



P.O. Box 4173 Glendale CA 91202
www.GlendaleHistorical.org

June 13, 2016

The Honorable Paula Devine and Members of the City Council
City of Glendale
613 East Broadway, Suite 200
Glendale, CA 91206

RE: FY 2016-17 Proposed Citywide Budget and Fee Schedule for the City of Glendale

Dear Mayor Devine and Members of the City Council:

The Glendale Historical Society is grateful for the opportunity to address the proposals to increase the fee for Mills Act applications. Established in 1979, our non-profit organization has more than 650 members and works to preserve and celebrate Glendale's rich history and remaining architectural heritage.

We request that City Council either leave the fee at the current level of \$1,250 or, if a raise is deemed essential, to increase it to \$1,300, the level originally recommended by staff. We ask that you take this opportunity to demonstrate your strong support for historic preservation and the benefits it brings to the City of Glendale.

As Council members learned at the May 24 meeting, Glendale's current fee of \$1,250 for single-family residences is already higher than neighboring cities, including Pasadena and South Pasadena, and often radically higher: Los Angeles charges \$250, while Burbank and Santa Monica charge nothing at all. Even a small increase, let alone increases to \$3,500 or \$4,000 or \$7,000 as are variously proposed, would bring us further out of line with not just our neighbors but with cities and counties all over the state and depress participation in Glendale. It is not worth it for a program that welcomes on average five properties per year, that is unlikely to go beyond six given the limits on staff time, and that enriches the lives of all Glendale residents.

The Mills Act is an incentive program, and its property tax reduction is the State of California's most important tool for encouraging private owners to restore and preserve historic buildings, which are simply more expensive to restore and maintain. In May, among the many emails you received in opposition to the proposed fee increase were messages from owners of Mills Act properties who discussed the enormous trouble and expense they go through to qualify for the Mills Act and to maintain their properties thereafter. The penalty for failing to comply with the

The Glendale Historical Society (TGHS) advocates for the preservation of important Glendale landmarks, supports maintaining the historic character of Glendale's neighborhoods, educates the public about and engages the community in celebrating and preserving Glendale's history and architectural heritage, and operates the Doctors House Museum. TGHS is a tax-exempt, not-for-profit 501(c)(3) organization, and donations to TGHS are tax-deductible to the extent permitted by law.

terms of the contract is daunting: 12.5 percent of the current fair market value of the property, ensuring that the City gets a benefit from the program, one way or the other.

Now that the Mills Act will be extended to historic district contributors in 2017, these property owners will need to demonstrate that their property is in need of significant repair and restoration to qualify. There is a real benefit to our neighborhoods and to Glendale as a whole when property owners are able to undertake the costly work of restoring deteriorated buildings. Higher fees will simply discourage property owners from commencing this valuable work.

In our previous letter we disproved the idea that the Mills Act program mostly benefits owners of multimillion-dollar homes. Nonetheless, some Council members expressed a desire to create a tiered fee structure that would favor owners of properties with a lower assessed value. We have no problem with this in principle, as it is important to preserve modestly-sized and –priced historic bungalows as well as grander properties. A tiered Mills Act fee structure could be progressive *if* it actually charges owners of such properties *less than* the current rate. To begin the rate at \$1,250 and increase it from there is not to make the program more affordable to those who may need the tax reduction most (and assessed value is not a very adequate way of making such a determination); it is simply to make it much less likely that owners of properties with a higher assessed value will take advantage of it. And then it is Glendale that will be the loser.

TGHS continues to be bewildered by the \$7,681 calculated cost for processing and administering a Mills Act contract. That number is based on an assumption of sixty-one hours of staff time, including fifty hours of the Planning Intern's time, for "the life of the contract." Mills Act contracts last ten years, and then are renewable thereafter, so long as the terms continue to be met. City staff were unable to quantify the assumed number of years for the "life of the contract" or how the hours were spent. We remind you that Francesca Smith, a qualified architectural historian who formerly handled Mills Act contracts for the City of Los Angeles as its Historic Property Contract Manager, reports that it took her between 5 – 10 hours to process an application from initial receipt through recording with the County, with minimal additional time to administer thereafter. Even at the upper limit, how would this cost \$7,681 in Glendale? As you know, the fee cannot legally be greater than the cost of providing the service; otherwise it is a tax, which must be passed by voters. The cost calculation does not seem to be based on any exact understanding or information of how long or by what means Mills Act contracts are actually administered. The City cannot explain why it takes 61 hours of staff time rather than, say, 21 hours or, for that matter, 10,001 hours.

The proposals to sharply increase Mills Act fees do not adequately recognize that the ever diminishing stock of historic resources in Glendale is special, that historic properties "promote the health, prosperity, cultural enrichment, and general welfare of the people" (Glendale Municipal Code), and that they are well worth the costs the City shares as a matter of policy to foster them.

We request that you demonstrate support for historic preservation in Glendale and reject any fee increase that will discourage participation in this invaluable program.

Thank you for your consideration of our position on this very important matter.

Sincerely,

Greg Grammer

Greg Grammer
President, The Glendale Historical Society

Cc:

The Honorable Ardy Kassakhian, City Clerk
Mr. Scott Ochoa, City Manager
Mr. Michael J. Garcia, City Attorney
Mr. Phil Lanzafame, Community Development Director