



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: NOVEMBER 1, 2022

FROM: COMMUNITY & ECONOMIC DEVELOPMENT WARDS: ALL
DEPARTMENT

SUBJECT: PLANNING CASE PR-2022-001422: AMEND TITLE 20 (CULTURAL RESOURCES) - CHAPTER 20.30 (PRESERVATION INCENTIVES) OF THE RIVERSIDE MUNICIPAL CODE MODIFYING THE MILLS ACT APPLICATION PERIOD AND AMEND RESOLUTION NO. 20825 TO INCREASE THE NUMBER OF MILLS ACT APPLICATIONS ACCEPTED EACH YEAR

ISSUE:

Planning Case PR-2022-001422: Amend Title 20 (Cultural Resources) – Chapter 20.30 (Preservation Incentives) of the Riverside Municipal Code modifying the Mills Act Application period from the month of June to January 1 – May 31 of each calendar year; and amend Resolution No. 20825 to increase the number of Mills Act applications accepted to an average of fifteen and a maximum of twenty each year, and reflecting the application timeframe consistent with the Proposed Amendment to Title 20 (Cultural Resources).

RECOMMENDATIONS:

That the City Council:

1. Determine that Planning Case PR-2022-001422 is exempt from further California Environmental Quality Act (CEQA) review pursuant to Sections 15308 (Actions to Protect Environment), 15060(c)(2) (No Physical Change), 15060(c)(3) (Not A Project), and 15061(b)(3) (General Rule), as the proposed amendment will cause no direct or indirect change to the environment, does not meet the definition of a Project under CEQA, and it can be seen with certainty that the proposed amendment will not have an effect on the environment;
2. Approve Planning Case PR-2022-001422 – Title 20 (Cultural Resources) Text Amendment amending the application period of the Mills Act from the month of June to January 1 – May 31 of each calendar year;
3. Introduce and subsequently adopt the attached Ordinance amending Title 20 (Cultural Resources) of the Riverside Municipal Code; and
4. Approve and adopt the attached Resolution amending Resolution No. 20825, thereby increasing the number of Mills Act applications accepted to an average of fifteen and a maximum of twenty each year and reflecting the application timeframe consistent with the Proposed Amendment to Title 20 (Cultural Resources).

CULTURAL HERITAGE BOARD RECOMMENDATION:

On September 20, 2022, the Cultural Heritage Board (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).

Resolution amendments do not require CHB review and recommendation, but the Proposed Amendments were presented to the CHB for information only.

BACKGROUND:

Section 20.30.020 Mills Act Program (Program) (Attachment 4 - Exhibit 1) of the Riverside Municipal Code (RMC) establishes the City's Program by Resolution No. 20825 (Attachment 4 - Exhibit 2). The RMC states: "Mills Act applications are accepted only during the month of June and must be actually received by the Planning Division no later than the last business day of the month."

Resolution No. 22139 (Attachment 4 - Exhibit 3) allows the City Council to enter into up to seven Mills Act Agreements (Agreements) per calendar year, but if the number in any one year falls below seven, up to ten may be awarded in any year to make up the deficiency, provided that the overall average does not exceed ten since implementation.

On June 7, 2022, the City Council considered modifying the number of Mills Act applications that can be accepted each year and the application period. Following discussion, Council directed staff to prepare a resolution to modify the Resolution and RMC Title 20 amendments (Attachment 4 - Exhibit 4) as follows:

1. Modify RMC Title 20 to allow applications to be accepted between January 1 and May 31 of each calendar year (5 months); and
2. Modify the Resolution to 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.

DISCUSSION:

Riverside Municipal Code Section 20.30.020 Amendments

Title 20 of the Riverside Municipal Code currently requires Mills Act applications to be submitted in the month of June. A Proposed Amendment to Title 20 will revise Section 20.30.020 to state that "Mills Act applications will be accepted between January 1 and May 31 of the calendar year."

This revision allows more flexibility in the timeframe for accepting applications and will allow for greater access to the program for eligible property owners.

Resolution No. 20825 Amendments

On November 23, 2004, City Council approved Resolution 20825 which stated:

Section 5: To limit the fiscal impact of the Mills Act to the City of Riverside, the City of Riverside shall not enter into or execute more than seven (7) Preservation Agreements per calendar year. Applications will be accepted during the month of June only, during normal business hours. The seven (7) applicants will be randomly selected from all eligible applications submitted.

On December 14, 2010, City Council approved Resolution No. 22139 amending Section 5 of Resolution No. 20825 to state:

Section 5: To limit the fiscal impact of the Mills Act to the City of Riverside, the City of Riverside shall not enter into or execute more than seven (7) Preservation Agreements ("Agreements") per calendar year. Applications will be accepted during the month of June only, during normal business hours. The seven (7) applicants will be randomly selected from all eligible applications submitted. notwithstanding the above, should the number of Agreements in any one year fall below seven (7), in the subsequent years more than seven (7) Agreements may be awarded to make up for the deficiency, but never more than ten (10) in any one year, and never more than would be the overall average of seven (7) per year since implementation.

The proposed Resolution will replace Resolution No 22139 and amend Resolution No. 20825 to increase the number of Mills Act applications accepted each year to an average of fifteen (15) and a maximum of twenty (20). The proposed Resolution will increase the opportunity for historic property owners to take advantage of the Program. The proposed Resolution will also modify the application period to reflect the timeframe to accept applications from January 1 and May 31 of each calendar year to be consistent with the Proposed Amendments to Title 20.

ENVIRONMENTAL REVIEW

The proposed Title 20 Text Amendment is exempt from further California Environmental Quality Act (CEQA) review pursuant to Sections 15308 (Actions to Protect Environment), 15060(c)(2) (No Physical Change), 15060(c)(3) (Not A Project), and 15061(b)(3) (General Rule), as the proposed amendment will cause no direct or indirect change to the environment, does not meet the definition of a Project under CEQA, and it can be seen with certainty that the proposed amendment will not have an effect on the environment.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 1 – Arts, Culture and Recreation (Goal 1.1 – 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).**

The item also contributes to **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).

This item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – Expanding 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** – Expanding 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** – Expanding the Mills Act Program aligns with the Fiscal Responsibility as it provides an opportunity for property owners to reinvest back into the community through rehabilitation of the historic property.
4. **Innovation** – Expanding 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** – Expanding 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 annual fiscal impact is shown in the table below. The amounts shown in the table below illustrate the estimated reduction in property tax revenue.

Table 1 – Projected Property Tax Revenue Reduction

	YEARLY AMOUNT (2021-2022)	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027
Based on 10 Agreements (assumes \$3,500/year increase)	\$37,120	\$40,620	\$44,120	\$47,620	\$51,120	\$44,620
Based on 20 Agreements (assumes \$7,000/year increase)	\$37,120	\$44,120	\$51,120	\$58,120	\$65,120	\$72,120

The Program impacts the property tax revenue received by the City and is based on a property's assessment. The Program supports maintaining or increasing property values of historic properties as the property tax savings must be reinvested in the property per the Mills Act Agreements (Agreements).

Because staff administer and maintain the Program, the City does not incur any direct costs for administration. If the number of Agreements were to increase up to 20, staff have the capacity to administer the additional Agreements.

All applicants are required to pay a fee as established by City Council. This includes a \$404 application fee and a one-time contract administration fee of \$3,274 that covers review and oversight for the life of the Agreement. These fees are being assessed as part of the City-wide fee study update to be considered by City Council later this year.

Prepared by: Chris Christopoulos, Acting Director, Community & Economic
Development Department

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

Approved by: Rafael Guzman, Assistant City Manager/City Manager Pro Tempore

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

Attachments:

1. Resolution
2. Ordinance – Title 20 Amendments Clean Version
3. Ordinance – Title 20 Amendments Redline Version
4. Cultural Heritage Board Staff Report and Exhibits – September 21, 2022
5. Draft Minutes – Cultural Heritage Board Meeting – September 21, 2022
6. Presentation