

Los Angeles Administrative Code: Division 19,

Chapter 14 - Approval of Historic Property Contracts

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Sec. 19.140. Purpose.

Pursuant to California Government Code Section 50280, the City Council may contract with an owner or agent of the owner of any qualified historical property, as defined in Section 50280.1 thereof, provided the contract meets the requirements of Sections 50281 and 50282 thereof. Pursuant to Article 1.9 of the California Revenue and Taxation Code, historical properties that are “**restricted**” by the type of contracts referenced in the previous sentence shall be reassessed by the County Assessor in a manner that may result in lower real property taxes. The purpose of this chapter is to implement State law permitting the approval of such Historical Property Contracts by establishing a uniform procedure for the owners of certain qualified historic properties within the City of Los Angeles to follow when applying for approval of Historical Property Contracts.

The City Council finds and determines that entering into Historical Property Contracts as hereinafter provided, will provide an incentive for the owners of the City’s Historic-Cultural Monuments to preserve their properties, thereby providing a cultural benefit to the citizens of Los Angeles. It is also the intent of the Council to provide the same preservation incentive to the owners of Contributing Structures within the City’s Historic Preservation Overlay Zones, established pursuant to Section 12.20.3 of the Los Angeles Municipal Code. The City Council further finds that such preservation will assist in maintaining the City’s existing stock of affordable housing, thereby providing a social and economic benefit to the citizens of Los Angeles.

SECTION HISTORY

Chapter and Section Added by Ord. No. 171,413, Eff. 12-28-96.

Sec. 19.141. Definitions.

For purposes of this chapter, the following words and phrases are defined as follows:

“**Contributing Structure**” shall mean a structure located within a Historic Preservation Overlay Zone, as defined in Section 12.20.3 A6 of the Los Angeles Municipal Code as contributing to the historic significance of the Historic Preservation Overlay Zone, or otherwise determined by the Cultural Heritage Commission to be a contributor to the Historic Preservation Overlay Zone. A structure which is designated in a Historic Resources Survey pursuant to Section 12.20.3 E of the Los Angeles Municipal Code as Non-Contributing may be rehabilitated, thereby becoming eligible for designation as a Contributing Structure.

“Downtown Historic Core” shall mean the area in downtown Los Angeles bounded by First Street on the north, Los Angeles Street on the east, Ninth Street on the south, and Hill Street on the west.

“Greater Downtown Los Angeles Area” shall mean the area in downtown Los Angeles located within the boundaries of the Central City Community Plan Area as shown on the General Plan of the City of Los Angeles and the Figueroa Economic Strategy Area, as further depicted on the map attached to the Planning Department staff report, dated October 4, 2001, and identified as Exhibit 1 in Council File No. 97-0648.

“Historic-Cultural Monument” shall mean a site, building or structure, as defined in Section 22.130 of this Code, which has been included in the City’s list of monuments pursuant to Section 22.126 of this Code.

“Historical Property Contract” shall mean a contract between an owner(s) of a Historic-Cultural Monument or a Contributing Structure and the City of Los Angeles, meeting all the requirements of California Government Code Sections 50281 and 50282 and this chapter.

“Hollywood Historic District” shall mean the area defined in the Hollywood Redevelopment Plan map as the Hollywood Boulevard Commercial and Entertainment District.

SECTION HISTORY

Added by Ord. No. 171,413, Eff. 12-28-96.

Amended by Ord. No. 172,857, Eff. 11-15-99; Ord. No. 174,315, Eff. 12-20-01.

Sec. 19.142. Limitations on Eligibility.

It is the intent of the City Council that unrealized City revenue from loss of property taxes not collected due to executed Historical Property Contracts shall not exceed \$2,000,000 annually. In furtherance of this policy, eligibility for Historical Property Contracts shall be limited, except within the Downtown Historic Core, the Hollywood Historic District or the Greater Downtown Los Angeles Area, to sites, buildings or structures with a pre-contract assessed valuation of \$1,500,000 or less for single-family dwellings, and \$3,000,000 or less for multi-family residential, commercial, or industrial buildings, unless the individual property is granted an exemption from those limits by the Cultural Heritage Commission.

The limitations on eligibility shall be based on the Priority Consideration Criteria as developed by the Historical Property Contracts Manager or the Cultural Heritage Commission and kept on file with the Office of Historic Resources in the Department of City Planning. The Priority Consideration Criteria are as follows:

(a) **Necessity.** The residential, commercial or industrial project will require financial incentives in addition to any mortgage financing, private capital or public loans, to help ensure the preservation of the property. This criterion shall establish that the structure is in danger of deterioration and in need of substantial rehabilitation that has significant associated costs.

(b) **Uniqueness.** The project is a unique example of a residential, commercial or industrial property. The unique characteristics of the Historic-Cultural Monument or HPOZ Contributing property are identified under this criterion.

(c) **Investment.** The residential, commercial or industrial project will result in additional private investment in the building other than for routine maintenance that may include seismic retrofitting, and substantial repair or rehabilitation work. This criterion will estimate the costs for the restoration and rehabilitation of the property that the owner is committed to undertaking.

(d) **Affordability.** Multi-family/Commercial mixed-use properties only: The residential or mixed-use project will result in the preservation or addition of safe and affordable dwelling units for low and moderate income households. Eligible properties under this criterion shall conform to current United States Department of Housing and Urban Development (HUD) criteria for affordable housing.

(e) **Employment.** Commercial and Industrial buildings only: The commercial or industrial project will primarily supply goods or services to residents of low and moderate income areas or provide employment of low and moderate income persons.

For the purpose of this section, "**assessed valuation**" does not include any portion of the value of a mixed-use project which is already exempt from payment of property taxes by a determination of the County Assessor pursuant to Sections 4(b) and 5 of Article XIII of the California Constitution and Sections 214, 254.5, and 259.5 of the Revenue and Taxation Code.

The Cultural Heritage Commission may grant an exemption from the limitations imposed by this section when:

- (a) granting the exemption will not cause the cumulative loss of property tax revenue to the City to exceed \$2,000,000 annually; and
- (b) the site, building or structure is a particularly significant Historic-Cultural Monument or Contributing Structure; and
- (c) granting the exemption will assist in the preservation of a site, building or structure which would otherwise be in danger of demolition, substantial alteration or relocation.

The City Council may, by majority vote, approve Historical Property Contracts not otherwise meeting the eligibility requirements contained in this chapter if it is found that the property meets all requirements of California Government Code Sections 50281 and 50282 and is especially deserving of a contract due to the exceptional nature of the property or other special circumstances.

SECTION HISTORY

Added by Ord. No. 171,413, Eff. 12-28-96.

Amended by: First and Third Paras., Ord. No. 172,857, Eff. 11-15-99; First Para., Ord. No. 179,713, Eff. 4-20-08; In Entirety, Ord. No. 182,068, Eff. 3-31-12; In Entirety, Ord. No. 182,332, Eff. 1-11-13.

Sec. 19.143. Required Provisions of Historical Property Contracts.

The required provisions of a Historical Property Contract shall be those required by California Government Code Sections 50281 and 50282, including, but not limited to:

- (a) a minimum term of 10 years;
- (b) the owner's commitment and obligation to preserve and, when necessary, restore and rehabilitate the property to conform to the rules and regulations of the Office of Historic Preservation of the Department of Parks and Recreation, the United States Secretary of the Interior's Standards for Rehabilitation, and the State Historical Building Code;
- (c) permission for periodic examination of the interior and exterior of the premises by State and local officials as may be necessary to verify the owner's compliance with the agreement;

- (d) a provision binding all successors in interest of the owner to the benefits and burdens of the contract;
- (e) a requirement that the owner provide written notice of the contract to the Office of Historic Preservation within six months of entering into the contract;
- (f) automatic annual renewal(s) of the contract, absent timely written notice of nonrenewal by the owner or the City, as prescribed in Section 50282(a).

Additionally, the contract shall require that the owner furnish the City with any information requested to determine the eligibility of the property. The contract shall state that the City may cancel the contract if it determines that the owner has breached any of the conditions of the contract or has allowed the property to deteriorate to the point that it no longer meets the standards for a Historic-Cultural Monument or Contributing Structure, and that the City may also cancel the contract if the City determines that the owner has failed to restore or rehabilitate the property in the manner specified in the contract. The contract shall also state that if the City does cancel the contract for the above reasons the owner shall pay the State of California a cancellation fee of twelve and one-half percent (12½%) of the full value of the property at the time of cancellation, as determined by the County Assessor without regard to any restriction on the property imposed pursuant to the Historical Property Contract.

The contract shall also provide that in the event preservation, restoration or rehabilitation becomes infeasible due to damage caused by natural disaster (e.g., fire, flood, earthquake, etc.), the City may cancel the contract without the owner being required to pay the State of California the above-referenced cancellation fee as a penalty. However, in such event, no contract shall be cancelled by the City unless the Cultural Heritage Commission determines, after consultation with the State Office of Historic Preservation pursuant to Public Resources Code Section 5028, that preservation, restoration or rehabilitation is infeasible.

The Department of Planning ("**Department**") shall maintain a sample "**Historical Property Contract**" containing all required provisions specified by this section. Contracts submitted on the City's form shall be deemed to contain all provisions necessary for a Historical Property Contract with the City. Additional provisions desired by the owner shall be subject to approval by the City Council and the City Attorney.

SECTION HISTORY

Added by Ord. No. 171,413, Eff. 12-28-96.
Amended by: Ord. No. 176,293, Eff. 1-1-05.

Sec. 19.144. Procedures for Application and Approval of Historical Property Contracts.

An owner of a Historic-Cultural Monument or Contributing Structure may file an application with the Department for approval of a Historical Property Contract. Each application shall be accompanied by a nonrefundable application fee as specified in Section 19.01 F. of the Los Angeles Municipal Code.

An application for approval of a Historical Property Contract must include a complete legal description of the property.

Upon receipt of an application on a form to be prescribed by the Department and upon the payment of the required fees as set forth in Section 19.01 F. of the Los Angeles Municipal Code, eligibility of the property for a Historical Property Contract pursuant to this chapter shall be determined. Upon verification that the property is a Historic-Cultural Monument or a Contributing Structure, the Department shall calculate the amount of revenue loss to the City from real property tax savings. If the amount of lost revenue from the proposed Historical Property Contract will not cause the City's lost revenues from Historical Property Contracts in the aggregate to exceed \$2,000,000 annually, then the Department shall ascertain whether the property's current assessed

valuation is \$1,500,000 or less for single-family dwellings, or \$3,000,000 or less for multi-family residential, commercial or industrial buildings, unless the property is located within the Downtown Historic Core, the Hollywood Historic District, or the Greater Los Angeles Downtown Area, in which case the dollar limitations relating to assessed valuation are inapplicable. If those respective valuations are exceeded and the property is located outside of the Downtown Historic Core, the Hollywood Historic District or the Greater Los Angeles Downtown Area, the Cultural Heritage Commission shall determine whether an exemption should be granted, pursuant to Section 19.142 of this Code.

If the property is determined ineligible for a Historical Property Contract by the Historical Property Contracts Manager pursuant to this section, the owner or the owner's agent may appeal the Staff Determination of Ineligibility to the Cultural Heritage Commission. The appeal shall be filed on a form provided by the Department of City Planning, along with the fee specified in Section 19.01 F. of the Los Angeles Municipal Code. The Cultural Heritage Commission shall make a determination of eligibility subsequent to the appeal.

If the property is determined eligible for a Historical Property Contract pursuant to this section, the owner or the owner's agent shall prepare and submit to the Department a Historical Property Contract containing the required provisions as set forth in Section 19.143 and pay a Contract Execution Fee according to Section 19.01 F. of the Los Angeles Municipal Code. Historical Property Contracts shall also include a fee covering periodic inspections mandated by the State of California to occur once every five years. The fee shall be as set forth in Section 19.01 F. of the Los Angeles Municipal Code.

The City's standard Historical Property Contract or the owner's version, as approved by the City Attorney, shall then be submitted by the Department to the City Council for its consideration. Historical Property Contracts are subject to City Council approval by majority vote of the entire City Council.

SECTION HISTORY

Added by Ord. No. 171,413, Eff. 12-28-96.

Amended by: Third Para., Ord. No. 172,857, Eff. 11-15-99; First Para., Ord. No. 177,183, Eff. 1-15-06; In Entirety, Ord. No. 182,068, Eff. 3-31-12; In Entirety, Ord. No. 182,332, Eff. 1-11-13; In Entirety, Ord. No. 185,952, Eff. 2-28-19.

Sec. 19.145. Execution and Recordation of Approved Historical Property Contract.

Upon approval by the City Council of a Historical Property Contract, the General Manager of the Department and the owner of the property shall be authorized to execute the agreement on condition that the property owner submit a check to the Department made payable to the “**L.A. County Recorder**” in the amount of the fee for recording the agreement. No later than 20 calendar days after execution of the agreement, the Department shall deliver the check and cause a copy of the executed Historical Property Contract to be recorded in the Office of the Los Angeles County Recorder.

SECTION HISTORY

Added by Ord. No. 171,413, Eff. 12-28-96.

Sec. 19.146. Severability.

If any provision of this chapter is held to be invalid by a court of competent jurisdiction, it is the intent of the City Council that all other provisions of this chapter shall remain in full force and effect. The City Council hereby declares the provisions of this chapter to be severable.

SECTION HISTORY

Added by Ord. No. 171,413, Eff. 12-28-96.