



# County of Monterey

Item No.

## Board Report

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

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### PLN240184 - YEUNG GABRIEL M TR

Public hearing to consider a Historic Property (Mills Act) Contract for the property located at 62 Yankee Point Drive, Carmel (Assessor's Parcel Number 243-152-005-000), which contains the "June Haas House".

**Project Location:** 62 Yankee Point Drive, Carmel, CA 93923

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#### RECOMMENDATION:

Staff recommends that the Board of Supervisors adopt a resolution:

- 1) Finding that denial of the historic property (Mills Act) contract application is statutorily exempt from CEQA pursuant to CEQA Guidelines section 15270; and
- 2) Denying the historic property (Mills Act) contract for the property at 62 Yankee Point Drive.

#### PROJECT INFORMATION:

**Owners:** Gabriel M Yeung

**Plan Area:** Carmel Area Land Use Plan

**Flagged and Staked:** No

**Proposed CEQA Action:** Statutorily exempt from California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15270.

#### SUMMARY:

The property situated on the coastal side of Yankee Point Drive in the Carmel highlands area, and contains a one-story single-family home constructed in 1969 (known as the "June Haas House"), a detached garage built in 1979, and a one-story detached guest unit built in 1980. The house was listed on the Monterey County Register of Historic Resources by the Board of Supervisors on November 8, 2023 and is historic for its unique architecture and design by master architect Mark Mills (**Attachment C**). Neither of the existing accessory structures are historical. The applicants have requested a Historic Property (Mills Act) contract between the County and the property owner. Historic Property Contracts or Mills Act contracts provide preferential property tax assessments in exchange for property owners commitment to preserve and maintain a historic structure.

Most of the eligibility criteria for consideration of a Historic Property Contract have been met in this case except that the application requires approval of an exception to the \$3 million residential value cap limitation established in Monterey County Code (MCC) section 18.28.040.C. The property has a current fair market value of approximately \$5.2 million, \$2.2 million dollars over the value cap for residential properties.

Because the program involves voluntarily entering a contract, the Board of Supervisors has discretion as to whether to enter into a Mills Act contract. In this case, staff is recommending that the contract application be denied due to the significant financial difference between the \$3 million cap and the \$5.2 million current value. The current \$3 million cap was applied to the Mills Act program to address the cumulative financial impact of continuing to add properties over the value cap into the County's Mills Act Program, disproportionate financial impact of the contract in comparison to the average tax savings of properties under the value cap, and equity considerations regarding how the majority of the program is benefiting higher value properties, who may require the financial relief afforded by the Mills Act the least. The value cap was established after the consideration of a Mills Act Pilot Program where it was found that one property with a high fair market value accounted for nearly 80% of the total reduction in property tax revenue experienced by the County as a result of the pilot program, which included three properties.

Staff and the Historic Resources Review Board (HRRB) have reviewed the application along with the applicant submitted justification for the value cap exception. The HRRB has recommended approval of the exception and the contract finding this home particularly unique and worthy of an exception. Staff sees merit in the application with the value cap exception justification letter and historic report prepared for the application providing evidence that the residence is particularly significant (**Attachments E and F**); and the work plan prepared for the application addressing issues required to maintain the integrity of the resource, including water intrusion which may be exacerbated by the property's proximity to coastal salt air.

While staff is not recommending approval in this case, this is a stronger rationale than some of the value cap exceptions that have been granted in the past. One of the exception criteria includes that the resource is substantial risk of immediate adverse physical change. The HRRB's recommendation also found that there has been an on-going loss of historic properties in the County, which are finite. Over the last several years the Mills Act program appears to be one of the County's more successful historic preservation initiatives. While there have not been dedicated staffing or resources to pursue long-range projects such as historic preservation grants or context statements, the program has resulted in a number of additions to our local historic register and contracts for the preservation of 15 historic properties.

The Mills Act contract application was reviewed by the County's Historic Resources Review Board (HRRB). The HRRB's site review subcommittee conducted a site visit on September 13, 2024, and on October 3, 2024, the HRRB adopted a resolution 6-0 with 1 member absent which recommended approval of the Mills Act contract (**Attachment D**). County Counsel has reviewed the draft Historic Property Contract (**Attachment A**) as to form. The County Assessor's office provided assessments for 14 out of 15 of the 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.

If the Board approves the Mills Act contract for the June Haas house, as well as the other Mills Act contract being considered by the Board of December 3, 2024, the total number of Mills Act contracts approved in the unincorporated County would increase from 15 to 17. Because the Mills Act program includes reductions in property taxes, approval of the contract would result in a fiscal impact to the

County and other entities which receive a portion of the property taxes, which is cumulative with the other properties under existing Mills Act contracts.

DISCUSSION:

**Mills Act Contract Eligibility Criteria**

To be eligible for a Historic Property (Mills Act) contract, five criteria detailed in Monterey County Code section 18.28.080.A must be met. The application meets each of these criteria.

Mills Act Eligibility Criterion 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 property is listed on the County’s local register. It is significant under the California Register of Historic Resources Criterion 2, *“Associated with the lives of persons important to local, California or national history”* for its association with the noted architect Mark Mills, and under the California Register of Historic Resources Criterion 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”*.

Mills Act Eligibility Criterion 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.”*

Staff reviewed the application and found it consistent with the applicable policies of the 1982 General Plan and the requirements of Monterey County Code (MCC) Chapter 18.25. The property meets the criteria for a historic resource as defined in MCC section 18.25.070, the proposed work activities appear consistent with the review criteria in MCC section 18.25.170.D, and the use utilization of the tax savings from the Mills Act contract to preserve the resource would advance 1982 General Plan policy 52.1.5.

Mills Act Eligibility Criterion 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.”*

The application includes a work plan indicating how the received tax savings would be utilized for the rehabilitation and preservation of the residence (**Attachment A, Exhibit B**). The activities have been reviewed by staff and appear consistent with the Secretary of the Interior’s Standards for Preservation and Rehabilitation, as applicable:

- Tasks 1-3 consist of general exterior maintenance to doors, plaster and paint, exterior floors, and windows.
- Tasks 4 and 5 are to restore or replace deteriorated door and window hardware.
- Tasks 5 through 7 are all mechanical, electrical and plumbing maintenance, consisting of replacing mechanical vents to prevent further deterioration, electrical outlets and wiring, and assessment of the conditions of the plumbing and sewer line.

- Task 8 is a landscaping design to replace non-native species with appropriate native plantings
- Task 9 consists of sealing and caulking of all windows, repainting window frames, and repairing window screens.
- Tasks 10 through 12 are all regular maintenance activities, including grounds maintenance, HVAC and chimney maintenance, annual drain cleaning, septic system maintenance, home inspections, roof surface, penetration, and flashing inspections, and regular geologic hazard inspections.

Mills Act Eligibility Criterion 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 uniform residential appraisal was prepared by Sandra Cimo of S.A.C Appraisal Service, State Certification No. AR005902, which concluded that the fair market value of the property is \$5,200,000, \$2,200,000 over the value cap limitation for residential properties of \$3,000,000 dollars. There are three criteria that would need to be met in order to grant the value cap exception. After consideration of the HRRB’s recommendation, staff believe that the project does meet all the value cap exception criteria. The value cap exception criteria are discussed in the next section of this report.

Mills Act Eligibility Criterion 5: *“The application is consistent with the requirements of this Chapter.”*

The application is consistent with the requirements of the Monterey County Code Chapter 18.28, the Mills Act Program. It meets the eligibility criteria for a contract as detailed above.

### **Value Cap Exception Criteria**

In consideration of the requested contract, the Board must grant an exception to the \$3 million fair market assessed value limitation in order to approve the contract. There are several factors to consider in granting the exception. These factors are described in detail below.

Value Cap Exception Criterion 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”*

The inclusion of the first phrase is important for this criterion. It isn’t sufficient that a resource be 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. It must be especially important. A clear example is something that would be eligible on the National Register of Historic Places at the state or national level of significance, rather than just local/regional.

The residence is historically significant, as evidenced by its listing on the local register and historic report prepared by Kent L. Seavey (**Attachment E**). However, there are other residences designed

by this master architect that are examples of this style. Nevertheless, there are reasons that this resource is particularly important:

- A value cap exception justification letter was provided by historian Kent L. Seavey (**Attachment F**), including a supplemental addenda dated August 27, 2024. It includes a letter from famous landscape photographer Ansel Adams speaking glowingly of the residence, stating it is “magnificent in several domains” and “I wish I could live in it!!”
- The addenda also discusses that the property was previously visited regularly by students at the Monterey Peninsula College as part of an annual class on local architectural history, and a 2004 article in Dwell Magazine as an “ingenious response to its site in the most Organic way imaginable, literally dropping over the edge of a cliff, to capture intimate views of the crashing waves and rocks below.”
- The relative significance of each of Mills designs is inherently difficult to weigh as Mills designs were often unique, each tailored to their specific environment.
- At the October 3, 2024 HRRB meeting the HRRB found that the June Haas House is an exceptional example of this architectural style and craftsmanship that cannot be replicated.

Value Cap Exception Criterion 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”*

In this case, the applicants have submitted a supporting property inspection report (**Attachment G**) prepared by residential inspector Paul Murrer (License No. 200320) to document the necessity of the physical rehabilitation and maintenance activities. The report observed a number of potential deficiencies in the residence that should be evaluated and addressed, including areas of fungus and/or moss on the roof, lack of drainage on the exterior stucco, and mold like growth in the exterior area.

The HRRB’s ad hoc site review subcommittee also conducted a site inspection on September 13, 2024, to evaluate the condition of the residence and environment, noting that hazard conditions associated with its location on a coastal bluff, with storms and coastal salt air, which can cause deterioration or destruction of the structure. The exterior gunite material is one of the character defining features of the resource. The exception criterion here is not black and white, and the phrase “immediate” has resulted in difficulty in contract applications meeting this criterion. However the physical characteristics of the site would degrade the resource if these issues are left unaddressed, and the HRRB found that there is both a finite number of eligible Mills Act properties in the County, while there has been an on-going loss of significant historical properties. Once a historic property’s integrity is lost, it is no longer considered a historical resource.

However, while the improvements identified in the work plan would address long-term maintenance issues, it doesn’t appear that the residence is in immediate danger without the relief afforded by the Mills Act. The property owner is concurrently pursuing coastal development permitting for accessory structures, site improvements, and an alteration of the residence (PLN210268).

Value Cap Exception Criteria 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.”*

This criterion boils down to, are there significant public policy benefits for allowing the contract over our own value cap limitation requirements? As discussed below staff believes there are some public policy benefits, but they don't appear to sufficiently warrant granting the exception due to the applications financial and equity impacts.

The property may support architectural heritage tourism due to its exceptional nature (18.28.080.B.3.d). Though not highly, the resource is also visible to the public (18.28.080.B.3.a.), and the applicants have also offered to include allowing a yearly public tour of the property per MCC code 18.28.050.B.9. Public access would allow the public to better enjoy and appreciate the architectural heritage of the resource, as many of its character defining elements are not visible from the public right of way.

Preventing the ongoing loss of historic properties within the County is also a significant public policy factor that weighs into this consideration. As previously mentioned over the years there has been an on-going loss of significant historical properties. On January 23, 2023 the Planning Commission approved PLN210276, which approved demolition of a Spanish Colonial revival house in Pebble Beach designed by George Washington Smith. The home was historically significant but had lost integrity through unsympathetic alterations such that it was no longer considered a historical resource. On May 17, 2024, the Board of Supervisors approved PLN230140 which allowed demolition of another Spanish Colonial revival residence historical for its association with Robert Hunter, which had similarly lost its historic integrity through multiple alterations that had occurred over the years. The Connel House, designed by Richard Neutra is significant as an example of the modernist International Style was also approved for demolition on June 27, 2023 (PLN100338).

Nevertheless, as the number of properties in the program increases, the overall financial impact of the program on services that rely on property tax funding increases. The value cap exception process was established to address such financial considerations. It was intended to limit the overall cost of the program, focus benefits of the program on those properties that may require financial relief the most, and allow a pressure release valve for those properties that are of truly extraordinary significance and are presently at risk of being lost, where the public policy benefits of granting the contract outweigh its financial impacts.

Staff don't believe that the application meets this broader policy intent. The heritage tourism benefit of allowing a tour once annually would create a limited public benefit disproportionate to the cost of

granting the value cap exception. Based on County assessor's data for 2024, the average tax savings for the nine properties under a Mills Act contract and within the value cap in the same year was \$15,521, while the estimated unrealized revenue resulting from this application would be around \$30,111, \$14,590 (94%) more than the average tax savings for properties within the value cap.

Looking at the program more broadly, in 2024, the unrealized annual property tax revenue from the 15 properties under the Mills Act was approximately \$376,598. Six properties presently have proposition 13 assessed values higher than the \$3,000,000 value cap limitation. These six properties are 40% of the program, and are receiving \$176,597 (63%) in benefits annually. This is a significant disparity, with the properties that arguably require financial relief the least receiving the majority of the benefits of the program. Approval of the application would exacerbate this disparity.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA):

CEQA Guidelines section 15720 statutorily exempts applications that an agency disapproves or rejects, which would apply should the Board of Supervisors deny the Mills Act contract application.

However, should the Board of Supervisors approve the Mills Act contract application, 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 approving a historic property contract to allow the on-going maintenance and preservation of a historic home, consistent with the intent of this exemption.

OTHER AGENCY INVOLVEMENT:

County Counsel reviews Historic Property Contracts as to form. No other agencies were involved in the review of this project.

FINANCING:

Funding for staff time associated with processing this application is included in the FY 2024-25 Adopted Budgets for HCD, Appropriation Unit HCD002, Unit 8543. A fee was collected to partially recuperate the cost of staff time associated with processing the application. Denial of the Historic Property Contract would have no financial impact to the County. Approval of the Contract would result in unrealized annual property tax revenue of approximately \$30,111 annually, as detailed below.

The 10-year rehabilitation and maintenance has a total estimate of \$461,470 in activities over the initial 10-year contract term. \$106,200 of this is in recurring maintenance activities, and \$355,270 is one time rehabilitation activities.

Based on the property's 2023 - 2024 tax bill, the Proposition 13 assessed value of the property is \$2,916,189. The total tax obligation for that year was \$30,694. The estimated property taxes based on the Mills Act tax savings worksheet are \$583, resulting in an approximate tax savings (or loss of revenue) of \$30,111. As the Mills Act contracts have a minimum contract period of 10 years this would be unrealized revenue of \$301,110 over the initial contract term. Approximately 15 percent of property taxes are distributed to the County, so this would result in unrealized revenue of \$4,517 dollars annually for this contract. The remaining taxes are distributed as follows: 61 percent for

schools, 10 percent for special districts, 8 percent for redevelopment successor agencies, and 6 percent for cities.

Cumulatively, in 2024, the unrealized annual property tax revenue from the 15 properties under the Mills Act was 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 \$30,111 to that total, increasing it to \$406,709. The other Mills Act contract before the Board of Supervisors would result in an approximate reduction of \$19,598 in property taxes, so if both are approved the total unrealized revenue from the program would be approximately \$426,307 annually.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

This action represents effective administration in responding to our HCD customers by taking the contract application through the appropriate review process and within the expected timelines for these applications. Weighing the historic resources benefits against the financial and equity considerations of approving the Mills Act contract also demonstrates that the administration of the Mills Act program appropriately considers all the relevant factors in application consideration.

- 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

- Exhibit A Legal Description
- Exhibit B Rehabilitation and Maintenance Plan

Attachment B - Draft Denial Resolution

Attachment C - Board of Supervisors Resolution No. 23-454

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

Attachment E - Combined Phase I and Phase II Historic Report

Attachment F - Value Cap Exception Justification Letter (historic report and historic register listing attachments removed as these are separately attached)

Attachment G - Property Inspection Report

Attachment H - Site Photos

Attachment I - Landscaping Plan

cc: Phil Angelo, Senior Planner; Craig Spencer, Director; Melanie Beretti, AICP, Chief of Planning; Gabriel M. Yeung, owner/applicant; Tai Tang, Studio Schicketanz, Agent; The Open Monterey



Project (Molly Erickson); LandWatch; Lozeau Drury LLP; Project File PLN240186.