



MILLS ACT PROPERTY CONTRACT PROGRAM



Planning Division
Development Services Department
City of Oceanside
300 N. Coast Highway
Oceanside, CA 92054
760-435-3520
www.ci.oceanside.ca.us

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- A. Secretary of the Interior is Standards for Rehabilitation
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- C. Sample Site Plan
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MILLS ACT PROPERTY CONTRACT PROGRAM APPLICATION GUIDELINES

Introduction

The City of Oceanside Mills Act Property Contract Program was established by ordinance on July 18, 2007 under the authority of a State enabled program known as the Mills Act (California Government Code, Article 12, Sections 50280-50290). Under this act, local governments may enter into historic property contracts with owners of qualifying privately owned historic properties who agree to rehabilitate, restore and/or maintain their property according to the Secretary of Interior Standards (see attached).

These application guidelines are a summary of the main features of the Mills Act Property Contract Program. The complete regulations are in the legal texts of the California Government Code and the City of Oceanside Historic Preservation Ordinance.

Purpose of Mills Act Property Contract Program

The Mills Act Property Contract Program is a financial incentive that encourages designation and protection of historic buildings. The benefit to the owner may be a substantial reduction in property taxes, while the benefit to the City is the preservation of a significant historic resource.

Application Process

Applications for Mills Act Property Contracts are processed through the Development Service Department and administered by the City Planner of the Planning Division. The application form is available at the Planning Division counter, located within the south building of the Civic Center at 300 N. Coast Highway or through the City of Oceanside Web site at:

<https://www.ci.oceanside.ca.us/gov/dev/planning/permitforms/permit.asp>

The **2020** application process schedule is as follows:

- Application package distribution – Beginning January 15
- Application submittal period – Between January 15 and March 30
- Site visits by Planning Staff – Between April 2 and June 29
- Contracts drafted – On or before August 31
- Contracts signed and notarized – On or before October 1
- Contracts executed and recorded by County Recorder – On or before December 31

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

Properties with a Historic Designation are Qualified for a Contract

Only properties that are designated as a Qualified Historic Property will be considered for historic property contract agreements.

Properties that are non-contributing and in a landmark or National Register district may be considered if the historic property contract agreement results in exterior restoration of significant historic and architectural characteristics of the property and if the work complies with the Secretary of the Interior's Standards. For information on how to designate a property as a Qualified Historic Property, or to request an evaluation to see if your property qualifies for designation, contact the Planning Division, 760-435-3520.

Properties must be designated and recorded with the San Diego County Recorder before an application for a contract is determined complete.

Terms of a Contract Agreement

Duration. A Mills Act Property Contract is for an initial term of 10 years. It automatically renews each year on its anniversary date and a new 10-year agreement becomes effective.

Termination of Contract. The owner may terminate the contract by notifying the City at least 90 days prior to the annual renewal date. The City may terminate the contract by notifying the owner at least 60 days prior to the renewal date. The owner, upon receipt of the notice from the City, may make a written protest about termination by the City. The contract remains in affect for the balance of the term of the contract beyond the year of termination.

Alterations or Additions to Property. Work that may affect the historic architectural features of the property must comply with the Secretary of the Interior's Standards for Rehabilitation (Appendix A) and must obtain a Certificate of Appropriateness and building permit.

Inspections for Compliance. The City requires annual inspections of the property, by prior appointment, to ensure compliance with the terms of the agreement. Inspections may also be required by the County Assessor, State Office of Historic Preservation, and/or State Board of Equalization.

Breach of Contract Penalty. If the City determines at any time that the property owner has breached the contract, the owner is liable for a cancellation fee of 12.5% of the current value of the property as determined by the County Assessor.

Application Submittal Requirements

A complete submittal package shall include:

1. Completed application form.
2. Legal description.
3. Photographs (35mm or digital, color) including negatives or compact disk of building interior (views of all rooms, except non-original kitchens and bathrooms, and historic features) and exterior (front, rear, sides and historic accessory buildings). Prints may be either 3x5 or 4x6. Each photograph must be

identified with a label on the back with the building address, subject of photo and view. A digital camera may be used if photos are clear and labeled with the above information.

4. Site plan drawn to scale indicating locations of all buildings on the property, street names, north arrow and dimensions (Example in Appendix A).
5. Completed "Rehabilitation/Restoration/Maintenance Plan and Timeline" form.
6. A statement—if applicable—describing how property is threatened by deterioration, abandonment, or conflicting zoning regulations; if project will maintain or create affordable housing; and/or how property tax reduction is necessary to facilitate preservation of the property (see criteria in "Selection Process" below).
7. Tax adjustment worksheet.
8. Completed notarization form.

The complete application package should be mailed or hand-delivered to:

City of Oceanside
Development Services Department
Planning Division
300 N. Coast Highway
Oceanside, California 92054

Selection Process

Application materials must be submitted **between January 15 and March 30, 2008**.

Historic property contracts applications will be considered through a competitive selection process and only completed applications will be accepted. At the close of the application submittal period, projects that follow the priorities below shall have first consideration until available funding has been exhausted:

1. The contract agreement will substantially contribute to the preservation of a historic resource threatened by deterioration, abandonment, or conflicting regulations; enhance opportunities for maintaining or creating affordable housing; and/or facilitate preservation and maintenance of a property in cases of economic hardship; and
2. The contract agreement will support substantial reinvestment in a historic resource and/or rehabilitation of a historic building or structure in the areas where the City is concentrating resources on façade improvements, home rehabilitation, or similar revitalization efforts.

Administration of Contract Agreements

Staff of the Planning Division will monitor all work that is proposed in a contract agreement to ensure compliance with the terms of the agreement and will perform annual inspections after all work specified in the agreement has been completed and in the month of the contract execution date as long as the contract agreement is in effect.

San Diego County Administration

The City is responsible for recording executed Historic Property Contract documents with the County Recorder before December 31 of the applicable calendar year. After recordation, the City transmits the contract and the documentation of description of the property to the San Diego County Assessor where the calculation for the exact property tax under the Mills Act is performed. Contracts that are recorded by December 31 are reassessed by June 30 of the following year so that the reduced tax appears on the tax bill of October of that year.

State of California Administration

Within six months of entering into a historic property contract with the property owner, the City submits written notice to the State Office of Historic Preservation. This notification states that the property owner has entered into a Historic Property contract.

Instructions for Completing Tax Adjustment Worksheet

The Historic Property Tax Adjustment Worksheet is included in the application packet so that the property owner may compare their current taxes with a projected Mills Act reassessment. The form is a guideline only. It does not guarantee the exact reduction that the property will receive when the actual calculation by the County Assessor is completed.

- A. Determine the annual income and annual operating expenses.** For purposes of the Mills Act, a property is assessed as an income-producing property even though it may be owner occupied. For an example, assume that a house with a current assessed value of \$250,000 has a fair rent or income of \$1,600 per month. Per month expenses for maintenance, repairs, insurance, water, gardener, etc., are subtracted for a monthly net income. The monthly net income is multiplied by 12 for a **yearly net income** total. (*Note: Mortgage payments and property taxes are not deductible expenses*).
- B. Determine the capitalization rate.** This rate is determined by adding the following:
- An *Interest Component* determined by the Federal Housing Finance Board that is based on conventional mortgages. This component will vary from year to year.
 - A *Historical Property Risk Component* of 4% for owner-occupied single-family houses; of 2% for multi-family, commercial and industrial properties.
 - A Property Tax Component (post-Proposition 13 rates) of 1%.
 - An Amortization Component that is a discretionary rate determined by the San Diego County Assessor that depends on the individual property. Typically, the remaining life of a wood frame building is 20 years, and the amortization would be $100\% \times 1/20 = 5\%$.

Add all components for Capitalization Rate. Example: $6.5\% + 4.0\%$ (or $2.0\% + 1.0\% + 5.0\% = 16.5\%$ (or 14.5%)).

C. Calculate new assessed value and estimated tax reduction. The new assessed value is determined by dividing the **annual net income** by the **capitalization rate**. The new assessed value is taxed at a rate of 1% (**assessed value** multiplied by **.01 = reassessed tax rate**). To determine the amount of the tax reduction, subtract the **reassessed tax rate** from the **current tax rate** (1% of the current assessed value).

Historic Property Contract Forms

- **Application**
- **Rehabilitation Plan**
- **Notarization Form**
- **Tax Adjustment Worksheet**

CITY OF OCEANSIDE

APPLICATION FOR HISTORIC PROPERTY CONTRACT

PROPERTY OWNER INFORMATION:

NAME: _____

ADDRESS: _____

CITY, STATE, ZIP: _____

PHONE: (Hm) _____ (Wk) _____ E-MAIL: _____ Fax: _____

PROPERTY INFORMATION:

ADDRESS OF PROPERTY: _____

LEGAL DESCRIPTION: _____

ASSESSOR IDENTIFICATION NO: _____

DATE OF PURCHASE BY CURRENT OWNER: _____

USE CATEGORY: SINGLE FAMILY HOUSE; MULTI-FAMILY/COMMERCIAL/INDUSTRIAL

ARE PROPERTY TAXES PAID TO DATE? (CHECK ONE) YES NO

DESIGNATION CATEGORY: CHECK AT LEAST ONE:
NATIONAL RESISTER DISTRICT _____ INDIVIDUAL
LANDMARK/MONUMENT/
QUALIFIED HISTORIC DISTRICT _____ INDIVIDUAL
PROPERTY

THE AGREEMENT REQUIRES THE OWNER OF THE PROPERTY TO UNDERTAKE REHABILITATION AND RESTORATION WORK THAT IS IN COMPLIANCE WITH THE SECRETARY OF THE INTERIOR'S STANDARDS FOR REHABILITATION AND ILLUSTRATED GUIDELINES FOR REHABILITATING HISTORIC BUILDINGS. THE FOLLOWING MATERIALS MUST BE SUBMITTED WITH THIS APPLICATION:

- SIGNED COPY OF THIS APPLICATION FORM
- LEGAL DESCRIPTION OF SUBJECT PROPERTY
- PHOTOGRAPHS – COMPLETE DOCUMENTATION OF INTERIOR/EXTERIOR, PRINTED PHOTOS AND NEGATIVES OR DISK (LABEL BACK OF ALL PHOTOS IN PERMANENT INK)
- SITE PLAN DRAWN TO SCALE WITH LOCATION OF ALL BUILDINGS ON SITE (INCLUDE PROPERTY LINES, STREET NAMES, NORTH ARROW AND DIMENSIONS)
- REHABILITATION/RESTORATION/MAINTENANCE PLAN AND TIME LINE (INCLUDE WORK COMPLETED BY CURRENT OWNER IN LAST 2 YEARS AND WORK TO BE COMPLETED WITHIN NEXT 10 YEARS) WITH COST ESTIMATE OF ITEMIZED WORK
- IF APPLICABLE: A STATEMENT OF HOW PROPERTY IS THREATENED BY DETERIORATION, ABANDONMENT, OR CONFLICTING REGULATIONS; IF THE PROJECT WILL MAINTAIN OR CREATE AFFORDABLE HOUSING; AND HOW PROPERTY TAX REDUCTION IS NECESSARY TO FACILITATE PRESERVATION OF THE PROPERTY
- HISTORIC PROPERTY TAX ADJUSTMENT WORKSHEET
- NOTARIZATION FORM

I AM (WE ARE) THE PRESENT OWNER(S) OF THE PROPERTY DESCRIBED ABOVE AND HEREBY APPLY FOR CONSIDERATION FOR A HISTORIC PROPERTY CONTRACT.

OWNER SIGNATURE _____ DATE _____

OWNER SIGNATURE _____ DATE _____

REHABILITATION/RESTORATION/MAINTENANCE PLAN AND TIMELINE

Please use this form for you rehabilitation, restoration and maintenance plan and timeline. Copy this form as necessary to include all work items that apply to your property. Include all exterior and interior work, including electrical, plumbing that has been completed by the current owner with the last two years (if applicable), and proposed work to be completed within the next ten years. Please complete all requested information on this form.

<p>Item Number : _____</p> <p>Building Feature: _____</p> <p>Cost \$ _____ (round to nearest \$)</p> <p>Completed <input type="checkbox"/> Proposed <input type="checkbox"/></p>	<p>Description of work: _____</p> <p>Year: _____</p>
<p>Item Number: _____</p> <p>Building Feature: _____</p> <p>Cost \$ _____ (round to nearest \$)</p> <p>Completed <input type="checkbox"/> Proposed <input type="checkbox"/></p>	<p>Description of work: _____</p> <p>Year: _____</p>
<p>Item Number: _____</p> <p>Building Feature: _____</p> <p>Cost \$ _____ (round to nearest \$)</p> <p>Completed <input type="checkbox"/> Proposed <input type="checkbox"/></p>	<p>Description of work: _____</p> <p>Year: _____</p>
<p>Item Number: _____</p> <p>Building Feature: _____</p> <p>Cost \$ _____ (round to nearest \$)</p> <p>Completed <input type="checkbox"/> Proposed <input type="checkbox"/></p>	<p>Description of work: _____</p> <p>Year: _____</p>

CITY OF OCEANSIDE

NOTARIZATION FORM (all-purpose acknowledgement form is also acceptable)

The notarized signature of the majority representative owner or owners, as established by deed or contract, of the subject property or properties is required for the filing of a historic property contract application.

On _____, before me, the undersigned, a Notary Public in and for said County,
DATE

duly commissioned, personally appeared: _____
NAME OF SIGNER(S)

NAME OF SIGNER(S)

Personally known to me – OR –

Proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal

PLACE NOTARY SEAL ABOVE

Notary Public in and for the County
of San Diego, State of California

CITY OF OCEANSIDE

HISTORIC PROPERTY TAX ADJUSTMENT WORKSHEET

Street Address _____

(NUMBER, STREET, CITY & ZIP CODE OF PROPERTY)

STEP 1: DETERMINE ANNUAL INCOME OF PROPERTY

ANNUAL PROPERTY INCOME	CURRENT	EXPLANATION
1. Monthly Rental Income		<i>Even if property is owner-occupied, an estimated monthly rental income is needed as a basis for this worksheet formula. Remember to include all potential sources of income (i.e., filming, advertising, photo-shoots and/or billboard rentals, etc.)</i>
2. Annual Rental Income		Line item #1 x 12 months

STEP 2: CALCULATE ANNUAL OPERATING EXPENSES

ANNUAL OPERATING INCOME	CURRENT	EXPLANATION
3. Insurance		<i>Fire, liability, etc.</i>
4. Utilities		<i>Water, gas, electric.</i>
5. Maintenance*		<i>Maintenance includes: Painting, plumbing, electrical, gardening, cleaning, mechanical, heating repairs and structural repairs. Provide breakdown on separate sheet.</i>
6. Management		
7. Other Operating Expenses		<i>Security, services, etc. Provide breakdown on separate sheet.</i>
8. TOTAL EXPENSES **		<i>Add lines 3 through 7.</i>

STEP 3: DETERMINE ANNUAL NET INCOME

NET OPERATING INCOME	CURRENT	EXPLANATION
9. NET TOTAL		<i>Line 2 minus line 8.</i>

****If you are calculating for commercial or income property, remember to provide the following back-up documentation where applicable:***

- 1) Rent roll (include rent for on-site manager's unit as income if applicable).
- 2) Maintenance records (provide detailed break-down- **all costs should be recurring annually**).
- 3) Management expenses (include expense of on-site manager's unit and 5% off site management fee; and describe other management costs- provide breakdown on separate sheet).

**Annual operating expenses do NOT include mortgage payments or property taxes.

CITY OF OCEANSIDE

HISTORICAL PROPERTY TAX ADJUSTMENT WORKSHEET (Page 2)

STEP 4: DETERMINE CAPITALIZATION RATE

CAPITALIZATION RATE	CURRENT	EXPLANATION
10. Interest Component	4.5%	<i>As determined by the State Board of Equalization for 2008.</i>
11. Historic Property Risk Component		Single-family home = 4% <i>All other property = 2%.</i>
12 Property Tax Component	1%	<i>.01 times the assessment ratio of 100%</i>
13. Amortization Component (Reciprocal of life of property)		<i>If the life of the improvements is 20 years, use $100 \times 1/20 = 5\%$.</i>
14. TOTAL = CAPITALIZATION RATE		<i>Add lines 3 through 7.</i>

STEP 5: CALCULATE NEW ASSESSED VALUE

NEW ASSESSED VALUE	CURRENT	EXPLANATION
15. Mills Act Assessed Value		<i>Line 9 divided by line 14.</i> <i>Example: Line 9 ÷ .1725 (17.25%)</i>

STEP 6: DETERMINE ESTIMATED TAX REDUCTION

NEW TAX ASSESSMENT	CURRENT	EXPLANATION
16. Current Tax		<i>General tax levy only – do not include voted indebtedness or direct assessments.</i>
17. Tax Under Mills Act		<i>Line 15 x .01.</i>
18. ESTIMATED TAX REDUCTION		<i>Line 16 minus line 17.</i>

APPENDICES

- A. Secretary of the Interior's Standards for Rehabilitation**
- B. Sample Contract Agreement**
- C. Sample Rehabilitation Plan and Timeline**
- D. Sample Site Plan**
- E. Sample Property Tax Adjustment Worksheet**

SECRETARY OF THE INTERIOR'S STANDARDS FOR REHABILITATION

1. A property will be used as it was historically or be given a new use that requires minimal change to its distinctive materials, features, spaces, and spatial relationships.
2. The historic character of a property will be retained and preserved. The removal of distinctive materials or alteration of features, spaces, and spatial relationships that characterize a property will be avoided.
3. Each property will 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 elements from other historic properties, will not be undertaken.
4. Changes to a property that have acquired historic significance in their own right will be retained and preserved.
5. Distinctive materials, features, finishes, and construction techniques or examples of craftsmanship that characterize a property will be preserved.
6. Deteriorated historic features will be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature will match the old in design, color, texture, and, where possible, materials. Replacement of missing features will be substantiated by documentary and physical evidence.
7. Chemical or physical treatments, if appropriate, will be undertaken using the gentlest means possible. Treatments that cause damage to historic materials will not be used.
8. Archeological resources will be protected and preserved in place. If such resources must be disturbed, mitigation measures will be undertaken.
9. New additions, exterior alterations, or related new construction will not destroy historic materials, features, and spatial relationships that characterize the property. The new work shall be differentiated from the old and will be compatible with the historic materials, features, size, scale and proportion, and massing to protect the integrity of the property and its environment.
10. New additions and adjacent or related new construction will 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.

For a full version with the illustrated guidelines you may log onto:
www.cr.nps.gov/hps/tps/tax/rhb/index.htm

Appendix B

SAMPLE CONTRACT

RECORDING REQUESTED BY:
AND WHEN RECORDED RETURN TO:
Development Services Department
Planning Division
Mills Act Property Contracts Program
300 N. Coast Hwy.
Oceanside, CA 92054

HISTORIC PROPERTY AGREEMENT
BY AND BETWEEN THE CITY OF OCEANSIDE,
A MUNICIPAL CORPORATION, AND

_____,

FOR THE PRESERVATION AND BENEFIT OF THE
DESIGNATED HISTORIC PROPERTY LOCATED AT

_____Oceanside, CA_____

THIS AGREEMENT is made and entered into this _____ day of _____, 20____, by and between the CITY OF OCEANSIDE, a municipal corporation (hereinafter referred to as the "City), and (name of owner of property) (hereinafter collectively referred to as the "Owner").

RECITALS

WHEREAS, California Government Code Section 50280, et seq. (the Mills Act), authorize cities to enter into contracts with the owners of qualified historic property to provide for the use, maintenance and restoration of such historic property so as to retain its characteristics as a property of historical significance; and

WHEREAS, Owner possesses fee title in and to that certain real property, together with associated structures and improvements thereon, commonly known as (name and address) Oceanside, California (hereinafter such property shall be referred to as the "Historic Property"), and recorded with the San Diego County Recorder with the following legal description:

(LEGAL DESCRIPTION ON TAX RECORDS)

WHEREAS, on **XXXXXXXX**, the City Council of Oceanside adopted a Mills Act program, thereby vesting the City with authority to enter into historic property contracts with property owners; and

WHEREAS, City and Owner, for their mutual benefit, now desire to enter into this agreement both to protect and preserve the historically significant characteristics of the Historic Property and to qualify the Historic Property for an assessment of valuation pursuant to the Provisions of Chapter 3 of Part 2 of Division 1 of the California Revenue and Taxation Code.

AGREEMENT

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

1. Recitals. The Recitals set forth above are true and accurate and are an integral part of this agreement.

2. Effective Date and Term of Agreement. This agreement shall be effective and commence on _____, and shall remain in effect for a term of ten (10) years thereafter. Each year upon the anniversary of the effective date, such initial term will automatically be extended as provided in Paragraph 3 below.

3. Renewal. Each year on the anniversary of the effective date of this agreement (hereinafter referred to as the "renewal date"), a year shall automatically be added to the initial term of this agreement unless notice of nonrenewal is as provided herein. If either Owner or City desires in any year not to renew the agreement, Owner or City shall serve written notice of nonrenewal of the agreement on the other party in advance of the annual renewal date of the agreement. Unless such notice is served by Owner to City at least ninety (90) days prior to the annual renewal date, or served by City to Owner at least sixty (60) days prior to the annual renewal date, one (1) year shall automatically be added to the term of the agreement as provided herein. Upon receipt by Owner of a notice of nonrenewal from City, Owner 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 to Owner of nonrenewal. If either City or Owner 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.

4. Standards for Historic Property. During the term of this agreement, the Historic Property shall be subject to the following conditions, requirements and restrictions:

a. Owner shall rehabilitate, preserve and maintain the historically significant characteristics of the Historic Property. Attached hereto, marked as Exhibit "A" and incorporated herein by this reference is a list of those minimum standards and conditions for rehabilitation, maintenance, use and preservation of the Historic Property (to be determined for each contract agreement), which shall apply to such property throughout the term of this agreement.

b. Owner shall, additionally and where necessary, restore and rehabilitate the property according to the rules and regulations of the Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings, attached hereto, marked as Exhibit "B".

c. Owner shall allow reasonable periodic examinations, by prior appointment, of the interior and exterior of the Historic Property by representatives of the County Assessor, State Office of Historic Preservation, State Board of Equalization and City, as may be necessary to determine Owner's compliance with the terms and provisions of this agreement.

5. Provision of Information of Compliance. Owner hereby agrees to furnish City with any and all information requested by the City which may be reasonable and necessary to determine compliance with the terms and provisions of this agreement.

6. Notification to State Office of Historic Preservation. City shall provide written notice of the Agreement to the State Office of Historic Preservation within six (6) months of the effective date of the Agreement.

7. Cancellation. City, following a duly noticed public hearing as set forth in California Government Code Sections 50280, et seq., may cancel this agreement if it determines that Owner breached any of the conditions of this agreement and has failed to cure said breach after notice, as set forth in Paragraph 8 below, or has allowed the property to deteriorate to the point that it no longer meets the criteria for a qualified historic property. City may also cancel this agreement if it determines that the Owner has failed to restore or rehabilitate the property in the manner specified in subparagraph 4(a) and (b) of this agreement. In the event of cancellation, Owner may be subject to payment of those cancellation fees set forth in California Government Code Sections 50280, et seq.

8. Enforcement of Agreement. In lieu of and/or in addition to 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 breach by Owner under the provisions of this agreement, City shall give written notice to Owner by registered or certified mail to the address stated in this agreement, which notice shall specifically identify the alleged breach and the proposed action which City recommends to Owner to cure said alleged breach. Owner shall thereafter have sixty (60) days within which to cure such breach to the reasonable satisfaction of the City. Upon completion by Owner of the cure of the breach, City shall withdraw its notice of breach.

Should owner not cure or commence to cure such breach as set forth above, 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 Owner arising out of the terms of this agreement, apply to any court, state or federal, for injunctive relief against any violation by Owner or apply for such other relief as may be appropriate.

City does not waive any claim of default by Owner 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 the 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 the 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.

9. Binding Effect of Agreement. The Owner hereby subjects the Historic Property to the covenants, reservations and restrictions as set forth in this agreement. City and Owner 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 Owner's successors and assigns in title or interest to the Historic Property. Each and every contract, deed or other instrument hereinafter executed covering or conveying the Historic 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 Owner 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 Owner's legal interest in the Historic Property is rendered less valuable thereby. City and Owner 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 historic characteristics and significance of the Historic Property for the benefit of the public and Owner.

10. 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.

To City: City of Oceanside
 300 N. Coast Hwy.
 Oceanside, California 92054

Attention: Planning Division
 Jeff Hunt, City Planner

To Owner: (Name, address, contact)

11. General Provisions.

a. None of the terms, provisions or conditions of this agreement shall be deemed to create a partnership between the parties hereto nor 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. Owner agrees to and shall hold City and its elected officials, officers, agents and employees harmless from liability for damage or claims for damage for personal injuries, including death, and claims for property damage which may arise from the direct or indirect use or operations of Owner or those of his contractor, subcontractor, agent, employee or other person acting on his behalf which relate to the use, operation and maintenance of the Historic Property. Owner hereby agrees to and shall defend the City and its elected officials, officers, employees and agents with respect to any and all actions for damages caused by, or alleged to have been caused by, reason of Owner's activities in connection with the 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 whether or not the City prepared, supplied or approved the plans, specifications or other documents for the 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 construed and governed in accordance with the laws of the State of California.

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

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

DATED: _____ By _____
Deanna Lorson, City Manager
CITY OF OCEANSIDE

DATED: _____ By _____
(Name of Owner)
OWNER

Approved as to Form

Barbara Hamilton
Deputy City Attorney

Date

Appendix C

REHABILITATION/RESTORATION/MAINTENANCE PLAN

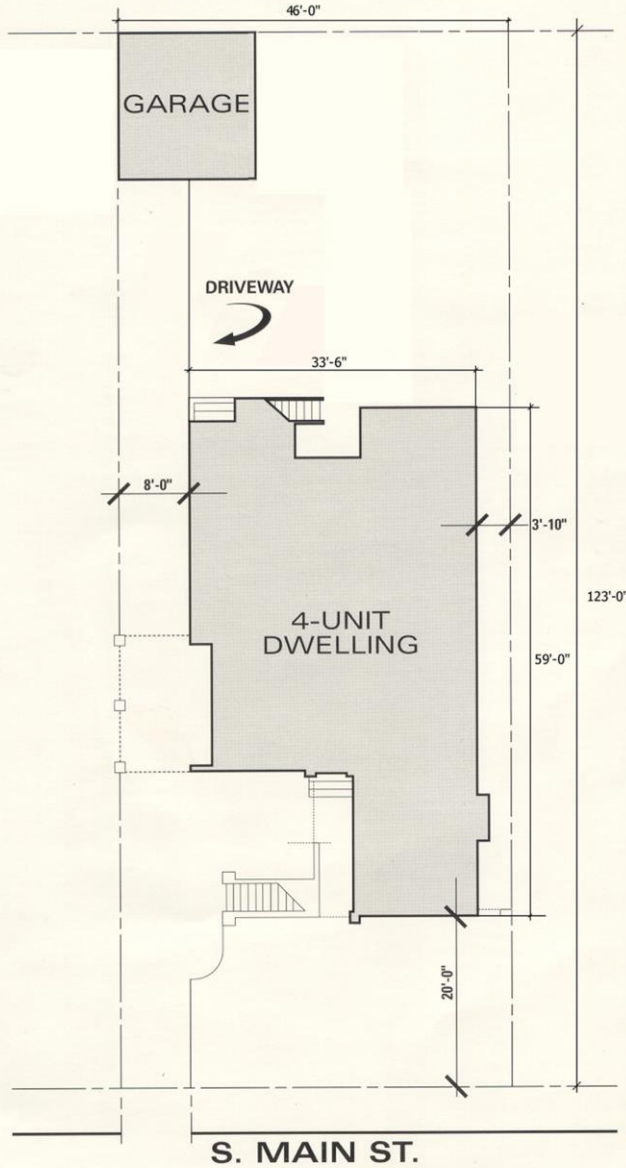
Please use this form for your rehabilitation, restoration and maintenance plan and submit with your application and all other required forms. Copy this form as necessary to include all work items that apply to your property. Include all exterior and interior work, including electrical, plumbing that has been completed by the current owner with the last two years (if applicable), and proposed work to be completed within the next ten years. Please complete all requested information on this form.

Property Address: _____ Address, Oceanside, California, Zip _____

<p>Item Number: <u> 1 </u></p> <p>Building Feature: <u> Exterior walls and trim </u></p> <p>Cost \$ <u> 8,500 </u> (round to nearest \$)</p> <p>Completed <input checked="" type="checkbox"/> Proposed <input type="checkbox"/></p>	<p>Description of work: _____ Year: _____</p> <p>Scrape, surface preparation, repaint entire exterior. 2005</p>
<p>Item Number: <u> 2 </u></p> <p>Building Feature: <u> Windows </u></p> <p>Cost \$ <u> 7,300 </u> (round to nearest \$)</p> <p>Completed <input type="checkbox"/> Proposed <input checked="" type="checkbox"/></p>	<p>Description of work: _____ Year: _____</p> <p>Replace broken glass, scrape, surface preparation, repaint, re-caulk, repair all windows on front and south elevations. 2009</p> <p>Replace jalousie window at kitchen with new double-hinge.</p>
<p>Item Number: <u> 3 </u></p> <p>Building Feature: <u> Plumbing </u></p> <p>Cost \$ <u> 3,220 </u> (round to nearest \$)</p> <p>Completed <input type="checkbox"/> Proposed <input checked="" type="checkbox"/></p>	<p>Description of work: _____ Year: _____</p> <p>Replace water pipes to house, replace kitchen plumbing and sink fixtures. 2012</p>
<p>Item Number: <u> 4 </u></p> <p>Building Feature: <u> Re-roof </u></p> <p>Cost \$ <u> 9,220 </u> (round to nearest \$)</p> <p>Completed <input type="checkbox"/> Proposed <input checked="" type="checkbox"/></p>	<p>Description of work: _____ Year: _____</p> <p>Re-roof house entire house and garage with new composition shingles. 2020</p>

APPENDIX D

SAMPLE SITE PLAN



123-126 SOUTH MAIN ST.

Appendix E

CITY OF OCEANSIDE

HISTORIC PROPERTY TAX ADJUSTMENT WORKSHEET

Street Address _____ Address, Oceanside, California, Zip Code _____
 (NUMBER, STREET, CITY & ZIP CODE OF PROPERTY)

STEP 1: DETERMINE ANNUAL INCOME OF PROPERTY

ANNUAL PROPERTY INCOME	CURRENT	EXPLANATION
1. Monthly Rental Income	2,100 sq. ft. @ \$1.2 per sq. ft. = \$2,625	Even if property is owner-occupied, an estimated monthly rental income is needed as a basis for this worksheet formula. Remember to include all potential sources of income (i.e., filming, advertising, photo-shoots and/or billboard rentals, etc.)
2. Annual Rental Income	31,500	Line item #1 x 12 months

STEP 2: CALCULATE ANNUAL OPERATING EXPENSES

ANNUAL OPERATING INCOME	CURRENT	EXPLANATION
3. Insurance	3,400	Fire, liability, etc.
4. Utilities	2,000	Water, gas, electric.
5. Maintenance*	5,600	Maintenance includes: Painting, plumbing, electrical, gardening, cleaning, mechanical, heating repairs and structural repairs. Provide breakdown on separate sheet.
6. Management	600	
7. Other Operating Expenses	500	Security, services, etc. Provide breakdown on separate sheet.
8. TOTAL EXPENSES **	12,100	Add lines 3 through 7.

STEP 3: DETERMINE ANNUAL NET INCOME

NET OPERATING INCOME	CURRENT	EXPLANATION
9. NET TOTAL	19,400	Line 2 minus line 8.

***If you are calculating for commercial property, remember to provide the following back-up documentation where applicable:**

- 4) Rent roll (include rent for on-site manager's unit as income if applicable).
- 5) Maintenance records (provide detailed break-down- **all costs should be recurring annually**).
- 6) Management expenses (include expense of on-site manager's unit and 5% off site management fee; and describe other management costs- provide breakdown on separate sheet).

**Annual operating expenses do NOT include mortgage payments or property taxes.

CITY OF OCEANSIDE

HISTORICAL PROPERTY TAX ADJUSTMENT WORKSHEET (Page 2)

STEP 4: DETERMINE CAPITALIZATION RATE

CAPITALIZATION RATE	CURRENT	EXPLANATION
10. Interest Component	4.5%	As determined by the State Board of Equalization for 2007.
11. Historic Property Risk Component	4%	Single-family home = 4% All other property = 2%.
12 Property Tax Component	1%	.01 times the assessment ratio of 100%
13. Amortization Component (Reciprocal of life of property)	5%	If the life of the improvements is 20 years, use $100 \times 1/20 = 5\%$.
14. TOTAL=CAPITALIZATION RATE	14.5%	Add lines 10 through 13.

STEP 5: CALCULATE NEW ASSESSED VALUE

NEW ASSESSED VALUE	CURRENT	EXPLANATION
15. Mills Act Assessed Value	\$133,793	Line 9 divided by line 14. Example: $\text{Line 9} \div .145 (14.5\%)$

STEP 6: DETERMINE ESTIMATED TAX REDUCTION

NEW TAX ASSESSMENT	CURRENT	EXPLANATION
16. Current Tax	\$3,100	General tax levy only – do not include Voted indebtedness or direct assessments.
17. Tax Under Mills Act	\$1,338	Line 15 x .01.
18. ESTIMATED TAX REDUCTION	\$1,762	Line 16 minus line 17.