

SAVE OUR HERITAGE ORGANISATION

PRESENTS

# MILLS ACT TAX ABATEMENT PROGRAM

## FACTS & PROCESS



# Save Our Heritage Organisation



Through education, advocacy, and stewardship SOHO's mission is to preserve, promote and support preservation of the architectural, cultural and historical links and landmarks that contribute to the community identity, depth and character of our region.

# Save Our Heritage Organisation

## FOUR MAIN FOCUS AREAS

Education & Outreach

Preservation Advocacy

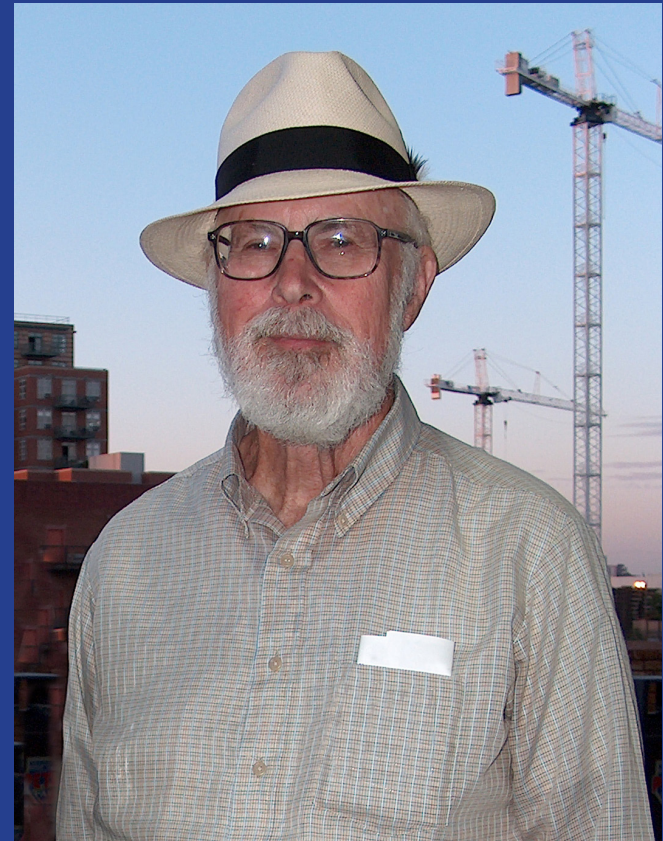
Historic Museums  
& Sites

Collections, Archives,  
& Exhibits

# Mills Act Facts

# Mills Act Programs in San Diego County

- Chula Vista
- Coronado
- Encinitas
- Escondido
- La Mesa
- National City
- City of San Diego
- County of San Diego



Senator James Mills

- The Mills Act is the most important economic incentive program in CA for private property owners to restore and preserve historic designated properties.
- Based on the Williamson Act, which reduced taxes for agricultural landowners in the 1960s, in exchange for restricting land development.
- Enacted in 1972, this Act allows participating local governments to enter into contracts with owners of designated historic properties.
- Only local municipalities can enter into a Mills Act, not the state or federal government.
- Typically, the longer you own a property, the more will be saved in property taxes.

- Mills Act contracts are for 10 years, with automatic yearly extensions.
- Owners agree to restore and maintain property according to the Secretary of the Interior Standards (see next slide).
- Mills Act contracts stay with the property when transferred; subsequent owners are bound by the contract with the same rights and obligations unless cancelled.
- Each City has adopted slightly different rules under this legislation, so contact your municipality (see slides 12-14).

# Secretary of the Interior's Standards (SOIS) for the Treatment of Historic Properties

- The SOIS, designed by the National Park Service in the 1970s, are essentially historic preservation principles in non-technical language that promote best practices.
- There are Standards (and guidelines) for each of four treatments: 1) Restoration; 2) Preservation; 3) Rehabilitation; 4) Reconstruction (\*most aim for rehabilitation or preservation).
- The Standards are a series of concepts about maintaining, repairing, and replacing historic materials, as well as designing new additions or making alterations.
- The Guidelines offer general design and technical recommendations to assist in applying the Standards to a specific property.
- [www.nps.gov/tps/standards.htm](http://www.nps.gov/tps/standards.htm)



# Mills Act Process

# How Does Mills Act Work?

- Mills Act is authorized under CA Government Code Sections 50280- 50290, and the CA Revenue & Taxation Code, Article 1.9, Sections 439 – 439.4.
- Once the agreement is recorded with the County, the Assessor determines the property tax based on a State Law formula, which often results in a 40-80% annual tax savings.
- The property tax rate for houses in CA is set at approximately 1% of the market value at the time of the sale. Under the Mills Act, the Assessor sets the taxable basis as the estimated capitalized value of the rental income for the property.
- These contracts typically stipulate restoration work to be completed over the course of 10 years; however, this can also include some routine maintenance such as exterior painting.

# General Rules

- Individual building parts (such as a façade or rear wing) are not eligible for the Mills Act but, there can be (tax) restricted and unrestricted portions of a parcel (or even a single building) that are calculated differently.
- Contributor buildings to a historical district (in addition to individually significant buildings) are eligible for the Mills Act.
- The state law does allow commercial buildings to be designated, but this is restricted in some jurisdictions, like the City of San Diego.

# Mills Act in the City of San Diego

- The City wants restoration to be complete before becoming historically designated. However, restoration expenditures can typically be included retroactively in these contracts.
- The City typically flags later additions and garages as “unrestricted,” so tax relief is only granted on the portion of the property that contains the historic resource.
- The City enabled only single and two family homes the opportunity to enter into Mills Act contracts; commercial and multi-family properties are not eligible.
- The City allows only local designed properties to be eligible to enter into a Mills Act contract. They don't honor state or National Register listings for Mills Act.
- [sandiego.gov/development-services/historical/faq/millsact](http://sandiego.gov/development-services/historical/faq/millsact)

# Mills Act in the City of Chula Vista

- Chula Vista allows for both residential and commercial properties to enter into a contract.
- Eligibility for a Mills Act contract in Chula Vista includes designated buildings listed on the National or State Register.

# Mills Act in the City of Encinitas

- Beginning in 2011, the City now flags later additions as “unrestricted,” so tax relief is not granted for these areas.
- Eligibility for a Mills Act contract in Encinitas includes designated buildings listed on the National or State Register

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