



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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PLN230067 - RIVERA STEVEN A & JUNE M TRS

Public hearing to consider listing the “Ferris Bagley” house on the Monterey County Register of Historic Resources and to consider a Historic Property (Mills Act) Contract with the owners of property located at 4161 Sunridge Road Pebble Beach.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Find that the listing of the property on the Monterey County Register of Historic Resources is not a project pursuant to CEQA Guidelines section 15378, that even if it were it would qualify for a Class 31 categorical exemption pursuant to CEQA Guidelines section 15331, and that approving and executing the Historic Property (Mills Act) Contract qualifies for a Class 31 categorical exemption pursuant to CEQA Guidelines section 15331;
- b. Adopt a resolution listing the “Ferris Bagley House” on the Monterey County Register of Historic Resources;
- c. Approve a historic property (Mills Act) contract application for the property at 4161 Sunridge Road, Pebble Beach (Assessor’s Parcel Number 008-071-011-000 and 008-071-012-000);
and
- d. Authorize the Chair of the Board of Supervisors to execute the Contract.

PROJECT INFORMATION:

Owners: RIVERA STEVEN A & JUNE M TRS (Steven A Rivera and June M Rivera)

Plan Area: Del Monte Forest Land Use Plan

Flagged and Staked: No

Proposed CEQA Action: Find that listing of the property on the Monterey County Register of Historic Resources is not a project pursuant to CEQA Guidelines section 15378 and execution of the Historic Property Contract is categorically exempt from the California Environmental Quality Act (CEQA) per CEQA Guidelines section 15331.

SUMMARY:

Steven and June Rivera, owners of the property at 4161 Sunridge Road, concurrently requested that their property be listed on the Monterey County Register of Historic Resources and applied for a Historic Property Contract, commonly known as a “Mills Act” contract; named after the author of the enabling state legislation, state senator James Mills. Approval of these contracts provide property tax reductions in exchange for a commitment by a property owner to maintain and preserve a historic resource.

Both the request to list property on the historic register and the historic property contract application were reviewed by the County's Historic Resources Review Board (HRRB), who adopted a resolution on July 6, 2023, recommending that the property be added to the Monterey County Register and that the Mills Act contract be approved. The vote was 6-0 with one member absent (**Attachment C, HRRB Resolution No. 23-006**). In adopting their recommendation, the HRRB considered the proposed work plan that describes how the property tax savings will be invested in the preservation and maintenance of the historic structure. The work plan is attached to the Mills Act contract and expenses must be reported annually to the County. The work plan reviewed by the HRRB only covered a six-year period and the HRRB recommended that the plan be amended to include a 10-year period as these contracts have a standard initial term of 10 years.

The applicant revised their proposed work plan in accordance with the HRRB's recommendation with listed activities through 2034, and staff has reviewed the plan. The proposed Historic Property Contract, including the work program, is included as **Attachment A**.

Because the Mills Act program includes reductions in property taxes, there would be a fiscal impact by approving the contract. Based on the submitted tax savings worksheet, the property's Proposition 13 assessed value is \$3,395,000, so estimated property taxes would be \$33,950. The estimated property taxes based on the Mills Act tax savings worksheet are \$4,170, resulting in an approximate tax savings, or unrealized revenue to the County and other entities which receive a portion of the property taxes, of \$29,780 annually.

If the Board approves the Historic Property Contract for the "Ferris Bagley" 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 \$29,780 to that annual total.

DISCUSSION:

Mills Act 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 in Monterey County Code (MCC) Chapter 18.28, 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 an agreement to maintain and preserve the 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.

Designation of the property on an historic register (local, state, or federal) is required for qualification

for a Mills Act Contract. In this case, the property contains the “Ferris Bagley” House. A historic report prepared for the property (**Attachment E**) describes the “Ferris Bagley” house as significant 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*”, as an excellent and early example of Post World War Two Second Bay Region design, found on the Monterey Peninsula, by noted modernist architect John E. Dinwiddie. A draft resolution with further discussion of the historic characteristics of the property is included as **Attachment B**.

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 \$8,300 of annual maintenance activities (\$83,000 over the initial 10-year contract term), and \$131,000 in rehabilitation activities, for a total of \$214,000. Annual work includes cleaning and inspection of gutters, trimming bushes and trees to improve visibility of the historic residence, inspection of exterior stucco and wood siding for cracks and deterioration. Rehabilitation activities include patching and repair of exterior finishes, inspecting the chimney for proper flashing to prevent water infiltration, repairing any water damage on the interior walls near the chimney, inspecting the sump pumps and replacing if needed, resealing and repairing the windows along the front façade as needed, repair/replacement of any deteriorated doors/slides to prevent water intrusion, repair and replacement of the flat roof membrane as needed, inspecting the roof system for proper ventilation and adding vents as needed, and pest control.

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 Historic Resources Review Board (HRRB) reviewed the proposed work plan and found the work appropriate for ongoing maintenance and preservation and therefore consistent with the applicable standards. The HRRB's recommendation that the work program be extended to a 10-year period was incorporated into the final work program.

4. The fair market value of the property is equal to or less than [\$3 million (for a residential property)] as demonstrated by a certified appraisal, unless an exception has been granted. A residential appraisal was prepared by David E. Nolting (State Certification #AR023184) which appraised the fair market value of the property at \$2,850,000, less than the \$3,000,000 valuation limitation set forth in Monterey County Code 18.28.040.C. This appraised value is substantially lower than the original acquisition price of \$3,395,000, which was used to estimate the overall tax obligation without the historic property contract. However, the appraiser provided a supplemental letter (**Attachment F**) explaining the difference between the purchase price and appraised value, concluding that that the owner over-paid for the home by approximately 7% to 8% over the supportable value at the time of purchase, and values since declined. This trend is not uncommon for homes purchased in the 2020-2023 timeframe.

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 Historic Resources Review Board (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:

The listing on the historic register is not a project under CEQA as defined by CEQA Guidelines section 15378, as adding the property to the historic register is an administrative activity of government that would not result in any direct or indirect change to the physical environment. Even if it were considered a project, it would be categorically exempt from CEQA pursuant to CEQA Guidelines section 15331, which exempts preservation of historic resources. The listing of the resource on the historic register is an action that will facilitate its historic preservation by requiring review of alterations to the property in accordance with Monterey County Code Chapter 18.25

Additionally, approving and executing the Historic Property Contract is also categorically exempt under 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:

County Counsel has reviewed the draft Historic Property Contract as to form. 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 \$29,780 annually. The County only gets 15% of the tax revenue so the total impact on the County from unrealized property tax revenue is significantly less than this, \$4,467. 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 with Legal Description of the Property

Exhibit B - Work Program

Attachment B - Draft Resolution Listing on the Property on the Monterey County Register of

Historic Resources

Attachment C - Historic Resources Review Board Resolution No. 23-006

Attachment D - Photos of Home

Attachment E - Historical Report (LIB230197)

Attachment F - Letter from Appraiser

cc: Front Counter Copy; Phil Angelo, Associate Planner; Craig Spencer, Acting Housing and Community Development Director; Applicant/Owner (RIVERA STEVEN A & JUNE M TRS); Lozeau Drury LLP, on behalf of the Laborers International Union of North America; The Open Monterey Project; LandWatch (Executive Director); Project File PLN230067