



Preserving Pomona: The Pomona Guide to Historic Preservation

GUIDE TO THE MILLS ACT

Updated for 2024



GUIDE TO THE MILLS ACT

The Mills Act is the single largest incentive for historic preservation in the State of California. The Mills Act gives owners of historic properties a tax break in exchange for the money they save going back into the property.

The Mills Act helps property owners by giving them a way to afford maintaining their historic properties, helps the City preserve historic properties, and helps neighbors by increasing the home values in the neighborhood.

We expect them to be maintained and preserved at a higher standard than other historic properties.

OUR POLICY

It is the policy of the City of Pomona to encourage the use of the Mills Act to restore, rehabilitate and maintain its historic places provide:

1. That the money saved in taxes is used to restore, rehabilitate, and maintain the historic property; and
2. That all historic property owners have the ability to apply for the Mills Act, not just a few select property owners;
3. The City will not approve Mills Act Contracts where the money is not going back into the house, or where the property owner intends to remove or destroy character-defining features.

OUR PROCESS

The City of Pomona requires that all Mills Act applications be submitted by June 1st in order to meet the Los Angeles County recording deadline of December 31st.

The City of Pomona's process is as follows:

- Applications submitted by June 1st;
- Between June 1st, and June 15th Staff reviews applications;
- Between June 15th and July 15th, staff visits each site to confirm work program and review conditions on the site;
- Staff reviews the applications to ensure the proposed work, estimates, and other information is complete and ready for the Historic Preservation Commission
- In September, the Mills Act contracts will be presented to the Historic Preservation Commission for their recommendation to the City Council;
- Prior to approval by the City Council, all contracts must be signed by the applicant.
- In October or early November, the contracts will be presented to the City Council for their approval;
- Following approval by the City Council, the contracts will be signed by the City and recorded with the Los Angeles County Recorder.

For Contracts recorded by December 31st, a property owner will first see the savings when they receive their 2024-25 Tax Bill in summer of 2024. Typically, in April, you will receive a notice of property valuation, which will show the Mills Act Value along with the Market Value and the Prop 13 Value. On occasion, you may receive your bill without the savings, but receive a revised bill in late summer (August/September).

STANDARD QUALIFICATION REQUIREMENTS

In order to be eligible for the Mills Act you must meet the following requirements:

Qualifying Properties: The property must be designated a Local Historic Landmark, a Contributing Resource in a Local Designated Historic District, or Listed in the National Register of Historic Places or the California Register of Historical Resources.

Expenditure of Tax Savings: Generally it is the intent of State law that the amount of saved in taxes goes back into the house.

Qualifying Projects: A wide range of projects can qualify for a Mills Act. Project must meet the following standards to comply:

1. All aspects of the project including, but not limited to, its design, materials, and techniques must comply with the rules and regulations of the United States Secretary of the Interior's Standards for Rehabilitation; the State Office of Historic Preservation of the Department of Parks and Recreation; the State Historic Building Code; and the City of Pomona Municipal Code, Historic Preservation Ordinance and Design Guidelines.
2. Projects required to ensure the structural integrity of a structure (e.g., seismic retrofitting, electrical change out or termite treatment) shall be completed prior to the undertaking of projects involving other elements of the structure.
3. For projects involving removable features (e.g., light fixtures, fireplace mantelpieces or built-in cabinets), the features shall remain attached to the structure.

COMPLETE THE APPLICATION

The City of Pomona has made the Mills Act Application easier to complete this year. We made the following improvements:

- Estimates for common projects – No bids required, only optional.
- No need to complete entire Financial Analysis. Provide only 4 numbers.
- No photos of entire property, only photos of areas where work is proposed.

OWNER APPLICANT INFORMATION

The first two pages are the owner/applicant information. If you as the property owner are also the applicant, then just write Same as above at the applicant's name.

Print and sign both the applicant Certification and the Consent by Property Owner. Without these signed, Planning staff will not accept your application to be submitted.

REHABILITATION PLAN

The City of Pomona requires a rehabilitation plan to be submitted with the Mills Act Application. In an effort to simplify the process staff has provided estimates for common projects that we receive. The applicant can either get bids for proposed work or use the estimate created by staff. The requirements are as follows:

Required Projects.

SEISMIC RETROFITTING

The Historic Preservation Commission has been concerned that not requiring seismic retrofitting could result in a waste of tax payer money if those properties are destroyed in an earthquake. In an effort to analyze the real costs and benefits of requiring a seismic retrofit, the City of Pomona is requiring all applicants to get an estimate for seismic retrofitting the house. The Commission will look at each application on a case by case basis to determine if the seismic retrofit should be required based on the estimated cost, the estimate total savings, and other proposed projects. If required, it would be at the end of the 10 year period.

ANNUAL MAINTENANCE PLAN

The City of Pomona knows that every year historic property owners perform normal maintenance on their properties. The City want to provide an incentive for this preventive maintenance, especially for properties where most of the restoration work had already been completed. Applicants must come up with an annual maintenance plan as part of their application. Items can include cleaning gutters, touch up painting, trimming trees, and other normal maintenance items.

PRIORITY PROJECTS.

The following projects are considered a priority for the City. Properties that need this work should have this done before other projects. Priority projects are as follows:

- Reroofing
- Painting – Exterior
- Foundation Repair
- Window or Door Repair
- Electrical Repair / Replacement / Upgrades
- Plumbing Repair / Replacement / Upgrades
- HVAC Repair / Replacement / Upgrades
- Replacement of non-historic elements with historically appropriate ones.

OTHER PROJECTS:

Mills Act Contract projects should help in the preservation of the property. Those types of projects can include:

- Landscaping;
- Tree maintenance;
- Fencing;
- Refinishing of wood floors;
- Interior painting;
- Restoration of interior woodwork, or built-in cabinets;
- Abatement of hazardous materials (lead paint, asbestos, etc.); and
- Restoration/rehabilitation of interior rooms.

INAPPROPRIATE PROJECTS:

- Any project involving the demolition of historic features;
- Any project that removes character-defining features, including brackets and other decorative exterior features;
- Projects that remove original decorative interior woodwork, including built-in cabinets, picture rails, doors, etc. This includes painting woodwork that was historically stained;
- Additions, Garages, or Accessory Dwelling Units (ADUs)

PROJECT ESTIMATES

The City of Pomona has created estimated costs for the most common projects we receive. The estimate is based on the submitted Mills Act contract applications submitted since 2017. Any applicant can use these estimates instead of getting bids. If you disagree with the estimate we use, simply get a bid and use that price.

• Painting – Exterior	\$7.50 / SF
• Painting – Interior	\$2,100.00 / room
• Refinish Wood Floors	\$3,100.00 / room
• Reroof	\$10.00 / SF
• HVAC – Ductless Heat Pump	\$15,000.00
• HVAC – Ducted	\$35,000.00
• New HVAC (use existing Ducts)	\$15,000.00
• Window / Door Repair	\$500 / window (door)
• New or repair window screens	\$250 / window
• Kitchen Remodel	\$40,000.00
• Bathroom Remodel	\$15,000.00

HOW TO COMPLETE THE REHABILITATION PLAN:

1. Choose a year for a project (Year 1-10). Year 1 is 2023. Put in the project in the appropriate year. Describe the project (Use another sheet of paper if necessary). **Example:** If you are refinishing floors, how many rooms, which ones, are there floors not being refinished. The more details the better.
2. Put the cost of the project. Use the City's Estimate or get a bid for the Project. For future years add 2 percent per year for inflation. **Example:** Replacing HVAC in year 5, add 10 percent to the \$15,000.00 estimate, for a total of \$16,500.00

FINANCIAL ANALYSIS

The Mills Act bases valuation as if the property was rented. In order for the City of Pomona to estimate your annual savings, we need some information. Rather than ask you to figure out the estimate, we have done the work and only need 4 pieces of information. With this information we can give you an estimate of your new tax bill.

Please include the following information on the application:

1. Monthly Rental Income
2. Annual Homeowners Insurance Premiums
3. Monthly Utilities (Water/Sewer, Gas and Electric Only)
4. Maintenance and Repairs (Normal Maintenance and services such as gardening and cleaning)

With these numbers you can call and get a rough estimate of your 2023 tax bill or go online to the City's Mills Act page and use the Mills Act Calculator to get your rough estimate.

MORTGAGE IMPOUND ACCOUNTS

The City has been made aware that some Mills Act Contract owners have not seen the savings during the first year of the contract. In every instance, the property had an impound account for their property taxes as part of their mortgage payment.

Impound Accounts are required to be reviewed once a year by law. If your account is reviewed prior to the receipt of the tax bill, you would not see a change until the next time it is reviewed (up to 11 months later). Therefore, for those applicants with an impound account, we suggest the following:

1. Do not put any projects in year one; or
2. If you put projects in year one, make sure you already have the money saved to complete them; and
3. Be sure to contact your lender once the new tax bill has gone out and ask them to review your account.

SUBMITTING YOUR APPLICATION

1. Check with the Planning Division for the Fee before submitting;
2. Submit the Application with the following:
 - Copy of Latest Tax Bill
 - Copy of Latest Deed
 - Photographs of any proposed projects
 - Copies of estimates/bids for projects (if not using estimates produced by City)

ADDITIONAL READING

CALIFORNIA OFFICE OF HISTORIC PRESERVATION -

Mills Act Web Page: https://ohp.parks.ca.gov/?page_id=21412



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