

RESOLUTION NO. 14-0062

A RESOLUTION OF THE MANHATTAN BEACH CITY COUNCIL ESTABLISHING A MILLS ACT **PILOT** PROGRAM INCLUDING DEVELOPMENT OF AN APPLICATION PROCESS, REVIEW PROCEDURES, AND REQUIRED CONTRACT PROVISIONS FOR IMPLEMENTATION OF THE ACT IN THE CITY

Section 1. On June 17, 2014 the City Council directed City Staff to review and present for future Council consideration a Mills Act Program for the City of Manhattan Beach to incentivize the preservation, maintenance, and rehabilitation of historic properties.

Section 2. A Mills Act Program would provide property tax reductions to property owners who agree to invest in the preservation and rehabilitation of qualifying historic properties. Pursuant to Government Code Section 50280 et seq. (“the Mills Act”), the City Council may establish a program pursuant to which the City may enter a historical property preservation agreement (“Preservation Agreement”) with an owner of a historic property for the purposes of preservation, rehabilitation, and maintenance of a designated historic resource in accordance with the United States Secretary of the Interior’s Standards for Rehabilitation, the State Historical Building Code, and applicable City codes (“Mills Act Program”). The Preservation Agreement allows the owner to receive a reduction in property taxes in exchange for the property owner’s commitment to repair, restore, rehabilitate, and/or maintain the historic property.

Section 3. The preservation and rehabilitation of historic properties would enhance the character of Manhattan Beach by retaining the City’s sense of place and continuity with the community’s past. As a matter of public policy, the identification, designation,

preservation, enhancement, perpetuation and use of improvements, buildings and structures within the City that reflect special elements of the City's cultural, historical, agricultural, architectural, artistic, educational, or economic heritage is in the interest of the health, economic prosperity, cultural enrichment and general welfare of the people. Preservation of historic resources is an important aspect of tourism. By encouraging property owners to maintain and restore historic buildings and landscapes, the City is preserving its history and supporting the local economy. Preservation Agreements would benefit residential neighborhoods, businesses, community pride, and regional image.

Section 4. The City's General Plan Land Use Element includes policies related to preserving resources that represent the City's history and culture or contribute to the City's special character and unique identity. Specifically, General Plan Policies LU-1.1, LU-2:3, LU-4.4, LU-4.5, and LU-4.6, focus on protecting and preserving the City's significant historic character of homes and residential neighborhoods.

Section 5. The City of Manhattan Beach Municipal Code has established procedures for identifying and designating historic resources. Culturally Significant Landmarks Code (City of Manhattan Beach Municipal Code, Title 10, Chapter 10.86) is intended to identify buildings, structures, and sites that are of particular historic or cultural significance and define the City's heritage and historic development. The **Landmark Commission and/or Historical Consultant and City staff** are designated to serve as an advisory capacity to the City Council on the preservation of historic and cultural landmarks. In this capacity, the Landmark Commission and/or Historical Consultant and the Community Development Department, which is the department that supports the Landmark Commission and/or Historical Consultant, are positioned

to administer programs the City establishes for rehabilitating, restoring, maintaining and preserving historic structures, including a Mills Act Program.

Section 6. On October 7, 2014 the City Council considered the draft Mills Act Pilot Program. Prior to taking action on the proposed program, the City Council considered written and oral reports by City staff, and public testimony.

Section 7. Pursuant to the requirements of the California Environmental Quality Act (CEQA), the City evaluated the action of establishing a Mills Act Pilot Program. The Mills Act Pilot Program establishes a property tax reduction for property owners that rehabilitate, restore, maintain, and preserve properties that are determined to be of historic significance. The establishment of a Mills Act Pilot Program does not authorize any new development or construction of buildings, nor does it authorize any new land uses. The program encourages the continued use of existing structures and the continuance of existing land uses. For these reasons it can be seen with certainty that the Mills Act Pilot Program will not result in any significant adverse impact on the environment. Thus, the establishment of the Program is exempt from the CEQA environmental review requirements pursuant to Section 15061(b)(3) of Title 14 of the California Code of Regulations. Further, the Mills Act Pilot Program would be categorically exempt from environmental review pursuant to section 15331 of the CEQA Guidelines, which exempts projects limited to maintenance, repair, stabilization, rehabilitation, restoration, preservation, conservation or reconstruction of historical resources in a manner consistent with the Secretary of the Interior's Standards for the Treatment of Historic Properties with Guidelines for Preserving, Rehabilitating, Restoring, and Reconstructing Historic Buildings (Weeks and Grimmer, 1995) in that it is a program that results in the preservation and

maintenance of historic resources in exchange for property tax reductions. In addition, the Program is categorically exempt from CEQA, pursuant to CEQA Guidelines Section 15308 because it is an action by a regulatory agency (the City) to maintain, restore and protect the environment through protection of historical resources in the community.

Section 8. The City of Manhattan Beach Mills Act Pilot Program (Mills Act Program) shall go into effect at midnight on \_\_\_\_\_, and shall continue in effect, for two (2) years, until 11:59 p.m. on \_\_\_\_\_. To allow adequate processing time, new applications for preservation agreements shall be accepted from \_\_\_\_\_ of each calendar year the Pilot Program is in effect. No new applications will be accepted into the program after \_\_\_\_\_, unless a permanent Mills Act Program is established to supersede the Mills Act Pilot Program. If a permanent Mills Act Program is not established, preservation agreements adopted prior to \_\_\_\_\_, shall continue in effect, unless terminated or cancelled in accordance with the Mills Act.

Section 9. A “qualified historic property” for the purposes of the Manhattan Beach Mills Act Pilot Program shall be defined as:

- a. A single-family residential property, a multi-family residential property or a commercial property with a tax assessed value not exceeding **\$7.5 million dollars**, unless exempted from the maximum tax assessed value through exceptional circumstances;
- b. Located entirely within the City of Manhattan Beach;
- c. Privately owned;
- d. Not exempt from property taxation; and

- e. Individually listed in the City of Manhattan Beach as an official Culturally Significant Landmark.

Section 10. To limit any fiscal impact of the Mills Act Pilot Program, the City of Manhattan Beach shall limit annual revenue loss from property tax revenues to **\$50,000** each year. To further limit any fiscal impact, the City of Manhattan Beach shall not enter into or execute more than **three (3)** preservation agreements per calendar year during the term of the Mills Act Pilot Program. If less than **three (3)** preservation agreements are executed during the first calendar year, the remainder may be rolled over to the second calendar year for a total of **six (6)** preservation agreements for the two-year term of the Mills Act Pilot Program. No more than **six (6)** preservation agreements shall be entered into during the term of the Mills Act Pilot Program. To further limit unanticipated potential losses to property tax revenue, contracts executed under the Mills Act Pilot Program shall specify that the City has full right to cancel the contract, on an annual basis, the first year and every year thereafter, pursuant to Government Code Section 50280. To encourage participation by various property owners, the City may establish a means of accepting applications to the Mills Act Pilot Program that ensures that both commercial and residential property owners have an opportunity to participate.

Section 11. The City Council hereby delegates to the Director of Community Development or his or her designee, with review by the City Attorney, the authority and responsibility to develop, maintain, and amend, as necessary, an application, administrative guidelines, and forms of Preservation Agreements for properties seeking qualification and participation in the Mills Act Pilot Program. The Director of Community Development or his or her designee shall, as necessary, establish priority consideration criteria whereby such criteria

shall be used to rank applications in terms of the preservation and rehabilitation needs of each property and prioritize selection of applications. The Director of Community Development or his or her designee shall also report on an annual basis to the City Council the number of Mills Act preservation agreements executed and the effectiveness of the Mills Act Pilot Program. The terms of the Preservation Agreement shall comply with Government Code Section 50280 et seq. The maintenance, repair, rehabilitation, and/or restoration standards applicable to the subject property shall be set forth in the Preservation Agreement. In consideration of abiding with the terms of the Preservation Agreement, the owner of the subject property shall be entitled to qualify for a reassessment of the historic property pursuant to State Revenue and Taxation Code Section 439 et seq.

Section 12. The City Council hereby delegates to the **Landmark Commission and/or Historical Consultant and City staff** the authority and responsibility to review and make recommendations to the City Council on applications submitted pursuant to the Mills Act Program. The City Council shall be the final authority on the authorization and approval of Preservation Agreements pursuant to the Mills Act Pilot Program.

Section 13. Preservation Agreements will have a minimum contract term of 10 years, with automatic renewal on an annual basis, to be recorded against title to the property and running with the land. Owners shall maintain the regulated characteristics of historical significance of the historic property in accordance 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 Historical Building Code, and any applicable local codes and policies. Owners must allow reasonable periodic examination of

the interior and exterior of the premises, if a request is made by representatives of the County Assessor, State Office of Historic Preservation Department of Parks and Recreation, the State Board of Equalization, and/or the City's Community Development Director or his or her designee to determine the owner's compliance with the Preservation Agreement. No Preservation Agreement may be cancelled without compliance with Government Code Section 50280 et seq.

Section 14. The City Council shall establish fees for the processing of applications for Preservation Agreements and other matters required by the Mills Act Pilot Program, as legally permissible by State and local law.

Section 15. The record of proceedings for establishment of the City's Mills Act Pilot Program is maintained by the City as part of the official records of the Community Development Department at 1400 Highland Avenue, Manhattan Beach, California, 90266.

Section 16. A Mills Act Pilot Program is hereby established based on the parameters included in this resolution to implement the State of California Mills Act in the City of Manhattan Beach on a trial basis.

Section 17. The City Clerk shall certify to the adoption of the Resolution and shall cause the Resolution and his certification to be entered in the Book of Resolutions of the Council of the City.

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WAYNE POWELL  
Mayor of the City of  
Manhattan Beach, California

ATTEST:

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LIZA TAMURA  
City Clerk

(SEAL)

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