



*City of Arts & Innovation*

# City Council Memorandum

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**TO: HONORABLE MAYOR AND CITY COUNCIL**      **DATE: OCTOBER 22, 2024**

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

**SUBJECT: APPROVAL OF SEVENTEEN 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 seventeen Mills Act Historic Property Preservation Agreements with various property owners for a minimum term of ten years with annual automatic renewals.

## **RECOMMENDATIONS:**

That the City Council:

1. Approve seventeen Mills Act Historic Property Preservation Agreements for property tax reduction and corresponding property improvements with the following applicants for a minimum term of ten years with annual automatic renewals:
  - a. Jesse Castro and Jill Castro (Attachment 1)
  - b. Elena Christakis (Attachment 2)
  - c. Jacquelyn Diana and Michael Bowers (Attachment 3)
  - d. Vincent Bueno, Kimberly Bueno, and Andres Avelino Bueno (Attachment 4)
  - e. Life Art Center LLC (Attachment 5)
  - f. Michael David Bates and Amanda Sue Bates (Attachment 6)
  - g. Ryan Burris and Tiffany Fuentes (Attachment 7)
  - h. Nicholas D. Adcock and Sydnee E. Adcock (Attachment 8)
  - i. Danitza Lloren and Andrew Paul C. Lloren (Attachment 9)
  - j. Cindy Wilkinson Kirven (Attachment 10)

- k. The White Park Building Riverside, LLC (Attachment 11)
- l. Gregory Lynn McCormick, Jr. (Attachment 12)
- m. Dane E. Zupon, Trustee of the BPBC Trust dated March 7, 2024 (Attachment 13)
- n. The Tetley Building LLC and Rhea-Frances Louise Motley, Successor Co-Trustee of the Richard A. Tetley Family Trust dated May 20, 1985 (Attachment 14)
- o. William F. Nuchols II (Attachment 15)
- p. William Porter and Rachel Porter (Attachment 16)
- q. Terry Guy and Lorena Guy (Attachment 17)

### **BACKGROUND:**

The Mills Act, enacted by the State of California in 1976, 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 (Resolution - Attachment 17) 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 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 18) further 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.

On November 1, 2022, City Council passed Resolution No. 23921 (2023 Resolution - Attachment 19) and approved an amendment to Chapter 20.30 of the Riverside Municipal Code modifying the application period and increased the maximum number of contracts awarded each year. The modifications included: 1) allowing 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 year to make up the deficiency, provided that the overall average does not exceed fifteen since implementation in 2004.

### **DISCUSSION:**

For 2024, seventeen Mills Act applications were received, deemed complete and meet the City's requirements for the Agreements. The applications for this year include fourteen residential

properties and three commercial properties. The seventeen applications include ten-year plans that total approximately \$2,529,364 in property maintenance improvements.

The City's Mills Act program consists of 124 active Mills Act Agreements (Agreements) for an average of seven per year. The seventeen agreements recommended for this year, if approved by City Council, will bring the total number of Agreements to 141. In 2019, three properties were not compliant with the requirements of the Program and the City will phase them out of the Program, meaning their property taxes will increase to full taxation by 2028.

A summary of the proposed 2024 Mills Act properties and City tax impacts are listed below:

No.	Case #	Applicant	Property Address	Ward	Estimated Tax Savings	Estimated City Tax Impact
1	DP-2024-00397	Jesse Castro and Jill Castro	4409 Sunnyside Dr	3	\$2,212	\$265
2	DP-2024-00398	Elena Christakis	4064 Larchwood Pl	1	\$1,096	\$132
3	DP-2024-00418	Jacquelyn Diana and Michael Bowers	3495 Elmwood Dr	1	\$3,318	\$398
4	DP-2024-00449	Vincent Bueno, Kimberly Bueno, and Andres Avelino Bueno	5310 Candlewick Ct	3	\$4,222	\$507
5	DP-2024-00630	Life Art Center LLC	3485 University Ave	1	\$16,939	\$2,033
6	DP-2024-00656	Michael David Bates and Amanda Sue Bates	5037 Magnolia Ave	1	\$3,246	\$390
7	DP-2024-00734	Ryan Burris and Tiffany Fuentes	4586 Sixth St	1	\$3,526	\$423
8	DP-2024-00744	Nicholas D. Adcock and Sydnee E. Adcock	6475 Victoria Ave	3	\$4,673	\$561
9	DP-2024-00747	Danitza Lloren and Andrew Paul C. Lloren	4553 Merrill Ave	3	\$3,830	\$460
10	DP-2024-00756	Cindy Wilkinson Kirven	4481 Orange St	1	\$2,772	\$333
11	DP-2024-00760	The White Park Building Riverside, LLC	3900 Market St	1	\$11,505	\$1381
12	DP-2024-00772	Gregory Lynn McCormick, Jr.	3695 Oakwood Pl	1	\$2,988	\$359
13	DP-2024-00773	Dane E. Zupon, Trustee of the BPBC Trust dated March 7, 2024	4570 Indian Hill Rd	1	\$5,140	\$617

No.	Case #	Applicant	Property Address	Ward	Estimated Tax Savings	Estimated City Tax Impact
14	DP-2024-00778	The Tetley Building LLC and Rhea-Frances Louise Motley, Successor Co-Trustee of the Richard A. Tetley Family Trust dated May 20, 1985	4344 Market St	1	\$16,974	\$2,037
15	DP-2024-00787	William F. Nuchols II	3878 Twelfth St	1	\$1,726	\$207
16	DP-2024-00788	William Porter and Rachel Porter	4470 Fifth St	1	\$5,060	\$607
17	DP-2024-00862	Terry Guy and Lorena Guy	4450 Sixth St	1	\$5,144	\$617
Total Estimated Annual City Tax Impact						\$11,327

### **STRATEGIC PLAN ALIGNMENT:**

The item contributes to the Envision Riverside 2025 City Council 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 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 \$11,327 for Fiscal Year (FY) 2024/25. 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 \$126 application fee and a \$957 contract maintenance fee as established by City Council.

The City receives approximately 12% of the property tax collected annually by the County. For FY2024/25, the estimated reduction in the City's property tax revenue from the current 124 properties that are part of the Program is approximately \$60,323, for an average of \$476 per property. Adding the seventeen properties would bring the total Mills Act reduction in property taxes to approximately \$71,650 per year starting in FY 2025/26. This is an estimate only as the reduction is dependent on tax rates and the number of properties in the Program.

Prepared by:	Scott Watson, City Historic Preservation Officer
Approved by:	Jennifer Lilley, Community & Economic Development Director
Certified as to availability of funds:	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by:	Mike Futrell, City Manager
Approved as to form:	Phaedra A. Norton, City Attorney

### Attachments:

1. Mills Act Agreement with Jesse Castro and Jill Castro
2. Mills Act Agreement with Elena Christakis
3. Mills Act Agreement with Jacquelyn Diana and Michael Bowers
4. Mills Act Agreement with Vincent Bueno, Kimberly Bueno, and Andres Avelino Bueno
5. Mills Act Agreement with Life Art Center LLC
6. Mills Act Agreement with Michael David Bates and Amanda Sue Bates
7. Mills Act Agreement with Ryan Burris and Tiffany Fuentes
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15. Mills Act Agreement with William F. Nuchols II
16. Mills Act Agreement with William Porter and Rachel Porter
17. Mills Act Agreement with Terry Guy and Lorena Guy
18. Resolution No. 20825
19. Resolution No. 22139
20. Resolution No. 23921