

## MILLS ACT PILOT PROGRAM – SUBCOMMITTEE MEETING – OCTOBER 3, 2017

- HP House and Garage – expressing interest (willing to open house up for fundraising use for school district, PAST, etc.)
- Eligibility Requirements
  - Locally listed (1-4 or 1-2)
  - Nationally Register individual listing
  - CA Register individual listing
  - Contributing properties in NR + local districts
- Time Limits [Contracts extend one year annually unless either party elects to non-renew – SCC]
  - Issue notice of nonrenewal in 5<sup>th</sup> year with 10 year phase out period (Belvedere)
- Geographic distribution requirement
  - Minimum total of contract to be awarded to properties in specific areas (Oakland)
- Eligible work
  - Just exterior
  - Interior included (like electrical, plumbing)

- Limit on the total tax loss that can be associated with Mills Act properties or number of Mills Act properties in any given year
  - Cap at \$25,000, to be adjusted annually in an amount equivalent to the percent change of the overall assessed valuation of the City for the previous year, excluding those properties that have been issued a notice of nonrenewal (Belvedere)
  - Program impact on City revenues limited to \$25,000/year and \$25,000/year in any single redevelopment area with a cumulative limit of \$250,000/year for all redevelopment areas (with exception of Central Business District). In CBD limit of the program impact on Redevelopment revenues to \$100,000/building/year/ with a cumulative limit of \$250,000/year. Anything that exceeds these limits may request special consideration by City Council. (Oakland)
  - 3 Mills Act contracts a year (Saratoga)
  - Lottery/rankings/higher ranking based on following criteria (Campbell):
    - Result in greatest number or value of improvements
    - Reduce the threat to historic property
    - Result in preservation and maintenance
    - Highest percentage of tax savings used to finance property maintenance
  - Applications only during month of July (Gilroy)
    - Reviewed at one time each year so that the cumulative financial impact can be determined
    - Contracts must be recorded prior to January 1
    - Assessor's office has more available time
    - Reduces cost of processing applications
  - Addresses School District concerns (Palo Alto basic aid, crunch numbers, data science intern)
  
- Limit on total property value that would be eligible (exceptions allowed)
  - Residential – pre-contract assessed valuation of \$3,000,000 or less (San Francisco)
    - Except if it is an exceptional property
  - Commercial – pre-contract assessed valuation of \$5,000,000 or less (San Francisco)
    - Except if it is an exceptional property

- What would we require from participants?
  - 10 year work plan/Rehabilitation Plan (San Francisco)
  - Interpretive signage
  - Onsite visit every five years (San Francisco), periodic examinations (Napa County, San Diego)
  - Spend the property tax money that is saved through the Mills Act on preserving and/or restoring the property (Berkeley)
  - Anticipated construction must be equal to or greater than tax savings (Oakland)
  - Expend an amount equal to a minimum of 10% of the tax savings attributed to the Mills Act agreement for the preservation and maintenance of the property (San Jose) and must include all of the following tasks:
    - Year 1 – foundation repairs
    - Year 2 – plumbing upgrades
    - Year 3 – electrical upgrades
    - Year 4 – basement waterproofing
    - Year 5 – repaint exterior
    - Year 6 – original door, window and hardware restoration
    - Year 7 – re-roofing and downspout restoration
    - Year 8 – repair exterior trim and siding
    - Year 9 – front iron fencing restoration
    - Year 10 – repaint exterior
  - General Application (photos, location map, legal description, etc.)
  
- Ordinance changes
  - Defined (Los Altos)
  - Incentives section (Los Altos)

In the County of Santa Clara there are 296 active contracts. In 2016 there were 7 new contracts. Some properties do not benefit from Mills Act value as their base year values are lower than the tax incentive value Mills Act provides. Lowest reduction given: 0%. The largest reduction in the county was 92.37% for 2016. Average reduction was 56.39% for 2016.

This large range and continually changing market conditions makes it difficult for the Assessor to forecast the exact savings for any potential Mills Act property prior to the actual assessment.

Each local government establishes their own criteria and determines how many contracts they will allow in their jurisdiction. For answers to specific questions such as local eligibility criteria, application procedures, and contract terms, contact the city or county official for your jurisdiction.

The Mills Act allows local governments to design preservation programs to accommodate specific community needs and priorities for rehabilitating entire neighborhoods, encouraging seismic safety programs, contributing to affordable housing, promoting heritage tourism, or fostering pride of ownership. Local governments have adopted the Mills Act because they recognize the economic benefits of conserving resources and reinvestment as well as the important role historic preservation can play in revitalizing older areas, creating cultural tourism, building civic pride, and retaining the sense of place and continuity with the community's past.