



# Historic Preservation Fund Committee Memorandum

Community & Economic Development Department  
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Planning Division

**HISTORIC PRESERVATION FUND COMMITTEE MEETING: OCTOBER 17, 2022**

**REVISED: OCTOBER 13, 2022**

**AGENDA ITEM NO.: 4**

## DISCUSSION ITEM

<b>Case Number</b>	Not Applicable
<b>Request</b>	Discussion on the status of the Historic Preservation Fund Program and provide feedback on the potential paths forward
<b>Project Location</b>	Citywide
<b>Wards</b>	All
<b>Staff Planner</b>	Scott Watson, Historic Preservation Officer 951-826-5507 swatson@riversideca.gov

## RECOMMENDATION

Staff recommends that the Historic Preservation Fund Committee:

- 1) Receive and file a report on the Historic Preservation Fund Program;
- 2) Discuss potential paths forward for the Historic Preservation Fund Program; and
- 3) Provide staff feedback on which path forward to explore and report back to the Historic Preservation Fund Committee.

## BACKGROUND

### **Historic Preservation Fund Program Establishment**

In April 2013, the City Council created the Historic Preservation Trust Fund Program (Program) and the Historic Preservation Fund Committee (HPFC) by amending Title 20 (Cultural Resources) of the Riverside Municipal Code (Exhibit 1). The HPFC includes five members selected by the Mayor's Nominating and Screening Committee and the Cultural Heritage Board.

An outcome of the Program included the creation of the Historic Preservation Trust Fund (HPTF) seeded with \$500,000 from the General Fund and \$100,000 from the proceeds of the sale of the former Marcy Library property. In December 2014, City Council approved the application and criteria for HPTF disbursement.

### **Historic Preservation Fund Program Awards**

Since April 13, 2015, 45 projects have been approved in four bi-annual grant cycles. Thirty-three projects were for rehabilitating residential structures, including 31 historic single-

family residences and two historic multi-family apartment building. One project was for rehabilitating a historic commercial building. These projects generally included roof replacements, repainting of buildings, electrical systems repair or replacement, repairs related to exterior siding and stucco, historic windows, porches, foundation stabilization, rain gutter installation or repair, and plumbing.

Other recipients of HPTF grants include the Riverside Art Museum, the Riverside Metropolitan Museum, the City's Parks, Recreation and Community Services Department and the City's Public Works Department. Projects have included Wood Streets monument signs, concrete pergolas on Mission Inn Avenue, historic public street features, historic waterfall, historic windows, foundation stabilization, and production of 1,000 Landmark Legacy books.

### ***Historic Preservation Trust Fund Balance***

Since its inception, a total of \$697,664.91 in grant funds have been awarded as part of the Program. Nine of the awarded grants, totaling \$88,362.50, were returned to the fund due to application withdrawals. Some projects were under budget and the remaining grant funds were returned, totaling \$12,003.06.

On January 28, 2022, the sale of the Farmhouse Motel was completed and \$70,000 from the proceeds of the sale was added to the HPTF. With revenue from the sale of the Farmhouse, proceeds from the Landmark Legacy Book sales, and accrued interest the balance of the HPTF is \$125,536.16.

### ***Efforts to Reseed the Historic Preservation Trust Fund***

In April 2018, the HPFC began exploring ways to make the Program more sustainable. Following the update to the Governmental Affairs Committee in May 2018, the HPFC directed staff to identify potential sources of funding for the HPTF and ways to administer the Program. Steps included:

- July 2018: Staff and the HPFC discussed the research needed to help make the Program sustainable (sources of funding and administration of the Program). The HPFC directed staff to identify possible funding sources and Program alternatives to meet this goal.
- October 2018: Staff provided funding source opportunities to the HPFC and a list of those deemed as appropriate for the City were identified.
- January 2019: Staff provided the HPFC with details on each funding source and HPFC provided a priority ranking.
- April 2019: The HPFC confirmed the priority funding sources and also considered administrative solutions for the HPF.

On July 16, 2019, Staff presented a status report to the City Council on potential funding for the HPTF (Exhibits 2-4). The presentation included HPFC recommendations on sources that could be used to fund the HPTF including:

- 1) General Fund Allocation – Because of budget constraints, General Fund Allocation was eliminated as a potential funding source. City Council directed that no funding sources for the HPTF should impact the General Fund.

- 2) Historic Site Code Enforcement Fines – Allocation of funds into the HPTF for each Code Enforcement violation related to Title 20 requires a formal request from Staff on a case-by-case basis. Historically, there have been limited violations and the fines collected are not substantial. City Council agreed that a portion of fines from Code Enforcement violations could be allocated to the HPTF and would be considered on a case-by-case basis.
- 3) Percentage of Sales of Historic Properties – Allocation of funds from the sale of City owned historic buildings into the HPTF requires a formal request on a case-by-case basis. As the City owns few historic buildings the revenue to the HPTF is limited. City Council agreed that a portion of the proceeds from the sale of City owned historic buildings could be allocated and would be evaluated for each property sold.
- 4) Donations/Sponsorships/Grants - Solicitation of grants or donations would require partnerships with non-profit organizations with applications being completed by the non-profit organizations. City Council directed that, if solicited by a non-profit organization on behalf of the City, this potential funding should be considered for the HPTF. As an alternative, an additional staff person would be required for the City to take on the responsibility, but City Council did not support this request because of direct impacts on the General Fund.
- 5) Fundraising & Crowd Sourcing – Similar to the Donations/Sponsorships/Grants, solicitation of fundraising and crowd sourcing would require partnerships with local non-profits organizations. City Council directed that, if solicited by non-profit organizations on behalf of the City, this funding source could be considered for the HPTF. As an alternative, an additional staff person would be required for the City to take on the responsibility, but City Council did not support this request because of direct impacts on the General Fund.
- 6) Mitigation Banking – Mitigation Banking would require the establishment of a mitigation fee program for historic resources, whereby projects with significant and unavoidable impacts, such as the demolition of historic structures, would need to pay an established fee to mitigate impacts. This would require the City to establish a mechanism to collect mitigation fees related to historic resources. City Council agreed that, if the environmental analysis was privately funded, a mitigation fee could be considered for the HPTF.

### **2019 City Council Direction**

The following summarizes City Council direction:

- 1) The General Fund could not be considered as potential funding source for the HPTF.
- 2) Historic Site Code Enforcement Fines and a Percentage of Sales of Historic Properties could be used as a funding source on a case-by-case basis.
- 3) Grants and Fundraising could be used as a funding source if undertaken by non-profit organizations on behalf of the City.
- 4) Mitigation Banking could be considered as a funding source if assessed as part of a privately funded studies.

## DISCUSSION

There are several paths that the HPFC may consider related to the future of the Program. Three potential paths that staff are bring forth for consideration are described below. The paths identified are not an exhaustive list but provide a starting point for discussion.

### 1) **Maintain Status Quo**

- a) The Program could be maintained as it is currently established with the HPFC seeking sources to reseed the HPTF.
- b) Under this option, the HPFC could provide direction to open a competitive grant cycle to provide grant funding (\$125,536.16 available)
- c) Private individuals, community groups, and City Departments could apply for potential funding for various projects including:
  - i) Historic resource rehabilitation;
  - ii) Historic District surveys; or
  - iii) Landmark plaque purchasing.
- d) Advantages:
  - i) Grants would be awarded to much needed projects.
  - ii) No changes to Title 20 or other regulations would be required.
  - iii) Existing processes would be maintained.
- e) Disadvantages:
  - i) Reseeding the fund has been challenging and will likely remain challenging.
  - ii) Grants and fundraising opportunities are limited and generally are not able to be used in grant programs.
  - iii) The City only owns a few historic properties, none which are currently for sale limiting the amount of funds that could be received from sale allocations.

### 2) **Transfer HPTF to 3rd party Non-Profit Organization**

- a) The balance of the HPTF could be transferred to a 3<sup>rd</sup> party, non-profit organization.
- b) The non-profit organization would award grants based on the criteria established in conjunction with the City.
- c) The non-profit organization would seek funding to manage and maintain the Program.
- d) Transferring the fund would require the following:
  - i) **The City will need to identify the interested non-profit organizations;**
  - ii) Amending of Title 20 to eliminate the Program including the HPFC and HPTF;
  - iii) Identifying processes and agreements on how the Program would work outside of City control; and
  - iv) City Council approval of the transfer of funds to the selection party.

- e) Advantages:
  - i) Grant would be awarded to much needed projects.
  - ii) Grants and other sources of funding, including donations, are more readily available to non-profit organizations.
- f) Disadvantages:
  - i) An interested party might not be identified.
  - ii) Transition of the Program could take some time delaying potential projects.

### **3) Sunset the HPTF**

- a) The HPTF could be sunset once all funds are expended (\$125,536.16 available).
- b) Under this option, the HPFC could provide direction to open a competitive grant cycle to provide grant funding (\$125,536.16 available)
- c) Private individuals, community groups, and City Departments could apply for potential funding for various projects including:
  - i) Historic resource rehabilitation;
  - ii) Historic District surveys; or
  - iii) Landmark plaque purchasing.
- d) Title 20 would be amended to eliminate the HPTF and HPFC.
- e) Advantages:
  - i) Grant would be awarded to much needed projects.
  - ii) Existing processes would be maintained until all funds are expended.
- f) Disadvantages:
  - i) Only a limited amount of project would be able to be funded.
  - ii) Future projects on historic properties would not have access to the Program.

## **STRATEGIC PLAN**

This item contributes to the Envision Riverside 2025 City Council Strategic Priority 3 – Community Well Being (Goal 3.1 – Strengthen neighborhood identities and improve community health and the physical environment through amenities and programs that foster an increased sense of community and enhanced feelings of pride and belonging citywide).

It also contributes to Priority 5 – High Performing Government (Goal 5.2 - Utilize technology, data, and process improvement strategies to increase efficiencies, guide decision making, and ensure services are accessible and distributed equitably throughout all geographic areas of the City; 5.3 - Enhance communication and collaboration with community members to improve transparency, build public trust, and encourage shared decision-making; and 5.4 - Achieve and maintain financial health by addressing gaps between revenues and expenditures and aligning resources with strategic priorities to yield the greatest impact).

This item aligns with the following Cross-Cutting Threads:

1. Community Trust: The discussion on the future of the HPTF is being provided at a public meeting of the HPFC and the public is able to provide comments.
2. Equity: The discussion on future of the HPTF is available to all residence and can be viewed both in person and virtually.
3. Fiscal Responsibility: The discussion on future of the HPTF has no impact on City General Funds. Any future allocation of funds to the HPTF will require City Council review and approval.
4. Innovation: The discussion on future of the HPTF will help identify new direction for the HPFC.
5. Sustainability and Resiliency: The discussion future of the HPTF may help preserve and maintain the City's collective history for future generations.

#### EXHIBITS LIST

1. City Council Meeting Minutes – April 9, 2013
2. City Council Meeting Staff Report – July 16, 2019
3. City Council Presentation – July 16, 2019
4. City Council Meeting Minutes – July 16, 2019

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