Los Angeles County
Department of Regional Planning

Planning for the Challenges Ahead

Richard J. Bruckner
Director

May 6, 2014

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

MILLS ACT PROGRAM - PROPOSED PRIORITY CRITERIA
PROJECT NO. R2012-02290-(1-5)
ADVANCE PLANNING PERMIT NO. 2012 00003
(ALL SUPERVISORIAL DISTRICTS) (3-VOTES)

SUBJECT

This action is to establish the Mills Act program priority criteria, as required by County Code § 22.52.2740. In the event that the number of eligible historical property contract applications exceeds the cost control provisions that were established by the Board, the priority criteria would be used to rank applications in order to approve historical property contracts within the cost control provisions.

IT IS RECOMMENDED THAT THE BOARD:

Approve the priority criteria as recommended by the Historical Landmarks and Records Commission (Attachment A).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended action is to establish the Mills Act program priority criteria so that an application for a historical property contract can receive priority consideration over other applications.

Mills Act Ordinance Background
On November 26, 2013, the Board of Supervisors adopted Part 26 of Title 22 of the County Code, known as the Mills Act Ordinance (Program). Also on November 26, 2013, the Board of Supervisors adopted provisions to control the cost to the County of the operation of the Program. For the Board's reference, the adopted cost control provisions are presented in Attachment B.

The purpose of the Program is to provide an incentive for owners of qualified historical properties to preserve, restore, and rehabilitate such properties, thereby providing a historical, architectural, social, artistic, and cultural benefit to the citizens of the County. The Program enables the County to enter into a historical property contract agreement with a private property owner to preserve, and when necessary, to restore and/or rehabilitate the subject property. As a result of a contract agreement, the County Assessor reassesses the property, which may result in a reduction in property taxes.

Proposed Priority Criteria
County Code § 22.52.2740 requires that the Director of Regional Planning (Director), in consultation with the Historical Landmarks and Records Commission, propose priority criteria by which an application can receive priority consideration over other applications. The priority criteria must be approved, by the Board of Supervisors and may be amended from time to time.

On March 13, 2014, the Director proposed, and the Historical Landmarks and Records Commission recommended, that the Board of Supervisors adopt the proposed priority criteria for use with the Program, pursuant to County Code § 22.52.2740. Further, County Code § 22.52.2740 requires that the Director submit the proposed priority criteria to the Board of Supervisors for consideration after consultation with the Historical Landmarks and Records Commission.

In the event that the number of eligible applications received in a calendar year exceeds the number allowed by the adopted cost control provisions, applications would be considered through a competitive selection process. The priority criteria would be used to rank and approve such applications. One point would be awarded to an applicant that satisfies a particular criterion, up to three points maximum. Applications with the highest points would receive priority over other applications. In the event that two or more applications are tied after the application of priority criteria, earlier submitted applications would receive priority. The proposed priority criteria are presented in Attachment A.

Implementation of Strategic Plan Goals

The Program supports Goal No. 1 (Operational Effectiveness) and Goal No. 3 (Integrated Services Delivery) by providing a financial incentive to encourage the preservation, restoration, and rehabilitation of historic properties. The Mills Act Program maximizes community outcomes by encouraging the preservation of important historical and cultural resources, while leveraging private investment. The preservation of historic and cultural properties is an important aspect in community planning, and it plays an important economic role in the ongoing development of the County.

FISCAL IMPACT

There is no fiscal impact to establish the Mills Act Program priority criteria.

FACTS AND PROVISIONAL/LEGAL REQUIREMENTS

On November 26, 2013, the Board adopted the Mills Act Ordinance and the Program cost control provisions. The ordinance became effective on December 26, 2013.

On March 13, 2014, the Historical Landmarks and Records Commission adopted a motion to recommend approval of the proposed priority criteria for use with the Program, pursuant to County Code § 22.52.2740.

There are no other legal noticing requirements.

ENVIRONMENTAL DOCUMENTATION

In accordance with the California Environmental Quality Act (CEQA), the Program priority criteria is not a "project" pursuant to CEQA because it will not result in any direct or indirect physical change in the environment, and/or it is categorically exempt under the Class 31 categorical exemption pursuant to Section 15331 of the CEQA Guidelines, exempting "projects limited to maintenance, repair, stabilization, rehabilitation, restoration, preservation, conservation or reconstruction of historical resources in a manner consistent with the Secretary of the Interior's Standards for the Treatment of Historic Properties."

IMPACT ON CURRENT SERVICE OR PROJECTS

Adoption of the Program priority criteria will not have a significant impact on current services or projects.

Should you have any questions, please contact Mr. Phillip Estes at (213) 974-6425 or pestes@planning.lacounty.gov.

Respectfully submitted,

Richard J. Bruckner
Director

RJB:MC:CS:PE:ems

Attachments (2):
Attachment A: Proposed Mills Act Program Priority Criteria
Attachment B: Adopted Program Cost Control Provisions

c: Executive Officer, Board of Supervisors
County Counsel
Chief Executive Officer

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ATTACHEMENT A

Mills Act Program
Proposed Priority Criteria

Proposed Priority Criteria	Purpose
Criteria 1 "The historical property contract agreement will substantially contribute to the preservation of an eligible historic resource threatened by deterioration, abandonment, or demolition."	To maximize benefits to historic landmarks threatened by deterioration, abandonment, or demolition.
Criteria 2 "The historical property contract agreement will facilitate the preservation and maintenance of an eligible historic resource in cases of economic hardship."	To facilitate the preservation and maintenance of a property in cases where the owner demonstrates an economic hardship, and that the failure to approve an application would result in the deterioration or abandonment of a historic landmark.
Criteria 3 "The historical property contact will result in the substantial reinvestment in and/or preservation of a historic structure or structures containing, or which will contain as a direct result of the historical property contract, affordable housing units."	To incentivize the rehabilitation, creation, and/or preservation of affordable housing units.

ATTACHMENT B

Los Angeles County Mills Act Program
Adopted Cost Control Provisions

Mills Act Program Cost Control Provisions	
Provision	**Purpose**
Unrealized Property Tax Revenue Cap: Unrealized property tax revenue to the County is limited to a maximum $300,000 per year, and a total Program limit of $3,000,000.	To control the total costs of the Program to the County.
Number of Contracts: For the first three years of the Program, participation is limited to six contracts per year. After three years, no maximum number of contracts per year.	To limit costs to the County for the first three years.
Eligible Properties: For the first three years of the Program, eligibility is limited to properties to designated historic landmarks consisting of single-family and two-family residences. After three years, eligibility is not limited to single-family and two family residences.	To maximize benefits to single-family and two-family residences for the first three years.
Maximum Assessed Valuation: Single-family Residence - $1,000,000 or less Two-family Residence - $1,500,000 or less Other eligible property - $3,000,000 or less (Including both improvements and land)	The assessed valuation cap limit is intended to maximize benefits to as many properties as possible given the proposed cap in total tax revenue loss. If no caps were in place, larger, higher-assessed properties could significantly impact the overall Program cap limits.

Adopted by the Board of Supervisors on November 26, 2013.