



# County of Monterey

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

## Board Report

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**File #:** 20-1017, **Version:** 1

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Public hearing to consider:

- a. Approving a Historic Property Contract (Mills Act Contract) with property owner Mark Haddawy, for the property located at 9260 Pias Ranch Rd, Big Sur, CA, commonly known as the ""Shaw House";
  - b. Approve an exception to the fair market property value cap of \$3 million for a contract on a property valued at \$6 million; and
  - c. Authorizing the Chair of the Board of Supervisors to execute the contract.
- [PLN200215 - Mark Haddawy (Haddawy Mills Act Contract), 9260 Pias Ranch Rd, Big Sur, CA (APN: 419-251-018-000)]

**RECOMMENDATION:**

It is recommended that the Board of Supervisors:

- a. Approve a Historic Property Contract (Mills Act Contract) with property owner Mark Haddawy, for the property located at 9260 Pias Ranch Rd, Big Sur, CA, commonly known as the "Shaw House";
- b. Approve an exception to the fair market property value cap of \$3 million for a contract on a property valued at \$6 million; and
- c. Authorize to the Chair of the Board of Supervisors to execute the contract.

**PROJECT INFORMATION:**

**Owners:** Mark Haddawy

**Plan Area:** Big Sur Land Use plan

**Flagged and Staked:** Not Applicable

**Proposed CEQA Action:** Categorically exempt per CEQA Guidelines Section 15331

**SUMMARY:**

On September 29, 2020, the Board of Supervisors adopted a resolution (Resolution #20-162) adding the "Shaw House" to Monterey County's Local Official Register of Historic Resources as an excellent example of the work of William Shaw who was a master architect in the Monterey area. This action qualified the property for a Historic Property Contract pursuant to the state law known as the Mills Act and County regulations implementing the Mills Act. However, the application includes an exception to the fair market property value cap of \$3 million established within the County Code (Section 18.28.040.C). In order for the Board to approve this contract application with a \$6 million current fair market value, certain criteria must be met. The Historic Resource and Review Board (HRRB) determined that this case does meet the required criteria.

Mills Act contracts provide property tax reduction for the purpose of maintenance of qualified historic property, with a property owner agreeing by contract to a work program to maintain and preserve the historic resource. The home is currently assessed property tax (under Proposition 13 value) based on a just over \$4 million value. The proposed Historic Property Contract, including the Work Program, is included as **Attachment A**. These documents outline how the property tax savings will be re-invested in the maintenance and preservation of the property. Approval of the Mills Act Contract by the Board of Supervisors with the exception will reduce the owner's property taxes by approximately \$36,000 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.

Addition of the “Shaw House” to the County’s Local Official Register of Historic Resources was approved by the Board of Supervisors on September 29, 2020 and provided an opportunity for the property owner, Mark Haddawy, to apply for a Mills Act Historic Property Contract. On June 29, 2020, the property owner of the “Shaw House” applied for a Historic Property (Mills Act) Contract. On November 12, 2020, the Historic Resource Review Board of the County of Monterey (HRRB) approved a resolution finding that the Mills Act application for the “Shaw House” complies with the applicable standards contained in the Monterey County Code and State law, including recommending that the property qualifies for an exception to the \$3 million dollar fair market property value cap for residential properties contained in Section 18.28.040.C of the County Code, and recommending approval of the contract to the Board of Supervisors.

Pursuant to County Code (Chapter 18.28), eligibility for historic property contracts is 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. The \$3 million dollar cap was established by the Board of Supervisors based on experience with a Pilot Program that showed relatively substantial reductions in property tax revenue when considering Contracts on high value properties. An exception to the cap was established to allow for consideration of contracts for properties that are uniquely important and/or uniquely situated in the community. As described in the code, a property that exceeds the valuation limits may be eligible for an exception to the valuation limits 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.

The Shaw house has a fair market value of \$6 million, twice the amount of the maximum \$3 million established in the code. Therefore, an exception based on the criteria listed above must be made.

At hearings on October 1, 2020 and November 12, 2020, the HRRB considered the criteria and justification for the exception and have recommended granting the exception and approval of the contract. The HRRB resolution is provided in **Attachment B**. The HRRB found the home is an exceptional example of the work of William Shaw who was a master architect in the Monterey area, that the property is uniquely affected by coastal influences because of its use of salvaged redwood from the Dolan Creek Bridge and other environmentally conscious building materials that reflect the William Shaw design principals, and that the proposed work program provides for \$1.6 million dollars in repairs and maintenance over the course of the 10-year plan, thereby meeting the exception criteria.

The home is currently assessed property tax (under Proposition 13 value) based on a just over \$4 million value which equates to approximately \$42,000 in annual property tax revenue. Under the Mills Act restricted value, approval of this Mills Act Contract would result in an estimated reduction of property tax by approximately \$35,000 annually. The intent of the contract is that the owner would use the savings to rehabilitate and maintain the property as provided in the Work Program attached to the contract. If this contract is approved by the Board of Supervisors, the applicant must record the contract before the end of this calendar year, so that the contract is in effect by the January 1, 2021 lien date for property tax assessment purposes. The preferential property tax assessment would go into effect on July 1, 2021, the beginning of the next fiscal year. This Mills Act contract for the "Shaw House", as well as the Mills Act Contract for the "Roland W. White House" (Ferrigno PLN20015) which is being considered by the Board on the same day, would increase the total number of Mills Act contracts in effect with the County of Monterey from seven (7) to nine (9).

The exception criteria is not black and white in this case and granting of the exception is within the discretion of the Board of Supervisors.

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 in a manner 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 12, 2020. The HRRB recommended approval of the contract by a vote of 7-0 (**Attachment B**).

#### FINANCING:

Approval of the "Shaw House" Mills Act Contract (PLN200215) will result in a total loss of approximately \$35,000 annually in property tax revenue. The County only gets a portion of the tax revenue so the total impact on the County from unrealized property tax revenue is less than \$35,000. 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 FY20-21 Adopted Budget for RMA-Planning, General Fund 001, Appropriation Unit RMA110.

**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: Carl P. Holm, 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 A - Legal Description of the property

Exhibit B - Work Program

Attachment B - Historic Resource Review Board Resolution

Attachment C - Applications justification for the exception

cc: Front Counter Copy; California Coastal Commission; Brandon Swanson, Planning Services Manager; Applicant/Owner (Haddawy Mark A Trust); The Open Monterey Project; Molly Erickson; LandWatch; Project File PLN200215