

# FACT SHEET

## Mills Act Program Draft Policy Updates and Ordinance Amendments

### Summary


In response to a [motion](#) adopted by the City Council ([Council File No. 23-0331](#)), Los Angeles City Planning has prepared a [Draft Policy Updates and Ordinance Amendments document](#) for the Mills Act program based on the [2022 Assessment Report](#) completed by historic preservation consultant, Chattel, Inc., and subconsultant, AECOM. The goals of the recommendations outlined in the policy document are the long-term sustainability of the program and a more equitable distribution of program benefits throughout the city. As directed by the motion, the policy updates and ordinance amendments will be presented before the Cultural Heritage Commission for their review and consideration in making final recommendations to the City Council.

### Background

Due to its success over the years, the total number of Mills Act Historical Property Contracts has expanded beyond the capacity of City staff to properly administer the program. State law has also evolved to require more rigor in program management by municipalities. In addition, since the program's inception, housing affordability, production of housing, and equity considerations have further increased in importance for the city.

City Planning has undertaken a comprehensive assessment to evaluate the sustainability and equity of the City's Mills Act Historical Property Contract program. The Department contracted with historic preservation consultant, Chattel, Inc., and subconsultant, AECOM, to conduct the assessment and prepare a report with recommendations. The assessment analyzed a variety of program components, including staffing requirements, revenue streams to support the program, data management, and the allocation of property tax savings among existing contracts to determine the geographic distribution of program participation. The assessment found that there are insufficient dedicated financial and staffing resources to effectively manage the program and an unequal distribution of program benefits across the city.

In an effort to strengthen and potentially expand the program, the assessment identified operational and administrative improvements to make the program more effective and sustainable, with a focus on a more equitable distribution of the program's benefits. The results of the study are outlined in an [Assessment Report](#) with an [Executive Summary](#) that includes [Recommendations](#) for policy changes and ordinance amendments for the program. The



assessment organizes its analysis and recommendations into two primary sections, addressing program sustainability and program equity.

In 2023, the City Council adopted a motion directing City Planning to prepare a report with recommendations, ordinance amendments, and administrative changes to the Mills Act program based on the assessment report and community input for review and consideration by the Cultural Heritage Commission. The motion further directed the Cultural Heritage Commission to submit its recommendations for consideration by the Council.

## Key Recommendations

In keeping with the intent of the City Council motion and the assessment report, the Draft Policy Updates and Ordinance Amendments document includes proposals outlined below that collectively seek to promote the long-term sustainability of the Mills Act program and more equitable distribution of program benefits throughout the city.

- Establish a mechanism to collect the approved contract maintenance fee and track fee revenues
- Manage contract data more effectively and provide greater transparency about the program to the public
- Implement stronger contract compliance and enforcement-related provisions
- Encourage participation from geographically underserved communities through outreach and the prioritization of applications for new contracts for properties located in lower resource areas
- Create more capacity in the program through the non-renewal of existing contracts based on geographic equity considerations or length of time a contract has been in effect
- Reassess the program on a regular basis and communicate annually with contract holders to confirm contact information
- Eliminate the program-wide annual threshold of the City's unrealized property tax revenue
- Amend the existing program fee structure and recover administrative costs for processing non-compliant and contract cancellation cases
- Expand participation in the program by broadening eligibility requirements to achieve a more geographically equitable distribution of benefits
- Refine and refocus existing eligibility criteria and priorities for new contract applications

## Frequently Asked Questions

### What were some considerations that were looked at in developing the proposed changes and ordinance amendments?

The proposals are based on the recommendation in the assessment report, which looked at a variety of factors related to the long-term sustainability of the Mills Act program and a more equitable distribution of program benefits. Some of the considerations in developing the proposals included:

- The distribution of contract benefits across different areas of the city based on the Opportunity Map data
- Challenges to contract enforcement
- Long-term, sustainable program capacity
- The initial intent of the program—the retention and preservation of affordable, multi-family housing
- Staffing needs for effective program management

### Will the City not renew Mills Act contracts under the proposed changes?

In order to ensure the long-term sustainability of the Mills Act program, City Planning is considering two approaches for potential non-renewal of contracts: looking at equity considerations related to the distribution of public resources through the use of the [California Tax Credit Allocation Committee \(CTCAC\)/California Department of Housing and Community Development \(HCD\) Opportunity Map](#) (Opportunity Map) data, and the length of time a contract has been in effect. Under the Opportunity Map approach, the City would evaluate and pursue potential non-renewal of contracts focused on properties located in the Highest and High Resource areas to open capacity for the over 5,000 potentially qualifying historic properties in lower resource areas that are currently underrepresented in the program. A second approach is non-renewing contracts based on the length of time that a contract has been in effect, with contracts 20 years and older being the first priority for non-renewal. Recent data from the Los Angeles County Assessor's Office confirms that many long-term property owners who have older contracts (older than 10 years old) are minimally saving or not receiving any benefit. In addition, recent compliance inspection results have shown that all of the major work identified in a significant number of older contracts has been completed.

### Will Mills Act contracts be cancelled?

To date, no Mills Act contract cancellations have occurred in the city. The proposed changes would enhance enforcement of non-complaint properties, including developing a fee for contract non-compliance. Under the proposed, more rigorous approach to enforcement, if an owner remains unresponsive after six months of attempted communication following a compliance inspection and/or is not diligently acting to cure a breach or default, the City would declare the property in default under the terms of their Mills Act contract and pursue potential cancellation.

## Are there any proposed changes to eligibility for new Mills Act contracts?

Currently, the Mills Act Ordinance requires that to qualify for the program, a property must be designated as either a Los Angeles Historic-Cultural Monument or a Contributor to an Historic Preservation Overlay Zone. The proposed changes would allow National Register and California Register properties to be eligible for the program. In addition, an application must demonstrate that the property meets a minimum of three out of five Priority Consideration Criteria: Necessity, Uniqueness, Investment, Affordability, and Employment. The proposed changes would expand the Priority Consideration Criteria to include the identification of the property within Low Resource areas as indicated on the Opportunity Map. Further, the proposal is to prioritize applications for multi-family residential properties and Adaptive Reuse Ordinance projects with affordable housing components located in Low Resource areas as described on the Opportunity Map.

## How will collected fees be used for the Mills Act program?

Currently, City Planning only collects application processing fees for the Mills Act program. The proposed changes would create a structure for the collection of existing approved contract maintenance fees which are not currently collected and develop an additional fee for contract non-compliance. These fees would fund the contract compliance inspections required to be conducted every five years under state law and reimburse the City for the staff time necessary for non-compliance enforcement.

## Will there be any opportunities for public comment?

Yes! City Planning will be holding two public outreach events. Staff will present the proposed policy updates and ordinance amendments to the Cultural Heritage Commission and members of the public will have the opportunity to make comments and ask questions. In addition, City Planning will conduct an evening public workshop that will be held over Zoom. Information about these events will be available on City Planning's website [here](#).

City Planning also invites comments on the draft policy updates and ordinance amendments through a [feedback form](#). **The deadline for providing comments is May 23, 2025.**

## What are the next steps?

Following the outreach workshops and review of comments received on the proposals, staff will present the final draft policy updates and ordinance amendments to the Cultural Heritage Commission for its final recommendations to the City Council. The Commission's recommendations on the policy updates and ordinance amendments will be forwarded to the Planning and Land Use Management Committee of the City Council for its consideration before moving to the full City Council for adoption of the revised ordinance and policy updates.



## When will the City start accepting new Mills Act applications?

Additional staffing and budget allocations are required to implement all of the proposed changes and enable the goal of re-opening the program for new contract applications.

## Who can I contact for additional information?

For questions, contact the Office of Historic Resources at (213) 847-3676 or [planning.millsact@lacity.org](mailto:planning.millsact@lacity.org). To receive updates on the Mills Act program, sign up for City Planning's [e-mail notification list](#).