



JULY 8, 2017 BY LALOFTBLOG

LA Lofts Mills Act – Downtown LA Lofts

LA Lofts Mills Act Benefits



LA Lofts Mills Act Downtown LA Lofts

While some have not have heard of the Mills Act, it presents some real advantages for L.A. loft owners, and can really save a very large amount of money on taxes. #millsact #la

Benefits of Owning a Mills Act Loft

To help preserve the historic buildings of Los Angeles, a tax incentive has been created by California state and local governments called the Mills Act. The special law offers home owners of qualifying historic buildings as much as 70% or more off of their property tax bills. Owners of lofts in a historic building, can potentially save thousands of dollars each year. That money can be used to help furnish your the loft home, put more money down at purchase to reduce monthly mortgage payments, trade up to a larger loft or even just put in your pocket. But, buyers should also be prepared and save some of the money for potential special assessments in the future should building need major restoration.

The Mills Act offers a substantial reduction in property taxes for owners of qualified historical properties provided that they agree to preserve, restore, rehabilitate, and maintain the historical and architectural character of their properties. Many owners report that they save about 2/3 off of their property taxes. The formula is complex, and may vary, so prospective Mills Act home buyers should check with the city, county and a tax professional to determine what the real savings may be.

Mills Act participants can realize very fruitful property tax savings each year for recently improved or purchased old properties because the valuation of a Mills Act property is determined by the Income Approach to Value rather and not by the common Market approach to calculating appraised value. The Income Approach, divided by a capitalization rate, gives the assessed value of the property. Generally, the income potential for an owner-occupied residential property is calculated by looking at rental rates for comparable nearby properties, while the income from a commercial property is based on actual rent received. Because rental values vary greatly, the actual Mills Act historic property tax savings may vary.