



City of
Santa Monica[®]

CITY OF SANTA MONICA
PLANNING AND COMMUNITY DEVELOPMENT DEPARTMENT
PLANNING DIVISION
(310) 458-8341

MILLS ACT CONTRACT APPLICATION INSTRUCTIONS

WHAT IS THE MILLS ACT?

The Mills Act is a California State law that enables cities to enter into contracts with property owners of qualified historic structures. The owner of any building that is either a designated local landmark or a contributing building in a designated historic district may file a Mills Act Contract Application. Once approved, a Mills Act contract requires the County Tax Assessor's office to determine the value of the historic property based upon its current income, rather than future development potential. In exchange for this reduction in property taxes, the contract requires the property owner to undertake specific restoration tasks, if necessary, and to properly maintain the historic structure. The proposed restoration and maintenance items are included in a work plan that is submitted by the applicant and, if approved, becomes attached to the contract as an exhibit.

Mills Act contracts can provide tax benefits for both owner-occupied and income producing properties. In the case of owner-occupied property, the income projection is based on comparable rents for similar property in the area or, if insufficient rental information is available, the income that it could reasonably be expected to produce. For income producing property, the income amount is based on rent actually received and on typical rents received for similar property in similar use.

More details about the State enacting law are available at www.ohp.parks.ca.gov.

CONTRACT TERM

Mills Act contracts are for a ten-year term and are renewed automatically each year on the contract's anniversary. As a result, unless either the property owner or the City submits a notice of non-renewal, the owner is always ten years away from the contract termination. The effect of a non-renewal notice is contract termination at the end of the then current ten-year term. The owner may also petition the City to initiate an immediate cancellation. If cancelled, a penalty equal to 12 1/2 percent of the property's assessed market value is imposed. The City may also cancel the contract in the case of breach of the contract conditions. The rights and obligations to the contract are also binding upon successive property owners during the contract term. Although new contracts can take place at any time, new valuations will not be effective until March of any given year.

APPLICATION PROCESS

The deadline for filing an application for a Mills Act Contract is August 15th annually.

Applications must be filed by appointment at the City Planning Division's public information counter. Appointments are available on Tuesdays between 8:00 am and 11:30 am, and Thursdays between 1:00 pm and 4:30 pm. Please contact Sheri Batalla, Planning Staff Assistant, at (310) 458-8341 at least one week in advance to schedule an appointment to file your application.

Staff will review your Mills Act Contract application upon receipt and will contact you and/or your representative to schedule a site visit (early to mid September).

Following a site visit, staff will prepare a report to present to the Landmarks Commission for their recommendation (tentatively scheduled for the September or October Landmarks Commission meeting). It is important for you and/or your representative (architect) to be present at this meeting to answer any questions the Commission may have regarding the property.

After the Landmarks Commission has made a recommendation on the Contract application, staff then takes it to the City Council for their review and approval (November or early December). Once City Council approves the Contract, notarized signatures of both the property owner and City officials must be obtained no later than mid-December. The City is required to submit the signed document to the Los Angeles County Recorder for recordation no later than December 28.

Upon receipt of the fully executed and recorded document, the City will then forward it to the Los Angeles County Tax Assessor, who will recalculate the property owner's tax payment (usually mid April). Staff will provide you a copy of the fully executed Contract after it has been sent to the County Tax Assessor.

CHECKLIST

Please review the attached application form for more information about submittal requirements. If you have any other questions, please contact Roxanne Tanemori, Associate Planner, at (310) 458-8341 or by email at roxanne.tanemori@smgov.net.

Before submitting your application, and check that you have included the following items:

- Completed application form.
- Restoration/Rehabilitation and/or Maintenance Plan.
- An Architectural Report identifying the status of all character-defining features of the building prepared by a certified architect.
- Financial Analysis form with information required (two highlighted boxes only).
- Photographs of all building elevations and character-defining features of the structure(s).
- Copy of the Grant Deed for the property.
- Copy of latest property tax bill.