



## Historic Site Preservation Board Staff Report

DATE: JULY 8, 2014 NEW BUSINESS

SUBJECT: APPLICATION BY BILL LEWALLEN, OWNER FOR A MILLS ACT HISTORIC PROPERTY AGREEMENT

CASE: HSPB-73 / HD-2

LOCATION: 283 EAST TWIN PALMS DRIVE

BY: DEPARTMENT OF PLANNING SERVICES

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### SUMMARY

An application by Bill Lewallen, owner of 283 East Twin Palm Drive, a contributing structure within the Royal Hawaiian Estates Historic District (HSPB #73 / HD #2) to enter into a Mills Act Agreement with the City of Palm Springs.

### RECOMMENDATION

That the City Council execute a Mills Act Agreement between the City, The Royal Hawaiian Estates Homeowners Associate and Bill Lewallen, owner of 283 East Twin Palms Drive; Royal Hawaiian Estates (HSPB #73 / Historic District #2).

### PRIOR ACTIONS TAKEN ON THE PROJECT

On February 3, 2010 the City Council designated the Royal Hawaiian Estates a Historic District (HSPB #73 / Historic District #2). The Royal Hawaiian Estates Historic District is comprised of forty residences on roughly five acres. 283 East Twin Palms Drive is one of the residences that are defined as contributing structure in the historic district.

### BACKGROUND AND SETTING

Pursuant with California Government Code Section 50280 – 50290 upon the application of an owner of any qualified historic property, the legislative body of a city may contract with

the owner or agent to restrict the use of the property to carry out the purposes and goals of historic preservation of the property. Such a contract is commonly referred to as a "Mills Act Agreement" and it provides for possible alternative property tax rate calculations in exchange for specific and ongoing preservation and maintenance of the property, specifically its historically significant elements and characteristics.

The Royal Hawaiian Estates Historic District is comprised of forty (40) residences clustered in twelve buildings that are either three-plexes or four-plexes. All forty residences have been designed by the notable architects Donald Wexler and Ric Harrison and all were designed with the same "Tiki / Polynesian" themed architectural detailing. As such, each of the forty units are deemed "contributing" and are therefore subject to Class 1 regulations and are also each qualified for application for a Mills Act Historic Property Preservation Agreement.

The Royal Hawaiian Estates Historic District functions like any other typical historic district in which each property is owned by a different individual, each with its own tax bill and "unit value" that is determined by the County Assessor's Office. In a historic district, each owner of a contributing Class 1 building is responsible for the exterior maintenance and preservation of the historic defining characteristics of his or her building or site.

At the Royal Hawaiian Estates, routine maintenance and upkeep of the building exteriors and grounds is a shared responsibility of the Home-owners Association (HOA) and the individual unit owners. Because of this shared responsibility, the Mills Act Agreement in this particular instance has been drafted with both the homeowners and the Homeowners Associate (HOA) as parties to the agreement. Limited financial reserves prevent the HOA from accomplishing comprehensive restoration of the historic defining characteristics that have been lost due to past renovations or removed over time due to deterioration or decay. The potential tax savings to these home owners achieved through execution of a Mills Act contract can be used to provide funds to augment the HOA in restoring and maintaining the development.

## DESCRIPTION AND ANALYSIS

The Mills Act is state sponsored legislation granting local governments the authority to directly participate in a historic preservation program. It is designed to provide private property owners with an economic incentive, via property tax relief, to actively participate in the restoration of their historic properties.

Property owners may qualify for property tax relief if they pledge to restore and maintain the historical and architectural character of their properties for at least a ten-year period. A formal agreement known as a Mills Act contract is executed between the local government and the property owner for a minimum ten-year term. Contracts are automatically renewed each year and are transferred to new owners when the property is sold. Property owners agree to preserve and maintain the property in accordance with specific historic preservation standards and conditions as identified in the contract. Local authorities may impose penalties for breach of contract or failure to protect the historic property. The contract is binding to all owners during the contract period.

The Mills Act contract has the effect of freezing the base value of the property. There is little effect over the first few years but as the property is restored over a longer period of time, it is presumed that the value of the property increases and thus the property tax savings have the potential to increase over time. The property owners have consulted with their tax advisors and determined that entering into a Mills Act contract with the City would be mutually beneficial for both parties. The owners also understand that entering into the Mills Act contract only represents the potential for property tax savings and is not a guarantee.

The potential property tax savings provided by the Mills Act contract will assist the owners in defraying the costs associated with restoring and maintaining the unique historic characteristics of the property.

### REQUIRED FINDINGS

There are no specific findings for Mills Act Agreements, however they may only be executed on qualified historic properties.

Pursuant California Government Code 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).*
- (b) *Listed in any state, city, county, or city and county official register of historical or architecturally significant sites, places, or landmarks.*


The property at 283 East Twin Palms Drive meets this criteria because is a contributing structure within the Royal Hawaiian Estates Historic District (HSPB 73 / Historic District #2) as noted above.

In order to coordinate individual unit-owner-initiated Mills Act Contract requests with the overall maintenance and preservation efforts of the common exterior elements of the Royal Hawaiian Estates Home-Owners Association, staff has requested a letter from the Royal Hawaiian Estates HOA supporting this Mills Act Contract request and the HOA has been included as a party to the agreement. By doing so, any owner-initiated exterior restoration efforts on this unit will be acknowledged by the HOA and must conform to any City-approved Certificates of Approval for changes to the exterior of the units.

Following review and recommendation by the Board, the contract will be forwarded to the City Council for action.

ENVIRONMENTAL ASSESSMENT

This project is exempt from environmental review per Section 15331 (historic resources restoration/rehabilitation) of the California Environmental Quality Act (CEQA) Guidelines.



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Ken Lyon, RA  
Associate Planner



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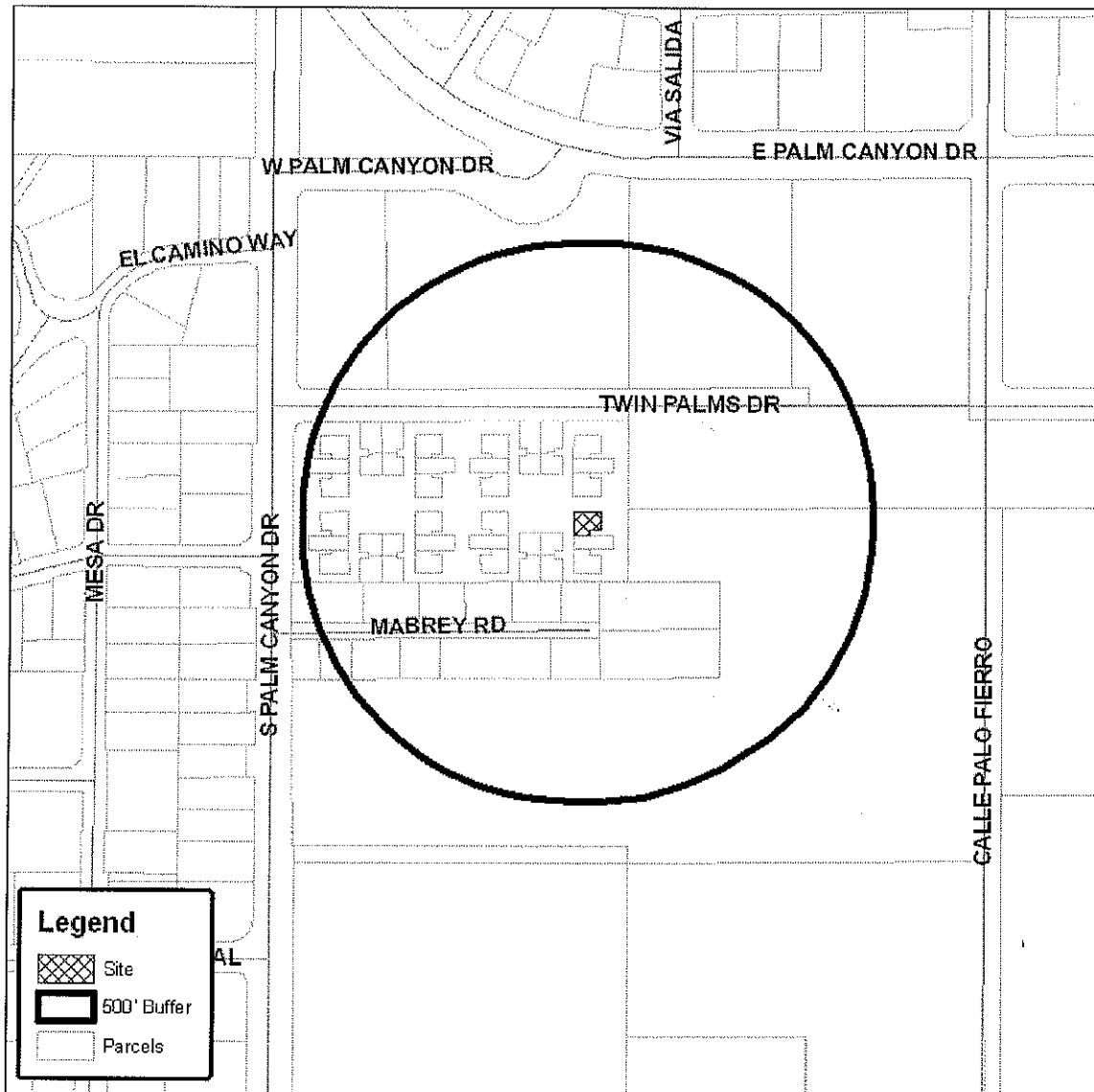
M. Margo Wheeler, FAICP  
Director of Planning Services

ATTACHMENTS

1. Vicinity Map
2. Letter from Bill Lewallen dated May 12, 2014.
3. Letter of intent from Royal Hawaiian Estates Home Owners Association agreeing to enter into contract.



# Department of Planning Services Vicinity Map



## CITY OF PALM SPRINGS

CASE # HSPB 74

APPLICANT: Mr. Bill Lewallen

DESCRIPTION: Mr. Lewallen of 283 E. Twin Palms Drive is applying to the Mills Act Tax Abatement Program. Dwelling # 283 is located within the Royal Hawaiian Estates. Zoned R2 Sec. 26/T4/R4.



RECEIVED

MAY 12 2014

PLANNING SERVICES  
DEPARTMENT

Bill Lewallen

May 12, 2014

M. Margo Wheeler, FAICP  
Department of Planning  
City of Palm Springs  
3200 E. Tahquitz Canyon Way  
Palm Springs, CA 92262-6959

Dear Director Wheeler:

I am the owner of 283 E. Twin Palms Drive in Palm Springs (Assessment Number 511070038-7), which is located in the Royal Hawaiian Estates. The Royal Hawaiian Estates became Palm Springs first Historic Residential District on February 3, 2010.

I am writing to apply for the Mills Act Tax Abatement Program. Enclosed is my check for \$824.00 to begin the application process.

Through the Mills Act economic incentives, I look forward to continue performing ongoing restoration and preservation of our historic Donald Wexler and Richard Harrison mid-century tiki-modern property.

If you have any questions or need additional information, you may contact me at [bill@royalhawaiianestates.org](mailto:bill@royalhawaiianestates.org) or 760-475-4561.

Thank you for your help in this process.

Sincerely,

  
Bill Lewallen

**Ken Lyon**

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**From:** Craig M. Hammond <hammondhabitat@gmail.com>  
**Sent:** Friday, June 27, 2014 10:46 AM  
**To:** Richard Bruno; Ken Lyon  
**Cc:** Bill Lewallen  
**Subject:** Statement: Letter of Intent and Agreement for the Royal Hawaiian Estates HOA to be a signing participant of the Mills Act Contract Agreement with Mr. Bill Lewallen, owner of Unit #283

City of Palm Springs Received June 26, 2014  
Planning Department Services

Dear HSPB Board and Palm Springs Planning Department,

Please accept this formal letter of intent and agreement for the Royal Hawaiian Estates HOA to be a signing participant of the Mills Act Contract Agreement with Mr. Bill Lewallen, owner of Unit #283.

Sincerely,  
Craig M. Hammond, M.Arch.I  
Professor, Santa Monica College  
Royal Hawaiian Estates HOA President, 2014