



# ***Agenda Report***

## ***Fullerton City Council***

**MEETING DATE:** FEBRUARY 3, 2026

**TO:** CITY COUNCIL / SUCCESSOR AGENCY

**SUBMITTED BY:** SUNAYANA THOMAS, DIRECTOR OF COMMUNITY AND ECONOMIC DEVELOPMENT

**PREPARED BY:** CHRIS SCHAEFER, AICP, PLANNING MANAGER  
BENJAMIN KOFF, ASSOCIATE PLANNER

**SUBJECT:** MILLS ACT CONTRACT BETWEEN CITY OF FULLERTON AND PROPERTY OWNERS OF HISTORIC PROPERTY AT 432 WEST BROOKDALE PLACE

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### **SUMMARY**

Consideration of a Mills Act Contract for historic property preservation, rehabilitation and maintenance of property located at 432 West Brookdale Place.

### **PROPOSED MOTION**

1. Adopt Resolution No. 2026-XXX.

RESOLUTION NO. 2026-XXX – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FULLERTON, CALIFORNIA, APPROVING A MILLS ACT CONTRACT BETWEEN THE CITY AND THE OWNER OF HISTORIC PROPERTY LOCATED AT 432 WEST BROOKDALE PLACE IN THE FORM OF AN HISTORIC PROPERTY PRESERVATION AGREEMENT

2. Authorize City Manager, or designee, to execute the historic property agreement and review subsequent updated schedules of improvements and maintenance items provided by the property owner pursuant to the Historic Property Preservation Agreement (Agreement) prior to the tenth anniversary of the Agreement and every tenth anniversary thereafter.

### **ALTERNATIVE OPTIONS**

- Approve the Proposed Motion
- Modify or deny proposed Mills Act Contract for subject property
- Other options brought by City Council.

## STAFF RECOMMENDATION

Staff recommends the Proposed Motion.

## CITY MANAGER REMARKS

None.

## PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statements:

- Fiscal and Organizational Stability
- Infrastructure and City Assets.

## FISCAL IMPACT

The City of Fullerton receives \$0.1564 of every \$1 of property taxes, with the remaining portion going to the County, school districts and special districts. The Mills Act Program results in a 15.64% reduction to the City general tax levy portion for each property with a Mills Act Agreement. The general levy property tax component does not include additional taxes such as special assessment charges and is not affected by Mills Act contracts.

The Orange County Assessor's Office calculates Mills Act property tax savings annually using a formula to calculate the property owner tax savings by determining the property annual net operating income by subtracting the projected rental income from property operating expenses (typically 30%). The annual net operating income is then divided by the state capitalization percentage rate, resulting in the new assessed value, otherwise known as the Restricted Value. The amount of annual property tax revenue loss to the City depends on the assessed valuation of the property once the subject property has entered a Mills Act contract. The Orange County Assessor's Office assesses values on January 1 each year. A property must enter a Mills Act contract by December 31 of the previous year to receive tax savings on the property.

The City may process no more than ten Mills Act contracts per calendar year, pursuant to Mills Act Program Guidelines. Additionally, City Council must adopt a resolution when the total number of approved Mills Act contracts reaches 50 to reauthorize the program and specify how many additional Mills Act contracts it will consider. The application for the 432 West Brookdale Place property is the first application submitted in the 2026 calendar year and the twelfth City property requesting a Contract.

The City would impose a 12.5% penalty of property assessed fair market value should the City find a property owner in breach of contract terms or the property owner petitions for immediate contract cancellation.

## BACKGROUND AND DISCUSSION

The Fullerton City Council adopted Resolution No. 2020-38 on April 21, 2020 establishing a Mills Act Program (Program) and associated Mills Act Program Guidelines authorizing local use of the Mills Act of 1972, as amended and codified in California Government

Code Sections 50280 through 50290 and Revenue Taxation Code Section 439. The Mills Act allows historic property owners to voluntarily enter contracts with the City to receive a property tax reduction in exchange for restoring and maintaining their historic property.

Mills Act contracts have a ten-year term and then automatically renew each year on the anniversary of contract approval. In effect, the contract is always ten years away from termination, unless the property owner or the City submits a notice of non-renewal at which point the contract would terminate at the end of the current ten-year term.

The Orange County Assessor's Office reassesses historic properties under a Mills Act contract to determine the Historical Property Value based on property income-producing potential and uses this to determine property taxes under the Mills Act contract. The amount of property tax reduction varies based on income-producing potential and current assessed value of each property.

The Fullerton General Plan (The Fullerton Plan) includes a Historic Preservation Chapter to guide historical resources preservation, protection, restoration and rehabilitation and reaffirm their continuing value as a resource contributing to the vitality and diversity of the present. The Fullerton Plan Short-Term Action Plan supports efforts to preserve historic resources and identifies Mills Act Program development and implementation to provide financial incentives to restore and preserve historic resources.

#### *Eligible Properties*

Revenue and Taxation Code Section 439 defines a "qualified historical property" as a privately owned property not exempt from property taxation and listed on any national, state or local historic register. The Fullerton Plan contains several historic designations based on the level of significance, including:

- National Register
- Local Landmark
- Significant Property
- Potential / Possible Significant Property
- Historic Districts / Preservation Zones.

Additional Eligibility Criteria identified by the City Program include:

- Property must be privately owned
- Property must be subject to property taxation
- Property must be residential in nature and use.

#### *Property Background*

Property owners Doralice Neves Ferreira and Nelson B. Abud applied for a Mills Act contract on September 18, 2025 for their property at 432 West Brookdale Place, located on the south side of Brookdale Place, approximately 245 feet east of North Richman Avenue (see Figure 1).

The property, constructed by Philip Nason Schmoker (P.N. Schmoker) in 1927, initially appears as an English Cottage style, however, it includes some decidedly Storybook Style elements. Schmoker preferred the Spanish Colonial Revival style above other architectural styles. This home provides a rare example of an English Cottage / Storybook Style home designed by Schmoker. Key architectural features of cottage / storybook homes often include a rolling uneven roofline, steep gables, stucco, brick or stone siding, prominent chimneys, casement windows, low doors and no porches. This architectural style was popular from 1920 to 1930.

432 West Brookdale Place is a privately owned residence located in the R-1-7.2P Zoning Designation categorized as a “One-Family Residential (7,200 square foot minimum lot size) Preservation” zone. The property falls under a qualified historic designation and meets additional Eligibility Criteria qualifying the property for Mills Act Contract consideration.

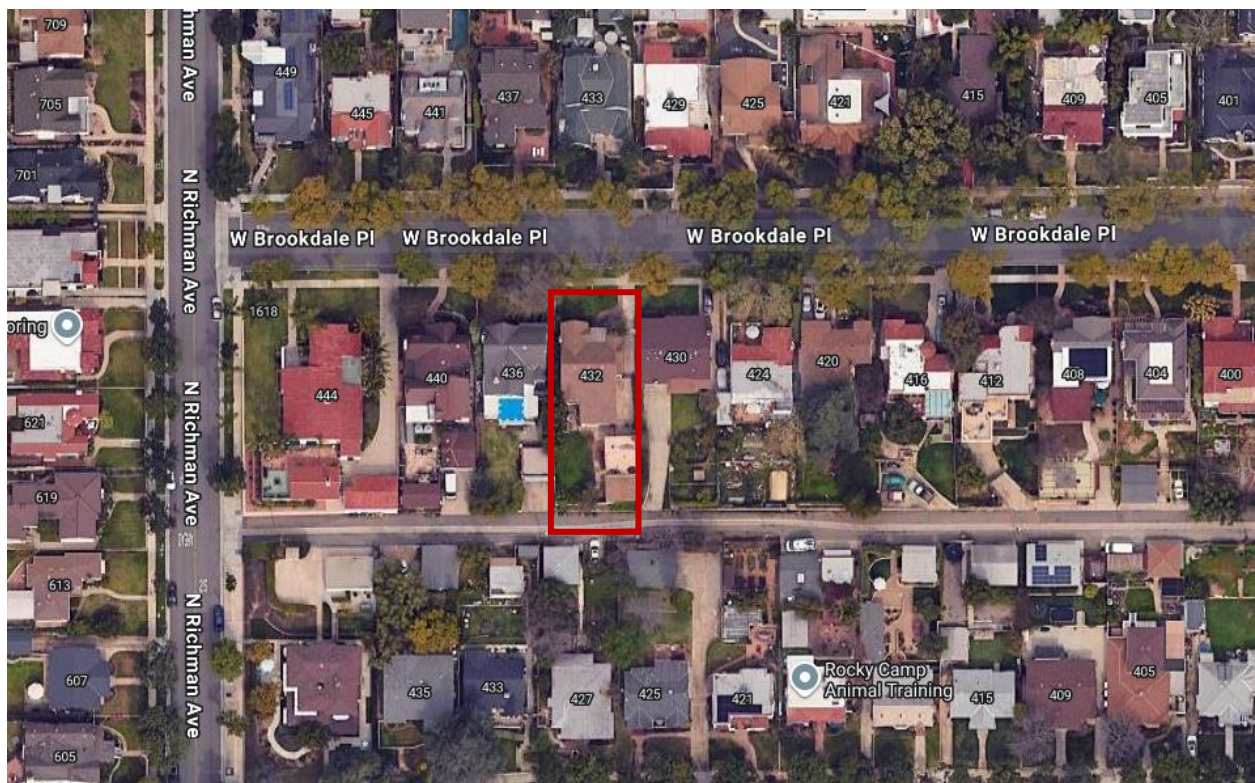


Figure 1

### *Existing Conditions*

Fullerton Heritage conducted a pre-application survey pursuant to adopted guidelines, determine and discuss whether the property would make a good candidate for a Mills Act Contract. A member of Fullerton Heritage met with the property owner, took pictures of the property exterior and provided documentation to the City of Fullerton Planning Division. Fullerton Heritage made considerations regarding areas that may have lost historic integrity and unsightly or unkempt areas including:

- Inappropriate landscaping

- Incompatible fencing in front or side yards
- Architectural features that were not historic features of the residence
- Mechanical equipment.

Staff conducted a pre-contract property inspection on December 11, 2025. A thorough walk-through of the property exterior revealed that, while the property qualifies for Mills Act Contract consideration, the property has missing and/or obscured architectural features that detract from the historic nature of the home including:

- Schmoker's homes were always white, with a contrasting trim color. Only two colors were used. The yellow and brown color combination currently applied to the home is inappropriate.
- Schmoker's homes were always a smooth stucco white. A thick texture has been added to the exterior. It is removable and new stucco can be applied.
- The additions visible from the driveway are not appropriate to the architectural style of the dwelling. While additions are certainly acceptable, in this case, wood siding instead of stucco was used. The stairs to the space on top of the garage should be stucco as well. The additions fight with the original architecture.
- Cottage and Storybook homes had little or no porches. A brick porch, plus some overhanging structure, has been added making the front façade out of balance, diminishing the turret. The original cottage light near the front entrance has been removed and replaced with a period inappropriate Victorian-styled light and matching lights placed on either side of the added partial brick wall. The faux porch is dark, hiding windows and doors.
- The arch over the driveway, the fence at the bottom of the driveway and the bay / bow window above the driveway are not historically appropriate.





Figure 2

Staff incorporated findings from the pre-contract inspection in the Conditions of Approval (COA). The proposed COA seeks to restore the original, defining characteristics of the property and requires the applicant to complete corrective measures prior to executing the Historic Preservation Agreement between the City of Fullerton and the owner of the property.

#### *Mills Act Contract*

The Mills Act Contract does not require properties to return a building to its appearance during a specific historic period. However, work completed on the property should support long-term preservation of the building and conform with the Secretary of Interior's Standards for Rehabilitation. All work must relate to the exterior or building systems.

The City requires Mills Act Contract applicants to submit a description of work, timeline and cost estimates for the property rehabilitation during the first ten-year term of the contract. The Rehabilitation / Maintenance Plan (Attachment 3, Exhibit D) provides a ten-year work plan. The Mills Act Contract between the property owner and the City of Fullerton includes the Rehabilitation / Maintenance Plan as an attachment and becomes binding on all future property owners. The proposed Rehabilitation /Maintenance Plan identifies qualifying exterior improvements.

The owners would need to submit a report to the City each year after executing the Mills Act Contract to demonstrate progress of the Rehabilitation / Maintenance Plan and to demonstrate compliance with the contract terms. The owners must obtain any

necessary building permits required for on-going rehabilitation work and for any long-term maintenance work.

*Property Tax Revenue Impacts*

Staff analyzed the property tax reduction resulting from this Mills Act Contract, based on the Tax Assessment Worksheet (Attachment 4,) and using the income method described in the Mills Act Program Guidelines. The following provides an estimate of the reduction of property taxes the City would receive from this property if City Council approves the contract:

Fullerton's Share of the Property Tax Estimated from this Property	Before Mills Act (Estimate)	After Mills Act (Estimate)
432 West Brookdale Place	\$1,743.13	\$517.87

The assessors estimate indicates the City would receive approximately \$1,225.26 less per year in property taxes (\$12,252.60 after ten years) with this contract. Over the initial ten-year term, the estimated tax reduction to all taxing entities totals \$80,143.20. The proposed rehabilitation budget for the same period totals \$58,600.

Attachments:

- Attachment 1 – PowerPoint Presentation
- Attachment 2 – Draft City Council Resolution No. 2026-XXX
- Attachment 3 – Tax Assessment Worksheet

cc: Interim City Manager Eddie Manfro