

CITY OF PALM DESERT STAFF REPORT

MEETING DATE: December 12, 2024

PREPARED BY: Carlos Flores, AICP, Principal Planner

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

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 241 SANDPIPER STREET."
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 72541 EL PASEO, UNIT 1004."
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 45666 SHADOW MOUNTAIN DRIVE."

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 44 properties participating in the program, with the last requests approved by the City Council in December 2023.

The current proposed applicants utilized the updated Mills Act guidelines approved by City Council in 2024, including an updated contract and eligible scope of work checklist. The items presented include three (3) separate requests for Mills Act contracts, summarized in Table 1 below:

Table 1 – Proposed Mills Act contract properties

Case Number	Address	Landmark/District Name	Council Designation date
MILLS24-0002	241 Sandpiper	Sandpiper Circle #2	2/10/2022
MILLS24-0005	72541 El Paseo, Unit 1004	Sandpiper Circles 5-10	3/23/2017
MILLS24-0006	45666 Shadow Mountain Dr	Charles and June Gibbs House	10/26/2023

Legal Review:

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

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)).

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 241 Sandpiper Street (MILLS24-0002)
2. Draft Resolution and Mills Act Contract for 72541 El Paseo, Unit 1004 (MILLS24-0005)
3. Draft Resolution and Mills Act Contract for 45666 Shadow Mountain Drive (MILLS24-0006)