



CITY OF  
**PALO  
ALTO**

## City Council Staff Report

**From: City Manager**

**Report Type: CONSENT CALENDAR**

**Lead Department: Planning and Development Services**

**Meeting Date: December 9, 2024**

Report #:2408-3331

### **TITLE**

Review and Approve the Williamson Act Contract Renewals Within Palo Alto City Limits (2024).

### **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 10-year term starting January 1, 2025. 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, 2025.

### **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 10-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 the 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 10-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 10 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 suspension of the subvention payments, reporting of Williamson Act enrollment is no longer collected through the Open Space Subvention Survey; instead, enrollment reporting is through the collection of data via GIS files before January 30 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, the 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 10 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 10-year term each January 1.

## **ANALYSIS**

The Williamson Act Property Report for the calendar year 2024 (Attachment A) includes information on the 23 existing parcels in Palo Alto currently under contract, in addition to one parcel undergoing the process of non-renewal. Attachment A lists 2024 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 parcels are renewing their contracts with the City for another 10-year term, starting from January 1, 2025. 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 [Williamson Act Status Report 2020-21<sup>1</sup>](#), last published 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 was filed with the City between January 1, 2024 and December 1, 2024. At present, there is only one parcel, previously approved for non-renewal by the Council (2016), that is undergoing the 10-year non-renewal process for termination. The parcel will reach the end of the remaining term on December 31, 2026. (See Attachment A for parcel details)

#### **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. Based on data collected from the County Assessor's Office, the City would have received approximately \$18,000 in tax revenue in 2024 if the parcels were not under Williamson Act contracts.

#### **STAKEHOLDER ENGAGEMENT**

This is a required annual report for 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.

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<sup>1</sup> Williamson Act Status Report 2020-2021:

[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)

**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, 2024

Attachment B: Williamson Act Parcels Map, 2024

**APPROVED BY:**

Jonathan Lait, Planning and Development Services Director