3900 Main Street, 3rd Floor • Riverside, CA 92522
(951) 826-5800
RiversideCA.gov/Planning

MILLS ACT INFORMATION

Thank you for your interest in the City of Riverside's Mills Act Program. In order for your property to be considered for a contract, it must be a designated historic resource listed on a city, county, state or federal register. City designations are: Landmark, Structure of Merit, and Contributor to a designated Historic District or Neighborhood Conservation Area. If you are unsure whether your property is included within any of these designations, or wish to seek designation of your property, contact us.

After the contract is recorded, you will be required to submit annual reports on completed project(s), along with photo documentation of the completed work, copies of receipts, and/or building permits where applicable. City shall inspect the interior and exterior of the premises prior to the approval of new contracts and at minimum every five years thereafter to determine the owner's compliance with the contract. Significant penalties may be imposed for breach of contract or failure to maintain the historic property.

This packet is designed to assist you in completing the Mills Act Application. The application packet is also available online at www.riversideca.gov. If you have any questions, please contact the Planning Division at 951-826-5800.

MILLS ACT FACTS

- The Mills Act (a state sponsored legislation enacted in 1972) is a self-directed, economic incentive program for owners of historic buildings that are listed in the National Register of Historic Places or on a state, county, or city official register. Although it is applicable to any income producing property, it is the single most important economic incentive program available in California for private property owners of qualified historic buildings. A Mills Act program must be developed according to two California State Codes: California Government Code, Article 12, Sections 50280-50290 and California Revenue and Taxation Code, Article 1.9, Sections 439-439.4.

- Under the program, property owners receive a significant reduction in local property taxes in exchange for their promise to actively participate in restoring, rehabilitating, repairing and preserving their properties. Participants enter into a perpetual ten (10) -year contract with the City.

- The county assessor's office re-assesses property taxes based on a capitalization of income formula rather than on market value. Mills Act participants may realize a property tax savings of approximately 50% each year depending on property value, net operating income, and other variables.

- Contracts are automatically renewed each year and are transferred to new owners when the property is sold.

- Starting in 2012, prior to the approval of new contracts, and every five years thereafter, the City shall inspect the interior and exterior of the premises to determine the owner's compliance with the contract. Should an inspection fee be imposed, the cost may be applied toward allowable annual expenses.

- Penalties may be imposed for breach of contract or failure to maintain the historic property. The California Codes listed above require the owner to pay a cancellation fee of twelve and one-half percent (12-1/2%) of the current fair market value of the property, as determined by the county assessor, in the event of breach of contract. As an alternative to cancellation of the contract for breach of any condition, the county, city, or any landowner may bring any action in court necessary to enforce a contract including, but not limited to, an action to enforce the contract by specific performance or injunction.

Mills Act Application Timeline

Application Year

Application Period: January – May

- Property Owner Completes and Submits Application to the Planning Division
- Pay Fees
  - Application: $777
  - Contract Initiation: $961 – Post-dated 11/1
- Average of 15 (max 20) contracts may be awarded each year
- Due by last business day in May

Review & Inspections: June – August

- Staff reviews application
  - Check that all documents are complete
  - Review of 10-year Plan
  - City Attorney prepares contracts
- Property Inspection
  - Creates a baseline for future inspections
  - Includes both interior & exterior
- Property Owners Sign Contract
  - All listed property owners
  - Notarization Required
  - Must be returned to staff by September 1st.

Council Approval: September – October

- City Attorney's Office reviews and signs contract.
- Staff prepares staff report
- Contracts placed on City Council agenda as a consent item.
- Staff will notify applicant of the meeting date prior, and the decision following

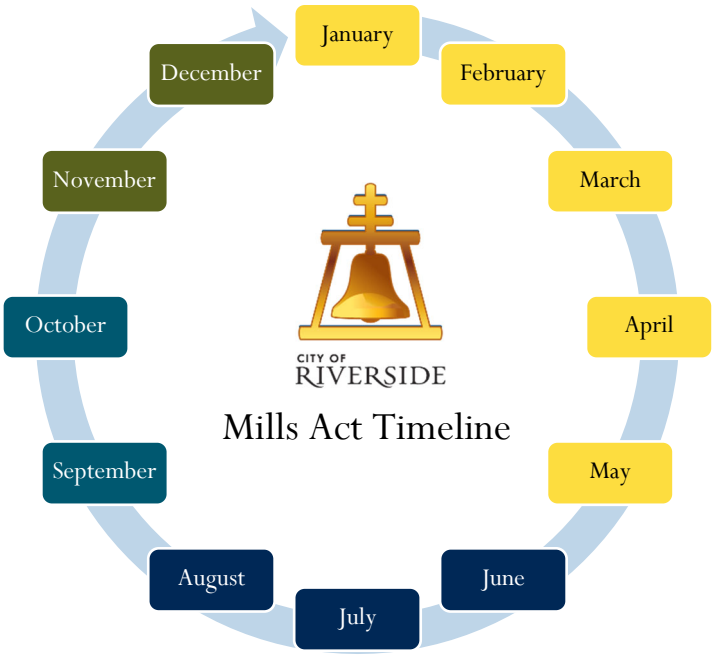
Recordation: November -December

- Contract Initiation Fee paid, staff will give applicant option of paying via credit card or depositing post-dated check
- Contracts executed by City Management
- Contract must be recorded by December 31st

Contract Administration

Each Fiscal Year: July 1st – June 30th

- First reduction will be seen fall of the year following the application.
- Property owner completes and documents 10-year plan projects
  - Save receipts and/or take before & after photos
  - Contact Staff to update 10-year Plan as needed
- Submit Annual Report to Planning Division by last business day in July.
- Staff will complete from the street inspection every 5-years.
  - Interior inspection as needed.
- Contract renews annually on July 1st, maintaining a rolling 10-year contract.



MILLS ACT FAQ

WHAT IS THE MILLS ACT?

The Mills Act is an economic incentive program in California for the restoration and preservation of qualified historic buildings by private property owners. Enacted by the State in 1972, Mills Act legislation grants participating local governments the authority to enter into contracts with owners of qualified historic properties who actively participate in the rehabilitation, restoration, preservation, and maintenance of their historic properties. Since the costs of doing so can be prohibitive, property tax relief can offset these costs.

In 1976, California voters passed Proposition 7, amending Section 8 of Article XIII of the California Constitution requiring enforceably restricted historical properties be valued on a basis that is consistent with its restrictions and uses. Sections 439 through 439.4 of the Revenue and Taxation Code set forth the statutory authority for the assessment of Mills Act properties. Essentially, it provides that valuation of the property be determined by the income approach rather than a sales data approach, even for an owner-occupied single-family residence.

Riverside's City Council adopted Resolution No. 20825 in 2004, which permits property owners to enter into Mills Act contracts with the City. Mills Act contracts are for a minimum term of ten (10) years. Unless a Notice of Nonrenewal is filed or the contract is breached, a contract automatically renews each year on its anniversary date, creating a "rolling" contract term that is always equal to the initial contract term.

WHO CAN APPLY FOR THE MILLS ACT?

Owners of designated historic properties can apply for the Mills Act. Designated historic properties include those individually listed as Landmarks or Structures of Merit, as well as contributors to designated Historic Districts or Neighborhood Conservation Areas. The property must be subject to property tax. You can check the designation status of the property on the City's Historic Resources Inventory available at https://riversideca.gov/cedd/planning/historic-preservation/historic-sites-inventory-studies

CAN I APPLY IF MY PROPERTY IS NOT YET DESIGNATED HISTORIC?

Yes. You must complete designation before the Mills Act can be approved. Staff can assist with the designation process.

CAN MULTI-FAMILY OR COMMERCIAL BUILDINGS PARTICIPATE IN THE MILLS ACT?

Yes. The program is available to owner-occupied, income-producing, and commercial historic buildings, provided they are designated historic resources and otherwise meet program requirements. In general, approximately two contracts for commercial buildings can be awarded each year.

HOW CAN I APPLY FOR THE MILLS ACT?

The Mills Act Applications are extensive and require calculations and research that will likely require assistance from a professional accountant. Applications are available by:

1. Picking up a copy up at the Community & Economic Development Department, at City Hall on the 3rd floor, or
2. Contacting the Historic Preservation Staff at 951-826-5371 or email at millsactprogram@riversideca.gov and requesting a copy via the US Mail, or
3. Downloading a Mills Act Application found at the historic preservation website at the following address: https://riversideca.gov/cedd/planning/forms.

Complete applications can be submitted with the required application fee at the Community & Economic Development Counter on the 3rd Floor of City Hall or via US mail at the following address:

Community & Economic Development Department
Planning Division
3900 Main Street – 3rd Floor,
Riverside, CA 92522

HOW MANY MILLS ACT APPLICATIONS ARE ACCEPTED ANNUALLY?

The City accepts an average of fifteen and a maximum of twenty Mills Act contract applications per year. If more applications than the average allotment are received, the Mills Act contract recipients will be determined by on a first come first served basis of complete applications.

WHEN ARE THE MILLS ACT APPLICATIONS DUE?

Mills Act applications are accepted January 1st through the last business day in May and must be submitted by 5:00 pm.

WHAT IS THE APPLICATION FEE?

The application fee for Mills Act Contracts is due at the time of application submission and is currently $777. See the Community Development Fee Schedule for the fee amounts in effect. Once the Mills Act application is approved by City Council an initiation fee (currently $961) will be due before recordation can occur.

HOW MUCH WILL I SAVE ON MY PROPERTY TAXES?

The Mills Act uses an alternative equation to calculate the property taxes. This alternative equation may save property owners up to 50% on the property tax bill. If the property has been owned for more than ten years, the County Assessor does not recommend applying for the Mills Act as the savings will be negligible. Due to unprecedented financial times, complete the financial and property tax worksheets to determine whether or not you will benefit from the program.

WHEN WILL I START TO RECEIVE MY SAVINGS ON MY TAX BILL?

Savings will appear on the tax bill for the fiscal year (July 1st to June 30th) following the calendar year in which it is executed and recorded with the County. For Example, Mills Act participants from the 2025 year received the first tax bill savings on the fall of 2026 tax coupon, which is typical. See our Application Processing and Contract Implementation Schedule handout for more detail.

WHEN DO I START SAVING RECEIPTS FROM QUALIFIED PROPERTY IMPROVEMENTS?

Start saving receipts for qualified improvements during the fiscal year (July 1st to June 30th) following the recordation of the contract. Property owners of Mills Act contracts approved in 2025 will start saving receipts from qualified improvements for the fiscal year July 2026 to June 2027.

Additionally, the City will accept before and after photos, contractor invoices, bank statements, or permit records as an alternative.

CAN I SPEND ALL OF MY TEN-YEAR SAVINGS IN ONE FISCAL YEAR FOR ONE BIG IMPROVEMENT PROJECT?

No. Ten-year savings cannot be used all at once for a single large project. Mills Act tax savings must, on average over the life of the contract, be reinvested into the historic property each fiscal year (July 1–June 30). The intent is to ensure an ongoing financial commitment to the preservation of the property.

For example, if the annual tax savings is $5,000 and the property owner spends $20,000 in one year on an eligible project, they may spend less than $5,000 in subsequent years as long as the overall average over the contract period remains equal to or greater than the annual tax savings.

IS THE MILLS ACT TRANSFERABLE IF I SELL MY PROPERTY?

Yes, Mills Act contracts remain with the property and will automatically transfer with the title and become the responsibility of the new property owners when the property is sold. It is recommended that the new property submit a revised ten-year plan. Please notify the City when selling the property so that we are aware of the transfer of the contract.

DOES MY PROPERTY GET REASSESSED IF I SELL MY PROPERTY, THUS CHANGING THE MONETARY VALUE OF MY SAVINGS?

Yes, Mills Act contracts are reevaluated on an annual basis with the County Tax Assessor for tax savings. One of the factors the Assessor uses in determining the Mills Act tax bill is the current assessment value of the historic property. Were the property value to change, the tax savings could also see a change.

WHAT IF MY TAX SAVINGS CHANGE FROM YEAR TO YEAR?

Annual tax savings may fluctuate based on the County Assessor's annual valuation. Property owners must reinvest the actual savings amount received each fiscal year; therefore, required expenditures may increase or decrease annually.

DURING WHAT TIME FRAME DO THE PROPERTY IMPROVEMENTS NEED TO OCCUR?

Qualified improvements need to take place during the fiscal year (July 1st to June 30th) following the approval, and subsequent fiscal years thereafter for a minimum term of ten years. For example, Mills Act contracts approved in 2025 will start completing qualified improvements during the fiscal year July 2026 - June 2027.

WHAT PROPERTY IMPROVEMENTS ARE ELIGIBLE?

Most improvements are eligible for the Mills Act, as the intention is to encourage property owners to continue to provide maintenance for the historic properties. The improvements need to be a permanent part of the property and/or property. For example:

- A new outdoor seasonal gazebo would not qualify, but a permanent gazebo that is attached to a foundation would qualify;
- New furniture would not qualify, but new built-in cabinetry or shelving would qualify.

CAN I SPLIT A PROJECT OVER MULTIPLE FISCAL YEARS?

Yes. Large projects may span more than one fiscal year; however, **only the expenses actually paid within each fiscal year (July 1–June 30)** may be counted toward that year's required reinvestment. Any costs paid in the following fiscal year will apply solely to that next year's report, even if the work is part of the same overall project.

DO I NEED A CERTIFICATE OF APPROPRIATENESS (COA) FOR MILLS ACT WORK?

Some work completed under a Mills Act contract—particularly exterior alterations—requires review and approval by Historic Preservation staff or the Cultural Heritage Board before work begins. A Certificate of Appropriateness may be required depending on the scope. Property owners should contact staff early in the planning process to confirm whether a COA or building permit is needed.

CAN I COUNT THE COST OF LABOR FOR THE IMPROVEMENTS MADE TO MY PROPERTY?

Yes, the cost of labor can be included in the total cost of improvements to the property, as long as the labor has been completed by a qualified individual that can produce a verifiable receipt for the labor. Property owners cannot include the cost for the owner's personal labor. For Example:

- If a property owner were to have the outside of the historic property painted by a painting company, the full cost of the bill could be counted as a qualified improvement;
- If a property owner were to paint the property utilizing the property owner's own labor to apply the paint, the only costs that could count as an improvement are the cost of paint and paint prepping materials used to complete this qualified task.

HOW DO THE PROPERTY INSPECTIONS WORK?

Be prepared to submit photographs of the entire exterior and interior of the property, including the view from the street. Based on Government Code Section 50281, members from the Community & Economic Development Department's Historic Preservation staff shall inspect the interior and exterior of the premises prior to approval of the contract, and every five years thereafter. These appointments will be scheduled in advance. Should a fee be required for the five-year inspection, the amount will apply toward allowable annual expenses.

CAN I CHANGE THINGS ON MY SUBMITTED "TEN-YEAR REHABILITATION PLAN" FOR WORK ON MY PROPERTY?

Yes, previous submissions on the "Ten-Year Rehabilitation Plan" can be changed. Although Historic Preservation staff asks for the Rehabilitation plan up front, changes are allowed on an annual basis. These changes must be submitted to the Historic Preservation staff in the Community & Economic Development Department in writing, for review and approval prior to completion of the proposed qualified task.

HOW LONG IS MY MILLS ACT CONTRACT GOOD?

Mills Act contracts have a minimum term of ten years, but they function as perpetual agreements. Each year, on the contract's anniversary date, one additional year is automatically added, always maintaining a rolling ten-year term.

If a Notice of Nonrenewal is filed by either the City or the property owner, the automatic yearly renewal stops. The contract then counts down over the remaining years until it expires.

WHAT HAPPENS IF I MISS THE ANNUAL REPORT DEADLINE?

Late or incomplete annual reports may result in a finding of noncompliance. The City will notify owners of deficiencies, but repeated failure to submit reports can lead to nonrenewal of the contract.

WHO APPROVES THE CONTRACT I HAVE WITH THE CITY FOR MY MILLS ACT PROPERTY?

Mills Act contracts are subject to the review and approval of the City Council. The review occurs prior to the end of the calendar year in which the application was submitted.

CAN I CANCEL MY CONTRACT?

Mills Act contracts may only be cancelled by the City if it determines that the owner has breached any of the conditions of the contract or has allowed the property to deteriorate to the point that it no longer meets the standards for a qualified historical property. If the property owner wishes to no longer continue with the Mills Act Program, he/she can chose to not renew the contract.

If the property owner or the City desires in any year not to renew the contract, that party shall serve written notice of nonrenewal of the contract on the other party in advance of the annual renewal date of the contract. Unless the notice is served by the owner at least 90 days prior to the renewal date or by the City at least 60 days prior to the renewal date, one year shall automatically be added to the term of the contract.

If the City or the owner serves notice of intent in any year not to renew the contract, the existing contract shall remain in effect for the balance of the period (generally 9 to 10 years) remaining since the original execution or the last renewal of the contract, as the case may be. The owner shall furnish the City with any information the City shall require in order to enable it to determine the eligibility of the property involved.

Within fifteen (15) days of Owners receipt of the Notice of Nonrenewal from City, Owner may file with City a written protest of the Notice of Nonrenewal. Upon receipt of the written protect, the City Council shall set a hearing prior to the expiration of the Renewal Date of this Agreement. Owner may furnish the City Council with any information which Owner deem relevant and shall furnish the City Council with any information it may require. The City Council may, at any time prior to the annual Renewal Date, withdraw its Notice of Nonrenewal.

IF I FILE A NOTICE OF NONRENEWAL, DO I STILL NEED TO COMPLETE WORK?

Yes. All obligations remain in effect until the contract fully expires—typically nine to ten years after the notice is filed. Owners must continue submitting annual reports and reinvesting tax savings during the remaining contract term.

WHAT HAPPENS IF I DO NOT FULFILL MY OBLIGATION TO THE MILLS ACT?

The Mills Act is a voluntary incentive program that property owners enter through an extensive application and review process. In exchange for reduced property taxes, owners commit to reinvesting those savings into the repair, maintenance, and long-term preservation of their historic property.

While the program offers meaningful financial benefits, it is also a binding legal contract. Failure to meet the obligations of the contract—such as not reinvesting the annual tax savings or allowing the property to deteriorate—can result in penalties under state law.

Current California Codes include the following provisions:

- The City may cancel a contract if the owner breaches any contract requirement, allows the property to deteriorate such that it no longer qualifies as a historic resource, or fails to complete required restoration or rehabilitation work.
- Prior to cancellation, the City must provide notice and hold a public hearing. Notice is mailed to the owner's last known address and published as required by law.
- If a contract is canceled, the owner must pay a cancellation fee equal to twelve and one-half percent (12.5%) of the property's current fair market value, as determined by the county assessor as if the property were not under contract.
- The cancellation fee is paid to the county auditor and distributed to taxing agencies in the same manner as annual property tax allocations.
- As an alternative to cancellation, either party may pursue legal action to enforce the contract, including specific performance or injunctive relief.
- Local agencies and property owners may seek guidance from the State Historical Resources Commission regarding matters related to Mills Act contracts.

City Practice:

As a matter of practice, the City generally initiates nonrenewal—not cancellation—for properties that are out of compliance, such as those that consistently fail to submit annual reports or do not meet reinvestment requirements. Property owners are notified of the nonrenewal decision and have the opportunity to appeal. The City makes every reasonable effort to work with property owners to help them return to compliance before moving forward with nonrenewal.

TEN YEAR REHABILITATION PLAN

YEAR	PROPOSED PROJECT*	ESTIMATED COST
1		$
2		$
3		$
4		$
5		$
6		$
7		$
8		$
9		$
10		$

**See attached for list of potential projects. Use additional sheets if necessary.*

To be attached to the Historic Property Preservation Agreement (Mills Act Contract) – Exhibit D.
NOTE: Projects may be interior or exterior but must utilize all of your tax savings. All projects that affect the exterior of the residence are subject to Cultural Heritage Board/Staff review and approval before work begins. Work must meet all City requirements and the *Secretary of the Interior's Standards for the Treatment of Historic Properties* (see attached). Retain copies of all receipts and permits for submittal with the required annual reports. Photograph the before and after condition of each project for submittal with the annual reports.

Projects may include but are not limited to:

- Access Modifications – Exterior
- Access Modifications – Interior
- Accessory Structure Repair or Replace
- Annual Maintenance & Repairs
- Appliance Vent
- Architectural – Remove Non-historic Feature & Restore to Original
- Architectural Trim – Repair
- Architectural Trim – Replace
- Architectural Trim – Install New
- Balcony/ Decks – New Railings
- Balcony/ Decks – Repair or Replace
- Basement – Access – Repair or Replace to Code
- Basement – New or Rebuild
- Cabinets – New Built-in Bathroom
- Cabinets – New Built-in Kitchen
- Cabinets – New Built-in Other
- Carpentry – Remove window & reframe shower including Siding/Caulking
- Chimney – Inspect and Clean
- Chimney – New
- Chimney – Rebuild or Repair
- Code Repair Item
- Column – Replace or Rebuild
- Corbels/ Structural Brackets Replace or Repair
- Door – Repair or Replace Screen Door
- Door – Hardware
- Door – New Basement Hatch Cover and Base
- Door – Repair
- Door – Replacement
- Drain for Deck – Install & or Repair
- Drainage Protection or Correction
- Dry-Rot Remove, Repair and or Replace
- Electrical – Rewire or Install New Outlets
- Electrical – Complete Rewire and Service Upgrade
- Electrical – Ground & Service Entry
- Electrical – Install New Circuits
- Electrical – Lighting Fixtures
- Electrical – New Service Lines to Garage
- Electrical – Security Lighting and Alarm
- Electrical – New Outlets
- Fence – Repair or New
- Flashing
- Floor Furnace – Remove or Restore floor
- Flooring – Carpet
- Flooring – Repair
- Flooring –Repair Wood Floors
- Flooring – Replacement
- Foundation – Bolting and Seismic Work
- Foundation – New
- Foundation – Repair
- Gable or Attic – Re-screening
- Garage Door
- Gutters & Downspouts
- House Relocation
- HVAC – Complete New System
- HVAC – Maintenance & Replacement/Plumbing Service & Painting
- Insulation – Walls – Blown-in
- Insulation – Attic
- Interior Trim – Refinish
- Kitchen – New Counters
- Masonry – New
- Masonry – Repair or Replace Tile Hearth
- Masonry – Repair or Repoint
- Masonry – Repoint Brick
- Mechanical – Air Conditioning
- Mechanical – Heating Unit
- Mechanical – Ventilation – New Kitchen/Bath Fan & Duct Work
- Mechanical – Venting & Duct
- Mechanical – Venting & Duct Work
- Minor Painting and Exterior Repairs
- Painting – Exterior
- Painting – Interior
- Painting – Removal of Lead Based Paint
- Painting – Exterior Trim
- Patio – Repair
- Plastering – Remove, Replace, or Refinish
- Plumbing – DWV, Drain, Waste & Vent
- Plumbing – Fixtures
- Plumbing – Install new supply lines
- Plumbing – Install Sump Pump & Discharge Drain
- Plumbing – Minor Repairs
- Plumbing – New Supply
- Plumbing – Service Lines
- Plumbing – Sewer
- Plumbing Repairs
- Porch - Ceiling replacement
- Porch – Rebuild or Replace
- Porch – Repair
- Porch – Repoint Brick
- Porch Railing – Repair or Replace to Code
- Porches – Resurface
- Remove Substandard Construction (Tin Shed)
- Repair Eaves and/or Overhangs
- Repair Exterior Stucco
- Repair Garage
- Replace Garage
- Replace Non-Historic Feature
- Roof- Minor Repair
- Roof- Reroof
- Roof- Strip and Install New
- Security Lighting and Alarm System
- Seismic Retrofitting – Other than Foundation
- Siding – Remove Asbestos Siding & Restore
- Siding – Repair
- Skylights – Replace
- Stair – Repair
- Stair – Replacement
- Stonework
- Stoop – Repair
- Stoop – Replacement
- Structural – New Framing or Repairs
- Structural Bracing
- Structural Modifications
- Structural Repairs – Roof and/or Ceiling Joists
- Termite Treatment
- Termite Treatment and Repair
- Tile – Replace, Repair or Repoint
- Utility Enclosure – New
- Ventilation – Attic Fan
- Waterproofing
- Weatherproofing
- Window – Screens or Hardware
- Windows – Repair
- Windows – Replacement in kind

MILLS ACT ANNUAL REPORT

CONTACT INFORMATION

Property Owner: _____

Mill's Act Property Address: _____

Mailing Address (if different): _____

Address: _____ City: _____ State: _____ Zip: _____

Mobile: _____ Email: _____

REPORTING INFORMATION

Annual Report for the Year of: _____ What were your tax savings this year?: $ _____
(Please attach copies of your tax statement for the applicable year.)

What was the total cost of the project(s)? $ _____

What was (were) your project(s)? Please describe each project contributing to your required expenditure, include the cost of each project (add additional sheets as necessary): _____

_____

_____

Would you like to revise your Ten-Year Plan? ☐ YES (If yes, attach a revised Ten-Year Plan) ☐ NO

PROPERTY OWNER CERTIFICATION

I certify that the above information is true and accurate to the best of my ability. I acknowledge that I understand that the entirety of the annual Mills Act savings shall be reinvested into the property on an annual basis. I further acknowledge that an annual inspection, to be completed by City Staff, shall be completed to certify compliance.

_____ _____
Property Owner Signature Date

SUBMITTAL REQUIREMENTS

Your Mills Act Annual Report shall be submitted in either in hard copy, on 8.5"x11" paper, or via email in one PDF file containing all documents.
In Addition to the signed Annual Report form please submit at least one of the following supporting documents:

- ☐ Before and After photographs for all Mills Act work performed during the last year; or
- ☐ Copies of paid invoices or itemized receipts; or
- ☐ Copies of any required building permits

Return Form and Attachments by the Last Business Day in July to millsactprogram@riversideca.gov or via mail:

City of Riverside
Community & Economic Development Department, Planning Division
3900 Main Street – 3rd Floor
Riverside, CA 92522

Please note: Some work performed may require a Certificate of Appropriateness and/or Building Permit. It is the responsibility of the property owner to obtain the proper permits. This annual report is not a substitute for any required permits and is only used to verify Mills Act compliance.