


City Council
January 27, 2026

Item: #5
Mills Act Contract
Terminations

Afshan Hamid, Director
Community Development
Department

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Mills Act Contract Terminations



City of Santa Clara
The Center of What's Possible

Mills Act Program

- **Purpose:** Provides economic incentives to private property owners for the restoration and preservation of qualified historic buildings
- **Audit Requirement:** The City audits properties with a Mills Act contract every five years
- **2017:** Last completed audit
- **2022:** Audit delayed to **2024** due to COVID-19
- **2030/2031:** Next audit cycle

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2024 Mills Act Audit

- Planning staff reached out to all Mills Act properties through mailed and email letters to self-report or schedule an on-site inspection.
- Property owners who did not respond to the initial requests sent via email and mail were subsequently contacted by telephone, certified mail, and attempted hand-delivered notices from Code Enforcement staff.

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Audit Outreach

Phase 1 Letters

Planning staff sent out letters to all Mills Act properties to submit a self-report or schedule on-site inspection.

May 2024

July 2024

Phase 2 Letters

Letters sent out to properties which did not respond in Phase 1.

Phase 3 Letters

Mailed and email letters sent out to properties which did not respond in Phases 1 and 2.

November 2024

February 2025

Phase 4 Letters

Mailed and email letters sent out to properties which did not respond in Phases 1, 2, and 3.

Phase 5 Letters

Certified mailed and email letters sent out to properties which did not respond in all four phases. Code Enforcement visited the properties to hand deliver letters as well.

July 2025

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Completed Mills Act Audit

- Contract termination for the two (2) properties that failed to submit the completed audit
 - 1711 Main Street
 - 906 Monroe Street / 1341 Homestead Road

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1711 Main Street

- Mill Act Contract recorded in 2000
- Current owners participated in the 2017 audit with an on-site inspection
- 2024 Audit: Two email responses from owner telling staff to review building permit records on file



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906 Monroe Street / 1341 Homestead Road

- There are two residences on the property; however, only 906 Monroe Street is listed on the HRI and subject to the Mills Act
- Mill Act Contract recorded in 1998
- Previous owners participated in the 2017 audit with an on-site inspection
- Property is currently bank owned
- 2024 Audit: No response



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Historic Property Preservation Agreement

- Agreements run with the land and remain in effect even when ownership changes
- Agreement Section 3(c): Owners must allow periodic on-site inspections; failure to do so is a contract violation
- Agreement Section 4(a): Owners must provide information requested by the City to confirm compliance
- Both owners did not respond to repeated City requests and did not allow on-site inspections
- Both properties are in violation of Sections 3(c) and 4(a) of their agreements

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Termination Process

- Property owners are subject to a cancellation fee equal to 12.5% of the current fair market value, as determined by the County Assessor, per California Government Code
- The cancellation fee is paid to the County Auditor and distributed to jurisdictions within the property's tax rate area
- Properties will remain listed on the HRI and subject to the Historic Preservation Ordinance

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Recommendation

- Terminate the Mills Act Contract for the property located at 1711 Main Street due to violation of Sections 3(c) and 4(a) of the Agreement, effective immediately
- Terminate the Mills Act Contract for the property located at 906 Monroe Street / 1341 Homestead Road due to violation of Sections 3(c) and 4(a) of the Agreement, effective immediately
- Direct the Community Development Director to inform the affected property owners and the County

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