File No. 120528

Committee Item No. 1

Board Item No. 41

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Land Use and Economic Development Date July 23, 2012

Board of Supervisors Meeting Date July 31, 2012

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Completed by: Alisa Miller Date July 20, 2012

Completed by: Derek Evans Date July 24, 2012

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document can be found in the file.

[Administrative, Planning Codes - Historical Property (Mills Act) Contracts and Fee Reduction]

Ordinance: 1) amending the San Francisco Administrative Code, Chapter 71, entitled "Mills Act Contract Procedures" to: a) amend Section 71.2 to add limitations on eligibility, b) amend Section 71.3 to add application deadlines, c) amend Section 71.4 to add a time limit for receipt of the Assessor-Recorder's report, d) amend Section 71.5 to require use of a standard form contract, and e) adding new Section 71.7 to require departmental monitoring reports; 2) amending the San Francisco Planning Code Section 356 to reduce the application fee for Mills Act contracts; and 3) making findings, including environmental findings and findings of consistency with the General Plan and Planning Code Section 101.1(b).

NOTE: Additions are *single-underline italics Times New Roman*;
deletions are ~~*strike-through italics Times New Roman*~~.
Board amendment additions are double-underlined;
Board amendment deletions are ~~strikethrough normal~~.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Findings. The Board of Supervisors of the City and County of San Francisco hereby finds and determines that:

(a) General Plan and Planning Code Findings.

(1) On June 21, 2012 at a duly noticed public hearing, the Planning Commission in Resolution No. 18651 found that the proposed Planning Code amendments contained in this ordinance were consistent with the City's General Plan and with Planning Code Section 101.1(b). In addition, the Planning Commission recommended that the Board of Supervisors adopt the proposed Planning Code amendments. A copy of said Resolution is on file with the Clerk of the Board of Supervisors in File No. 120528 and is incorporated herein by reference.

The Board finds that the proposed Planning Code amendments contained in this ordinance are on balance consistent with the City's General Plan and with Planning Code Section 101.1(b) for the reasons set forth in said Resolution.

(2) Pursuant to Planning Code Section 302, the Board finds that the proposed ordinance will serve the public necessity, convenience and welfare for the reasons set forth in Planning Commission Resolution No. 18651, which reasons are incorporated herein by reference as though fully set forth.

(b) Historic Preservation Commission Findings. On June 20, 2012, at a duly noticed public hearing, the Historic Preservation Commission in Resolution No. 682 reviewed the proposed Administrative Code amendments and recommended that the Board of Supervisors adopt the proposed amendments. A copy of Resolution No. 682 and any additional recommendations of the Historic Preservation Commission are on file with the Clerk of the Board of Supervisors in File No. 120528.

(c) Environmental Findings. The Planning Department has determined that the actions contemplated in this Ordinance are not subject to the California Environmental Quality Act (California Public Resources Code section 21000 et seq.) (CEQA) under Section 15060(c)(2) of the CEQA Guidelines. Said determination is on file with the Clerk of the Board of Supervisors in File No. 120528 and is incorporated herein by reference.

Section 2. The San Francisco Administrative Code is hereby amended by amending Section 71.2, to read as follows:

SEC. 71.2. ~~*QUALIFIED HISTORICAL PROPERTY*~~ *ELIGIBILITY*.

(a) Qualified Historical Property. An owner, or an authorized agent of the owner, of a qualified historical property may apply for a historical property contract. For purposes of this Chapter 71, "qualified historical property" shall mean privately owned property that is not

exempt from property taxation and that *has been listed or designated in* ~~is~~ one of the following *ways on or before December 31 of the year before the application is made*:

~~*(a)*~~*(1)* Individually listed in the National Register of Historic Places or the California Register of Historical Resources;

~~*(b)*~~*(2)* Listed as a contributor to a~~n~~ historic district included on the National Register of Historic Places or the California Register of Historical Resources;

~~*(c)*~~*(3)* Designated as a City landmark pursuant to ~~*San Francisco*~~ Planning Code Article 10;

~~*(d)*~~*(4)* Designated as contributory to a~~n~~ historic district designated pursuant to ~~*San Francisco*~~ Planning Code Article 10; or

~~*(e)*~~*(5)* Designated as Significant (Categories I or II) or Contributory (Categories III or IV) pursuant to ~~*San Francisco*~~ Planning Code Article 11.

(b) Limitations on Eligibility. Eligibility for historical property contracts shall be limited to sites, buildings, or structures with an assessed valuation as of December 31 of the year before the application is made of $3,000,000 or less for single-family dwellings and $5,000,000 or less for multi-unit residential, commercial, or industrial buildings, unless the individual property is granted an exemption from those limitations by the Board of Supervisors. For the purposes of this section, "assessed valuation" shall not include any portion of the value of the property that is already exempt from payment of property taxes.

(1) The Historic Preservation Commission may recommend that the Board of Supervisors grant an exemption from the limitations imposed by this section upon finding that:

(i) The site, building, or structure is a particularly significant resource; and

(ii) Granting the exemption will assist in the preservation of a site, building, or structure that would otherwise be in danger of demolition, substantial alteration, or disrepair.

(2) The Board of Supervisors may approve a historical property contract not otherwise meeting the eligibility requirements set forth in this subsection (b) if it finds that the property meets the requirements of subsection (a) above and is especially deserving of a contract due to the exceptional nature of the property and other special circumstances.

Section 3. The San Francisco Administrative Code is hereby amended by amending Section 71.3, to read as follows:

SEC. 71.3. APPLICATION FOR HISTORICAL PROPERTY CONTRACT.

(a) Who May Apply and Application Content. An owner, or an authorized agent of an owner, of a qualified historical property may submit an application for a historical property contract to the Planning Department on forms provided by the Planning Department. The property owner shall provide, at a minimum, the address and location of the qualified historical property, evidence that the property is a qualified historical property *and meets the valuation requirements of Section 71.2(b)*, the nature and cost of the rehabilitation, restoration or preservation work to be conducted on the property, financial information necessary for the Assessor-Recorder to conduct the valuation assessment under the Mills Act, including any information regarding income generated by the qualified historical property, and a plan for continued maintenance of the property. The Planning Department, the Historic Preservation Commission, or the Assessor-Recorder may require any further information necessary to make a recommendation on or conduct the valuation of the historical property contract.

(b) Application Deadlines. The annual application deadline for a historical property contract shall be May 1. Application for a historical property contract may be submitted to the Planning Department between January 1 and May 1 of each year.

Section 4. The San Francisco Administrative Code is hereby amended by amending Section 71.4, to read as follows:

SEC. 71.4. APPROVAL PROCESS.

(a) Assessor-Recorder Review. The Planning Department shall refer ~~the~~ *an* application for *a* historical property contract to the Assessor-Recorder for ~~his or her~~ review and recommendation. Within 60 days of the receipt of a complete application, the Assessor-Recorder shall provide to the Board of Supervisors and Historic Preservation Commission a report estimating the yearly property tax revenue to the City under the proposed Mills Act contract valuation method and under the standard method without the proposed Mills Act contract and showing the difference in property tax assessments under the two valuation methods. If the Assessor-Recorder determines that the proposed rehabilitation includes substantial new construction or a change of use, or the valuation is otherwise complex, he or she may extend this period for up to an additional 60 days by providing written notice of the extension to the applicant*, the Historic Preservation Commission, and the Board of Supervisors*. Such notice shall state the basis for the extension. *If the Assessor-Recorder fails to provide a report and recommendation within the time frames set forth here, the Historic Preservation Commission and Board of Supervisors may proceed with their actions without such report and recommendation.*

(b) Historic Preservation Commission Review. The Historic Preservation Commission shall have the authority to recommend approval, disapproval, or modification of historical property contracts to the Board of Supervisors. For this purpose, the Historic Preservation Commission shall hold a public hearing to review the application for the historical property contract and make a recommendation regarding whether the Board of Supervisors should approve, disapprove, or modify the historical property contract within 90 days of receipt of the Assessor-Recorder's report *or within 90 days of the date the report should have been* *provided if none is received*. The recommendation of the Historic Preservation Commission may include recommendations regarding the proposed rehabilitation, restoration, and preservation work, the historical value of the qualified historical property, and any proposed preservation restrictions or maintenance requirements to be included in the historical property contract. The Planning Department shall forward the *application and the* recommendation of the Historic Preservation Commission to approve or modify a~~n~~ historical property contract~~, with its application,~~ to the Board of Supervisors. ~~If the Historic Preservation Commission recommends disapproval of the historical property contract, such decision shall be final unless the property owner files an appeal with the Clerk of the Board of Supervisors within 10 days of the final action of the Historic Preservation Commission.~~ Failure of the Historic Preservation Commission to act with*in* the 90-day time limit shall constitute a recommendation of ~~approval~~ disapproval for the purposes of this subsection, and the Planning Department shall notify the property owner in writing of the Historic Preservation Commission's failure to act; provided, however, that the Board of Supervisors by resolution may grant an extension of time to the Historic Preservation Commission for its review. *If the Historic Preservation Commission recommends disapproval of the historical property contract, such decision shall be final unless the property owner files an appeal with the Clerk of the Board of Supervisors within 10 days of the final action of the Historic Preservation Commission or within 10 days of the Planning Department's notice of the Historic Preservation Commission's failure to act.*

(c) Budget Analyst Review. Upon receipt of the recommendation of the Historic Preservation Commission or upon receipt of a timely appeal, the Clerk of the Board of Supervisors shall forward the application and Assessor-Recorder's report to the Budget Analyst, who, notwithstanding any other provision of this Code, shall prepare a report to the Board of Supervisors on the fiscal impact of the proposed historical property contract.

(d) Board of Supervisors Decision. The Board of Supervisors shall conduct a public hearing to review the Historic Preservation Commission's recommendation, the Assessor-Recorder's report *if provided*, the Budget Analyst's report, and any other information the Board requires in order to determine whether the City should execute a historical property contract for a particular property. The Board of Supervisors shall have full discretion to determine whether it is in the public interest to enter *into* a ~~*Mills Act*~~ historical property contract regarding a particular qualified historical property. The Board of Supervisors may approve, disapprove, or modify and approve the terms of the historical property contract. Upon approval, the Board of Supervisors shall authorize the Director of Planning and the Assessor-Recorder to execute the historical property contract.

Section 5. The San Francisco Administrative Code is hereby amended by amending Section 71.5, to read as follows:

SEC. 71.5. TERMS OF THE HISTORICAL PROPERTY CONTRACT.

(a) The historical property contract shall set forth the agreement between the City and the property owner that as long as the property owner properly rehabilitates, restores, preserves and maintains the qualified historical property as set forth in the contract, the City shall comply with California Revenue and Taxation Code Article 1.9 (commencing with Section 439) of Chapter 3 of Part 2 of Division 1, provided that ~~*the Assessor determines that*~~ the specific provisions of the Revenue and Taxation Code are applicable to the property in question. A historical property contract shall contain, at a minimum, the following provisions:

(1) The initial term of the contract, which shall be for a minimum period of 10 years;

(2) The owner's commitment and obligation to preserve, rehabilitate, restore and maintain the property in accordance with the rules and regulations of the Office of Historic

Preservation of the California Department of Parks and Recreation and the United States Secretary of the Interior's Standards for the Treatment of Historic Properties;

(3) Permission to conduct periodic examinations of the interior and exterior of the qualified historical property by the Assessor-Recorder, the Department of Building Inspection, the Planning Department, the Office of Historic Preservation of the California Department of Parks and Recreation and the State Board of Equalization as may be necessary to determine the owner's compliance with the historical property contract;

(4) That the historical property contract is binding upon, and shall inure to the benefit of, all successors in interest of the owner;

(5) An extension to the term of the contract so that one year is added automatically to the initial term of the contract on the anniversary date of the contract or such other annual date as specified in the contract unless notice of nonrenewal is given as provided in the Mills Act and in the historical property contract;

(6) Agreement that the Board of Supervisors may cancel the contract, or seek enforcement of the contract, when the Board determines, based upon the recommendation of any one of the entities listed in Subsection (3) above, that the owner has breached the terms of the contract. The City shall comply with the requirements of the Mills Act for enforcement or cancellation of the historical property contract. Upon cancellation of the contract, the property owner shall pay a cancellation fee of 12.5 percent of the full value of the property at the time of cancellation (or such other amount authorized by the Mills Act), as determined by the Assessor-Recorder without regard to any restriction on such property imposed by the historical property contract; and

(7) The property owner's indemnification of the City for, and agreement to hold the City harmless from, any claims arising from any use of the property.

(b) The City and the qualified historical property owner shall comply with all provisions of the Mills Act, including amendments thereto. The Mills Act, as amended from time to time, shall apply to the historical property contract process and shall be deemed incorporated into each historical property contract entered into by the City.

(c) The Planning Department shall maintain a standard form "Historical Property Contract" containing all required provisions specified by this section and state law. Any modifications to the City's standard form contract made by the applicant shall be subject to approval by the City Attorney prior to consideration by the Historic Preservation Commission and the Board of Supervisors.

Section 6. The San Francisco Administrative Code is hereby amended by adding Section 71.7, to read as follows:

SEC 71.7. DEPARTMENTAL MONITORING REPORT.

On March 31, 2013 and every three years thereafter, the Assessor-Recorder and the Planning Department shall submit a joint report to the Board of Supervisors and the Historic Preservation Commission providing the Departments' analysis of the historical property contract (Mills Act) program. The report shall be calendared for hearing before the Board of Supervisors and the Historic Preservation Commission.

Section 7. The San Francisco Planning Code is hereby amended by amending Section 356, to read as follows:

SEC. 356. PRESERVATION APPLICATIONS. (Article 10).

(a) Landmark: $267.00.

(b) Amendment, Rescission or Designation of Historical District: $1,069.00 plus time and materials in excess of initial fee as set forth in Section 350c. The Planning Director or his/her designee may waive time and material charges for the designation of a Historical District to encourage Citywide preservation activities.

(c) Certificate of Appropriateness: $314.00 for applications with an estimated construction cost less than $1,000.00; $1,252.00 for applications with an estimated construction less than $20,000.00, $5,793.00 for applications with an estimated construction value $20,000.00 and more, plus time and materials in excess of initial fee as set forth in Section 350(c). The initial fee amount is not to exceed 50% of the construction cost.

(d) Determination that a Building is a Compatible Rehabilitation or a Compatible Replacement Building, Pursuant to Section 309 or 1109: Same as for Conditional Use (Section 352(a)).

(e) Processing and Administering an Application for a Historical Properties Contract Under the California Mills Act, California Government Code Sections 50280 - 50290: $~~*18,310.00*~~ *5,000.00* for commercial properties and $~~*9,159.00*~~*2,500.00* for residential properties.

Section 8. Effective Date. This ordinance shall become effective 30 days from the date of passage.

Section 9. In enacting this Ordinance, the Board intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation, charts, diagrams, or any other constituent part of the Administrative Code or Planning Code that are explicitly shown in this legislation as additions, deletions, Board amendment additions, and Board amendment deletions in accordance with the "Note" that appears under the official title of the legislation.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: ______________________
Marlena G. Byrne
Deputy City Attorney

FILE NO. 120528

LEGISLATIVE DIGEST

[Administrative, Planning Codes - Historical Property (Mills Act) Contracts and Fee Reduction]

Ordinance: 1) amending the San Francisco Administrative Code, Chapter 71, entitled "Mills Act Contract Procedures" to: a) amend Section 71.2 to add limitations on eligibility, b) amend Section 71.3 to add application deadlines, c) amend Section 71.4 to add a time limit for receipt of the Assessor-Recorder's report, d) amend Section 71.5 to require use of a standard form contract, and e) adding new Section 71.7 to require departmental monitoring reports; 2) amending the San Francisco Planning Code Section 356 to reduce the application fee for Mills Act contracts; and 3) making findings, including environmental findings and findings of consistency with the General Plan and Planning Code Section 101.1(b).

Existing Law

Chapter 71 of the San Francisco Administrative Code contains local provisions implementing the state Mills Act program. The Mills Act, California Government Code Sections 50280 *et seq.*, allows a local government to reduce property taxes on a qualified historic property where the property owner enters into a historical property contract with the local government. In such contracts, the property owner agrees to do certain rehabilitation and maintenance work to the historic property in exchange for a property tax reduction. The contract is recorded against the property and is for a 10-year rolling term.

Amendments to Current Law

The proposed legislation amends Chapter 71 of the Administrative Code to require that a property have been designated prior to December 31 of the year before the property owner applies for a Mills Act contract. It adds monetary limitations on eligibility for a Mills Act contract, which limitations would require that a property have an assessed value of $3,000,000 or less for single family residential property or $5,000,000 or less for a commercial, industrial, or multi-family residential building. These requirements can be waived by the Board of Supervisor, and the Historic Preservation Commission may recommend such waiver to the Board of Supervisors.

The proposed legislation would also add a May 1 application deadline and add a time limit for receipt of the Assessor-Recorder's report on the proposed contract. The legislation would require use of a standard form contract, and require departmental monitoring reports.

Additionally, the proposed legislation would amend the San Francisco Planning Code to reduce the application fee for Mills Act contracts.

BOARD of SUPERVISORS

City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

May 29, 2012

Planning Commission
Attn: Linda Avery
1660 Mission Street, 5th Floor
San Francisco, CA 94103

Dear Commissioners:

On May 15, 2012, Supervisor Wiener introduced the following proposed legislation:

File No. 120528

Ordinance amending the San Francisco Administrative Code, Chapter 71, entitled "Mills Act Contract Procedures" to amend Section 71.2 to add limitations on eligibility, amend Section 71.3 to add application deadlines, amend Section 71.4 to add a time limit for receipt of the Assessor-Recorder's report, amend Section 71.5 to require use of a standard form contract, and adding new Section 71.7 to require departmental monitoring reports; amending the San Francisco Planning Code by amending Section 356 to reduce the application fee for Mills Act contracts; and making findings, including environmental findings and findings of consistency with the General Plan and Planning Code Section 101.1(b).

The proposed ordinance is being transmitted pursuant to Planning Code Section 302(b) for public hearing and recommendation. The ordinance is pending before the Land Use & Economic Development Committee and will be scheduled for hearing upon receipt of your response.

Angela Calvillo, Clerk of the Board
Alisa Miller
By: Alisa Miller, Committee Clerk
Land Use & Economic Development Committee

c: John Rahaim, Director of Planning
Scott Sanchez, Zoning Administrator
Bill Wycko, Chief, Major Environmental Analysis
AnMarie Rodgers, Legislative Affairs
Monica Pereira, Environmental Planning
Joy Navarrete, Environmental Planning

Non-physical exemption
CEQA Section 15060(c)(2)
J. Navarrete 6/6/12
JOY NAVARRETE

SAN FRANCISCO
PLANNING DEPARTMENT

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

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July 16, 2012

Ms. Angela Calvillo, Clerk
Honorable Supervisor Wiener
Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: **Transmittal of Planning Department Case Number 2010.0737U:**
Amend Chapter 71 of the Administrative Code – Mills Act Procedures
Board File No. 12-0528
Historic Preservation Commission Recommendation: *Approval with Modifications*
Planning Commission Recommendation: *Approval with Modifications*

Dear Ms. Calvillo and Supervisor Wiener,

On June 20 and June 21, 2012, the San Francisco Historic Preservation Commission (hereinafter "HPC") and the Planning Commission conducted duly noticed public hearings at regularly scheduled meetings to consider the proposed amendments to Chapter 71 of the Administrative Code (Mills Act Procedures) introduced by Supervisor Scott Wiener. At the hearings, both the HPC and the Planning Commission recommended approval with modifications.

The proposed amendments have been determined to be categorically exempt from environmental review under the California Environmental Quality Act Section 15060(c)(2). Pursuant to San Francisco's Administrative Code Section 8.12.5 "Electronic Distribution of Multi-page Documents", the Department is sending electronic documents and one hard copy. Additional hard copies may be requested by contacting Tim Frye at 575-6822.

Supervisor, please advise the City Attorney at your earliest convenience if you wish to incorporate the changes recommended by the Commissions.

Please find attached documents relating to the actions of both Commissions. If you have any questions or require further information please do not hesitate to contact me.

Sincerely,

AnMarie Rodgers
Manager of Legislative Affairs

cc:
Supervisor Scott Wiener
Cheryl Adams, City Attorney
Marlena Byrne, City Attorney

Attachments (one copy of the following):
Historic Preservation Commission Resolution
Planning Commission Resolution
Planning Department Executive Summary

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

Reception:
415.558.6378

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415.558.6409

Planning
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Historic Preservation Commission
Resolution No. 682
Administrative Code Text Change
HEARING DATE: JUNE 20, 2012

Case Number:	2010.0737U [Board File No. 12-0528]
Staff Contact:	Timothy Frye, Preservation Coordinator tim.frye@sfgov.org, 415-575-6822
Reviewed by:	AnMarie Rodgers, Manager Legislative Affairs anmarie.rodgers@sfgov.org, 415-558-6395
Recommendation:	Approval with Modifications

RECOMMENDING THAT THE BOARD OF SUPERVISORS ADOPT AN ORDINANCE INITIATED BY SUPERVISOR WIENER THAT WOULD AMEND THE ADMINISTRATIVE CODE CHAPTER 71 – MILLS ACT CONTRACT PROCEDURES; ADOPTING FINDINGS, INCLUDING ENVIRONMENTAL FINDINGS AND PLANNING CODE SECTION 101.1 FINDINGS.

PREAMBLE

WHEREAS, on May 15, 2012 Supervisor Wiener introduced amendments be made to the Administrative Code under Board File Number 12-0528; and

WHEREAS, the proposed Ordinance has been determined to be categorically exempt from environmental review under the California Environmental Quality Act Section 15060(c); and

WHEREAS, the Historic Preservation Commission conducted duly noticed public hearings to consider the proposed amendments on June 20, 2012; and

WHEREAS, the Historic Preservation Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of Department staff and other interested parties; and

WHEREAS, the all pertinent documents may be found in the files of the Department, as the custodian of records, at 1650 Mission Street, Suite 400, San Francisco; and

WHEREAS, the Historic Preservation Commission has reviewed the proposed Ordinance; and

MOVED, that the Historic Preservation Commission hereby recommends that the Board of Supervisors *approve* the proposed Ordinance to amen Chapter 71 of the Administrative Code; Mills Act Contract Procedures, detailed in the draft dated June 13, 2012 and with the following amendments:

- The HPC recommends that the minor technical amendments proposed by San Francisco Architectural Heritage, with the exception of the proposed change to Section 71.2(b)(1) regarding cases of deliberate neglect, be included in the proposed ordinance.
- The HPC recommends that Section 71.2(b) regarding value limitations on eligibility be removed and the current non-codified Planning Department policy of limiting value to $3,000,000 for a single-family residential property and to $5,000,000 for a multi-family, commercial, or industrial property remain in place.

FINDINGS

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

1. The Mills Act Program is considered to be single most important economic incentive program available in California for use by private property owners of qualified historic buildings; however the number of San Francisco contracts is considerably lower than most programs across the state.
2. With the overall cost, number of hearings, and lengthy processing time, the sentiment of the general public is that the process associated with the San Francisco Mills Act Program is a barrier to participation, especially for a single-family homeowner to navigate.
3. The proposed amendments will reduce processing costs, time, and streamline coordination between City Departments.
4. The amendments will improve access and predictability of the Mills Act Program, and facilitate broader use, specifically by small-scale residential and commercial properties.
5. **General Plan Compliance.** The proposed Ordinance is, on balance, consistent with the following Objectives and Policies of the General Plan:

   I. COMMERCE & INDUSTRY ELEMENT

   THE COMMERCE & INDUSTRY ELEMENT SETS FORTH OBJECTIVES AND POLICES THAT ADDRESS THE BROAD RANGE OF ECONOMIC ACTIVITIES, FACILITIES AND SUPPORT SYSTEMS THAT CONSTITUTE SAN FRANCISCO'S EMPLOYMENT AND SERVICE BASE. THE PLAN SERVES AS A COMPREHENSIVE GUIDE FOR BOTH THE PUBLIC AND PRIVATE SECTORS WHEN MAKING DECISIONS RELATED TO ECONOMIC GROWTH AND CHANGE.

   GOALS

The objectives and policies are based on the premise that economic development activities in San Francisco must be designed to achieve three overall goals: 1) Economic Vitality - the first goal is to maintain and expand a healthy, vital and diverse economy which will provide jobs essential to personal well-being and revenues to pay for the services essential to the quality of life in the city; 2) Social Equity - the second goal is to assure that all segments of the San Francisco labor force benefit from economic growth. This will require that particular attention be given to reducing the level of unemployment, particularly among the chronically unemployed and those excluded from full participation by race, language or lack of formal occupational training; and 3) Environmental Quality - the third goal is to maintain and enhance the environment. San Francisco's unique and attractive environment is one of the principal reasons San Francisco is a desirable place for residents to live, businesses to locate, and tourists to visit. The pursuit of employment opportunities and economic expansion must not be at the expense of the environment appreciated by all.

OBJECTIVE 6
MAINTAIN AND STRENGTHEN VIABLE NEIGHBORHOOD COMMERCIAL AREAS EASILY ACCESSIBLE TO CITY RESIDENTS.

POLICY 6.1
Ensure and encourage the retention and provision of neighborhood-serving goods and services in the city's neighborhood commercial districts, while recognizing and encouraging diversity among the districts.

POLICY 6.3
Preserve and promote the mixed commercial-residential character in neighborhood commercial districts. Strike a balance between the preservation of existing affordable housing and needed expansion of commercial activity.

POLICY 6.8
Preserve historically and/or architecturally important buildings or groups of buildings in neighborhood commercial districts.

<u>II. URBAN DESIGN ELEMENT</u>
THE URBAN DESIGN ELEMENT CONCERNS THE PHYSICAL CHARACTER AND ORDER OF THE CITY, AND THE RELATIONSHIP BETWEEN PEOPLE AND THEIR ENVIRONMENT.

GOALS
The Urban Design Element is concerned both with development and with preservation. It is a concerted effort to recognize the positive attributes of the city, to enhance and conserve those attributes, and to improve the living environment where it is less than satisfactory. The Plan is a definition of quality, a definition based upon human needs.

OBJECTIVE 1
EMPHASIS OF THE CHARACTERISTIC PATTERN WHICH GIVES TO THE CITY AND ITS NEIGHBORHOODS AN IMAGE, A SENSE OF PURPOSE, AND A MEANS OF ORIENTATION.

POLICY 1.3

Recognize that buildings, when seen together, produce a total effect that characterizes the city and its districts.

OBJECTIVE 2
CONSERVATION OF RESOURCES WHICH PROVIDE A SENSE OF NATURE, CONTINUITY WITH THE PAST, AND FREEDOM FROM OVERCROWDING.

POLICY 2.4
Preserve notable landmarks and areas of historic, architectural or aesthetic value, and promote the preservation of other buildings and features that provide continuity with past development.

POLICY 2.5
Use care in remodeling of older buildings, in order to enhance rather than weaken the original character of such buildings.

POLICY 2.7
Recognize and protect outstanding and unique areas that contribute in an extraordinary degree to San Francisco's visual form and character.

III. DOWNTOWN ELEMENT
THE DOWNTOWN PLAN GROWS OUT OF AN AWARENESS OF THE PUBLIC CONCERN IN RECENT YEARS OVER THE DEGREE OF CHANGE OCCURRING DOWNTOWN — AND OF THE OFTEN CONFLICTING CIVIC OBJECTIVES BETWEEN FOSTERING A VITAL ECONOMY AND RETAINING THE URBAN PATTERNS AND STRUCTURES WHICH COLLECTIVELY FOR THE PHYSICAL ESSENCE OF SAN FRANCISCO.

OBJECTIVE 1
MANAGE ECONOMIC GROWTH AND CHANGE TO ENSURE ENHANCEMENT OF THE TOTAL CITY LIVING AND WORKING ENVIRONMENT.

OBJECTIVE 12
CONSERVE RESOURCES THAT PROVIDE CONTINUITY WITH SAN FRANCISCO'S PAST.

Policy 12.1
Preserve notable landmarks and areas of historic, architectural, or aesthetic value, and promote the preservation of other buildings and features that provide continuity with past development.

6. The proposed Ordinance is generally consistent with the eight General Plan priority policies set forth in Section 101.1 in that:

   A) The existing neighborhood-serving retail uses will be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses will be enhanced:

The proposed Ordinance would not significantly impact existing neighborhood-serving retail uses or opportunities for employment in or ownership of such businesses.

B) The existing housing and neighborhood character will be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods:

The proposed Ordinance will positively influence existing housing and neighborhood character, by providing a mechanism for the support the maintenance and rehabilitation of the City's historically significant properties.

C) The City's supply of affordable housing will be preserved and enhanced:

The proposed Ordinance will not impact the supply of affordable housing.

D) The commuter traffic will not impede MUNI transit service or overburden our streets or neighborhood parking:

The proposed Ordinance will not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking.

E) A diverse economic base will be maintained by protecting our industrial and service sectors from displacement due to commercial office development. And future opportunities for resident employment and ownership in these sectors will be enhanced:

The proposed Ordinance would not adversely affect the industrial or service sectors or future opportunities for resident employment or ownership in these sectors.

F) The City will achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

Preparedness against injury and loss of life in an earthquake is unaffected by the proposed amendments and will provide a financial incentive to off-set costs associated with seismic and life-safety upgrades while protecting significant historic properties.

G) That landmark and historic buildings will be preserved:

The proposed Ordinance will facilitate the use of the Mills Act Program in San Francisco, thereby promoting the preservation, rehabilitation, and maintenance of San Francisco's historically significant properties..

H) Parks and open space and their access to sunlight and vistas will be protected from development:

The proposed Ordinance will not impact the City's parks and open space.

I hereby certify that the foregoing Resolution was ADOPTED by the San Francisco Historic Preservation Commission on June 20, 2012.

Linda D. Avery
Commission Secretary

AYES: C. Chase, C. Damkroger, A. Martinez, K. Hasz, R. Johns, A. Wolfram, D. Matsuda

NOES:

ABSENT:

ADOPTED: June 20, 2012

1650 Mission St.
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Information:
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Draft Planning Commission Resolution No. 18651

Administrative Code Text Change

HEARING DATE: JUNE 21, 2012

Case Number:	2010.0737U [Board File No. 12-0528]
Staff Contact:	Timothy Frye, Preservation Coordinator tim.frye@sfgov.org, 415-575-6822
Reviewed by:	AnMarie Rodgers, Manager Legislative Affairs anmarie.rodgers@sfgov.org, 415-558-6395
Recommendation:	Approval with Modifications

RECOMMENDING THAT THE BOARD OF SUPERVISORS ADOPT AN ORDINANCE INITIATED BY SUPERVISOR WIENER THAT WOULD AMEND THE ADMINISTRATIVE CODE CHAPTER 71 – MILLS ACT CONTRACT PROCEDURES; ADOPTING FINDINGS, INCLUDING ENVIRONMENTAL FINDINGS AND PLANNING CODE SECTION 101.1 FINDINGS.

PREAMBLE

WHEREAS, on May 15, 2012 Supervisor Wiener introduced amendments be made to the Administrative Code under Board File Number 12-0528; and

WHEREAS, the proposed Ordinance has been determined to be categorically exempt from environmental review under the California Environmental Quality Act Section 15060(c); and

WHEREAS, the Historic Preservation Commission conducted duly noticed public hearings to consider the proposed amendments on June 20, 2012; and

WHEREAS, the Planning Commission conducted duly noticed public hearings to consider the proposed amendments on June 21, 2012; and

WHEREAS, the Planning Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of Department staff and other interested parties; and

WHEREAS, the all pertinent documents may be found in the files of the Department, as the custodian of records, at 1650 Mission Street, Suite 400, San Francisco; and

WHEREAS, the Planning Commission has reviewed the proposed Ordinance; and

MOVED, that the Planning Commission hereby recommends that the Board of Supervisors *approve* the proposed Ordinance to amen Chapter 71 of the Administrative Code; Mills Act Contract Procedures, detailed in the draft dated June 13, 2012 and with the following amendments:

- As recommended by the HPC, the Planning Commission also recommends that the minor technical amendments proposed by San Francisco Architectural Heritage, with the exception of the proposed change to Section 71.2(b)(1) regarding cases of deliberate neglect, be included in the proposed ordinance.

- As recommended by the HPC, the Planning Commission also recommends that Section 71.2(b) regarding value limitations on eligibility be removed and the current non-codified Planning Department policy of limiting value to $3,000,000 for a single-family residential property and to $5,000,000 for a multi-family, commercial, or industrial property remain in place.

FINDINGS

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

1. The Mills Act Program is considered to be single most important economic incentive program available in California for use by private property owners of qualified historic buildings; however the number of San Francisco contracts is considerably lower than most programs across the state.

2. With the overall cost, number of hearings, and lengthy processing time, the sentiment of the general public is that the process associated with the San Francisco Mills Act Program is a barrier to participation, especially for a single-family homeowner to navigate.

3. The proposed amendments will reduce processing costs, time, and streamline coordination between City Departments.

4. The amendments will improve access and predictability of the Mills Act Program, and facilitate broader use, specifically by small-scale residential and commercial properties.

5. **General Plan Compliance.** The proposed Ordinance is, on balance, consistent with the following Objectives and Policies of the General Plan:

   I. COMMERCE & INDUSTRY ELEMENT
   THE COMMERCE & INDUSTRY ELEMENT SETS FORTH OBJECTIVES AND POLICES THAT ADDRESS THE BROAD RANGE OF ECONOMIC ACTIVITIES, FACILITIES AND SUPPORT SYSTEMS THAT CONSTITUTE SAN FRANCISCO'S EMPLOYMENT AND SERVICE BASE. THE PLAN SERVES AS A COMPREHENSIVE GUIDE FOR BOTH THE PUBLIC AND PRIVATE SECTORS WHEN MAKING DECISIONS RELATED TO ECONOMIC GROWTH AND CHANGE.

GOALS

The objectives and policies are based on the premise that economic development activities in San Francisco must be designed to achieve three overall goals: 1) Economic Vitality - the first goal is to maintain and expand a healthy, vital and diverse economy which will provide jobs essential to personal well-being and revenues to pay for the services essential to the quality of life in the city; 2) Social Equity - the second goal is to assure that all segments of the San Francisco labor force benefit from economic growth. This will require that particular attention be given to reducing the level of unemployment, particularly among the chronically unemployed and those excluded from full participation by race, language or lack of formal occupational training; and 3) Environmental Quality - the third goal is to maintain and enhance the environment. San Francisco's unique and attractive environment is one of the principal reasons San Francisco is a desirable place for residents to live, businesses to locate, and tourists to visit. The pursuit of employment opportunities and economic expansion must not be at the expense of the environment appreciated by all.

OBJECTIVE 6
MAINTAIN AND STRENGTHEN VIABLE NEIGHBORHOOD COMMERCIAL AREAS EASILY ACCESSIBLE TO CITY RESIDENTS.

POLICY 6.1
Ensure and encourage the retention and provision of neighborhood-serving goods and services in the city's neighborhood commercial districts, while recognizing and encouraging diversity among the districts.

POLICY 6.3
Preserve and promote the mixed commercial-residential character in neighborhood commercial districts. Strike a balance between the preservation of existing affordable housing and needed expansion of commercial activity.

POLICY 6.8
Preserve historically and/or architecturally important buildings or groups of buildings in neighborhood commercial districts.

II. URBAN DESIGN ELEMENT
THE URBAN DESIGN ELEMENT CONCERNS THE PHYSICAL CHARACTER AND ORDER OF THE CITY, AND THE RELATIONSHIP BETWEEN PEOPLE AND THEIR ENVIRONMENT.

GOALS
The Urban Design Element is concerned both with development and with preservation. It is a concerted effort to recognize the positive attributes of the city, to enhance and conserve those attributes, and to improve the living environment where it is less than satisfactory. The Plan is a definition of quality, a definition based upon human needs.

OBJECTIVE 1
EMPHASIS OF THE CHARACTERISTIC PATTERN WHICH GIVES TO THE CITY AND ITS NEIGHBORHOODS AN IMAGE, A SENSE OF PURPOSE, AND A MEANS OF ORIENTATION.

POLICY 1.3
Recognize that buildings, when seen together, produce a total effect that characterizes the city and its districts.

OBJECTIVE 2
CONSERVATION OF RESOURCES WHICH PROVIDE A SENSE OF NATURE, CONTINUITY WITH THE PAST, AND FREEDOM FROM OVERCROWDING.

POLICY 2.4
Preserve notable landmarks and areas of historic, architectural or aesthetic value, and promote the preservation of other buildings and features that provide continuity with past development.

POLICY 2.5
Use care in remodeling of older buildings, in order to enhance rather than weaken the original character of such buildings.

POLICY 2.7
Recognize and protect outstanding and unique areas that contribute in an extraordinary degree to San Francisco's visual form and character.

III. DOWNTOWN ELEMENT
THE DOWNTOWN PLAN GROWS OUT OF AN AWARENESS OF THE PUBLIC CONCERN IN RECENT YEARS OVER THE DEGREE OF CHANGE OCCURRING DOWNTOWN – AND OF THE OFTEN CONFLICTING CIVIC OBJECTIVES BETWEEN FOSTERING A VITAL ECONOMY AND RETAINING THE URBAN PATTERNS AND STRUCTURES WHICH COLLECTIVELY FOR THE PHYSICAL ESSENCE OF SAN FRANCISCO.

OBJECTIVE 1
MANAGE ECONOMIC GROWTH AND CHANGE TO ENSURE ENHANCEMENT OF THE TOTAL CITY LIVING AND WORKING ENVIRONMENT.

OBJECTIVE 12
CONSERVE RESOURCES THAT PROVIDE CONTINUITY WITH SAN FRANCISCO'S PAST.

Policy 12.1
Preserve notable landmarks and areas of historic, architectural, or aesthetic value, and promote the preservation of other buildings and features that provide continuity with past development.

6. The proposed Ordinance is generally consistent with the eight General Plan priority policies set forth in Section 101.1 in that:

   A) The existing neighborhood-serving retail uses will be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses will be enhanced:

The proposed Ordinance would not significantly impact existing neighborhood-serving retail uses or opportunities for employment in or ownership of such businesses.

B) The existing housing and neighborhood character will be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods:

The proposed Ordinance will positively influence existing housing and neighborhood character, by providing a mechanism for the support the maintenance and rehabilitation of the City's historically significant properties.

C) The City's supply of affordable housing will be preserved and enhanced:

The proposed Ordinance will not impact the supply of affordable housing.

D) The commuter traffic will not impede MUNI transit service or overburden our streets or neighborhood parking:

The proposed Ordinance will not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking.

E) A diverse economic base will be maintained by protecting our industrial and service sectors from displacement due to commercial office development. And future opportunities for resident employment and ownership in these sectors will be enhanced:

The proposed Ordinance would not adversely affect the industrial or service sectors or future opportunities for resident employment or ownership in these sectors.

F) The City will achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

Preparedness against injury and loss of life in an earthquake is unaffected by the proposed amendments and will provide a financial incentive to off-set costs associated with seismic and life-safety upgrades while protecting significant historic properties.

G) That landmark and historic buildings will be preserved:

The proposed Ordinance will facilitate the use of the Mills Act Program in San Francisco, thereby promoting the preservation, rehabilitation, and maintenance of San Francisco's historically significant properties..

H) Parks and open space and their access to sunlight and vistas will be protected from development:

The proposed Ordinance will not impact the City's parks and open space.

I hereby certify that the foregoing Resolution was ADOPTED by the San Francisco Planning Commission on June 21, 2012.

Linda D. Avery
Commission Secretary

AYES: G. Borden, M. Antonini, R. Miguel, C. Wu, K. Moore, H. Sugaya

NOES:

ABSENT: R. Fong

ADOPTED: June 21, 2012

SAN FRANCISCO
PLANNING DEPARTMENT

Executive Summary
Administrative Code Text Change
HEARING DATE: JUNE 20, 2012

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Project Name:	**Amendments relating to the Mills Act Procedures & Fees**
Case Number:	2010.0737U [Board File No. 12-0528]
Initiated by:	Supervisor Wiener / Introduced May 15, 2012
Staff Contact:	Timothy Frye, Preservation Coordinator tim.frye@sfgov.org, 415-575-6822
Reviewed by:	AnMarie Rodgers, Manager Legislative Affairs anmarie.rodgers@sfgov.org, 415-558-6395
Recommendation:	Approval

ADMINISTRATIVE CODE AMENDMENT

The proposed Ordinance would amend Chapter 71 of the Administrative Code (Mills Act Contract Procedures); to add limitations on properties that are eligible; to add application deadlines; to add a time limit for receipt of the Assessor-Recorder's Report; to require a standard form contract; to require monitoring reports from the Planning Department and the Assessor-Recorder's Office; and to reduce the application fees associated with Mills Act Contracts.

What is the Mills Act Program?

Enacted by the State of California in 1976 and amended in the San Francisco Administrative Code in 1996, the Mills Act is state-sponsored legislation that grants local governments the ability to directly participate in an historic preservation and economic incentive program. The Mills Act Historical Property Contract program allows qualified owners to receive property tax reduction and use that savings to offset the costs to rehabilitate, restore and maintain their properties.

A Mills Act Contract is an agreement (a minimum of 10 years) between the City and County of San Francisco and the owner of a qualified historic property. With the advice of the Historic Preservation Commission and the Assessor-Recorder's Office, the Board of Supervisors approves all final contracts.

The Way It Is Now:

Since 1996 the City and County of San Francisco has entered into five contracts. The following properties have active Mills Act contracts with the City and County of San Francisco:

Article 10 Landmark No. 26	1735 FRANKLIN ST	Assessor's Parcel Number 0641/002
National Register-listed property	1080 HAIGHT ST	Assessor's Parcel Number 1236/018
Article 10 Landmark No. 55	1818 CALIFORNIA ST	Assessor's Parcel Number 0641/004
Article 10 Landmark No. 243	690 MARKET STREET	Assessor's Parcel Number 0311/006
Article 10 Landmark No. 143	460 BUSH STREET	Assessor's Parcel Number 0270/041

As of 2011 the total annual savings for these properties was $452,763, with 42 condominium units within 690 Market Street accounting for $375,898 of this savings. Acknowledging the unique conditions of the 690 Market Street contract, the average annual savings provided by the remaining contracts is $19,217.

The current Mills Act Program requirements are as follows:

Eligibility: "Qualified Historical Properties" are listed as individual City Landmarks under Article 10 of the Planning Code or contributors to an Article 10 Landmark District; Significant or Contributory Buildings listed in Article 11 of the Planning Code; individually listed on the National Register of Historic Places or listed as a contributor to a National Register District.

Limitations on Eligibility: As a matter of policy eligibility is limited to buildings or structures with a pre-contract assessed valuation of $3,000,000 or less for residential buildings, and $5,000,000 or less for commercial or industrial buildings, unless the property is granted an exemption from those limits by the Board of Supervisors. As a matter of policy the Board of Supervisors may grant an exemption from these limitations based on specific criteria. For criteria see page 5 of Exhibit D, the Planning Department Mills Act Historical Property Contract Application Packet.

Loss of Tax Revenue: As a matter of policy contracts must be found not cause the cumulative loss of property tax revenue to the City to exceed $1,000,000 annually.

Deadlines: None. An applicant may file at any time.

Assessor-Recorder's Report: Section 71.4 states that the Assessor-Recorder has 60 days to provide the Board of Supervisors and the Historic Preservation Commission with a report estimating the valuation of the property and the estimated annual tax savings under the Mills Act Contract. If the valuation is complex and the Assessor-Recorder's Office requires additional time, it may extend the review period an additional 60 days provided that the applicant is notified in writing of the extended review time.

Contracts: The City Attorney's Office prepares a contract for each Mills Act application.

Fees: The application fees are $9,159 for residential properties and $18,310 for commercial properties.

The Way It Would Be:

Eligibility: There is no proposed amendment to the types of properties that may be eligible ("Qualified Historical Property") for the Mills Act Program; however, properties that are eligible must be listed or designated on or before December 31 of the year before the application is made.

Limitations on Eligibility: The proposed amendments codify limitations on eligibility of the assessed valuation as of December 31 of the year before the application is made. Limitations are $1,500,000 or less for single-family dwellings and $3,000,000 or less for multi-unit residential, commercial, or industrial buildings, unless the individual property is granted an exemption from these limitations by the Board of Supervisors. The wording of the existing exemption criteria is proposed to be modified and will be codified as part of the proposed amendments. For proposed criteria see page 3, lines 21-25 and page 4, lines 1-4.

Deadlines: The proposed annual application deadline will be May 1. Applications may be submitted to the Planning Department between January 1 and May 1 of each year. The Planning Department intends to review all submitted applications between May 1 and June 30. All complete applications will be forwarded to the Assessor-Recorder's Office by July 1.

Assessor-Recorder's Report: The same requirements as existing; however, if the Assessor-Recorder fails to provide a report and recommendation within the 60 days, the Historic Preservation Commission and Board of Supervisors may proceed with their actions without the report and recommendation.

Contracts: The Planning Department will be required to, with the assistance of the City Attorney's Office, develop and maintain a standardized "Historical Property Contract" for use.

Loss of Tax Revenue: To provide greater flexibility in program application, the policy to disapprove applications that result in a cumulative loss of property tax revenue to the City to exceed $1,000,000 annually will no longer be enforced. Beginning on March 31, 2013, and every three years after, the Planning Department and the Assessor-Recorder will be required to submit a joint report to the Board of Supervisors and calendar a hearing regarding the status of the Mills Act Program.

Fees: The application fees will be reduced to $2,500 for residential properties and $5,000 for commercial properties.

REQUIRED COMMISSION ACTION

The proposed Ordinance is before the Commission so that it may recommend adoption, rejection, or adoption with modifications to the Board of Supervisors.

RECOMMENDATION

The Department recommends that the Commission recommend *approval* of the proposed Ordinance and adopt the attached Draft Resolution to that effect.

BASIS FOR RECOMMENDATION

The Mills Act Program is considered to be single most important economic incentive program available in California for use by private property owners of qualified historic buildings; however the number of San Francisco contracts is considerably lower than most programs across the state. For example, San Diego has 1,100 active contracts; Los Angeles currently has 601 active contracts; and Oakland's program, which began in 2008, has 24 active contracts.

The average tax savings for San Francisco's active Mills Act contracts, including the 42 units at 690 Market Street, is approximately $17,163. The Mills Act Program has demonstrated in other municipalities a positive impact on reinvestment in historic properties and providing financial assistance, especially to single-family homes, small-scale residential and commercial properties. The Department believes that improving accessibility to the Mills Act Program will yield similar results in San Francisco. To maximize its benefits the Department recommends that policy direct the Program's focus on small-scale single- and multi-family properties.

As a measure to track the Program and balance its use with an annual loss of tax revenue, the proposed amendments codify a requirement that the Planning Department and the Assessor-Recorder submit a joint report and schedule a hearing before the Board of Supervisors every three years regarding the status of the Mils Act Program. The Planning Department supports this amendment because it will allow for oversight of the program where no monitoring mechanism is currently required. This allows the Board of Supervisors flexibility to adjust the program and implement policy based on the results of the report.

With the overall cost, number of hearings, and lengthy processing time, the sentiment of the general public is that the process associated with the Mills Act program is a barrier to participation, especially for a single-family homeowner to navigate.

Currently, the Planning Department's Mills Act application fees are $9,159 for residential properties and $18,310 for commercial properties. Most property owners find that the fees are too high for an incentive that may or may not be granted. In comparison, fees charged by many municipalities range from no fee at all or within the $300-$500 range. Ventura and San Jose bear the closest similarity to San Francisco fees and charge for full cost recovery at $3,000 and $3,120, respectively. Oakland charges a maximum of $121 for residential properties and $521 for commercial properties. The Planning Department supports the proposed fees reduction based on a fee analysis and the assumption that review times will be minimized through the proposed amendments, which will allow for standardized materials for Mills Act applications, and thereby reducing overall costs to applicants.

The average number of hours it takes the Planning Department to process a Mills Act application is 57.5 The Mills Act application for 690 Market Street took considerably more time than the remaining Mills Act application. Excluding it from the equation brings the average Planning Department review time to 42.5 hours, which the Department believes is closer to the typical review time currently necessary to process applications. On average, the Planning Department requires approximately 60 days to complete this review. The majority of the remaining time is associated with coordination between various City Departments, such as the City Attorney's Office and the Assessor-Recorder's Office. Once the City Attorney's Office and the Assessor-Recorder's Office have reviewed the application, the Planning Department schedules the first public hearing. On average it takes over 18 months from the time of filing with the Planning Department to Board of Supervisors approval of a Mills Act application. Most property owners are discouraged by the amount of time it takes to process an application and schedule the required hearings. The efficiencies provided by codifying the review time for the Assessor-Recorder's Office and the use of a standardized Mills Act contract will substantially improve the Planning Department's ability to schedule hearings before the Historic Preservation Commission and the Board of Supervisors. The Department supports the amendments related to improving the City's response time to Mills Act applications.

In sum, the Department believes that the proposed amendments will reduce processing costs, time, and streamline coordination between City Departments. The amendments will improve access to the Mills Act Program, and facilitate broader use, specifically by small-scale residential and commercial properties. The annual deadlines proposed in the amendments will provide for more predictability within the program for property owners as well as City Departments so that resources can be appropriately allocated. In addition, the Planning Department is currently working with the Assessor-Recorder's Office on revising the Mills Act program application and materials to provide more clarity and predictability of the timing of specific milestones within the process.

ENVIRONMENTAL REVIEW

The proposal to amend Chapter 71 of the Administrative Code Sections 715.1 (Mills Act Contract Procedures) would result in no physical impact on the environment. The proposed amendment is exempt from environmental review under Section 15060(c)(2) of the CEQA Guidelines.

PUBLIC COMMENT

As of the date of this report, the Planning Department has not received public comment in regard to the proposed Ordinance.

RECOMMENDATION:	Approval

Attachments:

Exhibit A: Draft Commission Resolution
Exhibit B: Board of Supervisors File No. 12-0528
Exhibit C: Existing Planning Department Mills Act Program Bulletin No. 8
Exhibit D: Existing Planning Department Mills Act Contract Application Materials

EXHIBIT C

SAN FRANCISCO
PLANNING
DEPARTMENT

PRESERVATION BULLETIN NO. 8

The Mills Act Program

Date Issued:	Relevant Topic(s):
JANUARY 2003 Reprinted: JANUARY 2010	HISTORIC PRESERVATION COMMISSION REVIEW

The Mills Act is recognized as the single most important economic incentive program available in California for use by private property owners of qualified historic buildings.

THE MILLS ACT HISTORICAL PROPERTY CONTRACT PROGRAM

Enacted by the State of California in 1976 and amended in the San Francisco Administrative Code in 1996, the Mills Act is state-sponsored legislation that grants local governments the ability to directly participate in an historic preservation and economic incentive program. The Mills Act Historical Property Contract program allows qualified owners to receive property tax reduction and use that savings to offset the costs to rehabilitate, restore and maintain their properties.

THE APPLICATION GUIDE

This Application Guide is a summary of the Mills Act Historical Property Contract ("Mills Act Contract") Program's features. The complete details are described in the legal texts of the San Francisco Administrative Code, Chapter 71, California Government Code Sections 50280-50290 and California Taxation Code Article 1.9, Sections 439-439.4.

IMPORTANT: Please read the entire application guide before you get started. Applicants are responsible for all of the information contained in the Application Guide. Be sure to review the Application Checklist to ensure that you are submitting all of the required documents for the application. A Mills Act Historical Property Contract application provides the potential for property tax reduction. It is not a guarantee. Each property varies according to its income-generating potential and current assessed value. Mills Act properties are reassessed annually and periodically inspected for contract compliance.

REMEMBER: The Mills Act is for property owners who are actively rehabilitating their properties or have recently completed a rehabilitation project compliant with the *Secretary of the Interior's Treatment of Historic Properties*, in particular the Standards for Rehabilitation, and the California Historical Building Code. Recently completed projects shall mean completed in the year prior to the application. Applicants who enter into a contract with San Francisco and fail to rehabilitate or maintain the property are subject to the City cancelling the contract and the Assessor collecting the 12 1/2 percent of current fair market value penalty against the property.

MILLS ACT HISTORICAL PROPERTY CONTRACT

The Mills Act Contract is an agreement between the City and County of San Francisco and the owner of a qualified property based on California Government Code, Article 12, Sections 50280-50290 (Mills Act). This state law, established in 1976, provides for a property tax reduction for owners of qualifying historic properties who agree to comply with certain preservation restrictions and use the property tax savings to help offset the costs to restore, rehabilitate, and maintain their historic resource according to the *Secretary of the Interior's Standards* and the California Historical Building Code. The San Francisco Board of Supervisors approves all final contracts. Once executed, the contract is recorded on the property and leads to reassessment of the property the following year.

The purpose of an Mills Act Historical Property Contract is to restore, rehabilitate and maintain historic properties.

WHAT PROPERTIES ARE ELIGIBLE?

In Order to participate in the Mills Act Contract Program, qualifying properties must be identified in the following categories:

- **Individually Designated Pursuant to Article 10 of the Planning Code.** Properties that have been designated an individual landmark and approved by the Board of Supervisors are eligible for the Mills Act program. It should be noted that the entire property shall be listed.
- **Contributory Buildings in Historic Districts Designated Pursuant to Article 10 of the Planning Code.** Properties that have been listed as a contributory structure to a local historic district are eligible for the Mills Act Program.
- **Properties Designated as Significant (Category I or II) Pursuant to Article 11 of the Planning Code.** Properties located in the C-3 zoning District that have been determined to be a Category I or II Significant Building are eligible for the Mills Act Program.
- **Properties Designated as Contributory (Category IV) to a Conservation District Pursuant to Article 11 of the Planning Code.**
- **Properties Designated as Contributory (Category III) Pursuant to Article 11 of the Planning Code.** Properties in the C-3 zoning District that have been listed as a Contributory Structure (Category III) which are located outside of a Conservation District are eligible for the Mills Act program.
- **Individual Landmarks under the National Register of Historic Places.** Properties that have been officially designated as a National Register individual landmark are eligible for the Mills Act program.
- **Contributory Buildings in National Register of Historic Places Historic Districts.** Properties that have been identified as a contributory building in a National Register Historic District are eligible for the Mills Act program.

If there are any questions about whether your property is eligible please contact the Planning Department at (415) 558-6377.

WHAT PROPERTIES ARE INELIGIBLE?

Properties with outstanding code violations issued by the Planning Department or the Department of Building Inspection are not eligible to apply for the Mills Act Program. All code violations must be corrected before an application is accepted. Properties with delinquent taxes are also not eligible to apply. The person/entity submitting the application must retain ownership through contract recording otherwise the contract is nullified by the City.

TAX ASSESSMENT VALUE

For properties with multiple owners, every owner must enter into the Mills Act contract with the City.

All properties that are eligible under the criteria listed above must also meet a tax assessment value to be eligible for a Mills Act Contract. All owners of a property must enter into the Mills Act contract with the City.

Residential Buildings
Eligibility is limited to a property tax assessment value of not more than $3,000,000.

Commercial, Industrial or Mixed Use Buildings
Eligibility is limited to a property tax assessment value of not more than $5,000,000.

Exceptions From Property Value Limits
Properties may be exempt from the tax assessment values if it meets any one of the following criteria:

- The qualified historic property is an exceptional example of architectural style or represents a work of a master architect or is associated with the lives of persons important to local or national history; or
- Granting the exemption will assist in the preservation and rehabilitation of a historic structure (including unusual and/or excessive maintenance requirements) that would otherwise be in danger of demolition, deterioration, or abandonment; and
- Granting the exemption will not cause the cumulative loss of property tax revenue to the City to exceed $1,000,000 annually.

Properties applying for a valuation exemption must provide evidence that it meets the exemption criteria, including a historic structure report to substantiate the exemptional circumstances for granting the exemption. The Historic Preservation Commission shall make specific findings as whether to recommend to the Board of Supervisors if the valuation exemption shall be approved. Final approval of this exemption is under the purview of the Board of Supervisors.

NOTE:
Owners of properties with comparatively low property taxes because of Proposition 13 will not benefit by a Mills Act contract because the assessed value under the Mills Act will likely be higher than the existing base-year value of the property. Generally, owners who have purchased their properties within the last ten years are most likely to benefit from entering into a Mills Act contract.

TERMS OF THE MILLS ACT HISTORICAL PROPERTY CONTRACT

Duration of Contract

The Mills Act contract is for a minimum term of ten years. It automatically renews each year on its anniversary date and a new ten-year term becomes effective. The contract runs (essentially in perpetuity) with the land.

Termination of the Contract

The owner may terminate the contract by notifying the City at least ninety days prior to the annual renewal date. The City may terminate the contact by notifying the owner at least sixty days prior to the renewal date. The owner may make a written protest about termination by the City. The contract remains in effect for the balance of the 10-year term of the contract beyond the notice of non-renewal.

Alterations or Additions

Any work performed to the property (interior, exterior, and grounds) must conform to the *Secretary of the Interior's Standards for the Treatment of Historic Properties*, specifically, the Standards for Rehabilitation and the California Historical Building Code.

Inspections and Monitoring

The City conducts annual inspections of the property. There may be certain circumstances where the City will need to conduct a periodic inspection of the property. Conditions not conforming to the *Secretary of the Interior's Standards* may be required to be brought into compliance. The City also encourages the property owner to self-inspect and apprise the Planning Department of the progress of rehabilitating and maintaining their property.

Breach of Contact

If the property owner is found to be in breach of contract, the City may cancel the contract whereupon the Assessor will collect a cancellation fee of 12 1/2 percent of the fair market value of the property as determined by the Assessor.

Transfer of Ownership

A Mills Act Contract is attached to the property. Subsequent owners are bound by the terms and conditions of the contract, and obligated to complete any work identified in the contract and perform required maintenance. It is encumbent upon the seller of a Mills Act property to disclose this fact to potential buyers. For example, if an owner completes some of the contract mandated work in the first five years and then sells the property, the new buyer would have five years to complete the rehabilitation/ restoration of the property.

CITY APPROVALS

An application is submitted to the Planning Department. Upon submittal,

- Planning staff reviews the application for completeness and determines eligibility;
- Planning staff forwards a copy of the application to the Assessor's Office for their review and analysis of the property tax valuation;
- Upon receipt of a final Mills Act property valuation analysis report from the Assessor's office, Planning staff will present to the following bodies for approval, denial, or approval with modifications of the Mills Act application in the following order: Historic Preservation Commission, Board of Supervisors Budget & Finance Committee, and the full Board of Supervisors. Final approval of the contract is conferred by the Board of Supervisors.

To grant approval of a contract, the Board of Supervisors must determine that:

- The contract meets the eligibility requirements or the valuation exemption;
- Entering into the contract will not cause the cumulative loss of property tax revenue to the City to exceed $1,000,000 annually;
- The property meets the priority consideration criteria; and
- Rehabilitation, restoration, and/or maintenance will occur in conjunction with the Historical Property Contract and will not impair the integrity of historic building.

RECORDING OF CONTRACT

If the Board of Supervisors authorize a Mills Act Contract with the property owner, the final contract must be signed by the Director of Planning, City Attorney, Assessor-Recorder, and property owner.

The contract must be recorded with the County/City Recorder. Property owners who enter into a Mills Act contract are obligated to inform the California Office of Historic Preservation within 6 months.

PROPERTY INSPECTIONS

NOTE:
The City will impose a modest annual Mills Act contract maintenance fee, which will cover costs associated with inspections and other miscellaneous tasks.

Inspections of the property are conducted by the Planning Department annually to monitor properties for compliance to the terms of the contract. Inspections may also be necessary on a periodic basis. Inspections monitor the progress of the rehabilitation and/or maintenance specified in the contract. Inspections are ongoing for the life of the contract.

Frequently Asked Questions

If I own an historic property am I obligated to participate in the program?

No. Participation is voluntary. The contracts are intended for property owners who have a strong commitment to historic preservation, and to assist property owners who plan to rehabilitate their property.

What is the term of an Historical Property Contract?

The contract is written for an initial term of 10 years. However, the contract automatically renews each year on its anniversary date. The contract, in effect, runs in perpetuity with the land. The initial 10-year term is the period of time in which major rehabilitation projects should be substantially completed. If an owner desires to be released from the contract, a letter of non-renewal is submitted to the City. The owner is released from the contract ten years after the notice of non-renewal is submitted.

How are my property taxes reduced?

Instead of basing your property tax on the purchase price of your property (Proposition 13, Base Year Value), the Assessor reassesses your property on its ability (or potential ability) to produce income (Income Approach). Using the Income Approach, the Assessor values the property according to the capitalization of income, whereby the property's potential income is divided by a pre-determined capitalization rate to establish a new assessed property value to be taxed. The Income Approach for an owner occupied property is based on its potential rental value. Commercial, industrial, or multi-family properties would have an actual income that is used for the calculation.

What type of property is likely to benefit?

Property purchased after 1999 is most likely to receive the highest reduction. Property purchased prior to 1999 will likely receive a minimal reduction. Property purchased prior to 1978 (Proposition 13) is unlikely to receive a tax reduction. The Historical Property Contract Program does not guarantee a reduction amount for any property. Properties that have more recently sold (e.g. within the last 10 years) are likely to see greater tax reductions.

How much of a reduction will I receive?

The application Tax Adjustment Worksheet is provided to assist you in calculating the potential reduction on your property. Calculated accurately, it will provide you with an idea of your potential reduction. It is not a guarantee. Remember that a reduction is based only on the General Tax Levy portion of your bill and DOES NOT reduce other portions of your tax bill.

☑ *What happens if I want to sell my property after I have a Mills Act Contract?*

The contract will always remain with the property, and the new owner is obligated to meet the contract requirements. This can enhance the marketability of the property because it is not reassessed at its new market value when it changes hands. Rather, new owners will likely pay property taxes based on the existing or proximate Mills Act Valuation notice.

☑ *Are there potential penalties for property owners with a Mills Act Contract?*

Yes. If a property is not maintained under the terms of the contract, is improperly altered, or if rehabilitation work is not performed, the owner could be found in breach of contract. If the breach of contract cannot be resolved to satisfy the contract, the Contract is cancelled and the owner is assessed a 12 ½ percent penalty based on the current fair-market value of the property.

☑ *How long does it take to get a Contract?*

The contracts are approved and recorded by the end of each fiscal year. Reassessments start after January 1 of the year following the contract recordation. You should see the Mills Act Valuation notice as part of the next property tax bill.

☑ *If I apply for a Mills Act Historic Property Contract, is the City obligated to enter into the contract?*

No. The City will evaluate each individual contract application alongside a set of priority criteria and determine which applications are most likely to yield the greatest public benefit.

☑ *Am I required to open my property to the public?*

No. The Mills Act Historic Property Program does not require the property owner to grant public access to the property. The contract does specify that by prior appointment an inspection of the property may be made by City officials, as may be needed to determine compliance with the terms and provisions of the contract.

☑ *Where can I learn more about the Mills Act?*

The California State Office of Historic Preservation (OHP) is responsible for administration of Federally and State mandated historic preservation programs in California. The OHP website offers information on a wide range of historic preservation topics including the Mills Act. The link to the OHP website is *http://www.ohp.parks.ca.gov*. The direct link to the Mills Act program is found at *www.ohp.parks.ca.gov/default.asp?page id=21412*.

Government Codes

CALIFORNIA GOVERNMENT CODE SECTIONS 50280-50290

50280. Upon the application of an owner or the agent of an owner of any qualified historical property, as defined in Section 50280.1, the legislative body of a city, county, or city and county may contract with the owner or agent to restrict the use of the property in a manner which the legislative body deems reasonable to carry out the purposes of this article and of Article 1.9 (commencing with Section 439) of Chapter 3 of Part 2 of Division 1 of the Revenue and Taxation Code. The contract shall meet the requirements of Sections 50281 and 50282.

50280.1. "Qualified historical property" for purposes of this article, means privately owned property which is not exempt from property taxation and which meets either of the following:

(a) Listed in the National Register of Historic Places or located in a registered historic district, as defined in Section 1.191-2(b) of Title 26 of the Code of Federal Regulations.

(b) Listed in any state, city, county, or city and county official register of historical or architecturally significant sites, places, or landmarks.

50281. Any contract entered into under this article shall contain the following provisions:

(a) The term of the contract shall be for a minimum period of 10 years.

(b) Where applicable, the contract shall provide the following:

(1) For the preservation of the qualified historical property and, when necessary, to restore and rehabilitate the property to conform to the rules and regulations of the Office of Historic Preservation of the Department of Parks and Recreation, the United States Secretary of the Interior's Standards for Rehabilitation, and the State Historical Building Code.

(2) For the periodic examinations of the interior and exterior of the premises by the assessor, the Department of Parks and Recreation, and the State Board of Equalization as may be necessary to determine the owner's compliance with the contract.

(3) For it to be binding upon, and inure to the benefit of, all successors in interest of the owner. A successor in interest shall have the same rights and obligations under the contract as the original owner who entered into the contract.

(c) The owner or agent of an owner shall provide written notice of the contract to the Office of Historic Preservation within six months of entering into the contract.

50281.1. The legislative body entering into a contract described in this article may require that the property owner, as a condition to entering into the contract, pay a fee not to exceed the reasonable cost of administering this program.

50282.

(a) Each contract shall provide that on the anniversary date of the contract or such other annual date as is specified in the contract, a year shall be added automatically to the initial term of the contract unless notice of nonrenewal is given as provided in this section. If the property owner or the legislative body desires in any year not to renew the contract, that party shall serve written notice of nonrenewal of the contract on the other party in advance of the annual renewal date of the contract. Unless the notice is served by the owner at least 90 days prior to the renewal date or by the legislative body at least 60 days prior to the renewal date, one year shall automatically be added to the term of the contract.

(b) Upon receipt by the owner of a notice from the legislative body of nonrenewal, the owner may make a written protest of the notice of nonrenewal. The legislative body may, at any time prior to the renewal date, withdraw the notice of nonrenewal.

(c) If the legislative body or the owner serves notice of intent in any year not to renew the contract, the existing contract shall remain in effect for the balance of the period remaining since the original execution or the last renewal of the contract, as the case may be.

(d) The owner shall furnish the legislative body with any information the legislative body shall require in order to enable it to determine the eligibility of the property involved.

(e) No later than 20 days after a city or county enters into a contract with an owner pursuant to this article, the clerk of the legislative body shall record with the county recorder a copy of the contract, which shall describe the property subject thereto. From and after the time of the recordation, this contract shall impart a notice thereof to all persons as is afforded by the recording laws of this state.

50284. The legislative body may cancel a contract if it determines that the owner has breached any of the conditions of the contract provided for in this article or has allowed the property to deteriorate to the point that it no longer meets the standards for a qualified historical property. The legislative body may also cancel a contract if it determines that the owner has failed to restore or rehabilitate the property in the manner specified in the contract.

50285. No contract shall be canceled under Section 50284 until after the legislative body has given notice of, and has held, a public hearing on the matter. Notice of the hearing shall be mailed to the last known address of each owner of property within the historic zone and shall be published pursuant to Section 6061.

50286.

(a) If a contract is canceled under Section 50284, the owner shall pay a cancellation fee equal to 12 ½ percent of the current fair market value of the property, as determined by the county assessor as though the property were free of the contractual restriction.

(b) The cancellation fee shall be paid to the county auditor, at the time and in the manner that the county auditor shall prescribe, and shall be allocated by the county auditor to each jurisdiction in the tax rate area in which the property is located in the same manner as the auditor allocates the annual tax increment in that tax rate area in that fiscal year.

(c) Notwithstanding any other provision of law, revenue received by a school district pursuant to this section shall be considered property tax revenue for the purposes of Section 42238 of the Education Code, and revenue received by a county superintendent of schools pursuant to this section shall be considered property tax revenue for the purposes of Article 3 (commencing with Section 2550) of Chapter 12 of Part 2 of Division 1 of Title 1 of the Education Code.

50287. As an alternative to cancellation of the contract for breach of any condition, the county, city, or any landowner may bring any action in court necessary to enforce a contract including, but not limited to, an action to enforce the contract by specific performance or injunction.

50288. In the event that property subject to contract under this article is acquired in whole or in part by eminent domain or other acquisition by any entity authorized to exercise the power of eminent domain, and the acquisition is determined by the legislative body to frustrate the purpose of the contract, such contract shall be canceled and no fee shall be imposed under Section 50286. Such contract shall be deemed null and void for all purposes of determining the value of the property so acquired.

50289. In the event that property restricted by a contract with a county under this article is annexed to a city, the city shall succeed to all rights, duties, and powers of the county under such contract.

50290. Local agencies and owners of qualified historical properties may consult with the State Historical Resources Commission for its advice and counsel on matters relevant to historical property contracts.

CALIFORNIA REVENUE AND TAXATION CODE SECTIONS 439-439.4

439. For the purposes of this article and within the meaning of Section 8 of Article XIII of the Constitution, property is "enforceably restricted" if it is subject to an historical property contract executed pursuant to Article 12 (commencing with Section 50280) of Chapter 1 of Part 1 of Division 1 of Title 5 of the Government Code.

439.1. For purposes of this article "restricted historical property" means qualified historical property, as defined in Section 50280.1 of the Government Code, that is subject to a historical property contract executed pursuant to Article 12 (commencing with Section 50280) of Chapter 1 of Part 1 of Division 1 of Title 5 of the Government Code. For purposes of this section, "qualified historical property" includes qualified historical improvements and any land on which the qualified historical improvements are situated, as specified in the historical property contract. If the historical property contract does not specify the land that is to be included, "qualified historical property" includes only that area of reasonable size that is used as a site for the historical improvements.

439.2. When valuing enforceably restricted historical property, the county assessor shall not consider sales data on similar property, whether or not enforceably restricted, and shall value that restricted historical property by the capitalization of income method in the following manner:

(a) The annual income to be capitalized shall be determined as follows:

(1) Where sufficient rental information is available, the income shall be the fair rent that can be imputed to the restricted historical property being valued based upon rent actually received for the property by the owner and upon typical rentals received in the area for similar property in similar use where the owner pays the property tax. When the restricted historical property being valued is actually encumbered by a lease, any cash rent or its equivalent considered in determining the fair rent of the property shall be the amount for which the property would be expected to rent were the rental payment to be renegotiated in the light of current conditions, including applicable provisions under which the property is enforceably restricted.

(2) Where sufficient rental information is not available, the income shall be that which the restricted historical property being valued reasonably can be expected to yield under prudent management and subject to applicable provisions under which the property is enforceably restricted.

(3) If the parties to an instrument that enforceably restricts the property stipulate therein an amount that constitutes the minimum annual income to be capitalized, then the income to be capitalized shall not be less than the amount so stipulated. For purposes of this section, income shall be determined in accordance with rules and regulations issued by the board and with this section and shall be the difference between revenue and expenditures. Revenue shall be the amount of money or money's worth, including any cash rent or its equivalent, that the property can be expected to yield to an owner-operator annually on the average from any use of the property permitted under the terms by which the property is enforceably restricted. Expenditures shall be any outlay or average annual allocation of money or money's worth that can be fairly charged against the revenue expected to be received during the period used in computing the revenue. Those expenditures to be charged against revenue shall be only those that are ordinary and necessary in the production and maintenance of the revenue for that period. Expenditures shall not include depletion charges, debt retirement, interest on funds invested in the property, property taxes, corporation income taxes, or corporation franchise taxes based on income.

(b) The capitalization rate to be used in valuing owner-occupied single family dwellings pursuant to this article shall not be derived from sales data and shall be the sum of the following components:

(1) An interest component to be determined by the board and announced no later than October 1 of the year preceding the assessment year and that was the yield rate equal to the effective rate on conventional mortgages as most recently published by the Federal Housing Finance Board as of September 1, rounded to the nearest one-fourth of 1 percent.

(2) A historical property risk component of 4 percent.

(3) A component for property taxes that shall be a percentage equal to the estimated total tax rate applicable to the property for the assessment year times the assessment ratio.

(4) A component for amortization of the improvements that shall be a percentage equivalent to the reciprocal of the remaining life.

(c) The capitalization rate to be used in valuing all other restricted historical property pursuant to this article shall not be derived from sales data and shall be the sum of the following components:

(1) An interest component to be determined by the board and announced no later than October 1 of the year preceding the assessment year and that was the yield rate equal to the effective rate on conventional mortgages as determined by the Federal Housing Finance Board as of September 1, rounded to the nearest one-fourth of 1 percent.

(2) A historical property risk component of 2 percent.

(3) A component for property taxes that shall be a percentage equal to the estimated total tax rate applicable to the property for the assessment year times the assessment ratio.

(4) A component for amortization of the improvements that shall be a percentage equivalent to the reciprocal of the remaining life.

(d) Unless a party to an instrument that creates an enforceable restriction expressly prohibits the valuation, the valuation resulting from the capitalization of income method described in this section shall not exceed the lesser of either the valuation that would have resulted by calculation under Section 110, or the valuation that would have resulted by calculation under Section 110.1, as though the property was not subject to an enforceable restriction in the base year.

(e) The value of the restricted historical property shall be the quotient of the income determined as provided in subdivision (a) divided by the capitalization rate determined as provided in subdivision (b) or (c).

(f) The ratio prescribed in Section 401 shall be applied to the value of the property determined in subdivision (d) to obtain its assessed value.

439.3. Notwithstanding any provision of Section 439.2 to the contrary, if either the county or city or the owner of restricted historical property subject to contract has served notice of nonrenewal as provided in Section 50282 of the Government Code, the county assessor shall value that restricted historical property as provided in this section.

(a) Following the hearing conducted pursuant to Section 50285 of the Government Code, subdivision (b) shall apply until the termination of the period for which the restricted historical property is enforceably restricted.

(b) The board or assessor in each year until the termination of the period for which the property is enforceably restricted shall do all of the following:

(1) Determine the full cash value of the property pursuant to Section 110.1. If the property is not subject to Section 110.1 when the restriction expires, the value shall be determined pursuant to Section 110 as if the property were free of contractual restriction.

SAN FRANCISCO ADMINISTRATIVE CODE
CHAPTER 71: MILLS ACT CONTRACT PROCEDURES

SEC. 71.1. PURPOSE.

(a) The purpose of this Chapter 71 is to implement the California Mills Act, California Government Code Sections 50280 et seq. The Mills Act authorizes local governments to enter into contracts with owners of private historical property who will rehabilitate, restore, preserve, and maintain qualified historical property. As consideration for the rehabilitation, restoration, preservation and maintenance of the qualified historical property, the City and County of San Francisco may provide certain property tax reductions in accordance with Article 1.9 (commencing with Section 439) of Chapter 3 of Part 2 of Division 1 of the California Revenue and Taxation Code.

(b) San Francisco contains many historic buildings which add to its character and international reputation. Many of these buildings have not been adequately maintained, may be structurally deficient, or may need rehabilitation. The costs of properly rehabilitating, restoring and preserving historic buildings may be prohibitive for property owners. Implementation of the Mills Act in San Francisco will make the benefits of the Mills Act available to many property owners.

(c) The benefits of the Mills Act to the individual property owners must be balanced with the cost to the City and County of San Francisco of providing the property tax reductions set forth in the Mills Act as well as the historical value of individual buildings proposed for historical property contracts, and the resultant property tax reductions, under the Mills Act.

SEC. 71.2. QUALIFIED HISTORIC PROPERTY.

An owner, or an authorized agent of the owner, of a qualified historical property may apply for a historical property contract. For purposes of this Chapter 71, "qualified historical property" shall mean privately owned property that is not exempt from property taxation and that is one of the following:

(a) Individually listed in the National Register of Historic Places;

(b) Listed as a contributor to an historic district included on the National Register of Historic Places;

(c) Designated as a City landmark pursuant to San Francisco Planning Code Article 10;

(d) Designated as contributory to an historic district designated pursuant to San Francisco Planning Code Article 10; or

(e) Designated as significant (Categories I or II) or contributory (Categories III or IV) to a conservation district designated pursuant to San Francisco Planning Code Article 11.

SEC. 71.3. APPLICATION FOR HISTORICAL PROPERTY CONTRACT.

An owner, or an authorized agent of an owner, of a qualified historical property may submit an application for a historical property contract to the Planning Department on forms provided by the Planning Department. The property owner shall provide, at a minimum, the address and location of the qualified historical property, evidence that the property is a qualified historical property, the nature and cost of the rehabilitation, restoration or preservation work to be conducted on the property, and a plan for continued maintenance of the property. The Planning Department may require any further information it determines necessary to make a recommendation on the historical property contract.

SEC. 71.4. APPROVAL PROCESS.

(a) Review by the Assessor's Office. The Planning Department shall refer the application for historical property contract to the San Francisco Assessor for its review and recommendation. The Assessor shall provide to the Board of Supervisors an estimate of the property tax calculations and the difference in property tax assessments under the different valuation methods permitted by the California Mills Act so that the City can evaluate the difference between property tax which would normally be collected by the City and the property tax which would be collected pursuant to the historical property contract.

(b) Landmarks Board Review. The Landmarks Preservation Advisory Board shall hold a public hearing to review the application for the historical property contract and shall make its recommendation to the Planning Commission on the proposed rehabilitation, restoration or preservation work, the historical value of the qualified historical property and any proposed preservation restrictions and maintenance requirements.

(c) Planning Commission Review. Upon receipt of the Landmarks Board's recommendation, the Planning Commission shall hold a public hearing to review the application for the historical property contract. Upon approval by the Planning Commission, the application shall be referred to the Board of Supervisors for its review and approval or disapproval. In the event the Planning Commission disapproves the historical property contract, such decision shall be final unless the property owner appeals such disapproval by filing an appeal with the Board of Supervisors within 10 days of final action by the Planning Commission.

(d) Board of Supervisors Decision. The Board of Supervisors shall conduct a public hearing to review the Planning Commission recommendation, the information provided by the Assessor's Office, and any other information the Board requires in order to determine whether the City should execute a historical property contract for a particular property. The Board of Supervisors shall have full discretion to determine whether it is in the public interest to enter a Mills Act historical property contract with a particular qualified historical property. The Board of Supervisors may approve, disapprove, or modify and approve the terms of the historical property contract. Upon approval, the Board of Supervisors shall authorize the Director of Planning and the Assessor to execute the historical property contract.

SEC. 71.5. TERMS OF THE HISTORICAL PROPERTY CONTRACT.

(a) The historical property contract shall set forth the agreement between the City and the property owner that as long as the property owner properly rehabilitates, restores, preserves and maintains the qualified historical property as set forth in the contract, the City shall comply with California Revenue and Taxation Code Article 1.9 (commencing with Section 439) of Chapter 3 of Part 2 of Division 1, provided that the Assessor determines that the specific provisions of the Revenue and Taxation Code are applicable to the property in question. A historical property contract shall contain, at a minimum, the following provisions:

(1) The term of the contract, which shall be for a minimum of 10 years;

(2) The owner's commitment and obligation to preserve, rehabilitate, restore and maintain the property in accordance with the rules and regulations of the Office of Historic Preservation of the California Department of Parks and Recreation and the United States Secretary of the Interior's standards for the Treatment of Historic Properties;

(3) Permission to conduct periodic examinations of the interior and exterior of the qualified historical property by the Landmarks Board, the Assessor, the Department of Building Inspection, the Office of Historic Preservation of the California Department of Parks and Recreation and the State Board of Equalization as may be necessary to determine the owner's compliance with the historical property contract;

(4) That the historical property contract is binding upon, and shall inure to the benefit of, all successors in interest of the owner;

(5) An extension to the term of the contract so that one year is added automatically to the initial term of the contract on the anniversary date of the contract or such other annual date as specified in the contract unless notice of nonrenewal is given as provided in the Mills Act and in the historical property contract;

(6) Agreement that the Board of Supervisors may cancel the contract, or seek enforcement of the contract, when the Board determines, based upon the recommendation of any one of the entities listed in Subsection (3) above, that the owner has breached the terms of the contract. The City shall comply with the requirements of the Mills Act for enforcement or cancellation of the historical property contract. Upon cancellation of the contract, the property owner shall pay a cancellation fee of 12.5 percent of the full value of the property at the time of cancellation (or such other amount authorized by the Mills Act), as determined by the Assessor without regard to any restriction on such property imposed by the historical property contract; and

(7) The property owner's indemnification of the City for, and agreement to hold the City harmless from, any claims arising from any use of the property.

(b) The City and the qualified historical property owner shall comply with all provisions of the California Mills Act, including amendments thereto. The Mills Act, as amended from time to time, shall apply to the historical property contract process and shall be deemed incorporated into each historical property contract entered into by the City.

SEC. 71.6. FEES.

The Planning Department shall determine the amount of a fee necessary to compensate the City for processing and administering an application for a historical property contract. The fee shall pay for the time and materials required to process the application, based upon the estimated actual costs to perform the work, including the costs of the Planning Department, the City Attorney, the Assessor and the Board of Supervisors. The City may also impose a separate fee, following approval of the historical property contract, to pay for the actual costs of inspecting the qualified historical property and enforcing the historical property contract. Each department shall provide a written estimate of its costs to process the application. Such estimates shall be provided to the applicant, who shall pay the fee when submitting the application. In the event that the costs of processing the application are lower than the estimates, such differences shall be refunded to the applicant. In the event the costs exceed the estimate, the Planning Department shall provide the applicant with a written analysis of the additional fee necessary to complete the review of the application, and applicant shall pay the additional amount prior to any action approving the historical property contract. Failure to pay any fees shall be grounds for cancelling the historical property contract.

FOR MORE INFORMATION:
Call or visit the San Francisco Planning Department

SAN FRANCISCO
PLANNING
DEPARTMENT

Central Reception
1650 Mission Street, Suite 400
San Francisco CA 94103-2479

TEL: 415.558.6378
FAX: 415.558-6409
WEB: http://www.sfplanning.org

Planning Information Center (PIC)
1660 Mission Street, First Floor
San Francisco CA 94103-2479

TEL: 415.558.6377
Planning Staff are available by phone and at the PIC counter.
No appointment is necessary.

Print Form

SAN FRANCISCO
PLANNING
DEPARTMENT

APPLICATION PACKET FOR

Mills Act Historical Property Contract

Planning Department
1650 Mission Street
Suite 400
San Francisco, CA
94103-9425

T: 415.558.6378
F: 415.558.6409

Pursuant to Chapter 71 of the San Francisco Administrative Code, property owners can enter into contract with the City and County of San Francisco to receive a tax reduction provided that maintain and preserve their qualified historical property.

Planning Department staff are available to advise you in the preparation of this application. Call (415) 558-6377 for further information.

WHAT IS A MILLS ACT PROPERTY CONTRACT?

The Mills Act Contract is an agreement between the City and County of San Francisco and the owner of a qualified property based on California Government Code, Article 12, Sections 50280-50290 (Mills Act). This state law, established in 1976, provides for a property tax reduction for owners of qualifying historic properties who agree to comply with certain preservation restrictions and use the property tax savings to help offset the costs to restore, rehabilitate, and maintain their historic resource according to the *Secretary of the Interior's Standards and the California Historical Building Code.* The San Francisco Board of Supervisors approves all final contracts. Once executed, the contract is recorded on the property and leads to reassessment of the property the following year.

WHO MAY APPLY FOR A MILLS ACT PROPERTY CONTRACT?

The Mills Act is for property owners who are actively rehabilitating their properties or have recently completed a rehabilitation project compliant with the *Secretary of the Interior's Treatment of Historic Properties*, in particular the Standards for Rehabilitation, and the California Historical Building Code. Recently completed projects shall mean completed in the year prior to the application. Eligibility for Historical Property Contracts shall be limited to buildings or structures with a pre-contract assessed valuation of $3,000,000 or less for residential buildings, and $5,000,000 or less for commercial or industrial buildings, unless the individual property is granted an exemption from those limits by the Board of Supervisors.

Applicants who enter into a contract with San Francisco and fail to rehabilitate or maintain the property are subject to the City cancelling the contract and the Assessor collecting the 12.5 percent of current fair market value penalty against the property. All property owners must enter into the contract. The attached application has three separate entries for property owners if there are multiple. Please attach additional sheets if necessary.

CASE NUMBER: For Staff Use only

APPLICATION FOR
Mills Act Historical Property Contract

1. Owner/Applicant Information

PROPERTY OWNER 1 NAME:	TELEPHONE: ( )
PROPERTY OWNER 1 ADDRESS:	EMAIL:
PROPERTY OWNER 2 NAME:	TELEPHONE: ( )
PROPERTY OWNER 2 ADDRESS:	EMAIL:
PROPERTY OWNER 3 NAME:	TELEPHONE: ( )
PROPERTY OWNER 3 ADDRESS:	EMAIL:

2. Subject Property Information

PROPERTY ADDRESS:	ZIP CODE:
PROPERTY PURCHASE DATE:	ASSESSOR BLOCK/LOT(S):
MOST RECENT ASSESSED VALUE:	ZONING DISTRICT:

Are taxes on all property owned within the City and County of San Francisco paid to date?	YES ☐	NO ☐
Do you own other property in the City and County of San Francisco? *If Yes, please list the addresses for all other property owned within the City of San Francisco on a separate sheet.*	YES ☐	NO ☐
Property is designated as a City Landmark under Article 10 of the Planning Code	YES ☐	NO ☐
Are there any outstanding enforcement cases on the property from the San Francisco Planning Department or the Department of Building Inspection?	YES ☐	NO ☐

I/we am/are the present owner(s) of the property described above and hereby apply for an historical property contract.

Owner Signature: ______________________ Date: ____________

Owner Signature: ______________________ Date: ____________

Owner Signature: ______________________ Date: ____________

3: Program Priority Criteria

The following criteria are used to rank applications. Please check the appropriate categories as they apply to your building. Use a separate sheet to explain why your building should be considered a priority when awarding a Mills Act Historical Property Contract. Buildings that qualify in three of the five categories are given priority consideration.

1. Property meets one of the six criteria for a qualified historic property:

Property is individually listed in the National Register of Historic Places	YES ☐ NO ☐
Property is listed as a contributor to an historic district included on the National Register of Historic Places	YES ☐ NO ☐
Property is designated as a City Landmark under Article 10 of the Planning Code	YES ☐ NO ☐
Property is designated as a contributory building to an historic district designated under Article 10 of the Planning Code	YES ☐ NO ☐
Property is designated as a Category I or II (significant) to a conservation district under Article 11 of the Planning Code	YES ☐ NO ☐
Property is designated as a Category III or IV (contributory) to a conservation district under Article 11 of the Planning Code	YES ☐ NO ☐

2. Property falls under the following Property Tax Value Assessments:

Residential Buildings: $3,000,000	YES ☐ NO ☐
Commercial, Industrial or Mixed Use Buildings: $5,000,000	YES ☐ NO ☐

**If property value exceeds these values please complete Part 3: Application of Exemption*

3. Maintenance and Preservation Plan:

A 10 Year Preservation and Maintenance Plan will be submitted detailing work to be performed on the subject property	YES ☐ NO ☐

4. Required Standards:

Proposed work will meet the *Secretary of the Interior's Standards for the Treatment of Historic Properties* and/or the California Historic Building Code.	YES ☐ NO ☐

**If 'Yes', please detail how the proposed work meets the Secretary of Interior Standards on a separate sheet.*

5. Mills Act Tax Savings:

Property owner will ensure that a portion of the Mills Act tax savings will be used to finance the preservation, rehabilitation, and maintenance of the property	YES ☐ NO ☐

Application for
Mills Act Historical Property Contract

CASE NUMBER:
For Staff Use only

4. Application for Exemption from Property Tax Valuation

On a separate sheet please explain how your building meets the following criteria and should be exempt from the property tax valuations. Also attach a copy of the most recent tax bill.

1. The qualified historic property is an exceptional example of architectural style or represents a work of a master architect or is associated with the lives of persons important to local or national history; or
2. Granting the exemption will assist in the preservation of a structure (including unusual and/or excessive maintenance requirements) that would otherwise be in danger of demolition, substantial alteration or relocation. A Historic Structure Report prepared for the property is attached; and
3. Granting the exemption will not cause the cumulative loss of property tax revenue to the City to exceed $1,000,000 annually.

NAMES:

TAX ASSESSED VALUE:

PROPERTY ADDRESS:

By signing below, I/we acknowledge that I/we am/are the owner(s) of the structure referenced above and by applying for exemption from the limitations certify, under the penalty of perjury, that the information attached and provided is accurate.

Owner Signature: ______________________ Date: __________

Owner Signature: ______________________ Date: __________

Owner Signature: ______________________ Date: __________

Planning Department Staff Evaluation

THIS SECTION TO BE COMPLETED EXCLUSIVELY BY PLANNING DEPARTMENT STAFF.

Cumulative loss of more than $1,000,000? YES ☐ NO ☐

Exceptional Structure? YES ☐ NO ☐ Percent above limit: ______

Specific threat to resource? YES ☐ NO ☐ No. of criteria satisfied: ______

Complete HSR submitted? YES ☐ NO ☐ Planner's Initial: ______

5. Rehabilitation/Restoration/Maintenance Plan

Use this form to outline your rehabilitation, restoration, and maintenance plan. Copy this page as necessary to include all items that apply to your property. Begin by listing recently completed work (if applicable) and continue with work you propose to complete within the next ten years arranging in order of priority.

Please note that *all applicable Codes and Guidelines apply to all work*, including the Planning Code and Building Code. If components of the proposed Plan requires approvals by the Historic Preservation Commission, Planning Commission, Zoning Administrator, or any other government body, these *approvals must be secured prior to applying for a Mills Act Historical Property Contract.*

Rehabilitation/Restoration/Maintenance Scope

PROPERTY ADDRESS:

BUILDING FEATURE:

Rehab/Restoration ☐ Maintenance ☐ Completed ☐ Proposed ☐

CONTRACT YEAR WORK COMPLETION:

TOTAL COST (rounded to nearest dollar):

DESCRIPTION OF WORK:

BUILDING FEATURE:

Rehab/Restoration ☐ Maintenance ☐ Completed ☐ Proposed ☐

CONTRACT YEAR WORK COMPLETION:

TOTAL COST (rounded to nearest dollar):

DESCRIPTION OF WORK:

6. Notary Acknowledgment Form

The notarized signature of the majority representative owner or owners, as established by deed or contract, of the subject property or properties is required for the filing of this application. (Additional sheets may be attached.)

State of California

County of: ______________________________

On: ______________ before me, ______________________________,
DATE INSERT NAME OF THE OFFICER

NOTARY PUBLIC personally appeared: ______________________________,
NAME(S) OF SIGNER(S)

who proved to me on the basis of satisfactory evidence to be the person(s) who name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

____
SIGNATURE

(PLACE NOTARY SEAL ABOVE)

7. Historical Property Tax Adjustment Worksheet Calculation

The following is an example showing the possible tax benefits to the historical property owner of an owner-occupied single-family dwelling. This form is a guideline only. Your reduced property tax under a Mills Act contract is not guaranteed to match this calculation.

Determine Annual Income and Annual Operating Expenses

An $800 monthly income less $100 monthly expenses for maintenance, repairs, insurance, utilities yields a net monthly income of $700. Multiply the net monthly income by 12 months for an annual net income of $8,400. (Mortgage payments and property taxes are not considered expenses.)

EXAMPLE:

Single-family Dwelling
Current Assessed Value = $100,000
Estimated Monthly Rent = $800

Determine Capitalization Rate

Add the following together to determine the Capitalization Rate:

- The Interest Component is determined by the Federal Housing Finance Board and is based on conventional mortgages. While this component will vary from year to year, the State Board of Equalization has set this at 6.50% for 2009.
- The Historical Property Risk Component of 4% (as prescribed in Sec. 439.2 of the State Revenue and Tax Code) applies to owner-occupied single-family dwellings. A 2% risk component applies to all other properties.
- The Property Tax Component (Post-Prop. 13) of .01 times the assessment ratio of 100% (1%).
- The Amortization Component is a percentage equal to the reciprocal of the remaining life of the structure and is set at the discretion of the County Assessor for each individual property. In this example the remaining life of a wood frame building is typically 20 years. The amortization component is calculated thus: 100% x 1/20 = 5%. Use 5% for your calculation.

To arrive at the Capitalization Rate add the components as such:

Interest Component	6.5%
Historical Property Risk Component	4.0%
Property Tax Component	1.0%
Amortization Component	5.0%
CAPITALIZATION RATE	16.5%

Calculate New Assessed Value and Estimated Tax Reduction

The new assessed value is determined by dividing the annual net income ($8,400) by the capitalization rate .1650 (16.50%) to arrive at the new assessed value of $50,909.

Lastly, determine the amount of taxes to be paid by taking .01 (1%) of the assessed value $50,909. Compare this with the current property tax rate for land and improvements only (be sure not to include voter indebtedness, direct assessments, tax rate areas and special districts items on your tax bill).

In this example, the annual property taxes have been reduced by $491 ($1,000 - $509), an approximately 50% property tax reduction.

Current general levy property tax:

Original Assessed Valuation	$100,000
Tax Rate	1%
CURRENT PROPERTY TAXES	$1,000

Mills Act property tax:

New Assessed Value	$50,909
Tax Rate	1%
MILLS ACT PROPERTY TAXES	$509

Application for
Mills Act Historical Property Contract

CASE NUMBER:

Historical Property Tax Adjustment Worksheet Guide

PROPERTY ADDRESS:

STEP 1: Determine Annual Income of Property

ANNUAL PROPERTY INCOME	CURRENT	EXPLANATION
1. Monthly Rental Income	$	For owner-occupied properties estimate a monthly rental income. Include all potential sources of income (filming, advertising, photo shoots, billboard rentals, etc.)
2. Annual Rental Income	$	Multiply Line 1 by 12

STEP 2: Calculate Annual Operating Expenses

ANNUAL OPERATING EXPENSES	CURRENT	EXPLANATION
3. Insurance	$	Fire, Liability, etc.
4. Utilities	$	Water, Gas, Electric, etc
5. Maintenance*	$	Maintenance includes: Painting, plumbing, electrical, gardening, cleaning, mechanical, heating repairs, and structural repairs
6. Management*	$	
7. Other Operating Expenses	$	Security, services, etc. Provide breakdown on separate sheet
8. Total Expenses†	$	Add Lines 3 through 7

* If calculating for commercial property, provide the following back-up documentation where applicable:
  - Rent Roll (include rent for on-site manager's unit as income if applicable)
  - Maintenance Records (provide detailed break-down; all costs should be recurring annually)
  - Management Expenses (include expense of on-site manager's unit and 5% off-site management fee, and describe other management costs. Provide breakdown on separate sheet.)

† Annual operating expenses do not include mortgage payments, property taxes, depletion charges, corporate income taxes or interest on funds invested in the property.

STEP 3: Determine Annual Net Income

NET OPERATING INCOME	CURRENT	EXPLANATION
9. Net Operating Income	$	Line 2 minus Line 8

STEP 4: Determine Capitalization Rate

CAPITALIZATION RATE	CURRENT	EXPLANATION
10. Interest Component	6.50%	As determined by the State Board of Equalization for 2009/2010
11. Historic Property Risk Component		Single-family home = 4% All other property = 2%
12. Property Tax Component	1%	.01 times the assessment ratio of 100%
13. Amortization Component (Reciprocal of life of property)		If the life of the improvements is 20 years Use 100% x 1/20 = 5%
14. Capitalization Rate		Add Lines 10 through 13

STEP 5: Calculate New Assessed Value

NEW ASSESSED VALUE	CURRENT	EXPLANATION
15. Mills Act Assessed Value	$	Line 9 divided by Line 14

STEP 6: Determine Estimated Tax Reduction

NEW TAX ASSESSMENT	CURRENT	EXPLANATION
16. Current Tax (Exclude voter indebtedness, direct assessments, tax rate areas and special districts)	$	General tax levy only --do not include voted indebtedness or other direct assessments
17. Tax under Mills Act	$	Line 15 x .01
18. Estimated Tax Reduction	$	Line 16 minus Line 17

Application Checklist to be Submitted with all Materials

Utilize this list to ensure a complete application package is submitted.

1. **Historical Property Contract Application** YES ☐ NO ☐
   Have all owners signed and dated the application?

2. **Priority Consideration Criteria Worksheet** YES ☐ NO ☐
   Have three priorities been checked and adequately justified?

3. **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

4. **Notary Acknowledgement Form** YES ☐ NO ☐
   Is the Acknowledgement Form complete?
   Do the signatures match the names and capacities of signers?

5. **Rehabilitation/Restoration/Maintenance Plan** YES ☐ NO ☐
   Use this form to identify the Rehabilitation, Restoration and Maintenance scopes of work that are needed by the property.
   Identify the contract year in which each item is to be completed (e.g. Year 1, Year 2). All work should be completed by Year 10. To qualify for allowable work under the Contract, only work completed within the last year should be identified as Completed.

6. **Historical Property Tax Adjustment Worksheet** YES ☐ NO ☐
   Did you provide back-up documentation (*for commercial property only*)?

7. **Photographic Documentation** YES ☐ NO ☐
   Have you provided both interior and exterior images?
   Are the images properly labeled?

8. **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?

9. **Tax Bill** YES ☐ NO ☐
   Did you include a copy of your most recent tax bill?

10. **Payment** YES ☐ NO ☐
   Did you include a check payable to the San Francisco Planning Department?

SAN FRANCISCO PLANNING DEPARTMENT

FOR MORE INFORMATION:
Call or visit the San Francisco Planning Department

Central Reception
1650 Mission Street, Suite 400
San Francisco CA 94103-2479

TEL: **415.558.6378**
FAX: **415 558-6409**
WEB: **http://www.sfplanning.org**

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San Francisco CA 94103-2479

TEL: **415.558.6377**
Planning staff are available by phone and at the PIC counter.
No appointment is necessary.