

Overview of Mills Act Process



Informational Resources:

City of Ontario

<http://www.ci.ontario.ca.us/>

National Park Service

Secretary of Interior Standards for the Treatment of Historic Properties

www.nps.gov/history/hps/tps/standguide/index.htm

Office of Historic Preservation

<http://ohp.parks.ca.gov/>

Other Handouts in This Series:

- Certificate of Appropriateness & Waivers
- Historic Landmark Designations
- Historic Plaques
- Window Replacement Design & Review Process

MILLS ACT CONTRACT



City of
Ontario
Planning
Department

July 2011

MILLS ACT CONTRACT

The Mills Act is a contract between the City of Ontario and the owner of a designated historic property. The purpose of the Mills Act is to provide an incentive for the restoration, rehabilitation and preservation of historic buildings.

The Mills Act provides for a potential reduction in property taxes in exchange for an agreed upon list of improvements. The length of the contract is a perpetual 10 years with an automatic renewal each year on the anniversary date. The reduction in the property taxes resulting from a Mills Act contract are impacted by many variables, including: whether it is owner-occupied versus rented, length of property ownership, interest rates that fluctuate annually and the real estate market. Post market trend analysis has shown that the average Mills Act property tax reductions is between 20% and 40% in their initial year with a tax reduction decrease each passing year.

In exchange for this property tax reduction, the property owner provides a list of work to be performed on the property at the owner's expense within the first ten years.

Is My Property Eligible?

Mills Act contracts are only available to properties which are:

- National Register of Historic Places;
- California Register of Historical Resources;
- Ontario Designated Historic Landmark; or
- Contributor within an Ontario Designated Historic District.

What can I include on my list of improvements?

A property owner provides a list of improvements to be performed during the first 10 years of the contract. Priorities should be given to work which will preserve and protect the resource (e.g. new roof, plumbing, electrical systems), restoration of previous improvements which were not historically appropriate, and work which is visible from the public street.

Can the Contract be Canceled?

A Mills Act contract can be cancelled in one of the following ways:

1. A property owner can file a Notice of Non-renewal which will terminate the contract in 10 years.
2. A property owner may cancel a contract with a payment of a cancellation fee of 12½% of the current property value at the time of cancellation as determined by the County Assessor.
3. The City may cancel a contract for noncompliance with the contract or the provisions of the Historic Preservation Ordinance, or a finding of misrepresentation or fraud used to obtain the contract.

Are there Standard Requirements?

The State of California has established several required provisions for all Mills Act Contracts in Section 50281 of the California Government Code. The provisions include, but are not limited to:

- The term of the contract shall be a minimum of 10 years.
- Compliance with Secretary of Interior Standards for Rehabilitation and the California Historic Building Code.
- Periodic inspections to determine the owner's compliance with the contract (through the City's Mills Act Monitoring Program).
- The contract shall apply to all successor in interest of the owner.
- Written notice to State Office of Historic Preservation within six months of entering into the contract.

The City requires that a Waiver or Certificate of Appropriateness for any exterior alteration or addition be issued and all applicable permits be issued prior to any work commencing.

For more information on the City of Ontario's Mills Act Contracts contact:

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