

MILLS ACT PROGRAM APPLICATION GUIDE 2019



**Office of
Historic Resources**



**Cultural Heritage
Commission**

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BEFORE YOU GET STARTED

Thank you for expressing interest in this unique, historic preservation financial incentive program. This Application Guide will assist in determining if you qualify for the program and in completing the application. The forms you will need to complete and submit are listed on the [Mills Act Historical Property Contract Program](#) page of the Office of Historic Resources website.

IMPORTANT: READ the entire Application Guide before you get started! Applicants are responsible for all of the information contained in the Application Guide and Appendices. Be sure to review the Application Package Check-Off List to ensure that you are submitting all of the required documents and fees for the application.

The Mills Act program is for property owners who are actively rehabilitating their properties or have a plan to do so that is compliant with the [Secretary of the Interior's Standards for Rehabilitation](#) and the [California Historical Building Code](#).

The City will only be accepting applications for properties that prove they need significant rehabilitation or restoration work. The proposed work to rehabilitate or restore the property shall be equal to or greater than the total expected tax savings.

For applicants who are just starting their rehabilitation project, all work shall be completed within the first 10 years of the contract. Owners who enter into a contract and do not rehabilitate or maintain the property are subject to the City cancelling the contract and the County Auditor collecting the 12½ percent of current fair market value penalty against the property. Recently completed projects shall be defined as projects completed in the 12 months prior to the application being submitted.

Application schedule for 2019:

January 9:	Annual workshop for prospective applicants
March 1:	Part 1 of the Application and Application Fee Submission Deadline <i>(must be received by 4:00pm)</i>
April 30 – May 1:	Part 2 of the Application and contract submission by appointment
October 15 – October 16:	In-person appointments to review pre-approval inspection reports and submission of the Contract Execution Fee

If you have any questions, contact:

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INTRODUCTION

Mills Act Historical Property Contract Program

The Mills Act Historical Property Contract Program allows qualified owners to receive a potential property tax reduction and use that savings to help offset the costs to rehabilitate and restore their properties. To qualify for the Mills Act program, a property must first be either an existing Historic-Cultural Monument (HCM) designated by the City of Los Angeles or be a Contributing property in a Historic Preservation Overlay Zone (HPOZ). Program participants shall have a plan to restore and rehabilitate the property.

This Application Guide is a summary of the Mills Act Historical Property Contract Program's features. The complete details of the program are described in the legal texts of the Los Angeles Administrative Code Division 19, Chapter 14, California Government Code Sections 50280-50290 and California Revenue and Taxation Code Article 1.9, Sections 439-439.4 (See [Appendix B](#)).

Historical Property Contract

The purpose of a Historical Property Contract is to restore, rehabilitate and maintain historic properties.

The Historical Property Contract is an agreement between the City of Los Angeles and the owner of a qualified historic building/property based on California Government Code, Article 12, Sections 50280-50290 (Mills Act). This State law, established in 1972, provides for a potential property tax reduction for owners of qualifying historic properties who agree to comply with certain preservation restrictions and use the property tax savings to help offset the costs to restore and rehabilitate their historic resource according to the Secretary of the Interior's Standards and the California Historical Building Code. The City's Mills Act Program was established by Ordinance No. 171,413 in 1996.

What Properties Are Eligible?

In order to participate in the Historical Property Contract Program, qualifying properties must be identified in the following categories:

Historic-Cultural Monuments designated by City of Los Angeles. The entire property shall be listed. Partial designations (e.g. façade only) are not accepted. Properties either listed solely on the National Register of Historic Places or California Register of Historical Resources are not eligible for the Mills Act in the City of Los Angeles.

A property must be a City-designated Historic-Cultural Monument (HCM) approved by the City Council on or before March 1, 2019. An applicant may not simultaneously apply for both Historic-Cultural Monument designation and a Mills Act Contract. HCM designation usually takes 4-6 months.

HPOZ Contributor – contributing properties/structures in one of the designated Historic Preservation Overlay Zones. The current listing of qualifying districts is shown on the city's Office of Historic Resources website at <http://preservation.lacity.org/hpoz>.

Search for a property at <http://preservation.lacity.org/status/using-zimas-find-historic-preservation-information> to determine if a property is an HCM or HPOZ Contributor.

Condominium/Homeowners Association (HOA) Controlled Properties – Eligible HCM or HPOZ Contributor properties can apply for a contract. However, the process is more involved and each contract is developed on a case-by-case basis. Individual homeowners may not apply, only the HOA may submit the application and 100-percent owner participation is required. The valuation limits shall apply to the entire building based on the total assessed value for all the units combined.

In most cases, the HOA must vote to authorize a Mills Act Application and the Covenants, Conditions and Restrictions (CC & R's) must be amended to reflect the historic status of the property, provide reverse easements to allow inspections by the HOA of individual units, and other requirements for a potential Mills Act Contract. The goal of granting a Mills Act Contract to an HOA is the same for other properties – to incentivize the rehabilitation and restoration of the historic resource. Under one contract, covering all of the units, the tax savings will be granted to individual unit owners by the Assessor's Office. The tax savings will vary based upon the income potential for each unit and the Base Year Value. Given the potential inequity in property tax savings for each owner, it is advisable that the HOA establish a way of tracking the savings through a special fund. This may be the fairest way to ensure that the property tax savings are utilized for the rehabilitation, repair and maintenance of the entire building/property and do not just benefit owners of individual units. Contact the Office of Historic Resources for more information.

What Properties Are Ineligible?

Properties with outstanding code violations and/or Orders-To-Comply issued by the Department of Building and Safety or the Housing Department are not eligible to apply for the Mills Act. All code violations must be corrected before an application is accepted or processed. Properties with delinquent taxes are also not eligible to apply. It is also important that the person/entity submitting the application retains ownership through contract recording in December. If not, the contract is nullified by the City and County since the ownership on the date of recordation will not match the ownership as listed on the contract.

In addition, owners of existing contracts that are not fully in compliance may not submit new applications for additional properties.

PRIORITY CONSIDERATION CRITERIA

All applications are reviewed on the merits of the Priority Consideration Criteria. An application must meet the minimum required criteria to be considered for the program and must demonstrate that the structure is in danger of deterioration or in need of substantial rehabilitation. Single-family and multi-family/commercial mixed use properties with fewer than 20 residential rental units must meet a minimum of three Priority Consideration Criteria. All other properties must meet a minimum of four criteria.

Due to the competitive nature of the program, staff of the Office of Historic Resources will determine which applications are eligible for approval. The criteria for approval shall be the Priority Consideration Criteria and/or the Valuation Limit exemption criteria, as applicable. **Properties requiring only routine maintenance may not be given priority.** The City's share of lost revenue under the Mills Act is growing and properties needing financial assistance to commence or complete rehabilitation work will be given priority.

Necessity: The residential, commercial or industrial project will require financial incentive in addition to any mortgage financing, private capital or public loans, to help ensure the preservation of the structure. This criterion will establish that the structure is in danger of deterioration and in need of substantial rehabilitation that has significant associated costs.

Uniqueness: The project is a unique example of a residential, commercial or industrial building. The unique characteristics of the Historic-Cultural Monument or HPOZ Contributing property are identified under this criterion.

Investment: The residential, commercial or industrial project will result in additional private investment in the building other than for routine maintenance that may include seismic retrofitting, and substantial repair or rehabilitation work. This criterion will estimate the costs for the restoration and rehabilitation of the property that the owner is committed to undertaking. Multi-family, Commercial and Industrial properties are encouraged to also apply for Federal Rehabilitation Tax Credits through the IRS to potentially increase the amount of preservation incentive available for the project.

Affordability: (Only applies to Multi-family/Commercial mixed-use buildings with greater than 20 residential rental units): The residential or mixed-use project will result in the preservation or addition of safe and affordable dwelling units for low and moderate income households. Eligible properties under this criterion must conform to current United States Department of Housing and Urban Development (HUD) criteria for affordable housing.

Employment: (Only applies to Commercial and Industrial buildings): The commercial or industrial project will primarily supply goods or services to residents of low and moderate income areas or provide employment of low and moderate income persons.

TAX ASSESSMENT VALUE

A Mills Act Historical Property Contract provides the potential for property tax reduction. It is not a guarantee. Each property varies according to its income-generating potential and current assessed value. Mills Act properties are reassessed annually and periodically inspected for contract compliance.

Also, there are property valuation thresholds in place to ensure that revenue loss for the City is minimized. Therefore, properties with assessed values higher than the threshold must apply for an exemption to the threshold valuations and undergo more rigorous scrutiny of the property's need for the property tax subsidy. The thresholds for assessed property value are:

- \$1,500,000 for Single-Family Residential Properties;
- \$3,000,000 for Multi-Family Residential and Commercial or Industrial Properties.

Exemptions From Property Valuation Thresholds

There are some areas of the City that are automatically exempt from the threshold rule. This means that properties within certain areas that are above the threshold do not have to apply for an Exemption, it is automatically applied. Properties exempt from the value limitations must be located in the following prescribed areas:

- Greater Downtown Los Angeles Area and Downtown Historic Core
(See Appendix E for Map Area Boundary)
- Hollywood Boulevard Commercial and Entertainment National Register
Historic District

The Cultural Heritage Commission may grant exemptions from the threshold rule under exceptional circumstances where properties prove a great need for the tax incentive. Properties requesting an Exemption must meet the following criteria:

- granting the Exemption will assist in the preservation of a structure (including unusual and/or excessive maintenance requirements) that would otherwise be in danger of demolition, substantial deterioration or alteration, or relocation; and
- the structure is an exceptional Historic-Cultural Monument or a Contributing Structure to an HPOZ; and
- granting the Exemption will not cause the annual cumulative loss of property tax revenue to the City to exceed \$2,000,000

Properties applying for a valuation Exemption shall provide an Historic Structure Report (HSR) to substantiate the exceptional circumstances for granting the Exemption. The HSR shall conform to the requirements outlined in [Preservation Brief 43 – The Preparation and Use of Historic Structures Reports](#) prepared by the Technical Preservation Services Division of the National Park Service and formatted as per the California Office of Historic Preservation's [Historic Structure Report Format](#).

The amount of information and detail for the HSR will need to reflect the size, scale and scope of the property in question. The HSR is an up-front investment to substantiate the exceptional circumstances necessitating the exemption and to guide a thoughtful, multi-year rehabilitation of the property, with the expectation that the first year or two of Mills Act savings would help pay for the report. Owners will be demonstrating a commitment to preservation in commissioning the HSR. A report may take several months to prepare, which may mean that an owner is commissioning the report in one year and applying for the Mills Act the next year.

NOTE: Owners of properties with comparatively low property taxes will not benefit financially from a Historical Property Contract because the assessed value under the Mills Act will likely be higher than the existing Base Year Value of the property under Proposition 13. Generally, owners who have purchased their properties within the last 10 years are most likely to benefit from entering into a Mills Act contract.

Property taxes are reassessed annually on properties with Mills Act contracts.

TERMS

What are My Obligations?

Duration of Contract

The Historical Property Contract is for a minimum term of ten years. It automatically renews each year on its anniversary date and a new ten-year term becomes effective. The contract runs (essentially in perpetuity) with the land.

Termination of Contract

The owner may decide to not renew the contract by notifying the City at least ninety days prior to the annual renewal date. The City may not renew the contract by notifying the owner at least sixty days prior to the renewal date. The owner may make a written protest about termination by the City. The contract remains in effect for the 10-year term beyond the notice of non-renewal.

Alterations or Additions

Any work performed to the property (interior, exterior and grounds) must conform to the Secretary of the Interior's Standards for Rehabilitation and the California Historical Building Code. Office of Historic Resources staff shall review any proposed work for conformance with the Standards before work begins and all proper permits shall be obtained.

Inspections and Monitoring

The City conducts both pre-contract and periodic inspections of the property. Conditions not conforming to the Secretary of the Interior's Standards for Rehabilitation may be required to be brought into compliance. The City also encourages property owners to self-inspect and apprise staff of the Office of Historic Resources of the progress of rehabilitating and maintaining their property.

Breach of Contract

If the property owner is found to be in breach of contract, the City may cancel the contract whereupon the County Auditor-Controller levies a cancellation fee of 12½ percent of the current Fair Market Value of the property as determined by the County Assessor.

Transfer of Ownership

A Mills Act Historical Property Contract is attached to the property. Subsequent owners are bound by the terms and conditions of the contract, and obligated to complete any work identified in the contract and perform required maintenance. It is incumbent upon the seller of a Mills Act property to disclose this fact to potential buyers. For example, if an owner completes some of the contract mandated work in the first five years and then sells the property, the new buyer would have five years to complete the rehabilitation/restoration of the property.

Contract Recording

- The contract is recorded by the City with the County Registrar/Recorder's Office on or before December 31.
- The recorded contract is received by the City in late January or early February. A copy is mailed to the owner.
- The original document is retained by the Office of Historic Resources.

Assessor Notification

A copy of the contract is transmitted to the Los Angeles County Assessor's office by the Department of City Planning. The Los Angeles County Office of the Assessor reassesses the property tax. Reassessments are typically conducted by June 30 of the year following the contract recording. The Assessor may request an Income and Expense Form from the property owner. The new assessment will be reflected on the subsequent property tax bill issued. There are no retroactive provisions.

Periodic Inspections

Periodic inspections are conducted by the Department of City Planning, or a consultant contracted by the Department of City Planning, to determine the owner's continued compliance with the contract. Inspections include the exterior and interior of each structure on the property and grounds, and monitor the progress of the rehabilitation and/or maintenance specified in the contract. Inspections are ongoing for the life of the contract and occur every five years, starting from the year of recording.

After each inspection, a list of deficient, non-compliant items that were observed during the site visit will be sent to the owner. At that time, the owner will have 30 days to draft a Preservation Plan that would correct deficient items over the course of the next 5 years or sooner. The Office of Historic Resources reviews the draft preservation plan and applies edits as needed within 30 days of receiving the draft. At this point, the document would be final. Non-compliance with the Preservation Plan would result in either non-renewal of the contract, cancellation of the contract or legal action taken against the owner to comply with the contract.

Property owners are encouraged to self-inspect and update the City on their progress of rehabilitating and maintaining the property. This may avoid the City inspecting and finding lack of progress or non-compliance leading to citation and 30-day notice to correct the breach of contract.

Since 2014, paragraph 12 of the Historical Property Contract provides for the City to collect fees from property owners to pay for the periodic inspections. The fee is \$415 per year to be collected quinquennially (\$2,075).

FREQUENTLY ASKED QUESTIONS

If I own an historic property am I obligated to participate in the program?

No. Participation is voluntary. The contracts are intended for property owners who have a strong commitment to historic preservation, and to assist property owners who plan to rehabilitate their property.

What is the term of a Historical Property Contract?

The contract is written for an initial term of 10 years. However, the contract automatically renews each year on its anniversary date for a new 10-year term. The contract, in effect, runs in perpetuity with the land. The initial 10-year term is the period of time in which major rehabilitation projects should be substantially completed. If an owner desires to be released from the contract, a letter of non-renewal is submitted to the City. The owner is released from the contract ten years after the notice of non-renewal is submitted.

How are my property taxes reduced?

Instead of basing the property tax on the purchase price (Proposition 13, Base Year Value), the County Assessor reassesses the property on its ability (or potential ability) to produce income (Income Approach). Using the Income Approach, the Assessor values the property according to the capitalization of income, whereby the property's potential income is divided by a pre-determined capitalization rate to establish a new assessed property value to be taxed. The Income Approach for an owner-occupied property is based on its potential rental value. Commercial, industrial, or multi-family properties would have an actual income that is used for the calculation. A Mills Act Valuation Notice is sent annually to the property owner and the City. The notice will analyze three current components of the property: a) the Base Year Value which is the purchase price under Proposition 13 (trended upward at 2% per year), b) the Fair Market Value (what the property is worth at the time of assessment) and c) the Mills Act Value. The Assessor is obligated to base the property tax levy on the lowest of the three components.

What type of property is likely to benefit?

Property purchased after 2005 is most likely to receive the highest reduction. Property purchased prior to 2005 will likely receive a minimal reduction. Property purchased prior to 1978 (Proposition 13) is unlikely to receive a tax reduction. The Historical Property Contract Program does not guarantee a reduction amount for any property. Properties that have more recently sold (e.g. within the last 10 years) are likely to see greater tax reductions.

How much of a reduction will I receive?

The application Tax Adjustment Worksheet is provided to assist you in calculating the potential reduction on your property. Calculated accurately, it will provide you with an idea of your potential reduction. **It is not a guarantee.** Remember that a reduction is based only on the General Tax Levy portion of your bill and DOES NOT reduce the Voter Indebtedness, Direct Assessments, Tax Rate Areas or Special Districts portion of your tax bill. Recent additions may reduce any potential savings.

What happens if I want to sell my property after I have a Mills Act Contract?

The contract will always remain with the property, and the new owner is obligated to meet the contract requirements. This can enhance the marketability of the property because it is not reassessed at its new market value when it is sold. Rather, new owners will likely pay property

taxes based on the existing or proximate Mills Act Valuation notice. The new owner would be required to complete any outstanding rehabilitation or restoration work within the time remaining under the first 10-year term of the contract. It is always important for sellers and realtors to fully disclose the contract to potential buyers- both as an incentive to the property's rehabilitation, restoration and maintenance, and to apprise them of their responsibility to perform under the terms and conditions of the agreement.

Are there potential penalties for property owners with a Mills Act Contract?

Yes. If a property is not maintained under the terms of the contract, is improperly altered, or if rehabilitation work is not performed, the owner could be found in breach of contract. If the breach of contract cannot be resolved to satisfy the contract, the Contract is cancelled and the owner is assessed a 12½ percent penalty based on the current Fair Market Value of the property.

How long does it take to get a Contract?

The contracts are approved and recorded by the end of the application calendar year. Reassessments start after January 1 of the year following the contract recordation. You should see the Mills Act Valuation notice as part of the property tax bill approximately sixteen months after the application deadline.

What portion of my property is obligated under a Contract?

The entire property is covered under a Historical Property Contract. The structure(s) both interior and exterior and grounds are required to be rehabilitated and maintained. Mills Act properties shall exhibit the best of historic preservation practice and superior maintenance. Existing conditions and proposed rehabilitation work shall conform to the Secretary of the Interior's Standards for Rehabilitation and the California Historical Building Code.

If my property is a Contributor in an HPOZ and accepted into the Mills Act program, who has review authority over work that is done?

The Mills Act Historical Property Contract Program is under the authority of the Office of Historic Resources and Cultural Heritage Commission. As such, Cultural Heritage Commission staff and staff of the Office of Historic Resources review and approve alterations to the property. This review supersedes HPOZ Board review and includes interior, exterior and landscaping work. Most HPOZs only review exterior work visible from the public right-of-way. However, it is the policy of the Office of Historic Resources to consult the HPOZ Planner for the district to allow the HPOZ Board to comment on proposed exterior work on a Mills Act property. Exterior work shall also comply with the Design Guidelines of the Preservation Plan for the HPOZ.

APPLICATION PROCESSING SCHEDULE

The Historical Property Contract Program is administered cooperatively between the City of Los Angeles, the Los Angeles County Office of the Assessor and the State Office of Historic Preservation.

The chart below diagrams the contract processing timeline. Note that specific deadline dates may vary (see Pages 15-16).

Step	Action	Application year												Year one of contract											
		J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
#1	Annual workshop for prospective applicants	X																							
#2	Application distribution period																								
#3	Part 1 Application submittal deadline			X																					
#4	Staff determination letter mailed			X																					
#5	Part 2 Application submittal deadline					X																			
#6	Pre-contract inspection period																								
#7	Review of pre-approval inspection report and submission of Contract Execution Fee													X											
#8	City approval process																								
#9	County recording deadline														X										
#10	Assessor's reappraisal period																								
#11	Reassessed property tax bill																						X		

←—————→
 ^It takes approximately 17 months from the application due date before a reduction appears on your property tax bill.

FEES

What is the Cost to Apply?

The City charges fees to process a Historical Property Contract. The fees are as follows and are non-refundable. Checks shall be made payable to the City of Los Angeles.

	Fees
Part 1: Application Fee (Due March 1, 2019)	\$650
Appeal Fee for Appeal of Staff Determination of Ineligibility	\$1,532
Valuation Exemption	\$2,266
Part 2: Contract Execution Fee (to be submitted on October 15 or 16, 2019 by appointment)	\$2,796

MILLS ACT 2019 WORKSHOP

The workshop will be held on Wednesday, January 9, 2019 at 6:30pm (*doors open 6:00pm*) at the Barnsdall Gallery Theatre, 4800 Hollywood Boulevard, Los Angeles, CA.

RSVPs requested by Monday, January 7, 2019 at <http://bit.ly/2iisjZW>.

The purpose of the workshop is:

- Answer questions regarding the Mills Act Program
- Review the County Assessor Office's role in the Mills Act
- Review requirements and obligations of a Historical Property Contract
- How to complete the Historical Property Contract forms

APPLICATION SUBMITTAL

Application Schedule

Application schedule for 2019 is as follows:

January 9:	Annual workshop for prospective applicants.
March 1:	Part 1 of the Application and Application Fee due.
April 30 – May 1:	Part 2 of the Application and contract submission by appointment.
October 15 – October 16:	In-person appointments to review pre-approval inspection reports and submission of the Contract Execution Fee.

Part 2 of the Application shall be delivered in person on April 30 – May 1, 2019 to allow staff to review the application and immediately provide feedback on any technical corrections (i.e. wrong check date, illegible names, stapled applications, etc.). Online appointment sign-ups will be available in early April.

Consult the Application Package Check-Off List to ensure that all required forms and materials are being submitted. **Forms shall NOT be bound, stapled or hole-punched.** Clip loose pages together. Only original documents may be submitted. No photocopied, faxed, or e-mailed documents are accepted. Include Exemption required HSR reports, as well as the property address on any additional sheets.

Appointments will take place in:

**Office of Historic Resources
221 North Figueroa Street, Suite 1350
Los Angeles, CA 90012**

APPLICATION PROCESS

Note: *The average single-family residence application requires 25-30 hours to complete. This does not include processing photographs or obtaining notary service. Multi-family and commercial buildings can require considerably more time to complete. If you need assistance, you may wish to hire a professional consultant to aid in the preparation of an application.*

Part 1: Historical Property Contract Application and Priority Consideration Criteria

1. Historical Property Contract Application Form
2. Priority Criteria Consideration Form
3. Photographic Documentation
4. Permit Records
5. Report from qualified structural engineer, if applicable
6. Documentation of affordable units (applies to only multi-family and mixed-use commercial rental properties with more than 20 residential units)
7. Attachment "E," if applicable
8. Non-Refundable Application Fee made out to the City of Los Angeles: \$650

Directions for completing Part 1 of the Application

- ***The Historical Property Contract Application Form and Priority Consideration Criteria***

Applicants must complete the form by TYPING in all responses. Signatures of property owners are required on the application and applicants may use an electronic signature. A separate document, not to exceed two type-written pages, must be submitted with the Application Form to explain how the property meets the Priority Consideration Criteria. Single-family and multi-family/commercial mixed use properties with fewer than 10 residential rental units must meet a minimum of three Priority Consideration Criteria. All other properties must meet a minimum of four criteria.

- ***Photographic Documentation (no more than 20 images)***

Submit black and white print photographs (e-mailed photographs can be color) of the structure or property described in the application, including all exterior facades and additional images that depict the need for substantial rehabilitation. One photograph should be an 8x10 image of the street-facing facade of the primary structure; make sure the structure fills the frame. All photographs should be labeled with the property address, subject or room, point of view, and date of photograph. Please limit photographs to no more than 19-3x5 or 4x6 images and 1-8x10 image.

- ***Permit Records***

Submit copies of all permits for alterations and additions to the property, including original building permits. Recent permit records are available through ZIMAS (zimas.lacity.org) and historical permit records are available online from the Los Angeles Department of Building and Safety's website at <http://www.ladbs.org/services/check-status/online-building-records>.

- ***Report from a Qualified Structural Engineer, if applicable***

If structural or foundation work will be proposed on the 10-year Rehabilitation/Restoration/Maintenance Plan, submit a report or inspection letter/memo from a qualified structural engineer who has experience working on historic buildings. The report or inspection letter/memo should include recommendations on any necessary retrofitting.

- ***Documentation of Affordable Units, if applicable***

All multi-family and commercial mixed-use properties with greater than 20 residential rental units are required to submit documentation showing the number of affordable units. Eligible properties must conform to current United States Department of Housing and Urban Development (HUD) criteria for affordable housing.

- ***“Attachment E,” if applicable***

“Attachment E” is a separate document that applicants will create that lists all properties owned within the City of Los Angeles, other than the one described in the application. If the owner of the property applying for the Mills Act does not own any other property in Los Angeles, then they do not need to submit “Attachment E.” The City will check any delinquent taxes or code violations on these properties that may disqualify the applicant.

- ***The Historical Property Contract Application Fee***

Application fee is \$650

All checks are payable to “City of Los Angeles” and must be dated when submitted.

Please send a check for the appropriate amount along with Part 1 of the Application (single sided, no staples) to:

Office of Historic Resources
ATTN: Mills Act Application 2019
221 North Figueroa Street, Suite 1350
Los Angeles, CA 90012

Part 1 must also be e-mailed to Planning.Millsact@lacity.org.

The deadline for submission of Part 1 is **Friday, March 1, 2019**. The Application and application fee must be received no later than 4:00pm on this date.

Part 1 received after 4:00pm on March 1, 2019 will not be accepted and will not be considered for a 2019 Historical Property Contract.

Appeals

Upon receipt of Part 1 of the Historical Property Contract Application and Application Fee, eligibility of the property for a Historical Property Contract shall be determined. Property owners will be notified of staff's determination on or before March 18, 2019.

If the property is determined ineligible for a Historical Property Contract by staff of the Office of Historic Resources, the owner or the owner's representative may appeal the Staff Determination of Ineligibility to the Cultural Heritage Commission. A determination of ineligibility due to the submission of an incomplete application is not appealable.

The Cultural Heritage Commission shall make a determination of eligibility subsequent to the appeal based on the materials as submitted with Part 1 of the Historical Property Application. New information cannot be submitted for an appeal.

The fee for an appeal is \$1,532.

Appeal requests and appeal fees must be submitted **in person by 4:00pm on Wednesday, March 27, 2019**. No appeal requests received via mail or e-mail will be accepted.

Part 2: Submission of the Historical Property Contract

To allow staff to review the application and immediately provide feedback on any technical corrections (i.e. wrong check date, illegible names, stapled applications, etc.), Part 2 applications will be submitted in person between April 30 and May 1 during a scheduled appointment. Online appointment sign-ups will be available in early April. **All documents shall be submitted in hard copy and electronically on a flash drive or e-mailed to planning.millsact@lacity.org.**

Application forms shall be typed using the forms provided. Illegible forms will not be accepted.

All documents to be recorded (Contract, Notary Acknowledgment, Exhibit A Rehabilitation, Restoration and Maintenance Plan, Exhibit B and any Attachments E) shall conform to the Los Angeles County Clerk, Registrar-Recorder's Office requirements. There must be a minimum ½" margin on all documents.

DO NOT BIND, HOLE-PUNCH OR STAPLE ANY FORMS. USE PAPER CLIPS ONLY.

The final submission will include final, hard-copies of the 2019 Mills Act Historical Property Contract, including:

Historical Property Contract

Lines 1/2 - List owner(s) of property as it/they appear on the grant deed.

Line 3 – List the address of the property (number and street name only).

Line 4 – Same as Line(s) 1/2.

Paragraph (ii) – Enter the Historic-Cultural Monument or HPOZ designated contributing structure/property's historical name (See HPOZ Survey Data Sheet and/or ZIMAS information). If your

property has no historical name, type in **Contributing Property** in this space. The next line should be the same as Line 3. Next insert the zip code of the address. Towards the bottom of page one, type in the legal description of the property as listed on tax records (see an example tax bill from the Los Angeles County Office of the Assessor at <http://lacountypropertytax.com/portal/bills/annualbill.aspx>); this information can also be obtained from ZIMAS (zimas.lacity.org) under the “Address/Legal” section. **The format of the property description should be as follows: Tract(s) [tract name(s)], Block(s) [name(s) of block(s)], Lot(s) [lot number(s)]; AIN(s) [Assessor’s Identification Number].**

Paragraph (iii) – Enter the date the City Council declared the Historic-Cultural Monument (*Note, this date must be on or before March 1, 2019 in order to qualify*). Next insert the Council File Index which can be found at [Council File Management System](#).

Or, if your property is a contributor in an HPOZ, place **NA** in the first 5 spaces and insert the name of the HPOZ, as indicated.

If your property is both an HCM and HPOZ contributor, indicate both. If it is only an HCM, place **NA** on the HPOZ line.

Page 4 – Indicate the names and address to which the contract shall be mailed after recording.

Page 6 – Signature page – Ensure the names match the names on Page 1. For trusts, corporations and other legal entities representing ownership, ensure the title of any officers or trustees is clearly identified with the person signing and their relationship to the ownership entity. For example, if the owner is the Jane Doe Historic Trust, with Jane Doe as the Trustee, then Jane Doe signs her name and writes her title as **Trustee of the Jane Doe Historic Trust**.

Notary Acknowledgment Form

Use a Notary Acknowledgment Form provided by the Notary. Applicants must ensure the Notary Seal is legible and complies with the requirements of the California Secretary of State guidelines. Illegible and inaccurate notaries will not be accepted. **Ensure the Notary Commission (stamp) is valid through December 31, 2019.**

Contract Exhibit A

Rehabilitation/Restoration/Maintenance Plan

Fill in the required information.

Contract Exhibit B

Maintenance and Rehabilitation Standards and Conditions

Print the page out as part of the contract.

Tax Adjustment Worksheet

The Tax Adjustment Worksheet is used to estimate a potential reduction in property tax. It is also used by the City to estimate its potential lost property tax revenue. **This is only an estimate of potential tax savings.**

Exemption Form (if applicable)

A separate Exemption Form must be completed if your property value exceeds the eligibility limit. Fill out the form, sign and date it. An Historic Structure Report (HSR) shall be prepared to substantiate the

exceptional circumstances that warrant granting the exemption by the Cultural Heritage Commission. Submit the report along with the form and the remainder of the Mills Act Application.

Complete Photographic Documentation of the Property

One set of black and white photographic prints of the entire property shall be submitted, in addition to digital color images. Digital files should be submitted on a flash drive or e-mailed to planning.millsact@lacity.org.

Prints and Views:

Black and white photographic prints of the entire property, including exterior and interior spaces and features (digital photographs that are e-mailed or submitted on a flash drive should be in color). Images should include at least two full-room views of each room (generally one image taken from opposing corners is sufficient), all facades of the primary structure, and as many views of architectural details necessary to document the character-defining features of the structure(s) and site. Include images of any original hardscape or landscape features and the existing conditions of all yards/open space that are part of the property, as well as any original accessory structures. Digital photographs may be printed on letter-sized high quality photo paper (maximum of two images per page – single sided). There shall be one 8 x 10 printed image of the overall structure/property (view that best captures the property – e.g. front facade). 3 x 5 or 4 x 6 prints shall be loose/bound with a rubber band.

For larger properties, organize the photographs in a binder using plastic sleeves or photo guards.

Labeling

Each image shall be labeled with the property address, date of photograph, point of view, room or subject, and photographer. 3 x 5 or 4 x 6 prints shall have mailing sized, printed labels affixed to the back side, upper left-hand corner of each print.

Site Plan

The site plan shall be drawn to scale indicating the location of all buildings on the property, major site features, street names, north arrow, and dimensions. The site plan sheet format shall be 8½" x 11" or 11" x 17". See [Appendix C](#) and [Appendix D](#).

Tax Bill

Include a copy of the most recent tax bill with the application (if the property has recently been purchased, this may be submitted at a later date).

Grant Deed

Include a copy with the application.

Fees

(see [Fees](#) section)

APPENDICES

APPENDIX A: MAINTENANCE AND REHABILITATION STANDARDS AND CONDITIONS

Secretary of the Interior's Standards for Rehabilitation

1. A property will be used as it was historically or be given a new use that requires minimal change to its distinctive materials, features, spaces, and spatial relationships.
2. The historic character of a property will be retained and preserved. The removal of distinctive materials or alteration of features, spaces, and spatial relationships that characterize a property will be avoided.
3. Each property will be recognized as a physical record of its time, place, and use. Changes that create a false sense of historical development, such as adding conjectural features or elements from other historic properties, will not be undertaken.
4. Changes to a property that have acquired historic significance in their own right will be retained and preserved.
5. Distinctive materials, features, finishes, and construction techniques or examples of craftsmanship that characterize a property will be preserved.
6. Deteriorated historic features will be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature will match the old in design, color, texture, and, where possible, materials. Replacement of missing features will be substantiated by documentary and physical evidence.
7. Chemical or physical treatments, if appropriate, will be undertaken using the gentlest means possible. Treatments that cause damage to historic materials will not be used.
8. Archeological resources will be protected and preserved in place. If such resources must be disturbed, mitigation measures will be undertaken.
9. New additions, exterior alterations, or related new construction will not destroy historic materials, features, and spatial relationships that characterize the property. The new work shall be differentiated from the old and will be compatible with the historic materials, features, size, scale and proportion, and massing to protect the integrity of the property and its environment.
10. New additions and adjacent or related new construction will be undertaken in such a manner that, if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.

Property Maintenance

All buildings, structures, yards and other improvements shall be maintained in a superior manner. All current building and zoning codes will be enforced. The following conditions are prohibited:

- a. Dilapidated buildings or features such as fences, roofs, doors, walls and windows.
- b. Abandoned or discarded objects, equipment or materials such as automobiles, automobile parts, furniture, appliances, containers, lumber or similar items stored outside but within property lines.
- c. Stagnant water or open excavations.
- d. Any device, decoration or structure, which is unsightly by reason of its height, condition or location.
- e. Peeling exterior paint or unremoved/uncovered graffiti.
- f. Overgrown landscaping, exposed bald areas within yards or grounds and broken hardscape features which could cause injury.

- g.** Other substandard conditions as cited by the Cultural Heritage Commission, the Director of Planning, or the City's Office of Historic Resources.

Conditions

This Historical Property Contract provides the potential for property tax reduction in exchange for agreement to rehabilitate and maintain an historic building. Existing conditions not in conformance with the Secretary of the Interior's Standards, may be required to be removed and the original conditions remedied as part of this contract.

APPENDIX B: MUNICIPAL AND STATE CODES REGARDING HISTORICAL PROPERTY CONTRACTS

Los Angeles Administrative Code: Division 19, Chapter 14 - Approval of Historic Property Contracts

Section

- [19.140](#) Purpose.
- [19.141](#) Definitions.
- [19.142](#) Limitations on Eligibility.
- [19.143](#) Required Provisions of Historical Property Contracts.
- [19.144](#) Procedures for Application and Approval of Historical Property Contracts.
- [19.145](#) Execution and Recordation of Approved Historical Property Contract.
- [19.146](#) Severability.

Sec. 19.140. Purpose.

Pursuant to California Government Code Section 50280, the City Council may contract with an owner or agent of the owner of any qualified historical property, as defined in Section 50280.1 thereof, provided the contract meets the requirements of Sections 50281 and 50282 thereof. Pursuant to Article 1.9 of the California Revenue and Taxation Code, historical properties that are “restricted” by the type of contracts referenced in the previous sentence shall be reassessed by the County Assessor in a manner that may result in lower real property taxes. The purpose of this chapter is to implement State law permitting the approval of such Historical Property Contracts by establishing a uniform procedure for the owners of certain qualified historic properties within the City of Los Angeles to follow when applying for approval of Historical Property Contracts.

The City Council finds and determines that entering into Historical Property Contracts as hereinafter provided, will provide an incentive for the owners of the City’s Historic-Cultural Monuments to preserve their properties, thereby providing a cultural benefit to the citizens of Los Angeles. It is also the intent of the Council to provide the same preservation incentive to the owners of Contributing Structures within the City’s Historic Preservation Overlay Zones, established pursuant to Section 12.20.3 of the Los Angeles Municipal Code. The City Council further finds that such preservation will assist in maintaining the City’s existing stock of affordable housing, thereby providing a social and economic benefit to the citizens of Los Angeles.

SECTION HISTORY

Chapter and Section Added by Ord. No. 171,413, Eff. 12-28-96.

Sec. 19.141. Definitions.

For purposes of this chapter, the following words and phrases are defined as follows:

“Contributing Structure” shall mean a structure located within a Historic Preservation Overlay Zone, as defined in Section 12.20.3A6 of the Los Angeles Municipal Code as contributing to the historic significance of the Historic Preservation Overlay Zone, or otherwise determined by the Cultural Heritage Commission to be a contributor to the Historic Preservation Overlay Zone. A structure which is designated in a Historic

Resources Survey pursuant to Section 12.20.3E of the Los Angeles Municipal Code as Non-Contributing may be rehabilitated, thereby becoming eligible for designation as a Contributing Structure.

“Downtown Historic Core” shall mean the area in downtown Los Angeles bounded by First Street on the north, Los Angeles Street on the east, Ninth Street on the south, and Hill Street on the west.

“Greater Downtown Los Angeles Area” shall mean the area in downtown Los Angeles located within the boundaries of the Central City Community Plan Area as shown on the General Plan of the City of Los Angeles and the Figueroa Economic Strategy Area, as further depicted on the map attached to the Planning Department staff report, dated October 4, 2001, and identified as Exhibit 1 in Council File No. 97-0648.

“Historic-Cultural Monument” shall mean a site, building or structure, as defined in Section 22.171 of this Code, which has been included in the City’s list of monuments pursuant to Section 22.171 of this Code.

“Historical Property Contract” shall mean a contract between an owner(s) of a Historic-Cultural Monument or a Contributing Structure and the City of Los Angeles, meeting all the requirements of California Government Code Sections 50281 and 50282 and this chapter.

“Hollywood Historic District” shall mean the area defined in the Hollywood Redevelopment Plan map as the Hollywood Boulevard Commercial and Entertainment District.

SECTION HISTORY

Added by Ord. No. 171,413, Eff. 12-28-96.

Amended by Ord. No. 172,857, Eff. 11-15-99; Ord. No. 174,315, Eff. 12-20-01.

Sec. 19.142. Limitations on Eligibility.

It is the intent of the City Council that unrealized City revenue from loss of property taxes not collected due to executed Historical Property Contracts shall not exceed \$2,000,000 annually. In furtherance of this policy, eligibility for Historical Property Contracts shall be limited, except within the Downtown Historic Core, the Hollywood Historic District or the Greater Downtown Los Angeles Area, to sites, buildings or structures with a pre-contract assessed valuation of \$1,500,000 or less for single-family dwellings, and \$3,000,000 or less for multi-family residential, commercial, or industrial buildings, unless the individual property is granted an exemption from those limits by the Cultural Heritage Commission.

The limitations on eligibility shall be based on the Priority Consideration Criteria as developed by the Historical Property Contracts Manager or the Cultural Heritage Commission and kept on file with the Office of Historic Resources in the Department of City Planning. The Priority Consideration Criteria are as follows:

- (a) Necessity. The residential, commercial or industrial project will require financial incentives in addition to any mortgage financing, private capital or public loans, to help ensure the preservation of the property. This criterion shall establish that the structure is in danger of deterioration and in need of substantial rehabilitation that has significant associated costs.
- (b) Uniqueness. The project is a unique example of a residential, commercial or industrial property. The unique characteristics of the Historic-Cultural Monument or HPOZ Contributing property are identified under this criterion.

- (c) Investment. The residential, commercial or industrial project will result in additional private investment in the building other than for routine maintenance that may include seismic retrofitting, and substantial repair or rehabilitation work. This criterion will estimate the costs for the restoration and rehabilitation of the property that the owner is committed to undertaking.
- (d) Affordability. (Multi-family/Commercial mixed-use properties only): The residential or mixed-use project will result in the preservation or addition of safe and affordable dwelling units for low and moderate income households. Eligible properties under this criterion shall conform to current United States Department of Housing and Urban Development (HUD) criteria for affordable housing.
- (e) Employment. (Commercial and Industrial buildings only): The commercial or industrial project will primarily supply goods or services to residents of low and moderate income areas or provide employment of low and moderate income persons.

For the purpose of this section, “assessed valuation” does not include any portion of the value of a mixed-use project which is already exempt from payment of property taxes by a determination of the County Assessor pursuant to Sections 4(b) and 5 of Article XIII of the California Constitution and Sections 214, 254.5, and 259.5 of the Revenue and Taxation Code.

The Cultural Heritage Commission may grant an exemption from the limitations imposed by this section when:

- (a) granting the exemption will not cause the cumulative loss of property tax revenue to the City to exceed \$2,000,000 annually; and
- (b) the site, building or structure is a particularly significant Historic-Cultural Monument or Contributing Structure; and
- (c) granting the exemption will assist in the preservation of a site, building or structure which would otherwise be in danger of demolition, substantial alteration or relocation.

The City Council may, by majority vote, approve Historical Property Contracts not otherwise meeting the eligibility requirements contained in this chapter if it is found that the property meets all requirements of California Government Code Sections 50281 and 50282 and is especially deserving of a contract due to the exceptional nature of the property or other special circumstances.

SECTION HISTORY

Added by Ord. No. 171,413, Eff. 12-28-96.

Amended by: First and Third Paras., Ord. No. 172,857, Eff. 11-15-99.

Amendments adopted by City Council on February 15, 2012 and November 21, 2012

Sec. 19.143. Required Provisions of Historical Property Contracts.

The required provisions of a Historical Property Contract shall be those required by California Government Code Sections 50281 and 50282, including, but not limited to:

- (a) a minimum term of 10 years;

- (b) the owner's commitment and obligation to preserve and, when necessary, 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;
- (c) permission for periodic examination of the interior and exterior of the premises by State and local officials as may be necessary to verify the owner's compliance with the agreement;
- (d) a provision binding all successors in interest of the owner to the benefits and burdens of the contract;
- (e) a requirement that the owner provide written notice of the contract to the Office of Historic Preservation within six months of entering into the contract;
- (f) automatic annual renewal(s) of the contract, absent timely written notice of non-renewal by the owner of the City, as prescribed in Section 50282(a).

Additionally, the contract shall require that the owner furnish the City with any information requested to determine the eligibility of the property. The contract shall state that the City may cancel the contract if it determines that the owner has breached any of the conditions of the contract or has allowed the property to deteriorate to the point that it no longer meets the standards for a Historic-Cultural Monument or Contributing Structure, and that the City may also cancel the contract if the City determines that the owner has failed to restore or rehabilitate the property in the manner specified in the contract. The contract shall also state that if the City does cancel the contract for the above reasons the owner shall pay the State of California a cancellation fee of twelve and one-half percent (12½%) of the full value of the property at the time of cancellation, as determined by the County Assessor without regard to any restriction on the property imposed pursuant to the Historical Property Contract.

The contract shall also provide that in the event preservation, restoration or rehabilitation becomes infeasible due to damage caused by natural disaster (e.g., fire, flood, earthquake, etc.), the City may cancel the contract without the owner being required to pay the State of California the above-referenced cancellation fee as a penalty. However, in such event, no contract shall be cancelled by the City unless the Cultural Heritage Commission determines, after consultation with the State Office of Historic Preservation pursuant to Public Resources Code Section 5028, that preservation, restoration or rehabilitation is infeasible.

The Department of Planning ("Department") shall maintain a sample "Historical Property Contract" containing all required provisions specified by this section. Contracts submitted on the City's form shall be deemed to contain all provisions necessary for a Historical Property Contract with the City. Additional provisions desired by the owner shall be subject to approval by the City Council and the City Attorney.

SECTION HISTORY

Added by Ord. No. 171,413, Eff. 12-28-96.
Amended by: Ord. No. 176,293, Eff. 1-1-05.

[The following section in italics is revised text approved by the City's Planning and Land Use Management Committee on December 4, 2018, Council File 09-0969-S2, and is pending approval and adoption by City Council]

Sec. 19.144. Procedures for Application and Approval of Historical Property Contracts.

An owner of a Historic-Cultural Monument or Contributing Structure may file an application with the Department for approval of a Historical Property Contract. Each application shall be accompanied by a nonrefundable application fee as specified in Section 19.01 F of the Los Angeles Municipal Code.

An application for approval of a Historical Property Contract must include a complete legal description of the property.

Upon receipt of an application on a form to be prescribed by the Department and upon the payment of the required fees as set forth in Section 19.01 F of the Los Angeles Municipal Code, eligibility of the property for a Historical Property Contract pursuant to this chapter shall be determined. Upon verification that the property is a Historic-Cultural Monument or a Contributing Structure, the Department shall calculate the amount of revenue loss to the City from real property tax savings. If the amount of lost revenue from the proposed Historical Property Contract will not cause the City's lost revenues from Historical Property Contracts in the aggregate to exceed \$2,000,000 annually, then the Department shall ascertain whether the property's current assessed valuation is \$1,500,000 or less for single-family dwellings, or \$3,000,000 or less for multi-family residential, commercial or industrial buildings, unless the property is located within the Downtown Historic Core, the Hollywood Historic District, or the Greater Los Angeles Downtown Area, in which case the dollar limitations relating to assessed valuation are inapplicable. If those respective valuations are exceeded and the property is located outside of the Downtown Historic Core, the Hollywood Historic District or the Greater Los Angeles Downtown Area, the Cultural Heritage Commission shall determine whether an exemption should be granted, pursuant to Section 19.142 of this Code.

If the property is determined ineligible for a Historical Property Contract by the Historical Property Contracts Manager pursuant to this section, the owner or the owner's agent may appeal the Staff Determination of Ineligibility to the Cultural Heritage Commission. The appeal shall be filed on a form provided by the Department of City Planning, along with the fee specified in Section 19.01 F of the Los Angeles Municipal Code. The Cultural Heritage Commission shall make a determination of eligibility subsequent to the appeal.

If the property is determined eligible for a Historical Property Contract pursuant to this section, the owner or the owner's agent shall prepare and submit to the Department a Historical Property Contract containing the required provisions as set forth in Section 19.143 and pay a Contract Execution Fee according to Section 19.01 F of the Los Angeles Municipal Code. Historical Property Contracts shall also include a fee covering periodic inspections mandated by the State of California to occur once every five years. The fee shall be as set forth in Section 19.01 F of the Los Angeles Municipal Code.

The City's standard Historical Property Contract or the owner's version, as approved by the City Attorney, shall then be submitted by the Department to the City Council for its consideration. Historical Property Contracts are subject to City Council approval by majority vote of the entire City Council.

SECTION HISTORY

Added by Ord. No. 171,413, Eff. 12-28-96.

Amended by: Third Para., Ord. No. 172,857, Eff. 11-15-99; First Para., Ord. No. 177,183, Eff. 1-15-06.

Amendments adopted by City Council on February 15, 2012 and November 21, 2012

Sec. 19.145. Execution and Recordation of Approved Historical Property Contract.

Upon approval by the City Council of a Historical Property Contract, the General Manager of the Department and the owner of the property shall be authorized to execute the agreement on condition that the property owner submit a check to the Department made payable to the "L.A. County Recorder" in the amount of the fee for recording the agreement. No later than 20 calendar days after execution of the agreement, the Department shall deliver the check and cause a copy of the executed Historical Property Contract to be recorded in the Office of the Los Angeles County Recorder.

SECTION HISTORY

Added by Ord. No. 171,413, Eff. 12-28-96.

Sec. 19.146. Severability.

If any provision of this chapter is held to be invalid by a court of competent jurisdiction, it is the intent of the City Council that all other provisions of this chapter shall remain in full force and effect. The City Council hereby declares the provisions of this chapter to be severable.

SECTION HISTORY

Added by Ord. No. 171,413, Eff. 12-28-96.

California 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.

(2) For an inspection of the interior and exterior of the premises by the city, county, or city and county, prior to a new agreement, and every five years thereafter, to determine the owner's compliance with the contract.

(3) For it to be binding upon, and inure to the benefit of, all successors in interest of the owner. A successor in interest shall have the same rights and obligations under the contract as the original owner who entered into the contract.

(c) The owner or agent of an owner shall record the contract with the county in which the property is located within six months of entering into the contract.

50281.1. The legislative body entering into a contract described in this article may require that the property owner, as a condition to entering into the contract, pay a fee that shall not exceed the reasonable cost of providing the service pursuant to this article for which the fee is charged.

50282.

(a) Each contract shall provide that on the anniversary date of the contract or such other annual date as is specified in the contract, a year shall be added automatically to the initial term of the contract unless

notice of nonrenewal is given as provided in this section. Each contract shall also provide that after five years, and every five years thereafter, the city, county, or city and county shall inspect the interior and exterior of the premises to determine the owner's continued compliance with the contract. If the property owner or the legislative body desires in any year not to renew the contract, that party shall serve written notice of nonrenewal of the contract on the other party in advance of the annual renewal date of the contract. Unless the notice is served by the owner at least 90 days prior to the renewal date or by the legislative body at least 60 days prior to the renewal date, one year shall automatically be added to the term of the contract.

(b) Upon receipt by the owner of a notice from the legislative body of nonrenewal, the owner may make a written protest of the notice of nonrenewal. The legislative body may, at any time prior to the renewal date, withdraw the notice of nonrenewal.

(c) If the legislative body or the owner serves notice of intent in any year not to renew the contract, the existing contract shall remain in effect for the balance of the period remaining since the original execution or the last renewal of the contract, as the case may be.

(d) The owner shall furnish the legislative body with any information the legislative body shall require in order to enable it to determine the eligibility of the property involved.

(e) No later than 20 days after a city or county enters into a contract with an owner pursuant to this article, the clerk of the legislative body shall record with the county recorder a copy of the contract, which shall describe the property subject thereto. From and after the time of the recordation, this contract shall impart a notice thereof to all persons as is afforded by the recording laws of this state.

50284. If the legislative body determines that the owner has breached any of the conditions of the contract provided for in this article or has allowed the property to deteriorate to the point that it no longer meets the standards for a qualified historical property, the legislative body shall do one of the following:

(a) Cancel the contract by following the procedures specified in Sections 50285 and 50286.

(b) Bring any action in court necessary to enforce a contract, including, but not limited to, an action to enforce the contract by specific performance or injunction.

50285. No contract shall be canceled under Section 50284 until after the legislative body has given notice of, and has held, a public hearing on the matter. Notice of the hearing shall be mailed to the last known address of each owner of property within the historic zone and shall be published pursuant to Section 6061.

50286.

(a) If a contract is canceled under Section 50284, the owner shall pay a cancellation fee equal to 12 1/2 percent of the current fair market value of the property, as determined by the county assessor as though the property were free of the contractual restriction.

(b) The cancellation fee shall be paid to the county auditor, at the time and in the manner that the county auditor shall prescribe, and shall be allocated by the county auditor to each jurisdiction in the tax

rate area in which the property is located in the same manner as the auditor allocates the annual tax increment in that tax rate area in that fiscal year.

(c) Notwithstanding any other provision of law, revenue received by a school district pursuant to this section shall be considered property tax revenue for the purposes of Section 42238 of the Education Code, and revenue received by a county superintendent of schools pursuant to this section shall be considered property tax revenue for the purposes of Article 3 (commencing with Section 2550) of Chapter 12 of Part 2 of Division 1 of Title 1 of the Education Code.

50287. As an alternative to cancellation of the contract for breach of any condition, a landowner that is a party to the contract may bring any action in court necessary to enforce a contract, including, but not limited to, an action to enforce the contract by specific performance or injunction.

50288. In the event that property subject to contract under this article is acquired in whole or in part by eminent domain or other acquisition by any entity authorized to exercise the power of eminent domain, and the acquisition is determined by the legislative body to frustrate the purpose of the contract, such contract shall be canceled and no fee shall be imposed under Section 50286. Such contract shall be deemed null and void for all purposes of determining the value of the property so acquired.

50289. In the event that property restricted by a contract with a county under this article is annexed to a city, the city shall succeed to all rights, duties, and powers of the county under such contract.

50290. Local agencies and owners of qualified historical properties may consult with the State Historical Resources Commission for its advice and counsel on matters relevant to historical property contracts.

California Revenue And Taxation Code: Section 439-439.4

439. For the purposes of this article and within the meaning of Section 8 of Article XIII of the Constitution, property is "enforceably restricted" if it is subject to an historical property contract executed pursuant to Article 12 (commencing with Section 50280) of Chapter 1 of Part 1 of Division 1 of Title 5 of the Government Code.

439.1. For purposes of this article "restricted historical property" means qualified historical property, as defined in Section 50280.1 of the Government Code, that is subject to a historical property contract executed pursuant to Article 12 (commencing with Section 50280) of Chapter 1 of Part 1 of Division 1 of Title 5 of the Government Code. For purposes of this section, "qualified historical property" includes qualified historical improvements and any land on which the qualified historical improvements are situated, as specified in the historical property contract. If the historical property contract does not specify the land that is to be included, "qualified historical property" includes only that area of reasonable size that is used as a site for the historical improvements.

439.2. When valuing enforceably restricted historical property, the county assessor shall not consider sales data on similar property, whether or not enforceably restricted, and shall value that restricted historical property by the capitalization of income method in the following manner:

(a) The annual income to be capitalized shall be determined as follows:

(1) Where sufficient rental information is available, the income shall be the fair rent that can be imputed to the restricted historical property being valued based upon rent actually received for the property by the owner and upon typical rentals received in the area for similar property in similar use where the owner pays the property tax. When the restricted historical property being valued is actually encumbered by a lease, any cash rent or its equivalent considered in determining the fair rent of the property shall be the amount for which the property would be expected to rent were the rental payment to be renegotiated in the light of current conditions, including applicable provisions under which the property is enforceably restricted.

(2) Where sufficient rental information is not available, the income shall be that which the restricted historical property being valued reasonably can be expected to yield under prudent management and subject to applicable provisions under which the property is enforceably restricted.

(3) If the parties to an instrument that enforceably restricts the property stipulate therein an amount that constitutes the minimum annual income to be capitalized, then the income to be capitalized shall not be less than the amount so stipulated.

For purposes of this section, income shall be determined in accordance with rules and regulations issued by the board and with this section and shall be the difference between revenue and expenditures. Revenue shall be the amount of money or money's worth, including any cash rent or its equivalent, that the property can be expected to yield to an owner-operator annually on the average from any use of the property permitted under the terms by which the property is enforceably restricted.

Expenditures shall be any outlay or average annual allocation of money or money's worth that can be fairly charged against the revenue expected to be received during the period used in computing the

revenue. Those expenditures to be charged against revenue shall be only those that are ordinary and necessary in the production and maintenance of the revenue for that period. Expenditures shall not include depletion charges, debt retirement, interest on funds invested in the property, property taxes, corporation income taxes, or corporation franchise taxes based on income.

(b) The capitalization rate to be used in valuing owner-occupied single family dwellings pursuant to this article shall not be derived from sales data and shall be the sum of the following components:

(1) An interest component to be determined by the board and announced no later than October 1 of the year preceding the assessment year and that was the yield rate equal to the effective rate on conventional mortgages as most recently published by the Federal Housing Finance Board as of September 1, rounded to the nearest one-fourth of 1 percent.

(2) A historical property risk component of 4 percent.

(3) A component for property taxes that shall be a percentage equal to the estimated total tax rate applicable to the property for the assessment year times the assessment ratio.

(4) A component for amortization of the improvements that shall be a percentage equivalent to the reciprocal of the remaining life.

(c) The capitalization rate to be used in valuing all other restricted historical property pursuant to this article shall not be derived from sales data and shall be the sum of the following components:

(1) An interest component to be determined by the board and announced no later than October 1 of the year preceding the assessment year and that was the yield rate equal to the effective rate on conventional mortgages as determined by the Federal Housing Finance Board as of September 1, rounded to the nearest one-fourth of 1 percent.

(2) A historical property risk component of 2 percent.

(3) A component for property taxes that shall be a percentage equal to the estimated total tax rate applicable to the property for the assessment year times the assessment ratio.

(4) A component for amortization of the improvements that shall be a percentage equivalent to the reciprocal of the remaining life.

(d) Unless a party to an instrument that creates an enforceable restriction expressly prohibits the valuation, the valuation resulting from the capitalization of income method described in this section shall not exceed the lesser of either the valuation that would have resulted by calculation under Section 110, or the valuation that would have resulted by calculation under Section 110.1, as though the property was not subject to an enforceable restriction in the base year.

(e) The value of the restricted historical property shall be the quotient of the income determined as provided in subdivision (a) divided by the capitalization rate determined as provided in subdivision (b) or (c).

(f) The ratio prescribed in Section 401 shall be applied to the value of the property determined in subdivision (d) to obtain its assessed value.

439.3. Notwithstanding any provision of Section 439.2 to the contrary, if either the county or city or the owner of restricted historical property subject to contract has served notice of nonrenewal as provided in Section 50282 of the Government Code, the county assessor shall value that restricted historical property as provided in this section.

(a) Following the hearing conducted pursuant to Section 50285 of the Government Code, subdivision (b) shall apply until the termination of the period for which the restricted historical property is enforceably restricted.

(b) The board or assessor in each year until the termination of the period for which the property is enforceably restricted shall do all of the following:

(1) Determine the full cash value of the property pursuant to Section 110.1. If the property is not subject to Section 110.1 when the restriction expires, the value shall be determined pursuant to Section 110 as if the property were free of contractual restriction.

If the property will be subject to a use for which this chapter provides a special restricted assessment, the value of the property shall be determined as if it were subject to the new restriction.

(2) Determine the value of the property by the capitalization of income method as provided in Section 439.2 and without regard to the fact that a notice of nonrenewal or cancellation has occurred.

(3) Subtract the value determined in paragraph (2) of this subdivision by capitalization of income from the full cash value determined in paragraph (1).

(4) Using the rate announced by the board pursuant to paragraph (1) of subdivision (b) of Section 439.2, discount the amount obtained in paragraph (3) for the number of years remaining until the termination of the period for which the property is enforceably restricted.

(5) Determine the value of the property by adding the value determined by the capitalization of income method as provided in paragraph (2) and the value obtained in paragraph (4).

(6) Apply the ratios prescribed in Section 401 to the value of the property determined in paragraph (5) to obtain its assessed value.

439.4. No property shall be valued pursuant to this article unless an enforceable restriction meeting the requirements of Section 439 is signed, accepted and recorded on or before the lien date for the fiscal year in which the valuation would apply.

APPENDIX C: SITE PLAN INFORMATION

The purpose of a site plan is to locate all the buildings on a given property. When drafting a site plan imagine taking an aerial photograph of the site. Site plans should always be oriented with the north arrow pointed either up or to the right. Place the site plan on the paper in such a way that there is space in the margins for descriptive information. Remember that a site plan is NOT an interior floor plan.

The site plan should contain the following information:

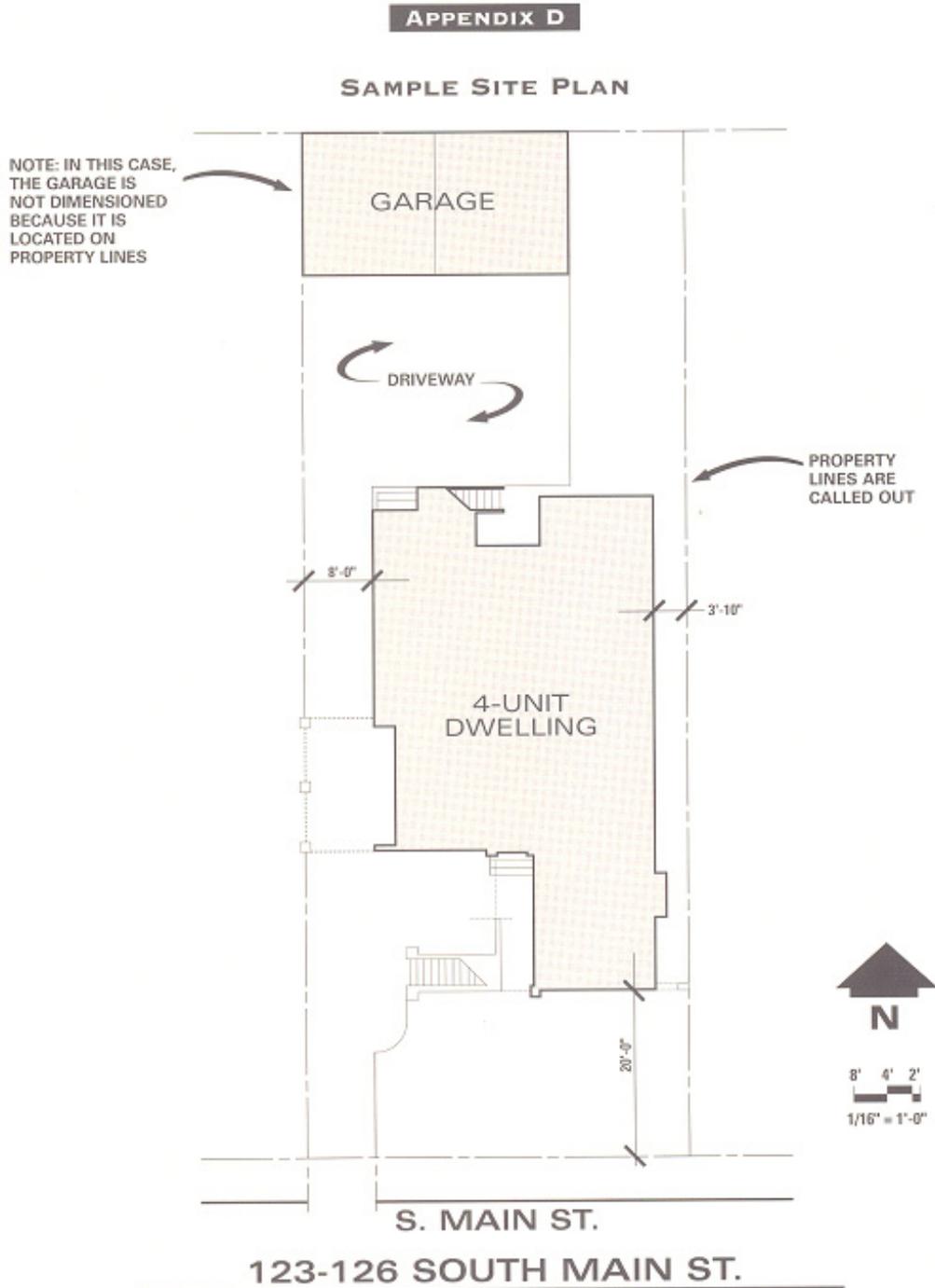
- Street address.
- North arrow.
- Scale reference. The site plan must be drawn to scale. A Sanborn map is often helpful in identifying the size of the lot. It may be necessary to engage the service of a professional to assist in preparing the site plan.
- The site boundary line shown as a series of long lines and dashes.
- All buildings (e.g. house, garage, guesthouse, garden shed, pool, etc.) located on the property. Show each building's footprint as a heavy solid line.
- All street names that adjoin the property.
- All hardscape features such as walks, driveways, etc.
- Dimensions that locate buildings should intersect the property lines to provide a point of reference.
- Miscellaneous notes referencing other significant features (i.e., water fountain, gates, etc.)

A site plan does NOT show the following:

- Interior floor plans
- Furniture placement
- Interior dimensions
- Thumbnail sketches

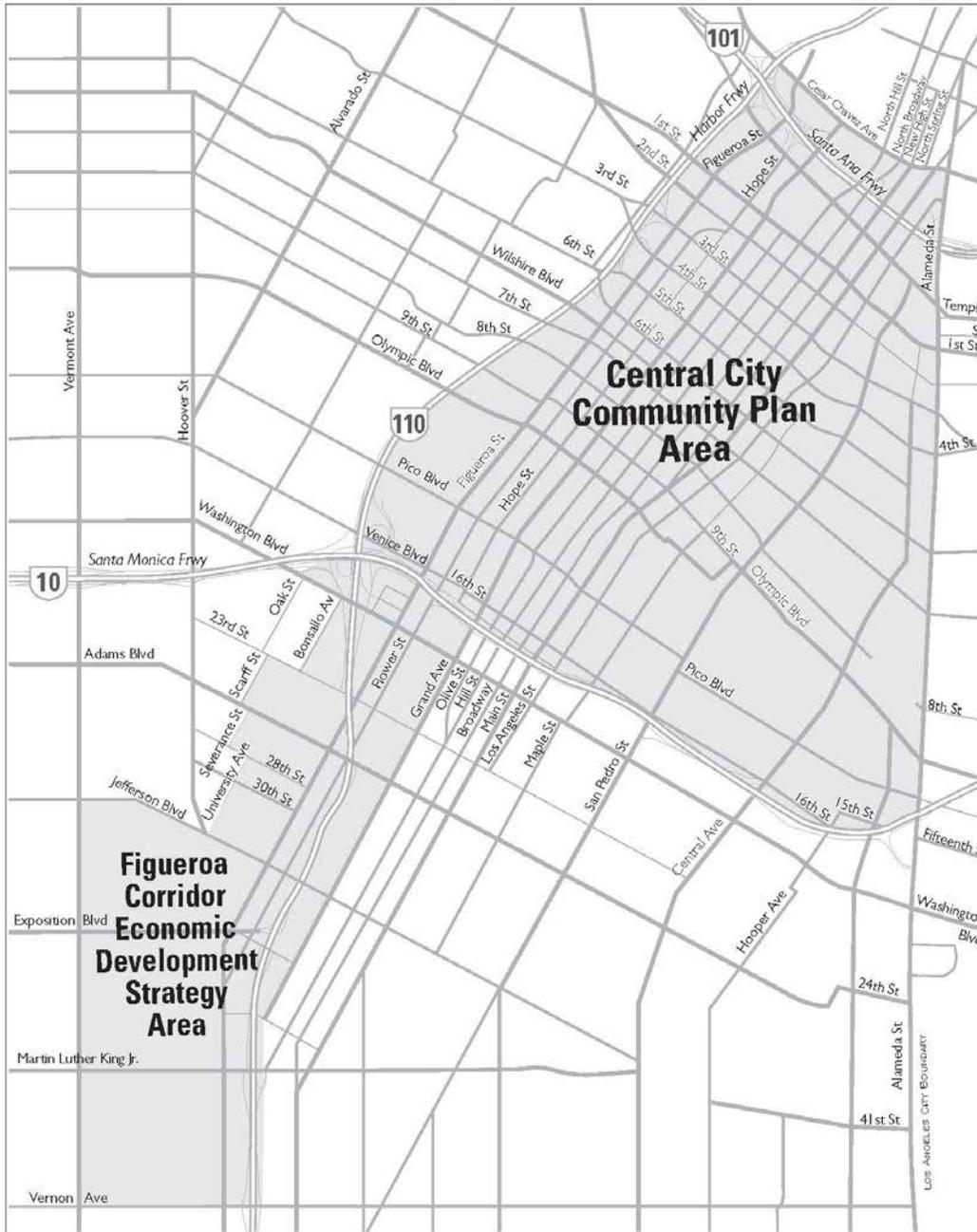
APPENDIX D: SAMPLE SITE PLAN

The site



plan provided illustrates a typical multi-family residence with a detached garage on a level parcel.

APPENDIX E: ADAPTIVE REUSE ORDINANCE BOUNDARY MAPS

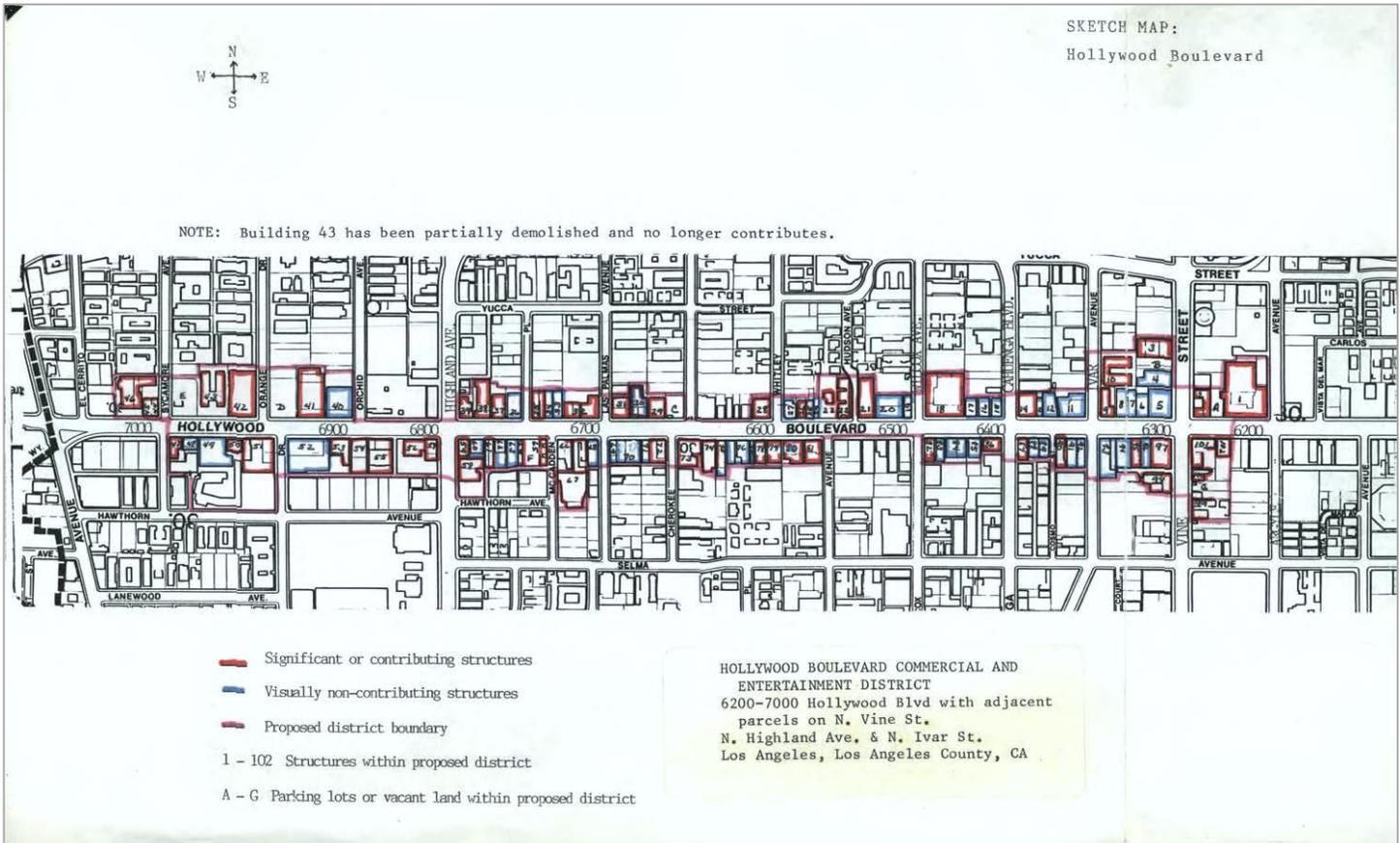


Downtown Adaptive Reuse Ordinance

■ Downtown Project Area

LAMC Section 12.22 A 26, amended by Ordinance No. 174, 315, effective December 20, 2001

↑ N
not to scale



APPENDIX F: STATE BOARD OF EQUALIZATION GUIDELINES FOR THE ASSESSMENT OF ENFORCABLY RESTRICTED HISTORICAL PROPERTY

(Document begins on subsequent page.)