



OFFICE OF HISTORIC RESOURCES INFO BRIEF

MILLS ACT PROGRAM FAQs

APPLICATION PROCESS

What is the appeals process?

Applicants can appeal a staff denial of a Part I application to the Cultural Heritage Commission. The appeal fee is \$1,532, to be paid by the appeal deadline. Commission approval of staff recommended denials are final; however, reapplication is possible in a subsequent year.

Will I be refunded if denied?

Application fees are non-refundable. Contract Execution Fee checks will be mailed back to applicants for denied or withdrawn applications.

We want to start our rehabilitation while our Mills Act application is still pending approval. Is this allowed? How should I proceed?

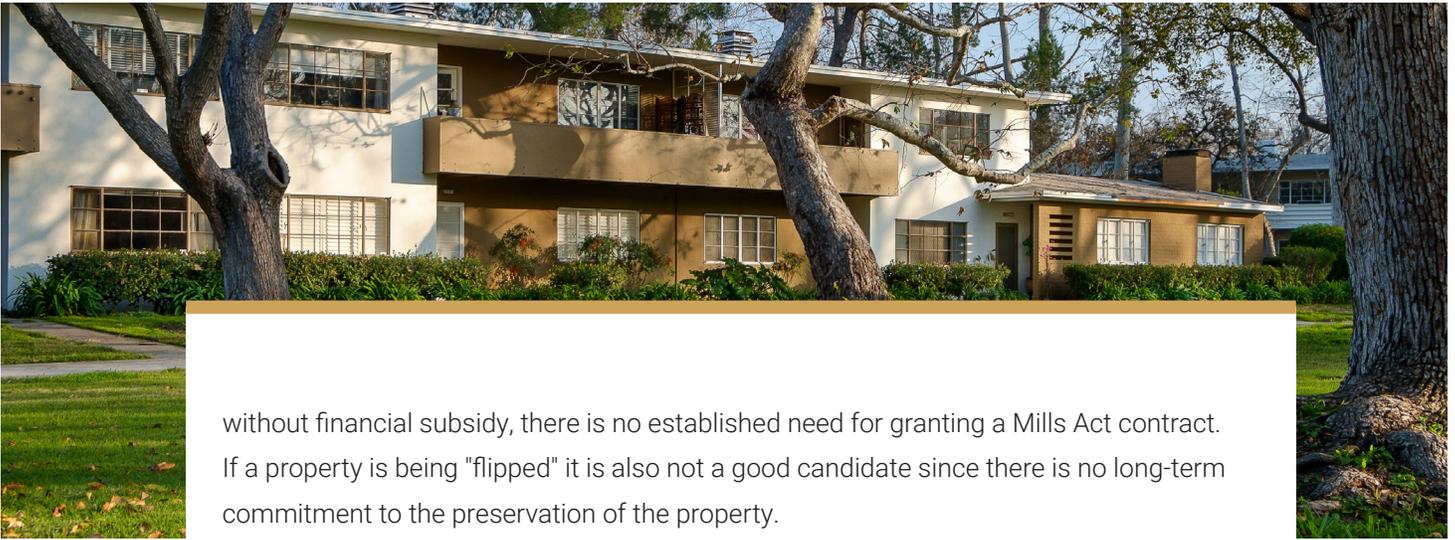
Yes. Work closely with a qualified consultant and keep the Office of Historic Resources apprised of your work to ensure conformance with the Secretary of the Interior's Standards for Rehabilitation.

ELIGIBILITY

If extensive rehabilitation happened 2.5 years ago, would the property still qualify for the program?

Work completed by the current owner in the year prior to the application will be considered as recently completed to qualify for the program. The purpose of this is to reinforce that the Mills Act is an incentive program to encourage future rehabilitation work to happen. The completion date would be established by the date the work is signed off by the building department. If an owner was able to successfully complete their project





without financial subsidy, there is no established need for granting a Mills Act contract. If a property is being "flipped" it is also not a good candidate since there is no long-term commitment to the preservation of the property.

I have owned my house for 50 years and have substantial rehabilitation plans.

Will I receive any benefit from the Mills Act program?

The Assessor's office looks at three values each year under a Mills Act Contract: Base Year/Proposition 13, Current Fair Market, and Mills Act/Income Approach. The lowest of the three is used for the property tax bill. Note that Special District assessments are not reduced under the Mills Act, only the 1% General Levy Tax. In this case, the lowest value would be the Base Year/Proposition 13 value which is what the taxes are based on now, and there would not be any tax reduction under a Mills Act contract.

REHABILITATION/ RESTORATION/ MAINTENANCE PLAN

Are we obligated to complete everything on the Rehab Plan? The estimated savings isn't even close to covering the entire cost!

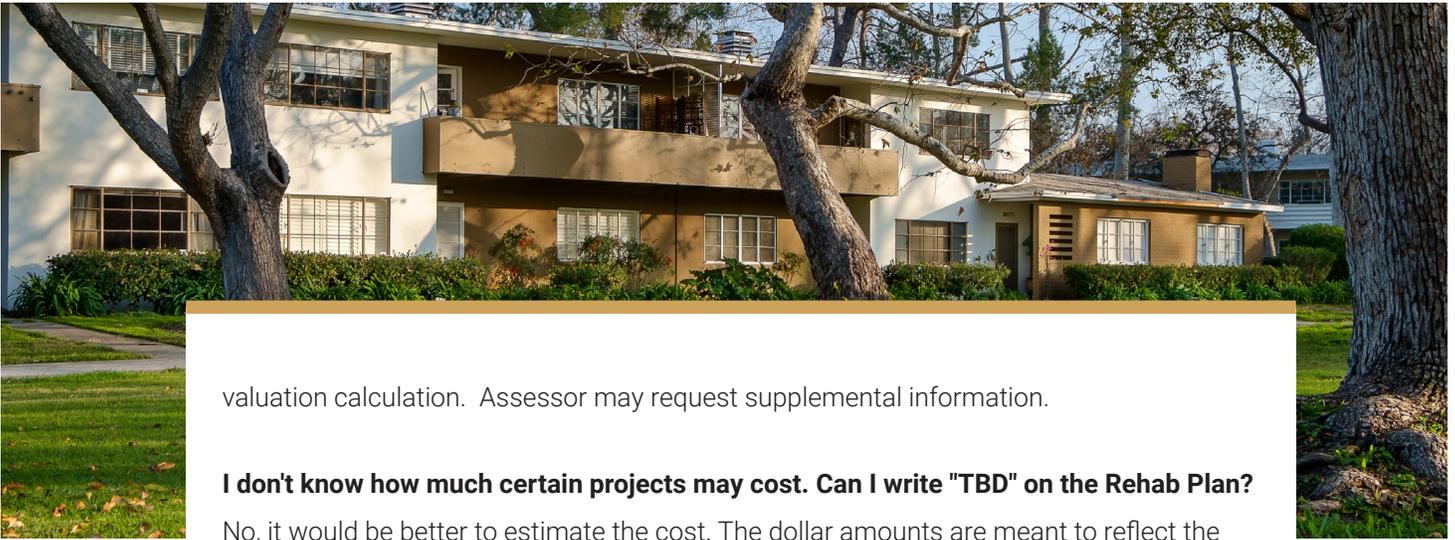
Yes. The Mills Act will not necessarily pay for the entire rehabilitation of any property. It is meant to offset costs enough to incentivize the work to happen. The Rehabilitation Plan is meant to help establish and prioritize rehabilitation needs for the property.

Can we move around the order of our rehab plan after our Mills Act Contract has been recorded?

Yes, work with the Office of Historic Resources to ensure that important items are dealt with first (such as foundation issues before landscaping).

Is the property tax-assessment linked to the restoration work I plan to do?

Yes. Allowed expenses for rehabilitation and maintenance are linked to the Mills Act



valuation calculation. Assessor may request supplemental information.

I don't know how much certain projects may cost. Can I write "TBD" on the Rehab Plan?

No, it would be better to estimate the cost. The dollar amounts are meant to reflect the level of investment the owner is committing to under the contract.

If we want to rehab our kitchen, what should we be aware of in terms of adherence to the Mills Act?

Identify and retain any historic, character-defining features of the kitchen and incorporate them into a rehabilitation plan.

I want to restore the landscape. Should I include this on my Rehab Plan?

Yes. The setting and landscape maintenance of the property are important.

PROJECT REVIEW

Other cities do not include the review of interior projects for Mills Act. Is this common?

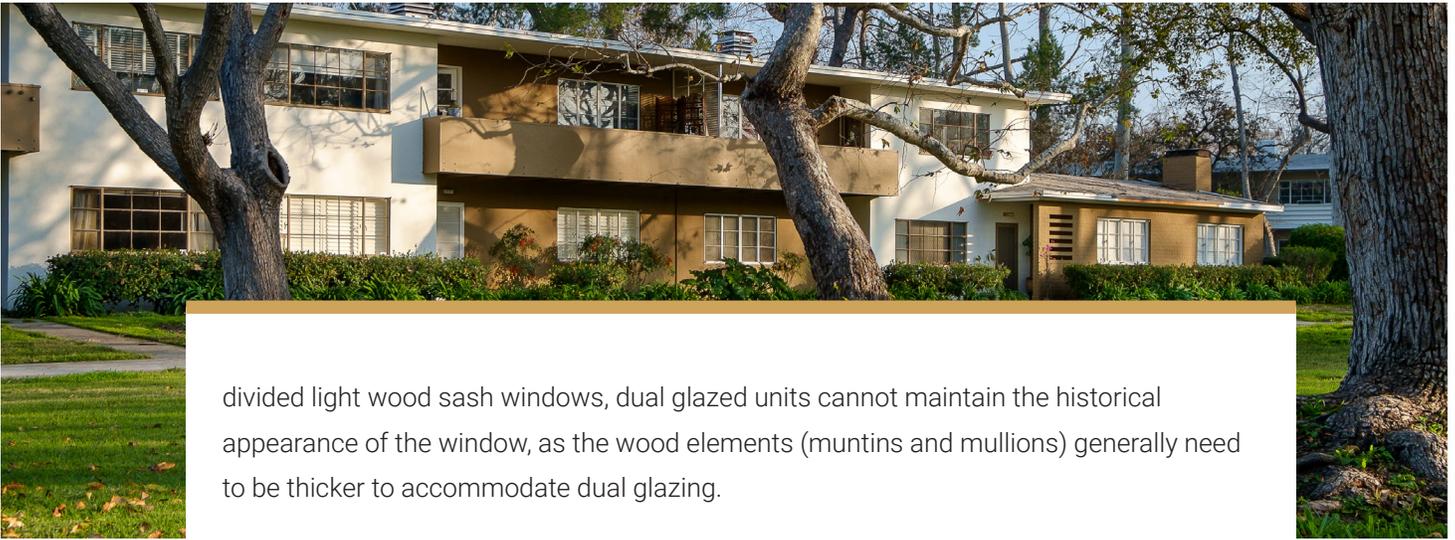
Review of the interior and exterior of the property is codified in the State enabling Mills Act legislation (California Government Code Sections 50280-50290) and City of Los Angeles Ordinance No. 172.857 Section 19.143.

The back of the property is not visible. Are there any different considerations for reviewing work on this part of my house?

This would need to be reviewed on a case-by-case basis. There may be fewer historic features on the rear of a property, however, it would need to comply with the property maintenance guidelines identified in the contract Exhibit B.

Can I use hollow dual pane to replace single layer glass?

The use of alternative materials or systems can be looked at on a case-by-case basis. Maintaining historical appearance and historic materials is important. Typically, for



divided light wood sash windows, dual glazed units cannot maintain the historical appearance of the window, as the wood elements (muntins and mullions) generally need to be thicker to accommodate dual glazing.

How is the installation of solar panels viewed by the Mills Act?

Solar panels can be visually intrusive and detract from the historical appearance of a property as viewed from the public right-of-way. Solar panels are best placed on areas not visible from the street and in a way that does not cause adverse impacts to historic elements.

Would adding insulation to a home and other energy conservation projects worthy to write in our Rehab Plan?

Yes. In many cases, performing an energy audit can assist in identifying areas that need to be addressed. Too often, people are sold on the idea of replacing windows instead of insulating walls and roofs that represent greater uninsulated areas of the building.

Our home is surrounded by a non-historic fence. Will we be required to remove it?

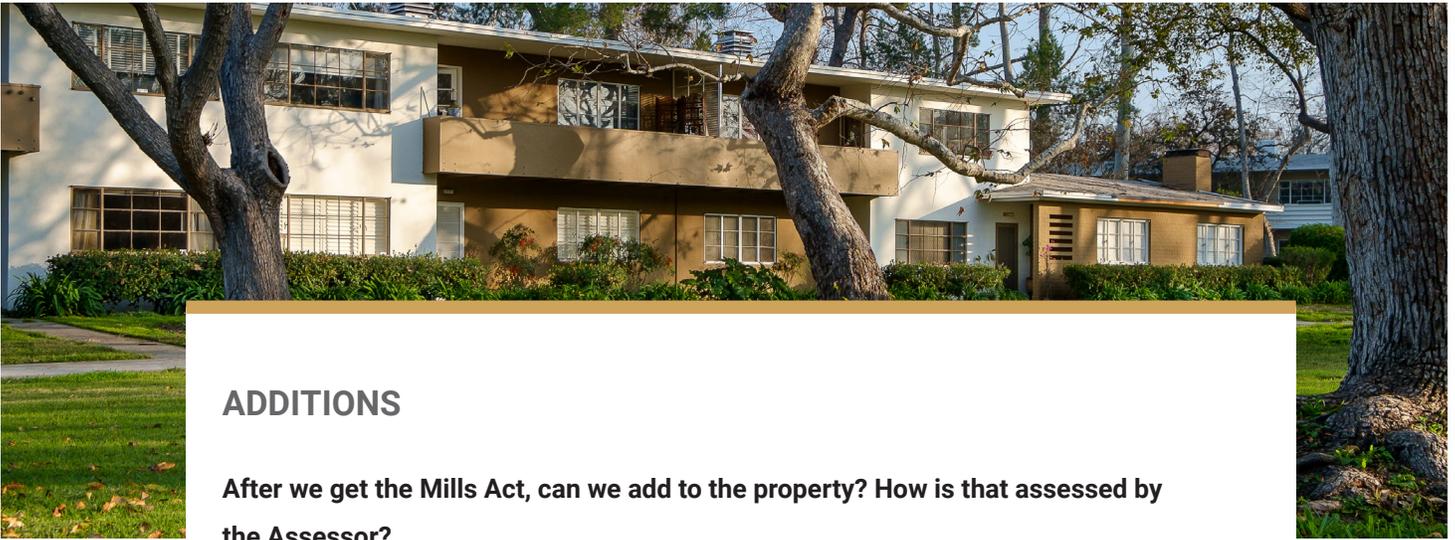
Perhaps. This would need to be reviewed on a case-by-case basis. Unpermitted or over-in-height fences should be legalized or should be removed.

Do I need to keep the plaster walls, or can I install sheetrock?

Generally, lath and plaster walls are an important historical feature and far superior to gypsum board. Lath and plaster should be retained. National Park Service [Preservation Brief 21](#) discusses the appropriate way to repair plaster.

If we want to do a project that is not on the Rehab Plan, is that permitted?

Yes. However, ideally, the critical infrastructure and rehabilitation tasks should be completed first. Consult with the Office of Historic Resources.



ADDITIONS

After we get the Mills Act, can we add to the property? How is that assessed by the Assessor?

Yes. The design of the addition would need to conform to the Secretary of the Interior's Standards for Rehabilitation. The County Assessor's office uses a blended approach to valuation; new construction receives less property tax reduction. Properties with significant new construction may not benefit from tax savings. It is advisable to discuss any proposed new construction on the property with the County Assessor's office before applying.

OWNERSHIP CHANGE

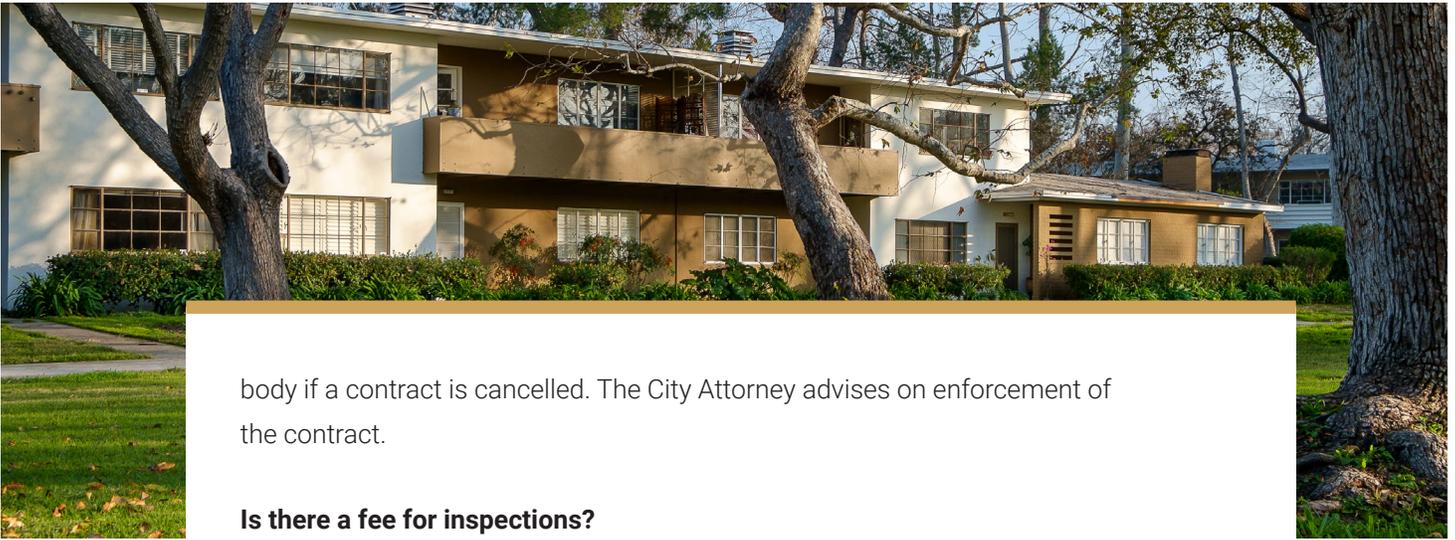
What provisions are required if ownership changes?

None, the contract runs with the property. It is important that a seller of a Mills Act Contract property fully discloses the document to prospective buyers and identifies work completed and remaining and the timeframe in which outstanding items need to be completed. Buyers should also ensure they are aware of and in agreement with their obligations under the contract.

CONTRACT COMPLIANCE

How is the Mills Act contract enforced?

Through the Department of City Planning, Department of Building and Safety, Office of the City Attorney, and the City Council. City Planning's Office of Historic Resources and the Cultural Heritage Commission review work on Mills Act properties. Under California state law, municipalities are required to conduct compliance inspections every 5 years. If an owner is found in breach of contract a letter is sent by the Office of Historic Resources to correct the violation. Building and Safety may also send the owner an Order-To-Comply. If violations are not corrected in a timely manner, the Commission may recommend that the City Council cancel the contract. The City Council is the deciding



body if a contract is cancelled. The City Attorney advises on enforcement of the contract.

Is there a fee for inspections?

The City will be establishing an inspection fee to be paid for by the property owner. The fee will ensure inspections of properties with existing Mills Act Contracts are being performed with adequate staffing.

If we commit to work in a specific year, but don't do it, is that a breach of contract?

Potentially, yes. The contract outlines the owner's obligations. If a sequence of work needs to be refined, it is best to work with the Office of Historic Resources to establish new goals under the contract. We do not typically re-record a contract if there are minor changes in the sequence of work proposed.

