



City Council Memorandum

City of Arts & Innovation

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TO: HONORABLE MAYOR AND CITY COUNCIL DATE: NOVEMBER 14, 2023

FROM: COMMUNITY & ECONOMIC DEVELOPMENT WARDS: 1 and 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. Christopher Q. Bylin and Abigail M. Schneider (Attachment 1);
 - b. Fabio Mazzotti Silveira and Caren V. Marin-Silveira (Attachment 2);
 - c. Jacob Lee Gamble and Holly Victoria Gamble (Attachment 3);
 - d. Leslie J. Pirritano and Mary E. Pirritano (Attachment 4);
 - e. Leslie J. Pirritano and Mary E. Pirritano (Attachment 5);
 - f. Seth Zurer and Kerensa Peterson (Attachment 6);
 - g. Gary Chartier and Alicia Homer (Attachment 7);
 - h. Nicholas D. Adcock and Sydnee E. Adcock, Trustee of the Adcock Family Trust dated June 27, 2022 (Attachment 8);
 - i. Matthew Gunkel and Danielle Gunkel; (Attachment 9);
 - j. Lee Baresi and Elizabeth Ann Sterling-Baresi, Trustee of The Baresi Family Trust Dated March 1, 2018 (Attachment 10);
 - k. J.F. Davidson Investment, LLC, A California Limited Liability Company (“JFDI”),

3558 Fairmount, LLC, A California Limited Liability Company (“3558”), Quattro D, LLC, A California Limited Liability Company (“Quattro”), and Moondance, LLC, A Delaware Limited Liability Company (“Moondance”), All As Tenants In Common, on a pro-rata basis (Attachment 11);

- l. Ian James Davidson (Attachment 12);
- m. One Fifth, LLC (Attachment 13);
- n. Hector Manuel Romero and Christopher John Obeji (Attachment 14);
- o. Hector Manuel Romero and Christopher John Obeji (Attachment 15);
- p. Hector Manuel Romero and Christopher John Obeji (Attachment 16);
- q. Leighton Silva (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 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.

DISCUSSION:

For 2023, 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 two commercial properties. The seventeen applications include ten-year plans that total approximately \$2,130,800 in property maintenance improvements.

The City's Mills Act program consists of 107 active Mills Act Agreements (Agreements) for an average of six per year. The seventeen agreements recommended for this year, if approved by City Council, will bring the total number of Agreements to 124. 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 2023 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-2023-00678	Christopher Q. Abigail M. Schneider	4008 Third Street	1	\$2,806	\$337
2	DP-2023-00724	Fabio Mazzotti Silveira and Caren V. Marin-Silveira	3881 Loring Drive	1	\$5,459	\$655
3	DP-2023-00726	Jacob Lee Gamble and Holly Victoria Gamble	4466 Eleventh St	1	\$3,533	\$424
4	DP-2023-01145	Leslie J. Pirritano and Mary E. Pirritano	3543 Castle Reagh Place	1	\$3,926	\$471
5	DP-2023-01146	Leslie J. Pirritano and Mary E. Pirritano	3609 Castle Reagh Place	1	\$8,390	\$1,007
6	DP-2023-01167	Seth Zurer and Kerensa Peterson	3543 Larchwood Place	1	\$4,470	\$536
7	DP-2023-01269	Gary Chartier and Alicia Homer	4405 Mission Inn Avenue	1	\$8,045	\$965
8	DP-2023-01319	Nicholas D. Adcock and Sydnee E. Adcock, Trustee of the Adcock Family Trust dated June 27, 2022	4593 Beatty Drive	3	\$2,546	\$306
9	DP-2023-01338	Matthew and Danielle Gunkel	3573 Beechwood Place	1	\$6,311	\$757
10	DP-2023-01356	Lee Baresi and Elizabeth Ann Sterling-Baresi, Trustee Of The Baresi Family Trust Dated March 1, 2018	4587 Mission Inn Avenue	1	\$5,408	\$649

No.	Case #	Applicant	Property Address	Ward	Estimated Tax Savings	Estimated City Tax Impact
11	DP-2023-01385	J.F. Davidson Investment, LLC, A California Limited Liability Company ("JFDI"), 3558 Fairmount, LLC, A California Limited Liability Company ("3558"), Quattro D, LLC, A California Limited Liability Company ("Quattro"), and Moondance, LLC, A Delaware Limited Liability Company ("Moondance"), All As Tenants In Common, on a pro-rata basis	3850 Vine Street	1	\$14,261	\$1,711
12	DP-2023-01386	Ian James Davidson	4495 Fifth Street	1	\$3,237	\$388
13	DP-2023-01387	One Fifth, LLC	3675, 3685, 3695 Main Street	1	\$22,637	\$2,716
14	DP-2023-01390	Hector Manuel Romero and Christopher John Obeji	4654 Merrill Av	3	\$3,245	\$389
15	DP-2023-01391	Hector Manuel Romero and Christopher John Obeji	5015 Magnolia Avenue	1	\$1,809	\$217
16	DP-2023-01392	Hector Manuel Romero and Christopher John Obeji	3533 Elmwood Drive	1	\$3,078	\$369
17	DP-2023-01393	Leighton Silva	3844 Linwood Place	1	\$4,980	\$598
Total Estimated Annual City Tax Impact						\$12,497

STRATEGIC PLAN ALIGNMENT:

This 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 \$12,497 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 \$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 FY2023/24, the estimated reduction in the City's property tax revenue from the current 109 properties that are part of the Program is approximately \$50,964, for an average of \$468 per property. Adding the 16 properties would bring the total Mills Act reduction in property taxes to approximately \$63,461 per year starting in FY 2024/25. This is an estimate only as the reduction is dependent on tax rates and the number of properties in the Program.

Prepared by: Jennifer Lilley, Community & Economic Development Director
Certified as to availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by: Rafael Guzman, Assistant City Manager
Approved as to form: Phaedra Norton, City Attorney

Attachments:

1. Mills Act Agreement with Christopher Q. Abigail M. Schneider
2. Mills Act Agreement with Fabio Mazzotti Silveira and Caren V. Marin-Silveira
3. Mills Act Agreement with Jacob Lee Gamble and Holly Victoria Gamble
4. Mills Act Agreement with Leslie J. Pirritano and Mary E. Pirritano
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16. Mills Act Agreement with Hector Manuel Romero and Christopher John Obeji
17. Mills Act Agreement with Leighton Silva
18. Resolution No. 20825
19. Resolution No. 22139
20. Resolution No. 23921