



# Agenda Item

## City Council

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**Item #:** 3.9.

7/13/2021

**File #:** 21-0349

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**TO:** Honorable Mayor and Members of the City Council

**THRU:** Rick Otto, City Manager

**FROM:** Susan Galvan, Interim Community Development Director

### 1. SUBJECT

Historic Property Preservation Agreements (Mills Act Contracts) for ten qualified historic properties.

### 2. SUMMARY

The Community Development Department Historic Preservation Program received ten applications for new Mills Act Contracts in the Old Towne and Eichler Historic Districts for the Spring 2021 application period. Staff recommends approval and execution of the contracts.

### 3. RECOMMENDED ACTION

Approve ten Mills Act Contracts between the City of Orange and the identified property owners for the preservation and rehabilitation of qualified historic properties, and authorize the Mayor and City Clerk to execute the contracts on behalf of the City.

### 4. FISCAL IMPACT

The purpose of the Mills Act Program is to leverage property tax savings to support private investment in the preservation of historic properties.

For the ten Mills Act applications received in Spring 2021, the City may incur a total reduction of property tax of approximately \$8,657 per year. The actual amount of the property tax reduction under the Mills Act Contract will be determined by the Orange County Office of the Assessor, using a predetermined income-based approach to assessment, considering area rental rates and maintenance costs.

The Mills Act Program requires reinvestment of this property tax reduction in preservation of the historic property through the Rehabilitation Plan (Exhibit D) attached to each contract. The Rehabilitation Plan will generate additional revenues from building permit fees, and the local economy will benefit from specialized work in historic preservation by local building contractors and material suppliers. The investment by property owners in these ten historic properties totals \$780,630 over ten years.

The \$1,000 application fee for each contract offsets the cost of staff review, property inspection, and this public meeting. The \$30 annual fee offsets ongoing costs of administration of the contracts.

### 5. STRATEGIC PLAN GOALS

Goal 5: Recognize, promote and preserve Orange's rich heritage

b. Expand and strengthen processes and practices related to the protection of cultural resources.

## **6. DISCUSSION AND BACKGROUND**

Mills Act applications for ten qualified historic properties were received prior to the March 1, 2021 application deadline. Two properties are within the Old Towne Historic District, two properties are within the Eichler Fairhills Historic District, three are within the Eichler Fairmeadow Historic District, and three are within the Eichler Fairhaven Historic District.

Staff reviewed the applications and met with each property owner at the historic property to review the proposed Rehabilitation Plan (Exhibit D) attached to the Mills Act Contract. Each Rehabilitation Plan has been tailored to the preservation needs of the specific historic property and has been determined to meet the Mills Act Program requirements and to be in conformance with the relevant design standards for the historic districts.

Each Mills Act property owner agrees to complete the work described in the Rehabilitation Plan. Additional contract conditions include:

- 1 Preserve and rehabilitate the historic property and its character-defining features in conformance with adopted rules and regulations.
- 2 Meet City of Orange Historic Property Maintenance Standards for all buildings, structures, yards and other improvements on the property.
- 3 Agree to property inspections once every five years of the contract term and/or when work is completed to determine compliance with terms of the contract.
- 4 File annual status reports on progress of improvements and repairs and/or any changed conditions of the property.
- 5 Provide a ten-year update of proposed rehabilitation and repair items, 90 days prior to the tenth contract anniversary.
- 6 Meet all other contract terms and conditions as specified in the Historic Property Preservation Agreement.

A summary of each application is provided as the first attachment to the Staff Report.

## **7. ATTACHMENTS**

- Summary of Ten Mills Act Applications
- Mills Act Contract MAC-376.0-21 with photograph
- Mills Act Contract MAC-377.0-21 with photograph
- Mills Act Contract MAC-379.0-21 with photograph
- Mills Act Contract MAC-380.0-21 with photograph
- Mills Act Contract MAC-381.0-21 with photograph
- Mills Act Contract MAC-382.0-21 with photograph
- Mills Act Contract MAC-383.0-21 with photograph
- Mills Act Contract MAC-385.0-21 with photograph

- Mills Act Contract MAC-386.0-21 with photograph
- Mills Act Contract MAC-387.0-21 with photograph