



CITY OF POMONA

COUNCIL REPORT

November 16, 2020

To: Honorable Mayor and Members of the City Council

From: James W. Makshanoff, City Manager

Submitted By: Anita Gutierrez, AICP, Development Services Director

**SUBJECT: APPROVAL OF A MILLS ACT CONTRACT FOR A PROPERTY
LOCATED AT 350 E. MCKINLEY AVENUE**

RECOMMENDATION:

It is recommended that the City Council adopt the following resolution:

**RESOLUTION NO. 2020-163 – A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF POMONA, CALIFORNIA, APPROVING A MILLS ACT
CONTRACT FOR THE PROPERTY LOCATED AT 350 E. MCKINLEY
AVENUE**

EXECUTIVE SUMMARY: The matter before the Council is the consideration of a Mills Act contract, which if approved would allow for a reduction in the property taxes of a historically designated building in exchange for restoring and maintaining the building in accordance with a Restoration, Rehabilitation and Preservation Plan reviewed and approved by the Historic Preservation Commission.

FISCAL IMPACT: Approval of a Mills Act contract for 350 E. McKinley Avenue will result in an estimated decrease in property tax charges to the property owner for FY 2021-22 of approximately \$3,739.51. Based on this estimate, over the ten-year period of the contract, the estimated decrease in property tax collected by the County Assessor is estimated to be approximately \$37,395. As the City of Pomona could expect to receive 23% of these amounts, the estimated one-year and ten-year decreases in City property tax revenues will be approximately \$860.09 and \$8,600.85, respectively. The actual amount of the decrease for future years will be directly related to the assessed value of the property as determined by the Los Angeles County Office of the Assessor.

PUBLIC NOTICING REQUIREMENTS: None required with this action.

PREVIOUS RELATED ACTION: A Mills Act program application was submitted in June 2020 for the property located at 350 E. McKinley Avenue, a 1926 Craftsman Bungalow contributing structure located within the Lincoln Park Historic District.

In accordance with the City's Revised and Restated Mills Act Historic Preservation Tax Abatement Program, Attachment No. 2, the Historic Preservation Commission Mills Act Program Certificate of Appropriateness MILLS No. 13887-2020 for a Restoration, Rehabilitation and Preservation Plan for 350 E. McKinley Avenue, subject to conditions, Attachment No. 3. on a 5-0-2-0 vote with one Commissioner absent and one Commissioner recusing themselves at their November 4, 2020 Commission meeting.

ENVIRONMENTAL IMPACT: Pursuant to the Guidelines for Implementation of the California Environmental Quality Act (CEQA), the proposed project meets the criteria for a Class 31, Section 15331 Categorical Exemption in that the project involves rehabilitation of a historic resource in a manner that meets the Secretary of Interior's Standards for the Treatment of Historic Properties.

DISCUSSION: Enacted in 1972 by the State of California, the Mills Act legislation grants participating local governments the authority to enter into contracts (Mills Act contracts) with owners of qualified historic properties who actively participate in restoring and maintaining their historic properties while receiving property tax relief. The minimum contract period is ten years, with an automatic annual one-year extension. Each local government establishes its own criteria for evaluating Mills Act program applications. The City's current Mills Act program was initially adopted in 2002, with a revised and restated program adopted in 2008.

The City's Mills Act program requires that the estimated property tax saving realized during the first ten years following execution of a contract be spent on completing the schedule of projects included in the Restoration, Rehabilitation and Preservation Plan (RR&P Plan) approved by the HPC. The schedule of projects is analyzed for consistency with the City of Pomona's 1999 Design Guidelines for Historic Properties and the Secretary of Interior Standards for Rehabilitation of Historic Properties. The Mills Act Contract will require reasonable periodic examinations of the property by the County Assessor's Office, State Department of Parks and Recreation, State Board of Equalization and the City's Planning Division, as may be necessary to determine the applicant's compliance with the contract and progression of the schedule of projects.

The estimated tax savings during the first ten years of the Mills Act contract for the subject property, will be approximately \$37,395.00. The proposed RR&P Plan includes projects with a total estimated cost of \$41,390.00 as follows in Table 1:

Table 1. Estimated Costs of Projects

Repair and Refinishing of Hardwood Flooring	\$ 5,900.00
Exterior Painting	\$22,440.00
Interior Painting	\$13,050.00
TOTAL	\$41,390.00

As indicated above, the estimated cost of the projects included in the RR&P Plan exceeds the estimated tax savings over the first ten years of the Mills Act contract. Consistent with this requirement, the applicant is proposing to complete all work by year ten of the contract. Furthermore, completion of the projects will extend the life of the subject residence, help to restore and retain its historic Craftsman Bungalow architecture, and improve its aesthetics and livability,

thus contributing to property value increases in and the aesthetic enhancement of the surrounding Lincoln Park Historic District.

COUNCIL PRIORITIES & GOALS:

Approval of a Mills Act contract for the property located at 350 E. McKinley Avenue supports the 2019-2020 City Council Priorities and Goals; Goal J: Encourage the development and maintenance of quality housing opportunities for all.

Prepared by:

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ATTACHMENTS:

- Attachment No. 1 – City Council Resolution No. 2020-155, with Exhibit A – Historic Preservation Commission Resolution Approving the Restoration, Rehabilitation and Preservation Plan
- Attachment No. 2 – City Council Resolution No. 2008-39 Adopting the Revised and Restated City of Pomona Mills Act Historic Preservation Tax Abatement Program
- Attachment No. 3 – HPC Public Hearing Report (with attachments) and Resolution 20-016 dated November 4, 2020