



## DEPARTMENT OF COMMUNITY DEVELOPMENT

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### PLANNING DIVISION

DATE: January 21, 2016  
TO: Historic Preservation Commission  
FROM: Craig Jimenez, Director of Community Development  
SUBJECT: **Mills Act Contract Overview**

As the Historic Preservation Commission is aware, the Mills Act is a local tax incentive to encourage the restoration, rehabilitation and preservation of privately owned historic resources. Mills Act programs are designed and administered by local governments. Although assistance is provided by the local tax assessor, there is no state government oversight. Mills Act programs provide benefits to both property owners and the local government. Currently, the City of Monrovia's Historic Preservation Ordinance provides standards and regulations for designated historic landmarks and districts. Once designated, landmark and contributors to historic districts are eligible for the approval of a Mills Act Contract by the City Council.

Monrovia's Historic Preservation program has been in effect for over twenty years. The City currently has 136 landmarks and 126 Mills Act Contracts. The contracts provide a tax incentive to property owners, which in turn reduce property tax revenue. This report provides a summary of the Mills Act Assessments for 2015.

#### ***Mills Act 2015 Assessment***

The Los Angeles County Tax Assessor is responsible for determining the appropriate assessment for properties with approved Mills Act Contracts. Mills Act properties are reassessed every year. Property values are determined using three methods:

- **Proposition 13 Value** – The Proposition 13 Value is the standard way properties in California are assessed. This value is equal to what the property would be assessed without a Mills Act Contract.
- **Estimated Fair Market Value** – The Estimated Fair Market Value is an estimate of the current value.
- **Mills Act Appraised Value** – The Mills Act Appraised Value is the assessed value using the formula in the Mills Act.

According to the provisions of the Mills Act, the Tax Assessor enrolls the lowest of the three assessed values.

The spreadsheet included in Attachment "A" shows the enrolled values as of January 1, 2015. It includes the address, Historic Landmark (HL) and Mills Act (MA) numbers, valuations using the three formulas and the percent reduction. While there are now twelve properties that are no longer receiving benefit from their Mills Act Contract, the

majority of properties still receive a substantial reduction in their property taxes. The highest tax reduction is 80.9% and the average reduction is 50.2%.

Based on the most recent assessed values, the annual cost of Mills Act Contracts to the City in 2015 was approximately **\$135,891** based on the 126 contracts that have been processed to date by the Assessor. The Mills Act affects the City's portion of the general assessment as well as special assessments that are based on valuation.

***Future Historic Preservation Program Update Considerations***

As part of the Neighborhood Study, the City Council adopted a policy direction statement to guide the Commissions and staff in reviewing and developing strategies for consideration and implementation in the future. One of the tasks adopted for the work program was to complete an analysis of the Mills Act Contract sustainability.

The Mills Act Contract has been extremely successful as a tool to encourage preservation. Although there are many benefits, both tangible and intangible, the program has a fiscal impact on the City.

This year the Historic Preservation Commission will have an important role, while working alongside the community, City Council, and staff, in finalizing the Historic Preservation Program Update. At this point, no action or direction is needed from the Commission. Staff is providing this overview for your information. This issue will be placed on a future agenda for discussion.