



City of Redlands



Mills Act Program

Development Services Department - Planning Division

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<http://www.cityofredlands.org>

What is the Mills Act Program?

The Mills Act is the single most important economic incentive program in California for property owners of qualified historic buildings per California Government Code, Article 12, Sections 50280-50290 and California Revenue and Taxation Code, Article 1.9, Sections 439-439.4.

The Mills Act (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. It is also applicable to income producing properties.

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 that are automatically renewed each year and it may be transferred to new owners when the property is sold.

City officials may periodically inspect properties to ensure proper maintenance.



Penalties may be imposed for breach of contract or failure to maintain the historic property. A cancellation fee of twelve and one-half percent (12-1/2%) of the current fair market value of the property, as determined by the county assessor, in the event of breach of contract.

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 30 to 60% each year depending on property value, net operating income, and other variables.



Where do I Start & What's the Review Process?

The City of Redlands can accept up to seven (7) Mills Act contracts per year (five residential and two commercial).

Applications will be accepted January 5th through March 31st. Incomplete applications will not be considered.

The seven (7) contracts awarded will be ranked and selected using adopted eligibility criteria for the program.

Some properties may not qualify due to the cap limits on the total assessed property valuation (currently \$1 million).

Once approved, a contract initiation fee will be due. Projects must be exterior and must utilize all of the tax savings.

A ten-year rehabilitation plan is required as part of the application and will be reevaluated 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.

Pictures must be submitted with the application to document the current condition of the property.

After the contract is recorded, you will also be required to submit annual reports on completed project (s), along with copies of receipts and building permits where applicable. City staff may conduct property inspections at any time to ensure that proposed work has been completed per contract agreement and meets all applicable City standards. Significant penalties may be imposed for breach of contract or failure to maintain the historic property.

All contracts are reviewed by staff and referred to the Development Services Director for final approval. To determine if your property meets the Program's Criteria please contact Development Services staff at (909)798-7555.



Checklist

Do I have?

- ⇒ Mills Act Program Application
- ⇒ Mills Act Program Ten-Year Rehabilitation Plan
- ⇒ Mills Act Program Financial Analysis Form
- ⇒ Mills Act Program Tax Adjustment Worksheet
- ⇒ Copy of Grant Deed with legal description of property **IMPORTANT:** All parties listed on the grant deed will need to sign the contract.
- ⇒ Copy of the current property tax statement
- ⇒ Cost estimate for each improvement listed in the ten-year improvement plan completed by licensed architect/contractor
- ⇒ Estimated rental value of the home completed by a licensed realtor
- ⇒ Exterior Photographs of Property
- ⇒ Any available historic photographs and information (This can be obtained from the Heritage Room at the Smiley Library)

Images contained are representative of architectural historic styles and not necessarily associated to program recipients. They can be located at <http://rahs.org/>