

11-1778  
Refer to CF 10-1761

OCT 19 2011

PLANNING & LAND USE MANAGEMENT

## MOTION

Enacted in 1972, the *Mills Act* (State Government Code Section 50280) legislation grants participating local governments (cities and counties) the authority to enter into contracts with owners of qualified historic properties who actively participate in the preservation maintenance and rehabilitation of their historic properties while receiving property tax relief.

The City's Ordinance No. 171413 from 1996 (amended in Ordinance No. 172857 in 1999) implements the Mills Act and caps the property taxes not collected by the City to execute Historical Property Contracts at \$1,000,000 annually (Los Angeles Administrative Code Section 19.142).

Each property owner agrees to each contract voluntarily, and the standard contract has to be approved as to form and legality by the City Attorney. Per the Mills Act requirements, each applicant is required to submit a rehabilitation/maintenance/preservation scope of work for the property. Per the provisions of Ordinance No. 172857, the Planning Department is required to verify the following:

1. That the properties that are subject to the contract are either designated as historic-cultural monuments, or contributing structures to a Historic Preservation Overlay Zone (HPOZ).
2. Engaging in the execution of historical property contracts will not cause the City to lose revenue from the loss of property taxes not collected beyond \$1,000,000 annually.
3. The applicants have submitted a rehabilitation/maintenance/preservation scope of work for the property.

In more than 15 years, the \$1 Million cap on uncollected annual property tax revenues placed in 1994 has not been altered. In a report dated November 9, 2010 (Council File No. 10-1761), the Planning Department indicated that the fiscal impact to the City in the loss of property taxes not collected for Fiscal Year 2010-11 is \$834,918, thereby placing the program at 83.5% capacity after 15 years of implementation.

The Mills Act property tax relief is a powerful tool that provides an incentive to owners of historic resources to preserve their historic properties. As such, the Council needs to enact the appropriate mechanisms for renewing and/or increasing the cap to allow this powerful incentive to remain available.

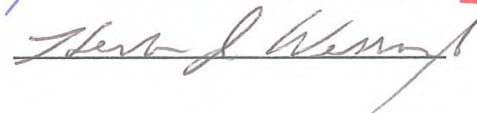
**I THEREFORE MOVE** that the Council instruct the Planning Department, with the assistance of the City Administrative Officer, and in consultation with the City Attorney, to prepare a report relative to the current status of the *Mills Act* property tax relief \$1 Million cap, and recommend the appropriate mechanisms for renewing and/or increasing the cap to allow this powerful incentive to remain available.

PRESENTED BY



José Huizar  
Councilmember 14<sup>th</sup> District

SECONDED BY:



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