What is the Mills Act?
The Mills Act is a California State law allowing cities to enter into contracts with the owners of designated historic properties who agree to preserve, maintain, and improve their property, in exchange for property tax savings.

The City of San Luis Obispo, with the support of the City Council and Cultural Heritage Committee, launched a Mills Act Program in 1997. Since then, the City has entered into contracts with over 50 property owners participating in the Mills Act Program, and allows up to 10 new contracts per year. Mills Act participants have seen property tax savings up to fifty percent over the life of the ten year contract. The tax savings stay with the historic property and are transferred to the new property owners when the property is sold.

Required Application Materials

✓ Completed Planning Application.
✓ Mills Act Review Fee (contact Community Development Department for current fee).
✓ Letter requesting approval of a Mills Act Contract and description of property’s overall condition, historic background, and other pertinent information.
✓ List of Mills Act Improvements describing the repairs, improvements, or maintenance to be completed using property tax savings and a timeline for completing each maintenance item over the duration of the first 10 year contract.

For more information or questions regarding the Mills Act Program, please contact the Community Development Department at:

919 Palm Street
San Luis Obispo, CA 93401
www.slocity.org
Phone: 805.781.7170
Is my property eligible?

A property is eligible to enter into a Mills Act Contract with the City if it is designated as a “Master List” historic structure on the City’s list of historic resources. Eligible properties can include residential or commercial structures. To find out if your property is on this list, contact the Community Development Department by phone (805.781.7172), visit our website (www.slocity.org) or visit our offices at 919 Palm Street.

How it Works

The Mills Act law enables the City Council to enter into contracts with owners of historic properties. Under these contracts, owners agree to maintain and, if necessary, rehabilitate their historic structures. Before entering into a contract, the property owner must make a list of how they plan to utilize their property tax savings over the first 10-year term, to improve, or maintain their historic property in compliance with historic preservation guidelines and Secretary of the Interior’s Standards.

Mills Act contracts have a minimum term of 10 years and are automatically renewed annually until the City or owner files a notice of non-renewal, which can be filed by the property owner for any reason. The effect of non-renewal is to terminate the contract at the end of the current 10-year term. Once a Mills Act contract is terminated, the property owner’s taxes increase, over a 10-year period, to the standard rate based on the current assessed value of the property.

If the Community Development Director determines the owner has breached a condition of the Mills Act agreement, or has allowed the property to deteriorate to the point that it no longer meets City eligibility standards for historic listing, the City may cancel this agreement before the 10-year term has ended, following a duly noticed public hearing by the City Council. Such cancellation will result in a penalty being assessed of 12 1/2 % of the full value of the property at the time of cancellation to be paid to the State Controller, as provided in State law.

Changes to the character-defining features of the property, such as major landscaping, door and window replacement, and exterior repainting, require approval by the Community Development Director, prior to beginning work, to ensure that the terms of the agreement are met and the proposed changes are consistent with the historic preservation guidelines.

How to Apply

After confirming that the your property is eligible, prepare a list of restoration improvements or maintenance items you would like to complete (examples are available upon request). Improvement items like re-landscaping, structural renovations, interior or exterior painting, or re-roofing should be listed and include an estimated timeline for completion. Along with this list, a Planning Application must be submitted to the Community Development Department accompanied by the Mills Act review fee.

Once an application for a Mills Act Contract is received and reviewed by Community Development staff, a public hearing will be held by the Cultural Heritage Committee (usually within 6-8 weeks). The CHC will then forward a recommendation to the City Council on whether or not to approve the Mills Act Contract. Once approved, the contract will be referred to the County to determine the new assessed property taxes.