



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. 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.

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.

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 May 31st annually.

Applications must be filed by appointment at the City Planning Division's public information counter. Appointments are available weekly on Tuesdays and Thursdays. Please contact the City Planning Division 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. Following a site visit, staff will prepare a report to present to the Landmarks Commission for their recommendation (tentatively scheduled for the August or September 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 will then take it to the City Council for their review and approval. Once City Council approves the Contract, notarized signatures of both the property owner and City officials must be obtained no later than early-December. The City will endeavor to submit the signed document to the Los Angeles County Recorder for recordation no later than December 28 for benefits to begin the following tax year.

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 Steve Mizokami, Senior Planner, Landmarks Commission Liaison, at (310) 458-8341 or by email at steve.mizokami@smgov.net.

Before submitting your application, please 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.

City of Santa Monica
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MILLS ACT CONTRACT APPLICATION

Application Number (s) _____

Date Filed: _____

Fee: _____

Receipt # _____

Received by: _____

PROJECT ADDRESS _____

Land Use Element District _____ Zoning District _____

Legal Description (Lot, Block, Tract) _____

Legal Description (Book, Page, Parcel #) _____

APPLICANT:

Name: _____

Address: _____

Phone: _____ Fax: _____ e-mail: _____

CONTACT PERSON OTHER THAN APPLICANT (optional):

Name: _____

Address: _____

Phone: _____ Fax: _____ e-mail: _____

ARCHITECT/DESIGNER:

Name: _____

Address: _____

Phone: _____ Fax: _____ e-mail: _____

Santa Monica Business License No. _____

PROPERTY OWNER (if other than applicant):

Name: _____

Address: _____

Phone: _____ Fax: _____ e-mail: _____

ATTORNEY (optional):

Name: _____

Address: _____

Phone: _____ Fax: _____ e-mail: _____

Santa Monica Business License No. _____

Existing Use of Property: _____

Date of Local Designation: _____

Please give a brief summary of the general condition of the Landmark Structure:

Is rehabilitation or maintenance needed? (Select one)

_____ Rehabilitation _____ Maintenance

Is the property designated as part of an historic district? Yes _____ No _____

If so, what district? _____

Is the property listed on the National Register of Historic Places? Yes _____ No _____

If so, date of designation: _____

APPLICATION MATERIALS

The following materials must be submitted to the Planning Division along with this application form in order to process a Mills Act Contract application:

An Architectural Report and a Restoration/Rehabilitation plan are required for the designated historic property. If the building is already restored and in good condition, a maintenance list must be submitted to support the need for tax relief.

Please submit one (1) unbound, single-sided copy of each of the following items:

1. An Architectural Report identifying the status and condition of all character-defining features of the building and site ***prepared by a certified architect.***
2. A ten (10) year Restoration/Rehabilitation Plan with estimate cost and schedule ***prepared by a certified architect.***

Please note that a Mills Act Contract only regulates exterior restoration/rehabilitation and general maintenance of your property. If you are also planning interior work, please include a description of this work in a separate section (*please see attached sample plan*).

3. A ten (10) year Maintenance Plan with estimate cost and schedule. Please describe all periodic/ongoing maintenance needs of the structure including plumbing, electrical, roofing and structural systems. This information must be submitted as a section of the Restoration/Rehabilitation Plan.
4. Photographs (35 mm or digital) of all building elevations and character defining features.
5. Information required for the Financial Analysis (fill in the two highlighted boxes on the attached form). Staff will use this form to calculate an estimate of the Mills Act tax assessment with the information provided. Please note that this forthcoming analysis is only an estimate. The Los Angeles County Office of the Assessor will make a revised tax assessment that will be applicable for the next tax year.

