

Opinion: The Mills Act is a constructive force, not a city headache

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Ricardo Flores' recent opinion piece calling for the elimination of the Mills Act in San Diego, citing the city's budget deficit and arguing that historic tax relief unfairly benefits wealthy homeowners, is an argument based on misleading claims and a fundamental misunderstanding of both the Mills Act and the role of historic preservation in our city's economic and cultural vitality.

Preservation strengthens, not weakens, the city's economy. The Mills Act is a proven tool that stimulates local economies by increasing property values, attracting visitors and generating jobs in restoration and tourism. It incentivizes the preservation of historic structures, which are essential to San Diego's identity, economy, and quality of life. Far from being a drain on city resources, historic preservation drives long-term economic growth.

The tax adjustments granted through the Mills Act are modest compared to the economic benefits these historic properties provide over time. Eliminating the program would not solve the city's financial challenges — but it would weaken neighborhood stability and undermine a key sector of San Diego's economy.

Flores' assertion that homeowners receive a "largesse" in tax relief is false and ignores the fact that Mills Act participants are required to reinvest their savings into the maintenance and rehabilitation of their historic homes. Without such incentives, many of these homes would fall into disrepair, potentially leading to their demolition and permanent loss of cultural heritage.

The claim that the Mills Act only serves affluent homeowners is untrue and misleading. The program extends across the city to properties of all sizes and values and a mix of property types. Many who benefit from the program are middle-class residents who might otherwise struggle to own a home in San Diego.

Flores portrays the Mills Act as a \$20 million "loss" to the city — but this is incorrect. The actual cost to the city is a fraction of this amount. The state and the county absorb the lion's share of any tax reduction. Additionally, the city does not "lose" any money; it is reinvested into preservation efforts that, in turn, drive higher property values, increased property tax revenues and local economic activity. Studies, like the Narwold report, have shown that historic homes with Mills Act protections see property values rise faster than those in non-historic neighborhoods, ultimately strengthening the city's tax base. Cutting the Mills Act would be a short-sighted move that sacrifices long-term fiscal benefits for a temporary and negligible budgetary gain.

San Diego's \$258 million budget deficit is a complex issue, driven by factors such as pension liabilities, infrastructure underfunding, giveaways to developers and economic shifts post-COVID-19. Gutting the Mills Act will not fix these problems, but it will permanently damage the city's architectural heritage and cultural identity. The real conversation should be about comprehensive fiscal management — not scapegoating a successful program that preserves San Diego's history and enhances economic vitality.

Flores' nonprofit, LISC San Diego, claims that "Since our inception, affordable housing preservation and development has been at the core of our work." It further explains, "To make this happen, we provide grants, loans, and equity for nearly every aspect of development, from planning and acquisition to construction and renovation." Yet Flores would like to see our historic places — which are in fact the city's Naturally Occurring Affordable Housing (NOAH) — not preserved. How does this make any sense? Sounds like "developer speak" to us.

San Diego's historic resources are irreplaceable assets that enrich our community and economy. The Mills Act fosters responsible stewardship of these resources, ensuring that our city's history remains a vibrant and tangible part of its future. Instead of scapegoating preservation, city leaders should recognize its role in making San Diego a vibrant, attractive and economically resilient city. Preservation is a public good.

The real question isn't, "Is anyone running this city?" It's "Who will stand up for San Diego's historic and cultural legacy?"

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