

August 25, 2020

CHAIR AND CULTURAL HERITAGE COMMISSIONERS

City of Long Beach
California

RECOMMENDATION:

Recommend that the City Council approve Mills Act contracts for the following 10 properties: 2711 E. 1st Street, 1728 E. 3rd Street, 3013 E. 6th Street, 714 E. 37th Street, 2111 Eucalyptus Avenue, 1538 E. Hellman Street, 299 Kennebec Avenue, 1128 Magnolia Avenue, 742 Orange Avenue, 401-423 Pine Avenue. (Districts 1, 2, 3, 6, 7)

APPLICANT: Various

THE REQUEST

The Department of Development Services requests that the Cultural Heritage Commission recommend that the City Council approve a total of 10 Mills Act contracts. Together, the applications consist of seven single-family properties, one duplex property, and two multifamily residential properties, (Exhibit A- Location Map). In consideration of the tax abatement provided, each property owner has proposed a workplan to rehabilitate their historic structures and maintain them over the ten-year contract term (Exhibit B – Workplans).

2020 MILLS ACT APPLICATION SUMMARY

The City received 22 Mills Act applications this year. Similar to previous years, evaluation of these applications have been divided into two batches: those that are already designated historic landmarks or are located within a historic landmark district and those that are not and thus also require landmark designation in order to be eligible for Mills Act. The following table shows the status of the 22 applications. With the subject action, staff is recommending action on 16 of the 22 applications. Staff will provide recommendations for the six remaining applications for the Commission to consider at the next meeting.



Table 1: Summary of Status of Application

Application Status	Number
Recommended for Mills Act Contract	10
Not Recommended	6
Pending Further Review	6
Total Applications	22

BACKGROUND

The Mills Act, enacted by State law in 1972, allows local governments to enter into tax abatement contracts with property owners of historic structures. Property owners agree to restore, maintain, and preserve the property in accordance with specific historic preservation standards and conditions identified in the contract. Entering into a Mills Act contract results in a property tax reassessment by the County Assessor, using the income-capitalization method, which may result in a 30 to 50 percent reduction in property tax.

This is the sixth year the City of Long Beach has opened the application cycle since it was suspended in 2006. With each year, Development Services staff continues to evaluate the process to provide the Cultural Heritage Commission with feedback of how previous modifications to the program have affected the program and process.

Unlike previous application cycles, this year's community outreach efforts by the Planning Bureau were partially interrupted by the pandemic. Notices were mailed to all owners of historic district properties and historic Landmark properties notifying them of upcoming Mills Act workshops. The workshops were also advertised on social media this year, which was not done in past application cycles. Ultimately, one workshop was conducted at the Long Beach Gas & Oil auditorium on February 21, 2020 and was attended by over 140 people. A second planned workshop that was scheduled for March 14, 2020 had to be canceled. As a result of this workshop cancellation, the application period was extended to allow prospective applicants time to file applications.

There are six properties requesting landmark designation through this process. Of those six properties, three are located outside of a historic district; two properties are located in historic districts and are under the established property valuation criteria; and a third property is located in a historic district but exceeds the property valuation limit. In order to be eligible for the Mills Act, the property has to be located within a historic district or be a designated historic landmark property and meet property valuation caps or limits based property type, i.e. Single-Family, Duplex or Triplex, Multifamily or Non-Residential.

These six properties seeking landmark status in order to be eligible for the Mills Act program will be reviewed at separate Cultural Heritage Commission meeting to allow staff additional time to review the landmark nominations. Recommendations for both Mills Act and Landmark eligibility will be presented to the Commission concurrently at a future meeting.

2020 Application Cycle Summary

Under the existing program requirements, a total of 22 new Mills Act contracts can be awarded in an application cycle based on application categories. Application categories are based on property type and have a corresponding annual limit on the number of contracts that can be awarded under each property type. A maximum of 12 contracts can be awarded per year to single family properties, three contracts per year for duplex or triplex properties, four contracts to multifamily properties with 4 units or greater, one contract each to non-residential (commercial, industrial, and institutional) properties, and two contracts regardless of property type if the property is deemed to be of exceptional architecture, culturally significant or at risk of demolition.

To be eligible for the Mills Act program, a building must be designated as a landmark, be eligible for landmark designation, or be a contributing structure located in a historic district. The Commission also added a category for buildings that are exceptional architectural buildings, culturally significant, or at risk of demolition.

Table 2 provides a summary of the applications that are recommended for approval that are currently designated historic landmarks.

Table 2. Recommended Applications For Current Landmark Properties

Landmark Building Name	Address	Building Type	Historic District
El Cordova	1728 E. 3rd Street	Multifamily residential	N/A
Walker's Department Store Building	401-423 Pine Avenue	Mixed-Use (residential and commercial)	N/A

Table 3 summarizes the applications that require evaluation of both eligibility for historic landmark designation and Mills Act contracts that are still pending review.

Table 3. Applications Requesting Mills Act and Landmark Designation

Historic District	Address	Building Type	Historic Associations and Significance
Carroll Park	2333 Carroll Park West	Single Family	Associations for historic significance to be determined
N/A	4204 Cedar Avenue	Single Family	Association with architect Ed Killingsworth. Jules Brady (Case Study House #25, Killingsworth Office, CSULB)
N/A	29 Kennebec Avenue	Single Family	Association with Dr. Harriman Jones
N/A	20 Lindero Avenue	Single Family	Associated with architects W. Horace Austin, Harvey Lochridge

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N/A	244 Mira Mar Avenue	Single Family	Association with builder Miner Smith
N/A	262 Newport Avenue	Single Family	Association with builder Miner Smith

Mills Act by the Numbers: Geographic Distribution

Application information by historic district and council district are included in this report to illustrate the geographic distribution of applications within the City. The City received applications from nine out of 18 historic districts, and 6 out of 9 council districts. The largest single source of applications received this year are for properties located in the Bluff Park Historic District. Applications for properties located outside of historic districts also represented a significant portion of the total applications. By Council District, most applications submitted were by property owners located in Council Districts 2 and 3. Tables 4 and 5 summarize geographic distribution among historic districts and Council Districts represented in this year's application cycle.

Table 4. Mills Act Applications by Historic District

Applications By Historic District	
Bluff Heights	1
Bluff Park	5
California Heights	1
Carroll Park	1
Drake Park/Willmore City	2
Hellman Craftsman	2
Rose Park South	2
Sunrise Boulevard	1
Wrigley	2
Not Located Within a Historic District	5
TOTAL	22

Table 5. Mills Act Applications by Council District

Applications By Council District	
CD1	3
CD2	7
CD3	7

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CD4	0
CD5	0
CD6	3
CD7	1
CD8	1
CD9	0
TOTAL	22

The above tables illustrate that most applications filed are from properties located in the southern part of the City. While there are historic properties throughout Long Beach, historically the southern part of the City was developed first and retains the City's larger concentrations of historic building stock, which explains why there is a preponderance of applications in Council Districts 2 and 3.

Number of Applications By Property Type

Of the 22 Mills Act applications, filed this year, 15 are in the single-family category. No applications were received for the category of non-residential properties, which includes commercial, industrial and institutional property types. Table 6 below shows the distribution and number of applications by property type and compares that to the limits by property type.

Table 6. 2020 Applications Under Consideration

Property Type	Max Contracts Allowed Per Year (Adopted Guidelines)	2020 Applications Filed	2020 Applications Not Recommended	2020 Applications Recommended	2020 Pending Applications
Single Family Residential (1 dwelling unit)	12	15	4	7	4
Duplex or Triplex Residential (2 or 3 dwelling units)	3	4	1	1	2
Multi-family Residential or Mixed-Residential/Commercial (4 or more dwelling units)	4	3	1	2	0
Non-Residential (Commercial, Industrial, or Institutional)	1	0	0	0	0
Exceptional Architecture,	2	0	0	0	0

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Culturally Significant or At-Risk for Demo					
TOTAL	22	22	6	10	6*

* 6 pending applications for combined Landmark and Mills Act designation will be presented at a separate CHC meeting.

Current Action

As noted previously, the current staff recommendation applies to 16 of the 22 applications. Staff is recommending ten (10) contracts be awarded and six (6) contracts be rejected through this action. While a more detailed rationale for the recommendations is provided below, generally, the primary reasons for rejecting applications is that the proposed workplans were not as thorough and competitive as other applications received and/or the properties are already in good shape and do not need substantial repair and restoration.

Applications Recommended for Approval

Applications in this year's application cycle reflect a broad range of improvements, from major systems upgrades to roof improvements that preserve the longevity of the structures. Several of this year's workplans include exterior cladding, repairs due to moisture, window rehabilitation and foundation work.

2020 MILLS ACT APPLICATIONS

Following is a description of the workplans for each of the properties for which Staff is recommending Mills Act contract approval:

1. **2711 E. 1st Street** – The structure at this location is two-story single-family residence built in 1909. The building features a side gable roof and 2nd floor shed roof and porch. The workplan items proposed include major repairs, including foundation repair; sewer line replacement; electrical service improvements; termite abatement; removal of non-period metal features; and replacement of non-period windows.
2. **1728 E. 3rd Street (Landmark –El Cordova/Rose Towers)** – This Spanish Colonial style multi-family property is a designated historic landmark known as the El Cordova, which was built in 1928. The building is a condominium with individual unit ownership and was previously granted a Mills Act contract that has expired. The contract was previously granted prior to the policy change requiring 100% participation from all individual unit owners. This application adds those individual units not included in the previous contract and proposes having full participation from all 20 dwelling units in the building. The workplan includes resealing the upper courtyard area to address drainage and leaks; repair of damaged areas due to water infiltration; paint and repair of all exterior building woodwork; repair of damaged wrought iron railing at balconies; inspection and repair of balconies for leaks and water infiltration; repair and/or replacement of all damaged courtyard walkways; replacement of four non-period louver

windows at laundry room with new wood period appropriate casement windows; repair and/or replacement of deteriorating stairwell leading to upper floor units including damaged structural components; repair and reuse of original stair tiles; completing annual termite abatement and treatments; repair of damaged exterior stucco throughout building; and conducting annual inspections and repairs as necessary.

3. **3013 E. 6th Street** – The application for this single-family Cottage style residence, originally constructed in 1920, proposes a workplan that consists of replacement of front elevation vinyl windows with period appropriate wood windows; refinishing the front door; repairing a misaligned door frame; repairing and replacing damaged wood siding as needed; refinishing French doors; replacing roof with new period appropriate composition shingle; installing new ceiling insulation; replacing knob and tube electrical; and remove slump and leveling drain to the sewer in back of house.
4. **714 E. 37th Street** – This Tudor style single family house located in the California Heights Historic District was originally constructed in 1920. The workplan for this structure includes tenting and fumigation of the house & garage; replacement of south facing double hung windows and repair of wood rot in others; replacement of non-period sliding doors with new French doors; repair and replacement of all remaining wood damage including door frames, gates, fences, window frame; removal and patching of crumbling plaster; replacement of electrical with new panel; repair and replacement of foundation piers/post and fastening to the foundation; roof replacement of house & garage; replacement of vent pipes; repair and replacement of damaged original walkways; and restoration of outside lighting and hardware to period appropriate style.
5. **2111 Eucalyptus Avenue** – A The structure at this location is a Tudor style residence constructed in 1928 and located in the Wrigley Historic District. The workplan includes replacement of the building's roof; repair of damaged fascia; removal of non-original porch and replacement with a fabric awning; replacement of a main front window with a period appropriate window; and completion of an earthquake retrofit to the building foundation.
6. **1538 E. Hellman Street** – This bungalow residence was constructed in 1921. The workplan includes the installation of new attic insulation; installation of new venting and temperature controls; removal of a Ficus tree and root system damaging the foundation; removal of a driveway that has caused site drainage issues and foundation damage; regrading and pouring new driveway to resolve drainage impacts to foundation; installation of sump pump under house to address flooding issues; installation of new sewer line from house to street to replace clay line; resealing of roof penetrations for waterproofing; bolting foundation to house; replacing two brick pier supports; termite fumigation; repair of termite damage on exterior; and painting the building in new period appropriate paint colors.

7. **299 Kennebec Avenue** – This property consists of a single duplex building in a Spanish Colonial style constructed in 1930. The workplan includes replacement of the flat roof and repair of damaged tiles as needed; repair of leaks in two fireplaces; restoration and/or replacement of downspouts; repair and/or replacement of damaged patio drains as necessary; replacement of all building plumbing; replacement of the water heater; repair columns and footings; a seismic retrofit of the building foundation; repair of termite and dry rot damage in garage; replacement of knob and tube electrical system; and trimming back and/or replacing invasive vegetation encroaching on and extending over the structure.
8. **1128 Magnolia Avenue** – Constructed in 1922, this Craftsman Bungalow retains most of its character defining features including the signature dual gable front facade and porch. The workplan proposed includes repair of dry rot and termite damaged wood siding throughout the building; painting the building in period appropriate paint colors; repair of the front porch wood columns; repair and repointing of original brick porch piers; repair of brick chimney; sealing roof penetrations; waterproofing and replacing flashing; repair of original wood window finish; and rehabilitation of windows throughout to operable condition.
9. **742 Orange Avenue** – The subject structure is a Craftsman Bungalow constructed in 1909. The workplan includes repair of exterior wood siding, casework and soffits; treatment of areas of water or termite damage; caulking gaps as needed; fixing doors and windows, and damaged cracked panes; repair of sash window systems to make operable 10 windows; re-glazing windows (15 total); installing weather proofing; repair of backdoor frame alignment; repainting the exterior house, and two detached structures with period appropriate colors; repair of breaks and cracks in stucco perimeter of the house; fixing damaged vent windows; sealing gaps to prevent water intrusion; installing a drainage system around building perimeter; installing a French drain; reroofing the main house; removing front porch enclosure; removing door at porch enclosure; removing electrical; removing current windows from porch enclosures; repairing tapered columns; installing new front window; reinforcing foundation bypass; and reinforcing building foundation post and piers.
10. **401 – 423 Pine Avenue** – This building is a designated landmark building known as the Walker's Department Store building. The building is a former location of Walker's Department in downtown Long Beach. The building was designed by the architecture firm of Meyer and Holler who have notable works that include Grauman's Chinese and Egyptian Theaters in Los Angeles. In Long Beach, their work includes the Ocean Center Building, Long Beach Museum of Art, and the Fox West Coast Theater. The workplan includes all windows to be inspected and repaired; wood windows removed, sanded and repainted; patching and treating wood; replacement of broken glass and restoration of operability; for steel windows, removal of rust, flaking and excessive paint and replacement of broken glass; replacing of missing hardware, and lubrication of all operable parts; repair of spalling on exterior walls and pilaster; repair and replacement of exterior concrete with compatible finish; inspection of all decorative exterior

medallions for cracks; and/or replacement of medallions by creating reproduction molds; inspection of the crenellated parapet wall at roof; general cleaning of parapet wall; repair of cracks in parapet wall; repainting of the building exterior to current color palette; rosettes will be painted a darker brown color as previously painted; inspection of basement level damage and addressing water intrusion problems from prior penetrations; cleaning and repair of the metal and neon "The Walker's" sign as needed; repainting and reinstallation of sign on metal canopy; the sign will be mounted on canopy fascia facing Pine Avenue; relocation of metal fascia from Pine Avenue canopy awning to its original location on 4th street canopy; recreation of missing original rosettes to be applied to metal fascia panel; creation of new reproduction molds to match original and mounting per original photos. The application includes participation from 56 of the 57 total individually owned units.

APPLICATIONS NOT RECOMMENDED FOR AWARD THIS YEAR

Most applications this year included important workplan items. Applications that included a comprehensive scope of work including "major" repair items and workplan items that reversed non-period exterior modifications and/or restored original architectural features were given strong consideration. Repairs that improve the condition of the structure for the long term were also the focus of applications that staff is recommending for Mills Act approval from the Commission. Applications that included limited work plan items or no major repairs were not recommended for consideration. Generally, staff found these properties were in good to fair condition and have already had more substantial repairs or where the scope of the workplans were limited and did not address the more long-term needs of the subject properties.

Awarding contracts with insufficient workplans is, in staff's evaluation, inappropriate in comparison to the property owner benefit and cost of the contract to the City in the form of lost property taxes. It is also inequitable to require extensive workplans of some and not other applicants.

1. **3039 E. 2nd Street-** This application is for a single-family residence constructed in 1946. The workplan was not as competitive as other applications. The workplan does include replacement of double hung windows, driveway replacement, fence replacement and new landscaping. Most workplan items were not focused on the building itself, but instead intended for other parts of the property. While the proposed workplan items are important, they really are not consistent with the objective and purpose of building restoration and preservation.
2. **2100 Eucalyptus Avenue –** This Spanish style building was originally constructed as a single-family residence in 1930. The workplan includes restoration of 2nd floor metal casement windows; repair and/or replacement of stucco as needed; and the addition of structural shear load reinforcement to house. The workplan was not as comprehensive or as competitive as other more robust workplans in this year's application cycle.

3. **627 Molino Avenue** – The original structure was constructed in 1911 as a single-family residence. A two-story addition consisting of two additional dwelling units were added to the rear of the existing building in 2003. The workplan includes partial foundation repair, replacement of non-period windows; repair and resealing of porch floor; and patching of wood siding damaged by dry rot and termites. The workplan items proposed involve important work, but the application is not as comprehensive as other applications in terms of the proposed building improvements. The program objective is to award contracts to properties with comprehensive workplans, and this workplan is narrow in focus. The property also includes a considerable rear addition. While such additions can be permitted under the Cultural Heritage Commission ordinance, the property does not contain the higher level of integrity suitable for a Mills Act contract award.
4. **437 Obispo Avenue** – This is a Craftsman Bungalow single family residence constructed in 1915. The workplan includes painting the building exterior in a period appropriate building color scheme; repair of exterior brick masonry at porch; replacement of missing bricks and replacement of missing mortar; repair/replacement of foundation pier supports; removal of remaining galvanized or cast iron plumbing and replacement with new code compliant plumbing; and removal of a Ficus tree at the rear of the property which is damaging the garage foundation. Staff's evaluation of this application is that the building appears to be in good condition and the workplan was not as strong or as competitive as other applications that had more robust workplans. Therefore, staff is not recommending approval of this application.
5. **710 Sunrise Boulevard** – This two-story building was constructed in 1925 and relocated from the Bluff Park neighborhood to its current location in 1954. The workplan includes repair of damaged exterior wood materials including windows and balcony, columns/posts; window re-glazing repair of exterior stucco; repainting the building; refinishing and restoring elements such as exterior lighting and the front door; and repairing damaged roof tiles. Other elements of the proposed workplan such as investigating past roof leaks and attic ventilation; refurbishing and/or replacing gutters and improved groundwater drainage; repair of windows and a fireplace, replacement of a water heater, and replacing gutters and addressing site drainage issues constitute general home maintenance and repairs and are not improvements to major critical systems that would extend the longevity of the structure. As such, it is not as robust a workplan as compared to a number of other applications submitted this year.
6. **1247 N. Loma Vista Drive** - This property has two detached residential buildings and a freestanding garage. The workplan addressed some work on the primary structure but did not propose work to the middle building which is also historic. There is also an open enforcement case on the property which the applicant was notified about but has not yet resolved. Resolving the enforcement action and a more comprehensive workplan may make this property a better candidate in next year's cycle.

Policy Changes for the 2020 Program

In 2014, the Cultural Heritage Commission, developed policies and restrictions for the Mills Act program that were approved by the City Council in 2015. These policies established application periods, guidance for property type categories, property value limits, and overarching policies for the direction of the Mills Act program.

Despite the pandemic, the City received 22 total applications this year which exceeds the 19 total applications received last year. The first workshop was well attended and there is still considerable interest in the program.

Planning Bureau staff does not have recommended policy changes this year, but we are planning to improve outreach efforts. In the near term, staff expects to pursue a variety of outreach efforts to identify culturally significant properties and to be proactive invite applications for properties that may be eligible under the exceptional architectural category and historic resources that may be at risk of demolition, using strategies such as working with community advocates to help identify potential candidates for Mills Act and landmark designation and a direct outreach campaign for properties that may be eligible under the exceptional architectural category.

Review of existing Mills Act contracts for compliance with the terms of the contract is currently underway. Through this compliance review process some contracts may not be renewed depending on compliance with the terms and whether the building still necessitates work to merit contract renewal. Non-renewal of some Mills Act contracts will free up the City's capacity to add new contracts on properties where more substantial work is needed. In future years, the City may update the local hire/purchase provisions of the Mills Act as well as the valuation limits and fees as the City responds to an evolving change in financial circumstance. The effects of the COVID-19 pandemic, its impacts to the City budget and the implications for the Mills Act program in the near term are unknown at this time. Staff will monitor relevant legislative and administrative actions of the City and tailor key program elements and outreach efforts accordingly.

PUBLIC HEARING NOTICE

Public notices are not required for the recommendation to City Council to award Mills Act contracts.

ENVIRONMENTAL REVIEW

In accordance with the 15331 Guidelines for Implementation of the California Environmental Quality Act (CEQA), environmental review is not required for actions taken for the preservation or restoration of historic structures.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Alejandro Plascencia'.

ALEJANDRO PLASCENCIA
PRESERVATION PLANNER

A handwritten signature in blue ink, appearing to read 'Patricia A. Diefenderfer'.

PATRICIA A. DIEFENDERFER, AICP
ADVANCE PLANNING OFFICER

A handwritten signature in blue ink, appearing to read 'Christopher Koontz'.

CHRISTOPHER KOONTZ, AICP
DEPUTY DIRECTOR OF DEVELOPMENT SERVICES

CK: PD: AP

Attachments: Exhibit A – Location Map
Exhibit B – Workplans