



Council Agenda Report

Item 6e

Department: Community Development
Cost Center: 4003
For Agenda of: 7/19/2022
Placement: Consent
Estimated Time: N/A

FROM: Michael Codron, Community Development Director
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SUBJECT: REVIEW OF A MILLS ACT HISTORICAL PROPERTY CONTRACT FOR
211 CHORRO STREET (MULLER-NOGGLE HOUSE AND GARAGE)

RECOMMENDATION

As recommended by the Cultural Heritage Committee, adopt a 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 Owners of the Muller-Noggle House and Garage at 211 Chorro Street (Application No. HIST-0174-2022).”

DISCUSSION

The owner of the Muller-Noggle House and Garage at 211 Chorro Street (Figure 1) submitted an application to enter into a Mills Act historical property contract with the City of San Luis Obispo (City). The property was designated as a “Master List Resource” by the City Council in January 2022 ([Resolution No. 11298](#)) as an example of the Minimal Traditional architectural style with an association to modernist architect Edla Muir, under the eligibility criteria for architecture and integrity set forth in the City’s Historic Preservation Ordinance.



Figure 1: Muller-Noggle House

The Mills Act Program

The Mills Act Program enables California cities to enter contracts with owners of historical property to provide tax relief in exchange for an agreement to actively participate in the restoration and maintenance of historical resources. A Mills Act contract is effective for an initial 10-year period, and then is automatically extended annually for an additional year. After the initial term, either the City or the owner may, by written notice, decide not to renew the contract.

During the effective term of the contract, the property owner must improve or rehabilitate the property, maintain the property consistent with the Secretary of the Interior's Standards, and provide visibility of the historical resource from the public right-of-way.

The Conservation and Open Space Element (COSE) of the General Plan describes the City's goals and policies for the protection of cultural resources. It is the City's policy that significant historic resources be rehabilitated and preserved (COSE § 3.3). Participation in the Mills Act Program is one of the means by which the City encourages the maintenance and restoration of historic properties (COSE § 3.6.2). A property must be on the City's Master List of Historic Resources in order to be enrolled in the program.

Previous Council or Advisory Body Action

On [January 11, 2022](#), the City Council reviewed and approved a request from the property owner to designate the property as a Master List Historic Resource, based on the property's significance as an example of the Minimal Traditional architectural style and association to modernist architect, Edla Muir. The Cultural Heritage Committee reviewed this application for participation in the Mills Act Historic Preservation Program, and the terms of the draft preservation contract, at a public hearing on [May 24, 2022](#), and, by a vote of 5-0-2 (two Members absent), recommended that the Council approve the contract.

Policy Context

The recommended action on this item is supported by historical preservation policies set out in Section 3.0 of the COSE 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 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.

Public Engagement

Public notice of this hearing has been provided to owners and occupants of property surrounding the subject site, 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.

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 Section 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: 2022-23

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

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 percent each year for newly improved or purchased older properties. This will reduce the City's property tax revenue 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 with the owners of 211 Chorro Street
B - Draft Historic Property Preservation Agreement