

CITY OF PALM DESERT STAFF REPORT

MEETING DATE: August 22, 2024

PREPARED BY: Carlos Flores, AICP, Principal Planner

REQUEST: ADOPT THE UPDATED MILLS ACT PROGRAM APPLICATION MANUAL

RECOMMENDATION:

Adopt the updated Mills Act Program Application Manual.

BACKGROUND/ANALYSIS:

The Mills Act (Act), enacted in 1972, is a state law that provides incentives for the restoration and preservation of qualified historic buildings by private property owners. According to Palm Desert Municipal Code (PDMC) Section 29.70.030, *“The application process, review procedures, and required contract provisions for Mills Act agreements shall be established by a separate resolution of the City Council and shall be implemented by the administrator or designee”*. On January 13, 2011, the City of Palm Desert City Council (Council) adopted Resolution No. 2011-01 which established the Act’s application process, review procedures, and required contract provisions for implementing the Act. On October 26, 2023, the Council adopted an updated resolution that removed the limitation on eligible applications beginning in 2024.

Staff is seeking an update to the Mills Act Program Application Manual (Manual) to:

- Update Appendix A of the Manual to establish clearer eligibility criteria for Act applications.
- Update language to reflect the change of administration from the Department of Building and Safety to the Planning Division.
- Remove outdated references, including the limitation on the number of Act applications.
- Update the draft Mills Act agreement.

Per the current Manual, applicants must complete a 10-year Property Improvement Plan (Improvement Plan) which details proposed projects by year and cost. The Manual references Appendix A as a guide for qualifying projects. Currently, eligible work for participation in the Act includes any necessary repair, maintenance, restoration, or rehabilitation of a Historic Property. The Improvement Plans require review and approval from City staff and the Council and must meet all requirements of the Secretary of the Interior’s Standards for Rehabilitation. Approved Improvements Plans are attached as exhibits to approved Act Agreements. According to the Manual, staff is responsible for conducting inspections of the property and the approved scopes of work to ensure compliance with Act Agreements.

The proposed updated Exhibit A would serve as guidance to determine if the proposed projects outlined in the submitted Improvement Plans are eligible for repair, restoration, and/or rehabilitation improvements under the Mills Act Application. All scopes of work would have to meet the Secretary of the Interior’s Standards for Rehabilitation. Appendix A categorizes

proposed improvements as contributing to either “structure integrity,” “architectural/historical integrity,” or being ineligible. “Structure integrity” includes the structural elements of a building (foundation, beams, framing, etc.) and mechanical, electrical, and plumbing systems. “Architectural/Historical Integrity” includes architectural and historical components (windows, doors, roofing, decorative elements, trims, etc.) that are integral to the justification for the property’s historical designation.

At its regular meeting on January 24, 2024, the Cultural Resources Preservation Committee (CRPC) recommended approval of draft Guidelines revisions, with the condition that staff amend the guidelines to include the repair or new construction of walls or fences eligible under Architectural and/or Historical Integrity. This change was incorporated into Appendix A. At the March 27, 2024, CRPC meeting, additional input was received from an existing property owner/Mills Contract owner who suggested that there should be no changes to eligible scopes of work.

On April 11, 2024, City staff presented the updated Appendix A to City Council at a study session. The Council directed staff to conduct additional outreach to existing Mills Act contract owners and provided guidance on modifications to the eligible scopes of work. City staff contacted twenty (20) existing Mills Act contract applicants to receive feedback on the updated Appendix A, met with the owner who commented at the March 27, 2024, CRPC meeting, and met with a representative of the Sandpiper Homeowner’s Association (HOA) who had comments on the updates. City staff received feedback from two (2) applicants on eligibility of HOA fees and added the following sentence to Appendix A: *“If HOA Fees submitted are for a scope of work that is eligible in another section of Appendix A, the fees may be eligible.”* City staff updated Appendix A incorporating feedback received from residents, the CRPC, and the City Council.

City staff presented the updated Appendix A to the CRPC on June 26, 2024, and the CRPC recommended approval with the following revisions:

- New water heaters were revised to be an eligible cost.
- Contributing landscaping and hardscape were revised to be eligible.
- Repair of swimming pools was revised to be eligible.

The updated Manual incorporates all the revisions previously described. The updated Manual will be used for Act applications submitted in 2024.

Legal Review:

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

FINANCIAL IMPACT:

There is no financial impact associated with this action.

ATTACHMENT:

1. Updated Mills Act Application Program Manual