

DETERMINING ASSESSED VALUE

Prior to carrying out the process of the Mills Act Program, and estimate of property tax savings can be obtained from the Orange County Tax Assessor at **(714) 834-2765**.

Your property tax bill will be reduced because an alternative method for determining the assessed value of the qualified historic property is used. The assessed value is determined by calculating the projected income or theoretical rental value, less certain expenses, divided by a "capitalization rate". When a property is owner-occupied, the determination of "income" is based on what the property could reasonably be expected to yield if rented. The income projection is based on comparable rents for similar properties in the area.

The expenses to be deducted from income include those necessary for the maintenance and operation of the property. Typical expenses include: insurance, utilities, and repairs. Expenses that are excluded include: debt service, property taxes and deflation and interest on funds invested. The actual permitted amount of deductions for expenses is determined by the County Assessor's Office and is based on a different formula for each individual property.

During the term of the Mills Act contract, the assessed value of the property is recalculated each year based on changes in the factors used in the calculation. If the property appreciated significantly in value and is then sold, the tax savings will be increased because the Mills Act contract is automatically passed on to the new owner.



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www.huntingtonbeachca.gov/mills-act



THE MILLS ACT

A voluntary program providing reduced property taxes on eligible historic properties



The Mills Act allows for an agreement between the City of Huntington Beach and a property owner which provides for reduced property taxes on eligible historic property if the property owner agrees to use the tax savings to maintain and preserve the property as a historic resource.

Get Property Tax Relief using the Mills Act!

The purpose of The Mills Act is to encourage the preservation and restoration of historic properties throughout the City by offering financial incentives to property owners who restore and maintain historic commercial and residential properties. Inquire and apply today and help protect and preserve the character of Surf City.

A significant part of the quality of life of residential districts in Huntington Beach's historic downtown is the collection of eclectic beach cottages and bungalows on Main Street and the surrounding streets. Even our downtown police substation is in a historic bungalow. See if your property qualifies for the Mills Act Program and save money on your property taxes.

"The California bungalow could well be the most beloved house form in Southern California today...bungalows were designed a hundred years ago as active contributors to the character of some of America's greatest neighborhoods."



Does Your Property Qualify?

A qualified historic property is a property listed on any federal, state, county, or city register: *the National Register of Historic Places, California Register of Historical Resources, California Register of Historical Landmarks, State Points of Historical Interest, and City Council Resolution No. 2014-82.*

Owner-occupied residences and income-producing commercial properties may qualify for the Mills Act Program.

Owner Requirements

In exchange for the property tax relief realized under Mills Act contracts, property owners must agree to maintain and preserve their properties for at least 10 years in accordance with specific historic preservation standards and conditions. Periodic inspections by city or county officials are conducted to ensure proper maintenance of the property. Subject to the discretion of the City of Huntington Beach, the contract provides for the restoration or rehabilitation of properties according to the Secretary of the Interior's Standards for the Treatment of Historic Properties.

Terms

A Mills Act contract is executed between the property owner and the City for a minimum ten-year term. Contracts automatically renew thereafter for one year unless the owner or the City chooses not to renew. Contracts are transferred to new owners when the property is sold.

HIGHLIGHTS AND BENEFITS

HIGHLIGHTS:

- Contract term is 10 years
- Contract is binding on successors in interest in the property
- Provides for the preservation of a qualified historic property and when necessary its restoration and rehabilitation
- Periodic inspection of the subject property

BENEFITS:

- Reduction in property tax
- Increases likelihood of preservation
- Assures mechanism to avoid deterioration
- Can encourage buyers to purchase historic structures
- Visually improves the physical environment of our community