

CITY OF OAKLAND
AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND
2003 DEC 30 AM 8:45

TO: Office of the City Manager
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: January 13, 2004

RE: RESOLUTION REQUESTING APPROVAL TO APPLY FOR, ACCEPT IF AWARDED, AND APPROPRIATE THE JOHANNA FAVROT FUND FOR HISTORIC PRESERVATION MATCHING FUND GRANT THROUGH THE NATIONAL TRUST FOR HISTORIC PRESERVATION FOR AN AWARD OF BETWEEN \$2,500 AND \$10,000

SUMMARY

The Community and Economic Development Agency is requesting approval to apply for, accept if awarded, and appropriate the Johanna Favrot Fund for Historic Preservation Matching Fund Grant for a potential award of between \$2,500 and \$10,000. This award would be used for consultant services to complete a Mills Act Ordinance and Contract Program for the City of Oakland, initially begun in 1998.

The Mills Act is a preservation incentive adopted by California in 1976 that allows reductions of property tax assessments for historic properties if the owner signs a contract with the local government agreeing to preserve the property, maintain its historic characteristics, and, if necessary, restore the property. Such a program has the potential to help restore and preserve historic properties citywide. By providing property tax relief for designated properties in need of maintenance and repair, together with those which are blighted or run-down, it can encourage property owners to make needed repairs. Property owners' participation in such a program is purely voluntary. Adoption of a Mills Act contract program is a Preservation Incentive Action (Action 2.6.1) of the Historic Preservation Element of the General Plan. Many Bay Area municipalities are using the Mills Act to revitalize their cities.¹

Approval to proceed with the application and accept this award would involve appropriation of matching funds, depending on the amount of the award, between \$2,500 and \$10,000. There are designated funds available for historic preservation and specifically for the Mills Act in the West Oakland Redevelopment Project Area Plan, as adopted in the first West Oakland Implementation Plan.

¹(Bay area cities with an adopted Mills Act Program include Belvedere, Berkeley, Danville, Fremont, Larkspur, Morgan Hill, Orinda, Redwood City, San Francisco, San Jose, San Mateo, Sunnyvale.)

Item: 7
CED Committee
January 13, 2004

Staff recommends that the City Council adopt the attached Resolution.

FISCAL IMPACT

The grant from the National Trust Fund would provide much needed funding to offer one of the few available incentives to owners of historic properties to pursue maintenance, repair and rehabilitation or restoration. Oakland has a wealth of historic buildings and neighborhoods matched by few other California cities. City staff receives numerous calls from property owners of historic homes and commercial buildings requesting information on City programs that might assist them in the appropriate maintenance, repair and rehabilitation of their properties. In other cities, the Mills Act has acted as a catalyst for neighborhood revitalization since property owners who enter into a contract are obligated to prevent deterioration of the property in addition to complying with any specific restoration or rehabilitation provisions contained in the contract.

The required grant match of \$2,500 to \$10,000 will be covered by funds from the Oakland Redevelopment Agency's West Oakland Redevelopment Plan (Fund 9101, Project P37650). The West Oakland Redevelopment Project Area Plan specifically targets funds for a Mills Act study in the Final Environmental Impact Report (FEIR), as part of the West Oakland Redevelopment Project Plan Implementation Program. These matching funds would amount to approximately 25% of the total consultant services fees for establishing a Mills Act Contract Program since approximately 50% of the work product was completed in 1998. West Oakland includes Oakland's oldest and most historic neighborhoods. Should a Mills Act Contract Program be established, there are approximately 800 properties on the Local Register of Historic Resources in the West Oakland Redevelopment Area (31 % of those in the entire City of Oakland) that could benefit from the program. The 25% financial support, already required as part of the FEIR, could benefit 31% of the Oakland's Local Register of Historical Resources which are concentrated in West Oakland.

In studying the Mills Act Program as it might be adopted in the City of Oakland, the consultant would develop hypothetical property tax calculations for several building types, locations and dates of purchase in order to determine any fiscal impacts on the City. These studies would be reviewed and considered during the process for City adoption. Fiscal impacts are typically controlled by establishing caps on either the number of contracts or dollar amount of tax reductions per year.

The property taxes affected by the Mills Act are limited to those billed as the countywide tax. There is no impact to voter approved debt service, fixed charges and/or special assessments. Typically, the tax savings attributable to an historical property under the Mills Act will be borne by the County (approximately 65%) and by the City (approximately 35%). This is offset by citywide revitalization and reinvestment.

BACKGROUND

The Johanna Favrot Fund was created in July 1994 as a grant to the National Trust for Historic Preservation for the purpose of saving historic environments in order to foster appreciation of our nation's diverse cultural heritage and to preserve and revitalize the livability of the nation's

Item: 7
CED Committee
January 13, 2004

communities. This grant was created in honor of the 80th birthday of Johanna Favrot. Normally grants made from the Johanna Favrot Fund for Historic Preservation will range from \$2,500 to \$10,000. It is anticipated that total grants of \$50,000 per year will be made.

KEY ISSUES AND IMPACTS

The Johanna Favrot Fund grant would provide the necessary funds for the City to study, process and implement a Mills Act Contract Program. In 1998 the City began work on a Mills Act Contract Program, but did not complete the project. Staff has the work product that has been done to date, and would request that the grant permit the City to work with the same consultant. Establishing a Mills Act program is an adopted priority for the Landmarks Preservation Advisory Board, and had been incorporated in Planning & Zoning's Annual Report and Goals. Oakland's preservation community is also very supportive of establishing a Mill's Act Contract Program for the City. City of Oakland property owners of historic buildings continuously inquire as to assistance programs the City may have in place.

Adoption of a Mills Act Contract Program could affect properties city-wide and has the potential to be a catalyst for further revitalization of Oakland's distinct and diverse neighborhoods and strong historical character. Since it is a long-term program, it also has the strong potential to continuously promote economic, quality of life and sense of community goals throughout the city.

The Agency has identified funding sources to cover the matching funds required should the grant be awarded. The deadline for submittal of the Grant application is February 1, 2004.

POLICY DESCRIPTION

The purpose of the grant application is to establish a Mills Act Contract Program for the City to provide an economic incentive to encourage property owners of historic buildings to maintain, repair and rehab or restore their buildings.

Contracts under this program would directly benefit property owners of historic buildings throughout the City. They would also directly benefit the City as they are utilized to rehabilitate or restore individual buildings throughout the City, which in turn acts as a catalyst for further neighborhood reinvestment and sense of community.

The timeline for establishment of the Mills Act Contract Program is one year from the date of the award. Once established, it would be an on-going program.

SUSTAINABLE OPPORTUNITIES

Economic: If the grant is awarded, and a Mills Act Program established, construction jobs would be generated. A Mills Act Program would encourage careful rehabilitation of buildings, which creates skilled employment opportunities. It would stabilize and enhance property values.

January 13, 2004

Environmental: If the grant is awarded, and a Mills Act Program established, maintenance, repair and rehabilitation or restoration of existing building stock would occur and thereby conserve the materials and energy used to construct those buildings.

Social Equity: If the grant is awarded, and a Mills Act Program established, a Mills Act Program would be a citywide program that would provide an economic incentive to benefit every Oakland neighborhood. Oakland's historic buildings are located throughout the city and therefore a Mills Act Program would affect all neighborhoods, regardless of economic status.

DISABILITY AND SENIOR CITIZEN ACCESS

If the grant is awarded, and a Mills Act Program established, the Mills Act would facilitate required modifications to historic properties to achieve compliance with the Americans with Disabilities Act (ADA) through the use of the State Historical Building Code.

RECOMMENDATION(S) AND RATIONALE

Adopt the attached resolution requesting approval to apply for, accept if awarded, and appropriate the Johanna Favrot Fund for Historic Preservation matching fund grant through the National Trust for Historic Preservation for an award of between \$2,500 and \$10,000. The resolution authorizes matching funds from the West Oakland Redevelopment Project Area Plan, funds specifically targeted for a Mills Act study in the Final Environmental Impact Report as part of the West Oakland Redevelopment Project Plan Implementation Program. These matching funds would amount to approximately 25% of the total consultant services fees for establishing a Mills Act Contract Program since approximately 50% of the work product was completed in 1998. Should a Mills Act Contract Program be established, there are approximately 800 properties on the Local Register of Historic Resources in the West Oakland Redevelopment Area (31 % of those in the entire City of Oakland) that could benefit from the program.

Adoption would potentially, depending on award of the grant to the City, assist the City and Agency in their General Plan Policy Action to establish a Mills Act contract program for the City.

Adoption of a Mills Act Contract Program could effect properties city-wide and has the potential to be a catalyst for further revitalization of Oakland's distinct and diverse neighborhoods and its strong historical character. Since it is a long-term program, it would continually promote economic, quality of life and sense of community goals throughout the city as new property owners enter into Mills Act contracts for rehabilitation or restoration.

Respectfully submitted,



CLAUDIA CAPPIO
Development Director


Item: 7
CED Committee
January 13, 2004

Deborah Edgerly
January 13, 2004

5

Prepared by:
Joann Pavlinec, Planner III
Historic Preservation/Major Projects
Community and Economic Development Agency

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE:



OFFICE OF THE CITY MANAGER

Ref: Mydocumentns/citycouncilreports/grantapplication2004

Item: 7
CED Committee
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FILED
OFFICE OF THE CITY CLERK
OAKLAND

2003 DEC 30 AM 8:46

CITY OF OAKLAND

RESOLUTION No. _____ C.M.S. *Mark P. Wall*

RESOLUTION REQUESTING APPROVAL TO APPLY FOR, ACCEPT IF AWARDED, AND APPROPRIATE THE JOHANNA FAVROT FUND FOR HISTORIC PRESERVATION MATCHING FUND GRANT THROUGH THE NATIONAL TRUST FOR HISTORIC PRESERVATION FOR AN AWARD OF BETWEEN \$2,500 AND \$10,000

WHEREAS, the City of Oakland desires to accept and appropriate a grant in the amount of between \$2,500 and \$10,000 from the Johanna Favrot Fund for Historic Preservation National Trust for Historic Preservation for the purpose of establishing a Mills Act Program for the City of Oakland;

WHEREAS, the Johanna Favrot Fund for Historic Preservation has created the grant for fees for consultant services and research assistance to contribute to the historic significance and the present or potential charm of properties, neighborhoods and communities to be assisted;

WHEREAS, the City of Oakland has a wealth of historic buildings and neighborhoods matched by few other California cities;

WHEREAS, the establishment of a Mills Act Program for the City of Oakland could affect historic properties city-wide and has the potential to be a catalyst for further revitalization and reinvestment of its distinct and diverse neighborhoods and its strong historical character;

WHEREAS, the establishment of a Mills Act Program is a Policy Action of the Historic Preservation Element of the General Plan;

WHEREAS, the establishment of a Mills Act Program would meet identified General Plan Land Use goals and policies, including housing rehabilitation, preservation of community character and identity, sustainability, commercial and corridor revitalization, and image;

WHEREAS, there are designated funds available for historic preservation and specifically for the Mills Act in the West Oakland Redevelopment Project Area Plan, as adopted in the first West Oakland Implementation Plan (Fund 9101, Project P37650), to match the grant; now, therefore, be it

7
**COMMUNITY & ECONOMIC
DEVELOPMENT CMTE
JAN 13 2004**

RESOLVED: by the City Council of the City of Oakland that by adopting this resolution hereby states that:

- 1) the City of Oakland will provide local matching funds, depending on the grant award, of between \$2,500 and \$10,000 from the West Oakland Redevelopment Project Area Plan, as adopted in the first West Oakland Implementation Plan (Fund 9101, Project P37650);
- 2) the City Manager is authorized to accept the Johanna Favrot Fund for Historic Preservation; and:
- 3) the City Council appropriates the Johanna Favrot Fund for Historic Preservation to: a Project Number to be established; and be it

FURTHER RESOLVED that a copy of this resolution be submitted with the Johanna Favrot Fund for Historic Preservation Grant Application.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2004.

PASSED BY THE FOLLOWING VOTE:

AYES –

NOES –

ABSENT –

ABSTENTION –

ATTEST:

City Clerk and Clerk of the Council
Of the City of Oakland, California

7
**COMMISSION ON ECONOMIC
DEVELOPMENT CMTE**

JAN 13 2004