



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: 22-806, Version: 1

PLN220167 - MENDOZA MICHAEL & LEAH

Public hearing to consider recommending the County of Monterey Board of Supervisors approve a Mills Act Contract Application for the property at 6 Miramonte Road, Carmel Valley (aka the Hayward House)

Project Location: 6 Miramonte Road, Carmel Valley (Assessor's Parcel Number 187-081-006-000), Carmel Valley Master Plan

RECOMMENDATION:

Staff recommends that the Monterey County Historic Resources Review Board (HRRB) adopt a resolution recommending that the County of Monterey Board of Supervisors:

1. Grant an exception to the property value limit for historic property contracts established in Monterey County Code section 18.28.040.C.; and
2. Approve a Mills Act Contract Application for the property at 6 Miramonte Road, Carmel Valley (aka the Hayward House).

BACKGROUND/DISCUSSION

Mills Act Contract Criteria

On June 27, 2022, Leah Mendoza requested that their property be considered for a Mills Act Application. To be eligible for a Mills Act contract, the following criteria must be met:

1. The property that is the subject of the application is a qualified historical property as defined by this Chapter.
2. The application is consistent with the County's historic preservation goals and policies, as set forth in the County's General Plan and ordinances.
3. The application is consistent with the applicable Secretary of the Interior's Standards for the Treatment of Historic Properties, the rules and regulations of the Office of Historic Preservation of the California State Parks Department, and the California Historical Building Code.
4. The fair market value of the property that is the subject of the application is equal to or less than the valuation limits set forth in Section 18.28.040.C of this Chapter, unless an exception has been granted pursuant to this Chapter.
5. The application is consistent with the requirements of this Chapter.

The property meets Criteria 2, 3 and 5, would meet Criteria 1 should the Board of Supervisors add the property to the Monterey County Register of Historic Resources, and would meet 4 should the Board of Supervisors grant an exception to the property value limit for historic property contracts.

Criteria 1: The HRRB recommended that the property be added to the Monterey County Register of Historic Resources at their June 2, 2022 meeting. (HRRB Resolution No. 22-006, attached). The Board of Supervisors has not yet considered the request for the property to be added to the register. After the HRRB's recommendation, staff would take the request for listing on the historic register and the request for a Mills Act contract to the board together for action at one time, with the approval of the Mills Act contract application being contingent on the property being listed on the register. As recommended by the HRRB, the home is eligible for listing at the local level of significance under:

- California Register Criteria 2 for its association with prominent Central California lumberman Homer

M. Hayward; and

- California Register Criteria 3 as the last residential design of master architect William “Will” Shaw, FAIA.

Criteria 2: A 10-year rehabilitation and maintenance plan was submitted which describes how the property tax savings will be used in the preservation of the home. The work plan provides for \$631,000 rehabilitation of the home, accessory structures, and site consisting of: re-roofing with a solar roof; gutter replacement; appliance replacement; exterior painting; wood replacement in the trellis and carport; restoration of exterior gates; stripping of interior paint and resurfacing underlying wood to match original finish; crawl space ventilation improvements; skylight replacement; electrical upgrades and re-sealing the concrete of the pool; upgrading the lighting of the existing fountain; and replacing non-native plants with native landscaping. \$65,000 anticipated for remodeling the exterior sport court were not included in this figure.

Criteria 3: Staff has reviewed the proposed work plan and finds the proposed work appropriate for ongoing maintenance and preservation and therefore consistent with the applicable standards.

Criteria 4: A residential appraisal was prepared by Sandra Cimo (State Certification #AR005902) which appraised the fair market value of the property at \$5,000,000 dollars, which exceeds the \$3,000,000 valuation limitation set forth in Monterey County Code (MCC) section 18.28.040.C. Therefore, in accordance with MCC section 18.28.060.C., the applicant submitted a request for an exception to this value limitation with supporting justification. The criteria for granting this exception are detailed in the subsection “Value Limitation Exception”.

Criteria 5: Materials necessary for the review of the Mills Act Contract application have been submitted and reviewed by staff. The proposed work plan appears consistent with the relevant policies in Monterey County Code Chapter 18.28.

Value Limitation Exception

Monterey County Code (MCC) section 18.28.040.C. sets a \$3,000,000 fair market value (land plus improvement value) limit for residential properties to be eligible for historic property contracts. An exception to this limit can be granted if the following criteria are met:

1. The site, building, object, or structure is a particularly important resource such as the last or only example of its kind, and it represents an exceptional example of an architectural style, the work of a master, or is associated with the lives of significant persons or events important to history; and
2. The historical property contract will result in the preservation of a site, building, object, or structure whose significance as a historical resource would otherwise be at immediate risk of substantial adverse change. A substantial adverse change in the significance of the historical resource means the physical demolition, destruction, relocation, or alteration of the resource or its immediate surroundings such that the significance of the resource would be materially impaired; and
3. The exception is warranted due to one or more of the following additional factors:
 - a. The resource is highly visible to the public;
 - b. The difference between the current property tax obligation for the property and the estimated property tax obligation under the Mills Act is within the same range as the expected estimated lost property taxes from historic property contracts for properties meeting the valuation limit;
 - c. The work program proposes to provide for critical improvements immediately necessary to preserve the resource, and it provides for the best and most efficient use of the expected property tax savings; or

- d. Approval of the contract would generate heritage tourism, affordable housing, or similar public benefits.

Criteria 1: The home is associated with the lives of significant persons to Monterey County and is the last residential design of a master architect. The home is the last residential design of William Shaw, FAIA, a master architect remembered as a steward for environmental protection of the central coast. The home is also associated with prominent central California lumberman Homer M. Hayward. The Hayward Lumber company is one of the oldest businesses in Monterey County, being owned by the family since 1919. Homer M. Hayward assumed management of the company after World War 2, and during his management it became the leading supplier of lumber and building materials on the central coast. He was also a community leader, being the youngest individual to serve on the Salinas City Council at 28, served on the Salinas Planning Commission, was the Chairman of the Monterey County Housing Authority, President of Lumber Merchants Association, and Chair of the National Lumberman's Research Council.

Criteria 2: The approval of the Mills Act Contract would protect the property from risk of substantial adverse change resulting from potential future additions which are insensitive to the sites historically defining characteristics or re-development of the site. No new structures, major additions, or demolition are presently planned from the property. Nevertheless, as identified in the 2020-2021 Certified Local Government Report to State Parks reviewed by the HRRB, loss of historic resources due to demolitions and insensitive remodels are one of the County's most critical preservation planning issues. Granting of the Mills Act Contract creates an economic incentive for the owner of the property to maintain its historically defining characteristics, and the provisions of historic property contracts listed in MCC 18.28 require the property owner to agree to do so over a minimum of 10 years and submit annual progress reports.

Criteria 3: The exception is warranted as approval of the contract would generate the opportunity for heritage tourism. As indicated in Ken Seavey's letter dated July 27, 2022, there are several significant historic homes in the adjacent Rancheria subdivision, designed by well known and regarded architects such as William Wurster, Pierre Koenig, Joseph Eichler, Marel Sedlezky, George Brook-Kathlow and Mickey Muennig, many of which are listed in Monterey Bay Chapter of the American Institute of Architects 2008 "A Guide to Contemporary Architecture of the Monterey Bay Region 1947-2008". The Historic Property Contract would include a provision requiring that the property be available for future tours.

Estimate of Financial Impact

The property's Proposition 13 assessed value is \$3,889,886, and its most recent tax bill was \$41,174/year. The Mills Act would cap the assessed value at \$1,501,538, meaning that estimated property taxes would be \$15,015/year, resulting in an approximate tax savings of \$26,159 annually.

The purpose of the historic property contracts is to allow an owner of a qualified historical property to obtain preferential property tax assessment in exchange for restrictions on the property to help preserve, restore, and maintain the historic property. The subject application is in keeping with this purpose.

Prepared by: Phil Angelo, Associate Planner

Approved by: Craig Spencer, Chief of Planning

The following attachments are on file with Housing and Community Development:

- Attachment 1 - Draft Resolution
- Attachment 2 - Phase I Historic Assessment

- Attachment 3 - HRRB Resolution No. 22-006
- Attachment 4 - 10 Year Rehabilitation and Maintenance Plan
- Attachment 5 - Value Cap Exception Justification Letters
- Attachment 6 - Site Plan
- Attachment 7 - Photos of Home