

CITY OF PALM DESERT  
MILLS ACT PROGRAM  
APPLICATION MANUAL

Planning Division  
73-510 Fred Waring Drive  
Palm Desert, CA 92260  
(760)346-0611

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# MILLS ACT PROGRAM

## APPLICATION MANUAL

### INTRODUCTION AND PURPOSE

The City of Palm Desert Mills Act Program was established by Resolution No. 2011-1 in 2011. The Mills Act is state legislation, enacted in 1972, that grants participating local governments the authority to enter into contracts with owners of qualified historic properties who receive a reduction in local property taxes to help offset the costs to restore, rehabilitate, repair and maintain their properties. Although it is applicable to historic income producing properties, it is the single most important economic incentive program available in California for owner occupied historic residential buildings, particularly single-family homes. A Mills Act program is developed in accordance with California Government Code, Article 12, Sections 50280-50290 and California Revenue and Taxation Code, Article 1.0, Sections 439-439.4

This manual is designed to assist you in completing the Mills Act application and provides a summary of the program requirements.

### QUALIFYING HISTORIC PROPERTIES

To qualify for the Palm Desert Mills Act program a property must be one of the following:

- Designated City Landmark
- Contributing feature of a designated City historic district
- Listed individually in the National Register of Historic Places
- Contributing feature of historic district listed in the National Register of Historic Places
- National Historic Landmark

A property must be designated at the time an application is submitted. Questions regarding the designation status of a property of the City's designation program can be addressed to the Cultural Resources Administrator in the Planning Division.

### TERMS OF A MILLS ACT CONTRACT

**Duration:** A Mills Act contract is for a minimum term of ten years. It is automatically renewed each year on its anniversary date and a new ten year term becomes effective. Contracts are transferred to new owners when the property is sold.

**Termination:** The property owner may terminate the contract by notifying the City at least ninety (90) days prior to the annual renewal date. The City may terminate the contract by notifying the owner at least sixty (60) days prior to the renewal date. The owner may make a written protest about termination by the City. The contract remains in effect for the balance of the term of the contract beyond the year of termination.

**Alterations or Additions to a Property:** Work performed on the property (interior, exterior, and grounds) must meet all City requirements and comply with the “*Secretary of the Interior’s Standards for Rehabilitation*”. A 10-Year Property Improvement Plan is required as part of the application and will be re-evaluated by the City every five years or as needed.

**Annual Reports:** Property owners are required to submit an annual report to the City indicating work completed per the 10-Year Property Improvement Plan. The report is due by December 31 of each year and should include copies of receipts and/or building permits where applicable.

**Inspection for Compliance:** City staff conducts a pre-contract inspection of the property to ensure compliance with the terms of the contract. Conditions not conforming to the Secretary of the Interior’s Standards for Rehabilitation may be required to be brought into compliance before a contract is executed. City staff will conduct annual property inspections following submittal of the annual report to ensure that proposed work has been completed and meets all applicable City standards. Inspections may also be required by the County Assessor, State office Historic Preservation and/or State Board of Equalization. All inspections are by appointment with the property owner.

**Breach of Contract:** If the City determines that the property owner is in breach of contract, the City may cancel the contract and the owner is liable for a cancellation fee of 12.5% of the current value of the property as determined by the County Assessor.

## **ADMINISTRATION**

**City of Palm Desert:** Mills Act applications and contracts are administered by the Cultural Resources Administrator in the Planning Division. Upon selection for the program, contracts are reviewed by the Cultural Resources Preservation Committee and City Council for approval.

**Riverside County:** The County records executed Mills Act contract documents with the County Recorder before December 31 of the applicable calendar year. After recordation, the City transmits contract documents to the Riverside County Assessor where the calculation for the exact property tax under the Mills Act is completed.

The County Assessor calculates the tax saving using a stated-mandated reassessment formula based on “capitalization of income” rather than simple “market value.” Mills Act participants may realize a property tax savings averaging about 50% each year depending on property value, net operating income, and other variables. Recently purchased historic properties are most likely to receive the highest reduction. The Mills Act Program does not guarantee a reduction amount for any property.

Contracts that are recorded by December 31 are reassessed by June 30 of the following year and the reduced tax will appear on the tax bill of October of that year.

**State of California:** Within six months of entering into a Mills Act contract, the property owner must submit written notice to the State Office of Historic Preservation. This notification states that the property owner has entered into a Mills Act contract. A copy of the letter must be submitted to the City Cultural Resources Administrator.

**APPLICATION AND SELECTION PROCESS**

The City accepts an unlimited number of Mills Act contracts per year. Applications are accepted year-round, but to be considered for the next fiscal year applications must be submitted by July 30<sup>th</sup>.

**Fees:** A non-refundable application fee is due with your application. If your application is accepted, a contract initiation fee deposit of **\$1000.00** will be due.

**Submittal Requirements:** The application should include the following:

1. Application Checklist
2. Application Form
3. Copy of the grant deed, including a complete legal description
4. 10-Year Property Improvement Plan
5. Photographs – Photographs shall be black and white 35mm film including negatives or compact disc (CD) of the building interior (all rooms) and exterior (front, sides, rear as well as assessor buildings, and hardscape and landscape features). Include as many views of architectural details as necessary to document the character defining features of the building and site. Include one 8 x 10 printed image that best captures the property, (e.g. front façade). Images shall be printed onto archival paper in 3 x 5, 4 x 6 or multiple image letter sized sheet format.
6. Site plan – The plan shall be drawn to scale and showing the location of all buildings, structures and major site features on the property, street names, north arrow, and dimensions.
7. Non-refundable application fee

**The complete application should be submitted to the Planning division’s online portal here: [Digital Plan Submittals | CITY OF PALM DESERT \(cpdftp.org\)](https://cpdftp.org) or:**

Cultural Resources Administrator  
Planning Division  
73-510 Fred Waring Drive  
Palm Desert, CA 92260-2578

# City of Palm Desert Mills Act

## Application Checklist

The following should be completed and submitted with your application packet. See the Palm Desert Mills Act Application Manual for details on the submittal requirements.

- † Application Form
- † Copy of the grant deed, including complete legal description
- † 10-Year Property Improvement Plan
- † Photographs
- † Site Plan
- † Non-Refundable Application Fee



City of Palm Desert  
 Planning Division  
**MILLS ACT HISTORIC PROPERTY CONTRACT APPLICATION**

73-510 Fred Waring Drive · Palm Desert · California · 92260 · (760) 776-6420 · Fax (760) 776-6392

**Property Owner Information:**

Name: \_\_\_\_\_ Address: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
 Phone: (HM) \_\_\_\_\_ (WK) \_\_\_\_\_ Email: \_\_\_\_\_

**Property Information:**

Address of Property: \_\_\_\_\_ Assessor's  
 Parcel No(s): \_\_\_\_\_ Legal  
 Description (attach additional sheets if necessary):  
 Date of Purchase by Current owner: \_\_\_\_\_  
 Use of Property: \_\_\_\_\_

**Eligibility for the Mills Act Program:**

A property must be designated and recorded with the Riverside County Recorder at the time an application is submitted. Please check the designation(s) that apply to the property:

- City Historic Landmark
- Contributor to a City Historic District
- National Register of Historic Places (individually listed)
- National Register of Historic Places (contributor to a historic district)
- National Historic Landmark

Name of Historic District (if applicable): \_\_\_\_\_  
 Date of Designation: \_\_\_\_\_

**Property Owner Consent: I am (we are) the present owner(s) of the property described above and hereby apply for consideration for a Mills Act Historic Property Contract**

_____	_____
Signature of Property Owner	Date
_____	_____
Signature of Property Owner	Date

**For Office Use:**

## 10-Year Property Improvement Plan

For sample projects qualifying under the Mills Act see Appendix "A". Attach additional sheets if necessary.

Year	Proposed Project	Estimated Cost
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

This schedule will be attached as an exhibit to the Historic Property Preservation Agreement (Mills Act Contract). It may be revised or updated by mutual consent of the property owner(s) and the Cultural Resources Administrator in the Planning Division.

All projects that affect the exterior of the property are subject to review and approval by the Cultural Resources Administrator and/or the Cultural Resources Preservation Committee before work begins. Work must meet all City requirements and the *Secretary of the Interior's Standards for Rehabilitation* (Appendix B).



## **APPENDICES**

- A. Eligible Scopes of Work Under the Mills Act
- B. Secretary of the Interior's Standards for Rehabilitation
- C. Sample Mills Act Contract Agreement
- D. Sample Site Plan
- E. Site Inspection Form
- F. State Mills Act Legislation

## APPENDIX A

### Eligible Scope of Work

The table below serves as guidance to determine if the proposed project(s) outlined in the 10-year Property Improvement Plan are eligible repair, restoration, and/or rehabilitation improvements under the Mills Act Application. The table categorizes each improvement as either contributing to “structure integrity”, “architectural/historical integrity”, or 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 having a historical designation.

Any work proposed that is not identified within the table below is subject to eligibility determination by City Staff, the Cultural Resources Preservation Committee (CRPC), and/or City Council.

SCOPE OF WORK	ELIGIBLE		INELIGIBLE
	Structure Integrity	Architectural and/or Historical Integrity	
<b>Interior</b>			
1. New/repair appliances			X
2. New/repair carpet			X
3. New/repair countertops			X
4. New/repair flooring		X	
5. Interior painting			X
6. Changes to interior walls			X
7. Carpentry restoration work (example: Windows, molding, framing)		X	
<b>Roofing</b>			
8. Patch/Repair Roof		X	
9. New Roof (different material)	X		
10. New roof (original material)		X	
11. Altering Building Roof (ridge, dormers, gables, etc.)		X	
12. Repair roof framing	X		
13. Repair of eaves/overhangs	X		
14. Flashing/waterproofing	X		
15. Install rooftop photovoltaic system (Solar panels)			X
<b>Windows/Doors/Awning/Shutters</b>			
16. Replace exterior doors and/or windows		X	
17. Alteration/creation of window or door opening			X
18. Replacement/repair of shutters or awnings		X	
19. Install or remove shutters or awnings			X
<b>Exterior Walls</b>			

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20. Whole house exterior painting		X	
21. Touch up paint		X	
22. Re-stucco (like for like)		X	
23. Stucco repair (like for like)		X	
24. Repair, restore, or repaint masonry		X	
25. Cleaning of walls		X	
26. New/replacement wall cladding		X	
<b>Architectural Elements</b>			
27. Repair, remove, or alter existing patios, balconies, and/or chimneys		X	
28. Construct new patio, balcony, and/or chimney			X
29. Construct new attached wall			X
30. Repair or replace gutters and downspouts	X		
31. Repair existing architectural element		X	
32. Add new architectural element			X
<b>Mechanical</b>			
33. New HVAC system(s)	X		
34. New venting or duct work	X		
35. New water heater		X	
36. New fans			X
37. HVAC system maintenance/repair	X		
<b>Electrical</b>			
38. New electrical outlets, circuits, panels	X		
39. Whole house rewiring	X		
40. Electrical panel upgrade			X
41. New service lines to detached structure			X
42. Electric vehicle charger			X
43. Battery storage or generator			X
44. Security lighting and/or alarm system			X
45. Exterior lighting fixtures		X	
46. Interior lighting fixtures			X
<b>Plumbing</b>			
47. Whole house repiping	X		
48. New plumbing fixtures (sink, tub, shower, faucets)			X
49. Plumbing repairs	X		
50. New service or supply lines			X
<b>Fire Protection</b>			
51. Install fire sprinkler system	X		
52. Install smoke/CO2 alarms			X
<b>Structural/Foundation</b>			
53. Foundation bolting, wall bracing, and related seismic work	X		
54. New/repair foundation			
55. Seismic retrofitting			

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56. Repair or reinforce wall/ceiling framing or bracing			
<b>Drainage/Water Protection</b>			
57. Flashing	X		
58. New/repair Exterior Drains			
59. Water damage repair (interior/exterior)			
60. Re-grading of property for drainage purposes			
<b>Accessory Structures</b>			
61. New/repair of walls or fences		X	
62. Contributing landscaping and hardscape		X	
63. ADU or JADU construction			X
64. Install/remove swimming pool			X
65. Repair contributing swimming pool		X	
66. Construct/repair/removal of original accessory structure		X	
67. Construct/repair/removal of non-original accessory structure			X
<b>General Maintenance</b>			
68. HOA Fees for Ineligible Items			X
69. HOA Fees for Eligible Items*		X	
70. Regular common area or landscaping fees			X
71. Termite Treatment	X		
72. Mold remediation			
73. Abestos remediation			
74. Radon gas prevention/remediation			
75. Lead-based paint removal			

*\*If HOA Fees submitted are for a scope of work that is eligible in another section of Appendix A, the fees may be eligible.*

## APPENDIX B

### The Secretary of the Interior's Standards for Rehabilitation

The Standards (Department of Interior regulations, 36 CFR 67) pertain to historic buildings of all materials, construction types, sizes, and occupancy and encompass the exterior and the interior, related landscape features and the building's site and environment as well as attached, adjacent, or related new construction. The Standards are to be applied to specific rehabilitation projects in a reasonable manner, taking into consideration economic and technical feasibility.

1. A property shall be used for its historic purpose or be placed in a new use that requires minimal change to the defining characteristics of the building and its site and environment.
2. The historic character of a property shall be retained and preserved. The removal of historic materials or alteration of features and spaces that characterize a property shall be avoided.
3. Each property shall 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 architectural elements from other buildings, shall not be undertaken.
4. Most properties change over time; those changes that have acquired historic significance in their own right shall be retained and preserved.
5. Distinctive features, finishes, and construction techniques or examples of craftsmanship that characterize a property shall be preserved.
6. Deteriorated historic features shall be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature shall match the old in design, color, texture, and other visual qualities and, where possible, materials. Replacement of missing features shall be substantiated by documentary, physical, or pictorial evidence.
7. Chemical or physical treatments, such as sandblasting, that cause damage to historic materials shall not be used. The surface cleaning of structures, if appropriate, shall be undertaken using the gentlest means possible.
8. Significant archeological resources affected by a project shall be protected and preserved. If such resources must be disturbed, mitigation measures shall be undertaken.
9. New additions, exterior alterations, or related new construction shall not destroy historic materials that characterize the property. The new work shall be differentiated from the old and shall be compatible with the massing, size, scale, and architectural features to protect the historic integrity of the property and its environment.
10. New additions and adjacent or related new construction shall 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.

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Recording Requested by: )  
When Recorded Mail to: )  
 )  
CITY OF PALM DESERT )  
73-510 Fred Waring Drive )  
Palm Desert, CA 92260 )  
 )  
Attention: Cultural Resources )  
Administrator )  
 )  
 )  
 )  
 )

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(Space above for Recorder's Office)

**HISTORIC PROPERTY PRESERVATION AGREEMENT**  
**("MILLS ACT CONTRACT")**

**between**

**THE CITY OF PALM DESERT**  
**a California municipal corporation**

**and**

\_\_\_\_\_  
\_\_\_\_\_

Owner(s) of the property located at

\_\_\_\_\_  
**APN** ----- \_\_\_\_\_



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**HISTORIC PROPERTY PRESERVATION AGREEMENT (“MILLS  
ACT CONTRACT”)**

This agreement (“Agreement”) is made this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_, by and between the City of Palm Desert, a California municipal corporation (“City”), and \_\_\_\_\_ (“Owner”).

RECITALS

1. California Government Code section 50280, et. seq. allow cities the discretion to enter into contracts with the owners of qualified historic properties, as defined in Government Code section 50280.1, for the purpose of providing for the use, maintenance, protection, and restoration of such historic property, so as to retain its characteristics as property of historic significance; and

2. Owner holds fee title to that certain real property, together with associated structures and improvements thereon, generally located at \_\_\_\_\_ within the City of Palm Desert, California (“Historic Property”). A legal description of the Historic Property is attached hereto as Exhibit “A,” and incorporated herein by this reference; and

3. On \_\_\_\_\_ 20\_\_\_, the Cultural Resources Preservation Committee and/or the City Council designated the Historic Property as a historic resource, pursuant to the terms and provisions of Title 29 of the Palm Desert Municipal Code; and

4. City and Owner desire to enter into this Agreement for the purpose of protecting and preserving the characteristics of historical significance of the Historic Property that help provide the community with its own unique civic identity and character; and

5. Owner, in consideration for abiding by the terms of this Agreement, shall be entitled to qualify for a reassessment of valuation of the Historic Property, pursuant to the provisions of Chapter 3, Part 2, of Division 1 of the California Revenue and Taxation Code, and any corresponding adjustment in property taxes resulting therefrom.

TERMS

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



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1. Effective Date and Term of Agreement. This Agreement shall be effective and commence on , 20\_\_ (“Effective Date”), and shall remain in effect for a term of ten (10) years thereafter.

2. Yearly Renewal. Each year upon the anniversary of the Effective Date (“Renewal Date”), an additional one (1) year shall automatically be added to the remaining term of the Agreement, unless a notice of nonrenewal is delivered as provided in Section 3 of this Agreement.

3. Nonrenewal. If either the Owner or City desires at any point not to renew this Agreement, Owner or City shall serve a written notice of nonrenewal upon the party in advance of the Renewal Date (“Notice of Nonrenewal”). The Notice of Nonrenewal shall be effective, only if served by Owner upon City at least ninety (90) days prior to the Renewal Date, or if served by City upon Owner, the Notice of Nonrenewal shall be effective, only if served upon Owner at least sixty (60) days prior to the Renewal Date. If either City or Owner serves a Notice of Nonrenewal in any year, this Agreement shall remain in effect for the balance of the remaining Agreement term.

4. Owner Protest of City Nonrenewal. Within fifteen (15) days of Owner’s receipt of the Notice of Nonrenewal from the City, Owner may file with the City a written protest of the Notice of Nonrenewal. Upon receipt of the written protest, the City Council shall set a hearing prior to the expiration of the Renewal Date of this Agreement. Owner may furnish to the City Council any information that Owner deems relevant, and shall furnish that which is requested or required by the City Council. The City Council may, at any time prior to the annual Renewal Date, withdraw its Notice of Nonrenewal.

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

- A. Owner shall preserve and maintain the characteristics of the cultural and historical significance of the Historic Property. Attached hereto as Exhibit “B” and incorporated herein by this reference, is a list of the minimum standards and conditions for the maintenance, use, protection, and preservation of the Historic Property, which shall be complied with by Owner at all times throughout the term of this Agreement. In addition, Owner shall comply with the terms of the City’s Cultural Resources Ordinance 1168 (Title 29 of the Palm





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Desert Municipal Code), and shall obtain any and all applicable permits necessary to protect, preserve, restore, and rehabilitate the Historic Property, so as to maintain its historical and cultural significance.

- B. Owner shall, where necessary, repair, maintain, restore, and rehabilitate the Historic Property according to the rules and regulations of both the Office of Historic Preservation of the State Department of Parks and Recreation, and the City of Palm Desert. The condition of the Historic Property's exterior on the Effective Date of this Agreement is documented in the photographs attached hereto as Exhibit "C" and incorporated herein by this reference. At a minimum, Owner shall continually maintain the exterior of the Historic Property in the same condition as documented and depicted in Exhibit "C."
- C. Owner shall carry out specific restoration, repair, maintenance, and/or rehabilitation projects on the Historic Property, as outlined in Exhibit "D," attached hereto and incorporated herein by this reference. All such projects shall be undertaken and completed in accordance with both the Secretary of Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings, in addition to the City of Palm Desert's design guidelines.
- D. Owner shall not be permitted to block the view corridor with any new structure such as walls, fences or shrubbery, so as to prevent the view of the Historic Property from the public right-of-way.

6. Periodic Examinations. Upon reasonable advance notice, Owner shall allow reasonable periodic examinations of the exterior of the Historic Property by representatives of the County Assessor, the State Department of Parks and Recreation, the State Board of Equalization and/or the City, as may be necessary to determine Owner's compliance with the terms and provisions of this Agreement.

7. Provision of Information of Compliance. Owner hereby agrees to furnish City with any and all information requested by the City, which the City deems necessary or advisable to determine eligibility of the Historic Property and compliance with the terms and provisions of this Agreement.

8. Breach of Agreement; Remedies.

- A. Notice of Breach; Opportunity to Cure. If Owner breaches any provision of this Agreement, City may give written notice to Owner by registered or certified



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mail, detailing Owner's violations. If such violation is not corrected to the reasonable satisfaction of City within thirty (30) days after the date of notice of violation, or within such a reasonable time as may be required to cure the violation (provided the acts to cure the violation are commenced within thirty (30) days and thereafter diligently pursued to completion), the City may, without further notice, declare Owner to be in breach of this Agreement. Upon City's declaration of Owner's breach of this Agreement, City may pursue any and all remedies available pursuant to local, state, or federal law, including those specifically provided for in this section.

- B. Remedy - Termination. City may terminate this Agreement, if the City determines, following a duly noticed public hearing in accordance with Government Code section 50286, that: 1.) Owner breached any of the conditions of this Agreement; 2.) Owner allowed the Historic Property to deteriorate to the point that it no longer meets the standards for a qualified historic property or; 3.) Owner failed to maintain and preserve the Historic Property in accordance with the terms of this Agreement. If this Agreement is terminated pursuant to this paragraph, Owner shall pay a cancellation fee to the Office of the Auditor for the County of Riverside, as required by Government Code section 50286.
- C. Alternative Remedies. As an alternative to termination of this Agreement for Owner's breach of any condition, City may bring an action in court necessary to enforce this Agreement including, but not limited to, an action to enforce this Agreement by specific performance, injunction, or receivership.

9. Destruction of Property; Eminent Domain; Termination. If the Historic Property is destroyed by earthquake, fire, flood, or other natural disaster such that in the opinion of the City Building Official more than sixty percent (60%) of the original fabric of the structure must be replaced, this Agreement shall be terminated, because the historic value of the structure will have been deemed destroyed. If the Historic Property is acquired in whole or in part by eminent domain or other acquisition by any entity authorized to exercise the power of eminent domain, and the acquisition is determined by the City Council to frustrate the purpose of this Agreement, this Agreement shall be terminated. No cancellation fee pursuant to Government Code section 50286 shall be imposed if the Agreement is terminated, pursuant to this Section.

- 10. Waiver. City does not waive any claim of default by Owner, if City does not enforce

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or terminate this Agreement. All other remedies at law or in equity which are not otherwise provided for in this Agreement or in 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 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.

11. Binding Effect of Agreement. Owner hereby subjects the Historic Property to the covenants, conditions, and restrictions set forth in this Agreement. City and Owner hereby declare their specific intent that the covenants, conditions, and restrictions set forth herein shall be deemed covenants running with the land and shall inure to and be binding upon Owner's successors and assigns in title or interest to the Historic Property. Each and every contract, deed or other instrument herein after 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 set forth in this Agreement, deed, or other instrument.

12. Covenants Run with the Land. 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 it restricts development of the Historic Property. 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 cultural and historical characteristics and significance of the Historic Property for the benefit of the public and the Owner.

13. 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:

City: City of Palm Desert  
Department of Building and Safety  
73-510 Fred Waring Drive  
Palm Desert, CA 92260

Owner: \_\_\_\_\_  
\_\_\_\_\_

14. Effect of Agreement. None of the terms, provisions or conditions of this Agreement shall be deemed to create a partnership between the parties hereto or any of their heirs,



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successors or assigns, nor shall such terms, provisions or conditions cause the parties to be considered joint venturers or members of any joint enterprise.

15. Indemnity of City. Owner shall defend, indemnify, and hold harmless City and its elected officials, officers, agents and employees from any actual or alleged claims, demands, causes of action, liability, loss, damage, or injury to property or persons, including wrongful death, whether imposed by a court of law or by administrative action of any federal, state or local governmental agency, arising out of or incident to (i) the direct or indirect use operation, or maintenance of the Historic Property by Owner or any contractor, subcontractor, employee, agent, lessee, licensee, invitee, or any other person; (ii) Owner's activities in connection with the Historic Property; and (iii) any restrictions on the use or development of the Historic Property, from application or enforcement of Title 29 of the City's Municipal Code, or from the enforcement of this Agreement. This indemnification includes, without limitation, the payment of all penalties, fines, judgments, awards, decrees, attorneys' fees, and related costs or expenses, and the reimbursement of City, its elected officials, employees, and/or agents for all legal expenses and costs incurred by each of them. Owner's obligation to indemnify shall survive the termination, cancellation, or expiration of this Agreement and shall not be restricted to insurance proceeds, if any, received by City, its elected officials, employees, or agents.

16. Binding Upon Successors. 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.

17. Legal Costs. In the event legal proceedings are brought by any party or parties to enforce or restrain a violation of any of the covenants, conditions 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 attorneys' fees to be fixed by the court, in addition to court costs and other relief ordered by the court.

18. Severability. 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 effected thereby.



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19. Recordation. No later than twenty (20) days after the Effective Date, City shall cause this Agreement to be recorded in the office of the County Recorder of the County of Riverside. Owner shall provide written notice of the contract to the State Office of Historic Preservation within six (6) months of entering into the contract.

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

21. Governing Law and Venue. This Agreement shall be construed and governed in accordance with the laws of the State of California. Any action at law or in equity brought by either of the parties hereto for the purpose of enforcing a right or rights provided for by this Agreement shall be tried in a court of competent jurisdiction in the County of Riverside, State of California, and the parties hereby waive all provisions of law providing for a change of venue in such proceedings to any other county.



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

Dated: \_\_\_\_\_ CITY OF PALM DESERT

By \_\_\_\_\_

ATTESTED TO:

By \_\_\_\_\_

Dated: \_\_\_\_\_ Owner

\_\_\_\_\_

Owner

APPROVED AS TO FORM

\_\_\_\_\_

City Attorney



**APPENDIX C**

STATE OF CALIFORNIA            )  
                                                      )ss  
COUNTY OF RIVERSIDE         )

On \_\_\_\_\_, before me, \_\_\_\_\_ , the undersigned, a notary public in and for said State, personally appeared \_\_\_\_\_ 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.

\_\_\_\_\_

Notary Signature



**APPENDIX C**

**EXHIBIT A  
PROPERTY DESCRIPTION**





**APPENDIX C**

**EXHIBIT B**

**MINIMUM STANDARDS AND CONDITIONS FOR  
MAINTENANCE, USE, PROTECTION, AND PRESERVATION  
OF HISTORIC PROPERTY**



**APPENDIX C**

**EXHIBIT C**

**EXTERIOR PHOTOGRAPHS OF HISTORIC PROPERTY**



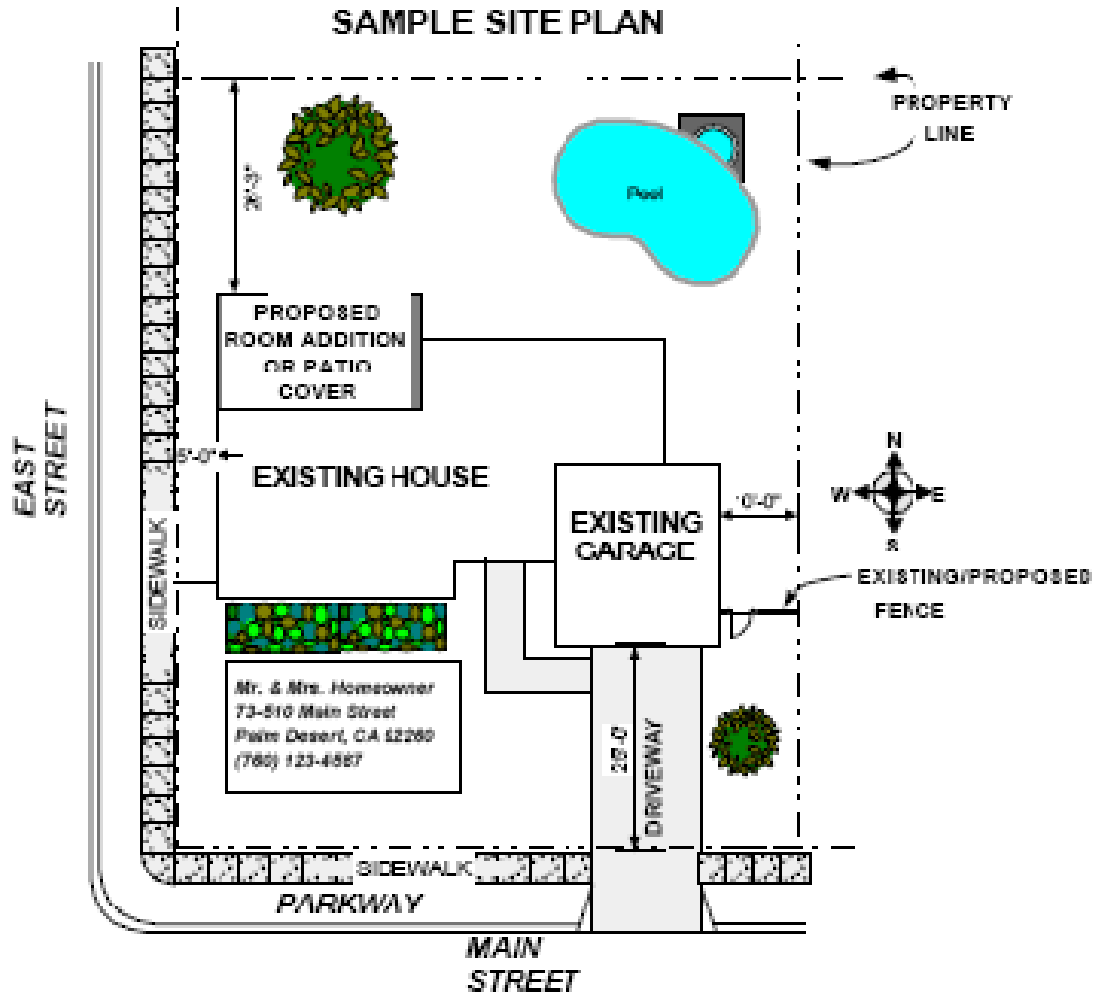
**APPENDIX C**

**EXHIBIT D**

**PENDING AND REQUIRED PROJECTS FOR HISTORIC PROPERTY**



## APPENDIX D



Provide and observe the following:

1. Provide two (2) sets of plans (minimum) are required for all building permits.
2. Plans are to be drawn neatly and must be legible (no graph paper).
3. Minimum 8 1/2" x 11" sheet size. (Fill sheet with site plan, Do not use edge of paper for property lines.
4. Provide project address, owners name, and phone number.
5. Show all streets, driveways, and alleys (if any).
6. Clearly show all proposed and existing construction with complete dimensions.
7. Indicate all easment locations (refer to your Title Report for this information).
8. Show North arrow.

**Note:** All dimensions shown on this sample plan are for reference only. Your site plan must show the actual dimensions for the lot located at the address.

**APPENDIX E**

**MILLS ACT PROGRAM  
CITY STAFF ANNUAL INSPECTION REPORT**

Date of inspection: \_\_\_\_\_  Drive-by  Site Visit

Staff Name: \_\_\_\_\_

Was work completed in accordance with all City requirements?  Yes  No

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Signature: \_\_\_\_\_

## APPENDIX F

### GOVERNMENT CODE SECTION 50280-50290

50280. Upon the application of an owner or the agent of an owner of any qualified historical property, as defined in Section 50280.1, the legislative body of a city, county, or city and county may contract with the owner or agent to restrict the use of the property in a manner which the legislative body deems reasonable to carry out the purposes of this article and of Article 1.9 (commencing with Section 439) of Chapter 3 of Part 2 of Division 1 of the Revenue and Taxation Code. The contract shall meet the requirements of Sections 50281 and 50282.

50280.1. "Qualified historical property" for purposes of this article, means privately owned property which is not exempt from property taxation and which meets either of the following:

- (a) Listed in the National Register of Historic Places or located in a registered historic district, as defined in Section 1.191-2(b) of Title 26 of the Code of Federal Regulations.
- (b) Listed in any state, city, county, or city and county official register of historical or architecturally significant sites, places, or landmarks.

50281. Any contract entered into under this article shall contain the following provisions:

- (a) The term of the contract shall be for a minimum period of 10 years.
- (b) Where applicable, the contract shall provide the following:

- (1) For the preservation of the qualified historical property and, when necessary, to restore and rehabilitate the property to conform to the rules and regulations of the Office of Historic Preservation of the Department of Parks and Recreation, the United States Secretary of the Interior's Standards for Rehabilitation, and the State Historical Building Code.

- (2) For the periodic examinations of the interior and exterior of the premises by the assessor, the Department of Parks and Recreation, and the State Board of Equalization as may be necessary to determine the owner's compliance with the contract.

- (3) For it to be binding upon, and inure to the benefit of, all successors in interest of the owner. A successor in interest shall have the same rights and obligations under the contract as the original owner who entered into the contract.

- (c) The owner or agent of an owner shall provide written notice of the contract to the Office of Historic Preservation within six months of entering into the contract.

50281.1. The legislative body entering into a contract described in this article may require that the property owner, as a condition to entering into the contract, pay a fee not to exceed the reasonable cost of administering this program.

50282. (a) Each contract shall provide that on the anniversary date of the contract or such other annual date as is specified in the contract, a year shall be added automatically to the initial term of the contract unless notice of nonrenewal is given as provided in this section. If the property owner or the legislative body desires in any year not to renew the contract, that party shall serve written notice of nonrenewal of the contract on the other party in advance of the annual renewal date of the contract. Unless the notice is served by the owner at least 90 days prior to the renewal date or by the legislative body at least 60 days prior to the renewal date, one year shall automatically be added to the term of the contract.

(b) Upon receipt by the owner of a notice from the legislative body of nonrenewal, the owner may make a written protest of the notice of nonrenewal. The legislative body may, at any time prior to the renewal date, withdraw the notice of nonrenewal.

(c) If the legislative body or the owner serves notice of intent in any year not to renew the contract, the existing contract shall remain in effect for the balance of the period remaining since the original execution or the last renewal of the contract, as the case may be.

(d) The owner shall furnish the legislative body with any information the legislative body shall require in order to enable it to determine the eligibility of the property involved.

(e) No later than 20 days after a city or county enters into a contract with an owner pursuant to this article, the clerk of the legislative body shall record with the county recorder a copy of the contract, which shall

describe the property subject thereto. From and after the time of the recordation, this contract shall impart a notice thereof to all persons as is afforded by the recording laws of this state.

50284. The legislative body may cancel a contract if it determines that the owner has breached any of the conditions of the contract provided for in this article or has allowed the property to deteriorate to the point that it no longer meets the standards for a qualified historical property. The legislative body may also cancel a contract if it determines that the owner has failed to restore or rehabilitate the property in the manner specified in the contract.

50285. No contract shall be canceled under Section 50284 until after the legislative body has given notice of, and has held, a public hearing on the matter. Notice of the hearing shall be mailed to the last known address of each owner of property within the historic zone and shall be published pursuant to Section 6061.

50286. (a) If a contract is canceled under Section 50284, the owner shall pay a cancellation fee equal to 121/2 percent of the current fair market value of the property, as determined by the county assessor as though the property were free of the contractual restriction.

(b) The cancellation fee shall be paid to the county auditor, at the time and in the manner that the county auditor shall prescribe, and shall be allocated by the county auditor to each jurisdiction in the tax rate area in which the property is located in the same manner as the auditor allocates the annual tax increment in that tax rate area in that fiscal year.

(c) Notwithstanding any other provision of law, revenue received by a school district pursuant to this section shall be considered property tax revenue for the purposes of Section 42238 of the Education Code, and revenue received by a county superintendent of schools pursuant to this section shall be considered property tax revenue for the purposes of Article 3 (commencing with Section 2550) of Chapter 12 of Part 2 of Division 1 of Title 1 of the Education Code.

50287. As an alternative to cancellation of the contract for breach of any condition, the county, city, or any landowner may bring any action in court necessary to enforce a contract including, but not limited to, an action to enforce the contract by specific performance or injunction.

50288. In the event that property subject to contract under this article is acquired in whole or in part by eminent domain or other acquisition by any entity authorized to exercise the power of eminent domain, and the acquisition is determined by the legislative body to frustrate the purpose of the contract, such contract shall be canceled and no fee shall be imposed under Section 50286. Such contract shall be deemed null and void for all purposes of determining the value of the property so acquired.

50289. In the event that property restricted by a contract with a county under this article is annexed to a city, the city shall succeed to all rights, duties, and powers of the county under such contract.

50290. Local agencies and owners of qualified historical properties may consult with the State Historical Resources Commission for its advice and counsel on matters relevant to historical property contracts.

**California Revenue and Taxation Code, Article 1.9, Sections 439 – 439.4**

**439.** Historical Property Restrictions; enforceably restricted property.  
For the purposes of this article and within the meaning of Section 8 of Article XIII of the Constitution, property is "enforceably restricted" if it is subject to an historical property contract executed pursuant to Article 12 (commencing with Section 50280) of Chapter 1 of Part 1 of Division 1 of Title 5 of the Government Code.

**439.1.** Historical Property; definitions.  
For purposes of this article "restricted historical property" means qualified historical property, as defined in Section 50280.1 of the Government Code, that is subject to a historical property contract executed pursuant to Article 12 (commencing with Section 50280) of Chapter 1 of Part 1 of Division 1 of Title 5 of the Government Code. For purposes of this section, "qualified historical property" includes qualified historical improvements and any land on which the qualified historical improvements are situated, as specified in the historical property contract. If the historical property contract does not specify the land that is to be included, "qualified historical property" includes only that area of reasonable size that is used as a site for the historical improvements.

**439.2.** Historical Property; valuation.  
When valuing enforceably restricted historical property, the county assessor shall not consider sales data on similar property, whether or not enforceably restricted, and shall value that restricted historical property by the capitalization of income method in the following manner:

- (a) The annual income to be capitalized shall be determined as follows:
  - (1) Where sufficient rental information is available, the income shall be the fair rent that can be imputed to the restricted historical property being valued based upon rent actually received for the property by the owner and upon typical rentals received in the area for similar property in similar use where the owner pays the property tax. When the restricted historical property being valued is actually encumbered by a lease, any cash rent or its equivalent considered in determining the fair rent of the property shall be the amount for which the property would be expected to rent were the rental payment to be renegotiated in the light of current conditions, including applicable provisions under which the property is enforceably restricted.
  - (2) Where sufficient rental information is not available, the income shall be that which the restricted historical property being valued reasonably can be expected to yield under prudent management and subject to applicable provisions under which the property is enforceably restricted.
  - (3) If the parties to an instrument that enforceably restricts the property stipulate therein an amount that constitutes the minimum annual income to be capitalized, then the income to be capitalized shall not be less than the amount so stipulated. For purposes of this section, income shall be determined in accordance with rules and regulations issued by the board and with this section and shall be the difference between revenue and expenditures. Revenue shall be the amount of money or money's worth, including any cash rent or its equivalent, that the property can be expected to yield to an owner- operator annually on the average from any use of the property permitted under the terms by which the property is enforceably restricted. Expenditures shall be any outlay or average annual allocation of money or money's worth that can be fairly charged



against the revenue expected to be received during the period used in computing the revenue. Those expenditures to be charged against revenue shall be only those which are ordinary and necessary in the production and maintenance of the revenue for that period. Expenditures shall not include depletion charges, debt retirement, interest on funds invested in the property, property taxes, corporation income taxes, or corporation franchise taxes based on income.

(b) The capitalization rate to be used in valuing owner-occupied single family dwellings pursuant to this article shall not be derived from sales data and shall be the sum of the following components:

(1) An interest component to be determined by the board and announced no later than September 1 of the year preceding the assessment year and that was the yield rate equal to the effective rate on conventional mortgages as determined by the Federal Housing Finance Board, rounded to the nearest 1/4 percent.

(2) A historical property risk component of 4 percent.

(3) A component for property taxes that shall be a percentage equal to the estimated total tax rate applicable to the property for the assessment year times the assessment ratio.

(4) A component for amortization of the improvements that shall be a percentage equivalent to the reciprocal of the remaining life.

(c) The capitalization rate to be used in valuing all other restricted historical property pursuant to this article shall not be derived from sales data and shall be the sum of the following components:

(1) An interest component to be determined by the board and announced no later than September 1 of the year preceding the assessment year and that was the yield rate equal to the effective rate on conventional mortgages as determined by the Federal Housing Finance Board, rounded to the nearest 1/4 percent.

(2) A historical property risk component of 2 percent.

(3) A component for property taxes that shall be a percentage equal to the estimated total tax rate applicable to the property for the assessment year times the assessment ratio.

(4) A component for amortization of the improvements that shall be a percentage equivalent to the reciprocal of the remaining life.

(d) Unless a party to an instrument that creates an enforceable restriction expressly prohibits the valuation, the valuation resulting from the capitalization of income method described in this section shall not exceed the lesser of either the valuation that would have resulted by calculation under Section 110, or the valuation that would have resulted by calculation under Section 110.1, as though the property was not subject to an enforceable restriction in the base year.

(e) The value of the restricted historical property shall be the quotient of the income determined as provided in subdivision (a) divided by the capitalization rate determined as provided in subdivision (b) or (c).

(f) The ratio prescribed in Section 401 shall be applied to the value of the property determined in subdivision (d) to obtain its assessed value.

### **439.3. Historical Property; notice of nonrenewal.**

Notwithstanding any provision of Section 439.2 to the contrary, if either the county or city or the owner of restricted historical property subject to contract has served notice of

nonrenewal as provided in Section 50282 of the Government Code, the county assessor shall value that restricted historical property as provided in this section.

(a) Following the hearing conducted pursuant to Section 50285 of the Government Code, subdivision (b) shall apply until the termination of the period for which the restricted historical property is enforceably restricted.

(b) The board or assessor in each year until the termination of the period for which the property is enforceably restricted shall do all of the following:

(1) Determine the full cash value of the property pursuant to Section 110.1. If the property is not subject to Section 110.1 when the restriction expires, the value shall be determined pursuant to Section 110 as if the property were free of contractual restriction. If the property will be subject to a use for which this chapter provides a special restricted assessment, the value of the property shall be determined as if it were subject to the new restriction.

(2) Determine the value of the property by the capitalization of income method as provided in Section 439.2 and without regard to the fact that a notice of nonrenewal or cancellation has occurred.

(3) Subtract the value determined in paragraph (2) of this subdivision by capitalization of income from the full cash value determined in paragraph (1).

(4) Using the rate announced by the board pursuant to paragraph (1) of subdivision (b) of Section 439.2, discount the amount obtained in paragraph (3) for the number of years remaining until the termination of the period for which the property is enforceably restricted.

(5) Determine the value of the property by adding the value determined by the capitalization of income method as provided in paragraph (2) and the value obtained in paragraph (4).

(6) Apply the ratios prescribed in Section 401 to the value of the property determined in paragraph (5) to obtain its assessed value.

**439.4. Historical Property; recordation.**

No property shall be valued pursuant to this article unless an enforceable restriction meeting the requirements of Section 439 is signed, accepted and recorded on or before the lien date for the fiscal year in which the valuation would apply.