



City of Long Beach
Working Together to Serve

Office of Gerrie Schipske, R.N.P., J.D.
Councilwoman, Fifth District
Memorandum

R-10

Date: February 4, 2014

To: Honorable Mayor and City Council

From: Councilmember Gerrie Schipske, 5th District *SS*
Councilmember Suja Lowenthal, 2nd District *SL*
Councilmember Al Austin, 8th District *al*

Subject: **Request Update on the Status of the City of Long Beach's Use of the Mills Act**

Discussion:

The Mills Act Historical Property Contract Program allows qualifying owners to receive a potential property tax reduction and use the savings to help rehabilitate, restore and maintain their buildings. The Mills Act is the single most important economic incentive program in California for the restoration and preservation of historic buildings by private property owners. Enacted in 1972, the Mills Act legislation grants participating local governments (cities and counties) authority to enter into contracts with owners of qualified historic properties who actively participate in the restoration and maintenance of their properties to receive property tax relief.

A formal agreement, generally known as a Mills Act or Historical Property Contract, is executed between cities and the property owner for a revolving ten-year term. Contracts are automatically renewed each year so that the term of the contract always extends for ten years. Property owners agree to restore, maintain, and protect the property in accordance with specific historic preservation standards and conditions identified in the contract.

Owners of qualified historic properties may apply for the program if they pledge to rehabilitate and maintain the historical and architectural character of their properties for the life of the Contract. The Mills Act program is especially beneficial for recent buyers of historic properties and for current owners of historic buildings who have made major improvements to their properties.

Mills Act participants may realize substantial property tax savings each year for recently improved or purchased older properties because valuations of Mills Act properties are determined by an Income Approach to Value rather than by the standard Market approach to determining appraised value.

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The City of Los Angeles hosts a detailed website outlining how the Mills Act works and how property owners can apply to receive the tax savings.

(<http://www.preservation.lacity.org/incentives/mills-act-historical-property-contract-program>)

The City of Long Beach's website is not as detailed about how residents can utilize the Mills Act tax savings.

Recommendation: Request the City Manager to provide an update on how Long Beach residents can utilize the Mills Act tax savings and how this information can be posted on line.

Fiscal Impact: To be determined by the City Manager.