



City Council Agenda Report

Meeting Date: December 10, 2024

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Approved By: Nick Zornes

Subject: Historic Preservation Agreement for 236 Eleanor Avenue

COUNCIL PRIORITY AREA

- Business Communities
- Circulation Safety and Efficiency
- Environmental Sustainability
- Housing
- Neighborhood Safety Infrastructure
- General Government

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to execute a Historic Preservation Agreement with the property owners of 236 Eleanor Avenue; and find the project is categorically exempt pursuant to Section 15331 (Historical Resource Restoration/Rehabilitation) of the California Environmental Quality Act (CEQA).

FISCAL IMPACT

The fiscal impact cannot be established since the assessed value will undergo reevaluation by the Santa Clara County Assessor's Office following Council's approval of the Historic Preservation Agreement (HPA). It is anticipated that upon entering into the HPA contract with the City, there could be an annual reduction in property tax revenue for the subject property ranging from 40 percent to 60 percent. Using the property's most recent tax assessment in 2024-2025 of \$47,809, the reduction after reassessment is estimated to range between \$19,123 - \$28,685 per year. The City receives .057% to .086% of property taxes from the subject site and would therefore see an estimated \$19,123 - \$28,685 reduction in property tax revenue from this property.

ENVIRONMENTAL REVIEW

The approval of a Historic Preservation agreement is Categorically Exempt from environmental review pursuant to Section 15331 (Historical Resource Restoration/Rehabilitation) of the California Environmental Quality Act (CEQA) because the project involves the maintenance, repair, stabilization, rehabilitation, restoration, preservation, conservation or reconstruction of historical resources in a manner consistent with the Secretary of the Interior's Standards for the Treatment of Historic Properties with Guidelines for Preserving, Rehabilitating, Restoring, and Reconstructing Historic Buildings.

PREVIOUS COUNCIL CONSIDERATION

None

BACKGROUND

The 1914 Morris house is associated with the Craftsman architecture style, popular throughout the U.S. from 1905 to 1930. This two-story, wood-frame Craftsman-style residence features a square plan and a side-gabled roof with decorative wood knee brackets and exposed rafter tails. The ground-floor entry porch includes a prominent front-facing gable with a balcony supported by paired, square wood porch posts. The entrance is offset to the right, with two large plate-glass windows to the left, and the house retains its original wood sash windows with smaller upper panes. A circular driveway surrounds a mature palm tree in the front yard.

The Historic Property Record, detailed in Attachment 2, confirms the property's designation as a historic resource in the City's Historic Resource Inventory. These forms establish the house's architectural and historical significance under both state and local preservation criteria, emphasizing its distinctive Craftsman-style architecture and its role in the broader context of the city's development.

On November 19, 2024, the Historical Commission held a public hearing to consider the HPA application. The Commission discussed the merits of the request from the property owners and acknowledged the Historic Property Record confirms the house's designation as a Historic Resource. Following the discussion, the Commission voted unanimously to recommend the City Council authorize the City Manager to execute an HPA for the property. The Historical Commission agenda report and attachments are provided as attachment 3.

DISCUSSION/ANALYSIS

The Mills Act is a California law (enacted in 1972) that permits Cities to establish programs that provide property tax reductions to owners of qualified historic properties in exchange for their commitment to preserving and maintaining the property according to established preservation standards. This incentive encourages the restoration and protection of historic resources while supporting property owners in managing preservation costs.

To participate in the program, property owners must enter into an HPA, which grants them a reduced property tax rate as determined by the County Assessor. These agreements are governed by Municipal Code Chapter 12.44.170, which authorizes the City Council to approve an HPA as an incentive for the preservation of historic properties. The City of Los Altos currently has HPA's in place with 16 designated Historic Landmark and Historic Resource properties.

HPA's have a duration of ten years, with an automatic renewal clause on an annual basis. Both the property owner and the City have the option to revoke the agreement at any time. A key provision of the agreement requires that any savings from reduced property taxes be reinvested into the preservation, restoration, or enhancement of the historic structure. As part of the property owner's commitment to use the tax savings in the preservation of the historic house, a schedule of proposed improvements to the structure and the property is included in the draft agreement, as outlined in Attachment 4, Exhibit B.

If the request for the HPA for the subject site is approved by the Council, it is estimated that the City would experience an annual property tax revenue reduction ranging from 40 percent to 60 percent. Using the property's most recent tax assessment in 2024-2025 of \$47,809, the reduction after reassessment is estimated to range between \$19,123 - \$28,685 per year. However, it's important to acknowledge that the exact fiscal impact remains uncertain, as the assessed value will be reevaluated by the Santa Clara County Assessor's Office following the City Council's approval of the Mills Act. Consequently, our staff is unable to determine the precise fiscal impact on the City at this time. For reference, in Fiscal Year 2022-2023, the City generated approximately \$33.3 million in property tax revenue.

ATTACHMENTS

1. Draft Resolution
2. Primary Historic Record
3. Historic Preservation Agreement
4. [Historical Commission Agenda and Attachments, November 19, 2024](#)