

File No. 130479

Committee Item No. 3  
Board Item No. \_\_\_\_\_

**COMMITTEE/BOARD OF SUPERVISORS**  
AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: 12/16/2013

Board of Supervisors Meeting

Date: \_\_\_\_\_

**Cmte Board**

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| <input type="checkbox"/>            | <input type="checkbox"/> | Legislative Digest                           |
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| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Information Form                       |
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Completed by: Victor Young Date: December 12, 2013  
Completed by: Victor Young Date: \_\_\_\_\_

1 [Mills Act Historical Property Contract - 2550 Webster Street]

2  
3 **Resolution approving a Mills Act historical property contract, under Administrative**  
4 **Code, Chapter 71, between Pacific Heights, LLC, the owners of 2550 Webster Street,**  
5 **and the City and County of San Francisco; and authorizing the Planning Director and**  
6 **Assessor to execute the Mills Act historical property contract.**

7  
8 WHEREAS, The California Mills Act (Government Code Section 50280 et seq.)  
9 authorizes local governments to enter into a contract with the owners of a qualified historical  
10 property who agree to rehabilitate, restore, preserve, and maintain the property in return for  
11 property tax reductions under the California Revenue and Taxation Code; and

12 WHEREAS, San Francisco contains many historic buildings that add to its character  
13 and international reputation and that have not been adequately maintained, may be  
14 structurally deficient, or may need rehabilitation, and the costs of properly rehabilitating,  
15 restoring, and preserving these historic buildings may be prohibitive for property owners; and,

16 WHEREAS, Chapter 71 of the San Francisco Administrative Code was adopted to  
17 implement the provisions of the Mills Act and to preserve these historic buildings; and

18 WHEREAS, 2550 Webster Street is Landmark No. 38 under Article 10 of the Planning  
19 Code and thus qualifies as an historical property as defined in Administrative Code Section  
20 71.2; and

21 WHEREAS, A Mills Act application for an historical property contract has been  
22 submitted by Pacific Heights, LLC, the owners of 1019 Market Street, detailing completed  
23 rehabilitation work and proposing a maintenance plan for the property; and

1           WHEREAS, As required by Administrative Code Section 71.4(a), the application for the  
2 historical property contract for 2550 Webster Street was reviewed by the Assessor's Office  
3 and the Historic Preservation Commission; and

4           WHEREAS, The Assessor has reviewed the historical property contract and has  
5 provided the Board of Supervisors with an estimate of the property tax calculations and the  
6 difference in property tax assessments under the different valuation methods permitted by the  
7 Mills Act in its report transmitted to the Board of Supervisors on December 10, 2013, which  
8 report is on file with the Clerk of the Board of Supervisors in File No. 130479 and is hereby  
9 declared to be a part of this motion as if set forth fully herein; and

10           WHEREAS, The Historic Preservation Commission recommended approval of the  
11 historical property contract in its Resolution No. 715, which Resolution is on file with the Clerk  
12 of the Board of Supervisors in File No. 130479 and is hereby declared to be a part of this  
13 resolution as if set forth fully herein; and

14           WHEREAS, The draft historical property contract between Pacific Heights, LLC, the  
15 owners of 2550 Webster Street, and the City and County of San Francisco is on file with the  
16 Clerk of the Board of Supervisors in File No. 130479 and is hereby declared to be a part of  
17 this resolution as if set forth fully herein; and

18           WHEREAS, The Board of Supervisors has conducted a public hearing pursuant to  
19 Administrative Code Section 71.4(d) to review the Historic Preservation Commission's  
20 recommendation and the information provided by the Assessor's Office in order to determine  
21 whether the City should execute the historical property contract for 2550 Webster Street; and

22           WHEREAS, The Board of Supervisors has balanced the benefits of the Mills Act to the  
23 owner of 2550 Webster Street with the cost to the City of providing the property tax reductions  
24 authorized by the Mills Act, as well as the historical value of 2550 Webster Street and the  
25 resultant property tax reductions; now, therefore, be it

1 RESOLVED, That the Board of Supervisors hereby approves the historical property  
2 contract between Pacific Heights, LLC, the owners of 2550 Webster Street, and the City and  
3 County of San Francisco; and, be it

4 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes the Planning  
5 Director and the Assessor to execute the historical property contract; and, be it

6 FURTHER RESOLVED, That within thirty (30) days of the contract being fully executed  
7 by all parties, the Director of Planning shall provide the final contract to the Clerk of the Board  
8 for inclusion into the official file.

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CARMEN CHU  
ASSESSOR-RECORDER



SAN FRANCISCO  
OFFICE OF THE ASSESSOR-RECORDER

## MEMORANDUM

**Date:** December 12, 2013  
**To:** Victor Young, Board of Supervisors  
**From:** Michael Jine, Assessor-Recorder  
**Subject:** Mills Act Values

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Victor:

Attached is a spreadsheet of the estimated Mills Act value and property tax savings for the following properties:

1. 1019 Market
2. 3769 20<sup>th</sup>
3. 2550 Webster
4. 1772 Vallejo
5. 50 Carmelita
6. 56 Pierce
7. 56 Potomoc
8. 64 Pierce
9. 66 Carmelita
10. 66 Potomoc
11. 70 Carmelita

Remarks:

- (a) The original values for #1 (1019 Market), #2 (3769 20<sup>th</sup>), and #4 (1772 Vallejo) have been revised due to a change in the tax rate to 1.188% from 1.1691%.
- (b) The original value for #3 (2550 Webster) has been revised due to a change in the tax rate to 1.188% from 1.1691% and a change in the use to owner occupied from non-owner occupied.



# SAN FRANCISCO PLANNING DEPARTMENT

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December 4, 2013

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

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

Reception:  
**415.558.6378**

Fax:  
**415.558.6409**

Planning  
Information:  
**415.558.6377**

Re: Transmittal of Planning Department Case Number 2012.0679U  
Mills Act Historical Property Contract Application  
2550 Webster Street (a.k.a. Bourn Mansion), Landmark No. 38  
BOS File No: \_\_\_\_\_ (pending)

Historic Preservation Commission Recommendation: Approval

Dear Ms. Calvillo,

On October 16, 2013 the San Francisco Historic Preservation Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Mills Act Historical Property Contract Application;

**At the October 16, 2013 hearing, the Historic Preservation Commission voted to approve the proposed Resolution.**

The Resolution recommends that the Board of Supervisors approve the Mills Act Historical Property Contract, rehabilitation program and maintenance plan for the property at 2550 Webster Street (a.k.a. Bourn Mansion), City Landmark No. 38.

Please note that the Project Sponsor submitted the Mills Act application on May 25, 2012. The application submittal coincided with City efforts to amend the Mills Act Program to make the application process quicker, cheaper, and more predictable. Therefore, the Department placed the application on hold so that the pending legislation could be finalized before the new contract was reviewed. The amended legislation, sponsored by Supervisor Scott Wiener, became effective in October 2012, and the Project Sponsor re-submitted the application for the May 1, 2013 deadline. Meanwhile, the Project Sponsor commenced work to the interior of the building with guidance from the Planning Department. The following components of the rehabilitation program have been completed over the past year:

- Repairs and in-kind replacement of the historic slate roofing
- Structural framing and reinforcement
- Repairs to historic windows
- Restoration of the conservatory roof
- Restoration of leaded glass windows

The maintenance plan involves a cycle of annual inspections and maintenance and a longer-term maintenance cycle to be performed as necessary. It addresses the following components:

- Roof chimneys
- Masonry -
- Millwork and ornamentation
- Sheet metal
- Windows and doors

The attached draft historical property contract will help the Project Sponsor mitigate these expenditures and will enable the Project Sponsor to maintain the property in excellent condition in the future.

As detailed in the Mills Act application, the Project Sponsor has committed to a maintenance plan that will include both annual and cyclical inspections. Furthermore, the Planning Department will administer an inspection program to monitor the provisions of the contract. This program will involve a yearly affidavit issued by the property owner verifying compliance with the approved maintenance and rehabilitation plans as well as a cyclical 5-year site inspection.

Please find attached documents relating to the Commission's action. If you have any questions or require further information please do not hesitate to contact me.

Sincerely,



AnMarie Rodgers  
Manager of Legislative Affairs

Attachments:

- Historic Preservation Commission Resolution No. 0715
- Mills Act Contract Case Report, dated October 16, 2013, including the following:
  - Exhibit A: Mills Act Historical Property Contract
  - Exhibit B: Rehabilitation & Maintenance Plan
  - Exhibit C: Market Analysis and Income Approach provided by the Assessor's Office
  - Exhibit D: Mills Act Application



# SAN FRANCISCO PLANNING DEPARTMENT

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## Historic Preservation Commission Resolution No. 0715 HEARING DATE OCTOBER 16, 2013

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

Reception:  
415.558.6378

Fax:  
415.558.6409

Planning  
Information:  
415.558.6377

*Hearing Date:* October 16, 2013  
*Filing Date:* May 25, 2012  
*Case No.:* 2012.0679U  
*Project Address:* 2550 Webster St.  
*Historic Landmark:* Landmark #38  
*Zoning:* RH-2 (Residential House, Two Family)  
40-X Height and Bulk District  
*Block/Lot:* 0580/013  
*Applicant:* Gregory McCandless  
Pacific Heights, LLC  
PO Box 1962  
Los Altos, CA 94023  
*Staff Contact* Susan Parks – (415) 575-9101  
susan.parks@sfgov.org  
*Reviewed By* Tim Frye – (415) 575-6822  
[tim.frye@sfgov.org](mailto:tim.frye@sfgov.org)

**ADOPTING FINDINGS RECOMMENDING TO THE BOARD OF SUPERVISORS APPROVAL OF THE MILLS ACT HISTORICAL PROPERTY CONTRACT, REHABILITATION PROGRAM, AND MAINTENANCE PLAN FOR 1019 MARKET:**

WHEREAS, 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, the City and County of San Francisco may provide certain property tax reductions, such as the Mills Act; and

WHEREAS, the Mills Act authorizes local governments to enter into contracts with owners of private historical property who assure the rehabilitation, restoration, preservation and maintenance of a qualified historical property; and

WHEREAS, Ordinance No. 191-96 amended the San Francisco Administrative Code by adding Chapter 71 to implement California Mills Act, California Government Code Sections 50280 *et seq.*; and

WHEREAS, the existing building located at 2550 Webster Street and is City Landmark #38 pursuant to Article 10 of the Planning Code, and thus qualifies as a historic property; and

WHEREAS, the Planning Department has reviewed the Mills Act application, historical property contract, rehabilitation program, and maintenance plan for 2550 Webster Street, which are located in Case



**Resolution 0715  
October 16, 2013**

**CASE NO. 2012.0679U  
2550 Webster Street**

Docket No. 2012.0679U. The Planning Department recommends approval of the Mills Act historical property contract, rehabilitation program, and maintenance plan; and

**WHEREAS**, the Historic Preservation Commission (HPC) recognizes the historic building at 2550 Webster Street as an historical resource and believes the rehabilitation program and maintenance plan are appropriate for the property; and

**WHEREAS**, at a duly noticed public hearing held on October 16, 2013, the Historic Preservation Commission reviewed documents, correspondence and heard oral testimony on the Mills Act application, historical property contract, rehabilitation program, and maintenance plan for 2550 Webster Street, which are located in Case Docket No. 2012.0679U. The Historic Preservation Commission recommends approval of the Mills Act historical property contract, rehabilitation program, and maintenance plan.

**THEREFORE BE IT RESOLVED** that the Historic Preservation Commission hereby recommends that the Board of Supervisors approve the Mills Act historical property contract, rehabilitation program, and maintenance plan for the historic building located at 2550 Webster Street.

**BE IT FURTHER RESOLVED** that the Historic Preservation Commission hereby directs its Commission Secretary to transmit this Resolution, the Mills Act historical property contract, rehabilitation program, and maintenance plan for 2550 Webster Street, and other pertinent materials in the case file 2012.0679U to the Board of Supervisors.

I hereby certify that the foregoing Resolution was ADOPTED by the Historic Preservation Commission on October 16, 2013.

Jonas P. Ionin  
Acting Commission Secretary

AYES: Hasz, Wolfram, Hyland, Johnck, Mastuda, Pearlman

NOES:

ABSENT: Johns

ADOPTED: 6-0



# SAN FRANCISCO PLANNING DEPARTMENT

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## Mills Act Contracts Case Report

Hearing Date: October 16, 2013

*a. Filing Dates:* May 1, 2013  
*Case No.:* 2013.0576U  
*Project Address:* 1019 Market St.  
*Conservation District:* N/A  
*Article 11 Category:* II (Significant)  
*National Register Listing:* Market Street Theater and Loft District  
*Zoning:* C-3-G (Downtown General)  
120-X Height and Bulk District  
*Block/Lot:* 3703/076

*b. Filing Date:* May 25, 2012  
*Case No.:* 2012.0679U  
*Project Address:* 2550 Webster St.  
*Historic Landmark:* Landmark #38, Bourn Mansion  
*Zoning:* RH-2 (Residential House, Two Family)  
40-X Height and Bulk District  
*Block/Lot:* 0580/013  
*Applicant:* Gregory McCandless  
Pacific Heights, LLC  
PO Box 1962  
Los Altos, CA 94023

*c. Filing Date:* May 1, 2013  
*Case No.:* 2013.0582U  
*Filing Date:* May 1, 2013  
*Project Address:* 3769 20<sup>th</sup> Street  
*Landmark District:* Liberty-Hill Landmark District  
*Zoning:* RH-2 (Residential House, Two Family)  
40-X Height and Bulk District  
*Block/Lot:* 3607/062  
*Applicant:* Brian Jackson & Thomas Ranese  
3769 20th Street  
San Francisco, CA 94110

*Staff Contact* Susan Parks – (415) 575-9101  
susan.parks@sfgov.org  
*Reviewed By* Tim Frye – (415) 575-6822  
[tim.frye@sfgov.org](mailto:tim.frye@sfgov.org)

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## PROPERTY DESCRIPTION

- a. **1019 Market St.:** The subject property is located on the east side of Market Street between 6<sup>th</sup> and 7<sup>th</sup> Streets. Assessor's Block 3703, Lot 076. It is located in a C-3-G (Downtown General) Zoning District and a 120-X Height and Bulk District. The property was designated under Article 11 as Category II building. It is also listed on the National Register as a contributor to the Market Street Theater Loft District, the UMB survey, and the Planning Department 1976 Architectural Survey. The seven-story-over-basement, unreinforced masonry loft was built in 1909 by the McDonough Estate Company, and designed by architect George Applegarth, to house the Eastern Outfitting Company, which sold furniture, carpets, stoves and bedding through the 1930s. The interior and ground floor were remodeled in 1937 and the building was renovated again in 1970. The primary façade faces Market Street and is comprised of three sections: the ground floor storefront, the Chicago style bay window flanked by giant terra cotta Corinthian columns, and capped with a large decorative sheet metal cornice.
- b. **2250 Webster St.:** The subject property is located on the east side of Market Street between Broadway and Pacific Streets. Assessor's Block 0580, Lot 013. It is located in a RH-2 (Residential-House, Two Family) Zoning District and a 40-X Height and Bulk District. The property was designated under Article 10 as City Landmark #38. It is also listed in Here Today (page 24) and the Planning Department 1976 Architectural Survey. The three-story-over-basement, masonry residence was built in 1896 by William Bourne, President of the Spring Valley Water Company and designed by architect Willis Polk in the classical revival style.
- c. **3769 20<sup>th</sup> St.:** The subject property is located on the south side of 20th Street between Dolores and Guerrero Streets. Assessor's Block 3607, Lot 062. It is located in a RH-2 (Residential-House, Two Family) Zoning District and a 40-X Height and Bulk District. The property was designated under Article 10 as a contributor to the Liberty Hill Landmark District. It is also listed in Here Today (page 299) and the Planning Department 1976 Architectural Survey. The two-story-over-basement, frame residence was built in 1871 in the Italianate style.

## 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 and recommendation on the historical property contract, proposed rehabilitation program, and proposed maintenance plan. The Historic Preservation Commission shall conduct a public hearing on the Mills Act application and contract 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's Office to execute the historical property contract.

### **MILLS ACT REVIEW PROCEDURES**

The Historic Preservation Commission is requested to review each and make to recommendation 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 program 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 an historic district designated pursuant to San Francisco Planning Code Article 10; or
- (e) Designated as significant (Categories I or II) or contributory (Categories III or IV) to a conservation district designated pursuant to San Francisco Planning Code Article 11.

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 as whether to recommend to the Board of Supervisors if the valuation exemption shall be approved. Final approval of this exemption is under the purview of the Board of Supervisors.

## **PUBLIC/NEIGHBORHOOD INPUT**

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

## **STAFF ANALYSIS**

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

**a. 1019 Market St:** As detailed in the Mills Act application, the Project Sponsor proposes to continue rehabilitation efforts approved administratively under Minor Permit to Alter in July 2013. Staff determined that the proposed work, detailed in the attached exhibits, is consistent with Secretary of Interior's Standards for Rehabilitation and for 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 listed on the National Register as it is designated under Article 11 as a Category II building and is a contributor to the National Register-listed Market Street Theater and Loft District. A Historic Structures 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, 1019 Market St., Exhibit B)

The previously approved work program involves repair of the exterior including a new ground floor storefront; repair of the upper story bays and terra cotta columns, restoring the sheet metal cornice; re-glazing all existing historic windows. No changes to the use or configuration of the building are proposed. Please refer to the attached Rehabilitation Plan for a full description of the proposed work.

The maintenance plan involves a cycle of annual inspections and maintenance and a longer-term maintenance cycle to be performed as necessary. The maintenance plan addresses care of the roof, sheet metal, terra cotta, wood window sashes, sheet metal window mullions, and the parged concrete walls. The attached draft historical property contract will help the Project Sponsor mitigate these expenditures and will allow the Project Sponsor to maintain the property in excellent condition in the future.

**b. 2250 Webster St.:** The subject property is currently valued by the Assessor's Office as under \$3,000,000 (see attached Market Analysis and Income Approach reports). Therefore, the 2550 Webster Street Mills Act application does not require an exemption.

The rehabilitation program involves exterior work to the Bourn Mansion, including repairs, in-kind replacement of the historic slate roofing, structural framing and reinforcement, and repairs to historic windows; restoration of the conservatory roof and leaded glass windows. No changes to the use or configuration of the building are proposed. Please refer to the attached Rehabilitation Plan for a full description of the proposed work.

The maintenance plan involves a cycle of annual inspections and maintenance and a longer-term maintenance cycle to be performed as necessary. The maintenance plan addresses care of the roof chimneys, masonry, millwork and ornamentation; sheet metal; windows and doors. 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.

Staff determined that the proposed work, detailed in the attached exhibits, is consistent with Secretary of Interior's Standards for Rehabilitation and for Restoration.

**c. 3769 20<sup>th</sup> St.:** As detailed in the Mills Act application, the Project Sponsor proposes the rehabilitation efforts approved and completed under Certificate of Appropriateness in November 2012 (Motion No. 0177). Staff determined that the proposed work, detailed in the attached exhibits, is consistent with Secretary of Interior's Standards for Rehabilitation and for Restoration.

The subject property is currently valued by the Assessor's Office as under \$3,000,000 (see attached Market Analysis and Income Approach reports) and does not require an exemption.

The previously approved rehabilitation program involves in-kind replacement of historic elements and seismic improvements to the historic portions of the house. No changes to the use are proposed. Please refer to the attached Rehabilitation Plan for a full description of the proposed work.

The maintenance plan involves a cycle of annual inspections and maintenance and a longer-term maintenance cycle to be performed as necessary. The maintenance plan addresses maintenance of the wood siding, windows/glazing, roof, millwork and ornamentation; gutters, downspouts and drainage; and the foundation. 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**

The Planning Department recommends that the Historic Preservation Commission adopt a resolution recommending approval of these Mills Act Historical Property Contracts, rehabilitation and maintenance plans to the Board of Supervisors.

### **ISSUES AND OTHER CONSIDERATIONS**

The Assessor and Recorders Office has provided initial review. The Planning Department is continuing to working with the Assessor and Recorder's Office to finalize the final property tax valuations and savings.

### **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 and the City and County of San Francisco;
2. Approving the proposed Mills Act rehabilitation and maintenance plan for each property.

### **Attachments:**

#### **a. 1019 Market St.**

- Draft Resolution
- Exhibit A: Draft Mills Act Historical Property Contract
- Exhibit B: Draft Historic Structures Report
- Exhibit C: Draft Rehabilitation & Maintenance Plan
- Exhibit D: Draft Market Analysis and Income Approach provided by the Assessor's Office
- Exhibit E: Mills Act Application

#### **b. 2550 Webster St.**

- Draft Resolution
- Exhibit A: Draft Mills Act Historical Property Contract
- Exhibit B: Draft Rehabilitation & Maintenance Plan
- Exhibit C: Draft Market Analysis and Income Approach provided by the Assessor's Office

**Mill Act Applications**  
**October 16, 2013**

2013.0576U; 2012.0679U; 2013.0582U  
1019 Market St.; 2550 Webster St.; 3769 20<sup>th</sup> St.

Exhibit D: Mills Act Application

**c. 3769 20<sup>th</sup> St.**

Draft Resolution

Exhibit A: Draft Mills Act Historical Property Contract

Exhibit B: Draft Rehabilitation & Maintenance Plan

Exhibit C: Draft Market Analysis and Income Approach provided by the Assessor's Office

Exhibit D: Mills Act Application

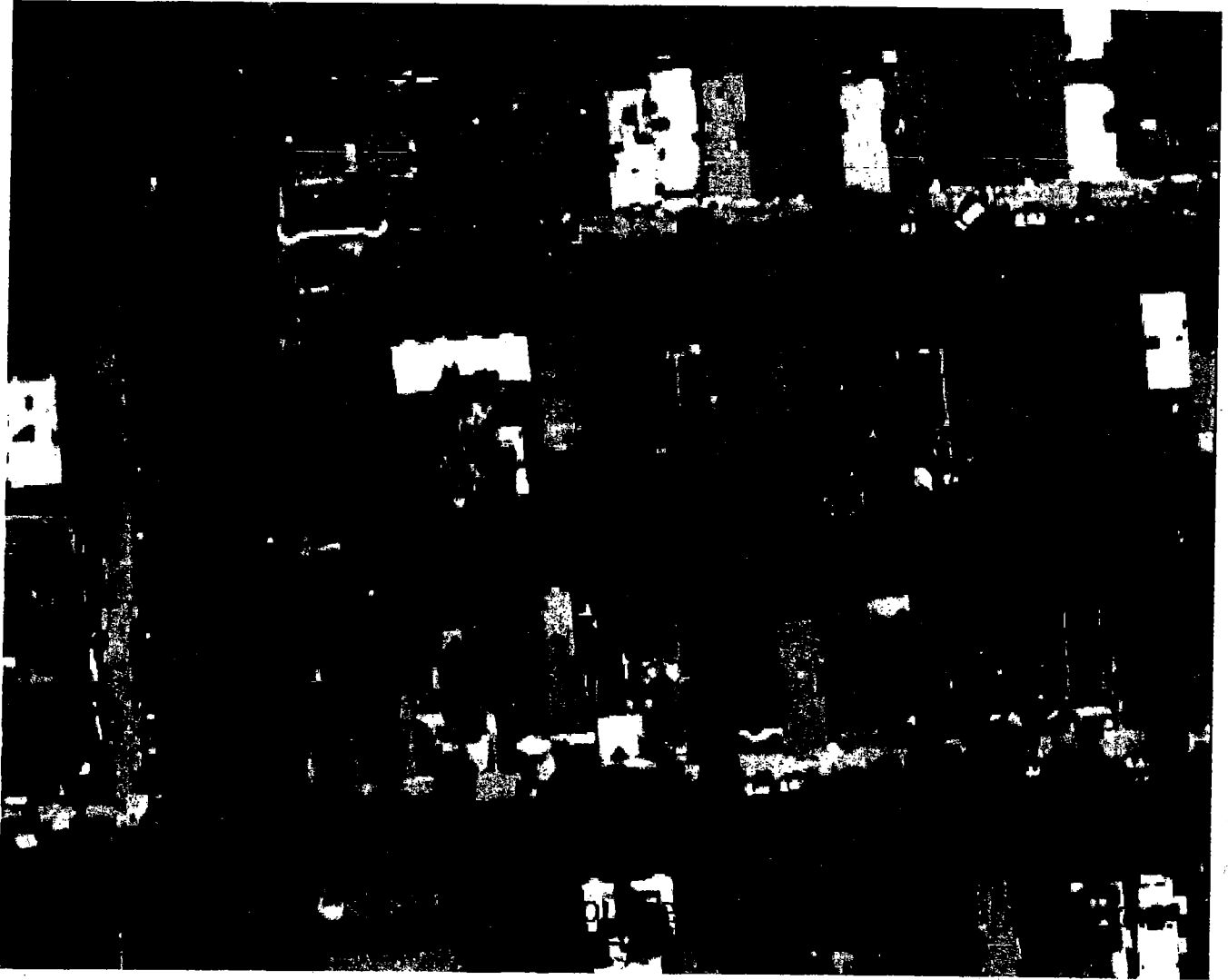


## Site Photo



Historic Preservation Commission  
2012.0679U  
Mills Act Application  
2550 Webster Street

# Aerial Photo



**Exhibit A: Draft Mills Act Historical Property  
Contract**

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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  
2550 Webster Street  
"Bourn Mansion"  
SAN FRANCISCO, CALIFORNIA**

THIS AGREEMENT is entered into by and between the City and County of San Francisco, a California municipal corporation ("City") and NAME(S) ("Owner(s)").

**RECITALS**

Owners are the owners of the property located at 2550 Webster Street, in San Francisco, California (Block 0580, Lot 013). The building located at 2550 Webster Street is designated as STATE ELIGIBILITY, E.G. "a City Landmark pursuant to Article 10 of the Planning Code" and is also known as the "Bourn Mansion" ("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 AMOUNT IN WORD FORMAT Dollars (\$AMOUNT IN NUMERICAL FORMAT). (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 AMOUNT IN WORD FORMAT Dollar (\$ [AMOUNT IN NUMERICAL FORMAT] s) 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:

I. 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

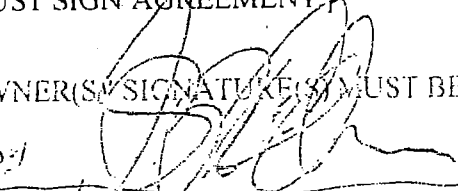
By:   
[NAME], Owner

DATE: 4/30/13

*Gloria M. Melendez, Trustee Ed. member of Pacific Heights, LLC*

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

OWNER(S) SIGNATURE(S) MUST BE NOTARIZED.

By:  \_\_\_\_\_

ATTACH PUBLIC NOTARY FORMS HERE.

# CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

State of California

County of SANTA CLARA

On APRIL 30<sup>th</sup> 2013 before me, MAULIK ANIL PANDIT, NOTARY PUBLIC,  
(Here insert name and title of the officer)

personally appeared GILORIA M. MCCANDLESS

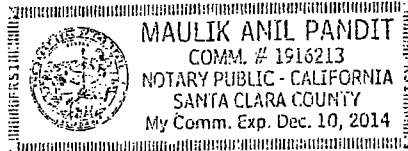
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s),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

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

WITNESS my hand and official seal.

Maan dit

Signature of Notary Public



(Notary Seal)

## ADDITIONAL OPTIONAL INFORMATION

<b>DESCRIPTION OF THE ATTACHED DOCUMENT</b>	
<u>Ca. Mills del. Historic Property Agreement</u> <small>(Title or description of attached document)</small>	
<small>(Title or description of attached document continued)</small>	
Number of Pages _____	Document Date _____
<small>(Additional information)</small>	

<b>CAPACITY CLAIMED BY THE SIGNER</b>	
<input type="checkbox"/> Individual (s) <input type="checkbox"/> Corporate Officer  <input type="checkbox"/> Partner(s) <input type="checkbox"/> Attorney-in-Fact <input type="checkbox"/> Trustee(s) <input type="checkbox"/> Other _____ <small>(Title)</small>	

### INSTRUCTIONS FOR COMPLETING THIS FORM

*Any acknowledgment completed in California must contain verbiage exactly as appears above in the notary section or a separate acknowledgment form must be properly completed and attached to that document. The only exception is if a document is to be recorded outside of California. In such instances, any alternative acknowledgment verbiage as may be printed on such a document so long as the verbiage does not require the notary to do something that is illegal for a notary in California (i.e. certifying the authorized capacity of the signer). Please check the document carefully for proper notarial wording and attach this form if required.*

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. he/she/they - is /are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
  - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document
  - ❖ Indicate title or type of attached document, number of pages and date
  - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary)

# CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

State of California

County of SANTA CLARA

On MAY 01, 2013 before me, MAULIK ANIL PANDIT, NOTARY PUBLIC  
(Here insert name and title of the officer)

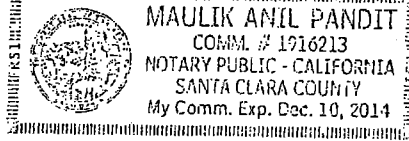
personally appeared GREGORY B. MCCANDLESS

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

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

WITNESS my hand and official seal.

Mandit  
 Signature of Notary Public



(Notary Seal)

## ADDITIONAL OPTIONAL INFORMATION

### DESCRIPTION OF THE ATTACHED DOCUMENT

CA. MILLS AER. HISTORIC PROPERTY  
(Title or description of attached document)

agreement

(Title or description of attached document continued)

Number of Pages \_\_\_\_\_ Document Date \_\_\_\_\_

(Additional information)

### CAPACITY CLAIMED BY THE SIGNER

- Individual (s)  
 Corporate Officer

(Title)

- Partner(s)  
 Attorney-in-Fact  
 Trustee(s)  
 Other \_\_\_\_\_

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  - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary)

## **Exhibit B: Draft Rehabilitation and Maintenance Plans**

## **2550 Webster Street Restoration Plan**

### **SCOPE: RE-ROOFING**

COMPLETED 2011

COST: \$180,000

ROOF HAS BEEN COMPLETELY REHABILITATED WITH HIGH QUALITY SLATE, S-1 GRADE. NEW COPPER FLASHING HAS BEEN INSTALLED. DUE TO CORROSSION, THE HISTORIC DOWNPOUTS WERE UNABLE TO BE REPAIRED AND NEW REPLACEMENT COPPER DOWNSPOUTS WERE FABRICATED TO MATCH THE DESIGN OF THE HISTORIC DOWNSPOUTS.

### **SCOPE: REPAIR DORMERS**

COMPLETED 2011

COST: \$90,000

SEVEN DORMERS HAVE BEEN REPAIRED DUE TO WEATHERED PAINT, DRY ROT AND WATER LEAKS. FLAT SEAM ROOFING RESTORED TO ORIGINAL CONDITION. NEW FLASHING INSTALLED. DORMERS WERE REPAINTED USING ORIGINAL HISTORICAL COLORS.

### **SCOPE: STRUCTURAL REHABILITATION/SEISMIC REINFORCING**

COMPLETED 2011

COST: \$180,000

REPLACED WATER DAMAGED FLOOR AND CEILING JOISTS. WALL, FLOOR AND PARAPET CONNECTIONS UPGRADED WITH A BOLTS PLUS REINFORCEMENT SYSTEM. CONCENTRATED AREAS IN FLOORS AND CEILINGS WERE OPENED TO MOUNT BOLTS AND HOLD DOWNS, AND REPLACED WITH ORIGINAL AND IN KIND MATERIALS.

### **SCOPE: CONSERVATORY ROOF RESTORATION**

COMPLETED 2012

COST: \$39,000

CONSERVATORY BARREL ROOF WAS OVERLAYED AND INSULATED WITH A STANDING SEAM COPPER ROOF SYSTEM TO ELIMINATE WATER LEAKS AND CONDENSATION. CONSERVATORY EAST WALL HAD PARTIALLY COLLAPSED DUE TO HEAVY WATER DAMAGE, AND WAS REHABILITATED TO ITS ORIGINAL DESIGN

USING SALVAGED MILLWORK AND IN KIND MATERIALS. COLLAPSED EAST WALL REHABILITATED PER SISR #6.

**SCOPE: EXTERIOR MASONRY REPAIRS AND REPOINTING**

COMPLETED 2012 DESIGN

COST: \$270,000

RE-POINTING OF EXTERIOR MASONRY. CEMENTITIOUS MATERIAL MATCHES ORIGINAL VIA LABORATORY ANALYSIS. MORTAR CAPS INSTALLED ON PARAPETS AND CHIMNEY TOPS TO REDUCE WATER INTRUSION AND EFFLORESCENCE. SANDSTONE DETAILS WERE CLEANED USING GENTLEST MEANS POSSIBLE AND REPAIRED WITH CEMENTITIOUS MIX MATCHING COLOR AND TEXTURE. BALUSTRADES ABOVE FROM CORNICE REPAIRED AND REFASTENED. CORNICE WATERPROOFED WITH CONCEALED FLASHING. ALL WORK WAS COMPLETED IN ACCORDANCE WITH SISR #5 & #7.

**SCOPE: RESTORE REAR DECK/SERVICE QUARTERS**

COMPLETED 2012

COST: \$90,000

REAR DECK ABOVE SERVICE QUARTERS HAD COLLAPSED DUE TO HEAVY WATER DAMAGE, AND WAS REBUILT BASED ON REMNANTS AND HISTORIC PHOTOGRAPHIC DOCUMENTATION. LIMESTONE TILES THAT CLOSELY RESEMBLE ORIGINAL MARBLE TILES WERE USED FOR SAFETY PURPOSES, DUE TO MARBLE'S SLICK QUALITY. CONCRETE STAIRCASE REINFORCED WITH STEEL FRAMING AND REATTACHED TO CONSERVATORY DECK. MISSING BALUSTERS WERE REPLACED IN KIND BASED ON DOCUMENTED EVIDENCE. SERVICE QUARTERS BELOW WERE REHABILITATED DUE TO HEAVY WATER DAMAGE; INCLUDES REPAIRED FOUNDATION, DRYWALL, AND WINDOWS.

**SCOPE: RESTORATION OF STAINED GLASS/LEADED GLASS WINDOWS**

PROPOSED 2012-13

COST: \$50,000

LEADED GLASS WINDOWS TO BE REHABILITATED AND RE-CAMED TO MATCH EXISTING MATERIALS. MISSING STAINED GLASS PIECES TO BE MATCHED AS CLOSELY AS POSSIBLE. MISSING PANEL ON STAINED GLASS MURAL TO BE RECREATED BASED ON HISTORICAL PHOTO DOCUMENTATION. WORK SHALL COMPLY WITH SISR #6.

**SCOPE: STRUCTURAL REINFORCEMENT OF GARAGE**

PROPOSED 2013

COST: \$50,000

GARAGE WAS STRUCTURALLY REINFORCED WITH METAL BEAMS AND COLUMNS THAT REQUIRED MINIMAL CHANGE TO THE HISTORIC FEATURES OF THE BUILDING. EXISTING WINDOWS AND DOORS TO BE REPLACED WITH IN-KIND MATERIALS AS REPAIR WAS NOT POSSIBLE.

**SCOPE: REPAIRED ALL WINDOWS**

COMPLETED 2012

COST: \$60,000

ALL WINDOWS REPAIRED AND REHABILITATED. FRAMES REPAINTED WITH HISTORICAL COLORS. CRACKED OR MISSING GLAZING REPAIRED. ALL WINDOWS MADE FUNCTIONAL AND ALL HARDWARE REPAIRED OR REPLACED IN-KIND WHERE REPAIR IS NEITHER TECHNICALLY NOR ECONOMICALLY FEASIBLE. ALL WORK IN ACCORDANCE WITH SF PLANNING DEPARTMENT STANDARDS FOR WINDOW REPLACEMENT AND/OR NPS PRESERVATION BRIEFS FOR BEST PRACTICES GUIDELINES.

**SCOPE: REPAIR EXTERIOR DOORS**

PROPOSED 2013

COST: \$10,000

REPAIR EACH DOOR. EXISTING HISTORIC HARDWARE TO BE RESTORED AND REUSED. REPLACE MISSING DOORS WITH CUSTOM MILLED IN-KIND DOORS BASED ON DOCUMENTARY EVIDENCE TO MATCH HISTORIC FINISHES AND MATERIALS.

**SCOPE: RESTORED AND REPAIRED HARDWOOD FLOORS**

COMPLETED 2013

COST: \$100,000



HARDWOODS FLOORS TO BE REPAIRED AND REFINISHED. FLOORS WITH HEAVY DRY ROT AND IRREVERSABLE DAMAGE TO BE REPLACED WITH IN-KIND MATERIALS.

**SCOPE: REPAIRED INTERIOR MILLWORK**

PROPOSED 2012-13

COST: \$200,000

WOOD CASINGS, MOLDINGS, AND TRIM TO BE REPAIRED USING IN-KIND MATERIALS. ALL WORK WILL MAINTAIN THE HISTORIC FEATURES, FINISHES AND CONSTRUCTION TECHNIQUES.

**SCOPE: CONSERVATION OF INTERIOR FINISHES/PLASTER REPAIR**

PROPOSED 2013

COST: \$100,000

WALL MURAL HAS SUSTAINED DAMAGE FROM PLUMBING LEAKS AND INSTABLE PLASTER. MURAL TO BE REMOVED, RESTORED AND REINSTATED BY RECOGNIZED SPECIALISTS. PLUMBING LEAKS AND PLASTER TO BE REPAIRED. ALL WORK WILL MAINTAIN THE HISTORIC FEATURES, FINISHES AND CONSTRUCTION TECHNIQUES.

**SCOPE: INTERIOR PAINT/DRYWALL**

COMPLETED 2013

COST: \$120,000

DRYWALL, PLASTER AND DECORATIVE MOLDING REPAIRED OF HEAVY WATER AND MOLD DAMAGE. REPAINTED KITCHEN, BEDROOMS AND HALLWAYS. ASBESTOS ABATEMENT TO DAMAGED AND UNSTABLE AREAS OF ORIGINAL PLASTER. ALL HISTORIC FEATURES WILL BE REPAIRED RATHER THAN REPLACED. ANY REPLACEMENT FEATURES WILL MATCH HISTORIC FEATURES IN KIND OR THROUGH DOCUMENTARY OR PHYSICAL EVIDENCE.

## **2550 Webster St. Maintenance Plan**

The maintenance plan for 2550 Webster St. includes:

- Annual inspections and maintenance, with an emphasis on the most vulnerable features and locations. They are to be performed in May or June, following the rains of the winter season.
- A major detailed inspection will be performed every 10 years while scaffolding is in place for painting.
- Inspections are to be followed by recommended maintenance using the best practice, in accordance with the Secretary of the Interior's Standards for Rehabilitation.

### **Exterior**

#### **Roof**

Inspect: Every 10 Years

Maintain: Non-historic slate roof was replaced during rehabilitation process with new slate roof that matches historic slate roof. Maintenance will be conducted according to manufacturers specifications. Replacement tiles will be replaced in kind.

#### **Chimneys**

Inspect: Every 10 Years

Maintain: Clean structure and flue. Check for water penetration and uneven heating and cooling conditions. Repair mortar and masonry as needed. If necessary, bricks will be replaced with salvaged bricks to match historic masonry.

#### **Masonry**

Inspect: Annually

Annual: Clean mortar of mildew, mold, and other growths. Inspect for efflorescence and water infiltration, repair and repoint using mortar to match historic mortar composition as required.

Long-term: Inspect for spalling, and loose, cracked or dislodged brick. Repair as required. If necessary, bricks will be replaced with salvaged bricks to match historic masonry.

#### **Sheet metal**

Inspect: Annually

Annual: Check for loose nails and damaged solder joints. Inspect gutter for leaks and impeded water flow.

Long-term: Thorough inspection of all sheet metal surfaces, joints and connections.

### **Exterior Millwork and Ornamentation**

Inspect: Annually

Annual: Check for deterioration, dry rot and water infiltration. Repair using best practices; prime, repaint and caulk as necessary.

Every ten years: Prep, patch and repaint all exterior millwork. Repair using best practices. Replace any deteriorating elements with custom milled replicas of historic millwork if required.

### **Windows**

Inspect: Annually

Annual: Inspect glazing. Check for possible water infiltration. Repair flashing, weather-stripping and sealants as needed. A thorough inspection of windows will be conducted to identify necessary repairs. Windows will be repaired using historically appropriate glazing, and panes will be re-puttied as necessary. Repair damage to wood sashes and frames using best practices when possible and replace windows in kind only if necessary.

### **Exterior Doors**

Inspect: Annually

Maintain: Inspect each door for proper function and water infiltration. Check thresholds, hinges, hardware, weather-stripping and caulking. Repair damage as necessary using best practices and replace with in-kind custom millwork only if necessary

## 2550 Webster St. Maintenance Expense

The table below lists completed features and their cost, life expectancy, and amortized expense for 2550 Webster Street.

The annual maintenance expense is amortized by dividing a feature's cost by its life expectancy. Design, consulting and permit fees are included into each expense.

<b>Feature</b>	<b>Cost</b>	<b>Life</b>	<b>Expense</b>
Copper Roof	\$39,000	50	\$780
Structural Reinforcement	\$180,000	20	\$9,000
Masonry	\$270,000	80	\$3,375
Rear Deck	\$90,000	75	\$1,200
Re-Roof	\$180,000	60	\$3,000
Dormers	\$90,000	10	\$9,000
Windows	\$60,000	30	\$2,000
Floors	\$100,000	100	\$1,000
Paint	\$120,000	15	\$8,000
<b>Total</b>			<b>\$37,355</b>

**Exhibit C: Draft Market Analysis and Income  
Approach provided by the Assessor's Office**

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

**APN:** 05-0580-013 **SF Landmark#** 38  
**Type of Property** Single Family Residential **Year:** 2013 **Date Filed:** 5/1/2013  
**Property Location:** 2550 Webster Street **Date of Sale:** 1/20/2010  
**Applicant's Name:** Gregory & Gloria McCandless **Sale Price:** \$2,790,000  
**Agt./Tax Rep./Atty:** none

**Applicant supplied appraisal?** No

**For New Value, Event Date:** 5/1/2013

RESTRICTED VALUE		FACTORED BASE YEAR VALUE		MARKET VALUE	
Land	\$1,915,020	Land	\$2,339,657	Land	\$6,402,000
Imps.	\$1,276,680	Imps.	\$584,913	Imps.	\$4,268,000
<b>Total</b>	<b>\$3,191,700</b>	<b>Total</b>	<b>\$2,924,570</b>	<b>Total</b>	<b>\$10,670,000</b>

**I. Property Description**

**Land Area:** 6,015 sq ft **Present Use:** SFR **Zoning:** RH-2  
**Year Built:** 1897 **Imp. Area (NRA)** 9,762 sq ft **Stories/Units:** 3  
**Neighborhood:** Pacific Heights **Class Code:** D

**II. Issue(s):** Historical Property - "Mills Act" valuation as of May 1, 2013

**III. Contents of Attached Valuation:**

Cover Sheet p. 1  
Property Information p. 2  
Subject Photo p. 3  
Restricted Valuation p. 4  
Market Valuation p. 5  
Market Valuation Photos p. 6  
Rent Comparables p. 7

**IV. Conclusions and Recommendations:**

Based on the three-way comparison, the lowest of the three values is the Restricted Value. Therefore, a reduction to \$3,191,700 is recommended.

Dennis May  
Appraiser

12/03/13  
Date

Teresa Contro  
Principal Appraiser

## Property Information

### Identification:

APN:	05-0580-013
Address:	2550 Webster Street San Francisco, CA
Current Owner:	Pacific Heights, LLC
Prior Owner:	Arden Van Upp

### Assessment History:

Est. Date Approved By Planning:	to be determined
Sale Date:	1/21/2010
Sale Price:	\$2,790,000
Sale Date:	9/14/1972
Sale Price:	\$225,000

### Property Description:

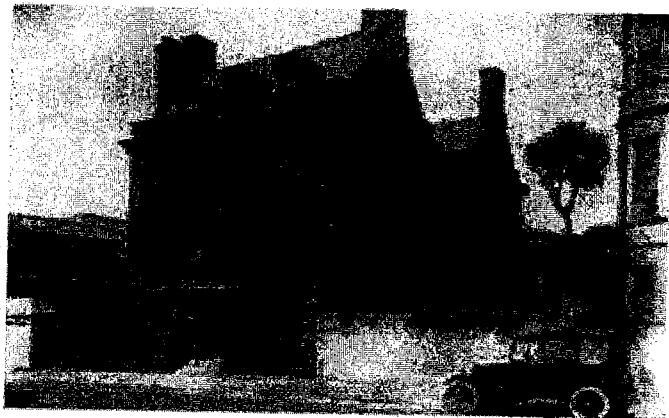
Type of Property:	Single Family Residence
NRA:	9,762 sq. ft.
Land Area:	6,015 sq. ft.
Year Built:	1897

**Mills Act Valuation**

APN 05-0580-013

2550 Webster Street

Bourn Mansion





**RESTRICTED INCOME APPROACH**

**APN 05-580-013  
2550 Webster St  
Restricted Mills Act Value  
as of May 1, 2013**

**Non-Owner Occupied**

Potential Gross Income	\$25,000	x	12 months	\$300,000
Less Vacancy & Collection Loss			5%	<u>(\$15,000)</u>
Effective Gross Income				\$285,000
Less Anticipated Operating Expenses			15%	<u>(\$42,750)</u>
Net Operating Income				\$242,250
Restricted Capitalization Rate				
<u>Rate Components:</u>				
Interest rate per SBE			3.7500%	
Risk rate (4% owner occupied / 2% all other property types)			2.0000%	
Property tax rate			1.1691%	
Amortization rate for improvements only			0.6667%	<u>7.59%</u>
Remaining economic life (in years)	60		0.0167	
Improvements constitute % of total property value			40%	

**RESTRICTED VALUE**

**\$3,191,700**

**SINGLE FAMILY RESIDENCE MARKET ANALYSIS**

	Subject	Sale 1		Sale 2		Sale 3	
APN	0580-013	0591-019		0963-013		0987-025	
Address	2550 Webster St	2020 Jackson St		2950 Pacific Ave		3636 Washington St	
Sales Price		\$12,750,000		\$16,000,000		\$10,000,000	
	Description	Description	Adjust.	Description	Adjust.	Description	Adjust.
Cash Equivalency		not stated		not stated		not stated	
Date of Sale		03/13/13		07/12/12		02/29/12	
Location	Pacific Heights	Pacific Heights		Pacific Heights		Presidia Hts	
Proximity to Subject		4 blocks		7 blocks		14 blocks	
Lot Size	6,015	6,956	(\$94,100)	12,209	(\$619,400)	6,960	(\$94,500)
View	none	Bay, adj 10%	(\$1,275,000)	Pano. adj 20%	(\$3,200,000)	Bay, adj 10%	(\$1,000,000)
Year Blt/Year Renovated	1897	1902		1907		1910	
Condition	Good	Good		Good		"needs work"	\$500,000
Construction Quality	Good	Good		Good		Good	
Functional Utility	Good	Good		Good		Good	
Gross Living Area	9,762	11,500	(\$521,400)	11,500	(\$521,400)	9,336	\$127,800
Main floor(s) Living Area	9,762	11,500		11,500		9,336	
Total Rooms	15	24		15		20	
Bedrooms	4	7		7		8	
Full Baths/Half Baths	4/1	7/1	(\$90,000)	6/1	-\$60,000	6/1.5	-\$67,500
Stories	4	4		4		3	
Garage	1 space	2 spaces	(\$100,000)	6 spaces	(\$500,000)	2 spaces	(\$200,000)
Fin. Basement Included In Gross Living Area	0	0		0		0	
Other Amenities	elevator, fireplaces	elevator, fireplaces		elevator, fireplaces		fireplaces	\$100,000
Zoning	RH2	RH1		RH1D		RH2	
Net Adjustments			(\$2,080,500)		(\$4,900,800)		(\$634,200)
Indicated Value			\$10,669,500		\$11,099,200		\$9,365,800
Adjust. \$ Per Sq. Ft.			\$928		\$965		\$1,003
VALUE RANGE:	\$9,365,800 to \$11,099,200			VALUE CONCLUSION:		\$10,670,000 - F.M.V.	

Lot size adjusted at \$100 per sq ft. Gross living area adjusted at \$300 per sq ft. Full bath adjustment is \$30,000, half bath adjustment is \$15,000. Garage space adjustment is \$100,000 per space. Elevator adjustment is \$100,000. Comp 3 is adjusted by \$500,000 for condition, it is described in MLS listing as, "needs work." Subject and Comps 1 and 2 are in similar excellent condition. A view adjustment of 10% is made to Comps 1 and 3 which have a bay view while subject has minimal views. Comp 2 is adjusted by 20% for view since it is situated in optimal location to enjoy panoramic GG Bridge to Alcatraz and beyond views from every room on north side of house.

**Photos - Subject & Comparables**  
**Mills Act Valuation for 2013**

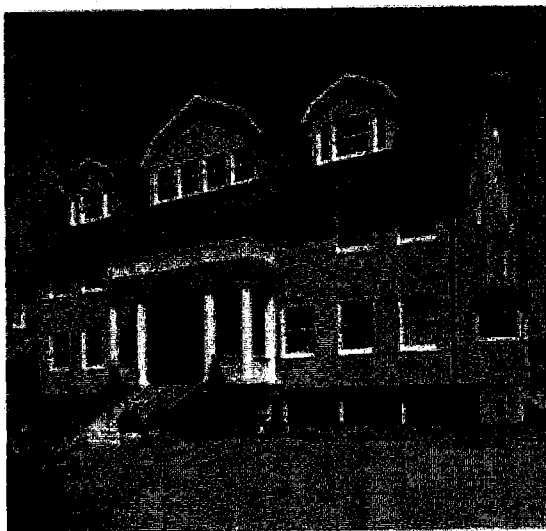
Subject: APN 0580-013  
2550 Webster St



Subject 2550 Webster St



Comp 1 2020 Jackson St



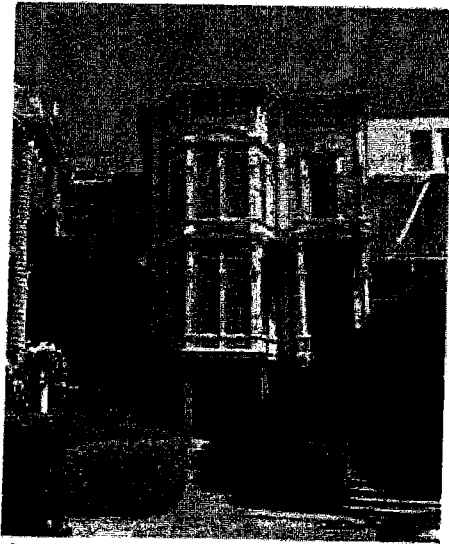
Comp 2 2950 Pacific Ave



Comp 3 3636 Washington St

## COMPARABLE RENTS

BLK / LOT	ADDRESS	NET RENTABLE (SQ.FT.)	RENT (ANNUAL)	RENT (PER SQ FT)	BUILDING DESCRIPTION / OTHER COMMENTS
1 0639-006	2020 California St	3,166	\$126,000	\$39.80	Remodeled Pacific Heights Mansion
2 0983-003	2121 Lyon St	3,905	\$180,000	\$46.09	Renovated Pacific Heights Nat'l Historic Landmark
3 1064-056	100 Commonwealth Ave	3,539	\$180,000	\$50.86	Remodeled, detached Jordan Park home
4 1329-015	615 El Camino Del Mar	2,904	\$192,000	\$66.12	Prime Sea Cliff location, Pano G.G. views, maids qtrs



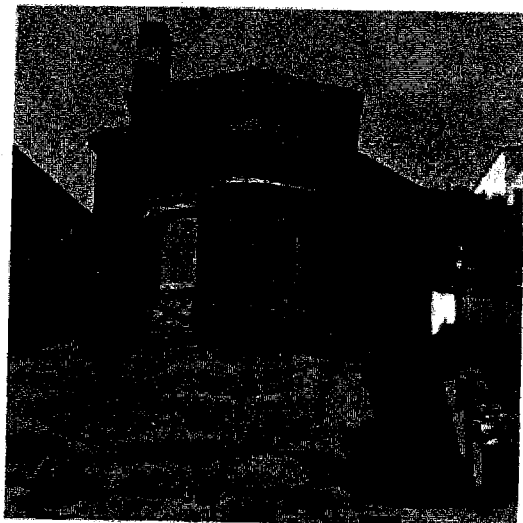
Comp 1 2020 California St



Comp 2 2121 Lyon St



Comp 3 100 Commonwealth Ave



Comp 4 615 El Camino Del Mar

## Exhibit D: Mills Act Application

new

# APPLICATION FOR Mills Act Historical Property Contract

## 1. Owner/Applicant Information

PROPERTY OWNER 1 NAME: PACIFIC HEIGHTS, LLC	TELEPHONE: (650) 917-6147
PROPERTY OWNER 1 ADDRESS: PO BOX 1962, LOS ALTOS, CA 94023	EMAIL:
PROPERTY OWNER 2 NAME: GREGORY B. MCCANDLESS	TELEPHONE: ( )
PROPERTY OWNER 2 ADDRESS:	EMAIL:
PROPERTY OWNER 3 NAME: GLORIA MCCANDLESS	TELEPHONE: ( )
PROPERTY OWNER 3 ADDRESS:	EMAIL:

## 2. Subject Property Information

PROPERTY ADDRESS: 2550 WEBSTER STREET, SAN FRANCISCO, CA	ZIP CODE: 94115
PROPERTY PURCHASE DATE: JANUARY 14, 2010	ASSESSOR BLOCK/LOT(S): 0580/013
MOST RECENT ASSESSED VALUE: \$2,989,627	ZONING DISTRICT: RH-2


Are taxes on all property owned within the City and County of San Francisco paid to date? YES  NO

Do you own other property in the City and County of San Francisco?  
If Yes, please list the addresses for all other property owned within the City of San Francisco on a separate sheet. YES  NO

Property is designated as a City Landmark under Article 10 of the Planning Code YES  NO

Are there any outstanding enforcement cases on the property from the San Francisco Planning Department or the Department of Building Inspection? YES  NO

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

Owner Signature: 

Owner Signature: 

Owner Signature: \_\_\_\_\_

Date: 5/11/2013

Date: 5/17/2013

Date: \_\_\_\_\_

### 3. Program Priority Criteria

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

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

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

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

Residential Buildings: \$3,000,000	YES <input type="checkbox"/>	NO <input type="checkbox"/>
Commercial, Industrial or Mixed Use Buildings: \$5,000,000	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>

*\*If property value exceeds these values please complete Part 4: Application of Exemption*

#### 3. Rehabilitation/Restoration/Maintenance Plan:

A 10 Year Rehabilitation/Restoration/Maintenance Plan will be submitted detailing work to be performed on the subject property	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
--	---	-----------------------------

#### 4. Required Standards:

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

*\*Detail how the proposed work meets the Secretary of Interior Standards on a separate sheet or include as part of Rehabilitation/Restoration/Maintenance Plan.*

#### 5. Mills Act Tax Savings:

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

#### 4. Application for Exemption from Property Tax Valuation

If answered "no" to either question under No. 2 "Property fall under the following Property Tax Value Assessments" in the Program Priority Criteria Checklist, on a separate sheet of paper, explain how the property meets the following criteria and should be exempt from the property tax valuations. Also attach a copy of the most recent property tax bill.

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 by a qualified consultant must be submitted to demonstrate meeting this requirement).

NAMES:
TAX ASSESSED VALUE:
PROPERTY ADDRESS:

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

Owner Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Owner Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Owner Signature: \_\_\_\_\_

Date: \_\_\_\_\_

#### Planning Department Staff Evaluation

THIS SECTION TO BE COMPLETED EXCLUSIVELY BY PLANNING DEPARTMENT STAFF

Exceptional Structure?

YES  NO

Percent above value limit: \_\_\_\_\_

Specific threat to resource?

YES  NO

No. of criteria satisfied: \_\_\_\_\_

Complete HSR submitted?

YES  NO

Planner's initial: \_\_\_\_\_



## 6. Rehabilitation/Restoration/Maintenance Plan

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

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

This plan will be included along with any other supporting documents as part of the Mills Act historical Property contract.

### Draft Rehabilitation/Restoration/Maintenance Scope

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:  <p style="text-align: center;"><i>see attached maintance &amp; rehab. plans. -sp</i></p>

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:

THIS SECTION TO BE COMPLETED EXCLUSIVELY BY PLANNING DEPARTMENT STAFF

Property Address:	
Block / Lot:	
Board of Supervisors Ordinance Number:	

7. Notary Acknowledgment Form

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

State of California

County of: SANTA CLARA

On: MAY 01, 2013 before me, MAULIK ANIL PANDIT  
DATE INSERT NAME OF THE OFFICER

NOTARY PUBLIC personally appeared: GREGORY B. MCCANDLESS AND  
NAME(S) OF SIGNER(S) GLORIA M. MCCANDLESS

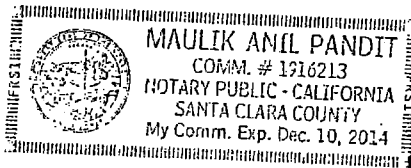
who proved to me on the basis of satisfactory evidence to be the person(s) who name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s),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

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

WITNESS my hand and official seal.

Mandit

SIGNATURE



( PLACE NOTARY SEAL ABOVE )

## 9. Historical Property Tax Adjustment Worksheet Guide

PROPERTY ADDRESS: 2550 WEBSTER STREET

PROPERTY DESCRIPTION: MULTI-FAMILY DWELLING

OWNER OCCUPIED: YES  NO

### STEP 1: Determine Annual Income of Property

ANNUAL PROPERTY INCOME	CURRENT	EXPLANATION
1. Monthly Rental Income	\$ 15,000	For owner-occupied properties estimate a monthly rental income. Include all potential sources of income (farming, advertising, photo shoots, billboard rentals, etc.)
2. Annual Rental Income	\$ 180,000	Multiply Line 1 by 12
3. Deduction for Vacancy	\$ 8,550	5% (subtract 5% from line 2)
	<u>171,000</u>	

### STEP 2: Calculate Annual Operating Expenses

ANNUAL OPERATING EXPENSES	CURRENT	EXPLANATION
4. Insurance	\$ 10,000	Fire, Liability, etc.
5. Utilities	\$ 13,000	Water, Gas, Electric, etc.
6. Maintenance*	\$ 33,405	Maintenance includes: Painting, plumbing, electrical, gardening, cleaning, mechanical, heating repairs, structural repairs, security, and property management.
7. Management*	\$ 8,550	
8. Other Operating Expenses	\$ 2,400	Security, services, etc. Provide breakdown on separate sheet.
9. Total Expenses†	\$ 67,355	Add Lines 4 through 8

\* If calculating for commercial property, provide the following back-up documentation where applicable:

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

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

### STEP 3: Determine Annual Net Income

NET OPERATING INCOME	CURRENT	EXPLANATION
9. Net Operating Income	\$ 104,095	Line 3 minus Line 9

**STEP 4: Determine Capitalization Rate**

CAPITALIZATION RATE	CURRENT	EXPLANATION
10. Interest Component	6.50% <b>3.75%</b>	As determined by the State Board of Equalization for 2009/2010
11. Historic Property Risk Component	2%	Single-family home = 4% All other property = 2%
12. Property Tax Component	1%	.01 times the assessment ratio of 100%
13. Amortization Component (Reciprocal of life of property)	5%	If the life of the improvements is 20 years Use $100\% \times 1/20$ = 5%
14. Capitalization Rate	11.75%	Add Lines 10 through 13

**STEP 5: Calculate New Assessed Value**

NEW ASSESSED VALUE	CURRENT	EXPLANATION
15. Mills Act Assessed Value	\$ \$885,915	Line 9 divided by Line 14

**STEP 6: Determine Estimated Tax Reduction**

NEW TAX ASSESSMENT	CURRENT	EXPLANATION
16. Current Tax (Exclude voter indebtedness, direct assessments, tax rate areas and special districts)	\$ \$28,672.27	General tax levy only - do not include voted indebtedness or other direct assessments.
17. Tax under Mills Act	\$ \$8,859.15	Line 15 x .01
18. Estimated Tax Reduction	\$ \$19,813.10	Line 16 minus Line 17

The Assessor Recorder's Office may request additional information. A timely response is required to maintain hearing and review schedules.

CARMEN CHU  
ASSESSOR-RECORDER



OFFICE OF THE ASSESSOR-RECORDER  
SAN FRANCISCO

March 13, 2013

PACIFIC HEIGHTS LLC  
P O BOX 1962  
LOS ALTOS CA 94023

Parcel Number: Block 580 Lot 13  
Location: 2550 WEBSTER ST

**"NOTICE OF CHANGE IN VALUE"**

This is to inform you that we have reviewed the assessed value of the subject property and find the value is not correct. Therefore, we have initiated a change in value as follows:

YEAR	VALUE WAS	VALUE WILL BE
2012	\$ 2,989,627	\$ 2,867,227

If you have any questions regarding the new assessment(s) please call (415) 554-5596.

If you disagree with this assessment, you have 60 days from the receipt of this notification to file an appeal with the Assessment Appeals Board. To file an appeal call the Assessment Appeals Board at (415) 554-6778 for the required "Application for Changed Assessment" form.

The Tax Collector will mail an official corrected tax bill. If you have any questions regarding this tax bill please call the Tax Collector at (415) 554-4400.

Application Checklist to be Submitted with all Materials

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

- |           |  |   |
|-----------|--|---|
| <b>1</b>  | <b>Historical Property Contract Application</b><br>Have all owners signed and dated the application?   | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> |
| <b>2</b>  | <b>Priority Consideration Criteria Worksheet</b><br>Have three priorities been checked and adequately justified?   | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> |
| <b>3</b>  | <b>Exemption Form &amp; Historic Structure Report</b><br>Required for Residential properties with an assessed value over \$3,000,000 and Commercial/Industrial properties with an assessed value over \$5,000,000<br>Have you included a copy of the Historic Structures Report completed by a qualified consultant? | YES <input type="checkbox"/> NO <input checked="" type="checkbox"/> |
| <b>4</b>  | <b>Draft Mills Act Historical Property Agreement</b><br>Are you using the Planning Department's standard form "Historical Property Contract?"<br>Have all owners signed and dated the contract?<br>Have all signatures been notarized?   | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> |
| <b>5</b>  | <b>Notary Acknowledgement Form</b><br>Is the Acknowledgement Form complete?<br>Do the signatures match the names and capacities of signers?  | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> |
| <b>6</b>  | <b>Draft Rehabilitation/Restoration/Maintenance Plan</b><br>Have you identified and completed the Rehabilitation, Restoration, and Maintenance Plan organized by contract year and including all supporting documentation related to the scopes of work?   | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> |
| <b>7</b>  | <b>Historical Property Tax Adjustment Worksheet</b><br>Did you provide back-up documentation (for commercial property only)?   | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> |
| <b>8</b>  | <b>Photographic Documentation</b><br>Have you provided both interior and exterior images?<br>Are the images properly labeled?  | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> |
| <b>9</b>  | <b>Site Plan</b><br>Does your site plan show all buildings on the property including lot boundary lines, street name(s), north arrow and dimensions?   | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> |
| <b>10</b> | <b>Tax Bill</b><br>Did you include a copy of your most recent tax bill?  | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> |
| <b>11</b> | <b>Payment</b><br>Did you include a check payable to the San Francisco Planning Department?  | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> |

RECORDING REQUESTED BY:  
Fidelity National Title Company  
Escrow No.: 10-7353472-SS  
Locate No.:  
Title No.: 10-7353472-RR

When Recorded Mail Document  
and Tax Statement To:  
Pacific Heights, LLC  
C/O Morales, Fierro, & Reeves  
2300 Contra Costa Blvd., Suite 310  
Pleasant Hill, CA 94523



San Francisco Assessor-Recorder  
Phil Ting, Assessor-Recorder  
DOC- 2010-1909467-00  
Acct 11-FIDELITY NATIONAL Title Company  
Thursday, JAN 21, 2010 08:00:00  
Ttl Pd \$21.00 Rcpt # 0003836227  
REEL K063 IMAGE 0118  
aed/ER/1-2

APN: 0580-013

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GRANT DEED

The undersigned grantor(s) declare(s)

Documentary transfer tax is \$Not Shown-Recorded Under Separate Paper

- Computed on full value of property conveyed, or
- computed on full value less value of liens or encumbrances remaining at time of sale,
- Unincorporated Area City of San Francisco,

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

David A. Bradlow, Trustee appointed for Arden Van Upp, Debtor under Chapter 11 of Bankruptcy Case No. 09-91932 TEC of the United States Bankruptcy Court, Northern District of California, San Francisco Division

hereby GRANT(S) to

Pacific Heights, LLC, a California Limited Liability Company

the following described real property in the City of San Francisco, County of San Francisco, State of California:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

DATED: January 14, 2010

State of California  
County of SAN FRANCISCO

On 1/14/2010 before me,  
STEVE B. SALVEJO, Notary Public  
(here insert name and title of the officer), personally appeared  
DAVID A. BRADLOW

David A. Bradlow, Trustee appointed for Arden Van Upp, Debtor under Chapter 11 of Bankruptcy Case No. 09-91932 TEC of the United States Bankruptcy Court, Northern District of California, San Francisco Division

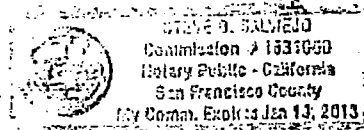
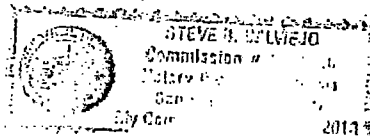
David A. Bradlow, Trustee

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

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

WITNESS my hand and official seal

Signature [Signature] (Seal)



MAIL TAX STATEMENTS AS DIRECTED ABOVE



**SECURED PROPERTY TAX BILL 2012 - 2013**

FOR FISCAL YEAR BEGINNING July 1, 2012 AND ENDING June 30, 2013

City and County of San Francisco - José Cisneros, Treasurer and Tax Collector - [WWW.SFTREASURER.ORG](http://WWW.SFTREASURER.ORG)

**INTERNET COPY**

COL	BLOCK NO.	LOT NO.	ACCOUNT NO.	TAX BILL NO.	TAX RATE	PROPERTY LOCATION
	0580	013	058000130	024830	1.1691 %	2550 WEBSTER ST

Assessed on January 1, 2012

**INFORMATION**

Property Valuation: 415-554-5596 (Assessor-Recorder)  
 Homeowner's Other Exemptions: 415-554-5596 (Assessor-Recorder)  
 Current Year Taxes: 415-554-4400 (Taxpayer Assistance)  
 Prior Year Delinquencies: 415-554-4499  
 E-mail: [Treasurer.TaxCollector@sfgov.org](mailto:Treasurer.TaxCollector@sfgov.org)

**PAYMENT OPTIONS**

Online: <http://www.sftreasurer.org> (VISA, Mastercard, Discover or AMEX credit cards, Star, NYCE or PULSE debit cards, E-check)  
 In Person: City Hall (Check, Cash)  
 Phone: 1-800-890-1950 (VISA, Mastercard, Discover, or AMEX credit cards, Star, NYCE or PULSE debit cards)

**CORRECTED TAX BILL.**

**ASSESSMENT INFORMATION**

ASSESSMENT	FULL VALUE	TAX RATE	TAX AMOUNT
LAND	\$2,293,782.00	1.1691 %	\$26,816.60
IMPR/STRUCTURAL	\$573,445.00		\$6,704.14
IMPR/FIXTURES	\$0.00		\$0.00
PERSONAL PROPERTY	\$0.00		\$0.00
GROSS TAXABLE VALUE	\$2,867,227.00		\$33,520.75
<b>LESS: EXEMPTIONS</b>			
HOMEOWNER'S	\$0.00		\$0.00
OTHER	\$0.00		\$0.00
NET TAXABLE VALUE	\$2,867,227.00		\$33,520.75

**DIRECT CHARGES AND/OR SPECIAL ASSESSMENTS:**

(Call For Information)

CODE	TYPE	PHONE NO.	
29	Rent Stabilization Fee	(415) 554-4452	\$29.00
89	SFUSD Facilities District	(415) 355-2203	\$33.30
98	SF - Teacher Support	(415) 355-2203	\$213.90

TOTAL DIRECT CHARGES AND SPECIAL ASSESSMENTS \$276.20

DUE NOVEMBER 1, 2012  
 FIRST INSTALLMENT:  
 \$16,898.47

DUE FEBRUARY 1, 2013  
 SECOND INSTALLMENT:  
 \$16,898.47

TOTAL DUE: \$33,796.95



**2012 - 2013 CITY AND COUNTY OF SAN FRANCISCO TAX SECOND INSTALLMENT PAYMENT STUB 2012 - 2013**

DL	BLOCK NO.	LOT NO.	TAX BILL NO.	TAX RATE	PROPERTY LOCATION
	0580	013	024830	1.1691 %	2550 WEBSTER ST

**PAYMENTS WITH LATE U.S. POSTAL SERVICE POSTMARKS WILL BE RETURNED FOR PENALTY.**

Make check payable to SF Tax Collector and include block & lot numbers on your check			PAY THIS AMOUNT IF PAYMENT IS MADE BY APRIL 10, 2013		
MAIL TO:	or	BRING TO:	\$0.00		
Tax Collector's Office O. Box 7426 San Francisco, CA 94120-7426		City Hall, Room 140 1 Dr. Carlton B. Goodlett Place San Francisco, CA 94102			

<b>REMINDER:</b>		<b>AFTER APRIL 10, 2013 ADD:</b>			
<input type="checkbox"/>	Check if contributions to Arts Fund is enclosed. For other donation opportunities, goto <a href="http://www.Give2SF.org">www.Give2SF.org</a> .	2	10% PENALTY	\$1,689.84	
			AND \$45.00 COST	\$45.00	
			<b>TOTAL DELINQUENT</b>	<b>\$18,633.31</b>	
KEEP THIS NO. 2 STUB AND RETURN WITH YOUR 2nd INSTALLMENT PAYMENT.					

**2012 - 2013 CITY AND COUNTY OF SAN FRANCISCO TAX FIRST INSTALLMENT PAYMENT STUB 2012 - 2013**

DL	BLOCK NO.	LOT NO.	TAX BILL NO.	TAX RATE	PROPERTY LOCATION
	0580	013	024830	1.1691 %	2550 WEBSTER ST

**PAYMENTS WITH LATE U.S. POSTAL SERVICE POSTMARKS WILL BE RETURNED FOR PENALTY.**

Make check payable to SF Tax Collector and include block & lot numbers on your check			PAY THIS AMOUNT IF PAYMENT IS MADE BY DECEMBER 10, 2012		
MAIL TO:	or	BRING TO:	\$0.00		
Tax Collector's Office O. Box 7426 San Francisco, CA 94120-7426		City Hall, Room 140 1 Dr. Carlton B. Goodlett Place San Francisco, CA 94102			

<b>REMINDER:</b>		<b>AFTER DECEMBER 10, 2012 ADD:</b>			
<input type="checkbox"/>	Check if contributions to Arts Fund is enclosed. For other donation opportunities, goto <a href="http://www.Give2SF.org">www.Give2SF.org</a> .	1	10% PENALTY	\$1,689.84	
			<b>TOTAL DELINQUENT</b>	<b>\$18,588.31</b>	
DETACH AND RETURN THIS NO. 1 STUB WITH YOUR 1st INSTALLMENT PAYMENT.					

**FORM SFEC-126:**  
**NOTIFICATION OF CONTRACT APPROVAL**  
(S.F. Campaign and Governmental Conduct Code § 1.126)

<b>City Elective Officer Information</b> <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors
<b>Contractor Information</b> <i>(Please print clearly.)</i>	
Name of contractor: <b>Pacific Heights, LLC</b>	
<i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i>	
<b>Gregory and Gloria McCandless, Owners</b>	
Contractor address: PO Box 1962, Los Altos CA 94023	
Date that contract was approved: <i>(By the SF Board of Supervisors)</i>	Amount of contracts: \$ \$0 (estimated property tax savings)
Describe the nature of the contract that was approved: Mills Act Historical Property Contract	
Comments:	

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

a board on which the City elective officer(s) serves: San Francisco Board of Supervisors  
Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

<b>Filer Information</b> <i>(Please print clearly.)</i>	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

\_\_\_\_\_  
Signature of City Elective Officer (if submitted by City elective officer)

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

\_\_\_\_\_  
Date Signed