



# MILLS ACT CONTRACT FOR HISTORIC RESOURCES

## INFORMATIONAL AND SUBMITTAL PACKET

### WHAT IS A MILLS ACT CONTRACT?

The Mills Act program (California Government Code §50280-50290) grants the City the authority to enter into contracts with owners of qualified historic properties who actively participate in the restoration and maintenance of their historic properties while receiving property tax relief. Owners of qualifying historic properties who agree to comply with certain preservation restrictions receive a potential property tax savings to help offset the costs to restore, rehabilitate, and maintain their historic property.

### HOW MUCH TAX SAVINGS CAN I EXPECT?

Participating property owners may receive, on average, a reduction of 40 percent to 60 percent in property taxes to use for restoring and maintaining the property. Owners of properties with comparatively low property taxes will likely not benefit financially from a Mills Act contract because the assessed value will generally be higher than the existing Base Year Value of the property under Proposition 13. In addition, if a property has a new building on the site such as a new accessory dwelling unit, property owners may not see as high of tax savings as this portion of the property is excluded from the Mills Act tax value. Property taxes are reassessed annually on properties with Mills Act contracts. Applicants should consult with financial and tax professionals to discuss the potential tax savings for a property.

### ARE THERE ANY LIMITATIONS ON APPLYING?

Yes. The Mills Act Contract application period runs from January 1 to June 30. The City may accept applications until the program reaches the annual revenue loss limit of \$260,000. If the limit is reached, or the application is submitted after June 30, the application may be considered for the following year.

Properties must meet the four eligibility criteria described below to apply. In addition, the property must not contain any unpermitted or unsafe construction, enforcement cases, unpaid property taxes or other violations. If a property has multiple owners, all property owners must enter into the contract simultaneously. All proposed work must be completed during the initial 10-year term of the contract.

### WHICH PROPERTIES ARE ELIGIBLE TO APPLY?

The complete details of the Mills Act program can be found in SBMC [22.22.160](#), Incentives for Preserving Historic Resources, and the accompanying rules and procedures adopted in Resolution No. 19-090. In order to participate in the City's Mills Act Contract program, properties must meet the following criteria:

### **Criteria 1: Qualified Historic Property**

All properties must be incorporated within the City of Santa Barbara boundaries; the City does not have jurisdiction on unincorporated properties located in Santa Barbara County. The following are qualifying historic properties eligible for the Mills Act program:

- City Landmark
- City Structure of Merit
- Contributory building to a potential or designated City Historic District
- Listed under the California Register of Historical Resources
- Contributory building in California Register of Historical Resources Historic Districts
- Listed in the National Register of Historic Places
- Contributory building listed in the National Register of Historic Places as a Historic District

**Tip!** A property must be designated *before* the Mills Act application is made. If there are any questions about whether your property is eligible, please contact Nicole Hernandez, Architectural Historian, (805) 564-5536 or [NHernandez@SantaBarbaraCA.gov](mailto:NHernandez@SantaBarbaraCA.gov).

### **Criteria 2: Maximum Tax Assessment Value**

Qualified historic properties must also meet a Maximum Tax Assessment Value to be eligible:

- Single-unit, owner-occupied, residential property: Eligibility is limited to a maximum total assessed valuation of \$2.5 million.
- Rental property, Multi-Unit, Commercial, Industrial or Mixed-Use Buildings: Eligibility is limited to a maximum total assessed valuation of \$3 million.

**Exceptions:** An exception to the Maximum Tax Assessment Value may be requested. The Historic Landmarks Commission will make specific findings to the City Council recommending approval or denial of the exception. Final approval of this exception is under the purview of the City Council.

### **Criteria 3: Priority Considerations**

All applications are reviewed on the merits of the Priority Consideration Criteria. Incomplete applications will not be considered. All applications will be evaluated and ranked using the criteria below:

1. **Preservation.** The project will substantially aid in the preservation and enhancement of a unique historic resource. Proposed new construction or additions will not impact the eligibility for the structure to qualify as a historic resource. Existing conditions not in conformance with the Secretary of the Interior's Standards will be removed and the original appearance restored.
2. **Necessity.** The property is threatened by possible abandonment, deterioration, or conflicting regulations that will require a financial incentive to help ensure the preservation of the property. Cases of economic hardship will be given priority. If work was completed (as evidenced by a final inspection from the Building & Safety Division) more than one year prior to application, there is no established need for granting a Mills Act contract.
3. **Investment.** The project will result in substantial reinvestment and rehabilitation of a historic resource. Cumulatively, the total cost of the proposed work to repair, maintain, or rehabilitate the structure must be equal to, or greater than, the total estimated property tax savings to the owner.

Realistic cost estimates are provided to demonstrate the owner is committed to investing in the restoration, rehabilitation and maintenance of the property.

4. **Community Benefit.** Projects will be given priority if located in a public investment area where the City is concentrating resources on facade improvements, home rehabilitation, or similar revitalization efforts; or projects that maintain or create affordable housing.
5. **Visibility.** The structure will be visible to the public from the street or right-of-way. Any existing fencing or landscaping that blocks or obscures public views, will be modified to allow the home or building to be visible from the rights-of-way.

## **Criteria 4: Restoration and Maintenance Plan**

The purpose of a Mills Act Contract is to restore, rehabilitate and maintain historic properties. Program participants must have a Restoration and Maintenance Plan with qualifying scopes of work that rehabilitate, restore and maintain the property. Projects may include both interior or exterior work, but must utilize all of your tax savings. All proposed scopes of work must be completed during the initial 10-year term of the contract. Exceptions may be requested for projects completed less than 1 year before the contract date, either due to emergencies or for new owners who need to get started to move in.

Examples of qualifying scopes of work include the following:

- Accessibility and Life Safety improvements, such as seismic retrofit
- Accessory building repair or replacement, including garage doors and roof
- Architectural feature restoration, rehabilitation, and preservation; may include paint, trim, masonry, railings, columns, corbels, removal of non-historic features and restore to original
- Interior repair and replacement including kitchen, bathrooms, cabinets, dry-rot removal, electrical, plumbing, waterproofing, insulation, termite treatment, etc.
- Window or door repair or restoration
- Front stair, entrance, porch, repair or restoration
- Roof repair or replacement
- Structural improvements, such as a new foundation, framing, ceiling joists
- Storefront repair or restoration
- Façade stabilization and repair, repair of terra cotta, historic stucco or wood cladding
- Materials conservation, such as murals, frescos, and decorative plasterwork

**Tip!** Additional scopes of work that are not listed above may be included as necessary to rehabilitate, restore and maintain the property. Scopes of work must be completed in conformance with the Secretary of the Interior's Standards for Rehabilitation and the California Historical Building Code. Conditions of approval may include substandard code compliance upgrades such as the completion of an electrical safety inspection and completion of a seismic retrofit as part of the scope of work.

## **HOW TO SUBMIT**

All planning applications, including all supporting plans and documents, are accepted online via our [Accela Citizen Access Portal \(ACA\)](#). More information: [Electronic Submittals](#).

## MILLS ACT PROCESS & TIMELINE

### PHASE 1:

#### **Owner Submits Application**

Mills Act application period opens on January 1.

Owner schedules a pre-application meeting with Architectural Historian no later than June 1.

Owner submits completed application to Planning (Deadline June 30).

### PHASE 2:

#### **Planning Staff Evaluates Application**

Architectural Historian will:

- Review the application for completeness
- Schedule an initial inspection of property
- Revise the Restoration and Maintenance Plan where necessary
- Prepare a report for the HLC Designations Subcommittee

### PHASE 3:

#### **HLC Designations Subcommittee**

The HLC Designations Subcommittee will rank the applications based on the eligibility criteria.

May recommend, not recommend, or forward without recommendation, to the Full Board.

### PHASE 4:

#### **Historic Landmarks Commission (HLC)**

The HLC may recommend to approve, modify, or deny to the Community Development Director for City approval or disapproval of the contract.

### PHASE 5:

#### **City Council**

If an exception to the maximum tax assessment is requested, an additional processing fee is required, and the project will be scheduled for City Council review. City Council may approve, modify, or deny the request.

### PHASE 6:

#### **Final Contracts Issued and Recorded**

The Mills Act Contract initiation fee is due to the City prior to contract processing and review by the Community Development Director.

A fully executed contract will be filed by the City with the Santa Barbara County Recorder's Office.

After recordation, the City provides the County Assessor with a copy of the contract who will calculate the property tax assessment and recalculate the tax assessment on an annual basis.

City staff will notify the State Historic Preservation Office of the new contract address.

### PHASE 7:

#### **Permits and Entitlements**

Mills Act contracts begin on January 1 of the year after the application is approved by the City and recorded with the County Recorder. The Mills Act tax rate will be seen on the Summer tax bill.

All proper permits and HLC approval must be obtained for the proposed work described in the Restoration and Maintenance Plan.

### PHASE 8:

#### **Mills Act Monitoring**

Once work commences, the property will be re-inspected every 5 years, or as required by the Architectural Historian.

Owner must submit annual reports to the Architectural Historian, documenting any completed projects, along with copies of receipts and building permits, where applicable.

### PHASE 9:

#### **Renewals**

Mills Act contracts have an initial 10-year term. To renew, a new Restoration and Maintenance Plan must be submitted at least 12 months, but not more than 18 months, prior to expiration of the initial 10-year term of the contract.

## **TERMS OF THE MILLS ACT HISTORICAL PROPERTY CONTRACT**

### **DURATION OF CONTRACT**

Mills Act contracts begin on January 1 of the year after the application is approved by the City and recorded with the County Recorder's Office. Mills Act contracts have an initial 10-year term, with automatic renewal yearly on the anniversary of the contract date, unless otherwise terminated. The contract is binding upon successor owners of the qualified historical property. New owners are required to sign an agreement for the continual maintenance of the property.

### **RENEWAL OF THE CONTRACT**

At least 12 months, but not more than 18 months, prior to expiration of the initial 10-year term of the contract, if a property owner wishes to continue under the Mills Act Program the property owner must submit a new Restoration and Maintenance Plan to the Community Development Director. The HLC will review the proposed scope of work within the Plan and make a recommendation whether or not to allow the contract to automatically renew for an additional period of time.

### **NON-RENEWAL OF THE CONTRACT**

If the property owner does not submit a new Restoration and Maintenance Plan, the City will assume no further rehabilitation will be done and the Community Development Director will send a notice of non-renewal pursuant to Government Code section 50282. The City may serve a notice of non-renewal after the initial 10-year term, or any time thereafter, even if the property owner submits a new Restoration and Maintenance Plan. Non-renewal is at the sole discretion of the City. If a notice of non-renewal is given, the contract runs for its remaining term.

### **REHABILITATION AND MAINTENANCE OF THE HISTORIC PROPERTY**

The Restoration and Maintenance Plan ensures that any work performed to the property (interior, exterior, and grounds) conforms to the Secretary of the Interior's Standards for Rehabilitation, and the California Historical Building Code. The Architectural Historian and HLC will review the proposed Plan prior to contract approval, which must include sufficient information for them to understand the scope and estimated cost of the proposed improvements. Building permits must be obtained for the proposed work. Projects that affect the exterior are subject to HLC review and approval before work begins.

### **BREACH OF CONTRACT**

Non-renewal, termination of contract, or legal action to enforce the contract terms may result if the property owner does not fulfill all contractual obligations, including but not limited to spending property tax savings on the repair and maintenance of the historic property. The City will notify the applicant and the County Tax Assessor of contract termination or non-renewal. Immediate cancellation of the contract by either the City or the property owner requires a public hearing and may result in the termination of the contract and a penalty equal to 12½ percent of the assessed market value of the property.

### **ANNUAL MONITORING AND PERIODIC INSPECTIONS**

Upon acceptance to the program, owners must submit annual reports on completed projects, along with copies of receipts and building permits where applicable. Once work commences, the property will be re-inspected every 5 years, or as required by the Architectural Historian, to ensure that proposed work has been completed per the contract and meets all applicable City standards.

# SUBMITTAL REQUIREMENTS

## WHAT TO SUBMIT

This document includes a comprehensive list of information that is required to submit a Mills Act Contract application. A separate Planning (PLN) Application is not required. The following forms must be completed, signed, and submitted as a PDF attachment to your electronic submittal. The application must be accompanied by all required fees, photographs, and supporting materials or it will be rejected.

## FEES

*Payment of fees is required for all applications.*

☐

### Fees

Payment via check, electronic check, or credit card is required before project review or processing. Once the application is submitted, City staff will follow up electronically with an invoice for the total fee amount. Fees may be paid online, mailed, faxed, or dropped off at 630 Garden Street for processing. If paying by mail or fax, a [Fee Payment Submittal Sheet](#) is required. For more information, click on [How to Pay Invoiced Fees](#).

*The initial application fee covers the staff evaluation and HLC review phase of the application. Additional fees will be charged for City Council review and to process the recorded covenant.*

## PHOTOGRAPHS

*Photographs are required for all applications.*

☐

### Photographs

Submit current color photographs of the interior and exterior of the property including the surrounding grounds. Include photos of the site from the street, each exterior elevation of all buildings, and adjacent properties for neighborhood context.

## SUPPORTING MATERIALS

*Supporting Materials are required for all applications.*

☐

### Property Tax Bill

Provide a copy of the most recent property tax bill.

☐

### Grant Deed

Provide a copy of the current grant deed with the property's legal description.

☐

### Construction Schedule and Cost Estimates

Submit a construction schedule and cost estimates prepared by a qualified contractor detailing work to be performed on the subject property over a 10-year period, consistent with the Restoration and Maintenance Plan.



# MILLS ACT APPLICATION FORM

## RECORD INFORMATION

Application Date: \_\_\_\_\_ PLN RECORD # (if known): \_\_\_\_\_

## PROPERTY INFORMATION

Project Address: \_\_\_\_\_

Assessor Parcel Number (APN): \_\_\_\_\_

Existing Use: \_\_\_\_\_ Proposed Use: \_\_\_\_\_

## OWNER'S INFORMATION

Name: \_\_\_\_\_ Email: \_\_\_\_\_

Address: \_\_\_\_\_ Phone: \_\_\_\_\_

## APPLICANT'S INFORMATION ☐ SAME AS ABOVE

Name: \_\_\_\_\_ Company: \_\_\_\_\_

Address: \_\_\_\_\_ ZIP: \_\_\_\_\_

Email: \_\_\_\_\_ Phone: \_\_\_\_\_

## QUALIFIED HISTORIC PROPERTY

- ☐ City Landmark
- ☐ State Landmark
- ☐ Register of Historic Resources
- ☐ City Structure of Merit
- ☐ National Register
- ☐ State Point of Historical Interest
- ☐ Contributor to Historic District
- ☐ National Historic Landmark

Date of Designation: \_\_\_\_\_

## TAX ASSESSMENT VALUE

Most Recent Assessed Value: \$ \_\_\_\_\_

Choose one of the following options:

1. The property is owner-occupied, single-unit residential valued at less than \$2.5 million ☐ YES ☐ NO
2. The property is a rental, or multi-unit, or nonresidential, valued at less than \$3 million ☐ YES ☐ NO
3. The property value exceeds the Maximum Tax Assessment Value ☐ YES ☐ NO

*If yes to #3, please explain below why it should be exempt from the Maximum Tax Assessment Value.*



## SCREENING QUESTIONS

1. Is the entire property owner-occupied? *(If the property owner receives any rental income from the subject property, indicate NO)* ☐ YES ☐ NO
2. Are there any outstanding violations or open enforcement on the property? If YES, all outstanding violations must be abated and closed for eligibility for the Mills Act. ☐ YES ☐ NO
3. Are taxes on all property owned within the City of Santa Barbara paid to date? If NO, all property taxes must be paid for eligibility for the Mills Act. ☐ YES ☐ NO
4. Property owner will ensure that the total cost of the proposed work to repair, maintain, or rehabilitate the structure will be equal to, or greater than, the total estimated property tax savings to the owner. ☐ YES ☐ NO
5. All proposed scopes of work will be completed during the initial 10-year term of the contract. If NO, exceptions may be requested for projects completed less than 1 year before the contract date for emergencies or for new owners who just bought the house and need to get started to move in. Describe any exception requests below. ☐ YES ☐ NO
6. Property owner will retain copies of receipts and permits for submittal with the required annual reports. ☐ YES ☐ NO
7. Property owner will agree to maintain all buildings, structures, and yard areas on the property in a superior manner including the removal of any substandard, dilapidated, or unsightly features such as: non-operational vehicles or other outside storage, stagnant/standing water, peeling paint, graffiti, and overgrown or decaying landscape. ☐ YES ☐ NO
8. Property owner will agree to any substandard code compliance upgrades such as the completion of an electrical safety inspection and completion of a seismic retrofit as part of the scope of work. ☐ YES ☐ NO



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PRIORITY CONSIDERATION CRITERIA

Please review the appropriate criteria as they apply to your property and explain below, or on a separate sheet, how the project meets the stated Priority Considerations.

1. **Preservation.** The project will substantially aid in the preservation or enhancement of a unique historic resource or will restore the resource to its original appearance. Proposed new construction will not impact its eligibility to qualify as a historic resource.

2. **Necessity.** The property is threatened by possible abandonment, deterioration, or conflicting regulations that will require a financial incentive to help ensure the preservation of the property.

3. **Investment.** The project demonstrates the owner is financially committed to investing in the restoration, rehabilitation and maintenance of the property.

4. **Community Benefit.** Project provides a community benefit such as location in a public investment area or similar revitalization area, or the project maintains or creates affordable housing.

5. **Visibility.** The structure will be visible to the public from the public right-of-way. Existing fencing or landscaping will be modified to allow the building to be visible, if applicable.

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# RESTORATION AND MAINTENANCE PLAN

Use this form to outline your Restoration and Maintenance Plan. Copy sheets as necessary to include all scopes of work that you propose to complete within the next 10 years. Arrange in order of priority.

**Project # :** **Primary Building Feature:**

☐ Maintenance ☐ Rehabilitation/Restoration ☐ Completed (<1 yr.) ☐ Proposed

Estimated Year Complete:

Total Cost: \$

Scope of Work:

**Project # :** **Primary Building Feature:**

☐ Maintenance ☐ Rehabilitation/Restoration ☐ Completed (<1 yr.) ☐ Proposed

Estimated Year Complete:

Total Cost: \$

Scope of Work:

**Project # :** **Primary Building Feature:**

☐ Maintenance ☐ Rehabilitation/Restoration ☐ Completed (<1 yr.) ☐ Proposed

Estimated Year Complete:

Total Cost: \$

Scope of Work:

<b>Project # :</b>	<b>Primary Building Feature:</b>		
<input type="checkbox"/> Maintenance	<input type="checkbox"/> Rehabilitation/Restoration	<input type="checkbox"/> Completed (<1 yr.)	<input type="checkbox"/> Proposed
Estimated Year Complete:			
Total Cost: \$			
Scope of Work:			

<b>Project # :</b>	<b>Primary Building Feature:</b>		
<input type="checkbox"/> Maintenance	<input type="checkbox"/> Rehabilitation/Restoration	<input type="checkbox"/> Completed (<1 yr.)	<input type="checkbox"/> Proposed
Estimated Year Complete:			
Total Cost: \$			
Scope of Work:			

<b>Project # :</b>	<b>Primary Building Feature:</b>		
<input type="checkbox"/> Maintenance	<input type="checkbox"/> Rehabilitation/Restoration	<input type="checkbox"/> Completed (<1 yr.)	<input type="checkbox"/> Proposed
Estimated Year Complete:			
Total Cost: \$			
Scope of Work:			

## 4

## APPLICANT'S AFFIDAVIT

Under penalty of perjury the following declarations are made:

- a. The undersigned is the owner or authorized agent of the owner of this property.
- b. The information presented is true and correct to the best of my knowledge.
- c. **Public Record.** I understand that any information provided becomes part of the public record and can be made available to the public for review and posted to City websites.
- d. **Site Visit.** I hereby authorize City of Santa Barbara to conduct a site visit of this property as part of the City's review of this application, making all portions of the interior and exterior accessible through completion of construction, and in response to the monitoring of any conditions.
- e. **Owner/Agent Authorization.** If the Applicant is not the Property Owner, both the Property Owner and Applicant must sign this affidavit or the separate [Owner/Agent Authorization Form](#). By signing this affidavit, the Property Owner authorizes the Applicant listed in this application to act as the Property Owner's agent on all matters before the City of Santa Barbara Community Development Department pertaining to development on this property.

## PROPERTY OWNER:

\_\_\_\_\_  
Owner's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Owner's Name (printed)

APPLICANT: ☐ SAME AS ABOVE

\_\_\_\_\_  
Applicant's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Applicant's Name (printed)

\_\_\_\_\_  
Title (Architect, etc.)

## APPENDIX A: SAMPLE MILLS ACT CONTRACT

RECORDING REQUESTED BY, )  
AND WHEN RECORDED MAIL TO: )  
City of Santa Barbara )  
Community Development Department )  
630 Garden Street )  
P.O. Box 1990 )  
Santa Barbara, CA 93102  
Attn: Community Development Director

SEND ANOTHER COPY TO:

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(Space Above for Recorder's Office)

### HISTORIC PROPERTY PRESERVATION AGREEMENT

("MILLS ACT CONTRACT")

between

**THE CITY OF SANTA BARBARA**  
**a municipal corporation**

and

**Name as on Deed**  
**Address**

**Owner of the property located at**  
**Property Address**

**THIS AGREEMENT** is made this \_\_\_\_\_, 20XX, by and between the City of Santa Barbara, a municipal corporation (“City”) and name as it is on the deed (hereinafter collectively referred to as “Owner”).

#### RECITALS

1. California Government Code section 50280, et. seq. allows cities the discretion to enter into contracts with the owners of qualified historic properties, as that term is defined in Government Code section 50280.1, for the purpose of providing for the use, maintenance, protection, and rehabilitation of such historic property so as to retain its characteristics as property of historic significance.

2. Owner holds fee title in and to that certain real property, together with associated structures and improvements thereon, generally located at the street address, Santa Barbara, California (“Historic Property”). A legal description of the Historic Property is attached hereto as Exhibit “A,” and incorporated herein by this reference.

3. On designation date, the Historic Landmarks Commission of the City of Santa Barbara designated the Historic Property as a Structure of Merit or Landmark pursuant to the terms and provisions of Title 22 of the Santa Barbara Municipal Code.

4. City and Owner desire to enter into this Agreement for the purpose of protecting and preserving the characteristics of historical significance of the Historic Property that help preserve and maintain the community’s unique civic identity and character.

5. Owner, in consideration for abiding by the terms of this Agreement, shall be entitled to qualify for a reassessment of valuation of the Historic Property, pursuant to the provisions of Chapter 3, Part 2, of Division 1 of the California Revenue and Taxation Code, and any corresponding adjustment in property taxes resulting therefrom.

## TERMS

NOW, THEREFORE, the City and Owner in consideration of mutual covenants and conditions set forth herein, do hereby agree as follows:

1. Preservation of Historical Property. During the term of this Agreement, the Historic Property shall be subject to the following conditions, requirements, and restrictions:

A. The Restoration and Maintenance Plan. Owner has proposed a specific list of projects, acceptable to City, that are to be undertaken and completed for the rehabilitation, repair, maintenance, or rehabilitation of the Historic Property during the term of this agreement (hereinafter the "Plan.") The proposed Plan is listed in Exhibit "B," which exhibit is incorporated herein by this reference. All such projects shall be undertaken and completed in accordance with the Secretary of Interior Standards for Rehabilitation and the City of Santa Barbara design guidelines.

The projects in the Plan illustrate the projects intended to be completed in the ten (10) year contract. The project list provides an estimated cost of completion for each project. The project cost estimates are provided for purposes of illustration. A project does not have to be completed within a single contract year, nor do all of the listed projects have to be completed during the term of the agreement. Cumulatively, Owner is required to spend an amount at least equal to the property tax savings realized by Owner on one or more of the projects listed in the Plan. Without altering Owner's obligation to invest the annual tax savings in the rehabilitation, repair, maintenance, or rehabilitation of the Historic Property, the Plan may be amended or altered from time to time by written agreement executed by the City Community Development Director or the Director's designee and Owner.

B. Maintenance. In addition to the Restoration and Maintenance Plan described in Subsection 1(A) above, Owner shall preserve and maintain the characteristics of the cultural and historical significance of the Historic Property. Attached hereto as Exhibit "C," and incorporated herein by this



reference, is a listing of character defining features and the minimum standards and conditions for maintenance, use, protection, and preservation of the Historic Property, which shall apply to the Historic Property and with which Owner shall comply throughout the term of this Agreement. In addition, Owner shall comply with the terms of the City's Historic Structures Ordinance (Chapter 22.22 of the Santa Barbara Municipal Code), and shall obtain any applicable permits necessary to protect, preserve, restore, and rehabilitate the Historic Property so as to maintain its historical and cultural significance. At a minimum, during the term of this agreement Owner shall maintain the exterior of the Historic Property in a condition that is at least equal to the condition documented in Exhibit "D." The condition of the exterior of the Historic Property on the effective date of this Agreement is documented in photographs attached as Exhibit "D" and incorporated herein by this reference.

C. Public View of the Historic Property. Owner shall not construct, install, allow, or maintain any wall, fence, or landscaping along the right of way frontages of the Historic Property so as to prevent the viewing of the Historic Property from the public right-of-way.

2. Periodic Examinations. Upon reasonable advance notice, Owner shall allow reasonable periodic examinations of the interior and exterior of the Historic Property by representatives of the County Assessor, the State Department of Parks and Recreation, the State Board of Equalization and City, as may be necessary to determine Owner's compliance with the terms and provisions of this Agreement.

3. Provision of Information of Compliance. Owner hereby agrees to furnish City with any and all information requested by City, which City deems necessary or advisable to determine eligibility of the Historic Property and compliance with the terms and provisions of this Agreement. Owner shall provide the City with photographs and receipts documenting the progress and expenditures on the required Rehabilitation Plan project(s) during each year of the agreement.

4. Effective Date and Term of Agreement. This Agreement shall be effective and commence on

January 1, **Year after submittal** (“Effective Date”) and shall remain in effect for a term of ten (10) years thereafter.

5. Yearly Renewal. Each year upon the anniversary of the Effective Date (“Renewal Date”), an additional one (1) year shall automatically be added to the remaining term of the Agreement unless a notice of nonrenewal is delivered as provided in Paragraph 3 of this Agreement.

6. Nonrenewal. If either the Owner or City desires in any year not to renew this Agreement, Owner or City shall serve a written notice of nonrenewal upon the party in advance of the Renewal Date (“Notice of Nonrenewal”). The Notice of Nonrenewal shall be effective only if served by Owner upon City at least ninety (90) days prior to the Renewal Date, or if served by City upon Owner, the Notice of Nonrenewal shall be effective only if served upon Owner at least sixty (60) days prior to the Renewal Date. If either City or Owner serves a Notice of Nonrenewal in any year, this Agreement shall remain in effect for the balance of the term then remaining.

7. Owner Protest of City Nonrenewal. Within fifteen (15) days of Owner’s receipt of the Notice of Nonrenewal from City, Owner may file with City a written protest of the Notice of Nonrenewal. Upon receipt of the written protect, the City Council shall set a hearing prior to the expiration of the Renewal Date of this Agreement. Owner may furnish the City Council with any information which Owner deems relevant and shall furnish the City Council with any information it may require. The City Council may, at any time prior to the annual Renewal Date, withdraw its Notice of Nonrenewal.

8. Breach of Agreement; Remedies.

A. Notice of Breach; Opportunity to Cure. If Owner breaches any provision of this Agreement, City may give written notice to Owner by registered or certified mail detailing Owner’s violations. If such violation is not corrected to the reasonable satisfaction of City within thirty (30) days after the date

of notice of violation, or within such a reasonable time as may be required to cure the violation (provided the acts to cure the violation are commenced within thirty (30) days and thereafter diligently pursued to completion), the City may, without further notice, declare Owner to be in breach of this Agreement. Upon City's declaration of Owner's breach, City may pursue any remedy available under local, state, or federal law, including those specifically provided for in this Paragraph.

B. Remedy - Cancellation. City may cancel this Agreement if City determines, following a duly noticed public hearing in accordance with Government Code section 50285, that Owner breached any of the conditions of the Agreement, Owner allowed the Historic Property to deteriorate to the point that it no longer meets the standards for a qualified historic property, or Owner failed to maintain and preserve the Historic Property in accordance with the terms of this Agreement. If this Agreement is cancelled, under this paragraph, Owner shall pay a cancellation fee to the Office of the Auditor for the County of Santa Barbara as required by Government Code section 50286.

C. Alternative Remedies. As an alternative to cancellation of this Agreement for Owner's breach of any condition, City may bring an action in court necessary to enforce this Agreement including, but not limited to, an action to enforce this Agreement by specific performance, injunction, or receivership.

9. Damage. Should the Historic Property incur damage from any cause whatsoever, which damages fifty percent (50%) or less of the Historic Property, Owners shall replace and repair the damaged area(s) of the Historic Property in compliance with the City's Historic Structures Ordinance (SBMC Chapter 22.22). For repairs that do not require a permit, Owners shall commence the repair work within thirty (30) days of incurring the damage and shall diligently prosecute the repair to completion within a reasonable period of time, as determined by the City. Where specialized services are required due to the nature of the work and the historic character of the features damaged,

“commence the repair work” within the meaning of this paragraph may include contracting for repair services. For repairs that require a permit(s), Owners shall proceed diligently in applying for any necessary permits for the work and shall apply for such permits not less than sixty (60) days after the damage has been incurred, commence the repair work within one hundred twenty (120) days of receipt of the required permit(s), and shall diligently prosecute the repair to completion within a reasonable period of time, as determined by the City. Upon written request by the Owners, the Community Development Director, at his or her discretion, may grant an extension of the time periods set forth in this paragraph. Owners may apply for an extension by a letter to the Community Development Director, and the Community Development Director may grant the extension by letter without a hearing. All repair work shall comply with the design and standards established for the Historic Property in Exhibits B, C and D attached hereto and Paragraph 1 herein. In the case of damage to twenty percent (20%) or more of the Historic Property due to a natural disaster such as an earthquake, wildfire, or flood, or in the case of damage from any cause whatsoever that destroys more than fifty percent (50%) of the Historic Property, the City and Owners may mutually agree to terminate this Agreement. Upon such termination, Owners shall not be obligated to pay the cancellation fee set forth in Paragraph 8 of this Agreement. Upon such termination, the City shall assess the full value of the Historic Property without regard to any restriction imposed upon the Historic Property by this Agreement and Owners shall pay property taxes to the City based upon the valuation of the Historic Property as of the date of termination.

10. Eminent Domain; Cancellation. If the Historic Property is acquired in whole or in part by eminent domain or other acquisition by any entity authorized to exercise the power of eminent domain, and the acquisition is determined by the City Council to frustrate the purpose of this Agreement, this Agreement shall be cancelled. No cancellation fee pursuant to Government Code section 50286 shall be imposed if the Agreement is cancelled pursuant to this Paragraph.

11. Waiver. City does not waive any claim of default by Owner if City does not enforce or cancel this Agreement. All other remedies at law or in equity which are not otherwise provided for in this Agreement or in City's regulations governing historic properties are available to the City to pursue in the event that there is a breach of this Agreement. No waiver by City of any breach or default under this Agreement shall be deemed to be a waiver of any other subsequent breach thereof or default hereunder.

12. Binding Effect of Agreement. Owner hereby subjects the Historic Property to the covenants, conditions, and restrictions set forth in this Agreement. City and Owner hereby declare their specific intent that the covenants, conditions, and restrictions set forth herein shall be deemed covenants running with the land and shall inure to and be binding upon Owner's successors and assigns in title or interest to the Historic Property. Each and every contract, deed or other instrument herein after executed, covering or conveying the Historic Property, or any portion thereof, shall conclusively be held to have been executed, delivered and accepted subject to the covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

13. Covenants Run with the Land. City and Owner hereby declare their understanding and intent that the burden of the covenants, reservations and restrictions set forth herein touch and concern the land in that it restricts development of the Historic Property. City and Owner hereby further declare their understanding and intent that the benefit of such covenants, reservations and restrictions touch and concern the land by enhancing and maintaining the cultural and historical characteristics and significance of the Historic Property for the benefit of the public and the Owner.

14. Notice. Any notice required to be given by the terms of this Agreement shall be provided at the address of the respective parties as specified below or at any other address as may be later specified by the parties hereto:

City: City of Santa Barbara  
Planning Division

630 Garden Street  
Santa Barbara, CA 93101

Owner: **Owner and Address**

15. Effect of Agreement. None of the terms, provisions or conditions of this Agreement shall be deemed to create a partnership between the parties hereto and any of their heirs, successors or assigns, nor shall such terms, provisions or conditions cause the parties to be considered joint venturers or members of any joint enterprise.

16. Indemnity of City. Owner shall defend, indemnify, and hold harmless City and its elected officials, officers, agents and employees from any actual or alleged claims, demands, causes of action, liability, loss, damage, or injury to property or persons, including wrongful death, whether imposed by a court of law or by administrative action of any federal, state or local governmental agency, arising out of or incident to (i) the direct or indirect use operation, or maintenance of the Historic Property by Owner or any contractor, subcontractor, employee, agent, lessee, licensee, invitee, or any other person; (ii) Owner's activities in connection with the Historic Property; and (iii) any restrictions on the use or development of the Historic Property, from application or enforcement of Title 22 of the City's Municipal Code, or from the enforcement of this Agreement. This indemnification includes, without limitation, the payment of all penalties, fines, judgments, awards, decrees, attorneys' fees, and related costs or expenses, and the reimbursement of City, its elected officials, employees, and/or agents for all legal expenses and costs incurred by each of them. Owner's obligation to indemnify shall survive the termination, cancellation, or expiration of this Agreement and shall not be restricted to insurance proceeds, if any, received by City, its elected officials, employees, or agents.

17. Binding Upon Successors. All of the agreements, rights, covenants, reservations and restrictions contained in this Agreement shall be binding upon and shall inure to the benefit of the parties herein, their heirs, successors, legal representatives, assigns and all persons acquiring any part or portion of the

Historic Property, whether by operation of law or in any manner whatsoever.

18. Legal Costs. In the event legal proceedings are brought by City or Owner to enforce or restrain a violation of any of the covenants, conditions or restrictions contained herein, or to determine the rights and duties of any party hereunder, the prevailing party in such proceeding may recover all reasonable attorneys' fees to be fixed by the court, in addition to court costs and other relief ordered by the court.

19. Severability. In the event that any of the provisions of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction, or by subsequent preemptive legislation, the validity and enforceability of the remaining provisions, or portions thereof, shall not be effected thereby.

20. Recordation. No later than twenty (20) days after the Effective Date, City shall cause this Agreement to be recorded in the office of the County Recorder of the County of Santa Barbara.

21. Amendments. This Agreement may be amended, in whole or in part, only by written recorded instrument executed by the parties hereto.

22. Governing Law and Venue. This Agreement shall be construed and governed in accordance with the laws of the State of California. Any action at law or in equity brought by either of the parties hereto for the purpose of enforcing a right or rights provided for by this Agreement shall be tried in a court of competent jurisdiction in the County of Santa Barbara, State of California, and the parties hereby waive all provisions of law providing for a change of venue in such proceedings to any other county.



## APPENDIX B: SECRETARY OF THE INTERIOR'S STANDARDS FOR REHABILITATION

The following **Standards for Rehabilitation** are the criteria used to determine if a rehabilitation project qualifies as a certified rehabilitation. To be certified, a rehabilitation project must be determined to be consistent with the historic character of the structures and, where applicable, the district in which it is located. The following Standards are to be applied to specific rehabilitation projects in a reasonable manner, taking into consideration economic and technical feasibility.

1. A property will be used as it was historically or be given a new use that requires minimal change to its distinctive materials, features, spaces and spatial relationships.
2. The historic character of a property will be retained and preserved. The removal of distinctive materials or alteration of features, spaces and spatial relationships that characterize a property will be avoided.
3. Each property will be recognized as a physical record of its time, place and use. Changes that create a false sense of historical development, such as adding conjectural features or elements from other historic properties, will not be undertaken.
4. Changes to a property that have acquired historic significance in their own right will be retained and preserved.
5. Distinctive materials, features, finishes, and construction techniques or examples of craftsmanship that characterize a property will be preserved.
6. Deteriorated historic features will be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature will match the old in design, color, texture and, where possible, materials. Replacement of missing features will be substantiated by documentary and physical evidence.
7. Chemical or physical treatments, if appropriate, will be undertaken using the gentlest means possible. Treatments that cause damage to historic materials will not be used.
8. Archeological resources will be protected and preserved in place. If such resources must be disturbed, mitigation measures will be undertaken.
9. New additions, exterior alterations, or related new construction will not destroy historic materials, features, and spatial relationships that characterize the property. The new work will be differentiated from the old and will be compatible with the historic materials, features, size, scale and proportion, and massing to protect the integrity of the property and its environment.
10. New additions and adjacent or related new construction will be undertaken in such a manner that, if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.