



**Office of the Assessor / Recorder - City and County of San Francisco
2017 Mills Act Valuation**



56 Potomac Street

**OFFICE OF THE ASSESSOR-RECORDER - CITY & COUNTY OF SAN FRANCISCO
MILLS ACT VALUATION**

APN:	0866-012	Lien Date:	7/1/2017
Address:	56 Potomac Street	Application Date:	9/1/2013
SF Landmark No.:	N/A	Valuation Date:	7/1/2017
Applicant's Name:	Jason Monberg	Valuation Term:	12 Months
Agt./Tax Rep./Atty:	None	Last Sale Date:	6/20/2003
Fee Appraisal Provided:	No	Last Sale Price:	\$905,000

FACTORED BASE YEAR (Roll) VALUE		INCOME CAPITALIZATION APPROACH		SALES COMPARISON APPROACH	
Land	\$677,621	Land	\$498,000	Land	\$ 1,320,000
Imps.	\$451,748	Imps.	\$332,000	Imps.	\$880,000
Personal Prop	\$0	Personal Prop	\$0	Personal Prop	\$0
Total	\$1,129,369	Total	\$830,000	Total	\$ 2,200,000

Property Description

Property Type:	SFR	Year Built:	1900	Neighborhood:	Hayes Valley
Type of Use:	SFR	(Total) Rentable Area:	1745	Land Area:	2,247
Owner-Occupied:	No	Stories:	2	Zoning:	RH-2
Unit Type:	Residential	Parking Spaces:	1 Car Garage		

Total No. of Units: 1

Special Conditions (Where Applicable)

The subject property is considered tenant occupied. Per the Costa-Hawkins Rental Housing Act, rent income generated from single family residences are generally exempt from rent control limitations set by the SF Rent Board. Therefore, market rents have been applied to the Income Approach to Value in this analysis.

Conclusions and Recommendations

	Per Unit	Per SF	Total
Factored Base Year Roll Value	\$1,129,369	\$647	\$ 1,129,369
Income Approach - Direct Capitalization	\$830,000	\$476	\$ 830,000
Sales Comparison Approach	\$2,200,000	\$1,261	\$ 2,200,000
Recommended Value Estimate	\$ 830,000	\$ 476	\$ 830,000

Appraiser: Bryan Bibby

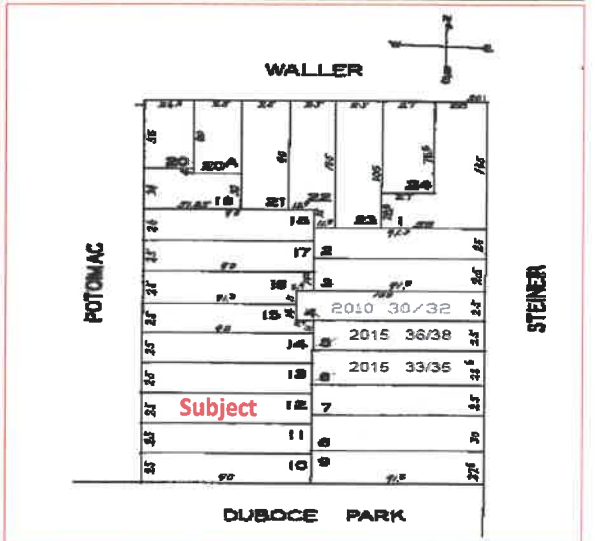
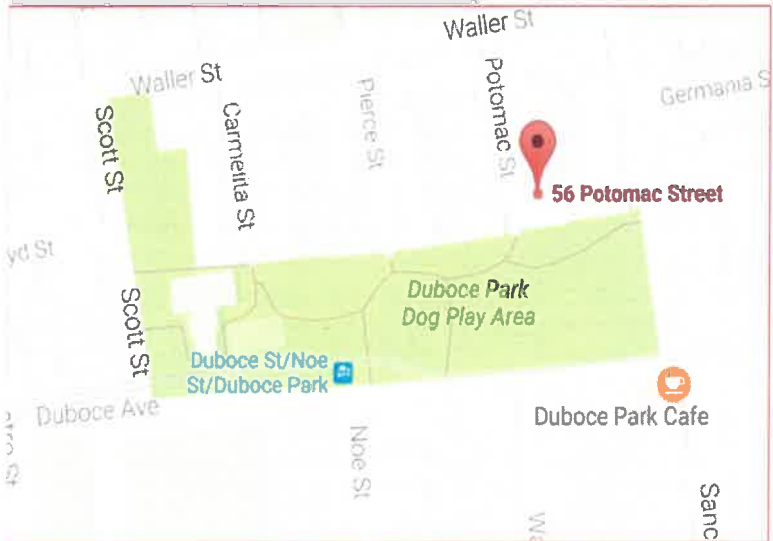
Principal Appraiser: Greg Wong

Date of Report: 7/27/2017

SUBJECT PHOTOGRAPHS AND LOCATOR MAP

Address: 56 Potomac Street

APN: 0866-012



INCOME APPROACH

Address: 56 Potomac Street
Lien Date: 7/1/2017

	<u>Monthly Rent</u>	<u>Annualized</u>	<u>Annualized</u>
Potential Gross Income*	\$6,400	12	\$76,800
Less: Vacancy & Collection Loss		3%	(\$2,304)
Effective Gross Income			\$74,496
Less: Anticipated Operating Expenses (Pre-Property Tax)**		15%	(\$11,174)
Net Operating Income (Pre-Property Tax)			\$63,322

Restricted Capitalization Rate

2017 interest rate per State Board of Equalization		3.7500%	
Risk rate (4% owner occupied / 2% all other property types)***		2.0000%	
2016 property tax rate ****		1.1792%	
Amortization rate for improvements only			
Remaining economic life (Years)	60	0.0167	
Improvements constitute % of total property value	40%	<u>0.6667%</u>	7.5959%

RESTRICTED VALUE ESTIMATE **\$833,632**

Rounded to the nearest \$10,000 **\$830,000**

Notes:

- * *Potential Gross Income was based on rental comps selected on next page. The projected rent was weighted more on Comp #2 due to its overall similar tenant appeal to the subject. Rental Comparables #1, 3 and 4 bracket the rental amount conclusion on the high end. Of note, taxpayer supplied Mills Act Historical Property Contract dated 5/1/2017 recorded 2016 rental income totaling \$53,263 x 2.2% allowable increase per SF Rent Board equates to \$54,435. This amount was concluded to not be in line with market rents, and therefore, was not used as the basis for potential gross income. Utilizing market rents is allowed per the provisions of the Costa-Hawkins Housing Act as this Act supersedes the SF Rent Board provisions for SFR dwelling properties. See next page for Act provisions.*
- ** *Annual operating expenses include water service, refuse collection, insurance, and regular*
- *** *Risk rate concluded to be non-owner occupied based on Mills Act Historical Property Contract dated 5/1/2017.*
- **** *The 2017 property tax rate will be determined in September, 2017.*

Rent Comparables

Address: 56 Potomac Street
 Lien Date: 7/1/2017

Rental Comp #1



Listing Agent: Groeberker Holland International Inc.
Address: 1710 Castro Street
Cross Streets: 26th Street
SF: 1,800
Layout: SFR; 7/3/3 1 car parking
Monthly Rent: \$6,500
Rent/Foot/Mo: \$3.61
Annual Rent/Foot: \$43.33

Rental Comp #2



c/o Craigslist Website
Address: 629 Elizabeth Street
Cross Streets: Castro Street
SF: 1,410
Layout: SFR; 6/3/1-5, 0 car parking
Monthly Rent: \$6,400
Rent/Foot/Mo: \$4.54
Annual Rent/Foot: \$54.47

Rental Comp #3



Liz Pisco/Rentals in SF
Address: 31 Belmont Avenue
Cross Streets: Willard Street
SF: 2,450
Layout: SFR; 8/3/1.5, 1 car parking
Monthly Rent: \$6,995
Rent/Foot/Mo: \$2.86
Annual Rent/Foot: \$34.26

Rental Comp #4



BanCal Keill
Address: 160 Clifford Terrace
Cross Streets: Ashbury Street
SF: 1,584
Layout: SFR; 7/3/2, 2 car parking
Monthly Rent: \$7,300
Rent/Foot/Mo: \$4.61
Annual Rent/Foot: \$55.30

Costa-Hawkins Rental Housing Act summary from the SF Rent Board

Rent Board

CITY AND COUNTY OF SAN FRANCISCO

Topic No. 019: Partial Exemption for Certain Single-Family Homes and Condominiums Under Costa-Hawkins





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 * Topic No. 019 - Partial Exemption for Certain Single-Family Homes and Condominiums Under Costa-Hawkins

Topic No. 019: Partial Exemption for Certain Single-Family Homes and Condominiums Under Costa-Hawkins

Pursuant to the Costa-Hawkins Rental Housing Act, as of January 1, 1989 single-family homes and condominiums are generally exempt from the rent increase limitations (but not the just cause eviction provisions) of the Rent Ordinance, but ONLY IF the tenancy commenced on or after January 1, 1986.

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SINGLE FAMILY MARKET ANALYSIS

	Subject-A	Sale 1-B		Sale 2-C		Sale 3-D	
APN	0866-012	0865 004		0865 021		1291 022	
							
Address	56 Potomac Street	67 Potomac Street		587 Waller Street		1406 Cole Street	
Sales Price		\$2,425,000		\$2,400,000		\$2,350,000	
Sale Price / Square Foot		\$1,448		\$1,103		\$1,335	
	Description	Description	Adjust.	Description	Adjust.	Description	Adjust.
Date of Valuation/Sale	07/01/17	11/07/16		7/11/2017		07/06/17	
Neighborhood	Hayes Valley	Hayes Valley		Hayes Valley		Cole Valley/Parnassus Heights	
Proximity to Subject	—	Same Street		Reasonable Proximity		Reasonable Proximity	
Land Area	2,247	2,250	0	2,250	0	2,500	(10,000)
View Type	Neighborhood	Neighborhood		Neighborhood		Neighborhood	
Year Built	1900	1900		1900		1911	
Condition Type	Average+	Good/Updates	(\$121,000)	Average	\$120,000	Good/ Updates	(\$118,000)
Traffic	Dead End Street	Dead End Street		Typical		Typical	
Building Area	1,745	1,675	28,000	2,175	(172,000)	1,760	(6,000)
Total Number of Rooms	5	8		10		6	
Bedroom Count	2	4		4		3	
Bath Count	1.5	1.5		2	(\$20,000)	2.5	(\$40,000)
Number of Staires	2	2		2		2	
Parking Type/Count	1 Car Garage	2 Car Garage	(\$50,000)	2 Car Garage	(\$50,000)	1 Car Garage	
Bonus Living Area	Incl. In GLA Above	Attic Loft	(\$75,000)	Attic Loft	(\$75,000)	None	
Other Amenities	None	None		None		None	
Net Adjustments			(\$218,000)		(\$197,000)		(\$174,000)
Indicated Value	\$2,200,000		\$2,207,000		\$2,203,000		\$2,176,000
Adjust. \$ Per Sq. Ft.	\$1,261		\$1,265		\$1,262		\$1,247

Value Range:	Low	High	VALUE CONCLUSION:	\$2,200,000	\$1,261
Adjust. \$ Per Sq. Ft.	\$2,176,000	\$2,207,000			
	\$1,247	\$1,265			

REMARKS:

The subject's property features were based on listing data & recent building plans/permits from DBI. Per DBI, permits pulled for major remodeling and alterations to the property that commenced in 11/2015. Elevated condition rating warranted from last year to account for this new construction work underway.

Adjustments are made to the comparables. (Rounded to the nearest \$1,000.)

- *Lot Area adj. based on per square foot of **\$ 40**
- *GLA adjustment based on per square foot of **\$ 400**
- *Bathroom variance adjustment based on **\$ 40,000** per bath variance.
- *Parking space adjustment based on **\$ 50,000** per space variance.

Other types of adjustments as noted below:

- Condition adj. warranted for Comps #1 and #3 for their overall better condition compared to the average+ condition of the subject. Adj. at 5% of the sales price.
- Condition adj. warranted for Comp #2 to account for its deferred maintenance and fixer status based on listing comments. Adj. at 5% of the sales price.
- Bonus room adj. warranted for Comps #1 and 2 due to their bonus areas on the attic level. Adj. at \$75,000.

Although all comps were considered in the final value conclusion, Comps #1 and 2 were weighted more than Comp #3 due their same neighborhood location to the subject's neighborhood of Hayes Valley.

MARKET VALUE

LAND	\$1,320,000
IMPROVEMENTS	\$880,000
TOTAL	\$2,200,000
Market Value / Foot	\$1,261

ASSESSED VALUE

LAND	\$677,621
IMPROVEMENTS	\$451,748
TOTAL	\$1,129,369
Assessed Value / Foot	\$647



SAN FRANCISCO PLANNING DEPARTMENT

PRE-APPROVAL INSPECTION REPORT

Report Date: May 25, 2017
Inspection Date: May 24, 2017; 5:00pm
Case No.: 2017-005884MLS
Project Address: 56 Potomac Street
Zoning: RH-2 (Residential-House-Two Family)
Height & Bulk: 40-X
Block/Lot: 0866/012
Eligibility: Duboce Park Historic District Contributor
Property Owner: Jason Monberg & Karli Sager
Address: 105 Steiner Street
San Francisco, CA 94117
karlisager@gmail.com
Staff Contact: Shannon Ferguson – (415) 575-9074
shannon.ferguson@sfgov.org
Reviewed By: Tim Frye – (415) 575-6822
tim.frye@sfgov.org

PRE-INSPECTION

- Application fee paid
 - Record of calls or e-mails to applicant to schedule pre-contract inspection
- 5/19/17: email property owner to schedule site inspection
- 5/24/17: email to confirm site inspection

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

INSPECTION OVERVIEW

Date and time of inspection: May 25, 2017; 5:00pm

Parties present: Karli Sager (property owner), Shannon Ferguson (SF Planning)

- Provide applicant with business cards
- Inform applicant of contract cancellation policy
- Inform applicant of monitoring process

Inspect property. If multi-family or commercial building, inspection included a:

- Thorough sample of units/spaces
- Representative
- Limited
- Review any recently completed and in progress work to confirm compliance with Contract.
- Review areas of proposed work to ensure compliance with Contract.
- Review proposed maintenance work to ensure compliance with Contract.
- Identify and photograph any existing, non-compliant features to be returned to original condition during contract period. **n/a**

- Yes** **No** Does the application and documentation accurately reflect the property's existing condition? If no, items/issues noted:
- Yes** **No** Does the proposed scope of work appear to meet the Secretary of the Interior's Standards? If no, items/issues noted:
- Yes** **No** Does the property meet the exemption criteria, including architectural style, work of a master architect, important persons or danger of deterioration or demolition without rehabilitation? If no, items/issues noted: **n/a**
- Yes** **No** Conditions for approval? If yes, see below.

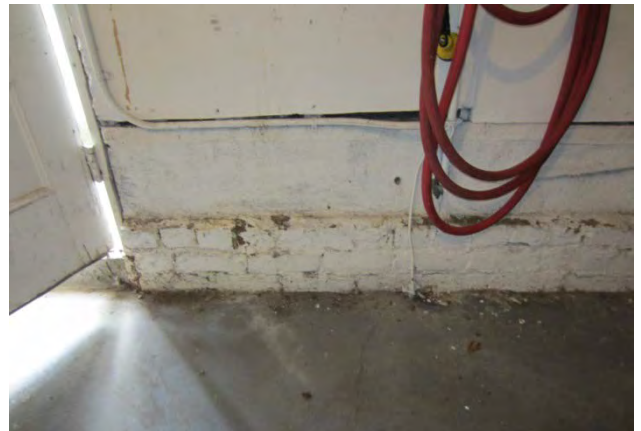
NOTES AND RECOMMENDATIONS

Add seismic/foundation work (Complete seismic/foundation work if determined necessary by seismic evaluation report) and front door (retain, repair as necessary and repaint historic front door) to the rehabilitation plan

CONDITIONS FOR APPROVAL

None

PHOTOGRAPHS







MILLS ACT HISTORICAL PROPERTY CONTRACT Application Checklist:

Applicant should complete this checklist and submit along with the application to ensure that all necessary materials have been provided. Saying "No" to any of the following questions may nullify the timelines established in this application.

- 1 Mills Act Application** YES NO

Has each property owner signed?
Has each signature been notarized?
- 2 High Property Value Exemption Form & Historic Structure Report** YES NO

Required for Residential properties with an assessed value over \$3,000,000 and Commercial/Industrial properties with an assessed value over \$5,000,000. N/A

Have you included a copy of the Historic Structures Report completed by a qualified consultant?
- 3 Draft Mills Act Historical Property Contract** YES NO

Are you using the Planning Department's standard "Historical Property Contract?"
Have all owners signed and dated the contract?
Have all signatures been notarized?
- 4 Notary Acknowledgement Form** YES NO

Is the Acknowledgement Form complete?
Do the signatures match the names and capacities of signers?
- 5 Draft Rehabilitation/Restoration/Maintenance Plan** YES NO

Have you identified and completed the Rehabilitation, Restoration, and Maintenance Plan organized by contract year, including all supporting documentation related to the scopes of work?
- 6 Photographic Documentation** YES NO

Have you provided both interior and exterior images (either digital, printed, or on a CD)? Are the images properly labeled?
- 7 Site Plan** YES NO

Does your site plan show all buildings on the property including lot boundary lines, street name(s), north arrow and dimensions?
- 8 Tax Bill** YES NO

Did you include a copy of your most recent tax bill?
- 9 Rental Income Information** YES NO

Did you include information regarding any rental income on the property, including anticipated annual expenses, such as utilities, garage, insurance, building maintenance, etc.?
- 10 Payment** YES NO

Did you include a check payable to the San Francisco Planning Department?
Current application fees can be found on the Planning Department Fee Schedule under Preservation Applications.
- 11 Recordation Requirements** YES NO

A Board of Supervisors approved and fully executed Mills Act Historical Property contract must be recorded with the Assessor-Recorder. The contract must be accompanied by the following in order to meet recording requirements:

 - All approvals, signatures, recordation attachments
 - Fee: Check payable to the Office of the Assessor-Recorder" in the appropriate recording fee amount Please visit www.sfassessor.org for an up-to-date fee schedule for property contracts.
 - Preliminary Change of Ownership Report (PCOR). Please visit www.sfassessor.org for an up-to-date PCOR (see example on page 20).