

2.67 Historic preservation incentives.

- (a) By enactment of this section, the City desires to foster preservation of South Pasadena's Historical Resources.
- (b) The following incentives shall be made available to qualifying properties that undergo maintenance or alteration work that is consistent with the Secretary of the Interior's Standards for the Treatment of Historic Properties. This work includes rehabilitation for continual use of Historic Buildings and Sites, preservation and maintenance of character-defining features, and restoration of Historical Resources that have been significantly altered over time.
- (c) Contracts. The City Council authorizes the use of contracts pursuant to California Government Code Section 50280 et seq., known as "Mills Act Contracts." Such contracts may be entered into at the sole discretion of the City Council based on the recommendations of the cultural heritage commission in a form to be approved by the city attorney. The intent of such contracts shall be the continued preservation of historical properties. (Ord. No. 2187, § 2, 2009.)
 - (i) Purpose.
 - 1. The purpose of SPMC Section 2.66(b) is to implement State law (Government Code Sections 50280-50290), allowing the approval of Mills Act Contracts by establishing a uniform procedure for the owners of qualified historic properties within the City to enter into contracts with the City.
 - 2. The City Council finds that the Mills Act Contract will support the goals and objectives in the Historic Preservation Element of the General Plan with regards to incentivizing the maintenance and preservation of Historical Resources.
 - 3. The Council further finds that entering into a Mills Act Contract is an effective incentive to further the City's preservation goals to rehabilitate, preserve, restore, and maintain qualifying Historical Resources.
 - (ii) Limitations on Eligibility.
 - 1. The Mills Act Contract is limited to the following qualifying properties:
 - a. Local Historic landmarks;

- b. Contributing properties of local historic districts; and
 - c. Properties that the Commission has identified as set forth in SPMC Section 2.66(vii).
2. The granting of new Mills Act Contracts shall be limited to a maximum of four (4) properties each year.

(iii) Criteria.

1. In considering the merits of a Mills Act Contract proposal, the Commission shall use the following criteria in making a recommendation to the City Council:
- a. The estimated tax benefit is not expected to exceed the applicant's proposed financial investment in the historic resource over the first ten (10) years of the contract.
 - b. The proposed Mills Act Contract features a work plan that will provide a benefit to the public by:
 - i. Rehabilitating the property for continued occupancy or adaptive reuse and improved viability through systems upgrades and structural reinforcement upgrades.
 - ii. Preserving and maintaining the character-defining features of the property, or
 - iii. Restoring character-defining features of the property that have been significantly altered or removed over time.
 - c. The estimated tax benefit will not be used for any maintenance or alteration work that was previously completed or initiated before the contract is approved, unless it can be shown that the completed work was necessary in the interest of the public health or safety following involuntary damage or destruction caused by fire, Act of God, or any other casualty.

- d. The estimated tax benefit will not be used for routine maintenance work except for exemplary or exceptional properties that have financially burdensome maintenance requirements.
- e. The estimated tax benefit will not be used for work within the interior of a structure unless the Commission determines the following exceptions should be made:
 - i. Interior work is necessary to improve the structural integrity of the property; or
 - ii. Interior work is necessary to preserve and maintain character defining features within the Historic Resource that were specifically identified as part of the official landmark nomination; or
 - iii. Interior work is necessary to preserve and maintain character-defining features of the property that were discovered subsequent to its designation as a landmark. The Commission must first determine that those interior features are character defining based on substantial evidence provided by the applicant.
- f. The estimated tax benefit will not be used for landscaping work unless it will be used for specific landscape features that were identified as part of the official landmark nomination.

(iv) Required provisions of Mills Act Contracts.

- 1. The required provisions of a Mills Act contract shall be those required by State law Government Code Sections 50281 and 50282 including the following specifications:
 - a. Unless otherwise recommended by the Commission and approved by the City Council, a notice of nonrenewal will automatically be issued six (6) years into the duration of the contract. The procedure for notice of non-renewal by the owner or the City, shall be as identified in State law (Government Code Section 50282 (a), (b), and (c)).
 - b. The contract agreement is to assist in the preservation of the qualifying property; therefore, restoration and rehabilitation of the property shall conform to the rules and regulations of the State of California Office of

Historic Preservation (Department of Parks and Recreation), the United States Secretary's of the Interior Standards for the Treatment of Historic Properties.

- c. The owner agrees to permit periodic examination of the interior and exterior of the premises by the County Assessor, the Department of Parks and Recreation, the State Board of Equalization, and the City, as may be necessary to verify the owner's compliance with the contract agreement, and to provide any information requested to ensure compliance with the contract agreement.
 - d. In addition to the requirement in Subsection “c” herein, the owner must agree to also submit evidence to the City in accordance with the reporting schedule specified in the Mills Act Contract (and at a minimum every three years) to confirm that preservation tasks were completed in accordance with the time line stipulated in the Mills Act Contract.
 - e. The contract shall be binding on all successors-in-interest of the owner to the benefits and burdens of the contract. It shall stipulate escrow instructions that require a review and re-evaluation every three years.
 - f. The City shall provide written notice of the contract to the State of California Office of Historic Preservation within 180 days of entering into the contract.
2. The Mills Act Contract shall state that the City may cancel the contract after a duly noticed public hearing if it determines that the owner has breached any of the conditions of the contract or has allowed the property to deteriorate to the point that it no longer meets the significance criteria under which it was designated (Government Code Sections 50284 and 50285).
 3. The contract shall state that if the City cancels the contract pursuant to Subsection “2” herein, the owner shall pay the State of California a cancellation fee of twelve and one-half percent of the full value of the property at the time of cancellation, as determined by the County Assessor without regard to any restriction on the property imposed by the Mills Act Contract.

4. The contract shall also provide that in the event preservation, rehabilitation, or restoration becomes infeasible due to damage caused by natural disaster (e.g., earthquake, fire, flood, etc.), the City may cancel the contract without requiring the owner to pay the State of California the above-referenced cancellation fee as a penalty. However, in this event, a contract shall not be cancelled by the City unless the City determines, after consultation with the State of California Office of Historic Preservation, in compliance with Public Resources Code Section 5028, that preservation, rehabilitation, or restoration is infeasible.
 5. The City shall maintain a sample Mills Act Contract with all required provisions specified by this Subparagraph.
- v) Administration of New Mills Act Contracts. The commission shall have the responsibility to recommend to the City Council the approval of Mills Act Contract proposals. The commission shall prepare and transmit a report of its recommendation to the Council on the merits of each proposal.
1. Timing.
 - a. After January 1st of each year, or as soon as reasonably possible, but in no event later than March 31st of that year, the Commission shall accept proposals for Mills Act Contracts.
 - b. After April 1st of each year, or as soon as reasonably possible, but in no event later than June 30th of that year, the Commission shall review proposals for Mills Act Contracts.
 - c. After June 31st of each year, or as soon as reasonably possible, but in no event later than September 30th of that year, the Commission shall make a recommendation to the City Council of no more than four (4) new Mills Act Contract proposals.
 2. Criteria. Recommendations to the City Council regarding new Mills Act Contracts shall be made by the Commission upon meeting the criteria set forth in Section 2.66(c)(iii), above.
- vi) Annual Review and Recommendation Regarding Cancellation or Notices of Non-Renewal of Existing Mills Act Contracts. The Commission shall have the responsibility to recommend to the City Council the cancellation or a Notice of Non-Renewal of any existing Mills Act Contracts.

1. Timing. After June 30th of each year, or as soon as reasonably possible, but in no event later than September 30th of that year, the Commission shall review the progress made towards the completion of preservation work stipulated in the Mills Act Contracts that are scheduled for review that year and Mills Act Contracts that are ten (10) years or older.
2. Criteria.
 - a. Cancellation of Mills Act Contract. In considering a recommendation to cancel a Mills Act Contract, the Commission shall determine whether the owner has breached any of the conditions of the contract or has allowed the property to deteriorate to the point that it no longer meets the significance criteria under which it was designated.
 - b. Notice of Non-Renewal. In considering a recommendation to issue a Notice of Non-Renewal of a Mills Act Contract, the Commission shall use the following criteria in making a recommendation to the City Council:
 - (i) The owner has provided substantial evidence to the Commission that, although progress has been made towards meeting certain obligations of the contract, the owner cannot fulfill the remaining requirements of the contract due to reasons beyond the owner's control; or
 - (ii) The property has been successfully rehabilitated for continued occupancy or adaptive reuse; or
 - (iii) The character-defining features of the property have been preserved and are expected to remain in good aesthetic composition with a reasonable level of routine maintenance and upkeep, or
 - (iv) The property has been completely restored in accordance with the plans that were approved with a Certificate of Appropriateness.

3. Report. The Commission shall prepare and transmit a report of its review of current Mills Act Contracts as part of its annual report to the City Council.
- vii) The Commission may proactively survey the City and identify properties that may benefit from a Mills Act Contract. The Commission may, if it finds that it is in the best interest of the City, contact the property owner directly and recommend that a Mills Act Contract be pursued.