

MILLS ACT INFORMATION GUIDE



City of Los Altos
Development Services
Department



This guide provides general information related to the Mills Act Program for the City of Los Altos. This informational guide is not intended to be used as a substitute for the Los Altos Municipal Code, which contains detailed regulations.

MILLS ACT PROGRAM OVERVIEW

The Mills Act is a state law allowing cities to enter into contracts with the owners of historic resources. In exchange for agreeing to preserve the resource, owners receive a reduction in property taxes. These taxes are recalculated annually based on a formula outlined in the Mills Act and the Revenue and Taxation Code.

Under a Mills Act contract, property owners benefit from tax savings, which they, in turn, use to maintain and protect the resource's historic value. They must follow preservation guidelines set by the State Office of Historic Preservation, the U.S. Secretary of the Interior, the State Historic Building Code, and the City of Los Altos. Contracts last for 10 years and automatically renew each year. Property owners are required to maintain and, if needed, restore the property, with the option for either the owner or the City to choose not to renew the contract.

The owner may also petition the City to cancel the Mills Act contract. Cancellation requires assessment of a penalty of 12.5% of pre-Mills Act valuation. The City may also cancel the contract, but only in the case of breach of the contract conditions. Once a Mills Act contract is terminated, the property owner's tax assessment will be based on the pre-Mills Act valuation of the property.

REVIEW PROCESS

Properties in Los Altos that are designated historic landmarks or listed on the Historic Resource Inventory (HRI) are eligible to apply to the Mills Act program. The following is an overview of the process to establish a new Mills Act contract.

Step 1: Application Submittal. Submit a complete application for a Mills Act contract to the Los Altos Planning Division. All materials listed on the Mills Act Submittal Checklist are due at the time of application submittal. Generally, a complete Mills Act application must be submitted by June 1 in order to become effective the following year.

Step 2: Application Review. Your application will be assigned to a planner, who will review the application for completeness and consistency with applicable requirements.

Step 3: Historical Commission. Following staff's review, the application will be reviewed at a Historical Commission public hearing. The Historical Commission will evaluate the proposed application, and forward a recommendation to the City Council.

Step 4: City Council. At a public hearing, the City Council will evaluate the proposed application, and consider any specific recommendations provided by the Historical Commission. The City Council will then decide whether to approve the contract and, if so, authorize the City Manager to execute it.

Step 5: Execute and Record Contract. Once the contract is finalized and signed by all parties, the property owner must record it at the Santa Clara County Clerk-Recorders Office. A copy is also sent to the State Office of Historic Preservation. Once the contract is recorded, the County Assessor will recalculate the property taxes according to the Mills Act Status. A Mills Act Contract must be finalized and recorded before December 31 in order for it to become effective the following year.

For general questions about the Mills Act Program or an existing Mills Act contract, contact the Planning Division at planning@losaltosca.gov or (650) 947-2750.