



# *City of Palm Springs*

## *Department of Planning Services*

### TECHNICAL ASSISTANCE FOR APPLICANTS

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#### **Topic: MILLS ACT CONTRACTS – INCENTIVES FOR HISTORIC PROPERTY OWNERS**

#### **FREQUENTLY ASKED QUESTIONS:**

Q: What is a Mills Act Contract?

A: *The Mills Act is the single most important economic incentive program in California for the restoration and preservation of qualified historic buildings by private property owners. Enacted in 1972, the Mills Act legislation grants participating local governments the authority to enter into contracts with owners of qualified historic properties who actively participate in the restoration and maintenance of their historic properties in exchange for property tax relief.*

#### **PROGRAM HIGHLIGHTS:**

- *California's leading financial incentive program for historic preservation.*
- *In Palm Springs, Class 1 historic sites, contributing structures in a historic district as designated by the City Council and sites listed on the National Register of Historic Places are eligible. Class 2 site on which the historic resource still exists are eligible, however Class 2 sites in which the historic resource no longer exists, are not.*
- *Property tax reduction -- in some cases up to 40 to 60% - may be possible – consult the County Tax Assessor's Office for details.*
- *Mills Act Contracts "run with the land" and are automatically transferred to new owners when a property is sold.*
- *The Contract term is 10 years with automatic renewal every year.*
- *The County of Riverside Tax Assessor's Office determines the tax rate based on the State's Board of Equalization guidelines. Although the City and the property owner are the participants in the contract the City does not set the tax rate.*
- *The Mills Act is especially beneficial for recent or prospective buyers and current owners of Class 1 and Class 2 historic sites or contributing sites in a historic district.*
- *Properties that have been owned for a considerable period of time usually do not benefit from Mills Act contracts. (because their taxes are already relatively low compared to the property's market value).*
- *In exchange for reduced property taxes, property owners agree to restore, maintain, and protect the property in accordance with specific historic preservation standards and conditions identified in the contract, the U.S. Secretary of the Interior Standards for Historic Preservation, the California Historical Building Code, and the Palm Springs Historic Preservation Ordinance (PSMC Section 8.05).*
- *Pre-approval and follow-up property inspections are performed every five years by the City.*
- *The contract is binding on all owners during the contract period.*
- *A listing of anticipated improvements that the owner intends to pursue with the projected tax savings is included in the contract.*

- *Contracts on properties in HOA's where exterior maintenance is the responsibility of both the property owner and the HOA are written with both the property owner and HOA as signers on the contract.*
- *Qualifying Mills Act contracts are approved by the City Council.*
- *Contract applications may be made at any time and currently the City currently does not limit the number of contracts issued per year.*
- *A one-time application fee will be assessed to cover the City's costs for processing the contract application.*
- *Properties with active code enforcement violations or non-permitted structures are not eligible.*
- *Properties with existing conditions that impair or diminish the historic integrity (such as surface mounted conduit, incorrect windows or patio tiles, damage or deterioration, non-original roofing (such as asphalt shingles instead of clay tile where applicable), non-permitted additions or changes are the types of improvement projects for which Mills Act Contract-related tax savings should be used. List these in your application where applicable.*
- *HOW TO APPLY. Those owning historically designated property in Palm Springs who wish to apply for a Mills Act contract may do so by submitting a signed and notarized letter to the Palm Springs Planning Department including written legal description of the property, application fee, minimum two photos of the exterior of the structure(s), a list of proposed capital improvements anticipated over the next five to ten years and proof of ownership. For properties in HOA's the application must be accompanied by a Letter of Intent from the HOA indicating their written intent to also enter into the contract with the homeowner (this is because both homeowner and HOA share maintenance responsibilities in common interest ownership type properties that are historically designated.)*

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For more information contact about the Mills Act and other incentives:

- The City of Palm Springs Planning Department at 760 323 8245 / [www.palmspringsca.gov](http://www.palmspringsca.gov).
- The State of California Board of Equalization.
- The State of California State Governmental Code, Article 12, Section 50280 – 50290.
- The State of California Office of Historic Preservation [www.ohp.parks.ca.gov](http://www.ohp.parks.ca.gov).
- The National Park Service – Federal Historic Preservation Tax Incentives Program. [www.nps.gov/tps](http://www.nps.gov/tps).