



SAN FRANCISCO PLANNING DEPARTMENT

Mills Act Contracts Case Report

Hearing Date: October 7, 2015

- a.** *Filing Date:* May 1, 2015
Case No.: 2015-006442MLS
Project Address: **722 Steiner Street**
Landmark District: Alamo Square Landmark District
Zoning: RH-2 (Residential-House, Two Family)
40-X Height and Bulk District
Block/Lot: 0803/023
Applicant: The Trust of Come Lague and Charlene Li
722 Steiner Street
San Francisco, CA 94117
- b.** *Filing Date:* May 1, 2015
Case No.: 2015-006448MLS
Project Address: **761 Post Street**
Landmark District: Lower Nob Hill Apartment Hotel National Register Historic District
Zoning: RC-4 (Residential-Commercial, High Density)
80-T-130-T Height and Bulk District
Block/Lot: 0304/015
Applicant: RLJC San Francisco LP
3 Bethesda Metro Center, #1000
Bethesda, MB 20814
- c.** *Filing Date:* May 1, 2015
Case No.: 2015-006450MLS
Project Address: **807 Montgomery Street**
Landmark District: Jackson Square Landmark District
Zoning: C-2 (Community Business)
65-A Height and Bulk District
Block/Lot: 0176/006
Applicant: 807 Montgomery LLC
17351 W. Sunset Blvd. #1A
Pacific Palisades, CA 90272

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

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PROPERTY DESCRIPTIONS

- a. 722 Steiner Street:** The subject property is located on the east side of Steiner Street between Grove and Hayes streets. Assessor's Block 0803, Lot 023. The subject property is within a RH-2 (Residential-House, Two Family) Zoning District and a 40-X Height and Bulk District. The

property was designated under Article 10 of the Planning Code as a contributor to the Alamo Square Landmark District. It is a two-and-a-half-story-over-raised-basement, wood frame, single-family dwelling designed in the Queen Anne style and constructed in 1892 by master builder Matthew Kavanagh.

- b. **761 Post Street:** The subject property is located on the south side of Post Street between Leavenworth and Jones streets. Assessor's Block 0304, Lot 015. The subject property is within a RC-4 (Residential-Commercial, High Density) Zoning District and an 80-T-130-T Height and Bulk District. The property is a contributor to the Lower Nob Hill Apartment Hotel National Register Historic District. It is an 18-story plus basement, reinforced concrete, hotel/SRO building designed by architectural firm Weeks & Day in the Art Deco style and constructed in 1930.
- c. **807 Montgomery Street:** The subject property is located on the west side of Montgomery Street between Jackson Street and Pacific Avenue. Assessor's Block 0176, Lot 006. The subject property is located within a RC-4 (Residential-Commercial, High Density) Zoning District and a C-2 (Community Business) Zoning District, and a 65-A Height and Bulk District. The property was designated under Article 10 of the Planning Code as a contributor to the Jackson Square Landmark District. It is a two-story-over-basement, wood frame, brick clad, commercial building built in 1909 by J.A. Butler and owned by the Bothin Real Estate Company and was originally used as a smoke house and for meat packing.

PROJECT DESCRIPTION

This project is a Mills Act Historical Property Contract application.

MILLS ACT REVIEW PROCESS

Once a Mills Act application is received, the matter is referred to the Historic Preservation Commission (HPC) for review. The HPC shall conduct a public hearing on the Mills Act application, historical property contract, and proposed rehabilitation and maintenance plan, and make a recommendation for approval or disapproval to the Board of Supervisors.

The Board of Supervisors will hold a public hearing to review and approve or disapprove the Mills Act application and contract. The Board of Supervisors shall conduct a public hearing to review the Historic Preservation Commission recommendation, 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 the subject property.

The Board of Supervisors shall have full discretion to determine whether it is in the public interest to enter into a Mills Act contract and may approve, disapprove, or modify and approve the terms of the contract. Upon approval, the Board of Supervisors shall authorize the Director of Planning and the Assessor-Recorder's Office to execute the historical property contract.

MILLS ACT REVIEW PROCEDURES

The Historic Preservation Commission is requested to review and make recommendations on the following:

- The draft Mills Act Historical Property Contract between the property owner and the City and County of San Francisco.
- The proposed rehabilitation and maintenance plan.

The Historic Preservation Commission may also comment in making a determination as to whether the public benefit gained through restoration, continued maintenance and preservation of the property is sufficient to outweigh the subsequent loss of property taxes to the City.

APPLICABLE PRESERVATION STANDARDS

Ordinance No. 191-96 amended the San Francisco Administrative Code by adding Chapter 71 to implement the California Mills Act, California Government Code Sections 50280 *et seq.* The Mills Act authorizes local governments to enter into contracts with private property owners who will rehabilitate, restore, preserve, and maintain a “qualified historical property.” In return, the property owner enjoys a reduction in property taxes for a given period. The property tax reductions must be made 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.

TERM

Mills Act contracts must be made for a minimum term of ten years. The ten-year period is automatically renewed by one year annually to create a rolling ten-year term. One year is added automatically to the initial term of the contract on the anniversary date of the contract, unless notice of nonrenewal is given or the contract is terminated. If the City issues a notice of nonrenewal, then one year will no longer be added to the term of the contract on its anniversary date and the contract will only remain in effect for the remainder of its term. The City must monitor the provisions of the contract until its expiration and may terminate the Mills Act contract at any time if it determines that the owner is not complying with the terms of the contract or the legislation. Termination due to default immediately ends the contract term. Mills Act contracts remain in force when a property is sold.

ELIGIBILITY

San Francisco Administrative Code Chapter 71, Section 71.2, defines a “qualified historic property” as one 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 a landmark 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.

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. The tax assessment limits are listed below:

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.

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;

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

PUBLIC/NEIGHBORHOOD INPUT

The Department has not received any public comment regarding the Mills Act Historical Property Contract.

STAFF ANALYSIS

The Department received five Mills Act applications by the May 1, 2015 filing date. One application, 827 Fillmore Street (Block/Lot: 0798/005), was withdrawn by the applicant on September 10, 2015. The application for 149 9th Street (Block/Lot: 3728/048) was reviewed by Department Staff for completeness, comments were provided to the applicant, and Department Staff conducted a pre-approval inspection. On May 11, 2015 the property received a change in designation from Category V (Unrated) to Category III (Contributory) under Article 11 of the Planning Code, with the ordinance allowing for submittal of a final application by August 15, 2015. The Project Sponsor, however, decided not to move forward with the Mills Act this year. Although 761 Post Street (Block/Lot: 0304/015) did not see a first year reduction, the Project Sponsor will proceed with the Mills Act Contract.

The Project Sponsor, Planning Department Staff, and the Office of the City Attorney have negotiated the remaining three attached draft historical property contracts, which include a draft rehabilitation and maintenance plan for the historic building. Department staff believes the draft historical property contracts and plans are adequate.

- a. **722 Steiner Street:** As detailed in the Mills Act application, the Project Sponsor proposes to rehabilitate and maintain the historic property. Staff determined that the proposed work, detailed in the attached exhibits, is consistent with the Secretary of Interior's Standards for Preservation and Rehabilitation.

The subject property is currently valued by the Assessor's Office as over \$3,000,000 (see attached Market Analysis and Income Approach reports). The subject property qualifies for an exemption as it is a contributor to the Alamo Square Historic District under Article 10 of the Planning Code. A Historic Structure Report was required in order to demonstrate that granting the exemption would assist in the preservation of a property that might otherwise be in danger of demolition or substantial alterations. (See attached, 722 Steiner Street, Exhibit E)

The applicant has already completed substantial rehabilitation efforts, including seismic upgrades with steel moment frame, shear walls in various locations, and reframing. The proposed Rehabilitation Plan involves the following scopes of work: removal of an unpermitted deck and in-kind repair of siding; repair to downspout; repair to roof at turret; repair to rear retaining wall, stairs and handrail at north side of property; repair to dry rot on front door; repaint wood trim and siding; and replace asphalt/composition shingles. The proposed Maintenance Plan includes: annual inspection of windows, exterior doors, wood siding and trim, downspouts and roof with in-kind repair of any deteriorated elements as necessary. Any needed repairs will avoid altering, removing or obscuring character-defining features of the building.

No changes to the use of the property are proposed. Please refer to the attached Rehabilitation and Maintenance Plan for a full description of the proposed work. The attached draft historical property contract will help the Project Sponsor mitigate these expenditures and will induce the Project Sponsor to maintain the property in excellent condition in the future.

- b. **761 Post Street:** As detailed in the Mills Act application, the Project Sponsor proposes to rehabilitate and maintain the historic property. Staff determined that the proposed work, detailed in the attached exhibits, is consistent with the Secretary of Interior's Standards for Rehabilitation, Preservation and Restoration.

The subject property is currently valued by the Assessor's Office as over \$5,000,000 (see attached Market Analysis and Income Approach reports). The subject property qualifies for an exemption as it is a contributor to the Tenderloin Apartment Hotel National Register District. A Historic Structure Report was required in order to demonstrate that granting the exemption would assist in the preservation of a property that might otherwise be in danger of demolition or substantial alterations. (See attached, 761 Post Street, Exhibit E)

The applicant has already completed substantial rehabilitation efforts, including construction of new shear walls, roof replacement, and concrete repair and restoration of the Post Street façade. The applicants have developed a thorough Rehabilitation and Maintenance Plan that involves the following scopes of work: concrete repair and restoration at remaining non-street facing elevations, wood window rehabilitation at the façade, in-kind replacement of aluminum windows on non-street facing elevations, and rehabilitation of steel casement windows at ground floor and fire stairs. The proposed Maintenance Plan includes: inspection of all windows annually, inspection of façade and roof every five years, and repainting of the façade every ten years. Any needed repairs will be made in kind and will avoid altering, removing or obscuring character-defining features of the building.

No changes to the use of the property are proposed. Please refer to the attached Rehabilitation and Maintenance Plan for a full description of the proposed work. The attached draft historical property contract will help the Project Sponsor mitigate these expenditures and will induce the Project Sponsor to maintain the property in excellent condition in the future.

c. **807 Montgomery Street:**

As detailed in the Mills Act application, the Project Sponsor proposes to rehabilitate and maintain the historic property. Staff determined that the proposed work, detailed in the attached exhibits, is consistent with the Secretary of Interior's Standards for Preservation and Rehabilitation. At the time of the application filing date, the property was valued under \$5,000,000 and did not require a Historic Structure Report.

The applicants have developed a thorough Rehabilitation and Maintenance Plan that involves the following scopes of work: consult a structural engineer for evaluation of structural steel beams and cracking and bulging of structural brick and perform repairs which may include repointing and resetting bricks with compatible mortar; repointing with compatible mortar where loose, unsound, cracked or missing; replace any missing bricks with visually similar bricks; remove any biological growth and/or efflorescence using gentlest possible means; repair in kind cracked cement plaster/parge at window sills and façade ends and paint; repair existing wood windows and door at façade and metal windows at rear elevation as necessary; and repair skylight housing; repair parapet bracing; repair downspouts and scuppers; and replace roof and flashing; repair sidewalk to eliminate moisture infiltration in basement. The proposed Maintenance Plan involves a cycle of periodic inspections and includes: inspect brick masonry walls for signs of deterioration, cracking, efflorescence and moisture and repair as needed; inspect and repair and paint as necessary cement plaster/parge at windows and façade ends; seal and paint wood windows and door and seal metal windows; clean scuppers and inspect downspouts; inspect and repair as necessary roof membrane, flashing, and skylight housing; and inspect sidewalk for deterioration and repair. Any needed repairs will avoid altering, removing or obscuring character-defining features of the building.

No changes to the use of the property are proposed. Please refer to the attached Rehabilitation and Maintenance Plan for a full description of the proposed work. The attached draft historical property contract will help the Project Sponsor mitigate these expenditures and will induce the Project Sponsor to maintain the property in excellent condition in the future.

PLANNING DEPARTMENT RECOMMENDATION

Based on information received from the Assessor-Recorder, 722 Steiner Street will receive an estimated 52% first year reduction and 807 Montgomery Street will receive an estimated 25% first year reduction as a result of the Mills Act Contract. 761 Post Street will not receive a first year reduction.

The Planning Department recommends that the Historic Preservation Commission adopt a resolution recommending approval of these Mills Act Historical Property Contracts and Rehabilitation and Maintenance Plans to the Board of Supervisors.

ISSUES AND OTHER CONSIDERATIONS

Mills Act Contract property owners are required to submit an annual affidavit demonstrating compliance with Rehabilitation and Maintenance Plans.

HISTORIC PRESERVATION COMMISSION ACTIONS

Review and adopt a resolution for each property:

1. Recommending to the Board of Supervisors the approval of the proposed Mills Act Historical Property Contract between the property owner(s) and the City and County of San Francisco;
2. Approving the proposed Mills Act Rehabilitation and Maintenance Plan for each property.

Attachments:

a. 722 Steiner Street

Draft Resolution

Exhibit A: Draft Mills Act Historical Property Contract

Exhibit B: Draft Rehabilitation & Maintenance Plan

Exhibit C: Draft Mills Act Valuation provided by the Assessor-Recorder's Office

Exhibit D: Mills Act Application

Exhibit E: Historic Structure Report

b. 761 Post Street

Draft Resolution

Exhibit A: Draft Mills Act Historical Property Contract

Exhibit B: Draft Rehabilitation & Maintenance Plan

Exhibit C: Draft Mills Act Valuation provided by the Assessor-Recorder's Office

Exhibit D: Mills Act Application

Exhibit E: Historic Structure Report

c. 807 Montgomery Street

Draft Resolution

Exhibit A: Draft Mills Act Historical Property Contract

Exhibit B: Draft Rehabilitation & Maintenance Plan

Exhibit C: Draft Mills Act Valuation provided by the Assessor-Recorder's Office

Mill Act Applications
October 7, 2015

2015-006450MLS; 2015-006448MLS; 2015-006450MLS
722 Steiner Street; 761 Post Street; 807 Montgomery Street

Exhibit D: Mills Act Application

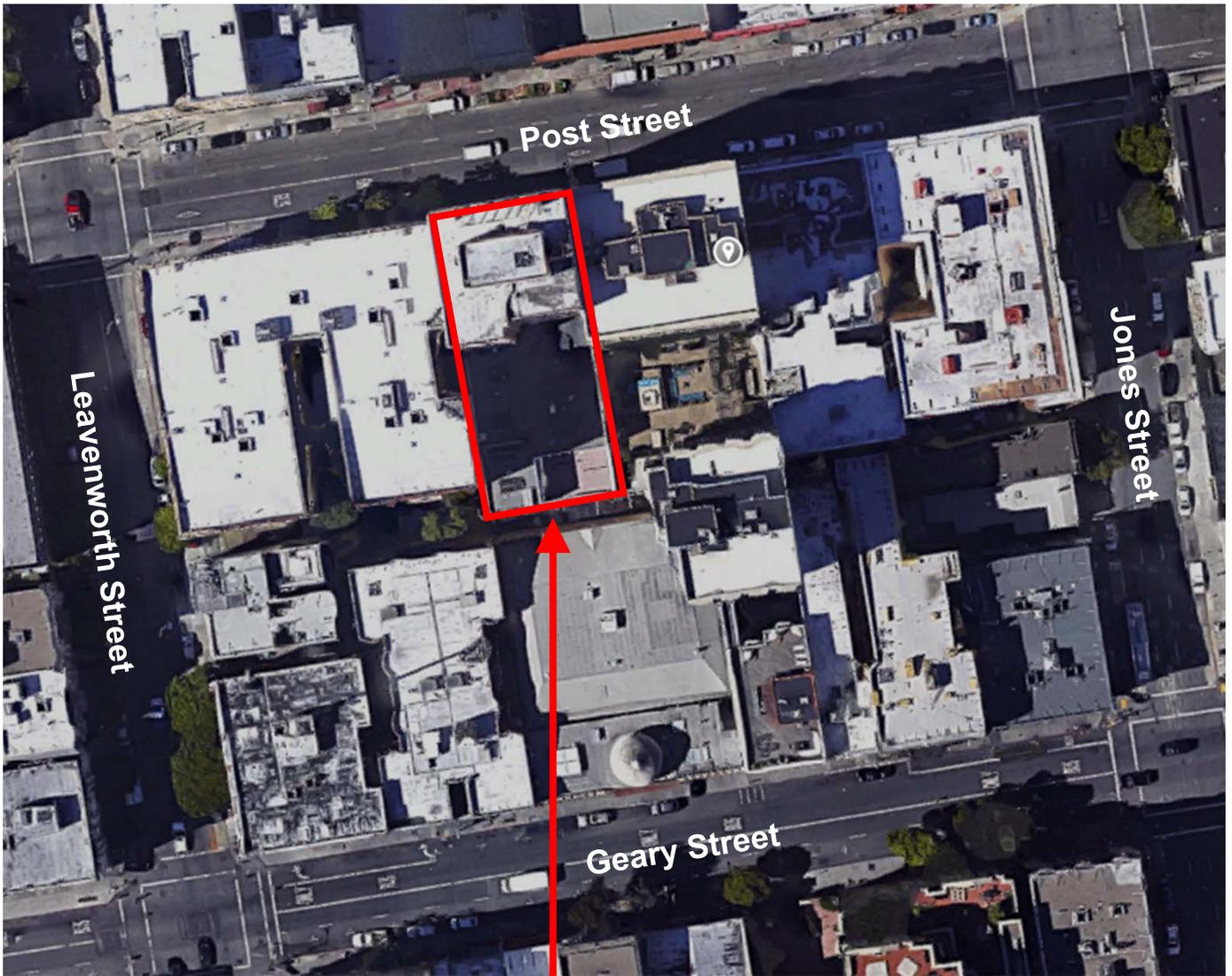
761 POST STREET

Site Photo



Mills Act Historical Property Contract
Case Number 2015-006430MLS
722 Steiner Street

Aerial Photo



SUBJECT PROPERTY



Mills Act Historical Property Contract
Case Number 2015-006430MLS
722 Steiner Street

EXHIBIT A:
DRAFT MILLS ACT HISTORICAL PROPERTY
CONTRACT

Recording Requested by, and
when recorded, send notice to:
Director of Planning
1650 Mission Street
San Francisco, California 94103-2414

**CALIFORNIA MILLS ACT
HISTORIC PROPERTY AGREEMENT
761 Post Street
SAN FRANCISCO, CALIFORNIA**

THIS AGREEMENT is entered into by and between the City and County of San Francisco, a California municipal corporation (“City”) and RLJC San Francisco LP (“Owner(s)”).

RECITALS

Owners are the owners of the property located at 761 Post Street, in San Francisco, California (Block 0304, Lot 015). The building located at 761 Post Street is designated as a contributor to the Lower Nob Hill Apartment Hotel National Register Historic District and is also known as the “Maurice Hotel” (“Historic Property”).

Owners desire to execute a rehabilitation and ongoing maintenance project for the Historic Property. Owners' application calls for the rehabilitation and restoration of the Historic Property according to established preservation standards, which it estimates will cost approximately Two Million Four Hundred Twenty Three Thousand and Thirty Six Dollars (\$2,423,036). (See Rehabilitation Plan, Exhibit A.) Owners' application calls for the maintenance of the Historic Property according to established preservation standards, which is estimated will cost approximately Fifty Thousand Dollar (\$ 50,000s) annually (See Maintenance Plan, Exhibit B).

The State of California has adopted the “Mills Act” (California Government Code Sections 50280-50290, and California Revenue & Taxation Code, Article 1.9 [Section 439 et seq.]) authorizing local governments to enter into agreements with property Owners to reduce their property taxes, or to prevent increases in their property taxes, in return for improvement to and maintenance of historic properties. The City has adopted enabling legislation, San Francisco Administrative Code Chapter 71, authorizing it to participate in the Mills Act program.

Owners desire to enter into a Mills Act Agreement (also referred to as a "Historic Property Agreement") with the City to help mitigate its anticipated expenditures to restore and maintain the Historic Property. The City is willing to enter into such Agreement to mitigate these expenditures and to induce Owners to restore and maintain the Historic Property in excellent condition in the future.

NOW, THEREFORE, in consideration of the mutual obligations, covenants, and conditions contained herein, the parties hereto do agree as follows:

1. Application of Mills Act. The benefits, privileges, restrictions and obligations provided for in the Mills Act shall be applied to the Historic Property during the time that this Agreement is in effect commencing from the date of recordation of this Agreement.

2. Rehabilitation of the Historic Property. Owners shall undertake and complete the work set forth in Exhibit A ("Rehabilitation Plan") attached hereto according to certain standards and requirements. Such standards and requirements shall include, but not be limited to: the Secretary of the Interior's Standards for the Treatment of Historic Properties ("Secretary's Standards"); the rules and regulations of the Office of Historic Preservation of the California Department of Parks and Recreation ("OHP Rules and Regulations"); the State Historical Building Code as determined applicable by the City; all applicable building safety standards; and the requirements of the Historic Preservation Commission, the Planning Commission, and the Board of Supervisors, including but not limited to any Certificates of Appropriateness approved under Planning Code Article 10. The Owners shall proceed diligently in applying for any necessary permits for the work and shall apply for such permits not less than six (6) months after recordation of this Agreement, shall commence the work within six (6) months of receipt of necessary permits, and shall complete the work within three (3) years from the date of receipt of permits. Upon written request by the Owners, the Zoning Administrator, at his or her discretion, may grant an extension of the time periods set forth in this paragraph. Owners may apply for an extension by a letter to the Zoning Administrator, and the Zoning Administrator may grant the extension by letter without a hearing. Work shall be deemed complete when the Director of Planning determines that the Historic Property has been rehabilitated in accordance with the standards set forth in this Paragraph. Failure to timely complete the work shall result in cancellation of this Agreement as set forth in Paragraphs 13 and 14 herein.

3. Maintenance. Owners shall maintain the Historic Property during the time this Agreement is in effect in accordance with the standards for maintenance set forth in Exhibit B ("Maintenance Plan"), the Secretary's Standards; the OHP Rules and Regulations; the State Historical Building Code as determined applicable by the City; all applicable building safety standards; and the requirements of the Historic Preservation Commission, the Planning Commission, and the Board of Supervisors, including but not limited to any Certificates of Appropriateness approved under Planning Code Article 10.

4. Damage. Should the Historic Property incur damage from any cause whatsoever, which damages fifty percent (50%) or less of the Historic Property, Owners shall replace and repair the damaged area(s) of the Historic Property. For repairs that do not require a permit, Owners shall commence the repair work within thirty (30) days of incurring the damage and shall diligently prosecute the repair to completion within a reasonable period of time, as determined by the City. Where specialized services are required due to the nature of the work and the historic character of the features damaged, "commence the repair work" within the meaning of this paragraph may include contracting for repair services. For repairs that require a permit(s), Owners shall proceed diligently in applying for any necessary permits for the work and shall apply for such permits not less than sixty (60) days after the damage has been incurred, commence the repair work within one hundred twenty (120) days of receipt of the required permit(s), and shall diligently prosecute the repair to completion within a reasonable period of time, as determined by the City. Upon written request by the Owners, the Zoning Administrator, at his or her discretion, may grant an extension of the time periods set forth in this paragraph. Owners may apply for an extension by a letter to the Zoning Administrator, and the Zoning Administrator may grant the extension by letter without a hearing. All repair work shall comply with the design and standards established for the Historic Property in Exhibits A and B attached hereto and Paragraph 3 herein. In the case of damage to twenty percent (20%) or more of the Historic Property due to a catastrophic event, such as an earthquake, or in the case of damage from any cause whatsoever that destroys more than fifty percent (50%) of the Historic Property, the City and Owners may mutually agree to terminate this Agreement. Upon such termination, Owners shall not be obligated to pay the cancellation fee set forth in Paragraph 14 of this Agreement. Upon such termination, the City shall assess the full value of the Historic Property without regard to any restriction imposed upon the Historic Property by this Agreement and Owners shall pay property taxes to the City based upon the valuation of the Historic Property as of the date of termination.

5. Insurance. Owners shall secure adequate property insurance to meet Owners' repair and replacement obligations under this Agreement and shall submit evidence of such insurance to the City upon request.
6. Inspections. Owners shall permit periodic examination of the exterior and interior of the Historic Property by representatives of the Historic Preservation Commission, the City's Assessor, 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, upon seventy-two (72) hours advance notice, to monitor Owners' compliance with the terms of this Agreement. Owners shall provide all reasonable information and documentation about the Historic Property demonstrating compliance with this Agreement as requested by any of the above-referenced representatives.
7. Term. This Agreement shall be effective upon the date of its recordation and shall be in effect for a term of ten years from such date ("Initial Term"). As provided in Government Code section 50282, one year shall be added automatically to the Initial Term, on each anniversary date of this Agreement, unless notice of nonrenewal is given as set forth in Paragraph 10 herein.
8. Valuation. Pursuant to Section 439.4 of the California Revenue and Taxation Code, as amended from time to time, this Agreement must have been signed, accepted and recorded on or before the lien date (January 1) for a fiscal year (the following July 1-June 30) for the Historic Property to be valued under the taxation provisions of the Mills Act for that fiscal year.
9. Termination. In the event Owners terminates this Agreement during the Initial Term, Owners shall pay the Cancellation Fee as set forth in Paragraph 15 herein. In addition, the City Assessor shall determine the fair market value of the Historic Property without regard to any restriction imposed on the Historic Property by this Agreement and shall reassess the property taxes payable for the fair market value of the Historic Property as of the date of Termination without regard to any restrictions imposed on the Historic Property by this Agreement. Such reassessment of the property taxes for the Historic Property shall be effective and payable six (6) months from the date of Termination.
10. Notice of Nonrenewal. If in any year after the Initial Term of this Agreement has expired either the Owners or the City desires not to renew this Agreement that party shall serve written notice on the other party in advance of the annual renewal date. Unless the Owners serves written notice to the City at least ninety (90) days prior to the date of renewal or the City serves written notice to the Owners sixty (60) days prior to the date of renewal, one year shall be automatically added to the term of the Agreement. The Board of Supervisors shall make the City's determination that this Agreement shall not be renewed and shall send a notice of nonrenewal to the Owners. Upon receipt by the Owners of a notice of nonrenewal from the City, Owners may make a written protest. At any time prior to the renewal date, City may withdraw its notice of nonrenewal. If in any year after the expiration of the Initial Term of the Agreement, either party serves notice of nonrenewal of this Agreement, this Agreement shall remain in effect for the balance of the period remaining since the execution of the last renewal of the Agreement.
11. Payment of Fees. Within one month of the execution of this Agreement, City shall tender to Owners a written accounting of its reasonable costs related to the preparation and approval of the Agreement as provided for in Government Code Section 50281.1 and San Francisco Administrative Code Section 71.6. Owners shall promptly pay the requested amount within forty-five (45) days of receipt.
12. Default. An event of default under this Agreement may be any one of the following:

- (a) Owners' failure to timely complete the rehabilitation work set forth in Exhibit A in accordance with the standards set forth in Paragraph 2 herein;
- (b) Owners' failure to maintain the Historic Property in accordance with the requirements of Paragraph 3 herein;
- (c) Owners' failure to repair any damage to the Historic Property in a timely manner as provided in Paragraph 4 herein;
- (d) Owners' failure to allow any inspections as provided in Paragraph 6 herein;
- (e) Owners' termination of this Agreement during the Initial Term;
- (f) Owners' failure to pay any fees requested by the City as provided in Paragraph 11 herein;
- (g) Owners' failure to maintain adequate insurance for the replacement cost of the Historic Property; or
- (h) Owners' failure to comply with any other provision of this Agreement.

An event of default shall result in cancellation of this Agreement as set forth in Paragraphs 13 and 14 herein and payment of the cancellation fee and all property taxes due upon the Assessor's determination of the full value of the Historic Property as set forth in Paragraph 14 herein. In order to determine whether an event of default has occurred, the Board of Supervisors shall conduct a public hearing as set forth in Paragraph 13 herein prior to cancellation of this Agreement.

13. Cancellation. As provided for in Government Code Section 50284, City may initiate proceedings to cancel this Agreement if it makes a reasonable determination that Owners have breached any condition or covenant contained in this Agreement, has defaulted as provided in Paragraph 12 herein, or has allowed the Historic Property to deteriorate such that the safety and integrity of the Historic Property is threatened or it would no longer meet the standards for a Qualified Historic Property. In order to cancel this Agreement, City shall provide notice to the Owners and to the public and conduct a public hearing before the Board of Supervisors as provided for in Government Code Section 50285. The Board of Supervisors shall determine whether this Agreement should be cancelled.

14. Cancellation Fee. If the City cancels this Agreement as set forth in Paragraph 13 above, Owners shall pay a cancellation fee of twelve and one-half percent (12.5%) of the fair market value of the Historic Property at the time of cancellation. The City Assessor shall determine fair market value of the Historic Property without regard to any restriction imposed on the Historic Property by this Agreement. The cancellation fee shall be paid to the City Tax Collector at such time and in such manner as the City shall prescribe. As of the date of cancellation, the Owners shall pay property taxes to the City without regard to any restriction imposed on the Historic Property by this Agreement and based upon the Assessor's determination of the fair market value of the Historic Property as of the date of cancellation.

15. Enforcement of Agreement. In lieu of the above provision to cancel the Agreement, the City may bring an action to specifically enforce or to enjoin any breach of any condition or covenant of this Agreement. Should the City determine that the Owners has breached this Agreement, the City shall give the Owners written notice by registered or certified mail setting forth the grounds for the breach. If the Owners do not correct the breach, or if it does not undertake and diligently pursue corrective action, to the reasonable satisfaction of the City within thirty (30) days from the date of receipt of the notice, then the City may, without further notice, initiate default procedures under this Agreement as set forth in Paragraph 13 and bring any action necessary to enforce the obligations of the Owners set forth in this Agreement. The City does not waive any claim of default by the Owners if it does not enforce or cancel this Agreement.

16. Indemnification. The Owners shall indemnify, defend, and hold harmless the City and all of its boards, commissions, departments, agencies, agents and employees (individually and collectively, the “City”) from and against any and all liabilities, losses, costs, claims, judgments, settlements, damages, liens, fines, penalties and expenses incurred in connection with or arising in whole or in part from: (a) any accident, injury to or death of a person, loss of or damage to property occurring in or about the Historic Property; (b) the use or occupancy of the Historic Property by the Owners, their Agents or Invitees; (c) the condition of the Historic Property; (d) any construction or other work undertaken by Owners on the Historic Property; or (e) any claims by unit or interval Owners for property tax reductions in excess those provided for under this Agreement. This indemnification shall include, without limitation, reasonable fees for attorneys, consultants, and experts and related costs that may be incurred by the City and all indemnified parties specified in this Paragraph and the City’s cost of investigating any claim. In addition to Owners' obligation to indemnify City, Owners specifically acknowledge and agree that they have an immediate and independent obligation to defend City from any claim that actually or potentially falls within this indemnification provision, even if the allegations are or may be groundless, false, or fraudulent, which obligation arises at the time such claim is tendered to Owners by City, and continues at all times thereafter. The Owners' obligations under this Paragraph shall survive termination of this Agreement.

17. Eminent Domain. In the event that a public agency acquires the Historic Property in whole or part by eminent domain or other similar action, this Agreement shall be cancelled and no cancellation fee imposed as provided by Government Code Section 50288.

18. Binding on Successors and Assigns. The covenants, benefits, restrictions, and obligations contained in this Agreement shall be deemed to run with the land and shall be binding upon and inure to the benefit of all successors and assigns in interest of the Owners.

19. Legal Fees. In the event that either the City or the Owners fail to perform any of their obligations under this Agreement or in the event a dispute arises concerning the meaning or interpretation of any provision of this Agreement, the prevailing party may recover all costs and expenses incurred in enforcing or establishing its rights hereunder, including reasonable attorneys’ fees, in addition to court costs and any other relief ordered by a court of competent jurisdiction. Reasonable attorneys fees of the City’s Office of the City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney.

20. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

21. Recordation. Within 20 days from the date of execution of this Agreement, the City shall cause this Agreement to be recorded with the Office of the Recorder of the City and County of San Francisco.

22. Amendments. This Agreement may be amended in whole or in part only by a written recorded instrument executed by the parties hereto in the same manner as this Agreement.

23. No Implied Waiver. No failure by the City to insist on the strict performance of any obligation of the Owners under this Agreement or to exercise any right, power, or remedy arising out of a breach hereof shall constitute a waiver of such breach or of the City’s right to demand strict compliance with any terms of this Agreement.

24. Authority. If the Owners sign as a corporation or a partnership, each of the persons executing this Agreement on behalf of the Owners does hereby covenant and warrant that such

entity is a duly authorized and existing entity, that such entity has and is qualified to do business in California, that the Owner has full right and authority to enter into this Agreement, and that each and all of the persons signing on behalf of the Owners are authorized to do so.

25. Severability. If any provision of this Agreement is determined to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each other provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

26. Tropical Hardwood Ban. The City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood or tropical hardwood product.

27. Charter Provisions. This Agreement is governed by and subject to the provisions of the Charter of the City.

28. Signatures. This Agreement may be signed and dated in parts

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as follows:

CITY AND COUNTY OF SAN FRANCISCO:

By: _____
Phil Ting
Assessor-Recorder

DATE: _____

By: _____
John Rahaim
Director of Planning

DATE: _____

APPROVED AS TO FORM:
DENNIS J. HERRERA
CITY ATTORNEY

By: _____
[NAME]
Deputy City Attorney

DATE: _____

OWNERS

By: _____
[NAME], Owner

DATE: _____

[IF MORE THAN ONE OWNER, ADD ADDITIONAL SIGNATURE LINES. ALL OWNERS MUST SIGN AGREEMENT.]

OWNER(S)' SIGNATURE(S) MUST BE NOTARIZED.
ATTACH PUBLIC NOTARY FORMS HERE.

1. Application of Mills Act.

The benefits, privileges, restrictions and obligations provided for in the Mills Act shall be applied to the Historic Property during the time that this Agreement is in effect commencing from the date of recordation of this Agreement.

2. Rehabilitation of the Historic Property.

Owners shall undertake and complete the work set forth in Exhibit A ("Rehabilitation Plan") attached hereto according to certain standards and requirements. Such standards and requirements shall include, but not be limited to: the Secretary of the Interior's Standards for the Treatment of Historic Properties ("Secretary's Standards"); the rules and regulations of the Office of Historic Preservation of the California Department of Parks and Recreation ("OHP Rules and Regulations"); the State Historical Building Code as determined applicable by the City; all applicable building safety standards; and the requirements of the Historic Preservation Commission, the Planning Commission, and the Board of Supervisors, including but not limited to any Certificates of Appropriateness approved under Planning Code Article 10. The Owners shall proceed diligently in applying for any necessary permits for the work and shall apply for such permits not less than six (6) months after recordation of this Agreement, shall commence the work within six (6) months of receipt of necessary permits, and shall complete the work within three (3) years from the date of receipt of permits. Upon written request by the Owners, the Zoning Administrator, at his or her discretion, may grant an extension of the time periods set forth in this paragraph. Owners may apply for an extension by a letter to the Zoning Administrator, and the Zoning Administrator may grant the extension by letter without a hearing. Work shall be deemed complete when the Director of Planning determines that the Historic Property has been rehabilitated in accordance with the standards set forth in this Paragraph. Failure to timely complete the work shall result in cancellation of this Agreement as set forth in Paragraphs 13 and 14 herein.

3. Maintenance.

Owners shall maintain the Historic Property during the time this Agreement is in effect in accordance with the standards for maintenance set forth in Exhibit B ("Maintenance Plan"), the Secretary's Standards; the OHP Rules and Regulations; the State Historical Building Code as determined applicable by the City; all applicable building safety standards; and the requirements of the Historic Preservation Commission, the Planning Commission, and the Board of Supervisors, including but not limited to any Certificates of Appropriateness approved under Planning Code Article 10.

4. Damage.

Should the Historic Property incur damage from any cause whatsoever, which damages fifty percent (50%) or less of the Historic Property, Owners shall replace and repair the damaged area(s) of the Historic Property. For repairs that do not require a permit, Owners shall commence the repair work within thirty (30) days of incurring the damage and shall diligently prosecute the repair to completion within a reasonable period of time, as determined by the City. Where specialized services are required due to the nature of the work and the historic character of the features damaged, "commence the repair work" within the meaning of this paragraph may include contracting for repair services. For repairs that require a permit(s), Owners shall proceed diligently in applying for any necessary permits for the work and shall apply for such permits not less than sixty (60) days after the damage has been incurred, commence the repair work within one hundred twenty (120) days of receipt of the required permit(s), and shall diligently prosecute the repair to completion within a reasonable period of time, as determined by the City. Upon written request by the Owners, the Zoning Administrator, at his or her discretion, may grant an extension of the time periods set forth in this paragraph. Owners may apply for an extension by a letter to the Zoning Administrator, and the Zoning Administrator may grant the extension by letter without a hearing. All repair work shall comply with the design and standards established for the Historic Property in Exhibits A and B attached hereto and Paragraph 3 herein. In the case of damage to twenty percent (20%) or more of the Historic Property due to a catastrophic event, such as an earthquake, or in the case of damage from any cause whatsoever that destroys more than fifty percent (50%) of the Historic Property, the City and Owners may mutually agree to terminate this Agreement. Upon such termination, Owners shall not be obligated to pay the cancellation fee set forth in Paragraph 14 of this Agreement. Upon such termination, the City shall assess the full value of the Historic Property without regard to any restriction imposed upon the Historic Property by this Agreement and Owners shall pay property taxes to the City based upon the valuation of the Historic Property as of the date of termination.

5. Insurance.

Owners shall secure adequate property insurance to meet Owners' repair and replacement obligations under this Agreement and shall submit evidence of such insurance to the City upon request.

EXHIBIT B:
DRAFT REHABILITATION AND MAINTENANCE PLAN

761 POST STREET, SAN FRANCISCO
Rehabilitation and Maintenance Plan

Item #1: Seismic Improvements
Rehabilitation: Completed
Contract Year Work Completion: 2014
Total Cost: \$1,199,755
Scope of Work:
<p>New shear walls were constructed from the building's foundation to the third floor. These newly constructed walls are visible at the basement level.</p> <p>At the face of the building, the historic plaster was removed and documented to facilitate construction of the new shear walls. After completion of the new walls, the plaster was restored where possible. At isolated locations where the plaster was too deteriorated to be returned to its original location, new plaster, utilizing molds of the original plaster, was installed.</p>

Item #2: Roofing Replacement
Rehabilitation: Completed
Contract Year Work Completion: 2015
Total Cost: \$600,000
Scope of Work:
<p>Removal of existing roofing systems at all roof levels down to the existing substrate, followed by the installation of ten (10) new roof drains and new overflow roof drains. Work shall include installation of new drain leaders and connection of new drains to existing drainage system.</p> <p>A new PVC roofing system shall be installed, including: new insulation and membrane, new surface-mounted galvanized steel counter-flashing at the parapet walls and elevator bulkhead, and flashing of all roofing penetrations.</p> <p>Along the inboard (roof side) of the parapet, a repair program shall include the examination/sounding out, followed by the repair of all cracks or spalls. Work at these locations shall follow the relevant procedures described in Items 1 and 2 above. Parapet work shall be completed in accordance with <i>Preservation Brief 15: Preservation of Historic Concrete</i>, issued by the National Park Service.</p>

Item #3: Concrete Repair/Restoration – Post Street Elevation
Rehabilitation: In Progress
Contract Year Work Completion: 2015
Total Cost: \$108,281
Scope of Work:
<p>At spalls: the examination/sounding out of all reinforced concrete along the north (Post Street) elevation, followed by the marking of all cracks, spalls, and other defects; cleaning of all exposed reinforcing bar (rebar) with a wire brush to remove corrosion and dust, followed by coating with a corrosion-resistant coating (“RustDestroyer,” manufactured by Advanced Protective Products, or approved equal). In locations where rebar is no longer sound, new rebar should be installed. New stainless steel pin sets to be anchored into sound concrete, followed by installation of wire matrix system where necessary. After necessary rebar repair/replacement and pin/wire system installation, application of appropriate concrete repair mortar.</p> <p>The newly repaired concrete should be repainted throughout with a breathable coating suitable for use on historic concrete.</p> <p>At cracks: the cutting of all cracks down to sound concrete, followed by cleaning with compressed air and wire brush. All prepared cracks should be sealed with epoxy, and allowed to cure.</p> <p>Ornamental concrete: where ornamental concrete segments are damaged past the point of repair, segments should be replaced, utilizing molds prepared from other sound sections. All replacement segments should match the existing in color, size, texture, and profile.</p> <p>All work within this scope shall be completed in accordance with <i>Preservation Brief 15: Preservation of Historic Concrete</i>, issued by the National Park Service.</p>

Item #4: Concrete Repair/Restoration – Off-Street Elevations
Rehabilitation: Proposed
Contract Year Work Completion: 2016
Total Cost: \$90,000
Scope of Work:
<p>At spalls: the examination/sounding out of all reinforced concrete along the north (Post Street) elevation, followed by the marking of all cracks, spalls, and other defects; cleaning of all exposed reinforcing bar (rebar) with a wire brush to remove corrosion and dust, followed by coating with a corrosion-resistant coating (“RustDestroyer,” manufactured by Advanced Protective Products, or approved equal). In locations where rebar is no longer sound, new rebar should be installed. New stainless steel pin sets to be anchored into sound concrete, followed by installation of wire matrix system where necessary. After necessary rebar repair/replacement and pin/wire system installation, application of appropriate concrete repair mortar.</p> <p>At cracks: the cutting of all cracks down to sound concrete, followed by cleaning with compressed air and wire brush. All prepared cracks should be sealed with epoxy, and allowed to cure.</p> <p>The newly repaired concrete should be repainted throughout with a breathable coating suitable for use on historic concrete.</p> <p>All work within this scope shall be completed in accordance with <i>Preservation Brief 15: Preservation of Historic Concrete</i>, issued by the National Park Service.</p>

761 POST STREET, SAN FRANCISCO
Rehabilitation and Maintenance Plan

Item #5: Window Rehabilitation at Wood Windows
Rehabilitation: Proposed
Contract Year Work Completion: 2016
Total Cost: \$150,000
Scope of Work:
<p>Examination of all existing wood window units along the north (Post Street) elevation, followed by removal of broken frames or sash. Removal of existing fixed and operable lower panels, followed by cleaning of sill tracks and caulking of window corners. Where necessary, weeps shall be enlarged or added. All existing holes and fasteners shall be sealed. All rollers and tracks shall be repaired/replaced as necessary. All seals and weather stripping shall be replaced. The windows shall maintain a 4-inch maximum window opening. The newly refurbished windows shall be scraped, primed, and painted, with any broken panes repaired and new glazing compound applied throughout. All window perimeter joints should be caulked.</p> <p>If wood window assemblies are determined to be so deteriorated that rehabilitation is not feasible, replacement in-kind is acceptable. New window units should match original in operation, size, hardware, and finish. Windows that are replaced should be documented.</p> <p>All work within this scope shall be completed in accordance with <i>Preservation Brief 9: The Repair of Historic Wood Windows</i>, issued by the National Park Service. In the event that windows are replaced, the work shall be completed in accordance with <i>Window Replacement Standards</i>, issued by the San Francisco Planning Department.</p>

Item #6: Window Replacement at Aluminum Windows
Rehabilitation: Proposed
Contract Year Work Completion: 2016
Total Cost: \$225,000
Scope of Work:
Removal of all existing aluminum windows along off-street elevations, followed by cleaning of all recesses left by removal, as well as sealing of all holes. New aluminum windows shall be installed with new seals and weather stripping, and shall have a 4-inch maximum window opening. All window perimeters should be sealed with backer rod, and caulked.

Item #7: Window Rehabilitation at Steel Casement Windows
Maintenance: Proposed
Contract Year Work Completion: 2016
Total Cost: \$50,000
Scope of Work:
Examination of all existing steel casement windows at ground floor and fire stairs, followed by repair/replacement of broken or corroded frames. All broken panes should be replaced in-kind. All hardware should be inspected for operability, and repaired; if replacement is necessary, hardware should be replaced in-kind. All windows should be scraped, primed, and painted, with new glazing compound applied throughout. All window perimeters should be sealed with a backer rod, and caulked.
All work within this scope shall be completed in accordance with <i>Preservation Brief 13: Repair and Thermal Upgrading of Historic Steel Windows</i> , issued by the National Park Service.

761 POST STREET, SAN FRANCISCO
Rehabilitation and Maintenance Plan

Item #8: Inspection of Windows & Doors
Maintenance: Proposed
Contract Year Work Completion: Annually after completion of replacement/refurbishment
Total Cost: \$50,000
Scope of Work:
<p>Examination of all wood, steel, and aluminum windows to ensure operability and that the 4-inch maximum window opening is maintained. As necessary, wood and steel windows should be scraped, primed, and painted, with new perimeter joint caulking.</p> <p>All work within this scope shall be completed in accordance with <i>Preservation Brief 13: Repair and Thermal Upgrading of Historic Steel Windows</i> and <i>Preservation Brief 9: The Repair of Historic Wood Windows</i>, issued by the National Park Service. Where applicable, any replacement shall be completed in accordance with <i>Window Replacement Standards</i>, issued by the San Francisco Planning Department.</p>

Item #9: Inspection of Facade
Maintenance: Proposed
Contract Year Work Completion: Every 5 years after completion of facade repairs
Total Cost: \$50,000
Scope of Work:
<p>All facades (including off-street elevations) should be examined and sounded for new cracks and spalls. New repairs shall follow the relevant features described in Items 1 and 2 above.</p> <p>All work within this scope shall be completed in accordance with <i>Preservation Brief 15: Preservation of Historic Concrete</i>, issued by the National Park Service.</p>

761 POST STREET, SAN FRANCISCO
Rehabilitation and Maintenance Plan

Item #10: Inspection of Roof
Maintenance: Proposed
Contract Year Work Completion: Every 5 years after completion of roofing replacement, or as needed based on reported leaks
Total Cost: \$10,000
Scope of Work:
<p>The roof should be inspected by a licensed roofing contractor. Work shall include looking for tears and depressions on the roof surface, evidence of water infiltration at the flashing or parapet, or reported leaks. Any repairs to the roof must be completed in accordance with the roofing system warranty.</p>

Item #11: Repainting of Facade
Maintenance: Proposed
Contract Year Work Completion: 2025
Total Cost: \$75,000
Scope of Work:
<p>The entire facade should be repainted every ten years after the initial repainting. Work shall include removal of loose areas of paint, followed by application with a coating system appropriate for historic concrete.</p> <p>All work within this scope shall be completed in accordance with <i>Preservation Brief 15: Preservation of Historic Concrete</i>, issued by the National Park Service.</p>

**EXHIBIT C:
DRAFT MILLS ACT VALUATION PROVIDED BY THE
ASSESSOR-RECORDER'S OFFICE**



761 Post Street
APN 03-0304-015

MILLS ACT VALUATION



APN: 03-0304-015 **SF Landmark:** _____
Property Location: 761 Post Street **Date of Mills Act Application:** 4/28/2015
Applicant's Name: RLJC San Francisco LP **Property Type:** Hotel/SRO
Agt./Tax Rep./Atty: Greg Damico **Date of Sale:** 6/24/2013
Applicant supplied appraisal? No **Sale Price:** \$29,475,000

DATE OF MILLS ACT VALUATION: July 1, 2015

TAXABLE VALUE - THREE WAY VALUE COMPARISON					
FACTORED BASE YEAR VALUE		RESTRICTED MILLS ACT VALUE		CURRENT MARKET VALUE	
Land	\$ 16,906,076	Land	\$17,000,000	Land	\$ 17,000,000
Imps	\$ 13,294,323	Imps	\$38,000,000	Imps	\$32,000,000
Total	\$ 30,200,399	Total	\$55,000,000	Total	\$49,000,000

PROPERTY CHARACTERISTICS

Present Use: Hotel/SRO **Neighborhood:** Downtwn Tenderloin **Number of Stories:** 16
Number of Units: 166 **Year Built:** 1930 **Land Area:** 8,250 sq.ft.
Owner Occupied: No **Building Area:** 57,972 sq.ft. **Zoning:** RC4

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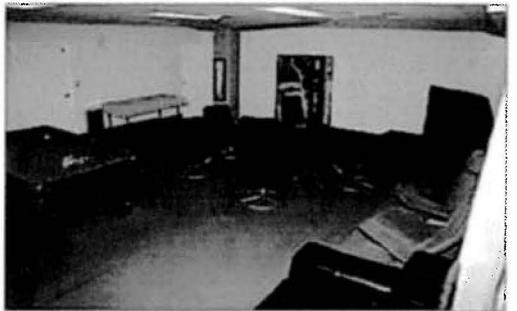
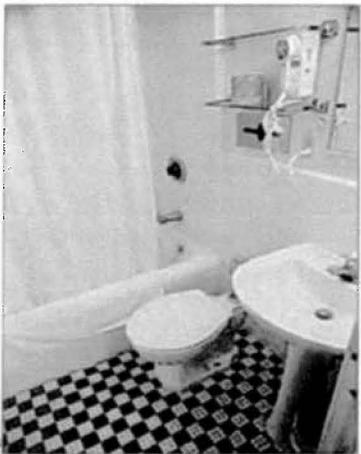
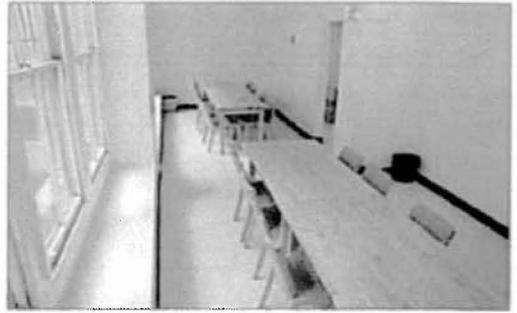
CONCLUSION AND RECOMMENDATIONS

Based on the three-way value comparison, the lowest of the three values is the factored base year value.

The taxable Mills Act value on: July 1, 2015 is \$30,200,399

Appraiser: Lena Surjadi **Date:** 08/21/15
Principal Appraiser: Kimberly Kitano

SUBJECT INTERIOR PHOTOS



RESTRICTED INCOME APPROACH

**APN 0580-013
761 Post Street
Restricted Mills Act Value
Date 7/1/2015**

**Non-Owner Occupied
Stabilized**

Number of Rooms:			166
ADR			\$236.25
Occupancy:			84.51%
REVPAR: In 2012 dollars			\$199.65
Effective Annual Gross Room Sales			\$12,097,089
Food and Beverage Income	3.83%	\$463,319	
Telephone Income	0%	\$0	
Parking	4.31%	\$521,385	
Other	1.02%	<u>\$123,390</u>	
Total Gross Revenue			\$13,205,182
Less Expenses			
Department Expenses:			\$4,188,278
Room	25.73%	\$3,112,581	
Food & Beverage	100%	\$463,319	
Parking	90%	\$469,246	
Other	116%	\$143,133	
Undistributed Expenses:			\$2,267,330
Administrative & General	7.32%	\$966,619	
Marketing	4.34%	\$573,105	
Operations and Maintenance	3.34%	\$441,053	
Utilities	2.17%	\$286,552	
Fixed Expenses:			
Insurance	3.65%	\$481,989	\$1,934,559
FF & E Reserve	3.00%	\$396,155	
Business Management/Franchise Fee	8.00%	\$1,056,415	
Total Expenses			\$8,390,167
Net Operating Income			\$4,815,015
Restricted Capitalization Rate			
<u>Rate Components:</u>			
2015 interest rate per State Board of Equalization	4.2500%		
Risk rate (4% owner occupied / 2% all other property types)	2.0000%		
2014 property tax rate *	1.1743%		
Amortization rate for improvements only	1.0000%		8.4243%
Remaining economic life (in years)	40	0.0250	
Improvements constitute % of total property value	40%		
Total Property Value			\$57,156,261
Less FF & E* *Includes leasehold and personal property			
Less Loss of Revenue Until Property Stabilized Occupancy			\$1,700,000
RESTRICTED VALUE			\$55,456,261
			\$55,000,000

* The 2015 property tax rate will be determined in September 2015

LOSS OF REVENUE CALCULATION

<u>Year</u>	<u>Projected Net Operating Income</u>	<u>Stabilized Year Net Operating Income</u>	<u>Total Loss</u>	<u>Discount 11.5% to Present Worth</u>		
2016	*	\$2,927,841	\$4,815,015	\$1,887,174	0.896861	1,692,533
					Revenue Loss	1,692,533
					Rounded Revenue Loss	1,700,000

* See Year One Budget submitted in Mills Act

MARKET ANALYSIS

	ADDRESS	SALE PRICE	MARKET CONDITIONS	LOCATION	YEAR BUILT	# ROOMS	\$/ROOM	CONDITION	OVERALL ADJUSTMENT	ADJUSTED SP RP ONLY
S	761 Post APN 03-0304-015	6/24/2013 \$29,475,000	Good	Downtown Tenderloin	1930	166		Deferred Maintenance		
1	580-589 Geary APN: 03-0305-013	4/10/2014 \$27,000,000	Similar	Downtown Tenderloin	1913	83	\$301,536	Good	(\$1,972,500)	\$25,027,500
2	403-405 Taylor APN 03-0317-003	4/26/2013 \$71,500,000	Inferior	Downtown Tenderloin	1924	236	\$298,331	Good	(\$1,094,000)	\$70,406,000
3	555 & 545 Post APN: 03-0306-20/22	5/22/2014 * \$49,000,000	Simillar	Union Square District	1913	160	\$290,938	Good	(\$2,450,000)	\$46,550,000

9

RANGE OF \$/ROOM	\$290,000	to	\$301,000
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\$/ROOM	X	# ROOMS	=	ESTIMATED MARKET VALUE
\$295,000	X	166	=	\$48,970,000
			Rounded	\$49,000,000

ADJUSTMENTS:

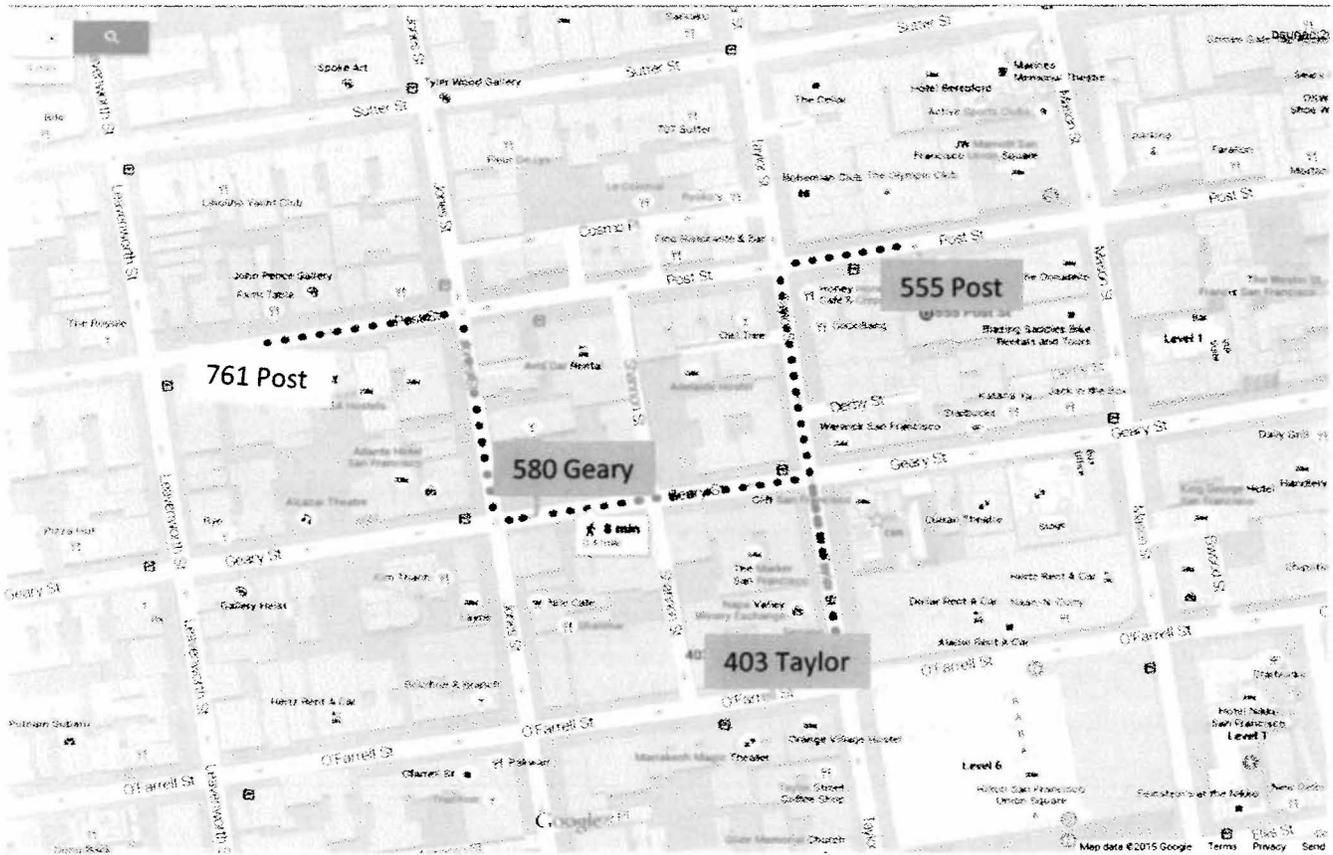
Market/Time
Condition

7.00%
5.00%

REMARKS:

Comp #1: Condition adjustment, PP/Fix adjustment
 Comp #2: Condition, PP/Fix and time adjustment
 Comp #3: Condition adjustment, *unknown if this SP includes PP/Fix

Map of Subject Property and Comparable Sales



A	Subject Property	761 Post
B	Comp #1	580-589 Geary
C	Comp #2	403-405 Taylor
D	Comp #3	555 & 545 Post

EXHIBIT D: MILLS ACT APPLICATION

APPLICATION FOR Mills Act Historical Property Contract

2015-006448MLS

Applications must be submitted in both hard copy and digital copy form to the Planning Department at 1650 Mission St., Suite 400 by May 1st in order to comply with the timelines established in the Application Guide. Please submit only the Application and required documents.

1. Owner/Applicant Information (If more than three owners, attach additional sheets as necessary.)

PROPERTY OWNER 1 NAME: RLJ C San Francisco LP c/o Darren Chesser	TELEPHONE: (301) 280-7777
PROPERTY OWNER 1 ADDRESS: 3 Bethesda Metro Center #1000, Bethesda, MD 20814	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: 761 Post Street	ZIP CODE: 94109
PROPERTY PURCHASE DATE: June 24, 2013	ASSESSOR BLOCK/LOT(S): 0304 015
MOST RECENT ASSESSED VALUE: \$10,688,660	ZONING DISTRICT: RC-4

Are taxes on all property owned within the City and County of San Francisco paid to date?	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
Is the entire property owner-occupied?	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>
If No, please provide an approximate square footage for owner-occupied areas vs. rental income (non-owner-occupied areas) on a separate sheet of paper.	
Do you own other property in the City and County of San Francisco?	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>
If Yes, please list the addresses for all other property owned within the City of San Francisco on a separate sheet of paper.	
Are there any outstanding enforcement cases on the property from the San Francisco Planning Department or the Department of Building Inspection?	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>
If Yes, all outstanding enforcement cases must be abated and closed for eligibility for the Mills Act.	

I/we am/are the present owner(s) of the property described above and hereby apply for an historical property contract. By signing below, I affirm that all information provided in this application is true and correct. I further swear and affirm that false information will be subject to penalty and revocation of the Mills Act Contract.

RLJ San Francisco, LP,
a Delaware limited partnership

By: RLJ San Francisco General Partner LLC,
a Delaware limited liability company,
its sole partner

By: Howard B. Isaacson, V.P.

Name: HOWARD B. ISAACSON, V.P.

Title: VICE PRESIDENT

Date: 4/28/2015

3. Property Value Eligibility:

Choose one of the following options:

The property is a Residential Building valued at less than \$3,000,000.	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
The property is a Commercial/Industrial Building valued at less than \$5,000,000.	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>

*If the property value exceeds these options, please complete the following: Application of Exemption.

Application for Exemption from Property Tax Valuation

If answered "no" to either question above please explain on a separate sheet of paper, how the property meets the following two criteria and why it should be exempt from the property tax valuations.

1. The site, building, or object, or structure is a particularly significant resource and represents an exceptional example of an architectural style, the work of a master, or is associated with the lives of significant persons or events important to local or natural history; or
2. Granting the exemption will assist in the preservation of a site, building, or object, or structure that would otherwise be in danger of demolition, substantial alteration, or disrepair. (A Historic Structures Report, completed by a qualified historic preservation consultant, must be submitted in order to meet this requirement.)

4. Property Tax Bill

All property owners are required to attach a copy of their recent property tax bill.

PROPERTY OWNER NAMES: RLJ C San Francisco LP
MOST RECENT ASSESSED PROPERTY VALUE: \$10,688,660
PROPERTY ADDRESS: 761 Post Street

5. Other Information

All property owners are required to attach a copy of all other information as outlined in the checklist on page 7 of this application.

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.

RLJ San Francisco, LP,
a Delaware limited partnership

By: RLJ San Francisco General Partner LLC,
a Delaware limited liability company,
its sole general partner

By: Howard B. Isaacson Date: 4/28/2015
Name: HOWARD B. ISAACSON, V.P.
Title: VICE PRESIDENT

5. Rehabilitation/Restoration & Maintenance Plan

A 10 Year Rehabilitation/Restoration Plan has been submitted detailing work to be performed on the subject property	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
A 10 Year Maintenance Plan has been submitted detailing work to be performed on the subject property	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
Proposed work will meet the <i>Secretary of the Interior's Standards for the Treatment of Historic Properties</i> and/or the California Historic Building Code.	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>

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 <input checked="" type="checkbox"/> NO <input type="checkbox"/>
--	---

Use this form to outline your rehabilitation/restoration plan. Copy this page as necessary to include all items that apply to your property. Begin by listing recently completed rehabilitation work (if applicable) and continue with work you propose to complete within the next ten years, followed by your proposed maintenance work. Arranging all scopes of work 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 require 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**. This plan will be included along with any other supporting documents as part of the Mills Act Historical Property contract.

# ____ (Provide a scope number)	BUILDING FEATURE:		
Rehab/Restoration <input type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input type="checkbox"/>
CONTRACT YEAR FOR WORK COMPLETION:			
TOTAL COST (rounded to nearest dollar):			
DESCRIPTION OF WORK:			
SEE ATTACHED			

Draft Rehabilitation/Restoration/Maintenance Plan (Continued)

# ____ (Provide a scope number)	BUILDING FEATURE:		
Rehab/Restoration <input type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input type="checkbox"/>
CONTRACT YEAR WORK COMPLETION:			
TOTAL COST (rounded to nearest dollar):			
DESCRIPTION OF WORK:			
SEE ATTACHED			

# ____ (Provide a scope number)	BUILDING FEATURE:		
Rehab/Restoration <input type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input type="checkbox"/>
CONTRACT YEAR WORK COMPLETION:			
TOTAL COST (rounded to nearest dollar):			
DESCRIPTION OF WORK:			
SEE ATTACHED			

# ____ (Provide a scope number)	BUILDING FEATURE:		
Rehab/Restoration <input type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input type="checkbox"/>
CONTRACT YEAR WORK COMPLETION:			
TOTAL COST (rounded to nearest dollar):			
DESCRIPTION OF WORK:			
SEE ATTACHED			

EXHIBIT E:

HISTORIC STRUCTURE REPORT



761 Post Street San Francisco, CA Historic Structure Report

Prepared for
RLJ C San Francisco, LP
Bethesda, MD



Prepared by
Garavaglia Architecture, Inc
May 29, 2015

Innovating Tradition

EXECUTIVE SUMMARY

761 Post Street was one of the many hotels that were constructed in San Francisco as the city recovered from the devastating earthquake and fires of 1906. As young workers flooded the city looking for jobs, they also needed inexpensive clean housing; hotels such as the Hotel Maurice provided such accommodations. During the postwar period, the Maurice became known as a traveler's destination, attracting those looking for moderate-rate hotels. During the 1970s, as the city declined, the hotel did as well. During recent years, however, due to increased tourism and investment, the hotel is once again set to open its doors. Garavaglia Architecture, Inc. was retained to complete a Historic Structure Report (HSR) in support of a Mills Act application.

The property tax savings from the Mills Act contract will enable the property owners to preserve and rehabilitate the historic structure, which would otherwise be in danger of demolition, deterioration, or abandonment.

EXISTING CONDITIONS

The exterior is in fair condition. Much of the deterioration observed is related to the age of the building materials. As 761 Post Street is approximately 85 years old, some of the building materials have reached, or even exceeded, their reasonable service life. The following condition items were observed:

- Cracked and spalling concrete, with exposed and corroded reinforcing bars
- Peeling coating at the exterior
- Peeling and chipped paint along the doors and windows facing Post Street
- Deteriorated windows along the off-street elevations

The interior of 761 Post Street is currently under renovation.

PROPOSED RECOMMENDATIONS

While 761 Post Street is in overall good condition, a number of recommendations are proposed for the exterior rehabilitation and long-term maintenance of the building. These recommendations will be completed in accordance with the *Secretary of the Interior's Standards for Rehabilitation*, as well as the relevant *Preservation Briefs*, as issued by the National Park Service.

Chapter 1

INTRODUCTION

PROJECT DESCRIPTION

Garavaglia Architecture, Inc. was contracted by RLJ C San Francisco, LP (Client) in April of 2015 to prepare a Historic Structure Report (HSR) for the 150-room hotel located at 761 Post Street, originally known as the Maurice Hotel. This report has been requested in support of a Mills Act application for exterior restoration work at the building. 761 Post Street is eligible for the Mills Act Contract Program as a “qualified historic property” because it has been identified as a contributory building to the National Register-listed Lower Nob Hill Apartment Hotel District.

PROJECT LOCATION

The subject property (APN Number 0304-015) is located along the south side of Post Street, between Jones and Leavenworth Streets (see Figures 1 through 3).

761 Post Street is located within an RC-4 (Residential, Commercial, High Density) Zoning District, and an 80-T and 130-T Height and Bulk District, as well as the North of Market Residential Special Use District No. 1 (NOMRSUD).

761 POST STREET, SAN FRANCISCO
Historic Structure Report



Figure 1. Aerial view of 761 Post Street, with subject property highlighted. (Map generated by Google Earth, amended by author.)

761 POST STREET, SAN FRANCISCO
Historic Structure Report

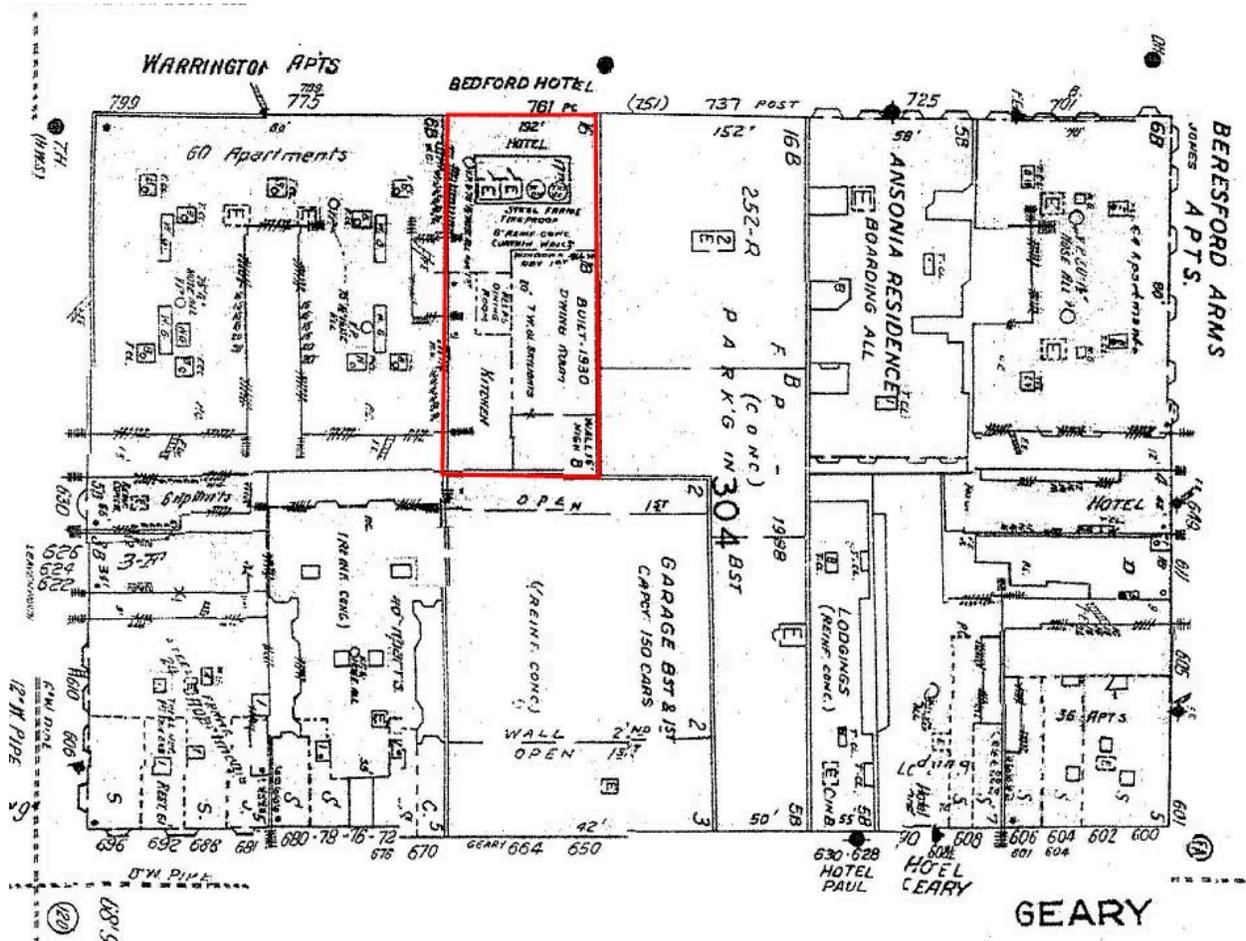


Figure 2. Sanborn Fire Insurance Map, ca. 1995, with subject property highlighted. (Map provided by San Francisco Planning Department.)

Garavaglia Architecture, Inc. also conducted additional archival research on the subject property and surrounding area. The following repositories/collections were consulted to complete the research process (See References section for complete list of resources):

- Sanborn Fire Insurance Maps
- San Francisco History Center, San Francisco Public Library
- Office of the Assessor-Recorder, City & County of San Francisco
- Department of Building Inspection, City & County of San Francisco
- The California Digital Newspaper Collection and Internet Archive
- Online Archive of California

SIGNIFICANCE SUMMARY

761 Post Street is a Historic Resource as determined by the City & County of San Francisco. It is a contributor to the Lower Nob Hill Apartment Hotel District, as designated by the National Park Service in 1991. The Lower Nob Hill district is distinguished from that of the nearby Tenderloin Apartment Hotel District; the former features almost exclusively residential buildings, which were heavily ornamented, while the latter includes a larger amount of non-residential buildings, which are far less ornate.

The building remains a significant contributor to the district due to its high level of integrity relative to its period of significance (1929–1940). As one of the hotels designed by Weeks and Day, 761 Post Street is a notable example of the use of reinforced concrete in apartment buildings in San Francisco. Charles Peter Weeks, the architect of record for the building, wrote of the virtues of reinforced concrete—specifically its structural and fireproofing properties—immediately following the 1906 earthquake. 761 Post Street, while constructed more than 20 years after the disaster, reflects Weeks’s interest in constructing solid buildings that could withstand earthquakes and fires.

The district registration form gives little specific information on 761 Post Street, as it is one of 297 contributing buildings to the Lower Nob Hill Apartment Hotel District. The form notes that the building has “16 stories and basement, stucco cladding, Art Deco ornament, ground floor hotel uses. Facade intact except for new door.”¹ The form also states that later buildings in the historic district, from the period 1929–1935, “tend to Art Deco, especially No. 209 [761 Post Street] and 32.”²

¹ National Register of Historic Places, *Lower Nob Hill Apartment Hotel Historic District*, San Francisco, CA #91000957, page 7.18.

² *Ibid.*, page 2.

Chapter 2

CONTEXT AND CONSTRUCTION HISTORY

CONTEXT

Much of this historic context has been largely developed from the 1991 National Register of Historic Places (NRHP) nomination for the Lower Nob Hill Apartment Hotel Historic District.

Nob Hill

The area now known as Nob Hill was settled during the rapid urbanization of San Francisco during the end of the 19th century. Because of its proximity to downtown, as well as its picturesque views, it became an area where the elite of Northern California constructed large mansions.

Like much of San Francisco, it was devastated in the fires that erupted after the 1906 earthquake. In response to the widespread destruction in the city, officials required that new construction be fire-resistant, as the densely packed wooden structures that dominated the central city were responsible for the rapid spread of the fires. Property owners who were forced to rebuild eventually realized that the most productive and profitable use of their land was to rebuild multi-unit housing.

Apartment and Hotels

Even before the earthquake, San Francisco had a high density of apartment buildings. Such housing was attractive to the young, single men who entered the city *en masse* during the Gold Rush. Even after the Gold Rush ended, there was still a demand to house working-class San Franciscans who worked in the offices of downtown as well as around City Hall. In 1876, a local journalist reported on the popularity of hotels and boarding houses for young single urban dwellers:

The hotel is the San Franciscan's home. A man of domestic habits is a rarity; and women have to come to regard family cares and duties as a sort of drudgery without their province. It is the fashion...[to] occupy "elegant apartments" at any of the aristocratic

hotels in San Francisco.³

It was in Nob Hill—specifically the southern slope of the hill—where the majority of the boarding houses, apartment buildings, and hotels were constructed. After the earthquake, even more were constructed to house those who had previously lived in wood buildings, as well as those who moved to the city for the reconstruction effort. It was between 1906 and the height of the Great Depression when the popularity of the hotel/apartment building peaked. While the earliest buildings were typically three to seven stories high, by 1925 some new hotels were 15 to 20 stories in height, reflecting increased demand for low to moderate-cost housing. None of the hotels built in this time frame featured garages or valet parking.

While many of the hotels were constructed for lower class to lower-middle class occupants, luxury hotels were constructed in the area as well. Aristocrats of the city often referred to their hotel address as their home for social calls and not their actual places of residence. Nob Hill was seen as respectable in comparison to the nearby Tenderloin, which attracted prostitutes, criminals, and others looking for cheap housing.

Weeks and Day

One firm that was particularly busy during the apartment hotel construction boom in San Francisco was Weeks and Day. Architect Charles Peter Weeks (1870–1928) and engineer William Peyton Day (1886–1966) founded the firm in 1916. Weeks was educated at the Ecole des Beaux-Arts in Paris, and worked in Cleveland and New York. In 1901 he moved to Berkeley, joining his mentor John Galen Howard, who had been selected as the supervising architect for the new University of California campus. Two years later, he struck out on his own, founding Sutton and Weeks, a firm specializing in apartment buildings.

After the devastation of the 1906 earthquake and fires, Weeks wrote an emotional missive for *Architect and Engineer*. This article, titled “Who is to blame for San Francisco’s plight?,” spared no one:

The owner is primarily to blame for the loss in the San Francisco fire and rightly suffers for his own crime. But the city, too, is to blame for absolute lack of complete inspection of building plans and buildings, weak building laws and affording no protection to the careful owner against his reckless neighbor. The architect is to blame in being too willing to acquiesce in the owner's desire to build cheaply in fear of losing a commission.

The contractor is to blame for not giving golden workmanship for golden recompense.⁴

In this article, Weeks does not offer tangible solutions, but he does provide a preview of his material selection and design program in the years following the earthquake:

If a brick wall cannot be honestly built, how much less is a reinforced concrete building liable to be well built?

Reinforced concrete buildings in other parts of the country have not all been successful. The best-built buildings are the best, in reinforced concrete as well as other material. Therefore, it will be well for the owner to be careful in the selection of his designer.

³ Ibid.

⁴ Charles Peter Weeks, “Who is to blame for San Francisco’s plight?” *Architect and Engineer*, June 1906.

This material, in combination with good brick will undoubtedly form a great part of San Francisco's future big buildings.

The elimination of stone and the restriction of projecting cornices will modify the style of future buildings and have a tendency to produce a logically artistic facade in the hands of well-trained designers.

A Gothic style is more in harmony with the structural form of a steel building than the classic style and will be followed and adopted more and more in the future.⁵

Ten years after the earthquake, Weeks hired Day, who was a trained engineer, to start a firm. Their work specialized in theaters and cinemas, but also included the following hotels in San Francisco:

- Huntington Hotel
- Mark Hopkins Hotel
- Brockelbank Apartments
- Sir Francis Drake

The firm also designed several buildings on Treasure Island.

761 Post Street

While Weeks and Day were behind some of the most prominent hotels in twentieth century San Francisco, their 1929 design for the Hotel Maurice was smaller and more humble than some of their earlier designs. This likely reflected the original owners' intention in developing moderate-cost lodgings. A 1935 newspaper advertisement (see Figure 4) for the hotel stressed its "luxurious rooms at one low, standard rate." In addition, the advertisement even boasted the fact that the Hotel Maurice was a "fireproof building."⁶

The hotel changed hands several times in the period after World War II. Based on review of permit records, it appears that new signage was installed and interior work performed in the late 1940s; this may be related to a refurbishment or remodeling of the hotel upon new ownership. Around this time, postcards of the hotel were printed, suggesting that it started to become a destination for long-distance travelers (see Figures 5 and 6). The demolition of the building to the east, and its replacement with a garage, reflects the increased demand for automobile infrastructure in the city.

⁵ Ibid.

⁶ *Sausalito News*, December 13, 1935.



Figure 4. 1935 advertisement for the Maurice Hotel, in the *Sausalito News*.



Figure 5. Postcard for the Maurice Hotel, ca. 1935.

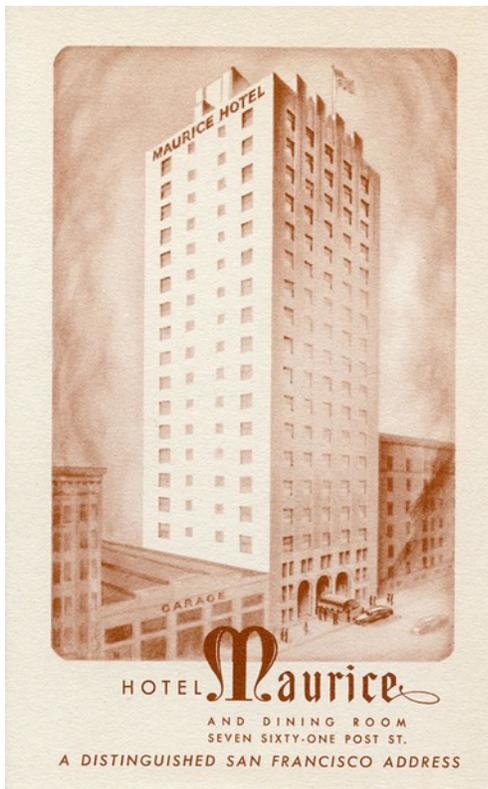


Figure 6. Postcard for the Hotel Maurice, ca. 1949. The garage to the east has been demolished and replaced with an apartment building.

Little is known about the Hotel Maurice during the 1950s and 1960s. While it does not appear that ownership changed hands, the hotel could have come under various management companies. Permits indicate the replacement of signs and awnings, suggesting that there was regular maintenance to the building.

By the 1970s, the area declined as urban disinvestment took hold. The hotel changed hands several times, and only minimal work was completed at the building. The 1976 architectural survey of downtown San Francisco determined the building was a Category 2, indicating it was of low to marginal quality. A photo taken during the survey shows a projecting structure, which was likely the marquee installed in 1955 (see Figure 7).

In the 1980s, the hotel became the Hotel Bedford as part of an acquisition by Bill Kimpton, a local financier. The hotel was the first such property he developed, and was marketed as a moderate-cost boutique hotel.⁷ Under Kimpton's ownership, parapet repairs were completed, as well as exterior infill at the east-facing windows and a re-roofing program. Eventually, the hotel came under the management of Clarion.

In 2004, a limited partnership acquired the property. The hotel became a hostel-like

⁷ Jane Levere. "Bill Kimpton, 65, the Chairman of a Group of Boutique Hotels," *The New York Times*, April 5, 2001.

accommodation known as the Vantaggio Suites Cosmo Hotel. Work completed was minimal, and was related to interior maintenance and awning repairs. In 2013, the current owner purchased the building.

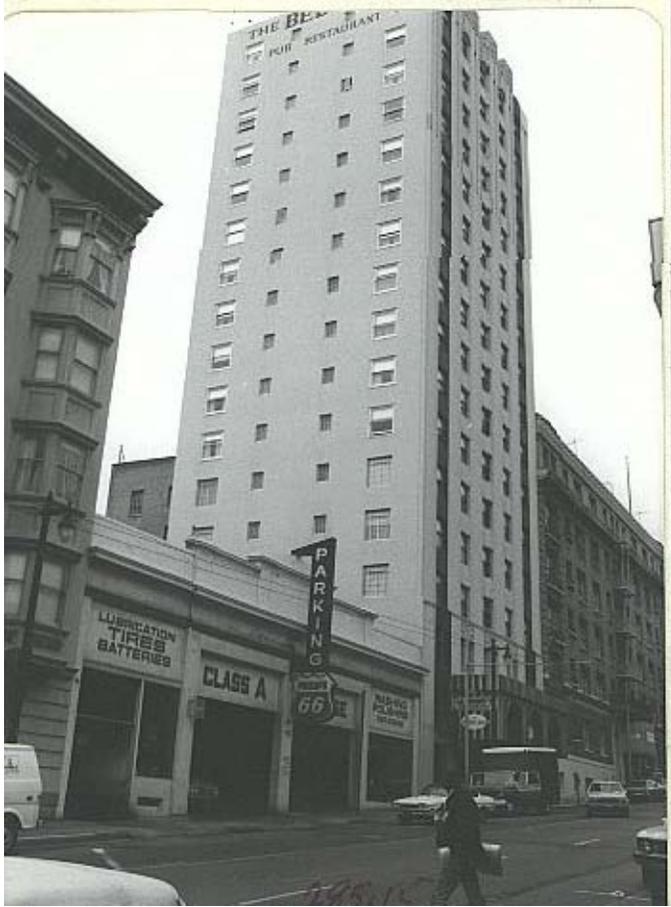


Figure 7. This photo was taken as part of the City’s 1976 architectural survey. (Photograph provided by the San Francisco Planning Department.)

CONSTRUCTION CHRONOLOGY

This construction chronology was developed from Department of Building Inspection (DBI) records for the property. It is limited to alterations to the building exterior, including the walls and roof.

Date	Event
1929	Permit issued to construct a new brick and reinforced concrete hotel
1935	Installation of new electric sign, to read “Hotel Maurice”
1945	Installation of new neon sign for the hotel’s dining room
1955	Installation of marquee signage at entrance

1961	Installation of new signage at coffee shop, to change from "Dining Room Coffee Shop" to "Patio Room Coffee Shop"
1962	Installation of new electric sign
1972	Installation of new awnings, construction of new exit from lobby to Post Street
1986	Parapet bracing work
1987	Exterior window infill along east elevation
1997	Replacement of awning at entrance, reroofing
2005	Replacement of damaged supports at awning
2014	Exterior restoration program

OWNERSHIP HISTORY

Date	Owner	Name of Hotel
Unknown–1918	Henry and Catherine Black sold empty lots to Edwin B. De Gala	N/A
1918–1927	Edwin B. De Gala	N/A
August 1927	Charles S. Richman	N/A
September 1927–1929	Superior Grinding Co., Inc.	N/A
1929–1962	Fred K. W. Mannette, Ella F. Bach, and B. O'Donnell. Edwin B. De Gala's name is listed on several of the new construction permits during this time frame, suggesting that he still owned the property in some form. Eventually, the owner was listed as "Hotel Maurice Corp."	Hotel Maurice
1962–1972	Peter and Rose Wong Chew	Hotel Maurice
1972–1981	Cartwright Holding Co., and Bayview Federal Savings and Loan	Hotel Maurice
1981–2004	Kimco Hotel Management, d/b/a Bedford Hotel Associates. This company was a holding of Kimpton, a San Francisco-based hotel developer, who purchased the hotel in the 1980s.	Hotel Bedford
2004–2013	Post Street Hotel Ltd. Partnership	Vantaggio Suites Cosmo Hotel
2013–present	Current Owner	Upon reopening of the hotel, it will be known as the Marriott Courtyard San Francisco.

Chapter 3

ARCHITECTURAL EVALUATIONS

GENERAL DESCRIPTION

Site

761 Post Street is situated on a lot, approximately 8,250 square feet in area, located on the south side of Post Street between Jones and Leavenworth Streets. The site is mostly flat, and has no vegetation. The basement level is not visible from Post Street.

Exterior

The building is eighteen stories tall, including basement. It is a reinforced concrete structure, topped with cementitious coating, which has been coated multiple times. The design is a modified Art Deco design. It has a streamlined, vertical appearance with piers, but historicist panels above windows and doors (see Figures 8 through 9).



Figure 8. Overview of north (Post Street) elevation, showing first two floors of building. (Photograph by Garavaglia Architecture, Inc., April 2015.)



Figure 9. Detail of typical paneling over windows and doors. (Photograph by Garavaglia Architecture, Inc., April 2015.)

South (Post Street) Elevation

This elevation includes three arched bays at ground level: the center one includes the entry door, while the flanking ones include multi-lite steel casement windows. The upper floors feature wood double-hung windows (see Figures 10 through 11). Steel balconettes are accessed at the second floor windows; due to ongoing work, however, there was no access to them.



Figure 10. Overview of typical wood double-hung window unit along the north elevation. (Photograph by Garavaglia Architecture, Inc., April 2015.)



Figure 11. Overview of fixed and casement assembly at ground floor. The exterior is obscured. (Photograph by Garavaglia Architecture, Inc., April 2015.)

Off-Street Elevations

Limited access is available to the off-street elevations. They consist of reinforced concrete topped in a coating similar to that along Post Street. Fenestration consists of a combination of aluminum sliding and double-hung units, as well as steel casement windows at the fire stairs (see Figures 12 through 13).



Figure 12. Overview of north and east elevations. (Photograph by Garavaglia Architecture, Inc., April 2015.)



Figure 13. View of aluminum windows at off-street elevations. (Photograph by Garavaglia Architecture, Inc., April 2015.)

Roof Level

The roof is an asphalt composite roof topped with a UV-resistant aluminum coating, and houses much of the building's mechanical equipment. It also features an elevator bulkhead (see Figures 14 through 16).



Figure 14. Overview of main roof level, showing mechanical equipment. (Photograph provided by RLJC, April 2015.)

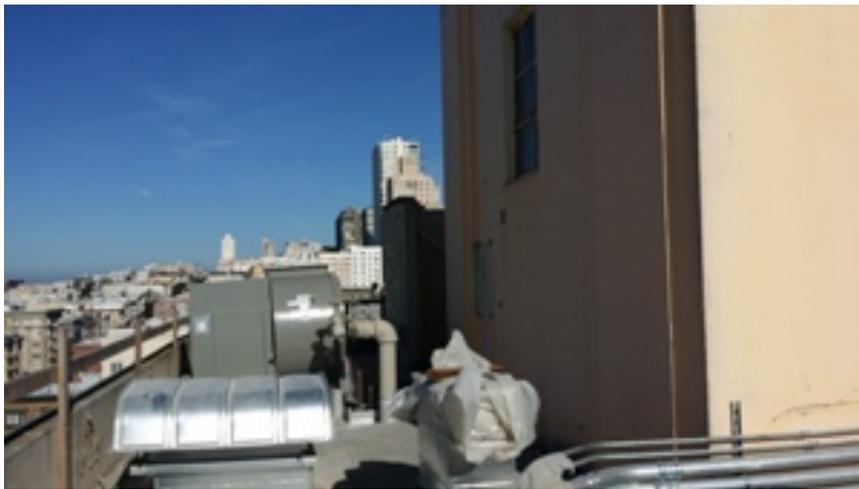


Figure 15. Overview of main roof, showing mechanical equipment and elevator bulkhead. (Photograph provided by RLJC, April 2015.)



Figure 16. Detail of main roof. (Photograph provided by RLJC, April 2015.)

ASSESSMENT OF EXTERIOR FEATURES

Evaluation of Integrity

Integrity is the measure by which properties are evaluated. To retain integrity, a property must have most of the seven aspects of integrity as defined by the National Register Criteria for Evaluation. The seven aspects of integrity are quoted as follows:

- Location—Location is the place where the historic property was constructed or the place where the historic event occurred.
- Design—Design is the combination of elements that create the form, plan, space, structure, and style of a property.
- Setting—Setting is the physical environment of the historic property.
- Materials—Materials are the physical elements that were combined or deposited during a particular period of time and in a particular pattern or configuration form a historic property.
- Workmanship—Workmanship is the physical evidence of the crafts of a particular culture or people during any given period in history or prehistory.
- Feeling—Feeling is a property's expression of the aesthetic or historic sense of a particular period of time.
- Association—Association is the direct link between an important historic event or person and a historic property.

According to the Office of Historic Preservation's Technical Assistance Series Bulletin #6:

Integrity is the authenticity of an historical resource's physical identity evidenced by the survival of characteristics that existed during the resource's period of significance. Historical resources eligible for listing in the California Register must meet one of the criteria of significance described above and retain enough of their historic character or appearance to be recognizable as historical resources and to convey the reasons for their significance. It is possible that historical resources may not retain sufficient integrity to meet the criteria for listing in the National Register, but they may still be eligible for listing in the California Register.⁸

In general, the exterior of 761 Post Street retains a very high degree of integrity relative to its period of significance (1929–1940) in the following areas:

- Location—761 Post Street remains on its original site and maintains the same relationship with its immediate context.
- Design—The exterior of the building has remained virtually intact. The building was repainted multiple times, and the entry doors changed.
- Setting—The setting around 761 Post Street remains today as it has for the last century. The relationship with neighboring buildings remains virtually unaltered since the end of the period of significance.
- Materials—The materials used at the building's exterior appear to be original to the building. Some, such as the roof, were changed due to deterioration. In general, most of the materials along the exterior date to the period of significance.
- Feeling—From the exterior, the building appears almost exactly as it did shortly after it was constructed in 1929.
- Workmanship—The quality of construction and quality of materials are evident in the overall good condition of the building in spite of its many modifications.
- Association—761 Post Street remains associated with its period of significance from both an architectural and a historical level.

CHARACTER-DEFINING FEATURES AND FINISHES

Assessment of various features is done according to a prioritized evaluation system. Once the character defining features have been identified, each is assigned a priority rating to create a sense of the relative historical importance of these spaces and features. A rating scale of “Premier-Important-Contributing-Non-Contributing” is used. In general, this system allows for the analysis of the structure as a whole to guide what types of work should be done, and where such work could be completed with the least damage to the historic integrity of the resource.

⁸ Office of Historic Preservation, Department of Parks and Recreation, *California Register and National Register: A Comparison*, Technical Assistance Series No. 6, ohp.parks.ca.gov/pages/1069/files/technical_assistance_bulletin_6_2011_update.pdf, last accessed May 27, 2015.

The character-defining features of the entire Lower Nob Hill Apartment and Hotel Historic District, as described in the 1991 National Register nomination, are as follows:

- Multiple-unit apartment or hotel buildings of at least three floors in height
- Buildings fill entire lots
- 1906–1940 construction
- Sullivanesque facade composition, including flat roofs and boldly projecting cornices
- Historicist ornamentation

Character-Defining Features at 761 Post Street

Premier

A premier rating is given to those features that are directly associated with the identified period or periods of significance and whose contribution to the interpretation and communication of a historic resource is of primary importance. If these features are removed, the historic integrity of the resource is highly compromised. Depending on the size, scale, and relationship of these items with the period of significance, historic integrity could be lost altogether. For these reasons, when developing mitigation plans for project-related work, all elements labeled, “premier” should not be altered in any fashion and should be protected to the highest degree whenever possible. Failing to do so could result in significant impacts to the resource.

Exterior Premier Features

- Reinforced concrete construction
- Solid vertical piers
- Casement windows at ground level
- Churrigeresque ornamentation above windows and doors along Post Street

Important

Features given a rating of important are also directly associated with the identified period or periods of significance and they also inform the interpretation and communication of the historic resource. These elements differ from premier elements because they embody, to a lesser degree, historic aspects of the resource. Sometimes they are secondary decorative elements, which if removed or altered would affect the space, but still allow the historic nature of the space to be discerned, even if in a more limited way. Other times they are associated with lesser aspects of the period of significance or are not documented to the original construction.

Exterior Important Features

- Double-hung wood windows along Post Street

Contributing

Contributing elements augment the interpretation of historic significance but do not hold a high level of historic value themselves. They could be items that have been previously compromised, modern replacements for original items, been installed after the period of significance but are still of a high artistic or cultural value, still available for replacement in kind, or simply related to the period of significance but not of primary historic importance. The loss of contributing elements lessens the overall level of integrity of the historic resource but not to a level where its interpretation of significance or historical importance is severely compromised.

Exterior Contributing Features

- Coating applied to exterior
- Steel casement windows at fire stairs along west elevation

Non-Contributing

These elements are typically from outside the period of significance, are of poor quality, are still commercially available or are not related to the period of significance or any figures or events associated with the historic interpretation of the resource. When possible, all alterations and modifications should be undertaken with designs that only effect non-contributing elements, or that limit their disruptions to mostly non-contributing elements. Such designs will retain the maximum level of historic integrity and result in the least amount of damage and disruption to the resource as a whole.

Exterior Non-Contributing Features

- Aluminum window assemblies at off-street elevations
- Lighting fixtures and signage, including awnings

Chapter 4

EXISTING CONDITIONS

EXTERIOR

Building Envelope

Cracked and spalled concrete was observed at the Post Street elevation (see Figures 17 through 19). This deterioration was observed most notably at the lintels and around windows. In some cases, corroded reinforcing bars were observed. This condition is likely due to inadequate coverage of the reinforcing bar by the concrete, followed by sustained water infiltration.

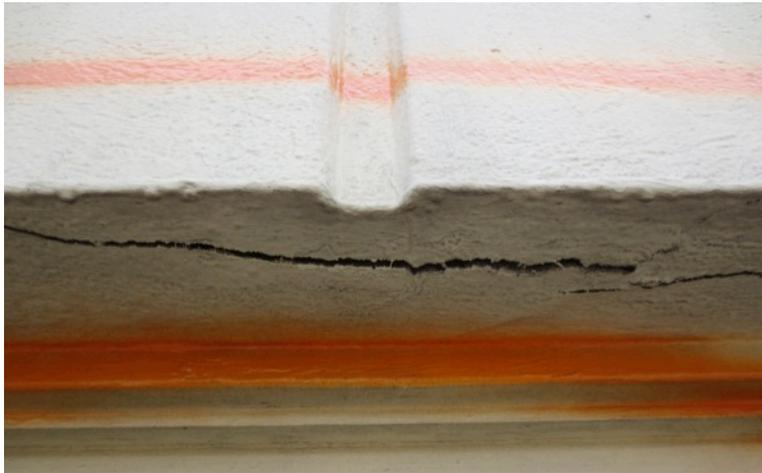


Figure 17. Cracked concrete above window at the fifth floor along the north elevation. (Photograph provided by RLJC, April 2015.)



Figure 18. Cracked concrete above window at the seventh floor along the north elevation. (Photograph provided by RLJC, April 2015.)



Figure 19. Exposed reinforcing bar at the twelfth floor along the north elevation. (Photograph provided by RLJC, April 2015.)

Peeling coating was observed throughout the exterior (see Figures 20 and 21). This is likely related to the fact that the coating, which appears to be regular latex paint, has exceeded its reasonable service life; alternately, insufficient surface preparation at application could result in peeling and chipped paint.



Figure 20. Peeling coating along the north elevation. (Photograph provided by RLJC, April 2015.)



Figure 21. Peeling coating along the north elevation. (Photograph provided by RLJC, April 2015.)

Roofs and Drainage

No leaks were reported at the roof level.

Windows

The windows along Post Street, which are the original wood windows, are in good to fair condition. A small amount of paint loss appears to be evident, but that is typical of windows that are regularly operated.

The fixed and casement windows at the ground floor appear to be in good condition. Some corrosion and peeling paint was observed (see Figure 22).



Figure 22. Peeling paint and corrosion at ground floor window. (Photograph by Garavaglia Architecture, Inc., April 2015.)

The aluminum sliding assemblies along the off-street elevations are in fair to poor condition, and have outlived their reasonable service life.

Doors

The main doors at the entry are in fair condition and have experienced typical wear-and-tear deterioration.

TREATMENT SELECTION

According to the National Park Service, the Secretary of the Interior's Standards are neither technical nor prescriptive, but are intended to promote responsible preservation practices that help protect our irreplaceable cultural resources. They cannot, in and of themselves, be used to make essential decisions about which features of the historic building should be saved and which can be changed. However, once a treatment is selected, the Standards provide philosophical consistency to the work.⁹

The four treatment approaches are Preservation, Rehabilitation, Restoration, and Reconstruction, outlined below in hierarchical order and explained:

The first treatment, *Preservation*, places a high premium on the retention of all historic fabric through conservation, maintenance and repair. It reflects a building's continuum over time, through successive occupancies, and the respectful changes and alterations that are made.

Rehabilitation, the second treatment, emphasizes the retention and repair of historic materials, but more latitude is provided for replacement because it is assumed the property is more

⁹ National Park Service, "The Treatment of Historic Properties," NPS Technical Preservation Services website, <http://www.nps.gov/tps/standards.htm>, last accessed May 26, 2015.

deteriorated prior to work. (Both Preservation and Rehabilitation standards focus attention on the preservation of those materials, features, finishes, spaces, and spatial relationships that, together, give a property its historic character.)

Restoration, the third treatment, focuses on the retention of materials from the most significant time in a property's history, while permitting the removal of materials from other periods.

Reconstruction, the fourth treatment, establishes limited opportunities to re-create a non-surviving site, landscape, building, structure, or object in all new materials.¹⁰

Rehabilitation is the recommended treatment for the exterior repair program at 761 Post Street. The recommendations described below will be completed in compliance with these regulations.

Rehabilitation

Rehabilitation is defined as the act or process of making possible a compatible use for a property through repair, alterations, and additions while preserving those portions or features which convey its historical, cultural, or architectural values.

As stated in the definition, the treatment "rehabilitation" assumes that at least some repair or alteration of the historic building will be needed in order to provide for an efficient contemporary use; however, these repairs and alterations must not damage or destroy materials, features, or finishes that are important in defining the building's historic character.

The following are the Secretary of the Interior's Standards for Rehabilitation:¹¹

1. A property will be used as it was historically or be given a new use that requires minimal change to its distinctive materials, features, spaces, and spatial relationships.
2. The historic character of a property will be retained and preserved. The removal of distinctive materials or alteration of features, spaces, and spatial relationships that characterize a property will be avoided.
3. Each property will be recognized as a physical record of its time, place, and use. Changes that create a false sense of historical development, such as adding conjectural features or elements from other historic properties, will not be undertaken.
4. Changes to a property that have acquired historic significance in their own right will be retained and preserved.
5. Distinctive materials, features, finishes, and construction techniques or examples of craftsmanship that characterize a property will be preserved.
6. Deteriorated historic features will be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature will match

¹⁰ Ibid.

¹¹ This section is quoted from National Park Service, "Rehabilitation as a Treatment," NPS Technical Preservation Services website, <http://www.nps.gov/tps/standards/four-treatments/treatment-rehabilitation.htm>, last accessed March 6, 2015.

the old in design, color, texture, and, where possible, materials. Replacement of missing features will be substantiated by documentary and physical evidence.

7. Chemical or physical treatments, if appropriate, will be undertaken using the gentlest means possible. Treatments that cause damage to historic materials will not be used.
8. Archeological resources will be protected and preserved in place. If such resources must be disturbed, mitigation measures will be undertaken.
9. New additions, exterior alterations, or related new construction will not destroy historic materials, features, and spatial relationships that characterize the property. The new work will be differentiated from the old and will be compatible with the historic materials, features, size, scale and proportion, and massing to protect the integrity of the property and its environment.
10. New additions and adjacent or related new construction will be undertaken in such a manner that, if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.

PRIORITIZED RECOMMENDATIONS: REHABILITATION AND MAINTENANCE

Exterior

An exterior repair program should be completed, which will involve:

- The full examination and sounding of the reinforced concrete along the exterior elevations
- Sealing of small cracks with an expansive water-resistant sealer
- Sealing of large cracks with an expansive water-resistant sealer and backer rod
- Cleaning of all spalls and holes in the concrete
- Examination of all exposed reinforcing bar to determine if any corrosion expansion (also known as “rust jacking”) has occurred
- Scraping of reinforcing bars down to sound steel, followed by painting with a corrosion-resistant coating system
- Patching of spalls with a repair material appropriate for use at historic concrete
- Application of a coating system appropriate for use on historic concrete and masonry at the entirety of the exterior elevation where repair is taking place

The estimated cost of exterior repairs is \$200,000.

Roofs and Drainage

While the roof appears to be in fair condition, and no leaks have been reported, the last permitted roof replacement took place in 1997. Since the roof is approaching the end of its service life, it is recommended that a new roof be installed.

The estimated cost of a roofing system replacement, including new drains and flashing, is approximately \$600,000.

Windows

The wood windows at the upper floors along Post Street appear to be in good condition. A window repair and maintenance program should be completed as follows:

- All exterior windows should be inspected for operability.
- All exterior windows should receive new glazing compound. Once the putty has cured, the windows should be primed and painted.
- Prior to painting, all windows should be properly prepared by sanding or gently scraping by hand all loose paint.
- All rotted and structurally compromised surfaces should be consolidated with an inert, cellulose-based, paintable wood filler.
- Install corner brackets if the window sashes are loose and joints are separating.
- Maintain a solid paint layer to prevent ultra-violet (UV) damage of wood.
- All hardware should operate smoothly.
- If necessary, new weatherstripping or perimeter joint caulking should be applied.

The casement windows at the ground floor and off-street elevations should be repaired and refurbished in a similar manner. Those windows should be inspected regularly for operability, and cleaned of corrosion on a regular basis.

The aluminum windows at the off-street elevations should be removed and replaced.

The estimated cost of the window refurbishment described above is \$200,000.

PRIORITIZATION OF MAINTENANCE

Short-term (next 6–36 months)

- Perform annual inspections of the windows. If any damage or deterioration is found, the extent and nature of the damage should be assessed. Any needed repairs must avoid altering, removing, or obscuring character-defining features of the building. If any elements are determined to be damaged or deteriorated beyond repair, replacements will be made in kind (e.g., concrete for concrete).
- The doors along Post Street should be inspected for operability.

Long-term (5+ years)

- Inspect and replace any weatherstripping or perimeter joint caulking at the windows on a regular basis.
- Every five years, the entire facade should be inspected for new cracks and spalls. If any damage or deterioration is found, the extent and nature of the damage will be assessed. Any needed repairs must avoid altering, removing, or obscuring previously determined character-defining features of the building.
- Every five years, a licensed roofing contractor should inspect the roof. Any repairs to the roof should be performed in accordance with the roofing warranty.
- Every ten years, the entire facade should be repainted.

The estimated cost of a regular maintenance program is \$150,000 annually.

Chapter 7

SUMMARY

761 Post Street, historically known as the Hotel Maurice, is a significant building in the context of San Francisco's recovery from the 1906 earthquake and fires. Additionally, it is significant within the context of San Francisco's twentieth century development, specifically the construction of apartments and hotels to support the influx of new workers and, eventually, tourists. In support of a Mills Act application for the exterior rehabilitation of the property, this project was charged with creating a better understanding of the building. The goals of this HSR are:

- To provide a history of the hotel and its historical context, and to indicate its continued significance within the Lower Nob Hill Apartment Hotel District
- To assess the conditions of the building's exterior, including any age-based deterioration
- To develop a list of recommendations for the repair of this historic building

761 Post Street is a Historic Resource as determined by the City & County of San Francisco, and is a contributor to the Lower Nob Hill Apartment Hotel District, as designated by the National Park Service in 1991. The building is a significant contributor to the district due to its high level of integrity relative to its period of significance (1929–1940). As one of the hotels designed by Weeks and Day, 761 Post Street is a notable example of the use of reinforced concrete in apartment buildings in San Francisco.

The Mills Act contract's resultant property tax savings will enable the property owners to preserve and rehabilitate this historic structure, which would otherwise be in danger of demolition, deterioration, or abandonment.

HISTORICAL SUMMARY

Nob Hill—the area surrounding 761 Post Street—became a destination for San Francisco's wealthy at the end of the 19th century. These people were drawn to what was then the western edge of the city by clement weather and picturesque views. When the city was brought to its knees on April 18, 1906, Nob Hill was not spared. As part of the redevelopment of the area, hotels and boarding houses were constructed; several of these are nationally renowned. 761 Post Street started as a moderate-cost hotel for locals, and eventually became a destination

hotel. The decline of San Francisco during the 1970s did not leave the area untouched—the hotel changed hands during that era and underwent a period of disrepair. In the 1980s, the hotel was renovated and became popular again. Today, the hotel is under a renovation.

CONDITIONS SUMMARY

761 Post Street was constructed almost 85 years ago. During that time, it underwent a number of modifications, most of which were related to the interior. There were, however, several exterior alterations that changed the building's appearance—specifically the erection of various signs and marquees. The exterior looks mostly as it did in 1929. The cementitious coating topping the reinforced concrete is in good to fair condition, with cracks and spalls observed. The exterior coating has exceeded its useful service life. The decorative panels over the windows and doors are intact and in good condition. The historic windows, which include steel casement windows and wood double-hung units, are in good condition.

RECOMMENDATIONS SUMMARY

An exterior repair program at 761 Post Street is necessary to not only address the cracked and spalling concrete along the Post Street elevation, but also material degradation related to the age of the building. Because it is possible that some of the exterior deterioration is related to previous water penetration, a roofing replacement is recommended. Window refurbishment is also recommended for the wood and steel windows.

A number of maintenance items are also recommended for the long-term care of the building. Estimated costs are also provided for these purposes.

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