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Date	Ver.	Action By	Action	Result
10/22/2019	1	City Council	approve recommendation	Pass

Recommendation to authorize City Manager, or designee, to execute Mills Act historic property contracts with owners of 11 historic properties. (Districts 1,2,3,6)

The Mills Act was enacted by State law in 1972 and allows local governments to enter into tax abatement contracts with property owners of historic structures. Under the law, 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.

City Council established a local Mills Act program (Program) in 1993. Between 1993 and 2006, the City awarded 31 contracts. In 2006, the program was put on hiatus, and reactivated on February 4, 2014 by the City Council. On January 6, 2015, the City Council approved guidelines and funding for the Program. The Program has been improved and eligibility requirements refined with each continuing application cycle. In 2015, only properties that were designated historic landmarks were eligible. In 2016, the eligibility requirements were expanded to include properties that were eligible to be designated as historic properties. In 2017, no changes were recommended. In 2018, a new category was created exempting properties that exhibit exceptional architectural significance, are culturally significant, or are at risk for demolition from otherwise applicable property valuation caps. The 2019 application cycle gave priority considerations to applicants from 2006 when the Program was suspended.

Mills Act contracts are executed between the City of Long Beach and the property owner for an initial term of ten years, with an annual automatic ten-year renewal, unless a request for non-renewal is made by either party. Long Beach maintains various mechanisms to bring a property into compliance and can terminate the contract if the property owner breaches any of the contract terms.

The Department of Development Services conducts an inspection prior to approval of each property eligible for the Program. To assure the property is receiving proper maintenance and rehabilitation is occurring in accordance with executed Mills Act contracts, staff inspects the properties every five years. .

The Mills Act application guide for the 2019 cycle was released to the public on February 8, 2019, and applications were due on March 29, 2019. A total of 19 applications were received prior to the deadline. At its meetings on June 10, 2019 and July 8, 2019, the Cultural Heritage Commission recommended approval of 11 Mills Act contracts (Attachment A).

Recommended applications from the 2019 Mills Act application cycle include the following:

1. **3200 E. 1st Street (Historic Landmark, District 3)** - This single-family Revival style structure was designed by the architecture firm of Dedrick and Bobbe, and built in 1924 by master builder Jay W. Burgin. Dedrick and Bobbe are recognized for designing the Bay Hotel building (Long Beach Landmark), and the demolished Barker Bros. Building (former Long Beach Landmark). The work plan will involve a variety of repairs, including but not limited to, installation of new roofing and new stucco, installation of preventative flashing, arcade entry ceiling repair, foundation repair at the rear corner of the building, installation of new building foundation, installation of new electrical system, replacement of all plumbing throughout the house, rehabilitation of original wood windows, and replacement of non-period aluminum windows with new period appropriate wood windows.
2. **5281 E. El Roble Street (Historic Landmark, District 3)** - This single-family building was constructed in 1951. The building was designed by noted master architect John Lautner, whose buildings are some of most well-regarded examples of mid-century modern architecture. This is the only known work by Lautner in Long Beach. The work plan will involve a variety of repairs, including but not limited to, repair or replacement of the roof, repair or replacement of damaged glazing on several floor-to-ceiling windows, and repaint the entire building its original color.
3. **326 W. 10th Street (District 1)** - This duplex building is a designated historic landmark known as the Parsonage Building, formerly at 640 Pacific Ave. In 2018, the Commission granted relocation of this structure to its current address and approved a restoration plan. Due to its direct association with the Bixby family, it is among one of the most important historic residential buildings associated with early Long Beach. Repair work started in July 2019. This year's work is ineligible for Mills Act property tax abatement, but the 2020 work plan is eligible. The work plan will involve a variety of repairs, including but not limited to, window restoration, wood siding repair and/or replacement as needed, restoration of original front door opening, new paint colors per forensic paint analysis, and refurbishment and restoration of 14 ornamental windows. This recommendation is conditional upon the owner obtaining a building permit to start construction. The City will only execute a contract if the owner obtains building permits

and demonstrates substantial construction progress on the project.

4. **520 Daisy Avenue (District 1)** - This single-family structure is one of the earliest examples of the American Foursquare style in the Drake Park/Willmore City historic district, originally constructed in 1904. The building is intact, but still in need of substantial work. The building requires foundation work to include new footings, new connectors, replacement of girders, piers and pillars, an earthquake retrofit, and jacking up the building to level it. Work also includes replacement of all knob and tube electrical wiring, service upgrade to a 200 amp electrical panel, tree trimming, dry rot and termite damage repairs to front porch, exterior siding and upper exterior deck repair, repair of double-hung windows and historic doors throughout the building, replacement of old galvanized pipes, new paint throughout the home, and repair or replacement of the composition roof for the house and garage.
5. **805 Maine Avenue (District 1)** - This triplex property has two Craftsman Bungalow style buildings and the original garage. The corner building is a duplex and the rear unit is a single-family dwelling. All structures are remarkably intact with original porches, entries, materials and ornamentation. The work plan includes foundation replacement, repair or reconstruction of the front porch to repair foundation settlement, repair of cracked sewer lines, repair of windows and windows frames on south walls due to building shifting, refurbishment of 45 windows, repair of front porch cracks and crumbling and deterioration of back unit, repair of termite damage and termite abatement, replacement of knob and tube electrical wiring in all structures, restoration/repair of wood siding, removal of non-period features, new period appropriate painting of all structures, and roof replacement of all structures.
6. **630 Obispo Avenue (District 2)** - This single-family residence and classic Craftsman Bungalow style building features a half-width porch and dual front gable roof. The work includes replacement of 11 aluminum frame windows with new period-appropriate wood windows, repair and/or replacement of damaged wood siding on three building sides, installation of wall insulation, exterior painting of house and garage in period appropriate colors, installation of new foundation support post beams where missing or deteriorated to support floor joists, re-center support post under beams, replace missing foundation fasteners/nails to secure framing, retrofit building foundation for earthquake safety, back-fill soil to prevent settling/shifting/moving, and replacement of deteriorated garage door with a period appropriate door.
7. **Ocean Center Building at 110 W. Ocean Boulevard (Historic Landmark, District 2)** - The Ocean Center building is a 13-story Italian Mediterranean style building that is a designated historic landmark designed by the architectural firm of Meyer and Holler known for the Grauman's Chinese Theater and the Egyptian Theater in Hollywood. The building was previously granted a Mills Act contract in 2015, however the award was contingent upon the owner obtaining building permits to convert the structure from office to multi-family residential, which never occurred. The new ownership is currently working towards obtaining permits to convert the building's upper floors to multi-family

residential use and commercial uses on the ground floor. Staff recommends a conditional approval, contingent obtaining a building permit and substantial construction progress is shown.

The new work plan includes repair and restoration of plaster walls, replacement of missing or broken clay tiles as necessary, removal of non-original features, repair of features such as finials, spires, parapets, and quoins, removal of non-period storefronts and wall in-fills, and restoration of original storefronts. The project will also involve refurbishment of all 544 metal casement windows, lead remediation, polish and repair of original vestibule and lobby floors and ceiling, restoration of elevators, including upgrades necessary to comply with current safety standards, upgrade of structural and shear wall systems, removal of lead and asbestos throughout the building, upgrades to the fire sprinkler and fire life safety systems, and upgrades to plumbing and HVAC systems to code-compliant standards throughout the building.

8. **631 Temple Avenue (District 2)** - This property consists of a single-family Craftsman constructed in 1919, and a non-historic duplex constructed behind the original historic building, that is not eligible. Proposed work includes, but is not limited to, various building code-compliance repairs, repair of incorrect drainage patterns that pool water at the foundation, replacement of outdated plumbing systems, replacement of heating system, replacement of cast stone finish on porch foundation, removal of non-period stucco from building, updating period-appropriate wood siding throughout the house, and repair of roof leaks.
9. **733 Walnut Avenue (District 2)** - This single-family property is a one-story Craftsman style building with a covered porch in the Hellman Craftsman Village Historic District. Proposed work includes, but not limited to, installation of new attic and wall insulation, bolting the house to the foundation for seismic retrofitting and earthquake safety, sealing of cracks in foundation and strapping together cracked sections, replacement of existing composition roof with new roof for house and garage, repainting of garage and house, and various window and door updates.
10. **2634 E. 1st Street (District 3)** - This two-story, single-family residence features a hip and roof gable, symmetrical façade, and arched entry porch. The building is intact and the work plan includes installation of a roof, repairs to water damage in the exterior stucco, inspection and replacement of drainpipes to resolve occasional sewer odors, replacement of water damage in exterior kitchen wall, plumbing repairs, repairs to and refurbishment of various windows and doors, repairs to and replacement of original galvanized iron interior water distribution pipes, and repainting of the entire building exterior with period-appropriate colors.
11. **730 E. Sunrise Boulevard (District 6)** - The Harnett House is a single-family residence and is a designated historic landmark. The stately two-story Craftsman style building was constructed in 1918 and is associated with the Harnett family, who had a long family history of civic engagement in Long Beach. The building is intact but needs

restoration. The proposed work plan includes termite and dry rot repairs on both house and garage, reroof of garage, upgrade of electrical service in the garage, removal of knob and tube wiring, replacement of aluminum kitchen window with a period appropriate wood window, repair of brick and mortar and addition of a chimney cap and spark arrestor, repair and/or replacement of damaged exterior siding and trim as needed, refurbishment of dining room French doors, removal of aluminum sliding door and replacement with wood French doors, undertaking an engineering evaluation to determine source of cracked brick at northwest porch column, repair/replacement of damaged wood siding on garage, repair of basement water damage and waterproofing of walls, and various updates and repairs to windows.

City staff evaluates the application process to improve the program periodically. In past years, requirements and policies have been refined in accordance with Cultural Heritage Commission recommendations. No program changes are recommended this year.

This matter was reviewed by Deputy City Attorney Erin Weesner-McKinley on October 4, 2019 and by Budget Management Officer Julissa Jose-Murray on September 23, 2019.

SUSTAINABILITY

Implementation of the Mills Act helps retain and restore local historic landmarks. This work often is completed by reusing or reclaiming existing building materials and reducing construction waste as compared to new construction.

City Council action on this matter is requested on October 22, 2019, to allow sufficient time for the City Attorney to draft contracts, the property owners and City Manager to execute the contracts, and for the contracts to be recorded prior to the December 31, 2019 deadline established by the Los Angeles County Assessor for placement on the tax rolls.

The Mills Act generally results in a 30 to 50 percent property tax reduction for a historic property, based on an approximate assessed value of \$16,456,897 for the proposed Mills Act historic properties. The City could experience a decrease of property tax revenue to the General Fund ranging from approximately \$10,368 to \$17,280 annually. For the initial 10-year term, the total decrease of property tax to the General Fund could range from approximately \$103,680 to \$172,800. The Mills Act contracts require improvements be made to the property, and include a local hire and procurement provision. Implementation of the work plan items may create unknown new offsetting sales and other tax revenues. Given the limited number of properties, the impact on job creation is anticipated to be limited. Implementation of the Mills Act program has no staffing impact beyond the normal budgeted scope of duties and is consistent with adopted City Council priorities.

Approve recommendation.

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LINDA F. TATUM, FAICP
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APPROVED:

THOMAS B. MODICA
ACTING CITY MANAGER