



MILLS ACT PROGRAM TEMPORARY CHANGE FOR 2022

Community and Economic
Development Department

City Council

June 7, 2022

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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 to implement the Mills Act Program in Riverside. The Program encourages the preservation of designated historic districts and individual properties throughout the City. This, in turn, preserves property values and ensures the preservation of the City's tangible links to the past for future generations. Resolution 20825 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.

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BACKGROUND

- In December 2010, Resolution No. 22139 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.



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DISCUSSION

- In February 2022, the Cultural Heritage Board formed a Subcommittee to discuss potential modifications to Title 20 - Cultural Resources, including potentially expanding the Mills Act Program. An expanded Program would increase opportunities for properties to participate while protecting the historic character of the City of Riverside.
- Since 2004, the City Council has approved 91 Mills Act Agreements (Agreements) for an average of 5.3 per year. The property owner of two separate properties chose not to renew the agreement for the properties and 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 of the Program meaning their property taxes will increase to full taxation by 2028.
- The current Agreements not being phased out totals 86, including 81 residential properties and five commercial properties. In the short-term, City Council would consider that for 2022 only, via minute order, the City would accept all applications submitted through July 2022 be accepted.



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DISCUSSION

- In the long-term, the City Council would consider a new resolution that modifies Resolution No. 22139 to allow applications to be accepted between January 1 and May 31 of each calendar year (5 months). In addition, City Council would authorize that up to fifteen Agreements be entered into per calendar year. If the number of Agreements in any one year falls below fifteen, twenty Agreements would be allowed to make up the deficiency. The average of the overall Agreements since implementation would not exceed fifteen. City Council could consider a lower number of contracts each year which would decrease the potential revenue impacts as identified in the Fiscal Impact Section.



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STRATEGIC PLAN ALIGNMENT



Priority No. 2 Community Well Being

Goal No. 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.

Cross-Cutting Threads



Community Trust



Fiscal Responsibility



Sustainability & Resiliency



Equity



Innovation



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RECOMMENDATIONS

That the City Council:

1. Via minute order, for 2022 only, allow that all applications submitted through July 2022 be accepted; and
2. Request staff prepare a resolution modifying Resolution No. 22139 to:
 - a) Allow applications to be accepted between January 1 and May 31 of each calendar year (5 months); and
 - b) 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.



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