

Mills Act



Planning Division City of Monterey

Introduction

The Mills Act program reduces property taxes for owners of locally designated “H” (historic) buildings. The tax savings can be substantial, particularly if the building was purchased recently. Please contact the Planning Division at (831) 646-3885 for more information and how you can participate.

Purpose of Mills Act Contract

A Mills Act contract is an agreement between the City of Monterey and property owner of a City designated historical building. The property owner benefits from a reduction in property taxes, and the City is ensured the historic building will be preserved.

Term of Contract

A Mills Act contract is for a period of ten (10) years with one (1) additional year being added on the anniversary of the contract. The contract rights and obligations are binding upon all successive owners of the property during the life of the contract. This is a significant benefit because the property retains the lower Mills Act tax rate when the property is sold. This could be an attractive selling point for your property. To end the contract, either party may submit a Notice of Non-Renewal which will terminate the contract at the end of the ten (10) year period. Cancellation of the contract by the City due to non-compliance requires a public hearing and will result in the immediate termination of the contract and a penalty equal to twelve and one-half percent (12.5 %) of the assessed market value of the property.

Contract Requirements

1. The contract will require that the historic elements of the property are maintained in good condition. This will include a plan for maintenance and may also include a program to restore deteriorated elements.
2. All recipients of Mills Act contracts will be required to prepare a maintenance plan and submit an annual report to the Planning Division, which will specify all work done to maintain and preserve the historic building over the year in accordance with the owners’ maintenance plan. Any maintenance work must be in accordance with Secretary of the Interior’s Standards for Rehabilitation.
3. Recipients may be required to install a plaque at their expense recognizing the building as a historic resource.
4. Recipients may be asked to make the historic resource open to the public annually if a historic tour is organized.

Note: Applications received after July 31st may not be processed in time for tax savings in the following year.

Findings

The City Council must make the following findings to grant approval of a Mills Act contract application:

1. The structure is designated as a historic resource by the City of Monterey, such as “H” designation; and
2. The Mills Act contract will serve to offset the costs of rehabilitating and/or maintaining the cultural resource.

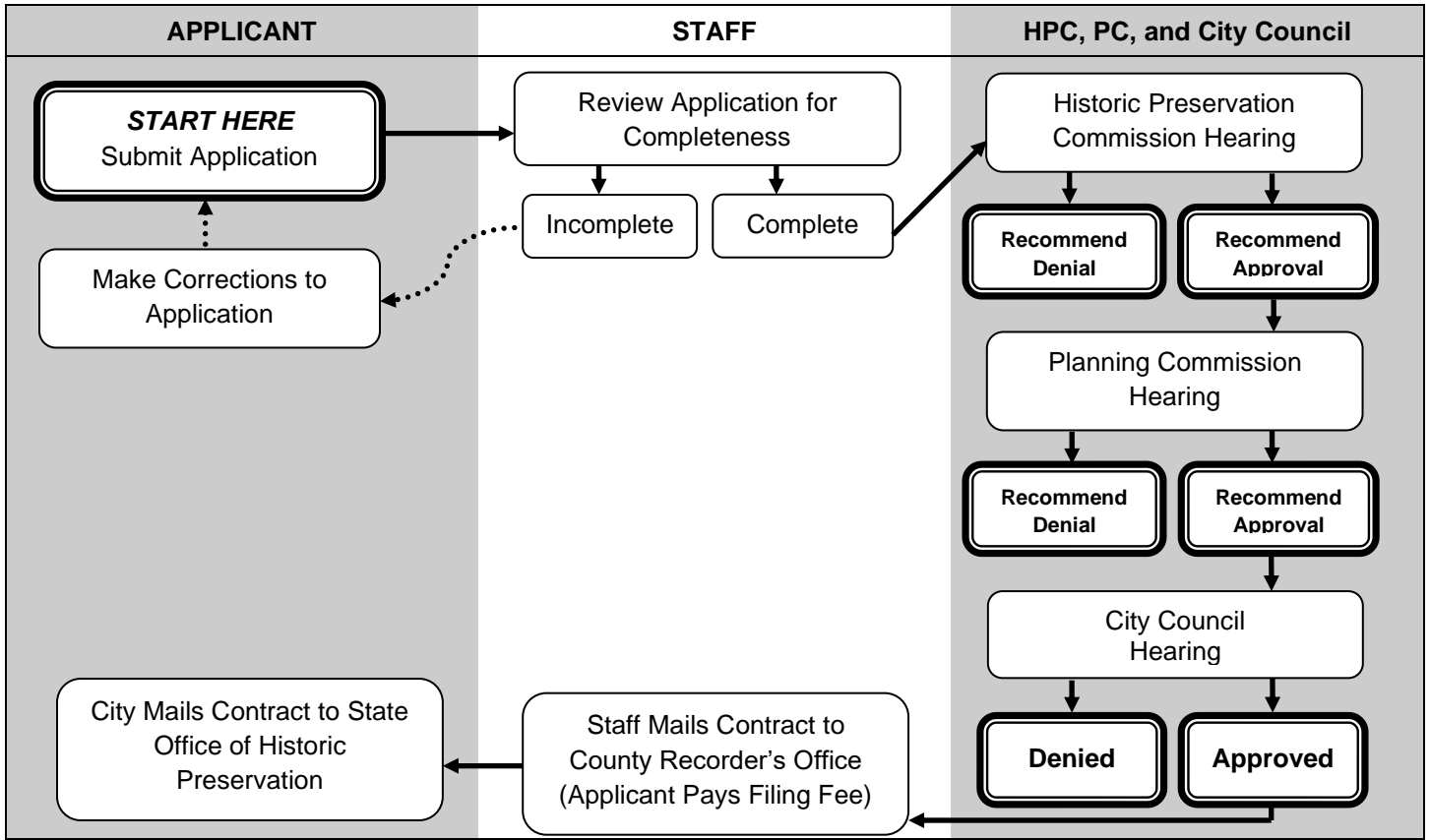
Process

The applicant submits a complete Mills Act contract application to the Planning Division. Staff then prepares a report for consideration by the Historic Preservation Commission (HPC). The HPC reviews the application, required documentation, and staff’s report and recommends approval or denial of the request to the City Council. The City Council will take final action on the request and either approve or deny it. If the application includes a request for an “H” rezone of the property, the Planning Commission (PC) will review the application, required documentation, staff’s report, and the HPC’s recommendation to recommend approval or denial of the request to the City Council. Once the contract has been approved by the City Council, the City will mail the contract with the appropriate recording fee to the County Recorder’s Office. The property owner will be responsible for paying any recording or filing fees. After recordation, the recorded contract is sent to the County Assessor, who calculates the exact tax savings. The County Assessor must have the recorded contract no later than December 31st for the contract and tax savings to start the following year. The City will report to the State Office of Historic Preservation that a Mills Act contract has been concluded.

Fees (see current fee schedule)

- Historical Preservation – Mills Act Request w/ “H” rezone
- Historical Preservation – Mills Act Request w/o “H” rezone

TYPICAL MILLS ACT CONTRACT w/ REZONE PROCESS



TYPICAL MILLS ACT CONTRACT w/o REZONE PROCESS

