

CITY OF BERKELEY MILLS ACT CONTRACT APPLICATION

Applicant/Owner Information

1. Name: _____
2. Address: _____
3. Phone: (Day) _____ (Evening) _____
4. Historic Preservation Specialist: _____
Attorney: _____
Other Contact: _____

Historic Property Information

5. Address: _____
6. Historic Name: _____
7. Assessor's Parcel Number: _____

Historic Designation

8. Designation Type: Potential: _____ Local: _____ State: _____ National: _____
9. Date of Designation: _____

Required Application Materials

- Mills Act Contract Application.
- Copy of legal description.
- A completed financial analysis for Mills Act contract form (see sample). The final financial analysis is prepared by the County Assessor's Office.

The following must be prepared by a specialist in historic preservation:

- An architectural report identifying the status of all character defining features of the building(s) and site (photographs required).
- A restoration/rehabilitation plan for the designated property. If the building(s) is already restored in good condition, a maintenance list must be submitted to support the need for tax relief (see sample).

Application Deadline

In order to allow sufficient processing time, owners of historically designated properties are required to submit an application for a Mills Act contract no later than **June 1** to be considered for the following tax year.

I hereby apply to be considered for a Mills Act contract and have read the brochure.

Owner's Signature

Date

Note: Special conditions apply. Please read the Mills Act brochure for detailed information before applying. Each property owner should consult his/her legal counsel concerning the advisability of entering into a Mills Act contract prior to completing and submitting this application.

WHAT THE MILLS ACT OFFERS:

The Mills Act offers owners of historical buildings in the City of Berkeley the opportunity to realize significant property tax savings in exchange for preserving buildings designated as a City of Berkeley Landmark, Structure of Merit or buildings in a Historic District.

Tax benefits are available for owner-occupied properties, as well as income-producing properties. Even single-family residences are eligible.

For more information regarding designating your property and/or an application for a Mills Act contract, please contact:

**City of Berkeley Planning Department
Landmarks Preservation Commission
Secretary**

(510) 981-7429

www.ci.berkeley.ca.us/planning



Beau Sky Hotel, 2520 Durant Avenue, Berkeley

City of Berkeley
Planning & Development Department – Land Use Planning Division
Landmarks Preservation Commission
2120 Milvia Street
Berkeley, CA 94704



THE MILLS ACT

**A Tax Incentive For
Preserving And Restoring
Historic Properties**

APPLICATION

Prepared by:
City of Berkeley
Land Use Planning Division
Landmarks Preservation Commission

FINANCIAL ANALYSIS FOR MILLS ACT CONTRACT

REVENUES		Current	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
1) Monthly Rental Income												
2) Annual Rental Income	3%	\$60,000	\$61,800	\$63,654	\$65,564	\$67,531	\$69,556	\$71,643	\$73,792	\$76,006	\$78,286	\$80,635
ANNUAL EXPENSES												
3) Insurance	5%	\$3,000	\$3,090	\$3,183	\$3,278	\$3,377	\$3,478	\$3,582	\$3,690	\$3,800	\$3,914	\$4,032
4) Utilities	6%	\$3,600	\$3,708	\$3,819	\$3,934	\$4,052	\$4,173	\$4,299	\$4,428	\$4,560	\$4,697	\$4,838
5) Maintenance	5%	\$3,000	\$3,090	\$3,183	\$3,278	\$3,377	\$3,478	\$3,582	\$3,690	\$3,800	\$3,914	\$4,032
6) Management	5%	\$3,000	\$3,090	\$3,183	\$3,278	\$3,377	\$3,478	\$3,582	\$3,690	\$3,800	\$3,914	\$4,032
7) Other	2%	\$1,200	\$1,236	\$1,273	\$1,311	\$1,351	\$1,391	\$1,433	\$1,476	\$1,520	\$1,566	\$1,613
8) Total Expenses (Sum Line 3-7)		\$13,800	\$14,214	\$14,640	\$15,080	\$15,532	\$15,998	\$16,478	\$16,972	\$17,481	\$18,006	\$18,546
NET OPERATING INCOME (Line 2 Minus 8)		\$46,200	\$47,586	\$49,014	\$50,484	\$51,999	\$53,558	\$55,165	\$56,820	\$58,525	\$60,281	\$62,089

CAPITALIZATION RATE	
9) Interest Component	6.75%
10) Historic Property Risk Component (2% for comm. & apts, or 4% for SFD & condos)	4%
11) Property Tax Component	1.24%
12) Amortization Component	1.67%
13) Capitalization Rate (Sum Line 9-12)	13.66%

TAXES												
14) Mills Act Assessment (Net Operating Income/Line 13)		\$338,214	\$348,360	\$358,811	\$369,575	\$380,663	\$392,082	\$403,845	\$415,960	\$428,439	\$441,292	\$454,531
15) Tax Under Mills Act (Line 14 X .0125)		\$3,501	\$3,606	\$3,714	\$3,826	\$3,940	\$4,059	\$4,180	\$4,306	\$4,435	\$4,568	\$4,705
16) Current Tax	1.25%	\$4,228	\$4,355	\$4,485	\$4,620	\$4,758	\$4,901	\$5,048	\$5,200	\$5,355	\$5,516	\$5,682
17) Tax Savings (Line 16 - Line 15)		\$727	\$748	\$771	\$794	\$818	\$842	\$868	\$894	\$921	\$948	\$977

THE FOLLOWING TABLE IS TO COMPLETED BY STAFF ONLY												
		Current	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
18) Annual Costs to City (Line 17 X 16%)		\$116	\$120	\$123	\$127	\$131	\$135	\$139	\$143	\$147	\$152	\$156

Feature	Location	Character Defining?	Condition	Recommended Treatment	Maintenance Schedule	Estimated Cost
EXTERIOR						
Stucco finish of exterior walls	All exterior walls	No, since altered	Altered. The current sandy plaster texture of the walls is not original and has been applied over the smooth original texture	Restoration of original surface should be considered. (See Preservation Brief #22, "The Preservation and Repair of Historic Stucco.") Fix at AC unit removal.	2007-2008	\$ 1,500.00
Cast stone ornamentation	Double-height door surrounds in center and east and west sides of courtyard	Yes	Good-surface not altered with sandy plaster in these areas			
Cast stone	Window surrounds and balconets; primary surface	Yes	Fair-All have been reinforced Loss of definition of ornamented areas.	Replacement of missing elements in kind (same design rendered in the same material). Molds are being created from areas which remain in good condition. Above garage and at 8497.	2007-2008	\$ 18,000.00
Cast stone	Finials at roof line, primary façade	Yes	Some are lost; others are broken All require replacement	Missing finials are being replicated for installation based on remaining examples.	2007-2008	\$ 20,000.00
Cast stone	Square decorative panels high on north façade	Yes	Some poor; most fair. Also covered by sandy plaster	(See above)	2007-2008	\$ 1,500.00
Cast stone	Balconets and columns and capitals on north façade	Yes	Good-not plastered over in these areas. The high quality of the original casting is evident on the more protected north side of the building, particularly at the balconet on the east end of this façade which was not stuccoed over.			
Decorative metal work window grilles	Several locations on the West façade (facing La Cienega)	Yes	Good (note: includes original wrought iron grilles only)	check attachments	2008	\$ 1,000.00

Feature	Location	Character Defining?	Condition	Recommended Treatment	Maintenance Schedule	Estimated Cost
Metal handrails	Along short flights of steps leading to stair halls	Yes				
Decorative metal gates	Center of façade at open vestibule	Yes	The gates appear to be in good condition	The gates are an important feature of this building and great care should be taken not to damage them. Repaint as needed.	2010	\$ 1,500.00
Variegated, multicolored floor tile	Central entrance vestibule	Yes	Good. A minor crack runs through some of the tiles, but their overall condition is good	These tiles are a unique feature of the building. Check for loose tiles, repair as needed	2009	\$ 1,000.00
Turned wood window grilles	Set into some small first-story windows	Yes	Fair	Turned wood window grilles have broken pieces.	2007-2008	\$ 2,000.00
Cast stone window grilles	Set into several small first-story windows	Yes	Poor. Many of these elements have lost more definition than most of the other cast stone elements.	(See cast stone treatment above)		
Back lighted address plates	Next to the door to each entrance vestibule	Yes	Poor. The only example with surviving glass is that of 8491, though part of the plate has been sprayed over with paint.	Repairs completed		
Tile roof	Roof	Yes	Good. Recent repairs evident. (see also: site features)	Reinstall or replace misc. missing roof tile with matching tile.	2007	\$ 1,000.00

Feature	Location	Character Defining?	Condition	Recommended Treatment	Maintenance Schedule	Estimated Cost
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INTERIOR						
Carpet	Floors of vestibules and stairs	No		Any original flooring that may exist under the carpet should NOT be removed. Replace capret without any damage to the wood	2010	\$ 1,000.00
Light fixtures	Hanging in all vestibule/stair halls	Yes	Fair. They are dirty but intact.	These fixtures should be carefully cleaned and reinstalled	annual	\$ 1,000.00

Feature	Location	Character Defining?	Condition	Recommended Treatment	Maintenance Schedule	Estimated Cost
Wrought iron stair rails	Along stairs in stair halls	Yes	Fair to good. They are not corroded or deteriorated, but the surfaces are discolored.	If painted, a special metal paint in a very dark grey or black should be employed.	2011	\$ 2,000.00
Wood newel posts	At the base of stairs in stair halls	Yes	Fair	The wood should be restored, not painted or stripped	2011	\$ 1,000.00
Mahogany entrance doors to each unit	Throughout the stair halls and recessed center entrance	Yes	Some good; some fair; some poor. Those located closer to the open stair hall doors or in the open vestibules are in the worst condition. The surface of the wood is in poor condition and the veneer is separating from the base across the bottom of these doors, mainly from being kicked, etc.	Ongoing maintenance in order to arrest further deterioration. Additional locks or other metal hardware should NOT be affixed to these doors.	tri-annual	\$ 500.00
Mailboxes recessed in the walls	Stair halls near entry door	May be historic features if original or over 50 years old	Fair	Should be retained and repaired where necessary. Ongoing maintenance due to high use.	tri-annual	\$ 1,200.00
Small wall cabinets	Beneath the stairs in Stair halls near		Good	In some places this additional mailbox space has been requisitioned for maintenance use. Metal plate locks have been attached to the doors in a manner that looks inappropriate and clearly damages the wood. Additional locks or other metal hardware should NOT be affixed to these doors.		

Feature	Location	Character Defining?	Condition	Recommended Treatment	Maintenance Schedule	Estimated Cost
SITE FEATURES						
Fountain backsplash and basin	At sidewalk retaining wall of double stair	Yes	The tile is in fair to good condition. All of it is original with the exception of the irregularly shaped, multicolored tile in the bottom of the basin.	Tiles should be kept clean in order to preserve them. Even if the fountain is not kept in working order, using the basin as a planter is NOT recommended since the combined dirt and moisture will permanently stain the tiles. Single cracked tiles may be replaced in kind. Clean and seal fountain backsplash and basin.	2007	\$ 4,000.00
Metal openwork outdoor lanterns	Eight lanterns are located in pairs throughout the courtyard.	Yes	Good, recently repaired and repainted			
Concrete retaining walls and stair walls	Throughout courtyard	Yes	Generally good; some moisture is leaking though and has simply been patched and painted over.	Watch for wall cracking and leaning. Drainage is a problem in some places where water is clearly coming through to the surface of the wall.		
Concrete steps	Outside vestibule doors at northwest corners of courtyard	Yes	The bases of the metal hand rails have rusted and expanded, causing the lower corners of these steps to crack and break off. There are transverse cracks and lengthwise cracks through the center of some of these concrete flight of steps.	Provide patch at broken stair corner. The patch done at the corners of the steps should match the adjacent areas.	2007-2008	\$ 4,000.00
Concrete paving with scored polygonal pattern	Paths in the upper areas of the courtyard	Yes	Good in general; but damaged by tree roots and patched in place.	(See Preservation Brief #15, of Historic Concrete: Problems and General Approaches."). Add'l. repair	2009	\$ 4,000.00
Original roof tiles	Roof throughout; most historic tiles moved to the east side of the building	Yes	Recent re-roofing with new tiles has compromised the historic qualities of the roof, which is a highly visible element from La Cienega Blvd.	Carefully removing, stacking and reusing historic roof tiles is a common and accepted practice. Care should be taken in selecting a contractor with experience in saving these tiles while the underlayer is being repaired. (See also Preservation and Repair of Historic Clay Tile Roofs.)		

Feature	Location	Character Defining?	Condition	Recommended Treatment	Maintenance Schedule	Estimated Cost
Podocarpus tree	West-center of primary façade growing close to base of wall.	Yes. Large, old trees such as this do contribute to the character of the property.	The podocarpus is trimmed bi-annually.	Trees should be properly pruned for its own health and appearance, as well as to avoid any damage from the branches scraping against the building. Palm trees to be trimmed.	bi-annual	\$ 2,400.00

SYSTEMS

System	Location	Condition	Recommended Treatment	Maintenance Schedule	Estimated Cost
Plumbing	Throughout	Maintenance		annual	\$ 5,000.00
			Check for pressure regulator. Install as needed.	2007	\$ 4,000.00
Electrical	Throughout	Maintenance		annual	\$ 3,000.00
			Check for possible GFI outlet locations. Install for safety.	2008	\$ 4,000.00
Heating	Throughout	Maintenance		annual	\$ 3,000.00
			Re-inspect duct work. Reseal and check for loose and missing insulation.	2007	\$ 5,000.00
Ventilation	Garage	Unknown	Verify and evaluate garage ventilation.	2007	\$ 4,500.00
Structural	Top of foundation		Added Tie-downs	2008-2009	\$ 6,000.00