



CITY OF  
**RIVERSIDE**

## Historic Preservation Fund Committee Memorandum

Community & Economic Development Department

Planning Division

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**TO: Historic Preservation Fund Committee**

**MEETING DATE: April 8, 2019**

**FROM: Scott Watson, Associate Planner**

**ITEM NO: 2**

**WARD: Citywide**

**SUBJECT: DISCUSSION AND RECOMMENDATION ON RESEEDING THE HISTORIC PRESERVATION TRUST FUND AND POTENTIAL MODIFICATION TO THE HISTORIC PRESERVATION GRANT PROGRAM**

**RECOMMENDATION:**

That the Historic Preservation Fund Committee:

1. **Provide Feedback** on the draft Presentation (Exhibit 1); and
2. **Provide Direction** on next steps for City Council update on the Historic Preservation Trust Fund.

**BACKGROUND:**

The City Council created the Historic Preservation Fund Committee (HPFC) in April 2013 by amending Title 20: Cultural Resources included in Riverside Municipal Code. A Preservation Incentives Chapter was added to allow for a new type of incentive: Historic Preservation Fund Grants. The HPFC includes five members selected by the Mayor's Nominating and Screening Committee and the Cultural Heritage Board. The HPFC established the application and criteria for fund disbursement, which was reviewed and approved by City Council in December of 2014.

The Historic Preservation Trust Fund (HPF) was initiated in 2013 with \$500,100 from the General Fund. An additional \$100,000 was added from a portion of the proceeds from the sale of the Marcy Library property. Through accrual of interest and the sale of the Landmark Legacy Books, \$37,791.14 has been added to the HPF.

As of today, 45 projects have been approved through four bi-annual grant cycles beginning April 13, 2015. The projects approved focus on preservation-oriented projects for single family rehabilitations (31). In addition, a museum, public street features, a multi-family apartment building, a commercial building, and a public park facility have also received grants.

The projects types also vary and include: roof replacements (10), buildings repainted (9), electrical systems repaired or replaced (3), exterior siding and stucco repaired (7), historic windows rehabilitated (5), porches will have been repaired (5), foundations stabilized (5), Wood Streets monument signs repaired (7), pergolas repaired (4), plumbing repaired (1), rain gutters installed or repaired (2), historic waterfall repaired, a grant application prepared, and printing of 1000 Landmark Legacy books.

## **DISCUSSION:**

### **Fund Balance**

During the four grant cycles, 45 grants have been awarded for a total of \$697,664.91 from the Historic Preservation Trust Fund (HPF). Nine of the awarded grants were returned to the HPF because the applications were withdrawn. Some projects came in under budget and the funds were returned. As of March 18, 2018, the balance of the HPF was \$30,879.32

### **Impact of the Historic Preservation Trust Fund**

Applicants for the HPF grants have been encouraged to provide matching moneys towards their projects, and in many cases, resulted in additional money being invested in projects. The HPF has had an estimated \$1.5 million reinvested into the community because of the grant and matching funds. This reinvestment should continue to increase as additional projects are completed.

The HPF grants also have intangible impacts. Many of the grant recipients had financial hardships and the HPF allowed them to complete the needed repairs to their homes. Community recognition has also resulted from the HPF grants. Three grant recipients received awards from the Old Riverside Foundation in October of 2018 for the restoration work completed highlighting the continued efforts to maintain and rehabilitate the City's historic fabric.

The HPF has been recognized at the State and national level. Historic Preservation staff receives inquiries from other historic preservation programs across the country to learn about the City's program and how it operates. The State Office of Historic Preservation has requested staff to present on the HPF and participate in panel discussions including the 2016 California Preservation Foundation.

### **Reseeding the Fund**

Beginning April 16, 2018 the Historic Preservation Fund Committee (HPFC) began discussing ways to reseed the HPF and modify the program to make it sustainable, and directed staff to research possible sources. The HPFC sought to: 1) Identify sustainable sources of income; and 2) Create a sustainable program. Staff worked with the HPFC to refine the list of potential sources to six option for City Council consideration including: 1) General Fund Allocation; 2) Historic Site Code Enforcement Fines; 3) Percentage of Sales of Historic Properties; 4) Donations; 5) Fundraising and Crowd Sourcing; and 6) Mitigation banking. Each is described below.

#### **1. General Fund Allocation**

This option could include either a one-time or annual allocation from the general fund or

Measure Z funding to the HPF. Staff has not been able to identify other jurisdictions that specifically use general funds for historic property rehabilitation. Jurisdictions tend to only allocate general funds for short-term capital improvement projects. General fund allocations would provide a continuous source of funding that demonstrates the City's commitment to Historic Preservation. This would result in a long-term commitment and impact on the general fund.

## 2. Historic Sites Property Code Enforcement Fines

The City could allocate code enforcement fines, specifically related to historic sites, to the Historic Preservation Fund. This would provide a regular stream of income to the HPF. Title 20 allows City Council to impose fines when restoration of a historic property is not feasible. These fines, along with other Code Enforcement fines, are allocated to the general fund. This option would result in additional administrative time to track fines specifically associated with historic sites.

## 3. Percentage of Sales of Historic Properties

By allocating a percentage of historic property sales to the HPF, the City would be able to use these funds for historic rehabilitation. This is an ad-hoc current practice including when City Council allocated a portion of the profits from the sale of the Marcy Library and the Farm House Motel to the HPF. This option could provide funds for the HPF, but this would be limited as there are only a few historic properties currently owned by the City. Funds are also required to be returned to the original acquisition funding source when a property is sold, which would further limit the effectiveness of this option.

## 4. Donations

Donations are a potential source for the HPF. Charitable contributions to governmental units are tax-deductible under section 170(c)(1) of the Internal Revenue Code, if made for a public purpose, and this provides an incentive to potential donors. Some jurisdictions do directly seek donations for historic preservation purposes, but these are often for a specific project or capital improvements. Donations would vary in amounts and would not be a continuous funding source for the HPF. Additional administration of this program would also be required to both seek donations and track their use.

## 5. Fundraising & Crowd Sourcing

Fundraising, including crowd sourcing, could be used to fund the HPF. Through this process, the benefits of historic preservation in the City of Riverside would be highlighted. Events, such as dinners or scavenger hunts, could be held at historic locations to increase awareness and civic pride. The money raised could then be used for the HPF. The administration of fundraising program would have to be considered with this option, as staffing is required to coordinate the fundraising events and administer the program.

## 6. Mitigation Banking

This option could be used to mitigate the negative impacts of demolishing a historic structure. The City of Ontario uses this program in combination with a tiered system of historic

designations. This was developed as part of the General Plan update for the City. Ontario collects mitigation funds for the demolition of lower tiered resources, in areas identified for new development. If implemented in Riverside, Title 20 would have to be amended and an Environmental Impact Report be required. There are some challenges with mitigation banking including the loss of potential important cultural resources and community opposition to “putting a price on historic buildings”.

### **Next Steps and Fund Recommendations**

The Historic Preservation Fund Committee (HPFC) has discussed methods of modifying the Historic Preservation Trust Fund (HPF) including: 1) Convert the Historic Preservation Fund Committee to a Non-Profit Organization/Foundation; and 2) Modify the Grant Process.

#### **1. Convert to a Non-Profit Organization/Foundation**

The HPFC has considered grants as one way to reseed the HPF. With public grants for historic rehabilitation being limited in funding and the potential scope, grants from foundations and corporate donations could help reseed the program. Foundation and corporate donations often seek non-profit organizations/foundations that meet their goals. The HPFC could be reorganized, either in part or on the whole, into a non-profit organization to increase potential eligibility for these donations. The administration and operation of the organization would be one challenge if this were the direction of the HPFC.

#### **2. Modify the Grant Process**

There are a number of jurisdictions across the nation that have low interest loan programs to rehabilitate historic structures. By changing the program to a loan program, or a combination loan/grant program, the life of the program could be extended. As loans are repaid, possibly at low interest rates, the fund would be reimbursed and grow. The administration and operation of the grant program modification would be one challenge if the process were modified. In addition to the program becoming a loan program, other suggested modifications include:

- Change to one award per year vs. the current two;
- Change the maximum amount of each grant from \$25,000 to \$5,000-\$10,000 with any five-year period unless otherwise approved by Council.
- Limit the number of grants awarded each year to 5 or to a maximum annual dollar amount.

Exhibits:

1. Draft Presentation