



## **CITY OF SALINAS HISTORIC RESOURCES BOARD**

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**DATE:** **APRIL 8, 2024**

**TO:** **HISTORIC RESOURCES BOARD**

**FROM:** **LISA BRINTON, COMMUNITY DEVELOPMENT DIRECTOR**

**THROUGH GRANT LEONARD, PLANNING MANAGER**

**BY:** **JESSICA SHULL, ASSOCIATE PLANNER**

**TITLE:** **MILLS ACT PROGRAM**

**RECOMMENDED MOTION:**

A motion to affirm the findings and adopt the attached Resolution recommending that the City Council adopt a Mills Act Tax Savings Program.

**EXECUTIVE SUMMARY**

The Mills Act is an economic incentive program that grants tax savings to property owners for the restoration and preservation of qualified historic buildings. In 2016, the City of Salinas adopted a Mills Act Program with a 5-year pilot program, which lapsed in 2022. During the pilot program, three contracts (2 residential and 1 commercial) were approved by the City Council. The Historic Resource Board reviewed the Mills Act Program at the October 4, 2023, meeting, and indicated support for establishing a permanent Mills Act Program. The Historic Resources Board discussed the Mills Act Program at the December 4, 2023, meeting to provide staff additional direction on the structure of a permanent Mills Act Program.

**DISCUSSION:**

**Background:**

On February 7, 2016, City Council Ordinance No. 2588 clarified the responsibilities of the Historic Resources Board, which provided the Historic Resources Board and City Council the authority to establish a Mills Act Program. Per Section 3-02.14 of the Municipal Code, the following summarizes the Mills Act Program:

*Per Section 3-02.14 of the Salinas Municipal Code and pursuant to California Government Code,*

*Article 12, Section 50280 (known as the Mills Act), the City Council may establish a Mills Act Program providing for contractual agreement with an owner of an historic property as designated by the City Council or on any official federal, state or county register, for the purpose of preservation, rehabilitation, and maintenance of a designated historic resource. The terms of the Mills Act agreement allow the owner to receive a reduction in property taxes in exchange for the property owner's commitment to specific repair, rehabilitation improvements and satisfactory maintenance of the historic property. The agreement shall include, but not be limited to, the contract provisions as required under state law, and shall extend for a minimum period of ten years, with automatic renewal on an annual basis, until and unless a notice of non-renewal or cancellation is filed. The application process, review procedures, and required contract provisions for Mills Act agreements shall be established by separate resolution of the City Council and shall be implemented by the Community Development Director or his/her designee.*

On June 28, 2016, City Council Resolution No. 20986 (see attached) established the Mills Act Program, with a five-year pilot program, which was to be considered for continuation in 2022 after review of the program performance between 2016 and 2022. Since the inception of the Mills Act Program, three Mills Act Contracts have been executed.

<b>Address</b>	<b>Improvements completed consistent with Contract</b>	<b>Approximate Property Tax Savings</b>
147 Central Avenue	Permit # R19-0076 (2019) Reroof	\$15,971.95
15 Los Laureles Avenue	No improvements consistent with the contract	\$34,746.24
301 Main Street	Permit #: B18-0736, B19-0361, B20-0520, B21-0652 (2018-2022) Various tenant improvements including restaurant and 50 studio units	2023 will be the first year of property tax savings

The City reached out via email to the Monterey County Assessor's Office for observed property tax savings of the three Mills Act Contract properties. The Monterey County Assessor's Office provided the following for each subject property: assessed value without the Mills Act Contract, the Mills Act Contract assessed value, and the tax rates since their contract inception; the City calculated the monetary tax savings (see attached).

The permanent Mills Act Program is being presented to the Historic Resources Board on April 8, 2024, and will go before the City Council on May 7, 2024.

### Analysis

The City currently only has one performing Mills Act Contract out of three since the adoption of the Mills Act Program. The city is considering the continuation of the Mills Act Program after review of the experience between 2016 and 2022 with direction from the Historic Resources Board.

Under the Mills Act, jurisdictions can establish their own criteria and determine how many contracts they will allow in their jurisdiction. The City of Salinas's Mills Act pilot program contained the following criteria:

- Limits to the amount of City property taxes reductions to \$100,000/year.
  - If the number of applicants exceeded the tax contribution limit, eligible applications are selected based on the order they are received.
- Applications are only accepted during the months of May, June and July.
- Mills Act recipients must prepare a maintenance plan and submit a bi-annual report that specifies all work done to maintain and preserve the historic building over the year.
- The Historic Resources Board reviews the applications and recommends approval, modification, or denial of the request to the City Council. City Council takes final action on the request.

Based on the discussion at the December 4, 2023 meeting, staff was determined that no modifications would be made to the existing Mills Act program criteria. Modifications to the program would be administrative and program oversight.

### Findings:

Staff has reviewed the Pilot Mills Act Program and completed research on many programs around the state. Findings for the permanent Mills Act Program are included in the attached resolution.

### Time consideration:

The proposal has no legal deadline. But the five-year pilot Mills Act Program lapsed in 2022 and a future recommendation to City Council on the Mills Act Program is necessary to facilitate future Mills Act applications.

### Alternatives Available to the Board:

The Historic Resources Board has the following alternative:

1. Affirm the findings set forth in the attached Resolution with modifications; or

2. Not affirm the findings set forth in the attached Resolution and not recommend that the City Council adopt a Mills Act Tax Savings Program.

Conclusion:

Staff recommends that the Historic Resources Board approve the attached resolution recommending that the City Council adopt a Mills Act Program.

CEQA CONSIDERATION:

The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities, which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the matter does not cause a direct or foreseeable indirect physical change on or in the environment, this matter is not a project.

ATTACHMENTS:

Draft Historic Resources Board Resolution No. 2024-002  
Mills Act Contract for 147 Central Avenue  
Mills Act Contract for 15 Los Laureles Avenue  
Mills Act Contract for 301 Main Street