Meeting Date 12/12/2006

ACTION	TYPE OF ITEM
☐ Approved Recommendation	☐ Info/Consent
☐ Ord. No(s). _____	☐ Report
☐ Res. No(s). _____	☐ Public Hearing (Info/consent)
☐ Other _____	☒ Study Session

Prepared By: Dennis L. Scala, City Manager's Office Agenda Item No. R-1

Reviewed By: City Manager City Attorney Finance Other *(Specify)*

DATE: November 13, 2006

TO: City Council

FROM: Dennis L. Scala, Management Analyst
City Manager's Office

SUBJECT: **Mills Act Property Tax Abatement Program.**

RECOMMENDATION

That City Council consider a report concerning the Mills Act Property Tax Abatement Program and possible establishment of a City administered cultural heritage board, and provide direction to the City Manager.

DISCUSSION

The Mills Act allows local governments to design preservation programs to accommodate specific community needs and priorities for rehabilitating entire neighborhoods, encouraging seismic safety programs, contributing to affordable housing, promoting heritage tourism, or fostering pride of ownership. Local governments have adopted the Mills Act because they recognize the economic benefits of conserving resources and reinvestment as well as the important role historic preservation can play in revitalizing older areas, creating cultural tourism, building civic pride, and retaining the sense of place and continuity with the community's past.

A formal agreement, generally known as a Mills Act or Historical Property Contract, is executed between the local government and the property owner for a minimum ten-year term. Property owners agree to restore, maintain, and protect the property in accordance with specific historic preservation standards and conditions identified in the contract. Mills Act participants may realize substantial property tax savings of between 40% and 60% each year.

A qualified historic property is a property listed on any federal, state, county, or city register, including the National Register of Historic Places, California Register of Historical Resources, California Historical Landmarks, State Points of Historical Interest, and locally designated landmarks. Owner-occupied family residences and income-producing commercial properties may qualify for the Mills Act program.

On September 14, 1999, the City Council designated the Henry T. Oxnard Historic Area as Ventura County Landmark No. 161. As a part of that action, Council authorized the Ventura County Cultural Heritage Board (Board) to act as the cultural heritage board on behalf of the City. County planning staff currently provides staff support for all cultural heritage issues. Some of the Board's duties and responsibilities include holding public hearings, maintaining a register of historic places, recommend the placement of historic places in the California register, recommend zoning changes, designate cultural heritage sites, and conduct surveys and reviews.

Homeowners in the Henry T. Oxnard Historic Area would automatically be qualified to participate in Mills Act contracts. On July 11, 2006, after considering a report from staff concerning the Mills Act Property Tax Abatement Program, City Council direct staff to return with a report that considers the option of the City establishing its own Cultural Heritage Board, as an option to the current agreement with the Ventura County Cultural Heritage Board. Staff will provide a power point presentation outlining some of the issues relating to the establishment of Mills Act contracts as well as the possible establishment of a City administered cultural heritage board.

FINANCIAL IMPACT

Participation in a Mills Act contract makes the homeowner eligible for a property tax reduction of between 40% to 60%, depending on the taxable valuation of the property. Based on the rate of homeowner participation in other cities that have offered Mills Act contracts, staff expects between 2 to 5 homeowners to participate. A two-thirds reduction in property tax would result in a loss of approximately $450 per home. This would result in a loss of between $900 to $2,250 per year in property tax to the City.

(DLS, dls)