



DATE: July 18, 2007  
TO: Honorable Mayor and Members of the City Council  
FROM: Community Development Department/Planning Division  
SUBJECT: **INTRODUCTION OF AN ORDINANCE TO APPROVE ZONE AMENDMENT (ZA-3-07) ESTABLISHING A MILLS ACT PROGRAM THROUGHOUT THE CITY OF OCEANSIDE**

**SYNOPSIS**

Staff recommends that the City Council introduce an ordinance for Zone Amendment (ZA-3-07) amending Oceanside Historical Preservation Code Chapter 14A to establish a Mills Act Program for the Preservation of Historic properties throughout the City of Oceanside; and adopt a resolution establishing the application process, review procedures and required contract provisions for the implementation of the Oceanside Mills Act Property Contract Program pursuant to the Historical Preservation Ordinance Chapter 14A.

**BACKGROUND**

On November 15, 2006, the City Council directed staff to work with the Oceanside Historical Preservation Advisory Commission (OHPAC) to prepare a draft Mills Act Ordinance, including methods for designating historical sites.

On March 6, 2007, the OHPAC conducted an initial review of a Draft Mills Act Ordinance, the City's current cultural/historic resources inventory survey prepared in 1992, and a sample Mills Act Program for the City of Pasadena. Upon conclusion of receiving public input, OHPAC unanimously agreed to have staff continue with implementation of a Mills Act Program for the City of Oceanside, and directed staff to model the program after the City of Pasadena's program and return to OHPAC for formal action.

On April 26, 2007, the OHPAC conducted a public hearing in order to receive public testimony, and upon due consideration took action adopting OHPAC Resolution No. 2007-H01 recommending approval of Zone Amendment ZA-3-07 amending Chapter 14 A of the Oceanside City Code to establish a Mills Act Program and approval of a Mills Act Property Contract Program to the City Council for formal action.

Staff has reviewed the current Historical Preservation Ordinance (Chapter 14A), evaluated the Mills Act potential benefits and fiscal impacts associated with the creation, adoption and implementation of a Mills Act Program, and have determined that adoption of such a program will supplement the existing historic preservation ordinance and will promote historic restoration and preservation throughout Oceanside. Based on staff's review, a draft Mills Act Ordinance (Attachment 1) and a complete Mills Act Program packet (Attachment 2) has been prepared for formal consideration by the City Council.

Historical Preservation Ordinance: Chapter 14A of The Oceanside City Code establishes the Historical Preservation Ordinance for the City and sets forth as a matter of public policy, that the recognition, preservation, enhancement, perpetuation and use of structures, landscape features, sites and areas within the City of Oceanside having historical, architectural, archeological, cultural or aesthetic significance is required in the interest of economic prosperity, cultural enrichment and general welfare of the people.

The current Historical Preservation Ordinance establishes the Historical Preservation and Advisory Commission; historical area and site designation criteria; historical area or site designation procedures; permits required to alter, demolish, etc., historical structures; permit procedures; duty to keep in good repair; and penalties for nonenforcement of Ordinance provisions. The Ordinance does not include Mills Act provisions at this time.

Current Cultural/Historic Resources Inventory: In 1992 a cultural resources inventory survey was conducted for the City of Oceanside. The survey identified residential, commercial, public, religious, sites/cemeteries, landscaping and other cultural resources. Of all the resources surveyed a total of four – three religious and one residential – were identified as having the potential to be listed on the National Register of Historic Places. In addition a total of 137 residential and commercial resources may be eligible for designation as a Local Historical Resource. Currently, six historic/cultural resources are listed in the National Register of Historic Places and eight resources are locally designated (Attachment 3).

The Mills Act: Economic incentives foster the preservation of residential neighborhoods and the revitalization of downtown commercial districts. The Mills Act is the single most important economic incentive program in California for the restoration and preservation of qualified historic buildings by private property owners.

The Mills Act legislation, enacted in 1972, grants participating local governments authority to enter into contracts with owners of qualified historic properties who actively participate in the restoration and maintenance of their historic properties. In exchange, property owners receive property tax relief. A qualified historic property is one listed on any federal, state, county or city register, including the National Register of Historic Places, California Register of Historic Resources, California Historical Landmarks, State Points of Historical Interest, and locally designated landmarks. Owner-occupied family residences and income-producing commercial properties may qualify for consideration for the Mills Act program.

## **ANALYSIS**

**Benefits to Local Governments:** Many local governments throughout California have adopted the Mills Act because they recognize the economic benefits of conserving resources and reinvestment as well as the important role historic preservation can play in revitalizing older areas, creating cultural tourism, building civic pride and retaining the sense of place and continuity with the community's past. The Mills Act allows local governments to design preservation programs to accommodate specific community needs and priorities for rehabilitating entire neighborhoods, encouraging seismic safety programs, contributing to affordable housing, promoting heritage tourism, or fostering pride of ownership.

**Benefits to owners:** Owners of historic buildings may qualify for property tax relief if they pledge to rehabilitate and maintain the historical and architectural character of their properties for at least a ten-year period. The Mills Act program is especially beneficial for recent buyers of historic properties and for current owners of historic buildings who have made major improvements to their properties. Mills Act participants may realize substantial property tax savings between 40 percent and 60 percent each year for newly improved or purchased properties. Valuations of Mills Act properties are determined by the "Income Approach to Value" rather than by the standard "Market Approach to Value". The income approach, divided by a capitalization rate, determines the assessed value of the property. In general, the income of an owner-occupied property is based on comparable rents for similar properties in the area, while the income amount on a commercial property is based on actual rent received. Actual tax savings are calculated by the County Assessor's Office.

**The Mills Act Contract and Implementation:** A formal agreement, generally known as a Mills Act Property Contract, is executed between the local government and the property owner for a minimum ten-year term. As part of the agreement, property owners agree to restore, maintain, and protect the property in accordance with specific historic preservation standards and conditions identified in the contract. A Mills Act contract must be developed in accordance with California Government Code, Article 12, Sections 50280-50290 and California Revenue and Taxation Code, Article 1.9, Sections 439-439.4. Contracts are automatically renewed each year and transferred to new owners when the property is sold. The contract is binding to all owners during the contract period.

Periodic inspections by city officials ensure proper maintenance of the property. Local authorities may impose penalties for breach of contract or failure to protect the historic property. These inspections are not mandatory, and are largely intended to be used in cases where serious non-compliance issues may necessitate them. Typically, cities conduct an annual "from the curb" inspection to record maintenance and restoration progress. The state average penalty for breach of contract by the property owner is approximately 12.5 percent of the current market value, and staff recommends that the City of Oceanside utilize the state average of 12.5 percent as part of the overall program implementation.

Program Implementation and Program Impacts in other Cities: Staff has evaluated several Mills Act programs in effect throughout California. Statewide, 64 jurisdictions have or are in the process of adopting Mills Act programs. In Orange, Los Angeles, and San Diego Counties, participating cities include Anaheim, Orange, San Clemente, San Juan Capistrano, Pasadena, Santa Monica, San Diego, Coronado, Chula Vista, Escondido, and Encinitas. In order to control impacts on tax revenues some cities place annual caps on the number of contracts awarded each year and/or tax revenue losses, and impose permit processing fees to balance administrative staff costs.

Pasadena's Mills Act program has been in effect since 2002. In these 4 years, 57 applications have been approved or are pending. This average of about 14 applications a year is slightly higher than the typical number processed by other jurisdictions. The City of Pasadena has limited the number of contracts to 25 single family residential properties and/or a maximum of \$75,000 in tax revenue losses annually. The City does not charge applicants for Mills Act Contract processing. While the City of Pasadena has elected not to charge fees in association with application for implementation of the Mills Act program, other cities have established an application fee (e.g., City of Oakland has a \$400 application fee and \$100 inspection fee, City of Orange has a \$400 application fee only).

Staff has prepared a comprehensive Mills Act Property Contract Program modeled after the City of Pasadena's program, and presents a draft of the document for formal review and final action on the program's content and context. Staff suggests establishing a nominal application fee of \$530 in order to recover costs associated with the implementation of the Mills Act Property Contract Program. Staff has created a rough cost analysis that itemizes City revenue expenditures to implement the program, and has determined that approximately four hours would be required to administratively review and approve a complete property contract program application packet, along with one hour of staff time being required in order to annually conduct curbside inspections for contract compliance. Based upon a rough estimate that provides an hourly rate of \$37.75 per hour for an Associate Planner to conduct work on a Mills Act Application, it is anticipated that approximately \$188.75 would be expended the first year with an additional \$37.75 each year thereafter for 9 years, or \$339.75.

Mills Act Program Components: Based upon a review of the enabling legislation and the programs in other cities, staff recommends that the City of Oceanside develop and maintain the following Mills Act Program Components:

- An amendment to the existing Historical Preservation Ordinance (Chapter 14A) to include a Mills Act Program
- A Mills Act Information Brochure (hard copy and Web site)
- An Application Process and Forms, including:
  1. Application Form
  2. Financial Analysis Form (Estimate of tax savings)
  3. Restoration/Preservation Plan

- (Owners strategic plan for restoration/maintenance)
4. A Mills Act Financial Table
  5. A Mills Act Historic Property Agreement Form (contract)
  6. A Program Administration Plan
  7. An Annual Property Monitoring Plan

Draft Mills Act Ordinance and Required Code Amendments: The General Plan and Local Coastal Program (LCP) encourage the preservation and/or rehabilitation of buildings of historical or architectural significance. Adoption of a Mills Act Ordinance will be consistent with the General Plan and LCP and as a legislative act, requires approval by the City Council.

City staff has prepared a draft Mills Act Ordinance for the City of Oceanside, and recommends that the proposed Ordinance be incorporated into Chapter 14A Historical Preservation as Sections 14A.4(k) "Qualified Historic Property" Definition, 14.A.6.1 "Preservation Incentives" and Section 14.A.6.2 "Mills Act Program."

In accordance with the provisions of the California Environmental Quality Act Guidelines Section 15378 (b) (4), implementation of the Mills Act Program is considered a creation of a government funding mechanism or other government fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment and is not considered a project as defined by CEQA

## **FISCAL IMPACT**

1) Development of the Mills Act program can be accomplished with current staff resources, therefore cost associated with the program implementation will be primarily staff time "soft costs". Implementation of the program will require additional staff resources. The estimated staff costs associated with the program are not expected to exceed \$50,000 annually.

Property owners who participate in the program realize property tax savings that are shared by all taxing entities, therefore impact to the City's property tax revenue stream should be minimal.

2) The city-incurred revenue loss from 25 properties under the Mills Act contract with the City of Pasadena averaged \$310 per property in 2004. The City of Anaheim annual tax revenue loss associated with the implementation of the Mills Act is \$100-\$400 per property. For 2003, the City of Ontario has disclosed that the total loss of revenue to the City on 16 Mills Act contracts was approximately \$3,000 annually, or about \$188 per property per year. The tax loss to Ontario was estimated to result in almost \$603,000 of property owner-committed improvements and maintenance to properties under the Mills Act Program.

Direct fiscal impacts for the City of Oceanside related to the reduction in property tax revenue could be limited by setting a cap on the number of contracts awarded annually and/or a maximum property tax revenue loss. Currently the City of Pasadena limits the number of contracts awarded per year to 25 properties or \$75,000 in annual tax revenue loss. Since the assessment value of properties throughout Oceanside could vary significantly, it is recommended that the City set a maximum annual property tax revenue loss similar to that of the City of Pasadena.

The amount of property tax revenue lost per property subject to a Mills Act contract is relatively small compared to the benefits of preservation and maintenance of the City's Historical Resources, and although fiscal impacts are anticipated to occur, the positive aspects of embracing such a program is incalculable. Benefits that outweigh the impacts of establishing a Mills Act Ordinance include:

- Assurance that historic properties have been/are being properly restored and maintained.
- Reduces property tax for property owners
- Increases likelihood of preservation and assures mechanism to avoid deterioration of historic properties.
- Encourages homebuyers to purchase designated historic structures
- Fosters pride of ownership in Local History.
- Enhances marketability of historic properties - lower tax rate which is passed on to future owners.
- Historic properties continue to be protected by the contract even when sold, and the reduced property tax valuation is passed on to the new owner

### **CITY ATTORNEY'S ANALYSIS**

The City Attorney has reviewed the proposed ordinance and the proposed resolution and approves both the ordinance and the resolution as to form.

**RECOMMENDATION**

Staff recommends that the City Council introduce an ordinance for Zone Amendment (ZA-3-07) amending Oceanside Historical Preservation Code Chapter 14A to establish a Mills Act Program for the Preservation of Historic properties throughout the City of Oceanside; and adopt a resolution establishing the application process, review procedures and required contract provisions for the implementation of the Oceanside Mills Act Property Contract Program pursuant to the Historical Preservation Ordinance Chapter 14A.

PREPARED BY:



Richard Greenbauer  
Senior Planner

SUBMITTED BY:



Peter A. Weiss  
Interim City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager  
Mike Blessing, Deputy City Manager  
Jerry Hittleman, Interim City Planner



**ATTACHMENTS:**

1. Draft Mills Act Ordinance
2. City Council Resolution
3. Mills Act Property Contract Program
4. Draft Chapter 14A "Historical Preservation Ordinance"
5. Current Cultural/Historic Resources Inventory

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**RESOLUTION NO.**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
OCEANSIDE, CALIFORNIA ESTABLISHING THE  
APPLICATION PROCESS, REVIEW PROCEDURES, AND  
REQUIRED CONTRACT PROVISIONS FOR THE  
IMPLEMENTATION OF THE OCEANSIDE MILLS ACT  
PROPERTY CONTRACT PROGRAM PURSUANT TO THE  
HISTORICAL PRESERVATION ORDINANCE CHAPTER 14 A**

**(City of Oceanside –Applicant)  
(ZA-3-07)**

WHEREAS, California Government Code, Section 50280, et seq., and California Revenue and Taxation Code, Section 439 et seq., authorize the City of Oceanside to enter into contract with the owner (s) of qualified historical property, as defined in the Oceanside Zoning Ordinance Chapter 14A, to restrict the use of property in a manner which the City deems reasonable to carry out the purposes of California Government Code, Section 50280, et seq., and California Revenue and Taxation Code, Section 439 et seq.; and,

WHEREAS, The City of Oceanside possess a wide range of historic and cultural resources that provide a significant link to the City’s extensive and diverse history, and that are valued as sources of pride for the entire community; and,

WHEREAS, The Historical Preservation Ordinance Chapter 14A establishes the Historical Preservation and Advisory Commission; historical area and site designation criteria; historical area or site designation procedures; permits required to alter, demolish etc. historical structures; permit procedures; duty to keep in good repair; and penalties for non enforcement of Ordinance provisions; and,

WHEREAS, Chapter 14A the Historical Preservation Ordinance for the City sets forth as a matter of public policy, that the recognition, preservation, enhancement, perpetuation and use of structures, landscape features sites and areas within the City of Oceanside having historical, architectural, archeological, cultural or aesthetic significance is required in the interest of economic prosperity, cultural enrichment and general welfare of the people; and,

WHEREAS, the City Council is dedicated to providing economic and other incentives to assist owners of historic property with the preservation, rehabilitation, restoration, and/or reconstruction of

1 historic resources; and,

2 WHEREAS, Oceanside Zoning Ordinance Chapter 14 A.7 states that the application process,  
3 review procedures, and required contract provisions for preservation agreements shall be established by  
4 separate resolution of the City Council; and,

5 WHEREAS, the City Council, after giving the required notice, did on the 18th day of  
6 July 2007, conduct a duly advertised public hearing as prescribed by law to consider said  
7 ordinance and the Mills Act Property Contract Program.

8 NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Oceanside,  
9 California, as follows:

10 Section 1: The program implementing California Government Code, Article 12, Section 50280  
11 et seq., more commonly known as the Mills Act and Chapter 14 A.7 of the Oceanside Zoning  
12 Ordinance, for the purpose of preserving, rehabilitating, and maintaining designated historic resources  
13 shall be known as the Mills Act Program.

14 Section 2: Pursuant to the Oceanside Zoning Ordinance Chapter 14 A.7, the City Council  
15 hereby delegates to the City Planner or his/her designee the authority and responsibility to develop and  
16 maintain an application for properties seeking qualification and participation in the Mills Act.

17 Section 3: Pursuant to Oceanside Zoning Ordinance Chapter 14 A.7, the City Council hereby  
18 delegates the City Planner or his/her designee the ability to administratively implement the Mills Act  
19 Program throughout the City of Oceanside.

20 Section 4: The Historic Property Contract Forms to be used in the Mills Act program is  
21 attached as Exhibit "A". Pursuant to Oceanside Zoning Ordinance Chapter 14 A.7, the City Council  
22 hereby delegates to the City Planner or his/her designee the authority and responsibility to amend and  
23 modify the Historic Property Agreement as deemed necessary and appropriate, in consultation with the  
24 City Attorney. The terms of the Agreement shall always comply with California Government Code,  
25 Article 12, Section 50280 et seq. more commonly known as the Mills Act and Oceanside Zoning  
26 Ordinance Chapter 14 A. The maintenance, repair, rehabilitation, and/or restoration standards  
27 applicable to the subject property shall be entitled to qualify for a reassessment of the historic property,  
28 pursuant to Chapter 3, Page 2, of Division 1 of the California Revenue and Taxation Code.

Section 5: To limit the fiscal impact of the Mills Act to the City of Oceanside, the City shall

1 limit the number of Historic Property Contract Agreements to (25) properties or \$ 75,000 in annual tax  
2 revenue loss annually. Applications will only be accepted between January 15 and March 30 during  
3 normal business hours. Only complete submittal packages will be accepted. Upon closing of the  
4 application submittal period, a competitive selection process will prioritize all packages submitted  
5 based upon criteria outlined in the Mills Act Property Contract Program Application Guidelines  
6 attached as Exhibit "A."

7 Section 6: The City Manager or authorized designee is appointed as the agent of the City  
8 Council to execute each Mills Act Property Contract Agreement following administrative approval by  
9 the City Planner.

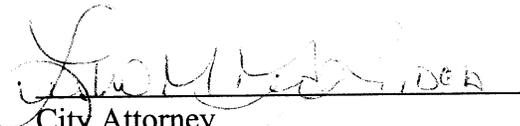
10 Section 7: The provisions of this resolution shall become effective concurrent with the effective  
11 date of the amendment to Oceanside Zoning Ordinance Chapter 14 A, establishing a Mills Act  
12 Program, which has been introduced concurrently with this resolution.

13 PASSED AND ADOPTED by the Oceanside City Council, this \_\_\_\_\_ day of \_\_\_\_\_ 2007,  
14 by the following vote:

- 15 AYES:
- 16 NAYS:
- 17 ABSENT:
- 18 ABSTAIN:

19 \_\_\_\_\_  
20 Mayor of the City of Oceanside

21  
22 ATTEST:  
23  
24 \_\_\_\_\_  
25 City Clerk

26  
27 APPROVED AS TO FORM:  
28  
  
City Attorney



# MILLS ACT PROPERTY CONTRACT PROGRAM

July 2007



Planning Division  
Community Development Department  
City of Oceanside  
300 N. Coast Highway  
Oceanside, CA 92054  
760-435-3520  
[www.ci.oceanside.ca.us](http://www.ci.oceanside.ca.us)

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### Forms

- Application
- Rehabilitation Plan and Timeline
- Notary Form
- Tax Adjustment Worksheet

### Appendices

- A. Secretary of the Interior is Standards for Rehabilitation  
([www.cr.nps.gov/hps/tps/tax/rhb/index.htm](http://www.cr.nps.gov/hps/tps/tax/rhb/index.htm))
- B. Sample Contract Agreement
- C. Sample Site Plan
- D. Sample Rehabilitation Plan
- E. Sample Property Tax Adjustment Worksheet

# **MILLS ACT PROPERTY CONTRACT PROGRAM APPLICATION GUIDELINES**

## **Introduction**

The City of Oceanside Mills Act Property Contract Program was established by ordinance on July 18, 2007 under the authority of a State enabled program known as the Mills Act (California Government Code, Article 12, Sections 50280-50290). Under this act, local governments may enter into historic property contracts with owners of qualifying privately owned historic properties who agree to rehabilitate, restore and/or maintain their property according to the Secretary of Interior Standards (see attached).

These application guidelines are a summary of the main features of the Mills Act Property Contract Program. The complete regulations are in the legal texts of the California Government Code and the City of Oceanside Historic Preservation Ordinance.

## **Purpose of Mills Act Property Contract Program**

The Mills Act Property Contract Program is a financial incentive that encourages designation and protection of historic buildings. The benefit to the owner may be a substantial reduction in property taxes, while the benefit to the City is the preservation of a significant historic resource.

## **Application Process**

Applications for Mills Act Property Contracts are processed through the Community Development Department and administered by the City Planner of the Planning Division. The application form is available at the Planning Division counter, located within the south building of the Civic Center at 300 N. Coast Highway or through the City of Oceanside Web site at

*(e.g. <http://www.ci.oceanside.ca.us/planning/MILLSACTPROGRAMGUIDELINES.pdf>)*

The **2008** the application process schedule is as follows:

- Application package distribution – Beginning January 15
- Application submittal period – Between January 15 and March 30
- Site visits by Planning Staff – Between April 2 and June 29
- Contracts drafted – On or before August 31
- Contracts signed and notarized – On or before October 1
- Contracts executed and recorded by County Recorder – On or before December 31

For all contracts recorded by December 31 of a calendar year, reassessment is conducted by June 30 of the following year and is reflected on fiscal year tax bills issued in October.

## **Properties with a Historic Designation are Qualified for a Contract**

*Only properties that are designated as a Qualified Historic Property will be considered for historic property contract agreements.*

Properties that are non-contributing and in a landmark or National Register district may be considered if the historic property contract agreement results in exterior restoration of significant historic and architectural characteristics of the property and if the work complies with the Secretary of the Interior's Standards. For information on how to designate a property as a Qualified Historic Property, or to request an evaluation to see if your property qualifies for designation, contact the Planning Division, 760-435-3520.

Properties must be designated and recorded with the San Diego County Recorder before an application for a contract is determined complete.

## **Terms of a Contract Agreement**

Duration. A Mills Act Property Contract is for an initial term of 10 years. It automatically renews each year on its anniversary date and a new 10-year agreement becomes effective.

Termination of Contract. The owner may terminate the contract by notifying the City at least 90 days prior to the annual renewal date. The City may terminate the contract by notifying the owner at least 60 days prior to the renewal date. The owner, upon receipt of the notice from the City, may make a written protest about termination by the City. The contract remains in affect for the balance of the term of the contract beyond the year of termination.

Alterations or Additions to Property. Work that may affect the historic architectural features of the property must comply with the Secretary of the Interior's Standards for Rehabilitation (Appendix A) and must obtain a Certificate of Appropriateness and building permit.

Inspections for Compliance. The City requires annual inspections of the property, by prior appointment, to ensure compliance with the terms of the agreement. Inspections may also be required by the County Assessor, State Office of Historic Preservation, and/or State Board of Equalization.

Breach of Contract Penalty. If the City determines at any time that the property owner has breached the contract, the owner is liable for a cancellation fee of 12.5% of the current value of the property as determined by the County Assessor.

## **Application Submittal Requirements**

A complete submittal package shall include:

1. Completed application form.
2. Legal description.
3. Photographs (35mm or digital, color) including negatives or compact disk of building interior (views of all rooms, except non-original kitchens and bathrooms,

and historic features) and exterior (front, rear, sides and historic accessory buildings). Prints may be either 3x5 or 4x6. Each photograph must be identified with a label on the back with the building address, subject of photo and view. A digital camera may be used if photos are clear and labeled with the above information.

4. Site plan drawn to scale indicating locations of all buildings on the property, street names, north arrow and dimensions (Example in Appendix A).
5. Completed "Rehabilitation/Restoration/Maintenance Plan and Timeline" form.
6. A statement—if applicable—describing how property is threatened by deterioration, abandonment, or conflicting zoning regulations; if project will maintain or create affordable housing; and/or how property tax reduction is necessary to facilitate preservation of the property (see criteria in "Selection Process" below).
7. Tax adjustment worksheet.
8. Completed notarization form.

The complete application package should be mailed or hand-delivered to:

City of Oceanside  
Community Development Department  
Planning Division  
300 N. Coast Highway  
Oceanside, California 92054

## **Selection Process**

Application materials must be submitted **between January 15 and March 30, 2008**.

Historic property contracts applications will be considered through a competitive selection process and only completed applications will be accepted. At the close of the application submittal period, projects that follow the priorities below shall have first consideration until available funding has been exhausted:

1. The contract agreement will substantially contribute to the preservation of a historic resource threatened by deterioration, abandonment, or conflicting regulations; enhance opportunities for maintaining or creating affordable housing; and/or facilitate preservation and maintenance of a property in cases of economic hardship; and
2. The contract agreement will support substantial reinvestment in a historic resource and/or rehabilitation of a historic building or structure in the areas where the City is concentrating resources on façade improvements, home rehabilitation, or similar revitalization efforts.

## **Administration of Contract Agreements**

Staff of the Planning Division will monitor all work that is proposed in a contract agreement to ensure compliance with the terms of the agreement and will perform annual inspections after all work specified in the agreement has been completed and in the month of the contract execution date as long as the contract agreement is in effect.

## San Diego County Administration

The City is responsible for recording executed Historic Property Contract documents with the County Recorder before December 31 of the applicable calendar year. After recordation, the City transmits the contract and the documentation of description of the property to the San Diego County Assessor where the calculation for the exact property tax under the Mills Act is performed. Contracts that are recorded by December 31 are reassessed by June 30 of the following year so that the reduced tax appears on the tax bill of October of that year.

## State of California Administration

Within six months of entering into a historic property contract with the property owner, the City submits written notice to the State Office of Historic Preservation. This notification states that the property owner has entered into a Historic Property contract.

## Instructions for Completing Tax Adjustment Worksheet

The Historic Property Tax Adjustment Worksheet is included in the application packet so that the property owner may compare their current taxes with a projected Mills Act reassessment. The form is a guideline only. It does not guarantee the exact reduction that the property will receive when the actual calculation by the County Assessor is completed.

**A. Determine the annual income and annual operating expenses.** For purposes of the Mills Act, a property is assessed as an income-producing property even though it may be owner occupied. For an example, assume that a house with a current assessed value of \$250,000 has a fair rent or income of \$1,600 per month. Per month expenses for maintenance, repairs, insurance, water, gardener, etc., are subtracted for a monthly net income. The monthly net income is multiplied by 12 for a **yearly net income** total. (*Note: Mortgage payments and property taxes are not deductible expenses*).

**B. Determine the capitalization rate.** This rate is determined by adding the following:

- An *Interest Component* determined by the Federal Housing Finance Board that is based on conventional mortgages. This component will vary from year to year.
- A *Historical Property Risk Component* of 4% for owner-occupied single-family houses; of 2% for multi-family, commercial and industrial properties.
- A *Property Tax Component* (post-Proposition 13 rates) of 1%.
- An *Amortization Component* that is a discretionary rate determined by the San Diego County Assessor that depends on the individual property. Typically, the remaining life of a wood frame building is 20 years, and the amortization would be  $100\% \times 1/20 = 5\%$ .

**Add all components for Capitalization Rate.** Example:  $6.5\% + 4.0\%$  (or  $2.0\%$ )  $+1.0\% + 5.0\% = 16.5\%$  (or  $14.5\%$ ).

**C. Calculate new assessed value and estimated tax reduction.** The new assessed value is determined by dividing the **annual net income** by the **capitalization rate**. The new assessed value is taxed at a rate of 1% (**assessed value multiplied by .01 = reassessed tax rate**). To determine the amount of the tax reduction, subtract the **reassessed tax rate** from the **current tax rate** (1% of the current assessed value).

## **Historic Property Contract Forms**

- **Application**
- **Rehabilitation Plan**
- **Notarization Form**
- **Tax Adjustment Worksheet**



## REHABILITATION/RESTORATION/MAINTENANCE PLAN AND TIMELINE

Please use this form for you rehabilitation, restoration and maintenance plan and timeline. Copy this form as necessary to include all work items that apply to your property. Include all exterior and interior work, including electrical, plumbing that has been completed by the current owner with the last two years (if applicable), and proposed work to be completed within the next ten years. Please complete all requested information on this form.

<p>Item Number : _____</p> <p>Building Feature: _____</p> <p>Cost \$ _____ (round to nearest \$)</p> <p>Completed <input type="checkbox"/> Proposed <input type="checkbox"/></p>	<p>Description of work: _____</p> <p>Year: _____</p>
<p>Item Number: _____</p> <p>Building Feature: _____</p> <p>Cost \$ _____ (round to nearest \$)</p> <p>Completed <input type="checkbox"/> Proposed <input type="checkbox"/></p>	<p>Description of work: _____</p> <p>Year: _____</p>
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**CITY OF OCEANSIDE**

**NOTARIZATION FORM (all-purpose acknowledgement form is also acceptable)**

*The notarized signature of the majority representative owner or owners, as established by deed or contract, of the subject property or properties is required for the filing of a historic property contract application.*

On \_\_\_\_\_, before me, the undersigned, a Notary Public in and for said County,  
DATE

duly commissioned, personally appeared: \_\_\_\_\_  
NAME OF SIGNER(S)

\_\_\_\_\_  
NAME OF SIGNER(S)

Personally known to me – OR –

***Proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.***

WITNESS my hand and official seal

PLACE NOTARY SEAL ABOVE

\_\_\_\_\_  
Notary Public in and for the County  
of San Diego, State of California

CITY OF OCEANSIDE

HISTORIC PROPERTY TAX ADJUSTMENT WORKSHEET

Street Address \_\_\_\_\_

(NUMBER, STREET, CITY & ZIP CODE OF PROPERTY)

STEP 1: DETERMINE ANNUAL INCOME OF PROPERTY

ANNUAL PROPERTY INCOME	CURRENT
1. Monthly Rental Income	
2. Annual Rental Income	

EXPLANATION
<i>Even if property is owner-occupied, an estimated monthly rental income is needed as a basis for this worksheet formula. Remember to include all potential sources of income (i.e., filming, advertising, photo-shoots and/or billboard rentals, etc.)</i>
Line item #1 x 12 months

STEP 2: CALCULATE ANNUAL OPERATING EXPENSES

ANNUAL OPERATING INCOME	CURRENT
3. Insurance	
4. Utilities	
5. Maintenance*	
6. Management	
7. Other Operating Expenses	
8. TOTAL EXPENSES**	

EXPLANATION
<i>Fire, liability, etc.</i>
<i>Water, gas, electric.</i>
<i>Maintenance includes: Painting, plumbing, electrical, gardening, cleaning, mechanical, heating repairs and structural repairs. Provide breakdown on separate sheet.</i>
<i>Security, services, etc. Provide breakdown on separate sheet.</i>
<i>Add lines 3 through 7.</i>

STEP 3: DETERMINE ANNUAL NET INCOME

NET OPERATING INCOME	CURRENT
9. NET TOTAL	

EXPLANATION
<i>Line 2 minus line 8.</i>

**\*If you are calculating for commercial or income property, remember to provide the following back-up documentation where applicable:**

- 1) Rent roll (include rent for on-site manager's unit as income if applicable).
- 2) Maintenance records (provide detailed break-down- **all costs should be recurring annually**).
- 3) Management expenses (include expense of on-site manager's unit and 5% off site management fee; and describe other management costs- provide breakdown on separate sheet).

\*\*Annual operating expenses do NOT include mortgage payments or property taxes.

CITY OF OCEANSIDE

HISTORICAL PROPERTY TAX ADJUSTMENT WORKSHEET (Page 2)

STEP 4: DETERMINE CAPITALIZATION RATE

CAPITALIZATION RATE	CURRENT	EXPLANATION
10. Interest Component	4.5%	As determined by the State Board of Equalization for 2008.
11. Historic Property Risk Component		Single-family home = 4% All other property = 2%.
12. Property Tax Component	1%	.01 times the assessment ratio of 100%
13. Amortization Component (Reciprocal of life of property)		If the life of the improvements is 20 years, use $100 \times 1/20 = 5\%$ .
14. TOTAL = CAPITALIZATION RATE		Add lines 3 through 7.

STEP 5: CALCULATE NEW ASSESSED VALUE

NEW ASSESSED VALUE	CURRENT	EXPLANATION
15. Mills Act Assessed Value		Line 9 divided by line 14. Example: $\text{Line 9} \div .1725 (17.25\%)$

STEP 6: DETERMINE ESTIMATED TAX REDUCTION

NEW TAX ASSESSMENT	CURRENT	EXPLANATION
16. Current Tax		General tax levy only – do not include voted indebtedness or direct assessments.
17. Tax Under Mills Act		Line 15 x .01.
18. ESTIMATED TAX REDUCTION		Line 16 minus line 17.

## **APPENDICES**

- A. Secretary of the Interior's Standards for Rehabilitation**
- B. Sample Contract Agreement**
- C. Sample Rehabilitation Plan and Timeline**
- D. Sample Site Plan**
- E. Sample Property Tax Adjustment Worksheet**

## **SECRETARY OF THE INTERIOR'S STANDARDS FOR REHABILITATION**

1. A property will be used as it was historically or be given a new use that requires minimal change to its distinctive materials, features, spaces, and spatial relationships.
2. The historic character of a property will be retained and preserved. The removal of distinctive materials or alteration of features, spaces, and spatial relationships that characterize a property will be avoided.
3. Each property will be recognized as a physical record of its time, place, and use. Changes that create a false sense of historical development, such as adding conjectural features or elements from other historic properties, will not be undertaken.
4. Changes to a property that have acquired historic significance in their own right will be retained and preserved.
5. Distinctive materials, features, finishes, and construction techniques or examples of craftsmanship that characterize a property will be preserved.
6. Deteriorated historic features will be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature will match the old in design, color, texture, and, where possible, materials. Replacement of missing features will be substantiated by documentary and physical evidence.
7. Chemical or physical treatments, if appropriate, will be undertaken using the gentlest means possible. Treatments that cause damage to historic materials will not be used.
8. Archeological resources will be protected and preserved in place. If such resources must be disturbed, mitigation measures will be undertaken.
9. New additions, exterior alterations, or related new construction will not destroy historic materials, features, and spatial relationships that characterize the property. The new work shall be differentiated from the old and will be compatible with the historic materials, features, size, scale and proportion, and massing to protect the integrity of the property and its environment.
10. New additions and adjacent or related new construction will be undertaken in such a manner that, if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.

For a full version with the illustrated guidelines you may log onto:  
[www.cr.nps.gov/hps/tps/tax/rhb/index.htm](http://www.cr.nps.gov/hps/tps/tax/rhb/index.htm)

Appendix B

**SAMPLE CONTRACT**

RECORDING REQUESTED BY:  
AND WHEN RECORDED RETURN TO:  
Community Development Department  
Planning Division  
Mills Act Property Contracts Program  
300 N. Coast Hwy.  
Oceanside, CA 92054

**HISTORIC PROPERTY AGREEMENT  
BY AND BETWEEN THE CITY OF OCEANSIDE,  
A MUNICIPAL CORPORATION, AND**

\_\_\_\_\_  
\_\_\_\_\_  
FOR THE PRESERVATION AND BENEFIT OF THE  
DESIGNATED HISTORIC PROPERTY LOCATED AT  
\_\_\_\_\_  
\_\_\_\_\_ Oceanside, CA \_\_\_\_\_

THIS AGREEMENT is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between the CITY OF OCEANSIDE, a municipal corporation (hereinafter referred to as the "City), and (*name of owner of property*) (hereinafter collectively referred to as the "Owner").

**RECITALS**

WHEREAS, California Government Code Section 50280, et seq. (the Mills Act), authorize cities to enter into contracts with the owners of qualified historic property to provide for the use, maintenance and restoration of such historic property so as to retain its characteristics as a property of historical significance; and

***WHEREAS, Owner possesses fee title in and to that certain real property, together with associated structures and improvements thereon, commonly known as (name and address) Oceanside, California (hereinafter such property shall be referred to as the "Historic Property"), and recorded with the San Diego County Recorder with the following legal description:***

***(LEGAL DESCRIPTION ON TAX RECORDS)***

WHEREAS, on XXXXXXXX, the City Council of Oceanside adopted a Mills Act program, thereby vesting the City with authority to enter into historic property contracts with property owners; and

WHEREAS, City and Owner, for their mutual benefit, now desire to enter into this agreement both to protect and preserve the historically significant characteristics of the Historic Property and to qualify the Historic Property for an assessment of valuation pursuant to the Provisions of Chapter 3 of Part 2 of Division 1 of the California Revenue and Taxation Code.

### AGREEMENT

NOW, THEREFORE, City and Owner, in consideration of the mutual covenants and conditions set forth herein, do hereby agree as follows:

1. Recitals. The Recitals set forth above are true and accurate and are an integral part of this agreement.

2. Effective Date and Term of Agreement. This agreement shall be effective and commence on \_\_\_\_\_, and shall remain in effect for a term of ten (10) years thereafter. Each year upon the anniversary of the effective date, such initial term will automatically be extended as provided in Paragraph 3 below.

3. Renewal. Each year on the anniversary of the effective date of this agreement (hereinafter referred to as the "renewal date"), a year shall automatically be added to the initial term of this agreement unless notice of nonrenewal is as provided herein. If either Owner or City desires in any year not to renew the agreement, Owner or City shall serve written notice of nonrenewal of the agreement on the other party in advance of the annual renewal date of the agreement. Unless such notice is served by Owner to City at least ninety (90) days prior to the annual renewal date, or served by City to Owner at least sixty (60) days prior to the annual renewal date, one (1) year shall automatically be added to the term of the agreement as provided herein. Upon receipt by Owner of a notice of nonrenewal from City, Owner may make a written protest of the notice. City may, at any time prior to the annual renewal date of the Agreement, withdraw its notice to Owner of nonrenewal. If either City or Owner serves notice to the other of nonrenewal in any year, the agreement shall remain in effect for the balance of the term then remaining, either from its original execution or from the last renewal of the agreement, whichever may apply.

4. Standards for Historic Property. During the term of this agreement, the Historic Property shall be subject to the following conditions, requirements and restrictions:

a. Owner shall rehabilitate, preserve and maintain the historically significant characteristics of the Historic Property. Attached hereto, marked as Exhibit "A" and incorporated herein by this reference is a list of those minimum standards and conditions for rehabilitation, maintenance, use and preservation of the Historic Property (to be determined for each contract agreement), which shall apply to such property throughout the term of this agreement.

b. Owner shall, additionally and where necessary, restore and rehabilitate the property according to the rules and regulations of the Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings, attached hereto, marked as Exhibit "B".

c. Owner shall allow reasonable periodic examinations, by prior appointment, of the interior and exterior of the Historic Property by representatives of the County Assessor, State Office of Historic Preservation, State Board of Equalization and City, as may be necessary to determine Owner's compliance with the terms and provisions of this agreement.

5. Provision of Information of Compliance. Owner hereby agrees to furnish City with any and all information requested by the City which may be reasonable and necessary to determine compliance with the terms and provisions of this agreement.

6. Notification to State Office of Historic Preservation. City shall provide written notice of the Agreement to the State Office of Historic Preservation within six (6) months of the effective date of the Agreement.

7. Cancellation. City, following a duly noticed public hearing as set forth in California Government Code Sections 50280, et seq., may cancel this agreement if it determines that Owner breached any of the conditions of this agreement and has failed to cure said breach after notice, as set forth in Paragraph 8 below, or has allowed the property to deteriorate to the point that it no longer meets the criteria for a qualified historic property. City may also cancel this agreement if it determines that the Owner has failed to restore or rehabilitate the property in the manner specified in subparagraph 4(a) and (b) of this agreement. In the event of cancellation, Owner may be subject to payment of those cancellation fees set forth in California Government Code Sections 50280, et seq.

8. Enforcement of Agreement. In lieu of and/or in addition to any provisions to cancel the agreement as referenced herein, City may specifically enforce or enjoin the breach of the terms of this agreement. In the event of a breach by Owner under the provisions of this agreement, City shall give written notice to Owner by registered or certified mail to the address stated in this agreement, which notice shall specifically identify the alleged breach and the proposed action which City recommends to Owner to cure said alleged breach. Owner shall thereafter have sixty (60) days within which to cure such breach to the reasonable satisfaction of the City. Upon completion by Owner of the cure of the breach, City shall withdraw its notice of breach.

Should owner not cure or commence to cure such breach as set forth above, then City may, without further notice, declare a default under the terms of this agreement and may bring any action necessary to specifically enforce the obligations of Owner arising out of the terms of this agreement, apply to any court, state or federal, for injunctive relief against any violation by Owner or apply for such other relief as may be appropriate.

City does not waive any claim of default by Owner if City does not enforce or cancel this agreement. All other remedies at law or in equity which are not otherwise provided for in this agreement or in the City's regulations governing historic properties are available to the City to pursue in the event that there is a breach of this agreement. No waiver by the City of any breach or default under this agreement shall be deemed to be a waiver of any other subsequent breach thereof or default hereunder.

9. Binding Effect of Agreement. The Owner hereby subjects the Historic Property to the covenants, reservations and restrictions as set forth in this agreement. City and Owner hereby declare their specific intent that the covenants, reservations and restrictions as set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Owner's successors and assigns in title or interest to the Historic Property. Each and every contract, deed or other instrument hereinafter executed covering or conveying the Historic Property, or any portion thereof, shall conclusively be held to have been executed, delivered and accepted subject to the covenants, reservations and restrictions expressed in this agreement regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

City and Owner hereby declare their understanding and intent that the burden of the covenants, reservations and restrictions set forth herein touch and concern the land in that Owner's legal interest in the Historic Property is rendered less valuable thereby. City and Owner hereby further declare their understanding and intent that the benefit of such covenants, reservations and restrictions touch and concern the land by enhancing and maintaining the historic characteristics and significance of the Historic Property for the benefit of the public and Owner.

10. Notice. Any notice required to be given by the terms of this agreement shall be provided at the address of the respective parties as specified below or at any other address as may be later specified by the parties hereto.

To City: City of Oceanside  
300 N. Coast Hwy.  
Oceanside, California 92054

Attention: Planning Division  
Jerry Hittleman, City Planner

To Owner: *(Name, address, contact)*

11. General Provisions.

a. None of the terms, provisions or conditions of this agreement shall be deemed to create a partnership between the parties hereto nor any of their heirs, successors or assigns, nor shall such terms, provisions or conditions cause them to be considered joint ventures or members of any joint enterprise.

b. Owner agrees to and shall hold City and its elected officials, officers, agents and employees harmless from liability for damage or claims for damage for personal injuries, including death, and claims for property damage which may arise from the direct or indirect use or operations of Owner or those of his contractor, subcontractor, agent, employee or other person acting on his behalf which relate to the use, operation and maintenance of the Historic Property. Owner hereby agrees to and shall defend the City and its elected officials, officers, employees and agents with respect to any and all actions for damages caused by, or alleged to have been caused by, reason of Owner's activities in connection with the Property. This hold harmless provision applies to all damages and claims for damages suffered, or alleged to have been suffered, by reason of the operations referred to in this agreement whether or not the City prepared, supplied or approved the plans, specifications or other documents for the Property.

c. All of the agreements, rights, covenants, reservations and restrictions contained in this agreement shall be binding upon and shall inure to the benefit of the parties herein, their heirs, successors, legal representatives, assigns and all persons acquiring any part or portion of the Historic Property, whether by operation of law or in any manner whatsoever.

d. In the event legal proceedings are brought by any party or parties to enforce or restrain a violation of any of the covenants, reservations or restrictions contained herein, or to determine the rights and duties of any party hereunder, the prevailing party in such proceeding may recover all reasonable attorney's fees to be fixed by the court, in addition to court costs and other relief ordered by the court.

e. In the event that any of the provisions of this agreement are held to be unenforceable or invalid by any court of competent jurisdiction, or by subsequent preemptive legislation, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected thereby.

f. This agreement shall be construed and governed in accordance with the laws of the State of California.

13. Amendments. This agreement may be amended, in whole or in part, only by a written recorded instrument executed by the parties hereto.

IN WITNESS WHEREOF, City and Owner have executed this agreement on the day and year first written above.

DATED: \_\_\_\_\_

By \_\_\_\_\_

Peter Weiss, City Manager  
CITY OF OCEANSIDE

DATED: \_\_\_\_\_

By \_\_\_\_\_

*(Name of Owner)*  
OWNER

Approved as to Form

\_\_\_\_\_  
Leslie Gallagher  
Deputy City Attorney

\_\_\_\_\_  
Date

Appendix C

**REHABILITATION/RESTORATION/MAINTENANCE PLAN**

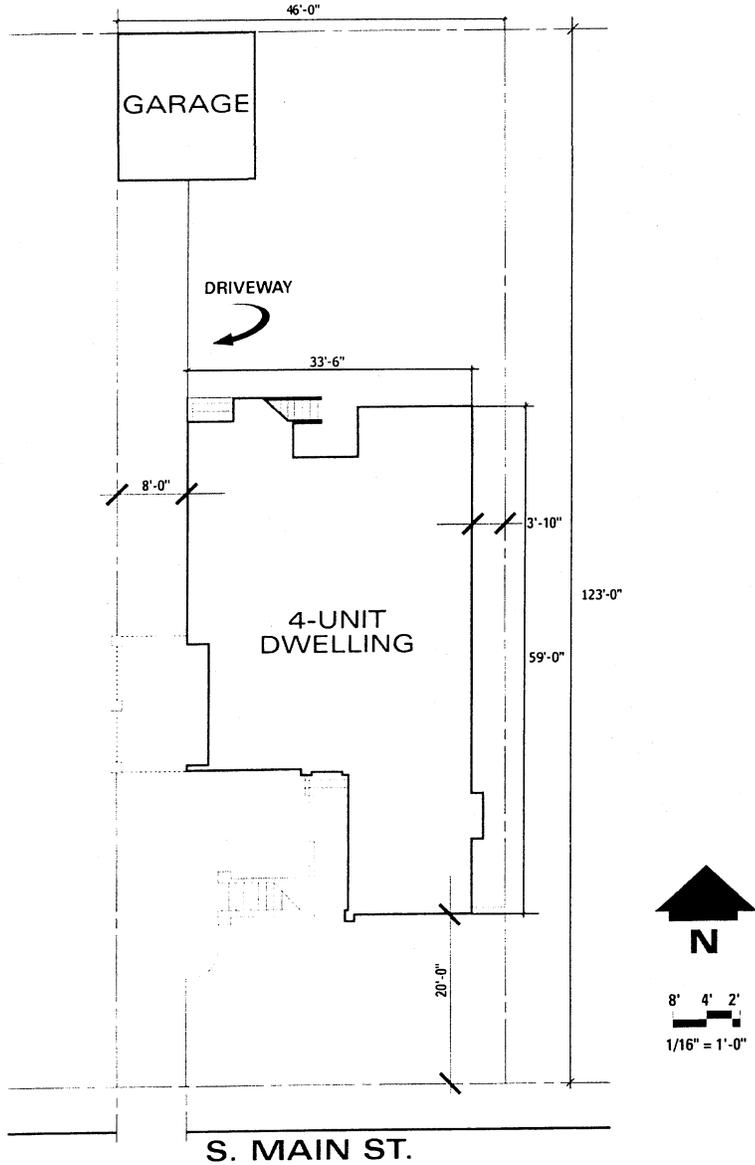
Please use this form for your rehabilitation, restoration and maintenance plan and submit with your application and all other required forms. Copy this form as necessary to include all work items that apply to your property. Include all exterior and interior work, including electrical, plumbing that has been completed by the current owner with the last two years (if applicable), and proposed work to be completed within the next ten years. Please complete all requested information on this form.

Property Address: \_\_\_\_\_ Address, Oceanside, California, Zip \_\_\_\_\_

<p>Item Number: <u>  1  </u></p> <p>Building Feature: <u>  Exterior walls and trim  </u></p> <p>Cost \$ <u>  8,500  </u> (round to nearest \$)</p> <p>Completed <input checked="" type="checkbox"/> Proposed <input type="checkbox"/></p>	<p>Description of work: _____</p> <p>Scrape, surface preparation, repaint entire exterior.</p> <p>Year: <u>  2005  </u></p>
<p>Item Number: <u>  2  </u></p> <p>Building Feature: <u>  Windows  </u></p> <p>Cost \$ <u>  7,300  </u> (round to nearest \$)</p> <p>Completed <input type="checkbox"/> Proposed <input checked="" type="checkbox"/></p>	<p>Description of work: _____</p> <p>Replace broken glass, scrape, surface preparation, repaint, re-caulk, repair all windows on front and south elevations. Replace jalousie window at kitchen with new double-hinge.</p> <p>Year: <u>  2009  </u></p>
<p>Item Number: <u>  3  </u></p> <p>Building Feature: <u>  Plumbing  </u></p> <p>Cost \$ <u>  3,220  </u> (round to nearest \$)</p> <p>Completed <input type="checkbox"/> Proposed <input checked="" type="checkbox"/></p>	<p>Description of work: _____</p> <p>Replace water pipes to house, replace kitchen plumbing and sink fixtures.</p> <p>Year: <u>  2012  </u></p>
<p>Item Number: <u>  4  </u></p> <p>Building Feature: <u>  Re-roof  </u></p> <p>Cost \$ <u>  9,220  </u> (round to nearest \$)</p> <p>Completed <input type="checkbox"/> Proposed <input checked="" type="checkbox"/></p>	<p>Description of work: _____</p> <p>Re-roof house entire house and garage with new composition shingles.</p> <p>Year: <u>  2020  </u></p>

**APPENDIX D**

**SAMPLE SITE PLAN**



**123-126 SOUTH MAIN ST.**

Appendix E

CITY OF OCEANSIDE

HISTORIC PROPERTY TAX ADJUSTMENT WORKSHEET

Street Address \_\_\_\_\_ Address, Oceanside, California, Zip Code \_\_\_\_\_  
 (NUMBER, STREET, CITY & ZIP CODE OF PROPERTY)

STEP 1: DETERMINE ANNUAL INCOME OF PROPERTY

ANNUAL PROPERTY INCOME	CURRENT	EXPLANATION
1. Monthly Rental Income	2,100 sq. ft. @ \$1.2 per sq. ft. = \$2,625	Even if property is owner-occupied, an estimated monthly rental income is needed as a basis for this worksheet formula. Remember to include all potential sources of income (i.e., filming, advertising, photo-shoots and/or billboard rentals, etc.)
2. Annual Rental Income	31,500	Line item #1 x 12 months

STEP 2: CALCULATE ANNUAL OPERATING EXPENSES

ANNUAL OPERATING INCOME	CURRENT	EXPLANATION
3. Insurance	3,400	Fire, liability, etc.
4. Utilities	2,000	Water, gas, electric.
5. Maintenance*	5,600	Maintenance includes: Painting, plumbing, electrical, gardening, cleaning, mechanical, heating repairs and structural repairs. Provide breakdown on separate sheet.
6. Management	600	Security, services, etc. Provide breakdown on separate sheet.
7. Other Operating Expenses	500	
8. TOTAL EXPENSES**	12,100	Add lines 3 through 7.

STEP 3: DETERMINE ANNUAL NET INCOME

NET OPERATING INCOME	CURRENT	EXPLANATION
9. NET TOTAL	19,400	Line 2 minus line 8.

**\*If you are calculating for commercial property, remember to provide the following back-up documentation where applicable:**

- 4) Rent roll (include rent for on-site manager's unit as income if applicable).
- 5) Maintenance records (provide detailed break-down- **all costs should be recurring annually**).
- 6) Management expenses (include expense of on-site manager's unit and 5% off site management fee; and describe other management costs- provide breakdown on separate sheet).

\*\*Annual operating expenses do NOT include mortgage payments or property taxes.

CITY OF OCEANSIDE

HISTORICAL PROPERTY TAX ADJUSTMENT WORKSHEET (Page 2)

STEP 4: DETERMINE CAPITALIZATION RATE

CAPITALIZATION RATE	CURRENT	EXPLANATION
10. Interest Component	4.5%	As determined by the State Board of Equalization for 2007.
11. Historic Property Risk Component	4%	Single-family home = 4% All other property = 2%.
12 Property Tax Component	1%	.01 times the assessment ratio of 100%
13. Amortization Component (Reciprocal of life of property)	5%	If the life of the improvements is 20 years, use $100 \times 1/20 = 5\%$ .
14. TOTAL=CAPITALIZATION RATE	14.5%	Add lines 10 through 13.

STEP 5: CALCULATE NEW ASSESSED VALUE

NEW ASSESSED VALUE	CURRENT	EXPLANATION
15. Mills Act Assessed Value	\$133,793	Line 9 divided by line 14. Example: Line 9 ÷ .145 (14.5%)

STEP 6: DETERMINE ESTIMATED TAX REDUCTION

NEW TAX ASSESSMENT	CURRENT	EXPLANATION
16. Current Tax	\$3,100	General tax levy only – do <b>not</b> include Voted indebtedness or direct assessments.
17. Tax Under Mills Act	\$1,338	Line 15 x .01.
18. ESTIMATED TAX REDUCTION	\$1,762	Line 16 minus line 17.

## Chapter 14A HISTORICAL PRESERVATION

### Sec. 14A.1. Title.

This chapter of the Oceanside City Code shall be known as the Historical Preservation Ordinance of the City of Oceanside.

(Ord. No. 82-41, § 1, 9-8-82)

### Sec. 14A.2. Policy and purpose.

(a) *Policy.* It is hereby declared as a matter of public policy that the recognition, preservation, enhancement, perpetuation and use of structures, landscape features, sites and areas within the City of Oceanside having historical, architectural, archeological, cultural or aesthetic significance is required in the interest of the economic prosperity, cultural enrichment and general welfare of the people.

(b) *Purpose.* The purpose of this chapter is to:

- (1) Safeguard the heritage of the City of Oceanside by providing for the protection of historical sites and areas representing significant elements of its history;
- (2) Encourage public knowledge, understanding and appreciation of the city's past;
- (3) Enhance the visual character of the city by encouraging and regulating the compatibility of architectural styles within historical areas reflecting significant architectural traditions;
- (4) Foster civic and neighborhood pride and a sense of identity based on the recognition and use of historical areas and sites;
- (5) Strengthen the economy of the city by protecting and enhancing the city's attractions to residents, tourists and visitors;
- (6) Stabilize and improve property values and increase economic and financial benefits to the city and its inhabitants;
- (7) Identify as early as possible and resolve conflicts between the preservation of historical areas and sites and alternative land uses; and
- (8) Promote the private and public use of historical areas and sites for the education, prosperity and general welfare of the people.

(Ord. No. 82-41, § 1, 9-8-82)

### Sec. 14A.3. Areas of application.

This chapter shall apply to all historical areas and sites designated as such by resolution of the city council pursuant to the provisions set forth herein.

(Ord. No. 82-41, § 1, 9-8-82)

### Sec. 14A.4. Definitions.

(a) *Alteration* means any change or modification, through public or private actions, of any historical site or of any property located within an historical area including, but not limited to, changes to or modification of structure, architectural details or visual characteristics such as paint color and surface texture, grading, surface paving, new structures, cutting or removal of trees and other landscape features, disturbance of archeological sites or areas, and the placement or removal of any objects such as signs, plaques, light fixtures, street furniture, walls, fences, steps, plantings and landscape features affecting the visual qualities of the property.

(b) *Architectural feature* means the architectural elements embodying style, design, proportions, general arrangement and components of all surfaces of an improvement, including but not limited to, the kind, color or texture of the building materials and the type and style of all windows, doors, lights, signs and other fixtures appurtenant to such improvement.

(c) *Commission* means the historical preservation advisory commission.

(d) *Historical area* means any area which:

(1) Contains improvements which:

a. Have a special character or special historical or aesthetic interest or value; and

b. Represent one or more periods or styles of architecture typical of one or more areas in the history of the city; and

(2) Has been designated as an historical area pursuant to the provisions of this chapter.

(e) *Historical site* means a parcel or part thereof on which improvements, buildings, structures, signs, landscape features or other objects are situated of scientific, aesthetic, educational, cultural, architectural or historical significance due to its association with such things as noted past events, historical persons or distinguishing architectural characteristics and that has been designated as such pursuant to the provisions of this chapter.

(f) *Improvement* means any building, structure, place, work of art or other object constituting a physical betterment of real property, or any part of such betterment.

(g) *Landscape feature* means any grade, body of water, stream, rock, plant, shrub, tree, path, walkway, road, plaza, fountain, sculpture or other form of natural or artificial landscaping.

(h) *Object* means a material thing of functional, aesthetic, cultural, symbolic or scientific value, usually by design or nature movable.

(i) *Ordinary repairs and maintenance* means any:

(1) Work done on any improvement or landscape feature for which a permit is not needed pursuant to subsection 14A.8 (2).

(2) Replacement of any part of an improvement or landscape feature; for which a permit issued by the building department is not required by law or by subsection 14A.8 (2) where the purpose and effect of such work or replacement is to correct any deterioration or decay of or damage to such improvement or landscape feature or any part thereof and to restore the same, as nearly as may be practicable, to its condition prior to the occurrence of such deterioration, decay or damage.

(j) *Preservation* means the identification, study, protection, restoration, rehabilitation or enhancement of historical areas and sites.

(k) *Qualified Historic Property* means a property listed on any federal, state, county, or city register, including the National Register of Historic Places, California Register of Historical Resources, California Historical Landmarks, State Points of Historical Interest, and locally designated landmarks. Owner-occupied family residences and income-producing commercial properties may qualify for the Mills Act Program, subject to local regulations.

(Ord. No. 82-41, § 1, 9-8-82)

Sec. 14A.5. Historical preservation advisory commission.

- (a) *Establishment.* There is hereby established in the city an historical preservation advisory commission (hereinafter referred to as the "commission") consisting of seven (7) unpaid members appointed by the mayor and approved by the city council.
- (b) *Members.* The members of the commission should include:
- (1) One member who is a licensed architect;
  - (2) One member who is a licensed civil engineer or is specially qualified by reason of training or experience in structural rehabilitation;
  - (3) One member knowledgeable in local history, architecture and cultural development;
  - (4) One member who is, and has been, the owner of his or her residence within the city for more than thirty (30) years; and
  - (5) Three (3) members who are current residences of the city.
- (c) *Appointment; terms.* The original appointment of the members of the commission shall be as follows: Three (3) for one year; two (2) for two (2) years; and two (2) for three-year terms.
- (d) *Expiration date of terms.* The expiration date of a term is hereby designated as July 1.
- (e) *Meetings.* The commission shall establish the time and place of its meetings. All meetings of the commission shall be conducted in accordance with the provisions of the Ralph M. Brown Act.
- (f) *Rules and regulations.* The commission shall make and adopt its own rules and regulations for conducting its business consistent with the laws of the state. Such rules and regulations shall be reduced to writing and be on file with the secretary of the commission at all times. The commission shall appoint such officers as may be necessary.
- (g) *Records.* The commission shall keep a record of its proceeding, which shall be open for inspection by any member of the public.
- (h) *Secretary.* The city manager shall designate an employee who shall serve as the secretary of the commission. The city clerk shall be responsible for the maintenance of all its permanent records.
- (i) *Quorum.* Four (4) members shall constitute a quorum. A majority vote of a quorum of the commission is required for the commission to take action on any matter, including but not limited to the adoption, amendment or repeal of any rules and regulations of the commission.
- (j) *Vacancy, removal, absences.*
- (1) In the event of a vacancy occurring during the term of a member of the commission, the mayor shall make an interim appointment to fill the unexpired term of such member, and where such member is required to have special qualifications, such vacancy shall be filled by interim appointment, in the manner herein prescribed, with a person having such qualifications.
  - (2) The provisions hereinabove notwithstanding, a member may be removed, at any time, with or without cause, by a majority vote of the city council.
  - (3) Any member who is absent, without having been excused by a majority of the members present, from three (3) successive meetings of the commission which such member was required to attend shall be deemed to have vacated his or her office.

(k) *Duties.* The commission shall undertake and have the following duties, responsibilities, and functions together with all powers reasonably incidental thereto:

- (1) To meet from time to time as may be specified in the rules and regulations of the commission or upon request of the city council.
- (2) To recommend to the city council:
  - a. Sites and areas to be considered for designation;
  - b. Criteria for guidelines to be used in a comprehensive survey of properties within the city;
  - c. The hiring of staff or consultants to conduct a comprehensive survey of properties with the boundaries of the city to identify potential historical sites and areas;
  - d. Adoption of standards to be used by the commission in reviewing applications for permits to construct, change, alter, modify, remodel, remove, or significantly affect any historical area or site;
  - e. The approval or disapproval, in whole or in part, of applications for permits pursuant to sections 14A.8 and 14A.9 of this chapter;
  - f. The hiring of staff or consultants to conduct studies that the commission deems desirable or necessary;
  - g. The purchase of fee or less-than-fee interests in property for purposes of historical preservation;
  - h. Participation in and the promotion and dissemination of public information, educational and interpretive programs pertaining to historical areas and sites; and
  - i. Cooperation with local, county, state and federal governments in the pursuit of the objectives of historical preservation.
- (3) The commission shall:
  - a. Review and comment upon the conduct of land use, housing and redevelopment, municipal improvement, and other types of planning and programs undertaken by any agency of the city, the county, or state, as they relate to the historical preservation of the community;
  - b. Publicize and periodically update survey results;
  - c. Maintain a local register of historical areas and sites within the city;
  - d. Investigate and report to the city council on the use of various federal, state, local, or private funding sources and mechanisms available to promote historical preservation in the city;
  - e. Render advice and guidance, upon the request of the property owner or occupant, on the restoration, alteration, decoration, landscaping or maintenance of any historical area or site; and
  - f. Perform any other functions that may be designated by the city council.

(Ord. No. 82-41, § 1, 9-8-82)

#### Sec. 14A.6. Preservation Incentives

The City Council may by resolution establish preservation incentives to encourage owners to designate, maintain, preserve, rehabilitate, and improve qualified historic properties. Only properties designated as a qualified historic property pursuant to the provisions of the Oceanside Municipal Code Chapter 14.A shall be eligible to apply for preservation incentives.

**Sec. 14A.7. Mills Act Program**

Pursuant to California Government Code, Article 12, section 50280 (The Mills Act), the City Council may establish a Mills Act Program providing for contractual agreement with an owner of a qualified historic property as designated by the City Council or listed on any official federal, state, or county register for the purpose of preservation, rehabilitation, and maintenance of a qualified historic property. The terms of the Mills Act Agreement allow the owner of qualified historic properties pursuant to section 14A.9 to receive a reduction in property taxes in exchange for the property owner's commitment to specific repair, restoration and/or rehabilitation improvements and satisfactory maintenance of the Qualified Historic Property. The Agreement shall include, but not be limited to, the contract provisions as required under state law, and shall extend for a minimum period of 10 years, renewed annually, until and unless a notice of non-renewal or cancellation is filed. The application process, review procedures, and required contract provisions for the Mills Act Agreements shall be established by separate resolution of the City Council and shall be implemented by the City Planner or his/her designee

~~Sec. 14A.6. Historical area or site designation criteria.~~

**Sec. 14A.8. Historical area or site designation criteria.**

For the purposes this chapter, an historical area or site may be designated as such by resolution of the city council pursuant to section 14A.7 14A.9 if it meets the following criteria:

- (a) It exemplifies or reflects special elements of the city's cultural, social, economic, political, aesthetic, engineering, or architectural history; or
- (b) It is identified with persons or events significant in local, state, or national history; or
- (c) It embodies distinctive characteristics of a style, type, period, or method of construction, or is a valuable example of the use of indigenous materials or craftsmanship; or
- (d) It is representative of the notable work of a builder, designer, or architect; or
- (e) It is found by the council to have significant characteristics which should come under the protection of this chapter.

(Ord. No. 82-14, § 1, 9-8-82)

~~Sec. 14A.7. Historical area or site designation procedures.~~

**Sec. 14A.9. Historical area or site designation procedures.**

Historical areas or sites shall be established by the city council in the following manner:

- (a) Any person may request the designation of an improvement or landscape feature as an historical site or the designation of an historic area by submitting a written request for such designation to the commission. The commission or city council may also initiate such proceedings on their own motion.
- (b) The commission shall conduct a study of the proposed designation and make a preliminary determination based on such documentation as it may require, as to its appropriateness for consideration. The commission shall forward a report containing its findings and determinations to the city council and the city clerk.
- (c) Upon receipt of the commission's report, the city clerk shall schedule a public hearing and give notice as set forth in subsection (5) below for a proposed historical site

or subsection (6) below for a proposed historical area. The public hearing shall be held within forty-five (45) days of receipt of the commission's report.

(d) A notice of the scheduled public hearing shall be forwarded to the building department by the city clerk and no building, alteration, demolition or removal permits for any improvement, building, structure or landscape feature within the proposed historical area or relative to a proposed historical site shall be issued while the public hearing or any appeal thereto is pending.

(e) In the case of a proposed historical site, notice of the date, place, time and purpose of the hearing shall be given by first class mail to the owners and occupants of all properties affected at least twenty (20) days prior to the date of the public hearing, using the name and address of such owners as shown on the latest equalized assessment rolls, and shall be advertised once in a daily newspaper of general circulation.

(f) In the case of a proposed historical area, notice of the date, place, time and purpose of the hearing shall be given by first class mail to the owners and occupants of all properties within the proposed area at least twenty (20) days prior to the date of the public hearing, using the name and address of such owners as shown on the latest equalized assessment rolls, and shall be advertised once in a daily newspaper of general circulation.

(g) At the conclusion of the public hearing on the proposed designation, the city council shall, by resolution, designate the area or site, in whole or in part, or the council may make findings regarding its rejection of the proposed designation.

(h) Failure to send any notice by mail to any property owner where the address of such owner is not on the latest equalized assessment roll shall not invalidate any proceedings in connection with the proposed designation.

(i) The time for designation should not exceed two (2) calendar months unless a greater period of time is required as may be determined by the council. The council shall consider, when considering an extension of time, any undue hardship which may result from such extension.

(Ord. No. 82-41, § 1, 9-8-82)

~~Sec. 14A.8. Permit required to alter, demolish, etc.; exception.~~

~~Sec. 14A.10. Permit required to alter, demolish, etc.; exception.~~

(a) It is unlawful for any person to tear down, demolish, construct, alter, remove, or relocate any improvement or landscape feature, or any portion thereof, which has been designated an historical site pursuant to the provisions of this chapter, or which lies within an historical area, or to alter in any manner any architectural or landscape feature of such an historical site or improvement within an historic area, or to place, erect, alter or relocate any sign within an historic area or on an historical site, without first obtaining a permit, if required by this chapter, in the manner provided for herein.

(b) No board, department or commission shall grant permission or any permit to carry out such work on a designated historical site or within an historical area, without the prior issuance of a permit therefore by the city council except as indicated below. Such permission or permit shall include but not be limited to building permits, demolition permits, construction certificates, grading permits, conditional use permits, variances, development plans, zone changes, and tentative parcel or subdivision maps. No application for any such permission or permit shall be considered complete unless

accompanied by a permit as required by this section. For any discretionary permission or permit, the board, commission, or department with final authority to grant or deny such permission or permit shall not consider any application for such permission or permit until the applicant has obtained a permit as required by this section.

(c) No permit shall be necessary for ordinary maintenance and repair if the proposed work will not alter or change the style, color or design of the site or area and a permit is not required under section 301(b) of the Uniform Building Code nor does this ordinance prevent the construction, reconstruction, alteration, restoration, demolition or removal of any such feature when the building department certifies to the council that such action is required for the public safety due to an unsafe or dangerous condition which cannot be rectified through the use of the California Historical Building Code.

(d) The provisions contained herein shall not apply to work conducted by the city necessary to affect maintenance or repair of streets, sewer systems or similar public endeavors.

(Ord. No. 82-41, § 1, 9-8-82)

~~Sec. 14A.9. Permit criteria.~~

Sec. 14A.11. Permit criteria.

The city council shall issue a permit for any proposed work, if and only if, it determines:

(a) In the case of a designated historical site, that the proposed work would not detrimentally alter, destroy or adversely affect any architectural or landscape feature; or  
(b) If the owner of a designated historical site or area demonstrates to the city council that such property cannot be economically used and denial of a permit would deprive the owner of all or most of his or her economic interest in the property, the council may issue the permit with an effective date one hundred eighty (180) days from the date of issuance of the permit to allow time for the investigation of alternatives to the work proposed in the permit application such as acquisition of site or improvement by the city or a public interest group.

(c) In the case of construction of a new improvement, building or structure upon an historical site, that the exterior of such improvements will not adversely affect and will be compatible with the external appearance of existing designated improvements, buildings and structures in said site.

(d) That the applicant has presented clear and convincing evidence of facts demonstrating to the satisfaction of the city council that such disapproval will work immediate and substantial hardship on the applicant because of conditions peculiar to the person seeking to carry out the proposed work, whether this be property owner, tenant or resident, or because of conditions peculiar to the particular improvement, building or structure or other feature involved, and that approval of the application will be consistent with the purposes of this chapter.

(Ord. No. 82-41, § 1, 9-8-82)

~~Sec. 14A.10. Permit procedure.~~

Sec. 14A.12. Permit procedure.

The following procedures shall be followed in processing applications for approval of work covered by this chapter.

- (a) Any city department receiving an application for a permit to work on a designated historical site or within a designated historical area shall forward a copy of said application, including the plans and specifications for the proposed work, to the commission.
- (b) The commission shall review the application and make a written report to the city council and the city clerk within thirty (30) days.
- (c) Upon receipt of a copy of the commission's report, the city clerk shall schedule a public hearing and shall advertise said hearing once in a daily newspaper of general circulation. The public hearing shall be held within thirty (30) days of receipt of the commission's report by the city clerk.
- (d) A notice of the scheduled public hearing shall be forwarded to the building department by the city clerk and no building, alteration, demolition or removal permits for any improvement, building, structure or landscape feature within an historical district or relative to an historical site shall be issued while the public hearing or any appeal thereto is pending.
- (e) At the conclusion of the public hearing on the permit application, the city council shall, by resolution, issue or deny, in whole or in part, any permit application. The council's decision shall be in writing and shall state the findings of fact and reasons relied upon in reaching its decision.
- (f) Any permit issued by the council pursuant to the provisions of this section shall be effective ten (10) days after the date of adoption by the council of the resolution granting the permit.
- (Ord. No. 82-41, § 1, 9-8-82)

~~Sec. 14A.11. Existing Improvements.~~

Sec. 14A.13. Existing Improvements.

All repairs, alterations, reconstructions, restorations or changes in use of existing improvements shall conform to the requirements of the California Historical Building Code.

(Ord. No. 82-41, § 1, 9-8-82)

~~Sec. 14A.12. Duty to keep in good repair.~~

Sec. 14A.14. Duty to keep in good repair.

(a) The owner, occupant or other person legally responsible for an historical site, or an improvement, building, landscape feature or structure in an historic area shall keep in good repair all of the exterior portions of such improvement, building or structure, all of the interior portions thereof when subject to control as specified in the designating ordinance or permit, and all interior portions thereof whose maintenance is necessary to prevent deterioration and decay of any exterior architectural feature.

(b) It shall be the duty of the building department to enforce this section.

(Ord. No. 82-41, § 1, 9-8-82)

~~Sec. 14A.13. Enforcement penalties.~~

Sec. 14A.15. Enforcement penalties.

(a) *Enforcement.*

- (1) The building director or his designee shall have the authority to enforce the provisions of this chapter.
- (2) Whenever any alteration of any improvement or landscape feature is being done contrary to the provisions of this chapter, the building director or his designee may order the alteration stopped by notice in writing served on any person or persons engaged in the doing or causing such alteration, and any such person or persons shall forthwith stop such alteration until authorized by the building director or his designee to proceed with the alteration.
- (3) It shall be unlawful for any person to carry out any alteration of any building or structure in violation of a notice stopping such alteration.
- (4) Any violation of the provisions of this chapter shall constitute a public nuisance.
  - (b) *Penalties.* Any person violating any provision of this chapter shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in an amount not exceeding five hundred dollars (\$500.00) or be imprisoned for a period not exceeding six (6) months or be so fined and imprisoned. Each day such violation is committed or permitted to continue shall constitute a separate offense and shall be punishable as such hereunder. (Ord. No. 82-41, § 1, 9-8-82)

~~Sec. 14A.14. Severability.~~

Sec. 14A.16. Severability.

If any section, sentence, clause or phrase of this chapter is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this chapter. The city council hereby declares that it would have passed this ordinance and adopted this chapter and each section, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.

(Ord. No. 82-41, § 1, 9-8-82)

January 25, 2002

**Locally Designated Historical Resources**

<b>Name of Resource</b>	<b>Dated Designated</b>	<b>Resolution Number</b>
Heritage Park	April 21, 1976	76-71
Heritage Park, All Saints Episcopal Church and the San Luis Rey Mission Historical District	August 8, 1979	79-194* rescinded in favor of 83-199
602 N. Clementine, <i>now located at 524 S. Hill Street</i>	September 10, 1980	80-303
322 N. Cleveland Street	November 19, 1980	80-381
Mission San Luis Rey Historic Area	July 27, 1983	83-199
602-604 N. Cleveland St., <i>now [REDACTED]</i>	September 14, 1983	83-220
Oceanview Memorial Cemetery	March 13, 1985	85-37
1818 Soto Street	September 15, 1993	R93-167
Coast Highway/Historic Route 101	November 19, 1997	R97-169
315 Windward Way, the Oceanside Athletic Club [REDACTED] 7-04	October 20, 1999	R99-185

**National Register:**

Americanization School -1210 Division Street  
Oceanside City Hall and Fire Station - 704 & 714 Pier View Way  
Rosicrusian Fellowship – 2222 Mission Avenue  
Old Mission San Luis Rey – 4050 Mission Avenue  
Libby/Rush House – 636 Rockledge Street

**California Register:**

~~Oceanside Roller Rink – 315 Windward Way – demolished 7-04.~~

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF OCEANSIDE AMENDING OCEANSIDE HISTORICAL PRESERVATION CODE CHAPTER 14A TO ADD SECTIONS 14A.4(k), 14A.6.1 AND 14A.6.2 TO ESTABLISH A PROGRAM FOR THE PRESERVATION OF HISTORIC PROPERTIES

WHEREAS, the Oceanside Historic Preservation Advisory Commission (OHPAC) established by the City Council has recommended changes to Oceanside Historical Preservation Code Chapter 14 A regarding preservation incentives through the implementation of a Mills Act Program citywide; and,

WHEREAS, the proposed changes to Oceanside Historical Preservation Code Chapter 14 A will allow for increased preservation and protection of the cultural heritage of Oceanside.

NOW, THEREFORE, the City Council of the City of Oceanside does ordain as follows:

SECTION 1. Chapter 14A of the Oceanside Historical Preservation Code is hereby amended to add the following sections:

Sec. 14A.4 Definitions

(k) Qualified Historic Property means a property listed on any federal, state, county, or city register, including the National Register of Historic Places, California Register of Historical Resources, California Historical Landmarks, State Points of Historical Interest, and locally designated landmarks. Owner-occupied family residences and income-producing commercial properties may qualify for the Mills Act Program, subject to local regulations.

Sec. 14A.6.1 Preservation Incentives

The City Council may by resolution establish preservation incentives to encourage owners to designate, maintain, preserve, rehabilitate, and improve qualified historic properties. Only properties designated as a qualified historic property pursuant to the provisions of the Oceanside Municipal Code Chapter 14.A shall be eligible to apply for preservation incentives.

Sec. 14A.6.2 Mills Act Program

Pursuant to California Government Code, Article 12, section 50280 (The Mills Act), the City Council may establish a Mills Act Program providing for contractual agreement with an owner

1 of a qualified historic property as designated by the City Council or listed on any official  
2 federal, state, or county register for the purpose of preservation, rehabilitation, and maintenance  
3 of a qualified historic property. The terms of the Mills Act Agreement allow the owner of  
4 qualified historic properties pursuant to section 14A.9 to receive a reduction in property taxes  
5 in exchange for the property owner's commitment to specific repair, restoration and/or  
6 rehabilitation improvements and satisfactory maintenance of the Qualified Historic Property.  
7 The Agreement shall include, but not be limited to, the contract provisions as required under  
8 state law, and shall extend for a minimum period of 10 years, renewed annually, until and  
9 unless a notice of non-renewal or cancellation is filed. The application process, review  
10 procedures, and required contract provisions for the Mills Act Agreements shall be established  
11 by separate resolution of the City Council and shall be implemented by the City Planner or  
12 his/her designee.

13 SECTION 2. Except as stated herein, all other sections remain the same.

14 SECTION 3. The City Clerk of the City of Oceanside is hereby directed to publish this  
15 ordinance, or the title hereof as a summary, pursuant to state statute, once within fifteen (15)  
16 days after its passage in the North County Times, a newspaper of general circulation published  
17 in the City of Oceanside.

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1 SECTION 4. This ordinance shall take effect and be in force on the thirtieth (30<sup>th</sup>) day  
2 from and after its final passage.

3 INTRODUCED at a regular meeting of the City Council of the City of Oceanside,  
4 California, held on the \_\_\_ day of \_\_\_\_\_, 2007, and, thereafter,

5 PASSED AND ADOPTED at a regular meeting of the City Council of the City of  
6 Oceanside California, held on the \_\_\_ day of \_\_\_\_\_, 2007, by the following vote:

7 AYES:

8 NAYS:

9 ABSENT:

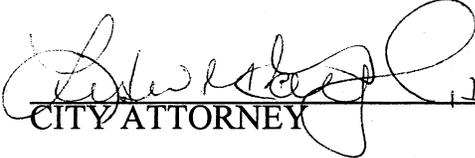
10 ABSTAIN:

11 MAYOR OF THE CITY OF OCEANSIDE

12  
13 ATTEST:

APPROVED AS TO FORM:

14  
15 \_\_\_\_\_  
16 CITY CLERK

15   
16 \_\_\_\_\_  
17 CITY ATTORNEY

## Chapter 14A HISTORICAL PRESERVATION

### Sec. 14A.1. Title.

This chapter of the Oceanside City Code shall be known as the Historical Preservation Ordinance of the City of Oceanside.

(Ord. No. 82-41, § 1, 9-8-82)

### Sec. 14A.2. Policy and purpose.

(a) *Policy.* It is hereby declared as a matter of public policy that the recognition, preservation, enhancement, perpetuation and use of structures, landscape features, sites and areas within the City of Oceanside having historical, architectural, archeological, cultural or aesthetic significance is required in the interest of the economic prosperity, cultural enrichment and general welfare of the people.

(b) *Purpose.* The purpose of this chapter is to:

- (1) Safeguard the heritage of the City of Oceanside by providing for the protection of historical sites and areas representing significant elements of its history;
- (2) Encourage public knowledge, understanding and appreciation of the city's past;
- (3) Enhance the visual character of the city by encouraging and regulating the compatibility of architectural styles within historical areas reflecting significant architectural traditions;
- (4) Foster civic and neighborhood pride and a sense of identity based on the recognition and use of historical areas and sites;
- (5) Strengthen the economy of the city by protecting and enhancing the city's attractions to residents, tourists and visitors;
- (6) Stabilize and improve property values and increase economic and financial benefits to the city and its inhabitants;
- (7) Identify as early as possible and resolve conflicts between the preservation of historical areas and sites and alternative land uses; and
- (8) Promote the private and public use of historical areas and sites for the education, prosperity and general welfare of the people.

(Ord. No. 82-41, § 1, 9-8-82)

### Sec. 14A.3. Areas of application.

This chapter shall apply to all historical areas and sites designated as such by resolution of the city council pursuant to the provisions set forth herein.

(Ord. No. 82-41, § 1, 9-8-82)

### Sec. 14A.4. Definitions.

(a) *Alteration* means any change or modification, through public or private actions, of any historical site or of any property located within an historical area including, but not limited to, changes to or modification of structure, architectural details or visual characteristics such as paint color and surface texture, grading, surface paving, new structures, cutting or removal of trees and other landscape features, disturbance of archeological sites or areas, and the placement or removal of any objects such as signs, plaques, light fixtures, street furniture, walls, fences, steps, plantings and landscape features affecting the visual qualities of the property.

- (b) *Architectural feature* means the architectural elements embodying style, design, proportions, general arrangement and components of all surfaces of an improvement, including but not limited to, the kind, color or texture of the building materials and the type and style of all windows, doors, lights, signs and other fixtures appurtenant to such improvement.
- (c) *Commission* means the historical preservation advisory commission.
- (d) *Historical area* means any area which:
- (1) Contains improvements which:
    - a. Have a special character or special historical or aesthetic interest or value; and
    - b. Represent one or more periods or styles of architecture typical of one or more areas in the history of the city; and
  - (2) Has been designated as an historical area pursuant to the provisions of this chapter.
- (e) *Historical site* means a parcel or part thereof on which improvements, buildings, structures, signs, landscape features or other objects are situated of scientific, aesthetic, educational, cultural, architectural or historical significance due to its association with such things as noted past events, historical persons or distinguishing architectural characteristics and that has been designated as such pursuant to the provisions of this chapter.
- (f) *Improvement* means any building, structure, place, work of art or other object constituting a physical betterment of real property, or any part of such betterment.
- (g) *Landscape feature* means any grade, body of water, stream, rock, plant, shrub, tree, path, walkway, road, plaza, fountain, sculpture or other form of natural or artificial landscaping.
- (h) *Object* means a material thing of functional, aesthetic, cultural, symbolic or scientific value, usually by design or nature movable.
- (i) *Ordinary repairs and maintenance* means any:
- (1) Work done on any improvement or landscape feature for which a permit is not needed pursuant to subsection 14A.8 (2).
  - (2) Replacement of any part of an improvement or landscape feature; for which a permit issued by the building department is not required by law or by subsection 14A.8 (2) where the purpose and effect of such work or replacement is to correct any deterioration or decay of or damage to such improvement or landscape feature or any part thereof and to restore the same, as nearly as may be practicable, to its condition prior to the occurrence of such deterioration, decay or damage.
- (j) *Preservation* means the identification, study, protection, restoration, rehabilitation or enhancement of historical areas and sites.
- (k) *Qualified Historic Property* means a property listed on any federal, state, county, or city register, including the National Register of Historic Places, California Register of Historical Resources, California Historical Landmarks, State Points of Historical Interest, and locally designated landmarks. Owner-occupied family residences and income-producing commercial properties may qualify for the Mills Act Program, subject to local regulations.
- (Ord. No. 82-41, § 1, 9-8-82)

Sec. 14A.5. Historical preservation advisory commission.

- (a) *Establishment.* There is hereby established in the city an historical preservation advisory commission (hereinafter referred to as the "commission") consisting of seven (7) unpaid members appointed by the mayor and approved by the city council.
- (b) *Members.* The members of the commission should include:
- (1) One member who is a licensed architect;
  - (2) One member who is a licensed civil engineer or is specially qualified by reason of training or experience in structural rehabilitation;
  - (3) One member knowledgeable in local history, architecture and cultural development;
  - (4) One member who is, and has been, the owner of his or her residence within the city for more than thirty (30) years; and
  - (5) Three (3) members who are current residences of the city.
- (c) *Appointment; terms.* The original appointment of the members of the commission shall be as follows: Three (3) for one year; two (2) for two (2) years; and two (2) for three-year terms.
- (d) *Expiration date of terms.* The expiration date of a term is hereby designated as July 1.
- (e) *Meetings.* The commission shall establish the time and place of its meetings. All meetings of the commission shall be conducted in accordance with the provisions of the Ralph M. Brown Act.
- (f) *Rules and regulations.* The commission shall make and adopt its own rules and regulations for conducting its business consistent with the laws of the state. Such rules and regulations shall be reduced to writing and be on file with the secretary of the commission at all times. The commission shall appoint such officers as may be necessary.
- (g) *Records.* The commission shall keep a record of its proceeding, which shall be open for inspection by any member of the public.
- (h) *Secretary.* The city manager shall designate an employee who shall serve as the secretary of the commission. The city clerk shall be responsible for the maintenance of all its permanent records.
- (i) *Quorum.* Four (4) members shall constitute a quorum. A majority vote of a quorum of the commission is required for the commission to take action on any matter, including but not limited to the adoption, amendment or repeal of any rules and regulations of the commission.
- (j) *Vacancy, removal, absences.*
- (1) In the event of a vacancy occurring during the term of a member of the commission, the mayor shall make an interim appointment to fill the unexpired term of such member, and where such member is required to have special qualifications, such vacancy shall be filled by interim appointment, in the manner herein prescribed, with a person having such qualifications.
  - (2) The provisions hereinabove notwithstanding, a member may be removed, at any time, with or without cause, by a majority vote of the city council.
  - (3) Any member who is absent, without having been excused by a majority of the members present, from three (3) successive meetings of the commission which such member was required to attend shall be deemed to have vacated his or her office.

- (k) *Duties.* The commission shall undertake and have the following duties, responsibilities, and functions together with all powers reasonably incidental thereto:
- (1) To meet from time to time as may be specified in the rules and regulations of the commission or upon request of the city council.
  - (2) To recommend to the city council:
    - a. Sites and areas to be considered for designation;
    - b. Criteria for guidelines to be used in a comprehensive survey of properties within the city;
    - c. The hiring of staff or consultants to conduct a comprehensive survey of properties with the boundaries of the city to identify potential historical sites and areas;
    - d. Adoption of standards to be used by the commission in reviewing applications for permits to construct, change, alter, modify, remodel, remove, or significantly affect any historical area or site;
    - e. The approval or disapproval, in whole or in part, of applications for permits pursuant to sections 14A.6 and 14A.7 of this chapter;
    - f. The hiring of staff or consultants to conduct studies that the commission deems desirable or necessary;
    - g. The purchase of fee or less-than-fee interests in property for purposes of historical preservation;
    - h. Participation in and the promotion and dissemination of public information, educational and interpretive programs pertaining to historical areas and sites; and
    - i. Cooperation with local, county, state and federal governments in the pursuit of the objectives of historical preservation.
  - (3) The commission shall:
    - a. Review and comment upon the conduct of land use, housing and redevelopment, municipal improvement, and other types of planning and programs undertaken by any agency of the city, the county, or state, as they relate to the historical preservation of the community;
    - b. Publicize and periodically update survey results;
    - c. Maintain a local register of historical areas and sites within the city;
    - d. Investigate and report to the city council on the use of various federal, state, local, or private funding sources and mechanisms available to promote historical preservation in the city;
    - e. Render advice and guidance, upon the request of the property owner or occupant, on the restoration, alteration, decoration, landscaping or maintenance of any historical area or site; and
    - f. Perform any other functions that may be designated by the city council.
- (Ord. No. 82-41, § 1, 9-8-82)

Sec. 14A.6. Historical area or site designation criteria.

For the purposes this chapter, an historical area or site may be designated as such by resolution of the city council pursuant to Section 14A.7 if it meets the following criteria:

- (a) It exemplifies or reflects special elements of the city's cultural, social, economic, political, aesthetic, engineering, or architectural history; or
- (b) It is identified with persons or events significant in local, state, or national history; or

- (c) It embodies distinctive characteristics of a style, type, period, or method of construction, or is a valuable example of the use of indigenous materials or craftsmanship; or
  - (d) It is representative of the notable work of a builder, designer, or architect; or
  - (e) It is found by the council to have significant characteristics which should come under the protection of this chapter.
- (Ord. No. 82-14, § 1, 9-8-82)

#### Sec. 14A.6.1 Preservation Incentives

The City Council may by resolution establish preservation incentives to encourage owners to designate, maintain, preserve, rehabilitate, and improve qualified historic properties. Only properties designated as a qualified historic property pursuant to the provisions of the Oceanside Municipal Code Chapter 14.A shall be eligible to apply for preservation incentives.

#### Sec. 14A.6.2 Mills Act Program

Pursuant to California Government Code, Article 12, section 50280 (The Mills Act), the City Council may establish a Mills Act Program providing for contractual agreement with an owner of a qualified historic property as designated by the City Council or listed on any official federal, state, or county register for the purpose of preservation, rehabilitation, and maintenance of a qualified historic property. The terms of the Mills Act Agreement allow the owner of qualified historic properties pursuant to section 14A.9 to receive a reduction in property taxes in exchange for the property owner's commitment to specific repair, restoration and/or rehabilitation improvements and satisfactory maintenance of the Qualified Historic Property. The Agreement shall include, but not be limited to, the contract provisions as required under state law, and shall extend for a minimum period of 10 years, renewed annually, until and unless a notice of non-renewal or cancellation is filed. The application process, review procedures, and required contract provisions for the Mills Act Agreements shall be established by separate resolution of the City Council and shall be implemented by the City Planner or his/her designee

#### Sec. 14A.7. Historical area or site designation procedures.

Historical areas or sites shall be established by the city council in the following manner:

- (a) Any person may request the designation of an improvement or landscape feature as an historical site or the designation of an historic area by submitting a written request for such designation to the commission. The commission or city council may also initiate such proceedings on their own motion.
- (b) The commission shall conduct a study of the proposed designation and make a preliminary determination based on such documentation as it may require, as to its appropriateness for consideration. The commission shall forward a report containing its findings and determinations to the city council and the city clerk.
- (c) Upon receipt of the commission's report, the city clerk shall schedule a public hearing and give notice as set forth in subsection (5) below for a proposed historical site or subsection (6) below for a proposed historical area. The public hearing shall be held within forty-five (45) days of receipt of the commission's report.

- (d) A notice of the scheduled public hearing shall be forwarded to the building department by the city clerk and no building, alteration, demolition or removal permits for any improvement, building, structure or landscape feature within the proposed historical area or relative to a proposed historical site shall be issued while the public hearing or any appeal thereto is pending.
- (e) In the case of a proposed historical site, notice of the date, place, time and purpose of the hearing shall be given by first class mail to the owners and occupants of all properties affected at least twenty (20) days prior to the date of the public hearing, using the name and address of such owners as shown on the latest equalized assessment rolls, and shall be advertised once in a daily newspaper of general circulation.
- (f) In the case of a proposed historical area, notice of the date, place, time and purpose of the hearing shall be given by first class mail to the owners and occupants of all properties within the proposed area at least twenty (20) days prior to the date of the public hearing, using the name and address of such owners as shown on the latest equalized assessment rolls, and shall be advertised once in a daily newspaper of general circulation.
- (g) At the conclusion of the public hearing on the proposed designation, the city council shall, by resolution, designate the area or site, in whole or in part, or the council may make findings regarding its rejection of the proposed designation.
- (h) Failure to send any notice by mail to any property owner where the address of such owner is not on the latest equalized assessment roll shall not invalidate any proceedings in connection with the proposed designation.
- (i) The time for designation should not exceed two (2) calendar months unless a greater period of time is required as may be determined by the council. The council shall consider, when considering an extension of time, any undue hardship which may result from such extension.
- (Ord. No. 82-41, § 1, 9-8-82)

Sec. 14A.8. Permit required to alter, demolish, etc.; exception.

- (a) It is unlawful for any person to tear down, demolish, construct, alter, remove, or relocate any improvement or landscape feature, or any portion thereof, which has been designated an historical site pursuant to the provisions of this chapter, or which lies within an historical area, or to alter in any manner any architectural or landscape feature of such an historical site or improvement within an historic area, or to place, erect, alter or relocate any sign within an historic area or on an historical site, without first obtaining a permit, if required by this chapter, in the manner provided for herein.
- (b) No board, department or commission shall grant permission or any permit to carry out such work on a designated historical site or within an historical area, without the prior issuance of a permit therefore by the city council except as indicated below. Such permission or permit shall include but not be limited to building permits, demolition permits, construction certificates, grading permits, conditional use permits, variances, development plans, zone changes, and tentative parcel or subdivision maps. No application for any such permission or permit shall be considered complete unless accompanied by a permit as required by this section. For any discretionary permission or permit, the board, commission, or department with final authority to grant or deny such

permission or permit shall not consider any application for such permission or permit until the applicant has obtained a permit as required by this section.

(c) No permit shall be necessary for ordinary maintenance and repair if the proposed work will not alter or change the style, color or design of the site or area and a permit is not required under section 301(b) of the Uniform Building Code nor does this ordinance prevent the construction, reconstruction, alteration, restoration, demolition or removal of any such feature when the building department certifies to the council that such action is required for the public safety due to an unsafe or dangerous condition which cannot be rectified through the use of the California Historical Building Code.

(d) The provisions contained herein shall not apply to work conducted by the city necessary to affect maintenance or repair of streets, sewer systems or similar public endeavors.

(Ord. No. 82-41, § 1, 9-8-82)

#### Sec. 14A.9. Permit criteria.

The city council shall issue a permit for any proposed work, if and only if, it determines:

(a) In the case of a designated historical site, that the proposed work would not detrimentally alter, destroy or adversely affect any architectural or landscape feature; or  
(b) If the owner of a designated historical site or area demonstrates to the city council that such property cannot be economically used and denial of a permit would deprive the owner of all or most of his or her economic interest in the property, the council may issue the permit with an effective date one hundred eighty (180) days from the date of issuance of the permit to allow time for the investigation of alternatives to the work proposed in the permit application such as acquisition of site or improvement by the city or a public interest group.

(c) In the case of construction of a new improvement, building or structure upon an historical site, that the exterior of such improvements will not adversely affect and will be compatible with the external appearance of existing designated improvements, buildings and structures in said site.

(d) That the applicant has presented clear and convincing evidence of facts demonstrating to the satisfaction of the city council that such disapproval will work immediate and substantial hardship on the applicant because of conditions peculiar to the person seeking to carry out the proposed work, whether this be property owner, tenant or resident, or because of conditions peculiar to the particular improvement, building or structure or other feature involved, and that approval of the application will be consistent with the purposes of this chapter.

(Ord. No. 82-41, § 1, 9-8-82)

#### Sec. 14A.10. Permit procedure.

The following procedures shall be followed in processing applications for approval of work covered by this chapter.

(a) Any city department receiving an application for a permit to work on a designated historical site or within a designated historical area shall forward a copy of said application, including the plans and specifications for the proposed work, to the commission.

- (b) The commission shall review the application and make a written report to the city council and the city clerk within thirty (30) days.
  - (c) Upon receipt of a copy of the commission's report, the city clerk shall schedule a public hearing and shall advertise said hearing once in a daily newspaper of general circulation. The public hearing shall be held within thirty (30) days of receipt of the commission's report by the city clerk.
  - (d) A notice of the scheduled public hearing shall be forwarded to the building department by the city clerk and no building, alteration, demolition or removal permits for any improvement, building, structure or landscape feature within an historical district or relative to an historical site shall be issued while the public hearing or any appeal thereto is pending.
  - (e) At the conclusion of the public hearing on the permit application, the city council shall, by resolution, issue or deny, in whole or in part, any permit application. The council's decision shall be in writing and shall state the findings of fact and reasons relied upon in reaching its decision.
  - (f) Any permit issued by the council pursuant to the provisions of this section shall be effective ten (10) days after the date of adoption by the council of the resolution granting the permit.
- (Ord. No. 82-41, § 1, 9-8-82)

Sec. 14A.11. Existing Improvements.

All repairs, alterations, reconstructions, restorations or changes in use of existing improvements shall conform to the requirements of the California Historical Building Code.

(Ord. No. 82-41, § 1, 9-8-82)

Sec. 14A.12. Duty to keep in good repair.

(a) The owner, occupant or other person legally responsible for an historical site, or an improvement, building, landscape feature or structure in an historic area shall keep in good repair all of the exterior portions of such improvement, building or structure, all of the interior portions thereof when subject to control as specified in the designating ordinance or permit, and all interior portions thereof whose maintenance is necessary to prevent deterioration and decay of any exterior architectural feature.

(b) It shall be the duty of the building department to enforce this section.

(Ord. No. 82-41, § 1, 9-8-82)

Sec. 14A.13. Enforcement penalties.

(1) The building director or his designee shall have the authority to enforce the provisions of this chapter.

(2) Whenever any alteration of any improvement or landscape feature is being done contrary to the provisions of this chapter, the building director or his designee may order the alteration stopped by notice in writing served on any person or persons engaged in the doing or causing such alteration, and any such person or persons shall forthwith stop such alteration until authorized by the building director or his designee to proceed with the alteration.

- (3) It shall be unlawful for any person to carry out any alteration of any building or structure in violation of a notice stopping such alteration.
- (4) Any violation of the provisions of this chapter shall constitute a public nuisance.
- (b) *Penalties.* Any person violating any provision of this chapter shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in an amount not exceeding five hundred dollars (\$500.00) or be imprisoned for a period not exceeding six (6) months or be so fined and imprisoned. Each day such violation is committed or permitted to continue shall constitute a separate offense and shall be punishable as such hereunder.  
(Ord. No. 82-41, § 1, 9-8-82)

Sec. 14A.14. Severability.

If any section, sentence, clause or phrase of this chapter is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this chapter. The city council hereby declares that it would have passed this ordinance and adopted this chapter and each section, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.  
(Ord. No. 82-41, § 1, 9-8-82)