

# THE CITY OF BENICIA MILLS ACT

## A Tax Incentive Law for Historic Properties



Public Works &  
Community Development Department  
250 East L Street  
Benicia, CA 94510  
(707) 746-4280

Artwork by Del Lacey

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## **MILLS ACT PROGRAM: WHAT IS IT?**

The Mills Act is a State law that allows cities and owners of historic structures to enter into contracts that decrease property tax in exchange for continued preservation of buildings and property. Property tax can be reduced by 50 percent or more under Mills Act contracts.

### **How it works...**

State law enables the City of Benicia to enter into ten-year contracts with owners of properties in the Historic District, by which owners agree to maintain and, if necessary, rehabilitate historic structures. The contracts automatically renew annually for another ten years, unless purposely non-renewed by either party (in which case the contract lasts only through stated ten-year term) or cancelled. An owner may petition the City for immediate cancellation, and the City may only cancel a contract for breach of conditions (which carries a penalty for the owner equal to 12 ½ percent of assessed property value).

### **Who's eligible...**

Participation in the program is open to owners of the following types of structures:

1. Historic Landmark Buildings, as identified by the Downtown or Arsenal Historic Conservation Plans;
2. Contributing Buildings, as identified by the Downtown or Arsenal Historic Conservation Plans;
3. Buildings listed in the National Register of Historic Places; and
4. Buildings listed in any State, City, or County official register of historical or architecturally significant sites, places, or landmarks.

### **Program Threshold**

- 1. The City of Benicia has an annual threshold of \$35,000 projected reduction in property tax revenue and annual inspection costs to the City's General Fund. The applications shall be evaluated on a case-by-case basis until the total projected reduction in property tax revenue to the City has reached \$35,000 on an annual fiscal basis. The program will be re-evaluated after Fiscal Year 2011/2012.**

## **City of Benicia Mills Act Program**

Approved by the City Council on January 7, 2003

Amended by the City Council on December 18, 2007

Further Amended by the City Council on November 16, 2010

### **Purpose and Goal:**

The purpose of the program is to encourage the preservation, restoration and rehabilitation of historic property in the City of Benicia.

The Mills Act is a state law that enables a community to enter into 10-year contracts with owners of historically significant properties who agree to maintain and, if necessary, rehabilitate their historic structure in exchange for a reduction in property tax. The contract renews itself annually; hence, the owner is always between 9 and 10 years from termination unless there is a notice of nonrenewal. Either the property owner or the City may elect not to renew for any reason. The effect of nonrenewal is to terminate the contract at the end of the current nine to ten-year term.

A Mills Act contract provides a method of reducing property taxes in exchange for the continued preservation of a historic property. Property taxes are recalculated using the special Mills Act assessment method and can be reduced by 50 percent or more. Property valuation is determined by the "income" method set out in Revenue and Tax Code Section 439.2. Generally, the income, or projected income, less certain expenses, is divided by a capitalization rate to determine the assessed value of the property. When a property is owner occupied, the determination of "income" is based on what a property could reasonably be expected to yield, or an amount stipulated in the contract as the minimum income to be used. The income projected for owner occupied property is based on comparable rents for similar property in the area or, if insufficient rental information is available, the income that it could reasonably be expected to produce under prudent management.

It is the policy of the City of Benicia to foster and encourage the preservation, maintenance, rehabilitation and restoration of historically designated properties. It is recognized by the City that a reduction in property taxes afforded by the Mills Act will serve as a key monetary incentive for citizens to acquire, maintain and restore historic properties within the City of Benicia. However, it is also recognized that the reduction in property taxes affects the City's General Fund, and in order to understand and manage this fiscal impact, all Mills Act contracts shall be subject to the guidelines contained herein.

### **Definitions:**

**Preservation:** The maintenance of the structure in its present condition or as originally constructed. Preservation aims at halting further deterioration and providing structural safety, but does not contemplate significant rebuilding. Preservation includes techniques of arresting or slowing the deterioration of a structure; improvement of structural conditions to make a structure safe, habitable, or otherwise useful; normal maintenance and minor repairs that do not change or adversely affect the fabric or appearance of a structure.

**Rehabilitation:** Involves equipping the building or facility for an extended useful life with a minimum alteration of original construction or the process of returning a structure to a state of usefulness by repairs or alterations.

**Restoration:** The process of accurately recovering, by the removal of later work and the replacement of missing earlier work, the form and details of a structure, together with its setting, as it appeared at a particular period of time.

**Eligibility Criteria:**

**Qualified historical property:** for purposes of this Mills Act Program, means privately owned property which is not exempt from property taxation and which meets either of the following:

- A. Listed in the National Register of Historic Places or located in a registered historic district.
- B. Listed in any state, city, county, or city and county official register of historical or architecturally significant sites, places, or landmarks.

Participation in the program is open to the following types of structures:

- A. Historic Landmark Buildings, and
- B. Contributing Buildings to the Downtown Historic or Arsenal District.

**Type and Extent of Proposed Work:**

The applicant will propose a schedule of proposed preservation, maintenance and/or improvements to the building to protect or enhance its historical value. The type and extent of the proposed work to be committed to in the Mills Act contract will also be used to evaluate the proposal.

- A. Extend the life of the structure, such as a new roof, a stable foundation; seismic retrofits (bolting to the foundation, shear walls, etc.) weatherproof exterior walls. Primary mechanical systems necessary to maintain the structural integrity or address safety concerns of the building (plumbing, electrical, heating) may be included in the work plan.
- B. Improve or restore the building's historic exterior appearance.
- C. Provides extensive improvement.
- D. New additions, exterior alterations, or related new construction shall follow the Secretary of Interior guidelines such as: the project shall not destroy historic materials that characterize the property; the new work shall be differentiated from the old and shall be compatible with the massing, size, scale; and architectural features to protect the historic

integrity of the property and its environment.

- E. A Maintenance program for properties that are already in good condition.

**Mills Act Program Procedures:**

- A. The Mills Act process starts with a meeting between the Planning Division staff and the potential applicant to discuss the program. The property owner and staff will consult with the County Assessor's Office to get detailed information on how their property taxes would be affected.
- B. The applicant submits an application packet requesting that the City enter into a Historic Property Preservation Agreement. Applications will be accepted from January-June of each calendar year. An application packet will include the following:
  - 1. A completed application form.
  - 2. The Historic Resources Inventory entry, updated to comply with the most current procedures of the State Office of Historic Preservation (form DPR 523B 1/95).
  - 3. An itemized description of the annual preservation and restoration goals to be undertaken by the owner through the initial ten-year term of the agreement.
  - 4. A maintenance plan for building(s), yards and other improvements.
  - 5. A copy of the last tax bill and the projected adjustments of the property taxes as determined by the Solano County Assessors Office.
  - 6. The application fee.

**Other Supplemental Information:**

- 7. Depending on the condition of the property and the nature of the proposed work, staff may request that a Structural Pest Report be made part of the application submittal.
- 8. Depending on the condition of the property and the nature of the proposed work, staff may request that a Roof Inspection Report be made part of the application submittal.
- 9. Depending upon the nature of the proposed work and the significance of the property, the City may retain an architectural historian, or restoration architect, at the applicant's expense, to evaluate the applicant's proposal for consistency with the architectural, historic, or aesthetic integrity of the resource. The architectural historian shall review and make recommendations to the City to help ensure that the proposed work will not adversely affect the significant architectural features

of the property nor adversely affect the character or historic architectural or aesthetic interest or value of the cultural resource and its site. Every reasonable effort should be made to restore the architectural character of the structure back to its original material or architectural features. Restoration would not necessarily be required unless the structure has been modified to change its historic character, or in a manner which is contrary to the Downtown Historic Conservation Plan or Secretary of the Interiors Standards. The architectural historian would review the application and proposed improvements and formulate a recommendation to staff on what, if anything is needed to restore and/or preserve the property.

Once a complete application is submitted and deemed complete, staff prepares an analysis and recommendation, which is forwarded to the Historic Preservation Review Commission.

The Historic Preservation Review Commission evaluates the application based upon the Mill Act Criteria and votes to recommend to the City Council approval or denial of the contract.

Staff forwards the application and the Historic Preservation Review Commission's recommendation to the City Council for consideration.

The City Council considers the application request and decides to approve, modify or deny the request.

If approved, a draft Agreement is prepared by staff and reviewed by the City Attorney's Office for form and content.

The City Manager or Public Works & Community Development Director executes the agreement with the property owner. The City of Benicia is responsible for having the agreement recorded with the Solano County Recorder's Office by the end of the calendar year in which it is executed \*\*.

Once the Agreement is signed, the Solano County Assessor's Office is notified and the assessor determines the value of the property and annual property tax using the capitalization of income method.

Staff annually inspects the property to ensure that the terms of the Agreement are being met and that the property is being properly maintained and preserved and reports to the Historic Preservation Review Commission.

The Historic Preservation Review Commission recommends action to be taken by the City if the terms of the Agreement are not being met. If appropriate, the Commission may recommend that the Council cancel or not renew the Agreement.

\*\* - For all contracts recorded by December 31 of a calendar year, reassessment by the County is conducted by June 30 of the following year and is reflected on fiscal year tax bills issued in October.

Each year the properties under Mills Act contract are to be inspected and their compliance with their contracts reported to the Historic Preservation Review Commission. Following consideration at a public meeting, the Commission shall accept each property as being in compliance or find that the project may not be in compliance, citing the particular areas of concern. The areas of concern shall be reviewed by City staff with the property owner. Where they are resolved, a supplemental report is to be submitted for the Historic Preservation Review Commission's further consideration of finding the property in compliance. Where the concerns are not resolved, then the matter shall be referred to the City Council for action, which may include termination of the contract for noncompliance.

## EXAMPLE OF MILLS ACT PROPERTY TAX ASSESSMENT FORMULA

The usual method of valuation for property tax is to determine fair market value based on comparable sales. However, under the Mills Act, valuation is determined by a capitalization of income method rather than on market value. The following example estimates the potential net savings to a property owner entering into a Mills Act agreement. If the Agreement is approved, the County Assessor will make an official determination on the value of the property using the following capitalization of income method. **THE MILLS ACT MAY NOT PROVIDE A TAX SAVINGS FOR EVERYONE WHO CHOOSES TO PARTICIPATE IN THE PROGRAM. IN CERTAIN CIRCUMSTANCES, PARTICULARLY FOR PROPERTY OWNERS WHO HAVE OWNED THEIR HOMES PRE-PROPOSITION 13, A PROPERTY OWNER'S TAXES MIGHT INCREASE.**

Estimated Gross Income: (\$1,400/mo. X 12)	\$16,800
Expenses: (\$800.00/mo. X 12)	<u>- 9,600</u>
<b>Net Operating Income (NOI)</b>	<b>\$ 7,200</b>
Capitalization Rate	
Interest Component (rate)	8.12%
Historical Property Risk Component	2.00%
Amortization Component	
(assume reciprocal life of 50 years)	2.00%
Property Taxes Component	<u>1.00%</u>
<b>Total Capitalization Rate</b>	<b>13.12%</b>
Capitalization of Net Income (NOI ÷ Cap Rate)	\$7,200 ÷ .1312 = \$54,878
Current Assessed Value	\$180,000
Current Property Taxes	\$1,800
Assessed Value w/ Agreement	\$55,000
Estimated Property Tax w/ Agreement	\$550

Potential property tax reduction to property owner is \$1,250.00 (\$1,800 - \$550)

The assessed value of property under an Agreement is recalculated each year by the County Assessor to reflect changes in income, expenses, interest rate, and amortization. Through the life of the Agreement, the tax savings to the property owner will increase as the market value assessment increases.

**Estimated Gross Income:** is determined by the rental income a property can potentially produce as determined by other comparable properties in the area. (multiplied by 12 months)

**Expenses:** utilities, insurance etc. (multiplied by 12 months)

**Net Operating Income (NOI)** equals the *gross income - expenses*.

**Capitalization Rate:**

**Interest Component** is determined by the State Board of Equalization and announced no later than September 1 of the year preceding the assessment year (the yield rate is equal to the effective rate on conventional mortgages as determined by the Federal Home Loan Bank Board, rounded to the nearest ¼ percent).

**Historical Property Risk Component** is 4% in the case of owner occupied single-family dwellings. In all other cases, the property risk component is 2%.

**Amortization Component** is a percentage equal to the reciprocal of the remaining life of the improvements. This can be determined by the information on the Solano County Assessor's Office website for each address. Simply calculate Land / Improvements.

**Property Taxes Component** is defined by the percentage of the estimated total tax rate applicable to the property for the assessment year times the assessment ratio. Contact the Assessor's Office for the official rate, it will be approximately 1%.



## MILLS ACT PROGRAM PROPERTY OWNER ANNUAL REPORT

Property Address: \_\_\_\_\_ Date: \_\_\_\_\_

Date contract entered into (month/year): \_\_\_\_\_

What were your tax savings this year? \_\_\_\_\_

What project(s) was completed this year? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

What was the cost of the project(s)? \_\_\_\_\_

Based on the results of this project would you like to revise your Ten-Year Plan? \_\_\_\_\_

If so, how? \_\_\_\_\_

\_\_\_\_\_

Comments/ Suggestions: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(Attach additional sheets if necessary)

Name \_\_\_\_\_ Signature \_\_\_\_\_

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### For Office Use Only

Date Received: \_\_\_\_\_ Inspection Date: \_\_\_\_\_

Work Completed? \_\_\_\_\_ Staff Inspection Report Attached? \_\_\_\_\_

RECORDED AT THE REQUEST OF THE CITY OF BENICIA  
WHEN RECORDED, RETURN TO:

CITY OF BENICIA  
250 East L Street  
Benicia, CA 94510  
Attention: City Clerk

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### **HISTORICAL PROPERTY PRESERVATION AGREEMENT**

THIS AGREEMENT is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_ (month), (year) by and between the CITY OF BENICIA, a municipal corporation (hereinafter referred to as the "City"), and \_\_\_\_\_ (hereinafter referred to as the "Owners").

### **WITNESSETH**

#### **A. Recitals**

1. California Government Code Sections 50280, et seq. allow cities the discretion to enter into contracts with the owners of qualified historical properties, as the term is defined by Government Code Section 50280.1, for the purpose of restricting development of its cultural and historic significance and continuing maintenance of the historical property;
2. Owners possess fee title in and to that certain real property, together with associate structures and improvements thereon, located at the street address \_\_\_\_\_ (hereinafter, shall be referred to as the "the Historical Property"). A legal description of the Property is attached hereto and incorporated herein by this reference as Exhibit A;
3. On \_\_\_\_\_, the City Council of the City of Benicia adopted Resolution No. \_\_\_\_\_ thereby declaring its intention to enter into this Historic Property Preservation Agreement.

4. City and Owners, for their mutual benefit, now desire to enter into this Agreement both to protect and preserve the characteristics of cultural and historical significance of the Property and to qualify the Property for an assessment of valuation pursuant to the provisions of Article 1.9, Chapter 3 of Part 2 of Division 1 of the California Revenue and Taxation Code.

## B. Agreement

NOW, THEREFORE, City and Owners, in consideration of the mutual promises, covenants and conditions set forth herein, do hereby agree as follows:

1. Effective Date and Term of Agreement. This Agreement shall be effective and commence on \_\_\_\_\_ and shall remain in effect for a term of (10) years thereafter. Each year, upon the anniversary of the effective date of this Agreement (hereinafter "renewal date"), one (1) year shall automatically be added to the term of the Agreement, unless timely notice of nonrenewal, as provided in paragraph 2, is given. If either City or Owners serves notice to the other of nonrenewal in any year, the Agreement shall remain in effect for the balance of the term then remaining, either from its original execution or from the last renewal of the Agreement, whichever may apply.
2. Notice of Nonrenewal. If City or Owners desires in any year not to renew the Agreement, that party shall serve written notice of nonrenewal in advance of the annual renewal date of the contract as follows: (1) Owners must serve written notice of nonrenewal at least ninety (90) days prior to the renewal date or (2) City must serve written notice within sixty (60) days prior to the renewal date. Owners may make a written protest of the notice. City may, at any time prior to the annual renewal date of the Agreement, withdraw its notice of nonrenewal to Owners.
3. Valuation of Historical Property. During the term of this Agreement, Owners are entitled to seek assessment of valuation of the Historical Property pursuant to the provisions of Article 1.9, Chapter 3 of Part 2 of Division 1 of the California Revenue and Taxation Code.
4. Standards for Historical Property. During the term of this Agreement, the Property shall be subject to the following conditions, requirements and restrictions:
  - a) Owners shall preserve and maintain the characteristics of cultural and historical significance of the Property in accordance to the Secretary of the Interiors Standards for Rehabilitation and the minimum maintenance standards, identified in Exhibit "B", attached hereto, which shall apply to the property throughout the term of this Agreement. New additions, exterior alterations, or related new construction shall comply with the Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitation of Historic Buildings.

- b) Owner shall make improvements to preserve the integrity of the Property. Attached hereto, marked as Exhibit "C", and incorporated herein by this reference, is a Schedule of Stabilization Measures that both City and Owner agree is necessary for the immediate preservation of the Property. Owner shall undertake these improvements in accordance with Exhibit "C".
- c) Owner shall make improvements to bring the Property into good condition. Attached hereto, marked as Exhibit "D", and incorporated herein by this reference, is a list of work that both City and Owner agree is necessary to bring the Property into good condition.

Owner shall undertake all improvements in accordance with Exhibit "D". If the schedule set out in Exhibit "D" is not complied with, then City will use the following process to determine whether the owner is making good faith progress on the schedule of work. Upon City's request, the Owner shall submit documentation of expenditures, made to accomplish the next highest priority improvement project for the property, within the last 24 months. The owner shall be determined to be in substantial compliance when the expenditures are equal to or greater than the property tax savings provided by the Property being in the Mills Act Program. This schedule set out in Exhibit "D" shall be revised to reflect the schedule change. The Community Development Director shall have the ability to administratively adjust the schedule timeline, in concurrence with the property owner, only by written recorded instrument executed by the parties hereto.

- 5. Inspections and Annual Reporting. Owner agrees to permit the periodic examination, by prior appointment, of the interior and exterior of the Historic Property by the County Assessor, the State Department of Parks and Recreation, the State Board of Equalization and the City as may be necessary to determine Owner's compliance with the terms and provisions of this Agreement. Owner agrees to provide the City with a report as to the status of the Historic Property annually and when any improvements or changes have been made.
- 6. Provision of Information. Owners hereby agree to furnish City with any and all information requested by City which City deems necessary or advisable to determine compliance with the terms and provisions of this Agreement.
- 7. Cancellation. City, following a duly noticed public hearing as set forth in California Government Code Section 50285 may cancel this Agreement if it determines that Owners have breached any of the conditions of the Agreement or has allowed the property to deteriorate to the point that it no longer meets the standards for a qualified historical property. City may also cancel this Agreement if it determines that Owners have failed to restore or rehabilitate the Historical Property in the manner specified in paragraph 4 of this Agreement.

In the event of cancellation, Owners shall be subject to payment of those cancellation fees set forth in California Government Code Sections 50280 et seq., described herein. Upon cancellation, Owners shall pay a cancellation fee of twelve and one-half percent (12 1/2%) of the current fair market value of the Historic Property at the time of cancellation, as determined by the county assessor as though the Historic Property were free of any restrictions pursuant to this Agreement.

8. Enforcement of Agreement. In lieu of any provisions to cancel the Agreement as referenced herein, City may specifically enforce, or enjoin the breach of, the terms of this Agreement. In the event of a default, under the provisions of this Agreement by Owners, City shall give written notice to Owners by registered or certified mail addressed to the address stated in the Agreement, and if such a violation is not corrected to the reasonable satisfaction of City within thirty (30) days thereafter, or if not corrected within such a reasonable time as may be required to cure the breach or default if said breach or default cannot be cured within thirty (30) days provided that acts to cure the breach or default may be commenced within (30) days and must thereafter be diligently pursued to completion by Owners, then City may, without further notice, declare a default under the terms of this Agreement and may bring any action necessary to specifically enforce the obligations of Owners growing out of the terms of this Agreement, apply to any violation by Owners or apply for such other relief as may be appropriate.
9. Waiver. City does not waive any claim of default by Owners if City does not enforce or cancel this Agreement. All other remedies at law or in equity which are not otherwise provided for in this Agreement or in City's regulations governing historic properties are available to the City to pursue in the event that there is a breach of this Agreement. No waiver by City of any breach or default under this Agreement shall be deemed to be a waiver of any other subsequent breach thereof or default hereunder.
10. Binding Effect of Agreement. Owners hereby subject the Historical Property described in Exhibit A hereto to the covenants, reservations and restrictions as set forth in this Agreement. City and Owners hereby declare their specific intent that the covenants, reservations and restrictions as set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Owners' successors and assigns in title or interest to the Historical Property.

Each and every contract, deed or other instrument hereinafter executed, governing or conveying the Historical Property, or any portion thereof, shall conclusively be held to have been executed, delivered and accepted subject to the covenants, reservations and restrictions expressed in this Agreement regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

City and Owners hereby declare their understanding and intent that the burden of the covenants, reservations and restrictions set forth herein touch and concern the land in that it restricts development of the Historic Property. City and Owners hereby further declare their understanding and intent that the benefit of such covenants, reservations and restrictions touch and concern the land by enhancing and maintaining the cultural and historic characteristics and significance of the Historic Property for the benefit of the public and Owners.

11. Notice. Any notice required to be given by the terms of this Agreement shall be provided at the address of the respective parties as specified below, or at any other address as may be later specified by the parties hereto.

City: City of Benicia  
250 East L Street  
Benicia, California 94510

Owners: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

12. General Provisions

a. None of the terms, provisions or conditions of this Agreement shall be deemed to create a partnership between the parties hereto and any of their heirs, successors or assigns, nor shall such terms, provisions or conditions cause them to be considered joint ventures or members of any joint enterprise.

b. Owners agree to and shall hold City and its elected officials, officers, agents and employees harmless from liability for damage or claims which may arise from the direct or indirect use or operations of Owners or those of their contractor, subcontractor, agenda, employee or other person acting on his/her behalf which relates to the use, operation and maintenance of the Historic Property and from any injury to property caused by the restrictions on development of the Historical Property from application or enforcement of the City's Historical Preservation Ordinance or from the enforcement of this Agreement. Owners hereby agree to and shall defend the City and its elected officials, officers, agents and employees with respect to any and all actions for damages caused by, or alleged to have been caused by, reason of Owners' activities in connections with the Historic Property. This hold harmless provision applies to all damages and claims for damages suffered, or alleged to have been suffered, by reason of the operations referred to in this Agreement regardless of whether or not the City prepared, supplied or approved the plans, specifications or other documents for the Historical Property.

c. All of the agreements, rights, covenants, reservations and restrictions contained in this Agreement shall be binding upon and shall inure to the benefit of the parties herein, their heirs, successors, legal representatives, assigns and all persons acquiring any part or portion of the Historic Property, whether by operation of law or in any manner whatsoever.

d. In the event legal proceedings are brought by any party or parties to enforce or restrain a violation of any of the covenants, reservations or restrictions contained herein, or to determine the rights and duties of any party hereunder, the prevailing party in such proceeding may recover all reasonable attorney's fees to be fixed by the court, in addition to court costs and other relief ordered by the court.

e. In the event that any of the provisions of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction, or by subsequent preemptive legislation, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected thereby.

f. This Agreement shall be constructed and governed in accordance with the laws of the State of California.

13. Recordation. No later than twenty (20) days after the parties execute and enter into this Agreement, the City shall cause the Agreement to be recorded in the office of the County Recorder of the County of Solano.

14. Notice to State Office of Historic Preservation. The Owners or Agent of the Owners shall provide written notice of this Agreement to the State Office of Historic Preservation within six (6) months of the date of this Agreement.

15. Amendments. This Agreement may be amended, in whole or in part, only by written recorded instrument executed by the parties hereto.

IN WITNESS WHEREOF, City and Owners have executed this Agreement on the day and year first written above.

OWNER

CITY OF BENICIA

\_\_\_\_\_  
BY:

DATED:

\_\_\_\_\_  
BY: City Manager

DATED:

APPROVED AS TO FORM

\_\_\_\_\_  
City Attorney

EXHIBIT A  
LEGAL DESCRIPTION OF PROPERTY

## EXHIBIT B

### THE SECRETARY OF THE INTERIOR'S STANDARDS FOR REHABILITATION

The following Standards are to be applied to rehabilitation projects for the Property in a reasonable manner, taking into consideration economic and technical feasibility:

- (1) The Property shall be used for its historic purpose or be placed in a new use that requires minimal change to the defining characteristics of the building and its site and environment.
- (2) The historic character of the Property shall be retained and preserved. The removal of historic materials or alteration of features and spaces that characterize the Property shall be avoided.
- (3) The Property shall be recognized as a physical record of its time, place, and use. Changes that create a false sense of historical development, such as adding conjectural features or architectural elements from other buildings, shall not be undertaken.
- (4) Most properties change over time; those changes that have acquired historic significance in their own right shall be retained and preserved.
- (5) Distinctive features, finishes, and construction techniques or examples of craftsmanship that characterize the historic property shall be preserved.
- (6) Deteriorated historic features shall be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature shall match the old in design, color, texture, and other visual qualities and, where possible, materials. Replacement of missing features shall be substantiated by documentary, physical or pictorial evidence.
- (7) Chemical or physical treatments, such as sandblasting, that cause damage to historic materials shall not be used. The surface cleaning of the structure(s), if appropriate, shall be undertaken using the gentlest means possible.
- (8) Significant archeological resources affected by this project shall be protected and preserved. If such resources must be disturbed, mitigation measures shall be undertaken.
- (9) New additions, exterior alterations, or related new construction shall not destroy historic materials that characterize the property. The new work shall be differentiated from the old and shall be compatible with the massing, size, scale, and architectural features to protect the historic integrity of the property and its environment.
- (10) New additions and adjacent or related new construction shall be undertaken in such a manner that if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.

Please refer to the complete text for additional information.

Copied from The Secretary of the Interior's Standards for the Treatment of Historic Properties U. S. Department of the Interior, National Park Service, Weeks and Grimmer, 1995, pg. 62.

**Minimum Property Maintenance:**

As part of this agreement the Owners shall maintain all buildings, structures, yards and other improvements in a manner which does not detract from the appearance of the immediate neighborhood. The following conditions (includes but does not limit to the following) are prohibited:

1. Dilapidated, deteriorating, or unrepaired structures, such as: fences, roofs, doors, walls, and windows, broken windows, peeling exterior paint, broken structures;
2. Scrap lumber, junk, trash or debris;
3. Abandoned discarded or unused objects, equipment such as automobiles, automobile parts, furniture, appliances, containers, cans or similar items;
4. Stagnant water, including pools or spas, or open excavations;
5. Any device, decoration, design, structure, vegetation or landscape which is unsightly by reason of its height, condition or its inappropriate location;
6. Graffiti;
7. Incomplete exterior construction where no building inspections have been requested for 6 or more months, or for work which does not require a building permit, where there has been no significant progress for 90 days.

**EXHIBIT C**  
**Schedule of Stabilization and Rehabilitation Work**

The City and Owners agree to the following schedule of Stabilization and /or Protection Measures to be undertaken by Owner pursuant to the Paragraph 4b or this Agreement. All work shall be down in conformance with Paragraph 4a.

Project (s)	Schedule
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
9. _____	_____
10. _____	_____

**Work Item:** The methods and materials for completing the above work items shall be subject to review and approval by the City prior to commencement of work. All work shall comply with the Secretary of the Interior's Standards for Rehabilitation of Historic Buildings. Non-compliance with this requirement may constitute grounds for a termination of the Historic Property Contract by the City.

**Completion Date:** Work shall be completed by the specified date unless the Owner requests a change to a later completion date in writing and the City agrees to a later completion date. Non-compliance with this requirement may constitute grounds for a termination of the Historic Property Contract by the City.

**EXHIBIT D**  
**Architectural Rehabilitation and/or Restoration**

The City and Owners agree to the following schedule of Rehabilitation and /or Restoration projects to undertaken by Owner pursuant to the Paragraph 4c or this Agreement. All work shall be down in conformance with Paragraph 4a.

Project (s)	Schedule
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
9. _____	_____
10. _____	_____

**Work Item:** The methods and materials for completing the above work items shall be subject to review and approval by the City prior to commencement of work. All work shall comply with the Secretary of the Interior's Standards for Rehabilitation of Historic Buildings. Non-compliance with this requirement may constitute grounds for a termination of the Historic Property Contract by the City.

**Completion Date:** Work shall be completed by the specified date unless the Owner requests a change to a later completion date in writing and the City agrees to a later completion date. Non-compliance with this requirement may constitute grounds for a termination of the Historic Property Contract by the City.



# Public Works & Community Development Department

## Planning Division

### MILLS ACT CONTRACT APPLICATION

**Application Due Date: June 30th**

If approved, this application would require a historic building property owner to enter into a ten-year contract with the City (subject to annual renewal) for a reduction of property taxes in exchange for undertaking all rehabilitation, restoration or maintenance of the historic building in compliance with the Secretary of the Interior's Standards.

#### 1. Property Information.

Address/location \_\_\_\_\_

APN(s) \_\_\_\_\_ Parcel area (sq. ft. or ac) \_\_\_\_\_

Single-Family       Multi-Family/Commercial       Other \_\_\_\_\_

Year Built \_\_\_\_\_

Date of purchase of current owner \_\_\_\_\_

List all known prior alterations or additions to structure \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

#### 2. Location.

Downtown Historic District       Arsenal Historic District

Designation \_\_\_\_\_

#### 3. Tax Assessment. (Please contact the Solano County Assessor's Office at (707) 748-6210 for information)

Current year: \$ \_\_\_\_\_ Estimated with Contract: \$ \_\_\_\_\_

Are property taxes paid to date?     Yes     No

#### 4. Potential Structure/Property Improvements.

What is the general condition of the property?     Excellent     Good     Fair     Deteriorated

What type of work needs to be done?     Stabilization     Rehabilitation     Maintenance

Please list improvements that will take place over the next ten years. See attached form.

#### 5. Application Materials.

The following materials must be submitted along with this application form in order to process a Mills Act Contract application. See attached form.

<b>For Staff Use:</b>	Application #(s) _____	Date Filed _____
Date Entered _____	Entered By _____	Receipt # _____
Fee Breakdown _____	Total Fees Paid \$ _____	
GP designation _____	Current zoning _____	Historical Dist./designation _____

**6. Contact Information.** Check the  to indicate the primary contact.

**Property Owner**

Name \_\_\_\_\_ Organization \_\_\_\_\_

Mailing address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ E-mail \_\_\_\_\_

**Applicant, if different from owner**

Name \_\_\_\_\_ Organization \_\_\_\_\_

Mailing address \_\_\_\_\_

Phone \_\_\_\_\_ Phone (2) \_\_\_\_\_

E-mail \_\_\_\_\_ Fax \_\_\_\_\_

**7. Signatures.** Applicant and Property Owner must sign. Both signature lines must be signed, even if the applicant and property owner are the same.

**Applicant**

HOLD HARMLESS/INDEMNIFICATION: As part of this application the applicant hereby agrees to defend, indemnify and hold harmless the City of Benicia, its Council, boards and commissions, officers, employees, volunteers and agents from any claim, action, or proceeding against the City of Benicia, its Council, boards and commissions, officers, employees, volunteers and agents, to attack, set aside, void or annul an approval or challenge a denial of the application or related decision, including environmental documents. The applicant's duty to defend, indemnify and hold harmless shall be subject to the City's promptly notifying the applicant of said claim, action or proceeding and the City's cooperation in the applicant's defense of said claims, actions or proceedings. The City of Benicia shall have the right to appear and defend its interests in any action through the City Attorney or outside counsel.

By signing below, I hereby certify that the application I am submitting, including all additional required information, is complete and accurate to the best of my knowledge. I understand that any misstatement or omission of the requested information or of any information subsequently requested may be grounds for rejecting the application, deeming the application incomplete, denying the application, suspending or revoking a permit issued on the basis of these or subsequent representations, or for the seeking of such other and further relief as may seem proper by the City of Benicia.

Applicant: \_\_\_\_\_ Date: \_\_\_\_\_

**Property owner**

By signing below, I hereby certify under penalty of perjury, that I am the owner of record of the property described herein and that I consent to the action requested herein. All other owners, lenders or other affected parties on the title to the property have been notified of the filing of this application. Further, I hereby authorize City of Benicia employees and officers to enter upon the subject property, as necessary to inspect the premises and process this application.

In order to facilitate the public review process, the City requires that property owners agree to allow any plans or drawings submitted as part of the application to be copied for members of the public. Property owner(s) hereby agree to allow the City to copy the plans or drawings for the limited purpose of facilitating the public review process.

Property owner: \_\_\_\_\_ Date: \_\_\_\_\_

**NOTE:** In addition to City and other government agency requirements, many development areas, particularly residential areas, are regulated by private agreements and/or private easements. Applicants should check project property descriptions, including title reports, to determine if such private contractual agreements ("CC&Rs") or easement descriptions impact the project proposal.

The City's issuance of a building or development permit does not indicate conformance to these private agreements.

## DESIGNATION OF A REPRESENTATIVE FORM

Applicants or property owners who desire to authorize a representative or representatives to act on their behalf in conjunction with this application shall provide the following information:

Name of authorized representative(s): \_\_\_\_\_

Address of representative(s): \_\_\_\_\_

Phone number of representative(s): \_\_\_\_\_

The above named representative(s) is authorized as follows:

File any and all papers in conjunction with the application including the signing of the application. \_\_\_\_ (initial)

Speak on behalf of, or representing, the [choose owner and/or applicant and fill in blank] \_\_\_\_\_ at any staff meeting and/or public hearing. \_\_\_\_ (initial)

Sign any and all papers on my behalf, with the exception of the application form. \_\_\_\_ (initial)

This authorization is valid until revoked in writing and filed with the Community Development Department.

\_\_\_\_\_  
**Owner/ Applicant (specify)**

\_\_\_\_\_  
**Date**



# Public Works & Community Development Department

## Planning Division

**Project Address:**

**Date:**

**Planner:**

accepting application

For Applicant's Use	For Staff Use	<b>Mills Act Application Checklist</b>	
		Please note: Your project planner may require additional information depending on the specifics of your project.	
		<b>Application Form - Due by June 30th</b>	Required
		<b>Updated Historic Resources Inventory entry (State DPR Form 523)</b> , to be completed by a qualified historic preservation specialist	Required
		<p><b>Work Plan</b>, consisting of a description and schedule of work needed to stabilize or restore character defining features of the property, for the initial 10-year contract period.</p> <p>Check the box that most closely resembles your property:</p> <p><input type="checkbox"/> Building in good condition—no repair necessary, ongoing maintenance consistent with the Secretary of the Interior's Standards for Rehabilitation</p> <p><input type="checkbox"/> Building requires some rehabilitation work</p> <p><input type="checkbox"/> Building requires immediate work to preserve, stabilize, or protect resource</p>	<p>Requirement:</p> <ul style="list-style-type: none"> <li>• Work plan may be needed for unusual building details</li> <li>• Proposed work plan</li> <li>• Proposed work plan</li> </ul>
		<b>Legal Description of Property (Can be provided by Title Company)</b>	Required
		<b>Copy of Last Property Tax Bill</b>	Required
		<b>Filing Fee</b>	\$550
		<b>Mailing Labels</b>	Required (see <u>Mailing Notice</u> handout)
<p><b>Supplemental Information:</b> Your project planner may require one or more of the following items after your initial application submittal, depending on the condition of the property and nature of the proposed work.</p>			
		<p><b>Physical Inspection</b> A physical inspection by City staff—building inspector, Fire Marshall, and/or planner—may be required</p>	Dependent upon Property
		<p><b>Architectural Historian Report</b> At the applicant's expense, the City may retain an architectural historian, or restoration architect, to evaluate the applicant's proposal for consistency with the architectural, historic, or aesthetic integrity of the resource. The architectural historian shall review and make recommendations to the City to help ensure that the proposed work will not adversely affect the significant architectural features of the property, nor adversely affect the character or historic architectural or aesthetic interest or value of the cultural resource and its site.</p>	Dependent upon Property

For Applicant's Use	For Staff Use	<p style="text-align: center;"><b>Mills Act Application Checklist</b></p> <p style="text-align: center;">Please note: Your project planner may require additional information depending on the specifics of your project.</p>	
		<b>Structural Pest Report</b>	Dependent upon Property
		<b>Roof Inspection Report</b>	Dependent upon Property