



MILLS ACT HISTORICAL PROPERTY CONTRACT

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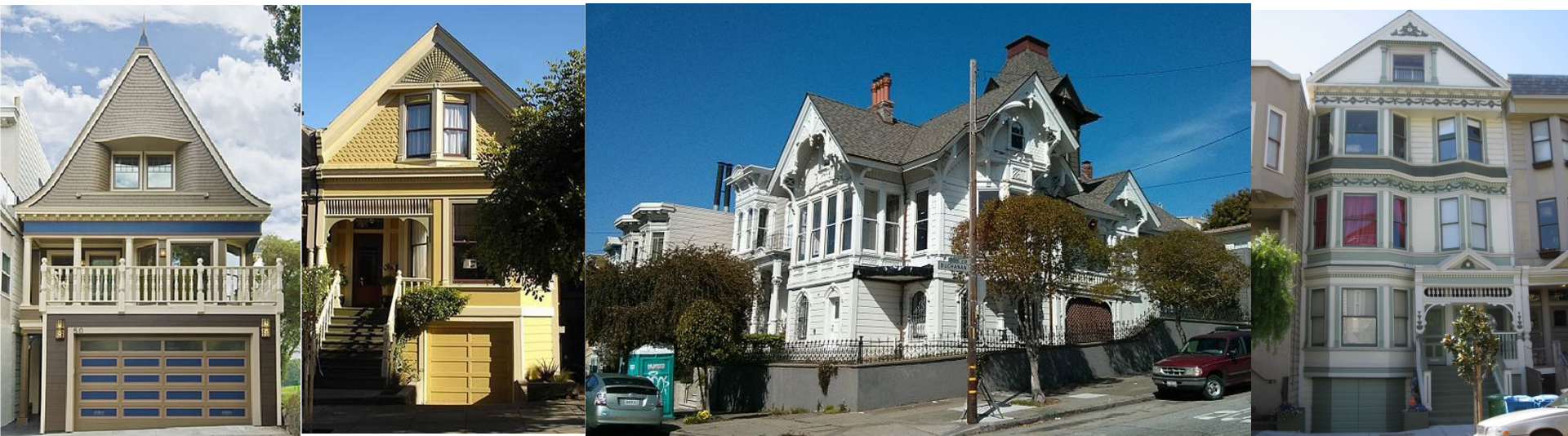


San Francisco
Planning

GAO Hearing, April 21, 2022

What is the Mills Act?

- California's leading financial incentive program for historic preservation.
- Contract between the City and property owner that allows for potential reduction in property taxes.
- Provides incentive for restoring, rehabilitating, and maintaining eligible properties to promote appreciation of the City's architecture, history, and culture.
- Tax savings will be used to offset cost of rehabilitation, restoration, and maintenance work in conformance with the Secretary's Standards.



Eligibility

Qualified Historical Property

- Article 10 and Article 11
 - National Register of Historic Places
 - California Register of Historic Resources
- either individually or as a contributor to a district



Valuation Limits

- Tax assessment value of **\$3,000,000** for residential buildings
 - Tax assessment value of **\$5,000,000** for commercial buildings
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Exemptions

- Exceptional significance
- Property has excessive and/or unusual maintenance requirements and is otherwise in danger of demolition
- Exemptions require preparation of a Historic Structure Report (HSR)



Priority Considerations

- Necessity,
- Investment,
- Distinctiveness,
- Recently Designated Landmark
- Legacy Business



Contract Terms

Property owners enter into a Mills Act Contract with the City:

- 10 years and renewed annually
- Runs with the land
- Secretary's Standards and California Historical Building Code
- 12.5% cancellation penalty
- Inspections



714 Steiner Street, 1895



Alamo Square Historic District



THANK YOU



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Property Tax Savings Calculations

To calculate the property tax savings, the Assessor-Recorder will perform a three-way value comparison as required by state law.

1. FACTORED BASE YEAR VALUE (PROP 13)

Purchase price trended to roll being prepared.
New construction is added on to the trended base value

2. MARKET APPROACH

Comparable sales information

3. INCOME APPROACH

All sources of income (potential rent, etc.)

The lowest of these three values will determine the taxable value for the year.