



Historic Resources Board

Staff Report (ID # 13697)

Report Type: Approval of Minutes **Meeting Date:** 10/28/2021

Summary Title: HRB Draft Minutes September 9, 2021

Title: Approval of Historic Resources Board Draft Minutes of September 9, 2021

From: Jonathan Lait

Recommendation

Staff recommends the Historic Resources Board (HRB) adopt the attached meeting minutes.

Background

Attached are minutes for the following meeting(s):

- September 9, 2021

Attachments:

- Attachment A: HRB Draft Minutes September 9, 2021 (DOCX)



HISTORIC RESOURCES BOARD MEETING

MINUTES: September 9, 2021

Virtual Teleconference Meeting
8:31 A.M.

Call to Order/Roll Call

Present: Chair Caroline Willis, Vice Chair Christian Pease; Board Members, Margaret Wimmer, Christian Pease, Gogo Heinrich, David Bower

Absent: Michael Makinen

Oral Communications

[None]

Agenda Changes, Additions and Deletions

Chair Willis recommended the approval of the minutes be moved to the beginning of the meeting going forward.

Approval of Minutes

3. Approval of Historic Resources Board Draft Minutes of June 24, 2021.

Motion by Board Member Bower to approve the minutes of June 24, 2021, as corrected. Seconded by Board Member Pease, the motion carried unanimously.

City Official Reports

1. Historic Resources Board Schedule of Meeting and Assignments

Chair Willis suggested setting up meeting dates for all of next year at the retreat. The Board agreed upon October 28th as the date for the retreat. Chair Willis said she would also like to have one additional meeting before the end of the year, and thereafter would like to meet monthly. That meeting was scheduled for December 9th. Ms. French advised there are one or two projects that are about to be filed. If needed, they can take a poll in October to see if there is an alternate date. She said today the ARB will meet after the HRB meeting, at about 10:00 a.m. and will be talking about the ARB Design Awards which are presented every five years. In the past there have been historic rehab projects, additions, et cetera, that have been winners of the award. HRB members may be interested in this.

2. Official Report to Historic Resources Board Transmitting Documents Regarding Historic Preservation Program and Potential Retreat Topics.

Ms. French shared a slide of a potential agenda for the October 28th retreat. Chair Willis expanded upon the six proposed items. First, introductions. For the new members it will be helpful to share about themselves and how they became interested in preservation to get to know the team a little better. Second, she would like for the Board to be more goal-oriented this year, so deciding upon two or three goals they would like HRB to accomplish. Third, the Mills Act Review. Chair Willis said there has been work done and there is still more information she would like in regard to this. She would like to see a decision made at the retreat on how to proceed. Fourth, Virtual Preservation. Chair Willis noted the presentation created by Board Member Pease on documenting historic buildings and establishing a digital archive of resources. She would like to discuss what kind of documentation the Board would like to pursue for the historic buildings. Fifth, a 1998-2000 survey has been in existence and been in limbo. She would like the group to decide how to move forward with it. Sixth, she would like to explore ideas for blogs, workshops, et cetera, things the Board can do to encourage preservation in Palo Alto. Chair Willis invited further comments or ideas from the Board.

Ms. French described the items included in the packet for potential retreat topics, which included the Mills Act documents from Palo Alto's program; Vice Chair Pease's memo; web pages with resources and information the upcoming training webinars.

Ms. French shared the history the Mills Act, which is an economic incentive program for owners of historic buildings listed in the National Register of Historic Places or on a state, county, or city official register. In 1997, Council directed staff and the HRB to come up with appropriate policies and procedures and to not accept applications for Mills Act until they were in place. In 2006, staff brought forward a draft policy. There is currently only one contract in Palo Alto, the Squire House. The contract was modified in 2016 to remove the requirement for annual public tours through the house, per request of the owner. In 2017, professional historic preservation staff worked with a Subcommittee of HRB members and came up with the 2018 Mills Act Tailored Program Outline. This is where progress essentially stopped. It has been brought up since then, but not worked on. Details of the Mills Act history and documents are included in the meeting packet. Ms. French also mentioned that there is a California Tax Credit program that was fully funded for 2022, so this is something that is available.

Chair Willis commented on the California Historic Tax Credit. She has not seen it in writing, but she was told there is a \$200,000 income limit, which might eliminate most of Palo Alto, so research on this is needed. Regarding the Mills Act, she said other cities have done it on a trial basis, and this is something they might want to consider and discuss in-depth at the retreat, including the fact that Palo Alto does not have a Historic Preservation Planner, as referred to in the Tailored Program outline.

Board Member Bower noted that the 2018 outline that he worked on with others in 2018 was a document they were trying to complete to bring to the Board. The language shown in red was areas they were uncertain about and undecided as to how to proceed. The language in that proposal would have to be modified to meet today's current circumstances, and since they don't have a planner, that would probably not happen. He was discouraged to see that this subject was originally brought up 24 years, and questions have still not been answered. He hoped that the Board could work through it at the retreat and move it forward. He reminded the Board of the concern that the Mills Act would pull money away from much-needed programs in other parts of the city as well as the school district and that it is the City Council's decision-making that determines how much money gets spent or not spent.

Board Member Pease said it seemed that the real obstacle was the concern about funding the schools, so they need to understand what today's reality is with respect to the potential impact on school property tax revenues and try to find a way to make that data understandable and credible. He said it seems that many comments and decisions were made a long time ago, and the environment has changed and is still changing economically. His own research revealed that it appears that the Palo Alto Unified Schools enrollment has dropped about six percent over the last four economic years, and costs have likely dropped because enrollment is less, but nonetheless, there has been an increase in property tax revenues. He remarked that schools are a big issue in Palo Alto, and there needs to be some kind of analysis so that they are comfortable taking this to the Council around that issue, because it seems likely to come up again.

Board Member Bower agreed with Board Member Pease's remarks and added that the last time he checked, the school district gets 45 percent of every property tax dollar; the City of Palo Alto gets 9 percent and the State and County get some. He said that the actual property tax consequence of \$150,000 of property tax redirection means that the school district would have \$67,500 less money in their budget of approximately \$365 million. He remarked said his house currently has a \$5,000 property tax amount because he is a pre-Prop 13 homeowner, so the school district gets around \$2,250. When his house sells, the District will then get \$27,000, estimated, of property taxes. People who have lived a long time in Palo Alto pay very low rates and when they sell, the property taxes rise dramatically. This is a huge income boost, mostly for the school district, so what they would propose for the Mills Act has an infinitesimal impact on school revenue. Board Member Bower said it is dumbfounding to him that they are at \$365 million or more by now, and he feels the Mills Act is a small thing that Palo Alto can afford to do.

Board Member Pease added he also questions, at \$150,000, the usefulness of actually going through this work. He said there are two state housing project proposals/bills that will probably be signed by the Governor. They will put tremendous pressure on preservation of historic properties, especially small ones on fairly good-sized lots. The incentives for building multi-family housing units will be high in terms of investment. Also, there is a move to possibly require electrification of homes, which he feels will be another disincentive to preserve a historic house, because of the cost involved. He said he wonders how effective a total of \$150,000 set aside for incentives to preserve things it will be.

Chair Willis asked Ms. French to obtain a current PAUSD budget to refer to in their discussions.

Board Member Wimmer commented that the expectation is that there would be pushback from the school district, but she wondered if there was evidence that this would occur. She felt the number of people who would want to step forward to participate in the Mills Act would be rare because it is, in fact, an arduous task and not like free money. She guessed that the number of people legitimately interested, educated about it and willing to participate in the Mills Act is probably a relatively low number, unless the HRB could somehow make it much easier. She said, given all that has been put into the proposal, they need to move it forward and not assume that it can't be done because of potential pushback.

Board Member Pease said he thinks they should get to a point where they know enough to make a judgment about whether they want to take it to the Council. He said thinks they're all in favor of it intuitively but he like to look at it in clear-eyed way because it's a considerable amount of work and largely done by the Board without much staff support. If the Board has a limited number of goals they want to accomplish, then they need goals that they believe they can accomplish. He is all for the Mills Act, but this is his take on how they use their time and effort.

Board Member Wimmer agreed with this that it's not just the arduous task of the homeowner, it's also the amount of paperwork and processing of documents that the City would require, so there should be a focus on who is going to do that, and how that will happen. She proposed perhaps launching a program with one to three property owners who want to participate in a pilot program. In this process they could train them get their feedback and maybe taper the program as they witness the owners actively participating. This would allow for them to establish the rules from the start, but also be able to change them as they move through with a type of pilot program.

Chair Willis supported this idea.

Board Member Pease affirmed these are good ideas, but felt it would mean devoting much of the retreat time to laying the baseline for such a program.

Ms. French said she would get the current PAUSD budget, and if there are additional documents that Board Members would like, to let her know. Board Member Pease said what they need is a five- or ten-year trend line, because there's uncertainty in all taxes, and they will have to address that. A single year is interesting because of the phenomena of the declining enrollment, but a five-year trend would be important to have. He said he found on the School District website at least a five-year enrollment trend, but hasn't so far figured out all the tax revenue detail, which is also skewed by the pandemic relief funds that recently received by the school district.

Board Member Bower said this is a program that could potentially benefit a homeowner or property owner for ten years. There isn't enough money in the initial property tax redirection to really do any significant work, but over a period of time it was envisioned there would be enough money. This is an incentive for people to participate and also protect the City's revenue streams from abuse by a homeowner that would start it and fail to follow through.

Chair Willis said if anyone wants further information before the retreat, to email her, Ms. French or Mr. Nguyen. If there is something they don't have access to, copy her and she will try to find it. She said the more information, the better. She said that other towns have done pilot programs and then moved into a permanent program, and there is information out there that could be used to frame their own program. She would like to either make it happen or get it off the table.

The Board discussed Vice Chair Pease's memo regarding the HRB Process/Work Plan. Board Member Pease commented that he thinks it is a simple idea, but implementation is the big issue. He noted, in looking over the survey for the houses that are eligible for the National Register, that over 100 volunteers were trained to source most of that data and content-gathering. He doesn't know where that information is. It was done in a still largely analog world, but this validates the possibility of being able to pursue a kind of digital preservation system without having to put a huge burden on City staff or huge budget to fund and get people to implement it. He remarked that it is easy to build something, but the question is whether they can maintain and sustain it over time. They would need some insight from staff because somebody would have to run it.

Ms. French commented that the work plan was submitted to Council in July, and since we are into the year, maybe at the retreat they could recall the work plan and how the two to three goals for the year would align with or modify the plan. Regarding the National Register, she said they do have 165 homes that were

surveyed back 20 years ago or more that appeared to be eligible for the National Register, although that does not mean that they were added to the National Register. The State Office of Historic Preservation received the DPR523 forms that were sent for the 165 that were eligible and the other “potentially eligible” ones, up to 291 properties, that were evaluated more extensively. Ms. French said at present there is a policy in place in the Comprehensive Plan that allows them to require property owners, if they are proposing to demolish a home, to get an evaluation of the “potentially eligible” to ensure that they are not California Register-eligible. This is an active program they are doing because the Comprehensive Plan established it. Information about this survey program can be found online. There is a link to Palo Alto Stanford Heritage which also has excellent photos and an inventory of properties by address, so it is a great resource. She will make the Comprehensive Plan policies available for the retreat. She said she reports to the State in the CLG report each year how many of these have been found to be California Register-eligible. If there is a program that says that we can update the local inventory, it would be a Council action to add any of those California register-eligible and National Register-eligible to the inventory to be subject to the Palo Alto Municipal Code 16.49. These are the Comprehensive Plan policies that would be of prime interest, and there are others which she can bring to the retreat as well.

Chair Willis noted two corrections in the packet information which Ms. French will correct. On the subject of the retreat, she asked if the members wanted to incorporate the Comprehensive Plan as a discussion item, and if so to email her. Would like to invite Karen Holman to the retreat, as she has been active in preservation and has expressed interest in coming. Since they don't have a preservation planner, she would personally like to meet the contact from the group that they use, if that could be arranged. Ms. French said they have Page and Turnbull as the on-call consultant, and Christina Dikas is the main staff member she coordinates with on the program. She will invite her to the meeting. Ms. French also suggested, since SB9 and SB10 were mentioned, that if it was signed by the Governor it would be of interest, as the City will have quite a bit of work to write implementing ordinances and thinking through the process, including the fact that the eligible resources are not protected under the current municipal code.

Chair Willis suggested Steven Staiger, City Historian, would be a good person to invite to talk to the Board. He is the resource-holder in the city. She said the retreat would be a good opportunity to talk about the new work plan for the year and would like to look at last year's plan and develop it for next year. She would like to set dates for HRB meetings. She asked that everyone have a calendar available at the retreat to set monthly meeting dates. Additional meetings would be planned as needed. She said she would also like to set a date for a meeting with Council. She is not familiar with most of the people on the Council currently and thinks it would be good for them to know the HRB faces, what they're thinking, and briefly have some back-and-forth with them. Board Member Bower said, just from experience, it is tough to be able to meet with Council, but getting on their radar is a first step, so it is a good idea. Board Member Pease said he would like the Council to know they've got a heartbeat, because he doesn't think the HRB has any visibility in the City right now because there are too many of complicated issues.

Chair Willis invited any further comments. Ms. French said she would reach out to the new City Clerk. They used to have annual joint meetings with Council and ARB, and Council and HRB, but the pandemic may have affected that. She will reach out and see if there's a program for 2022 for joint meetings with Council.

Board Member Questions, Comments or Announcements

Chair Willis said she hoped to see the Board Members at the end of October, hopefully in person. They will be in touch in that regard.

Board Member Bower wondered if there is any news about a replacement for Debbie Shepherd on the Board. Ms. French said the City Clerk will be posting many vacant positions, so there was a decision to wait for the en masse interviews for all of the boards and commissions. Hopefully this fall, October-November timeframe. Board Member Bower thought he had seen an advertisement for the position in an email some time ago, right after Debbie resigned. Board Member Pease said he saw it as well. Chair Willis encouraged the Board Members to reach out to anybody they think might be a good board member.

Adjournment

Board Member Bower moved to adjourn the meeting. Seconded by Vice Chair Pease, the motion carried, 6-0, by voice vote.