



## **REVIEW PROCESS AND SUBMITAL REQUIREMENTS MILLS ACT PROGRAM APPLICATION**

### **OVERVIEW**

The Mills Act is a state law allowing cities to enter into contracts with the owners of historic structures. Such contracts require a reduction of property taxes in exchange for the continued preservation of the property. Property taxes are recalculated annually using a formula in the Mills Act and Revenue and Taxation Code.

The purpose of entering into a Mills Act contract is for residential property owners to maintain, restore, rehabilitate, and preserve historic resources as a benefit to the community of Los Altos while receiving property tax relief. Property owners will use their tax savings to extend the life of the structure(s), protect the historic and aesthetic value of the property, and comply with the rules and regulations of the State Office of Historic Preservation of the Department of Parks and Recreation; the United States Secretary of the Interior's Standards for Rehabilitation; the State Historic Building Code; and the City of Los Altos Municipal Code, Historic Preservation Ordinance and Design Guidelines when any work is to be done on the structure(s) or property.

The Mills Act law enables the City Council to enter into 10-year contracts with owners of historic properties, and the contracts are automatically renewed annually for an additional year. Under these contracts ("Mills Act contracts") owners agree to maintain and if necessary rehabilitate their historic structures. Either the property owner or the City may elect not to renew for any reason.

The owner may also petition the City to cancel the Mills Act contract. Cancellation requires assessment of a penalty of 12.5% of pre-Mills Act valuation. The City may also cancel the contract, but only in the case of breach of the contract conditions. Once a Mills Act contract is terminated, the property owner's tax assessment will be based on the pre-Mills Act valuation of the property.

To qualify for the program, a structure must be a designated historic landmark or a designated historic resource listed on the Historic Resource Inventory (HRI).

### **REVIEW PROCESS**

A request for a Mills Act Contract begins with submittal of a complete application to the City of Los Altos Planning Division. Once the Planning Division has reviewed the application and finds it is complete, the application will be reviewed by the Historical Commission.

At a noticed public hearing, the Historical Commission will review, consider and take action on each application's "Schedule and Plan for Maintenance and Treatment of the Historic Property". The Historical Commission will then forward to the City Council their actions and recommendations on each of the Mills Act Contract applications.

The City Council at a public meeting will receive the recommendations of the Historical Commission. The Council will also receive public testimony on the proposed application; they will

then determine whether or not the City should enter into a Mills Act Historic Property Agreement with the property owner. If the Council determines that an Agreement is appropriate, they will adopt a Resolution authorizing the City Manager to enter into the Agreement with the property owner. Once the Mills Act Historic Property Contract is executed by all parties, the City will record it with the County of Santa Clara Recorder's Office. The property owner will be responsible for payment of applicable recording fees.

After the Mills Act Historic Property Contract has been recorded, a copy of the recorded document is forwarded to the Santa Clara County Assessor's Office, who will then recalculate the property taxes according to the Mills Act statutes. A copy of the recorded contract is also forwarded to the State Office of Historic Preservation.

## **APPLICATION, FEE & REQUIRED MATERIALS**

**All materials identified below shall be submitted in digital (PDF) format.**

### **1) General Application**

### **2) Application Fee**

No application fee is required for Historical Commission review

### **3) Property Legal Description**

Provide one copy of the grant deed, including the legal description

### **4) Historic Resource Evaluation**

Provide two copies of the Historic Resource Evaluation Report and State of California Department Parks and Recreation (DPR) Forms (523A and 523B). A historic professional who meets the National Parks Service Qualification Standards shall provide a new Historic Resource Evaluation (HRE) and DPR forms for the property and building. The National Parks Service standards define minimum education and experience required to perform identification, evaluation, registration, and treatment activities. In some cases, additional areas or levels of expertise may be needed

### **5) Site Plan (drawn to scale)**

### **6) Photographs**

Provide one (1) digital copy in PDF format (on CD, flash drive or other delivery method) of building exterior (front, rear, sides and historic accessory buildings). Photographs may be either 3x5 or 4x6. Each printed photograph must be labeled with the building address, subject of photo and direction of view.

### **7) Ten Year Rehabilitation/Restoration/Maintenance and Timeline Work Plan**

Provide two copies of the Work Plan. The proposed work plan shall be for maintenance, repair, rehabilitation and/or restoration, and it shall include the following:

- a) A list of the improvements to take place over the next 10 years, in order of priority. The proposed plan's listed work should be limited to stabilization and/or maintenance of the historic structure or restoration and/or repair of exterior character defining features of the historic property. All work must comply with the rules and regulations of the State 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 Historic Building Code.; and
- b) The anticipated costs of the improvements, including but not limited to materials, labor, permits and fees. Anticipated construction must be equal to or greater than tax savings.

Formal quotes are not required for all items, but staff may request documentation of stated costs upon review.

**8) Property Tax Record**

Provide one copy of the recent property tax bill.

**9) Property Owner Statement**

Provide one copy of a statement describing how the historic property is threatened by deterioration, abandonment, or conflicting zoning regulations; and/or how property tax reduction is necessary to facilitate preservation of the property.

**ADDITIONAL RESOURCES**

- To view the City’s Historical Preservation Ordinance, visit the City of Los Altos website at [www.losaltosca.gov](http://www.losaltosca.gov) and look under “Municipal Code.” The Historical Preservation Ordinance is located in “Title 12, Building and Construction,” Chapter 12.44.
- To learn additional information about the Historical Commission, visit the City of Los Altos website at [www.losaltosca.gov](http://www.losaltosca.gov). Under the “Services” header on the home page, click on “Commissions and Committees” to find the Historical Commission’s webpage.
- The Los Altos History Museum – [www.losaltoshistory.org](http://www.losaltoshistory.org)
- The Secretary of the Interior Standards for Rehabilitation of Historic Buildings [www.nps.gov/history/hps/tps/tax/rehabstandards.htm](http://www.nps.gov/history/hps/tps/tax/rehabstandards.htm)
- California State Parks, The Office of Historic Preservation – <http://ohp.parks.ca.gov>
- Historic Buildings of the Santa Clara Valley – [www.geocities.com/SoHo/Veranda/4103](http://www.geocities.com/SoHo/Veranda/4103)
- The California Historical Society – [www.calhist.org](http://www.calhist.org)

**Rehabilitation/Restoration/Maintenance and Timeline Work Plan (Example)**

Please provide a work plan listing the proposed work to be done, the year(s) in which the work will be commenced and completed, the type of work (maintenance, rehabilitation, new construction, etc.), and the estimated cost of the work. Also, please attach information to substantiate the cost estimates. You may use any format convenient to you, provided the necessary information is included. Attach as many sheets as necessary.

	Work Task	Type of Work	Year Commenced	Year Completed	Estimated Cost
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					