



## City Council Staff Report

**From: City Manager**

**Report Type: CONSENT CALENDAR**

**Lead Department: Planning and Development Services**

**Meeting Date: December 18, 2023**

Report #:2308-1913

### **TITLE**

Review and Approve the Williamson Act Contract Renewals Within Palo Alto City Limits (2023)

### **RECOMMENDATION**

Staff recommends that the City Council take the following actions:

1. Find that the project is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15317; and
2. Approve the renewal of Williamson Act contracts listed in Attachment A.

### **EXECUTIVE SUMMARY**

The City of Palo Alto currently has 23 properties (350.05 acres of land) in contract under the Williamson Act. The proposed Council action would extend these 23 existing Williamson Act contracts between the City and landowners for another ten-year term starting January 1, 2024. The City did not receive any request for nonrenewal during this reporting cycle. Following Council action, the City will submit its annual report to the California Department of Conservation by January 31, 2024.

### **BACKGROUND**

The Williamson Act is a State program which discourages agricultural lands from being converted to urban uses, preserves open space, and promotes efficient urban growth patterns. Under the Williamson Act, private landowners can voluntarily restrict their land to agricultural and compatible open space land uses under a minimum ten-year rolling term contract. These contracts are administered by the respective jurisdictions. In return, the State assesses the restricted parcels for property taxes at a rate consistent with their actual use or generated income, rather than potential market value. The program provides property tax relief to owners of agricultural land who agree to limit the use of their property to agricultural or other approved

compatible uses.

On July 24, 1974, the City of Palo Alto adopted to institute rules for both establishing and administering Williamson Act contracts for Palo Alto properties. The rules regarding the administration of established contracts limit the allowable uses of the property to what is described in the contract. The regulations also provide that the contract must remain in place when a property is sold, ensuring that the new owners are subject to the same use restrictions. The contracts are for a rolling ten-year term with a renewal date of January 1 each year, at which time one year is added to the contract term. The term would remain a total of ten years unless the City or property owner provides notice of non-renewal.

Previously, the California Department of Conservation's Williamson Act Program required participating cities and counties to complete and submit applications for an Open Space Subvention Act payment as per Government Code section 16144, but now with the passing of the reporting requirements have changed. The reporting of Williamson Act enrollment now is no longer collected through the Open Space Subvention Survey; instead, enrollment reporting is through the collection of data via GIS files before January 30th of each year. It now requires each city or county in which an agricultural preserve is located to provide the Department of Conservation with geographical information system (GIS) data files of all agricultural preserves and Williamson Act contracted land in existence at the end of the preceding year.

Every year, prior to the January 1 renewal date, the City Council reviews the contracts. At that time, Council may initiate a notice of non-renewal for any contract or approve a notice of non-renewal submitted by a landowner. If the Council takes such action, then that contract does not renew on January 1 and terminates ten years later. Under certain conditions, the Council may also approve a landowner's request to cancel a contract. Should Council not approve a notice of non-renewal or cancellation, the contract automatically renews for the ten-year term each January 1.

## **ANALYSIS**

The Williamson Act Property Report for the calendar year 2023 (Attachment A) includes information on the 23 existing parcels in Palo Alto currently under contract, as well as parcels undergoing the process of non-renewal. Attachment A lists 2023 assessed land values, acreages, and the land class (prime and non-prime land) for these parcels. Attachment B is a map showing the locations of these individual parcels.

### Properties Under Contract Renewal

The owners of all 23 properties are renewing their contracts with the City for another ten-year

term, starting from January 1, 2024. Of the 23 contracts, the privately-operated Palo Alto Hills Golf and Country Club is not eligible for tax benefits. Although this golf course is a permitted use, only golf courses that are open to the public and charge minimal green fees are eligible for tax benefits.

A total of 350 acres of land are under Williamson Act contracts in the City. Approximately 42% of this land (147 acres) is defined as prime land with a Class I or Class II natural resource conservation service rating. Class I or II lands are considered to have the features to sustain long-term agricultural production. Private individuals own about 70% of the land under contract, Stanford University Board of Trustees owns another 27%, and the City of Palo Alto owns the remaining three percent.

The , the last published report by the California Department of Conservation in May 2022, provides a detailed report of all lands enrolled in the program throughout the state of California from January 1, 2020, through December 31, 2021.[Williamson Act Status Report 2020-21<sup>1</sup>](#), the last published report by the California Department of Conservation in May 2022, provides a detailed report of all lands enrolled in the program throughout the state of California from January 1, 2020, through December 31, 2021.

#### Properties Under Contract Non-Renewal

There were no applications for Williamson Act contract non-renewal filed with the City between August 1, 2022, through December 1, 2023. At present, there are two parcels, previously approved for non-renewal by the Council (in 2014 and 2016), that are undergoing the ten-year non-renewal process for termination. The two parcels will reach the end of their remaining terms on December 31, 2024, and 2026 respectively (see Attachment A for parcel details).

#### **POLICY IMPLICATIONS**

The Williamson Act program complies with the goals of the Natural Environment Element of the City's 2030 Comprehensive Plan. The Natural Environment Element encourages the protection and conservation of Palo Alto's open space, natural resources, and ecosystems. Program N1.3.1 of Goal N-1 specifically supports the preservation of Palo Alto's Williamson Act agricultural preserves. The recommended action also implements Ordinance No. 2663 regarding the administration of the Williamson Act for Palo Alto properties.

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<sup>1</sup> Williamson Act Status Report 2020-21:

[https://www.conservation.ca.gov/dlrp/wa/Documents/stats\\_reports/2022%20WA%20Status%20Report.pdf](https://www.conservation.ca.gov/dlrp/wa/Documents/stats_reports/2022%20WA%20Status%20Report.pdf)

**FISCAL/RESOURCE IMPACT**

The City does not receive any property tax revenue for those parcels enrolled in the Williamson Act program. The State of California bases property tax assessment for Williamson Act parcels on a rate consistent with the actual land use or generated income, rather than its potential market value. Because of this method of assessment, the City does not receive market value tax revenue for these properties. Based on data collected from the County Assessor's Office, the City would have received approximately \$17,700 in tax revenue if the parcels were not under Williamson Act contracts.

**STAKEHOLDER ENGAGEMENT**

This is a required annual reporting to the Department of Conservation. The City does not typically perform public outreach or contact affected property owners unless the property owners initiate changes. This type of reporting does not require any additional public engagement.

**ENVIRONMENTAL REVIEW**

The proposed project is exempt from review under the California Environmental Quality Act (CEQA) pursuant to Section 15317 (Open Space Contracts or Easements) of the CEQA Guidelines.

**ATTACHMENTS**

**Attachment A:** List of Williamson Act Properties, 2023

**Attachment B:** Williamson Act Parcels Map, 2023

**APPROVED BY:**

Jonathan Lait, Planning and Development Services Director