



Mills Act Program Status Update on Policy Changes and Ordinance Amendments

Cultural Heritage Commission
December 1, 2022

LOS ANGELES
CITY PLANNING

Program Assessment

PROGRAM SUSTAINABILITY




PROGRAM EQUITY



FEEDBACK FORM

LOS ANGELES CITY PLANNING





Mills Act Assessment Report - Feedback Form

Thank you for your interest in the City's Mills Act Historical Property Contract Program Assessment. We welcome you to share your input using this form, after having reviewed the report available online here: <https://bit.ly/3QpmpW5>.

Please feel free to reach out to City Planning staff if you have any questions:

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* Required

Name (first and last) *

Your answer _____

Property Address *

Your answer _____

Property Type (check one) *

Single-family Residence

Multi-family Residence

Commercial or Mixed-Use (Commercial and Multi-family)

Mills Act Assessment: Feedback Questions

- Do you think that the Mills Act Program provides an adequate financial incentive to property owners?
- Which of the following should the Mills Act Program incentivize? Long-term maintenance-related projects? Substantial preservation-related rehabilitation projects? Or both?
- Do you support the concept of limiting the term of Mills Act Contracts to 20 years to expand the capacity of the program for new applications?

Mills Act Assessment: Feedback Questions

- Please share any comments you have about prioritizing applications for new Mills Act contracts for multi-family properties that provide affordable housing.
- Should the Mills Act Program focus on properties located in communities that have historically been underserved?

Mills Act Assessment: Feedback Summary

- **383** total responses
- **274** through the online form
- **59 percent** of online form responses (161) were from individuals who do not currently have a property under a Mills Act contract

Mills Act Assessment: Feedback Summary

- **82 percent** of online survey form respondents (224), and the majority of those who e-mailed their comments, did not support limiting the term of Mills Act contracts to 20 years
- Most respondents not supportive of the City not renewing existing contracts older than 10 years
 - De-incentivize maintenance of historic buildings
 - Cause financial infeasibility to maintain properties
 - Concern for loss of protection of interior features, particularly for HPOZ contributors

Mills Act Assessment: Feedback Summary

- Support for the collection of contract maintenance fee to fund additional staffing
- Suggest City increase enforcement efforts and terminate contracts for those not in compliance
- **91 percent** of online survey form respondents indicated that the program provides an adequate benefit; 9 percent disagreed
- Several respondents reported that they front-loaded funds to rehabilitate their properties and Mills Act benefits are to reimburse the funds spent

Mills Act Assessment: Feedback Summary

- **38 percent** of online survey form respondents (104) did not support the Mills Act program focusing on underserved communities
 - historical properties exist across the entire city, not just in underserved areas
 - outreach and education programs, as well as technical assistance, should be conducted in underserved neighborhoods
- Focus should be historic preservation, as intended
 - Program provides affordable housing by subsidizing homeownership and lower rents enabled by landlords' tax savings

Mills Act Assessment: Feedback Summary

- Comments from Los Angeles Conservancy and West Adams Heritage Association (WAHA)
 - support for collecting fees (including fee for non-compliant properties), establishment of mechanism to collect and track fees, for fees to be used for the management and operation of the program, particularly for additional staffing

Mills Act Assessment: Feedback Summary

- Comments from Los Angeles Conservancy and West Adams Heritage Association (WAHA) cont'd
 - Opposed to the recommendation not to renew older contracts
 - Many historic resources will be left vulnerable, and it goes against program's original intent
 - Long-term owners have diminishing financial returns and the property becomes less of a financial "drain" on the program
 - Sale of a property provides incentive to new owners to continue preservation stewardship

Mills Act Assessment: Feedback Summary

- Comments from Los Angeles Conservancy and West Adams Heritage Association (WAHA) cont'd
 - Issuing Notices of Non-Renewal for any of the 412 existing contracts within Medium-to-High Barrier to Opportunity areas would be against equity priority considerations
 - Increasing pre-contract assessed value limits for both single-family and multi-family properties would ensure eligibility for additional historical resources

Mills Act Assessment: Feedback Summary

- Comments from Los Angeles Conservancy and West Adams Heritage Association (WAHA) cont'd
 - Exemption for Adaptive Reuse Ordinance (ARO) projects would incentivize the creation of more housing in existing buildings
 - Tenant anti-displacement safeguard measures should be implemented
 - Conservancy opposed expanding eligibility criteria

Mills Act Assessment: Feedback Summary

- Comments from Los Angeles Conservancy and West Adams Heritage Association (WAHA) cont'd
 - WAHA: prioritizing multi-family housing with affordable units may not be realistic given State and County implementation procedures; the owner may or may not receive tax relief
 - WAHA: requiring participating properties to have a substantial amount of structural, other systems, and historical rehabilitation work is barrier to participation and is disconnected from equity goals

Mills Act Assessment: Feedback Summary

- Comments from Los Angeles Conservancy and West Adams Heritage Association (WAHA) cont'd
 - WAHA: In thinking about the City's foregone property tax revenue from Mills Act properties, the City's total revenue from its share of property taxes overall has increased by \$43 million from 2016 to 2021
 - To ensure more compliance with Mills Act contracts, there should be annual reporting required by every property owner
 - WAHA: The City should investigate additional, less burdensome initiatives to incentivize historic preservation

Mills Act Assessment: Implementation Strategy

- Develop Policy Recommendations and Ordinance Amendments
 - Amending existing program fee structure and recovering administrative costs for processing non-compliance and contract cancellation cases;
 - Establishing stronger contract compliance-related provisions and mechanisms for enforcement;
 - Refining and refocusing existing eligibility criteria and priorities for new applications;

Mills Act Assessment: Implementation Strategy

- Develop Policy Recommendations and Ordinance Amendments
 - Expanding participation in the program by broadening eligibility requirements to achieve a more equitable distribution of benefits;
 - Managing data more effectively and providing greater transparency about the program to the public; and
 - Developing refined strategies, responsive to the public input received on the assessment report, that will address program capacity in order to enable new applications and the continued expansion of the program

Target Timeline

Feb 2023

Release of Draft Policy Recommendations and Ordinance Amendments

Mar 2023

Presentation at Cultural Heritage Commission

Mar-Apr 2023

Second Phase of Outreach

Apr 2023

Transmittal to City Council

May 2023

PLUM Committee and City Council hearings

Oct 2023

Final Ordinance

Jan 2024

Relaunch Acceptance of New Applications

Questions?

An aerial photograph of a densely populated city, likely Los Angeles, showing a mix of residential and commercial buildings. The image is overlaid with a gradient that transitions from a light blue at the top to a warm orange at the bottom. The word "Questions?" is written in a large, white, sans-serif font across the middle of the image. A short white horizontal line is positioned above the text.