



Memorandum

**TO: HONORABLE MAYOR AND
CITY COUNCIL**

FROM: Historic Landmarks Commission

SUBJECT: SEE BELOW

DATE: June 2, 2010

COUNCIL DISTRICT: 3

SNI: None

SUBJECT: HL10-190, Historic Landmark Nomination for the Hermle-Fancher Site/Structure, located at 530. S. Sixth Street, and MA10-001 a Historic Property Contract for the Hermle-Fancher House

RECOMMENDATION

The Historic Landmarks Commission (HLC) recommends (5-0-2; Peak and Nunez absent) that the City Council adopt a resolution designating the Hermle-Fancher House Site/Structure at 530 S. Sixth Street as Historic Landmark No. 190, and further recommends (5-0-2; Peak and Nunez absent) that the City Council approve a Historic Property Contract with the property owner for the Hermle-Fancher House.

OUTCOME

Designation of the building as a Historic Landmark Site/Structure would allow the property owner to be eligible for cost savings associated with the rehabilitation of buildings including tax exemptions for building permits. Designation of the structure as a Landmark would allow the owner to apply for the Historical Property Contract property tax reduction under the Mills Act and for exemption from the Building and Structure construction tax and the Commercial-Residential-Mobile Home Park (CRMP) building tax for any future improvements to the property approved with a Historic Preservation Permit.

BACKGROUND

Based on their research for, dated March 25, 2010, Archives & Architecture determined that the Hermle-Fancher House qualifies as City Landmark Site/Structure. The property owner, Jose Blanc, submitted an application for Historic Landmark designation of the Hermle-Fancher in April 2010. On June 2, 2010, the Historic Landmarks Commission held a public hearing to consider the proposed Historic Landmark designation. The Commission voted to recommend the City Council adopt a resolution designating the Hermle-Fancher House Site/Structure as Historic Landmark No. 190 (5-0-2; Peak and Nunez absent), and further recommended (5-0-2;

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Peak and Nunez absent) that the City Council approve a Historic Property Contract with the property owner for the Hermle-Fancher House. Commissioner Cohen recommended that the contract be amended to reflect the termite inspection and repair to be completed in year one instead of year five as indicated in the original contract. That change has been included in the proposed Historic Property Contract.

ANALYSIS

I. Historic Landmark Nominations

The building merits designation as a historic landmark based on its historical, cultural and architectural significance. The residential property at 530 South Sixth St. , San Jose, has special historical, architectural and aesthetic interest and value to the community, for its contribution to the setting of the designated Reed City Landmark Historic District, and for the distinctive design of the residence, which is an extremely fine example of Queen Anne Victorian architecture..

The property meets the criteria for designation as a City Landmark Structure in conformance with San José's Historic Preservation Ordinance (Chapter 13.48 of the Municipal Code). Under the definition for historical significance within the City of San José Historic Preservation Ordinance, the building clearly has historic, architectural, and aesthetic value of a historical nature. The building qualifies for City Landmark status based on: Criterion (1), for its character, interest or value as part of the local, regional, state or national history, heritage or culture as a *distinctive building within the Reed Historic District*; Criterion (4) because of its exemplification of the cultural, economic, social or historic heritage of the City of San José *in its distinctive Queen Anne architecture*; and Criterion (6) as an embodiment of distinguishing characteristics of an architectural type or specimen, the structure embodies distinguishing characteristics of the *Queen Anne type within the Victorian era of architectural design*

POLICY ALTERNATIVES

The City Council could opt to decline to designate the Hermle-Fancher House as a City Landmark Site/Structure. In such case, the building could undergo exterior alterations in the future without need of a Historic Preservation Permit.

Pros: This alternative would not appear to confer any benefits, from a public policy perspective.

Cons: A decision not to designate the Hermle-Fancher House in accordance with its eligibility as a City Landmark Site/Structure would not further the objectives of the General Plan policies and the Historic Preservation Ordinance to promote and enhance the preservation of historically and architecturally significant sites and structures (see Fiscal/Policy Alignment section, below).

Reason for not recommending: On the basis of the evaluation prepared by qualified historical consultants, the Hermle-Fancher House has been determined to meet the eligibility requirements

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for designation as a City Landmark Site/Structure. To follow through with formal designation process as proposed would promote the General Plan and Municipal Code objectives relative to historic preservation.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

Although this item does not meet any of the above criteria, staff has followed Council Policy 6-30: Public Outreach Policy. The Landmark nomination was initiated by the property owner. Public hearing notices for the project were published in a local newspaper, posted at the site, and mailed to all property owners and tenants within at least 300 feet of the subject site. Information about the proposed project and the associated public hearings has been made available through the Planning Division web site, and staff has been available to answer questions.

The Historic Landmarks Commission held a public hearing on the proposed Historic Landmark Designation and Historical Property Contract June 2, 2010 as noted above. No members of the public spoke about the project.

COORDINATION

City Council resolutions to designate the Landmarks and the associated Historical Property Contracts have been coordinated with the City Attorney's Office.

FISCAL/POLICY ALIGNMENT

This project is consistent with City Council Policy: Preservation of Historic Landmarks, and the Historic, Archaeological, and Cultural Resources San José 2020 General Plan policies.

COST SUMMARY/IMPLICATIONS

Designation of the structure as a City Landmark will qualify the owner to apply for a Historical Property Contract property tax reduction under the Mills Act and for exemption from the

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Building and Structure construction tax and the Commercial-Residential-Mobile Home Park (CRMP) building tax for work approved with HP permits. Under a Historical Property Contract, a property receives a lower tax bill based on the property's potential rental income rather than its full market value. The amount of tax savings varies from property to property and year to year, depending on circumstances such as the size of the building and current rental rates. Because of Proposition 13, the percent difference between a new "income-based" assessment and a property's current assessment level is also affected by how long a given property owner has owned a building. The average per-house property tax reduction experienced by other cities in California reportedly ranges from approximately \$2000 to \$4000 per year (the assessment formula is the same statewide). The property tax reduction in San José may be somewhat higher because of higher average property values.

In San José, the Historical Property Contract is an incentive that is available only to individually designated City Landmark Structures. There are approximately 160 City Landmark Structures in San José, out of a total of approximately 307,000 housing units. Currently there are approximately 40 approved Historical Property Contracts in the city.

BUDGET REFERENCE

Not applicable.

CEQA

Exempt, CEQA Guidelines Section 15331.

/s/

JOSEPH HORWEDEL, SECRETARY
Historic Landmarks Commission

For questions, please contact Project Manager John Davidson at 535-7895.