

ADDED VALUE: *If John Gochá sells his L.A. house for \$5 million, the buyer will pay only \$10,000 in annual property taxes.* RICHARD HARTOG Los Angeles Times

A landmark deal

By DIANE WEDNER
Times Staff Writer

IMAGINE owning a 1915 Craftsman-style home with original gables, pergolas and its very own moniker. And then receiving annual property-tax savings of 50% for the privilege.

Architectural buffs Robert and Ursula Imboden are doing just that in the Edwards House in Old Towne Orange — as participants in a statewide program designed to preserve historic neighborhoods through partnerships with qualified homeowners. There's prestige attached too.

"It's special to own a piece of local history," said Rodeo Realty agent Ian Brooks, who has brokered several historic home sales. "People love their designer clothes and cars, and now it's homes: 'Do you live in a Neutra? A Herzog?'"

Those bragging rights can come with property-tax breaks thanks to the 1972 Mills Act, under which participating local governments enter into contracts with owners of historic properties who agree to rehabilitate and maintain them. In exchange, the homeowners receive 40% to 60% savings, and sometimes more, on their property taxes. The intent of the tax break is for participants to use the savings to keep their properties in tip-top shape.

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Step by step: Your historic home may qualify for Mills Act tax benefits. How to apply in L.A. Page 4

This old tax break

[Landmarks, from Page K1]

As a bonus, sellers of homes with Mills Act agreements can transfer the contracts to the new owners, ensuring the maintenance of the properties.

Statewide, there are 2,457 contracts in effect; in Los Angeles alone, 315 homes are under contract. In Orange, 132 owners currently participate.

Generally, to qualify, a property must be listed on a historic register, such as the National Register of Historic Places or the California Register of Historical Resources. Local jurisdictions may tailor their requirements for qualification — for instance, requiring that a house be locally designated as a historical resource.

After receiving approval, the owners enter into an initial 10-year contract with the municipality. Each year, the contract is renewed automatically for a new 10-year term. In effect, the agreement is in force for perpetuity, as long as the owners fulfill their obligations — such as replacing roofs, painting, and updating plumbing and electrical — and if no action is taken by either party to cancel the contract. Owners also must keep the properties in compliance with current building and zoning codes.

City planners say it's a win-win situation. Owners save, through tax breaks, some or all of the money they put into fixing the homes, and cities "preserve the history, architecture and culture of the community," said Ili Lobaco, associate planner for Monrovia.

However the city may view it, the Imbodens are ecstatic with the way things turned out. The couple had coveted the Greene & Greene-inspired home for years, certain they could never afford it, Robert Imboden said.

When it came on the market about a year ago, Robert, a 40-year-old assistant professor of architectural history at American InterContinental University in Los Angeles, and Ursula, a 42-year-old hairstylist, jumped at the chance to buy it. They knew that with a Mills Act



ARCHITECTURE BUFF: Robert Imboden loves his home in Old Towne Orange. With a Mills A



KAREN TAPIA-ANDERSEN Los Angeles Times

CLASSIC LOOK: The Imbodens' house is a Greene & Greene-inspired Craftsman.

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Getting with the program

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contract, they could restore the historic four-bedroom house to its original glory and still afford the payments and property taxes, Robert said.

They bought the 2,900-square-foot home for about \$1.2 million. It was built by Nelson "Nels" Edwards, a prominent Orange politician and bank president. Legend has it that President Herbert Hoover once stayed in the house, which has an original sleeping porch upstairs that was enclosed by one of the later owners. Restoring its outdoor charm is high on the Imbodens' to-do list.

Without a Mills contract, the couple's property-tax bill would have been \$12,000 annually, Robert said. With the contract, under which they have agreed to install a new roof, restore the original wood siding, complete seismic retrofitting and repair rain gutters, among other projects, the bill is \$6,000 per year.

The overall savings may be less for some owners, depending on their federal income-tax rate. Nonetheless, most owners still save money by participating in the program.

Garrett Ngo, a 41-year-old certified public accountant, and wife Kristine, a public accountant, and wife Kristine, a 37-year-old Pilates instructor, also Old Towne residents, purchased their light-filled Prairie-style home six months ago. They are the third owners to "inherit" the property's Mills Act contract.

The 1930s three-bedroom house, which they agreed to fix up (renovations include refinishing the floors and updating the bathroom), cost about \$1 million. Their tax bill, which would have been \$12,000 per year, is \$2,000 because they carried forward the Mills Act contract. It valued the property at about \$260,000.

Property valuation is determined by a tax assessor formula that selects the lowest of three values: the current property tax assessment, the current fair market value or the Mills Act appraised value, which is based on the California Revenue and Taxation Code and on a property's income potential, minus allowed expenses.

Mills Act perks place premiums on
 next page

California's Mills Act (or Historical Property Contract) program provides property tax breaks to owners of historic buildings who agree to restore and maintain the structures for at least 10 years. The amount of the tax break depends on the date of purchase, the property valuation and the current property tax assessment. In Los Angeles, the program is administered by the Office of Historic Resources. Here is how the Los Angeles program works:

■ A property must first be designated a historic-cultural monument or be a qualifying structure within one of the city's 21 historic preservation overlay zones.

■ To get historic-cultural monument status, structures must meet one of these criteria: be of historical or cultural significance to L.A.; be architecturally significant to a certain period, style or type of construction; or represent a notable work of a "master" builder, designer or architect. Applications are submitted to the city's Office of Historic Resources for review by the Cultural Heritage Commission. For information, call (213) 978-1200.

■ Applications for Mills Act contracts are available at the Los Angeles Department of City Planning website, www.lacity.org/pln. They are submitted to Lambert Giessinger, historical property contracts manager in the Office of Historic Resources, City Hall, 200 N. Spring St., Room 620, L.A. 90012.

■ Owners accepted to the Mills Act program must agree by contract to comply with the U.S. secretary of the Interior's Standards for Rehabilitation of Historic Buildings, which include: preserving the distinctive features and finishes or examples of craftsmanship that characterize the property; repairing, not replacing, deteriorating features when possible (if replacement is necessary, however, the owner must match the feature in design, color, texture and materials); additions and exterior alterations may not destroy historic materials.

■ Owners must draw up a plan delineating how they will restore and maintain the property. They agree to periodic inspections.

■ The contract has an initial term of 10 years but is renewed annually and continues in perpetuity if no action is taken to cancel it. To break the contract, the homeowner may submit a notice of nonrenewal, ending it 10 years after the date of notice. Homeowners in breach of contract face a hearing before the city council, which can cancel the agreement. A penalty of 12.5% of the home's current fair-market value will be assessed.

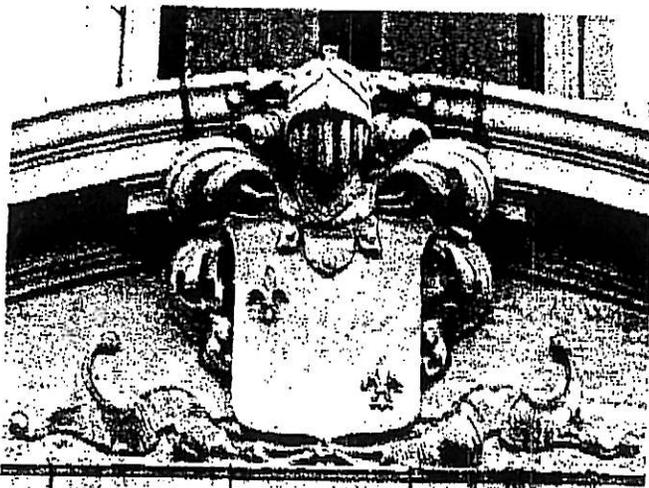
■ Alterations to the property are subject to a Cultural Heritage Commission review.

■ Nonrefundable application fees are \$443.

For more information, visit www.lacity.org/pln.

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RICHARD HARTOG Los Angeles Times



SOUTHLAND JEWEL: The Country Club Park estate, designed by Alfred F. Rosenheim for himself, features many architectural details,

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PERIOD DETAILS: Wall sconces are true to the era.

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participants' properties.

"These historic homes sell for about 20% more than other homes," said Orange Realty agent Dan Slater. "But the tax savings make it all the sweeter."

Tax breaks help seal the deal for some buyers, but surrounding oneself with jaw-dropping architectural features is what spurs others.

Greta von Steinbauer, an investor, and her business associate, John Gochá, a film and music producer, began searching 10 years ago for a house with special architectural appeal. They discovered a red-brick mansion designed by noted architect Alfred F. Rosenheim — onetime president of the Los Angeles chapter of the American Institute of Architects — complete with a turret, hidden among towering deodar trees and a long-neglected garden in the Country Club Park section of Los Angeles. The couple bought the 14,200-square-foot estate, built in 1904 by Rosenheim as his private residence, for \$2 million; it's listed for sale at close to \$5 million.

Walking through the three-story, seven-bedroom manor is to experience one of Southern California's most exciting architectural eras. Leaded and stained Tiffany glass windows and doors infuse the stairway, parlor and dining room with light and art. The home also features antique light fixtures and hand-etched light bulbs; custom-designed fireplaces with Batchelder tiles, blood marble and hand-hammered and solid copper backing plates; and a silver- and gold-leaf, hand-painted antique ceiling. A former chapel serves as Gochá's backyard recording studio.

At one time, nuns from the Sisters of Social Service occupied the house, as well as the one next door.

The couple restored much of the house before they got a Mills Act contract in 2004. Work included installing a new roof, renovating the kitchen and painting; they did additional work after they entered the agreement.

Before the contract, their property taxes were \$20,000 per year; they now pay \$10,000. If the estate sells for \$5 million, the new buyers will continue to pay \$10,000 in taxes with the Mills Act transfer, quite a savings from the \$50,000 or

more they would have to pay without it, said Lambert Glessinger, historical property contracts manager in Los Angeles' Office of Historic Resources.

"They'll get \$40,000 per year in tax savings to put into the property," Glessinger said, "so it should be the best-looking one on the block!"

In Los Angeles, the county Assessor's Office reassesses Mills Act properties each year and reports slackers — those who don't make promised repairs or fail to maintain the sites — to the historic resources office, which also does periodic inspections.

Last year, Los Angeles approved its largest number of new Mills contracts, 51 out of 54 applications, Glessinger said. Unlike Orange, which issues a maximum of 20 contracts per year, there is no annual cap.

Ardent preservationists Murray Burns and Planaria Price have done their share to renovate Victorian homes in Angelino Heights, a Los Angeles neighborhood known for its architectural heritage.

Burns bought his first "great ghost house," as he calls un-restored Victorians in that area, in the 1970s, and he noticed something special about the ceilings while lying on a futon, his only piece of furniture then:

"I looked at where the chandelier was mounted and said, 'It's art!'" He was hooked.

The couple have bought and renovated a dozen Angelino Heights historic-landmark-designated homes, including a pristine 1888 Queen Anne house on Carroll Avenue. Five of their properties have been granted Mills Act contracts, Burns said. One has since been sold.

Richard Stanley, a Los Angeles agent with 20 years' experience selling historic homes, says more and more buyers are seeking these properties because they view them as icons of their eras, whether a Victorian or Streamline Moderne.

"There aren't many of them, and they don't come up for sale often enough," Stanley said. "But they're real plums. People line up for them."

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