



CITY OF LONG BEACH

EXHIBIT C

DEPARTMENT OF DEVELOPMENT SERVICES

333 West Ocean Boulevard, 5th Floor • Long Beach, CA 90801 • (562) 570-6194 • Fax (562) 570-6068

June 13, 2016

CHAIR AND CULTURAL HERITAGE COMMISSIONERS
City of Long Beach
California

RECOMMENDATION:

Conduct a study session regarding 2016 Mills Act contract awards, as well as changes to the 2017 Mills Act program.

APPLICANT: Development Services Department

THE REQUEST

Staff has requested this study session to provide the Cultural Heritage Commission with an overview of 2016 Mill Act applications received, initial recommendations for action on these applications, as well as recommendations for changes to the program effective in 2017. While no approval or action is requested at this time, staff will return to the Cultural Heritage Commission in July requesting specific actions and recommendations for City Council approval.

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.

The City Council established a local Mills Act program in 1993. Between 1993 and 2006, the City awarded 31 contracts for single-family and duplex properties and various contracts for individual units at three mixed-use condominium buildings. 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. The Mills Act was also discussed at the May 2014 Cultural Heritage Commission retreat with a stated goal of issuing new contracts to incentivize rehabilitation of existing properties as well as creating interest in establishing new landmarks. On October 13, 2014, the Cultural Heritage Commission established priority consideration criteria and guidelines for Mills Act contracts. On January 6, 2015, the City Council approved those 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, 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 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.

THE 2016 APPLICATIONS

A total of 24 applications were received in this year's Mills Act cycle. City staff and preservation consultants have inspected each property. Additional background research regarding the request for new landmarks is ongoing. Of the applications filed, fifteen are for single-family homes, three are for duplex or triplex properties, five are for multifamily buildings or mixed-use buildings including residential units, and one commercial application was received.

The applications received were of varying thoroughness, but all represent historic properties and propose important work to rehabilitate and maintain those structures for future years. All of the applicants are to be commended for the work involved in preparing the application, as well as their dedication to historic preservation. Most of the properties applying for Mills Act contracts in this round are in good condition. One of the Cultural Heritage Commission's and City Council's goals for the Mills Act was to target those properties in major need of repair. Staff is interested in any input or perspective the Cultural Heritage Commission may have in assisting the Department to better achieve this goal.

Based on the application materials, site visit and building history research, staff has broadly grouped these 2016 applications into three categories: existing landmarks recommended for a contract, potential new landmarks recommended for both landmark status and a contract and individual properties in existing landmark districts but not meeting the criteria for individual landmark status. Staff is recommending that this last group of properties not be awarded contracts at this time.

The existing landmarks staff intends to recommend for a contract include:

1. 2025 East 4th Street (Art Theatre)

The Art Theatre is a treasured 1924 Schilling & Schilling (with High Gibbs) art deco commercial structure at the center of Retro Row. The work plan includes plaster repair to the front façade, exterior painting, polishing and upgraded maintenance to the terrazzo floor, replacement of interior flooring, roofing, HVAC, neon and signage repairs, as well as the installation of an interpretive plaque or exhibit on site.

2. 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.

3. 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.

4. 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.

5. 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.

Staff and consultants retained by the Department are continuing their research on several properties proposed for Landmark status. We currently anticipate recommending both landmark status and a contract on the following properties:

6. 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.

7. 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.

8. 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, early contributors to Willmore City's shared history.

9. 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.

10. 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 few remaining Chateausque structures in the City and 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.

11. 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 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.

12. 3020 East Vista Street

The second oldest on its block, a large Craftsman house within Bluff Heights, this 1913 single-family home was been occupied by several families that contributed to the local history of Long Beach. The first owners were 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.

13. 331 Wisconsin Avenue

This 1919 Craftsman Bungalow in Bluff Heights provides a prime example of two homes on one lot, 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.

14. 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.

15. 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.

The remaining applications received are for properties that contribute to existing landmark districts and contain historic features. All of these applications include substantial work plans. The issue preventing these applications from being recommended for a contract award is that they do not meet the eligibility requirements for listing as local landmarks. Each property contributes to a historic district and may be appropriate for a contract if the program is revised for next year to allow contract awards to individual contributors within the various landmark districts. The properties recommended for continuation to the 2017 cycle include:

16. 14 Paloma Avenue

This 1913 home in Bluff Park did present a detailed work plan and proposes important structural improvements. While visually interesting, evidence has not been found that the property is the work of a master architect, significant to specific persons or events in local history or a particularly unique and critical example of a specific architectural style. Staff is conducting additional research regarding this property but as of the writing of the staff report, it does not appear eligible for a contract at this time.

17. 2252 East 6th Street

This 1920 Craftsman Bungalow duplex is located in Rose Park and has been carefully maintained and rehabilitated. While the property is in good condition and contributes to the district, it is not the work of a master architect, not important to specific persons or events in local history and is not a unique or superior contribution to the City's architectural and cultural history.

18. 231 Coronado Avenue

This 1916 Craftsman Bungalow single-family home located in Bluff Heights is also in very good condition due to a recent restoration of the entire property. The home however does not have any special factors, features, history, builder or architect that would qualify it as a local landmark.

19. 1038 Magnolia Avenue

This 1913 Craftsman Bungalow single-family home is located in the Drake Park – Willmore City landmark district. The home is in good condition and the application did include a history of the homes occupants. Unfortunately that history of occupants was unremarkable to local history and the home does not have any factors that would qualify it as a landmark.

20. 922 Molino Avenue

Built in 1910, this is an altered California Bungalow. The owner's intention to restore the property is commendable however the current condition as well as the history of the structure do not qualify it for landmark status.

21. 1335 East 8th Street

This 1920 Bungalow is typical of those found throughout Craftsman Village. While the property is in good condition and contributes to the district, it is not the work of a master architect, not important to specific persons or events in local history and is not a unique or superior contribution to the City's architectural and cultural history.

22. 1410-1412 East 9th Street

This Colonial Craftsman duplex was built in 1923 and contributes to the Craftsman Village landmark district. It does not have any special factors or history that would qualify it for local landmark status.

23. 3754 Gundry Avenue

This 1928 Spanish Colonial Revival single-family home in California Heights is a contributing property. The home is not distinguished from others in the district and does not have any special status that would qualify it as a landmark. It should also be noted that a major alteration to the structure is currently pending before the Cultural Heritage Commission.

24. 778 Molino Avenue

Built in 1927, this beautiful Spanish Colonial Revival home certainly contributes to the Rose Park landmark district. It is not however the work of a master

architect, not important to specific persons or events in local history and is not a unique or superior contribution to the City's architectural and cultural history.

POLICY CHANGES FOR THE 2017 PROGRAM

The Cultural Heritage Commission in 2014 developed and the City Council in 2015 approved, policies and restrictions for the Mills Act program. With two years of experience and actual applications processed since the Mills Act program was resumed, staff is prepared to recommend several policy changes for the 2017 program. 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, staff feels it is also appropriate to incentivize the rehabilitation and improved maintenance of the many structures that make up our landmark districts. Nine of the applications received in 2016 were good applications but did not meet the criteria for individual landmark listing. These applications and any new applications received in 2017 should be considered for a contract.

Over the last two years, staff has received many comments regarding the valuation limits for contracts. Specifically, several homeowners have expressed an interest in obtaining Mills Act contracts for single-family homes that exceed the current \$1,000,000 valuation limit. 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 would be adjusted to account for escalation in 2015 and 2016. In future years, the annual escalation would account for the previous year change in CPI.

Valuation limits 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. 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)	\$600,000.00 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 established for the program. This mix was heavily weighted toward single-family homes, in order to assist single-family owners to compete with more substantial multi-family structures. The actual applications that have been filed include a greater number of multifamily applications than anticipated and fewer single-family applications than anticipated. In the 2015 cycle, the additional multifamily applications were able to move forward only because "slots" for single-family units went unsubscribed and could be used for another category. For reference, 51 percent of the housing units in the City are in multi-family structures and 42 percent are in single-family homes. Staff is recommending an expansion of the Mills Act program to accommodate additional multi-family applications as set forth in the Table below. The estimated cost of this expansion to the City's General Fund is approximately \$33,000 per year after a five-year ramp-up period

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

If the change to allow contributing structures within districts to apply without meeting the criteria for landmark status is approved, staff anticipates additional interest and applications during the 2017 cycle. Obtaining a number of applications beyond what can be filled allows the City to reward the best applications and encourages more robust work plans and investments into the historic properties.

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. While not all historic building materials may be available locally, purchasing those materials that are available in Long Beach locally rather than other jurisdictions helps allay the fiscal cost imposed on the City through issuance of the contracts. Local purchases directly support City sales and indirectly supports property and business tax revenues.

RECOMMENDATION

This report and accompanying study session are designed to provide an introduction to the Cultural Heritage Commission prior to their consideration and vote during the July 2016 meeting. Specific recommendations and accompanying exhibits will be included in the July staff report.

PUBLIC HEARING NOTICE

Section 50280 of the California Government Code governs Mills Act applications and does not require public notice or posting of the individual applications.

ENVIRONMENTAL REVIEW

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

Respectfully submitted,



CHRISTOPHER KOONTZ, AICP
ADVANCE PLANNING OFFICER



LINDA F. TATUM, AICP
PLANNING BUREAU MANAGER

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