 - Preservation of deteriorated or abandoned resource
 - Enhance opportunities for affordable housing
 - Economic hardship
 - Reinvestment in or rehabilitation of resource



Mills Act Program

- Application Deadline
 - Current Program
 - October 1
 - Proposed Program
 - June 30

Mills Act Program

■ Contract Requirements

□ Current Program

- Visibility of resource
- Site specific conditions/exclusions

□ Proposed Program

- Visibility of resource
- Site specific conditions/exclusions
- 10-year tailored agreement, renewed annually



Mills Act Program

- Inspection Schedule

- Current Program

- None

- Proposed Program

- Prior to new agreement
- Prior to 5th year renewal

Mills Act Program

■ Fees

□ **Current Program**

- \$400 maximum for agreement
- None for monitoring or enforcement

□ **Proposed Program**

- \$590 for agreement
- \$492 monitoring with agreement and every 5 years
- \$949 enforcement only if needed

Implementation of Program Changes

Public process

- **HRB Policy (January 2008)**
 - **Additional staff research**
 - **Revised proposal**
- **CPC (March 2008)**
 - **Additional staff research**
 - **Revised proposal**
- **Workshops with HRB (April 18, 2008)**
 - **Additional staff research**
 - **Revised proposal**

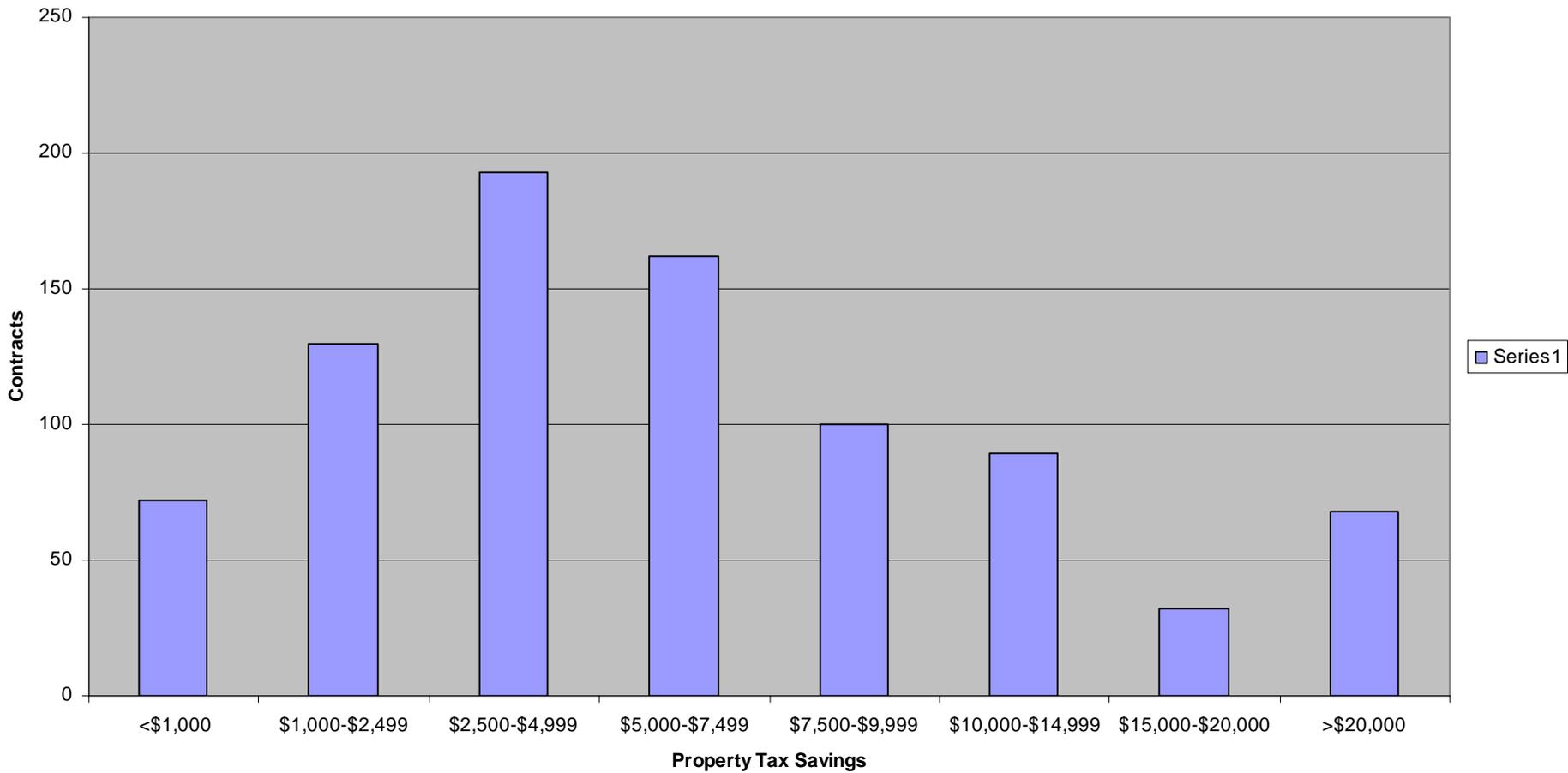
Implementation of Program Changes

Public process

- **Workshops with HRB (June 6, 2008)**
 - **HRB Recommendations**
 - **Additional staff research**
 - **Revised proposal**
- **Workshop with LU&H (July/August)**
 - **Committee Recommendations**
 - **Revised proposal**
- **City Council (October 2008)**



Property Tax Savings Distribution



Property Tax Savings

