

# CITY OF PALM DESERT STAFF REPORT

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MEETING DATE: December 14, 2023

PREPARED BY: Nick Melloni, AICP, Principal Planner

REQUEST: APPROVAL OF MILLS ACT CONTRACTS BETWEEN THE CITY AND THE PROPERTY OWNER OF THREE INDIVIDUAL HISTORICAL PROPERTIES

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## **RECOMMENDATION:**

1. Adopt a resolution entitled, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM DESERT, CALIFORNIA, APPROVING A MILLS ACT AGREEMENT BETWEEN THE CITY AND THE OWNER OF THE PROPERTY LOCATED AT 373 SANDPIPER STREET, CASE NOS. MILLS23-0003."
2. Adopt a resolution entitled, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM DESERT, CALIFORNIA, APPROVING A MILLS ACT AGREEMENT BETWEEN THE CITY AND THE OWNER OF THE PROPERTY LOCATED AT 382 SANDPIPER STREET, CASE NOS. MILLS23-0004."
3. Adopt a resolution entitled, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM DESERT, CALIFORNIA, APPROVING A MILLS ACT AGREEMENT BETWEEN THE CITY AND THE OWNER OF THE PROPERTY LOCATED AT 381 SANDPIPER STREET, CASE NO. MILLS23-0008."

## **BACKGROUND/ANALYSIS:**

The Mills Act Program enables California cities to enter contracts with owners of historical properties (as designated by the City Council) to provide them with tax relief in exchange for a contract to actively participate in the restoration and maintenance of historical resources. A Mills Act contract is effective for an initial 10-year period and then is automatically extended annually for an additional year, unless, after the initial term, either the City or the owner, by written notice, decides not to renew the contract. During the effective term of the contract, the property owner must improve, rehabilitate, or maintain the property consistent with the United State Secretary of the Interior's Standards for Rehabilitation, and provide visibility of the historical resource from the public right-of-way and/or other accessible areas.

The Environmental Resources Element (ERE) of the General Plan describes the City's goals and policies for the protection of cultural resources. Goals 6.9.4 and 6.9.5 state that the City will require sites with significant cultural resources and structures to be preserved. A property must be designated as a local Historic Landmark or be a contributing property to a Historic District to be enrolled in the program. Currently, there are 33 properties participating in the program, with the last requests approved by the Council in November 2022. An additional 8 properties are pending recordation of the agreements approved by City Council on November 16, 2023

The items presented include three separate requests for Mills Act contracts. These requests include three contributors to the Sandpiper Circle #3 Historic District:

Table 1 – Proposed Mills Act Contract Properties

	Case No.	Address	Landmark / District Name	Date of Council Designation
1	MILLS23-0003	373 Sandpiper Street	Sandpiper Circle #3	2/10/2022
2	MILLS23-0004	382 Sandpiper Street	Sandpiper Circle #3	2/10/2022
3	MILLS23-0008	381 Sandpiper Street	Sandpiper Circle #3	2/10/2022

**Environment Review:**

Entering into a “Mills Act Contract” with the owners of historical property is not subject to the provisions of the California Environmental Quality Act (CEQA) because it is not a project as defined in CEQA Guidelines § 15378 (Definitions – Project). Implementation of the Mills Act is a government fiscal activity which does not involve commitment to any specific project resulting in a potentially significant physical impact on the environment (CEQA Guidelines § 15378 (b) (4)).

**Legal Review:**

This report has been reviewed by the City Attorney’s office.

**FINANCIAL IMPACT:**

After the Mills Act Contracts are recorded, the County Assessor values the property by an income capitalization method, following guidelines provided by the State Board of Equalization. Because of the timing and the method of valuing the restricted property, it is difficult to accurately estimate the tax savings and resulting fiscal impacts to the City under a particular historical property contract. However, the Office of Historic Preservation (California Department of Parks and Recreation) estimates that property owners participating in the program may realize property tax savings of between 40% and 60% each year for newly improved or purchased older properties. The City’s property tax revenue will be reduced accordingly.

**ATTACHMENTS:**

1. Draft Resolution and Mills Act Contract for 373 Sandpiper Street (MILLS23-0003)
2. Draft Resolution and Mills Act Contract for 382 Sandpiper Street (MILLS23-0004)
3. Draft Resolution and Mills Act Contract for 381 Sandpiper Street (MILLS23-0008)