

Issues Raised on Proposed Mills Act Policy Changes with City Response and Alternatives

Issues were raised by homeowners, preservation professionals, Historical Resources Board Members, and general public orally at meetings and workshops and in writing. Responses to these issues address the City’s position and provide background on the issue. Alternatives that could be implemented to address the issue are suggested.

Issue No.	Issue	Response	Alternatives to Address Issue		
			#A	#B	#C
1	Why change the existing Mills Act Policy?	Current policy is 12 years old and overall historic preservation program has significantly changed, specifically now have regulations and review for preservation; promote Mills Act incentives for properties in need of rehabilitation or restoration and in low and moderate income areas; monitoring of properties to assure compliance with contract; tailored agreements to show tax savings re-invested in property; and need to understand and manage the fiscal impact on an annual basis.	Make comprehensive changes to focus program on rehabilitation needs and in areas of low and moderate income households, add monitoring requirements, tailor agreements to each property, and manage fiscal impacts of program	Make limited changes to add monitoring requirements, tailor agreements to each property	Make no changes
2	How will changes affect nominations already submitted?	Revised policy can include pipeline provisions for properties already in process related to an annual limit and new eligibility requirements. Pipeline provisions would not apply to the application deadline, Mills Act requirements (tailored agreements), inspection schedule, and fees.	Pipeline provisions apply to all designated properties and all nominations submitted before effective date of policy changes.	Pipeline provisions apply only to properties designated before effective date of policy changes.	No pipeline provisions.
3	This is the only incentive for single family home owners.	HRB Incentives Subcommittee has been established to address General Plan policies encouraging use of incentives.	Increase the number and type of non-fiscal incentives at same time as changes are made to Mills Act policy.	Follow changes to Mills Act policy with additional non-fiscal incentives.	No new incentives
4	Annual limit will reduce protections for historic sites.	Protections provided through historical resources regulations would not change.	See Alternative 8A	See Alternative 8B	See Alternative 8C
5	Additional eligibility criteria will effectively eliminate program because few if any buildings would qualify.	Intent of eligibility criteria is to address other General Plan policies through the directed use of new Mills Act contracts and prioritize new contracts for properties that are in immediate need of rehabilitation or restoration efforts; help to achieve citywide housing needs; when ordinary maintenance of a historic property is economically prohibitive; and that support reinvestment in historic property.	Require properties to meet at least one of the eligibility requirements in order to enter into a new Mills Act contract	Use the eligibility requirements to prioritize issuance of new contracts	No additional eligibility requirements for Mills Act contracts

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6	Proposed fees are too high.	Proposed fees are best estimate of staff time required to complete tasks (cost recovery fee).	Full cost recovery with regular review and adjustment based on actual costs	Arbitrary fee that would be less than cost recovery	Minimal fee and no increase in program (no monitoring)
7	Losing important historic buildings causes negative impact on neighborhoods.	Mills Act is an incentive to achieve preservation of individual buildings; additional incentives and programs are needed to address retention of neighborhood character, such as conservation areas with established design guidelines	Conservation areas and other tools to address neighborhood character needed as part of community plan updates	Conservation areas and other tools to address neighborhood character may be implemented in advance of community plan updates if warranted	Do not address neighborhood character
8	Fiscal impact of Mills Act tax reduction is minimal compared to overall benefits of historic preservation.	Although minimal in overall City budget, important to understand the impact and manage it on an annual basis. Current loss is \$1,126,073 yearly to general fund from 885 Mills Act contracts.	Set an annual fiscal limit for new revenue loss to the general fund. For example, a limit of \$100,000 to \$150,000 new loss would result in an average of 78 to 118 new contracts yearly.	Set an annual limit in the number of new Mills Act contracts. For example, a limit of 75 new yearly contracts would result in an average new loss to the general fund of \$95,400 yearly	Set no limit and do not manage the fiscal impact to the City's general fund
9	Cost of maintaining historic house is greater than for a non-historic house.	Mills Act tax reduction helps to offset the costs – average savings to property owners is \$7,485 yearly	Limit additional incentives to non-fiscal impacts.	Evaluate ability to provide additional fiscal incentives to offset maintenance costs.	No new incentives
10	Need to make sure that low and moderate income neighborhoods can benefit from the Mills Act program.	Guidelines have been prepared to assist homeowners with historic designation process, reducing the costs for consultants. Establishing historic districts can bring many more properties into the preservation program and allow owners to benefit from the Mills Act.	City take lead in establishing historic districts in areas with low and moderate income households and prioritize new Mills Act contracts for these owners	Work with non-profits and create public/private sponsorship programs to support historic preservation for low and moderate income property owners	Do not prioritize Mills Act contracts for property owners in low and moderate income neighborhoods