CITY OF MONTEREY TAX SAVINGS PROGRAM FOR HISTORIC PROPERTIES (MILLS ACT)

The City of Monterey is excited to offer this tax savings program to the citizens of Monterey! The program reduces property taxes for owners of locally designated "H" (historic) buildings. The tax savings can be substantial for property owners, particularly if the building was purchased recently. Please come talk to the City's Planning Division staff for more information about this program and how you can participate.

PURPOSE: 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 is preserved.

TERM OF CONTRACT: A Mills Act Contract is for a period of ten (10) years with one (1) year additional 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 ½ %) of the assessed market value of the property.

MILLS ACT 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; and
- 2. All recipients of Mills Act Contracts will be required to prepare a maintenance plan and submit an annual report to the Community Development Director, 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 the Secretary of Interior Standards for Rehabilitation.

MILLS ACT SELECTION CRITERIA: To grant approval of a Mills Act Contract Application, the City Council must make the following findings:

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.

APPLICATION MATERIALS: The following materials must be submitted to the Community Development Department, Planning Division in order to process a Mills Act Contract Application:

- 1. City of Monterey Planning Division Application Form;
- 2. Copy of the legal description attached as "Exhibit A";
- 3. A maintenance plan for the historic building and a cost estimate of the work to be done attached as "Exhibit B";
- 4. Photos of the exterior of the property attached as "Exhibit C". These photos should be a minimum of 5"x7" in size and should show all elevations of the structure.

REVIEW PROCESS: A request for a Mills Act Contract is initiated by submittal of a complete application to the City of Monterey Community Development Department. Staff then prepares a report for consideration by the Historic Preservation Commission. The Commission reviews the application, required documentation, and the staff report and recommends approval, modification, 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.

SUBMITTAL OF CONTRACT TO CITY CLERK: Once the contract has been approved by the City Council, the City will mail the contract with the appropriate recording fee to the County Recorders Office. The property owner will be responsible for paying any filing fees.

After recordation, the recorded contract must be sent to the County Assessor. The Assessor calculates the exact tax savings. The County Assessor must have the recorded contract no later than December 31st for the contract to start the following year.

Property owners are required to report to the State Office of Historic Preservation that a Mills Act contract has been concluded. A copy of your completed contract will be sent to:

State Office of Historic Preservation 1416 Ninth Street Sacramento, CA 95814 Attention: Gene Itogawa

If you need any help or have questions, please contact the Planning Division at (831) 646-3885.

SUBMITTAL CHECKLIST

 City of Monterey Planning Division Application Form
 Copy of the legal description attached as "Exhibit A"
 A maintenance plan for the historic building and a cost estimate of
the work to be done attached as "Exhibit B"