



## Planning Commission Report

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**Meeting Date:** November 9, 2010

**Subject:** Mills Act Discussion

**Recommendation:** Discuss and provide direction as appropriate

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### REPORT SUMMARY

The subject discussion was requested by Chair Bosse at a previous meeting. The Mills Act is a federal program that allows a property owner to enter into a contract with a governmental entity for the purpose of historic rehabilitation and maintenance and to receive tax incentives. To take advantage of the Mills Act on a local level, the City Council would need to adopt an ordinance that set forth this opportunity, the process, and applicable criteria. A local historic preservation ordinance is not required to implement the Mills Act. The City has neither a local preservation ordinance nor an ordinance that would implement the Mills Act. The purpose of this discussion is to determine if there is Commission support to ask the City Council to make adoption of a Mills Act ordinance a priority in the Planning Division's upcoming fiscal year 2011-2011 Work Plan.

### DISCUSSION

The City Council will participate in a priority setting discussion in December that would guide city work plans in the upcoming fiscal year. In advance of that discussion, Chair Bosse has requested the subject matter be placed on the Commission's agenda. It is expected that there will be a request of the Commission to support a motion to identify a Mills Act ordinance as a city priority in the next fiscal year. The Work Plan is approved around May / June when the City budget is adopted.

### Mills Act

The Mills Act is an historic preservation act established to maintain historically significant properties. When used in conjunction with the Federal Historic Preservation Tax Incentives program the acts encourage private sector rehabilitation of historic buildings. To qualify, properties must be rehabilitated according to standards set by the Secretary of the Interior.

The Mills Act works by granting participating local governments the authority to enter into contracts with owners of qualified historic properties to reduce property taxes in exchange for the restoration and maintenance of their historic property. The Mills Act allows local governments to design preservation programs to accommodate specific community needs and priorities for:

- Rehabilitating neighborhoods
- Encouraging seismic safety programs

Attachment(s):  
None

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- Contributing to affordable housing
- Promoting heritage tourism
- Fostering pride in ownership

Local governments enter into contracts with the property owners of qualifying historic properties. This is a formal agreement, generally known as a Mills Act or Historical Property Contract, and is between the local government and the property owner. The contract has a minimum term of ten years. The California State Parks Office of Historic Preservation (OHP) is not involved in this contract, but has a role in administering the Mills Act by providing information to interested governments and maintains a list of communities participating in the program.

To qualify for the Mills Act Program, the property must be listed on any Federal, State, county, or city historic register, including:

- The National Register of Historic Places
- California Register of Historical Resources,
- California Historical Landmarks
- State Points of Historical Interest
- Locally designated landmarks

Owner-occupied family residences and income-producing commercial properties may qualify for the Mills Act program, subject to local regulations.

More information on the Mills Act is available online at: [http://ohp.parks.ca.gov/?page\\_id=21412](http://ohp.parks.ca.gov/?page_id=21412)

#### Local Historic Preservation Programs

The City does not currently have a local preservation ordinance. On August 31, 2010, the City Council considered moving forward on this effort in a more expeditious manner, but there was not majority support to advance such a program ahead of other identified priorities. The Mills Act does not require that a local preservation ordinance be established. However, the City would need to adopt an ordinance that set forth the process for local property owners to qualify for and take advantage of the Mills Act.

In the absence of a local preservation ordinance, implementation of the Mills Act would be limited to those properties that are identified on the federal, state or county registers. Properties not currently listed on those registers and interested in the Mills Act program would need to work with the appropriate agency in those organizations to see if their individual property is eligible for designation. Once designated an owner could then pursue the tax incentives provided by the Mills Act.

#### Planning Division Work Plan

The Division's Work Plan for the current fiscal year was adopted with the Budget. The City Council discussed the current Work Plan and identified an ad hoc committee of Vice Mayor Brucker and Councilmember Brien. The committee is scheduled to meet on November 8. At the time of this report, it

is unclear as to whether there will be recommended changes to the Work Plan for the current fiscal year.

Next year's Work Plan is anticipated to include items that relate to amending the zoning code and implementing the General Plan, including Housing Element programs, which typically require timelier implementation than other General Plan programs. Planning staff will be present a draft Work Plan to the Planning Commission in the spring 2011.

#### **NEXT STEPS**

It is recommended that the Planning Commission discuss whether it wants to forward a recommendation to the City Council requesting a Mills Act ordinance be identified as a priority Work Plan item for the Planning Division in the next fiscal year. A formal action of the Commission would typically include a written letter prepared by one or two commissioners and presented to the Commission for a vote at a subsequent meeting.

Report Reviewed By:



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