

**Recording Requested by, and
when recorded, send notice to:**
City and County of San Francisco
Planning Department
Attn: Shannon Ferguson
1650 Mission Street, Suite 400
San Francisco, CA 94103-2414

**CALIFORNIA MILLS ACT
HISTORIC PROPERTY AGREEMENT
354-356 SAN CARLOS STREET
SAN FRANCISCO, CALIFORNIA**

THIS AGREEMENT is entered into by and between the City and County of San Francisco, a California municipal corporation (“City”) and Joyjit & Preetha Nath (“Owners”).

RECITALS

Owners are the owners of the property located at 354-356 San Carlos Street, in San Francisco, California (Block 3609, Lot 093). The building located at 354-356 San Carlos is designated as a Contributor to Liberty Hill Historic District (the “Historic Property”). The Historic Property is a Qualified Historic Property, as defined under California Government Code Section 50280.1.

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 fifty thousand dollars (\$50,000.00). (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 twenty-three thousand, one thousand six hundred dollars (\$1,600.00) 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. 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 this Agreement (also referred to as a Mills Act Agreement or a Historic Property Agreement) with City to help mitigate anticipated expenditures to restore and maintain the Historic Property. City is willing to enter into this 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 in this Agreement, the parties hereto do agree as follows:

1. Application of Mills Act. The benefits, privileges, restrictions, and obligations provided for in the Mills Act will be applied to the Historic Property during the Term (as defined in Paragraph 7 below), commencing on the date that this Agreement is recorded.

2. Rehabilitation of the Historic Property. Owners will undertake and complete the work set forth in Exhibit A ("Rehabilitation Plan") according to certain standards and requirements. Those standards and requirements include, but are not 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 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. Owners will (a) apply for any necessary permits no more than six (6) months after the date this Agreement is recorded, (b) commence the work within six (6) months of receipt of necessary permits, and (c) complete the work within three (3) years from the date of receipt of permits. Upon written request by 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. The work will 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 may result in cancellation of this Agreement as set forth in Paragraphs 11 and 12 below.

3. Maintenance. Owners will 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 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. If fifty percent (50%) or less of the Historic Property is damaged by any cause whatsoever, Owners will replace and repair the damaged area(s) of the Historic Property. For repairs that do not require a permit, Owners will commence the repair work within thirty (30) days after the date of the damage and will diligently perform and complete the repair work within a reasonable time, as determined by 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 will apply for any necessary permits for the work within sixty (60) days after the date of the damage, commence the repair work within one hundred twenty (120) days of receipt of the required permit(s), and diligently perform and complete the repair work within a reasonable period of time, as determined by City. Upon written request by 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 must comply with the design and standards established for the Historic Property in Exhibits A and B attached hereto and Paragraph 3 above. If twenty percent (20%) or more of the Historic Property is damaged due to a catastrophic event, such as an earthquake, or if more than fifty percent (50%) of the Historic Property is destroyed from any cause whatsoever, then City and Owners may mutually agree to terminate this Agreement and Owners will not be obligated to pay the cancellation fee set forth in Paragraph 12 below. Upon the termination, City will assess the full value of the Historic Property without regard to any restriction imposed upon the Historic Property by this Agreement and Owners will pay property taxes to City based upon that valuation as of the date of termination.

5. Insurance. Owners will obtain and maintain adequate property insurance to meet Owners' repair and replacement obligations under this Agreement and will submit evidence of that insurance to City upon request.

6. Inspections and Compliance Monitoring. Before entering into this Agreement Owners have allowed, and every five years during the Term (defined in Paragraph 7 below) upon seventy-two (72) hours advance notice Owners will allow any representative of City, the Office of Historic Preservation of the California Department of Parks and Recreation, or the State Board of Equalization, to inspect of the interior and exterior of the Historic Property, to determine Owners' compliance with this Agreement. Throughout the term of this Agreement, Owners will 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 will be effective on the recording date for a term of ten years from that date ("Term"), as it may be extended. As provided in Government Code section 50282, one year will be added automatically to the Term on each anniversary date of this Agreement, unless notice of nonrenewal is given as set forth in Paragraph 9 below.

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. Notice of Nonrenewal. If in any year of this Agreement either Owners or City desire not to renew this Agreement, then that party will serve written notice on the other party before the annual renewal date. Owners must serve the written notice of nonrenewal to City at least ninety (90) days before the date of renewal. City must serve the written notice of non-renewal to Owners at least sixty (60) days before the date of renewal. If City elects not to renew the Agreement, then the Board of Supervisors must make City's determination that this Agreement will not be renewed and send a notice of nonrenewal to Owners. Upon receipt by Owners of a notice of nonrenewal from City, Owners may make a written protest. At any time before the renewal date, the City's Board of Supervisors may withdraw its notice of nonrenewal. If either party serves a notice of nonrenewal of this Agreement, this Agreement will remain in effect for the remaining balance of the Term. If either party elects not to renew this Agreement, then the electing party may cause a notice of nonrenewal in the form attached as Exhibit C to this Agreement to be completed and recorded. Upon the expiration of this Agreement, City will assess the full value of the Historic Property without regard to any restriction imposed upon the Historic Property by this Agreement and Owners will pay property taxes to City based upon that valuation as of the date of expiration.

10. Payment of Fees. As provided for in Government Code Section 50281.1 and San Francisco Administrative Code Section 71.6, upon filing an application to enter into a Mills Act Agreement with City, Owners will pay City the reasonable costs related to the preparation and approval of the Agreement. In addition, Owners will pay City for the actual costs of inspecting the Historic Property, as set forth in Paragraph 6 above.

11. Default. If City determine that any of the following have occurred, City will give Owners written notice by registered or certified mail specifying the failure:

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

(b) Owners' failure to maintain the Historic Property as set forth in Exhibit B, in accordance with Paragraph 3 above;

- (c) Owners' failure to repair any damage to the Historic Property in a timely manner, as provided in Paragraph 4 above;
- (d) Owners' failure to allow any inspections or requests for information, as provided in Paragraph 6 above;
- (e) Owners' failure to pay any fees requested by City as provided in Paragraph 10 above;
- (f) Owners' failure to maintain adequate insurance for the replacement cost of the Historic Property, as required by Paragraph 5 above; or
- (g) Owners' failure to comply with any other provision of this Agreement.

If Owners do not undertake and diligently pursue corrective action to the reasonable satisfaction of City within thirty (30) days after the date of the notice, then the Board of Supervisors will conduct a public hearing to determine whether an event of default has occurred. Notice of the public hearing will be mailed to the last known address of each owner of property in the Hayes Valley Residential Historic District and published under Government Code section 6061. If the Board of Supervisors determines that an event of default has occurred, City will either cancel this Agreement as set forth in Paragraph 12 below or bring an action to enforce this contract, including, but not limited to, an action for specific performance or injunction.

12. Cancellation. If the Board of Supervisors determines that an event of default has occurred and elects to cancel the contract, then Owners will 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 will determine fair market value of the Historic Property without regard to any restriction imposed on the Historic Property by this Agreement. The Cancellation Fee will be paid to the City Tax Collector at such time and in such manner as City may prescribe. As of the date of cancellation, Owners will pay property taxes to 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.

13. Enforcement of Agreement. No failure by City to cancel this Agreement or file an action will be deemed to be a waiver of this Agreement or any claim for an event of default under this Agreement.

14. Indemnification. Owners will indemnify, defend, and hold harmless City and all of its boards, commissions, departments, agencies, agents, and employees (individually and collectively, the "Indemnitees") 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; (c) the condition of the Historic Property; (d) any construction or other work undertaken 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 will include, without limitation, reasonable fees for attorneys, consultants, and experts and related costs that may be incurred by the Indemnitees and the Indemnitees' cost of investigating any claim. In addition to Owners' obligation to indemnify the Indemnitees, Owners specifically acknowledge and agree that they have an immediate and independent obligation to defend the Indemnitees 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, and continues at all times thereafter. Owners' obligations under this Paragraph survive termination of this Agreement.

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

16. Binding on Successors and Assigns. The covenants, benefits, restrictions, and obligations contained in this Agreement will run with the land and be binding upon and inure to the benefit of all successors in interest and assigns of Owners. Successors in interest and assigns have the same rights and obligations under this Agreement as the original Owners who entered into the Agreement.

17. Legal Fees. If either City or Owners fail to perform any of their obligations under this Agreement or if 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 under this Agreement, 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 will 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.

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

19. Recordation. Within 20 days after the date of execution of this Agreement, the parties will cause this Agreement to be recorded with the Office of the Recorder of the City and County of San Francisco.

20. 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.

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

22. Authority. If Owners sign as a corporation or a partnership, each of the persons executing this Agreement on behalf of Owners covenants and warrants that the entity is a duly authorized and existing entity, that the entity has and is qualified to do business in California, that Owners have full right and authority to enter into this Agreement, and that each and all of the persons signing on behalf of Owners are authorized to do so.

23. Severability. If any provision of this Agreement is determined to be invalid or unenforceable, the remainder of this Agreement will not be affected thereby, and each other provision of this Agreement will be valid and enforceable to the fullest extent permitted by law, except to the extent that enforcement of this Agreement without the invalidated provision would be unreasonable or inequitable under all the circumstances or would frustrate a fundamental purpose of this Agreement.

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

25. MacBride Principles. City urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1 et seq. City also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Owners acknowledge that it has read and understands the above statement of City concerning doing business in Northern Ireland.

26. Sunshine. Owners understand and agree that under the San Francisco Sunshine Ordinance (San Francisco Administrative Code, Chapter 67) and the State Public Records Law (Gov't Code Section 6250 et seq.), this Agreement and any and all records, information, and materials submitted to City under this Agreement or the Mills Act are public records subject to public disclosure.

27. Conflict of Interest. Through its execution of this Agreement, Owners acknowledge that it is familiar with the provisions of Section 15.103 of the City's Charter, Article III, Chapter 2 of the San Francisco Campaign and Governmental Conduct Code, and California Government Code section 87100 et seq. and section 1090 et seq., and certifies that it does not know of any facts that constitute a violation of those provisions and agrees that it will immediately notify City if it becomes aware of any such fact during the Term.

28. Notification of Limitations on Contributions. Through execution of this Agreement, Owners acknowledge that it is familiar with Section 1.126 of City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with City, whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contribution to the officer at any time from the commencement of negotiations for the contract until three (3) months after the date the contract is approved by City elective officer or the board on which that City elective officer serves. San Francisco Ethics Commission Regulation 1.126-1 provides that negotiations are commenced when a prospective contractor first communicates with a City officer or employee about the possibility of obtaining a specific contract. This communication may occur in person, by telephone or in writing, and may be initiated by the prospective contractor or a City officer or employee. Negotiations are completed when a contract is finalized and signed by City and the contractor. Negotiations are terminated when City and/or the prospective contractor end the negotiation process before a final decision is made to award the contract.

29. Nondiscrimination. In the performance of this Agreement, Owners agree not to discriminate on the basis of the fact or perception of a person's, race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes, against any City employee, employee of or applicant for employment with Owners, or against any bidder or contractor for public works or improvements, or for a franchise, concession or lease of property, or for goods or services or supplies to be purchased by Owners. A similar provision must be included in all subordinate agreements let, awarded, negotiated, or entered into by Owners for the purpose of implementing this Agreement.

30. Exhibits. Exhibits A, B, and C attached to this Agreement are incorporated and made a part of this Agreement by reference.

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

32. Signatures. This Agreement may be signed and dated in counterparts, and when all counterparts are assembled, will be considered one document.

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

CITY AND COUNTY OF SAN FRANCISCO:

By: _____ (signature) DATE: _____
_____ (name), Assessor-Recorder

By: _____ (signature) DATE: _____
_____ (name), Director of Planning

APPROVED AS TO FORM:
DENNIS J. HERRERA
CITY ATTORNEY

By: _____ (signature) DATE: _____
_____ (name), Deputy City Attorney

OWNERS

By: _____ (signature) DATE: _____
Joyjit Nath, Owner

By: _____ (signature) DATE: _____
Preetha Nath, Owner

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

Exhibit A: Rehabilitation/Restoration Plan for 354-356 San Carlos Street

#1 Building Feature: Removal of non-original stucco and other features

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: 2016

Total Cost: \$25,000

Description of Work:

Non-original stucco was carefully removed from the front façade of the building to reveal the original wood siding. Non-original windows were removed from the house. The non-original stair and site work at the front of the building was also removed. Best preservation practices were utilized to protect existing features to remain from damage. Work was performed by qualified persons with experience with historic buildings.

#2 Building Feature: Horizontal wood siding, wood trim and wood decorative features

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: 2016

Total Cost: \$41,000

Description of Work:

Once the stucco was removed all exterior wood elements were evaluated for repair. Missing elements were recreated to match existing similar. Broken elements were repaired with a wood patch if larger than 2” or epoxy if smaller. All rot was removed and patched or repaired. Best preservation practices were utilized. Work was performed by qualified persons with experience with historic wood elements.

#3 Building Feature: Wood Windows

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: 2016

Total Cost: \$38,000

Description of Work:

Most of the windows were non-original and removed and replaced with new to match the existing original. The original wood windows were repaired in place. Each one was inspected for operation and deterioration. Wood was repaired by Dutchman patch or epoxy and repainted. Glass was replaced where necessary. Ropes and hardware were replaced where missing or broken. Sealants and weather-stripping was installed to be minimally visible. Best preservation practices were utilized. Work was performed by qualified persons with experience with historic wood windows and was in conformance with NPS Preservation Brief #9 *The Repair of Historic Wooden Windows*.

#4 Building Feature: Exterior paint

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: 2016

Total Cost: \$25,000

Description of Work:

The entire house was repainted once repairs were completed. Best preservation practices were utilized. Work was performed by qualified persons with experience with historic

buildings and in conformance with NPS Preservation Brief #10 *Exterior Paint Problems on Historic Woodwork*.

#5 Building Feature: New wood stair

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: 2016

Total Cost: \$15,000

Description of Work:

The non-original stair was replaced with a reconstruction of the original. Best preservation practices were utilized. Work was performed by qualified persons with experience with historic buildings.

#6 Building Feature: Foundation and Structural work

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: 2016

Total Cost: \$173,000

Description of Work:

The project included a full seismic upgrade with a new concrete slab and foundation on the ground floor and shear walls on the upper floors. Two moment frames were also installed. Best preservation practices were utilized to protect existing features to remain from damage. Work was performed by qualified persons with experience with historic buildings.

#7 Building Feature: Roof

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: 2029

Total Cost: \$12,200

Description of Work:

The roof is nearing the end of its material life and is due to be replaced. The size, shape and configuration of the roof will be retained. Best preservation practices will be utilized during installation of the new roofing material to protect existing features to remain from damage. Work will be performed by qualified persons with experience with historic buildings.

Exhibit B: Maintenance Plan for 354-356 San Carlos Street

#8 Building Feature: Roof, gutters and drains

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: Annually

Total Cost: \$500

Description of Work:

The roof, gutters and drains are to be inspected and cleaned every year. Debris is to be removed. Standing water is to be drained and the drainage issue resolved. Material deterioration is to be repaired. Drain and gutter attachments are to be checked and reattached if necessary. Evidence of leaks or standing water are to be addressed. Best preservation practices will be utilized during inspection to protect existing features from damage. Work will be performed by qualified persons with experience with historic buildings.

#9 Building Feature: Wood Windows

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: Annually

Total Cost: \$500

Description of Work:

The interior and exterior of the windows will be cleaned annually by hand. Limited water will be used. There will be no power washing. Each window will be checked for operation as much as possible but annually at a minimum. The replacement windows will be under warranty for at least ten years. Any issues will be brought to the attention of the manufacturer or installer for resolution. Maintenance will conform to manufacturer's instructions. Any issue with the original windows, such as broken sash cord or detached weight will be addressed by qualified persons with experience with historic wood windows and in conformance with NPS Preservation Brief #9 *The Repair of Historic Wooden Windows*. Any sign of water on the interior of any of the windows will be addressed immediately. Hardware for windows will be lubricated as necessary or as described by the manufacturer.

#10 Building Feature: Foundation and structure

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: Annually

Total Cost: \$100

Description of Work:

Each year the building will be inspected for cracks. Any cracks found in the concrete foundation or slab or diagonal cracks found on the interior drywall will be recorded. A crack gauge will be installed on cracks larger than a 1/4". If movement is recorded a structural engineer will be brought in to determine cause.

#11 Building Feature: Wood stairs

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: Annually

Total Cost: \$500

Description of Work:

The painted wood stair will be cleaned every year. Careful pressure washing is ok if best preservation practices are utilized to protect other features from damage and work is performed by qualified persons with experience with historic buildings. Repaint where paint is failing. The underside of stairs will be inspected for mold and rot. If found, the wood will be repaired or replaced.

#12 Building Feature: Horizontal wood siding, wood trim and wood decorative features

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: Every five years

Total Cost: \$500

Description of Work:

The exterior wood features have been recently repaired and painted. There should be no reason to repaint the building for at least twenty years. Should the paint show failure in any location a qualified person with experience with historic buildings will assess the cause of the problem in conformance with NPS Preservation Brief #10 *Exterior Paint Problems on Historic Woodwork*. Every five years the exterior wood work will be very gently cleaned of dirt and debris by hand and without the use of excessive water. The work will be performed by qualified persons with experience with historic buildings.

7. Other Information

Photographs



Figure 1. Before image of 354-356 San Carlos St. taken in 2012. Front facade view looking east.

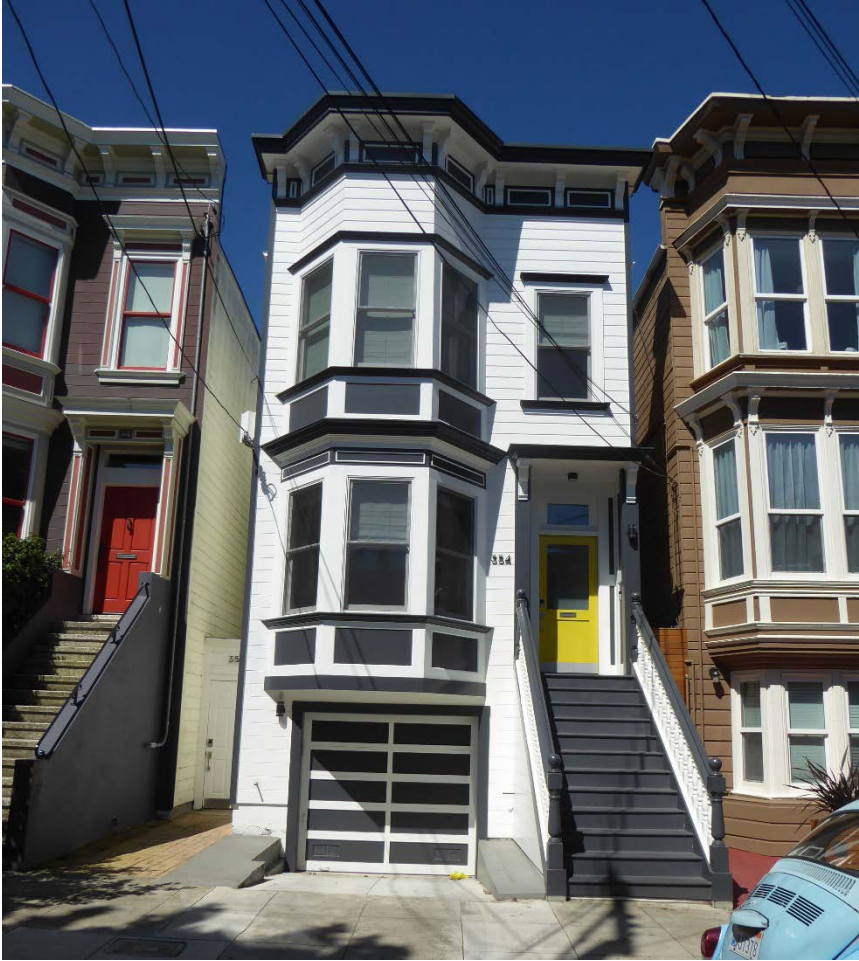


Figure 2. After image of 354-356 San Carlos taken in 2016. Front facade, view looking east.