

CITY OF OAKLAND

AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2008 OCT 16 PM 6:38

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Community and Economic Development Agency
DATE: October 28, 2008

RE: **Resolution To Approve Ten Mills Act Contracts Between The City Of Oakland And The Following Properties, 4629 Martin Luther King Jr. Way, 2375 Fruitvale Avenue, 1121-23 12th Street, 2302 17th Avenue, 3034-40 Richmond Boulevard, 2708 Sunset Boulevard, 3070 Richmond Boulevard, 1034 10th Street, 2451 Havenscourt Boulevard, 609-11 22nd Street, Pursuant To Ordinance No. 12784 C.M.S. [Two-Year Pilot Mills Act Program], To Provide These Owners With Property Tax Reductions In Exchange For Their Agreement To Repair And Maintain Their Historic Property In Accordance With Submitted Work Program.**

SUMMARY

Per City Council Ordinance No. 12784 C.M.S. (Attachment A), a two-year Pilot Mills Act Property Tax Abatement Program was adopted on February 6, 2007. The Mills Act Program is a preservation incentive adopted by California in 1976 that allows reductions of property tax assessments for historic properties if the owner signs an agreement with the local government to preserve and maintain the historic characteristics of the property.

The Ordinance sets a limit of ten Mills Act contracts for the first year and also limits the pilot program impact on City revenues to \$25,000/year, and on Redevelopment revenues to \$250,000/year, with additional limits of \$25,000/year in any single redevelopment area. Twenty-one Mills Act Applications were submitted to the City for the first year of the two-year Mills Act Pilot Program. The Landmarks Preservation Advisory Board (LPAB) is recommending ten applications for Mills Act Contracts to the City Council, for the 2008 Mills Act Program.

FISCAL IMPACT

Using the Mills Act Calculator¹ as an estimator to check compliance with limits set out in the

¹ The city makes no warranties or representations about the accuracy or validity of the Mills Act Property Tax Calculator - it is merely an information tool that applicants may use (at their sole risk), which does not substitute/replace legal counsel or a financial advisor. Actual Tax deductions, if any, will be calculated by the County Assessor's Office after the Assessor has received the executed Mills Act contracts.

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Ordinance, the ten recommended applications result in the following tax decreases to applicants:

City Applicants
(7 applications) - \$23,056

Central City East Redevelopment Applicants
(3 applications) - \$8,281/year

Loss of Revenue to the City would be less than the above applicant tax reductions because the City receives only a portion of the taxes, approximately 30%. Therefore the actual estimated loss to the City affected revenues would be approximately \$7,000. The Redevelopment loss of revenue would not be substantially reduced below the \$8,281. These dollar amounts comply with the City revenue limit of \$25,000/year and the Redevelopment revenue limits of \$250,000/year and \$25,000/year in any single redevelopment area.

BACKGROUND

2008 Mills Act Applications – Number and Historic Status

Twenty-one Mills Act Applications were submitted to the City for the first year of the two-year Mills Act Pilot Program.

Three applications are large scale commercial buildings located in the Central District Redevelopment area. Based on the Mills Act Calculator, which provides an estimation of tax savings, each of these commercial buildings would exceed the \$25,000/year limit in a single redevelopment area. Of the remaining eighteen applications, thirteen properties are Local Register properties² or Potential Designated Historic Properties and have applied for Heritage Property Designation. Four properties are contributors in a Designated Historic District. One property is a City of Oakland Landmark.

Special Requirements for Recent New Redevelopment Areas

The Ordinance also states that since implementing the Mills Act is a Mitigation Measure for both the West Oakland Redevelopment Plan and the Central City East Redevelopment Plan, the pilot program implementation will pursue a minimum of 20% of the 30 Mills Act Contracts (six contracts) from each of the two areas. Three applications were submitted from the Central City East Redevelopment Area. All of these are in the recommended ten applications for the first year. Two applications were submitted from the West Oakland Redevelopment Area (this does not include Oak Center). One is in the five applications recommended to be rolled over for approval next year. The other application from West Oakland is Incomplete and the property is currently for sale.

² A local register property is a building with an Oakland Cultural Heritage Survey rating of 'A' or 'B', a Potential Designated Historic Property located in an Area of Primary Importance, a property listed on the Preservation Study List. Local Register properties are required to concurrently submit an application for Landmark Designation.

Landmark Preservation Advisory Board Recommendation – August 8, 2008

A Landmarks Preservation Advisory Board (LPAB) sub-committee was created to work with Historic Preservation staff to review the twenty-one applications and make selection recommendations to the full Landmarks Board. The Landmarks sub-committee developed Standards based on the Selection Criteria stated in the Mills Act Application, which were reviewed and approved by the full Board. These review criteria include:

- the property's historic status;
- the financial scope of the work program must equal or be greater than the property tax reduction;
- the visibility of the work, scope of the work in proportion to the scale of the property, and prominence of the building;
- the potential of the scope of work to act as a neighborhood catalyst;
- the need for stabilization of the property (structural, seismic work);
- the timeline of the work program over the next ten years;
- geographic distribution of applications to represent the Mills Act Program citywide;
- building type of the property to represent the Mills Act Program for a variety of building types including residential, commercial, etc., and
- location in the West Oakland Redevelopment Area or the Central City East Redevelopment Area.

At the August 8, 2008 LPAB meeting, the Mills Act sub-committee recommended approval of ten applications for Mills Act Contracts as outlined in the Ordinance. The full LPAB unanimously passed a **MOTION** made by **Kirk Peterson** and seconded by **Rosemary Muller** to:

- 1) recommend the 10 applications outlined in the staff report for recommendation to the City Council, for the 2008 Mills Act Program; and
- 2) forward the same recommendations to the Planning Commission as an Information Item (as required by the adopted process).

KEY ISSUES AND IMPACTS

The LPAB took a multi-layered approach to review and evaluate the applications, including review of the application materials submitted, the Selection Criteria addressed in the application, the Standards developed by the sub-committee, and site visits to each property. The selection process was not easy as there are more approvable applications than there are number of slots for the first year of this pilot program. Much of the sub-committee and staff discussion focused on the immediate necessity of the work to deter any further deterioration, visibility of the work being proposed to act as a catalyst for neighborhood revitalization and as a model for the Mills Act Program, neighborhood diversity to spread the program to as many neighborhoods as

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possible, building type diversity to illustrate the flexibility of the Mills Act for different types of properties, and the thoroughness of the application above and beyond being 'Complete'. Listed below are the ten Mills Act Contract recommendations:

1 - MA08-009 – 4629 Martin Luther King Jr. Way

Rating: B+a3 – Major Importance with a Contingency rating of Highest Importance, if restored, not in a District
Designated Heritage Property



Redevelopment District: Not in a Redevelopment District

Council District: 1 (Brunner)

Significance: Oakland Consolidated Street Railway Barn is a very good example of a 19th century utilitarian industrial building. It was built in 1891, remodeled in 1914 and additions have been made since then. The building reflects railroads and their influence, and industrial development in Oakland. Following the Railway Barn, the building was later used by the Oakland Traction Company, Yosemite Laundry 1906-25, and the Pullman Company Laundry Department 1927-50. It is a good example of one of the few surviving large-span masonry buildings in the area. The OCHS rating is particularly for its type/style and historical associations. It appears individually eligible for the National Register of Historic Places in the context of masonry buildings in Oakland 1850-1948, as the earliest and most substantial survivor of Oakland's electric street railway system.

Most recently, the property has had several different owners and development proposals, some of which threatened the integrity of the resource. The current approved proposal is for live/work units and commercial space.

Work Program:

- Repair Roof
- Seismic Upgrade
- Plumbing/Electric upgrade to Code
- Exterior Paint
- Windows

Application Strengths:

- Prominent location
- Strong potential to act as a catalyst for neighborhood revitalization
- Structural stabilization and major repair/maintenance
- Location contributes to Mills Act Contract representation throughout the City

- Building Type diversity - Rarity of historic resource with respect to age, character and use

2 - MA08-016 – 2375 Fruitvale Avenue

Rating: B+3 – Major Importance, not in a District Designated Heritage Property

Redevelopment District: Central City East

Council District: 5 (De La Fuente)

Significance: The Gothic Revival hotel building built in 1906-07, most recently the Grace Joy Lodge, is three stories with a tower, irregular in plan, and located on a corner lot. It has a decorated stepped parapet, a rusticated base and walls of cast stone with stucco above.

Originally the property was known as the Fairlawn Hotel (1906-30), later the Greystone Hotel and Fruitvale Hotel 1935-1951. The building reflects neighborhood commercial development, social history, and architecture. Fruitvale was an unincorporated suburb of Oakland when it was built. It served as an excursion destination for Oaklanders and as a fashionable location for banquets, weddings, piano recitals, formal dances and church fundraisers for suburban Fruitvale society.

Currently, the owners plan to activate the building with neighborhood serving activities, as an incubator of small local businesses, and the delivery of support services, such as a café/deli, to these small micro-businesses.

Work Program:

- ADA Accessible ramp at basement entry
- Elevator installation
- Repair front steps, façade, paint
- Repair stepped parapet to expose a crenelated roof termination (currently capped)
- Paint/repair exterior windows
- Repair public interior historical elements: stairway, dining room, reception area

Application Strengths:

- Prominent location
- Strong potential to act as a catalyst for neighborhood revitalization
 - Increase in architectural integrity
 - Preserving neighborhood character
- Reversal of inappropriate work
- Major investment to permit new uses
- Repair and maintenance
- Redevelopment goal of Mills Ordinance for Central City East properties



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- Location contributes to goal of Mills Act Contract diversity
- Building type contributes to goal of a variety of Mills Act contracts
- Rarity of the historic resource with respect to style and quality

3 - MA08-001 – 1121-1123 12th Street

Rating: Dc2+ - Minor Importance with a contingency rating of Secondary Importance, if restored
Contributor - Oak Center Designated S-20 District, Designated Historic Property



Redevelopment District: Oak Center

Council District: 3 (Nadel)

Significance: This is a Queen Anne/Shingle house in Oak Center, with a hip and gable roof, and tower. Built in 1894-95, the architect is Howard Burns and the builder is Simpson & Spence. Historically the building reflects the 19th century development of Oakland neighborhoods.

Visible alterations include asbestos siding, raising the basement to accommodate a garage, new steps and railings, aluminum windows. Two of the major alterations, siding and windows, are addressed in the work program.

Work Program:

- Rebuild/paint front stairs
- Remove asbestos shingles, restore siding, original shingles, trim paint
- Removal of aluminum windows, installation of wooden windows, paint
- New front and garage doors
- Roof and flashing repair

Application Strengths:

- Visibility, middle of the block, but large
- Strong potential to act as a catalyst for neighborhood revitalization;
 - Increasing architectural integrity
 - Preserving neighborhood character
- Reversal of inappropriate work
- Restoration of character defining features
- Major repair and maintenance

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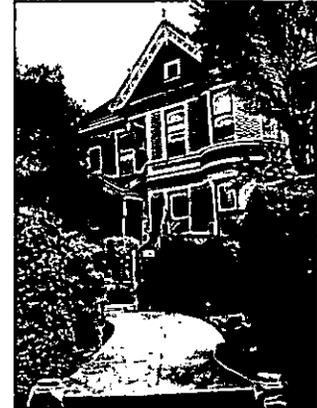
4 – MA07-002 – 2302 17th Avenue

Rating: C/B+3, DHP – Major to Secondary Importance,
Not in a District, Designated Historic Property
Designated Heritage Property

Redevelopment District: Central City East

Council District: 2 (Kernighan)

Significance: Constructed at the top of San Antonio hill, on the corner of 17th Avenue and 23rd Streets, in 1884-85 for Lucy and William McElvray, the manager of the Cottoneva Lumber Mill in San Francisco, it was the first house built on the top of the hill. They chose Oakland to raise horses on the nearby hills, and to protect William's wife and children from exposure to prostitutes, saloons, and communicable diseases in San Francisco.



The widow's walk on the roof was installed so Mr. McElvray could look for his timber ships as they sailed into San Francisco from Eureka. In 1890 the house was sold to Elijah Whitaker, who lived there for the next 35 years and lent his name to the property, the Whitaker House.

A classic Victorian, with a cross-gabled roof, tower, varied wood shingles and decorative detailing, the house encompasses many other interesting features. The walkway and surrounding retaining walls are original. The walkway begins at the corner to the front porch, with its curved posts, columns, brackets and stained glass window. The house also retains its original half basement/root cellar. Bands of color wrap the turret that once held decorative plaster emblems, which still survive on the west and north sides of the building. The house has 57 windows. The property includes mature landscaping including a huge oak tree that pre-dates the house.

Work Program:

- Rebuild original front and back porch
- Stabilize 2nd floor
- Restore over 50 windows
- Restore widow's walk on roof and replace capital cresting
- Remove 3 existing roof layers and replace roof, restore turret finial
- Restore gingerbread and decorative plaster
- Restore exterior library walls
- Restore original retaining walls and walkways
- Paint house, restore any rotted wood
- Replace iron fence and original gazebo

Application Strengths:

- Visibility of work program

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- Prominent location
- Scope of work in proportion to the scale of the building
- Stabilization/structural work
- Increasing architectural integrity
- Restoration of character defining features
- Major repair/maintenance

5 - MA08-013 – 3034 – 40 Richmond Blvd.

Rating: Landmark 86-55
Redevelopment District: Not in a Redevelopment District
Council District: 3 (Nadel)
Significance: Built in 1926 and designed by Architect Frederick Reimers, this wood-frame, L-shaped structure consists of four residential units joined together in a picturesque composition set well back from the street that steps down a steeply sloping site on a hill above Glen Echo Creek, accessible from a wooden foot bridge across the creek joined to a stepped path up the hill. The building is finished in rough and unevenly surfaced stucco with some half-timber work. A variety of dormer windows break up the pitch of the high peaked gable roofs. The typical window is an eight-light casement, but the size varies depending on the location. Also includes a round tower with conical roof, round-arched doorway and terraces with picket fences. This Richmond Boulevard potential historic district was developed by Wickham Havens as the Oak Park Tract in 1905, was touted “as better than Piedmont” probably because its hidden, romantic naturalism was as attractive then as now.



Work Program:

- Foundation/retaining walls
- Exterior stucco/paint
- Electrical/plumbing
- Bridge improvement
- Stair improvements
- Exterior railing restoration
- Window restoration
- Drainage improvement

Application Strengths:

- Stabilization/structural/seismic work
- Major repair/maintenance
- Maintenance of minor wear/tear
- Increasing architectural integrity

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- Preserving neighborhood character
- Scope of the work in proportion to the scale of the building

6 - MA08-004 – 2708 Sunset Blvd.

Rating: A3 Highest Importance
Not in a District
Designated Heritage Property

Redevelopment District: Not in a Redevelopment District

Council District: 5 (De La Fuente)

Significance: The Jesse V. Matteson House is a



spectacular example of an Arts and Crafts house which combines Oriental influences with Scandinavian building traditions from the architect/builder's own background. Matteson designed and built the house. The home's seven swooping, prow-like gables are braced with 6 x 6 triangular brackets, and feature exposed 6 x 6 purlins, and 3 x 8 rafters with decorative cut-outs, supposedly representing the number 9, a significant number in the Bahá'í faith to which Matteson belonged. The stacked 8 x 8 timbers which support the corners of the building reflect vernacular Norwegian buildings. Sided with redwood board and batten, cedar shingles and stucco on the upper floor, the two wings of the U-shaped house shelter a wide front porch with an overhanging covered sleeping porch above.

Matteson was born in 1875 to Norwegian immigrant parents. His father was a civil engineer. He completed his education at a business college in Stockton, but like many ambitious young men, he was attracted to San Francisco, where he found work as a bookkeeper downtown. His entrepreneurial spirit led him to move to Oakland and he began selling real estate in the Fruitvale district. In 1905 he became the proprietor of the Fruitvale Lumber Company, and he rode the tide of suburban expansion. The lumber company went bankrupt in 1908 and by 1912 he was forced to sell the home. He then built resorts on the Russian River returning to Oakland in the 1920s to design more houses. He eventually settled in Santa Barbara, where he built five rustic houses doing all the work himself, except the plumbing and wiring.

Work Program:

- Epoxy and seal rafter tails, brackets and purlins on front gables
- Re-stucco front gable, add insulation, paint stucco
- Re-install French doors on front porch
- Re-roof north and west facing gables
- Jack up front corner of foundation & replace brick sections of foundation
- Rebuild front porch understructure and replace decking
- Repair and/or replace wooden gutters, replace downspouts
- Paint remaining stucco
- Replace shingles on rear façade, as needed

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Application Strengths:

- Stabilization/structure work
- Increasing architectural integrity
- Restoration of character defining features
- Conserving materials and energy embodied in existing building
- Major repair/maintenance
- Location contributes to the goal of Mills Act contract representation in neighborhoods throughout the City

7 - MA08-010 – 3070 Richmond Blvd.

Rating:

B+2+, DHP – Major Importance,
Contributor to Richmond Boulevard
Area of Secondary Importance,
Designated Historic Property
Designated Heritage Property

Redevelopment District: Not in a Redevelopment District

Council District: 3 (Nadel)

Significance: A city building permit was issued in 1908 to the owner, C. A. Penfield, who was manager of the Pioneer Automobile Co. This structure is a one-and-one-half story, wood-framed, gable-roofed bungalow with an irregular plan and projecting front porch on a grey stone boulder base, with walls clad in shingles now painted. The porch is supported by square posts and reached by a short flight of steps flanked by terraced stone stoops. Typical windows are double-hung, one-light bottom and multiple-paned top sash. Behind the rough stone chimney is an extended trellised veranda with French doors set into a curved bay.



By 1913, it was the home of C. Percy Murdock who was to become an important figure in East Bay real estate. In 1912 he was listed as assistant secretary to F. M. Borax Smith. In 1917, Murdock's architect brother was hired to carry out \$2,000 worth of alterations and additions to the property, a cost substantially more than the original construction price. The mammoth stone fireplace, extensive wooden built-in furniture, verandas and French doors may have been added at this time.

Work Program:

- Roof and gutter replacement
- Termite work to exterior and foundation
- French drainage system to remedy basement/water problems
- Repair concrete porch, stairs and underlying structure
- Restore and renovate original detached garage structure
- Restore stone fence border, and stone chimney

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- Replace wood shingles completely or in part per termite report

Application Strengths:

- Stabilization/structural work
- Maintaining architectural integrity
- Preserving neighborhood character
- Conserving materials and energy embodied in existing building
- Restoration of character defining features
- Major repair/maintenance
- Location contributes to representation in neighborhoods throughout the City

8 - MA08-005 - 1034 10th Street

Rating: C2+, S-20 - Secondary Importance, Contributor to an Area of Secondary Importance, Contributor to the Oak Center Designated S-20 District, Designated Historic Property

Redevelopment District: Oak Center

Council District: 3 (Nadel)

Significance: Built in 1884-85, the Bradbury house is a very good example of an Italianate cottage. It is a one story with attic, rectangular in plan, on a corner lot. It has a hip and gable roof and multiple bays.



It is a primary contributor to the character of the Oak Center Historic District. Historically the building reflects the 19th century development of Oakland neighborhoods, and immigrants and ethnic communities in Oakland. Elizabeth and Helen Bradbury were the original owners. The property is also associated with Honore Blais, owner and resident in 1910, a stable boss at Fortin Brick Co. followed by H. Y. Kajiwara, resident in the 1930s, who worked with art goods.

The site visit brought attention to the fragile state of the exterior details, which require repair to tighten loose connections and close gaps, and also to the need of a quality paint job, which includes extensive preparation work.

Work Program:

- Exterior repairs to wood siding, eaves, fascia, trim, dentil blocks, details
- Gutters
- Painting

Application Strengths:

- Prominent location – corner - with a high visibility work program
- Increasing architectural integrity

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- Preserving neighborhood integrity
- Conserving materials and energy embodied in existing building
- Major repair/maintenance

9 - MA07-001 – 2451 Havenscourt Blvd.

Rating: D2+, Study List – Minor Importance, Contributor to Area of Secondary Importance – Havenscourt Blvd. Designated Heritage Property

Redevelopment District: Central City East

Council District: 6 (Brooks)

Significance: Havenscourt Blvd. is



located in Central East Oakland extending between East 14th Street and Bancroft Avenue. Along almost all of its length it presents an image dominated by the wide roadway surface (approximately 55') lined by a continuous canopy of mature London Plane trees and Canary Island date palms, with rows of small one-family single-story bungalows along the sides. The houses are mostly surfaced with stucco, have flat or low-pitched gable roofs, rectangular plans, and are architecturally derived from Craftsman, Prairie School and in some cases, Mediterranean or other Period Revival sources. The houses present a very uniform, well-integrated appearance due to their generally similar lot sizes, massing, setbacks and rooflines.

The first tract maps were filed in 1912, 1913, and 1914 following by some years the construction of the electric street car line out East 14th Street. The 1915 General Motors Chevrolet Assembly plant bounded by Bancroft Avenue, 73rd Avenue and Foothill Blvd. stimulated considerable demand for working class housing in the surrounding area.

This property is located in the Central City East Redevelopment District, and geographically one of the furthest property applications from the central Oakland area.

Work Program:

- New roof
- Stucco and termite work
- Paint exterior
- Replace/repair windows

Application Strengths:

- Meets quota for Central City East Redevelopment Area
- Location contributes to the goal of Mills Act contract representation in neighborhoods throughout the City

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- Part of a continuous group/streetscape whose continuity would be improved by the work program
- Maintaining architectural integrity
- Preserving neighborhood character
- Stabilization work
- Major maintenance

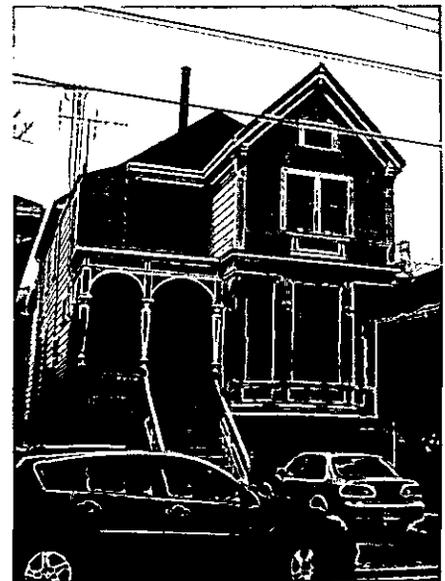
10 - MA08-008 - 609-611 22nd Street

Rating: C1+, – Secondary Importance,
Contributor to an Area of Primary
Importance – Cathedral District
Designated Heritage Property

Redevelopment District: Not in a Redevelopment District

Council District: 3 (Nadel)

Significance: A two-story wood-frame Queen Anne house sheathed in channel rustic siding. The front façade incorporates a front facing gabled wing with a flat front on the 2nd level and an angled bay on the first. A flat-roofed portico with turned posts and sunburst brackets fill the angle. Other decorative details include fish-scale shingles, molded panels and brackets on the front bay. Windows are rectangular and double-hung, with stained glass borders in the upper pane of the middle window of the angled bay.



This Queen Anne residence was built in 1891 for Minna Frey by her architect husband Julius Frey. The building contributes to the district by its age, scale, setting and association with development patterns and the architect Julius Frey.

It is located in the Cathedral District historic neighborhood, one of the many API's that are currently being studied for strategies to protect historic resources in the Central Business District under the new proposed CBD zoning.

Work Program:

- Repair front door and front windows
- Repair garage door, seal cement garage, treat wood posts in garage, install sump
- Repair dining room, kitchen, living room, bedroom windows and back door
- Remove lead paint, repaint exterior
- Replace back porch and steps
- Replace roof

Application Strengths:

- Part of a continuous group/streetscape whose continuity would be improved

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- Increasing architectural integrity
- Preserving neighborhood character
- Major repair/maintenance
- Restoration of character defining features
- Location contributes to the goal of Mills Act contract representation in neighborhoods throughout the City (Central Business District Residence – Cathedral District)

PROGRAM DESCRIPTION

The Mills Act Program can reduce property taxes for historic properties if the owner signs a contract with the local government – the City of Oakland - agreeing to repair and maintain the historic character of the property. Important aspects of the Mills Act program include:

- The Mills Act Program is a voluntary program.
- The Mills Act contract is between the City and the owner of a designated historic structure.
- The initial contract is for 10 years; at the end of each year the term is automatically extended one year, unless the owner or the city gives notice to not renew the contract. If the notice is given, the contract remains in effect for the balance of the current 10-year contract.
- The penalty for breach of contract is 12.5% of the current property value.
- The contract stays with the property, that is, the contract automatically transfers to each new property owner and the property is not reassessed to its full market value upon sale.
- Upon receipt of an executed contract, the County Tax Assessor is directed by State law to re-assess the value of the property, which may result in a reduction of property tax.
- The reduction will vary depending on a number of factors. Studies have shown that the largest property tax reductions occur for properties purchased or reassessed in recent years.

SUSTAINABLE OPPORTUNITIES

Economic:

Historic preservation or rehabilitation is labor intensive and will provide opportunities for professional services and construction related jobs for the Oakland community. Historic preservation or rehabilitation frequently involves specialty trades, craftspeople, products and suppliers. The Mills Act properties would provide opportunities for this sector of the construction industry.

Environmental:

Historic preservation or rehabilitation is sustainability on a grand scale. It conserves materials and energy embodied in existing building stock.

Social Equity:

Historic preservation or rehabilitation will assist in the revitalization of Oakland's historic buildings and neighborhoods citywide. Although applicants come from all areas of the City, each single project will act as a catalyst for neighborhood revitalization since property owners who enter into an agreement are obligated to maintain and prevent deterioration of the property. Historic buildings reinforce a community's connection to its past and place. Revitalization of these historic properties will engender pride of neighborhood and community.

DISABILITY AND SENIOR CITIZEN ACCESS

The preservation or rehabilitation of existing historic commercial properties will require upgrades for handicapped accessibility.

RECOMMENDATION(S) AND RATIONALE

The LPAB recommends that the City Council adopt a Resolution to approve ten Mills Act Contracts between the City of Oakland and the following Properties, as described under Key Issues and Impacts:

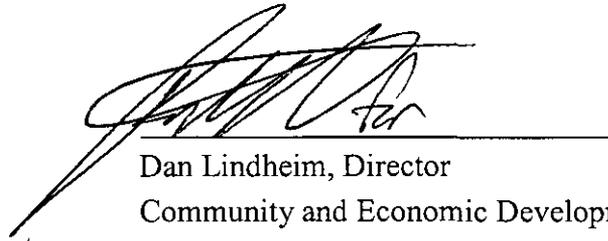
4629 Martin Luther King Jr. Way
2375 Fruitvale Avenue
1121-23 12th Street,
2302 17th Avenue
3034-40 Richmond Boulevard
2708 Sunset Boulevard
3070 Richmond Boulevard
1034-10th Street
2451 Havenscourt Boulevard
609-11 22nd Street

These applications include a variety of building types in neighborhoods throughout the City, which will give the Pilot Program a sampling of building types and expose the Program throughout the City. The proposed work programs include work that is of immediate necessity in order to deter any further deterioration. The proposed work will be highly visible to the public and therefore will act as a catalyst for neighborhood revitalization and as a mode for the Mills Act Program.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the Council accept this report for the Approval of ten Mills Act Contracts between the City of Oakland and the properties outlined in this report, and adopt the resolution to approve these agreements.

Respectfully submitted,

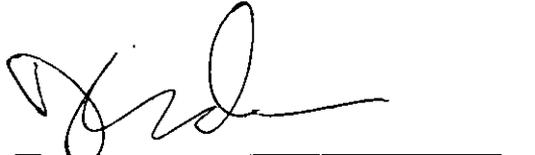


Dan Lindheim, Director
Community and Economic Development Agency

Reviewed by:
Eric Angstadt, Interim Deputy Director of CEDA

Prepared by:
Joann Pavlinec, Planner IV
Planning

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE



Office of the City Administrator

Attachments: A. Ordinance No. 12784 C.M.S. with attached Exhibit A – (Model) Mills Act Agreement for Preservation of Historic Property.

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ATTACHMENT A

OFFICE OF THE CITY CLERK

2005 NOV 16 PM 4:26

APPROVED AS TO FORM AND LEGALITY
Mark P. Waul
DEPUTY CITY ATTORNEY

OAKLAND CITY COUNCIL

ORDINANCE No. 12784 C.M.S.

AN ORDINANCE ADOPTING A TWO-YEAR PILLS ACT PROPERTY TAX ABATEMENT PROGRAM FOR QUALIFIED HISTORIC PROPERTIES, AND MAKING RELATED AMENDMENTS TO THE CITY'S MATER FEE SCHEDULE

- WHEREAS**, the General Plan Historic Preservation Element Policy 2.6.1 calls for the adoption of a Mills Act contract program, pursuant to Sections 50280-90 of the California Government Code and Section 439.2 of the California Revenue and Taxation Code, to promote historic preservation; and
- WHEREAS**, establishment of a Mills Act Program would meet numerous General Plan Land Use goals and policies, including housing rehabilitation, preservation of community character and identity, sustainability, commercial and corridor revitalization, and image; and
- WHEREAS**, funding for a Mills Act study is provided per Mitigation Measures outlined in the Environmental Impact Reports for both the West Oakland Redevelopment Plan and the Central City East Redevelopment Plan; and
- WHEREAS**, the City Council approved the Johanna Favrot Fund for Historic Preservation Matching Fund Grant through the National Trust for Historic Preservation (Resolution No. 78297 C.M.S.) to assist the City with the analysis of the financial and fiscal implications of a Mills Act Program; and
- WHEREAS**, the Landmarks Preservation Advisory Board adopted the establishment of a Mills Act Property Tax Abatement Program for the City of Oakland as a major goal for 2005/06; and
- WHEREAS**, the City of Oakland has a wealth of historic buildings and neighborhoods matched by few other California cities; and
- 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; and

WHEREAS, staff has solicited direction from the historic community and in-house City stakeholders, including the Landmarks Preservation Advisory Board, the Oakland Heritage Alliance, the City Redevelopment Agency and City Financial Service, in order to create an inclusive pilot program that responds to a variety of Oakland concerns; and

WHEREAS, the Landmarks Preservation Advisory Board on February 27, 2006 and the Planning Commission on April 5, 2006 held public hearings on the Mills Act Program, and unanimously recommended the two-year pilot Mills Act be approved by the City Council;

NOW, THEREFORE,

THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

SECTION 1. The City Council finds and determines that a two-year Mills Act Pilot Program will implement the General Plan Historic Preservation Element, provide an incentive for historic property maintenance, preservation and/or rehabilitation and thereby act as a catalyst for revitalization citywide, thus promoting the health, safety and welfare and furthering numerous general plan policies and objectives.

SECTION 2. The City Council hereby adopts a two-year Mills Act Pilot Program, as detailed in the April 5, 2006 Report to the City Planning Commission and the December 5, 2006 City Council Agenda Report. During the two-year pilot program, there shall be a limit of ten (10) Mills Act contracts for the first year and a limit of twenty (20) contracts for the second year with the pilot program impact on City revenues limited to \$25,000/year or \$50,000 cumulatively for the two-year pilot program. However, rollovers of both applications and revenue impacts may be allowed, provided the total number of applications does not exceed thirty (30) and the total revenue impact does not exceed \$50,000 from the City and \$500,000 from the Redevelopment Agency for the two-year pilot program. Since implementing the Mills Act is a Mitigation Measure for both the West Oakland Redevelopment Plan and the Central City East Redevelopment Plan, the pilot program implementation will pursue a minimum of 20% of the 30 Mills Act Contracts (six contracts) from the Central City East Redevelopment Area and a minimum of 20% of the 30 Mills Act Contracts (six contracts) from the West Oakland Redevelopment Area.

The Landmarks Preservation Advisory Board shall review and consider all Mills Act contracts, which shall be in substantial conformance to the Model Mills Act Agreement (Exhibit A), and shall forward its recommendations to the City Council. If the City Council approves any Mills Act contracts, it shall do so by resolution.

SECTION 3. Prior to the end of the two-year pilot program, city staff shall submit a report to the City Council which analyzes the effects on property tax revenue, staff

workload and neighborhood revitalization, and make recommendations as to the future caps and processes for the Mills Act Program.

SECTION 4. The City of Oakland's Master Fee Schedule is hereby amended to adopt a new Mills Act Application Fee of \$400 and a Mills Act Inspection Fee of \$100/inspection, to be deposited in Development Service Fund (2415), City Planning - Other organization (88229).

SECTION 5. The City Council finds and determines that the requirements of the California Environmental Quality Act of 1970 (CEQA), the CEQA Guidelines, and the provisions of the Environmental Review Regulations of the City of Oakland have been met, and the actions authorized by this Ordinance are categorically exempt from CEQA under CEQA Guidelines Section 15331: Historical Resource Restoration/Rehabilitation.

SECTION 6. The City Council authorizes staff to take any and all steps necessary to implement the two-year Mills Act Pilot Program consistent with this ordinance.

IN COUNCIL, OAKLAND, CALIFORNIA, FEB 6 2007, 20

PASSED BY THE FOLLOWING VOTE:

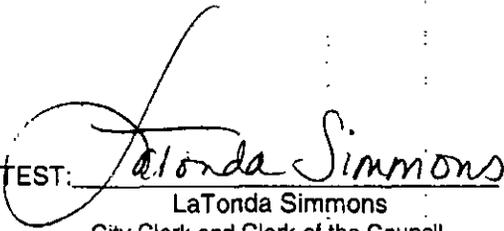
AYES - BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, ~~REID~~, and PRESIDENT DE LA FUENTE - 7

NOES - 0

ABSENT - 0

ABSTENTION - 0

Excused - Reid - 1

ATTEST: 
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California

Introduction Date: JAN 16 2007

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WHEN RECORDED, RETURN TO:

City of Oakland
Community & Economic Development Agency
Attn: Planning & Zoning, Historic Preservation/Secretary of Landmarks Board
250 Frank H. Ogawa Plaza, Suite 3315
Oakland, CA. 94612

**(MODEL) MILLS ACT AGREEMENT FOR
PRESERVATION OF HISTORIC PROPERTY**

This Agreement is entered into this _____ day of _____, 200_, by and between the City of Oakland, a municipal corporation (hereinafter referred to as the "City"), and _____ (hereinafter referred to as the "Owner(s)", owner(s) of the structure located at _____, in the City of Oakland (Exhibit A -- Legal Description of Property).

RECITALS

Owner possesses and owns real property located within the City and described in Exhibit A ("Property") attached and made a part hereof.

The Property is a Qualified Historic Property within the meaning of Oakland City Council Resolution No. _____ C.M.S., in that it is a privately owned property which is not exempt from property taxation and is on the City of Oakland's Local Register of Historic Resources.

Both City and Owner desire to carry out the purposes of Section 50280 of the California Government Code and Section 439 of the California Revenue and Taxation Code.

Both Owner and City desire to enter into a Agreement to preserve the Property so as to retain its characteristics of cultural, historical and architectural significance and to qualify the Property of an assessment of valuation pursuant to Section 1161 of the Revenue and Taxation code of the State of California.

NOW, THEREFORE, both Owner and City, in consideration of the mutual promise, covenants and conditions contained herein and the substantial public benefit to be derived therefrom, do hereby agree as follows:

Exhibit A

- 1) **Effective Date and Term of Agreement (California Government Code Section 50281.a)** The term of this Agreement shall be effective commencing on _____ and shall remain in effect for a term of ten (10) years thereafter. Each year, upon the anniversary of the effective date of this Agreement (hereinafter "renewal date"), one (1) year shall automatically be added to the term of the Agreement, unless timely notice of nonrenewal, as provided in paragraph 2, is given. If either City or Owner(s) serves written notice to the other of nonrenewal in any year, the Agreement shall remain in effect for the balance of the term then remaining, either from its original execution or from the last renewal of the Agreement, whichever may apply.

- 2) **Notice of Nonrenewal (California Government Code Section 50282, California Revenue and Taxation Code Section 439.3)** If City or Owner(s) desires in any year not to renew the Agreement, that party shall serve written notice of nonrenewal in advance of the annual renewal date of the Agreement as follows:
 - a. Owners must serve written notice of nonrenewal at least ninety (90) days prior to the renewal date; or
 - b. City must serve written notice within sixty (60) days prior to the renewal date. Owners may make a written protest of the notice. City may, at any time prior to the annual renewal date of the Agreement, withdraw its notice of nonrenewal to Owner(s).
 - c. If the City or Owner(s) serves notice of intent in any year to not renew the Agreement, the existing Agreement shall remain in effect for the balance of the period remaining since the original execution or the last renewal of the Agreement, as the case may be.
 - d. Any notice required to be given by the terms of this Agreement shall be provided by U.S. mail or hand delivery at the address of the respective parties as specified below or at any other address as may be later specified in writing by the parties hereto.

To City: City of Oakland
Community and Economic Development Agency
250 Frank H. Ogawa Plaza, Suite 3315
Oakland, CA 94612-2032
ATTN: Secretary, Landmarks Preservation Advisory Board

To Owner:

- 3) **Valuation of Historical Property (California Revenue and Taxation Code, Section 439.2)** During the term of this Agreement, Owner(s) are entitled to seek assessment of valuation of the Historical Property pursuant to the provisions of

Section 439 et. seq. of the California Revenue and Taxation Code.

- 4) **Preservation/rehabilitation and Maintenance of Property (California Government Code Section 50281(b)1)** During the term of this Agreement, the Property shall be subject to the following conditions, requirements and restrictions:
- a. Owner(s) agree to preserve/rehabilitate and maintain cultural, historical and architectural characteristics of the Property during the term of this Agreement as set forth in the attached schedule of improvements, which has been reviewed by the Landmarks Preservation Advisory Board and approved by the City Council (Exhibit B attached and made a part hereof). No demolition or other work may occur which would adversely impact the cultural, historical and architectural characteristics of the Property during the term of this Agreement.
 - b. All work on the Property shall meet , at a minimum, the Secretary of Interior's Standards for Rehabilitation of Historic Properties ,the Office of Historic Preservation of the Department of Parks and Recreation (Exhibit C attached and made a part hereof), the Minimum Property Maintenance conditions (Exhibit D attached and made a part hereof) the State Historical Building code as determined as applicable by the City of Oakland and all required review and conditions of the Landmarks Preservation Advisory Board, the Planning Commission, the City Council, and/or the Community and Economic Development Agency of the City of Oakland.
 - c. If the schedule set out in Exhibit B is not complied with, then City will use the following process to determine whether the Owner(s) are making good faith progress on the schedule of work. Upon City's request, the Owner(s) shall timely submit documentation of expenditures, made to accomplish the next highest priority improvement project for the property within the last 24 months. The Owner(s) shall be determined to be in substantial compliance when the expenditures are equal to or greater than the property tax savings provided by the Property being in the Mills Act Program. This schedule set out in Exhibit B shall be revised to reflect the schedule change. The Community and Economic Development Agency's Director, or his/her designee, shall have the ability to administratively adjust the schedule timeline, in concurrence with the Property Owners(s), only by written recorded instrument executed by the parties hereto.
 - d. Owner(s) shall, within five (5) days notice from the City, furnish City with any information City shall require to enable City to determine (i) the Property's present state, (ii)its continuing eligibility as a Qualified Historic Property, and (iii) whether the Owner is in compliance with this Agreement.

- 5) **Destruction through 'Acts of God' or "Acts of Nature"**. To the extent authorized by state law, Owner(s) shall not be held responsible for replacement/repair of the Property if it is Damaged or Destroyed through "Acts of God'/Nature, such as slide, flood, tornado, lightning or earthquake. Damaged or Destroyed means that the property is no longer restorable to a condition eligible for historic designation due to substantial loss of integrity, as determined by an Historic Architect.
- 6) **Inspections (California Government Code Section 50281(b)2)**. Owner(s) agrees to permit such periodic examinations/inspections, by appointment, of the interior and exterior of the Property by the City staff, Members of the Landmarks Preservation Advisory Board, representatives of the County Assessor's Office, representatives of the State Board of Equalization and representatives of the Department of Parks and Recreation as may be necessary to determine the Owner's compliance with this Agreement. Such examination/inspection shall be upon not less than five (5) days written or oral notice.
- 7) **Payment of Fees (California Government Code Section 50281.1)** The Owner shall pay the City a fee established pursuant to the City's Master Fee Schedule, for costs related to the preparation and review of the Agreement and related documents **at the time of application.**
- 8) **Binding on Successors and Assigns (California Government Code Section 50281.b.3)** Owner agrees that this Agreement shall be binding upon and inure to the benefit of all parties herein, their heirs, successors in interest, legal representatives, assigns and all persons acquiring any part or portion of the Property, whether by operation of law or otherwise, and that any such person(s) shall have the same rights and obligations under this Agreement.
- 9) **Cancellation (California Government Code Section 50284)** City, following a duly noticed public hearing before the City Council, as set forth in California Government Code Section 50285, may cancel this Agreement if it determines that Owner(s): (a) have breached any of the conditions of the Agreement; (b) have allowed the property to deteriorate to the point that it no longer meets the standards for being on the City's Local Register of Historic Resources ; or (c) if the Owner(s) have failed to restore or rehabilitate the Property in the manner specified in paragraph 4 of this Agreement.

In the event of cancellation, Owner(s) shall be subject to payment of those cancellation fees set forth in California Government Code Sections 50280 et seq., described herein. Upon cancellation, Owner(s) shall pay a cancellation fee of twelve and one-half percent (12 ½%) of the current fair market value of the Property at the time of cancellation, as determined by the County Assessor as though the Property were free of any restrictions pursuant to this Agreement.

10) **No Compensation** Owner shall not receive any payment from City in consideration of the obligations imposed under this Agreement, it being recognized and agreed that the consideration for the execution of this Agreement is the substantial public benefit to be derived therefrom and the advantage that will accrue to Owner as a result of the effect upon the Property's assessed value on account of the restrictions required for the preservation of the Property.

11) **Enforcement of Agreement** As an alternative to cancellation of the Agreement for breach of any condition as provided in paragraph 9, City may, in its sole discretion, specifically enforce, or enjoin the breach of the terms of this Agreement. In the event of a default, under the provisions of this Agreement by the Owners, City shall give written notice to Owners by registered or certified mail. If such a violation is not corrected to the reasonable satisfaction of City within thirty (30) days thereafter, or if not corrected within such a reasonable time as may be required to cure the breach or default if said breach or default cannot be cured within thirty (30) days provided that acts to cure the breach or default may be commenced within (30) days and must thereafter be diligently pursued to completion by Owners, then City may, without further notice, declare a default under the terms of this Agreement and may bring any action necessary to specifically enforce the obligations of Owners growing out of the terms of this Agreement, apply to any violation by Owners or apply for such other relief as may be appropriate.

12) **Indemnification** Owner shall indemnify, defend (with counsel reasonably acceptable to City) and hold harmless the City of Oakland, and all of its boards, commissions, departments, agencies, agents, officers, and employees (individually and collectively, the "City") from and against any and all actions, causes of actions, liabilities, losses, costs, claims, judgments, settlements, damages, liens, fines, penalties and expenses (collectively called "Claims") incurred in connection with or arising in whole or in part from this Agreement, including without limitation:

- a. any accident, injury to or death of a person, loss of or damage to property occurring in or about the Property;
- b. the use or occupancy of the Property by Owner, its Agents or Invitees;
- c. the condition of the Property; or
- d. any construction or other work undertaken by Owner on the Property.

This indemnification shall include, without limitation, reasonable fees for attorneys, consultants and experts and related costs and City's cost of investigating any Claims. Owner shall defend the City from any and all Claims even if such Claim is groundless, fraudulent or false. Owner's obligations under this Paragraph shall survive termination of this Agreement.

13) **Governing Law** This Agreement shall be construed and enforced in accordance with the State of California.

- 14) **Amendments** This Agreement may be amended in whole or in part only by a written recorded instrument executed by the parties hereto in the same manner as this Agreement.
- 15) **No Waiver** No failure by the City to insist on the strict performance of any obligation of Owner under this Agreement or to exercise any right, power or remedy arising out of a breach hereof, shall constitute a waiver of such breach or of City's right to demand strict compliance with any terms of this Agreement. No acts or admissions by City, or any agent(s) of City, shall waive any or all of City's right under this agreement.
- 16) **Severability** If any provision of this Agreement is determined to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each other provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.
- 17) **Recording with Alameda County (California Government Code Section 50282.e)** No later than 20 days after execution of this Agreement, the Owner shall record with the county recorder a copy of the Agreement and provide proof of such to the City.
- 18) **Notice to State Office of Historic Preservation** The Owner shall provide written notice of the Agreement to the State Office of Historic Preservation within six (6) months of the date of this Agreement, and provide City with a copy of such notice.
- 19) **Eminent domain (California Government Code Section 50288)** In the event that the Property is acquired in whole or in part by eminent domain or other acquisition by any entity authorized to exercise the power of eminent domain, and the acquisition is determined by the legislative body to frustrate the purpose of the Agreement, such Agreement shall be canceled and no fee shall be imposed under paragraph 9. This Agreement shall be deemed null and void for all purposes of determining the value of the Property so acquired.
- 20) **General Provisions** None of the terms provisions or conditions of this Agreement shall be deemed to create a partnership hereto and any of their heirs, successors or assigns, nor shall such terms, provisions or conditions cause them to be considered joint ventures or members of any joint enterprise.
- 21) **Attorney's Fees** In the event legal proceedings are brought by any party or parties hereto, to enforce or restrain a violation of any of the covenants, reservations or restrictions contained herein, or to determine the rights and duties of any party hereunder, the prevailing party in such proceeding may recover its reasonable attorney's fees in addition to court costs and other relief ordered by the court.

On _____, before me, _____
a Notary Public for the State of California, personally appeared _____
_____, personally known to me (or proved to me on the basis of
satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to in the within
instrument, and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the
day and year first written above.

Notary Public
State of California

Mark P. Wall
City Attorney

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

Introduced by Councilmember _____

FILED
OFFICE OF THE CITY CLERK
OAKLAND
2008 OCT 16 PM 6:44

RESOLUTION TO APPROVE TEN MILLS ACT CONTRACTS BETWEEN THE CITY OF OAKLAND AND THE FOLLOWING PROPERTIES, 4629 MARTIN LUTHER KING JR. WAY, 2375 FRUITVALE AVENUE, 1121-23 12TH STREET, 2302 17TH AVENUE, 3034-40 RICHMOND BOULEVARD, 2708 SUNSET BOULEVARD, 3070 RICHMOND BOULEVARD, 1034 10TH STREET, 2451 HAVENSCOURT BOULEVARD, 609-11 22ND STREET, PURSUANT TO ORDINANCE NO.12784 C.M.S. [TWO-YEAR PILOT MILLS ACT PROGRAM], TO PROVIDE THESE OWNERS WITH PROPERTY TAX REDUCTIONS IN EXCHANGE FOR THEIR AGREEMENT TO REPAIR AND MAINTAIN THEIR HISTORIC PROPERTY IN ACCORDANCE WITH SUBMITTED WORK PROGRAM.

WHEREAS, the General Plan Historic Preservation Element Policy 2.6.1 calls for the adoption of a Mills Act contract program pursuant to Sections 50280-90 of the California Government Code and Section 439.2 of the California Revenue and Taxation Code, to promote historic preservation; and

WHEREAS, the Oakland City Council adopted a two-year pilot Mills Act Property Tax Abatement Program for qualified historic properties on February 6, 2007, via Ordinance No. 12784 C.M.S; and

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

WHEREAS, the City has received Mills Act contract applications from qualified historic properties throughout the City, with accompanying work programs that will maintain and prevent deterioration of the property, revitalize historic properties, engender pride of neighborhood and community, act as a catalyst for neighborhood revitalization; and

WHEREAS, at a duly noticed meeting, the Landmarks Preservation Advisory Board on August 8, 2008 unanimously recommended the ten applications, as outlined above, to the City Council, for contract approval for the 2008 Mills Act Program; and

WHEREAS, at a duly noticed meeting, the Landmarks Preservation Advisory Board's ten Mills Act contract recommendations were presented to the Planning Commission as a

Director's Report on September 3, 2008; now, therefore be it

RESOLVED: That, the City Administrator, or his designee, is hereby authorized to enter into Mills Act contracts, in substantial conformity with the previously approved model Mills Act contract, with the following properties and to take whatever actions are necessary to implement the previously approved Mills Act Program:

4629 Martin Luther King Jr. Way
2375 Fruitvale Avenue
1121-23 12th Street
2302 17th Avenue
3034-40 Richmond Boulevard
2708 Sunset Boulevard
3070 Richmond Boulevard
1034 10th Street
2451 Havenscourt Boulevard
609-11 22nd Street

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20_____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, and PRESIDENT DE LA FUENTE

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California