

Introduction
to
THE MILLS ACT



Preservation Through Tax Incentives

What is the Mills Act?

- A tax incentive encouraging preservation
- A preservation tool to revitalize areas
- Administered by the city, assessor helps
- There is no state government oversight

Mills Act History

- 1972 – Senator John Mills authored “Mills Act” to solve plight of Hotel del Coronado
- 1973 – Ruled unconstitutional
- 1976 – Voters approved constitutional amendment
- 1985 - Mills Act amended to reduce minimum contract period, eliminate visibility to public and public access and reduce penalty for cancellation
- 1993 – Amended: Restoration & Rehab defined to meet State Historic Building Code & Secretary of Interior Standards



Mills Act Participation



- 100+ Mills Act cities in California
- 3 or 4 cities added every year
- Jurisdiction must be a *Certified Local Government*
- Report annually to Office of Historic Preservation
- Escondido has been participating since 1992
- Escondido currently has 86 Mills Act properties

Office of Historic Preservation



Benefits to Property Owner

- Incentive to keep historic property, not develop/sell
- Often only financial incentive available
- Can be packaged with incentives for commercial
- Tax benefit runs with title – a selling point.
- Accepting tax benefit is voluntary.
- Tax benefit is indefinite.

Benefits to Local Government

- Helps retain and maintain historic properties
- Fosters preservation of historic neighborhoods
- Can help revitalize downtown commercial districts
- Can preserve historic fabric of community, boost cultural tourism and increase civic pride

More Benefits

- Program is flexible
- Most of the property tax loss is not from the City
- Nonetheless, City is in control
- City controls number of contracts
- City controls which properties are approved
- City can terminate contracts if desired/needed



How Does the Mills Act Work?



- City enters into contract with property owner
- In exchange for tax relief, owner agrees to restore or maintain historic property in accordance with federal, state and local standards
- Owner agrees to periodic visits by City representatives

Mills Act Requirements

- Properties must be on a Local, State, or National Register of Historic Places
- Properties must be privately owned and subject to property tax state
- Contract for minimum 10 years
- Contracts extend one year annually unless either party chooses not to renew



Mills Act Requirements



- City controls application process
- City does annual inspections
- Contract specifies an approved improvement list



- Property restoration & maintenance must be architecturally compatible
- Federal and local standards apply

How Do I Apply for the Mills Act?

Home Site Map Staff Login Enter Search Terms Select Language

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Current News Releases

Escondido Writers Group Meets at Escondido Public Library

Cruisin' Grand Cancelled Friday, April 8

Bilingual Book Discussion Group Meets at Escondido Public Library

Distracted Driver Month

Wine Tasting at Cruisin Grand Postponed to June 3

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Request For Proposal (RFP)

- City of Escondido Missing Link Active Transportation Program (ATP) Project
- Request for Proposals for Professional Auditing Services for Fiscal Years 2015-2016 Through 2019-2020

Contact Numbers

Building	760-839-4647
Business License	760-839-4659
City Attorney	760-839-4608
City Clerk	760-839-4617
City Council	760-839-4638
City Hall	760-839-4680
City Manager	760-839-4631
Code Enforcement	760-839-4650
Community Svcs.	760-839-4691
Economic Dev.	760-839-4587
Engineering	760-839-4651
Finance	760-839-4676
Fire	760-839-5400
Graffiti Hotline	760-839-4633
Housing	760-839-4617
Human Resources	760-839-4643
Library	760-839-4684
Neighborhood Svcs.	760-839-4517
Park/Picnic Rentals	760-839-4691
Planning	760-839-4671
Police	760-839-4721
Pothole Hotline	760-839-4349
Public Art Program	760-839-4671
Public Works	760-839-4668
Recreation	760-839-4691
Recycling	760-839-6216
Utilities	760-839-4657
Utility Billing	760-839-4682

Additional Numbers ...

Register Now

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Planning

City Hall, First Floor
201 North Broadway
Escondido, CA 92025

Phone: 760-839-4671
Fax: 760-839-4313
Hours: Monday-Friday, 8:00 a.m.-5:00 p.m.

The Planning Division assists in maintaining and improving the quality of life and the environment through the General Plan Implementation Program and the development review process.

Property Information:

- [Look up information about your parcel.](#)

Related Links

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

- A -

- [Applications for Processing Development Requests](#)
- [Application Fees for Planning Projects](#)
- [Annexations](#)
- [Approved Street Tree List](#)

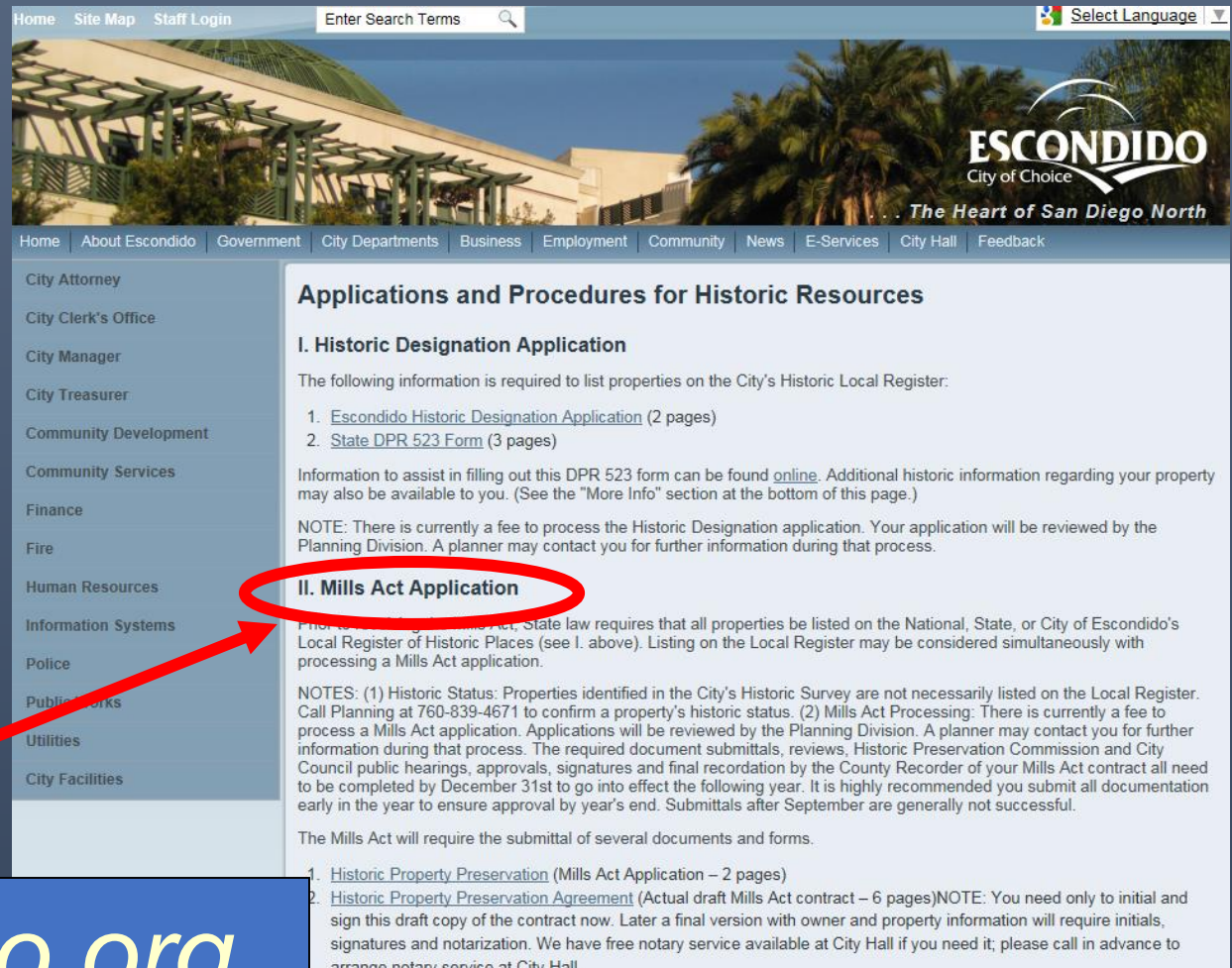
[BACK TO TOP](#)

- B -

- [Bicycle Master Plan](#)

How Do I Apply for the Mills Act?

Visit the Planning page on the City's website at *escondido.org* and look for the Mills Act Application



Home Site Map Staff Login Enter Search Terms Select Language

ESCONDIDO
City of Choice
The Heart of San Diego North

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Community Development
Community Services
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Fire
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Information Systems
Police
Public Works
Utilities
City Facilities

Applications and Procedures for Historic Resources

I. Historic Designation Application

The following information is required to list properties on the City's Historic Local Register:

1. [Escondido Historic Designation Application](#) (2 pages)
2. [State DPR 523 Form](#) (3 pages)

Information to assist in filling out this DPR 523 form can be found [online](#). Additional historic information regarding your property may also be available to you. (See the "More Info" section at the bottom of this page.)

NOTE: There is currently a fee to process the Historic Designation application. Your application will be reviewed by the Planning Division. A planner may contact you for further information during that process.

II. Mills Act Application

Prior to applying for the Mills Act, State law requires that all properties be listed on the National, State, or City of Escondido's Local Register of Historic Places (see I. above). Listing on the Local Register may be considered simultaneously with processing a Mills Act application.


NOTES: (1) Historic Status: Properties identified in the City's Historic Survey are not necessarily listed on the Local Register. Call Planning at 760-839-4671 to confirm a property's historic status. (2) Mills Act Processing: There is currently a fee to process a Mills Act application. Applications will be reviewed by the Planning Division. A planner may contact you for further information during that process. The required document submittals, reviews, Historic Preservation Commission and City Council public hearings, approvals, signatures and final recordation by the County Recorder of your Mills Act contract all need to be completed by December 31st to go into effect the following year. It is highly recommended you submit all documentation early in the year to ensure approval by year's end. Submittals after September are generally not successful.

The Mills Act will require the submittal of several documents and forms.

1. [Historic Property Preservation](#) (Mills Act Application – 2 pages)
2. [Historic Property Preservation Agreement](#) (Actual draft Mills Act contract – 6 pages)NOTE: You need only to initial and sign this draft copy of the contract now. Later a final version with owner and property information will require initials, signatures and notarization. We have free notary service available at City Hall if you need it; please call in advance to arrange notary service at City Hall.

escondido.org

Local Register application



CITY OF ESCONDIDO
Planning Division
201 North Broadway
Escondido, CA 92025-2798
(760) 839-4671

FOR INTERNAL USE ONLY

Case No.: _____

Date Received: _____

Received By: _____

Fees Received: _____

Date Approved: _____

Application: Incomplete
 Complete

ESCONDIDO HISTORIC DESIGNATION APPLICATION

(Check one) Historic Landmark Local Register

Applicant: _____

Address: _____

City/State/Zip: _____

Phone No.: (H) _____ (W) _____

Address of Site/Structure: _____

Assessor Parcel No.: _____

Common Name/
Historic Name: _____

Architural Style: _____

Present Property Owner: _____

Address: _____

City/State/Zip: _____

Phone No.: (H) _____ (W) _____

Present Land Use: _____

General Plan Designation: _____

Tier/Neighborhood: _____

Zoning: _____

Related Case File: _____

Put answers to questions 1-3 on the reverse side of this form.

- Please describe historical aspects of the site or structure as well as any other significant factors which may determine this as an Historic Resource (i.e., special aesthetics; cultural, architectural, or engineering factors; and any dates, events, or persons associated with the site or structure).
- Has the site or structure been altered in any way from its original design? Explain.
- Are there any known threats to the site or structure? (i.e., private development, zoning, vandalism, public works, structural damage, etc.)


SUBMITTAL REQUIREMENTS:

- Complete legal description of property
- List of past and present occupants/owners
- 1 copy of site plan
- Photos of exterior of structure/site
- Evidence that the property owner has consented to designating the Historic/Cultural Resource as an Historic Landmark/Local Register Property
- Chain of Title
- State of California Department of Parks and Recreation Forms 523a & b (attached)

Applicant Signature _____ (Date) _____

Property Owner Signature _____ (Date) _____

EX/306 (Rev. 3/04)



CITY OF ESCONDIDO
Planning Division
201 North Broadway
Escondido, CA 92025-2798
(760) 839-4671
Fax: (760) 839-4313

FOR INTERNAL USE ONLY

Case No.: _____

Date Submitted: _____

Project Planner: _____

Fees: _____

Receipt No.: _____

Incomplete Date of Notice _____

Complete Date _____

**HISTORIC PROPERTY PRESERVATION
(MILLS ACT) APPLICATION AND AGREEMENT**

APPLICANT/CONTACT PERSON

Name (Print): _____

Address: _____

City, State, Zip: _____

Phone: _____

Fax: _____

E-mail: _____

Signature: _____

SITE INFORMATION

Property Address: _____

Assessor's Parcel Number: _____

Historic Name: _____

OWNER (If multiple owners/addresses, attach additional sheets as necessary.)

Name (Print): _____

Address: _____

City, State, Zip: _____

Phone: _____

Fax: _____

E-mail: _____

Signature: _____
(authorizing applicant to submit application)

LANDMARK/LOCAL REGISTER INFORMATION

Historic Designation:
 Local State National

Date of Designation: _____

Local Register Listing: Yes No

Date of Listing: _____

POTENTIAL STRUCTURE/PROPERTY IMPROVEMENT TIMELINE:

Please list the improvements which are intended to take place over the next 10 years. List them in order of owner's priority. The improvements listed may be as specific or as general as the applicant prefers; however, physical alterations shall comply with the Secretary of Interior standards. Emergency maintenance not identified in this Agreement may be substituted for listed improvements. The listed improvements may be performed out of order, depending on the property owner's financial resources. The City representatives to monitor the progress will be performed every two to three years.

PROPOSED IMPROVEMENTS

List 10 to 12 preservation items being done or contemplated.

EX/323 (Rev. 1/08)

Mills Act application

- State DPR form is a required 3-page form
- History of property, photo(s) and location map info are to be included
- City staff, Pioneer Room, Assessor's Office Escondido History Center and the City's Historic Survey books can all aid in completing this form

State of California — The Resources Agency DEPARTMENT OF PARKS AND RECREATION PRIMARY RECORD	Primary # _____ HRI # _____ Trinomial _____ NRHP Status Code _____
Other Listings _____ Review Code _____ Reviewer _____ Date _____	

Page 1 of 3 *Resource Name or #: (Assigned by recorder) _____

P1. Other Identifier: _____

*P2. Location: Not for Publication Unrestricted

*a. County _____ and (P2c, P2e, and P2b or P2d. Attach a Location Map as necessary.)

*b. USGS 7.5' Quad _____ Date _____ T _____; R _____; _____ 1/4 of _____ 1/4 of Sec _____; _____ B.M.

c. Address _____ City _____ Zip _____

d. UTM: (Give more than one for large and/or linear resources) Zone _____ mE/ _____ mN

e. Other Locational Data: (e.g., parcel #, directions to resource, elevation, etc., as appropriate) _____

*P3a. Description: (Describe resource and its major elements. Include design, materials, condition, alterations, size, setting, and boundaries)

*P3b. Resource Attributes: (List attributes and codes) _____

*P4. Resources Present: Building Structure Object Site District Element of District Other (Isolates, etc.)

P5a. Photograph or Drawing (Photograph required for buildings, structures, and objects.)

P5b. Description of Photo: (view, date, accession #) _____

*P6. Date Constructed/Age and Source:

Historic Prehistoric Both

*P7. Owner and Address: _____

*P8. Recorded by: (Name, affiliation, and address)

*P9. Date Recorded: _____

*P10. Survey Type: (Describe) _____

*P11. Report Citation: (Cite survey report and other sources, or enter "none.") _____

*Attachments: NONE Location Map Continuation Sheet Building, Structure, and Object Record

Archaeological Record District Record Linear Feature Record Milling Station Record Rock Art Record

Artifact Record Photograph Record Other (List): _____

Mills Act Process: What to Expect

ESCONDIDO
City of Choice

HISTORIC PRESERVATION COMMISSION

Agenda Item No.: F.1
Date: October 4, 2005

TO: Historic Preservation Commission

FROM: Paul Bingham, Assistant Planner II

Residence address: [redacted] Case number 2005-03-HP)

1. Address [redacted] Survey; and
2. [redacted] [redacted]; and
3. [redacted] [redacted]


For information to the City Council

[redacted] established in 1990 (Agis, May 1990). Close to
[redacted] The Survey of 1990 was conducted in
[redacted] Interior, National Park Service and the
[redacted] survey is a collection of information that
[redacted] community. The survey also associates the
[redacted] preservation programs, the survey serves as the
[redacted] a higher level of historic nomination requirements
(Local [redacted] ability of Historic Building Code in regard to
[redacted] local, state and federal funding assistance.

Local Register
The Historic Preservation Commission Section 33-794-5 identifies a process and criteria for listing historic structures on the Local Register. Requests for listing on the Local Register require that both the Historic Preservation Commission and the City Council conduct a public hearing to consider the request. The historic resource is evaluated against seven criteria and must meet two of the seven. This same residence was nominated for the Local Register back in 1992, but was not listed at the request of the owner at the time.

Mills Act Contract
The Mills Act is a state law that enables owners of designated historic properties to enter into a preservation contract with their local legislative body and receive a substantial reduction in the property taxes. The Incentive program for the preservation of historic and/or cultural resources, approved in 1989, provides for property owners of designated historic resources to enter into a Mills Act contract with the City. Further clarification on which designated historic resources are eligible to participate in a Mills Act contract was identified in the revised Historic Ordinance 92-409, adopted by Council on October 28, 1992. A property owner may apply for a Mills Act contract if the resource has been listed as a Local Register property. The property identified below is requesting to be listed on the City's Local Register at the next available City Council hearing and is currently requesting to enter into a Mills Act contract.

The 967 SF residence is located at 425 E. Fifth Avenue (APN 233-282-0300). The existing single-story rectangular "Craftsman/California Bungalow" was apparently greatly



- Application(s) will be reviewed by Planning staff
- Applicant works on contract with Planning staff
- Once complete, item will be placed on next HPC agenda
- If approved, item will be placed on City Council agenda

Staff Report to HPC

ITEM 12 (Case 2016-09-HP):

Listing of Jones Property at 807 South Juniper Street on Local Register of Historic Places and Approval of a Mills Act Contract

Improvement List:

1. Repair foundation
2. Rewire house
3. Repaint exterior
4. Reinforce chimney
5. Reroof house
6. Relandscape front
7. Relandscape back
8. Remove tree on side
9. Restore windows
10. Replace dry-rotted bathroom subfloor
11. Remove illegal house and garage additions
12. Restore original carriage house door on garage



Public Review & Comment:

- Owners submitted necessary Local Register and Mills Act documents.
- Owners agreed to the approved list of improvements.
- Property meets three criteria for Local Register Listing (two needed).
- June 1, 2016: case appeared at HPC Public Hearing.
- HPC unanimously approved adding property to Local Register & entering into Mills Act contract.
- Property was publically noticed and no one responded negatively

HPC & STAFF RECOMMENDATION:

Approval of
Resolution No. 2016-159



Finishing Up Your Mills Act

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO

City Clerk
City of Escondido
201 N. Broadway
Escondido, CA 92025

**RECORDING
STAMP**

THIS SPACE FOR RECORDER'S USE ONLY

HISTORIC PROPERTY PRESERVATION AGREEMENT

This Agreement is made and entered into by and between the CITY OF ESCONDIDO, a municipal corporation (hereinafter referred to as "the CITY") and RONDA LYN STEMPIEN (hereinafter referred to as "the OWNER").

Recitals

1. WHEREAS, the OWNER possess and owns real property located within the City of Escondido, which property is more fully described in Attachment "A" to this Agreement (hereinafter "the PROPERTY"); and
2. WHEREAS, the PROPERTY is a qualified historical property in that it is privately owned, it is not exempt from property taxation, and it is listed in the Local Register of Historic Places; and
3. WHEREAS, both the CITY and the OWNER desire to carry out the purposes of Article 12 (commencing with section 50280) of Chapter 1 of Part 1 of Division 1 of Title 5 of the California Government Code and Article 1.9 (commencing with section 439) of Chapter 3 of Part 2 of Division 1 of the California Revenue and Taxation Code; and
4. WHEREAS, both the CITY and the OWNER desire to limit the use of the PROPERTY to retain its characteristics as a property of historical significance.

Agreement

NOW THEREFORE, both the CITY and the OWNER, in consideration of the mutual promises, covenants and conditions contained herein and the substantial public benefits to be derived therefrom, do hereby agree as follows:

- All contract documents must be notarized
- If Council approves it, City Attorney reviews contract
- Mayor signs Mills Act contract
- Once complete, contract must be recorded by County Recorder
- All MUST be completed by December 31st

Mills Act Contract

Mills Act Pros

- Tax incentive especially helpful to recent buyers
- Only incentive available to historic home owners
- Commercial: can be used with other incentives
- Mills Act contract runs with land - a selling point
- Permissive program City can craft to its needs
- Contracts don't have to renew if changes needed
- Escondido doesn't charge fees to process
- Contract's List of Improvements can be amended



Mills Act Quirks

- Longtime owners (pre-1985) may not benefit
- Law does not address multiple owners
- Surprise increases if assessors don't keep up on data
- Tax benefits may take effect much later than expected
- City loses some tax revenue



Mills Act Mathematics

- Mills Act formula is complex
- Assessor determines key parts
- Only assessor can calculate actual savings
- Can result in tax savings of 50 percent or more
- If either party notifies the other of a non-renewal the tax benefit reduces by 1/10 annually. *(By year 10, the property owner is paying the same tax they would have before the Mills Act.)*



Mills Act – Other Provisions

- Assessor recalculates Mills Act savings annually
- City can cancel a contract for breach
- Penalty is 12 ½ percent of assessed value



Mills Act Pros

- Tax incentive especially helpful to recent buyers
- Only incentive available to historic home owners
- Commercial: can be used with other incentives
- Mills Act contract runs with land - a selling point
- Escondido doesn't charge fees to process
- Contract's List of Improvements can be amended



More Mills Act Pros



- Can help revitalize, maintain historic core
- Helps keep up historic neighborhoods
- Boosts civic pride
- Helps retain civic history and character
- Shown to increase property values

Studies of Mills Act Properties in San Diego

Conducted by USD Economics
Professor Andrew Narwold:

2000 through 2007

Dr. Narwold's seven year study showed that the Mills Act raised property values for the Mills Act house AND for those in the immediate vicinity.

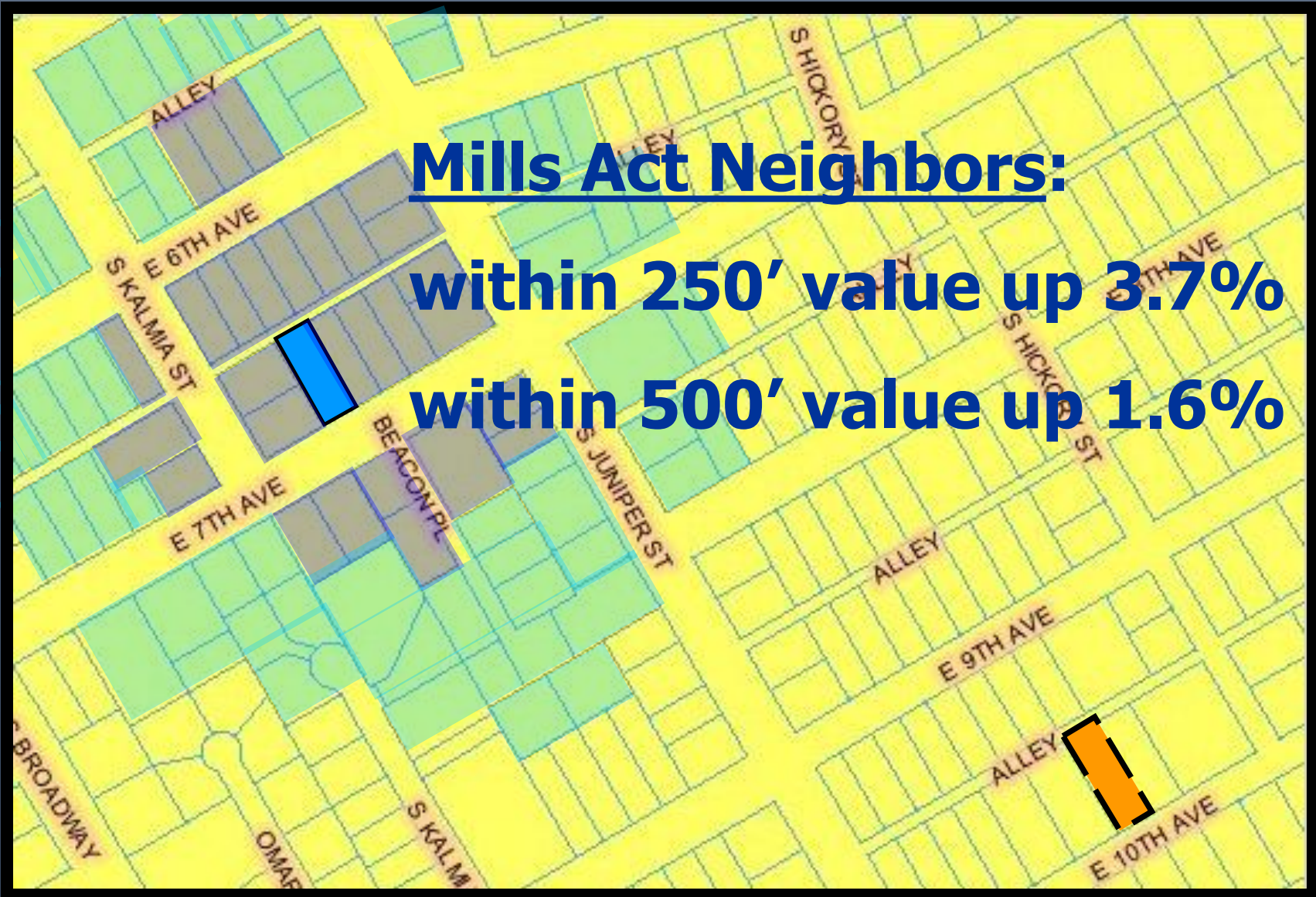


Using Narwold Study Data

Mills Act Neighbors:

within 250' value up 3.7%

within 500' value up 1.6%



Mills Act increases property values

Mills Act - Questions?



Please contact the City of Escondido's
Planning Division at 760-839-4671.
We'd just love to assist you!

Introduction to THE MILLS ACT



Preservation Through Tax Incentives

Acknowledgement and gratitude to Dennis Weber, OHP and Jeff Hook, City of San Luis Obispo for their Mills Act expertise which aided in this informational presentation.