

FOR IMMEDIATE RELEASE:

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GRAND JURY ASKS CITY OF SAN DIEGO TO IGNORE STATE LAW

An inflammatory, uninformed report from the San Diego grand jury recommends that the well-considered, effective local and state laws that protect historic properties from demolition should be ignored or weakened.

The report reflects a deep misunderstanding of historic resource issues and a lack of elementary information. In fact, incentives for preservation and adaptive reuse of San Diego's historic resources result in proven economic benefits as well as cultural enrichment to the community by encouraging homeowners to restore and maintain qualifying historic properties. It is apparent that the grand jury failed to contact or consult with historic homeowners, preservationists, land use attorneys, economic scholars, or historians.

The report fails to acknowledge the various city, state and federal laws that govern the historic designation process nor the *Secretary of Interior's Standards for Rehabilitation* that provide guidance for effective, flexible treatment of historic projects.

"The grand jury should surely have researched the subject before releasing a report that proposes a moratorium on the designation of historic resources and the incentives that encourage their preservation and adaptive reuse," said SOHO's Executive Director Bruce Coons. "As it is, the report actually demands that the City Council ignore the law and remove important incentives for protecting historic resources that benefit all of San Diego. Such removal of protections could not occur without preparation of an Environmental Impact Report (EIR) that assesses the potential significant impacts to historic properties, and alternatives to such draconian and ill-considered action."

SOHO agrees that additional personnel should be engaged in follow-up on Mills Act contracts, and that such contracts should be thoughtfully detailed. But a moratorium on designation or new contracts or some kind of arbitrary limit makes no sense and is against the interests of the people of San Diego. This City has many designated resources and that is a good thing. We call ourselves America's Finest City, and no small part of the charm and livability of the city is that we value and respect our heritage. Protection of that heritage increases property values, neighborhood pride and livability. To draw a negative inference from the numbers of Mills Act contracts in San Diego is illogical. What if our City had the cleanest air in California, or the least amount of traffic, or any other measurable indicator of protection of our quality of life? Would those then be bad? The fact that we have good numbers of Mills Act contracts, even if more than other cities in California does not indicate anything awry.

SOHO notes the grand jury's lack of expertise to deal appropriately with this matter. As an appointed volunteer group, the grand jury nonetheless criticizes another group (the Historic Resources Board) for being an appointed volunteer group. The fact that both are volunteer groups is where the similarities stop. The differences are not in the grand jury's favor: there is little to no legal training for the majority of grand jurors, while HRB members must have architectural, historical, and/or archaeological training in order to be appointed. Since the grand jury has no expertise in historic resource issues, it should have consulted with those who do.

The grand jury reasons that protections for historic resources should be removed, for reasons that run the gamut from merely flawed to completely nonsensical. For example:

- The report criticizes the "10 minute visits" that HRB members make to historic sites, while making the exact same quick stops themselves. For experienced HRB members, a 10 minute review of a historic property can yield information necessary for development of a professional opinion; the same is not so for grand jurors without a

background in architecture.

- The report critiques historic homes for their paint colors and landscaping, but such things have nothing to do with Mills Act contractual obligations.
- Vinyl windows are criticized with no indication as to whether the windows were added before or after designation, or were mandated by the airport noise projects, or perhaps were about to be removed per a Mills Act contract.

How and why was the jury called on this issue? This may interest an investigative journalist. The development community has been diligently and desperately trying to circumvent both the law and the rights of the community to accelerate building projects. If the historic protection offered by the Mills Act were to be removed, the only winner would be the Building Industry Association (BIA), a powerful lobbyist group well-connected with city hall that seeks to remove any impediment to its ability to scrape and rebuild every square inch of our communities. Is the grand jury subject to the same lobbying that our elected officials are?

The facts of historic designation and the benefits of the Mills Act have proven to be *only* of great benefit to the community at large; there are no facts or statistics that substantiate any claims to the contrary. Indeed, the report does not even pretend to have researched the benefits of preservation. This is the only incentive that San Diego has for protecting its historic sites. Most cities have multiple protections and incentives in place to preserve the irreplaceable historic resources that protect a city's character and livability. San Diego has only this one.

Andrew J. Narwold, Professor of Economics, School of Business Administration, University of San Diego, has published two major white papers on designation and the Mills Act in San Diego. These studies can be found in full at www.sohosandiego.org.

The conclusions are **in direct contrast to both the grand jury's reports and those of the county assessor's office**. The results show that designation creates a 16 percent increase in housing value. This is higher than the capitalization of the property tax savings would suggest, implying market value in the historic designation itself.

The results suggest that a non historic house's value is increased by 3.8% by having a historical house within 250 feet, and by 1.6% by having a historical home located between 250 and 500 feet away. Under the Mills Act, property taxes are lowered on the historically designated properties, costing local governments some tax revenues. However the overall taxable basis for the neighborhood increases by \$1.8 million for each historical home. **Estimates show that local governments might expect a net tax revenue gain of \$14,000 per house per year.**

So impressed with the findings of the study is Professor Narwold, that he proclaims, "The Mills Act represents an innovative approach to historic structure management and may provide guidance to governments elsewhere in the U.S. as well as internationally when designing historic preservation programs."

The level of participation in the Mills Act program indicates that it has been successful in encouraging the owners of historically significant structures to preserve and maintain their buildings. This protective measure is something the city can be proud of and seek to engage even further, not look to weaken or destroy one of the few effective programs that the city can claim.

Also included in this press release is a list of documents used by Professor Narwold in his in-depth study that backs up the many benefits of historic properties.

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Save Our Heritage Organisation, is a non-profit group serving the historic preservation needs of the County and Cities of San Diego since 1969. For more information about SOHO please visit our website: www.sohosandiego.org

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