



## **Mills Act Program Frequently Asked Questions Short Guide**

### **What is the Mills Act Program?**

The Mills Act is an economic incentive program in California for the restoration and preservation of qualified historic buildings by property owners. The Mills Act provides an important monetary incentive designed to encourage the preservation, restoration of maintenance, and designated historic properties. The Mills Act permits property tax relief to offset these costs. Mills Act contracts are for an initial term of 10 years. A contract automatically renews each year on its anniversary date and a new 10-year agreement becomes effective, creating a "rolling" contract term that is always equal to the initial contract term. The City's Mills Act Ordinance was adopted in 1993.

### **What are the owners' requirements?**

In exchange for the property tax relief realized under Mills Act contracts, property owners must agree to maintain and preserve their properties for at least 10 years in accordance with specific historic preservation standards and conditions.

### **Will I see a substantial reduction in property taxes?**

Possible reduction in property taxes — an average of 30% to 50% for new property owners. Property owners who have recently purchased the property are most likely to see higher tax reduction.

### **Is the property tax assessment linked to the restoration work I plan to do?**

Yes. Allowed expenses for rehabilitation and maintenance are linked to the Mills Act valuation calculation. The Los Angeles County Assessor may request supplemental information.

### **I have owned my house for 50 years and have substantial rehabilitation plans. Will I receive any benefit from the Mills Act program?**

The Los Angeles County Assessor's office looks at three values each year under a Mills Act Contract: Base Year/Proposition 13, Current Fair Market, and Mills Act/Income Approach. The lowest of the three is used for the property tax bill. Note that Special District assessments are not reduced under the Mills Act, only the 1% General Levy Tax. In this case, the lowest value would be the Base Year/Proposition 13 value which is what the taxes are based on now, and there would not be any tax reduction under a Mills Act contract.

### **How do buildings qualify for the Mills Act? Does my property qualify for the Mills Act Program?**

In order to qualify, the structure must be a designated historic building. A qualified historic property is a property listed on any federal, state, county, or city register, including the National Register of Historic Places, California Register of Historical Resources, California Historical Landmarks and local designations by the City of Long Beach.

## **What properties are not ineligible?**

Properties with outstanding code violations issued by the Planning Bureau, Code Enforcement Bureau or the Building Bureau are not eligible to apply for the Mills Act Program. All code violations must be corrected before an application is accepted. Properties with delinquent taxes are also not eligible to apply. The person/entity submitting the application must retain ownership through contract recording otherwise the contract is nullified by the City. Properties exempt from property taxation, are also not eligible. Properties not in designated historic district, designated as a historic landmark or otherwise not considered a qualified historic property are ineligible.

## **If extensive rehabilitation happened 2.5 years ago, would the property still qualify for the program?**

The awarding of a Mills Act contract is dependent on the restoration plan proposed in the application submitted. Past restoration work is not credited to the current owner. If past work is a substantial modification to the building that damages the historic character, it may disqualify the application unless the property owner includes reversal of the modification in the restoration workplan.

## **How is the Mills Act contract enforced?**

Under California state law, municipalities are required to conduct compliance inspections every 5 years. If an owner is found in breach of contract a letter is sent by the Long Beach Development Services Department to correct the violation. The City Council is the deciding body if a contract is cancelled. The City Attorney advises on enforcement of the contract. Property owners must also provide submit reports of information to indicated work completed under the contract.

## **Are we obligated to complete everything on the Rehab Plan? The estimated savings isn't even close to covering the entire cost!**

Yes. The Mills Act will not necessarily pay for the entire rehabilitation of any property. It is meant to offset costs enough to incentivize the work to happen. The Rehabilitation Plan is meant to help establish and prioritize rehabilitation needs for the property.

## **What are the consequences if I decided to cancel my Mills Act contract?**

If a property decides to cancel their contract within the first 10 years of the contract, the owner would be required to pay a cancellation fee equal to 12.5 percent of the current fair market value of the property (not your restricted value). Your property will then be assessed at the lower of the factored base year value or current market value for the ensuing lien date. Alternatively, the City may take court action to enforce the contract, such as requiring specific performance or an injunction.

For more helpful resources and the full FAQ Guide, please visit the Mills Act Program webpage: [longbeach.gov/mills-act](http://longbeach.gov/mills-act).

To request this information in an alternative format or to request a reasonable accommodation, please contact the Community Development Department at [longbeach.gov/lbcd](http://longbeach.gov/lbcd) and 562.570.3807. A minimum of three business days is requested to ensure availability; attempts will be made to accommodate requests with shorter notice.