

CITY OF PALM DESERT STAFF REPORT

MEETING DATE: December 11, 2025

PREPARED BY: Bobby Keatinge, Associate Planner

SUBJECT: MILLS ACT CONTRACTS BETWEEN THE CITY AND THE PROPERTY OWNERS OF TWO DESIGNATED HISTORIC RESOURCES LOCATED AT 73411 WILLOW STREET AND 72801 EL PASEO, UNIT 808

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 73411 WILLOW 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 72801 EL PASEO, UNIT 808."

BACKGROUND/ANALYSIS:

The Mills Act Program enables California cities to enter into contracts with owners of historic 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 historic resources. A Mills Act contract is effective for an initial 10-year period and is then automatically extended annually for an additional year, unless, after the initial term, either the City or the owner provides written notice to decide 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 States 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 outlines the City's goals and policies for protecting 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, 49 properties are participating in the program, with the last requests approved by the City Council in December 2024.

The current proposed applicants utilized the updated Mills Act guidelines approved by City Council in 2025, including an updated contract and an eligible scope of work checklist. The items presented include two (2) separate requests for Mills Act contracts, summarized in Table 1 below:

Table 1 – Proposed Mills Act Contract Properties

Case Number	Address	Applicant Name	Landmark/District Name	Date
MILLS25-0002	73411 Willow Street	Todd Blake Verwers and Mette Krebs Petersen	Gracious Oriental House	6/12/2025
MILLS25-0003	72801 El Paseo, Unit 808	Robert Elwee Kinsey	Sandpiper Circles 5-10	3/23/2017

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 that 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. Due to the timing and method of valuing the restricted property, it is challenging 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 annual property tax savings of between 40% and 60% 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 73411 Willow Street (MILLS25-0002)
2. Draft Resolution and Mills Act Contract for 72541 El Paseo, Unit 808 (MILLS25-0003)