



CITY OF POMONA COUNCIL REPORT

December 16, 2024

To: Honorable Mayor and Members of the City Council

From: Anita D. Scott, City Manager

Submitted By: Betty Donovanik, Development Services Director

**SUBJECT: RECEIVE A REPORT AND PROVIDE DIRECTION ON THE CITY'S
MILLS ACT PROGRAM**

RECOMMENDATION:

It is recommended that the City Council take the following actions:

- 1) Receive and File this report on the City's Mills Act Program; and
- 2) Provide direction to staff regarding the Mills Act program;

EXECUTIVE SUMMARY:

This report seeks direction from the City Council on implementing proposed changes to the Mills Act program, as recommended by the Historic Preservation Commission and Staff. Key recommendations include limiting the number of Mills Act contracts to eight per year to ensure sustainable processing and fiscal management, and prioritizing exterior restoration projects over interior improvements. These changes aim to enhance the program's impact by focusing on properties in need of significant restoration.

SB1439/GOVERNMENT CODE §84308 APPLICABILITY:

When this box is checked, it indicates the agenda item is subject to the Levine Act SB1439 requirements. Councilmembers are reminded to check their campaign contributions and determine whether they have received a campaign contribution of \$250 or more that would require disclosure and/or recusal from discussing or acting on this agenda item. Campaign contributions of \$250 or more made 1) by any person or entity who is identified in the agenda report as the applicant or proposer or 2) on behalf of the applicant or participant, including a parent, subsidiary or otherwise related business entity, or 3) by any person who has a financial interest in the agenda item requires a councilmember to comply with SB1439.

FISCAL IMPACT:

The 67 Mills Act contracts are projected to have a fiscal impact of \$57,898.12 on the City's budget for Fiscal Year 2025-26. This equates to an average cost of approximately \$864.15 per contract annually, representing just 0.11% of the City's total estimated property tax revenue of \$51,235,000 for Fiscal Year 2024-25. Despite this cost, the Mills Act program provides significant value to the City, with an average return on investment of five to six dollars in property improvements for every one spent by the City.

The administration of Mills Act contracts does require a commitment of City resources, particularly in staff time to process applications. During the current year, 19 applications were processed, with 17 ultimately approved. Processing these applications required 950 staff hours, equivalent to one full-time employee (FTE) working over a six-month period. The cost to process a single application is approximately \$10,287. While the application fee charged to property owners is based on 0.1% of the property's assessed value, averaging \$500-\$600 per property, the fee does not fully cover the City's processing costs.

DISCUSSION:

The City of Pomona approved its first Mills Act contract in 2004. From 2004 – 2021, the City approved 25 total contracts. During this period, staff received frequent complaints about the complexity of the application process. Many applicants reported spending up to six months completing the application and supporting documentation, which often resulted in a two-inch, three-ring binder filled with information, the majority of which was never utilized.

In 2022, Staff and the Historic Preservation Commission revised the application by simplifying what was required, creating per square foot cost estimates for common projects, conducting workshops on how to apply for Mills Act contracts. These improvements significantly streamlined the application process and increased accessibility, leading to the approval of 42 contracts over the past three years.

With the program now operating at a higher performance rate, staff recommends implementing a threshold to manage the annual number of contracts processed. This approach aims to ensure the program's sustainability while moderating its fiscal impact on the City. Based on current staffing capacity, a realistic and manageable number of contracts to process each year is approximately eight.

Staff provides a Year-In-Review with the Historic Preservation Commission each year to adjust requirements of the Mills Act, to ensure the City is getting a good value from the program and that it continues to be sustainable. Those requirements are contained in the Guide to the Mills Act (Attachment No. 1). Staff discussed the program with the Historic Preservation Commission at their November 6, 2024 meeting. The Commission recommended that the City limit the number of contracts to approximately eight per year. They also looked at the types of projects that are

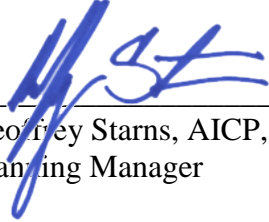
proposed as part of the applications. The Commission recommends that the City focus more on restoration work and not allow interior work to be included as part of a Mills Act contract. The Commission believes that this will help reduce the number of applications submitted and allow staff to focus on improving buildings that need restoration, rather than buildings that are already well maintained.

Staff is seeking direction from the City Council on the proposed restrictions by the Historic Preservation Commission and on any new requirements or additional restrictions that the Council would like to see. The changes will be incorporated into the Guide to the Mills Act.

COUNCIL PRIORITIES & GOALS:

This item meets the Council Priorities and Goals: Priority #3 Increased Opportunity and Housing Stability; Goal J: Encourage the development and maintenance of quality housing opportunities for all.

Prepared by:



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Planning Manager

ATTACHMENT(S):

- Attachment No. 1: Guide to the Mills Act (2024)
- Attachment No. 2: Presentation