

The purpose of the Mills Act is to provide an opportunity for owners of qualified historic structures to potentially receive property tax relief. The owner agrees to preserve, maintain, and, if necessary, restore their historic property. In return for continued preservation of the property, the owner may reduce the property taxes as much as 50% each year the contract is in effect, depending on a variety of conditions. Although the City of Tustin and the property owner enter into the Mills Act agreement, the County Tax Assessor is responsible for administering the valuation terms of the contract.

The Mills Act Program is administered and implemented by the City of Tustin. A fee of \$500 is charged for the application process. Mills Act contracts are between the property owner and the city. The Office of Historic Preservation is not a signatory. The City of Tustin has established criteria for eligible properties. For answers to specific question such as eligibility criteria, application procedures and contract terms, contact Scott Reekstine at the City of Tustin, 714-573-3016.

Following is only a portion of the California State Code setting forth the terms of the Mills Act.

GOVERNMENT CODE

SECTION 50280-50290

50280. Upon the application of an owner or the agent of an owner of any qualified historical property, as defined in Section 50280.1, the legislative body of a city, county, or city and county may contract with the owner or agent to restrict the use of the property in a manner which the legislative body deems reasonable to carry out the purposes of this article and of Article 1.9 (commencing with Section 439) of Chapter 3 of Part 2 of Division 1 of the Revenue and Taxation Code. The contract shall meet the requirements of Sections 50281 and 50282.

50280.1. "Qualified historical property" for purposes of this article, means privately owned property which is not exempt from property taxation and which meets either of the following:

(a) Listed in the National Register of Historic Places or located in a registered historic district, as defined in Section 1.191-2(b) of Title 26 of the Code of Federal Regulations.

(b) Listed in any state, city, county, or city and county official register of historical or architecturally significant sites, places, or landmarks.

50281. Any contract entered into under this article shall contain the following provisions:

(a) The term of the contract shall be for a minimum period of 10 years.

(b) Where applicable, the contract shall provide the following:

(1) For the preservation of the qualified historical property and, when necessary, to restore and rehabilitate the property to conform to the rules and regulations of the Office of Historic Preservation of the Department of Parks and Recreation, the United States Secretary of the Interior's Standards for Rehabilitation, and the State Historical Building Code.

A flier from the City of Tustin follows...



TAX BREAK AVAILABLE
FOR OWNERS OF HISTORIC BUILDINGS

The City of Tustin has a program for owners of historic buildings that can save property owners thousands of dollars every year.

Through the City's Mills Act program, owners of historic buildings may be eligible for a reduction in their property tax bill. The reduction can be as high as 50 percent or more and is determined by the Orange County Assessor.

- To participate in the program, owners must agree to maintain and preserve their property for at least ten years.
- Mills Act properties may be bought and sold without penalty. The property tax savings is transferred to the new owners.
- Owners are allowed to make changes to their properties, provided that the historic structure is maintained and preserved and all City approvals are obtained.
- The property tax savings are highest for properties that have changed ownership most recently due to escalated home prices.
- Mills Act properties may be owner occupied or income properties.
- The property tax savings may vary from year to year.
- An application fee covers the City's cost to process the application and prepare the Mills Act Contract between the property owner and the City of Tustin.

Anyone interested in the City's Mills Act program should contact the City's Community Development Department staff at (714) 573-3016.