

**DIRECTOR'S REPORT:** Status Report on Mills Act contract applications, 2018:

4690 Tompkins Avenue, 528 28th Street, 260 Park View Terrace, 1255 Trestle Glen Road, 581 Vernon Street, 5701 International Blvd., 677 Longridge Road, 1419 12th Street, 2440 10th Avenue.

**BACKGROUND**

The July 9, 2018, Landmarks Preservation Advisory Board staff reports on the nine Mills Act contract applications and eight associated Heritage Property nominations are attached as background information. The Board reviewed the applications and voted unanimously to recommend all nine Mills Act Property Tax Abatement Program applications to City Council for approval for contracts. The recommendations are forwarded to the Planning Commission as an information item.

**NEXT STEPS**

The present report to the Planning Commission will be followed by City Attorney, Budget, and City Council review, leading to a resolution authorizing the City Administrator to execute Mills Act contracts with the property owners. Contracts must be recorded with the County by the end of calendar year 2018.

  
FOR  
BETTY MARVIN  
Historic Preservation Planner

Approved by:

  
CATHERINE PAYNE  
Acting Development Planning Manager

Approved for forwarding to the  
City Planning Commission:

  
ED MANASSE  
Interim Deputy Director, Planning Bureau

**Attachments:**

1. Landmarks Preservation Advisory Board report, Mills Act Contract Applications, July 9, 2018
2. Landmarks Preservation Advisory Board report, Heritage Property Nominations, July 9, 2018

<b>3.</b>	<b>Proposal:</b>	<b>Mills Act Contract Applications by owners.</b>
	<b>Case File Number /Location/ City Council District /Zoning:</b>	1) MA18-001: <b>4690 Tompkins Avenue</b> (APN 037-2544-017-01); City Council District 4, Zoning RM-3 2) MA18-002: <b>528 28th Street</b> (APN 009-0697-008); City Council District 3, Zoning RU-1 3) MA18-003: <b>260 Park View Terrace</b> (APN 010-0771-032); City Council District 3, Zoning RU-2 4) MA18-004: <b>1255 Trestle Glen Road</b> (APN 024-0565-056); City Council District 2, Zoning RD-1 5) MA18-005: <b>581 Vernon Street</b> (APN 010-0817-003); City Council District 2, Zoning RM-1 6) MA18-006: <b>5701 International Blvd.</b> (APN 41-3848-4-1); City Council District 5, Zoning IG/S-19, City Landmark 7) MA18-007: <b>677 Longridge Road</b> (APN 011-0885-020-02); City Council District 2, Zoning RD-1 8) MA18-008: <b>1419 12th Street</b> (APN 004-0063-004); City Council District 3, Zoning RM-2 9) MA18-009: <b>2440 10th Avenue</b> (APN 022-0334-016); City Council District 2, Zoning RM-1
	<b>Applicant/Owner:</b>	Multiple, see individual applications attached
	<b>Environmental Determination:</b>	Categorically Exempt per CEQA Guidelines Sections: 15301 (Existing Facilities); 15305 (Minor Alterations in Land Use Limitations); 15306 (Information Collection); 15308 (Actions by Regulatory Agencies for Protection of the Environment); 15331 (Historical Resource Restoration/Rehabilitation).
	<b>Action to be Taken:</b>	Discuss and select applications to recommend for 2017 Mills Act contracts. Forward to Planning Commission as informational item. Forward recommendations to City Council.
	<b>For Further Information:</b>	Contact case planner <b>Betty Marvin</b> at <b>(510) 238-6879</b> or by email: <a href="mailto:bmarvin@oaklandnet.com">bmarvin@oaklandnet.com</a> .

**BACKGROUND**

The Mills Act is a California state law passed in 1972 that allows a potential property tax reduction for historic properties, using an alternate appraisal formula. The state law also establishes a ten-year perpetually renewing contract term and penalties for non-fulfillment of the contract. Local governments (city or county) that elect to participate design other aspects of their own programs, such as eligibility criteria and work program requirements. Oakland requires that the property have local historic designation (Landmark, Heritage Property, S-7, or S-20) and commit to spending the amount of the tax savings on a pre-approved, recorded program of eligible improvements that restore or maintain the historic exterior character of the building or its structural integrity. The relatively small tax benefit gives owners the means and motivation for high quality historically appropriate improvements, and can be especially beneficial for underutilized or undermaintained properties. Beyond just historic preservation, such projects further City goals including creation and preservation of housing, reduction of blight, and enhancement of neighborhoods. Oakland has approved 61 Mills Act Contracts since the program started in 2008 (map, Attachment 11).

A two-year pilot Mills Act program was adopted by the Oakland City Council in 2006-07. In 2009 the City Council expanded the program and made it permanent. The 2009 ordinance limited impact on City revenue to \$25,000 a year in new contracts, with separate quotas for redevelopment areas (\$250,000 a year in the Central Business District and \$25,000 a year in any other single redevelopment area). Since the abolition of redevelopment in 2012, the City share of property tax revenue (or property tax reduction) is uniform across the city at 27.28%. The ordinance provides that tax losses may exceed these limits with approval of the City Council.

The Mills Act establishes an alternate method of calculating property taxes for participating properties based on the income method of appraisal. In this method, property value is extrapolated from estimated potential rental income, using a capitalization rate or multiplier. Under the Mills Act the capitalization rate, usually around 10%, is adjusted for “historic property risk” by 4% for owner-occupied residential properties or 2% for all others, giving potentially a 20 to 40 percent tax reduction to Mills Act “restricted” properties.

Any property entering into a Mills Act contract with the City must be on the Local Register of Historical Resources. The Local Register is an umbrella category for the most significant historic resources in Oakland, whether designated by the Landmarks Board or identified by the Survey. It includes buildings with Oakland Cultural Heritage Survey ratings of ‘A’ or ‘B’, buildings in Areas of Primary Importance, and Designated Historic Properties (DHPs: Landmarks, Heritage Properties, and properties in S-7 and S-20 districts). Properties not already formally designated by the Landmarks Board must concurrently obtain Heritage Property or other designation.

Important features of the Mills Act program, established by the state legislation and incorporated into Oakland’s Mills Act contracts, 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 not to renew. If notice of non-renewal is given, the contract remains in effect for the balance of the current 10-year term.
- The penalty for breach of contract is 12.5 percent of the current property value.
- The basic state requirement is that the owner preserve, rehabilitate, and maintain the historical and architectural character of the property. Oakland’s program further requires that the property tax savings be invested back into the property according to a work program that is recorded as part of the contract.
- The contract runs with the property, that is, its obligations automatically transfer to each new owner and the property is not reassessed to full market value upon sale.
- The agreement provides for periodic inspections to determine compliance with the contract.
- The tax reduction will vary depending on a number of factors. The largest tax reductions occur for properties purchased or reassessed in recent years and at high market values.

## INTRODUCTION

### 2018 Mills Act Applications

Mills Act applications are accepted from January through May of each year, to allow time for processing by the City and recording with the County by December 31. Nine completed Mills Act applications – the largest number since 2008 - were submitted this year and are before the Landmarks Board for review. Eight of those are applying for Heritage Property designation at this meeting and one is an existing City Landmark. As in past years, most applications are for small residential buildings (houses or flats). Two large projects in East Oakland are also applying, a 40-unit apartment project in the former Beulah Rest Home at 4690 Tompkins Avenue and a work/live development of the landmarks Mutual Stores-Safeway complex at 5701 International Boulevard.

### Historic Preservation Staff Review

Selection criteria for Mills Act applications were developed by a Landmarks Board subcommittee and adopted by the Board during the first year of the Mills Act pilot program, to screen and rank applications, especially where there were more applicants than could be accommodated. Evaluation focuses on:

- *significance* of the property;
- immediate *necessity* of the work to prevent further deterioration;
- *scope* of the work in relation to the estimated tax reduction;
- *visibility* of the work proposed, to act as a catalyst for neighborhood revitalization;
- *neighborhood* diversity, to spread the program to as many neighborhoods as possible;
- *building type* diversity, to illustrate use of the Mills Act for different types of properties;
- *thoroughness* of the application above and beyond being minimally complete.

Staff is recommending selection of all nine 2018 Mills Act contract applications, as satisfying the applicable criteria. Details are provided in summaries on the following pages and in the full applications, Attachments 1 through 9.

### **FINANCIAL IMPACTS - 2018 Mills Act Applications**

A Mills Act calculator on the City website allows applicants to make a *rough estimate* of tax outcomes (table below). Based on Alameda County records and information from applicants, column 2 lists the current yearly property taxes on the property. Column 3 lists the *estimated* Mills Act property taxes, using the state formula based on square footage and hypothetical or actual rent. (When the calculator was designed by EPS consultants for the City a decade ago, the hypothetical average rent was \$1.25/sf!) Column 4 lists the difference between the current property taxes and the *estimated* Mills Act property taxes. The City receives approximately 27.28% of property taxes. Column 5 lists the estimated loss of property taxes to the City, 27.28% of the change in property taxes due to the Mills Act calculation. Note that the Mills Act formula applies to the ad valorem property tax, not to any special assessments or other charges.

In addition to the one-size-fits-all estimates from the calculator, some applicants have provided their own calculations – some higher, some lower - based on conversations with the Assessor or other research. The range of estimates confirms the rough nature of these figures, especially as 2018-19 assessments have not been published at the time of this report and the 2019-20 Mills Act restricted assessments based on market rents will not be calculated by the county until 2019.

*Disclaimer: The online calculator which produced these estimates is an interactive spreadsheet based on the Mills Act formula for tax assessments, which uses a modified version of the income approach to appraisal. It gives a rough estimate of potential tax savings. The City makes no warranties or representations about the accuracy of the calculator – it is an information tool that applicants may use at their sole risk, and does not 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 at the end of the calendar year.*

1 Mills Act Application Number	2 Assessed Value (county record)	3 Current Property Taxes (county rec.)	4 Mills Act Taxes from calculator (estimate based on ~\$2-3/sf rent)	5 Change in Taxes (current less Mills estimate)	6 City Revenue Loss, Year 1 (27.28% of tax change)
Small residential properties, citywide:					
MA18-002	\$925,000	\$12,475	\$6,811	(\$5,664)	
MA18-003	\$1,173,000	\$15,819	\$6,736	(\$9,083)	
MA18-004	\$1,526,000	\$20,580	\$6,341	(\$14,238)	
MA18-005	\$1,005,767	\$13,658	\$10,583	(\$2,981)	
MA18-007	\$1,255,206	\$16,928	\$7,392	(\$9,536)	
MA18-008	\$700,000	\$9,440	\$5,008	(\$4,432)	
MA18-009	\$1,400,000	\$18,280	\$6,590	(\$11,690)	
<b>Approximate residential tax reductions:</b>				total tax reduction (\$57,619)	<b>City revenue reduction (\$15,718)</b>
Large adaptive reuse projects in East Oakland:					
MA18-001	\$16,000,000	\$208,912	\$166,087	(\$42,825)	
MA18-006	8,495,229	\$125,742	\$109,907	(\$15,835)	
<b>Approximate large project reductions:</b>				total tax reduction (\$58,660)	<b>City revenue reduction (\$16,002)</b>

**TOTAL estimated City tax revenue loss, year 1 (tax year 2019-20) (\$31,720)**

An estimated loss of \$15,718 for the 7 residential properties is below the City tax revenue loss limit for new Mills Act contracts of \$25,000 (though significantly higher than past years). The two large adaptive reuse projects appear to produce an additional estimated revenue reduction of approximately \$16,002 for a total roughly estimated revenue loss of \$31,720. If accurate, this exceeds the \$25,000 limit established in 2007 by \$6,720, again a very rough estimate.

Tax impacts of the Mills Act formula are affected by changes in the California real estate market since the program was created by the legislature in the 1970s. Recent rapid inflation of real estate prices and the Proposition 13 system under which properties are reassessed to market value only at change of ownership mean that new owners are likely to benefit much more than long-term owners. In addition, because the Mills Act assessment formula is based on the income method of appraisal (using a hypothetical market rent), the current spike in rental prices means that Mills Act savings may be less than in past years. According to staff at the Assessor's office, "higher rents will have an impact on Mills Act restricted assessments. The restricted [Mills Act] assessment will be calculated using market rent as of January 1. An increase in market rents would yield a higher restricted assessment." It is not possible to give exact values because assessment is done property by property, but applicants were advised to put a higher rent per square foot (at least \$2 to \$3 in 2018) into the calculator on the City website. Lower Mills Act savings for owners would, of course, also mean less revenue loss for the City.

Staff believes it is reasonable to recommend all 9 applications for Mills Act contracts, and to recommend that Council approve 2018 contracts in excess of the 2007 limit, for these reasons:

- Inflation: property prices and taxes have risen sharply in the last few years. In 2006 the staff report for the pilot program stated that the "\$25,000 tax loss amounts to 0.03% of the annual [property] tax revenues which total \$85 million." The City's 2016-17 adopted budget projects \$177,407,009 in property tax revenue, more than double what it was when Oakland's Mills Act program was designed. (.03% would be approximately \$53,000)
- Until abolition of redevelopment in 2012, there were substantial additional tax losses allowed in redevelopment areas (see p. 2), which covered most of Central, West, and East Oakland. In the future, the Mills program could be revised to adjust for the end of redevelopment.
- Past years' (2008-2016) first-year revenue loss estimates for new contracts have consistently been far below the \$25,000 limit, ranging from from \$1,885 in 2011 to \$10,740 in 2015.
- Improvements made under the work programs are expected to raise property values and make up for the initial losses, even at the lower Mills Act tax rate.
- Mills Act projects for two large Central Business District properties (Cathedral Building, 1605-15 Broadway/1606-14 Telegraph, 2010; Girls Inc., 512 16th Street, 2011) provided almost immediate revenue gains to the City as these long-underutilized buildings were purchased, improved, and reassessed.

### **Next Steps**

Following Landmarks Board recommendation at this meeting, the selected Mills Act applications and Board recommendations will be presented to the Planning Commission as an information item, to City Attorney and Budget for review, to City Council for a resolution authorizing the contracts, and to the City Administrator's office for review and signatures. After contract execution by the City and the applicants, contracts must be recorded with the County by the end of the calendar year. Heritage Property applications for the properties that are not already designated are being reviewed by the Landmarks Board at this meeting. Staff has reviewed the applications and preliminarily determined that the nominated properties are all eligible for Heritage Property designation and Mills Act participation.

### MILLS ACT CONTRACT APPLICATIONS

MA18-001: **4690 Tompkins Ave.,** Beulah Rest Home (APN 37-2544-17-1);(see Attachment 1)  
Applicant: 4960 Tompkins Development LLC



OCHS Rating: B+3 (preliminary/field, 1986) = major importance (B), appears eligible for National Register (+), not in district (3). Historically-related ASI later identified.

Heritage Property Eligibility Rating: B (32 points)



*Work Program (see Attachment 1):*

- exterior walls, stucco – clean, repair, waterproof, repaint
- exterior doors at entries and garages, replacements similar to original
- windows, replacements similar to original
- clay tile roofs, trim courses - replace in-kind with new underlayments, flashings, etc.
- roof decks – repair, waterproof
- ornamental metal railings – replace to match original

*Application Strengths:*

- substantial, historic, underutilized building with great housing potential
- thorough analysis of building, informed by original plans
- thoroughly researched product information for proposed replacements
- large apartment project in East Oakland – diversity of location and building type

Mission tile and flat roofs, doors and windows, textured stucco all need repair:



2. MA18-002: **528 28th Street** (APN 9-697-8), Bercovich S.C.) house (see Attachment 2)  
Applicant: Alexander A. Teran, owner/resident



OCHS Rating: C2+ (preliminary/field, 1986): secondary importance, ASI contributor  
Heritage Property Eligibility Rating: B (28 points)

*Work Program (see Attachment 2):*

- exterior drainage improvement to stabilize foundation
- replace side and front aluminum windows with wooden double hung windows
- replace front tongue and groove lap siding with shingles; repair/replace affected trim

*Application Strengths:*

- correcting deferred maintenance and inappropriate alterations
- opportunity as neighborhood catalyst in fragile Northgate location
- applicant has restored wood sash windows and thoroughly investigated building clues



View of 528 28<sup>th</sup> St from southwest corner  
(Dec 2016 – Google Street View)



View of 528 28<sup>th</sup> St from southwest corner  
(Apr 2018)



Drainage, west side of house from front



Shingles and trim to be restored



Aluminum windows



Security doors to be replaced



3. MA18-003: **260 Park View Ter.** (APN 10-771-32), Cutler (Sarah, Mary) house (Att. 3)  
Applicant: Josephine Lefebvre for owner Grant Chappell



OCHS Rating: C2+ (preliminary/field, 1986): secondary importance, ASI contributor  
Heritage Property Eligibility Rating: B (25 points)

*Work Program (see Attachment 3):*

- fix drainage issues in back of property.
- remove and replace exterior rotting wood and trim, stairs, and landing
- fix/replace foundation walls in areas of deterioration or settlement
- replace aluminum with wood sash windows and casement windows.
- restore and paint concrete steps and add more compatible railing

*Application Strengths:*

- correcting deferred maintenance and inappropriate alterations
- addressing drainage and foundation issues due to picturesque hillside site
- potential as catalyst for improvement on architecturally distinguished block





4. **MA18-004: 1255 Trestle Glen Rd.** (APN 24-565-56), Smith (Charles W.) house, 1922  
Applicant: Catherine Squire & Glenn Appell, owners/residents See Attachment 4



OCHS Rating: C2+ (preliminary/field, 1986): secondary importance, ASI contributor  
Heritage Property Eligibility Rating: B (25 points)

*Work Program (see Attachment 4):*

- seismic retrofit by bolting to foundation
- roof replacement and repair
- custom build new true divided light casement windows
- repair/rebuild street-facing period garage
- repair wood rot and damage throughout

*Application Strengths:*

- maintenance and repair of vulnerable wooden and stucco house components
- potential catalyst for neighborhood and block improvement
- sixth Mills Act project on Trestle Glen, nucleus of possible district designation





Chimney in danger of collapse



Wood rot on doors and windows



Garage separating from foundation



Recessed entry; tile roof

5. **MA18-005: 581 Vernon Street** (APN 10-817-3), Lissner (Bertheld) house, 1908  
Applicant: James and Laura Lee Kulesher, owners/residents See Attachment 5



OCHS Rating: C3 (preliminary/field, 1986): secondary importance  
Heritage Property Eligibility Rating: B (25 points)

*Work Program (see Attachment 5):*

- repair moisture-related damage to wood structural and exterior elements
- replace inappropriate door and window
- exterior painting

**Application strengths**

- maintenance and repair of vulnerable wooden house components
- potential catalyst for neighborhood and block improvement
- applicant has restored windows and thoroughly investigated building clues
- geographic diversity – first Mills Act project in Rose Garden neighborhood





MA18-006: **5701 International Blvd.** (APN 41-3848-4-1);  
 City Council District 5, Zoning IG/S-19, City Landmark



OCHS Rating: A1+: primary importance, API contributor  
 Designated City Landmark, LM92-121

*Work Program:*

- Repair and reglazing of historic steel sash windows
- Restoration of primary entry door and grillwork
- Seismic bracing of tower – foundation and interior shear wall
- Restoration of brick masonry and terra cotta decorative elements
- Rehabilitation of historic main entry lobby, including plasterwork, paint, and lighting
- Restoration of flagpole and tower lighting

*Application Strengths:*

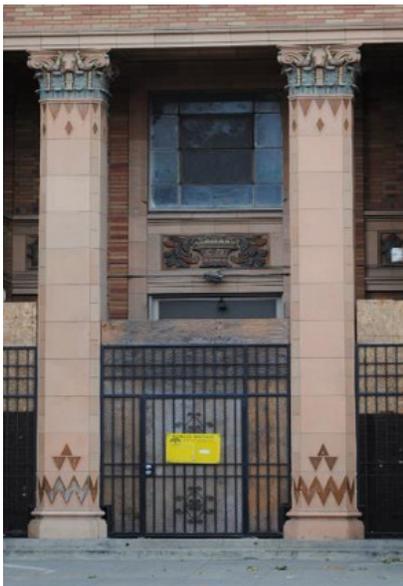
- Reuse and repair of underutilized, highly visible City Landmark
- Major economic and preservation catalyst project on East Oakland’s main street
- Diversity of location and building type – second industrial building in Mills program
- Detailed specifications for products and techniques



Rear (southwest) facade of the primary wing, looking north



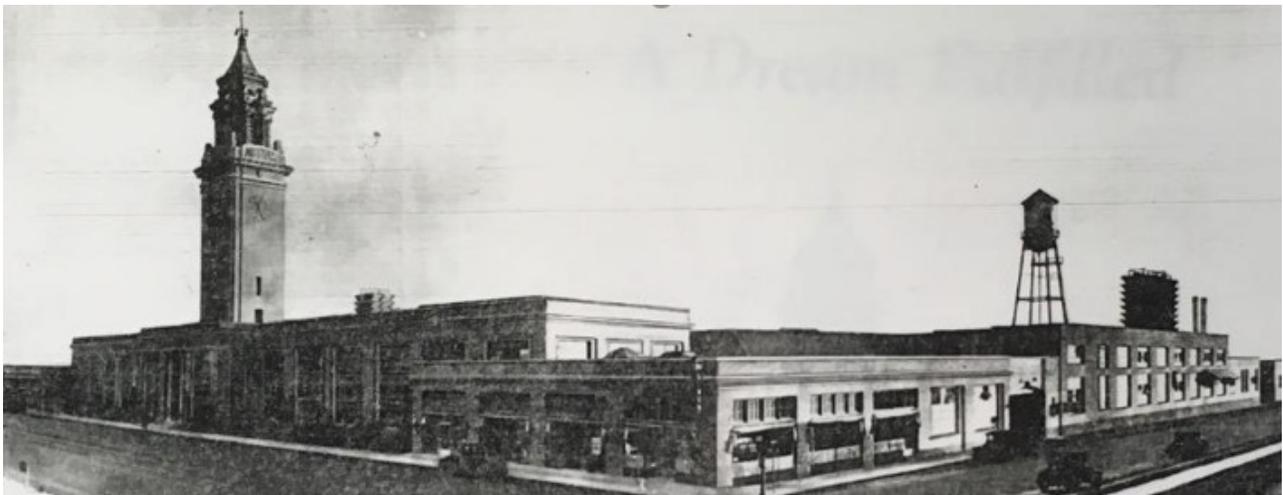
Multi-color brick, terra cotta, "Mutual" sign



Int'l Blvd entry: restore doors, terra cotta



Restoration and reglazing of historic steel windows



"The New Plant" - Drawing of the recently completed Mutual Stores building c.1928

LM18-007: **677 Longridge Road** (APN 11-885-20-2), Houck (Harry L.) spec house, 1925  
Applicant: Jennifer and Alexander Castro, owners/residents See Attachment 6



OCHS Rating: C2+ (preliminary/field, 1986): secondary importance, ASI contributor  
Heritage Property Eligibility Rating: B (26 points)

*Work Program (see Attachment 5):*

- earthquake and foundation retrofitting on extremely steep lot
- replace altered French door, picture window, and garage door
- exterior paint and stucco repair

*Application Strengths:*

- addresses structural stability in creek and hill area
- well thought out proposal describes additional work outside Mills contract
- potential neighborhood catalyst
- seventh in Lakeshore Homes tract, seeds of possible district designation





MA18-008: **1419 12th Street** (APN 4-63-4), Crase-Ackerman-Bacina house, 1892-93  
Applicant: Michael Bernasek & Sarah Krikorian, resident & owner See Attachment 8



OCHS Rating: C1+: Determined eligible for National Register, contributor to Oakland Point API  
Heritage Property Eligibility Rating: B (25 points)

*Work Program:*

- Remove asbestos siding, repair/replace original horizontal redwood siding as needed, paint
- Repair/replace damaged or altered windows, all to be wooden double-hung rope-and-pulley
- Replace damaged/missing architectural details
- Repair/rebuild rotting front and rear staircase and porch to match historic design
- Replace historically inaccurate front door to match historic design
- Restore art glass window in entryway;
- Drainage and downspout repairs

*Application Strengths:*

- 15th Mills Act project in West Oakland; fourth project in Oakland Point API
- Detailed and well thought out work program



Asbestos siding beneath the sunburst, probably covering shingles; damage to wood siding



MA18-009: **2440 10th Avenue** (APN 22-334-16), Kelly (William P.) house, 1885-86  
Applicant: Tae Ha, resident/owner See Attachment 9



OCHS Rating: C2+ (preliminary/field, 1986): secondary importance, ASI contributor  
Heritage Property Eligibility Rating: B (24 points)

*Work Program:*

- Foundation repair and seismic reinforcement
- Removal of inappropriate exterior wood trim
- Repair exterior shingles, trim, and siding
- Exterior paint, three colors

*Application Strengths:*

- Structural and exterior preservation
- Reversal of false-historical alterations
- Geographic diversity – East Oakland targeted in original Mills ordinance



Undated photo attrib. to Assessor's office



Foundation work



Faux-Victorian appliques mixed with original surfaces, windows, brackets



## CONTRACT CONDITIONS, ALL PROPERTIES

*The Secretary of the Interior's Standards for Rehabilitation* are incorporated as conditions in the Mills Act agreement (Attachment 10), and will apply whenever work is submitted for permits to carry out work program items. Especially in regard to windows, a significant item in most of the proposed work programs, attention is called to Standards 5 and 6:

5. **Distinctive materials, features, finishes, and construction techniques or examples of craftsmanship that characterize a property shall be preserved.**
6. **Deteriorated historic features shall be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature shall match the old in design, color, texture, and, where possible, materials. Replacement of missing features shall be substantiated by documentary and physical evidence.**

*The Model Mills Act Agreement* (9 pages, Attachment 10) spells out obligations and procedures: “...Both Owner and City desire to enter into an 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. ....

.....

### **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.... 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 ..., the Minimum Property Maintenance conditions ... 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

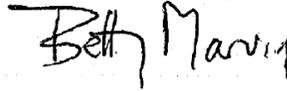
## GEOGRAPHIC DISTRIBUTION

**Attachment 11** is a map that illustrates geographic distribution of all current and proposed Mills Acts properties. One application this year is from West Oakland, a target area from the start of Oakland's Mills Act program; three are from East Oakland (Tompkins, International Blvd., and 10th Avenue); the others are from the Lakeshore/North Central area. As usual, inquiries about the program were received from all parts of Oakland during the year, and a larger number than usual followed up with complete applications.

## RECOMMENDATIONS

1. Receive any testimony from applicants and interested citizens;
2. Discuss and provide recommendations on Mills Act applications for 2017; and
3. Based on the above discussion:
  - a. Recommend all or selected applications to City Council for 2017 Mills Act contracts;
  - b. Forward the recommendations to the Planning Commission as an information item.

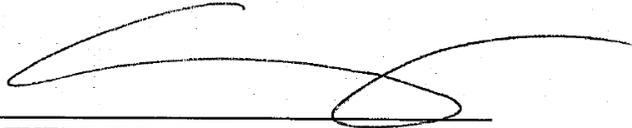
Prepared by:



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BETTY MARVIN  
Historic Preservation Planner

Approved by:

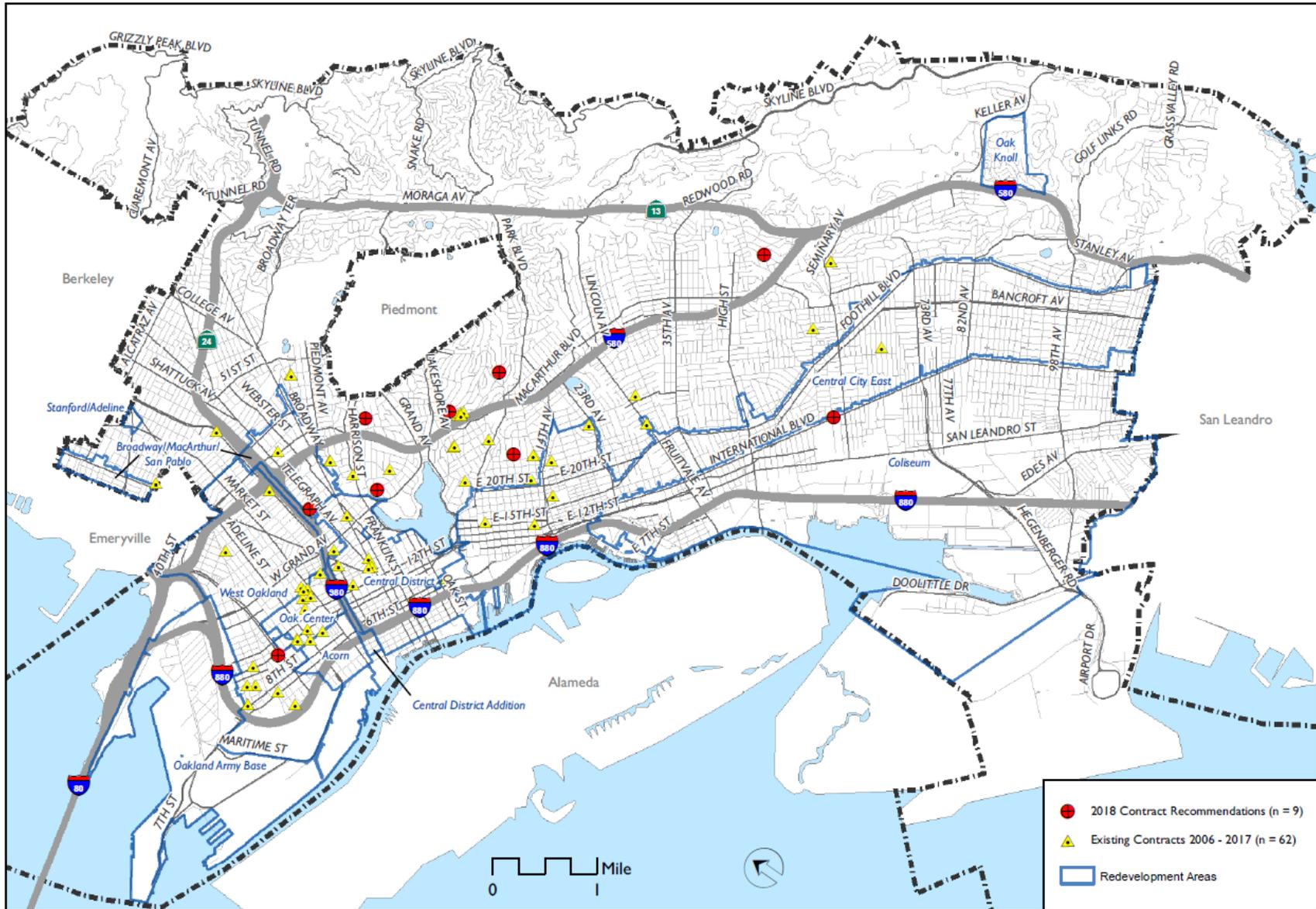


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CATHERINE PAYNE  
Acting Development Planning Manager

### Attachments:

1. Application, work program, and photos: MA18-001: **4690 Tompkins Avenue**
2. Application, work program, and photos: MA18-002: **528 28th Street**
3. Application, work program, and photos: MA18-003: **260 Park View Terrace**
4. Application, work program, and photos: MA18-004: **1255 Trestle Glen Road**
5. Application, work program, and photos: MA18-005: **581 Vernon Street**
6. Application, work program, and photos: MA18-006: **5701 International Boulevard**
7. Application, work program, and photos: MA18-007: **677 Longridge Road**
8. Application, work program, and photos: MA18-008: **1419 12th Street**
9. Application, work program, and photos: MA18-009: **2440 10th Avenue**
10. Model Mills Act Agreement, including Secretary of the Interior's Standards for Rehabilitation
11. Location map, current and pending Mills Act properties, 2008-2018



# Mills Act Contracts and Contract Recommendations

Planning & Building Department  
June 2018

<b>2. Proposal:</b>	<b>Heritage Property Nominations by owner applicants, associated with Mills Act contract applications.</b>
<b>Case File Number /Location/ City Council District/ Zoning:</b>	1) <b>LM18001: 4690 Tompkins Avenue</b> (APN 37-2544-17-1); City Council District 4, Zoning RM-3 2) <b>LM18002: 528 28th Street</b> (APN 9-697-8); City Council District 3, Zoning RU-1 3) <b>LM18003: 260 Park View Terrace</b> (APN 10-771-32); City Council District 3, Zoning RU-2 4) <b>LM18004: 1255 Trestle Glen Road</b> (APN 24-565-56); City Council District 2, Zoning RD-1 5) <b>LM18005: 581 Vernon Street</b> (APN 10-817-3); City Council District 2, Zoning RM-1 6) <b>LM18006: 677 Longridge Road</b> (APN 11-885-20-2); City Council District 2, Zoning RD-1 7) <b>LM18007: 1419 12th Street</b> (APN 4-63-4); City Council District 3, Zoning RM-2 8) <b>LM18008: 2440 10th Avenue</b> (APN 22-334-16); City Council District 2, Zoning RM-1
<b>Applicant/Owner:</b>	Multiple, see individual applications attached
<b>Environmental Determination:</b>	Exempt Section 15331 of the State CEQA Guidelines, Historical Resource Restoration/Rehabilitation; Section 15183 Projects consistent with the General Plan or Zoning
<b>Action to be Taken:</b>	Determination that properties are eligible for Heritage Property status; designation of eligible properties as City of Oakland Heritage Properties
<b>For Further Information:</b>	Contact case planner <b>Betty Marvin</b> at (510) 238-6879 or by email: <a href="mailto:bm Marvin@oaklandnet.com">bm Marvin@oaklandnet.com</a> .

**INTRODUCTION**

Eight properties are before the Landmarks Preservation Advisory Board (LPAB, Board) for review and consideration of Heritage Property eligibility and for Heritage Property designation as set out in the Historic Preservation Element (HPE) of the Oakland General Plan. These Heritage Property applications have been submitted in conjunction with concurrent Mills Act contract applications. One additional Mills Act application is being considered this year, for an existing City Landmark.

**BACKGROUND: HERITAGE PROPERTIES**

Oakland’s Mills Act program, established in 2006, requires that participating properties be “Designated Historic Properties” designated by the Landmarks Board. Heritage Property is a less exclusive and more expeditious designation than City Landmark, defined in the HPE as “Properties which definitively warrant preservation but which are not Landmarks or Preservation Districts.” Heritage Properties may be designated by the Landmarks Board or the Planning Commission, in contrast to City Landmarks and S-7 and S-20 districts which require an ordinance by City Council.

*Effect of designation:* Heritage properties are Designated Historic Properties (HPE Policy 1.3), and therefore part of the Local Register defined in **HPE Policy 3.8**. As such they are Historical Resources for purposes of the California Environmental Quality Act, State Historical Building Code, and Mills Act. At a minimum, under the Element, demolition, removal, or “specified major alterations” of Heritage Properties may normally be postponed for up to 120 days. Design Review will require work that maintains the property’s historic character.

*Eligibility:* According to the Element, a property is eligible for Heritage Property designation on the basis of its Oakland Cultural Heritage Survey (OCHS) rating if it:

1. has an existing or contingency rating of A (Highest Importance), B (Major Importance), or C (Secondary Importance) “according to the methodology of the intensive survey”; or
2. has an existing or contingency rating of A or B from the reconnaissance (field, preliminary) survey; or
3. contributes or potentially contributes to any area potentially eligible for Preservation District designation (Area of Primary or Secondary Importance).

Properties with individual A or B survey ratings and contributors to survey-identified Areas of Primary Importance are automatically on Oakland’s *Local Register* as defined in Preservation Element Policy 3.8. To qualify for Mills Act contracts, however, if they are not already formally *designated* by the Landmarks Board as Landmarks, Heritage Properties, or S-7 or S-20 district contributors, they must receive formal Landmarks Board designation. One of this year’s Mills Act applicants (5701 International Boulevard) is already designated as a City Landmark. Eight other properties are seeking Heritage Property designation concurrently with Mills Act applications.

*Designation process* Under the Preservation Element, Heritage Properties may be designated by the Landmarks Board or the City Planning Commission after owner notification and acceptance, or by the Planning Director on an emergency or temporary basis. Landmarks Board actions on Heritage Property designations are appealable by anyone to the City Planning Commission. Heritage Properties may be de-designated by the Board at the property owner’s request or at the Board’s initiative. De-designation must be based on documentation that the property does not meet the Heritage Property eligibility criteria, unless the designation was for a limited period of time.

Since the present nominations are owner-initiated in conjunction with owner-initiated Mills Act contract applications, the Board may designate any or all of the properties as Heritage Properties at this meeting without further hearing or notification, provided they meet the eligibility criteria.

## **ELIGIBILITY OF NOMINATED PROPERTIES**

The properties proposed for designation at this meeting are described below. The Landmarks Board has a point system for Landmark and Heritage Property eligibility, somewhat different from that of the Survey (see Preservation Element Appendices C and D). Evaluation and tally sheets for Heritage Property eligibility, prepared by staff for Board review and adoption, are attached along with the full applications. Because the Mills Act program exists precisely to promote restoration and reversal of alterations, ratings are not downgraded for reversible losses of integrity. All nominated properties appear eligible and are recommended by staff for Heritage Property designation.

LM18-001: **4690 Tompkins Avenue**, Beulah Rest Home (APN 37-2544-17-1);(see Att. 1)  
Applicant: 4960 Tompkins Development LLC



OCHS Rating: B+3 (preliminary, 1986) = major importance (B), appears eligible for National Register (+), not in district (3). Historically-related ASI later identified.

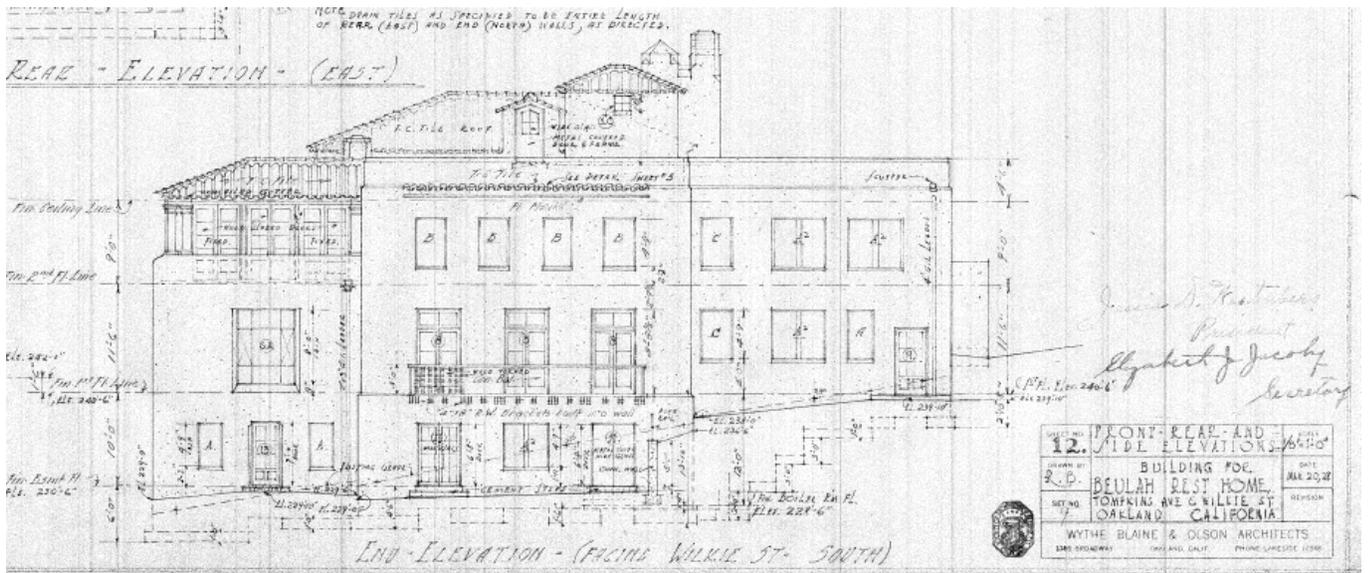
Landmark/Heritage Property Eligibility Rating: B (32 points)

Original permit: A33381, 5/2/1928, owner Beulah Rest Home, builder Thomas A. Cuthbertson, architect Wythe, Blaine & Olson, 2 story 60 room concrete home, \$80,000.

The Beulah Rest Home is a Spanish eclectic style multi-unit residential building developed as a missionary rest home for the Woman's Home Missionary Society of the Methodist Church in 1926-28 by Oakland architects Wythe, Blaine & Olson. It was expanded over three decades and now consists of three parts in a shallow V or boomerang shape: the original two-story building facing west to Tompkins Avenue, a 1951 two and three story wing facing Wilkie Avenue (architect W.E. Schirmer), and a 1958 two and three story addition at the east end of the 1951 extension (architect Scott Haymond). Construction is concrete with wood framed floors and roofs. The building's elongated form reflects the geometry of the site coupled with the residential use, with perimeter dwelling rooms on double-loaded corridors. It is an excellent and intact example of an institutional building in an academic eclectic style. Exterior characteristics include textured stucco, mission tile roofs, balconies with wrought iron railings, wood doors, and cast cement ornament.

The Beulah Rest Home was one of many 19th and early 20th century institutions that sought the healthful climate and rural seclusion the East Bay foothills, including Mills College, the Fred Finch Orphanage, the Home for Aged and Infirm Colored People, and smaller private sanitarium in this same East Oakland hills neighborhood. It was also part of a cluster of religiously affiliated facilities established on the surrounding blocks in the 1890s by George and Carrie Montgomery, collectively referred to as the Home of Peace, identified as a historically related district.

4690 Tompkins is prominent in the neighborhood by its size and contrast to the surrounding homes. It resembles the Ratcliff-designed Spanish eclectic buildings at nearby Mills College, now across the 580 freeway. The building is proposed for conversion to 40 apartments.



LM18-002: **528 28th Street** (APN 9-697-8), Bercovich (S.C.) house (see Attachment 2)  
Applicant: Alexander A. Teran, owner/resident



OCHS Rating: C2+ (preliminary/field, 1986): secondary importance, ASI contributor  
Landmark/Heritage Property Eligibility Rating: B (28 points)

Original permit: #19229, 4/7/1910, owner S.C. Bercovich, builder S. Kulchar, architect A. Merrill Bowser, 2 story 12 room flats, \$4925.

The original owner of this Craftsman duplex, Samuel C. Bercovich, arrived in Oakland in 1883 from Hungary as the eldest son of Abraham Bercovich. Abraham was one of the early Jewish immigrants to the Bay Area, a founding director of Congregation Beth Jacob in 1893, and the namesake for Temple Beth Abraham. Abraham ran a scrap yard with his son David while Samuel and his brother Harry Bercovich ran a successful cigar company. Other Jewish merchant families lived on the block, including the Hirshbergs in the 1907 house next door at 524 28th.

The Bercovich house displays classic Craftsman architectural features, plus a Tudorish half-timbered gable end. The façade is symmetrical, with porches and balconies set back on either side of a projecting bay, an intriguing contrast to the horizontal division of the flats. The center flared bay and other surfaces on the façade are now clad in a lightweight horizontal board siding, while the rest of the house is still shingled.

The blocks in this north-central streetcar-suburb neighborhood extended all the way from Telegraph Avenue to Grove Street (MLK), filled primarily with large single-family residences and duplexes. The character of the neighborhood was irreversibly changed by freeway construction through those blocks in the 1960s. Nonetheless, a number of notable examples of late 19th and early 20th century architecture remain on the block fragments west of Telegraph, especially on this piece of 28th Street. The area was identified as a potential Telegraph-28th-Merrimac District in the 1980s by the Oakland Cultural Heritage Survey (OCHS).

LM18-003: **260 Park View Terrace** (APN 10-771-32), Cutler (Sarah, Mary) house (see Att. 3)  
Applicant: Josephine Lefebvre for owner Grant Chappell



OCHS Rating: C2+ (Adams Point survey, 1986): secondary importance, ASI contributor  
Landmark/Heritage Property Eligibility Rating: B (25 points)

Original permit: #2916, 6/26/1906, owner Mrs. S. Cutler, builder A.H. Broad, 2 story 8 room dwelling, \$4000.

260 Park View Terrace is a large two-story Craftsman style house (now 4 units) in Adams Point a block from Lake Merritt. It is a classic “big Berkeley brown shingle,” two stories, attic, and basement, with shingled surfaces, minimal trim, a single large front gable with wide eaves, and a generally boxy shape with hip-roofed rectangular bays and porches cascading off the front and left side. It is part of a row of four (originally six) well-placed large early (1905-09) houses prominently sited high on the up-sloping side of Park View Terrace. A rusticated concrete retaining wall still runs along most of the block. Though hemmed in by late 20th century apartment buildings, the block still strongly conveys the character of Adams Point during the building boom after the 1906 Earthquake.

The house’s builder and probable designer A.H. (Alphonso Herman) Broad started out as a carpenter, was operating as a contractor and designer by 1880, and was active especially in Berkeley as a leading creator of rustic brown shingle houses and institutional buildings in the 1900s. The client for 260 Park View, Sarah Cutler, is described in directories as “widow of Thomas.” She and daughter Mary were listed here c.1907-1911 and continued to own the property to at least 1915.

LM18-004: **1255 Trestle Glen Road** (APN 24-565-56), Smith (Charles W.) house, 1922  
Applicant: Catherine Squire & Glenn Appell, owners/residents See Attachment 4



OCHS Rating: C2+ (preliminary/field, 1986): secondary importance, ASI contributor  
Landmark/Heritage Property Eligibility Rating: B (25 points)

Original permit: #74683, 12/1/1922, owner & builder C.W. Smith, architect Miller & Warnecke, 2 story 6 room dwelling, \$7000.

This distinctive two-story Spanish Eclectic home was built in 1922 and designed by the long-lived, prolific, and distinguished Oakland firm of Miller and Warnecke. The house is in the Lakeshore district, where in 1917 Wickham Havens subdivided a “residence park” called Lakeshore Highlands, retaining the Olmsted Brothers to plan an exclusive upper-income residential enclave inspired by England’s “garden suburbs.” The Olmsteds laid out winding streets following natural contours, leaving natural areas along the creek and smaller park areas scattered throughout the tract.

Houses are by and large romantic and picturesque, exhibiting a post-World War I taste for country charm and European culture. The area was also shaped by transportation linkages. The name Trestle Glen dates from approximately 1893 when Francis Marion “Borax” Smith’s Oakland Traction Company extended a trolley line from downtown Oakland to Sather Park. Later the Key Route B line to San Francisco served the tract’s commuters, and the tract advertised with a graphic of a winged trolley.

1255 Trestle Glen is a 1920s fantasy of Spanish, Baroque, Moorish and other Mediterranean architecture, combined to create an exotic but harmonious appearance. In contrast to the more staid “Italian” and Prairie houses in the neighborhood, its underlying two-story rectangular volume is spiced with curving parapets, tile roofs at assorted angles, arched windows, a deep recessed entry, a tall arch-topped chimney, and an overall asymmetrical, informal appearance.

LM18-005: **581 Vernon Street** (APN 10-817-3), Lissner (Bertheld) house, 1908

Applicant: James and Laura Lee Kulesher, owners/residents

See Attachment 5



OCHS Rating: C3 (preliminary/field, 1986): secondary importance

Landmark/Heritage Property Eligibility Rating: B (25 points)

Original permit: #13051, 7/16/1908, owner B. Lissner, builder R.H. Fallmer, 1 story 8 room dwelling, \$4200.

581 Vernon Street is a unique one-story and basement Craftsman/Colonial house in the Rose Garden neighborhood, built for Bert Lissner and family in 1908. Built on a steep downslope lot, the house features painted wood shake shingles, a unique 10-sided but basically rectangular shape with many angles and bays, a complex hip and valley roof with flared eaves and multiple dormers, and a large wraparound front porch with massive paired square columns and sturdy curved brackets tucked under the main roof. The long rooflines and deep porch are characteristic of other shingled homes in the turn of the century hillside suburbs of the Stanford and Linda Vista Tracts - at 202 Santa Rosa Avenue nearby is architect Samuel Newsom's own house. Over the years, the neighborhood has lost many of its grand homes to apartment complexes but houses like this maintain its character as an architectural showplace of the 1890s-1900s.

This house's builder was Rudolph H. Fallmer, an Oakland carpenter and contractor who occasionally also advertised as an architect, but the designer is not currently identified. The original owner, Bertheld or Berthold Lissner, was a jeweler in downtown Oakland. He grew up in Oakland, attended Lincoln School, and started working as an errand boy at M. Cohn & Company jewelers on Broadway before opening his own store. Typical of many upwardly mobile Adams Point and Rose Garden residents, he and his wife Elsie had lived in West Oakland near 12th and Adeline before building in the new hillside neighborhood.

LM18-006: **677 Longridge Road** (APN 11-885-20-2), Houck (Harry L.) spec house – Williams (John) house, 1925

Applicant: Jennifer and Alexander Castro, owners/residents

See Attachment 6



OCHS Rating: C2+ (preliminary/field, 1986): secondary importance, ASI contributor  
Heritage Property Eligibility Rating: B (26 points)

Original permit: A11873, 12/7/1925, owner/builder H.L. Houck, 2 story 8 rm dwelling, \$10,000.

677 Longridge Road is a Tudor Revival house in the Lakeshore-Trestle Glen neighborhood. It is a fine example of the many homes developed by builder Harry Houck in the Lakeshore and Glenview areas. Like many of the builders of Oakland's neighborhoods, Houck came up through the trades to become a contractor and developer. The 1910 census listed him as a shingler, his 1917-18 draft card indicated that he was a carpenter, and the 1918 Oakland City directory listed him as a contractor. His wife Katherine Stivers was an active, entrepreneurial member of the business. The Houck family would often reside in their homes immediately after construction before moving to another. The Houck family has been intertwined with Oakland real estate and local history in other ways: his stepdaughter was arts patron Louise Davies and a granddaughter was a founder of the Grubb real estate company. 677 Longridge was later home to labor leader John Williams c.1930-1934.

This house is a fairly straightforward Tudor Revival design: stucco clad, two stories, basically rectangular plan, cross-gabled roof with half-timbered gables over the garage at right front and around both sides, a recessed center arched entry, and a ground-floor angled bay at left front. Like its neighbors, it is built on an extremely steep downslope lot, with a two-story basement and a yard that slopes down an additional two stories. In addition to 677, Houck built two additional homes on Longridge with the same "English" architecture. However, his homes spanned a variety of styles and sizes, such as the big Mediterranean at 1099 Longridge. The permit records do not indicate an architect on his projects and his homes are not currently identified as pattern book houses, so his exact role in the design is unknown. Like other builder-developers, he clearly had a major role in establishing the character of the neighborhood.

LM18-007: **1419 12th Street** (APN 4-63-4), Crase-Ackerman-Bacina house, 1892-93

Applicant: Michael Bernasek & Sarah Krikorian, residents/owner

See Attachment 7



OCHS Rating: C1+ (intensive survey, 1990): Determined eligible for National Register  
Heritage Property Eligibility Rating: B (25 points)

Original construction: 1892-93, tax assessor's block books – 1892 map records “unfinished improvement” worth \$500, assessed to Mary L. Crase; 1893 note “~~unf.~~ imps.”

This Queen Anne Cottage in the Oakland Point District is one story with a high raised basement, stepped-back plan, hip and gable roof, angled bay window at right front under the gable, and an inset corner porch at left. The bay window and a window in the entry have multi-colored stained glass. Sunbursts and other architectural details are typical of Queen Anne cottages in the neighborhood. Its history also typifies the patterns for which Oakland Point (the Prescott neighborhood of over 800 buildings) has been determined eligible for the National Register. The western terminus of the transcontinental railroad was located at Oakland Point from 1869, so many homes in the neighborhood were owned or rented by railroad employees. First owner Fred Ackerman was a conductor for the Southern Pacific, a union member, and active in the railroad social scene. Later owners and residents also were employed in the railroad industry as well. In the house's first half-century, owners were all immigrants, from England, Portugal, and Yugoslavia, exemplifying the early ethnic makeup of Oakland Point.

An improvement on the lot at 1419 12th Street first appears in tax records in 1893. The house was constructed on a lot owned by Mary Crase who lived next door at 1425 12th Street. In another common development pattern at Oakland Point, the first owner-residents of 1419 were Mary Crase's daughter Ida and son-in-law Fred Ackerman. The house's alterations are also typical of Oakland Point's evolution in the 20th century, when the basement was raised to insert a garage and unit and the asbestos siding was applied (siding is proposed to be removed as a Mills Act work item).

LM18-008: **2440 10th Avenue** (APN 22-334-16), Kelly (William P.) house, 1885-86  
 Applicant: Tae Ha, resident/owner See Attachment 8



OCHS Rating: C3 (preliminary/field, 1986): secondary importance  
 Heritage Property Eligibility Rating: B (24 points)

Original construction: 1885-86, tax assessor's block books – 1886 map records new improvement of \$2800, personal property \$200, assessed to William P. Kelly

2440 10th Avenue is an 1885-86 Queen Anne-Style house in the San Antonio neighborhood. It is described on Sanborn maps as 1 ½ stories, as the upper story is a very large attic, with a big left front gable set into a tall hip roof. On the main floor there is an angled bay under the gable, and the porch is inset under the main roof at right. The house has distinctive Stick brackets but also a layer of pseudo Victorian appliqué, apparently a late 20th century “restoration,” which is proposed to be removed as part of the Mills work program.

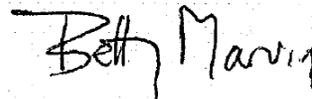
This block is located between the designated 10th Avenue historic district and the Bella Vista ASI. In contrast to the small uniform lots of San Antonio below East 20th Street, the blocks to the north were slower to develop, with large holdings, scattered farmhouses, and gradual, irregular parcelization. The original owner of 2440, William Kelly is listed in directories as a miner. The Kelly house has a generous rambling footprint and an extra deep lot that extends across the middle of the block toward 11th Avenue. Kelly's was the only house on its side of 10th Avenue above East 24th Street in the 1888 block book, and that part of 10th Avenue was not yet in existence as a street. Newspapers record that Kelly took part in the effort to open 10th Avenue in 1890. Gertrude Stein's rural “Old Stratton Place” that was no longer “there, there” (“the big house and the big garden and the eucalyptus trees and the rose hedge naturally were no longer existing”) was nearby, around 13th Avenue and East 25th Street, and the site of Borax Smith's estate is still marked by the palm trees that extend from 9th Avenue and East 28th Street.

**RECOMMENDATIONS**

1. Receive any testimony from applicants and the public;
2. Review staff’s Heritage Property eligibility rating sheets and historic information and revise as appropriate;
3. Determine that the properties are eligible for City of Oakland Heritage Property designation;
4. Approve Heritage Property designation of:

LM18-001: **4690 Tompkins Ave.** (APN 37-2544-17-1); City Council District 4, Zoning RM-3  
 LM18-002: **528 28th Street** (APN 9-697-8); City Council District 3, Zoning RU-1  
 LM18-003: **260 Park View Terrace** (APN 10-771-32); City Council District 3, Zoning RU-2  
 LM18-005: **1255 Trestle Glen Road** (APN 24-565-56); City Council District 2, Zoning RD-1  
 LM18-004: **581 Vernon Street** (APN 10-817-3); City Council District 2, Zoning RM-1  
 LM18-006: **677 Longridge Road** (APN 11-885-20-2); City Council District 2, Zoning RD-1  
 LM18-007: **1419 12th Street** (APN 4-63-4); City Council District 3, Zoning RM-2  
 LM18-008: **2440 10th Avenue** (APN 22-334-16); City Council District 2, Zoning RM-1

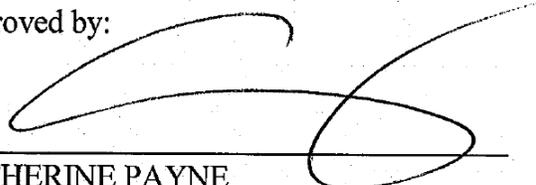
Prepared by:




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BETTY MARVIN  
 Historic Preservation Planner

Approved by:




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CATHERINE PAYNE  
 Acting Development Planning Manager

Attachments:

- 1: Heritage Property application, **4690 Tompkins Avenue**
- 2: Heritage Property application, **528 28th Street**
- 3: Heritage Property application, **260 Park View Terrace**
- 4: Heritage Property application, **1255 Trestle Glen Road**
- 5: Heritage Property application, **581 Vernon Street**
- 6: Heritage Property application, **677 Longridge Road**
- 7: Heritage Property application, **1419 12th Street**
- 8: Heritage Property application, **2440 10th Avenue**
9. Heritage Property evaluation forms