



CITY OF ESCONDIDO MILLS ACT PROGRAM

"Historic Property Preservation Agreement"

What is the Mills Act? The Mills Act is a State law passed in 1972 allowing a reduction in property taxes for qualified historic properties when owners agree to preserve/restore their properties.

How does my property qualify for the Mills Act? Qualified properties include residential properties listed on the local, state or national historic register.

What are my obligations under a Mills Act Contract? Under the contract, property owners are required to maintain/restore the structure to ensure the historical integrity. Improvements are subject to planning division review and should be consistent with the Secretary of the Interior Standards for Historic Preservation. The City of Escondido is predominantly concerned with exterior, street-visible improvements. In addition, the property owner agrees to periodic inspections by Assessor, SHPO, local government and State Board of Equalization. If an owner does not comply with the terms of the contract a penalty of up to 12.5% of the current assessed value of the home may be assessed.

What kind of savings can I expect on my property tax bill? Typically property owners can expect a 20% to 60% savings on their property taxes. Under State law, the lesser of 1) the current market value, 2) the Proposition 13 value or 3) the restricted value based on the rents will be used to calculate your property taxes.

How long is the contract and is it cancelled if I sell the property? The term of the contract is 10 years; however it is automatically extended for one year at its anniversary. Contract runs with the property in perpetuity. Both the owner and local government may cancel the contract by filing a 'notice of non-renewal', which would allow the contract to stop its' annual renewal and 'wind down' over the next 10 years.

What does the City's application process entail? Once a complete [application](#) is submitted, planning staff reviews the information and conducts a site visit. The application is then presented to the City's Historic Preservation Commission and the City Council for approval.

What is the Assessor's role in the process? Although the contract is between the property owner and the City of Escondido, the Assessor's Office must determine the actual assessed value based on a formula established by state law, using the income that could be generated from the property.

How long will it take before I notice the reduction on my property tax bill? The Assessor's Office implements the Mills Act valuation once a year. Contracts recorded by December 31st would be implemented on the following November tax bill. (Note: tax bills will not include note stating property is under the Mills Act – tax bill will just be lowered).

Since I have owned my property for many years and already have a very low assessment, is it worthwhile to apply for the Mills Act? It is possible that the Proposition 13 value may actually be lower than the restricted value with the Mills Act, and the property would receive no immediate benefit. Some owners who would receive no benefit still apply for the Mills Act. It can be a selling point to a potential buyer because the property would not be reappraised at its full market value upon sale if the property was already under a historical contract.

For more information please contact the City of Escondido Planning Division at (760) 839-4671.