



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: NOVEMBER 15, 2022

FROM: COMMUNITY & ECONOMIC DEVELOPMENT WARDS: 1 AND 3
DEPARTMENT

SUBJECT: APPROVAL OF NINETEEN (19) MILLS ACT HISTORIC PROPERTY PRESERVATION AGREEMENTS FOR PROPERTY TAX REDUCTION AND CORRESPONDING PROPERTY IMPROVEMENTS FOR A MINIMUM TERM OF TEN YEARS WITH ANNUAL AUTOMATIC RENEWALS

ISSUE:

Approve nineteen (19) Mills Act Historic Property Preservation Agreements for property tax reduction and corresponding property improvements for a minimum term of ten years with annual automatic renewals for the following: 1) Geoffrey and Christina Starns; 2) Jarod and Stephanie DeAnda; 3) Michael and Beth Castro, Trustees of the Castro Family Living Trust, 4) Kendra Tracy and Jon Roper; 5) Brad Curry and Cory Lynne Curry; 6) Kristel Espinosa and Noel Espinosa; 7) Red Bamboo, LLC; 8) Ginko Lueder and Yoneko Lueder; 9) Jennifer Ankele; 10) Troy Kurz and Lauren Kurz; 11) Teodor Dumitrescu and Pauline Marquez-Dumitrescu; 12) Elizabeth Przybylski and Erin Edwards; 13) Riverside Packing House, LLC; 14) Brianna Dolmage; 15) Sharon Bourne-Tennell; 16) Cody Norris and Erin Richardson; 17) Sallie Griffin and Nicholas Jacobs; 18) Michael Carey; 19) Erica Melendrez and Aurelio Melendrez.

RECOMMENDATIONS:

That the City Council approve nineteen (19) Mills Act Historic Property Preservation Agreements for property tax reduction and corresponding property improvements for a minimum term of ten years with annual automatic renewals for the following:

1. Geoffrey and Christina Starns (Attachment 1);
2. Jarod and Stephanie DeAnda (Attachment 2);
3. Michael and Beth Castro, Trustees of the Castro Family Living Trust (Attachment 3);
4. Kendra Tracy and Jon Roper (Attachment 4);
5. Brad and Cory Lynne Curry (Attachment 5);
6. Kristel and Noel Espinosa (Attachment 6);
7. Red Bamboo, LLC (Attachment 7);
8. Ginko Lueder and Yoneko Lueder (Attachment 8);
9. Jennifer Ankele (Attachment 9);

10. Troy Kurz and Lauren Kurz (Attachment 10);
11. Teodor Dumitrescu and Pauline Marquez-Dumitrescu (Attachment 11);
12. Elizabeth Przybylski and Erin Edwards (Attachment 12);
13. Riverside Packing House, LLC (Attachment 13);
14. Brianna Dolmage (Attachment 14);
15. Sharon Bourne-Tennell (Attachment 15);
16. Cody Norris and Erin Richardson (Attachment 16);
17. Sallie Griffin and Nicholas Jacobs (Attachment 17);
18. Michael Carey (Attachment 18);
19. Erica Melendrez and Aurelio Melendrez (Attachment 19)

BACKGROUND:

Enacted by the State of California in 1976, the Mills Act grants local governments the ability to provide property tax abatements to the owners of qualified historical properties. To receive the property tax abatement, property owners must enter into an agreement that commits them to making capital improvements to rehabilitate, restore, preserve, or maintain their qualified historical property.

In 2004, City Council adopted Resolution No. 20825 (2004 Resolution - Attachment 20) to implement the Mills Act Program (Program) in Riverside. The Program encourages preservation of designated historic districts and individual properties throughout the City. This, in turn, preserves property values and ensures preservation of the City's tangible links to the past for future generations. The 2004 Resolution limited the number of agreements in Riverside to seven per calendar year, to limit the fiscal impact of the Program. In 2007, a lottery was held as more than seven applications were received.

In December 2010, Resolution No. 22139 (2010 Resolution - Attachment 21) revised the Program to allow flexibility in the number of agreements that the City could enter into each year. The 2010 Resolution sets an average of seven agreements per year, from inception of the Program, but limits the agreements to no more than ten in any given year. While not required by the 2004 or 2010 Resolutions, staff requests information on the type of application (residential or commercial) for tracking purposes. The average seven agreements generally include five residential properties and two commercial properties. The 2004 and 2010 Resolutions do not put a limit on the specific number of residential or commercial agreements as long as the total number of Agreements does not exceed ten.

On June 7, 2022, the City Council approved a temporary change to the Program for 2022 only. Via minute order, the Program was amended to: 1) extend the application period through July 2022; and 2) allow a maximum of twenty applications be accepted. City Council also directed staff to amend the Program moving forward to: 1) extend the application period to allow applications to be accepted between January 1 and May 31 of each calendar year (five months); and 2) allow City Council to enter into up to fifteen agreements per calendar year, but if the number in any one year falls below fifteen, up to twenty may be awarded in any subsequent year to make up the deficiency, provided that the overall average does not exceed fifteen since implementation.

On September 20, 2022, the Cultural Heritage Board (CHB) reviewed proposed amendments to

Title 20 (Cultural Resources) that would modify the application period as directed by City Council. The proposed amendments to the 2004 Resolution were also presented to the CHB for information only as they do not require CHB review and recommendation. The CHB voted unanimously (8 ayes and 0 noes) to recommend that the City Council approve Planning Case PR-2022-0014422 to amend Chapter 20.30 of the Riverside Municipal Code (Attachments 4 and 5). As a matter of information, City Council considered the proposed amendments to the 2004 Resolution and Title 20 Amendments on November 1, 2022.

DISCUSSION:

For 2022, 19 Mills Act applications were received, deemed complete, and met the City's requirements. The applications include 17 residential properties and two commercial properties. The 19 applications include ten-year plans that total approximately \$2,458,805 in property maintenance and improvements.

Since 2004, the City Council has approved 91 Mills Act Agreements (Agreements) for an average of 5.3 per year. The 19 Agreements submitted this year will bring the total number of Agreements to 110.

Owners of two properties chose not to renew the Agreements and both will phase out of the Program in 2022. In 2019, three properties were not compliant with the requirements of the Program and the City will phase them out, meaning their property taxes will increase to full taxation by 2028.

A summary of the proposed 2022 Mills Act properties and estimated tax impacts to the City are listed below:

No.	Case #	Applicant	Property Address	Ward	Estimated Annual Tax Savings	Estimated Annual City Tax Impact
1	DP-2022-00772	Geoffrey and Christina Starns	3611 Mt. Rubidoux Dr.	1	\$7,148.31	\$857.80
2	DP-2022-00840	Jarod and Stephanie DeAnda	5050 Myrtle Av.	3	\$2,922.01	\$350.64
3	DP-2022-00879	Michael and Beth Castro, Trustees of the Castro Family Living Trust	4496 5th St.	1	\$5,652.00	\$678.24
4	DP-2022-00924	Kendra Tracy and Jon Roper	3092 Lime St.	1	\$4,282.58	\$513.91
5	DP-2022-00927	Brad and Cory Lynne Curry	4450 Third St.	1	\$6,738.67	\$808.64
6	DP-2022-00954	Kristel and Noel Espinosa	4415 Mission Inn Av.	1	\$4,383.03	\$525.96
7	DP-2022-00982	Red Bamboo, LLC	7179 Magnolia Av.	3	\$3,771.00	\$452.52
8	DP-2022-00991	Ginko Lueder and Yoneko Lueder	6550 Palm Av.	3	\$3,155.56	\$378.67
9	DP-2022-00999	Jennifer Ankele	4190 Highland Pl.	1	\$1,980.07	\$237.61
10	DP-2022-01020	Troy Kurz and Lauren Kurz	4475 Houghton Av.	1	\$3,534.00	\$424.08

No.	Case #	Applicant	Property Address	Ward	Estimated Annual Tax Savings	Estimated Annual City Tax Impact
11	DP-2022-01038	Teodor Dumitrescu and Pauline Marquez-Dumitrescu	3141 Lime St.	1	\$871.57	\$104.59
12	DP-2022-01055	Elizabeth Przybylski and Erin Edwards	3227 Orange St.	1	\$7,359.20	\$883.10
13	DP-2022-01095	Riverside Packing House, LLC	3280 Vine St.	1	\$8,790.62	\$1,054.87
14	DP-2022-01096	Brianna Dolmage	4373 Rosewood Pl.	1	\$2,723.49	\$326.82
15	DP-2022-01157	Sharon Bourne-Tennell	3208 Mulberry St.	1	\$1,539.32	\$184.72
16	DP-2022-01192	Cody Norris and Erin Richardson	4425 11 th St.	1	\$1,869.41	\$224.33
17	DP-2022-01269	Sallie Griffin and Nicholas Jacobs	6744 Oleander Ct.	3	\$8,478.38	\$1,017.41
18	DP-2022-01287	Michael Carey	4480 Mission Inn Av.	1	\$2,920.55	\$350.47
19	DP-2022-1293	Erica Melendrez and Aurelio Melendrez	4347 Mission Inn Av.	1	\$3,756.00	\$450.72
Total Estimated Annual City Tax Impact						\$9,825.09

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 1 – Arts, Culture and Recreation (Goal 2.3 – Strengthen Riverside’s portfolio of arts, culture, recreation, senior, and lifelong learning programs and amenities through expanded community partnerships, shared use opportunities, and fund development)** and **Strategic Priority 2 – Community Well Being (Goal 2.3 – Strengthen neighborhood identities and improve community health and the physical environment through amenities and programs that foster an increased sense of community and enhanced feelings of pride and belonging citywide).**

The item aligns with the following Cross-Cutting Threads:

1. **Community Trust** – The Mills Act Program aligns with the Community Trust Cross-Cutting Thread as the annual contracts are reviewed at a public meeting by the City Council, allowing for public comment.
2. **Equity** – The Mills Act Program aligns with the Equity Cross-Cutting Thread as it is available to all historically designated properties throughout the City.
3. **Fiscal Responsibility** – The Mills Act Program aligns with the Fiscal Responsibility Cross-Cutting Thread as it provides an opportunity for property owners to reinvest back into the community through rehabilitation of the historic property.
4. **Innovation** – The Mills Act Program aligns with the Innovation Cross-Cutting Thread as it responds to the high financial demands of historic property maintenance and helps the property owners through reduced property taxes.
5. **Sustainability & Resiliency** – The Mills Act Program aligns with the Sustainability & Resiliency Cross-Cutting Thread as it assists with the rehabilitation and maintenance of historic properties so that they can continue to contribute to the character of the City for

generations to come.

FISCAL IMPACT:

The estimated fiscal impact on the new property tax reductions is approximately \$9,825 for Fiscal Year (FY) 2023/24. The Mills Act Program results in reduced property tax revenue to the City. Because staff administer and maintain the Program, the City does not incur any direct costs for administration of the Program. To offset staff costs, all applicants pay a \$404 application fee and a \$3,274 contract maintenance fee as established by City Council.

The City receives approximately 12% of the property tax collected annually by the County. For FY2022/23, the estimated reduction in the City's property tax revenue from the current 91 properties that are part of the Program is approximately \$40,634, for an average of \$447 per property. Adding the 19 properties would bring the total Mills Act reduction in property taxes to approximately \$50,459 per year starting in FY 2023/24. This is an estimate only as the reduction is dependent on tax rates and the number of properties in the Program.

Prepared by: Chris Christopoulos, Interim Community & Economic Development Director

Certified as to availability of funds: Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/City Treasurer

Approved by: Rafael Guzman, Assistant City Manager

Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. Mills Act Agreement with Geoffrey and Christina Starns
2. Mills Act Agreement with Jarod and Stephanie DeAnda
3. Mills Act Agreement with Michael and Beth Castro, Trustees of the Castro Family Living Trust
4. Mills Act Agreement with Kendra Tracy and Jon Roper
5. Mills Act Agreement with Brad Curry and Cory Lynne Curry
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20. Resolution No. 20825
21. Resolution No. 22139