



County of Monterey

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

Board Report

File #: 21-1050, **Version:** 1

Public hearing to consider:

- a. Adding “Rancho El Robledo” to the Monterey County Register of Historic Resources;
 - b. Approving a Historic Property Contract (Mills Act Contract) with property owners Jeffery Webster and Kimberly Clemenson, for the property located at 8 Rancho El Robledo Drive, Carmel Valley, CA;
 - c. Approve an exception to the fair market property value cap of \$3 million for a contract on a property valued at \$6.7 million; and
 - d. Authorizing the Chair of the Board of Supervisors to execute the Contract.
- [PLN210296 - Webster & Clemenson (Mills Act Contract for Rancho El Robledo), 8 Rancho El Robledo Drive, Carmel Valley, CA (APN: 197-151-011-000)]

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Add “Rancho El Robledo” to the Monterey County Register of Historic Resources;
- b. Approve a Historic Property Contract (Mills Act Contract) with property owners Jeffery Webster and Kimberly Clemenson, for the property located at 8 Rancho El Robledo, Carmel Valley, CA;
- c. Approve an exception to the fair market property value cap of \$3 million for a contract on a property valued at \$6.7 million; and
- d. Authorize the Chair of the Board of Supervisors to execute the contract.

PROJECT INFORMATION:

Owners: Jeffery Webster and Kimberly Clemenson

Plan Area: Carmel Valley Master Plan

Flagged and Staked: Not Applicable

Proposed CEQA Action: Categorically exempt per CEQA Guidelines Section 15331

SUMMARY:

Rancho El Robledo was designed and built by Hugh Comstock circa 1939. The home and guest home on the property are an excellent example of Comstock’s early work. Hugh Comstock was a designer and builder known for introducing the fairy tale style cottages in Carmel. An historic report prepared by Kent Seavey found the structures on the property eligible for listing on the California Register under criterion 3 “*as perhaps the best, and most intact example of an early (1939) California Ranch Housing design by Carmel master builder, Hugh W. Comstock.*” The structure is also eligible for listing on the Monterey County Register of Historic Resources under Criterion A5 and Criterion B1 of the Monterey County Historic Preservation Ordinance (Chapter 18.25 of the Monterey County Code), as an excellent example of architecture and the work of a master builder. Listing of the property on the local register is a prerequisite to qualifying the property for a Mills Act Contract.

This application also requires granting of an exception to the fair market property value cap of \$3 million established within the County Code (Section 18.28.040.C) to approve the Mills Act Contract. Rancho El Robledo has a current fair market value of approximately \$6.7 million which is more than double the cap on residential properties established in the County’s Mills Act program. The cap on market value was added to the County’s current Mills Act program as a result of lessons learned during the Mills Act pilot program that

preceded. Properties with higher market values have larger fiscal impacts on property tax revenue when the Mills Act property tax reductions are applied. Staff and the Historic Resource and Review Board (HRRB) reviewed this property and determined that an exception to the value limit can be made in this case because:

- The property is an exceptional example, and perhaps one of the best remaining examples of the work of Hugh Comstock (a master builder);
- The type of materials and construction require special attention to detail in repair and maintenance because much of the materials are no longer widely available making the structure at risk without the Mills Act contract; and
- The applicant is willing to provide access to the site for heritage tourism bringing more visibility of the historic property to the public.

Mills Act contracts provide property tax reduction in exchange for a long-term agreement to preserve and maintain a qualified historic property, through a contract with a work program that describes how property tax savings will be invested in the preservation and maintenance of the property. The proposed Historic Property Contract, including the Work Program, is included as **Attachment A**. Approval of the Mills Act Contract by the Board of Supervisors with the exception to the value limit will reduce the owner's property taxes by approximately \$24,500 annually.

DISCUSSION:

On April 8, 2014, the Board of Supervisors adopted a program implementing the State Mills Act (Government Code sections 50280 through 50290). The Monterey County Mills Act program is codified in Chapter 18.28 of the Monterey County Code (MCC), which sets requirements and establishes a process for consideration and approval of Historic Property Contracts in accordance with state law. Historic Property Contracts are contracts between the owner of a qualified historic property and the County of Monterey. The contracts provide preferential property tax assessment to the owner in exchange for the maintenance and preservation of an historic resource.

Designation of the property on an historic register (local, state, or federal) is required for qualification for a Historic Property Contract (Mills Act Contract) as defined in Title 18 Chapter 18.28 of the Monterey County Code. On June 10, 2021, an application was submitted by the property owners for a Mills Act Contract with a proposed 10-Year Maintenance/Rehabilitation Work Program. Staff reviewed the application materials and determined that the property is eligible for listing and once listed, is also eligible for a Mills Act Contract pursuant to Chapter 18.28 of the Monterey County Code. 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 Chapter 18.27.
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 [\$3 million (for a residential property)], unless an exception has been granted.
5. The application is consistent with the requirements of Chapter 18.27.

Criteria 1 ("qualified historical property"): The home is eligible for listing on the Monterey County Register of Historic Resources under Criterion A5 and Criterion B1 of the Monterey County Historic Preservation

Ordinance (Chapter 18.25 of the Monterey County Code), as an excellent example of architecture and the work of a master builder. The HRRB reviewed the request to have Rancho El Robledo added to the Monterey County Register on November 4, 2021, and unanimously recommended approval of the listing to the Board of Supervisors. The property must be added to the Monterey County register to qualify for the Mills Act Contract.

Criteria 2 (consistent with goals and policies): A 10-year work plan that describes how property tax savings will be used in the preservation and maintenance of the home was submitted. The work plan provides for a proposed investment in the property of over \$150,000 in the 10-year period covered by the plan (this figure excludes some tree pruning and cleaning expenses which are included in the proposed work plan). The plan was reviewed by staff and the HRRB and found consistent with the County's historic preservation goals and policies because approval of the Mills Act contract would help preserve an historic resource.

Criteria 3 (secretary of interior standards): The contract itself would not result in any physical changes to an historic resource. A work plan describing how the property will be preserved and maintained has been reviewed by staff and the Historic Resources Review Board and has been found consistent with the Secretary of the Interior's Standards.

Criteria 4 (fair market value cap): The applicant for the contract has submitted an appraisal of the property that estimates the current fair market value of the property is well over the \$3 million property value cap. Therefore, an exception to the cap is required (see discussion on exception to Value Cap below).

Criteria 5 (consistent with County's Mills Act policies): All materials necessary for review of the Mills Act Contract application have been submitted and reviewed by staff and the Historic Resources Review Board. As described in these 5 criteria, the application has been found consistent with the Mills Act program contained in Chapter 18.27.

Exception to Value Cap

Eligibility for historic property contracts shall be limited to residential properties whose fair market value (land plus improvement value) does not exceed three million dollars (\$3,000,000.00) unless an exception is granted. A property that exceeds the valuation limits may be eligible for an exception to the valuation limits if the following criteria (Section 18.28.040.C of the Monterey County Code):

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.

Rancho El Robledo has a fair market value of approximately \$6.7 million, more than twice the amount of the maximum \$3 million established in the code. Therefore, the findings listed above must be made for this property to qualify for a Mills Act Contract. The applicant has submitted written justification for the exception (**Attachment D**) that describes the significance of this property. The property is an exceptional example, and perhaps one of the best remaining examples of the work of Hugh Comstock. The type of materials and construction require special attention to detail in repair and maintenance because much of the materials are no longer widely available making the structure at risk without the Mills Act contract, and the applicant is willing to provide public access to the site. The work program submitted with the Mills Act application reflects ongoing maintenance and repair costs of over \$150,000 over a ten-year period, appropriate use of the projected property tax reductions anticipated under the Mills Act Program (See below for projected property tax reductions).

Staff and the HRRB have reviewed the applicant's justification letter and agrees that the property qualifies for an exception to the value cap due to its exception nature, potential for adverse changes without careful maintenance and preservation, and because the property will benefit public access and heritage tourism. The HRRB Resolution is provided in **Attachment B**.

If the Board approves the Mills Act contract for the "8 rancho El Robledo house", as well as the Mills Act Contract for "Rancho El Robledo" (Webster PLN210296) which is being considered by the Board on the same day, the total number of Mills Act contracts approved in the County would increase from nine to eleven.

The contract is categorically exempt under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15331, the category for historic resource restoration and rehabilitation, because the work program under the contract is limited to the preservation, rehabilitation, and maintenance of the Historic Property consistent with the Secretary of the Interior's Standards for the treatment of Historic Properties.

OTHER AGENCY INVOLVEMENT:

Monterey County Assessor
CAO Finance Office
Office of County Counsel

County Counsel has approved the contract as to form.

The proposed project was reviewed by the Historic Resources Review Board on November 4, 2021. The HRRB recommended approval of the contract by a vote of 7-0 (**Attachment B**).

FINANCING:

Approval of "Rancho El Robledo" Mills Act Contract (PLN210296) will result in a total loss of approximately \$24,500 annually in property tax revenue. The County receives 8% of the tax revenue so the total impact on the County from unrealized property tax revenue is approximately \$1,815.00. Denial of the contract would result in no net impact to County property tax revenue. Funding for staff time associated with this project is included in the FY2021-22 Adopted Budget for Appropriation Unit HCD002, Unit 8543.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

This action represents effective and timely response to our RMA customers. Processing this application in accordance with all applicable policies and regulations also provides the County accountability for proper management of our land and historic resources.

Check the related Board of Supervisors Strategic Initiatives:

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

Prepared by: Craig Spencer, Planning Services Manager

Approved by: Erik Lundquist, AICP - Director, Housing and Community Development

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

Attachment A - Draft Historic Property Contract

Exhibit 1 - Legal Description of the property

Exhibit 2 - Work Program

Attachment B - Historic Resource Review Board Resolution

Attachment C - Applications justification for the exception

cc: Front Counter Copy; Brandon Swanson, Planning Services Manager; Applicant/Owner (Jeffery Webster); The Open Monterey Project; Molly Erickson; LandWatch; Project File PLN210296