



Department: Community Development
Cost Center: 4003
For Agenda of: 10/1/2024
Placement: Consent
Estimated Time: N/A

FROM: Timmi Tway, Community Development Director
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SUBJECT: APPROVE A MILLS ACT HISTORICAL PROPERTY PRESERVATION AGREEMENT FOR THE SNYDER HOUSE AT 1406 MORRO STREET (HIST-0386-2024)

RECOMMENDATION

As recommended by the Cultural Heritage Committee, adopt a Draft Resolution entitled, "A Resolution of the City Council of the City of San Luis Obispo, California, approving a Historic Property Preservation Agreement between the City and the owner of the Snyder House at 1406 Morro Street (Application No. HIST-0386-2024)."

POLICY CONTEXT

The recommended action on this item is supported by historical preservation policies set out in § 3.0 of the Conservation and Open Space Element of the City's General Plan, particularly Program 3.6.2, regarding participation in financial incentive programs to encourage maintenance and restoration of historic properties, and also with the purpose of encouraging private stewardship of historic buildings through incentives, as provided by Section 14.01.010 (B)(3) of the City's Historic Preservation Ordinance.

DISCUSSION

The owners of the Snyder House at 1406 Morro Street (Figure 1) submitted an application to enter into a Mills Act Historic Property Preservation Agreement with the City (see Request Letter, Attachment B, and Draft Agreement, Attachment C).

The property is located at the southeast corner of Morro and Pismo Streets, in the Old Town Historic District, and is developed with six residential buildings. The Snyder House is located at the corner of the property and is a two-story single-family dwelling built around 1885 (Figure 1), currently accommodating



Figure 1: The Snyder House (1406 Morro)

several rental units. The property was included in the Master Inventory of Historic Structures adopted in 1983 (Resolution No. 5197).¹

The Historic Resources Inventory for the building (Attachment D) notes its architectural significance and several of the characteristic features of the dwelling's architectural style, described as "Victorian Wood Frame with Eastlake Motifs such as its shiplap siding, high-pitched roof, gabled dormers, and bargeboard woodwork attached to the eaves and façade. Also noted is its association with D.D. and Harriet H. Snyder, who operated a store on Higuera Street, and lived in the home in 1904 (Inventory, pg. 2).

The Mills Act Program

It is the City's policy that significant historic resources be rehabilitated and preserved (COSE § 3.3). The Mills Act Program is a property tax reduction program for protection of cultural resources that encourages their maintenance and restoration (§ 3.6.2 of the General Plan Conservation and Open Space Element). Participation in the program is limited to Master List Resources; the most unique and important historic resources in terms of age, architectural or historical significance, rarity, or association with important persons or events in the City's past (HPO § 14.01.050 (A)). Currently, there are 66 properties participating in the program, with the last request (for the Brecheen House at 1133 Pismo) approved by the Council in August, 2024.

The City and owners of a Master List Resource enter into an historical property contract under which the owners agree to restore, maintain, and protect the property in accordance with historical preservation standards. Owners may qualify for property tax relief, potentially realizing tax savings of between 40% and 60% per year. A Mills Act Contract has a minimum term of ten years, and is extended annually for an additional year, unless, after the initial term, either the City or the owner, by written notice, decides not to renew the contract.

Previous Council or Advisory Body Action

On August 26, 2024, the Cultural Heritage Committee reviewed this application for participation in the Mills Act Historic Preservation Program,² along with the terms of the draft preservation contract, and, by a vote of 7-0, recommended that the Council approve the contract.

Public Engagement

Public notice of this hearing has been provided to owners and occupants of property near the subject site, and published in The New Times and posted on the City's website. The agendas for this meeting have been posted at City Hall and online, consistent with adopted notification procedures for development projects.

¹ Council Resolution 5197 available at: opengov.slocity.org/WebLink/DocView.aspx?id=27829

² Cultural Heritage Committee staff report (August 26, 2024) available online at: opengov.slocity.org/WebLink/DocView.aspx?id=198786

ENVIRONMENTAL REVIEW

Entering into a “Mills Act Contract” with the owners of historical property is not subject to the provisions of the California Environmental Quality Act (CEQA) because it is not a project as defined in CEQA Guidelines § 15378 (Definitions – Project). Implementation of the Mills Act is a government fiscal activity which does not involve commitment to any specific project resulting in a potentially significant physical impact on the environment CEQA Guidelines § 15378 (b)(4)).

FISCAL IMPACT

Budgeted: No
 Funding Identified: No

Budget Year: 2024-2025

Fiscal Analysis:

Funding Sources	Total Budget Available	Current Funding Request	Remaining Balance	Annual Ongoing Cost
General Fund	\$ N/A	\$	\$	\$
State				
Federal				
Fees				
Other:				
Total	\$	\$ 0	\$	\$ 0

After the Mills Act contract is recorded, the County Assessor values the property by an income capitalization method, following guidelines provided by the State Board of Equalization. Because of the timing and the method of valuing the restricted property, it is difficult to accurately estimate the tax savings and resulting fiscal impacts to the City under a particular historical property contract. However, the Office of Historic Preservation (California Department of Parks and Recreation) estimates that property owners participating in the program may realize property tax savings of between 40% and 60% each year for newly improved or purchased older properties. The City’s property tax revenue will be reduced accordingly.

ALTERNATIVES

1. ***Decline to enter into a Mills Act Historical Property Contract with the property owner.*** This alternative is not recommended. The contract provides a tax relief incentive that is a tool for achieving the City’s goals for historical preservation.
2. ***Continue consideration of the request to a future date for additional information or discussion.***

ATTACHMENTS

- A - Draft Resolution approving a Mills Act Contract for 1406 Morro Street)
- B - Draft Historic Property Preservation Agreement (HIST-0386-2024)
- C - Applicant Request Letter (HIST-0386-2024)
- D - Historic Resources Inventory (1406 Morro)