

COMMUNITY DEVELOPMENT DEPARTMENT PLANNING DIVISION

MILLS ACT PROGRAM

Thank you for your interest in the City of Riverside's Mills Act Program. In order for your property to be considered for a contract, it must be a designated historic resource listed on a city, county, state or federal register. City designations are: Landmark, Structure of Merit, and Contributor to a designated Historic District or Neighborhood Conservation Area. If you are unsure whether your property is included within any of these designations, or wish to seek designation of your property, contact us.












The City of Riverside allocates up to seven Mills Act contracts per year – five for residential properties and two for commercial properties, or up to seven for residential properties if no commercial applications are filed. Application packages are accepted during the month of June, accompanied by a non-refundable application fee of \$42 (plus an \$11 imaging fee for a total of \$53). Incomplete applications will not be considered. The seven properties will be randomly selected for the program. All contracts are reviewed by Cultural Heritage Board staff and referred to the City Council for approval. Once approved, and before the contract is recorded, a contract initiation fee of \$572 is required.

A ten-year rehabilitation plan is required as part of the application package, and may be re-evaluated as needed. Staff may request modifications to the plan to show compliance with the Secretary of the Interior's Standards for Rehabilitation of Historic Properties. Upon acceptance for consideration in the program, you will be required to submit photographs to document the current condition of the property. Cultural Heritage Board staff will take several exterior photographs from the street to include in the file. After the contract is recorded, you will be required to submit annual reports on completed project(s), along with photo documentation of the completed work, copies of receipts, and building permits where applicable.

This packet is designed to assist you in completing the Mills Act Application. The application packet is also available on line at www.riversideca.gov. If you have any questions please contact Barbara Bouska, Associate Planner at (951) 826-5507

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MILLS ACT FACT SHEET

- The Mills Act (a state sponsored legislation enacted in 1972) is a self-directed, economic incentive program for owners of historic buildings that are listed in the National Register of Historic Places or on a state, county, or city official register. Although it is applicable to any income producing property, it is the single most important economic incentive program available in California for private property owners of qualified historic buildings. A Mills Act program must be developed according to two California State Codes: California Government Code, Article 12, Sections 50280-50290 and California Revenue and Taxation Code, Article 1.9, Sections 439-439.4.
- Under the program, property owners receive a significant reduction in local property taxes in exchange for their promise to actively participate in restoring, rehabilitating, repairing and preserving their properties. Participants enter into a perpetual 10-year contract with the City.
- Contracts are automatically renewed each year and are transferred to new owners when the property is sold.
- City, county, or state officials may periodically inspect properties to ensure proper maintenance.
- Penalties may be imposed for breach of contract or failure to maintain the historic property.
- The county assessor's office re-assesses property taxes based on a capitalization of income formula rather than on market value. Mills Act participants may realize a property tax savings of approximately 50% each year depending on property value, net operating income, and other variables.

MILLS ACT APPLICATION CHECKLIST

- Completed Application Form
- Financial Analysis Form
- Ten-Year Plan for Property Improvements
- Grant Deed and Legal Description of Property
- \$42 Non-Refundable Application Fee (plus an \$11 imaging fee for a total of \$53)

MILLS ACT APPLICATION FORM

PROPERTY INFORMATION:

Property Address: _____

APN: _____

Owner: _____

Owner Address: _____

Owner Telephone Number:

Daytime: _____

Evening: _____

Use of Property: _____

ELIGIBILITY FOR PROGRAM:

In order for your property to be considered for a contract you must have a designated historic resource from the list below:

___ City Landmark ___ City Structure of Merit

___ County Landmark ___ California Register

___ State Landmark ___ State Point of Historical Interest

___ National Register ___ National Historic Landmark

___ Contributor to a Designated Historic District

___ Contributor to a Designated Neighborhood Conservation Area (NCA)

Name of District or NCA: _____

Date of Designation: _____

FINANCIAL ANALYSIS FORM

INSTRUCTION GUIDE FOLLOWS
CURRENT YEAR TO YEAR THREE (SHEET ONE OF THREE)

| | | YEARS | | | |
|-----------------------------|---------------------------------------|---------|-------|-------|-------|
| | | CURRENT | ONE | TWO | THREE |
| INCOME | | | | | |
| 1. | Monthly Rental Income | _____ | _____ | _____ | _____ |
| 2. | Annual Rental Income | _____ | _____ | _____ | _____ |
| ANNUAL EXPENSES | | | | | |
| 3. | Insurance | _____ | _____ | _____ | _____ |
| 4. | Utilities | _____ | _____ | _____ | _____ |
| 5. | Maintenance / Repairs | _____ | _____ | _____ | _____ |
| 6. | Management | _____ | _____ | _____ | _____ |
| 7. | Other | _____ | _____ | _____ | _____ |
| 8. | Total | _____ | _____ | _____ | _____ |
| NET OPERATING INCOME | | | | | |
| 9. | Net Operating Income | _____ | _____ | _____ | _____ |
| CAPITALIZATION RATE | | | | | |
| 10. | Interest Component | _____ | _____ | _____ | _____ |
| 11. | Historical Property Risk Component | _____ | _____ | _____ | _____ |
| 12. | Property Tax Component | _____ | _____ | _____ | _____ |
| 13. | Amortization Component | _____ | _____ | _____ | _____ |
| 14. | Capitalization Rate | _____ | _____ | _____ | _____ |
| TAXES | | | | | |
| 15. | Mills Act Assessment Value | _____ | _____ | _____ | _____ |
| 16. | Mills Act Taxes | _____ | _____ | _____ | _____ |
| 17. | Current Taxes | _____ | _____ | _____ | _____ |
| 18. | Tax Savings | _____ | _____ | _____ | _____ |

FINANCIAL ANALYSIS FORM

YEAR FOUR TO YEAR SEVEN (SHEET TWO OF THREE)

| | | YEARS | | | |
|-----------------------------|------------------------------------|-------|-------|-------|-------|
| | | FOUR | FIVE | SIX | SEVEN |
| INCOME | | | | | |
| 1. | Monthly Rental Income | _____ | _____ | _____ | _____ |
| 2. | Annual Rental Income | _____ | _____ | _____ | _____ |
| ANNUAL EXPENSES | | | | | |
| 3. | Insurance | _____ | _____ | _____ | _____ |
| 4. | Utilities | _____ | _____ | _____ | _____ |
| 5. | Maintenance / Repairs | _____ | _____ | _____ | _____ |
| 6. | Management | _____ | _____ | _____ | _____ |
| 7. | Other | _____ | _____ | _____ | _____ |
| 8. | Total | _____ | _____ | _____ | _____ |
| NET OPERATING INCOME | | | | | |
| 9. | Net Operating Income | _____ | _____ | _____ | _____ |
| CAPITALIZATION RATE | | | | | |
| 10. | Interest Component | _____ | _____ | _____ | _____ |
| 11. | Historical Property Risk Component | _____ | _____ | _____ | _____ |
| 12. | Property Tax Component | _____ | _____ | _____ | _____ |
| 13. | Amortization Component | _____ | _____ | _____ | _____ |
| 14. | Capitalization Rate | _____ | _____ | _____ | _____ |
| TAXES | | | | | |
| 15. | Mills Act Assessment Value | _____ | _____ | _____ | _____ |
| 16. | Mills Act Taxes | _____ | _____ | _____ | _____ |
| 17. | Current Taxes | _____ | _____ | _____ | _____ |
| 18. | Tax Savings | _____ | _____ | _____ | _____ |

FINANCIAL ANALYSIS FORM

YEAR EIGHT TO YEAR TEN (SHEET THREE OF THREE)

| | | YEARS | | | |
|-----------------------------|------------------------------------|-------|-------|-------|-------|
| | | EIGHT | NINE | TEN | |
| INCOME | | | | | |
| 1. | Monthly Rental Income | _____ | _____ | _____ | _____ |
| 2. | Annual Rental Income | _____ | _____ | _____ | _____ |
| ANNUAL EXPENSES | | | | | |
| 3. | Insurance | _____ | _____ | _____ | _____ |
| 4. | Utilities | _____ | _____ | _____ | _____ |
| 5. | Maintenance / Repairs | _____ | _____ | _____ | _____ |
| 6. | Management | _____ | _____ | _____ | _____ |
| 7. | Other | _____ | _____ | _____ | _____ |
| 8. | Total | _____ | _____ | _____ | _____ |
| NET OPERATING INCOME | | | | | |
| 9. | Net Operating Income | _____ | _____ | _____ | _____ |
| CAPITALIZATION RATE | | | | | |
| 10. | Interest Component | _____ | _____ | _____ | _____ |
| 11. | Historical Property Risk Component | _____ | _____ | _____ | _____ |
| 12. | Property Tax Component | _____ | _____ | _____ | _____ |
| 13. | Amortization Component | _____ | _____ | _____ | _____ |
| 14. | Capitalization Rate | _____ | _____ | _____ | _____ |
| TAXES | | | | | |
| 15. | Mills Act Assessment Value | _____ | _____ | _____ | _____ |
| 16. | Mills Act Taxes | _____ | _____ | _____ | _____ |
| 17. | Current Taxes | _____ | _____ | _____ | _____ |
| 18. | Tax Savings | _____ | _____ | _____ | _____ |

PROPERTY TAX ADJUSTMENT WORKSHEET GUIDE

(SHEET ONE OF FOUR)

An electronic version of the financial analysis spreadsheet is available at
<http://www.riversideca.gov/historic/pdf/Mills-financial-analysis-form.xls>

STEP 1: DETERMINE ANNUAL INCOME OF PROPERTY

| ANNUAL PROPERTY INCOME | CURRENT |
|--------------------------|---------|
| 1. Monthly Rental Income | |
| 2. Annual Rental Income | |

| EXPLANATION |
|--|
| Even if property is owner-occupied, an estimated monthly rental income is needed as a basis for this formula. Remember to include all potential sources of income (i.e. filming, advertising, photo-shoots, etc.). |
| Multiply line 1 by 12 months |

STEP 2: CALCULATE ANNUAL OPERATING EXPENSES

| ANNUAL OPERATING EXPRESS | CURRENT |
|-----------------------------|---------|
| 3. Insurance | |
| 4. Utilities | |
| 5. Maintenance* | |
| 6. Management† | |
| 7. Other Operating Expenses | |
| 8. TOTAL EXPENSES‡ | |

| EXPLANATION |
|---|
| Fire, Liability, etc. |
| Water, Gas, Electric |
| Maintenance includes: painting, plumbing, electrical, gardening, cleaning, mechanical, heating repairs, and structural repairs. |
| Standard fee (usually 5% of rent) |
| Security, services, etc. Provide breakdown on separate sheet. |
| Add lines 3 through 7 |

STEP 3: DETERMINE ANNUAL NET INCOME

| NET OPERATING INCOME | CURRENT |
|----------------------|---------|
| 9. Net Total | |

| EXPLANATION |
|---------------------|
| Line 2 minus line 8 |

* If you are calculating for commercial property, remember to provide the following back-up documentation where applicable:

- Rent Roll (include rent for on-site manager's unit as income if applicable);
- Maintenance Records (provide a detailed break-down—**all costs should be recurring annually**).

† Include expense of on-site manager's unit and 5% off-site management fee; and describe other management costs—provide breakdown on separate sheet.

‡ Annual operating expenses do NOT include mortgage payments, property taxes, depletion charges, corporate income taxes or interest on funds invested in the property.

PROPERTY TAX ADJUSTMENT WORKSHEET GUIDE

(SHEET TWO OF FOUR)

STEP 4: DETERMINE CAPITALIZATION RATE

| CAPITALIZATION | CURRENT |
|---|---------|
| 10. Interest Component | 6.5% |
| 11. Historic Property Risk Component | |
| 12. Property Tax Component | 1% |
| 13. Amortization Component (Reciprocal of Life of Property) | |
| 14. TOTAL = CAPITALIZATION RATE | |

| EXPLANATION |
|--|
| As determined by the State Board of Equalization for 2008. |
| Single-family home = 4% All other property = 2% |
| .01 times the assessment ratio of 100%. |
| If the life of the improvement is 20 years, use $100\% \times 1/20 = 5\%$. Wood frame typically 20 years, masonry typically 50 years. |
| Add lines 10 through 13 |

STEP 5: CALCULATE NEW ASSESSED VALUE

| NEW ASSESSED VALUE | CURRENT |
|------------------------------|---------|
| 15. Mills Act Assessed Value | |

| EXPLANATION |
|--|
| Line 9 divided by line 14 Example: Line 9 divided by .1575 (15.75%) |

STEP 6: DETERMINE ESTIMATED TAX REDUCTION

| NEW TAX ASSESSMENT | CURRENT |
|-----------------------------|---------|
| 16. Current Tax | |
| 17. Tax under Mills Act | |
| 18. ESTIMATED TAX REDUCTION | |

| EXPLANATION |
|--|
| General tax levy only – do not include voted indebtedness or other direct assessments |
| Line 15 multiplied by .01 |
| Line 16 minus 17 |

PROPERTY TAX ADJUSTMENT WORKSHEET GUIDE

(SHEET THREE OF FOUR)

The following is an example showing the possible tax benefits to the historical property owner of an owner-occupied single-family dwelling. **THIS IS ONLY A SAMPLE.** *Your reduced property tax under a Mills Act contract is not guaranteed to match this calculation.*

EXAMPLE: Single-family Dwelling
Current Assessed Value (GENERAL LEVY TAXES ONLY[§]) = \$100,000
Estimated Monthly Rent = \$800

DETERMINE ANNUAL INCOME AND ANNUAL OPERATING EXPENSES**

\$800 per month income minus approximately \$100 per month expenses for maintenance, repairs, insurance, utilities, and gardener equals a net income of \$700 per month. Multiply by 12 months for an annual net income of **\$8400**. (Mortgage payments and property taxes are not considered expenses.)

DETERMINE CAPITALIZATION RATE

Add the following to determine the Capitalization Rate:

- The Interest Component is determined by the Federal Housing Finance Board and is based on conventional mortgages. While this component will vary from year to year, the State Board of Equalization has set this at **6.5%** for 2008;
- The Historical Property Risk Component of **4%** (as prescribed in Sec. 439.2 of the State Revenue and Tax Code) applies to owner-occupied single-family dwellings. A **2%** risk component applies to all other properties;
- The Property Tax Component (Post-Prop. 13) of .01 times the assessment ratio of 100% (**1%**).
- The Amortization Component is a percentage equal to the reciprocal of the remaining life of the structure and is set at the discretion of the County Assessor for each individual property. *In this example the remaining life of a wood frame building is typically 20 years.* The amortization component is calculated thus: $100\% \times 1/20 = 5\%$. Use 5% for your calculation.

Now add the following:

$6.5\% + 4.0\% + 1.0\% + 5.0\% = 16.5\%$ **Capitalization Rate** (single-family dwelling).

[§] The Mills Act applies ONLY to general levy property taxes. Be sure to DEDUCT the portions of your tax bill that include sewer assessment, bond issues, etc. when calculating what portion of your property tax will be reduced by the Mills Act.

** Single-Family applicants may find that a property manager or realtor may assist in determining a monthly rental figure.

PROPERTY TAX ADJUSTMENT WORKSHEET GUIDE

(SHEET FOUR OF FOUR)

CALCULATE NEW ASSESSED VALUE AND ESTIMATED TAX REDUCTION

The new assessed value is determined by dividing the annual net income (**\$8,400**) by the capitalization rate **.165** (16.5%), to arrive at the new assessed value of **\$50,909**.

Lastly, determine the amount of taxes to be paid by taking .01 (1%) of the assessed value \$50,909. Compare with current property tax rate for land and improvements only (be sure to exclude voter indebtedness, direct assessments, tax rate areas and special district items on your tax bill):

- Current general levy property tax; 1% of original assessed valuation of \$100,000 ($\$100,000 \times .01 = \mathbf{\$1,000}$);
- Mills Act property tax: 1% of new assessed value of \$50,909 is **\$509**.

Annual property taxes have been reduced by **\$491** ($\$1,000 - \509), a **49% property tax reduction**.

SAMPLE FOR A SINGLE FAMILY RESIDENTIAL PROPERTY MILLS ACT FINANCIAL ANALYSIS FORM

| SAMPLE For a Single Family Residential Property - Mills Act Financial Analysis Form | | | | | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Income | Current | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
| 1. Monthly Rental Income* | \$ 2,000.00 | \$ 2,100.00 | \$ 2,200.00 | \$ 2,300.00 | \$ 2,400.00 | \$ 2,500.00 | \$ 2,600.00 | \$ 2,700.00 | \$ 2,800.00 | \$ 2,900.00 | \$ 3,000.00 |
| 2. Annual Rental Income* | \$ 24,000.00 | \$ 25,200.00 | \$ 26,400.00 | \$ 27,600.00 | \$ 28,800.00 | \$ 30,000.00 | \$ 31,200.00 | \$ 32,400.00 | \$ 33,600.00 | \$ 34,800.00 | \$ 36,000.00 |
| Annual Expenses | | | | | | | | | | | |
| 3. Insurance* | \$ 1,500.00 | \$ 1,550.00 | \$ 1,600.00 | \$ 1,650.00 | \$ 1,700.00 | \$ 1,750.00 | \$ 1,800.00 | \$ 1,850.00 | \$ 1,900.00 | \$ 1,950.00 | \$ 2,000.00 |
| 4. Utilities* | \$ 3,000.00 | \$ 3,100.00 | \$ 3,200.00 | \$ 3,300.00 | \$ 3,400.00 | \$ 3,500.00 | \$ 3,600.00 | \$ 3,700.00 | \$ 3,800.00 | \$ 3,900.00 | \$ 4,000.00 |
| 5. Maintenance* | \$ 1,000.00 | \$ 1,100.00 | \$ 1,200.00 | \$ 1,300.00 | \$ 1,400.00 | \$ 1,500.00 | \$ 1,600.00 | \$ 1,700.00 | \$ 1,800.00 | \$ 1,900.00 | \$ 2,000.00 |
| 6. Management* | \$ 1,200.00 | \$ 1,260.00 | \$ 1,320.00 | \$ 1,380.00 | \$ 1,440.00 | \$ 1,500.00 | \$ 1,560.00 | \$ 1,620.00 | \$ 1,680.00 | \$ 1,740.00 | \$ 1,800.00 |
| 7. Other Operating Expenses* | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 8. TOTAL EXPENSES* | \$ 6,700.00 | \$ 7,010.00 | \$ 7,320.00 | \$ 7,630.00 | \$ 7,940.00 | \$ 8,250.00 | \$ 8,560.00 | \$ 8,870.00 | \$ 9,180.00 | \$ 9,490.00 | \$ 9,800.00 |
| Net Operating Income | | | | | | | | | | | |
| 9. Net Operating Income* | \$ 17,300.00 | \$ 18,190.00 | \$ 19,080.00 | \$ 19,970.00 | \$ 20,860.00 | \$ 21,750.00 | \$ 22,640.00 | \$ 23,530.00 | \$ 24,420.00 | \$ 25,310.00 | \$ 26,200.00 |
| Capitalization Rate | | | | | | | | | | | |
| 10. Interest Component* | 6.50% | 6.50% | 6.50% | 6.50% | 6.50% | 6.50% | 6.50% | 6.50% | 6.50% | 6.50% | 6.50% |
| 11. Historic Property Risk Component* | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% |
| 12. Property Tax Component* | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% |
| 13. Amortization Component* | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| 14. TOTAL = CAPITALIZATION RATE* | 16.50% | 16.50% | 16.50% | 16.50% | 16.50% | 16.50% | 16.50% | 16.50% | 16.50% | 16.50% | 16.50% |
| New Assessed Value | | | | | | | | | | | |
| 15. Mills Act Assessed Value* | \$ 104,848.48 | \$ 110,242.42 | \$ 115,636.36 | \$ 121,030.30 | \$ 126,424.24 | \$ 131,818.18 | \$ 137,212.12 | \$ 142,606.06 | \$ 148,000.00 | \$ 153,393.94 | \$ 158,787.88 |
| New Tax Assessment | | | | | | | | | | | |
| 16. Current Tax* | \$ 6,750.00 | \$ 6,885.00 | \$ 7,022.70 | \$ 7,162.15 | \$ 7,306.42 | \$ 7,452.55 | \$ 7,601.60 | \$ 7,753.63 | \$ 7,908.70 | \$ 8,066.87 | \$ 8,228.21 |
| 17. Tax under Mills Act* | \$ 1,048.48 | \$ 1,102.42 | \$ 1,156.36 | \$ 1,210.30 | \$ 1,264.24 | \$ 1,318.18 | \$ 1,372.12 | \$ 1,426.06 | \$ 1,480.00 | \$ 1,533.94 | \$ 1,587.88 |
| 18. ESTIMATED TAX REDUCTION* | \$ 5,701.52 | \$ 5,782.58 | \$ 5,866.34 | \$ 5,951.85 | \$ 6,042.18 | \$ 6,134.37 | \$ 6,229.48 | \$ 6,327.57 | \$ 6,428.70 | \$ 6,532.93 | \$ 6,640.33 |
| *Please use arrow to hover over for explanation | | | | | | | | | | | |

MILLS ACT TEN-YEAR REHABILITATION PLAN

| Year | Proposed Project* | Estimated Cost |
|---------|-------------------|----------------|
| Year 1 | | |
| Year 2 | | |
| Year 3 | | |
| Year 4 | | |
| Year 5 | | |
| Year 6 | | |
| Year 7 | | |
| Year 8 | | |
| Year 9 | | |
| Year 10 | | |

To be attached to the Historic Property Preservation Agreement (Mills Act Contract)-Exhibit D.

*See attached for list of potential projects. Use additional sheets if necessary.

Projects may be interior or exterior, but must utilize all of your tax savings. All projects that affect the exterior of the residence are subject to Cultural Heritage Board/Staff review and approval before work begins. Work must meet all City requirements and the *Secretary of the Interior's Standards for the Treatment of Historic Properties* (see attached). Retain copies of all receipts and permits for submittal with the required annual reports. Photograph the before and after condition of each project for submittal with the annual reports.

LIST OF POTENTIAL PROJECTS

(SHEET ONE OF THREE)

Projects may include but are not limited to:

Access Modifications – Exterior
Access Modifications – Interior
Accessory Structure Repair or Replace
Annual Maintenance & Repairs
Appliance Vent
Architectural – Remove Non-historic Feature & Restore to Original
Architectural Trim – Repair
Architectural Trim – Replace
Architectural Trim – Install New
Balcony/ Decks – New Railings
Balcony/ Decks – Repair or Replace
Basement – Access – Repair or Replace to Code
Basement – New or Rebuild
Cabinets – New Built-in Bathroom
Cabinets – New Built-in Kitchen
Cabinets – New Built-in Other
Carpentry – Remove window & reframe shower including Siding/Caulking
Chimney – Inspect and Clean
Chimney – New
Chimney – Rebuild or Repair
Code Repair Item
Column – Replace or Rebuild
Corbels/ Structural Brackets Replace or Repair
Door – Repair or Replace Screen Door
Door – Hardware
Door – New Basement Hatch Cover and Base
Door – Repair
Door – Replacement
Drain for Deck – Install & or Repair
Drainage Protection or Correction
Dry-Rot Remove, Repair and or Replace
Electrical – Rewire or Install New Outlets
Electrical – Complete Rewire and Service Upgrade
Electrical – Ground & Service Entry
Electrical – Install New Circuits
Electrical – Lighting Fixtures
Electrical – New Service Lines to Garage
Electrical – Security Lighting and Alarm
Electrical – New Outlets

LIST OF POTENTIAL PROJECTS

(SHEET TWO OF THREE)

Fence – Repair or New
Flashing
Floor Furnace – Remove or Restore floor
Flooring – Carpet
Flooring – Repair
Flooring –Repair Wood Floors
Flooring – Replacement
Foundation – Bolting and Seismic Work
Foundation – New
Foundation – Repair
Gable or Attic – Re-screening
Garage Door
Gutters & Downspouts
House Relocation
HVAC – Complete New System
HVAC – Maintenance & Replacement/Plumbing Service & Painting
Insulation – Walls – Blown-in
Insulation – Attic
Interior Trim – Refinish
Kitchen – New Counters
Masonry – New
Masonry – Repair or Replace Tile Hearth
Masonry – Repair or Repoint
Masonry – Repoint Brick
Mechanical – Air Conditioning
Mechanical – Heating Unit
Mechanical – Ventilation – New Kitchen/Bath Fan & Duct Work
Mechanical – Venting & Duct
Mechanical – Venting & Duct Work
Minor Painting and Exterior Repairs
Painting – Exterior
Painting – Interior
Painting – Removal of Lead Based Paint
Painting – Exterior Trim
Patio – Repair
Plastering – Remove, Replace, or Refinish
Plumbing – DWV, Drain, Waste & Vent
Plumbing – Fixtures
Plumbing – Install new supply lines
Plumbing – Install Sump Pump & Discharge Drain

LIST OF POTENTIAL PROJECTS

(SHEET THREE OF THREE)

Plumbing – Minor Repairs
Plumbing – New Supply
Plumbing – Service Lines
Plumbing – Sewer
Plumbing Repairs
Porch - Ceiling replacement
Porch – Rebuild or Replace
Porch – Repair
Porch – Repoint Brick
Porch Railing – Repair or Replace to Code
Porches – Resurface
Remove Substandard Construction (Tin Shed)
Repair Eaves and/or Overhangs
Repair Exterior Stucco
Repair Garage
Replace Garage
Replace Non-Historic Feature
Roof- Minor Repair
Roof- Reroof
Roof- Strip and Install New
Security Lighting and Alarm System
Seismic Retrofitting – Other than Foundation
Siding – Remove Asbestos Siding & Restore
Siding – Repair
Skylights – Replace
Stair – Repair
Stair – Replacement
Stonework
Stoop – Repair
Stoop – Replacement
Structural – New Framing or Repairs
Structural Bracing
Structural Modifications
Structural Repairs – Roof and/or Ceiling Joists
Termite Treatment
Termite Treatment and Repair
Tile – Replace, Repair or Repoint
Utility Enclosure – New
Ventilation – Attic Fan
Waterproofing
Weatherproofing
Window – Screens or Hardware
Windows – Repair
Windows – Replacement in kind
Mills Act Program

PROPERTY OWNER ANNUAL REPORT

(SHEET ONE OF TWO)

**TO BE SUBMITTED BY THE LAST BUSINESS DAY IN JULY,
AT THE END OF EACH FISCAL YEAR**

Property Address: _____

Annual Report for the year of: _____

What were your tax savings this year? _____
(Please attach copies of your tax coupons for the applicable year.)

What was (were) your project(s)? Please describe each project contributing to your required expenditure, include the cost of each project (add additional sheets as necessary):

What was the total cost of the project(s)?

Based on the results of this project would you like to revise your Ten-Year Plan?
Yes ___ No ___

If so, How?

Required Attachment Checklist for All Mills Act Projects:

- Receipts for all required expenditures;
- Photographs for all work performed during the last year, whether included in the required expenditures or not (to verify compliance with Title 20);
- Photographs of the site and exterior of property;
- Copies of the applicable property tax coupons.

PROPERTY OWNER ANNUAL REPORT

(SHEET TWO OF TWO)

Comments / Suggestions:

Name: _____

Signature: _____

Date: _____

Return Form and Attachments by the Last Business Day in July to:

City of Riverside
Community Development Department, Planning Division
3900 Main Street-3rd Floor
Riverside, CA 92522

For Questions Contact:

Barbara Bouska, Associate Planner (951) 826-5507

MILLS ACT QUESTIONS AND ANSWERS

(SHEET ONE OF THREE)

1. **Q: What is the Mills Act?**

A: The Mills Act is a state act providing property tax abatement to owners of historic properties. The purpose of the Act is to encourage rehabilitation, as well as ownership of historic properties, by providing a financial incentive through property tax reduction. The Act uses an alternative equation to calculate property taxes, with the requirement that the savings be spent on qualified improvements to the historic property.

2. **Q: Who can apply for the Mills Act?**

A: Owners of designated historic properties can apply for the Mills Act. Designated historic properties include those individually listed as Landmarks or Structures of Merit, as well as contributors to an Historic District or a Neighborhood Conservation Area.

3. **Q: How can I apply for the Mills Act?**

A: The Mills Act Applications are extensive and require calculations and research that will likely require assistance from a professional accountant. Applications are available by: 1) Picking up a copy up at the Community Development Department, Planning Division, at City Hall on the 3rd floor, or 2) Contacting the Historic Preservation Staff at 951-826-5371 or email at planinfo@riversideca.gov and requesting a copy via the US Mail, or 3) Downloading a Mills Act Application found at the planning website at <http://www.riversideca.gov/historic.htm> under 'Mills Act.' Complete applications can be dropped off at the Planning Counter on the 3rd Floor of City Hall or via US mail at the following address: Community Development Department, Planning Division, Historic Preservation, 3900 Main Street, Riverside, CA 92522.

4. **Q: How many Mills Act Applications are accepted annually?**

A: The City accepts seven Mills Act contracts per year – five residential and two commercial, or up to seven residential if no commercial applications are submitted. If more applications than the allotted amount are received, the Mills Act contract recipients will be determined by a lottery system of the complete applications.

5. **Q: When are the Mills Act Applications due?**

A: Mills Act Applications are accepted during the month of June and must be received by the last business day in June.

6. **Q: What is the application fee?**

A: The application fee for Mills Act Contracts is \$42 at the time of application submission. Once the Mills Act application is approved by City Council an initiation fee of \$572 will be due.

7. **Q: How much will I save on my property taxes?**

A: The Mills Act uses an alternative equation to calculate the property taxes. This alternative equation can save property owners, especially those who have recently purchased property, up to 50% on the property tax bill. If the property has been owned for more than ten years, the County Assessor does not recommend applying for the Mills Act as the savings will be negligible.

MILLS ACT QUESTIONS AND ANSWERS

(SHEET TWO OF THREE)

8. **Q: When will I start to receive my savings on my tax bill?**
A: Savings will appear on the tax bill for the fiscal year (July 1st to June 30th) following the calendar year it is recorded with the County and finalized. For Example, Mills Act participants from the 2008 year received the first tax bill savings on the fall of 2009 tax coupon, which is typical. See our Application Processing and Contract Implementation Schedule handout for more detail.
9. **Q: When do I start saving receipts from qualified property improvements?**
A: Start saving receipts for qualified improvements during the fiscal year (July 1st to June 30th) following the approval with the City. For example, Mills Act contracts approved in 2009 will start saving receipts from qualified improvements for the fiscal year July 2010 to June 2011.
10. **Q: Can I spend all of my ten-year savings in one fiscal year for one big improvement project?**
A: No, the ten-year savings cannot be spent on one big project. The proposed tax savings must be spent on the historic property on an annual fiscal year (July 1st to June 30th) basis. The goal is for ongoing financial contribution to the Mills Act property.
11. **Q: Is the Mills Act transferable if I sell my property?**
A: Yes, Mills Act contracts remain with the property and will be the responsibility of the new property owners when the property is sold.
12. **Q: Does my property get reassessed if I sell my property, thus changing the monetary value of my savings?**
A: Yes, Mills Act contracts are reevaluated on an annual basis with the County Tax Assessor for tax savings. One of the factors the Assessor uses in determining the Mills Act tax bill is the current assessment value of the historic property. Were the property value to change, the tax savings could also see a change.
13. **Q: During what time frame do the property improvements need to occur?**
A: Qualified improvements need to take place during the fiscal year (July 1st to June 30th) following the approval, and subsequent fiscal years thereafter for ten years. For example, Mills Act contracts approved in 2006 will start completing qualified improvements during the fiscal year July 2007- June 2008.
14. **Q: What property improvements are eligible?**
A: Most improvements are eligible for the Mills Act, as the intention is to encourage property owners to continue to provide maintenance for the historic properties. The improvements need to be a permanent part of the property and/or property. For example:
- A new outdoor seasonal gazebo would not qualify, but a permanent gazebo that is attached to a foundation would qualify;
 - New furniture would not qualify, but new built-in cabinetry or shelving would qualify.

MILLS ACT QUESTIONS AND ANSWERS

(SHEET THREE OF THREE)

15. **Q: Can I count the cost of labor for the improvements made to my property?**

A: Yes, the cost of labor can be included in the total cost of improvements to the property, as long as the labor has been completed by a qualified individual that can produce a verifiable receipt for the labor. Property owners cannot include the cost for the owner's personal labor. For Example:

- If a property owner were to have the outside of the historic property painted by a painting company, the full cost of the bill could be counted as a qualified improvement;
- If a property owner were to paint the property utilizing the property owner's own labor to apply the paint, the only costs that could count as an improvement are the cost of paint and paint prepping materials used to complete this qualified task.

16. **Q: How do the property inspections work?**

A: Members from the Planning Division's Historic Preservation staff will do a drive-by visit the first year for preparation of the contract. Subsequent years will be monitored by applicant submitted photographs. Site inspections will be performed for clarification or as needed. These appointments will be scheduled in advance.

17. **Q: Can I change things on my submitted "Ten-Year Rehabilitation Plan" for work on my property?**

A: Yes, previous submissions on the "Ten-Year Rehabilitation Plan" can be changed. Although Historic Preservation staff asks for the Rehabilitation plan up front, changes are allowed on an annual basis. These changes must be submitted to the Historic Preservation staff in the Planning Division in writing prior to completion of the proposed qualified task.

18. **Q: How long is my Mills Act Contract good?**

A: Participants enter into a perpetual ten-year contract with the City. Mills Act contracts are automatically renewed each fiscal year (July 1st to June 30th). The contract is renewable at the City's discretion for subsequent years after the ten-year contract is complete.

19. **Q: Who approves the contract I have with the City for my Mills Act Property?**

A: The City Council approves the Mills Act contract before the end of the application's calendar year.

20. **Q: What happens if I do not fulfill my obligation to the Mills Act?**

A: The Mills Act is a privilege given to those who have willingly applied and been accepted through the extensive application process. The Mills Act is an incentive for those who own historic properties by providing financial assistance through tax savings. However, the Mills Act is also a legal contract and is enforceable by law. Penalties may incur if owners do not fulfill the obligation required by the contract to spend the tax savings on the repair and maintenance of the historic property.

