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## **7.0 HISTORIC PRESERVATION**

### **7.1 INTRODUCTION AND PURPOSE**

#### **7.1.1 INTRODUCTION**

In communities across the United States, people are becoming aware of the value in preserving their cultural and historic heritage. This interest in our past can be attributed in part as a response to the modern-day, mass-produced housing and look-alike shopping centers and supermarkets. Many buildings from the past exhibit fine craftsmanship and superior materials so often lacking in contemporary development. Historic preservation efforts can also be seen as an extension of the environmental movement: the realization that precious resources - both natural and man-made - are limited and need conserving.

A community's historic buildings are the tangible links with its past and reflect its unique character. Through these links the community's sense of identity is strengthened. Familiar landmarks establish a sense of permanence and anchor the community as a place in time. Historic preservation activities can also foster civic pride and community spirit.

#### **7.1.2 BACKGROUND**

The Encinitas General Plan contains policy statements that call for the identification of the City's historic and architectural resources, and proposes that implementation programs be designed to preserve them. Resource Management Element Policy 7.3 states that "the City will pursue development of an historic resources program to assist in the identification of those buildings, structures, and places within the City that have historic significance."

The Land Use Element of the General Plan defines a cultural overlay zone which applies wherever significant historic resources are identified. The citywide zoning code requires projects affecting known historic resources to study potential negative impacts and provide mitigation to the extent feasible.

Through these policies, the City recognizes the importance of protecting the community's link with the past. The North 101 Corridor Specific Plan addresses this by identifying the historic resources in the specific plan area as well as by developing alternatives for preservation of historic resources. The "Architectural and Historic Resources Inventory", conducted in conjunction with the specific plan process, identifies individual resources of varying degrees of significance.

The purpose of this Historic Preservation section is to generate interest in and awareness of the North Highway 101 Corridor area's varied historic resources, and to focus appropriate attention on how to protect them. The specific plan identifies and proposes potential preservation activities and programs for this area's historic resources.

## **7.2 HISTORIC DEVELOPMENT OF THE NORTH HIGHWAY 101 CORRIDOR**

Early Settlers, Mythology and Merle: The U. S. Civil War had been over for a decade when the first Caucasian settler arrived in the area known today as Leucadia. While early accounts of the North Highway 101 Corridor are sketchy, **Nathan Eaton** is thought to be the first settler. Arriving in 1875, he set up a homestead just south of Batiquitos Lagoon where he grew crops and kept bees.

In the 1880's the Leucadia Land and Town Company was established. One story holds that a band of English Spiritualists settled in the area. Another version maintains that a promoter of questionable reputation, **Tom Fitch**, came from Nevada to sell land through the **Leucadia Land and Town Company**. Regardless of the origin, the name Leucadia, meaning "a sheltered place", remained.

In 1881, the California Southern along with the Atchison, Topeka, and Santa Fe Railroad built a rail yard in National City and began to lay a rail bed along the coast through Encinitas and Leucadia to Oceanside, and ultimately to San Bernardino. Construction of the railroad brought **James Benjamin Elliott** to Leucadia. Several accounts credit Elliott with planting the cypress and eucalyptus trees that define the 101 Corridor of Leucadia. It is thought that Elliott's motivation to plant the trees was to enhance the real estate value of the area and that he used railroad crews to plant the trees. Upon his termination from the railroad, Elliott purchased a farm in Leucadia and joined with Fitch in promoting the Leucadia Land and Town Company.

Proponents of Leucadia commissioned a plan in 1888 by the surveyor, **O. N. Sanford**, who platted Encinitas. The "Map of North Leucadia" featured a grid with 80 foot streets and avenues and 20 foot alleys. Regular lots in the area west of the railroad and adjacent to the railroad on the east were 50 feet by 120 feet while lots farther east were 146 feet by 300 feet and known as "villa lots." The street names include one for Nathan Eaton (Nathan Street) and several from Greek mythology (Hygeia, Marathon, Neptune).

By 1898, the use of street names derived from mythology had taken hold. A survey map of the "Fifth Road District" shows additional streets south of Marathon, all with names from mythology. The southernmost street started with an "A" (Athena) and the streets progressed in alphabetical order (excluding "K") through Lycurgus Street, which was just south of Marathon.

Another early resident was rancher **E. B. Scott** who supposedly planted the first Eucalyptus trees in the area overlooking the lagoon. Scott named the area "Merle" after one of his sons. The name Merle persisted for years. In the San Diego City and County Directory of 1899-1900 and 1901, Merle was listed with N. A. Eaton as postmaster. There was no listing for "Leucadia" in either directory. Even a much later State Highway Survey Map (1926) shows the area between Nathan and Sanford Streets as Merle: so the name persisted well into the twentieth century.

Water, Roads and Subdivisions: The growth and development of Merle and Leucadia, as with most of the West, is directly linked to the availability of water. In spite of the grandiose dreams of the purveyors of nineteenth century Leucadia, the limited water supply kept a ceiling on development. With the construction of the dam at Lake Hodges and the establishment of the San Dieguito Irrigation District, a reliable source of water became available.

In 1925, the South Coast Land Company advertised that their "policy has always been, never to market land until water is actually on the land, roads built, maps completed, and all problems connected with marketing such lands thoroughly worked out." With the widening of Highway 101 in 1913 and the establishment of the water district in 1924, those elements deemed necessary for subdivision were in place and the South Coast Land Company, with others, went to work.

The South Coast Land Company, the biggest land promoter in the area, subdivided a large area east of Highway 101 between Fulvia (now Leucadia Blvd.) and Sanford in early 1924. The company heralded South Coast Park as "the principal subdivision in point of both area and population containing 1050 acres under irrigation.." Starting in 1925 through the end of the decade almost every issue of the Encinitas Coast Dispatch contained a large display ad for South Coast Park as well as a column entitled "South Coast Park". The column loosely tracked the development of the area offering news of individuals who were building there.

The South Coast Park area had moved west of Highway 101 with the subdivision of Unit 2 in 1925, and Units 4 and 5 in 1927. This area stretched from Athena on the south to Grandview on the north. It was during the 1927 subdivision that the streets of Nathan, Pacific, Pine, Monterey, and Myrtle were vacated and replatted.

The popularity of South Coast Park is reflected in a 1929 Encinitas Coast Dispatch article which said that "R. R. Zachary of the South Coast Land Company states that building restrictions are to be more rigidly enforced in the future. He advises all who contemplate building in South Coast Park soon to get in touch...to talk over building restrictions."

Improvements to the general area and service businesses were needed to further promote urbanization. In 1925, the development of a Civic Center (the area surrounding what is now known as Leucadia Roadside Park) for South Coast Park was promoted to attract businesses. In order to achieve the dream of "building a city", it was necessary to provide business services, according to an advertisement in the Encinitas Coast Dispatch in 1925. This ad tells of immediately needing "a first class general store, a good garage and several smaller shops." Plans for the Civic Center included improvements such as light standards. Another ad boasted that "on Wednesday, August 19, our street lights in South Coast Park Civic Center were turned on for the first time to the great delight of the entire community. This makes South Coast Park Civic Center the best lighted district between Santa Ana and La Jolla."

Another major subdivision was **Seaside Gardens** and **Seaside Gardens Annex** established in 1924 by **Esther Cullen**, **Cora A. Taylor**, and **Amelia C. Briggs**. Seaside Gardens was located to the west of Highway 101 and the Annex to the east. Promotions for Seaside Gardens promised that they would bring in "real people, not joy-riders, any one of whom you would like to have as a neighbor. Some will buy in Seaside Gardens, some will want acreage, we have both" boasted an ad in the Encinitas Coast Dispatch.

In 1928, the entire Seaside Gardens tract was purchased by John P. Mills. The Encinitas Coast Dispatch described the area as "an attractive residential district with sidewalks, curbs, gutters, ornamental light standards and trees already planted."

Avocado Acres No. 2 was subdivided by the Southern Title Guaranty Company in 1924, creating Eucalyptus and Wilstone Streets. Avocado Acres was promoted by the Ed Fletcher Company of San Diego. Fletcher was an influential figure in the history of San Diego county and was involved in developing land, roads and dams. In the teens Fletcher worked for the South Coast Land Company and purchased almost all of the coastal land from Oceanside to

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Del Mar. He helped to build the dam at Lake Hodges that spurred the formation of water companies and districts.

Agriculture, Avocados, and Flowers: The development of a reliable and ready source of water, combined with the mild coastal climate and entrepreneurial growers resulted in the blossoming of Leucadia. A description from the 1929 Encinitas Coast Dispatch tells that "the Briggs Floral Gardens in the northern part of South Coast Park are now a riot of color - the acres of brilliant flowers are visible for many miles North on the Coastal Highway."

The growth of the floral industry is credited to Thomas McLoughlin who moved from Seattle to Leucadia in 1924. McLoughlin, president of the South Coast Horticultural Association, was instrumental in creating the Encinitas Mid-Winter Flower Shows, an annual event that ran from 1925 through 1935. The exhibition attracted growers from all over the state and featured fruits and vegetables as well as flowers. Dignitaries such as the mayor of San Diego and "numbers of celebrities of the movie industry in Hollywood" attended the events.

A green gold coast of avocado trees was envisioned for the Leucadia area in the middle 1920's. The industry was touted as having "phenomenal growth...having been told of its possibilities as a 'green gold' crop". Only a few years earlier they were called "alligator pear trees" and regarded as a mere novelty.

The growing popularity of the fruit was capitalized upon with the subdivision named Avocado Acres. Advertisements for the subdivision offered to plant "your land with the best varieties of avocados from our own nurseries and care for them for a time at reasonable cost." One could also write away for their "new book, 'The Avocado.'"

Avocado groves were also planted in the South Coast Park area along Vulcan Avenue and spreading out to residential streets such as Encinitas (now Sunset) and Hermes. By 1928, avocado groves were considered "one of the high points of interest for those who came to look over this section of South Coast Park." In the early "pre-water" 1920's, plantings were made by seed. With further experimentation and readily available water, avocado plantings and trees became part of the Leucadia landscape.

From Tents to Cabins to Motor Courts to Motels: The Growth of the Tourist Industry: As the transportation improvement of the railroad in the 1880's brought growth to the North Highway 101 Corridor area, the widespread use of the automobile brought growth in the late 1920's. By the late teens American automobile manufacturers had developed assembly line production methods and were able to sell greater numbers of sturdy, inexpensive cars. These private passenger cars offered a freedom from railroads. Railroad lines were defined by the rails and stations. With an automobile a tourist could travel a variety of routes (initially roads used by horses and wagons) and the driver of the automobile could choose where and when to stop and what to see, limited only by the location and condition of the roads.

This freedom "to start, stop, or change direction at will made the automobile more than a means of moving from one place to another. It offered not only an alternative to railroads but also...the magic of the silver screen. The windshield of any car could be transformed into a proscenium arch framing one of the most fascinating movies of all - the landscape played at high speed." (Liebs). No previous mode of transportation provided such an experience.

The combination of the availability of the private automobile and California's climate opened the doors to the development of a tourism industry in the Encinitas-Leucadia area. Highway 101, the state highway connecting Los Angeles and San Diego was the main approach to the area from the North. The eucalyptus and cypress trees that had been planted a few decades earlier

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## **7.2 Historic Development of the North Highway 101 Corridor**

provided a shaded roadside strip for travelers who had just traversed the wide open coastal plains. Services for travelers such as gas stations, produce booths, tourist camps, and restaurants began to sprout up along the roadside. From the mid 1920's through the 1930's, the North Highway 101 corridor spawned a myriad of roadside businesses as the popularity of the automobile endured the depression.

One of the primary services required by travelers were overnight accommodations. One early form of accommodation was the auto camp. Sunset magazine extolled the virtues of "Tenting on the New Camp Ground" (July 1925) describing it as a "pleasure that is being enjoyed by annually increasing thousands in the auto" with new camps being developed "every year for the growing army of motorists who have caught the fever of outdoor life."

In 1925, the South Coast Land Company opened "a modern free camping ground on the Highway" (Encinitas Coast Dispatch, 1925) to accommodate the visitors who were interested in purchasing property. In 1928, the Encinitas Coast Dispatch noted that "although this part of San Diego county is essentially an agricultural unit, the 'vacation industry' and home-making business play an important role in the growth recorded here during the past year. Along the coast highway, hotels, restaurants and other establishments catering to vacation tourists have shown marked expansion."

Some other highway services noted in the Encinitas Coast Dispatch included: a campground and store (Glaucus and Highway 101) managed by Evelyn Hilton and George Calvert; the Journey's End Auto Camp; the Leucadia Service Garage adjoining the Post Office; the Evans Steak and Chop House; the Williams Grocery Store; and the Cypress Grove Auto Camp and Filling Station. During this period another building type critical to the success of automobile touring - the gas station - came into prominence. The one stop service station became a roadside fixture housing a gas distribution system and auto maintenance services under one roof.

By the 1920's tourism had become an integral part of the economy of the North Highway 101 corridor, and the auto campgrounds provided refuge for hardy auto travelers. Traditional hotels in the business districts near rail stations had long offered accommodations. However, after a long day's drive and adventure many motorists preferred the informality of the auto camp to the more formal hotel with its central lobby area. Many communities and businesses such as the South Coast Land Company built tourist camps in city parks or vacant lands. These campgrounds were popular with tourists since they provided reassurance of a comfortable and secure destination where they could gas up the car and browse in local stores. Local businesses also hoped the tourists would stay for a period of time and eat and shop at the local establishments.

However, as auto touring became more popular the camps began to decline. With the influx of tourists it became more difficult to maintain the campgrounds; they became more crowded and occasional unsavory characters camped at these free grounds. Campgrounds began to charge a fee and to provide services and incentives for travelers to stay at their facility. As travelers became conditioned to expect to pay a fee for a place to camp, competition - and the development of amenities - grew. Business owners discovered that travelers were willing to pay additional money for more permanent, private accommodations, and the concept of tent cabins and cabin camps emerged. These, too, were short-lived since the term cabin camps became associated with run down lots full of auto gypsies.

Physical changes from that of haphazard assemblages of tents and cabins to more organized plans of "courts" of cabins resulted in accommodations that were private yet visible and accessible from the highway. The Encinitas Coast Dispatch reported on the early motor

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courts constructed along Highway 101 in the 1920's. In 1928 it reported that "South Coast Park" is looking forward to the beginning of work on the new McClung auto court which is to be started on the highway near the Civic Center soon. The court is to be of stucco, adding to the plans drawn up by H. P. McClung of Alhambra...there will be 10 units with garage as well as McClung's own 6room home." Located north of the Civic Center, "It is one of the most attractive in this section of the community." A year later the Blue Goose Auto Court, "modern in every way", was under construction.

The first motor hotel, called a "motel", is generally attributed to the Milestone Motel built in San Luis Obispo in 1925 by Pasadena architect Arthus S. Heineman. The motel building type consisted of a building (or buildings) each containing a string of rooms rather than the individual cabin concept of motor courts. Motels were more economical to build than motor courts since they maximized available space and cut down on construction requirements. Motels became the primary form of roadside accommodations starting in the 1930's.

Wood Frames and Plastic: The Development of Plant Nurseries: For the first half of the 20th century floriculture in the North Highway 101 Corridor area consisted of growers producing flowers (mainly gladioli) in open fields. The flowers were mostly sold at local markets. There were very few greenhouses in the area. The era of dramatic growth for the floral industry took place after World War II as a result of new technologies. The development of polyethylene plastic film made it possible to construct simple wood frame structures that were enclosed with the plastic film. These wood frame structures were more economical to build than the traditional steel and glass greenhouses. Air freight became a viable option as the cost for the service decreased. This opened up national markets to growers. Growers from the Los Angeles area, squeezed out by urbanization, migrated to San Diego County after World War II.

Conclusion: The early growth and development of the North Highway 101 Corridor is linked to water, transportation, and tourism. After the first footholds of a few early settlers, the coming of the railroad in the 1880's brought transportation links to the rest of California and the United States. Early subdivisions and land development was begun, but was limited by a scarce water supply. The establishment of Lake Hodges and the San Dieguito Irrigation District resulted in a reliable water source. By the mid-1920's several land companies and developers were subdividing the land along the North Highway 101 Corridor. New residents further developed the area by establishing businesses such as agriculture, avocado and flower growing, and developing tourist services such as motor courts, motels and other roadside services.

The cultural landscape of the North Highway 101 Corridor today features surviving examples of these land uses, such as motels and nurseries still featuring their original function in their original form, and structures in which the use has changed but the form remains relatively intact.

## 7.3 HISTORIC PRESERVATION STRATEGIES

### 7.3.1 INTRODUCTION

Any successful preservation program must include not only the identification of historic resources, but development of measures to protect them. Potentially landmark-eligible properties and other historic resources have been identified in the "Architectural and Historic Resources Inventory of the North 101 Corridor Specific Plan Area". This section of the Specific Plan outlines basic strategies that can be made available to assist in preserving the community's historic resources.

There are two broad approaches to historic preservation: one is regulatory, and the other is incentive-based. Since most of the resources listed in the inventory are under private ownership, and because there are real economic implications of preservation, a strictly regulatory approach is difficult to achieve. Furthermore, the local community has made clear its desire for a preservation program that is largely incentive-based and voluntary. With this in mind the following strategies for a preservation program were developed.

### 7.3.2 REGULATORY MECHANISMS

Beyond this specific plan, there are existing City and State regulations in place that provide a level of protection for identified historic resources. These regulations provide both restrictions for preservation, and a relaxing or restructuring of restrictions (such as development and parking standards) to achieve preservation.

#### A. California Environmental Quality Act (CEQA)

Virtually all development projects are subject to the environmental review process established by the California Environmental Quality Act (CEQA). Projects that would destroy or substantially alter a known historic resource could be deemed to pose a significant effect on the environment. Under CEQA, significant effects must be minimized to the extent feasible. Mitigation measures will vary depending on the project, but can range from photo-documentation or a narrative report recording the resource, to preservation by a variety of means: maintaining the basic structure while accommodating architecturally compatible additions, or granting a "facade easement" for the exterior appearance of the structure. Sometimes as a last resort, relocation of a historic structure is considered.

The City's General Plan establishes a Cultural Resources overlay that applies to historic resources. This overlay is implemented generally by the Municipal Code, which requires projects involving historical sites or structures to perform a site resource survey and impact analysis to determine a site's or structure's significance and the need for impact mitigation (Municipal Code Section 30.34.050 (A)(1)(b)). This Municipal Code requirement continues to apply in the specific plan area. The "Architectural and Historic Resources Inventory" is not to be used to determine when a site definitely has or does not have a significant architectural or historic resource; a site-specific resource survey per the Municipal Code would be required.

**B. Specific Plan Provisions Affecting Historic Resources**

There are features of the North 101 Corridor Specific Plan that, properly applied, will positively influence the continued viability of the area's historic resources. The design recommendations and development standards are crafted to preserve and maintain the existing desirable character of the North 101 Corridor Specific Plan area. An important part of that character derives from the area's historic resources.

1. Design Recommendations

The design recommendations of this Specific Plan were developed primarily to maintain and promote the existing unique pedestrian scale and village character of the North 101 Corridor Specific Plan area. Emphasis is placed on ensuring that new development is compatible in terms of bulk and scale to existing desirable development without unduly inhibiting creativity and innovative design. Choice of materials, colors, textures, etc., are also discussed.

The design recommendations provide specific discussion of rehabilitation of historic structures. No construction, demolition, or other development shall take place unless the provisions of the Design Recommendations section of this plan affecting historic rehabilitation have been met. Rehabilitation of existing resources should be done in a manner that preserves the original character and integrity of the structure. Remodeling should be done so that non-historic materials or features are removed in favor of restoring original features and intended uses of properties. Removal or alteration of historic material should be avoided, while deteriorated architectural features should be repaired rather than replaced, whenever possible.

2. Development Standards

In addition to the design recommendations, the specific plan guides development through development standards. Citywide zoning and development regulations sometimes run counter to preservation of historic properties. Contemporary regulations generally require larger lot sizes and setbacks than were traditional for urban areas. Because many of the existing lots are small and narrow, previous citywide standards made infill development difficult. Typically, newer development is found on large consolidated lots necessary to comply with setback, parking, and landscaping requirements. The inability to develop or re-develop on infill areas in a manner consistent with older structures, has eroded some of the village character found to be so desirable by the community.

The development standards for the commercial corridor provides for minimal lot sizes, setback and landscaping requirements. Designed to be more reflective of the existing development pattern and to promote a pedestrian-oriented village scale, the development standards provide for a more flexible building envelope that will enhance the viability of the area's historic structures. This will provide more incentive for rehabilitation and preservation, rather than

encouraging demolition of the North 101 Corridor area's older properties. Additionally, the development standards for the commercial corridor permit a wide mix of both commercial and residential of uses. This broader range of uses will further enhance the viability of existing historic properties.

**3. Parking Standards**

Generally, the citywide off-street parking requirements make development of the small lots in the North 101 Corridor area difficult. The parking standards provided in Section 3.2 of the Specific Plan are designed to encourage the vitality of the commercial district through the application of a variety of strategies including credit for on-street parking, revised parking ratios, and flexible requirements for building additions and remodels. The streetscape design concepts (Section 4.7) include provisions for improved parking along side streets west of Highway 101, and for small parking nodes along the railroad right-of-way.

By restructuring off-street parking requirements, it will be easier for new businesses to occupy existing historic structures.

**C. State Historic Building Code**

Certain projects affecting historic structures may utilize the State Historic Building Code. Adopted by the City of Encinitas, provisions of the code allow flexible building standards for eligible structures. Eligible structures include those listed on a national, state, or local register; or listed in an official inventory of historical or architecturally significant resources. This has two advantages: utilization of the code allows rehabilitation that respects and conforms to older building methods, thus preserving the original architectural integrity; it also allows for continued use or adaptive re-use of old buildings that otherwise would not be allowed because of strict code requirements.

Projects eligible under this strategy include those properties listed in the Historic Resources Inventory, and shall be implemented on a case-by-case basis. No other implementation action by the City is required.

**7.3.3 INCENTIVE STRATEGIES**

In addition to regulatory measures, another basic approach to preservation is based on financial and technical incentives. There are a variety of programs, grants, low-interest loans, tax credits, and deductions available to owners of historic properties. The City shall investigate the feasibility of all available programs, and develop other viable incentive programs for purposes of maintaining and rehabilitating historic properties. This section outlines existing incentives that are available through various state and federal agencies. Many of the incentives take the form of tax credits or deductions.

Some of the existing programs outlined below require that properties be listed on the National Register of Historic Places, or be included on a state or local listing to qualify for incentives. It is not required that the City approve or initiate an application for National Register recognition. The process for placing an eligible property on the National Register may be initiated by any individual or organizational entity. However,

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the City will support the efforts of such groups or individuals in having historic resources placed on the National Register.

The City should investigate the feasibility of a local historic registry program, in coordination with local historic preservation organizations. Such a program will be voluntary: any property that is placed on a local register must be done with the owner's consent.

Table 7-1 summarizes the preservation strategies outlined in this plan, and how they may be applied to the various significance categories of the historic resources.

Table 7-1

### Historic Preservation Strategies Matrix

Applicable Program/Activity	National Landmark Eligible (1-4)	Local Landmark Eligible (5)	Structures of Merit (6a2)	Of Contextual Value (6a3)
CEQA Review	√	√	√	
Design Recommendations	√	√	√	√
Development Standards	√	√	√	√
Parking Standards	√	√	√	√
State Historic Building Code	√	√	√	
Federal Tax Credits	√ <sup>1</sup>	√ <sup>2</sup>	√ <sup>2</sup>	√ <sup>2</sup>
Federal Tax Deduction for Charitable Easement	√ <sup>1</sup>			
Mills Act Property Tax Adjustment	√ <sup>3</sup>	√ <sup>3</sup>		
CDBG Eligible Funding	√	√	√	
Facade Grant Program	√	√	√	√
Fee Waivers	√	√	√	

<sup>1</sup> Must be Listed on the National Register of Historic Places.

<sup>2</sup> A 10% tax credit is available to commercial structures built before 1936.

<sup>3</sup> Must be listed on a national, state, or local historic register.

**A. Tax Credits**

Perhaps the most common preservation incentive takes the form of income tax credits. The federal Tax Reform Act of 1986 provides a tax credit equal to 20% of rehabilitation costs for commercial structures and rental residential buildings. To be eligible, the structure must be listed on the National Register of Historic Places or located within a certified historic district. For structures not on the National Register but which were placed in service before 1936, a 10% tax credit is available. Rehabilitation work must conform to the guidelines established by the Secretary of the Interior for historic structures. Certification requests of rehabilitation work are made through the State Office of Historic Preservation; certifications are issued by the National Park Service.

The credit (either 20% or 10%) is available to the taxpayer for five years from date of completion of rehabilitation work. Rehabilitated property may be depreciated over 27.5 years.

An investment tax credit is also available for substantial rehabilitation of low income housing properties. To be eligible for the credit, rehabilitation must meet certain tests relating to cost per unit, number of units occupied by households with income below area median income, and a 15-year compliance period. The credit amounts to 9% of rehabilitation costs for ten years.

For structures listed on the National Register, no action by the City is required for implementation of this strategy. However, the City and community may promote the availability of this program in coordination with local historic preservation groups.

**B. Tax Deductions**

Certified historic structures that grant a facade easement as a charitable contribution may deduct the calculated loss in property value from their federal income tax liability. Owners of qualified structures listed on the National Register may deed building facades to nonprofit or government entities in exchange for the deduction. The property owner must maintain the facade and preserve its historic value.

**C. Mills Act**

The Mills Act Tax Adjustment (California Government Code 50280 et seq.) allows cities to enter into contracts with owners of qualified historic properties to provide for their restoration and maintenance in exchange for a property tax reduction. In order to qualify, as with other incentive programs, the property must be a registered National or local landmark and rehabilitation work must conform to the standards established by the State Office of Historic Preservation. Periodic inspections of the property by the County Assessor, Department of Parks and Recreation, and the State Board of Equalization may be necessary to ensure continued compliance with the contract.

Mills Act contracts generally are effective for a period of 10 years, with a provision for automatic annual renewals after the initial time period. Depending on the specific circumstances of a property (commercial vs.

residential use, mortgage interest rates, etc.), Mills Act tax reductions can be considerable.

Implementation of this strategy would be done on a case-by-case basis, at the initiation of a property owner. The community may promote the availability of this program in coordination with local preservation groups.

**D. Community Development Block Grants (CDBG)**

Certain rehabilitation projects can qualify for low-interest loans or grants through the CDBG program. Qualifying projects must meet a "national objective" such as providing affordable housing opportunities or improving targeted areas of "blight", as defined by the Department of Housing and Urban Development (HUD). The City currently applies its CDBG allocation primarily to serving low-income households.

To qualify for historic rehabilitation funds, in addition to meeting a national objective, properties must be either listed or eligible for listing on the National Register of Historic places; be designated as a state or local landmark by appropriate law or ordinance; or be listed in a state or local inventory of historic places. In allocating CDBG funds, the City will consider granting preference to projects affecting historically significant structures that also provide affordable housing opportunities. Furthermore, it is hereby established as City policy that any CDBG project affecting an historic site or structure must not result in any significant negative impacts to the historic resource.

Implementation of this strategy would require that the City consider establishing criteria for evaluating and prioritizing CDBG allocations to projects involving historic rehabilitation.

**E. Facade Grant Program**

Over the years, the Downtown Encinitas Mainstreet Association (DEMA) has administered a grant program to assist Downtown merchants in rehabilitating their storefronts. The City should consider supporting a similar program for the North 101 Corridor Specific Plan area businesses to encourage historic preservation and rehabilitation. Rehabilitation work shall comply substantially with accepted standards (State Office of Historic Preservation) and should be consistent with the design recommendations of this Specific Plan. Such a grant program may potentially be funded through the City's General Fund or through CDBG allocations.

Implementation of this strategy would require funding support from the City, and administration by a qualified organization such as DEMA.

**F. Fee Waivers**

In order to encourage historic rehabilitation, the City could consider reductions or waivers of processing fees for building permits or design review. Fees may be paid from specially earmarked funds from the General Fund or other eligible sources. Implementation of this strategy would require that the City review which processing fees and which types of projects may be eligible for waivers and/or reductions.

**7.3.4 ADDITIONAL MEASURES**

**A. Historic Preservation Ordinance and Commission**

In the future, the City may find it desirable or necessary to establish an historic Preservation Ordinance and/or Commission in order to further coordinate and implement city-wide preservation strategies. An Historic Preservation Commission (HPC) can have several advantages. It can seek various funding sources and develop additional preservation programs, as well as implement those programs outlined in this Plan. With members meeting certain qualifications, it can enable Encinitas to become part of the Certified Local Government (CLG) program. CLG status will enable the City to qualify for certain other grant funds from the federal government earmarked specifically for the CLG program. These funds can be used to finance a number of preservation programs. Participation in the Certified Local Government program gives preservationists access to technical support from the Office of Historic Preservation and other sources.

A Commission would also have the expertise to review projects that affect historic properties. It could review historic resources to determine their historic significance; review National Register applications; make recommendations to the State Office of Historic Preservation; and play a key role in local landmark designation, should the City wish to consider such designation.

Establishment of an Historic Preservation Commission is not required by this specific plan, but would be consistent with the policies and programs of this plan.

**B. Education Programs**

Any historic preservation program may include activities to make the community aware of, and appreciate its historic resources. This function is being performed, in part, by private groups such as the Encinitas Historical Society, the San Dieguito Heritage Museum, and Cottonwood Creek Conservancy. To further awareness of our historic resources, the City supports the efforts of such groups. As mentioned previously, such local organizations are instrumental in promoting and carrying out certain preservation strategies.

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