



Historic Preservation Board
REGULAR MEETING AGENDA
Wednesday, January 25, 2023 | 5:00 PM
City Hall Council Chamber – 70 N. First Street

CALL TO ORDER / ROLL CALL

This Historic Preservation Board (HPB) meeting will be conducted in person and virtually via video teleconferencing (Zoom) in compliance with the provisions of the Brown Act. Members of the public may attend this meeting in person at Campbell City Hall or virtually via Zoom at <http://campbellca.gov/HPBsignup>. A video recording will be available on the City of Campbell YouTube Channel following the meeting at <https://youtube.com/user/CityofCampbell>.

Written correspondence may be delivered to Historic Preservation Board at, or prior to, the Public Hearing by email to planning@campbellca.gov. Questions may be addressed to Senior Planner Daniel Fama, Board Secretary, at (408) 866-2193 or danielf@campbellca.gov.

APPROVAL OF MINUTES

1. **Approval of Minutes of December 7, 2022 (Voice Vote)**
 - Meeting Minutes, 12/7/2022

ORAL COMMUNICATIONS

This portion of the meeting is reserved for individuals wishing to address the Board on matters of community interest that are not listed on the agenda. In the interest of time, the Chair may limit speakers to three minutes. Please be aware that State law prohibits the Board from acting on non-agendized items, however, the Chair may refer matters to staff for follow-up.

BOARD/STAFF ANNOUNCEMENTS

Board Members and/or staff may make announcements on matters related to historic preservation and promotion.

- The California Preservation Foundation's 2023 California Preservation Conference will be held April 19-21 at the Fort Mason Center in San Francisco. The City has budgeted for attendance of two Board Members.

NEW BUSINESS

2. **Election of 2023 Chair and Vice Chair and SARC Advisor (Roll Call Vote)**

The Board will elect the Chair and Vice Chair, and SARC Advisor for 2023.

 - Staff Report

STUDY SESSION

3. Historic Preservation Ordinance Update

Study Session to discuss potential revisions to the City of Campbell Historic Preservation Ordinance, including the (1) creation of penalty provisions to discourage unpermitted alterations and demolitions of historic structures, (2) clarification of permitting requirements for historic properties, and (3) establishment of a new Mills Act Program.

- Staff Memorandum (Mills Act Program)

ADJOURNMENT

Adjourn to the next regularly scheduled Historic Preservation Board meeting of **February 22, 2023**, at 5:00 PM, in the City Hall Council Chambers, 70 North First Street, Campbell, California and via telecommunication.

Americans with Disabilities Act (ADA)

In compliance with the Americans with Disabilities Act, listening assistance devices are available for meetings held in the Council Chambers. If you require accommodation to participate in the meeting, please contact the City Clerk's Office at ClerksOffice@campbellca.gov or 408-866-2117 in advance of the meeting.



**HISTORIC PRESERVATION BOARD
REGULAR MEETING MINUTES
Wednesday, December 7, 2022 | 5:00pm
City Hall Council Chamber**

CALL TO ORDER

The Regular Historic Preservation Board meeting of December 7, 2022 was called to order at 5:00 pm by Chair Foulkes, and the following proceedings were had to wit.

ROLL CALL

HPB Members Present:

Michael Foulkes, Chair
Todd Walter, Acting Chair
Susan Blake
Rob Corteway
Laura Taylor Moore

HPB Members Absent:

Staff Members Present:

Rob Eastwood, Community Development Director
Daniel Fama, Senior Planner
Ken Ramirez, Administrative Analyst

AGENDA MODIFICATIONS OR POSTPONEMENTS

None

APPROVAL OF MINUTES

1. Approved October 26, 2022 meeting minutes.

ORAL REQUESTS

Chair Foulkes opened for public comment. Hearing none, public comments closed.

BOARD AND STAFF ANNOUNCEMENTS

City Council reappointed Board Member Blake and Moore to Historic Preservation Board for another term.

Recorded three (3) Mills Act contracts and provided materials to County Assessor's office. Contracts are anticipated to take place next tax year.

California Preservation Conference will be held April 19, 2023 - April 21, 2023 in San Francisco and City has funding to take two board members to the conference.

NEW BUSINESS

2. 2023 HPB Meeting Schedule (Resolution/Roll Call Vote)

The Board will review and approve the proposed 2023 meeting schedule.

Chair Foulkes will be out of town during February 2023 meeting. All Board Members approved 2023 meeting schedule.

Motion: Upon motion by Board Member Walter, seconded by Board Member Moore the Historic Preservation Board adopted Resolution No. 2022-08, approving the 2023 meeting schedule.

AYES: Foulkes, Walter, Corteway, Blake, Walter
NOES: None
ABSENT: None
ABSTAIN: None

STUDY SESSION

3. Historic Preservation Ordinance Update

Study Session to discuss potential revisions to the City of Campbell Historic Preservation Ordinance, including the (1) creation of penalty provisions to discourage unpermitted alterations and demolitions of historic structures, (2) clarification of permitting requirements for historic properties, and (3) establishment of a new Mills Act Program.

- Staff Memorandum (Permitting Requirements)

Senior Planner Daniel Fama presented on the proposed revisions to the Historic Preservation Ordinance pertaining to permitting, which outlined in detail the Expediated Process, Tier 1 and 2 Historic Resource Alteration Permit, Zoning Exception and Designation/Rescission.

The following challenges were discussed: Unclear permitting requirements, inconsistent permitting requirements, questionable enforcement, ordinary maintenance and repair and the high threshold for designation.

Senior Planner Fama recommended the following hierarchy for approval bodies:

| Hearing Bodies | Exempt | Certificate of Appropriateness | Historic Resource Alteration Permits | | |
|----------------------|--------|--------------------------------|--------------------------------------|--------|--------------|
| | | | Tier 1 | Tier 2 | Tier 3 |
| Advisory Body | N/A | N/A | N/A | HPB | PC and HPB |
| Decision-Making Body | | Staff | CDD | CDD | City Council |

Senior Planner Fama reviewed the scope of work and the permit process for roofing, windows/doors/awnings/shutters, wall cladding (siding, stucco, etc.), architectural elements, additions/demolitions/other, and site features/accessory buildings while identifying which work would be exempt, or require Certificate of Appropriateness, Director approval (Tier 1), Historic Board Preservation approval (Tier 2) or City Council approval (Tier 3).

Vice Chair Walter clarified that exempt meant exempt from historic review from the Planning Division. Review is still necessary from all the appropriate departments and agencies, when applicable.

Discretionary mechanism of a tiered permit process allows the City and department to have better analysis on a case by case basis.

Senior Planner Fama also reviewed revisions to the Structure of Merit Designation Criteria which captured the importance of architectural styles found within the community as well as the contribution individuals in Campbell's history.

Staff also recommends that a historic analysis only be required for HRI designation when the HPB and Planning Commission disagree on the request. This would align the process to add a property to the HRI with the process to remove a property, and in doing so, eliminate a barrier for homeowners who do not wish to outlay the upfront cost for a historic analysis. However, a DPR form would continue to be required upon designation.

The Board unanimously agreed to staff recommendations as currently written, with the exception that reconstruction of existing features for life-safety reasons should be through a Tier 1 Permit

ADJOURNMENT

The Regular Historic Preservation Board meeting adjourned at 6:42 pm to the next Historic Preservation Board Meeting on **Wednesday, January 25, 2023**, at City Hall, Council Chambers, 70 N. First Street, Campbell, CA.

PREPARED BY: _____

Ken Ramirez, Administrative Analyst

APPROVED: _____

Michael Foulkes, Chair

ATTEST:

Daniel Fama, Secretary



CITY OF CAMPBELL · HISTORIC PRESERVATION BOARD
Staff Report · January 25, 2023

City Action Election of the 2023 Chair and Vice Chair of the Historic Preservation Board and SARC Historic Preservation Advisor. (*Roll Call Vote*)

STAFF RECOMMENDATION

That the Historic Preservation Board take the following actions:

1. **Make a Motion**, to appoint the 2023 Chair and Vice Chair of the Historic Preservation Board; and
2. **Make a Motion**, to appoint the 2023 Historic Preservation Advisor to the Site and Architectural Review Committee (SARC).

DISCUSSION

Pursuant to Campbell Municipal Code (CMC) Section 2.38.030 the Board "shall elect the chair from among its members on an annual basis at the first meeting of the calendar year." Similarly, CMC Sec. 21.54.050.C specifies that the Board shall appointment a member "to serve as an advisor to the Site and Architectural Review Committee (SARC) for projects involving a City of Campbell listed historic resource... for a period of twelve months." As such, this is the time and place for the Board to elect its Chair and Vice Chair and SARC advisor for the year. Please note that the February 28, 2023, SARC meeting involves a Structure of Merit and will require attendance of the SARC advisor. If this presents a conflict, the Board may consider appointing an alternate advisor.

Prepared by:

Daniel Fama, Senior Planner

Approved by:

Rob Eastwood, Community Development Director

MEMORANDUM



Community Development Department
Planning Division

To: Chair Foulkes and Board Members **Date:** January 25, 2023
From: Daniel Fama, Senior Planner *DF*
Subject: **Study Session to discuss potential revisions to the City of Campbell Historic Preservation Ordinance, including the (1) creation of penalty provisions to discourage unpermitted alterations and demolitions of historic structures, (2) clarification of permitting requirements for historic properties, and (3) establishment of a new Mills Act Program. File No.: PLN-2022-117**

BACKGROUND

As discussed at the HPB meeting of [October 26, 2022](#), the City Council authorized a focused update to the Historic Preservation Ordinance, pertaining to penalty provisions, permitting requirements, and a revamped Mills Act program. This third meeting will discuss the update to the City's Mills Act Program.

The revised schedule, below, anticipates that the Board will finalize its recommendations for a revamped Mills Act program at this meeting. Staff will then work to schedule a joint HPB/Planning Commission study session at the Planning Commission's regularly scheduled meeting of February 28, 2023 (the week after the HPB's regular February meeting). This will be followed by a hearing with the City Council, scheduled for April 4, 2023, where the Council will be asked to authorize preparation of a formal ordinance based on HPB and Planning Commission recommendations.

- HPB Study Session (October 26, 2022)** – Penalty Provisions
- HPB Study Session (December 7, 2022)** – Permitting Requirements
- HPB Study Session (January 24, 2023)** – Mills Act Program
- Joint HPB/PC Study Session (February 28, 2023 - **Tentatively set at 7:00 PM**)** – Joint discussion on HPB recommendations.
- Council Meeting (April 4, 2023 - *Tentative*)** – Review of PC/HPB recommendations, confirmation of direction, and authorization to proceed with drafting of a formal ordinance.
- Staff preparation of Draft Ordinance (April-May 2023)** – Staff will prepare a draft ordinance based on Council direction, including review by the City Attorney's Office.
- OHP Review of Draft Ordinance (June 2023)** – Staff will forward the draft ordinance to the California Office of Historic Preservation (OHP) for review (per CLG requirements).
- HPB Public Hearing (July 2023)** – The HPB will consider the draft ordinance.
- PC Public Hearing (August 2023)** – The PC will consider draft ordinance.
- CC Public Hearing (September 2023)** – The Council will consider the draft ordinance.

Program History: The Mills Act is a State law allowing cities to voluntarily enter into contracts with the owners of historically designated properties that allow a reduction in property taxes in exchange for the continued maintenance and restoration of the historic resource. Under the terms of the contract, property taxes are reduced using a statutory formula, allowing the savings to be reinvested into the property. The [Government Code](#) provides a broad framework allowing cities to create tailored programs appropriate for each community, as discussed in the California Preservation Foundation (CPF) webinar, [The Mills Act: Building the Right Program for your Community](#).

The City Council initiated a three-year pilot Mills Act Program on October 4, 2011, by Resolution No. 11333, which allowed up to five Mills Act contracts to be executed. During this initial three-year period, the City Council authorized three Mills Act contracts. On February 3, 2015, the City Council adopted Resolution No. 11776, approving an extension of the Mills Act Program, allowing a combined maximum of ten Mills Act contracts. To date, the City Council has approved 11 contracts, most recently at its October 18, 2022, meeting.

Council Direction: On December 4, 2018, in approving the eighth Mills Act contract, the City Council provided direction regarding review and expansion of the Mills Act Program. Specifically, the Council indicated that it in order for it to consider expansion of the program beyond ten contracts, the City should conduct a comprehensive review the existing contracts and directed staff and the HPB to review potential program improvements, including, but not limited to:

- Selection criteria
- Qualifying improvements
- Application form requirements
- Reporting program (e.g., annual checklist receipts, etc.)

Over the course of the last four years, and with the assistance of the Mills Act *ad hoc* Subcommittee consisting of Vice Chair Walter and Board Member Blake, the HPB reviewed a variety of potential program improvements (see [June 22, 2022, HPB Agenda](#), Item # 5). Additionally, Board Member Corteway, acting as the Mills Act Audit Review *ad hoc* Subcommittee, completed an audit of the existing contracts, which was presented to the City Council at its [October 18, 2022](#), meeting. In authorizing preparation of the focused update to the Historic Preservation Ordinance, the Council provided direction that a new Mills Act Program should clearly focus on facilitating improvements that promote "structural, architectural, and historical integrity" and that are not "everyday expenses" common to homeowners at large. In other words, the Council provided direction that that Mills Act is intended to finance projects of significant capital costs, not normal maintenance. The Council also indicated that a new program should require more accountability from contract-holders.

DISCUSSION

Challenges: In the years since the creation of the City's Mills Act Program, certain challenges have presented themselves that should be addressed as part of a new program:

- **Eligible Improvements List.** The City Council resolutions that formed the existing program did not identify the types of improvements that were intended to be funded by the property tax savings, only that savings should "finance the preservation, maintenance and improvements of the qualified historic property as specified in the recorded Mills Act Contract." As a result, the HPB developed its own list of qualified expenses, which is included in pages 11 and 12 of the City's [Mills Act Application Package](#).

The list is quite comprehensive, spanning nearly 100 individual line items, and is intended to capture "interior and exterior renovation/restoration that will extend the life of the structure and limited site work," as stated on Page 4 of the application package. However, the list was never approved or reviewed by the City Council. At its core, this has resulted in a lack of authorization from the Council as to the appropriateness of certain improvements, such as kitchen/bathroom remodels, which was observable during the Council's discussion at its [October 18, 2022 meeting](#).

- **Review Criteria/Threshold for Approval:** The review criteria by which all of the existing contracts have been considered, below, were also created without Council approval, and have been difficult to apply in practice. They are oriented towards the concept of "ranking" and "prioritizing" applications. However, prior to approval of the last three contracts, each request was considered individually, meaning there was no need to rank or evaluate an application relative to another application. This resulted in situations where the HPB struggled to determine if (and why) it could recommend denial of an application, since the criteria do not create a minimum threshold for approval. The review criteria are as follows:
 - Criteria No. 1: A higher ranking will be given to those applications that demonstrate that entering into a Mills Act Historic Property Contract will result in the greatest number or value of improvements to the historic property thereby resulting in the greatest benefit to the public.
 - Criteria No. 2: A higher ranking will be given to those applications that demonstrate that entering into a Mills Act Historic Property Contract will substantially reduce the threat to the historic property of demolition, deterioration, abandonment, and/or general neglect.
 - Criteria No. 3: A higher ranking will be given to those applications that demonstrate, in cases of economic hardship, that entering into a Mills Act Historic Property Contract will result in the preservation and maintenance of a historic property.
 - Criteria No. 4: A higher ranking will be given to those applications that demonstrate the highest percentage of tax savings being used to finance the property maintenance and improvements.
- **Contract Duration:** As currently structured, the City's Mills Act contracts have an initial 10-year duration (the minimum required by State law) and automatically renew annually, rendering them indefinite, unless action is taken by the City or contract-holder to not renew the contract. The challenge arises that when a 10-year workplan is exhausted, there is no mechanism to ensure that continuing property tax savings is substantially reinvested into the property.
- **Ongoing Compliance:** When the Mills Act program was created, there was an understanding that contract-holders would provide supporting materials (e.g., receipts, invoices, contracts, etc.) to the County Assessor, who would serve as a clearinghouse. Unfortunately, since this time, the Assessor's Office informed staff that such information was not public record, even to the City, and that moving forward it would cease maintaining copies of materials. This resulted in the lack of documentation for many of the existing contracted properties, and now requiring the City to acquire receipts and invoices. Additionally, due to limited staffing and other factors, the City has not conducted an inspection at the outset of a new contract and every five years as required by the law.

Staff Recommendations: The following staff recommendations on program improvements incorporates prior HPB and Subcommittee feedback, as well as staff's professional judgment. The overall framework of the program would be codified within the Zoning Code. However, components of the program that may need to be refined overtime would be adopted separately by Council resolution.

- **Eligibility:** The Mills Act statute specifies that only "qualified historic properties" are eligible for a Mills Act contract, defined as properties on either the California Register of Historical Resources or a local historic list/register. The City's current Mills Act Program also defines qualified properties as residential homes, thereby specifically excluding commercial properties. The HPB discussed whether the program should be further restricted to properties under a certain assessed value (e.g., \$1.5M), but declined to recommend such an approach.

Although limiting the Mills Act program to currently designated HRI properties is an industry standard practice, staff also recommends expanding the program to include *potentially historic properties*, contingent on a concurrent application to add the property HRI. This approach would further the City's preservation efforts by inducing owners to voluntarily add their properties to the HRI in exchange for a Mills Act contract. If a property failed to secure designation, the Mills Act application would not be approved. This approach is similar to the 2011 expansion of the Mills Act Program when the Council gave priority to new additions to the HRI for one year.

- **Qualifying Improvements:** As noted, the Council's provided direction that the Mills Act should finance projects that facilitate an historic resource's "structural, architectural, and historical integrity" and that are not "everyday expenses". To this end, staff created a master list, included as **Attachment 1**, consisting of potential improvements drawn from the current *Mills Act Application Package*, the Subcommittee's recommended improvement categories, and the permit threshold table provided at the HPB's *December 7, 2022* meeting. This table categorizes each improvement as either contributing to "structure integrity" or "architectural/historical integrity" of a historic resource, or as ineligible.¹

For the purposes of this exercise, the category of "structure integrity" includes both the literal structural elements of a building (foundation, beams, framing, etc.), as well as the building's critical systems, including mechanical, electrical, and plumbing (MEP). The category "architectural and/or historic integrity" include architectural components such as windows, doors, cladding, roofing, as well as decorative elements integral to historic character such as trim, scalloping, etc.

However, the **Attachment 1** table excludes items that otherwise would fit in an allowable category if they do not require a significant capital cost as a means to exclude "everyday expenses" for regular maintenance common to homeowners. For example, rewiring an entire house would be an acceptable improvement as it contributes to the long-term integrity of the structure, but installing new electrical outlets to mount a TV would not. Lastly, some work that otherwise would be excluded is included if it would serve to restore or preserve an original historical feature. For example, repairing (not reconstructing) a stairway would generally be excluded, except if it was the original stairway, as to preserve period wood craftsmanship.

- **Number of Contracts:** In-lieu of an overall numeric cap on the number of contracts, staff recommends establishing an annual limit; specifically, five (5) contracts per year to start. This approach would allow a measured expansion of the program, easing its administration, and also allow the City to refine the program details each subsequent year. For equity, it would be necessary to establish an annual submittal deadline and review application together so that they may be judged on their merits based on the consideration criteria, discussed, below.

¹ Note that all work must consistent with the *Historic Design Guidelines for Residential Buildings* and the *Secretary of the Interior's Standards for the Treatment of Historic Properties*, and subject applicable permit review process

- **Consideration Criteria:** The review of the most recent Mills Act applications demonstrated the benefit of weighing the proposed costs of a 10-year work plan against the estimated tax savings so as to determine the percentage of tax savings that are reinvested into a property. This exercise provided an objective measure to evaluate each proposal, and to demonstrate the extent to which each applications would reinvest property tax savings.

In this regard, staff recommends the following minimum approval criteria:

- (1) Invest at least 100% of estimated property tax savings back into the property (expenditures), as demonstrated by the proposed workplan, for a minimum of Savings to Investment Ratio (SIR) of 1.0 (expenditures ÷ savings); **AND**
- (2) Show estimated expenditures of at least \$100,000 (in 2023 dollars) over 10 years.

For context, the table, below, identifies the anticipated savings and expenditures of each Mills Act contract approved to date (note that actual expenditures vary, as detailed in [Board Member Corteway's analysis](#)). On average, each contract-older anticipated saving \$105,000 over 10 years and to expend \$160,000, for an average SIR of 1.55.

| Address | Savings | Expenditures | SIR |
|-------------------------|-----------|--------------|------|
| 140 S. Peter Dr. (2013) | \$130,000 | \$360,000 | 2.77 |
| 61 Catalpa (2013) | \$ 80,000 | \$188,000 | 2.35 |
| 73 S. 1st St. (2021) | \$ 92,000 | \$209,000 | 2.27 |
| 146 Alice Ave. (2016) | \$ 80,000 | \$177,000 | 2.21 |
| 75 N Second St. (2015) | \$ 65,000 | \$ 86,000 | 1.32 |
| 110 S 2nd St. (2018) | \$130,000 | \$160,000 | 1.23 |
| 167 Alice Ave (2018) | \$191,000 | \$235,000 | 1.23 |
| 81 Alice Ave. (2021) | \$ 90,000 | \$ 86,000 | 0.96 |
| 155 Alice Ave. (2015) | \$ 79,840 | \$ 76,000 | 0.95 |
| 204 Alice Ave. (2021) | \$145,000 | \$128,000 | 0.88 |
| 226 Alice Ave. (2017) | \$ 70,000 | \$ 58,000 | 0.83 |
| Average | \$105,000 | \$160,000 | 1.55 |

Staff's recommendations would serve three purposes. Firstly, it would formalize that the City's expectation that all (100%) of tax savings be invested into the property, which may exclude high-value properties where the property tax savings could not be sufficiently expended (<1.0 SIR). Secondly, it would set a minimum floor for applications, excluding those where there is less than \$100,000 of qualified work to be done (suggesting the property is in relatively good condition). Lastly, a numeric-based approach would allow for an apples-to-apples comparison between application by ranking them on the amount of proposed expenditure and/or SIR. This would prioritize applications for properties that are at the greatest danger of deterioration, as recommended by the Subcommittee, since those properties would generally require the greatest amount of expenditure.

- **Contract Duration:** Staff recommends that the duration of contract should be tied to the proposed expenditures relative to the anticipated property tax savings. For example, a proposal that would result in tax savings of \$100,000 over 10 years with \$100,000 in expenditures should have a "total term" of 20 years, inclusive of a 10-year "initial term" of full tax savings, with 10-additional years of diminishing tax savings (as per State law).

However, if this proposal would result in expenditures of \$200,000 an initial term of 20-years (30-year total term) should be granted, as to allow the homeowner an opportunity to recoup the upfront costs. The table, below, conceptually shows the proposed relationship between savings, expenditures, and initial term:

| Initial Term (+ 10 years = Total Term) | | | | | |
|---|---|----------|----------|----------|----------|
| 10-Year Savings | Proposed 10-year Work Plan Expenditures | | | | |
| | \$100K | \$150K | \$200K | \$250K | \$300K |
| \$100K | 10 years | 15 years | 20 years | 25 years | 30 years |
| \$150K | | 10 years | 13 years | 17 years | 20 years |
| \$200K | | | 10 years | 13 years | 15 years |
| \$250K | | | | 10 years | 12 years |
| \$300K | | | | | 10 years |

To effectuate the limited term of a contract, the Community Development Director would inform the contract holder of the City's intent to file a Notice of Non-renewal prior to the contract expiration, which would serve to expire the contract in ten *additional* years. At that time, the owner may propose additional eligible work or document that they expended more than they saved and request that the City Council, upon HPB recommendation, postpone filing of the Notice of Non-renewal. If necessary, the City could execute an addendum to the recorded contract or record a new contract to formalize the additional proposed work. With this new approach, staff would also recommend that all the existing "legacy" contracts be subject to a Notice of Non-renewal filing after 10 years of savings, unless the homeowners can demonstrate additional expenditures.

- **Review Process:** The following recommendations pertain to the overall review process of Mills Act applications:
 - *Application Package:* The current [Mills Act Application Package](#), last updated in 2014 is a holdover document that predates the City's current electronic permit submittal platform, [MyGovernmentOnline](#). In the future, staff would better integrate the Mills Act application requirements into a [Planning Application Checklist](#) format, and also better identify the requirement for a digital submittal of a proposed workplan, tax adjustment worksheet, site plan, preliminary title report, property tax bill, site photographs, etc.
 - *Application Fee:* The Subcommittee's review of other cities' Mills Act application fees found that Campbell's existing fee (\$1,600) falls within the surveyed range (\$1,000 to \$4,000). Staff recommends maintaining the current fee but re-evaluating it after a year once a new Mills Act program is created, to determine how much staff time is spent on processing applications. It is possible, if not likely, that a more specific and prescriptive program will require less staff time to implement since the review of applications should be much more straightforward.
 - *Pre-Application Inspection:* The Subcommittee recommended that City conduct a pre-inspection of a historic property prior to *submittal* of a Mills Act application. Staff supports this proposal as it would provide an opportunity for a staff planner to provide better feedback to prospective applicants as a means to screen-out less meritorious requests.

- Hearing Process: The HPB discussed but declined to recommend potential changes to the current review process, such as pre-application workshops, preliminary review by a subcommittee, or review by the Planning Commission. As such, staff recommends maintaining the current hearing process of a recommendation by the HPB and decision by the City Council.
- Technical Reports: Since the new Mills Act program will focus on significant improvements, the HPB expressed a concern that a homeowner may *believe* an improvement is required, but not know for sure. For example, it may not be clear to what extent, or by what method, a foundation can be repaired. In a traditional development application, such questions are addressed by submittal of a technical report (e.g., engineering analysis) as part of the initial submittal.

However, the HPB expressed a concern that requiring an engineering or architectural report to substantiate a proposed improvement would act a disincentive to homeowners seeking a contract due to the additional upfront cost. Instead, for applications that involve structural or MEP work requiring an engineering report, the Subcommittee recommended that the report not be required until *after* a contract was approved by the City Council.

Staff is supportive of this approach, provided that in circumstances where a preparation of a technical report is required, that it be submitted prior to the *execution* of the contract. This would ensure that anticipated expenditures are properly documented in the workplan. For example, if a homeowner indicates that a foundation needs to be replaced, an engineering report would substantiate the need for the work before the contract is signed. If the report found the foundation was in adequate condition, and the proposed expenditures fall below the approval threshold (\$100,000 and/or 1.0 SIR), the contract would not be executed. The homeowners would either abandon the application requests or submit a new workplan proposal.

- **Conditions of Approval**: Staff recommends incorporating a provision in the new ordinance that would explicitly allow the City to impose conditions of approval on a Mills Act agreement. This would allow case-by-case consideration of specific architectural and/or site improvements (e.g., restoration of an altered feature, removal of dilapidated fencing, etc.) or standard safety measures such as an electrical inspection or installation of smoke alarms.
- **Program Oversight/Annual Maintenance Fee**: As noted, providing oversight of issued contracts has been a challenge. To ensure better administration of the program, staff recommends the City's online permitting platform, MyGovernmentOnline (MGO) be leveraged to provide a system for ongoing oversight. Specifically, each contract-holder can be required to create an MGO account allowing them to upload materials directly into a property-specific digital casefile. The MGO system can also be used to create automatic reminders to current and future staff to conduct inspections, request annual invoices/receipts, and check building permits against approved workplans. Although not necessary at the current moment, a new Mills Act ordinance should also allow for creation a fee that could fund more rigorous ongoing monitoring by a professional consultant, as was considered by [San Clemente](#).

OUTREACH

This meeting, as well as all subsequent meetings regarding the Historic Preservation Ordinance update, will be noticed to HRI property owners. If adopted by the City Council, the City will take action to record the DPR forms on the titles of every historic property to disclose their historic status to prospective buyers. Staff will also send a letter to each HRI property owner explaining the new provisions following adoption of an updated ordinance.

Attachments

1. Allowable Scope of Work Table

| SCOPE OF WORK | ELIGIBLE CATEGORIES | | INELIGIBLE |
|---|---------------------|---|------------|
| | Structure Integrity | Architectural and/or Historical Integrity | |
| Roofing | | | |
| 1. Patch/repair roof | | | X |
| 2. New roof (different material) | | | X |
| 3. New roof (like-for-like) or restoration of original material | X | X | |
| 4. Alteration to building roof (ridge, dormers, gables, eyebrows, etc.) | | | X |
| 5. Repair of roof framing | X | | |
| 6. Repair of eaves and/or overhangs | X | | |
| 7. Flashing/waterproofing | X | | |
| 8. Installation of rooftop photovoltaic (PV) system | | | X |
| Windows/Doors/Awnings/Shutters | | | |
| 9. Replacement of exterior doors and windows (window and/or frame) | | X | |
| 10. Alteration of window or door opening (expansion, reduction, or closure) | | X (restoration only) | |
| 11. Creation of new door/window openings | | | |
| 12. Replacement/repair of window shutters or awnings | | | |
| 13. Installation or removal of window shutters or awnings | | | X |
| Exterior Walls (cladding/painting) | | | |
| 14. Whole house exterior painting (except texture coating) | | X | |
| 15. Touch-up paint, painting of masonry surface, etc. | | | X |
| 16. Re-stuccoing (like-for-like) | | X | |
| 17. Repair of existing stucco (like-for-like) | | | X |
| 18. Replacement of siding (like-for-like) | | X | |
| 19. Repair of existing siding (like-for-like) | | | X |
| 20. Repair, restore, or repoint brick (or other masonry material) | | X | |
| 21. New/replacement wall cladding material | | X (restoration only) | |
| 22. Pressure wash walls | | | X |
| Architectural Elements | | | |
| 23. Repair of existing porches/patios, balconies, and chimneys | | X | |

| SCOPE OF WORK | ELIGIBLE CATEGORIES | | INELIGIBLE |
|--|---------------------|---|------------|
| | Structure Integrity | Architectural and/or Historical Integrity | |
| 24. Construction of a new porches/patios, balconies, and chimneys | | | X |
| 25. Removal/alteration of existing porches/patios, balconies, and chimneys | | X | |
| 26. New trim, brackets, corbels, etc. | | (restoration only) | |
| 27. Repair/replace trim, brackets, and corbels | | X | |
| 28. Construction of an attached wall | | | X |
| 29. Repair/replace gutters & downspouts | X | | |
| Additions/Demolitions/Other | | | |
| 30. Building additions | | | X |
| 31. New basement or expansion of existing basement | | | X |
| 32. Existing basement (finish, provide access, repair to code) | | | X |
| 33. Finish attic space (convert to living area) | | | X |
| 34. Removal of existing (non-original) portions of structure | | X | |
| 35. Removal of existing (original) portions of structure | | | X |
| 36. Relocation of an historic resource | | | X |
| 37. Exterior access modification (e.g., ramp) | | | X |
| Mechanical | | | |
| 38. New HVAC system(s) (e.g., AC, furnace, heat-pump, etc.) | X | | |
| 39. New venting and duct work | X | | |
| 40. New water heater | | | X |
| 41. New attic/whole-house fan | | | X |
| 42. HVAC system(s), water heater, fan, maintenance/repair | | | X |
| Electrical | | | |
| 43. Install new outlets, circuits, cabling, etc. | | | X |
| 44. Whole house rewiring | X | | |
| 45. Electrical service panel upgrade | | | X |
| 46. New service lines to detached garage (or accessory structure) | | | X |
| 47. Electric vehicle (EV) charger | | | X |
| 48. Battery storage system or generator | | | X |

| SCOPE OF WORK | ELIGIBLE CATEGORIES | | INELIGIBLE |
|--|---------------------|---|------------|
| | Structure Integrity | Architectural and/or Historical Integrity | |
| 49. Security lighting and/or alarm system | | | X |
| 50. New lighting fixtures (interior or exterior) | | | X |
| Plumbing | | | |
| 51. Whole house repiping | X | | |
| 52. New plumbing fixtures (sinks, tubs, faucets, etc.) | | | X |
| 53. General plumbing repairs (including septic system) | | | X |
| 54. New/repair service/supply lines (water/sewer/gas lines, clean-out, meters) | X | | |
| Fire Protection | | | |
| 55. Install fire-blocking | X | | |
| 56. Install fire sprinkler system | X | | |
| 57. Install smoke/CO2 alarms (wired or battery) | | | X |
| Structural/Foundation | | | |
| 58. Foundation bolting, cripple-wall bracing, and related seismic work | X | | |
| 59. New foundation | X | | |
| 60. Foundation repair (slab-jacking, piering, etc.) | X | | |
| 61. Other seismic retrofitting (e.g., soft-story retrofit, install load-bearing beam) | X | | |
| 62. Replace/repair subfloor | X | | |
| 63. Repair or reinforce wall/ceiling framing or bracing | X | | |
| Site Features/Accessory Buildings | | | |
| 64. Walls and fences (new and/or repair) | | | X |
| 65. Landscaping and hardscape (new features, repair, maintenance, etc.) | | | X |
| 66. Maintenance of a designated 'Heritage Tree' (per CMC § 21.32.130) | | X | |
| 67. Creation of an ADU (or JADU) from a garage or existing living area | | | X |
| 68. Install/remove swimming pool | | | X |
| 69. New decking or repair of existing deck | | | X |
| 70. Construction of a detached ADU | | | X |
| 71. Restoration of original "carriage house" or comparable accessory structure | | X | |
| 72. Construction/repair/removal of non-original accessory structures | | | X |

| SCOPE OF WORK | ELIGIBLE CATEGORIES | | INELIGIBLE |
|--|---------------------|---|------------|
| | Structure Integrity | Architectural and/or Historical Integrity | |
| Interior Remodel | | | |
| 73. New carpet | | | X |
| 74. Clean carpet | | | X |
| 75. New wood or tile floors | | | X |
| 76. Refinish wood floors | | X (restoration only) | |
| 77. Stairway repair | | | |
| 78. General carpentry work (trim, baseboards, wainscot molding, hearth tile, etc.) | | | |
| 79. Painting | | | X |
| 80. New/repair appliances | | | X |
| 81. Kitchen/bathroom countertops, cabinets, and general remodel | | | X |
| 82. Add, remove, and/or open interior walls | | | X |
| Drainage/Water Protection | | | |
| 83. Flashing (other than roof) | X | | |
| 84. New/repair exterior drains | X | | |
| 85. Water damage repair (interior or exterior) | X | | |
| 86. Re-grading of property to divert water from house (including bioswale) | X | | |
| 87. Vapor barrier installation | X | | |
| 88. Install sump pump & discharge drain | X | | |
| General/Other Maintenance | | | |
| 89. Inspect and clean chimney | X | | |
| 90. Removal of lead-based paint | X | | |
| 91. Termite treatment | X | | |
| 92. Blow-in insulation | X | | |
| 93. Mold remediation | X | | |
| 94. Asbestos remediation | X | | |
| 95. General weatherproofing (e.g., weatherstripping, door sweeps, etc.) | | | X |
| 96. Radon gas prevention/remediation (exhaust stack, ventilator, etc.) | X | | |