



CITY OF OAKLAND

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AGENDA REPORT

TO: DEANNA J. SANTANA
CITY ADMINISTRATOR

FROM: Fred Blackwell

SUBJECT: Mills Act Contracts

DATE: October 26, 2012

City Administrator

Date

Approval

11/10/12

COUNCIL DISTRICT: #s 2 and 6

RECOMMENDATION

Staff recommends that the City Council adopt:

A Resolution Approving Four (4) Mills Act Contracts Between the City of Oakland And The Properties At 818 Trestle Glen Road (Estimated - \$2,036/Year Property Tax Reduction), 1550 5th Avenue (Estimated - \$747/Year Property Tax Reduction), 3627 Majestic Avenue (Estimated - \$935/Year Property Tax Reduction), And 3635 Majestic Avenue (Estimated - \$709/Year Property Tax Reduction) Pursuant to Ordinance No. 12987 C.M.S., 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 Programs.

EXECUTIVE SUMMARY

Per City Council Ordinance No. 12987 C.M.S. (*Attachment A*), a permanent Mills Act Property Tax Abatement Program (Program) was adopted on January 5, 2010, following successful implementation of a two-year Pilot Program. 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 and, if necessary, restore the property.

The Ordinance sets a limit on City tax revenue losses to \$25,000/year, and on Redevelopment tax revenue losses (2008 – 2011) to \$25,000/year in any single redevelopment area, with a cumulative limit of \$250,000/year for all redevelopment areas with the exception of the Central Business District. In the Central Business District, program impacts on Redevelopment tax revenue losses are limited to \$100,000/building/year with a cumulative limit of \$250,000/year.

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Additionally, any Mills Act Program property application, where estimated City/Redevelopment tax revenue loss exceeds the above limits, may request special consideration by the City Council.

Four Mills Act Contract applications have been submitted this year and have been recommended for approval by the Landmarks Preservation Advisory Board at their July 9, 2012 meeting. All four properties are residential.

The first application was for a property at 818 Trestle Glen Road, a City of Oakland Heritage Property, built in 1925 in the Italian Renaissance architectural style. The estimated City share of the total loss of property taxes is \$2,036/year. The work program focuses on seismic and drainage stabilization work as well as window replacement, exterior painting and reversal of previous architecturally inappropriate work.

The second application was for a property at 1550 5th Avenue, a City of Oakland Heritage Property, built in 1885 in the Stick Style. The estimated City share of the total loss of property taxes is \$747/year. The work program focuses on a new foundation, roof replacement, exterior painting and continued maintenance.

The third and fourth applications were for a building group, consisting of two residential properties, at 3627 Majestic Avenue and 3635 Majestic Avenue, built in 1937. Both properties were designed and built on the Mills College campus for Mills College faculty. They were designed by the Mills College architect selected in 1922, Walter Ratcliff, founder of an extant East Bay architectural firm in 1906 and an important figure in the development of the East Bay's architectural traditions. The estimated City share of the total loss of property taxes is \$935/year and \$709/year, respectively. Their style is eclectic with elements of the Cahfomia Ranch (1935-75), the Second Bay Area Tradition (1928-42) and Modeme (1920-40) styles. Both work programs focus on window and door replacement. 3627 also includes a new roof and exterior painting.

The total loss of City tax revenue for all four properties for year one is \$4,427. This total complies with the loss limit of \$25,000/year. This total does not include City property tax revenue losses for 24 previously approved Mills Act Contracts (2008-2011). An approximate calculation for 27 Mills Act property contracts¹ based on first year losses (including the four proposed properties) results in an estimated one-year city property tax revenue loss of \$15,743.

OUTCOME

Approval of this resolution will authorize agreements between the City of Oakland and four qualified historic properties, through which the property owners may receive property tax reductions in exchange for their agreement to invest the dollar reduction amount to repair and

¹ Excludes the condominium Central Business District (CBD) project not yet completely sold and takes into consideration one CBD large commercial property which resulted in an estimated City property tax gain of \$6,281/year.

maintain their historic property in accordance with their submitted work program, incorporated in the contract. This action will bring the total number of Mills Act Contracts approved and recorded between 2008 and 2012 in the City of Oakland to 28. 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, and subsequently a reduction in City tax revenues. The estimated amount of City tax revenue loss for the four new contracts in year one is \$4,427. The Mills Act revenue loss limits outlined in the Ordinance are \$25,000/year for non-redevelopment (2008-2011) area losses, \$250,000 for Redevelopment (2008-2011) losses, and \$100,000/building/year for the Central Business District. All estimated revenue losses comply with the Ordinance limits.

BACKGROUND/LEGISLATIVE HISTORY

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 agreeing to preserve the property, maintain its historic characteristics and, if necessary, restore the property.

Many Bay Area municipalities are using the Mills Act to revitalize their cities. In these cities, the Mills Act has acted as a catalyst for neighborhood revitalization, since property owners who enter into agreements are obligated to maintain and prevent deterioration of the properties, in addition to complying with any specific restoration or rehabilitation provisions contained in the agreements.

A Mills Act Program offers one of the few available incentives to owners of historic properties to pursue maintenance, repair and rehabilitation or restoration.

Important aspects of the Mills Act program include:

- o The Mills Act Program is a voluntary program.
- o The Mills Act contract is between the City and the owner of a designated historic structure.
- o 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.
- o The Agreement requires that the owner preserve/rehabilitate and maintain cultural, historical and architectural characteristics of the listed history property, as set forth in

the 10-year Work Program schedule of improvements. In Oakland, the property tax savings are required to be invested back into the property.

- The Agreement provides for periodic inspections, as necessary, to determine the owner's compliance with the terms of the Agreement.
- 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.

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. The establishment of a Mills Act Program meets numerous General Plan Land Use goals and policies, including housing rehabilitation, preservation of community character and identity, sustainability, and commercial and corridor revitalization. The Council found that a Mills Act Program had the potential to affect historic properties city-wide and to be a catalyst for further revitalization and reinvestment of its distinct and diverse neighborhoods and its strong historical character. Sixteen Mills Act Contracts were approved from 2008 – 2009 under the Pilot Program.

The Oakland City Council expanded and made permanent the Mills Act Property Tax Abatement Program on January 5, 2010, via Ordinance No. 12987 C.M.S. The two-year pilot program was successfully implemented, with applications submitted representing geographic diversity within the City, and with applications submitted that were within both the range of the limit on the number of contracts and the limit of losses on Property Tax revenues, with the exception of large commercial properties. The two-year pilot program demonstrated the need to expand the limits of losses of Property Taxes in the Central Business District to include large commercial properties in the Program, to provide an incentive for rehabilitation of Central Business District historic properties, which benefit both the property owner with a potential tax reductions and the City with a potential Tax Revenue increase.

Additional criteria were adopted by the City Council in 2009 for large commercial structures in the Central Business District as follows:

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- Mills Act Tax Calculator estimates a net gain following rehabilitation;
- The work program time line is expedited indicating completion of the rehabilitation in one to two years;
- Revitalization of a vacant or underutilized building;
- 1st floor proposed uses have potential to enhance pedestrian activity;
- Proposed uses are supportive or complementary to adjacent uses.

As a result, the Cathedral building at 1615 Broadway and the Morgan Building at 510 16th Street were approved for Mills Act contracts. The 2010 -2011 applications resulted in eight additional Mills Act contracts, for a Program-to-date total of twenty-four.

The expanded, permanent Program also provides that any property applying for a Mills Act Contract anywhere in the City that exceeds the limits of the tax revenue losses may request special consideration of the City Council.

The Program will not only enable rehabilitation of each Mills Act Contract property, but it has been demonstrated that there is spillover to non-Mills Act properties. Criteria in applicant selection for the Program has included the potential for neighborhood impact with respect to evaluating the visibility of the work program and the prominence of location to passersby, so that the Program will function as an additional tool for neighborhood revitalization and further revitalization and economic goals of the City, by encouraging property rehabilitation on non-Mills Act properties. This potential non-Mills Act revitalization would increase property values which in turn will increase tax revenues. The Mills Act Program will indirectly increase neighborhood property values, providing increased tax revenue.

The 2008 – 2012 Mills Act Applications Map, Geographic Distribution, is included as *Attachment B* to this staff report.

2012 Mills Act Contract Applications

Four Mills Act Applications were submitted to the City this year -- the fifth year of the Mills Act Program. All of the applications considered this year are City of Oakland Heritage Properties.

1 - MA12-004 – 818 Trestle Glen Road

OCHS Rating: In 1986, the preliminary survey maps rated this property as a 'PDHP, D2+ {D= Minor Importance, 2+=Contributor to an Area of Secondary Importance (ASI)} Trestle Glen/Lakeshore
Landmark Evaluation Present Rating – B; Contingency Rating - B.
Council District: 2 (Kemighan)

Significance: This property, constructed in 1925, is best characterized as simplified Italian Renaissance. Variations on this style can be seen in many examples along the surrounding streetscape, especially in the 600-900 blocks of Trestle Glen Road, which were developed slightly later than the remainder of Lakeshore Highlands. The streetscape is dominated by these simple facades, symmetrically arranged, clad in stucco and decorated with minimal ornamentation.

The introduction of a network of electric trolley systems after 1890 transformed the geographic spread of residential development in Oakland. In 1895, real estate magnate Frank C. Havens joined with the transportation magnate F. M. "Borax" Smith to form the Realty Syndicate, a real estate development company. These men grew their company by amassing land for real estate development adjacent to existing trolley lines and by building trolley lines convenient to potential real estate development.

In 1917, the Lakeshore Highlands Company, with Wickham Havens, son of Frank C. Havens, as president, filed a subdivision map covering the hills on either side of Trestle Glen, from Lakeshore Avenue to Grosvenor Place. This subdivision covered the southern portion of what had been the Sather Estate, where the Realty Syndicate had begun the transformation from parkland to residential settlement in 1904.

To create a distinct residential environment in the Lakeshore Highlands, the Olmsted Brothers were retained. Frederick Law Olmsted Jr. and John Charles Olmsted were designers of national recognition working after the style of their pioneering father, Frederick Law Olmsted, who had designed New York's Central Park as well as Oakland's Mountain View Cemetery and some of the nation's earliest suburban neighborhoods. Adding their own naturalistic emphasis by incorporating existing topography in the development of street plans, the Olmsteds created a suburban typology that has had a lasting effect on American suburban planning. This typology is exemplified in their work in Lakeshore Highlands.

Construction in Lakeshore Highlands captures both the importance of the trolley line, which rolled right past the sales office, and the encroaching importance of automobiles. In a 1917 advertisement for Lakeshore Highlands the Key Routes trolleys emphasized the metaphorical ability to "fly" residents of Lakeshore Highlands from their new homes to their workplaces in San Francisco. Remnants of the overhead poles that held the power lines for the trains can be seen in the backyard of 818 Trestle Glen Road. However, the importance of the trolley system at

this time was being challenged by the concurrent rise in automobile ownership. The Bay Bridge would prove to be the beginning of the end for train and ferry service. In the first year the bridge was open, there was a drop of more than 3 million ferry passengers. Between 1930 and 1950, the number of cars in the Bay Area more than doubled. The Key System trains, which originally shared the lower deck, were removed in 1958. The Federal-Aid Highway Act of 1956 ultimately resulted in the construction of I-580 just south of Trestle Glen Road.

On the 600-900 block of Trestle Glen there were two proposals for what to do with the Key System right of way. The first was to remove the rails and convert it to an express bus right of way. The second, which was ultimately chosen, was to remove the parking on the north side of Trestle Glen to run the trans-bay buses and to sell off the rail right of way. This is the reason that the property at 818 Trestle Glen contains two parcels. The northern parcel was purchased by a previous owner of the property.

The house at 818 Trestle Glen Road was built by the Sommarstrom Brothers construction company of Oakland. They are known for building several historic structures in the San Francisco Bay Area, including the historic California Hotel on San Pablo Avenue.

Homes in Lakeshore Highlands were constructed and intended for the city's "upwardly mobile" class. In order to ensure this demographic, the Lakeshore Homes Association was established. As one of the earliest homeowners associations in the nation, it created and enforced a set of covenants, conditions and restrictions. Design review was also an integral part of the homeowners association's duties.

Work Program:

- Seismic retrofit;
- Replace inappropriate brick and aluminum casement window;
- Exterior painting;
- Site drainage work;
- Repair and maintenance – garage;
- Window replacement;

Additional work outside of Mills Act Contract:

- Replace window sashes with insulated glass and new hardware;
- Reverse inappropriate closure of window on southeast side of the house.

Application Strengths:

- Stabilization – seismic and drainage work;
- Reversal of inappropriate work;
- Increasing architectural integrity;
- Conserving materials and energy embodied in existing building;
- Timeline priority;
- Maintenance;
- Potential S-20 district designation.

2 - MA12-003 – 1550 5th Avenue

OCHS Rating: In 1994, Oakland Cultural Heritage Survey inventory form rates this property as a 'PDHP, C2+ {C=Secondary Importance, 2+=Contributor to an Area of Secondary Importance (ASI)} Clinton Neighborhood

Landmark Evaluation Present Rating – B; Contingency Rating - B.

Council District: 2 (Kernighan)

Significance: The house is a Stick Style house in the Clinton Neighborhood, built in 1885, similar in plan and elevations to a Newsom pattern book house. It is characteristic of homes built in this style in both San Francisco and Oakland.

Characteristics of the style include on this home include:

- Complex hip and gable roof with gable²
- Gable braces, pendants, and barge board trim;
- Wide bands of board and batten trim;
- Serpentine brackets;

- Front and side rectangle bays;
- Rustic siding and fish scale shingles;
- Tall double hung windows, some with stained glass.
- Shed-roofed corner front porch with turned posts and carved brackets and stick work.

John Snyder's index to contracts published in California Architect & Building News includes, "East Oakland-Two one-story frames. O., J. Slattery, A., J. J. & T. D. Newsom; C. W. Herin; \$3,600." The neighbor to this house is a twin of 1550 5th Avenue, but its bay windows and many other details have been removed or are in very poor condition. J. Slattery is listed as the owner of the block on which 1550 5th Avenue is located. It is believed that these houses were rentals as reflected by Jason Slattery's 1894 directory listing as 'Capitalist'.

Work Program:

- new foundation;
- replace roof;
- exterior painting;
- continued maintenance.

Application Strengths:

- visibility of work program – prominent location;
- scope of work;
- preserving neighborhood character;

² A gablet roof is a roof with a small gable at the top of a hip roof.

- conserving materials and energy embodied in existing building;
- stabilization – foundation work;
- maintenance;
- neighborhood diversity.

Ratcliff Court Building Group

3 - MA12-001 – 3627 Majestic Avenue

4 - MA12-002 – 3635 Majestic Avenue

OCHS Rating: In 1986, Oakland Cultural Heritage Survey preliminary survey maps rate these properties as 'Not a PDHP- X'

Landmark Evaluation: Both Properties: Present Rating – B; Contingency Rating - B.

Council District: 6 (Brooks)

Significance: In 1922 Mills College President Reinhardt selected Berkeley architect Walter Ratcliff as the Mills Campus Architect, and requested that he revise the unrealized campus plan that had originally been designed by Bernard Maybeck under the sponsorship of Phoebe Hearst. Ratcliff, founder of the East Bay architectural firm in 1906, was an important figure in the development of the East Bay's architectural traditions. Ratcliff studied and worked with architects who have made significant contributions to the Bay Area. As a young architect, Ratcliff apprenticed under John Galen Howard, and between 1923-1947, Ratcliff worked with the landscape architect Howard Gilkey, creating much of what is the Mills College campus today. He was appointed Berkeley City Architect in 1913 and undertook major heritage projects in the City and on the Berkeley Campus, including the Morrison Library addition to Doe, the Pacific School of Religion and downtown Berkeley commercial buildings. Many of his residences in Berkeley have Landmark status.

In 1937, Ratcliff designed two single family homes on the northwest sector of what was then the Mills campus, for Mills College faculty, Franklin Walker (American Literature) and philologists Daniel and Catherine Dewey. These two residences, approached across a road (now Seminary Avenue), were constructed by Ratchff s builder John Brown and constituted a small faculty enclave.

The style is eclectic with elements of the Cahfomia Ranch (1935-75), the Second Bay Area Tradition (1928-42) and Modeme (1920-40) styles. Both homes embody much of the Bay Area Tradition, including a mstic, woodsy philosophy, siting and creating the building form to maximize views and indoor-outdoor living. The Ranch style elements include intersecting gables, shingle roof, both vertical and horizontal wood siding, and terraces and patios in a secluded rear yard. Finally, the horizontally divided windows, windows that turn a comer and the round windows exhibit the Modeme style influence.

The 3635 Majestic Avenue landscape was designed by Ernest Wertheim, ASLA.

Work Program: 3627 Majestic Avenue

- Window and door replacement to match existing;
- Exterior painting;
- New roof

Application Strengths:

- Maintains part of a building group;
- Scope of work;
- Conserving materials and energy embodied in existing building;
- Replacement of character defining windows/door;
- Major maintenance- exterior painting and new roof;
- Geographic diversity.

Work Program: 3635 Majestic Avenue

- Window and door replacement to match existing

Note that while the work program includes window and door replacement, which will cover the estimated reduction in property taxes, the property owner has already completed some substantial recent maintenance and repair work on the property described below.

Application Strengths:

- Maintains part of a building group;
- Scope of work (including work completed);

- Conserving materials and energy embodied in existing building;
- Replacement of character defining windows/doors;
- Major maintenance (completed replacement of roof, gutters, exterior painting, new retaining wall, French drain, and other plumbing/water infrastructure work);
- Geographic diversity.

Landmark Preservation Advisory Board Recommendations – July 9, 2012

Staff recommendations to the Landmarks Preservation Advisory Board (LPAB) were based on Selection Criteria, including:

- 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;

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- 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.

At the July 9, 2012 LPAB meeting, the Board unanimously recommended to:

- 1) Select these four applications for recommendation to the City Council; and
- 2) Forward the same recommendations to the Planning Commission as an information item;
- 3) Add a Condition of Approval that the two Majestic Avenue properties have their windows (that have been proposed for replacement) reviewed by a window specialist in historic window repair and restoration and submit the following for review by the LPAB:
 - a. An evaluation of the condition of the windows/doors and potential for repair and restoration, rather than replacement;
 - b. Justification for replacement; and
 - c. Exploration of alternatives in terms of repair and restoration.

The four Mills Act Contract applications will be presented to the Planning Commission at its November 7, 2012 meeting, as a Director's Report.

ANALYSIS

Based on the addition of a Condition of Approval from the Landmarks Board as described above, the Board will review a report from a window specialist at its November 5, 2012 meeting, to give the applicants direction on repair or replacement of the windows and doors of the two Majestic Avenue properties. The final determination will be incorporated into the Work Programs of the two properties, and subsequently into the Mills Act contracts.

PUBLIC OUTREACH/INTEREST

Public review and evaluation of the 2012 Mills Act applications was heard by the Landmarks Preservation Advisory Board at its regularly scheduled July 9, 2012 meeting. A Director's Report was presented at the November 7, 2012 Planning Commission meeting.

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COORDINATION

The Attorney's Office and the Budget Office have reviewed and signed off on this report.

COST SUMMARY/IMPLICATIONS

Using a Mills Act Calculator³, available on the City website, indicates the following estimated tax outcomes. Based on County records, Column two lists the current yearly property taxes on the property. Column three lists the estimated Mills Act property taxes. Column four lists the difference between the current property taxes and the estimated Mills Act calculated property taxes. The City receives approximately 27.28% of property taxes. Column five lists the loss of property taxes to the City, 27.28% of the change in property taxes due to the Mills Act calculation. A total loss of \$4,427 complies with the City tax revenue loss limit of \$25,000/year.

Table I – Residential Properties

1 Mills Act Application Number	2 Current Property Taxes	3 Mills Act Taxes Based on Mills Act Calculator (Estimated)	4 Change in Taxes (Current – Mills Act Estimated)	5 City Tax Revenue Loss (27.28% of Tax Change) – Year 1
MA12-001	\$6,072	\$2,644	(\$3,428)	(\$ 935)
MA12-002	\$4,439	\$1,841	(\$2,598)	(\$ 709)
MA12-003	\$4,262	\$1,522	(\$2,740)	(\$ 747)
MA12-004	\$10,426	\$2,964	(\$7,462)	(\$2,036)

TOTAL City Tax Revenue Loss Year 1 - 2012 (\$4,427)

The calculations for the previous 23 contracts, first year losses are attached (*Attachment C*), excluding one CBD property, a condominium property that is difficult to estimate under the Mills Act effect until a larger percentage of condominiums are sold. Because the units are typically undervalued until sold, it is estimated the effect of the Mills Act will be a net increase in property tax revenues. The other 27 contracts total, including this year's four applications, \$15,743 for the first year losses. This total also includes another large CBD Mills Act commercial property where a significant City property tax revenue net gain of \$6,281 is estimated.

³ 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 reductions, 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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The Mills Act Property Tax incentive resulted in the sale of a CBD historic property at 510 16th Street. As with most large CBD commercial properties, the Mills Act estimated property taxes are higher than the existing property taxes on the property because these historic buildings are currently underutilized and need rehabilitation.⁴ However, after the sale and/or after the building has been rehabilitated and the County Tax Assessor reassesses the property taxes, the property taxes increase. However, even with the reduction of a Mills Act property tax calculation, the City property tax revenue results in an overall net gain from the original property taxes. This is a win/win situation as the building is sold and/or revitalized, due to the Mills Act tax incentive, and the City's tax revenues are increased, even with the lower Mills Act property tax calculation. An example is provided below.

Table II – CBD Commercial Property Example without Mills Act

		Property Taxes	City Tax Revenue 27.28%	Change in Taxes for City Tax Revenue After Sale (gain)
MA11-001	Before Sale	\$19,405	\$5,294	
	After Sale	\$52,228	\$14,248	\$8,954

Table III-CBD Commercial Property Example with Mills Act

	Property Taxes After Sale	Taxes Based on Mills Act Calculator	City Tax Revenue 27.28% \$42,431	Overall <u>Net Gain</u> From Before Sale To After Sale w/Mills Act Calculation \$11,575 - \$5,294
MA11-001	\$52,228	\$42,431	\$11,575	\$6,281

⁴ Under a Mills Act contract, the County Tax Assessor calculates taxes using the standard calculation methodology and the Mills Act methodology. If the Mills Act calculation is higher than the standard methodology, taxes are not raised.

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.

Historic preservation or rehabilitation will increase the property value of each Mills Act participant. While other Mills Act property tax revenue losses to the City are minimal, it has been shown in other California cities that Mills Act properties act as catalysts for revitalization in the larger surrounding neighborhood. Overtime, with increased neighborhood property maintenance and enhancement, neighborhood property values will increase and tax revenues will follow.

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.

CEQA

CEQA: Exempt, Section 15331 of the State CEQA Guidelines, Historical Resource Restoration/Rehabilitation; Section 15183 Projects consistent with the General Plan or Zoning.

For questions regarding this report, please contact Joann Pavlinec, Planner III – Historic Preservation, at (510)238-6344, or Betty Marvin, Planner III – Historic Preservation at (510)238-6879.

Respectfully submitted,



Fred Blackwell, Assistant City Administrator

Reviewed by:
Scott Miller, Interim Director
Department of Planning and Building

Prepared by:
Joann Pavlinec, Planner III – Historic Preservation
Strategic Planning

Attachment A. Ordinance No.12987 C.M.S. (authorizing legislation and model agreement)

Attachment B. 2008 – 2012 Mills Act Applications Map – Geographic Distribution

Attachment C 2008-2011 Mills Act Property Tax Calculations

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10 JAN 11 AM 11:12
INTRODUCED BY COUNCIL MEMBER DE LUENTE

Corrected
APPROVED AS TO FORM AND LEGALITY
Mark P. Walsh
City Attorney

OAKLAND CITY COUNCIL
ORDINANCE NO. 12987 C.M.S.

AN ORDINANCE EXPANDING AND MAKING PERMANENT THE MILLS ACT PROPERTY TAX ABATEMENT PROGRAM FOR QUALIFIED HISTORIC PROPERTIES WHICH WAS ESTABLISHED AS AT TWO-YEAR PILOT PROGRAM VIA ORDINANCE NO. 12784 C.M.S.

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 permanent 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, 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 City Council adopted a two-year pilot Mills Act Property Tax Abatement Program for Qualified Historic Properties in 2007 via Ordinance No. 12784 C.M.S.; and

WHEREAS, the two-year pilot program has successfully been implemented, with applications submitted representing geographic diversity within the City, and with applications submitted that are within both the range of the limit on the number of contracts and the limit of losses on Property Tax revenues, with the exception of large commercial properties; and

WHEREAS, the two-year pilot program demonstrated the need to expand the limits of

of losses of Property Taxes in the Central Business District to include these large commercial properties in the Program, to provide an incentive for rehabilitation of Central Business District historic properties, which benefit both the property owner with a potential tax reduction and the City with a potential Tax Revenue increase; and

WHEREAS, the establishment of a permanent and expanded 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, including the Central Business District, 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, interested Developers and the City Redevelopment Agency, in order to create an inclusive program that responds to a variety of Oakland concerns; and

WHEREAS, the Landmarks Preservation Advisory Board and the Planning Commission have strongly supported the goals to expand and make permanent the Mills Act Tax Abatement Program; **NOW, THEREFORE,**

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

SECTION 1. The City Council finds and determines that an expanded and permanent Mills Act 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 an expanded and permanent Mills Act Program, as detailed in the December 1, 2009 City Council Agenda Report. There shall be a limit of the program impact on City revenues limited to \$25,000/year, on Redevelopment revenues to \$25,000/year in any single redevelopment area with a cumulative limit of \$250,000/year for all redevelopment areas with the exception of the Central Business District. In the Central Business District, there shall be a limit of the program impact on Redevelopment revenues to \$100,000/building/year with a cumulative limit of \$250,000/year.

Additionally, any Mills Act Program property applicant, whose estimated Property Tax loss exceeds the above limits, may request special consideration by the City Council.

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. Staff shall present a report analyzing the cumulative fiscal effects of all existing Mills Act contracts

prior to Council consideration of additional Mills Act contracts. If the City Council approves any Mills Act contracts, it shall do so by resolution.

SECTION 3. 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 4. The City Council authorizes staff to take any and all steps necessary to implement the Mills Act Pilot Program consistent with this ordinance.

IN COUNCIL, OAKLAND, CALIFORNIA, JAN - 5 2010

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, and PRESIDENT BRUNNER - 8

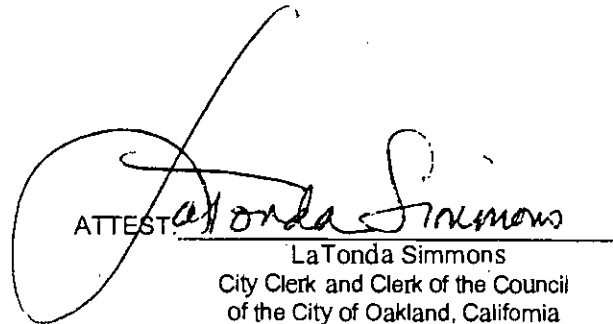
NOES- 0

ABSENT- 0

ABSTENTION- 0

Introduction Date: DEC - 8 2009

ATTEST:


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

DATE OF ATTESTATION: 1 - 7 - 2010

MPW

NOTICE & DIGEST

AN ORDINANCE EXPANDING AND MAKING PERMANENT THE MILLS ACT PROPERTY TAX ABATEMENT PROGRAM FOR QUALIFIED HISTORIC PROPERTIES WHICH WAS ESTABLISHED AS AT TWO-YEAR PILOT PROGRAM VIA ORDINANCE NO. 12784 C.M.S.

This ordinance (a) adopts a permanent Mills Act Property Tax Abatement Program which allows reductions of property tax assessments for eligible historic properties if the owner signs an agreement with the city to preserve and maintain the historic characteristics of the property, based on the two-year pilot program via Ordinance No. 12784 C.M.S.; and (b) expands the program so that large commercial properties in the Central Business District can participate in the Program.

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

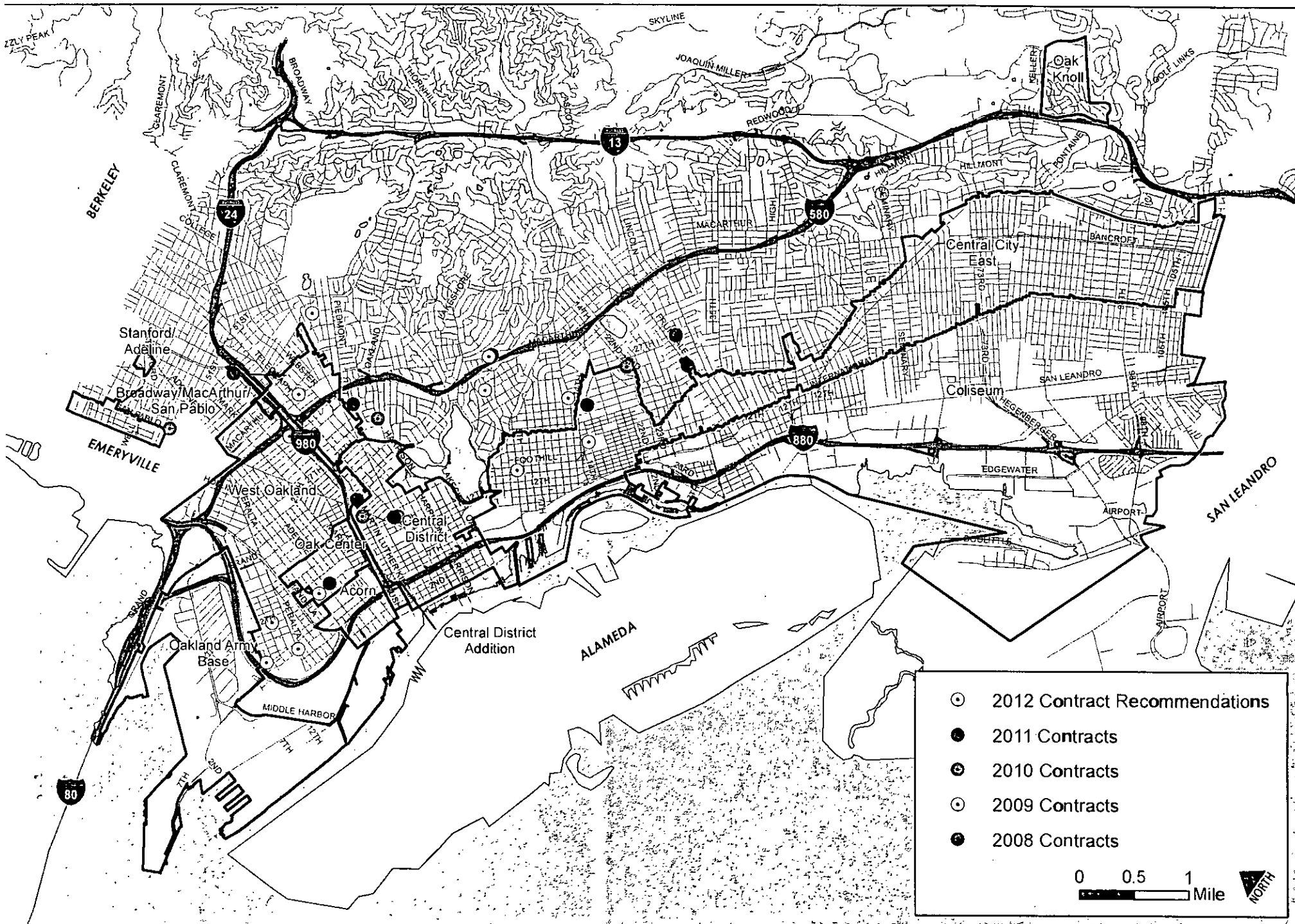
EXHIBITS

EXHIBIT A: Legal Description of Property

EXHIBIT B: Schedule of Improvements

EXHIBIT C: The Secretary of the Interior's Standards for Rehabilitation

EXHIBIT D: Minimum Property Maintenance Standards



ATTACHMENT C – 2008-2012 -Estimated one year Property Tax Revenue Loss¹

TABLE 1 - 2008 MILLS ACT TAX CALCULATOR ESTIMATES – Year 1

MILLS ACT APPLICATION NUMBER	CITY -C RED. AREA -R	CURRENT PROPERTY TAXES W/O MILLS ACT	MILLS ACT TAXES BASED ON MILLS ACT CALCULATOR ESTIMATOR	CHANGE IN TAXES (CURRENT VS. MILLS ACT)	CITY TAX REVENUE LOSS (27.28% OF TAXES) - Year 1 (2012 – <u>Redvlpmt to City Tax</u>)	REDEVELOPMENT TAX REVENUE LOSS (80% OF TAXES) – Year 1
MA07-002	R	\$ 6,260	\$ 3,440	\$2,820	(\$769)	(\$2,256)
MA-08-001	R	\$ 7,377	\$ 2,600	\$4,777	(\$1,303)	(\$3,822)
MA-08-004	C	\$ 7,035	\$ 4,558	\$2,477	(\$ 676)	
MA08-008	C	\$ 8,246	\$ 2,923	\$5,323	(\$1,452)	
MA08-009	C	\$26,114	\$32,764	N/A		
MA08-010	C	\$12,345	\$ 4,036	\$8,309	(\$2,267)	
				TOTALS	(\$4,395) (\$6,467) 63- properties	(\$6,078) 2 properties

2008 Total City Tax Revenue Loss (\$6,467)

TABLE 2 - 2009 MILLS ACT TAX CALCULATOR ESTIMATES– Year 1

MILLS ACT APPLICATION NUMBER	CITY (C) / REDEVELOPMENT (R) AREA	CURRENT PROPERTY TAXES W/O MILLS ACT	MILLS ACT TAXES BASED ON MILLS ACT CALCULATOR ESTIMATOR	CHANGE IN TAXES (CURRENT VS. MILLS ACT)	CITY TAX REVENUE LOSS (27.28% OF TAXES)- Year 1 (2012 – <u>Redvlpmt to City Tax</u>)	REDEVELOPMENT TAX REVENUE LOSS (80% OF TAXES) – Year 1
MA08-006	C	\$6,622	\$4,494	\$2,128	(\$ 581)	
MA08-011	R	\$5,546	\$1,832	\$3,714	(\$1,013)	(\$2,971)
MA08-012	C	\$9,144	\$2,233	\$6,911	(\$1,185)	

¹ These Tables are copied from each year's analysis. Where previous years calculations were based on a Redevelopment (80%), calculation, these have been converted to City Tax Revenue Losses (27.28%) since the recent Redevelopment Closures.

MA08-015	C	\$9,527	\$3,415	\$6,112	(\$1,667)	
MA09-001	R	\$6,332	\$4,743	\$1,589	(\$433)	(\$1,271)

MA09-004	R	\$5,874	\$3,124	\$2,750	(\$750)	(\$2,200)
MA09-005	R	\$7,974	\$2,884	\$5,090	(\$1,389)	(\$4,072)
MA09-006	R	\$2,372	\$1,443	\$ 929	(\$253)	(\$ 743)
MA08-016	R	\$14,943	\$15,402	N/A		
				TOTALS	(\$3,433) (\$7,271) 8-3 properties	(\$11,257)-5 properties

2009 Total City Tax Revenue Loss (\$7,271)

TABLE 3a - 2010 MILLS ACT TAX CALCULATOR ESTIMATES - Year 1
(City Tax Revenue Table)

1 Mills Act Application Number	2 City (C) (Not in a Redevelopment Area)	3 Current Property Taxes	4 Mills Act Taxes Based on Mills Act Calculator Estimator	5 Change in Taxes (Current - Mills Act Estimated)	6 City Tax Revenue Loss (27.28% of Tax Change) - Year 1
MA10-001	(C)	\$5,223	\$2,786	(\$2,437)	(\$665)
MA10-002	(C)	\$5,680	\$3,320	(\$2,360)	(\$644)

2010 Total City Tax Revenue Loss (\$1,309)

**TABLE 3b - 2010 MILLS ACT TAX CALCULATOR ESTIMATES- Year 1
(Former Redevelopment Tax Revenue Table)**

1 Mills Act Application Number	2 Redevelopment (R) Area	3 Current Property Taxes	4 Mills Act Taxes Based on Mills Act Calculator Estimator	5 Change in Taxes (Current – Mills Act Estimated)	6 Redevelopment Tax Revenue Loss (80% of Taxes) – Year 1	2012 <i>Redvlpmt to City Tax</i>
MA10-003	(R)	\$3,778	\$3,218	(\$560)	(\$448)	(\$153)
MA10-004	(R)	\$3,656	\$1,778	(\$1,878)	(\$1,502)	(\$512)

2010 Total City Tax Revenue Loss (\$ 665)

TABLE 4 - 2011 MILLS ACT TAX CALCULATOR ESTIMATES- Year 1

1 Mills Act Application Number	2 City (C) (Not in a Redevelopment Area)	3 Current Property Taxes	4 Mills Act Taxes Based on Mills Act Calculator Estimator	5 Change in Taxes (Current – Mills Act Estimated)	6 City Tax Revenue Loss (27.28% of Tax Change) – Year 1
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MA11-002	(C)	\$9,793	\$2,884	(\$6,909)	(\$1,885)
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2011 Total City Tax Revenue Loss (\$ 1,885)

**TABLE 5 a- 2011 MILLS ACT TAX CALCULATOR ESTIMATES- Year 1
without Mills Act**

		Property Taxes	City Tax Revenue 27.28%	Change in Taxes for City Tax Revenue After Sale (gain)
MA11-001	Before Sale	\$19,405	\$5,294	
	After Sale	\$52,228	\$14,248	\$8,954

**TABLE 5 b- 2011 MILLS ACT TAX CALCULATOR ESTIMATES- Year 1
with Mills Act**

	Property Taxes After Sale	Taxes Based on Mills Act Calculator	City Tax Revenue 27.28% \$42,431	Overall <u>Net Gain</u> From Before Sale To After Sale w/Mills Act Calculation \$11,575 - \$5,294
MA11-001	\$52,228	\$42,431	\$11,575	\$6,281

2011 Total City Tax Revenue Gain \$6,281

TABLE 5 - 2012 MILLS ACT TAX CALCULATOR ESTIMATES- Year 1

1 Mills Act Application Number	2 Current Property Taxes	3 Mills Act Taxes Based on Mills Act Calculator (Estimated)	4 Change in Taxes (Current - Mills Act Estimated)	5 City Tax Revenue Loss (27.28% of Tax Change) - Year 1
MA12-001	\$6,072	\$2,644	(\$3,428)	(\$ 935)
MA12-002	\$4,439	\$1,841	(\$2,598)	(\$ 709)
MA12-003	\$4,262	\$1,522	(\$2,740)	(\$ 747)
MA12-004	\$10,426	\$2,964	(\$7,462)	(\$2,036)

2011 Total City Tax Revenue Loss (\$4,427)

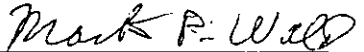
TOTAL YEAR 1 City Tax Revenue Loss (\$15,743)

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2012 NOV 14 PM 4:01

OAKLAND CITY COUNCIL

Approved as to Form and Legality


City Attorney

RESOLUTION NO. _____ C.M.S.

Introduced by Councilmember _____

RESOLUTION APPROVING FOUR (4) MILLS ACT CONTRACTS BETWEEN THE CITY OF OAKLAND AND THE PROPERTIES AT 818 TRESTLE GLEN ROAD (ESTIMATED - \$2,036/YEAR PROPERTY TAX REDUCTION), 1550 Sth AVENUE (ESTIMATED - \$747/YEAR PROPERTY TAX REDUCTION), 3627 MAJESTIC AVENUE (ESTIMATED - \$935/YEAR PROPERTY TAX REDUCTION), AND 3635 MAJESTICE AVENUE (ESTMATED - \$709/YEAR PROPERTY TAX REDUCTION) PURSUANT TO ORDINANCE NO. 12987 C.M.S., 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 PROGRAMS.

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 permanent Mills Act Property Tax Abatement Program for qualified historic properties on January 5, 2010, via Ordinance No. 12987 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, revitalization, and image; and

WHEREAS, the City has received four Mills Act contract applications from qualified historic properties. All four residential buildings are designated City of Oakland Heritage properties. 818 Trestle Glen Road was built in 1925 in the Italian Renaissance architectural style. 1550 5th Avenue was built in 1885 in the Stick Style. 3627 and 3635 Majestic Avenue, a building group, built in 1937, designed by Walter Ratcliff, the Mills College architect, for Mills College faculty in an eclectic style with elements of the California Ranch (1935-75), the Second Bay Area Tradition (1928-42), and Modeme (1920-40) styles.

WHEREAS, at a duly noticed meeting, the Landmarks Preservation Advisory Board on July 9,

2012 recommended the four applications to the City Council for contract approval for the 2012 Mills Act Program; and

WHEREAS, at a duly noticed meeting, the Landmarks Preservation Advisory Board's Mills Act contract recommendations were presented to the Planning Commission as a Director's Report on November 7, 2012;

WHEREAS, the City Council considered the matter at its December 5, 2012 meeting; now, therefore be it

RESOLVED, that the City Administrator, or his/her designee, is hereby authorized to enter into Mills Act contracts, subject to review and approval of the City Attorney, in substantial conformity with the previously approved model Mills Act contract, with the following properties and to make whatever actions are necessary to implement the previously approved Mills Act Program consistent with this resolution:

- 1) 818 TRESTLE GLEN ROAD, Oakland CA
- 2) 1550 5th AVENUE, Oakland CA
- 3) 3627 MAJESTIC AVENUE, Oakland CA
- 4) 3635 MAJESTIC AVENUE, Oakland CA

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, BRUNNER, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, SCHAAF and PRESIDENT REID

NOES -

ABSENT -

ABSTENTION -

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