MILLS ACT PROGRAM GUIDELINES
City Council Resolution No.
Adopted October ###, 2026

The City of Orange Heritage Commission shall be responsible for reviewing Mills Act applications and recommending to the City Council those applications that best meet the criteria and priorities established in this Chapter. The Commission shall prepare and transmit a written report to the City Council summarizing its evaluation and recommendations. Each application shall be accompanied by the following items:

1. City of Orange Mills Act Application Form

2. Application fee established in the City's Master Fee Schedule

3. Legal description of property

4. Mills Act Workplan identifying the preservation, rehabilitation, restoration, and/or maintenance tasks proposed for the property. The workplan shall include a description of each task, estimated costs for each work item, an anticipated timeline for completion, and overview of the recommended treatment plan to facilitate compliance with the Secretary's Standards and applicable City design guidelines and standards.

5. Financial Analysis showing that the total estimated cost of the workplan is reasonably proportional to the projected property tax savings over the initial ten-year term of the contract.

6. Photographic overview of the property, documenting existing conditions, character-defining features, and those areas slated for inclusion on the Mills Act Workplan.

I. Steps and Schedule for Review of Applications

To ensure orderly processing, adequate staff review, and timely Council consideration, the Mills Act application cycle shall proceed according to the following phased process:

Step 1, Letter of Intent and Pre-Application Inspection (Ongoing)

Prior to submitting the full Mills Act application, the property owner shall provide a brief Letter of Intent describing the property's designation status, the owner's interest in pursuing a Mills Act Contract, and a general outline of the proposed workplan items and need for the Mills Act. On the basis of this Letter of Intent, the City shall complete a preliminary eligibility screening to confirm that the property meets the basic eligibility requirements of this subsection. Following submittal of the Letter of Intent, the City shall conduct an initial inspection as part of the eligibility screening. The applicant or authorized representative must be present for the inspection. Preliminary eligibility screening may occur on an ongoing basis prior to application submittal.

Step 2, Application Intake Period (January 1 – April 30)

The City shall accept Mills Act applications annually between January 1 and April 30. Applications submitted after April 30 shall be deferred to the next year's cycle.

Step 3, Staff Review Period (May 1 – June 30)

Between May 1 and June 30, staff shall review applications for completeness and eligibility; conduct site inspections as needed; apply the adopted evaluation criteria; and prepare staff summaries and scoring sheets for Commission review.

Step 4, Commission Review and Recommendation (July 1 – August 31)

Between July 1 and August 31, the Commission shall: Review eligible applications and staff evaluations; Apply the adopted scoring and ranking criteria; Hold one or more public meetings to consider applications; Forward a ranked list of recommended applications to the City Council. The number of recommended applications shall not exceed the annual cap established by the City Council.

Step 5, City Council Consideration (September 1 – October 31)

Between September 1 and October 31, the City Council shall: Consider the Commission's recommendations; Approve, modify, or deny applications; Authorize execution of Mills Act contracts.

Step 6, Contract Execution and Recording (November 1 - December 31)

All Mills Act contracts approved by the City Council must be executed and recorded no later than December 31 of the same calendar year. Following City Council approval, the property owner shall be responsible for executing, notarizing, and recording the Mills Act contract with the County Recorder. The City shall provide the owner with the final contract for signature within ten (10) business days of Council approval. The owner shall obtain all required signatures and notarizations and shall record the fully executed contract with the County Recorder no later than December 31 of the same calendar year. The owner shall provide the City with a copy of the recorded contract within ten (10) business days of recordation. Failure to record the contract by December 31 may result in deferral of the contract to the following year's cycle.

II. Criteria for Evaluating Applications

In evaluating the merits of each application for a Mills Act Contract, the City shall apply the following criteria. These criteria are intended to prioritize applications that yield the highest preservation benefit, address the most urgent needs, and ensure that tax savings are reinvested in the long-term protection of the Historical Resource.

A. Balance of Tax Savings and Investment

The estimated property tax benefit over the initial ten (10) years of the Contract should be reasonably balanced by the applicant's proposed financial investment in the Historical Resource during the same period. Applications clearly demonstrating a commitment to reinvesting tax savings into substantial preservation work shall receive priority consideration.

B. Public Benefit

The proposed Mills Act Workplan should demonstrate a public benefit by addressing the preservation, rehabilitation, or exceptional maintenance needs of the property. Applications will be assessed and prioritized to the extent that they would: (1) Rehabilitate, preserve, or restore character-defining features, including features that have been altered or deteriorated over time; (2) Provide a comprehensive, prioritized scope of work that addresses the property as a whole rather than isolated improvements; (3) Include necessary structural reinforcement, seismic upgrades, or stabilization measures that protect the long-term viability of the resource; (4) Include systems upgrades (electrical, plumbing, mechanical, life-safety) necessary to ensure the viable continued use and preservation of the property; and (5) Address urgent preservation needs, including deterioration, deferred maintenance, or conditions that threaten the integrity of the resource.

C. Preservation Need

In determining the relative merit of applications, the City and Commission shall consider: (1) The extent of rehabilitation or restoration needed, with priority given to properties requiring significant work to preserve historic integrity; (2) The vulnerability of the resource, including structural deficiencies, seismic risks, or threatened character-defining features; (3) The historic significance of the property; (4) Whether the proposed work will result in a substantial enhancement of a surrounding historic district or neighborhood; and (5) Whether the applicant proposes to use qualified preservation professionals to prepare or implement the Mills Act Workplan.

III. Limitations on Eligibility

The following limitations apply to all applications for Mills Act Contracts. These provisions are intended to ensure that tax benefits are directed toward meaningful preservation outcomes and that the program is administered equitably and efficiently:

A. Cap on Approvals

To ensure that the program remains fiscally sustainable and administratively manageable, the number of new Mills Act Contracts approved each year may be limited. Unless otherwise established by resolution of the City Council, no more than eight (8) new Contracts shall be approved in any calendar year. The City Council may award fewer than the maximum number based on the relative merit of applications and available staff resources. The Director shall have the discretion to allow additional applications beyond the cap for properties requiring urgent and/or exceptional interventions to stabilize the property.

B. Limits on the Inclusion of Retroactive Workplan Items

A Mills Act contract shall not apply to maintenance or alteration work that was completed or started prior to contract approval, unless the applicant demonstrates that: the completed work was necessary to address an immediate threat to public health or safety; or the work was required due to involuntary damage or destruction caused by fire, natural disaster, or other casualty; and the work was performed in a manner consistent with the Secretary's Standards, on the basis of substantial evidence and the expert opinion of a qualified historic preservation professional as defined by this Chapter.

C. Routine Maintenance

Routine maintenance shall not qualify as eligible work under a Mills Act Contract, except in cases where: (1) the property is a Historical Resource of exceptional or unique significance; and (2) the maintenance requirements are unusually extensive or financially burdensome due to the property's age, materials, or construction; and (3) the work is necessary to preserve character-defining features and/or to prevent further deterioration.

D. Interior Work

Interior work may be included in a Mills Act Contract only when it meets all of the following conditions: (1) The work involves character-defining interior features identified and documented in the property's landmark designation or (2) Subsequent research and expert opinion has identified interior character-defining features worthy of inclusion in the Mills Act Workplan; Interior remodeling unrelated to historic features, cosmetic upgrades, or alterations that diminish historic integrity shall not be eligible.

IV. Required Contract Provisions

Each Mills Act Historic Property Contract shall include the provisions required by California Government Code Sections 50281 and 50282, together with the following terms necessary to ensure compliance with state law and the preservation objectives of this Chapter.

A. Contract Terms

The contract shall have a minimum term of ten (10) years. On each anniversary date of the Contract, or on such other annual date as specified in the Contract, one (1) additional year shall automatically be added to the term unless a Notice of Non-Renewal has been filed in accordance with state law and this Chapter. The contract rights and obligations are binding upon all successive owners of the property during the life of the contract.

B. Preservation Standards

The contract shall require that all preservation, restoration, rehabilitation, and maintenance work performed under the contract conform to the: (1) Secretary's Standards; (2) State Historical Building Code; (3) Applicable guidance of the California Office of Historic Preservation; and (4) Applicable City of Orange Historic Preservation Design Standards and design guidelines.

C. Inspections

The property owner shall permit periodic examination of the premises by the City, as necessary, to verify compliance with the Mills Act Workplan and contract. Prior to approval of a new contract, the City shall conduct an inspection of the property. The City shall conduct inspections at least once every two (2) years to determine continued compliance with the contract and the approved Mills Act Workplan. The property owner shall provide any information requested by the City to verify compliance. Inspection costs shall be borne by the property owner.

V. Reporting Requirements. The property owner shall submit reports to the City in accordance with the reporting schedule specified in the Mills Act Workplan and contract, and at a minimum once every two (2) years, to demonstrate compliance with the Mills Act Workplan and progress toward completion of the preservation, rehabilitation, and maintenance tasks. The City may require more frequent reporting as necessary to ensure compliance.

VI. Notice to State Agencies. The City shall provide written notice of the Contract to the California Office of Historic Preservation within one hundred eighty (180) days of execution, as required by state law.