



Legislation Text

File #: 16-0756, **Version:** 1

Recommendation to request City Attorney to prepare ordinances to designate the properties located at 344 West 8th Street, 347 West 7th Street, 539 Daisy Avenue, 711 Daisy Avenue, 2202 East Lowena Drive, 2220 East Lowena Drive, 331 Wisconsin Avenue, 3943 East 5th Street, 1162 Los Altos Avenue, 14 Paloma Avenue, and 3020 East Vista Street as Long Beach Historical Landmarks;

Authorize City Manager to execute Mills Act historic property contracts with owners of 15 historic landmark properties; and

Adopt minor revisions to the Mills Act Guidelines effective January 1, 2017. (Citywide)

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.

The City Council established a local Mills Act program in 1993. Between 1993 and 2006, the City awarded 31 contracts. With each contract, the Development Services Department conducts an inspection of the property prior to contract execution and again every five years thereafter to ensure proper maintenance of the property. The contracts are between the City and the property owner, and the initial term is ten years with an annual automatic ten-year renewal, unless a request for non-renewal is made by either party. The City maintains various mechanisms to bring a property into compliance or terminate the contract and recover significant damages if the property owner breaches any of the contract terms.

On February 4, 2014, the City Council directed staff to resume the acceptance of new Mills Act applications. On January 6, 2015, the City Council approved guidelines and funding for the program. While the long-term goal of the Mills Act program is to rehabilitate and preserve existing and new landmark properties, the 2015 application period focused on existing landmark properties only, particularly past applications that were never processed by the City. Nine properties were awarded contracts during 2015.

The 2016 Mills Act cycle was open to all properties including those properties that do not currently have landmark status. Property owners had the opportunity to apply for landmark status and Mills Act in a single, combined application. The application guide was released on

February 25, 2016, and applications were due on April 1, 2016. A total of 24 complete applications were received prior to the deadline.

At its meeting on July 11, 2016, the Cultural Heritage Commission recommended Mills Act contracts for the following properties:

1. 100 West 5th Street (Kress Building)

This 1923 Thomas Franklin Power renaissance revival structure has won awards for its restoration and adaptive reuse as a mixed-use retail and loft residential building. The proposed improvements include essential drainage repairs, signage and paint restoration, as well as decking and walkway repairs that will extend the life of the structure.

2. 4031 East 5th Street (Ringheim/Wells House)

This 1907 single-family home is a well-preserved example of Victorian architecture in Long Beach. The proposed work plan includes window and structural repairs that will greatly extend the life of the structure, as well as maintenance and painting details that will assure all the features of the home are visible and enjoyed by all.

3. 800 East Ocean Boulevard (Villa Riviera)

One of the most iconic and important buildings in Long Beach, the 1927 French-Gothic Villa Riviera proposes lobby and hallway improvements, as well as critical maintenance and rehabilitation for the structure. Award of a new contract at this property will correct a decades-old problem of some condominium units in the building being covered by the Mills Act while others are not.

4. 260 East San Antonio Drive (Kuglis/Kennings House)

This property was recently landmarked by the City. The 1919 Colonial Revival home proposes to repair doors, windows and shutters to restore the original look of this stately single-family home.

5. 3943 East 5th Street

This 1920 (with 1930 remodel) Tudor Revival home has been documented as a significant part of Long Beach's history in publications ranging from its time of construction up to today. The home was designed by Joseph Halstead Roberts and also served as his studio. The proposed work plan includes masonry, foundation and systems upgrades that will greatly extend the lifetime and improve the health of this building.

6. 347 West 7th Street

This 1907 Queen Anne home is a great example of early development in Long Beach and sits upon a prominent corner location. The work plan includes essential electrical, paint and termite repairs that will extend the life of the structure. Staff is completing research that will help fill-in gaps in the structure's history such as prior occupants, architect and builder for the property.

7. 539 Daisy Avenue

This 1905 transitional bungalow has not only been saved from destruction but has been painstakingly restored to its former glory. The home was moved to its current location in 2008 and includes original details and features inside and out. The home was built and occupied by Mae and Frank Spaulding who were early contributors to Willmore City's shared history.

8. 711 Daisy Avenue

Built in 1911 as a craftsman single-family home, this property was purchased by Carrie Torrey for herself, her husband and children. Unusual for the period, the title and transactions were all recorded with Carrie as the sole owner. The home remains an unaltered quality example of Craftsman architecture in early Long Beach. The proposed work plan includes foundation repair that will greatly improve the stability and lifetime of the structure.

9. 2202 East Lowena Drive

Herbert N. Lowe designed this Chateausque apartment building as a low-rise yet exuberant style of living for early Long Beach residents. The 1919 structure is one of the few remaining Chateausque structures in the City. The substantial work plan includes seismic retrofitting, plumbing, window and building eve repairs that will rehabilitate the building and extend its life. Landmarking this structure with 2220 East Lowena is an opportunity to recognize and preserve Herbert Lowe's work side-by-side.

10. 2220 East Lowena Drive

This is a sister apartment building to 2202 Lowena but is substantially larger in scale and decoration. This two-story structure was built in 1926 on a former flower farm. The application includes upgrades to the foundation system and to building patios among other repairs. Landmarking both structures is an opportunity to recognize and preserve Herbert Lowe's work side-by-side.

11. 3020 East Vista Street

The second oldest on its block and a large Craftsman house within Bluff Heights, this 1913 single-family home has been occupied by several families that contributed to the local history of Long Beach. The first owner was local developer Hans M.E. Schroeter, followed later by William F. Huff. Huff was the principal at Carroll Park Elementary School (later known as Burbank Elementary thanks to Mr. Huff) and is acknowledged for initiating the "platoon" type of school organization, initiating the civil service system in Long Beach, as well as creating some of the first school cafeterias and libraries west of the Mississippi River.

12. 331 Wisconsin Avenue

This 1919 Craftsman Bungalow in Bluff Heights provides a prime example of two homes on one lot that are both intact and in great condition. The proposed work plan will resolve drainage and plumbing issues that could otherwise damage the home. Additional research

regarding the home's construction and past occupants is ongoing.

13. 344 West 8th Street

Among the oldest (and possibly the oldest) remaining corner store in Long Beach, this 1915 structure is actually mixed-use with the commercial use on the ground floor and housing found on the second story. This structure also contains a mural, that while more contemporary, has gained significance in its own time related to healing and reconciliation after the 1992 riots. The proposed work plan includes door and window improvements that will significantly rehabilitate the structure toward its original design.

14. 1162 Los Altos Avenue

Architect Richard Poper may be better known for his work at Long Beach City College, California State University Long Beach and City fire stations, but his practice also included the development of custom homes. This 1957 home exemplifies Poper's vision for a bright modern future within a suburban neighborhood. The work plan includes critical roofing and foundation repairs.

15. 14 Paloma Avenue

This 1913 home in Bluff Park has been prominent since the time of its construction. The home is in a prairie style influenced by Frank Lloyd Wright. The initial owner of the home was prominent Long Beach attorney John G. Munholland. The property owner proposes a detailed work plan and proposes important structural improvements.

Based on the results of the 2015 and 2016 cycles of Mills Act applications, staff from Development Services recommended and the Cultural Heritage Commission concurred, minor adjustments to the program effective in 2017. These changes relate to eligibility for Mills Act contracts, valuation limits, the number of contracts and work plan requirements.

In terms of eligibility, staff recommends changing the historic designation criteria to include contributing structures within existing landmark districts. While existing and new landmarks should be given priority, it is also appropriate to incentivize the rehabilitation and improved maintenance of the many structures that make up the landmark districts.

Valuation limits for new contracts assure that the City is able to invest limited financial resources in a larger number of contracts and that those contracts are able to benefit owners that are more likely to lack the financial resources for substantial rehabilitation. Staff does not recommend raising this valuation limit, but does propose indexing the limit to the annual Consumer Price Index (all items, Los Angeles-Riverside-Orange County local area statistic) as reported by the United States Bureau of Labor Statistics in their annual averages report. Because there was no adjustment in 2016, staff proposes that the 2017 valuation limits be adjusted to account for escalation in 2015 and 2016. In future years, the annual escalation would account for the previous year's change in CPI.

The valuation limits are shown in the table below:

Property Type	Existing Valuation Limit	Proposed Valuation Limit with 2015 CPI Adjustment
Single Family Residential (1 dwelling unit)	\$1,000,000	\$1,020,000
Duplex or Triplex Residential (2 or 3 dwelling units)	\$600,000 per dwelling unit	\$612,000 per dwelling unit
Multifamily Residential or Mixed Residential/Commercial (4 or more dwelling units)	No valuation limit	No valuation limit
Non-Residential (Commercial, Industrial, or Institutional)	\$2,500,000	\$2,550,000

Both a maximum number of contracts and contracts by category were previously established for the program. Staff is recommending an expansion of the Mills Act program to accommodate additional multi-family applications as set forth in the Table below:

Property Type	Contracts Per Year (Adopted Guidelines)	2015 Applications Received	2016 Applications Received	Proposed Guideline Revision
Single Family Residential (1 dwelling unit)	12	4	15	12
Duplex or Triplex Residential (2 or 3 dwelling units)	3	0	3	3
Multifamily Residential or Mixed Residential/Commercial (4 or more dwelling units)	1	4	5	4
Non-Residential (Commercial, Industrial, or Institutional)	1	1	1	1
Total	17	9	24	20

As a final change, staff recommends including a question in the proposed work plan form regarding use of local labor and materials in the implementation of the work plan. Local purchases directly support City sales and indirectly supports property and business tax

revenues.

This matter was reviewed by Assistant City Attorney Michael Mais on July 25, 2016 and by Budget Analysis Officer Rhutu Amin Gharib on July 29, 2016.

SUSTAINABILITY

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

City Council action is requested on August 16, 2016, to allow sufficient time for the City Attorney to draft, the property owners and City Manager to execute and to record all contracts prior to the December 30, 2016 deadline established by the Los Angeles County Assessor for placement on the tax rolls.

As mentioned earlier, tax abatements under the Mills Act generally result in a 30 to 50 percent property tax reduction for a historic property. Based on an approximate assessed value of \$40,500,000 for the proposed Mills Act historic properties, the City could experience an annual decrease of property tax revenue to the General Fund (GF) citywide, ranging from approximately \$26,730 to \$44,500. For the initial ten-year term, the total decrease of property tax to the GF could range from approximately \$267,300 to \$445,000. By increasing the number of contracts, the proposed policy changes to the program may impact the GF beginning in FY 18 in an amount estimated at \$6,600 per year.

Approve recommendation.

AMY J. BODEK, AICP
DIRECTOR OF DEVELOPMENT SERVICES

APPROVED:

PATRICK H. WEST
CITY MANAGER