



Legislation Text

File #: 15-1008, **Version:** 1

Recommendation to authorize City Manager to execute Mills Act historic property contracts with owners of historic landmark properties for the preservation and rehabilitation of the Opdahl House, Espey/Lochridge House, Residential Home No.1, Olan Hafley House, Kimpson Nixon House, Gaytonia Apartments, Insurance Exchange Building, Ocean Center and Killingsworth Office. (Districts 1,2,3,8)

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 Los Angeles 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, an inspection of the property is required 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 with an initial term of ten years. The contracts will renew at the end of the ten-year period unless a request to terminate is made by either party, in which case termination would occur at the end of the contract term. 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.

While 31 previously approved contracts remain in place, no new contracts have been issued since 2006. In 2007, the City notified contract applicants and interested parties that no new Mills Act contracts would be executed due to budgetary and staffing constraints. However, staff has continued to monitor the existing contracts.

On February 4, 2014, the City Council directed staff to resume the acceptance of new Mills Act applications. Subsequently, 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.

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 applicants that were never processed by the City. On June 12, 2015, Development Services notified all owners of existing Landmark properties of this year's

review cycle and the deadline for applications.

On June 27, 2015, staff held a pre-application workshop for all potential applicants. Over 120 individuals attended this session where City staff, as well as a representative from the Los Angeles County Assessor's Office, explained the application process, and the benefits and obligations of the program. A smaller workshop was held on July 11, 2015, to assist applicants in completing the applications.

Applications were due on July 17, 2015, and eleven applications were received. Of these, one application was deemed ineligible because the building valuation exceeded the maximum under the guidelines, and one application has been deferred for later consideration due to an unresolved legal issue specific to that application.

City and Galvin Preservation Associates staff inspected the nine properties recommended for contracts during the week of August 10, 2015 (Exhibit A-Contract List). During the week of August 17, 2015, City staff notified each property owner of staff's initial recommendation for a contract, as well as suggested modifications to the work plans.

The applications received represent a mix of properties, fewer single-family and more multi-family, than was anticipated in the program guidelines; however, the total number of contracts and the anticipated fiscal impact are within the criteria set for the program. The contracts include five single-family homes, one commercial property, two mixed-use apartment buildings and one mixed-use condominium building. All of the applications include workplans that have been reviewed and adjusted by staff (Exhibit B-Proposed Workplans). Additionally, the contracts will bind the owner to obtaining proper permits and conforming all work on the property to the Secretary of the Interior's Standards and Guidelines for Rehabilitation.

At its meeting on September 14, 2015, the Cultural Heritage Commission recommended Mills Act contracts for the following properties:

1. 5576 Vesuvian Walk - Opdahl House

The Opdahl House is a renowned residential structure designed by influential Long Beach architect Edward Killingsworth during his formative years in the 1950s. The home was constructed in 1957 and remains a signature modernist home. The proposed restoration work plan includes replacement of the water pump and restoration of the water feature in the entryway, paint, steel post repair, as well as roof repair that will extend the life of the structure. Award of this contract to the Opdahl House would complement the proposed award of Killingsworth's Office on Long Beach Boulevard.

2. 302 Orizaba - Espey/Lochridge House

Long Beach-based master architect Harvey H. Lochridge actually altered the 1901 Charles Espey structure in 1918 creating the Espey/Lochridge House that has been preserved to date. The unique structure has Tudor-Revival proportions, and the Craftsman features and appearance were added during the 1918 remodel. The proposed workplan includes brick,

siding, roof and other repairs to extend the life of and rehabilitate the building.

3. 453 Cedar Avenue - Residential Home #1

Residential Home #1 is a three-story late Victorian home built in 1905. This home occupies a prominent corner location at 5th Street and Cedar Avenue. The restoration work proposed includes window repair, electrical upgrades, brick repair, roofing, driveway and other improvements.

4. 5561 La Pasada Street - Olan Hafley House

The Olan Hafley House is one of two side-by-side Richard Neutra structures on La Pasada Street. The design reflects both the idea and ideals of the International Style with rectilinear forms, open airs and the use of glass, steel and concrete, contrasted with wood doors and furnishings. The home is in very good condition and just underwent a very substantial restoration. Unique features on the home require considerable annual maintenance, which is included in the work plan. Water intrusion to the concrete floor will also be addressed during the contract term.

5. 380 Orlena Avenue - Kimpson Nixon House

The Kimpson Nixon House is another prime example of the International Style. This Raphael Soriano designed house was completed in 1940 for Dean and Marion Kimpson. Most importantly, the work plan includes a seismic upgrade to improve the connection between the structure and the foundation. This work, along with repairs to the drainage systems and ongoing maintenance commitments, will assure the continued contribution of the structure to Long Beach's historic cultural environment.

6. 212 Quincy Avenue - Gaytonia Apartments

The Gaytonia Apartments is an imposing and imaginative Norman Revival castle structure on Quincy Avenue. This castle is one of the few remaining from those built throughout Long Beach in the 1920s and 1930s. The work plan will restore the neon sign, preserve and maintain the roof, repair windows and maintain the integrity of the structure throughout the contract period.

7. 207 E. Broadway Avenue - Insurance Exchange Building

The Insurance Exchange Building was originally designed by Harvey Lochridge and built by C.T. McGrew at Middough's Boy's Shop. The building began adaptive reuse to residential condominium units with ground floor commercial in 2002. The proposed work plan will involve window repair, critical brick repair, mural restoration, and ongoing maintenance work.

8. 110 Ocean Boulevard - Ocean Center

Ocean Center is an Italian Mediterranean office building with an octagonal tower and terra cotta tile roof. The architects, Meyer and Holler, teamed with builder W.L. Porterfield to complete with Long Beach Landmark. The Cultural Heritage Commission recently approved a renovation and adaptive reuse project at this site. The scope of work will restore the exterior finishes of the building and upgrade all of the internal systems to assure the long-term

longevity of the building. This contract will be conditioned to become effective only upon issuance of a building permit for the adaptive-reuse residential conversion of the building.

9. 3827 Long Beach Boulevard - Killingsworth Office Building

The Killingsworth Architectural Office was not only where Edward Killingsworth worked on his modern designs, winning 42 design awards from the American Institute of Architects, the office, itself, was and is a depiction and study on modern design aesthetic. Floor to ceiling glass and minimal wood framing create interior spaces, air, light and gardens that cause the user to rethink distinctions between interior and exterior space. The work plan includes essential work to the reflecting pond, structural repairs, systems upgrades and motor court repairs. The structure remains a working architectural office and these upgrades will allow for the continued protection of the structure as a living exemplar of Killingsworth's work.

Per State law, all Mills Act contracts hold an initial ten-year term and renew automatically annually for successive ten-year terms unless terminated by either party.

This matter was reviewed by Deputy City Attorney Linda Vu and by Budget Management Officer Victoria Bell on September 17, 2015.

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, reducing construction waste as compared to new construction.

City Council action on this matter is requested on October 6, 2015, 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, 2015 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 \$30,700,000 for the proposed Mills Act historic properties, the City could experience an annual decrease of property tax revenue to the General Fund (GF) ranging from approximately \$19,775 to \$32,950. For the initial 10-year term, the total decrease of property tax to the GF could range from approximately \$197,750 to \$329,500.

Approve recommendation.

AMY J. BODEK, AICP
DIRECTOR OF DEVELOPMENT SERVICES

APPROVED:

PATRICK H. WEST
CITY MANAGER