



City of Arts & Innovation

# City Council Memorandum

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**TO: HONORABLE MAYOR AND CITY COUNCIL                      DATE: NOVEMBER 2, 2021**

**FROM: COMMUNITY & ECONOMIC DEVELOPMENT              WARDS: 1 AND 2**  
**DEPARTMENT**

**SUBJECT: APPROVAL OF SEVEN MILLS ACT HISTORIC PROPERTY PRESERVATION AGREEMENTS FOR PROPERTY TAX REDUCTION AND CORRESPONDING PROPERTY IMPROVEMENTS WITH: 1) AUSTIN AND LAUREN JOHNSON; 2) STEVEN AND MARCIA LAMBRECHT; 3) RYAN AND ANNETTE ROLSTON; 4) BAILEY CALIFORNIA PROPERTIES, LLC; 5) CHRISTOPHER BRODY AND EVAN TURK; 6) ART PROPERTIES, LLC; AND 7) SCOTT SAWYER AND LAUREN LEE FOR A MINIMUM TERM OF TEN YEARS WITH ANNUAL AUTOMATIC RENEWALS**

**ISSUE:**

Approve seven Mills Act Historic Property Preservation Agreements with: 1) Austin and Lauren Johnson; 2) Steven and Marcia Lambrecht; 3) Ryan and Annette Rolston; 4) Bailey California Properties, LLC; 5) Christopher Brody and Evan Turk; 6) Art Properties, LLC; and 7) Scott Sawyer and Lauren Lee for a minimum term of ten years with annual automatic renewals.

**RECOMMENDATIONS:**

That the City Council:

1. Approve seven 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. Austin and Lauren Johnson, 3892 Redwood Drive (Attachment 1);
  - b. Steven and Marcia Lambrecht, 3014 Pine Street (Attachment 2);
  - c. Ryan and Annette Rolston, 4410 Houghton Avenue (Attachment 3);
  - d. Bailey California Properties, LLC, 1393 University Avenue (Attachment 4);
  - e. Christopher Brody and Evan Turk, 4631 Ladera Lane (Attachment 5);
  - f. Art Properties, LLC, 2782 Mission Inn Avenue (Attachment 6); and
  - g. Scott Sawyer and Lauren Lee, 3708 Beechwood Place (Attachment 7).

2. Authorize the City Manager, or his designee, to execute the seven Mills Act Historic Property Preservation Agreements, including making minor and non-substantive changes, and to sign all documents and instruments necessary to complete the transactions.

## **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 8) to implement the Mills Act Program (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. 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 9) 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 included in either of these Resolutions or on the current Program application form, staff requests information on the type of application submitted – residential or commercial. The average seven agreements generally include five residential properties and two commercial properties. The Resolutions do not set a limit on the specific number of residential or commercial agreements, provided the total does not exceed ten. As such, staff has the discretion to balance the number of residential and commercial agreements to be processed.

Since 2004, the City Council has approved 84 Mills Act Agreements (Agreements) for an average of six 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 currently total 79, including 75 residential properties and four commercial properties.

## **DISCUSSION:**

In 2021, seven residential Mills Act applications were received, deemed complete, and meet the City's requirements for the Agreements. The applications for this year include six residential properties and one commercial property. The seven applications include ten-year plans that total approximately \$7,876,800 in property maintenance improvements. The seven agreements recommended for this year, if approved by City Council, will bring the total number of Agreements to 91. A summary of the proposed 2021 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-2021-00826	Austin and Lauren Johnson	3892 Redwood Drive	1	\$4,712	\$566
2	DP-2021-00868	Steven and Marcia Lambrecht	3014 Pine Street	1	\$5,960	\$715
3	DP-2021-00892	Ryan and Annette Rolston	4410 Houghton Avenue	1	\$2,692	\$323
4	DP-2021-00908	Bailey California Properties, LLC	1393 University Avenue	2	\$10,000	\$1,200
5	DP-2021-00914	Christopher Brody and Evan Turk	4631 Ladera Ln	1	\$5,385	\$646
6	DP-2021-009037	Art Properties, LLC	2782 Mission Inn Avenue	2	\$1,910	\$230
7	DP-2021-00945	Scott Sawyer and Lauren Lee	3708 Beechwood Place	1	\$4,032	\$484

**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 as follows:

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 total fiscal impact for this action is estimated to be \$4,164. The Mills Act Program results in reduced property tax revenue to the City. The Program supports maintaining or increasing property values of historic properties as property tax savings are required to be reinvested in the property. Staff administer and maintain the Program, and the City will not incur any direct costs for administration of the Program. All applicants paid the \$404 application and \$3,274 contract initiation fees established by City Council.

The seven new Mills Act Agreements could result in an estimated \$4,164 property tax reduction to the City beginning in FY 2022/23. This would bring the estimated fiscal impact to approximately \$74,038 in FY 2022/23 from this, and all previous Mills Act Program agreements.

The fiscal impact in future years is dependent on tax rates and the number of properties in the Program.

Prepared by: David Welch, Community & Economic Development Director  
Certified as to availability of funds: Edward Enriquez, Chief Financial Officer/Treasurer  
Approved by: Rafael Guzman, Assistant City Manager  
Approved as to form: Phaedra A. Norton, City Attorney

#### Attachments:

1. Mills Act Agreement with Austin and Lauren Johnson
2. Mills Act Agreement with Steven and Marcia Lambrecht
3. Mills Act Agreement with Ryan and Annette Rolston
4. Mills Act Agreement with Bailey California Properties, LLC
5. Mills Act Agreement with Christopher Brody and Evan Turk
6. Mills Act Agreement with Art Properties, LLC
7. Mills Act Agreement with Scott Sawyer and Lauren Lee
8. Resolution No. 20825
9. Resolution No. 22139