BOARD of SUPERVISORS

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MEMORANDUM

BUDGET AND FINANCE COMMITTEE

SAN FRANCISCO BOARD OF SUPERVISORS

TO: Supervisor Mark Farrell, Chair
Budget and Finance Committee

FROM: Victor Young, Committee Clerk by

DATE: December 16, 2013

SUBJECT: **COMMITTEE REPORT, BOARD MEETING**
Tuesday, December 17, 2013

The following files should be presented as a **COMMITTEE REPORT** at the Board meeting, Tuesday, December 17, 2013. These items were acted upon at the Budget and Finance Committee meeting on Monday, December 16, 2013, at 10:00 a.m., by the votes indicated.

Item No. 30 **File No. 130463**

Resolution approving a Mills Act historical property contract, under Administrative Code, Chapter 71, between John Moran the owner of 1772 Vallejo Street (Burr Mansion), and the City and County of San Francisco; and authorizing the Planning Director and Assessor to execute the Mills Act historical property contract. (Planning Department)

RECOMMENDED AS AMENDED AS A COMMITTEE REPORT

Vote: Supervisor Farrell - Aye
Supervisor Avalos - Aye
Supervisor Mar - Excused
Supervisor Wiener - Aye

Item No. 31 **File No. 130479**

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

RECOMMENDED AS AMENDED AS A COMMITTEE REPORT

Vote: Supervisor Farrell - Aye
Supervisor Avalos - Aye
Supervisor Mar - Excused
Supervisor Wiener - Aye

Item No. 32 **File No. 130506**

Resolution approving a Mills Act historical property contract, under Administrative Code, Chapter 71, between 1019 Market St. Properties, LLC, the owners of 1019 Market Street, and the City and County of San Francisco; and authorizing the Planning Director and Assessor to execute the Mills Act historical property contract.

RECOMMENDED AS AMENDED AS A COMMITTEE REPORT

Vote: Supervisor Farrell - Aye
Supervisor Avalos - Aye
Supervisor Mar - Excused
Supervisor Wiener - Aye

Item No. 33 **File No. 130521**

Resolution approving a Mills Act historical property contract, under Administrative Code, Chapter 71, between Brian Jackson and Thomas Ranese, the owners of 3769 20th Street, and the City and County of San Francisco; and authorizing the Planning Director and Assessor to execute the Mills Act historical property contract.

RECOMMENDED AS AMENDED AS A COMMITTEE REPORT

Vote: Supervisor Farrell - Aye
Supervisor Avalos - Aye
Supervisor Mar - Excused
Supervisor Wiener - Aye

Item No. 34 **File No. 130522**

Resolution approving a Mills Act historical property contract, under Administrative Code, Chapter 71, between Adam Spiegel and Guillemette Broulliat-Spiegel, the owners of 50 Carmelita Street, and the City and County of San Francisco; and authorizing the Planning Director and Assessor to execute the Mills Act historical property contract.

RECOMMENDED AS AMENDED AS A COMMITTEE REPORT

Vote: Supervisor Farrell - Aye
Supervisor Avalos - Aye
Supervisor Mar - Excused
Supervisor Wiener - Aye

Item No. 35 **File No. 130577**

Resolution approving a Mills Act historical property contract, under Administrative Code, Chapter 71, between Amy Hockman and Brian Bone, the owners of 66 Carmelita Street, and the City and County of San Francisco; and authorizing the Planning Director and Assessor to execute the Mills Act historical property contract.

RECOMMENDED AS AMENDED AS A COMMITTEE REPORT

Vote: Supervisor Farrell - Aye
Supervisor Avalos - Aye
Supervisor Mar - Excused
Supervisor Wiener - Aye

Item No. 36 **File No. 130640**

Resolution approving a Mills Act historical property contract, under Administrative Code, Chapter 71, between Elise Sommerville, the owner of 70 Carmelita Street, and the City and County of San Francisco; and authorizing the Planning Director and Assessor to execute the Mills Act historical property contract.

TABLED

Vote: Supervisor Farrell - Aye
Supervisor Avalos - Aye
Supervisor Mar - Excused
Supervisor Wiener - Aye

Item No. 37 **File No. 131157**

Resolution approving a Mills Act historical property contract, under Administrative Code, Chapter 71, between Adam Wilson and Quyen Nguyen, the owners of 56 Pierce Street, and the City and County of San Francisco; and authorizing the Planning Director and Assessor to execute the Mills Act historical property contract.

RECOMMENDED AS AMENDED AS A COMMITTEE REPORT

Vote: Supervisor Farrell - Aye
Supervisor Avalos - Aye
Supervisor Mar - Excused
Supervisor Wiener - Aye

Item No. 38 **File No. 131158**

Resolution approving a Mills Act historical property contract, under Administrative Code, Chapter 71, between Jean Paul and Ann Balajadia, the owners of 64 Pierce Street, and the City and County of San Francisco; and authorizing the Planning Director and Assessor to execute the Mills Act historical property contract.

RECOMMENDED AS AMENDED AS A COMMITTEE REPORT

Vote: Supervisor Farrell - Aye
Supervisor Avalos - Aye
Supervisor Mar - Excused
Supervisor Wiener - Aye

Item No. 39 **File No. 131159**

Resolution approving a Mills Act historical property contract, under Administrative Code, Chapter 71, between Karli Sager and Jason Monberg, the owners of 56 Potomac Street, and the City and County of San Francisco; and authorizing the Planning Director and Assessor to execute the Mills Act historical property contract.

RECOMMENDED AS AMENDED AS A COMMITTEE REPORT

Vote: Supervisor Farrell - Aye
Supervisor Avalos - Aye
Supervisor Mar - Excused
Supervisor Wiener - Aye

Item No. 40 **File No. 131160**

Resolution approving a Mills Act historical property contract, under Administrative Code, Chapter 71, between Adam Wilson and Quyen Nguyen, the owners of 66 Potomac Street, and the City and County of San Francisco; and authorizing the Planning Director and Assessor to execute the Mills Act historical property contract.

RECOMMENDED AS AMENDED AS A COMMITTEE REPORT

Vote: Supervisor Farrell - Aye
Supervisor Avalos - Aye
Supervisor Mar - Excused
Supervisor Wiener - Aye

c: Angela Calvillo, Clerk of the Board
Jon Givner, Deputy City Attorney
Rick Caldeira, Legislative Deputy Director
Binder Copy

File No. 131160 Committee Item No. 12
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:** _____

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OTHER **(Use back side if additional space is needed)**

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Completed by: Victor Young **Date** December 12, 2013
Completed by: Victor Young **Date** 12/17/13

AMENDED IN COMMITTEE
12/16/13

FILE NO. 131160 RESOLUTION NO.

[Mills Act Historical Property Contract - 66 Potomac Street]

Resolution approving a Mills Act historical property contract, under Administrative Code, Chapter 71, between Adam Wilson and Quyen Nguyen, the owners of 66 Potomac Street, and the City and County of San Francisco; and authorizing the Planning Director and Assessor to execute the Mills Act historical property contract.

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

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

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

WHEREAS, 66 Potomac Street is a contributor the Duboce Park Landmark District under Article 10 of the Planning Code and thus qualifies as an historical property as defined in Administrative Code Section 71.2; and

WHEREAS, A Mills Act application for an historical property contract has been submitted by Adam Wilson and Quyen Nguyen, the owners of 66 Potomac Street, detailing completed rehabilitation work and proposing a maintenance plan for the property; and

WHEREAS, As required by Administrative Code Section 71.4(a), the application for the historical property contract for 66 Potomac Street was reviewed by the Assessor's Office and the Historic Preservation Commission; and

WHEREAS, The Assessor has reviewed the historical property contract and has provided the Board of Supervisors with an estimate of the property tax calculations and the difference in property tax assessments under the different valuation methods permitted by the Mills Act in its report transmitted to the Board of Supervisors on December 10, 2013, which report is on file with the Clerk of the Board of Supervisors in File No. 131160 and is hereby declared to be a part of this motion as if set forth fully herein; and

WHEREAS, The Historic Preservation Commission recommended approval of the historical property contract in its Resolution No. 726, which Resolution is on file with the Clerk of the Board of Supervisors in File No. 131160 and is hereby declared to be a part of this resolution as if set forth fully herein; and

WHEREAS, The draft historical property contract between Adam Wilson and Quyen Nguyen, the owners of 66 Potomac Street, and the City and County of San Francisco is on file with the Clerk of the Board of Supervisors in File No. 131160 and is hereby declared to be a part of this resolution as if set forth fully herein; and

WHEREAS, The Board of Supervisors has conducted a public hearing pursuant to Administrative Code Section 71.4(d) to review the Historic Preservation Commission's recommendation and the information provided by the Assessor's Office in order to determine whether the City should execute the historical property contract for 64 Potomac Street; and

WHEREAS, The Board of Supervisors has balanced the benefits of the Mills Act to the owners of 66 Potomac Street with the cost to the City of providing the property tax reductions authorized by the Mills Act, as well as the historical value of 66 Potomac Street and the resultant property tax reductions; now, therefore, be it

RESOLVED, That the Board of Supervisors hereby approves the historical property contract between Adam Wilson and Quyen Nguyen, the owners of 66 Potomac Street, and the City and County of San Francisco; and, be it

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

FURTHER RESOLVED, That the Planning Department and the Assessor-Recorder's Office will submit an annual report, to the Board of Supervisors, Mayor, Controller, and the Budget and Legislative Analyst, that details for each property with an existing historic property agreement: 1) the original date of approval of the agreement by the Board of Supervisors; 2) the annual property tax amount under the historic property agreement; 3) the percent reduction in the annual property tax amount due to the historic property agreement; 4) the reduction in annual property tax revenues to the City; and 5) conformance of the property to the provision of the historic property agreement; and, be it

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

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292
FAX (415) 252-0461

December 12, 2013

TO: Budget and Finance Committee

FROM: Budget and Legislative Analyst

SUBJECT: December 16, 2013 Special Budget and Finance Committee Meeting

TABLE OF CONTENTS

Items 2 through 12 Files 13-0463 through 13-1160	**Department:** Planning Department Assessor/Recorder's Office

EXECUTIVE SUMMARY

The Mills Act, codified in State Government Code Section 50280, authorizes local governments to enter into historic property agreements with owners of qualified historic properties, in which local governments reduce the assessed value of the property according to a formula established in the Mills Act, thereby reducing property taxes payable by the property owner to the City, provided that owners rehabilitate, restore, preserve, and maintain their qualified historic properties.

The proposed resolutions would approve 11 new historic property agreements in accordance with the Mills Act for ten residential properties and one commercial property in which the property owners agree to rehabilitate and maintain their properties to specific historic preservation standards and receive a reduced property assessment, resulting in reduced property tax payments to the City. The following table shows the 11 properties and the assessed property values with and without an historic property agreement.

Table: Proposed 11 Historic Property Agreements and the Assessed Property Values with and without an Historic Property (Mills Act) Agreement

Item	File	Property	Property Type	Assessed Value without Mills Act Designation	Assessed Value with Mills Act Designation	Reduction in Assessed Value
2	13-0463	1772 Vallejo Street	Single Family	$6,250,000	$2,220,625	$4,029,375
3	13-0479	2550 Webster Street	Single Family	2,924,570	2,523,438	401,132
4	13-0506	1019 Market Street	Commercial	17,500,000	16,540,000	960,000
5	13-0521	3769 20th Street	Single Family	1,785,000	932,783	852,217
6	13-0522	50 Carmelita Street	Single Family	2,620,582	970,000	1,650,582
7	13-0577	66 Carmelita Street	Single Family	1,999,993	720,000	1,279,993
8	13-0640	70 Carmelita Street	Single Family	635,263	780,000	n/a
9	13-1157	56 Pierce Street	Single Family	1,535,568	910,000	625,568
10	13-1158	64 Pierce Street	Single Family	2,526,192	950,000	1,576,192
11	13-1159	56 Potomac Street	Single Family	1,064,403	630,000	434,403
12	13-1160	66 Potomac Street	3 Unit Rental	1,895,874	900,000	995,874
	Total			**$40,737,445**	**$28,076,846**	**$12,805,336**

Under the 11 proposed historic property agreements, total estimated rehabilitation, renovation, and maintenance costs over the initial 10-year term of the agreements are $10,811,283, as shown in the following table.

Table: Rehabilitation and Renovation and Maintenance Costs under the 11 Proposed Historic Property Agreements

Item	File	Address	Property Type	Estimated Costs of Rehabilitation and Renovation	Estimated Costs of Maintenance over 10 Years	Total Rehabilitation, Renovation, and Maintenance Cost over 10 Years
2	13-0463	1772 Vallejo Street	Single Family	$621,000	$990,000	$1,611,000
3	13-0479	2550 Webster Street	Single Family	1,539,000	370,000	1,909,000
4	13-0506	1019 Market Street	Commercial	5,412,783	225,000	5,637,783
5	13-0521	3769 20th Street	Single Family	101,000	50,000	151,000
6	13-0522	50 Carmelita Street	Single Family	0	411,000	411,000
7	13-0577	66 Carmelita Street	Single Family	192,000	25,000	217,000
8	13-0640	70 Carmelita Street	Single Family	43,000	12,000	55,000
9	13-1157	56 Pierce Street	Single Family	0	227,000	227,000
10	13-1158	64 Pierce Street	Single Family	141,000	92,000	233,000
11	13-1159	56 Potomac Street	Single Family	25,000	32,500	57,500
12	13-1160	66 Potomac Street	3 Unit Rental	189,000	113,000	302,000
		Total		**$8,263,783**	**$2,547,500**	**$10,811,283**

Approval of the proposed historic property agreements for the 11 properties would result in reduced property tax revenues to the City in 2014 of $152,129, as shown in the table below, and over the initial 10-year period of approximately $1,521,290.

Table: Estimated Reduction in Property Tax Revenues to the City

Item	File	Address	No Historic Property Agreement (Estimated)	Historic Property Agreement	First Year Reduction	Percent Reduction	Estimated Reduction Over 10 Years
2	13-0463	1772 Vallejo Street	$74,250	$26,381	$47,869	64%	$478,690
3	13-0479	2550 Webster Street	34,744	29,978	4,766	14%	47,660
4	13-0506	1019 Market Street	207,900	196,495	11,405	5%	114,050
5	13-0521	3769 20th Street	21,206	11,081	10,125	48%	101,250
6	13-0522	50 Carmelita Street	31,133	11,524	19,609	63%	196,090
7	13-0577	66 Carmelita Street	23,760	8,554	15,206	64%	152,060
8	13-0640	70 Carmelita Street	7,547	7,547	0	0%	0
9	13-1157	56 Pierce Street	18,243	10,811	7,432	41%	74,320
10	13-1158	64 Pierce Street	30,011	11,286	18,725	62%	187,250
11	13-1159	56 Potomac Street	12,645	7,484	5,161	41%	51,610
12	13-1160	66 Potomac Street	22,523	10,692	11,831	53%	118,310
		Total	**$483,962**	**$331,833**	**$152,129**		**$1,521,290**

The City currently has six historic property agreements, which were approved by the Board of Supervisors from 2002 through 2013. The estimated annual reduction in property tax revenues to the City due to the existing historical property agreements is $702,740, as shown in the following table.

Table: Estimated Annual Reduction in Property Tax Revenues to the City under the Six Existing Mills Act Historical Property Agreements

		2013-2014 Property Tax Payment to the City			
Board of Supervisors Approval Date	Address	Historical Property Agreement	No Historical Property Agreement	Reduction	Percent Reduction
May 13, 2002	460 Bush Street	$24,472	$44,519	$20,047	45%
May 15, 2007	1080 Haight Street	32,453	82,415	49,962	61%
August 7, 2007	1735 Franklin Street	23,853	35,708	11,856	33%
November 18, 2008	690 Market Street	1,282,186	1,807,186	525,000	29%
December 3, 2010	1818 California	28,504	112,791	84,287	75%
July 30, 2013	201 Buchanan Street	19,465	31,052	11,588	37%
	Total	**$1,410,932**	**$2,113,672**	**$702,740**	

The total reduction in annual property tax revenues to the City will be $854,869, including $702,740 for the existing six historical property agreements and $152,129 for the proposed 11 historic property agreements.

Exemptions from the Mills Act Property Program Requirements

Eligibility for Mills Act historical property agreements is limited to sites, buildings, or structures with an assessed valuation, as of December 31 of the year before the application is made, of $3,000,000 or less for single-family dwellings and $5,000,000 or less for multi-unit residential, commercial, or industrial buildings, unless the Board of Supervisors grants an exemption. Two of the proposed properties have assessed values that exceed these limits:

- 1772 Vallejo Street is currently valued by the Assessor's Office at $6,250,000 or $3,250,000 more than the eligibility limit of $3,000,000 established by the Mills Act for a single family residence. According to Mr. Tim Frye, Planning Department Preservation Coordinator, the single family residence at 1772 Vallejo qualifies for an exemption as it is a City Landmark under Article 10 of the Planning Code.
- 1019 Market Street is currently valued by the Assessor's Office at $17,500,000, or $12,500,000 more than the eligibility limit of $5,000,000 established by the Mills Act for a commercial property. According to Mr. Frye, the commercial property at 1019 Market Street qualifies for an exemption as it is listed on the National Register of Historic Places and is a contributor to the National Register-listed Market Street Theater and Loft District.

Reporting on the Mills Act Historic Property Program

Administrative Code Section 71.7 requires that the Planning Department and Assessor/Recorder's Office submit a joint report to the Board of Supervisors and the Historic Preservation Commission on March 31, 2013 and every three years thereafter providing the Departments' analysis of the historical property agreement (Mills Act) program. Such report has not been submitted to the Board of Supervisors.

Because, according to Mr. Tim Frye, Planning Department Preservation Coordinator, the Board of Supervisors will not receive an analysis of the historical property agreement program required by Administrative Code Section 71.7 until approximately March 31, 2016, the Budget and Legislative Analyst recommends amending each of the 11 proposed resolutions to request the Director of Planning to submit an annual report to the Board of Supervisors, Mayor, Controller, and Budget and Legislative Analyst that details for each of the 17 properties (11 proposed and six existing) with an historic property agreement (1) the original date of approval by the Board of Supervisors of the agreement; (2) the annual property tax amount under the historic property agreement; (3) the percent reduction in the annual property tax amount due to the historic property agreement; (4) the reduction in annual property tax revenues to the City; and (5) conformance of the property to the provisions of the historic property agreement.

RECOMMENDATIONS

- Amend Resolution 13-0463 to specify that approval of the proposed historical property agreement authorizes an exemption to the Mills Act historical property agreement eligibility limit of $3,000,000 for a single family residence.
- Amend Resolution 13-0506 to specify that approval of the proposed historical property agreement authorizes an exemption to the Mills Act historical property agreement eligibility limit of $5,000,000 for a commercial property.
- Amend each of the 11 proposed resolutions to request the Director of Planning submit an annual report to the Board of Supervisors, Mayor, Controller, and Budget and Legislative Analyst that details for each property with an existing historic property agreement (1) the original date of approval by the Board of Supervisors of the agreement; (2) the annual property tax amount under the historic property agreement; (3) the percent reduction in the annual property tax amount due to the historic property agreement; (4) the reduction in annual property tax revenues to the City; and (5) conformance of the property to the provisions of the historic property agreement.
- Approval of the proposed 11 resolutions, as amended, is a policy matter for the Board of Supervisors.

MANDATE STATEMENT/BACKGROUND

Mandate Statement

The Mills Act, codified in State Government Code Section 50280, authorizes local governments to enter into historic property agreements with owners of qualified historic properties, in which local governments reduce the assessed value of the property according to a formula established in the Mills Act, thereby reducing property taxes payable by the property owner to the City, provided that owners rehabilitate, restore, preserve, and maintain their qualified historic properties.

The City's Administrative Code[1] specifies (a) required qualifications for properties to allow for approval of a Mills Act historic property agreement, (b) the Mills Act historic property application and approval processes, and (c) the terms and fees for individual property owners to apply for Mills Act historic property agreements with the City in order to receive such Mills Act Property Tax reductions, subject to Board of Supervisors approval.

Background

In order for a Mills Act historic property agreement to be approved[2], the property must be designated a qualified historic property by being listed or designated in one of the following ways on or before December 31 of the year before the application is made:

- Individually listed in the National Register of Historic Places or the California Register of Historical Resources;
- Listed as a contributor to a historic district included on the National Register of Historic Places or the California Register of Historical Resources;
- Listed as a City landmark pursuant to Planning Code Article 10;
- Designated as contributory to a historic district; or
- Designated as significant[3] (Categories I and II) or contributory[4] (Categories III or IV).

[1] Administrative Code Chapter 71

[2] Administrative Code Section 71.2

[3] Planning Code Section 1102(a) designates a building as Category I significant if it is (1) at least 40 years old, (2) judged to be a building of individual importance, and (3) is rated excellent in architectural design or as very good in both architectural design and relationship to the environment. Planning Code Section 1102(b) designates a building as Category II significant if it (1) meets the standards in Section 1102(a) and (2) if it is feasible to add different and higher replacement structures or additions to the height at the rear of the structure without affecting the architectural quality or relationship to the environment and without affecting the appearance of the retained portions as a separate structure when viewing the principal facade.

[4] Planning Code Section 1102(c) designates a building as Category III contributory if it is (1) located outside a designated conservation district, (2) is at least 40 years old, (3) judged to be a building of individual importance, and (4) is rated either Very Good in architectural design or excellent or very good in relationship to the environment. Planning Code Section 1102(d) designates a building as Category IV contributory if it is (1) located in a designated conservation district, (2) judged to be a building of individual importance, (3) judged to be a building

In addition, eligibility for Mills Act historic property agreements is limited to sites, buildings, or structures with an assessed valuation, as of December 31 of the year before the application is made, of $3,000,000 or less for single-family dwellings and $5,000,000 or less for multi-unit residential, commercial, or industrial buildings, unless the Board of Supervisors grants an exemption.

Once the Mills Act historic property agreement has been enacted, the initial term is for 10 years, which is automatically extended each year on the anniversary date of the agreement[5]. Therefore, the historic property agreement and reduced property taxes continue into perpetuity.

Either the property owner or the Board of Supervisors may file a notice of nonrenewal to not automatically extend the term of the agreement. [6] Once the notice of nonrenewal has been filled, the final term of the historic property agreement is for ten years and is no longer automatically extended each year.[7]

DETAILS OF PROPOSED LEGISLATION

File 13-0463 is a resolution (a) approving a Mills Act historic property agreement with John Moran, the owner of the residential property located at 1772 Vallejo Street, and (b) authorizing the Director of Planning and the Assessor to execute the subject historic property agreement.

File 13-0479 is a resolution (a) approving a Mills Act historic property agreement with Pacific Heights, LLC, the owners of the residential property located at 2550 Webster Street, and (b) authorizing the Director of Planning and the Assessor to execute the subject historic property agreement.

File 13-0506 is a resolution (a) approving a Mills Act historic property agreement with 1019 Market St. Properties, LLC, the owners of the commercial property located at 1019 Market Street, and (b) authorizing the Director of Planning and the Assessor to execute the subject historic property agreement.

File 13-0521 is a resolution (a) approving a Mills Act historic property agreement with Brian Jackson and Thomas Ranese, the owners of the residential property located at 3769 20th Street, and (b) authorizing the Director of Planning and the Assessor to execute the subject historic property agreement.

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of contextual importance, and (4) is rated either Very Good in architectural design or excellent or very good in relationship to the environment.

[5] According to State Government Code Section 50282

[6] The City must submit a nonrenewal notice 60 days prior to the date of renewal and the owners must submit a nonrenewal notice 90 days prior to the date of renewal.

[7] The City must submit a nonrenewal notice 60 days prior to the date of renewal and the owners must submit a nonrenewal notice 90 days prior to the date of renewal.

File 13-0522 is a resolution (a) approving a Mills Act historic property agreement with Adam Spiegel and Guillemette Broulliat-Spiegel, the owners of the residential property located at 50 Carmelita Street, and (b) authorizing the Director of Planning and the Assessor to execute the subject historic property agreement.

File 13-0577 is a resolution (a) approving a Mills Act historic property agreement with Amy Hockman and Brian Bone, the owners of the residential property located at 66 Carmelita Street, and (b) authorizing the Director of Planning and the Assessor to execute the subject historic property agreement.

File 13-0640 is a resolution (a) approving a Mills Act historic property agreement with Elise Sommerville, the owner of the residential property located at 70 Carmelita Street, and (b) authorizing the Director of Planning and the Assessor to execute the subject historic property agreement.

File 13-1157 is a resolution (a) approving a Mills Act historic property agreement with Adam Wilson and Quyen Nguyen, the owners of the residential property located at 56 Pierce Street, and (b) authorizing the Director of Planning and the Assessor to execute the subject historic property agreement.

File 13-1158 is a resolution (a) approving a Mills Act historic property agreement with Jean Paul and Ann Balajadia, the owners of the residential property located at 64 Pierce Street, and (b) authorizing the Director of Planning and the Assessor to execute the subject historic property agreement.

File 13-1159 is a resolution (a) approving a Mills Act historic property agreement with Karli Sager and Jason Monberg, the owners of the residential property located at 56 Potomac Street, and (b) authorizing the Director of Planning and the Assessor to execute the subject historic property agreement.

File 13-1160 is a resolution (a) approving a Mills Act historic property agreement with Adam Wilson and Quyen Nguyen, the owners of the residential property located at 66 Potomac Street, and (b) authorizing the Director of Planning and the Assessor to execute the subject historic property agreement.

Item 2 – File 13-0463

Applicant: John Moran
Property Address: 1772 Vallejo Street

Date of Historical Landmark Designation by the Board of Supervisors: March 30, 1970

Board of Supervisors Ordinance Number: Ordinance No. 103-70 designated the Burr House located at 1772 Vallejo Street as a landmark pursuant to Article 10 of San Francisco Planning Code and thus qualifies as a historic property.

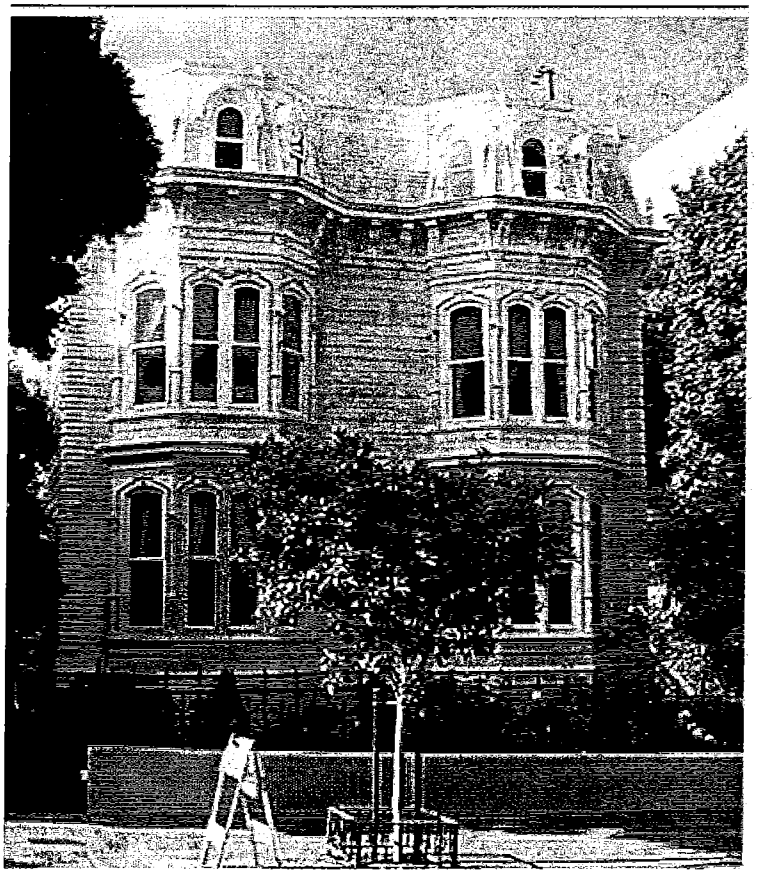
Date of Historic Preservation Commission Approval: December 4, 2013

The subject property located at 1772 Vallejo Street is currently valued by the Assessor's Office at $6,250,000 or $3,250,000 more than the eligibility limit of $3,000,000 established by the Mills Act for a single family residence. According to Mr. Tim Frye, Planning Department Preservation Coordinator, the single family residence at 1772 Vallejo qualifies for an exemption as it is a City Landmark under Article 10 of the Planning Code. A required Historic Structures Report by the Planning Department determined that granting the exemption would assist in the preservation of a property that might otherwise be in danger of demolition or substantial alterations. Because Board of Supervisors' approval of proposed historic property agreement for the property at 1772 Vallejo Street would grant the exemption, Resolution 13-0463 should be amended to specify that approval of the proposed historic property agreement authorizes an exemption to the Mills Act historic property agreement eligibility limit of $3,000,000 for a single family residence.

Property Description

According to the Planning Department's Mills Act Agreement Case Report for 1772 Vallejo Street, the subject property is located on the north side of Vallejo Street between Gough and Franklin Streets. Assessor's Block 0522, Lot 029. 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 #31. The three-story-over-basement house was designed primarily in the Italianate style with French Second Empire influences.

Exhibit 1: 1772 Vallejo Street



Proposed Property Rehabilitation and Renovation Program

According to the Planning Department's Mills Act Agreement Case Report for 1772 Vallejo Street, the property owners propose to begin rehabilitation efforts and the proposed rehabilitation program involves and includes the following components:

- Evaluating the structural soundness of unreinforced masonry foundation;
- Removing interior unreinforced chimney (not visible from street);
- Improving the landscape drainage to redirect water flow from the house; work to rehabilitate the historic garden setting;
- Completing a feasibility study for upgrading the unreinforced foundation of the rear cottage,
- Repairing the historic windows at the cottage;
- Repairing and reinforcing the fireplace and chimney of the cottage;
- Replacing the roofing, and any damaged rafters as needed, of the cottage;
- Completing a feasibility study for demolishing the non-historic garage to restore the historic character of the property;

- Repairing and replacing historic wood windows as necessary;
- Repairing deteriorated wood siding and millwork in-kind;
- Repainting the exterior for historic accurate paint colors; and
- Replacing the roof.

The proposed rehabilitation and renovations are currently estimated to cost $621,000.

Proposed Property Maintenance Plan

In addition to the historic renovation discussed above, the property owners have agreed to a maintenance plan with annual inspections for maintenance which needs to be done on an ongoing basis, and includes the following components:

- Care of the garden;
- Wood siding, windows/glazing, roof, millwork and ornamentation;
- Gutters, downspouts and drainage; and
- The attic and foundation.

Inspections would be conducted by (a) the Historic Preservation Commission, (b) the Office of the Assessor-Recorder, (c) the Department of Building Inspection, (d) the Planning Department, (e) the Office of the Historic Preservation of the California Department of Parks and Recreation, and (f) the State Board of Equalization with 72 hours advance notice to ensure compliance with the proposed historic property agreement. In addition, the Planning Department will administer an inspection program to monitor the provisions of the agreement and 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.

Ongoing maintenance is currently estimated to cost $89,000 per year.

Impact on Property Taxes

Table 1 below reflects the estimated assessed value of 1772 Vallejo Street both with and without the requested Mills Act Historical Property agreement, after the proposed improvements are completed.

Table 1: Summary of Assessed Value of 1772 Vallejo Street and Estimated Reduction in Property Taxes Over 10 Years

	Without a Mills Act Historic Property Agreement	With a Mills Act Historic Property Agreement	First Year Reduction	Percent Reduction	Estimated Reduction in Property Taxes Over 10 Years
Estimated Assessed Property Value	$6,250,000	$2,220,625	$4,029,375	64%	n/a
Estimated Property Taxes Payable to the City	$74,250	$26,381	$47,869	64%	$478,690

Source: Assessor/Recorder's Office

The Budget and Legislative Analyst notes that estimated property tax savings over 10 years is a calculation of the possible impact of the Mills Act Historic Property agreement. Under the provisions of the Mills Act Historic Property agreement the property must be revalued each January 1st to determine the taxable Mills Act value for that year, and the estimated property tax savings over 10 years will change based on adjusted assessed property value and property tax rates. Therefore, the estimated property tax reduction to the City over 10 years could be greater or less than $478,690 shown in the table above.

Mr. Michael Jine, Office of the Assessor-Recorder, advises that since property tax rates have not been finalized for FY 2014-15, the estimated property taxes assessed are based on the FY 2013-14 property tax rate of 1.188 percent of assessed value.

Over the initial 10-year Mills Act Historical Property agreement, the property owner will invest an estimated $1,611,000 in property renovation and maintenance and save an estimated $478,690 in property taxes, for net costs to the property owner of $1,132,310 in historic renovations and maintenance, as shown in Table 2 below.

Table 2: Estimated Net Historic Renovation and Maintenance Costs to Property Owner

Property Owner Costs	
Estimated Historic Renovation Costs	$621,000
Estimated Annual Maintenance Costs Over 10 Years	890,000
Estimated Periodic Maintenance Costs Over 10 Years	100,000
Total Costs to Property Owner	1,611,000
Property Tax Savings Over 10 Years	$478,690
Net Costs to Property Owner	**$1,132,310**

According to Mr. Greg Kato, Treasurer/Tax Collector's Office, all property taxes assessed to 1772 Vallejo Street have been paid to the City, through FY 2012-13, with no remaining balance outstanding.

Item 3 – File 13-0479

Applicant: Pacific Heights, LLC
Property Address: 2550 Webster Street

Date of Historical Landmark Designation by the Board of Supervisors: March 1, 1971

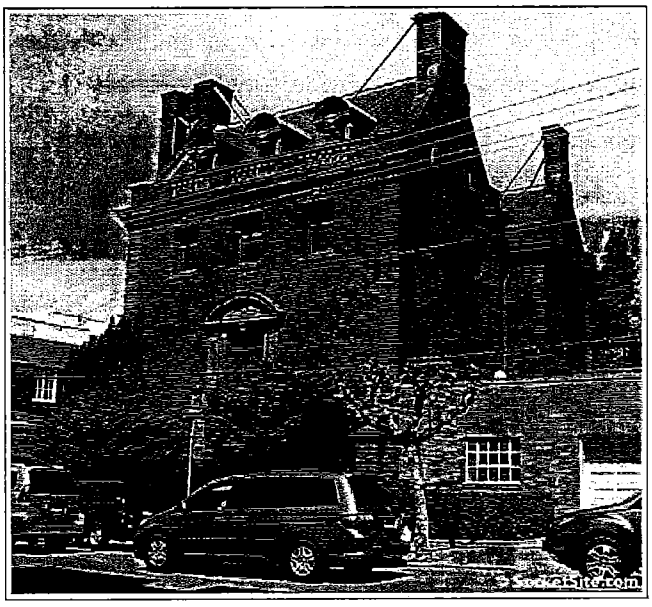
Board of Supervisors Ordinance Number: Ordinance No. 51-71 designated the Bourn Mansion located at 2550 Webster Street as a landmark pursuant to Article 10 of San Francisco Planning Code and thus qualifies as a historic property.

Date of Historic Preservation Commission Approval: October 16, 2013

Property Description

According to the Planning Department's Mills Act Agreement Case Report for 2550 Webster Street, 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. 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.

Exhibit 2: 2550 Webster Street



Proposed Property Rehabilitation and Renovation Program

According to the Planning Department's Mills Act Agreement Case Report 2550 Webster Street, the property owners proposed rehabilitation program involves exterior work to the Bourn Mansion and includes the following components:

- Repairing and in-kind replacing of the historic slate roofing, including structural framing and reinforcement;
- Repairing the historic windows; and
- Restoring the conservatory roof and leaded glass windows.

The proposed rehabilitation and renovations are currently estimated to cost $1,539,000.

Proposed Property Maintenance Plan

In addition to the historic renovation discussed above, the property owners have agreed to a maintenance plan with annual inspections for maintenance which needs to be done on an ongoing basis, and includes the following components:

- Care of the roof chimneys, masonry, millwork and ornamentation;
- Sheet metal; and
- Windows and doors.

Inspections would be conducted by (a) the Historic Preservation Commission, (b) the Office of the Assessor-Recorder, (c) the Department of Building Inspection, (d) the Planning Department, (e) the Office of the Historic Preservation of the California Department of Parks and Recreation, and (f) the State Board of Equalization with 72 hours advance notice to ensure compliance with the proposed historic property agreement. In addition, the Planning Department will administer an inspection program to monitor the provisions of the agreement and 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.

Ongoing maintenance is currently estimated to cost $37,000 per year.

Impact on Property Taxes

Table 3 below reflects the estimated assessed value of 2550 Webster Street both with and without the requested Mills Act Historical Property agreement, after the proposed improvements are completed.

Table 3: Summary of Assessed Value of 2550 Webster Street and Estimated Reduction in Property Taxes Over 10 Years

	Without a Mills Act Historic Property Agreement	With a Mills Act Historic Property Agreement	First Year Reduction	Percent Reduction	Estimated Reduction in Property Taxes Over 10 Years
Estimated Assessed Property Value	$2,924,570	$2,523,438	$401,132	14%	n/a
Estimated Property Taxes Payable to the City	$34,744	$29,978	$4,766	14%	$47,660

Source: Assessor/Recorder's Office

The Budget and Legislative Analyst notes that estimated property tax savings over 10 years is a calculation of the possible impact of the Mills Act Historic Property agreement. Under the provisions of the Mills Act Historic Property agreement the property must be revalued each January 1st to determine the taxable Mills Act value for that year, and the estimated property tax savings over 10 years will change based on adjusted assessed property value and property tax rates. Therefore, the estimated property tax reduction to the City over 10 years could be greater or less than $47,660 shown in the table above.

Mr. Jine advises that since property tax rates have not been finalized for FY 2014-15 and the estimated property taxes assessed are based on the FY 2013-14 property tax rate of 1.188 percent of assessed value.

Over the initial 10-year Mills Act Historical Property agreement, the property owner will invest an estimated $1,909,000 in property renovation and maintenance and save an estimated $47,660 in property taxes, for net costs to the property owner of $1,861,340 in historic renovations and maintenance, as shown in Table 4 below.

Table 4: Estimated Net Historic Renovation and Maintenance Costs to Property Owner

Property Owner Costs	
Estimated Historic Renovation Costs	$1,539,000
Estimated Annual Maintenance Costs Over 10 Years	370,000
Estimated Periodic Maintenance Costs Over 10 Years	0
Total Costs to Property Owner	1,909,000
Property Tax Savings Over 10 Years	47,660
Net Costs to Property Owner	**$1,861,340**

According to Mr. Kato, all property taxes assessed to 2550 Webster Street have been paid to the City, through FY 2012-13, with no remaining balance outstanding.

Item 4 – File 13-0506

Applicant: 1019 Market St. Properties, LLC
Property Address: 1019 Market Street

Date of Historical Landmark Designation by the Board of Supervisors: N/A

Board of Supervisors Ordinance Number: N/A

The property at 1019 Market Street is eligible for a Mills Act agreement because it is listed on the National Register of Historic Places and is designated under Article 11 of the Planning Code as a Category II building.

Date of Historic Preservation Commission Approval: October 16, 2013

The subject property located at 1019 Market Street is currently valued by the Assessor's Office at $17,500,000, or $12,500,000 more than the eligibility limit of $5,000,000 established by the Mills Act for a commercial property. According to Mr. Frye, the commercial property at 1019 Market Street qualifies for an exemption as it is listed on the National Register of Historic Places as it is designated under Article 11 of the Planning Code as a Category II building and is a contributor to the National Register-listed Market Street Theater and Loft District. A required Historic Structures Report by the Planning Department determined that granting the exemption would assist in the preservation of a property that might otherwise be in danger of demolition or substantial alterations. Because Board of Supervisors' approval of proposed historic property agreement for the property at 1019 Market Street would grant the exemption, Resolution 13-0506 should be amended to specify that approval of the proposed historic property agreement authorizes an exemption to the Mills Act historic property agreement eligibility limit of $5,000,000 for a commercial property.

Property Description

According to the Planning Department's Mills Act Agreement Case Report for 1019 Market Street, the subject property is located on the east side of Market Street between 6th and 7th 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.

Exhibit 3: 1019 Market Street

Proposed Property Rehabilitation and Renovation Program

According to the Planning Department's Mills Act Agreement Case Report 1019 Market Street, the property owners proposed to continue rehabilitation efforts approved administratively under a Minor Permit to Alter[8] by Planning Department Staff on July 2, 2013. The proposed rehabilitation program involves the following components:

[8] A Permit to Alter is the entitlement required to alter Article 11 of the Planning Code designated Significant or Contributory buildings or any building within a conservation district. A Permit to Alter is required for any construction, addition, major alteration, relocation, removal, or demolition of a structure, object or feature. A

- Repairing of the exterior including a new ground floor storefront;
- Repairing the upper story bays and terra cotta columns;
- Restoring the sheet metal cornice; and
- Re-glazing all existing historic windows.

The proposed rehabilitation and renovations are currently estimated to cost $5,412,783.

Proposed Property Maintenance Plan

In addition to the historic renovation discussed above, the property owners have agreed to a maintenance plan with annual inspections for maintenance which needs to be done on an ongoing basis, and includes care of the roof, sheet metal, terra cotta, wood window sashes, sheet metal window mullions, and the parged concrete walls.

Inspections would be conducted by (a) the Historic Preservation Commission, (b) the Office of the Assessor-Recorder, (c) the Department of Building Inspection, (d) the Planning Department, (e) the Office of the Historic Preservation of the California Department of Parks and Recreation, and (f) the State Board of Equalization with 72 hours advance notice to ensure compliance with the proposed historic property agreement. In addition, the Planning Department will administer an inspection program to monitor the provisions of the agreement and 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.

Ongoing maintenance is currently estimated to cost $20,000 per year.

Impact on Property Taxes

Table 5 below reflects the estimated assessed value of 1019 Market Street both with and without the requested Mills Act Historical Property agreement, after the proposed improvements are completed.

Minor Permit to Alter can be approved by Planning Department Staff; however, a Major Permit to Alter must be approved by Historic Preservation Commission.

Table 5: Summary of Assessed Value of 1019 Market Street and Estimated Reduction in Property Taxes Over 10 Years

	Without a Mills Act Historic Property Agreement	With a Mills Act Historic Property Agreement	First Year Reduction	Percent Reduction	Estimated Reduction in Property Taxes Over 10 Years
Estimated Assessed Property Value	$17,500,000	$16,540,000	$960,000	5%	n/a
Estimated Property Taxes Payable to the City	$207,900	$196,495	$11,405	5%	$114,050

Source: Assessor/Recorder's Office

The Budget and Legislative Analyst notes that estimated property tax savings over 10 years is a calculation of the possible impact of the Mills Act Historic Property agreement. Under the provisions of the Mills Act Historic Property agreement the property must be revalued each January 1st to determine the taxable Mills Act value for that year, and the estimated property tax savings over 10 years will change based on adjusted assessed property value and property tax rates. Therefore, the estimated property tax reduction to the City over 10 years could be greater or less than $114,050 shown in the table above.

Mr. Jine advises that since property tax rates have not been finalized for FY 2014-15 and the estimated property taxes assessed are based on the FY 2013-14 property tax rate of 1.188 percent of assessed value.

Over the initial 10-year Mills Act Historical Property agreement, the property owner will invest an estimated $5,637,738 in property renovation and maintenance and save an estimated $114,050 in property taxes, for net costs to the property owner of $5,523,688 in historic renovations and maintenance, as shown in Table 6 below.

Table 6: Estimated Net Historic Renovation and Maintenance Costs to Property Owner

Property Owner Costs	
Estimated Historic Renovation Costs	$5,412,783
Estimated Annual Maintenance Costs Over 10 Years	200,000
Estimated Cyclical Maintenance Costs Over 10 Years	25,000
Total Costs to Property Owner	5,637,738
Property Tax Savings Over 10 Years	114,050
Net Costs to Property Owner	**$5,523,688**

According to Mr. Kato, all property taxes assessed to 1019 Market Street have been paid to the City, through FY 2012-13, with no remaining balance outstanding.

Item 5 – File 13-0521

Applicant: Brian Jackson and Thomas Ranese
Property Address: 3769 20th Street

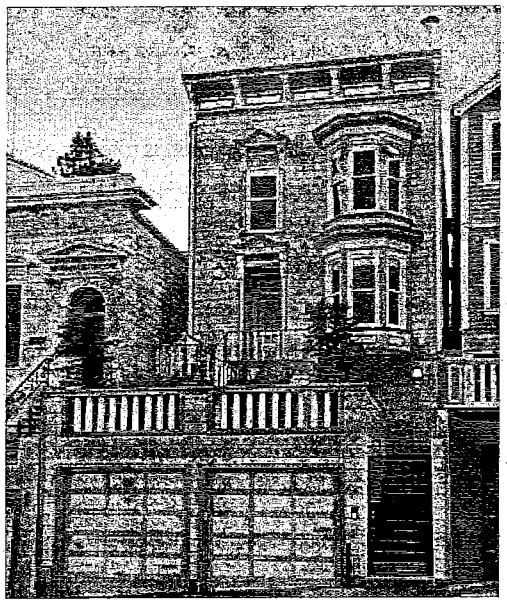
Date of Historical Landmark Designation by the Board of Supervisors: October 15, 1985

Board of Supervisors Ordinance Number: Ordinance No. 757-85 designated the Liberty-Hill Historic District, and the property at 3769 20th Street is a contributor to the Liberty-Hill Historic District pursuant to Article 10 of San Francisco Planning Code and thus qualifies as a historic property.

Date of Historic Preservation Commission Approval: October 16, 2013

Property Description
According to the Planning Department's Mills Act Agreement Case Report for 3769 20th Street, 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 of the Planning Code as a contributor to the Liberty-Hill Historic District. The two-story-over-basement, frame residence was built in 1871 in the Italianate style.

Exhibit 4: 3769 20th Street



Proposed Property Rehabilitation and Renovation Program

Brian Jackson and Thomas Ranese received a Certificate of Appropriateness[9] from the Historic Preservation Commission on November 21, 2012, which approved a rehabilitation program that involves in-kind replacement of historic elements and seismic improvements to the historic portions of the house. To date, the property owner has spent $69,000 in rehabilitation and renovation costs, and the Mills Act historic property agreement includes an additional $32,000 in proposed rehabilitation and renovation work, for a total of $101,000 in rehabilitation and renovation costs included in the historic preservation.

Proposed Property Maintenance Plan

In addition to the historic renovation discussed above, the property owners have agreed to a maintenance plan with annual inspections for maintenance which needs to be done on an ongoing basis, and includes the following components:

- Wood siding, windows/glazing, roof, millwork and ornamentation;
- Gutters, downspouts and drainage; and
- The foundation.

Inspections would be conducted by (a) the Historic Preservation Commission, (b) the Office of the Assessor-Recorder, (c) the Department of Building Inspection, (d) the Planning Department, (e) the Office of the Historic Preservation of the California Department of Parks and Recreation, and (f) the State Board of Equalization with 72 hours advance notice to ensure compliance with the proposed historic property agreement. In addition, the Planning Department will administer an inspection program to monitor the provisions of the agreement and 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.

Ongoing maintenance is currently estimated to cost $5,000 per year.

Impact on Property Taxes

Table 7 below reflects the estimated assessed value of 3769 20th Street both with and without the requested Mills Act Historical Property agreement, after the proposed improvements are completed.

[9] A Certificate of Appropriateness is the entitlement required to alter an individual landmark and any property within a landmark district.

Table 7: Summary of Assessed Value of 3769 20th Street and Estimated Reduction in Property Taxes Over 10 Years

	Without a Mills Act Historic Property Agreement	With a Mills Act Historic Property Agreement	First Year Reduction	Percent Reduction	Estimated Reduction in Property Taxes Over 10 Years
Estimated Assessed Property Value	$1,785,000	$932,783	$852,217	48%	n/a
Estimated Property Taxes Payable to the City	$21,206	$11,081	$10,125	48%	$101,250

Source: Assessor/Recorder's Office

The Budget and Legislative Analyst notes that estimated property tax savings over 10 years is a calculation of the possible impact of the Mills Act Historic Property agreement. Under the provisions of the Mills Act Historic Property agreement the property must be revalued each January 1st to determine the taxable Mills Act value for that year, and the estimated property tax savings over 10 years will change based on adjusted assessed property value and property tax rates. Therefore, the estimated property tax reduction to the City over 10 years could be greater or less than $101,250 shown in the table above.

Mr. Jine advises that since property tax rates have not been finalized for FY 2014-15 and the estimated property taxes assessed are based on the FY 2013-14 property tax rate of 1.188 percent of assessed value.

Over the initial 10-year Mills Act Historical Property agreement, the property owner will invest an estimated $151,000 in property renovation and maintenance and save an estimated $101,250 in property taxes, for net costs to the property owner of $49,750 in historic renovations and maintenance, as shown in Table 8 below.

Table 8: Estimated Net Historic Renovation and Maintenance Costs to Property Owner

Property Owner Costs	
Estimated Historic Renovation Costs	$101,000
Estimated Annual Maintenance Costs Over 10 Years	50,000
Estimated Periodic Maintenance Costs Over 10 Years	0
Total Costs to Property Owner	151,000
Property Tax Savings Over 10 Years	101,250
Net Costs to Property Owner	**$49,750**

According to Mr. Kato, all property taxes assessed to 3769 20th Street have been paid to the City, through FY 2012-13, with no remaining balance outstanding.

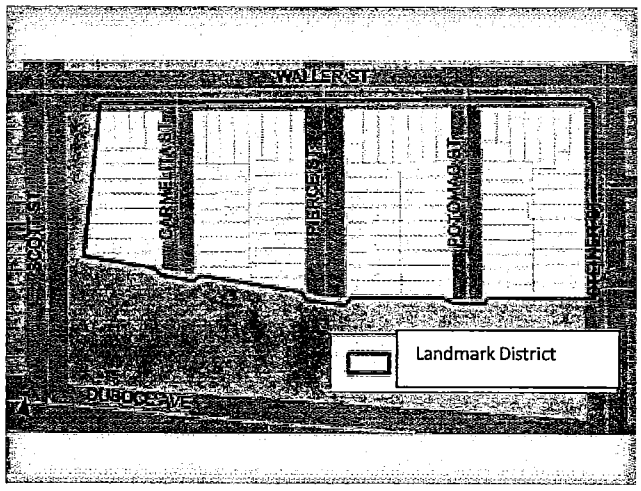
Duboce Park Historic District

The following seven properties are in the Duboce Park Historic District:

Item	File	Property
6	13-0522	50 Carmelita Street
7	13-0577	66 Carmelita Street
8	13-0640	70 Carmelita Street
9	13-1157	56 Pierce Street
10	13-1158	64 Pierce Street
11	13-1159	56 Potomac Street
12	13-1160	66 Potomac Street

On June 4, 2013, the Board of Supervisors approved Ordinance No. 107-13 to create the Duboce Park Historic District located in the Duboce Triangle Neighborhood in San Francisco.[10] The Duboce Park Historic District includes 87 properties and the three interior block park entrances at Carmelita, Pierce, and Potomac Streets, as shown in the map below. This historic district designation was initiated by the Historic Preservation Committee and recommended for approval by the Planning Commission pursuant to its authority under the City's Charter to recommend approval, disapproval, or modification of landmark and historic district designations under the Planning Code to the Board of Supervisors.

Exhibit 5: Duboce Park Historic District



[10] Article 10, Section 1004 of the Planning Code authorizes the Board of Supervisors to designate individual structures or groups of structures that have special character or special historic, architectural or aesthetic interest or values as a City landmarks or a districts.

Under Article 10 of the Planning Code, following the designation of a structure or a group of structures as a landmark or a district, any construction, alteration, removal or demolition for which a City permit is required and that may affect the character-defining features of the landmark or district necessitates a Certificate of Appropriateness from the Historic Preservation Commission.

The following seven properties are located in the Duboce Park Historic District.

Item 6 - File 13-0522

Applicant: Adam Spiegel and Guillemette Broulliat-Spiege

Property Address: 50 Carmelita Street

Date of Historical Landmark Designation by the Board of Supervisors: June 4, 2013

Board of Supervisors Ordinance Number: Ordinance No. 107-13 designated the Duboce Park Historic District and the property at 50 Carmelita Street is a contributor to the Duboce Park Historic District pursuant to Article 10 of San Francisco Planning Code and thus qualifies as a historic property.

Date of Historic Preservation Commission Approval: December 4, 2013

Property Description

According to the Planning Department's Mills Act Agreement Case Report for 50 Carmelita Street, also known as the "Patrick and Carolina Reedy House," the subject property is located on the east side of Carmelita Street between Waller and Duboce Streets, the lot is adjacent to Duboce Park. Assessor's Block 0864, Lot 011. 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 of the Planning Code as a contributor to the Duboce Park Landmark District. The 2 1/2 story frame house was built in 1899 in a combination of the Queen Anne and Shingle styles.

Exhibit 6: 50 Carmelita Street

Proposed Property Rehabilitation and Renovation Program

The property was fully rehabilitated at the time of purchase two years ago.

Proposed Property Maintenance Plan

The property owners have agreed to a maintenance plan with annual inspections for maintenance which needs to be done on an ongoing basis, and includes the following components:

- Painting and repairing the historic shingled siding and wood trim as needed,
- Inspecting the roof, flashing and vents regularly and replacing elements or the entire roof when needed,
- Inspection of the gutters, downspouts, grading to ensure there is no damage to the foundation,
- Maintenance of the exterior doors, stairways, balustrades, and decking for dry rot; and
- Routine inspections of the historic wood windows and non-historic skylights checking for dry rot, damage, or leaks, and repairing any damage found according to best practices.

Inspections would be conducted by (a) the Historic Preservation Commission, (b) the Office of the Assessor-Recorder, (c) the Department of Building Inspection, (d) the Planning Department, (e) the Office of the Historic Preservation of the California Department of Parks and Recreation, and (f) the State Board of Equalization with 72 hours advance notice to ensure compliance with the proposed historic property agreement. In addition, the Planning Department will administer an inspection program to monitor the provisions of the agreement and 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.

Ongoing maintenance is currently estimated to cost $23,000 per year.

Impact on Property Taxes

Table 9 below reflects the estimated assessed value of 50 Carmelita Street both with and without the requested Mills Act Historical Property agreement, after the proposed improvements are completed.

Table 9: Summary of Assessed Value of 50 Carmelita Street and Estimated Reduction in Property Taxes Over 10 Years

	Without a Mills Act Historic Property Agreement	With a Mills Act Historic Property Agreement	First Year Reduction	Percent Reduction	Estimated Reduction in Property Taxes Over 10 Years
Estimated Assessed Property Value	$2,620,582	$970,000	$1,650,582	63%	n/a
Estimated Property Taxes Payable to the City	$31,133	$11,524	$19,609	63%	$196,090

Source: Assessor/Recorder's Office

The Budget and Legislative Analyst notes that estimated property tax savings over 10 years is a calculation of the possible impact of the Mills Act Historic Property agreement. Under the provisions of the Mills Act Historic Property agreement the property must be revalued each January 1st to determine the taxable Mills Act value for that year, and the estimated property tax savings over 10 years will change based on adjusted assessed property value and property tax rates. Therefore, the estimated property tax reduction to the City over 10 years could be greater or less than $196,090 shown in the table above.

Mr. Jine advises that since property tax rates have not been finalized for FY 2014-15 and the estimated property taxes assessed are based on the FY 2013-14 property tax rate of 1.188 percent of assessed value.

Over the initial 10-year Mills Act Historical Property agreement, the property owner will invest an estimated $411,000 in property renovation and maintenance and save an estimated $196,090 in property taxes, for net costs to the property owner of $214,910 in historic renovations and maintenance, as shown in Table 10 below.

Table 10: Estimated Net Historic Renovation and Maintenance Costs to Property Owner

Property Owner Costs	
Estimated Historic Renovation Costs	$0
Estimated Annual Maintenance Costs Over 10 Years	230,000
Estimated Periodic Maintenance Costs Over 10 Years	181,000
Total Costs to Property Owner	411,000
Property Tax Savings Over 10 Years	196,090
Net Costs to Property Owner	**$214,910**

According to Mr. Kato, all property taxes assessed to 50 Carmelita Street have been paid to the City, through FY 2012-13, with no remaining balance outstanding.

Item 7 - File 13-0577

Applicant: Amy Hockman and Brian Bone

Property Address: 66 Carmelita Street

Date of Historical Landmark Designation by the Board of Supervisors: June 4, 2013

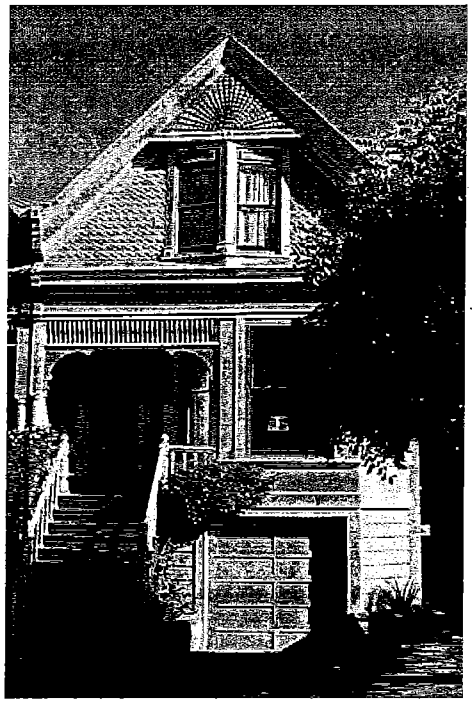
Board of Supervisors Ordinance Number: Ordinance No. 107-13 designated the Duboce Park Historic District and the property at 66 Carmelita Street is a contributor to the Duboce Park Historic District pursuant to Article 10 of San Francisco Planning Code and thus qualifies as a historic property.

Date of Historic Preservation Commission Approval: December 4, 2013

Property Description

According to the Planning Department's Mills Act Agreement Case Report for 66 Carmelita Street, The subject property is located on the east side of Carmelita Street between Waller and Duboce Streets. Assessor's Block 0864, Lot 015. 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 of the Planning Code as a contributor to the Duboce Park Historic District. The 1 ½ story-over-basement frame house was built in 1900 by master builder Fernando Nelson in the Queen Anne style.

Exhibit 7: 66 Carmelita Street



Proposed Property Rehabilitation and Renovation Program

According to the Planning Department's Mills Act Agreement Case Report for 66 Carmelita Street, the property owner proposes to continue rehabilitation efforts and the proposed rehabilitation program involves the following components:

- Replacing historic elements with in-kind customs, including rotted entry stairs, balustrades and porch decking;
- Repainting of the stairs and porch;
- Repairing (or replacing, if needed) non-functional double hung windows at the front bay on main floor and rear parlor;
- Replacing the roof;
- Replacing deteriorated non-historic skylights and resealing others;
- Repairing and repainting of historic siding; and
- Completing repairs based on structural engineers inspection to the brick foundation

The proposed rehabilitation and renovations are currently estimated to cost $192,000.

Proposed Property Maintenance Plan

In addition to the historic renovation discussed above, the property owners have agreed to a maintenance plan with annual inspections for maintenance which needs to be done on an ongoing basis, and includes the following components:

- Wood siding, windows/glazing, roof, millwork and ornamentation;
- Gutters, downspouts and drainage; and
- The foundation.

Inspections would be conducted by (a) the Historic Preservation Commission, (b) the Office of the Assessor-Recorder, (c) the Department of Building Inspection, (d) the Planning Department, (e) the Office of the Historic Preservation of the California Department of Parks and Recreation, and (f) the State Board of Equalization with 72 hours advance notice to ensure compliance with the proposed historic property agreement. In addition, the Planning Department will administer an inspection program to monitor the provisions of the agreement and 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.

Ongoing maintenance is currently estimated to cost $2,500 per year.

Impact on Property Taxes

Table 11 below reflects the estimated assessed value of 66 Carmelita Street both with and without the requested Mills Act Historical Property agreement, after the proposed improvements are completed.

Table 11: Summary of Assessed Value of 66 Carmelita Street and Estimated Reduction in Property Taxes Over 10 Years

	Without a Mills Act Historic Property Agreement	With a Mills Act Historic Property Agreement	First Year Reduction	Percent Reduction	Estimated Reduction in Property Taxes Over 10 Years
Estimated Assessed Property Value	$1,999,993	$720,000	$1,279,993	64%	n/a
Estimated Property Taxes Payable to the City	$23,760	$8,554	$15,206	64%	$152,060

Source: Assessor/Recorder's Office

The Budget and Legislative Analyst notes that estimated property tax savings over 10 years is a calculation of the possible impact of the Mills Act Historic Property agreement. Under the provisions of the Mills Act Historic Property agreement the property must be revalued each January 1st to determine the taxable Mills Act value for that year, and the estimated property tax savings over 10 years will change based on adjusted assessed property value and property tax rates. Therefore, the estimated property tax reduction to the City over 10 years could be greater or less than $152,060 shown in the table above.

Mr. Jine advises that since property tax rates have not been finalized for FY 2014-15 and the estimated property taxes assessed are based on the FY 2013-14 property tax rate of 1.188 percent of assessed value.

Over the initial 10-year Mills Act Historical Property agreement, the property owner will invest an estimated $217,000 in property renovation and maintenance and save an estimated $152,060 in property taxes, for net costs to the property owner of $64,940 in historic renovations and maintenance, as shown in Table 12 below.

Table 12: Estimated Net Historic Renovation and Maintenance Costs to Property Owner

Property Owner Costs	
Estimated Historic Renovation Costs	$192,000
Estimated Annual Maintenance Costs Over 10 Years	25,000
Estimated Periodic Maintenance Costs Over 10 Years	0
Total Costs to Property Owner	217,000
Property Tax Savings Over 10 Years	152,060
Net Costs to Property Owner	**$64,940**

According to Mr. Kato, all property taxes assessed to 66 Carmelita Street have been paid to the City, through FY 2012-13, with no remaining balance outstanding.

Item 8 - File 13-0640
Applicant: Elise Sommerville
Property Address: 70 Carmelita Street

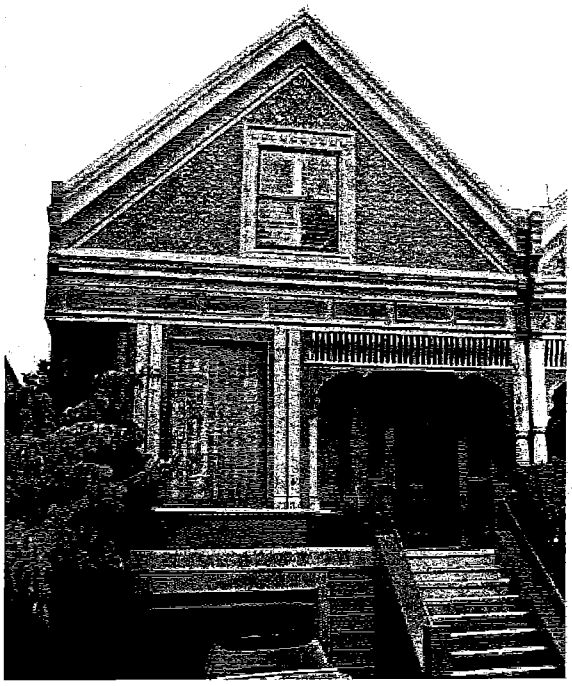
Date of Historical Landmark Designation by the Board of Supervisors: June 4, 2013

Board of Supervisors Ordinance Number: Ordinance No. 107-13 designated the Duboce Park Historic District and the property at 70 Carmelita Street is a contributor to the Duboce Park Historic District pursuant to Article 10 of San Francisco Planning Code and thus qualifies as a historic property.

Date of Historic Preservation Commission Approval: December 4, 2013

Property Description
According to the Planning Department's Mills Act Agreement Case Report for 70 Carmelita Street, the subject property is located on the east side of Carmelita Street between Waller and Duboce Streets. Assessor's Block 0864, Lot 016. 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 Duboce Park Landmark District. The 1 ½ story-over-basement frame house was built in 1900 by master builder Fernando Nelson in the Queen Anne style.

Exhibit 8: 70 Carmelita Street



Proposed Property Rehabilitation and Renovation Program

According to the Planning Department's Mills Act Agreement Case Report for 70 Carmelita Street, the property owner proposes to continue rehabilitation efforts and the proposed rehabilitation program involves the following components:

- Replacing or repairing historic wood siding and millwork;
- Reroofing and installing a Dutch gutter on the south side of roof (shared with 66 Carmelita St.; and
- Installing a trench drain to remediate water run-off that is flooding the basement and damaging the foundation, and walls.

The proposed rehabilitation and renovations are currently estimated to cost $43,000.

Proposed Property Maintenance Plan

In addition to the historic renovation discussed above, the property owners have agreed to a maintenance plan with annual inspections for maintenance which needs to be done on an ongoing basis, and includes the following components:

- Wood siding, windows/glazing, roof, millwork and ornamentation;
- Gutters, downspouts and drainage; and
- The foundation.

Inspections would be conducted by (a) the Historic Preservation Commission, (b) the Office of the Assessor-Recorder, (c) the Department of Building Inspection, (d) the Planning Department, (e) the Office of the Historic Preservation of the California Department of Parks and Recreation, and (f) the State Board of Equalization with 72 hours advance notice to ensure compliance with the proposed historic property agreement. In addition, the Planning Department will administer an inspection program to monitor the provisions of the agreement and 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.

Ongoing maintenance is currently estimated to cost $1,200 per year.

Impact on Property Taxes

Table 13 below reflects the estimated assessed value of 70 Carmelita Street both with and without the requested Mills Act Historical Property agreement, after the proposed improvements are completed.

Table 13: Summary of Assessed Value of 70 Carmelita Street and Estimated Reduction in Property Taxes Over 10 Years

	Without a Mills Act Historic Property Agreement	With a Mills Act Historic Property Agreement	First Year Reduction	Percent Reduction	Estimated Reduction in Property Taxes Over 10 Years
Estimated Assessed Property Value	$635,263	$780,000	$0	0%	n/a
Estimated Property Taxes Payable to the City	$7,547	$7,547	$0	0%	$0

Source: Assessor/Recorder's Office

Because the current assessed value of the property with a historic property agreement is higher than the assessed value without this agreement, the property owner would not receive a reduction in property taxes in FY 2014-15. Over the initial 10-year Mills Act Historical Property agreement, the property owner will invest an estimated $55,000 in property renovation and maintenance, as show in Table 14 below. Property tax savings may be realized in later years of the ten-year agreement due to changes in assessed value that cannot be estimated at this time.

Table 14: Estimated Net Historic Renovation and Maintenance Costs to Property Owner

Property Owner Costs	
Estimated Historic Renovation Costs	$43,000
Estimated Annual Maintenance Costs Over 10 Years	12,000
Estimated Periodic Maintenance Costs Over 10 Years	0
Total Costs to Property Owner	55,000
Property Tax Savings Over 10 Years	0
Net Costs to Property Owner	**$55,000**

According to Mr. Kato, all property taxes assessed to 70 Carmelita Street have been paid to the City, through FY 2012-13, with no remaining balance outstanding.

Item 9 - File 13-1157

Applicant: Adam Wilson and Quyen Nguyen

Property Address: 56 Pierce Street

Date of Historical Landmark Designation by the Board of Supervisors: June 4, 2013

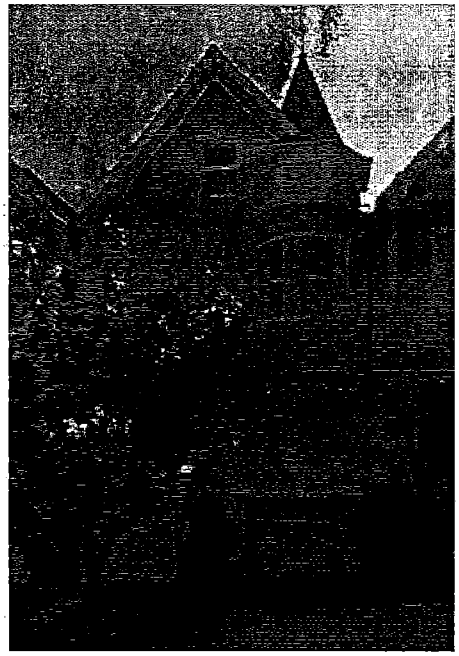
Board of Supervisors Ordinance Number: Ordinance No. 107-13 designated the Duboce Park Historic District and the property at 56 Pierce Street is a contributor to the Duboce Park Historic District pursuant to Article 10 of San Francisco Planning Code and thus qualifies as a historic property.

Date of Historic Preservation Commission Approval: December 4, 2013

Property Description

According to the Planning Department's Mills Act Agreement Case Report for 56 Pierce Street, he subject property is located on the east side of Pierce Street between Waller and Duboce Streets. Assessor's Block 0865, 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 of the Planning Code as a contributor to the Duboce Park Historic District. The 2 1/2 story-over-basement frame house was built c. 1905 by master builder Fernando Nelson in the Queen Anne style and features applied stick work reminiscent of the Tudor style.

Exhibit 9: 56 Pierce Street



Proposed Property Rehabilitation and Renovation Program

According to the Planning Department's Mills Act Agreement Case Report for 56 Pierce Street, the property was fully rehabilitated prior to the Mills Act historic property agreement application and as such, the property owners do not propose rehabilitation effort only the maintenance plan discussed below.

Proposed Property Maintenance Plan

The property owners have agreed to a maintenance plan with annual inspections for maintenance which needs to be done on an ongoing basis, and includes the following components:

- Wood siding, windows/glazing, roof, millwork and ornamentation;
- Gutters, downspouts and drainage; and
- The foundation.

Inspections would be conducted by (a) the Historic Preservation Commission, (b) the Office of the Assessor-Recorder, (c) the Department of Building Inspection, (d) the Planning Department, (e) the Office of the Historic Preservation of the California Department of Parks and Recreation, and (f) the State Board of Equalization with 72 hours advance notice to ensure compliance with the proposed historic property agreement. In addition, the Planning Department will administer an inspection program to monitor the provisions of the agreement and 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.

Ongoing maintenance is currently estimated to cost $11,700 per year.

Impact on Property Taxes

Table 15 below reflects the estimated assessed value of 56 Pierce Street both with and without the requested Mills Act Historical Property agreement, after the proposed improvements are completed.

Table 15: Summary of Assessed Value of 56 Pierce Street and Estimated Reduction in Property Taxes Over 10 Years

	Without a Mills Act Historic Property Agreement	With a Mills Act Historic Property Agreement	First Year Reduction	Percent Reduction	Estimated Reduction in Property Taxes Over 10 Years
Estimated Assessed Property Value	$1,535,568	$910,000	$625,568	41%	n/a
Estimated Property Taxes Payable to the City	$18,243	$10,811	$7,432	41%	$74,320

Source: Assessor/Recorder's Office

The Budget and Legislative Analyst notes that estimated property tax savings over 10 years is a calculation of the possible impact of the Mills Act Historic Property agreement. Under the provisions of the Mills Act Historic Property agreement the property must be revalued each January 1st to determine the taxable Mills Act value for that year, and the estimated property tax savings over 10 years will change based on adjusted assessed property value and property tax rates. Therefore, the estimated property tax reduction to the City over 10 years could be greater or less than $74,320 shown in the table above.

Mr. Jine advises that property tax rates have not been finalized for FY 2014-15 and the estimated property taxes assessed are based on the FY 2013-14 property tax rate of 1.188 percent of assessed value.

Over the initial 10-year Mills Act Historical Property agreement, the property owner will invest an estimated $227,000 in property maintenance and save an estimated $74,320 in property taxes, for net costs to the property owner of $152,680 in historic renovations and maintenance, as shown in Table 16 below.

Table 16: Estimated Net Historic Renovation and Maintenance Costs to Property Owner

Property Owner Costs	
Estimated Historic Renovation Costs	$0
Estimated Annual Maintenance Costs Over 10 Years	117,000
Estimated Periodic Maintenance Costs Over 10 Years	110,000
Total Costs to Property Owner	227,000
Property Tax Savings Over 10 Years	74,320
Net Costs to Property Owner	**$152,680**

According to Mr. Kato, all property taxes assessed to 56 Pierce Street have been paid to the City, through FY 2012-13, with no remaining balance outstanding.

Item 10 - File 13-1158
Applicant: Jean Paul and Ann Balajadia
Property Address: 64 Pierce Street

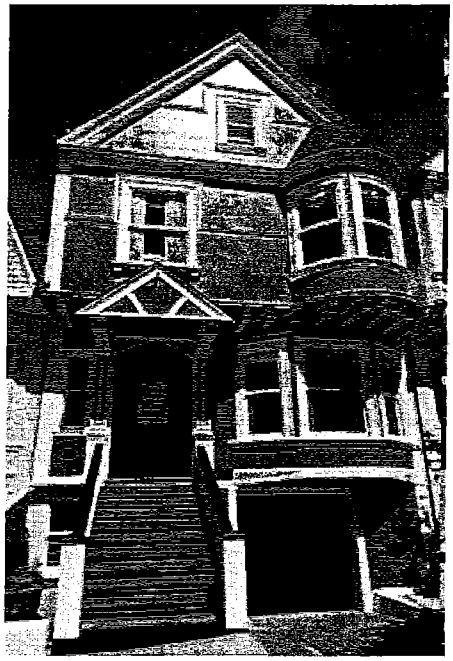
Date of Historical Landmark Designation by the Board of Supervisors: June 4, 2013

Board of Supervisors Ordinance Number: Ordinance No. 107-13 designated the Duboce Park Historic District and the property at 64 Pierce Street is a contributor to the Duboce Park Historic District pursuant to Article 10 of San Francisco Planning Code and thus qualifies as a historic property.

Date of Historic Preservation Commission Approval: December 4, 2013

Property Description
According to the Planning Department's Mills Act Agreement Case Report for 64 Pierce Street, the subject property is located on the east side of Pierce Street between Waller and Duboce Streets. Assessor's Block 0865, Lot 015. 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 of the Planning Code as a contributor to the Duboce Park Historic District. The 2 1/2 story-over-basement frame house was built c. 1905 by master builder Fernando Nelson in the Queen Anne style and features applied stick work reminiscent of the Tudor style.

Exhibit 10: 64 Pierce Street



Proposed Property Rehabilitation and Renovation Program

According to the Planning Department's Mills Act Agreement Case Report for 64 Pierce Street, the property owners propose to continue rehabilitation efforts and the proposed rehabilitation program involves the following components:

- Repairing and painting historic wood siding;
- Repairing and replacing, as needed, historic millwork including wood trim and corbels;
- Repairing the leaded glass windows and transoms;
- Repairing the historic front door;
- Repairing or replacing all windows at the front of the house;
- Restoring the front entry, including flooring, lighting and removing non-historic detailing;
- Replacing railings at the front entry stairs to be code compliant and historically accurate;
- Encasing the deteriorated brick foundation in concrete, adding structural steel beams, comment frames, sheer walls and steel framing throughout the house to meet seismic standards;
- Leveling the house to improve drainage at grade; removed concrete slabs at front yard and replaced with planter areas and borders (to improve the property);
- Remediating water pooling at the exterior of house by re-grading and installing trench drain repaired existing roof drains; installed new roof drains to correct drainage issues from neighboring houses.

The proposed rehabilitation and renovations are currently estimated to cost $141,000.

Proposed Property Maintenance Plan

In addition to the historic renovation discussed above, the property owners have agreed to a maintenance plan with annual inspections for maintenance which needs to be done on an ongoing basis, and includes the following components:

- Wood siding, windows/glazing, roof, millwork and ornamentation;
- Gutters, downspouts and drainage; and
- The foundation.

Inspections would be conducted by (a) the Historic Preservation Commission, (b) the Office of the Assessor-Recorder, (c) the Department of Building Inspection, (d) the Planning Department, (e) the Office of the Historic Preservation of the California Department of Parks and Recreation, and (f) the State Board of Equalization with 72 hours advance notice to ensure compliance with the proposed historic property agreement. In addition, the Planning Department will administer an inspection program to monitor the provisions of the agreement and 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.

Ongoing maintenance is currently estimated to cost $6,500 per year.

Impact on Property Taxes

Table 17 below reflects the estimated assessed value of 64 Pierce Street both with and without the requested Mills Act Historical Property agreement, after the proposed improvements are completed.

Table 17: Summary of Assessed Value of 64 Pierce Street and Estimated Reduction in Property Taxes Over 10 Years

	Without a Mills Act Historic Property Agreement	With a Mills Act Historic Property Agreement	First Year Reduction	Percent Reduction	Estimated Reduction in Property Taxes Over 10 Years
Estimated Assessed Property Value	$2,526,192	$950,000	$1,576,192	62%	n/a
Estimated Property Taxes Payable to the City	$30,011	$11,286	$18,725	62%	$187,250

Source: Assessor/Recorder's Office

The Budget and Legislative Analyst notes that estimated property tax savings over 10 years is a calculation of the possible impact of the Mills Act Historic Property agreement. Under the provisions of the Mills Act Historic Property agreement the property must be revalued each January 1st to determine the taxable Mills Act value for that year, and the estimated property tax savings over 10 years will change based on adjusted assessed property value and property tax rates. Therefore, the estimated property tax reduction to the City over 10 years could be greater or less than $187,250 shown in the table above.

Mr. Jine advises that since property tax rates have not been finalized for FY 2014-15 and the estimated property taxes assessed are based on the FY 2013-14 property tax rate of 1.188 percent of assessed value.

Over the initial 10-year Mills Act Historical Property agreement, the property owner will invest an estimated $233,000 in property renovation and maintenance and save an estimated $187,250 in property taxes, for net costs to the property owner of $45,750 in historic renovations and maintenance, as shown in Table 18 below.

Table 18: Estimated Net Historic Renovation and Maintenance Costs to Property Owner

Property Owner Costs	
Estimated Historic Renovation Costs	$141,000
Estimated Annual Maintenance Costs Over 10 Years	65,000
Estimated Periodic Maintenance Costs Over 10 Years	27,000
Total Costs to Property Owner	233,000
Property Tax Savings Over 10 Years	187,250
Net Costs to Property Owner	**$45,750**

According to Mr. Kato, all property taxes assessed to 64 Pierce Street have been paid to the City, through FY 2012-13, with no remaining balance outstanding.

Item 11 - File 13-1159

Applicant: Karli Sager and Jason Monberg

Property Address: 56 Potomac Street

Date of Historical Landmark Designation by the Board of Supervisors: June 4, 2013

Board of Supervisors Ordinance Number: Ordinance No. 107-13 designated the Duboce Park Historic District and the property at 56 Potomac Street is a contributor to the Duboce Park Historic District pursuant to Article 10 of San Francisco Planning Code and thus qualifies as a historic property.

Date of Historic Preservation Commission Approval: December 4, 2013

Property Description

According to the Planning Department's Mills Act Agreement Case Report for 56 Potomac Street, the subject property is located on the east side of Potomac Street between Waller and Duboce Streets. Assessor's Block 0866, Lot 012. 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 of the Planning Code as a contributor to the Duboce Park Historic District. The 1 1/2 story-over basement frame house was built in 1899 by neighborhood builders George Moore & Charles Olinger in the Queen Anne style. This property was the informal sales office and home of George Moore and his family.

Exhibit 11: 56 Potomac Street

Proposed Property Rehabilitation and Renovation Program

According to the Planning Department's Mills Act Agreement Case Report for 56 Potomac, the property owners propose to begin rehabilitation efforts and the proposed rehabilitation program involves reconstructing and completing structural repairs to the historic front stairs and porch based on historic photographs.

The proposed rehabilitation and renovations are currently estimated to cost $25,000.

Proposed Property Maintenance Plan

In addition to the historic renovation discussed above, the property owners have agreed to a maintenance plan with annual inspections for maintenance which needs to be done on an ongoing basis, and includes the following components:

- Wood siding, windows/glazing, roof, millwork and ornamentation;
- Gutters, downspouts and drainage; and
- The foundation.

Inspections would be conducted by (a) the Historic Preservation Commission, (b) the Office of the Assessor-Recorder, (c) the Department of Building Inspection, (d) the Planning Department, (e) the Office of the Historic Preservation of the California Department of Parks and Recreation, and (f) the State Board of Equalization with 72 hours advance notice to ensure compliance with the proposed historic property agreement. In addition, the Planning Department will administer an inspection program to monitor the provisions of the agreement and 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.

Ongoing maintenance is currently estimated to cost $3,250 per year.

Impact on Property Taxes

Table 19 below reflects the estimated assessed value of 56 Potomac Street both with and without the requested Mills Act Historical Property agreement, after the proposed improvements are completed.

Table 19: Summary of Assessed Value of 56 Potomac Street and Estimated Reduction in Property Taxes Over 10 Years

	Without a Mills Act Historic Property Agreement	With a Mills Act Historic Property Agreement	First Year Reduction	Percent Reduction	Estimated Reduction in Property Taxes Over 10 Years
Estimated Assessed Property Value	$1,064,403	$630,000	$434,403	41%	n/a
Estimated Property Taxes Payable to the City	$12,645	$7,484	$5,161	41%	$51,610

Source: Assessor/Recorder's Office

The Budget and Legislative Analyst notes that estimated property tax savings over 10 years is a calculation of the possible impact of the Mills Act Historic Property agreement. Under the provisions of the Mills Act Historic Property agreement the property must be revalued each January 1st to determine the taxable Mills Act value for that year, and the estimated property tax savings over 10 years will change based on adjusted assessed property value and property tax rates. Therefore, the estimated property tax reduction to the City over 10 years could be greater or less than $51,610 shown in the table above.

Mr. Jine advises that since property tax rates have not been finalized for FY 2014-15 and the estimated property taxes assessed are based on the FY 2013-14 property tax rate of 1.188 percent of assessed value.

Over the initial 10-year Mills Act Historical Property agreement, the property owner will invest an estimated $57,500 in property renovation and maintenance and save an estimated $51,610 in property taxes, for net costs to the property owner of $5,890 in historic renovations and maintenance, as shown in Table 20 below.

Table 20: Estimated Net Historic Renovation and Maintenance Costs to Property Owner

Property Owner Costs	
Estimated Historic Renovation Costs	$25,000
Estimated Annual Maintenance Costs Over 10 Years	32,500
Estimated Periodic Maintenance Costs Over 10 Years	0
Total Costs to Property Owner	57,500
Property Tax Savings Over 10 Years	51,610
Net Costs to Property Owner	**$5,890**

According to Mr. Kato, all property taxes assessed to 56 Potomac Street have been paid to the City, through FY 2012-13, with no remaining balance outstanding.

Item 12 - File 13-1160

Applicant: with Adam Wilson and Quyen Nguyen

Property Address: 66 Potomac Street

Date of Historical Landmark Designation by the Board of Supervisors: June 4, 2013

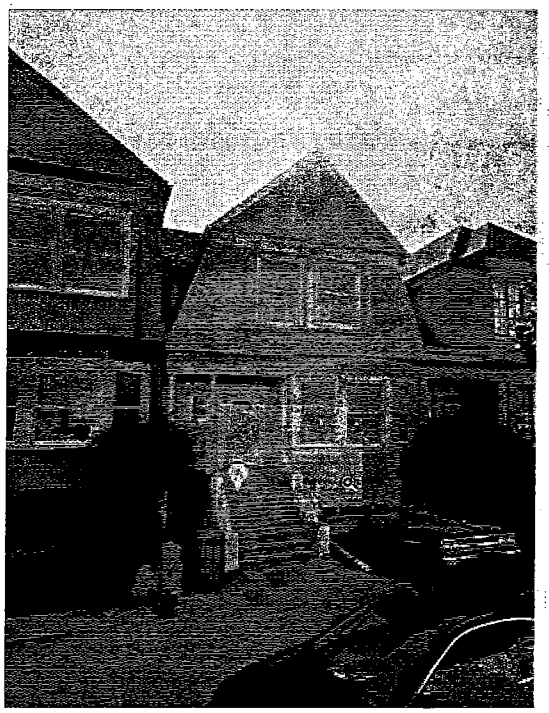
Board of Supervisors Ordinance Number: Ordinance No. 107-13 designated the Duboce Park Historic District and the property at 66 Potomac Street is a contributor to the Duboce Park Historic District pursuant to Article 10 of San Francisco Planning Code and thus qualifies as a historic property.

Date of Historic Preservation Commission Approval: December 4, 2013

Property Description

According to the Planning Department's Mills Act Agreement Case Report for 66 Potomac Street, the subject property is located on the east side of Potomac Street between Waller and Duboce Streets. Assessor's Block 0866, Lot 015. 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 of the Planning Code as a contributor to the Duboce Park Historic District. The 1 ½ story-over basement frame house was built in 1899 by neighborhood builders George Moore & Charles Olinger in the Queen Anne style.

Exhibit 12: 66 Potomac Street



Proposed Property Rehabilitation and Renovation Program

According to the Planning Department's Mills Act Agreement Case Report for 66 Potomac, the property owners propose to continue rehabilitation efforts and the proposed rehabilitation program involves and includes the following components:

- Repairing and repainting the historic wood siding for historically accuracy;
- Repairing and replacing, as needed, the historic millwork, including the decorative shingles at the front pediment, existing dentils and corbeling;
- Reroofing and installing moisture and thermal protection;
- Installing new wood windows at the rear of the house;
- Repairing all windows at the front of the house;
- Rebuilding all sashes, as needed;
- Replacing the entire compromised brick foundation with a concrete foundation to meet seismic standards;
- Adding structural steel and leveling the house to improve drainage at grade;
- Patching and repairing stucco at front façade; and
- Rebuilding decks; railings and balconies.

The proposed rehabilitation and renovations are currently estimated to cost $189,000.

Proposed Property Maintenance Plan

In addition to the historic renovation discussed above, the property owners have agreed to a maintenance plan with annual inspections for maintenance which needs to be done on an ongoing basis.

Inspections would be conducted by (a) the Historic Preservation Commission, (b) the Office of the Assessor-Recorder, (c) the Department of Building Inspection, (d) the Planning Department, (e) the Office of the Historic Preservation of the California Department of Parks and Recreation, and (f) the State Board of Equalization with 72 hours advance notice to ensure compliance with the proposed historic property agreement. In addition, the Planning Department will administer an inspection program to monitor the provisions of the agreement and 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.

The proposed property maintenance plan does not include annual maintenance cost, but Ms. Susan Parks, Planning Department, estimates periodic maintenance over the ten years to total $113,000.

Impact on Property Taxes

Table 21 below reflects the estimated assessed value of 66 Potomac Street both with and without the requested Mills Act Historical Property agreement, after the proposed improvements are completed.

Table 21: Summary of Assessed Value of 66 Potomac Street and Estimated Reduction in Property Taxes Over 10 Years

	Without a Mills Act Historic Property Agreement	With a Mills Act Historic Property Agreement	First Year Reduction	Percent Reduction	Estimated Reduction in Property Taxes Over 10 Years
Estimated Assessed Property Value	$1,895,874	$900,000	$995,874	53%	n/a
Estimated Property Taxes Payable to the City	$22,523	$10,692	$11,831	53%	$118,310

Source: Assessor/Recorder's Office

The Budget and Legislative Analyst notes that estimated property tax savings over 10 years is a calculation of the possible impact of the Mills Act Historic Property agreement. Under the provisions of the Mills Act Historic Property agreement the property must be revalued each January 1st to determine the taxable Mills Act value for that year, and the estimated property tax savings over 10 years will change based on adjusted assessed property value and property

tax rates. Therefore, the estimated property tax reduction to the City over 10 years could be greater or less than $118,310 shown in the table above.

Mr. Jine advises that since property tax rates have not been finalized for FY 2014-15 and the estimated property taxes assessed are based on the FY 2013-14 property tax rate of 1.188 percent of assessed value.

Over the initial 10-year Mills Act Historical Property agreement, the property owner will invest an estimated $302,000 in property renovation and maintenance and save an estimated $118,310 in property taxes, for net costs to the property owner of $183,690 in historic renovations and maintenance, as shown in Table 22 below.

Table 22: Estimated Net Historic Renovation and Maintenance Costs to Property Owner

Property Owner Costs	
Estimated Historic Renovation Costs	$189,000
Estimated Annual Maintenance Costs Over 10 Years	0
Estimated Periodic Maintenance Costs Over 10 Years	113,000
Total Costs to Property Owner	302,000
Property Tax Savings Over 10 Years	118,310
Net Costs to Property Owner	**$183,690**

According to Mr. Kato, all property taxes assessed to 66 Potomac Street have been paid to the City, through FY 2012-13, with no remaining balance outstanding.

FISCAL IMPACT

Approval of the proposed historic property agreements for the 11 properties would result in estimated reduced property tax revenues to the City in 2014 of $152,129 and estimated reduced property tax revenues to the City over the initial 10-year period of $1,521,290, as shown in the Table 23 below.

Table 23: Estimated Reduction in Property Tax Revenues to the City in 2014

			2014-2015 Reduced Property Tax Revenues to the City				
Item	File	Address	Without a Historic Property Agreement	With a Historic Property Agreement	First Year Reduction	Percent Reduction	Estimated Reduction Over 10 Years
2	13-0463	1772 Vallejo Street	$74,250	$26,381	$47,869	64%	$478,690
3	13-0479	2550 Webster Street	34,744	29,978	4,766	14%	47,660
4	13-0506	1019 Market Street	207,900	196,495	11,405	5%	114,050
5	13-0521	3769 20th Street	21,206	11,081	10,125	48%	101,250
6	13-0522	50 Carmelita Street	31,133	11,524	19,609	63%	196,090
7	13-0577	66 Carmelita Street	23,760	8,554	15,206	64%	152,060
8	13-0640	70 Carmelita Street	7,547	7,547	0	0%	0
9	13-1157	56 Pierce Street	18,243	10,811	7,432	41%	74,320
10	13-1158	64 Pierce Street	30,011	11,286	18,725	62%	187,250
11	13-1159	56 Potomac Street	12,645	7,484	5,161	41%	51,610
12	13-1160	66 Potomac Street	22,523	10,692	11,831	53%	118,310
		Total	**$483,962**	**$331,833**	**$152,129**		**$1,521,290**

The Budget and Legislative Analyst notes that estimated property tax savings over 10 years is a calculation of the possible impact of the Mills Act Historic Property agreement. Under the provisions of the Mills Act Historic Property agreement the property must be revalued each January 1st to determine the taxable Mills Act value for that year, and the estimated property tax savings over 10 years will change based on adjusted assessed property value and property tax rates. Therefore, the estimated property tax reduction to the City over 10 years could be greater or less than $1,521,290 shown in the table above.

Mr. Jine advises that since property tax rates have not been finalized for FY 2014-15 and the estimated property taxes assessed are based on the FY 2013-14 property tax rate of 1.188 percent of assessed value.

POLICY CONSIDERATION

Approval of the 11 Proposed Historic Property Agreements , Together with the Six Previously Approved Historic Property Agreements, Would Result in Estimated Reduced Property Taxes to the City of $854,869 in FY 2014-15

The Mills Act was established in 1976 as an incentive to property owners to improve their properties to historic standards. The City currently has six historic property agreements, which were approved by the Board of Supervisors from 2002 through 2013[11]. The estimated annual reduction in property tax revenues to the City due to the existing historic property agreements is $702,740, as shown in the following table.

Table 24: Estimated Annual Reduction in Property Tax Revenues to the City under the Six Existing Mills Act Historical Property Agreements

Board of Supervisors Approval Date	Address	Without Historical Property Agreement	With Historical Property Agreement	Estimated Reduction in Property Tax	Percent Reduction
May 13, 2002	460 Bush Street	44,519	24,472	20,047	45%
May 15, 2007	1080 Haight Street	82,415	32,453	49,962	61%
August 7, 2007	1735 Franklin Street	35,708	23,853	11,856	33%
November 18, 2008	690 Market Street	1,807,186	1,282,186	525,000	29%
December 3, 2010	1818 California	112,791	28,504	84,287	75%
July 30, 2013	201 Buchanan Street	31,052	19,465	11,588	37%
	Total	**2,113,672**	**1,410,932**	**702,740**	

The total estimated reduction in property tax revenues to the City in FY 2014-15 will be $854,869, including $702,740 for the existing six historic property agreements and $152,129 for the proposed 11 historic property agreements, as shown in Table 23 above.

The Historic Property Agreements Are Extended Annually into Perpetuity Unless the Property Owner or the Board of Supervisors Terminates the Agreement

Administrative Code Chapter 71 provides for the Board of Supervisors "full discretion to determine whether it is in the public interest to enter into a historic property agreement regarding a particular qualified historic property. The Board of Supervisors may approve, disapprove, or modify and approve the terms of the historic property agreement". Therefore, approval of the 11 proposed historic property agreements is a policy decision for the Board of Supervisors.

[11] The Board of Supervisors previously rejected a Mills Act application (File 09-0263), and capped the property tax reduction for another Mills Act applicant (690 Market Street, File 08-0953).

Once the Mills Act historic property agreement has been enacted, the initial term is for ten years, which is automatically extended each year on the anniversary date of the agreement. The historic property agreement continues into perpetuity unless the property owner or the Board of Supervisors files a notice of nonrenewal; once the notice of nonrenewal has been filed, the term of the historical property agreement extends for a final 10 year term and is no longer automatically extended each year.

Administrative Code Section 71.7 requires that the Planning Department and Assessor/Recorder's Office submit a joint report to the Board of Supervisors and the Historic Preservation Commission on March 31, 2013 and every three years thereafter providing the Departments' analysis of the historical property agreement (Mills Act) program. Such report has not been submitted to the Board of Supervisors.

Because, according to Mr. Tim Frye, Planning Department Preservation Coordinator, the Board of Supervisors will not receive an analysis of the historical property agreement program required by Administrative Code Section 71.7 until approximately March 31, 2016, the Budget and Legislative Analyst recommends amending each of the 11 proposed resolutions to request the Director of Planning to submit an annual report to the Board of Supervisors, Mayor, Controller, and Budget and Legislative Analyst that details for each of the 17 properties (11 proposed and six existing) with an historic property agreement (1) the original date of approval by the Board of Supervisors of the agreement; (2) the annual property tax amount under the historic property agreement; (3) the percent reduction in the annual property tax amount due to the historic property agreement; (4) the reduction in annual property tax revenues to the City; and (5) conformance of the property to the provisions of the historic property agreement.

RECOMMENDATIONS

1. Amend Resolution 13-0463 to specify that approval of the proposed historic property agreement authorizes an exemption to the Mills Act historic property agreement eligibility limit of $3,000,000 for a single family residence.
2. Amend Resolution 13-0506 to specify that approval of the proposed historic property agreement authorizes an exemption to the Mills Act historic property agreement eligibility limit of $5,000,000 for a commercial property.
3. Amend each of the 11 proposed resolutions to request the Director of Planning submit an annual report to the Board of Supervisors, Mayor, Controller, and Budget and Legislative Analyst that details for each property with an existing historic property agreement (1) the original date of approval by the Board of Supervisors of the agreement; (2) the annual property tax amount under the historic property agreement; (3) the percent reduction in the annual property tax amount due to the historic property agreement; (4) the reduction

in annual property tax revenues to the City; and (5) conformance of the property to the provisions of the historic property agreement.

4. Approval of the proposed 11 resolutions, as amended, is a policy matter for the Board of Supervisors.

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**

Victor:

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

1. 1019 Market
2. 3769 20th
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 20th), 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.

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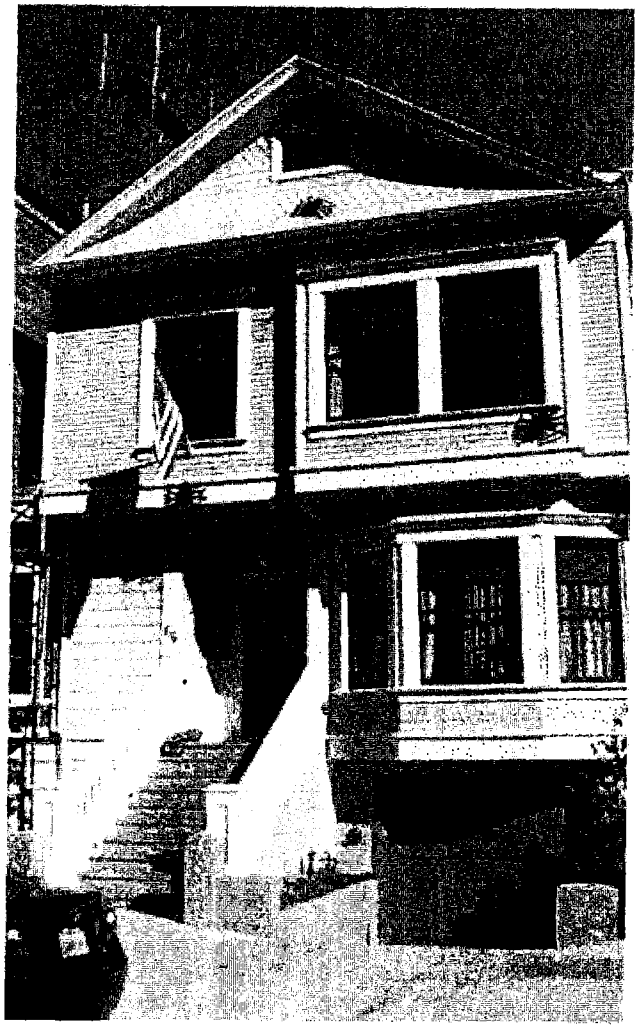
www.sfassessor.org
e-mail: assessor@sfgov.org

			Three Way Value Comparison			Lesser of the 3 Comparisons					
Address	Property Type	Owner Occupied	2013 Factored Base Year Value	Restricted Value by Income	Market Value	Taxable Mills Act Value	Reduction In Assessed Value	Percentage % Reduction From FBYV	2013 Property Tax Rate	Estimated Property Tax Savings
1019 Market	Office	No	$ 17,500,000	$ 16,540,000	$ 25,180,000	$ 16,540,000	$ (960,000)	-5.49%	1.188%	($11,405)
3769 20th	SFR	Yes	$ 1,785,000	$ 932,783	$ 1,780,000	$ 932,783	$ (852,217)	-47.74%	1.188%	($10,124)
2550 Webster	SFR	Yes	$ 2,924,570	$ 2,523,438	$ 10,670,000	$ 2,523,438	$ (401,132)	-13.72%	1.188%	($4,765)
1772 Vallejo	SFR	Yes	$ 6,250,000	$ 2,220,625	$ 6,350,000	$ 2,220,625	$ (4,029,375)	-64.47%	1.188%	($47,869)
50 Carmelita	SFR	Yes	$ 2,620,582	$ 970,000	$ 2,600,000	$ 970,000	$ (1,650,582)	-62.99%	1.188%	($19,609)
56 Pierce	3 units	No	$ 1,535,568	$ 910,000	$ 1,490,000	$ 910,000	$ (625,568)	-40.74%	1.188%	($7,432)
56 Potomac	SFR	Yes	$ 1,064,403	$ 630,000	$ 1,700,000	$ 630,000	$ (434,403)	-40.81%	1.188%	($5,161)
64 Pierce	SFR	Yes	$ 2,526,192	$ 950,000	$ 2,500,000	$ 950,000	$ (1,576,192)	-62.39%	1.188%	($18,725)
66 Carmelita	SFR	Yes	$ 1,999,993	$ 720,000	$ 2,100,000	$ 720,000	$ (1,279,993)	-64.00%	1.188%	($15,206)
66 Potomac	SFR	Yes	$ 1,895,874	$ 900,000	$ 2,400,000	$ 900,000	$ (995,874)	-52.53%	1.188%	($11,831)
70 Carmelita	SFR	Yes	$ 635,263	$ 780,000	$ 2,200,000	$ 635,263	$ -	0.00%	1.188%	$0



66 Potomac St
APN 06-0866-015

MILLS ACT VALUATION

CARMEN CHU

ASSESSOR-RECORDER

SAN FRANCISCO

OFFICE OF THE ASSESSOR-RECORDER

APN:	06-0866-015	**SF Landmark:**	
Property Location:	66 Potomac	**Date of Mills Act Application:**	9/3/2013
Applicant's Name:	The Wilson Family Trust	**Property Type:**	Single Family Dwelling
Agt./Tax Rep./Atty:		**Date of Sale:**	10/9/2009
Applicant supplied appraisal?	No	**Sale Price:**	$1,627,000

DATE OF MILLS ACT VALUATION: September 3, 2013

TAXABLE VALUE - THREE WAY VALUE COMPARISON					
FACTORED BASE YEAR VALUE		RESTRICTED MILLS ACT VALUE		CURRENT MARKET VALUE	
Land	$ 1,193,832	**Land**	**$ 540,000**	**Land**	$1,440,000
Imps	$ 702,042	**Imps**	**$ 360,000**	**Imps**	$960,000
Total	$ 1,895,874	**Total**	**$ 900,000**	**Total**	$2,400,000

Permits for vertical addition and remodel completed in February 2013, adding over 800 SF of living area.

DBI valued permits at about $275,000.

PROPERTY CHARACTERISTICS

Present Use:	SFR	**Neighborhood:**	Hayes Valley	**Number of Stories:**	3
Number of Units	1	**Year Built:**	1900	**Land Area (SF):**	2,125
Owner Occupied:	Yes	**Building Area:**	2,970	**Zoning:**	RH2

CONTENTS

CONCLUSION AND RECOMMENDATIONS

Based on the three-way value comparison, the lowest of the three values is the restricted Mills Act value.

The taxable Mills Act value on: September 3, 2013 is **$900,000**

Appraiser: Timothy Landregan **Date:** 11/26/13

Principal Appraiser: Cathleen Hoffman

0866-015 Photos

RESTRICTED INCOME APPROACH

APN 06-0866-015
66 Potomac St
Restricted Mills Act Value
Lien Date: September 3, 2013

Owner Occupied

	GLA (SF		Annual Rent / SF		
Potential Gross Income:	2,970	x	$35.15	=	$104,400
Less Vacancy & Collection Loss			2%		($2,088)
Effective Gross Income					$102,312
Less Anticipated Operating Expenses*			15%		($15,347)
Net Operating Income (before property tax)					$86,966

Restricted Capitalization Rate Components:

Rate Components:		
2013 Interest Rate per SBE		3.7500%
Risk rate (4% owner occuped / 2% all other property types)		4.0000%
Property tax rate (2013)		1.1880%
Amortization rate for the Improvements:		
Remaining Economic Life:	60	
Amortization per Year (reciprocal)	0.0167	1.6667%

Overall Rates:

Land		8.9380%
Improvements		10.6047%

Weighted Capitalization Rate

Land	60%	5.36%
Improvements	40%	4.24%
Total		**9.60%**

RESTRICTED VALUE **$905,451**

ROUNDED TO **$900,000**

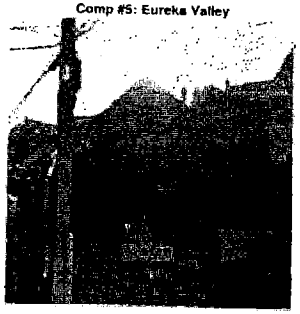
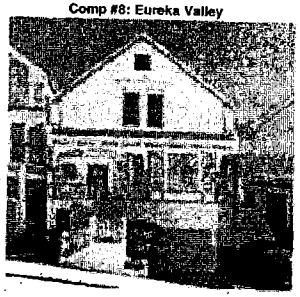
Footnotes:

Topline rent potential concluded to be $8,700 per month, based on rent comps #1, #5 and #8, or $35 per foot on an annual basis.

**Annual Operating Expenses include PG& E, water service, refuse collection, insurance, maintenance and property management, typically estimated at 15% of effective gross income. TP estimates actual annual operating expenses of the subject property are $14,588 (13.2% of EGI). Default to 15%*

Rental Comps

	Comp #1: Parnassus Hts	Comp #2: Cow Hollow	Comp #3: Marina	Comp #4: Twin Peaks
				
Listing Agent:	Sotheby's	Bay Property Group	J Wavro Associates	By Owner
Address:	Not provided	2546 Greenwich St	Not Provided	106 Midcrest Way (Midtown Terrace)
Cross Streets:	Clayton at Parnassus	Between Scott and Divisadar	Scott at Bay	West side of the peaks (Twin Peaks Blvd)
SF:	2,400	4,350	3,000	1,950
Layout:	4/2.5, 2 car parking	4/6, 3 car parking	4/3, 2 car parking	2/2, 1 car parking
Monthly Rent	$7,700	$13,495	$8,950	$4,750
Rent/Foot/Mo	**$3.21**	**$3.10**	**$2.98**	**$2.44**
Annual Rent/Foot:	**$38.50**	**$37.23**	**$35.80**	**$29.23**

	Comp #5: Eureka Valley	Comp #6: Twin Peaks	Comp #7: Twin Peaks	Comp #8: Eureka Valley
				
Listing Agent:	By Owner	Golden Gate Properties	REMax/Westlake Properties	Donnelly Enterprises
Address:	1 Seward Street	26 Portola Drive	441 Delbrook (@ Panorama)	Not Provided
Cross Streets:	Seward at Douglass (Kite Hill_	Portola and Market	Panorama @ Clarendon	Noe Street at Liberty Street
SF:	1,700	1,350	1,127	2,600
Layout:	2/2, No parking	3/1.5, 2 car parking	3/2, 2 car parking	3/2.5, 2 tandem parking
Monthly Rent	$6,900	$4,300	$4,200	$8,200
Rent/Foot/Mo	**$4.06**	**$3.19**	**$3.73**	**$3.15**
Annual Rent/Foot:	**$48.71**	**$38.22**	**$44.72**	**$37.85**

SINGLE FAMILY MARKET ANALYSIS

	Subject	Sale 1		Sale 2		Sale 3	
APN	0866-015	0823-015		0869-034		0864-008	
							
Address	66 Potomac	1021 Hayes		251 Waller St		55 Pierce St	
		$2,550,000		$2,730,000		$2,250,000	
Sale Price / Square Foot		$670		$1,083		$900	
	Description	Description	Adjust.	Description	Adjust.	Description	Adjust.
Date of Valuation/Sale	09/03/13	03/28/13	$63,750	9/19/2012	$163,800	05/22/13	$33,750
Location	Hayes Valley	Alamo Square		Hayes Valley		Hayes Valley	
Proximity to Subject							
Lot Size	2,125	2,060		3,337	($60,600)	2,374	($12,450)
View	Neighborhood/Open Space	City	($50,000)			Neighborhood	
Year Blt/Year Renovated	1900 / 2013	1900		1900		1900	
Condition	Excellent /Remodeled	Good/Remodeled				Good/Remodeled	
Construction Quality	Good	Good				Good	
Gross Living Area	2,970	3,804		2,520	$90,000	2,500	$94,000
Total Rooms	10	10		8		6	
Bedrooms	4	5				3	
Bathrooms	3.5	5	($40,000)	2	$40,000	3	$15,000
Stories	3	3		3		3	
Garage	2 car	No	$80,000	2 car		2 car	
Net Adjustments			$53,750		$233,200		$130,300
Indicated Value	$2,400,000		$2,603,750		$2,963,200		$2,380,300
Adjust. $ Per Sq. Ft.	$808		$877		$998		$801

VALUE RANGE: $800 to $1000 per Sq Ft GLA

VALUE CONCLUSION: $2,400,000 $808

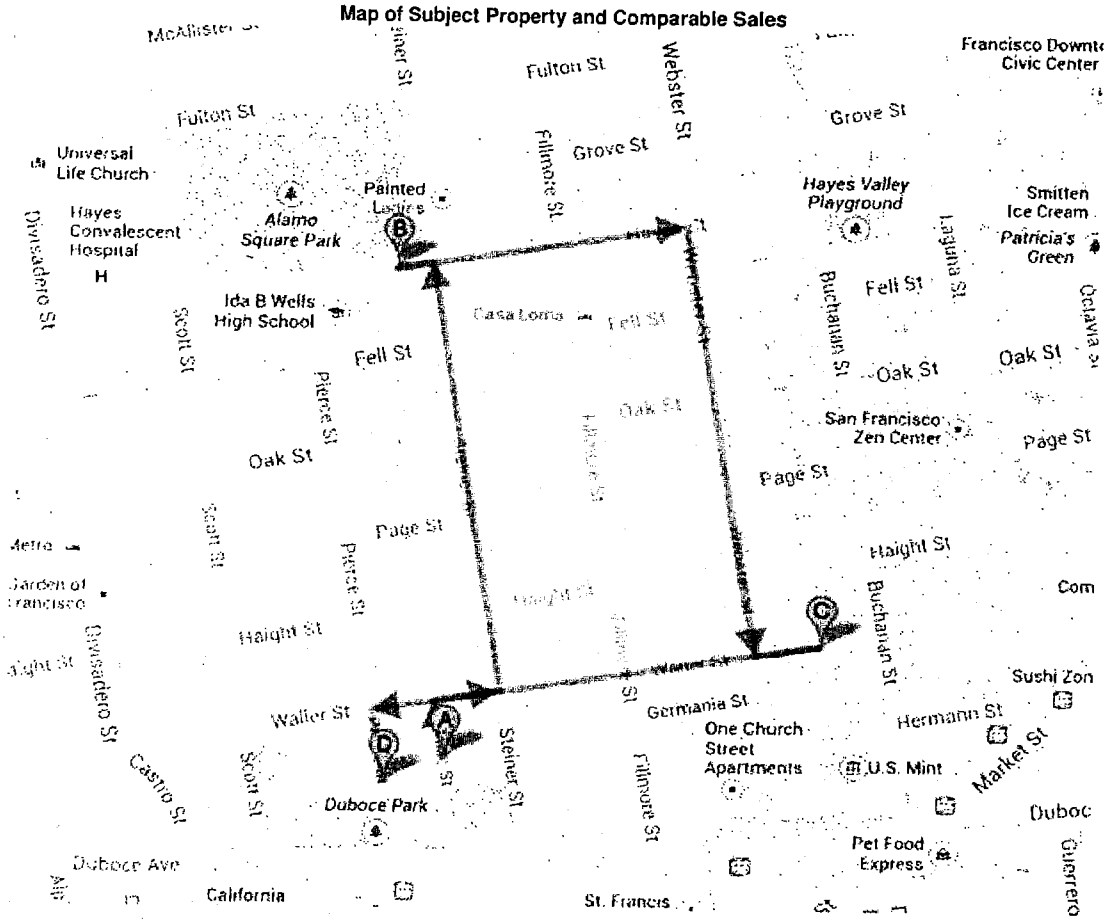
Adjustments Lot size adjustment: $50/foot; Adjustment for view: $50,000, GLA adjustment: $200/foot; Adjustment for bath counts: $25,000 for full bath; $15,000 for partial bath. Adjustment for garage parking; $40,000 per space. Market Conditions Adjustment: 5 to 10% increase in value between 2012 and 2013 (.5% per month)

subject completed a substantial remodel in 2013 adding about 800 SF of living area (attic was finished adding two beds, full bath and study; master suite was remodeled on 2nd level adding a new full bath. Garage was extended to accommodate a second tandem parking spot. The recency of the remodel yielded a conclusion that the property is in excellent condition, although there was no interior inspection.

MARKET VALUE	
LAND	$1,440,000
IMPROVEMENTS	$960,000
TOTAL	$2,400,000
Market Value / Foot	$808

ASSESSED VALUE	
LAND	$1,834,408
IMPROVEMENTS	$786,174
TOTAL	$2,620,582
Assessed Value / Foot	$882

Map of Subject Property and Comparable Sales



A	Subject Property	66 Potomac
B	Comp #1	1021 Hayes St
C	Comp #2	251 Waller St
D	Comp #3	55 Pierce St

SAN FRANCISCO
PLANNING DEPARTMENT

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CA 94103-2479

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Information:
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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

Re: **Transmittal of Planning Department Case Number 2013.1257U**
66 Potomac St (Contributor to the Duboce Park Landmark District)
BOS File Nos: _____ (pending)

Historic Preservation Commission Recommendation: *Approval*

Dear Ms. Calvillo,

On December 4, 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 December 4, 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 located at 66 Potomac Street, a contributor to the Duboce Park Landmark District.

Please note that the Project Sponsor submitted the Mills Act application on September 3, 2013.

The contract involves a rehabilitation plan that includes;

- Repairing and repainting the historic wood siding
- Seismic upgrades to the foundation
- Rebuilding all decks, railings and balconies

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

- wood siding,
- windows/glazing,
- roof,
- millwork and ornamentation;
- gutters, downspouts and drainage; and
- the foundation

131160

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

As detailed in the Mills Act application, the Project Sponsors have 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. 0726
Mills Act Contract Case Report, dated December 4, 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

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Historic Preservation Commission
Resolution No. 726
HEARING DATE DECEMBER 4, 2013

Hearing Date:	December 4, 2013
Filing Dates:	September 3, 2013
Case No.:	2013.1257U
Project Address:	**66 Potomac St.**
Landmark District:	Duboce Park Landmark District
Zoning:	RH-2 (Residential - House, Two Family) 40-X Height and Bulk District
Block/Lot:	0866/015
Applicant:	Adam Wilson & Quyen Nguyen 66 Potomac St. San Francisco, CA 94117
Staff Contact:	Susan Parks – (415) 575-9101 susan.parks@sfgov.org
Reviewed By:	Tim Frye – (415) 575-6822 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 66 Potomac STREET:

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 66 Potomac Street and is listed under Article 10 of the San Francisco Planning Code Planning Code as a contributor to the Duboce Park Landmark District 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 66 Potomac Street, which are located in Case

Docket No. 2013.1257U. 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 66 Potomac 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 December 4, 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 66 Potomac Street, which are located in Case Docket No. 2013.1257U. 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 66 Potomac 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 66 Potomac Street, and other pertinent materials in the case file 2013.1257U to the Board of Supervisors.

I hereby certify that the foregoing Resolution was ADOPTED by the Historic Preservation Commission on December 4, 2013.

Jonas P. Ionin

Commissions Secretary

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

NOES:

ABSENT:

ADOPTED: 7-0

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Mills Act Contracts Case Report

Hearing Date: December 4, 2013

a. *Filing Dates:* September 3, 2013
Case No.: 2013.1261U
Project Address: **50 Carmelita St.**
Landmark District: Duboce Park Landmark District
Zoning: RH-2 (Residential - House, Two Family)
40-X Height and Bulk District
Block/Lot: 0864/011
Applicant: Adam Speigel & Guillemette Broulliat-Speigel
50 Carmelita St.
San Francisco, CA 94117

b. *Filing Date:* September 3, 2013
Case No.: 2013.1230U
Project Address: **66 Carmelita St.**
Landmark District: Duboce Park Landmark District
Zoning: RH-2 (Residential House, Two Family)
40-X Height and Bulk District
Block/Lot: 0864/015
Applicant: Amy Hockman & Brian Bone
66 Carmelita St.
San Francisco, CA 94117

c. *Filing Date:* September 3, 2013
Case No.: 2013.1260U
Project Address: **70 Carmelita St.**
Landmark District: Duboce Park Landmark District
Zoning: RH-2 (Residential House, Two Family)
40-X Height and Bulk District
Block/Lot: 0864/016
Applicant: Elise Sommerville
70 Carmelita St.
San Francisco, CA 94117

d. *Filing Date:* September 3, 2013
Case No.: 2013.1258U
Project Address: **56 Pierce St.**
Landmark District: Duboce Park Landmark District
Zoning: RH-2 (Residential House, Two Family)
40-X Height and Bulk District
Block/Lot: 0865/013

Applicant:	Adam Wilson & Quyen Nguyen 66 Potomac St. San Francisco, CA 94117

e.

Filing Date:	September 3, 2013
Case No.:	2013.1254U
Project Address:	**64 Pierce St.**
Landmark District:	Duboce Park Landmark District
Zoning:	RH-2 (Residential House, Two Family) 40-X Height and Bulk District
Block/Lot:	0865/015
Applicant:	Jean Paul Balajadia 64 Pierce St. San Francisco, CA 94117

f.

Filing Date:	September 3, 2013
Case No.:	2013.1259U
Project Address:	**56 Potomac St.**
Landmark District:	Duboce Park Landmark District
Zoning:	RH-2 (Residential House, Two Family) 40-X Height and Bulk District
Block/Lot:	0866/012
Applicant:	Karli Sager & Jason Monberg 56 Potomac St. San Francisco, CA 94117

g.

Filing Date:	September 3, 2013
Case No.:	2013.1257U
Project Address:	**66 Potomac St.**
Landmark District:	Duboce Park Landmark District
Zoning:	RH-2 (Residential House, Two Family) 40-X Height and Bulk District
Block/Lot:	0866/015
Applicant:	Adam Wilson & Quyen Nguyen 66 Potomac St. San Francisco, CA 94117

h.

Filing Date:	May 1, 2013
Case No.:	2013.0575U
Project Address:	**1772 Vallejo St.**
Historic Landmark:	Landmark No. 31, Burr Mansion
Zoning:	RH-2 (Residential House, Two Family) 40-X Height and Bulk District
Block/Lot:	0552/029
Applicant:	John Moran

1772 Vallejo St.
San Francisco, CA 94123

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

PROPERTY DESCRIPTION

a. **50 Carmelita St.:** The subject property is located on the east side of Carmelita Street between Waller and Duboce Streets, the lot is adjacent to Duboce Park. Assessor's Block 0864, Lot 011. 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 Duboce Park Landmark District. The 2 1/2 story frame house was built in 1899 in a combination of the Queen Anne and Shingle styles.

b. **66 Carmelita St.:** The subject property is located on the east side of Carmelita Street between Waller and Duboce Streets. Assessor's Block 0864, Lot 015. 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 Duboce Park Landmark District. The 1 1/2 story-over-basement frame house was built in 1900 by master builder Fernando Nelson in the Queen Anne style.

c. **70 Carmelita St.:** The subject property is located on the east side of Carmelita Street between Waller and Duboce Streets. Assessor's Block 0864, Lot 016. 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 Duboce Park Landmark District. The 1 1/2 story-over-basement frame house was built in 1900 by master builder Fernando Nelson in the Queen Anne style.

d. **56 Pierce St.:** The subject property is located on the east side of Pierce Street between Waller and Duboce Streets. Assessor's Block 0865, 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 a contributor to the Duboce Park Landmark District. The 2 1/2 story-over-basement frame house was built c. 1905 by master builder Fernando Nelson in the Queen Anne style and features applied stick work reminiscent of the Tudor style.

e. **64 Pierce St.:** The subject property is located on the east side of Pierce Street between Waller and Duboce Streets. Assessor's Block 0865, Lot 015. 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 Duboce Park Landmark District. The 2 1/2 story-over-basement frame house was built c. 1905 by master builder Fernando Nelson in the Queen Anne style and features applied stick work reminiscent of the Tudor style.

f. **56 Potomac St.:** The subject property is located on the east side of Potomac Street between Waller and Duboce Streets. Assessor's Block 0866, Lot 012. 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 Duboce Park Landmark District. The 1 1/2 story-over-basement frame house was built in 1899 by neighborhood builders George Moore & Charles Olinger in the Queen Anne style. This property was the informal sales office and home of George Moore and his family.

g. **66 Potomac St.:** The subject property is located on the east side of Potomac Street between Waller and Duboce Streets. Assessor's Block 0866, Lot 015. 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 Duboce Park Landmark District. The 1 1/2 story-over-basement frame house was built in 1899 by neighborhood builders George Moore & Charles Olinger in the Queen Anne style.

h. **1772 Vallejo St.:** The subject property is located on the north side of Vallejo Street between Gough and Franklin Streets. Assessor's Block 0522, Lot 029. 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 #31. It is also listed in Here Today (page 22) and the Planning Department 1976 Architectural Survey. The three-story-over-basement house was designed primarily in the Italianate style with French Second Empire influences.

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 a landmark district designated pursuant to San Francisco Planning Code Article 10; or

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

All properties that are eligible under the criteria listed above must also meet a tax assessment value to be eligible for a Mills Act Contract. The tax assessment limits are listed below:

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

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

Properties may be exempt from the tax assessment values if it meets any one of the following criteria:

- The qualified historic property is an exceptional example of architectural style or represents a work of a master architect or is associated with the lives of persons important to local or national history; or
- Granting the exemption will assist in the preservation and rehabilitation of a historic structure (including unusual and/or excessive maintenance requirements) that would otherwise be in danger of demolition, deterioration, or abandonment;

Properties applying for a valuation exemption must provide evidence that it meets the exemption criteria, including a historic structure report to substantiate the exceptional circumstances for granting the exemption. The Historic Preservation Commission shall make specific findings 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 ANAYLSIS

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. **50 Carmelita St.:** As detailed in the Mills Act application, the Project Sponsor proposes to maintain the historic property. Staff determined that the proposed work, detailed in the attached exhibits, is consistent with the Secretary of Interior's Standards for Rehabilitation 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 property was fully rehabilitated at the time of purchase two years ago. The Project Sponsors have developed a thorough maintenance plan that involves a cycle of annual inspections and maintenance and a longer-term maintenance cycle to be performed as necessary. The maintenance plan includes; painting and repairing the historic shingled siding and wood trim as needed; inspecting the roof, flashing and vents regularly and replacing elements or the entire roof when needed; inspection of the gutters, downspouts, grading to ensure there is no damage to the foundation; maintenance of the exterior doors, stairways, balustrades, and decking for dry rot; and routine inspections of the historic wood windows and non-historic skylights checking for dry rot, damage, or leaks, and repairing any damage found according to best practices. No changes to the use are proposed. Please refer to the attached Rehabilitation Plan for a full description of the proposed work. The attached draft historical property contract will help the Project Sponsor mitigate these expenditures and will induce the Project Sponsor to maintain the property in excellent condition in the future.

b. **66 Carmelita St.:** As detailed in the Mills Act application, the Project Sponsor proposes to continue rehabilitation efforts. Staff determined that the proposed work, detailed in the attached exhibits, is consistent with the 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 rehabilitation program involves in-kind custom replacement of historic elements including rotted entry stairs, balustrades and porch decking; repainting of the stairs and porch; repair (or replace, if needed) non-functional double hung windows at the front bay on main floor and rear parlor; replacing the roof; and replacing deteriorated non-historic skylights and resealing others; repair and repainting of historic siding; and completing repairs based on structural engineers inspection to the brick foundation (previous repairs were undertaken in sections by different homeowners). 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.

c. **70 Carmelita St.:** As detailed in the Mills Act application, the Project Sponsor proposes to continue rehabilitation efforts. Staff determined that the proposed work, detailed in the attached exhibits, is consistent with the 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 rehabilitation program involves historic wood siding and millwork; reroofing and installing a Dutch gutter on the south side of roof (shared with 66 Carmelita St.; and installing a trench drain to remediate water run-off that is flooding the basement and damaging foundation, and walls. 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.

d. **56 Pierce St.:** As detailed in the Mills Act application, the Project Sponsor proposes to begin maintenance efforts. Staff determined that the proposed work, detailed in the attached exhibits, is consistent with the 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 property was fully rehabilitated prior to the Mills Act Application. No changes to the use are proposed.

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 the repair, maintenance and repainting of the wood siding, windows/glazing, roof, millwork, stairs and ornamentation; gutters, downspouts and drainage; and the foundation and sheer walls. 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.

e. **64 Pierce St.:** As detailed in the Mills Act application, the Project Sponsor proposes to continue rehabilitation efforts. Staff determined that the proposed work, detailed in the attached exhibits, is consistent with the 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 rehabilitation program involves repairing and painting historic wood siding; repaired and replaced, as needed, historic millwork; including wood trim and corbels; repair of the leaded glass windows and transoms; repair of the historic front door; repair all windows that could be repaired and replaced in kind those that were beyond repair (23 windows total) at the front of the house, restored the front entry, including flooring, lighting and removing non-historic

detailing; replaced railings at the front entry stairs to be code compliant and historically accurate encased the deteriorated brick foundation in concrete, added structural steel beams, comment frames, sheer walls and steel framing throughout the house to meet seismic standards; leveled the house to improve drainage at grade; removed concrete slabs at front yard and replaced with planter areas and borders (to improve the property); remediated water pooling at the exterior of house by re-grading and installing trench drain repaired existing roof drains; installed new roof drains to correct drainage issues from neighboring houses. Please refer to the attached Rehabilitation Plan for a full description of the proposed work. 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.

f. **56 Potomac St.:** As detailed in the Mills Act application, the Project Sponsor proposes to begin rehabilitation efforts. Staff determined that the proposed work, detailed in the attached exhibits, is consistent with the 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 rehabilitation program involves reconstruction and structural repairs to the historic front stairs and porch based on historic photographs. 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; attic 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.

g. **66 Potomac St.:** As detailed in the Mills Act application, the Project Sponsor proposes to continue rehabilitation efforts. Staff determined that the proposed work, detailed in the attached exhibits, is consistent with the 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 rehabilitation program involves repairing and painting the historic wood siding and worked with color consultant for historically accuracy; repaired and replaced, as needed, the historic millwork; including the decorative shingles at the front pediment, existing dentils and corbeling; reroof and install moisture and thermal protection; install all new wood windows at the rear of the house; repair all windows at the front of the house, rebuilding all sashes, as needed; replaced the entire compromised brick foundation with a concrete foundation to meet seismic standards, added structural steel and leveled the house to improve drainage at grade; patched and repaired stucco at front façade; rebuilt decks; railings and balconies. 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, stairs 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.

h. **1772 Vallejo St.:** As detailed in the Mills Act application, the Project Sponsor proposes to begin rehabilitation efforts. 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 $3,000,000 (see attached Market Analysis and Income Approach reports). The subject property qualifies for an exemption as it is a City Landmark until Article 10 of the Planning Code. 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, 1772 Vallejo St., Exhibit B)

The rehabilitation program involves structural evaluation of unreinforced masonry foundation; removing interior unreinforced chimney (not visible from street); Improve the landscape drainage to redirect water flow from the house; work to rehabilitate the historic garden setting; feasibility study for upgrading the unreinforced foundation of the rear cottage, repair the historic windows at the cottage, repair and reinforced the fireplace and chimney, replace the roofing, and any damaged rafters as needed; study feasibility of demolish non historic garage to restore the historic character of the property; repair and replace historic wood windows as necessary; repair deteriorated wood siding and millwork in-kind; repaint exterior using a color consultant to determine historic paint colors; and replace roofing. 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 care of the garden; wood siding, windows/glazing, roof, millwork and ornamentation; gutters, downspouts and drainage; attic and the foundation

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.

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. 50 Carmelita 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

b. 66 Carmelita 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

c. 70 Carmelita 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

d. 56 Pierce 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

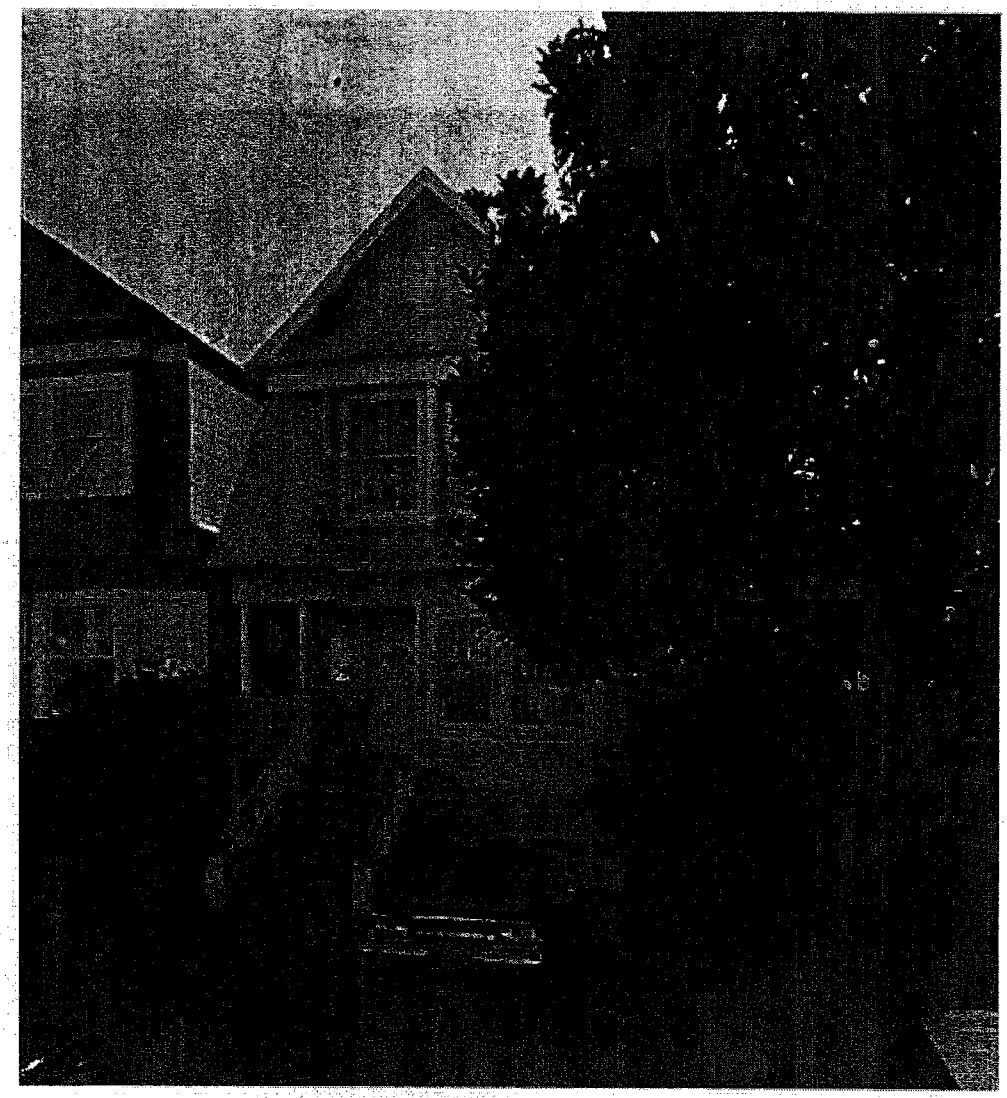
e. **64 Pierce St.**
Draft Resolution
Exhibit A: Draft Mills Act Historical Property Contract
Exhibit B: Draft Rehabilitation & Maintenance Plan
Exhibit C: Draft Market Analysis and Income Approach provided by the Assessor's Office
Exhibit D: Mills Act Application

f. **56 Potomac 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

g. **66 Potomac 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

h. **1772 Vallejo 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

Site Photo



Aerial Photo

SUBJECT PROPERTY

Historic Preservation commission
Case Number 2013.1257U
Mills Act Historical Property Contract
66 Potomac St.

EXHIBIT A:

DRAFT MILLS ACT HISTORICAL PROPERTY CONTRACT

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

CALIFORNIA MILLS ACT
HISTORIC PROPERTY AGREEMENT
66 POTOMAC STREET
("[NAME OF PROPERTY, IF ANY]")
SAN FRANCISCO, CALIFORNIA

THIS AGREEMENT is entered into by and between the City and County of San Francisco, a California municipal corporation ("City") and The Wilson Family Revocable Trust ("Owner(s)").

RECITALS

Owners are the owners of the property located at 66 Potomac Street, in San Francisco, California (Block 0866, Lot 015). The building located at 66 Potomac 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 "PROPERTY NAME, IF ANY" ("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 One Hundred Eighty Nine Thousand Dollars ($189,000.00]). (See Rehabilitation Plan, Exhibit A.) Owners' application calls for the maintenance of the Historic Property according to established preservation standards, which is estimated will cost approximately Six Thousand Eight Hundred Dollar ($ 6,800.00 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:

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

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

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

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

the Historic Property by this Agreement and Owners shall pay property taxes to the City based upon the valuation of the Historic Property as of the date of termination.

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

6. Inspections. Owners shall permit periodic examination of the exterior and interior of the Historic Property by representatives of the Historic Preservation Commission, the City's Assessor, the Department of Building Inspection, the Planning Department, the Office of Historic Preservation of the California Department of Parks and Recreation, and the State Board of Equalization, upon seventy-two (72) hours advance notice, to monitor Owners' compliance with the terms of this Agreement. Owners shall provide all reasonable information and documentation about the Historic Property demonstrating compliance with this Agreement as requested by any of the above-referenced representatives.

7. Term. This Agreement shall be effective upon the date of its recordation and shall be in effect for a term of ten years from such date ("Initial Term"). As provided in Government Code section 50282, one year shall be added automatically to the Initial Term, on each anniversary date of this Agreement, unless notice of nonrenewal is given as set forth in Paragraph 10 herein.

8. Valuation. Pursuant to Section 439.4 of the California Revenue and Taxation Code, as amended from time to time, this Agreement must have been signed, accepted and recorded on or before the lien date (January 1) for a fiscal year (the following July 1-June 30) for the Historic Property to be valued under the taxation provisions of the Mills Act for that fiscal year.

9. Termination. In the event Owners terminates this Agreement during the Initial Term, Owners shall pay the Cancellation Fee as set forth in Paragraph 15 herein. In addition, the City Assessor shall determine the fair market value of the Historic Property without regard to any restriction imposed on the Historic Property by this Agreement and shall reassess the property taxes payable for the fair market value of the Historic Property as of the date of Termination without regard to any restrictions imposed on the Historic Property by this Agreement. Such reassessment of the property taxes for the Historic Property shall be effective and payable six (6) months from the date of Termination.

10. Notice of Nonrenewal. If in any year after the Initial Term of this Agreement has expired either the Owners or the City desires not to renew this Agreement that party shall serve written notice on the other party in advance of the annual renewal date. Unless the Owners serves written notice to the City at least ninety (90) days prior to the date of renewal or the City serves written notice to the Owners sixty (60) days prior to the date of renewal, one year shall be automatically added to the term of the Agreement. The Board of Supervisors shall make the City's determination that this Agreement shall not be renewed and shall send a notice of nonrenewal to the Owners. Upon receipt by the Owners of a notice of nonrenewal from the City, Owners may make a written protest. At any time prior to the renewal date, City may withdraw its notice of nonrenewal. If in any year after the expiration of the Initial Term of the Agreement, either party serves notice of nonrenewal of this Agreement, this Agreement shall remain in effect for the balance of the period remaining since the execution of the last renewal of the Agreement.

11. Payment of Fees. Within one month of the execution of this Agreement, City shall tender to Owners a written accounting of its reasonable costs related to the preparation and approval of the Agreement as provided for in Government Code Section 50281.1 and San Francisco Administrative Code Section 71.6. Owners shall promptly pay the requested amount within forty-five (45) days of receipt.

12. Default. An event of default under this Agreement may be any one of the following:

(a) Owners' failure to timely complete the rehabilitation work set forth in Exhibit A in accordance with the standards set forth in Paragraph 2 herein;

(b) Owners' failure to maintain the Historic Property in accordance with the requirements of Paragraph 3 herein;

(c) Owners' failure to repair any damage to the Historic Property in a timely manner as provided in Paragraph 4 herein;

(d) Owners' failure to allow any inspections as provided in Paragraph 6 herein;

(e) Owners' termination of this Agreement during the Initial Term;

(f) Owners' failure to pay any fees requested by the City as provided in Paragraph 11 herein;

(g) Owners' failure to maintain adequate insurance for the replacement cost of the Historic Property; or

(h) Owners' failure to comply with any other provision of this Agreement.

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

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

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

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

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

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

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

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

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

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

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

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

24. Authority. If the Owners sign as a corporation or a partnership, each of the persons executing this Agreement on behalf of the Owners does hereby covenant and warrant that such entity is a duly authorized and existing entity, that such entity has and is qualified to do business in California, that the Owner has full right and authority to enter into this Agreement, and that each and all of the persons signing on behalf of the Owners are authorized to do so.

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

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

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

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

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

CITY AND COUNTY OF SAN FRANCISCO:

By:_____ DATE:_____
Phil Ting
Assessor-Recorder

By:_____ DATE:_____
John Rahaim
Director of Planning

APPROVED AS TO FORM:
DENNIS J. HERRERA
CITY ATTORNEY

By:_____ DATE:_____
[NAME]
Deputy City Attorney

OWNERS

By: _____, Trustee DATE: 9/3/13
[NAME], Owner

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

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

ATTACH PUBLIC NOTARY FORMS HERE.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of San Francisco

On Sept. 3, 2013 (Date) before me, Paul C. Moffett, Notary Public (Here Insert Name and Title of the Officer)

personally appeared Quyen Nguyen & A. Adam Wilson (Name(s) of Signer(s))

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 Paul C. Moffett (Signature of Notary Public)

PAUL C. MOFFETT
Commission # 1933704
Notary Public - California
San Francisco County
My Comm. Expires May 21, 2015

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name:	Signer's Name:
☐ Individual	☐ Individual
☐ Corporate Officer — Title(s):	☐ Corporate Officer — Title(s):
☐ Partner — ☐ Limited ☐ General	☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact	☐ Attorney in Fact
☐ Trustee	☐ Trustee
☐ Guardian or Conservator	☐ Guardian or Conservator
☐ Other:	☐ Other:
Signer Is Representing:	Signer Is Representing:
RIGHT THUMBPRINT OF SIGNER — Top of thumb here	RIGHT THUMBPRINT OF SIGNER — Top of thumb here

EXHIBIT B:

DRAFT REHABILITATION & MAINTENANCE PLAN

C. 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: Roof

Rehab/Restoration ☐ Maintenance ✓ Completed ☐ Proposed ☐

CONTRACT YEAR WORK COMPLETION: Every 30 years

TOTAL COST (rounded to nearest dollar): $23K

DESCRIPTION OF WORK:

- Replace shingles
- Inspect and repair flashing
- Check for appropriate venting and water proofing
- Replace decking that must be removed to gain access to roof

BUILDING FEATURE: Windows

Rehab/Restoration ☐ Maintenance ✓ Completed ☐ Proposed ☐

CONTRACT YEAR WORK COMPLETION: Every 20 years

TOTAL COST (rounded to nearest dollar): $40K

DESCRIPTION OF WORK:

- Inspect windows, frames, and sashes for dry rot
- Replace, or repair damaged windows in keeping with historic standards
- Inspect waterproofing-- Caulk and re-seal as required

THIS SECTION TO BE COMPLETED EXCLUSIVELY BY PLANNING DEPARTMENT STAFF

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

Draft Rehabilitation/Restoration/Maintenance Scope Continued

BUILDING FEATURE: Exterior

Rehab/Restoration ☐ Maintenance ✓ Completed ☐ Proposed ☐

CONTRACT YEAR WORK COMPLETION: Every 10 years

TOTAL COST (rounded to nearest dollar): $30K

DESCRIPTION OF WORK:

- Inspect siding for dry rot and repair
- If beyond repair, replace in-kind to match historic siding
- Patch, sand, paint
- Use color consultant to ensure historically appropriate scheme

BUILDING FEATURE: Foundation

Rehab/Restoration ☐ Maintenance ✓ Completed ☐ Proposed ☐

CONTRACT YEAR WORK COMPLETION: Every 20 years

TOTAL COST (rounded to nearest dollar): TBD

DESCRIPTION OF WORK:

- Inspect foundation integrity and repair as required
- Inspect sheering and repair as required

BUILDING FEATURE: Front Steps & Planters

Rehab/Restoration ☐ Maintenance ✓ Completed ☐ Proposed ☐

CONTRACT YEAR WORK COMPLETION: Every 10 years

TOTAL COST (rounded to nearest dollar): $10K

DESCRIPTION OF WORK:

- Sand and reseal front steps, repair as required
- Patch and paint cracks in stucco

BUILDING FEATURE: Fence & decks

Rehab/Restoration ☐ Maintenance ✓ Completed ☐ Proposed ☐

CONTRACT YEAR WORK COMPLETION: Every 10 years

TOTAL COST (rounded to nearest dollar): $10K

DESCRIPTION OF WORK:

- Repair dry rot and replace damaged wood in kind
- Patch and caulk railings, bannisters, etc.
- Seal and stain

BUILDING FEATURE: Roof

Rehab/Restoration ✓ Maintenance ☐ Completed ✓ Proposed ☐

CONTRACT YEAR WORK COMPLETION: 2012

TOTAL COST (rounded to nearest dollar): $23K

DESCRIPTION OF WORK:

- Fully replaced roof
- Replaced all moisture and thermal protection—flashing, vapor barrier, etc.

BUILDING FEATURE: Windows

Rehab/Restoration ✓ Maintenance ☐ Completed ✓ Proposed ☐

CONTRACT YEAR WORK COMPLETION: 2012 and 2013

TOTAL COST (rounded to nearest dollar): $26K

DESCRIPTION OF WORK:

- All new windows on the back of house
- Repair all windows on front of house
- Rebuilt all sashes

Draft Rehabilitation/Restoration/Maintenance Scope Continued

BUILDING FEATURE: Exterior

Rehab/Restoration ✓ Maintenance ☐ Completed ✓ Proposed ☐

CONTRACT YEAR WORK COMPLETION: 2012

TOTAL COST (rounded to nearest dollar): $74K

DESCRIPTION OF WORK:

- Repaired decorative shingles in pediment.
- Added back and repaired original dentels, corbeling
- Replace in-kind to match historic siding
- Patched, sanded, painted entire façade
- Used color consultant to ensure historically appropriate scheme

BUILDING FEATURE: Foundation

Rehab/Restoration ✓ Maintenance ☐ Completed ✓ Proposed ☐

CONTRACT YEAR WORK COMPLETION: 2012

TOTAL COST (rounded to nearest dollar): $51K

DESCRIPTION OF WORK:

- Completely replaced compromised brick foundation with concrete
- Updated to new seismic standards—including full sheering, rebar, etc.
- Added structural steel
- Leveled house and improved drainage

BUILDING FEATURE: Front Planters

Rehab/Restoration ✓ Maintenance ☐ Completed ✓ Proposed ☐

CONTRACT YEAR WORK COMPLETION: Every 10 years

TOTAL COST (rounded to nearest dollar): $5K

DESCRIPTION OF WORK:

- Patch and paint cracks in stucco in front

BUILDING FEATURE: Fence & decks

Rehab/Restoration ✓ Maintenance ☐ Completed ✓ Proposed ☐

CONTRACT YEAR WORK COMPLETION: 2012

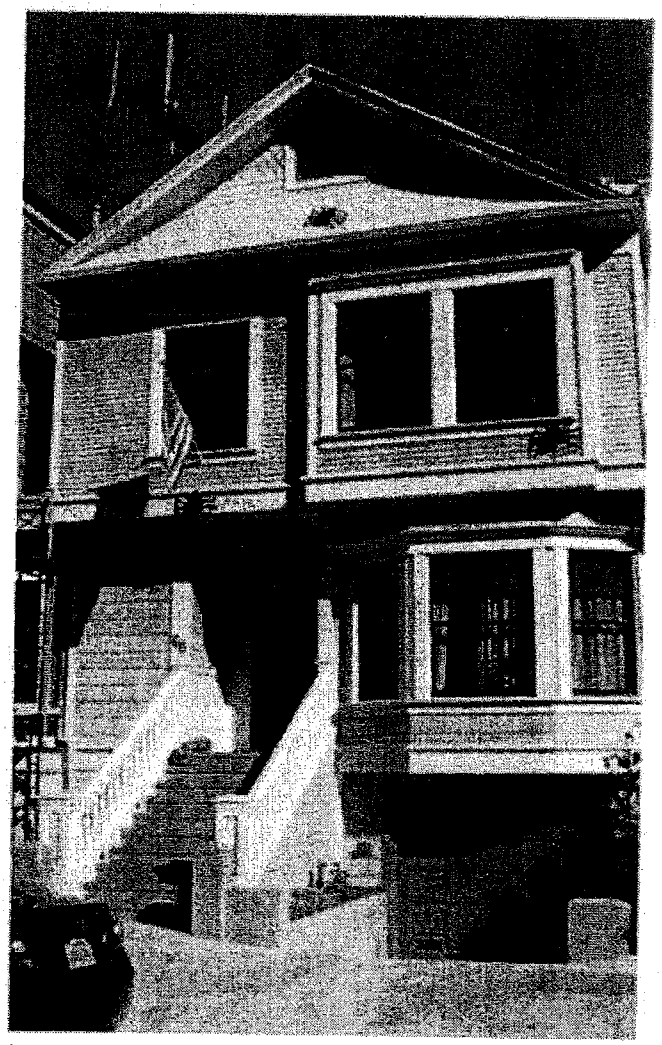
TOTAL COST (rounded to nearest dollar): $10K

DESCRIPTION OF WORK:

- Rebuilt all decks, railings and fences
- Replaced and upgraded balcony
- Added deck off of master bedroom

EXHIBIT C:

DRAFT MARKET ANALYSIS & INCOME APPROACH
PROVIDED BY THE ASSESSOR'S OFFICE



66 Potomac St
APN 06-0866-015

MILLS ACT VALUATION

CARMEN CHU
ASSESSOR-RECORDER

SAN FRANCISCO
OFFICE OF THE ASSESSOR-RECORDER

APN:	06-0866-015	**SF Landmark:**	
Property Location:	66 Potomac	**Date of Mills Act Application:**	9/3/2013
Applicant's Name:	The Wilson Family Trust	**Property Type:**	Single Family Dwelling
Agt./Tax Rep./Atty:		**Date of Sale:**	10/9/2009
Applicant supplied appraisal?	No	**Sale Price:**	$1,627,000

DATE OF MILLS ACT VALUATION: September 3, 2013

TAXABLE VALUE - THREE WAY VALUE COMPARISON					
FACTORED BASE YEAR VALUE		**RESTRICTED MILLS ACT VALUE**		**CURRENT MARKET VALUE**	
Land	$ 1,193,832	Land	$ 540,000	Land	$1,440,000
Imps	$ 702,042	Imps	$ 360,000	Imps	$960,000
Total	$ 1,895,874	Total	$ 900,000	Total	$2,400,000

Permits for vertical addition and remodel completed in February 2013, adding over 800 SF of living area.

DBI valued permits at about $275,000.

PROPERTY CHARACTERISTICS					
Present Use:	SFR	**Neighborhood:**	Hayes Valley	**Number of Stories:**	3
Number of Units	1	**Year Built:**	1900	**Land Area (SF):**	2,125
Owner Occupied:	Yes	**Building Area:**	2,970	**Zoning:**	RH2

CONTENTS

CONCLUSION AND RECOMMENDATIONS

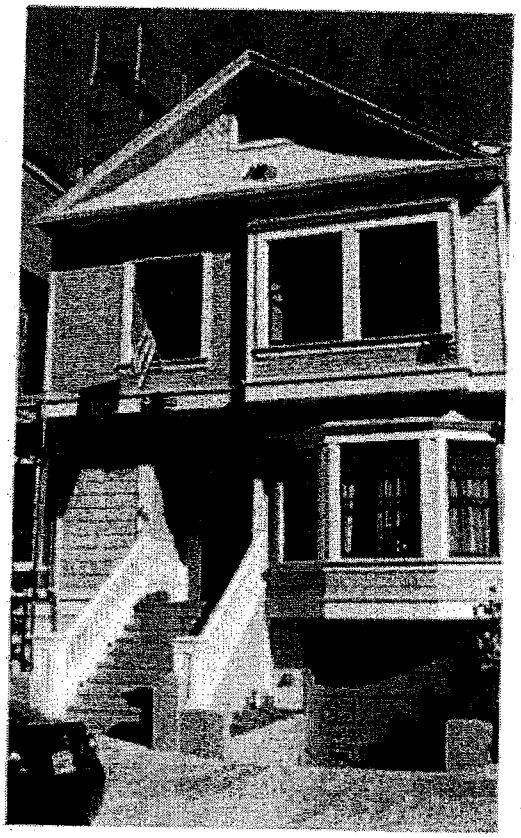
Based on the three-way value comparison, the lowest of the three values is the restricted Mills Act value.

The taxable Mills Act value on: September 3, 2013 is $900,000

Appraiser: Timothy Landregan **Date:** 11/26/13

Principal Appraiser: Cathleen Hoffman

0866-015 Photos



RESTRICTED INCOME APPROACH

APN 06-0866-015
66 Potomac St
Restricted Mills Act Value
Lien Date: September 3, 2013

Owner Occupied

	GLA (SF		Annual Rent / SF		
Potential Gross Income:	2,970	x	$35.15	=	$104,400
Less Vacancy & Collection Loss			2%		($2,088)
Effective Gross Income					$102,312
Less Anticipated Operating Expenses*			15%		($15,347)
Net Operating Income (before property tax)					$86,966

Restricted Capitalization Rate Components:

Rate Components:		
2013 Interest Rate per SBE		3.7500%
Risk rate (4% owner occuped / 2% all other property types)		4.0000%
Property tax rate (2012)		1.1691%
Amortization rate for the Improvements:		
Remaining Economic Life:	60	
Amortization per Year (reciprocal)	0.0167	1.6667%

Overall Rates:

Land		8.9191%
Improvements		10.5858%

Weighted Capitalization Rate

Land	60%	5.35%
Improvements	40%	4.23%
Total		9.59%

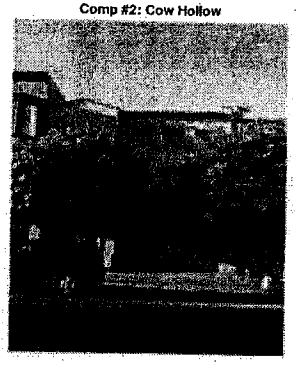
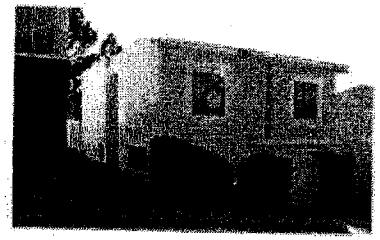
RESTRICTED VALUE	**$907,236**
ROUNDED TO	**$900,000**

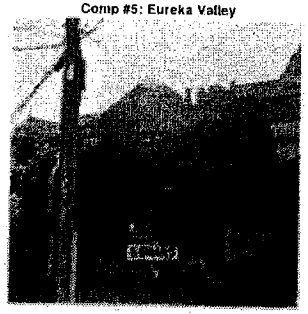
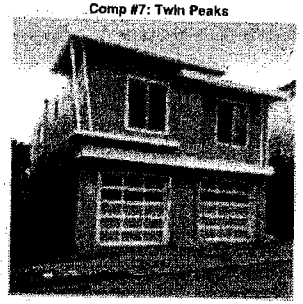
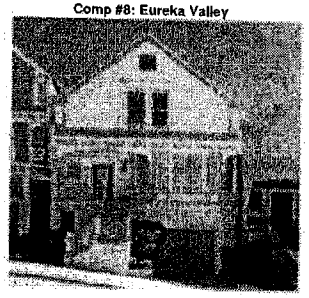
Footnotes:

Topline rent potential concluded to be $8,700 per month, based on rent comps #1, #5 and #8, or $35 per foot on an annual basis.

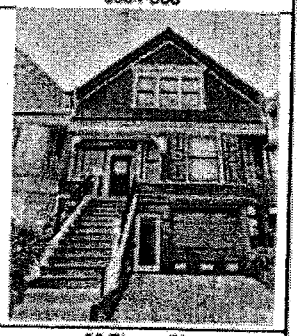
**Annual Operating Expenses include PG& E, water service, refuse collection, insurance, maintenance and property management, typically estimated at 15% of effective gross income. TP estimates actual annual operating expenses of the subject property are $14,588 (13.2% of EGI). Default to 15%.*

Rental Comps

	Comp #1: Parnassus Hts	Comp #2: Cow Hollow	Comp #3: Marina	Comp #4: Twin Peaks
				
Listing Agent:	Sotheby's	Bay Property Group	J Wavro Associates	By Owner
Address:	Not provided	2546 Greenwich St	Not Provided	106 Midcrest Way (Midtown Terrace)
Cross Streets:	Clayton at Parnassus	Between Scott and Divisader	Scott at Bay	West side of the peaks (Twin Peaks Blvd)
SF:	2,400	4,350	3,000	1,950
Layout:	4/2.5, 2 car parking	4/3, 3 car parking	4/3, 2 car parking	2/2, 1 car parking
Monthly Rent	$7,700	$13,495	$8,950	$4,750
Rent/Foot/Mo	**$3.21**	**$3.10**	**$2.98**	**$2.44**
Annual Rent/Foot:	**$38.50**	**$37.23**	**$35.80**	**$29.23**

	Comp #5: Eureka Valley	Comp #6: Twin Peaks	Comp #7: Twin Peaks	Comp #8: Eureka Valley
				
Listing Agent:	By Owner	Golden Gate Properties	REMax/Westlake Properties	Donnelly Enterprises
Address:	1 Seward Street	26 Portola Drive	441 Delbrook (@ Panorama)	Not Provided
Cross Streets:	Seward at Douglass (Kite Hill	Portola and Market	Panorama @ Clarendon	Noe Street at Liberty Street
SF:	1,700	1,350	1,127	2,600
Layout:	2/2, No parking	3/1.5, 2 car parking	3/2, 2 car parking	3/2.5, 2 tandem parking
Monthly Rent	$6,900	$4,300	$4,200	$8,200
Rent/Foot/Mo	**$4.06**	**$3.19**	**$3.73**	**$3.15**
Annual Rent/Foot:	**$48.71**	**$38.22**	**$44.72**	**$37.85**

SINGLE FAMILY MARKET ANALYSIS

	Subject	Sale 1		Sale 2		Sale 3	
APN	0866-015	0823-015		0869-034		0864-008	
							
Address	66 Potomac	1021 Hayes		251 Waller St		55 Pierce St	
		$2,550,000		$2,730,000		$2,250,000	
Sale Price / Square Foot		$870		$1,083		$900	
	Description	Description	Adjust.	Description	Adjust.	Description	Adjust.
Date of Valuation/Sale	09/03/13	03/28/13	$63,750	9/19/2012	$163,800	05/22/13	$33,750
Location	Hayes Valley	Alamo Square		Hayes Valley		Hayes Valley	
Proximity to Subject							
Lot Size	2,125	2,060		3,337	($60,600)	2,374	($12,450)
View	Neighborhood/Open Space	City	($50,000)			Neighborhood	
Year Blt/Year Renovated	1900 / 2013	1900		1900		1900	
Condition	Excellent /Remodeled	Good/Remodeled				Good/Remodeled	
Construction Quality	Good	Good				Good	
Gross Living Area	2,970	3,804		2,520	$90,000	2,500	$94,000
Total Rooms	10	10		8		8	
Bedrooms	4	5				3	
Bathrooms	3.5	5	($40,000)	2	$40,000	3	$15,000
Stories	3	3		3		3	
Garage	2 car	No	$80,000	2 car		2 car	
Net Adjustments			$53,750		$233,200		$130,300
Indicated Value	$2,400,000		$2,603,750		$2,963,200		$2,380,300
Adjust. $ Per Sq. Ft.	$808		$877		$998		$801

VALUE RANGE: $800 to $1000 per Sq Ft GLA **VALUE CONCLUSION:** $2,400,000 $808

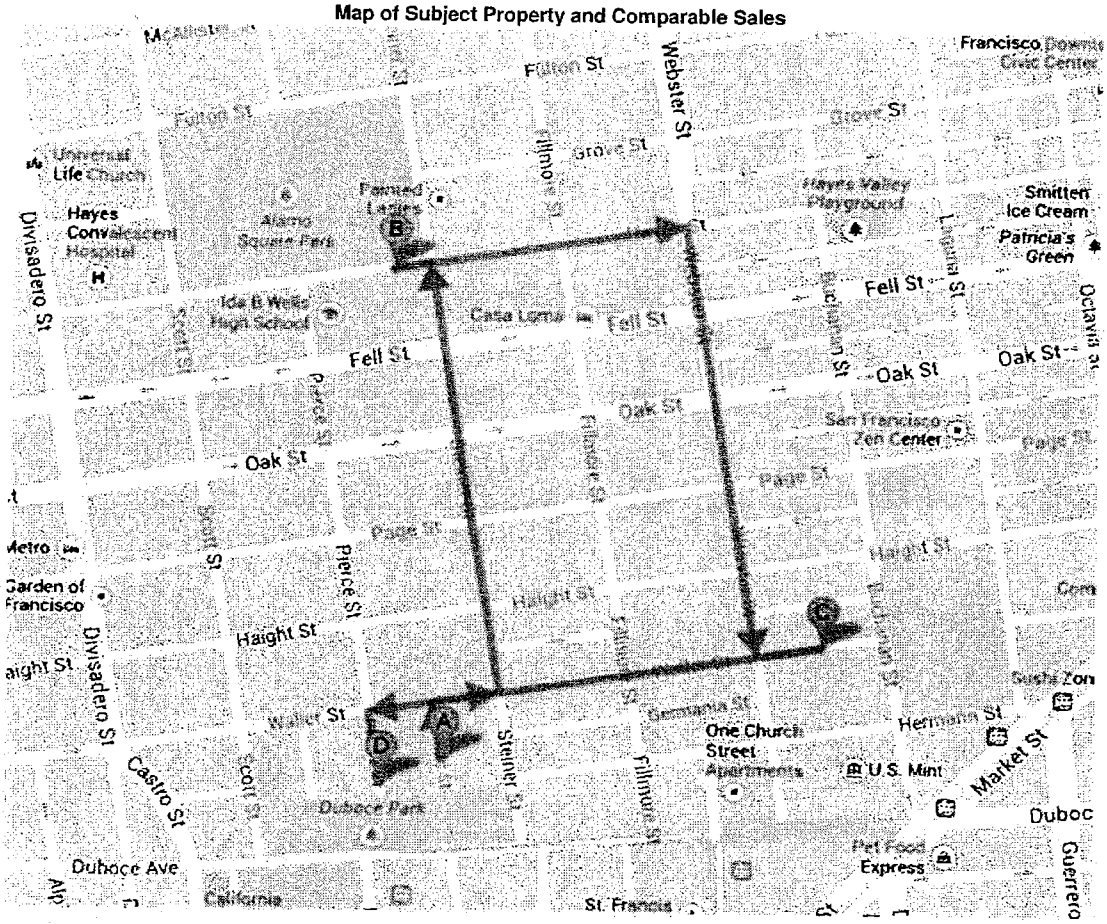
Adjustments Lot size adjustment: $50/foot; Adjustment for view: $50,000, GLA adjustment: $200/foot; Adjustment for bath counts: $25,000 for full bath, $15,000 for partial bath. Adjustment for garage parking: $40,000 per space. Market Conditions Adjustment: 5 to 10% increase in value between 2012 and 2013 (.5% per month)

subject completed a substantial remodel in 2013 adding about 800 SF of living area (attic was finished adding two beds, full bath and study; master suite was remodeled on 2nd level adding a new full bath. Garage was extended to accommodate a second tandem parking spot. The recency of the remodel yielded a conclusion that the property is in excellent condition, although there was no interior inspection.

MARKET VALUE	
LAND	$1,440,000
IMPROVEMENTS	$960,000
TOTAL	$2,400,000
Market Value / Foot	$808

ASSESSED VALUE	
LAND	$1,834,408
IMPROVEMENTS	$786,174
TOTAL	$2,620,582
Assessed Value / Foot	$882

Map of Subject Property and Comparable Sales



A	Subject Property	66 Potomac
B	Comp #1	1021 Hayes St
C	Comp #2	251 Waller St
D	Comp #3	55 Pierce St

EXHIBIT D:

MILLS ACT APPLICATION

APPLICATION FOR
Mills Act Historical Property Contract

1. Owner/Applicant Information

PROPERTY OWNER 1 NAME:	TELEPHONE:
The Wilson Family Trust	(415) 626-7280
PROPERTY OWNER 1 ADDRESS:	**EMAIL:**
66 Potomac Street, San Francisco, CA 94117	aawilson@gmail.com

PROPERTY OWNER 2 NAME:	TELEPHONE:
	( )
PROPERTY OWNER 2 ADDRESS:	**EMAIL:**

PROPERTY OWNER 3 NAME:	TELEPHONE:
	( )
PROPERTY OWNER 3 ADDRESS:	**EMAIL:**

2. Subject Property Information

PROPERTY ADDRESS: **66 Potomac Street, San Francisco, CA** ZIP CODE: **94117**

PROPERTY PURCHASE DATE: **10/09/2009** ASSESSOR BLOCK/LOT(S): **0866/015**

MOST RECENT ASSESSED VALUE: **$1,895,865.00** 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:* ***56 Pierce Street, San Francisco, CA 94117***	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: [signature] Trustee Date: 9/3/13

Owner Signature: [signature], Trustee Date: 9/3/13

Owner Signature: Date:

3. Program Priority Criteria

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

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

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

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

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

**If property value exceeds these values please complete Part 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 ✓ NO ☐

4. Required Standards:

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

**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: 9/3/13

Owner Signature: _____ Date: 9/3/13

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: _____

5. Draft Mills Act Historical Agreement

Please use the Planning Department's standard form "Historical Property Contract" located on the Planning Department's Forms page at www.sfplanning.org. Any modifications to the City's standard form contract made by the applicant or the submittal of an independently prepared contract shall be subject to approval by the City Attorney prior to consideration by the Historic Preservation Commission and the Board of Supervisors and may result in additional processing time.

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: San Francisco

On: Sept. 3, 2013 (DATE) before me, Paul C. Moffett (INSERT NAME OF THE OFFICER)

NOTARY PUBLIC personally appeared: Quyen Nguyen & A. Adam ~~Wilson~~ Wilson (NAME(S) OF SIGNER(S))

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

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

WITNESS my hand and official seal.

Paul C. Moffett
SIGNATURE

PAUL C. MOFFETT
Commission # 1933704
Notary Public - California
San Francisco County
My Comm. Expires May 21, 2015

(PLACE NOTARY SEAL ABOVE)

8. Historical Property Tax Adjustment Worksheet Calculation

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

Determine Annual Income and Annual Operating Expenses

An $120,000 potential gross income less a vacancy and collection loss of $2,400 and less $17,640 annual expenses for maintenance, repairs, insurance, and utilities yields a net annual income of $99,960. (Mortgage payments and property taxes are not considered expenses). Estimated vacancy and collection loss is based upon what is typically happening in the marketplace. It can be different for different properties (i.e. - residential properties generally have a lower vacancy and collection loss than commercial properties). The theory is that when estimating a property's value using the income approach (the approach required for Mills Act valuations) it is reasonable to assume some rent loss due to vacancy and inability to collect rents.

Determine Capitalization Rate

Add the following together to determine the Capitalization Rate:

- The Interest Component is determined by the Federal Housing Finance Board and is based on conventional mortgages. While this component will vary from year to year, the State Board of Equalization has set this at 4.75% for 2012.

- The Historical Property Risk Component of 4% (as prescribed in Sec. 439.2 of the State Revenue and Tax Code) applies to owner-occupied single-family dwellings. A 2% risk component applies to all other Properties.

- The Property Tax Component (Post-Prop. 13) of .01 times the assessment ratio of 100% (1%).

- The Amortization Component is a percentage equal to the reciprocal of the remaining life of the structure and is set at the discretion of the County Assessor for each individual property. In this example the remaining life of the building is 60 years and the improvements represent 45% of the total property value. The amortization component is calculated thus: 1/60 = .0167 x .45 = .0075.

Calculate New Assessed Value and Estimated Tax Reduction

The new assessed value is determined by dividing the annual net income ($99,960) by the capitalization rate .1067 (10.67%) to arrive at the new assessed value of $936,832.

Lastly, determine the amount of taxes to be paid by taking the current tax rate of 1.167 (1%) of the assessed value $26,652. Compare this with the current property tax rate for land and improvements only (be sure not to include voter indebtedness, direct assessments, tax rate areas and special districts items on your tax bill).

In this example, the annual property taxes have been reduced by $15,719 ($26,652 – $10,933), an approximately 40% property tax reduction.

EXAMPLE:

Simple Property Tax Calculation
Current Assessed Value = $2,283,810
Current Tax Rate = X 1.167%
Current Property Taxes = @26,652

Assessment Using Mills Act Valuation Methodology

Potential Annual Gross Income Using Market Rent ($10,000 per month X 12 months)	$120,000
Estimated Vacancy and Collection Loss of 2%	($2,400)
Effective Gross Income	$117,600
Less Operating Expenses (i.e. utilities, insurance, maintenance, management)	($17,640)
Net Income	$99,960
Restricted Capitalization Rate	10.67%
Historical Property Value	$936,832
Current Tax Rate	X 1.167%
New Tax Calculation	$10,933
Property Tax Savings	**$15,719**

9. Historical Property Tax Adjustment Worksheet Guide

PROPERTY ADDRESS: 66 Potomac Street, San Francisco, CA 94117

PROPERTY DESCRIPTION: Single Family Home

OWNER OCCUPIED: YES ✓ NO ☐

STEP 1: Determine Annual Income of Property

ANNUAL PROPERTY INCOME	CURRENT	EXPLANATION
1. Monthly Rental Income	$7,000.00	For owner-occupied properties estimate a monthly rental income. Include all potential sources of income (filming, advertising, photo shoots, billboard rentals, etc.)
2. Annual Rental Income	$70,000.00	Multiply Line 1 by 12
3. Deduction for Vacancy	$66,500.00	5% (subtract %5 from line 2)

STEP 2: Calculate Annual Operating Expenses

ANNUAL OPERATING EXPENSES	CURRENT	EXPLANATION
4. Insurance	$1,438.00	Fire, Liability, etc.
5. Utilities	$3,500.00	Water, Gas, Electric, etc
6. Maintenance*	$3,000.00	*Maintenance includes:* Painting, plumbing, electrical, gardening, cleaning, mechanical, heating repairs, structural repairs, security, and property management.
7. Management*	$6,650	
8. Other Operating Expenses	$	Security, services, etc. Provide breakdown on separate sheet.
9. **Total Expenses†**	$14,588.00	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**	$51,912.00	Line 3 minus Line 9

STEP 4: Determine Capitalization Rate

CAPITALIZATION RATE	CURRENT	EXPLANATION
10. Interest Component	3.75%	As determined by the State Board of Equalization for 2009/2010
11. Historic Property Risk Component	4%	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)	5.0%	If the life of the improvements is 20 years Use 100% x 1/20 = 5%
14. Capitalization Rate	13.75%	Add Lines 10 through 13

STEP 5: Calculate New Assessed Value

NEW ASSESSED VALUE	CURRENT	EXPLANATION
15. **Mills Act Assessed Value**	$377,541.81	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)	$22,164.66	General tax levy only – do not include voted indebtedness or other direct assessments
17. Tax under Mills Act	$3,775.42	Line 15 x .01
18. **Estimated Tax Reduction**	$18,389.24	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.

Application Checklist to be Submitted with all Materials

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

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

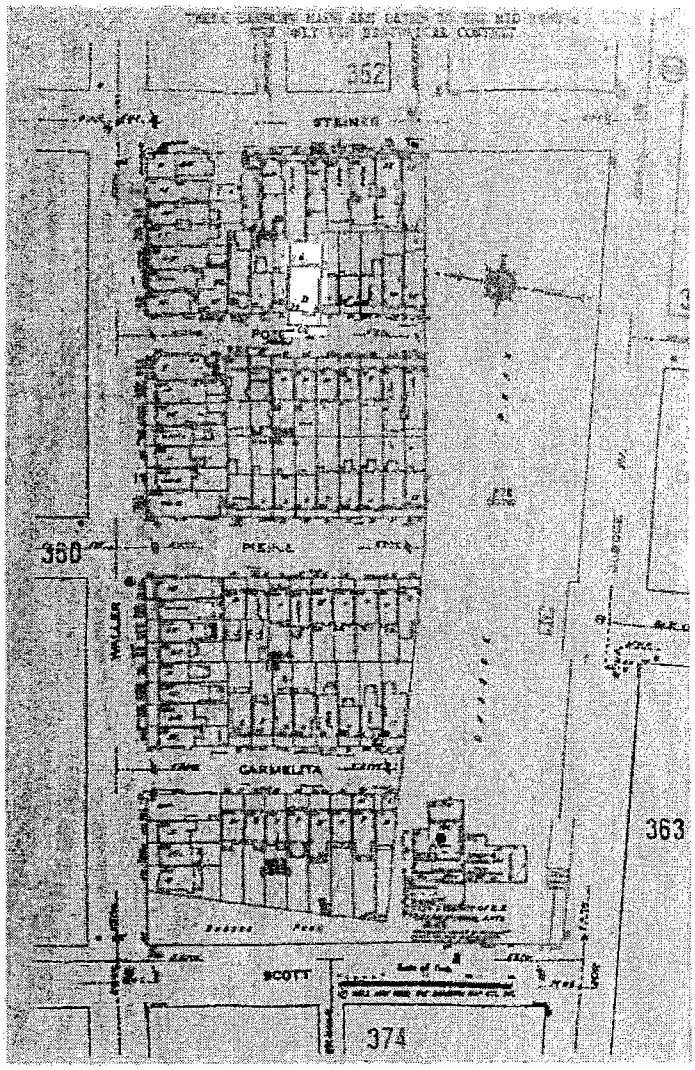
SAN FRANCISCO
PLANNING
DEPARTMENT

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

TEL: **415.558.6378**
FAX: **415.558.6409**
WEB: **http://www.sfplanning.org**

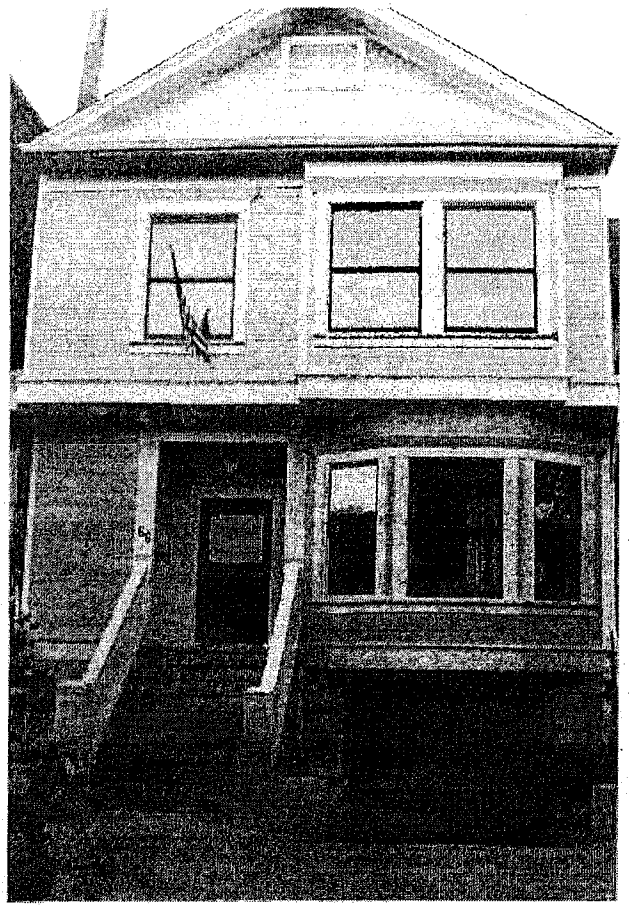
Planning Information Center (PIC)
1660 Mission Street, First Floor
San Francisco CA 94103-2479

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

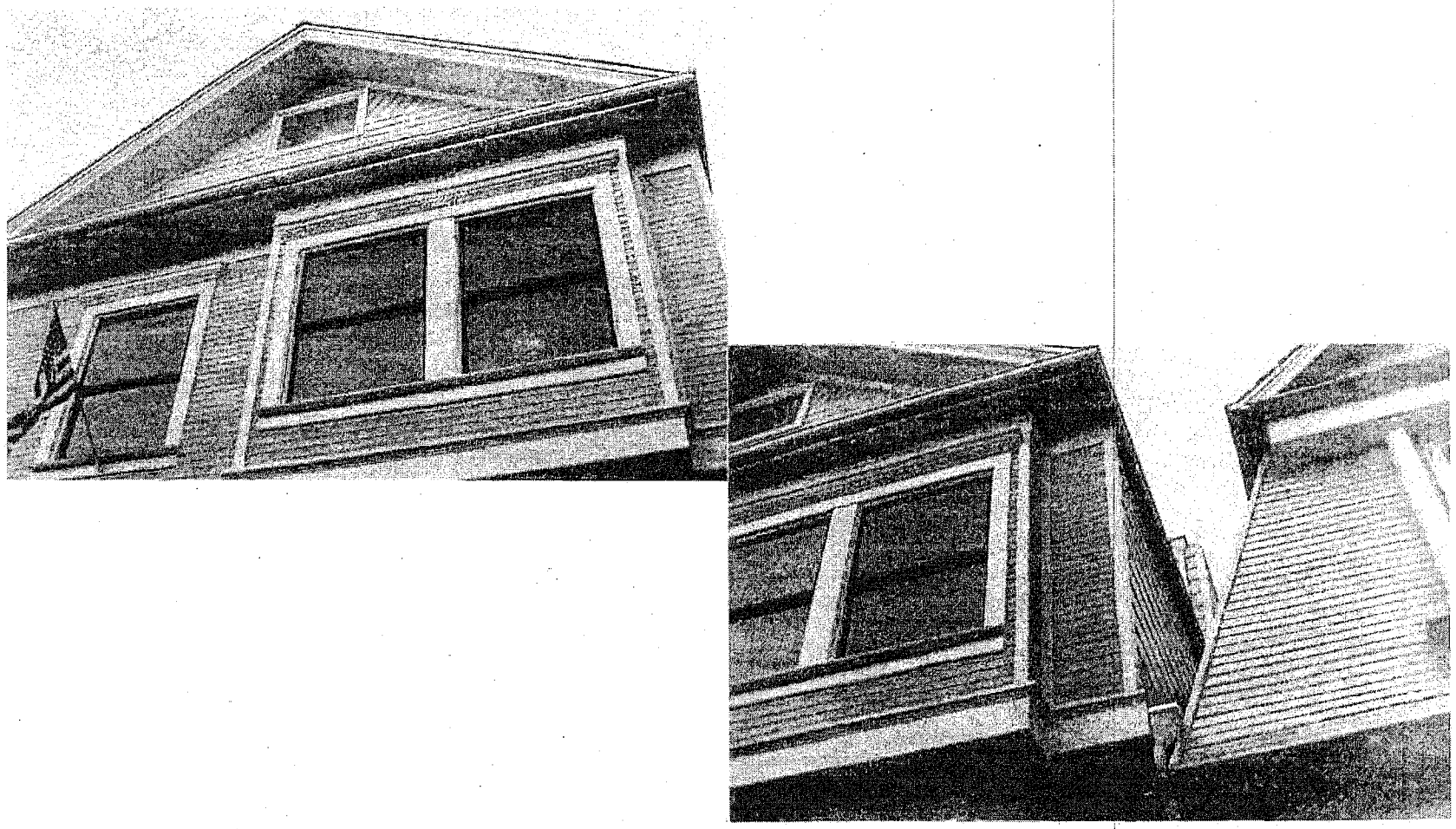

352
STEINER
POST
PINE
350
HALLECK
CARMELITA
363
SCOTT
374

66 Potomac Street
SF CA 94117

Front



Front



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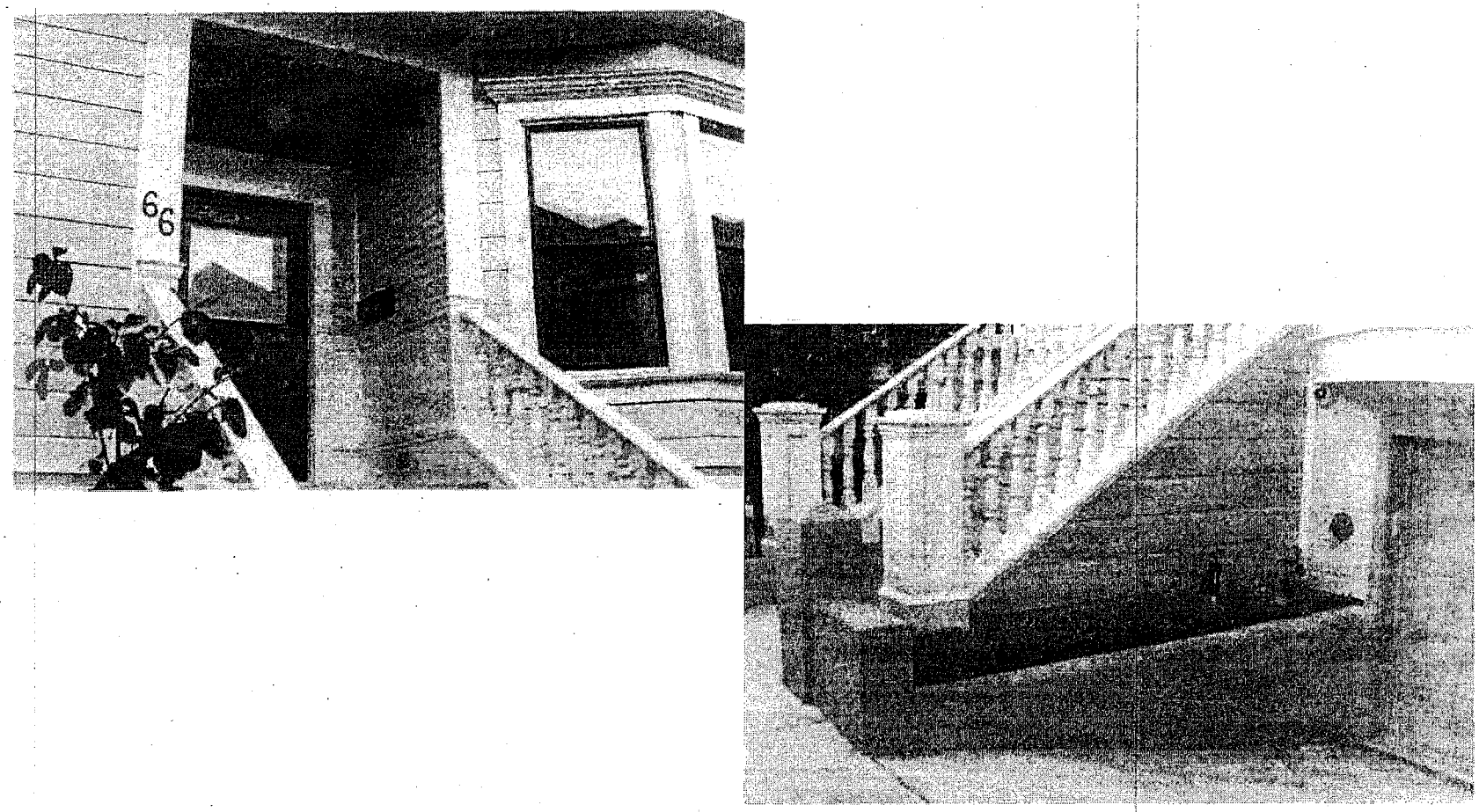

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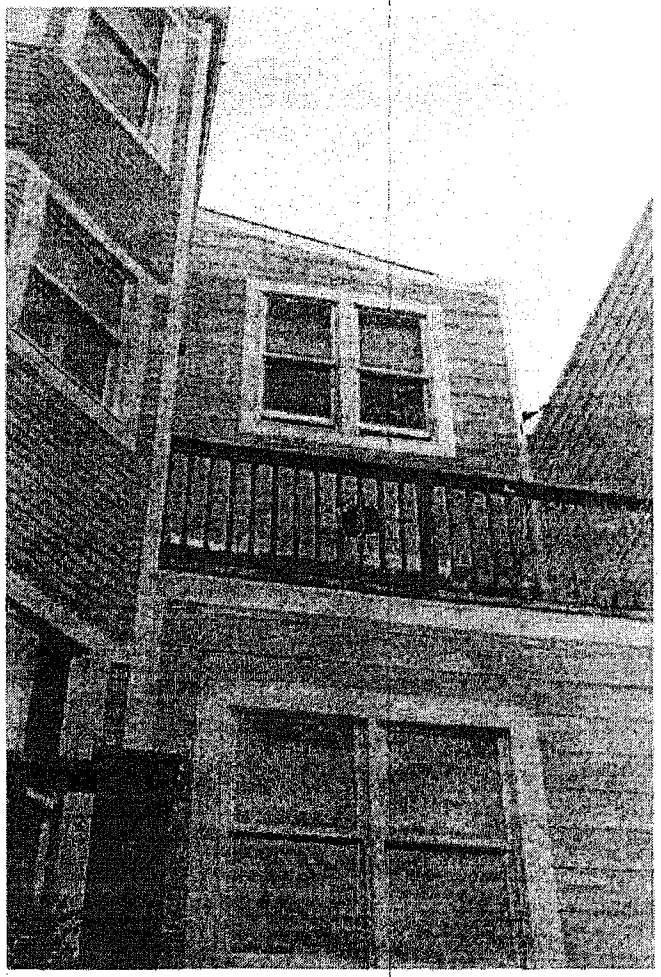

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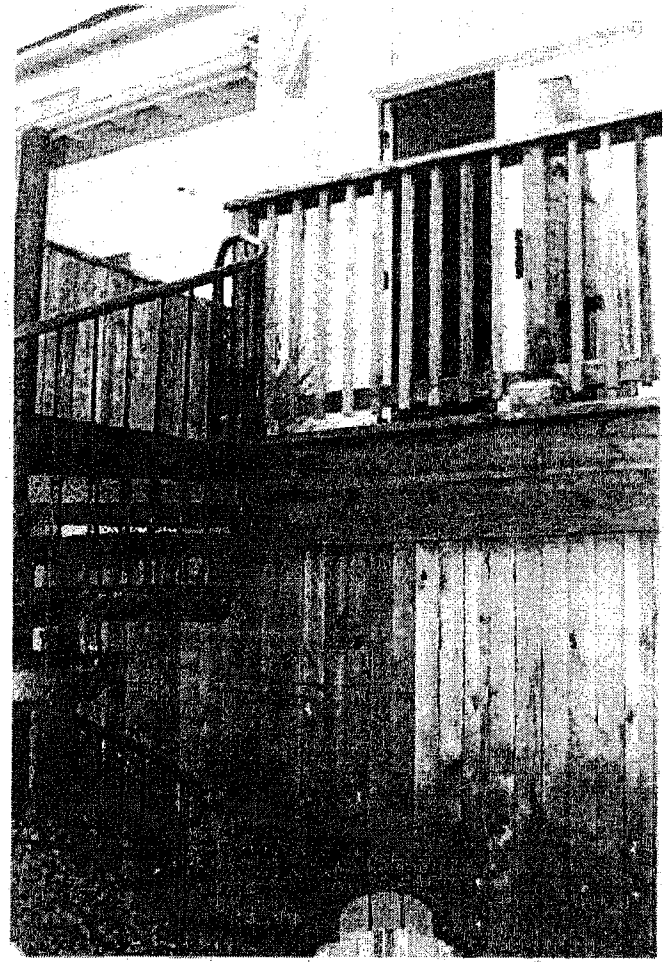

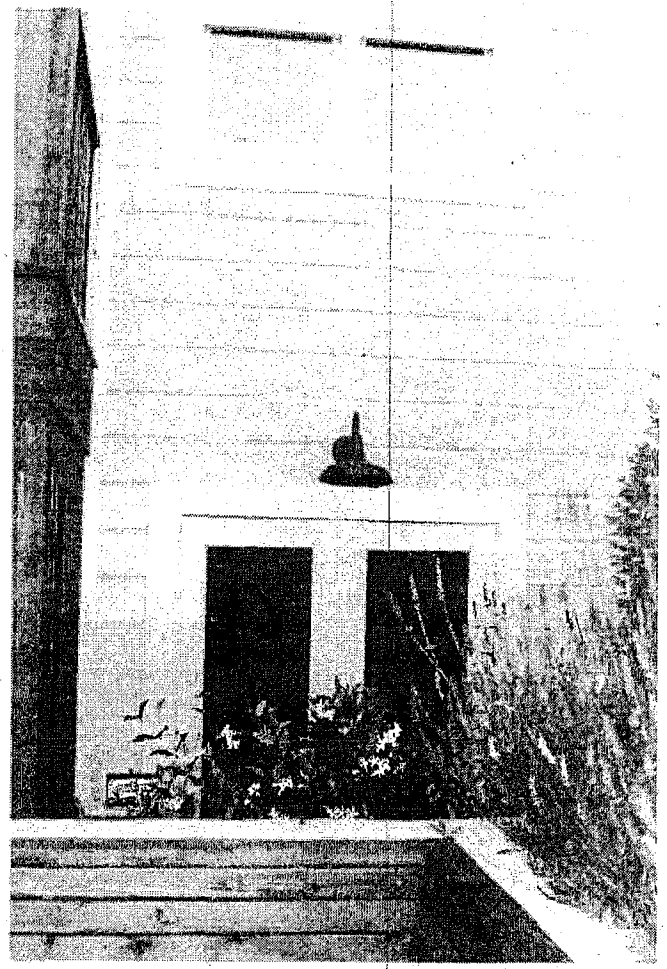

SECURED PROPERTY TAX BILL 2012 - 2013

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

INTERNET COPY

VOL	BLOCK NO.	LOT NO.	ACCOUNT NO.	TAX BILL NO.	TAX RATE	PROPERTY LOCATION
06	0866	015	086600150	036999	1.1691 %	66 POTOMAC 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

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)

ASSESSMENT INFORMATION

ASSESSMENT	FULL VALUE	TAX RATE	TAX AMOUNT
LAND	$1,170,424.00	1.1691 %	$13,683.42
IMPR/STRUCTURAL	$521,610.00		$6,098.14
IMPR/FIXTURES	$0.00		$0.00
PERSONAL PROPERTY	$0.00		$0.00
GROSS TAXABLE VALUE	$1,692,034.00		$19,781.56
LESS: EXEMPTIONS			
HOMEOWNER'S	$7,000.00		$81.83
OTHER	$0.00		$0.00
NET TAXABLE VALUE	$1,685,034.00		$19,699.73

DIRECT CHARGES AND/OR SPECIAL ASSESSMENTS:
(Call For Information)

CODE	TYPE	PHONE NO.	
89	SFUSD Facilities District	(415) 355-2203	$33.30
98	SF – Teacher Support	(415) 355-2203	$213.90
	TOTAL DIRECT CHARGES AND SPECIAL ASSESSMENTS		$247.20

DUE NOVEMBER 1, 2012
FIRST INSTALLMENT:
$9,973.46

DUE FEBRUARY 1, 2013
SECOND INSTALLMENT:
$9,973.46

TOTAL DUE: $19,946.92

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

VOL	BLOCK NO.	LOT NO.	TAX BILL NO.	TAX RATE	PROPERTY LOCATION
06	0866	015	036999	1.1691 %	66 POTOMAC 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
SF Tax Collector's Office P.O. Box 7426 San Francisco, CA 94120-7426		City Hall, Room 140 1 Dr. Carlton B. Goodlett Place San Francisco, CA 94102	

REMINDER:		AFTER APRIL 10, 2013 ADD:	
Check if contributions to Arts Fund is enclosed. For other donation opportunities, goto www.Give2SF.org.	2	10% PENALTY	$997.34
		AND $45.00 COST	$45.00
		TOTAL DELINQUENT	$11,015.80
		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

VOL	BLOCK NO.	LOT NO.	TAX BILL NO.	TAX RATE	PROPERTY LOCATION
06	0866	015	036999	1.1691 %	66 POTOMAC 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
SF Tax Collector's Office P.O. Box 7426 San Francisco, CA 94120-7426		City Hall, Room 140 1 Dr. Carlton B. Goodlett Place San Francisco, CA 94102	

REMINDER:		AFTER DECEMBER 10, 2012 ADD:	
Check if contributions to Arts Fund is enclosed. For other donation opportunities, goto www.Give2SF.org.	1	10% PENALTY	$997.34
		TOTAL DELINQUENT	$10,970.80
		DETACH AND RETURN THIS NO. 1 STUB WITH YOUR 1st INSTALLMENT PAYMENT.	

File No. 131160

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

City Elective Officer Information *(Please print clearly.)*	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors

Contractor Information *(Please print clearly.)*	
Name of contractor: **Adam Wilson and Quyen Nguyen**	
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.*** **Adam Wilson and Quyen Nguyen, property owners**	
Contractor address: 66 Potomac Street San Francisco, CA 94117	
Date that contract was approved: *(By the SF Board of Supervisors)*	Amount of contracts: $ ($11,830 estimated annual 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

Filer Information *(Please print clearly.)*	
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