



County of Monterey

Item No.

Board Report

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

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December 03, 2024

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PLN240186 - MOSS RICHARD F & BETTINA E MOSS TRS

Public hearing to consider a request to add the "McDonald House" to the Monterey County Register of Historic Resources; and a Historic Property (Mills Act) Contract for the property at 55 Encina Drive, Carmel Valley (Assessor's Parcel Number 187-041-042-000).

Project Location: 55 Encina Drive, Carmel Valley, CA 93924

RECOMMENDATION:

Staff recommends that the Board of Supervisors:

- 1) Find that the project qualifies for a Class 31 categorical exemption pursuant to CEQA Guidelines section 15331, and that none of the exceptions from Section 15300.2 apply;
- 2) Adopt a resolution listing the "McDonald House" on the Monterey County Register of Historic Resources;
- 3) Approve a historic property (Mills Act) contract for the property at 55 Encina Drive, Carmel Valley; and
- 4) Authorize the Chair of the Board of Supervisors to execute the Contract.

PROJECT INFORMATION:

Owners: Richard F Moss and Bettina E Moss

Plan Area: Carmel Valley Master Plan

Flagged and Staked: No

Proposed CEQA Action: Find that the project qualifies for a Class 31 categorical exemption pursuant to California Environmental Quality Act (CEQA) Guidelines section 15331, and that none of the exceptions from Section 15300.2 apply.

SUMMARY:

The property is an approximately 6.27-acre lot on Encina Drive west of Laureles Grade developed with a single-family residence with an attached garage and pool (the "McDonald House"), constructed in 1972 and 1973, respectively. A building permit (23CP03997) has also been issued to construct a detached 964 square foot accessory dwelling unit on the property on May 17, 2024.

The property owners are requesting the residence be listed on the Monterey County Register of Historic Resources, and that a historic property (Mills Act) contract be approved for the property. Once constructed, the accessory dwelling unit would not contribute to the historicity of the property. On April 8, 2014, the Board of Supervisors adopted a program implementing the State Mills Act (Government Code sections 50280 through 50290). The County's Mills Act program is codified in Monterey County Code Chapter (MCC) 18.28 and allows property owners of qualified historical

properties and the County to enter into a contract, where the owner would obtain preferential property tax assessment in exchange for restrictions on the property to help preserve, restore, and maintain the historic property.

In this case the McDonald house appears to be eligible for listing on the Monterey County Register of Historic Resources as an example of the work of noted architect Mark Mills.

Listing on a local, state, or federal historic register is a requirement to be eligible for the Mills Act. Staff is recommending that the Board add the structure to the County's Register of Historic Resources. Should the Board of Supervisors list the property on the local register, the Mills Act contract application would be consistent with the requirements of MCC Chapter 18.28 (Mills Act). The property was assessed below the County's \$3,000,000 dollar value cap limitation for residential properties, and the applicants have submitted a rehabilitation and maintenance plan demonstrating how the tax savings from the Mills Act Program would be utilized for the rehabilitation and on-going maintenance of the residence (**Exhibit B of Attachment A**).

Both the request to list the property on the historic register and the Mills Act contract application were reviewed by the County's Historic Resources Review Board (HRRB), who on September 5, 2024, adopted a resolution 5-0 with 2 members absent which both recommended that the Board of Supervisors list the McDonald house on the local historic register and approve the Mills Act contract (**Attachment C**)

Approval of the Historic Property Contract will result in approximately \$19,598 of unrealized property tax revenue annually.

County Counsel has reviewed the draft Historic Property Contract (**Attachment A**) as to form. The County Assessor's office provided assessments for 14 of the 15 properties currently under a historic property contract, based on both their Proposition 13 assessed value and their reduced Mills Act assessed value, which is the information used for the discussion in the Financing section.

DISCUSSION:

Historic Register Eligibility

Monterey County Code section 18.25.070 states that a site may be designated on the Monterey County Register of Historic Resources if it meets the criteria for listing on the National Register of Historic Places, the California Register of Historical Resources (CRHR), or any of the listed local criteria in section 18.25.070.A through C. In this case a phase I historic report (**Attachment D**) was prepared by Kent L. Seavey using the Department of Parks and Recreation form (DPR) 523 which concludes that the residence on the property is eligible for listing under CRHR criteria 2, "*Associated with the lives of persons important to local, California or national history*" for its association with noted architect Mark Mills, and CRHR criteria 3, "*Embodies the distinctive characteristics of a type, period, region or method of construction or represents the work of a master or possesses high artistic values*" as an excellent and intact example of Wrightian Organic design principles as expanded by Mills. Additional discussion of Mark Mills and the residence's character defining features is included in the draft resolution to list to list the property on the Monterey County Register of Historic Resources, **Attachment B**.

Mills Act Eligibility Criteria

To be eligible for a Historic Property (Mills Act) contract, five criterion detailed in Monterey County Code section 18.28.080.A must be met. The project is consistent with criteria 2 through 4, and would be consistent with criteria 1 and 5 should the Board of Supervisors list the property on the Monterey County Register of Historic Resources concurrent with approval of the Mills Act contract.

Criteria 1: *“The property that is the subject of the application is a qualified historical property as defined by this Chapter.”*

To be considered a “qualified historical property,” the property must be individually listed on the local, state, or national historic registers; or be a contributing structure in a historic district. The Mills Act contract application was accompanied by a letter dated June 21, 2024, signed by property owners Richard and Bettina Moss requesting that the home be listed on the Monterey County Register of Historic Resources, and should the Board of Supervisors add the residence on the historic register, these criteria would be met.

Criteria 2 and 3:

These criteria are discussed together due to their overlapping nature, with 2 being based on the County’s local policies and regulations, 3 the Secretary of the Interior’s standards.

Criteria 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.”*

Criteria 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.”*

Staff reviewed the application and found it consistent with the applicable policies of the 2010 General Plan the requirements of Monterey County Code (MCC) Chapter 18.25. Staff also conducted a site visit on August 27, 2024, inspecting the reviewing the property and the work program activities to ensure consistency with the Mills Act requirements.

The property meets the criteria for a historic resource as defined in MCC Chapter 18.25.070; the proposed work activities assure the rehabilitation and preservation of the historic resource consistent with 2010 General Plan policies PS-12.12 and 12.13 and the Secretary of the Interior’s Standards for rehabilitation; and the Mills Act contract aligns with County general plan policy PS-12.6 encouraging historic preservation incentives.

Pages 1-7 of the work plan include an annual breakdown of activities. A summary table of all activities is on Pg. 8 of the work plan, with written descriptions on 9-12. Tasks 1-11 are rehabilitation activities while tasks 13-15 are general maintenance activities. Many of the rehabilitation’s tasks are recommendations of a home inspection report prepared for the property dated 6/4/2024 by Inspector: Paul Murrer, License # 2000320 (**Attachment G**).

Criteria 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.”*

A Residential Appraisal Report was prepared by Gerald F. Enders of Independent Real Estate Research, Inc. (Certification #AG041310). The report assessed the fair market value of the property as \$2,400,000, less than the \$3,000,000 valuation limit for residential properties.

Criteria 5: *“The application is consistent with the requirements of this Chapter.”*

As discussed above, the project was referred to the County’s Historic Resources Review Board in accordance with MCC section 18.28.090.B, is consistent with Mills Act contract eligibility criteria 2-4 within MCC 18.28, and would be consistent with both these criteria and the criteria 1 should the property be listed on the Monterey County Register of Historic Resources.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA):

CEQA Guidelines section 15331 categorically exempts projects limited to the maintenance, repair, stabilization, rehabilitation, restoration, preservation, conservation, or reconstruction of historical resources in a manner consistent with the Secretary of the Interior Standards for the Treatment of Historic Properties. The project consists of listing a property on the County of Monterey historic register and approving a historic property contract to allow the on-going maintenance and preservation of a historic home, consistent with the intent of this exemption. None of the exceptions from CEQA guidelines section 15300.2 apply in this case:

- ☐ Class 31 exemptions are not qualified by their location;
- ☐ Approving the historic register listing and contract would not contribute to a cumulative environmental effect;
- ☐ There are no unusual circumstances associated with the project that would create the reasonable possibility of a significant environmental effect;
- ☐ The project would not cause damage to scenic resources within view of a state scenic highway;
- ☐ The project is not on a hazardous waste site listed pursuant to section 65962.5 of the Government Code; and
- ☐ The project would not cause a substantial adverse change to a historical resource.

OTHER AGENCY INVOLVEMENT:

HCD has prepared this report, and the Office of County Counsel has reviewed the draft contract as to form. The Historic Resources Review Board reviewed the request to add the McDonald housing to the Monterey County Register of Historic Resources and reviewed the Mills Act Contract application. They recommended approval of both actions unanimously to the Board of Supervisors.

FINANCING:

Funding for staff time associated with processing this application is included in the FY2024-25 Adopted Budgets for HCD, Appropriation Unit HCD002. A fee was collected to cover the cost of staff time associated with processing the application.

Based on the property's 2023-2024 tax bill, its Proposition 13 assessed value is \$1,872,720 dollars and total annual property taxes were \$20,024. The tax savings worksheets submitted with the application estimated that the property taxes under the Mills Act contract would be \$426, resulting in an approximate tax savings to the property owner, or unrealized tax revenue to the County, of \$19,598 annually. The County only gets a portion of the tax revenue so the total impact on the County from unrealized property tax revenue is approximately 15 percent of this. Denial of the contract would result in no net impact to County property tax revenue.

The County has approved 15 Mills Act Contracts which cumulatively resulted in unrealized annual property tax revenue of approximately \$376,598. This data is based on 2024 evaluations provided by the assessor's office for 14 of the 15 properties in the program. Unfortunately, data wasn't available for one property, the Ferris Bagley house at 4161 Sunridge Road, so the estimates from their application forms are used in this analysis. As stated above, this contract would add \$19,598 to that annual total. The other Mills Act contract before the Board of Supervisors for the 2024 calendar year would result in an approximate reduction of \$30,111 in property taxes, so if both are approved the total unrealized revenue from the program would be approximately \$426,307 annually.

The applicant has committed to investing property tax savings in the preservation and maintenance of the historic structure. The rehabilitation and maintenance plan provided shows maintenance costs of \$122,200 annually and \$307,950 in one time rehabilitation activities, totaling \$430,150.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

This action represents effective administration in responding to our HCD customers by taking the historic listing and contract application through the appropriate review process and within the expected timelines for these applications. Processing the historic register listing and Mills Act contract application with all applicable policies and regulations also provides the for proper management of the County's historic resources, which can contribute to economic development within the County.

- ☒ Economic Development
- ☒ Administration
- Health & Human Services
- Infrastructure
- Public Safety

Prepared by: Phil Angelo, Senior Planner, x5731
Reviewed and Approved by: Craig Spencer, HCD Director

The following attachments are on file with the Clerk of the Board:

Attachment A - Draft Historic Property Contract

- ☐ Legal Description
- ☐ Rehabilitation and Maintenance Plan

Attachment B - Draft Resolution listing the property on the Monterey County Register of Historic Resources

Attachment C - Historic Resources Review Board Resolution No. 24-004

Attachment D - Phase I Historic Report (DPR 523 Form, LIB240172)

Attachment E - Site Photos dated August 27, 2024

Attachment F - Original Floor Plan, Site Plan, and Elevations

Attachment G - Property Inspection Report

cc: Phil Angelo, Senior Planner; Craig Spencer, Director; Melanie Beretti, AICP, Chief of Planning; Richard F Moss and Bettina E Moss, owners/applicants; Tai Tang, Studio Schicketanz, Agent; The Open Monterey Project (Molly Erickson); LandWatch; Lozeau Drury LLP; Project File PLN240186.