



Community & Economic Development Department
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Planning Division

CULTURAL HERITAGE BOARD MEETING DATE: JULY 19, 2023
AGENDA ITEM NO.: 6

DISCUSSION ITEM

Case Numbers	Not Applicable
Request	To provide input regarding City Council's consideration of Mills Act fees adjustment.
Project Location	Citywide
Ward	All
Staff Planner	Scott Watson, Historic Preservation Officer 951-826-5507 swatson@riversideca.gov

RECOMMENDATION

Staff recommends that the Cultural Heritage Board provide input regarding City Council's consideration of Mills Act fee adjustment.

BACKGROUND

Enacted by the State of California in 1976, the Mills Act 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. State Law governing the local jurisdiction of the Mills Act Program is found in the California Government Code, Article 12, Section 50280 through 50290 (Historic Property Contracts). Section 50281.1 allows legislative bodies to require a fee not exceed the reasonable cost of implementing the Mills act program.

In 2004, City Council adopted Resolution No. 20825 (2004 Resolution - Attachment 20) 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.

Periodically, the City Finance Department undertakes an update of the City's User Fees and Charges to present the City Council with recommendations for appropriate adjustments to the City's user fees and charges. City Council then adopts, by resolution, the City's User Fees and Charges Schedule. The following table outlines the user fees associated with the Mills Act:

Resolution No.	Approval Date	Fee Type	Fee Amount	Cost Recovery	Maximum Contracts Allowed	Number of Contracts Awarded
21001	August 9, 2005	Application Fee	\$53 (\$42 base fee + \$11 document imaging)	100%	7	2005 – 6 2006 – 8 2007 – 7 2008 – 6 2009 – 4 2010 – 9 Average – 6.7
		Contract/Review Initiation Fee	\$572	100%		
21960	July 12, 2010	Application Fee	\$114 (\$73 base fee + \$41 document imaging)	70%	10	2011 – 1
		Contract/Review Initiation Fee	\$418	70%		
22227	June 21, 2011	Application Fee	\$137 (\$86 base fee + \$51 document imaging)	80%	10	2012 – 2 2013 – 5 2014 – 4 2015 – 5 Average - 4
		Contract/Review Initiation Fee	\$489	80%		
22904	September 8, 2015	Application Fee	\$404 (\$189 base fee + \$189 document imaging + 14% City Surcharge [\$26])	90%	10 until 2021 20 in 2022	2016 – 1 2017 – 5 2018 – 6 2019 – 7 2020 -11 2021 – 7 2022 – 18 Average – 7.9
		Contract/Review Initiation Fee	\$3,274 (\$2,872 base fee + 14% City Surcharge [\$402])	90%		

As part of the adoption of the user fees and charges in 2010, City Council implemented a plan to increase fees to a 90% cost recovery. The plan began in 2010 with a 70% cost recovery in 2010 and increase the cost recovery percentage during the following user fee adoptions. In 2015, the City Council approved a 4% Technology recovery cost surcharge to cover the cost of updating the City's permitting and project tracking system to a web-based system. Mills Act fees were also added to the list of fees subject to the City's 10% General Plan Maintenance Surcharge. The General Plan Maintenance Surcharge is intended to aid in covering the cost of the State required update of the General Plan. The Technology Recovery fee and General Plan Maintenance Surcharge total a 14% City Surcharge.

At the May 10, 2023, the Financial Performance and Budget Committee (FPBC) considered adjustments to the City's User Fees and Charges Schedule for the Fiscal Year 2023-2024. As part of the review, the FPBC considered adjustments to the Mills Act fees.

Following discussion, the FPBC recommended removal of the Mills Act fees and referred them to the Cultural Heritage Board for review and comment (Exhibit 1).

DISCUSSION

State law regarding Mills Act contract implementation provides flexibility allowing each jurisdiction to develop a program that best fits the needs of that jurisdiction. Jurisdictions also have varying approaches to fees. Each jurisdiction makes the determination of how to set the fees, based off their costs to administer the program. The table below outlines the various approaches to Mills Act fees in other Southern California jurisdictions:

Jurisdiction	Fee Type	Fee Amount	Approximate Cost Recovery	Fee Goal	Maximum Contracts Allowed	Number of Contracts Awarded (Last 5 years)
Anaheim	None	\$0	0%	Encourage preservation	No Max	2018 – 10 2019 – 6 2020 – 8 2021 – 9 2022 – 12
Corona	Processing Fee	\$2,138	100%	Full cost recovery	No Max	2018 - 3 2019 - 1 2020 - 0 2021 - 1 2022 - 0
Glendale	Application fee – Property valuation up to \$750,000	\$1,333.75	Unknown*	Tiered Incentive program for varying property valuations	No Max	2018 - 2 2019 - 9 2020 - 1 2021 - 4 2022 - 5
	Application fee – Property valuation \$750,000 to \$1,000,000	\$2,134	Unknown*			
	Application fee – Property valuation \$1,000,001 to \$1,400,000	\$3,201	Unknown*			
	Application fee – Property valuation \$1,400,001 or above	\$3,734.50	Unknown*			

Long Beach	Pre-application eligibility determination	\$237.60	12%	Incentivize the program	12 SFR 3 Duplex/Triplex 4 MFR 1 Non-residential	2018 – 19 2019 – 11 2020 – 13 2021/22 – Program on hold
	Application	\$2,700	43%			
Ontario	Application Fee - Homeowner	\$214	3%	Encourage landmark designation and adaptive reuse	No Max	2018 – 1 2019 – 4 2020 – 1 2021 – 4 2022 – 1
	Application Fee – Non-homeowner	\$703	10%			
Pasadena	Contract Signing Fee - SFR	\$1,298.50	Unknown*	Partial Cost recovery, adjusted annually based in CPI	20 SFR 6 MFR	2018 – 22 2019 – 23 2020 – 21 2021 – 15 2022 – 15
	Contract Signing Fee - MFR	\$2,597	Unknown*			
Pomona	Application Fee	1% of property value	5-7%	Incentivize program, low-income community.	No Max	2018 – 1 2019 – 0 2020 – 4 2021 – 5 2022 – 11
Redlands	Application Fee	\$480	100%	Full Cost Recovery	7	2018 – 1 2019 – 1 2020 – 0 2021 – 0 2022 – 1

* No fee study completed by jurisdiction, unable to determine cost recovery.

The City is currently completing a fee study that will be presented to the City Council at a future date. Any input regarding Mills Act fees by the Cultural Heritage Board will be provided to the City Council for consideration as part of the fee study review.

STRATEGIC PLAN

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).

This 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 and 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.

EXHIBITS LIST

1. FPBC Minutes May 10, 20023

Prepared by:	Scott Watson, Historic Preservation Officer
Reviewed by:	David Murray, Principal Planner
Approved by:	Maribeth Tinio, City Planner