



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 05, 2023

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PLN230088 - UDAY NAYANA 1 LLC

Public hearing to consider a Historic Property Contract (Mills Act) application for the property at 100 River Road (Assessor's Parcel Number 139-221-024-000), which contains the "Corey House", also known as "Rancho Las Palmas."

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Find the action, approving and executing the Historic Property Contract, is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15331;
- b. Approve a historic property (Mills Act) contract application for the property at 100 River Road (Assessor's Parcel Number 139-221-024-000), which contains the "Corey House"; and
- c. Authorize the Chair of the Board of Supervisors to execute the Contract.

PROJECT INFORMATION:

Owners: UDAY NAYANA 1 LLC (Sweety Mistry)

Plan Area: Toro Area Plan

Flagged and Staked: No

Proposed CEQA Action: Find the action categorically exempt per CEQA Guidelines section 15331

SUMMARY:

Sweety Mistry, authorized signer and managing member of the property owner (UDAY NAYANA 1 LLC) applied for a Historic Property Contract, commonly known as a "Mills Act" contract. Approval of these contracts provide property tax reductions in exchange for a commitment by a property owner to maintain and preserve a historic resource.

The proposed contract application was reviewed by the County's Historic Resources Review Board (HRRB), who adopted a resolution recommending approval of the application at their October 5, 2023 meeting by a vote of six in favor and none against, with one member recused (**Attachment B, HRRB Resolution No. 23-007**). Following the HRRB recommendation, Housing and Community Development staff prepared the draft Historic Property Contract, which was reviewed by County Counsel as to form. 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.

Designation of the property on an historic register (local, state, or federal) is required for qualification for the Mills Act Contract. In this case, the property contains the “Corey House”, also known as “Rancho Las Palmas”, which is listed on the National Register of Historic Places (NRHP). The original NRHP nomination form (**Attachment D**) deemed the building significant under the area of architecture, as an excellent example of the Queen Anne style and for its association with Hiram Corey, who was one of the most successful ranchers in the County at the turn of the century.

Because the Mills Act program includes reductions in property taxes, there would be a fiscal impact by approving the contract. Based on the property’s 2022-2023 tax bill, the Proposition 13 assessed value of the property is \$2,627,946, while the total tax obligation for that year was \$30,392.36. The estimated property taxes based on the Mills Act tax savings worksheet are \$8,081.27, resulting in an approximate tax savings (or unrealized revenue) of \$22,311.09.

If the Board approves the Historic Property Contract for the “Corey House” House, as well as the other Historic Property Contract application being considered by the Board on December 5, 2023, the total number of Historic Property Contracts approved in the County would increase from 13 to 15. In 2023, the unrealized annual property tax revenue from the 13 Mills Act contracts approved in previous years was approximately \$305,007. As stated above, this contract would add \$22,311.09 to that annual total.

DISCUSSION:

Introduction

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 at 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.

Mills Act Contract Review Criteria

For a property to be eligible for a Mills Act contract, five criteria must be met. The application is consistent with each of these criteria, as detailed below:

1. The property that is the subject of the application is a qualified historical property as defined by Monterey County Code Chapter 18.28.

The property is listed on the National Register of Historic Places (NRHP). The NRHP nomination form (**Attachment D, LIB230197**) prepared in 1978 by Kent Seavey describes the “Corey House” as significant in the area of architecture as an excellent example of the Queen Anne style. The main house is three stories with an asymmetrical composition, featuring a variety of forms and textures, including hip and gable roofs and a turret by the entry. The dominant decorative element is its texture, with ship-lap siding wrapping the exterior, interrupted by fish scale shingle banding around the second story. The site also contains a detached single-story carriage house with the same material finishes as the main residence. Decorative landscaping, including palm trees, were part of the original design. The

home was designed by Hiram Corey along with his wife, with the assistance of a local Salinas builder named Bassett. One of Corey's biographers noted of the home: "Its surroundings are picturesque and the residence grand in its architectural proportions, substantial in construction and elegant in arrangement, both within and without."

The nomination form further describes the home as significant for its association with Hiram Corey, who was one of the most successful ranchers in the County at the turn of the century. He operated the 7,725 acre "Buena Vista Rancho" from 1872 until 1883, when he purchased it. In 1889 he sold the property and traveled to Europe. Returning in 1891, he re-purchased 1,630 acres of the rancho and renamed it "Rancho Las Palmas."

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.

A rehabilitation and maintenance plan was submitted which describes how the tax savings will be used in the preservation of the home. The work plan provides for \$579,500 in rehabilitation activities over the next ten years. Work includes repair and maintenance of the exterior façade of the main residence and carriage house features including siding, windows, caulking, paint, roof maintenance, and gutters; restoration of landscaping including palm trees which were part of the original "Rancho Las Palmas"; interior electrical and plumbing work on the main residence; fumigation for pests; and repair of foundation and subfloors.

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 and the HRRB reviewed the proposed work plan and found the work appropriate for ongoing maintenance and preservation and therefore consistent with the applicable standards.

4. The fair market value of the property that is the subject of the application is equal to or less than [\$5 million (for a commercial or industrial property)], unless an exception has been granted.

An appraisal was prepared by Property Sciences Group Inc under the supervision of Senior Appraiser Robert Barnes (State Certification #AG041310) which appraised the fair market value of the property at \$2,800,000, less than the \$5,000,000 valuation limitation for commercial properties set forth in Monterey County Code 18.28.040.C. While the historic site was originally constructed as a residence with surrounding ranch operations, it is presently zoned Light Commercial with a Historic Resources Zoning overlay, or "LC-HR", and is being used as a hotel in accordance with the approved Combined Development Permit PLN04070, so it is more appropriately categorized as a commercial property.

5. The application is consistent with the requirements of Monterey County Code Chapter 18.28.

Materials necessary for the review of the Mills Act Contract application have been submitted and reviewed by staff and the HRRB. No inconsistencies with the purpose or requirements of Monterey County Code Chapter 18.28 were identified, and no correspondence was received indicating any potential inconsistencies.

ENVIRONMENTAL REVIEW:

Approving and executing the Historic Property 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:

The Historic Property Contract was reviewed as to form by County Counsel. The County Assessor's office provided assessments for all 13 properties currently under a historic property contract, based on both their Proposition 13 assessed value and their reduced Mills Act assessed value.

FINANCING:

Approval of the Historic Property Contract will result in a tax revenue loss of approximately \$22,311.09 annually. The County only gets 15% portion of the tax revenue so the total impact on the County from unrealized property tax revenue is significantly less than this, \$3,346.66. In 2023, the unrealized annual property tax revenue from the 13 Mills Act contracts approved in previous years was approximately \$305,007, with the reduced revenue to the County being \$45,751.05. 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 FY2023-24 Adopted Budgets for HCD, Appropriation Unit HCD002, Unit 8543. Staff time associated with processing the application is recuperated by a flat fee based on the current Board of Supervisors fee schedule for land use planning applications.

Prepared by: Phil Angelo, Associate Planner x5731

Approved by: Craig Spencer, Acting Housing and Community Development Director

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

Attachment A - Draft Historic Property Contract

Exhibit A - Grant Deed Including the Legal Description of the Property

Exhibit B - Work Program

Attachment B - Historic Resources Review Board Resolution No. 23-007

Attachment C - Photos of Home

Attachment D - Historical Report (LIB230197)

cc: Front Counter Copy; Phil Angelo, Associate Planner; Craig Spencer, Acting Housing and Community Development Director; Applicant/Owner (UDAY NAYANA 1 LLC); Lozeau Drury LLP, on behalf of the Laborers International Union of North America; The Open Monterey Project; LandWatch (Executive Director); Project File PLN230088

