

File No. 251127

Committee Item No. 3
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight
Board of Supervisors Meeting:

Date: December 4, 2025
Date: _____

Cmte Board

<input type="checkbox"/>	<input type="checkbox"/>	Motion
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Resolution
<input type="checkbox"/>	<input type="checkbox"/>	Ordinance
<input type="checkbox"/>	<input type="checkbox"/>	Legislative Digest
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Budget and Legislative Analyst Report
<input type="checkbox"/>	<input type="checkbox"/>	Youth Commission Report
<input type="checkbox"/>	<input type="checkbox"/>	Introduction Form
<input type="checkbox"/>	<input type="checkbox"/>	Department/Agency Cover Letter and/or Report
<input type="checkbox"/>	<input type="checkbox"/>	MOU - FY2022-2024 - Clean
<input type="checkbox"/>	<input type="checkbox"/>	MOU - FY2022-2024 - Redline
<input type="checkbox"/>	<input type="checkbox"/>	Grant Information Form
<input type="checkbox"/>	<input type="checkbox"/>	Grant Budget
<input type="checkbox"/>	<input type="checkbox"/>	Subcontract Budget
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Contract / DRAFT Mills Act Agreement
<input type="checkbox"/>	<input type="checkbox"/>	Form 126 – Ethics Commission
<input type="checkbox"/>	<input type="checkbox"/>	Award Letter
<input type="checkbox"/>	<input type="checkbox"/>	Application
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Public Correspondence

OTHER

<input checked="" type="checkbox"/>	<input type="checkbox"/>	PLN Transmittal 110325
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Application
<input checked="" type="checkbox"/>	<input type="checkbox"/>	ASR Summary
<input checked="" type="checkbox"/>	<input type="checkbox"/>	ASR Valuation
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rehab Maintenance Plans
<input checked="" type="checkbox"/>	<input type="checkbox"/>	2025 HPC Mills Act Executive Summary 101525
<input checked="" type="checkbox"/>	<input type="checkbox"/>	HPC Reso No. 1494 101525
<input checked="" type="checkbox"/>	<input type="checkbox"/>	CEQA Referral 111825
<input checked="" type="checkbox"/>	<input type="checkbox"/>	CEQA Detr 112525

Prepared by: Monique Crayton
Prepared by: _____
Prepared by: _____

Date: November 25, 2025
Date: _____
Date: _____

1 [Mills Act Historical Property Contract - 1035 Howard Street]

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3 **Resolution approving an historical property contract between 1035 Howard LLC, the**
4 **owners of 1035 Howard Street, and the City and County of San Francisco, under**
5 **Administrative Code, Chapter 71; and authorizing the Planning Director and the**
6 **Assessor-Recorder to execute and record the historical property contract.**

7

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

12 WHEREAS, The Planning Department has determined that the actions contemplated in
13 this Resolution comply with the California Environmental Quality Act (California Public
14 Resources Code, Sections 21000 et seq.); and

15 WHEREAS, Said determination is on file with the Clerk of the Board of Supervisors in
16 File No. 251127, is incorporated herein by reference, and the Board herein affirms it; and

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

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

23 WHEREAS, 1035 Howard Street is a Category II - Significant Building pursuant to
24 Article 11 of the Planning Code, and thus qualifies as an historical property as defined in
25 Administrative Code, Section 71.2; and

1 WHEREAS, A Mills Act application for an historical property contract has been
2 submitted by 1035 Howard LLC, the owners of 1035 Howard Street, detailing rehabilitation
3 work and proposing a maintenance plan for the property; and

4 WHEREAS, As required by Administrative Code, Section 71.4(a), the application for
5 the historical property contract for 1035 Howard Street was reviewed by the Office of the
6 Assessor-Recorder and the Historic Preservation Commission; and

7 WHEREAS, The Assessor-Recorder has reviewed the historical property contract and
8 has provided the Board of Supervisors with an estimate of the property tax calculations and
9 the difference in property tax assessments under the different valuation methods permitted by
10 the Mills Act in its report transmitted to the Board of Supervisors on November 4, 2025, which
11 report is on file with the Clerk of the Board of Supervisors in File No. 251127 and is hereby
12 declared to be a part of this Resolution as if set forth fully herein; and

13 WHEREAS, The Historic Preservation Commission recommended approval of the
14 historical property contract in its Resolution No. 1494, including approval of the Rehabilitation
15 Program and Maintenance Plan, attached to said Resolution, which is on file with the Clerk of
16 the Board of Supervisors in File No 251127 and is hereby declared to be a part of this
17 Resolution as if set forth fully herein; and

18 WHEREAS, The draft historical property contract between 1035 Howard LLC, the
19 owners of 1035 Howard Street, and the City and County of San Francisco is on file with the
20 Clerk of the Board of Supervisors in File No. 251127 and is hereby declared to be a part of
21 this Resolution as if set forth fully herein; and

22 WHEREAS, The Board of Supervisors has conducted a public hearing pursuant to
23 Administrative Code, Section 71.4(d), to review the Historic Preservation Commission's
24 recommendation and the information provided by the Assessor's Office in order to determine
25 whether the City should execute the historical property contract for 1035 Howard Street; and

1 WHEREAS, The Board of Supervisors has balanced the benefits of the Mills Act to the
2 owner of 1035 Howard Street with the cost to the City of providing the property tax reductions
3 authorized by the Mills Act, as well as the historical value of 1035 Howard Street and the
4 resultant property tax reductions, and has determined that it is in the public interest to enter
5 into a historical property contract with the applicants; now, therefore, be it

6 RESOLVED, That the Board of Supervisors hereby approves the historical property
7 contract between 1035 Howard LLC, the owners of 1035 Howard Street, and the City and
8 County of San Francisco; and, be it

9 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes the Planning
10 Director and the Assessor-Recorder to execute the historical property contract and record the
11 historical property contract.

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Items 2 & 3 Files 25-1126 & 25-1127	Department: Planning Department
EXECUTIVE SUMMARY	
<p>Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolutions would approve a Mills historical property contract (a) with SFCA Real Estate Holdings LLC, the owner of 530 Jackson Street, and (b) with John Sweeney, the owner of 1035 Howard Street, and (c) authorize the Director of Planning and the Assessor to execute the subject historical property contracts in both cases. • The Mills Act is a state law that authorizes local governments to enter into historic property contracts with owners of qualified historical properties, in which local governments reduce property taxes payable by the property owner, provided that the subject owners rehabilitate and maintain the property. 	
<p>Key Points</p> <ul style="list-style-type: none"> • For the property at 530 Jackson Street, the first-year annual property taxes to be paid to the City by the property owner would be \$117,503, which is \$261,620 less than the \$379,124 in estimated annual property taxes that would otherwise be paid to the City, if the proposed historical property contract is not authorized. • For the property at 1035 Howard Street, the first-year annual property taxes to be paid to the City by the property owner would be \$143,473, which is \$260,660 less than the \$404,133 in estimated annual property taxes that would otherwise be paid to the City. 	
<p>Fiscal Impact</p> <ul style="list-style-type: none"> • Over ten years, the property tax rebate for each property equates to about \$2.6 million, assuming a stable assessed market value. The total estimated cost to the property owner of rehabilitating and maintaining 530 Jackson Street over the initial ten-year period of the proposed Mills Act Historical Property contract is approximately \$1 million, which is \$1.6 million less than the estimated reduction in property tax of \$2.6 million over the same period. • In the case of 1035 Howard Street, the cost to rehabilitate and maintain the property over the initial ten-year period is \$3.8 million—\$1.2 million higher than the property tax rebate of \$2.6 million. 	
<p>Policy Consideration</p> <ul style="list-style-type: none"> • For the 530 Jackson Street property, because the property tax rebate is likely to exceed the rehabilitation and maintenance cost, the Board should consider putting the contract in non-renewal status so the contract expires after ten years. Otherwise, the historic property contract continues in perpetuity unless the property owner or the Board of Supervisors files a notice of nonrenewal. 	
<p>Recommendation</p> <ul style="list-style-type: none"> • Approval of the proposed resolutions in File 25-1126 and 25-1127 is a policy matter for the Board of Supervisors. 	

MANDATE STATEMENT

Chapter 71 of the Administrative Code states that Mills Act contracts are subject to Board of Supervisors approval.

BACKGROUND**Mills Act**

The Mills Act, codified in State Government Code Section 50280, authorizes local governments to enter into historic property contracts with owners of qualified historical 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 the subject owners rehabilitate, restore, preserve, and maintain their qualified historical properties.

Chapter 71 of the Administrative Code specifies (a) required qualifications for properties to allow for approval of a Mills Act historical property contract, (b) the Mills Act historical property application and approval processes, and (c) the terms and fees for individual property owners to apply for Mills Act historical property contracts with the City in order to receive such Mills Act Property Tax reductions, subject to Board of Supervisors approval.

Since 2002, the Board of Supervisors has approved 55 Mills Act contracts, all of which are ongoing, as shown in an Appendix to this report.

Provisions of the Mills Act

In order for a Mills Act historical property contract to be approved, the property must be designated a qualified historical 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 significant¹ (Categories I and II) or contributory² (Categories III or IV).

In addition, eligibility for Mills Act historical property contracts 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 commercial, industrial, or mixed-use buildings, unless the Board of Supervisors grants an exemption.

The lifecycle of a Mills Act application typically runs from May to December over the course of one year. If the foregoing conditions are met, a property owner may submit a Mills Act application to the Planning Department for review. The Planning Department reviews the application for completeness and forwards the application to the Assessor, which then calculates property valuations with and without a Mills Act contract. Once the property owner has had a chance to review the Assessor's findings, the application is passed to the Historic Preservation Commission for review. The Historic Preservation Commission will then review the application, including the proposed rehabilitation and maintenance plan, hold a public hearing, and make a recommendation for approval or disapproval to the Board of Supervisors. The Board of Supervisors will then review the Mills Act application and related materials from the Historic Preservation Commission and Assessor, hold a public hearing, and determine whether the City should enter into a Mills Act contract with the property owner. The process is complete once the City Attorney finalizes the Mills Act contract, which is then signed by the Planning Department, Assessor-Recorder, and property owner and recorded by the Assessor. Onsite property inspections occur every five years and are carried out by the Planning Department and the Assessor to monitor compliance with the Mills Act contract. Owners must also submit a yearly affidavit verifying compliance with the approved maintenance and rehabilitation plans.

As required by State law, the proposed Mills Act historical property contract would be in effect for 10 years, with an additional year added automatically to the initial term on each anniversary date of the proposed historical property contract execution date,³ unless either party terminates the contract by submitting a notice of nonrenewal,⁴ subject to Board of Supervisors approval. In

¹ Planning Code Section 1102(a) designates a building as Category I significant if it is (1) at least 40 years old and (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 (1) it meets the standards in Section 1102(a) and (2) 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.

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

³ According to State Government Code Section 50282.

⁴ 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.

other words, the reduced property taxes would continue annually, in perpetuity, until the Mills Act historical property contract is terminated. The Board of Supervisors may cancel a Mills Act contract based on the recommendation of a monitoring agency⁵ that the property owner is not complying with the terms of the contract.

Mills Act: Rehabilitation Plan Requirements

Under the Mills Act contract, the property owners must apply for appropriate building permits within six months after the Mills Act contract is recorded. Further, rehabilitation work must begin within six months of acquiring the necessary permits, and all of the rehabilitation work must be completed within three years of the date of receipt of the permits. Should the property owners fail to comply with the rehabilitation plan according to the deadlines listed above and fail to secure an exemption from meeting those deadlines from the Zoning Administrator, the Board of Supervisors may cancel the Mills Act contract. In that case, the property owner must pay a cancellation fee of 12.5 percent of the fair market value of the property, which is determined by the Assessor. If the property owner successfully obtains an exemption from the Zoning Administrator, then no fees would be owed.

The Mills Act contract requires the property owner to comply to periodic examinations of the property by representatives of (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 contract. Furthermore, the Planning Department conducts an inspection program to monitor the provisions of the contract. This program also requires a yearly affidavit issued by the property owner verifying compliance with the approved maintenance and rehabilitation plans as well as onsite inspections every five years.

Mills Act: Property Valuation

Property taxes are typically determined as a portion of a property's assessed value, which largely depends on the property's sale price and year of purchase. According to the Assessor's Office, under a Mills Act contract, the calculation of the property tax is based on an income approach to valuation and includes the following factors:

1. Market rates for rental income
2. Actual rent paid, if a unit is encumbered by a lease subject to rental control
3. An interest rate component as annually determined by the State Board of Equalization
4. Whether a unit is owner-occupied
5. The property tax rate
6. The estimated remaining life of the property

⁵ The monitoring agencies are the Assessor-Recorder, the Department of Building Inspection, the Planning Department, the Office of Historic Preservation of the California Department of Parks and Recreation and the State Board of Equalization.

Following State law, the Assessor determines the actual/estimated net rental income of the historical property (items 1 & 2 above) and uses items 3–6 above to determine a capitalization rate. The income and capitalization rate in turn determine the overall value of the property, which is then taxed at the prevailing property tax rate. The Assessor recalculates the Mills Act valuation every year. Therefore, property tax rates, economic conditions in the local real estate market, and the extent to which the historical property is rented or owner-occupied may increase or decrease the Mills Act property valuation and taxes payable to the City each year. In addition, if a property has undergone substantial rehabilitation, the Assessor may extend the estimated remaining life of the property, which would enhance the Mills Act valuation and increase property taxes payable to the City.

DETAILS OF PROPOSED LEGISLATION

File 25-1126: The proposed resolution would (a) approve a Mills historical property contract with SFCA Real Estate Holdings LLC, the owner of the mixed-use property located at 530 Jackson Street, and (b) authorize the Director of Planning and the Assessor to execute the subject historical property contract.

File 25-1127: The proposed resolution would (a) approve a Mills historical property contract with John Sweeney, the owner of the industrial property located at 1035 Howard Street, and (b) authorize the Director of Planning and the Assessor to execute the subject historical property contract.

File 25-1128: We note that a third proposed Mills historical property contract for 331 Pennsylvania Street does not meet the BLA reporting threshold because the annual property tax savings are projected to be less than \$200,000.

Characteristics of the Two Historic Properties Seeking a Mills Act Contract

A Mills Act historical property contract application was submitted for each of the two subject properties to the Planning Department on May 1, 2025, which included a rehabilitation program detailing estimates of the necessary improvements to preserve each property as well as an annual maintenance plan. The City's Historic Preservation Commission has reviewed the Mills Act historical property contract application for the subject properties, including the proposed rehabilitation program and annual maintenance plans. The Historic Preservation Commission recommended approval of the proposed Mills Act historical property contract, rehabilitation program, and maintenance plan for the two subject properties. In order to continue work on the rehabilitation program included in the Mills Act historical property contract application, the owner of the mixed-use building at 530 Jackson Street intends to apply for a Certificate of

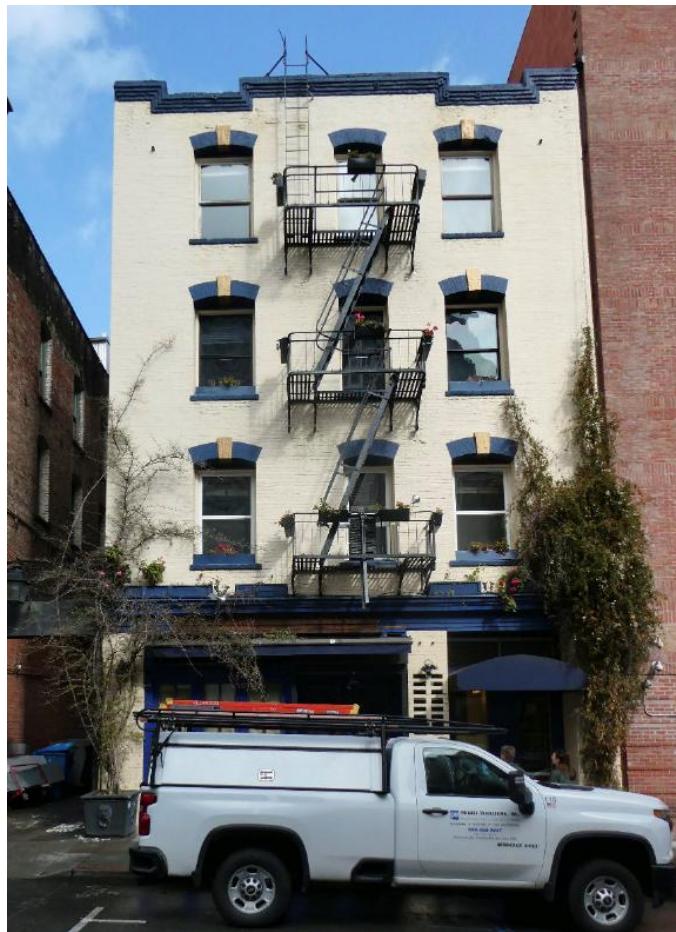
Appropriateness⁶ from the Historic Preservation Commission.⁷ The owner of the industrial building located at 1035 Howard Street has applied for and received a Major Permit to Alter from the Historic Preservation Commission.

The mixed-use property located at 530 Jackson Street pending before the Board of Supervisors is listed as a contributor⁸ to the Jackson Square Historic District. The industrial property located at 1035 Howard Street is listed as significant pursuant to Article 11, Section 1102 of the Planning Code. Therefore, each property qualifies as a historical property under the Administrative Code and is eligible for Mills Act historical property contract approval.

⁶ A Certificate of Appropriateness is the entitlement required to alter an individual landmark and any property within a landmark district. It is not required for ordinary maintenance and repairs, if the replacement materials and details are in-kind.

⁷ The Historic Preservation Commission is a seven-member body, appointed by the Mayor subject to Board of Supervisors' approval, that makes recommendations directly to the Board of Supervisors on the designation of landmark buildings, historic districts, and significant buildings.

⁸ According to the Planning Department's Preservation Bulletin, No. 10, a contributing property in a Historic District is "A classification applied to a site, structure or object within an historic district signifying that it generally shares, along with most of the other sites, structures or objects in the historic district, the qualities that give the historic district cultural, historic, architectural or archaeological significance as embodied by the criteria for designating the historic district."

Exhibit 1: 530 Jackson Street

Source: Page & Turnbull, 530 Jackson Street, Focused Historic Structure Report

According to the Planning Department's Mills Act Contract Case Report on [530 Jackson Street](#), the existing building between Montgomery Street and Columbus Avenue, built in 1907, is a five-story, over-basement, steel reinforced brick masonry and timber frame mixed-use building with Classical motifs. The basement and first floor are retail, the second and third floor are offices, and the fourth and fifth floors are not part of the Mills Act application (See Exhibit 1 above).

Exhibit 2: 1035 Howard Street

Source: Assessor-Recorder

According to the Planning Department's Mills Act Contract Case Report on [1035 Howard Street](#), the existing building between Harriet and Russ Streets, built in 1930, is a three-story, reinforced concrete, industrial building in the Art Deco style. The building was originally constructed for a flavoring extracts manufacturer, and housed a laboratory, manufacturing plant, warehouse, and office space until 2016; the building is currently vacant (See Exhibit 2 above).

File 25-1126: 530 Jackson StreetRehabilitation and Maintenance

Table 1 below summarizes actual and estimated costs of the work included in the rehabilitation program as well as the estimated completion dates. As shown in Exhibit 3, the rehabilitation work has not yet started and the work is expected to be completed in various years ranging from 2026 to 2035, as required by the Mills Act contract.

Exhibit 3: Actual and Estimated Costs of Rehabilitation Program at 530 Jackson Street

Scope	Rehabilitation Plan	Total Expenditures	Completion Date
1	Wrought Iron Fire Escape – South (Jackson Street)	\$20,584	2026
2	Mid-Band Cornice – South (Jackson Street)	4,650	2026
3	Interior - Basement	155,000	2026
4	Flashing at the Masonry/Stucco – West and North	7,432	2026
5	Roof – Fifth Floor Balcony	33,627	2027
6	Windows – West Façade	120,358	2028
7	Windows – North Façade	27,900	2028
8	Brick Masonry – West and North Façades	242,963	2028
9	Brick Masonry – South (Jackson Street)	80,988	2030
10	Windows – South (Jackson Street)	46,500	2030
11	Wrought Iron Fire Escape – South (Jackson Street)	4,650	2030
12	Jackson Street Storefront	17,050	2030
13	Roof – Fifth Floor Balcony	42,617	2035
Total		\$804,319	

Source: Department of Planning

In addition to the rehabilitation plan detailed above in Exhibit 3, the property owner has agreed to a maintenance plan, including maintenance of the roof, brick masonry, mid-band cornice, wrought-iron fire escape, windows, storefront, and basement. Ongoing maintenance is currently estimated to cost the owner of 530 Jackson Street \$19,530 annually, as shown in Exhibit 4 below.

Exhibit 4: Maintenance Budget for 530 Jackson Street

Scope	Maintenance	Cost	Timing
14	Roof – Fifth Floor Balcony	\$4,340	Inspect annually and repair as needed; paint every 10 years
15	Brick Masonry – West, North, and South Façades	4,340	Inspect annually and repair as needed; paint every 10 years
16	Mid-Band Cornice – South (Jackson Street)	1,085	Inspect annually; paint every 10 years
17	Wrought-Iron Fire Escape – South (Jackson Street)	1,085	Paint every 10 years
18	All Windows	4,340	Paint and install new perimeter sealant every 10 years
19	Jackson Street Storefront	2,170	Inspect annually and repair as needed
20	Interior – Basement	2,170	Inspect annually and repair waterproofing as needed
Total		\$19,530 annually	

Source: Department of Planning

File 25-1127: 1035 Howard StreetRehabilitation and Maintenance

Exhibit 5 below summarizes estimated costs of the work included in the rehabilitation program as well as the estimated completion dates. As shown in Exhibit 5, the rehabilitation work has not yet started and is expected to be completed by 2030, as required by the Mills Act contract.

Exhibit 5: Actual and Estimated Costs of Rehabilitation Program at 1035 Howard Street

Scope	Rehabilitation Plan	Total Expenditures	Completion Date
1	Seismic Upgrades (Foundation, Walls, Floors)	\$1,000,000	2030
2	Roof, Parapets & Skylights	400,000	2030
3	Exterior Concrete Elevations	800,000	2030
4	Upper & Penthouse Windows; Ground Floor Stucco Windows	800,000	2030
5	Terra Cotta Tile at Bulkhead and Column Base	100,000	2030
6	Doors	125,000	2030
7	Fire Escapes	75,000	2030
8	Interior Perimeter Walls & Columns	100,000	2030
9	Boiler Room	5,000	2030
Total		\$3,405,000	

Source: Department of Planning

In addition to the rehabilitation plan detailed above in Exhibit 5, the property owner has agreed to a maintenance plan, including maintenance of the roof, exterior elevations including windows, art deco features, doors, fire escapes, and interior perimeter walls and columns. Ongoing maintenance is currently estimated to cost the owners of 1035 Howard Street \$25,000 annually, with an additional \$50,000 every three to five years for painting, as shown in Exhibit 6 below.

Exhibit 6: Maintenance Budget for 1035 Howard Street

Scope	Maintenance	Cost	Timing
10	Roof	\$5,000	Inspect annually and repair as needed
11	Exterior Elevations Including Windows	50,000	Painted as needed, likely every 3-5 years
12	Art Deco Features	5,000	Inspect annually
13	Doors	5,000	Inspect annually
14	Fire Escapes	5,000	Inspect annually
15	Interior Perimeter Walls & Columns	5,000	Inspect annually
Total		\$25,000 annually + \$50,000 every 3-5 years	

Source: Department of Planning

FISCAL IMPACT**File 25-1126 530 Jackson Street**

According to the Assessor-Recorder, the property at 530 Jackson Street is estimated to be assessed at \$32,365,000, with property taxes payable to the City in the estimated amount of \$379,124 in FY 2024-25.⁹ Exhibit 7 below reflects the estimated assessed value of 530 Jackson Street both with and without the requested Mills Act Historical Property contract. As shown in Exhibit 7 below, the first-year annual property taxes to be paid to the City by the property owner would be \$117,503, which is \$261,620 or 69.01 percent less than the \$379,124 in estimated annual property taxes that would otherwise be paid to the City, if the proposed historical property contract is not authorized. The estimated reduction in property taxes to be received by the City would be approximately \$2,616,200 (\$261,620 annually x ten years) over the initial ten-year period of the proposed Mills Act Historical Property contract, assuming a stable assessed market value.¹⁰ According to the Office of Assessor-Recorder, the market value of the property is reassessed annually to determine whether the property tax amount will increase or decrease.

Exhibit 7: Summary of Estimated Assessed Value (FY 2024-25)

	Without Mills Act	With Mills Act	First Year Reduction	Percent Reduction
530 Jackson Street				
Estimated Assessed Property Value	\$32,365,000	\$10,031,000	(\$22,334,000)	-69.01%
Estimated Property Tax Payable to the City	\$379,124	\$117,503	(\$261,620)	-69.01%
1035 Howard Street				
Estimated Assessed Property Value	\$34,500,000	\$12,248,000	(\$22,252,000)	-64.50%
Estimated Property Tax Payable to the City	\$404,133	\$143,473	(\$260,660)	-64.50%

Source: Office of the Assessor-Recorder

⁹ The Assessor-Recorder advises that property tax rates had not been finalized for FY 2025-26 when these estimates were developed and therefore the estimated property taxes assessed are based on the FY 2024-25 property tax rate of 1.1714 percent of assessed value.

¹⁰ The actual reduction in Property Taxes payable to the City fluctuates annually based on (a) variables in the formula specified in the Mills Act which determine the assessed value of the subject property, such as market rental rates and conventional mortgage interest rates, (b) the factored base year value of the subject property (which increases by no more than 2 percent per year) had a Mills Act Historical Property Contract not been approved, and (c) the Property Tax rate each year. Therefore, the actual annual reductions in Property Taxes payable to the City over the ten-year term of a Mills Act Historical Property Contract and payable annually thereafter, are not equal to the first year reduction in property tax.

As shown in Exhibit 3 above, the rehabilitation program is currently estimated to cost a total of \$804,319 and is to be fully paid by the property owner. In addition, as shown in Exhibit 4 above, ongoing maintenance costs estimated to be \$19,530 annually are to be fully paid by the property owner, with total maintenance costs estimated to be \$215,000 (\$19,530 annually x 10 years with five percent inflation) over the initial ten-year period. Therefore, total estimated cost to the property owner of rehabilitating and maintaining 530 Jackson Street over the initial ten-year period of the proposed Mills Act Historical Property contract is approximately \$1 million, which is \$1.6 million less than the estimated reduction in property tax of \$2.6 million over the same period. According to the Office of the Assessor-Recorder, the total renovation cost will be higher and includes seismic work, but this is outside the scope of Mills Act expenses for rehabilitation and maintenance of building characteristics.

File 25-1127 1035 Howard Street

According to the Assessor-Recorder, the property at 1035 Howard Street is estimated to be assessed at \$34,500,000, with property taxes payable to the City in the estimated amount of \$404,133 in FY 2024-25.¹¹ Exhibit 7 above reflects the estimated assessed value of 1035 Howard Street both with and without the requested Mills Act Historical Property contract. As shown in Exhibit 7 above, the first-year annual property taxes to be paid to the City by the property owners would be \$143,473, which is \$260,660 or 64.50 percent less than the \$404,133 in estimated annual property taxes that would otherwise be paid to the City, if the proposed historical property contract is not authorized. The estimated reduction in property taxes to be received by the City would be approximately \$2,606,600 (\$260,660 annually x ten years) over the initial ten-year period of the proposed Mills Act Historical Property contract.¹² According to the Office of Assessor-Recorder, the market value of the property is reassessed annually to determine whether the property tax amount will increase or decrease.

As shown in Exhibit 5 above, the rehabilitation program is currently estimated to cost a total of \$3,405,000 and is to be fully paid by the property owner. In addition, as shown in Exhibit 6 above, ongoing maintenance costs estimated to be \$25,000 annually (along with \$50,000 in painting costs at least every five years) are to be fully paid by the property owner, with total maintenance costs estimated to be \$420,000 over the initial ten-year period.¹³ Therefore, total estimated cost to the property owner of rehabilitating and maintaining 1035 Howard Street over the initial ten-

¹¹ The Assessor-Recorder advises that property tax rates had not been finalized for FY 2025-26 when these estimates were developed and therefore the estimated property taxes assessed are based on the FY 2024-25 property tax rate of 1.1714 percent of assessed value.

¹² The actual reduction in property taxes payable to the City fluctuates annually based on market conditions. Therefore, the actual annual reductions in property taxes payable to the City over the ten-year term of a Mills Act Historical Property Contract and payable annually thereafter, are not equal to the first year reduction in property tax. However, actual data from current Mills Act contracts shows an increasing amount of property tax loss over the past five years for most properties.

¹³ This estimate of maintenance costs assumes \$25,000 annually plus five percent inflation annually, along with \$60,775 in year 5 and \$77,566 in year 10 to account for painting costs which we assume also increase by five percent annually from the year one estimate of \$50,000.

year period of the proposed Mills Act Historical Property contract is \$3.8 million which is \$1.2 million more than the estimated reduction in property tax of \$2.6 million over the same period.

POLICY CONSIDERATION

Oversight of Mills Act Historical Properties

Program Fees

The Planning Department reported to the BLA that they conduct inspections from the public right-of-way of all 55 current Mills Act properties every five years. On an annual basis, Mills Act property owners are required to provide an affidavit to verify compliance with the approved maintenance and rehabilitation plans for the previous year. The Planning Department assesses a fee for Mills Act applications, however it does not charge an inspection fee, although it is authorized to do so per the Administration Code Section 71.6. Enacting a fee for inspections and maintenance would offset ongoing costs the City incurs to manage the Mills Act program.

Exemption From Policy Limit

We note that the mixed-use property at 530 Jackson Street is valued at \$32,365,000 and the industrial property at 1035 Howard Street is valued at \$34,500,000; in both cases, the value exceeds the \$5,000,000 cap in Administrative Code Chapter 71 for commercial, industrial, or mixed-use buildings, and the Board of Supervisors is required to grant an exemption for a Mills Act contract in both cases.

Property Tax Revenue Loss

Once the Mills Act contract has been enacted, the initial term is for ten years, which is automatically extended each year on the anniversary date of the contract pursuant to California Government Section 50281. The historic property contract continues in 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 historic property contract extends for a final ten-year term and is no longer automatically renewed each year.

As noted above, the property tax revenue loss from the 530 Jackson property exceeds the projected spending on renovation and maintenance by \$1.6 million. In at least that case, the Board should consider putting the contract in non-renewal status so the contract expires after ten years. Currently, eight Mills Act contracts are in non-renewal status, with seven non-renewals filed by the Board of Supervisors and one filed by the Department of Planning for non-compliance with Mills Act contract terms.

Lack of Annual Reporting

When the Board of Supervisors approved Mills Act contracts in 2013, the Board amended the 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. The Planning Department reported to the BLA that they have not been preparing this report. Meeting the required annual reporting requirement could help the Board of Supervisors to determine whether it wishes to initiate nonrenewal for a Mills Act property.

We note that the Administrative Code Section 71.7 requires that the Planning Department and the Assessor-Recorder's Office to submit a joint report to the Board of Supervisors and the Historic Preservation Commission every three years. The Planning Department submitted a report on January 17, 2024 for 2023.

RECOMMENDATION

Approval of the proposed resolutions in File 25-1126 and 25-1127 is a policy matter for the Board of Supervisors.

APPENDIX**The Board of Supervisors Has Previously Approved 55 Mills Act Contracts, with Estimated Annual Property Tax Reductions of \$3,290,475**

Since 2002, the Board of Supervisors has approved 55 Mills Act contracts, all of which are ongoing, as shown in Exhibit 9 below. If the Board of Supervisors approves the three pending Mills Act contracts (Files 25-1126 and 25-1127, which our report covers, plus File 25-1128), total estimated annual property tax reductions will increase by \$557,682, from \$3,290,475¹⁴ to \$3,484,157.

¹⁴ This amount reflects estimated property tax savings for FY 2024-25, according to the Office of the Assessor-Recorder.

Exhibit 8: Previously Approved and Pending Mills Act Contracts¹⁵

Address	Property Type	W/o Mills Act Assessed Value	With Mills Act Value	Reduction in Assessed Value	Percent Reduction	Estimated Property Tax Savings
1036 Vallejo	SFR*	\$2,321,166	\$970,000	\$(1,351,166)	-58%	\$(15,828)
101 Vallejo	Office	12,800,575	3,980,000	(8,820,575)	-69%	(103,324)
450 Pacific	Office	34,065,144	9,940,000	(24,125,144)	-71%	(282,602)
807 Montgomery	Office	38,760,000	4,370,000	(34,390,000)	-89%	(402,844)
353 Kearny	Office	7,585,526	4,430,000	(3,155,526)	-42%	(36,964)
460 Bush	Commercial	8,268,120	2,250,000	(6,018,120)	-73%	(70,496)
761 Post	Hotel	39,240,511	39,240,511	-	0%	-
1772 Vallejo	SFR	7,545,509	2,200,000	(5,345,509)	-71%	(62,617)
2550 Webster	SFR	3,644,497	1,640,000	(2,004,497)	-55%	(23,481)
2253 Webster	SFR	2,390,410	390,000	(2,000,410)	-84%	(23,433)
2251 Webster	SFR	3,069,180	390,000	(2,679,180)	-87%	(31,384)
2209 Webster	SFR	2,184,840	631,685	(1,553,155)	-71%	(18,194)
1735 Franklin	SFR	3,417,021	1,470,000	(1,947,021)	-57%	(22,807)
1818 California	SFR	4,599,913	1,330,000	(3,269,913)	-71%	(38,304)
940 Grove	SFR	5,276,129	1,240,000	(4,036,129)	-76%	(47,279)
722 Steiner	SFR	6,242,400	1,155,000	(5,087,400)	-81%	(59,594)
942 Fell	Condo	1,142,926	457,285	(685,641)	-60%	(8,032)
944 Fell	Condo	1,331,452	532,715	(798,737)	-60%	(9,356)
361 Oak	SFR	3,018,199	740,000	(2,278,199)	-75%	(26,687)
465 - 467 Oak	2 units	2,918,372	860,000	(2,058,372)	-71%	(24,112)
215 Haight/55 Laguna (Non-Renewal)	Apartments			-	-	-
201 Buchanan	2 units	1,978,044	910,000	(1,068,044)	-54%	(12,511)
50 Carmelita	SFR	3,163,775	750,000	(2,413,775)	-76%	(28,275)
60-62 Carmelita	2 units	2,478,362	810,000	(1,668,362)	-67%	(19,543)
66 Carmelita	SFR	2,496,900	560,000	(1,936,900)	-78%	(22,689)
627 Waller (Non-Renewal)	2 units	4,218,298	3,393,341	(824,957)	-20%	(9,664)
621 Waller	SFR	2,769,572	520,000	(2,249,572)	-81%	(26,351)
59 Potomac	SFR	4,253,466	1,166,680	(3,086,786)	-73%	(36,159)
56 Pierce	3 units	1,853,853	840,000	(1,013,853)	-55%	(11,876)
64 Pierce	SFR	3,123,693	660,000	(2,463,693)	-79%	(28,860)
68 Pierce	SFR	2,746,424	1,121,376	(1,625,048)	-59%	(19,036)
587 Waller	SFR	3,437,315	650,000	(2,787,315)	-81%	(32,651)
563-567 Waller	3 units	2,737,752	1,210,000	(1,527,752)	-56%	(17,896)
101-105 Steiner	3 units	3,196,940	1,220,000	(1,976,940)	-62%	(23,158)
56 Potomac	SFR	1,285,019	521,000	(764,019)	-59%	(8,950)

¹⁵ Estimated annual property taxes are based on information provided by the Office of the Assessor-Recorder to the Budget and Legislative Analyst's Office at the time of Board of Supervisors approval of the Mills Act contracts.

Address	Property Type	W/o Mills Act Assessed Value	With Mills Act Value	Reduction in Assessed Value	Percent Reduction	Estimated Property Tax Savings
64 Potomac	SFR	2,908,807	440,000	(2,468,807)	-85%	(28,920)
66 Potomac	SFR	1,983,266	560,000	(1,423,266)	-72%	(16,672)
1080 Haight	SFR	5,311,968	3,177,080	(2,134,888)	-40%	(25,008)
1315 Waller	SFR	3,637,624	1,439,812	(2,197,812)	-60%	(25,745)
1401 Howard	Office	19,403,427	11,500,000	(7,903,427)	-41%	(92,581)
2168-2174 Market	Retail	748,283	748,283	-	0%	-
3769 20th	SFR	2,335,240	1,035,000	(1,300,240)	-56%	(15,231)
354-356 San Carlos	2 units	1,721,441	765,000	(956,441)	-56%	(11,204)
811 Treat	Apartments	825,770	698,000	(127,770)	-15%	(1,497)
2731-2735 Folsom	3 units	6,748,866	1,966,000	(4,782,866)	-71%	(56,026)
1019 Market	Office	56,852,239	15,800,000	(41,052,239)	-72%	(480,886)
973 Market (Non-Renewal)	Apartments	37,832,291	16,500,000	(21,332,291)	-56%	(249,886)
984 Market	Office Condo	203,992	71,614	(132,378)	-65%	(1,551)
986 Market	Office Condo	269,816	94,722	(175,094)	-65%	(2,051)
990 Market	Office Condo	181,300	63,647	(117,653)	-65%	(1,378)
994 Market	Office Condo	189,280	66,449	(122,831)	-65%	(1,439)
998 Market	Office Condo	1,091,568	372,672	(718,896)	-66%	(8,421)
16 Taylor	Office Condo	208,467	73,184	(135,283)	-65%	(1,585)
988 Market ¹⁶	Office Condo	21,683,268	7,612,080	(14,071,188)	-65%	(164,830)
690 Market ¹⁷	Timeshare/Condo	115,058,853	72,322,899	(42,735,954)	-37%	(500,609)
Total Previously Approved		\$508,757,069	\$227,856,035	\$(280,901,034)		\$(3,290,475)
Proposed New Mills Act Contracts						
530 Jackson	Condo Res.	\$32,365,000	\$10,031,000	\$(22,334,000)	-69%	\$(261,620)
1035 Howard	Mixed Use	34,500,000	12,248,000	(22,252,000)	-64%	(260,660)
331 Pennsylvania	Industrial	7,963,200	4,941,000	(3,022,200)	-39%	(35,402)
Total Pending		\$66,865,000	\$22,279,000	\$(44,586,000)		\$(577,682)
Total		\$575,622,069	\$250,135,035	\$(325,487,034)		\$(3,848,157)

Source: Office of the Assessor-Recorder

*Note: SFR means single-family residential.

¹⁶ This address includes 16 office condo units, and the property tax amounts shown reflect the sum total for all 16 units.

¹⁷ This address includes 58 units, and the property tax amounts shown reflect the sum total for all 58 units.

Recording Requested by, and
when recorded, send notice to:
Shannon Ferguson
49 South Van Ness Avenue, Suite 1400
San Francisco, CA 94103

CALIFORNIA MILLS ACT HISTORIC PROPERTY AGREEMENT

THIS AGREEMENT is entered into by and between the City and County of San Francisco, a California municipal corporation ("City") and 1035 Howard LLC ("Owners").

RECITALS

Owners are the owners of the property located at 1035 Howard Street, in San Francisco, California (Block 3731, Lot 094), as more particularly described in Exhibit C attached hereto. The building located at 1035 Howard Street is designated as a Category II – Significant Building pursuant to Article 11 of the Planning Code, and is also known as 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 two hundred thirty eight thousand and two hundred eighty five dollars (\$3,405,000.00). (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 three thousand eight hundred dollars (\$75,000) 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 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 within no more 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 12 and 13 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 within no more 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 13 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 and Compliance Monitoring. Prior to entering into this Agreement and every five years thereafter, and upon seventy-two (72) hours advance notice, Owners shall permit any representative of the 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 duration 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 ("Term"). As provided in Government Code section 50282, one year shall 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 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. Notice of Nonrenewal. If in any year of this Agreement either the Owners or the City desire 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 either party serves notice of nonrenewal of this Agreement, this Agreement shall remain in effect for the balance of the period remaining since the original execution or the last renewal of the Agreement, as the case may be. Thereafter, 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 expiration of this Agreement.

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 the City, Owners shall pay the City the reasonable costs related to the preparation and approval of the Agreement. In addition, Owners shall pay the City for the actual costs of inspecting the Historic Property, as set forth in Paragraph 6 herein.

11. 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 as set forth in Exhibit B, 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 or requests for information, as provided in Paragraph 6 herein;
- (e) Owners' failure to pay any fees requested by the City as provided in Paragraph 10 herein;
- (f) Owners' failure to maintain adequate insurance for the replacement cost of the Historic Property, as required by Paragraph 5 herein; or
- (g) 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 12 and 13 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 13 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 12 herein prior to cancellation of this Agreement.

12. 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 11 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.

13. Cancellation Fee. If the City cancels this Agreement as set forth in Paragraph 12 above, and as required by Government Code Section 50286, 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.

14. 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 do 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 12 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.

15. 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.

16. 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.

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

18. 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.

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

20. Recordation. Within 20 days from the date of execution of this Agreement, the parties shall cause this Agreement to be recorded with the Office of the Recorder of the City and County of San Francisco. From and after the time of the recordation, this recorded Agreement shall impart notice to all persons of the parties' rights and obligations under the Agreement, as is afforded by the recording laws of this state.

21. 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.

22. 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.

23. 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 Owners have 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.

24. 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.

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

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

27. 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: _____
Joaquin Torres, Assessor-Recorder

By: _____ DATE: _____
Sarah Dennis-Phillips, Director of Planning

APPROVED AS TO FORM:
DAVID CHIU
CITY ATTORNEY

By: _____ DATE: _____
Peter Miljanich, Deputy City Attorney

OWNERS

By: _____ DATE: _____
Owner

By: _____ DATE: _____
Owner

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



San Francisco Planning

49 South Van Ness Avenue, Suite 1400
San Francisco, CA 94103
628.652.7600
www.sfplanning.org

November 3, 3025

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

**Re: Mills Act Historical Property Contracts for
331 Pennsylvania Avenue**
Planning Department File No. 2025-003698MLS

530 Jackson Street
Planning Department File No. 2025-003876MLS

1035 Howard Street
Planning Department File No. 2025-003728MLS

Dear Ms. Calvillo,

On October 15, 2025, 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 Applications for 331 Pennsylvania Avenue, 530 Jackson Street, and 1035 Howard Street. At the hearing, the Commission unanimously voted to approve the proposed Resolutions.

The Resolutions recommend the Board of Supervisors approve the Mills Act Historical Property Contracts as each property is a historical resource and the proposed Rehabilitation and Maintenance plans are appropriate and conform to the Secretary of the Interior’s Standard for the Treatment of Historic Properties. Please refer to the attached exhibits for specific work to be completed for each property.

The Project Sponsors submitted the Mills Act applications on May 1, 202025. As detailed in the Mills Act application, the Project Sponsors have committed to Rehabilitation and Maintenance plans that will include both annual and cyclical scopes of work. The Mills Act Historical Property Contract will help the Project Sponsors mitigate expenditures and enable the Project Sponsors to maintain their historic properties in excellent condition in the future.

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.

2025 Mills Act Historical Property Contracts

The Mills Act Historical Property Contract is time sensitive. Contracts must be recorded with the Assessor-Recorder by December 30, 2025 to become effective in 2026. **We respectfully request these items be introduced at the next available hearing date.** Your prompt attention to this matter is appreciated.

If you have any questions or require further information, please do not hesitate to contact me.

Sincerely,



Aaron D. Starr
Manager of Legislative Affairs

cc: Monique Crayton, Assistant Clerk, Government Audit & Oversight Committee
Peter Miljanich, City Attorney's Office

Attachments:

Mills Act Executive Summary, dated October 15, 2025
Assessor Valuation Table

331 Pennsylvania Ave

Historic Preservation Commission Resolution No. 1492
Draft Mills Act Historical Property Contract
Draft Rehabilitation & Maintenance Plans
Draft Mills Act Valuation provided by the Assessor-Recorder's Office
Mills Act Application

530 Jackson Street

Historic Preservation Commission Resolution No. 1493
Draft Mills Act Historical Property Contract
Draft Rehabilitation & Maintenance Plans
Draft Mills Act Valuation provided by the Assessor-Recorder's Office
Mills Act Application

1035 Howard Street

Historic Preservation Commission Resolution No. 1494
Draft Mills Act Historical Property Contract
Draft Rehabilitation & Maintenance Plans
Draft Mills Act Valuation provided by the Assessor-Recorder's Office
Mills Act Application



MILLS ACT HISTORICAL PROPERTY CONTRACT

SUPPLEMENTAL APPLICATION

Note: Applications must be submitted in both hard copy and digital copy form to the Planning Department at 49 South Van Ness Avenue., Suite 1400 by May 1 in order to comply with the timelines established in the Application Guide. Please submit only the Application and required documents.

Property Information

Project Address: 1035 Howard Street

Block/Lot(s): 3731/094

Is the entire property owner-occupied?

Yes No

If **NO**, please provide an approximate square footage for owner-occupied areas vs. rental income (non-owner-occupied areas).
Attach a separate sheet of paper if necessary.

No owner occupied areas; 71,047 gsf will consist of social service office, retail, & self and commercial storage.

Rental Income Information

Include information regarding any rental income on the property, including anticipated annual expenses, such as utilities, garage, insurance, building maintenance, etc.? Attach a separate sheet of paper if necessary.

Property Owner's Information

(If more than three owners attach additional sheets as necessary. Property owner names must be listed exactly as listed on the deed)

Name (Owner 1): John Sweeney

Company/Organization: 1035 Howard LLC

Address: 2310 S. Miami Blvd., Ste 234
Durham, NC 27703

Email Address: jsweeney@tourbineau.com

Telephone: 518.817.6674

Name (Owner 2):

Company/Organization:

Address:

Email Address:

Telephone:

Name (Owner 3):

Company/Organization:

Address:

Email Address:

Telephone:

Do you own other property in the City and County of San Francisco?

Yes No

If **YES**, please list the addresses and Block/Lot(s) for all other property owned within the City of San Francisco.

Applicant Information Same as above

Name: Amie Gutierrez

Company/Organization: Ryan LLC

Address: 501 W. Broadway, Suite 1300
San Diego, CA 92101

Email Address: Amie.Gutierrez@ryan.com

Telephone: 585.330.6934

Please Select Billing Contact Owner Applicant

Name: John Sweeney

Email Address: Jsweeney@turbineau.com

Telephone: 518-817-6674

Please Select Primary Project Contact: Owner Applicant

X

Qualified Historic Property

Individually Designated Pursuant to Article 10 of the Planning Code.

Landmark No.: _____ Landmark Name: _____

Contributing Building in a Landmark District Designated Pursuant to Article 10 of the Planning Code.

Landmark District Name: _____

Significant (Category I or II) Pursuant to Article 11 of the Planning Code.

Contributory (Category III) Pursuant to Article 11 of the Planning Code

Contributory (Category IV) to a Conservation District Pursuant to Article 11 of the Planning Code.

Individual Landmark under the California Register of Historical Resources

Contributory Building in California Register of Historical Resources Historic Districts.

Individual Landmark listed in the National Register of Historic Places.

Contributory Building listed in the National Register of Historic Places as a Historic District.

Submitted a complete application for listing or designation on or before December 31 of the year before the application is made.

Are there any outstanding violations on the property from the San Francisco Planning Department or the Department of Building Inspection? If **YES**, all outstanding violations must be abated and closed for eligibility for the Mills Act.

Yes No

Are taxes on all property owned within the City and County of San Francisco paid to date? If **NO**, all property taxes must be paid for eligibility for the Mills Act.

Yes No

NOTE: All property owners are required to include a copy of their most recent property tax bill.

Tax Assessment Value

Most Recent Assessed Value: \$ **\$27, 669,245.00**

Choose one of the following options:

The property is a Residential Building valued at less than \$3,000,000

Yes No

The property is a Commercial/Industrial Building valued at less than \$5,000,000

Yes No

Exemption from Tax Assessment Value

If the property value exceeds the Tax Assessment Value, please explain below how the property meets the following two criteria and why it should be exempt from the Tax Assessment Value.

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;

See supplemental attachment.

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.

See supplemental attachment.

NOTE: A Historic Structures Report or Conditions Assessment, completed by a qualified historic preservation consultant, must be submitted in order to apply for an exemption from the tax assessment value.

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

Priority Consideration Criteria

Please check the appropriate criteria as they apply to your property and explain on a separate piece of paper how the property meets the stated Priority Consideration Criteria. A property must qualify in one of the six categories to be given priority consideration.

Office to Residential Conversion: The project converts underutilized office buildings into housing (typically properties eligible for the Commercial to Residential Adaptive Reuse Program).

The property is located in a Priority Equity Geography: Priority Equity Geographies are areas with a higher density of vulnerable populations as defined by the San Francisco Department of Health, including but not limited to people of color, seniors, youth, people with disabilities, linguistically isolated households, and people living in poverty or unemployed. Please check [San Francisco Property Information Map](#) to determine if the property is located within a Priority Equity Geography.

1035 Howard Street is located within Priority Equity Geographies Special Use District (SUD) Youth and Family Zone, per the San Francisco Property Information Map. See supplemental attachment.

Multi-Family Housing: The project consists of, or promotes multi-family housing.

Estimated cost of rehabilitation work: The project has an estimated cost of rehabilitation work that exceeds \$200,000 for single family dwellings and \$500,000 for multi-unit residential, commercial, or industrial buildings.

See supplemental attachment.

Recently Designated City Landmarks: properties that have been recently designated landmarks will be given priority consideration.

Legacy Business: The project will preserve a property at which a business included in the Legacy Business Registry is located. This criterion will establish that the owner is committed to preserving the property, including physical features that define the existing Legacy Business.

Photographic Documentation

Provide both interior and exterior images (either on separate sheets of paper or digitally) and label the images properly.

Site Plan

On a separate sheet of paper, show all buildings on the property including lot boundary lines, street name(s), north arrow and dimensions on a site plan.

Rehabilitation/Restoration & Maintenance Plans

A 10 Year Rehabilitation/Restoration Plan, including estimates prepared by qualified contractors, has been submitted detailing work to be performed on the subject property

Yes No

A 10 Year Maintenance Plan has been submitted detailing work to be performed on the subject property

Yes No

Proposed work will meet the *Secretary of the Interior's Standards for the Treatment of Historic Properties*, the California Historic Building Code and all applicable Codes and Guidelines, including the Planning Code and Building Code.

Yes No

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 1	Building Feature: Seismic upgrades (foundation, walls, floors)		
<input type="checkbox"/> Maintenance	<input checked="" type="checkbox"/> Rehab/Restoration	<input type="checkbox"/> Completed	<input type="checkbox"/> Proposed
Contract year work completion: 2030			
Total Cost: \$ 1,000,000.00			
<p>Structural modifications to meet current seismic standard requirements will be performed. The lateral support system will be concrete shear walls within the existing building to resist lateral loads. The new shear walls will require modifying the foundation through installation of piles where new walls will be constructed.</p> <p>South wall - Geotechnical and structural investigations will determine viability of foundation support; structural repairs will stabilize subsidence of soil.</p> <p>First floor (prior) office and adjacent areas - Geotechnical and structural investigations of subsiding floor will determine needed repairs to floor and subsoil to stabilize subsoil; new level floor will be constructed.</p>			

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 2	Building Feature: Roof, parapets & skylights		
<input type="checkbox"/> Maintenance	<input checked="" type="checkbox"/> Rehab/Restoration	<input type="checkbox"/> Completed	<input type="checkbox"/> Proposed
Contract year work completion: 2030			
Total Cost: \$ 400,000.00			
Description of work:			
<p>Entire roof will be replaced including the central penthouse roof, elevator machine room, roofing adjacent to hipped skylight, and five-sided structure. All existing materials including drains, flashing and sheet metal will be removed and the underlying deck will be evaluated and repaired as needed. Parapets will be evaluated and repaired in-kind. New roofing system will be installed, likely a multi-ply bitumen membrane with a granulated surfaced cap sheet, as well as a tapered insulation and flashing.</p> <p>Skylights will also be removed and replaced with new roofing; curbs and outlines will be retained.</p> <p>Hipped skylight will remain and be restored.</p>			

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 3	Building Feature: Exterior concrete elevations
<input type="checkbox"/> Maintenance <input checked="" type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	
Contract year work completion: 2030	
Total Cost: \$800,000.00	
<p>Repair and restore cracks, spalls, damage and improper repairs on Howard St and Russ St elevations including Art Deco elements such as columns, capital, window frame elements, spandrel panels, and cornice. Repair and restore cracks and spalls at Russ St. and south elevation utilitarian sections including window frames. Non-historic smokestacks will be removed. Patch southern elevation walls where equipment was removed including adjacent damaged wall areas.</p>	

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 4	Building Feature: upper & penthouse windows; ground floor stucco windows		
<input type="checkbox"/> Maintenance	<input checked="" type="checkbox"/> Rehab/Restoration	<input type="checkbox"/> Completed	<input type="checkbox"/> Proposed
Contract year work completion: 2030			
Total Cost: \$ 800,000.00			
<p>Windows on Howard and Russ street elevations will be repaired or restored in kind. Paint and rust will be removed from muntins, while the mullions and frames and repainted. Where glazing is missing or incompatible replacement, new glazing to match historic will be installed.</p> <p>Stucco infill panels along ground floor of Howard and Russ Streets will be removed and replaced with appropriate glazing that is compatible with the character and style of the building. Central penthouse windows will also be repaired or replaced in-kind to match the existing.</p> <p>Some southern elevation windows will be repaired and restored in-kind, but most will be removed leaving a reveal to identify where windows were once located. Although an original feature, this is necessary for the interior to function as self-storage and the main elevations to remain intact. This is only proposed for the rear elevation and the reveal will serve to identify the size and shape of the original windows as well as provide some shadow to articulate windows have been removed.</p>			

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 5	Building Feature: terra cotta tile at bulkhead and column base
<input type="checkbox"/> Maintenance <input checked="" type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	
Contract year work completion: 2030	
Total Cost: \$ 100,000.00	
Repair and/or replace in-kind terra cotta tile base along north and west elevations. Missing corner tiles will be replaced to match the existing while insufficiently repaired tiles will be restored or replaced in-kind. Tiles will be painted with a black glazing to match the original in appearance.	

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 6	Building Feature: Doors
<input type="checkbox"/> Maintenance <input checked="" type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	
Contract year work completion: 2030	
Total Cost: \$ <u>125,000.00</u>	
<p>Repair and restore main entrance along Howard Street including Art Deco detailing. Remove non-original door in bay 2 along Russ Street (north-south). Within bays 6 and 7, replace doors within existing opening with break resistant glazing for consistency with HPC and PC approval. Southern elevation door will be replaced within existing opening.</p>	

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 7	Building Feature: Fire Escapes		
<input type="checkbox"/> Maintenance	<input checked="" type="checkbox"/> Rehab/Restoration	<input type="checkbox"/> Completed	<input type="checkbox"/> Proposed
Contract year work completion: 2030			
Total Cost: \$ 75,000			
Description of work: Fire escapes along Russ Street will be repaired, painted and connections strengthened to meet current code standards.			

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 8	Building Feature: Interior perimeter walls & columns
<input type="checkbox"/> Maintenance <input checked="" type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	
Contract year work completion: 2030	
Total Cost: \$100,000.00	
Description of work: Repair spalls and cracks on interior of perimeter walls due to water infiltration. Repair plaster Art Deco columns in-kind including dents and where damaged from removal of interior partition walls.	

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 9	Building Feature: Boiler Room		
<input type="checkbox"/> Maintenance	<input type="checkbox"/> Rehab/Restoration	<input type="checkbox"/> Completed	<input checked="" type="checkbox"/> Proposed
Contract year work completion: 2030			
Total Cost: \$ 5,000.00			
Description of work:			
<p>The Boiler Room is a non-contributing feature of the building and is currently in a severely deteriorated state that is beyond repair. It poses life safety concerns and therefore will be demolished. This condition is due to:</p> <ul style="list-style-type: none">• Demolished southern wall leaving the interior open to the elements,• Substantial cracks and settlement in the concrete slab,• Substantial delamination of roofing with water damage, holes, and corroded flashing,• Spalling concrete at windows, walls, and roof, and• Rusted steel sash windows with broken panes.			

Maintenance Plan (Exhibit B)

Use this form to outline your Maintenance Plan. Copy this page as necessary to include all maintenance scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 10	Building Feature: Roof
<input checked="" type="checkbox"/> Maintenance <input type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	
Contract year work completion: Annually	
Total Cost: \$ 5,000.00	
<p>Description of work:</p> <p>Roof will be inspected on an annual basis with repairs being done on an as-needed basis, including the central penthouse roof, parapets, EMR, and roof adjacent to hipped skylight.</p>	

Maintenance Plan (Exhibit B)

Use this form to outline your Maintenance Plan. Copy this page as necessary to include all maintenance scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 11	Building Feature: Exterior elevations including windows
<input checked="" type="checkbox"/> Maintenance <input type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	
Contract year work completion: Annually	
Total Cost: \$ 50,000.00	
<p>Description of work:</p> <p>The building exterior will be painted as needed, likely every 3-5 years with some elevations requiring this form of maintenance more often due to exposure, such as the southern elevation. This includes window frames and any decorative elements.</p>	

Maintenance Plan (Exhibit B)

Use this form to outline your Maintenance Plan. Copy this page as necessary to include all maintenance scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 12	Building Feature: Art Deco features
<input checked="" type="checkbox"/> Maintenance <input type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	
Contract year work completion: Annually	
Total Cost: \$ 5,000.00	
<p>Description of work: Art Deco features along Howard and Russ Street elevations will be inspected annually for needed repairs and/or restoration, which will be addressed promptly if/when identified.</p>	

Maintenance Plan (Exhibit B)

Use this form to outline your Maintenance Plan. Copy this page as necessary to include all maintenance scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 13	Building Feature: Doors
<input checked="" type="checkbox"/> Maintenance <input type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	
Contract year work completion: Annually	
Total Cost: \$ 5,000.00	
Description of work: Doors along all elevations will be inspected annually for needed repairs and/or restoration, which will be addressed promptly if/when identified.	

Maintenance Plan (Exhibit B)

Use this form to outline your Maintenance Plan. Copy this page as necessary to include all maintenance scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 14	Building Feature: Fire Escapes
<input checked="" type="checkbox"/> Maintenance <input type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	
Contract year work completion: Annually	
Total Cost: \$ 5,000.00	
Description of work: Fire escapes along the Russ Street elevation will be inspected annually for needed repairs and/or restoration, which will be addressed promptly if/when identified.	

Maintenance Plan (Exhibit B)

Use this form to outline your Maintenance Plan. Copy this page as necessary to include all maintenance scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 15	Building Feature: Interior perimeter walls & columns
<input checked="" type="checkbox"/> Maintenance <input type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	
Contract year work completion: Annually	
Total Cost: \$ 5,000.00	
Description of work: Interior perimeter walls and columns will be inspected annually for needed repairs and/or restoration, which will be addressed promptly if/when identified.	

Signature and Notary Acknowledgement Form

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. Attach notary acknowledgement.

John Sweeney

Name (Print)

04/28/2025

Date

Signature

Name (Print)

Date

Signature

Name (Print)

Date

Signature

Public Information Release

Please read the following statements and check each to indicate that you agree with the statement. Then sign below in the space provided.

I understand that submitted documents will become public records under the California Public Records Act, and that these documents will be made available upon request to members of the public for inspection and copying.

I acknowledge that all photographs and images submitted as part of the application may be used by the City without compensation.

John Sweeney

Name (Print)

04/28/2025

Date

Signature

Public Information Release

Please read the following statements and check each to indicate that you agree with the statement. Then sign below in the space provided.

I understand that submitted documents will become public records under the California Public Records Act, and that these documents will be made available upon request to members of the public for inspection and copying.

I acknowledge that all photographs and images submitted as part of the application may be used by the City without compensation.

John Sweeney

Name (Print)

4/28/2025

Date

Signature

1035 Howard Street

Mills Act Application Supplemental Information

Exemption from Tax Assessment Value: If the property value exceeds the Tax Assessment Value, please explain below how the property meets the following two criteria and why it should be exempt from the Tax Assessment Value.

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.*

Art Deco is a less common style within San Francisco and seldom found to exemplify warehouses within the city, which makes the highly stylized and intact Eng-Skell Building quite rare and exceptional. Ornately detailed on its two street-facing elevations, Art Deco features are illustrated by the stepped pilasters and their projecting capitals, accordion spandrels, tulip/chevron reliefs, and recessed stepped-entrance with gold detailing. This purpose-built industrial building has high artistic values and few exterior alterations. The Eng-Skell Building retains high integrity through embodiment of the Art Deco style and is especially significant as a rare and large example of the style for the light industrial building type within the city.

The Eng-Skell Building stands out within San Francisco and among other light industrial buildings in the SoMa district for its expressive and intact Art Deco style design. Although the Art Deco style can be found in other areas of the city, it is more commonly found in other building types such as commercial, residential, and offices. Rarely is it found in light industrial buildings. Of the few examples found (234 1st Street, 271-275 9th Street, and 468 9th Street), the Eng-Skell Building is the most prominent due to its scale, corner presence and bold detailing across two street-facing elevations. Significant at the local level under Criterion C, the Eng-Skell Building is eligible for listing in the National Register of Historic Places as an exceptional, rare, and sizable light industrial example of the Art Deco style within San Francisco.

Additionally, this warehouse was constructed c. 1930 for the Eng-Skell Company, which began in San Francisco c. 1903. Producers of crushed fruits, toppings and fountain syrups, the company operated within this building, which served as their home office, laboratory, and manufacturing plant, until approximately 2016 when operations ceased. This building and specifically its third floor laboratory enabled the Eng-Skell Company to maintain its leadership position in the soda fountain and extracts industry for several decades. Known best by their slogan, “Your Flavoring Friends,” the company attained a leadership role in the early 20th century, which they held onto through the constant development of new products in the soda fountain, confectionary, ice cream and bakery industries. As a remarkably significant San Francisco-born business that became an industry leader and retained its main operations in the city for over 100 years, and at this specific site for approximately 85 years, the Eng-Skell Company through its building at 1035 Howard Street strongly contributed to the local light industrial economy of the SoMa district from c. 1930-2016.

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.*

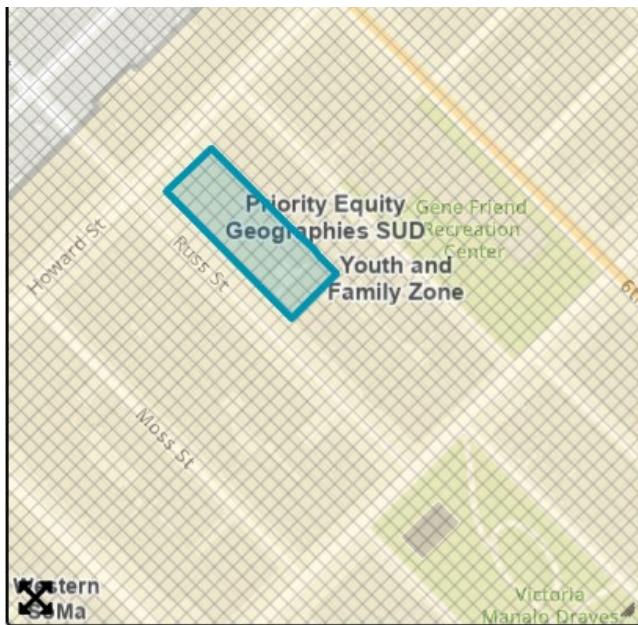
The Eng-Skell Building has an overall deteriorated condition primarily due to deferred maintenance; however, it retains a high level of historical integrity with its character-defining features and original materials. Vacant since approximately 2016, several proposals for adaptive reuse have been attempted, many of which were not compatible uses and/or proposed substantial additions that would have impacted the integrity of the building.

As a National Register-eligible resource, the current proposal is the least obtrusive, the most compatible with the structure's original use, and consistent with the Secretary of the Interior Standards for Rehabilitation. It requires no additions to the rooftop or rear yard and, due to structural issues, will demolish the Boiler Room wing along Russ Street. Demolition of the Boiler Room has been proposed and accepted by the National Park Service as part of the Historic Preservation Certification Application (HPCA) process because it exhibits highly deteriorated exterior and interior conditions. These include a demolished southern wall, substantial cracks and settlement of the concrete slab, and delamination of roofing with water damage, holes and corroded flashing. The self and commercial storage and social service uses are consistent with the original light industrial and office use of the interior. Further, the exemption enables a project that will substantially restore the Eng-Skell Building and cleans up the larger site, which supports the longevity of this rare and significant Art Deco building. Not granting the exemption will put the building in a precarious state due to the continuation of deferred maintenance and other projects that will propose inappropriate uses, additions/alterations, and potential demolition. While the building continues to retain a majority of its character defining features, these will continue to deteriorate and are unlikely to repaired or replaced without a new use coming into the building.

Priority Consideration Criteria

- 1. The property is located in a Priority Equity Geography: Priority Equity Geographies are areas with a higher density of vulnerable populations as defined by the San Francisco Department of Health, including but not limited to people of color, seniors, youth, people with disabilities, linguistically isolated households, and people living in poverty or unemployed. Please check San Francisco Property Information Map to determine if the property is located within a Priority Equity Geography.*

1035 Howard Street is located within Priority Equity Geographies Special Use District (SUD) Youth and Family Zone, per the San Francisco Property Information Map. See image below.



2. *Estimated cost of rehabilitation work: The project has an estimated cost of rehabilitation work that exceeds \$200,000 for single family dwellings and \$500,000 for multi-unit residential, commercial, or industrial buildings.*

The estimated cost of rehabilitation work is \$3,405,000 (estimated total project cost is \$11,977,840), which exceeds the \$500,000 threshold for commercial buildings. This will include:

- Structural modifications to meet current seismic standards. This will include concrete shear walls and foundation piles to support the new walls.
- Geotechnical and structural investigations to determine viability of foundation; repair floor and subsoil to stabilize conditions and rebuild a new level floor.
- Repair exterior walls where equipment has been removed and damaged wall areas.
- Repair/replace damaged terra cotta tile at bulkheads and column bases to match original appearance.
- Repair/restore cracks, spalls, and damage at columns and capitals, decorative spandrel elements, window headers and sills, and smokestacks as well as interior associated with windows and doors.
- Replace stucco panels at ground floor along Howard and Russ streets with compatible glazing.
- Repair/replace damaged window frames, mullions, glazing, muntins and awning mechanism.
- Paint building, window frames and mullions, and fire escapes.
- Repair/restore damaged doors and restore main entrance on Howard Street.
- Evaluate and repair/restore hipped skylight; this will include painting, replacing broken or missing glass, repairing frame, and replacing roof vents.
- Replace entire roofing system (main roof, penthouse, elevator machine room, and five-sided raised structure) and repair any underlying deterioration.
- Repair/restore all parapets.
- Interior: Patch/repair column and wall dents and missing plaster.

October 14, 2024

Re: Update to 1035 Howard Street Maintenance Plan Update [24256]

Page & Turnbull

This memorandum has been prepared at the request of Tourbineau Real Estate Partners as an update to the previously approved 2018 Maintenance Plan for the property at 1035 Howard Street in San Francisco's South of Market neighborhood.

1035 Howard Street in San Francisco is a designated historic resource under the California Environmental Quality Act (CEQA), and the property is being rehabilitated and converted to Self-Storage and Commercial Storage use in accordance with San Francisco Planning Code Section 803.9(b)(1). Per San Francisco Planning Department procedures, qualified historic buildings in the Eastern Neighborhoods Mixed-Use Districts that propose to use such historic building zoning controls are to submit an Historic Building Maintenance Plan (HBMP) for the property for review by the San Francisco Historic Preservation Commission (SFHPC).

A Maintenance Plan was presented and approved by the SFHPC in 2018 as part of a different entitlement application. The following are revisions to Section III of the Maintenance Plan, previously prepared by Frederic Knapp and updated to current conditions by Page & Turnbull. All professional staff working on this project meet or exceed the Secretary of the Interior's Professional Qualification Standards for Historic Architecture, Architectural History, History, or Archaeology, or are under the direct supervision of a staff member who exceeds these qualifications.

METHODOLOGY

1. Reviewed Previous Maintenance Plan.
2. Conducted site visit on October 3, 2024, to assess current conditions against 2018 conditions.
3. Updated photo documentation as needed to illustrate changes since 2018.
4. Prepared draft and final cover page memorandum that confirms or revises and updates Maintenance Plan Chapter III: Recommendations for Treatment / Repair Recommendations.

CHANGES IN CONDITION SINCE 2018

Location	Condition in 2018	Condition in 2024
<i>Exterior North Façade</i>	Not extant in report.	Incipient spall at the window head at the fourth bay from the east end on the third floor (Figure 1).
	Not extant in report.	Horizontal crack below the second-floor window at the fourth bay from the east end (Figure 2).
	"Figure 16. Chip on the tile column base at north façade." (page 11)	Chip no longer visible and has been painted over (Figure 3).
<i>Exterior West Elevation, Decorative First Five Bays</i>	"Figure 19. Holes in the base tile at Russ Street Façade..." (page 13)	These tiles below the windows at the base have been removed from the west façade on the first and second bays from the north end. This area has been infilled with concrete (Figure 4).
	"Figure 21. Tile column base that has been replaced by stucco in the same shape." (page 14)	The stucco at this column base has delaminated and detached (Figure 5).
	"Figure 24. The transoms at the second bay from the north end of the west façade has a large spall at its sill." (page 15)	The condition of this sill could not be confirmed as it is blocked by plywood (Figure 6).
	"25% of the lights are painted, opaque, missing, or fiberglass." (page 19)	It appears that there are more broken, cracked, or missing glass panes than demonstrated in the 2018 report (Figure 7 & Figure 8).
	"Figure 36. The head of the door at the north end of the western façade..." (page 19)	This door is covered with plywood panel, condition could not be confirmed (Figure 9).
<i>Exterior South Façade</i>	"Figure 47. The distribution of cracks and spalls..." (page 24)	The mechanical object attached to the window in this photo is no longer extant (Figure 10).
	"Figure 48. Extensive cracks at the upper west corner..."	The pipes and wires in this photo are no longer extant (Figure 11).
	"Figure 50. The extensive spall at the bottom..." (page 25)	Vent shown in photo is not extant (Figure 12).
	"Figure 51. The second and third floor windows..." (page 26)	Pipes shown in photo are not extant (Figure 13).
	"Figure 52. The first and second floor windows..." (page 26)	The structure shown in the photo is not extant (Figure 14).
	Not extant in report.	In the areas where the pipes were removed, the concrete substrate was not properly patched and repaired, leading to cracks and spalls in the concrete and exposing some rebar (Figure 15).

	"Parts of two windows are not completely visible from grade..." (page 27)	All windows are now visible as the structure abutting the south façade has since been demolished (Figure 16).
	"The windows of this façade are in generally good condition." (page 27)	It appears that there are more broken, cracked, and missing window panes than is demonstrated in the 2018 report (Figure 17).
<i>Roof</i>	"Figure 60. Typical view of roofing terminated by counter-flashing at the bottom of the parapet." (page 29)	This area of flashing has now detached from the parapet (Figure 18).
	Not extant in report.	The drains appear to be partially or completely blocked with debris. It is unclear if any of the drains are functioning properly (Figure 19).
<i>Interior, First Floor</i>	"Figure 73. Visible leak damage and spalling at concrete window sill of 1 st floor front transom." (page 34)	This leak and associated damage at the transom have been partially repaired and/or repainted. The area still exhibits some damage and has some areas of new paint failure. It is unclear if the source of the water intrusion has been fixed (Figure 20).
	"Interior; Figure 11, 12, 13, & 14" (page 10)	The furnishings, partition walls, stepped windows, and other interior elements shown in these figures have been removed or demolished. The stepped window sashes/frames and some of the decorative trim have been salvaged and are stored on the first floor at the east wall. (Figure 21 & Figure 22).

Update to Section III: Recommendations for Treatment, B. Repair Recommendations

1. Page 36. "Remove extraneous and unused pipes, equipment and attachments from all façades. Remove equipment. Patch wall where equipment removed and adjacent damaged wall areas."

It appears that since 2018, some extraneous pipes and equipment have been removed from the south façade (**Figure 11**, **Figure 12**, & Figure 15: In the areas where the pipes were removed, the substrate was not properly patched and repaired, leading to cracks and spalls in the concrete and some exposed rebar. **Figure 15**). The concrete substrate at these areas were not repaired or patched when the equipment was removed. This has led to additional deterioration, spalling, cracking, rust jacking, and paint failure. It is recommended that these areas be patched and repaired to prevent further deterioration.

2. Page 36. "Repair damaged terra cotta tile base at decorative northern section of the west façade."

The terra cotta tiles that were located between the piers at the base of the infilled stucco walls have been removed from the first and second bays from the north end since 2018 (**Figure 4**). The areas where the tiles are no longer extant have been infilled with new concrete. It is recommended that in-kind replacement tiles be installed where the historic terra cotta tiles were removed.

3. Page 39. "Verify that the windows have been rehabilitated, and that all leakage has been terminated."

It appears that the leakage at the interior of the transom windows on the east end of the north façade and has been partially completed (Figure 20). This area still exhibits some damage that has been painted over. There are also areas of new paint failure. It is unclear if the source of the water intrusion has been fixed. It is recommended that this area be investigated further to ensure that there is no active water intrusion. Once it is confirmed there are no active leaks, the substrate should be properly prepped, primed, and painted to match the surrounding area.

4. Page 39. "Check operable interior windows at the front office area for operability and repair if necessary."

The interior windows in the office area have been removed and salvaged when the interior partition walls were demolished (since the 2018 report). The salvaged windows are stored against the east wall on the first floor (**Figure 21 & Figure 22**).

5. Additional Recommendations

At the Howard Street (north) façade, repair the incipient spall at the third floor window head in the fourth bay from the east end (**Figure 1**). In the photos from the 2018 report, this spall nor a crack were extant. This is a potential fall hazard and should be addressed promptly.



Figure 1: Incipient spall at the window head at the fourth bay from the east on the third floor. (Page & Turnbull, 2024)

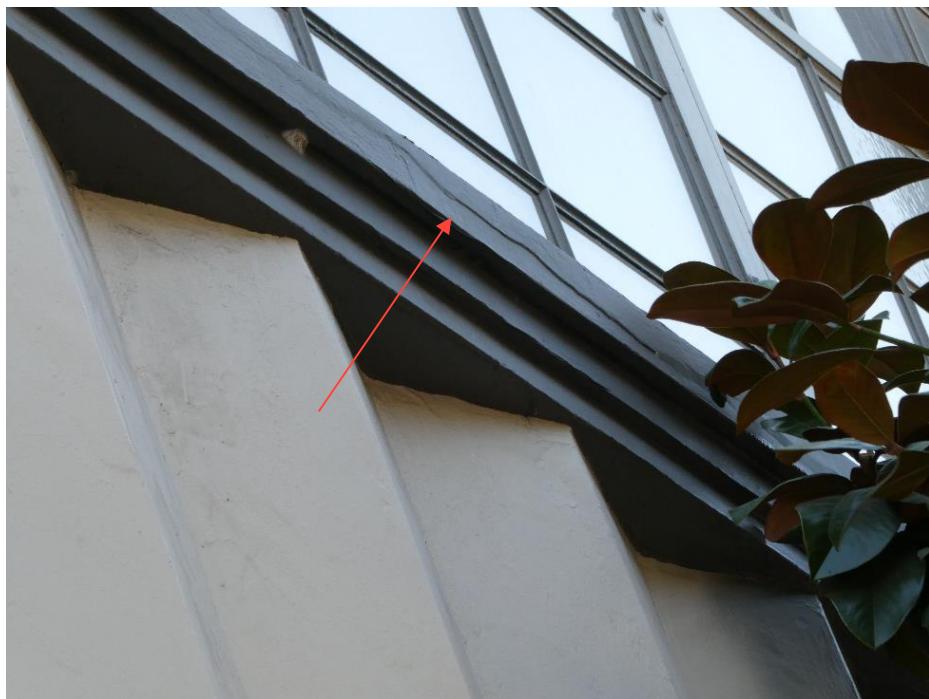


Figure 2: Horizontal crack below the second-floor window at the fourth bay from the east, has since been painted over. (Page & Turnbull, 2024)



Figure 3: Chip no longer visible and has been painted over. (Page & Turnbull, 2024)



Figure 4: These tiles at the base have been removed from the west façade on the first and second bays from the north. These two areas have been infilled with concrete. (Page & Turnbull, 2024)



Figure 5: The stucco at this column base has delaminated and detached. (Page & Turnbull, 2024)



Figure 6: The condition of this sill could not be confirmed as it is blocked by plywood. (Page & Turnbull, 2024)



Figure 7: Additional broken and cracked panes at west façade. (Page & Turnbull, 2024)

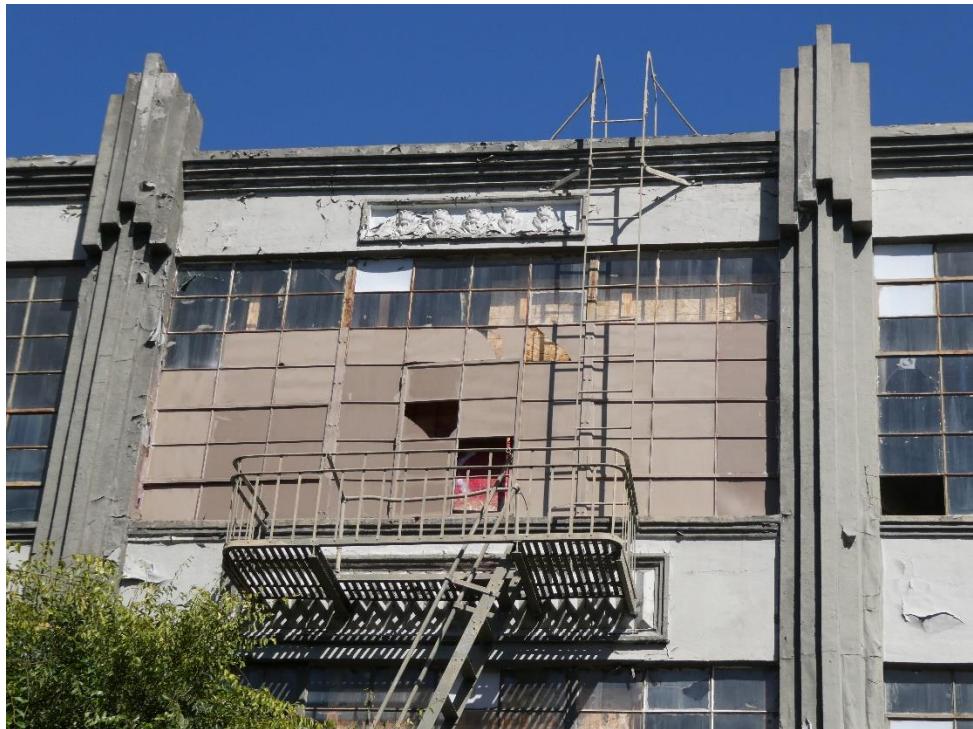


Figure 8: Additional broken and cracked panes at west façade. (Page & Turnbull, 2024)



Figure 9: This door is covered with a plywood panel, and the condition could not be confirmed. (Page & Turnbull, 2024)

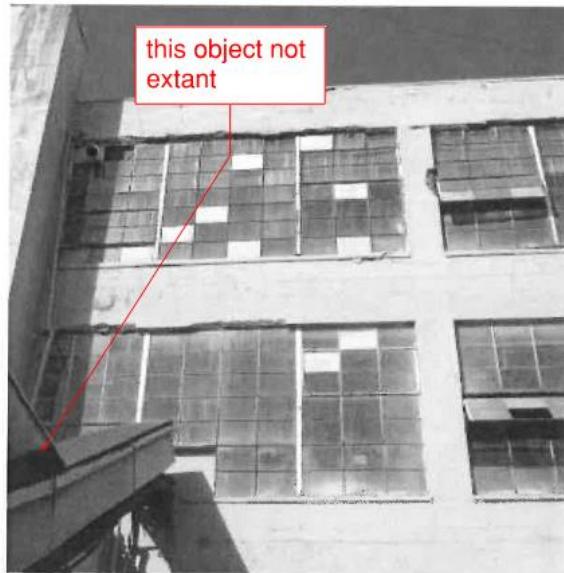


Figure 47. The distribution of cracks and spalls on the southern façade, at the second bay from the west. Knapp Architects photo, 2019.

Figure 10: The mechanical object attached to the window in this photo is no longer extant. (Knapp Architects, 2018. Edited by Page & Turnbull)

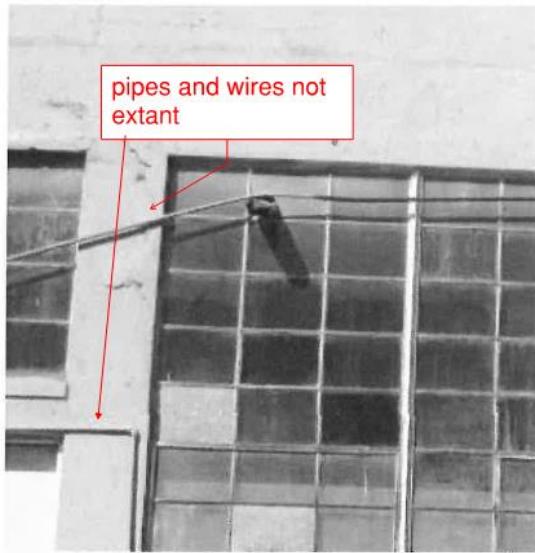
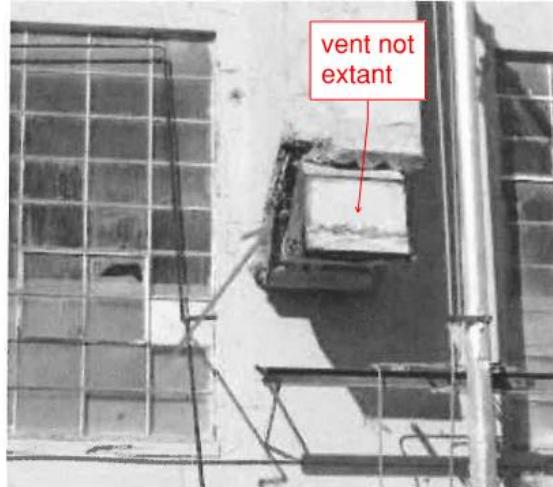


Figure 48. Extensive cracks at the upper west corner of the first floor window in the third bay from the west. Knapp Architects photo, 2019.

Figure 11: The pipes and wires in this photo are no longer extant. (Knapp Architects, 2018. Edited by Page & Turnbull)



*Figure 50. The extensive spall at the bottom of the incinerator smokestack (red arrow).
Knapp Architects photo, 2019.*

Figure 12: Vent shown in photo is not extant. (Knapp Architects, 2018. Edited by Page & Turnbull)

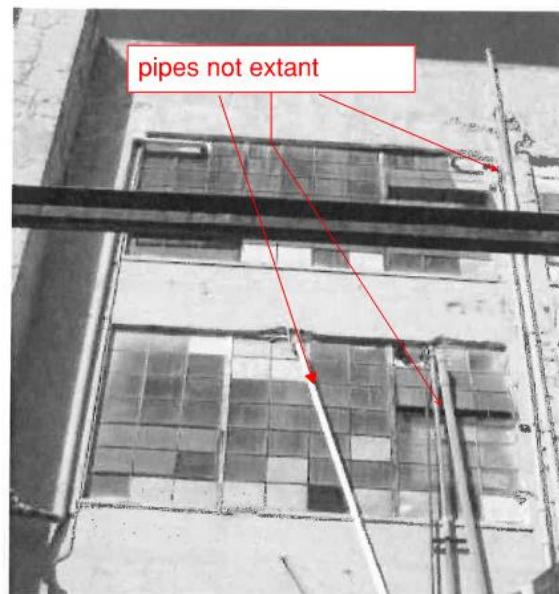


Figure 51. The second and third floor windows in the fourth window bay from the west. Knapp Architects photo, 2019.

Figure 13: Pipes shown in photo are not extant. (Knapp Architects, 2018. Edited by Page & Turnbull)

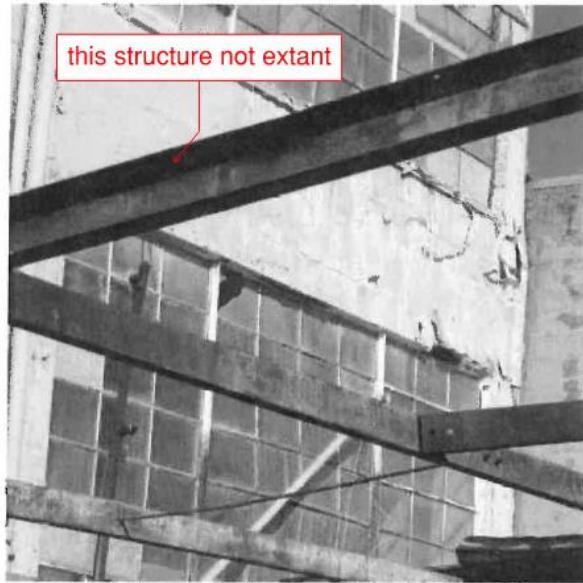


Figure 52. The first and second floor windows in the easternmost bay. Knapp Architects photo, 2019.

Figure 14: The structure shown in the photo is not extant. (Knapp Architects, 2018. Edited by Page & Turnbull)



Figure 15: In the areas where the pipes were removed, the substrate was not properly patched and repaired, leading to cracks and spalls in the concrete and some exposed rebar. (Page & Turnbull, 2024)



Figure 16: All windows are now visible, as the structure abutting the south façade has since been demolished.



Figure 17: It appears that there are more broken, cracked, and missing window panes than is demonstrated in the 2018 report. (Page & Turnbull, 2024)



Figure 18: This area of flashing has now detached from the parapet. (Page & Turnbull, 2024)



Figure 19: The drains appear to be partially or completely blocked with debris. It is unclear if any of the drains are functioning properly. (Page & Turnbull, 2024)



Figure 20: This leak and associated damage at the transom have been partially repaired and/or repainted. The area still exhibits damage and has areas of new paint failure. It is unclear if the source of the water intrusion has been fixed. (Page & Turnbull, 2024)

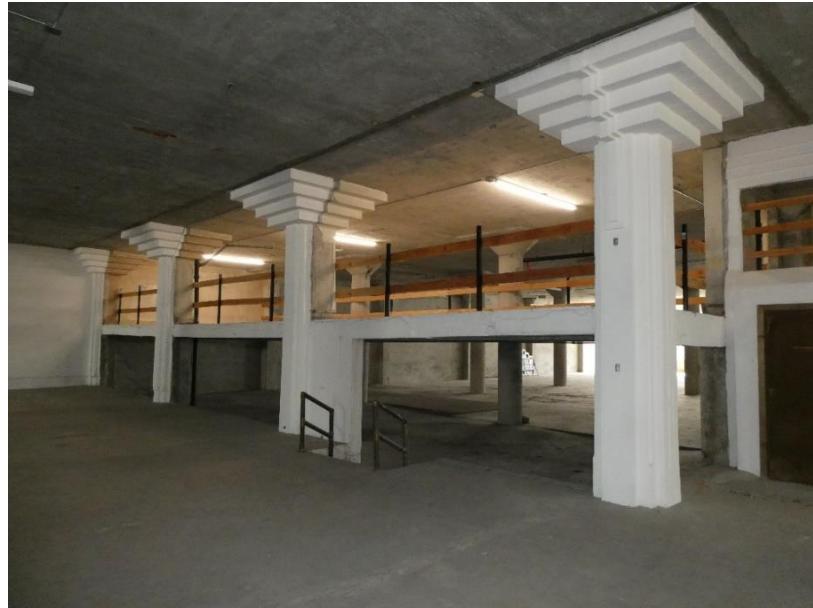


Figure 21: Partition walls, interior windows, and furnishings have been demolished or removed. (Page & Turnbull, 2024)



Figure 22: Salvaged wooden window sashes/frames, one metal window, and decorative wavy trim leaning against the east wall first floor. (Page & Turnbull, 2024)

2023 MILLS ACT APPLICATIONS

ASSESSOR PRELIMINARY VALUATIONS

As of July 1, 2025

Upon recording of the Mills Act contract by December 31, 2025 the first year of the Mills Act Value will be for the 2026-2027 fiscal year

APN	Address	Property Type	Owner Occupied	Year Built	Square Feet	2023 Factored Base Year Value	Restricted Income Approach Value	Market Value	Taxable Mills Act Value	Reduction in Assessed Value	Percentage % Reduction From FBYV	2024 * Property Tax Rate	Estimated Property Taxes without Mills Act	Estimated Property Taxes with Mills Act	Estimated Property Tax Savings
4040-026	331 Pennsylvania	Condo Apartment	No	1916	8,200	\$7,642,497	\$4,941,000	\$7,963,200	\$4,941,000	(\$3,022,200)	-39.54%	1.1714%	\$93,281	\$57,879	(\$35,402)
0176-009	530 Jackson	Mixed-Used	No	1907	19,010	\$41,365,000	\$7,119,000	\$32,365,000	\$10,031,000	(\$22,334,000)	-59.40%	1.1714%	\$379,124	\$117,503	(\$261,620)
3731-094	1035 Howard	Industrial	No	1930	60,700	\$20,000,000	\$6,882,000	\$34,500,000	\$12,248,000	(\$22,252,000)	-64.19%	1.1714%	\$404,133	\$143,473	(\$260,660)

Remarks: (a) 2026 property tax rate will not be established until late September 2025. Estimated tax savings based upon prior year's 2024 tax rate.

(b) Historical property contract must be recorded by December 31, 2025

(c) Mills Act valuation becomes effective as of January 1, 2026 for the Fiscal year July 1, 2026 to June 30, 2027

(d) 530 Jackson and 1035 Howard have planned construction starting mid to late 2025. These constructions are assumed completed as of valuation date 07/01/2025



**Office of the Assessor / Recorder - City and County of San Francisco
Mills Act Valuation**



1035 Howard St

OFFICE OF THE ASSESSOR-RECORDER - CITY & COUNTY OF SAN FRANCISCO
MILLS ACT VALUATION

APN:	3731-094	Value Date:	7/1/2025
Address:	1035 Howard St	Application Date:	NA
SF Landmark No.:	0	Application Term:	NA
Applicant's Name:	ECI FIVE HOWARD LLC		
Agt./Tax Rep./Atty:	None	Last Sale Date:	3/31/2025
Fee Appraisal Provided:	None	Last Sale Price:	\$8,000,000

FACTORIED BASE YEAR (Roll) VALUE		RESTRICTED INCOME APPROACH		SALES COMPARISON APPROACH	
Land	\$5,139,000	Land	\$4,129,200	Land	\$20,700,000
Imps.	\$14,861,000	Imps.	\$2,752,800	Imps.	\$13,800,000
Personal Prop	\$0	Personal Prop	\$0	Personal Prop	\$0
Total	\$20,000,000	Total	\$ 6,882,000	Total	\$ 34,500,000

Sale price 3/31/2025 accepted plus construction costs

Property Description

Property Type:	Miscellaneous/ Mixed-Use	Year Built:	1930	Neighborhood:	09-F South of Market
Type of Use:	Industrial	Total Area:	61,545	Land Area:	28,000
Owner-Occupied:		Stories:	4	Zoning:	MUO
Unit Types:		Parking Spaces:	0		

Total No. of Units: 0

Special Conditions (Where Applicable)

Sales comparables indicated the \$10M sale price or slightly deferred maintenance subject building was in the low end market range. Land database suggest \$10M land value. As of ASR inspection on 05/28/2025, building is in shell condition. Per taxpayer, subject's building will be converted into a self-storage, commercial storage and mixed use retail facility at a cost of \$12M with a time frame of 6 months from 11/01/2025. Self storage comparables were located at South San Francisco where a 1.25 adjustment is reflected on the market.

The subject property is valued as of 07/01/2025: 1) As is condition and 2) As if the renovation has been completed. Normally only one restricted income approach is used and compared with the Factored Base Year and Sales Comparison Approach with the lowest value recommended.

Owner(s) provided gross square footages per type of use - actual logistics or locations pending subject to operator's input. According to the planner, there is a pending conditional approval with retail use for the first floor subject to owner(s) response. Any changes in these data may significantly affect valuation results.

The benefits of the Mills Act will not materialize until after the \$12M renovation is completed and resulting additional value is added to the roll.

The date of valuation for this appraisal is July 1, 2025, but the first year of property tax savings for this property (assuming the approval of a Mills Act contract) will not begin until

Conclusions and Recommendations

	Per Unit	Per SF	Total
Factored Base Year Roll		\$ 324.97	\$ 20,000,000
Restricted Income Approach As Is		\$ 111.82	\$ 6,882,000
Restricted Income Approach Post Conts		\$ 202.97	\$ 12,492,000
Sales Comparison Approach		\$ 560.57	\$ 34,500,000
Recommended Value (Lesser of the three approaches)		\$ 203	\$ 6,882,000

Appraiser: G. Tech

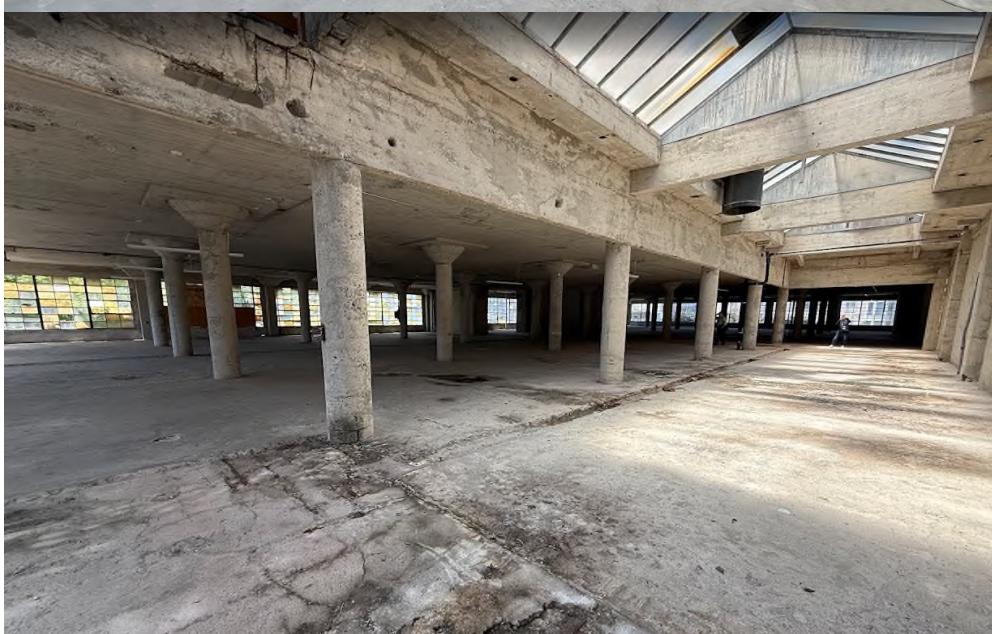
Principal Appraiser: R. Spencer

Valuation Date: 9/19/2025

SUBJECT PHOTOGRAPHS AND LOCATOR MAP

Address: 1035 Howard St

APN: 3731-094



RESTRICTED INCOME APPROACH AS IS CONDITION

Address: 1035 Howard St
Lien Date: 7/1/2025

	<u>Sq. Ft.</u>		<u>Annual Rent/SF</u>	
Potential Gross Income				
Core shell condition	61,545	x	\$15.00	IG
		x		\$923,175
		x		\$0
		x		\$0
		x		\$0
	<u>61,545</u>			<u>\$923,175</u>
Less: Vacancy & Collection Loss			5%	<u>(\$46,159)</u>
Effective Gross Income				\$877,016
Less: Anticipated Operating Expenses (Pre-Property Tax)*			18%	<u>(\$157,863)</u>
			Estimate Expense Per Square Feet	\$2.57
Net Operating Income (Pre-Property Tax)				\$719,153

Restricted Capitalization Rate

2025 interest rate per State Board of Equalization	6.2500%
Risk rate (4% owner occupied / 2% all other property types)	2.0000%
2024 property tax rate **	1.1714%
Amortization rate for improvements only	
Remaining economic life (in years)	35
Improvements constitute % of total property value	36%
	0.0286
	1.0286%
	10.4500%

RESTRICTED VALUE ESTIMATE	\$6,881,869
ROUNDED	\$6,882,000

RESTRICTED INCOME APPROACH POST CONSTRUCTION

Address: 1035 Howard St

Lien Date: 7/1/2025

	<u>Sq. Ft.</u>		<u>Annual Rent/SF</u>		
Potential Gross Income					
COMMERCIAL STORAGE (PDR)	43,996	x	\$24.40	NNN	\$1,073,382
SELF STORAGE USE:	12,385	x	\$38.70	FS	\$479,320
RETAIL USE	350	x	\$21.00	IG	\$7,350
OFFICE USE	3,614	x	\$32.00	IG	\$115,648
ACTIVE USE	1,200	x			see Type of Use Sq Ft
	61,545				\$1,675,700
Less: Vacancy & Collection Loss			5%		(\$83,785)
Effective Gross Income					\$1,591,915
Less: Anticipated Operating Expenses (Pre-Property Tax)*		18%			(\$286,545) Estimated net of taxes*
		Estimate Expense Per Square Feet	\$16.33		
Net Operating Income (Pre-Property Tax)					<small>*online data show 25-40%</small>
					\$1,305,370

Restricted Capitalization Rate

2025 interest rate per State Board of Equalization	6.2500%
Risk rate (4% owner occupied / 2% all other property types)	2.0000%
2024 property tax rate **	1.1714%
Amortization rate for improvements only	
Remaining economic life (in years)	35
Improvements constitute % of total property value	36%
	0.0286
	1.0286%
	10.4500%

RESTRICTED VALUE ESTIMATE	\$12,491,617
ROUNDED	\$12,492,000

Type of Use Sq Ft

EXISTING TOTAL S.F. GROSS

1ST FLOOR: 19,972 SF GROSS
 MEZZANINE: 2,682 SF GROSS
 2ND FLOOR: 19464 SF GROSS
 3RD FLOOR: 17927 SF GROSS
ROOF STORAGE: 655 SF GROSS

TOTAL: 60,700 SF GROSS

COMMERCIAL STORAGE (PDR) USE: 43,996 SF GROSS

SELF STORAGE USE: 11,540 SF GROSS

MERCANTILE USE: 350 SF GROSS

BUSINESS USE: 3,614 SF GROSS

ACTIVE USE: 1200 SF

EXISTING TOTAL S.F. GROSS

1ST FLOOR: 19,972 SF GROSS
 MEZZANINE: 2,682 SF GROSS
 2ND FLOOR: 19,464 SF GROSS
 3RD FLOOR: 17,927 SF GROSS
 ROOF STORAGE: 655 SF GROSS
 TOTAL: 60,700 SF GROSS

COMMERCIAL STORAGE (PDR) USE: 43,996 SF GROSS

SELF STORAGE USE: 11,540 SF GROSS

MERCANTILE USE: 350 SF GROSS

BUSINESS USE: 3,614 SF GROSS

ACTIVE USE: 1,200 SF

60,700

In San Francisco, "active use sf" refers to the active ground floor uses policy designed to promote pedestrian activity and enhance street vibrancy by requiring or encouraging non-residential businesses at the street level of buildings.

Taxpayer Info

GROSS SF	GROSS / FL	BREAKDOWN	USE	STORAGE
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Gross Square Footage:

1 1st Floor: 20,461.4 SF	20,461.40
2 Mezzanine : 2584.7 SF	2,584.70
3 2nd Floor: 19,822.2 SF	19,822.20
4 3rd Floor: 18342.8SF	18,342.80
5 Roof Storage: 655 SF	655.00
	61,866.10

1 1st Floor: 20461 SF (Gross)	20,461.00	20,461.00		8,303.00
1 1st Floor Breakdown:				
Customer Service: 336 SF (Mercantile, Less than 10% of total main use)	336.00			
Future Retail: 1156.8 SF	1,156.80			
Lobby: 678 SF	678.00			
Corridors: 3,665 SF	3,665.00			
Electrical Room: 109 SF	109.00			
Janitor's Closet: 33.5 SF	33.50			
Bathroom: 53 SF	53.00			
Storage Area: 8,303 SF (Storage)	8,303.00			8,303.00
Future Office Area: 4951(Business)	4,951.00			
Loading Area: 621 SF	621.00			
Stairs and Elevator: 448 SF	448.00	20,354.30		
2 Mezzanine: 2584.7 SF (Gross)	2,584.70	2,584.70		
3 2nd Floor: 19822.2 SF (Gross)	19,822.20	19,822.20		12,961.00
Storage: 12,961 SF	12,961.00			
Corridors: 5,213 SF	5,213.00			
Stairs and Elevator: 550	550.00	18,724.00		
4 3rd Floor: 18342.8 SF (Gross)	18,342.80	18,342.80		12,010.00
Storage: 12,010 SF	12,010.00			
Corridors: 4,640 SF	4,640.00			
Stairs and Elevator: 594 SF	594.00			
Mech. Room: 73 SF	73.00			
Roof Storage: 655 SF	655.00	17,972.00		
Total Storage SF: 33,274 SF (Storage S-1)	33,274.00			
Total Business SF: 4951 SF (B)	4,951.00			
Total Mercantile SF: 336 SF	336.00	38,561.00		

TOTALS

ADJUSTMENTS:

5 Roof Storage: 655 SF	655.00
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61,866.10	61,210.70	57,050.30	38,561.00
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33,274.00

ADJUSTED:

VERSUS GROSS SF

GROSS SF	GROSS / FL	BREAKDOWN	USE
61,866.10	61,865.70	57,050.30	38,561.00
0.40	4,815.80	23,305.10	

STORAGE 33,274.00

Self-Storage Commercial or PDR

Per John Sweeney, these are proposed allocation but actual configuration (location/mix) is pending due operator still needs to weigh in.

Comparable Sales

APN:

Address:

Map	Subject	APN	Address	Location	Sale Date	Sale Price	Zoning	Site SF	Buildable Area	\$ / SF	\$ / Buildable Area	Notes	Adjustments							
													Entitled at Sale?	Time	Location	Entitlements	Remediation costs?	Total Adj	Adj SP/Buildable Area	
S		3731 094	1035 Howard St	South of Market	5/14/2025	\$8,000,000	VCIX	28,000	61,545	\$286	\$130	A private investor sold this 61,545 square- foot flex building to a private party for \$8,000,000 or for \$129.99 per square-foot. This location was 100% vacant at the time of sale. The property was on the market for 495 days, with an initial asking price of \$2,975,000. The property was not actively listed on the open market in 2025, and no asking price was disclosed. The seller may have been motivated by the building's redevelopment potential in the SoMa district. The buyer was likely drawn to the site's Art Deco architecture and its potential for adaptive reuse, as new plans have been filed to convert the structure into a self-storage complex. All information in the comparable has been verified by the listing broker and a party familiar with the deal.	Existing building on property lot							
2	1	3753 005, 006a, 007, 057, 058, 100, 101, 147	360 5th St - UNDER REVIEW	South of Market	5/19/2025	\$9,000,000	MUR	23,115	0	\$389			No	0%	0%	0%	0%	0%		
4	2	3514 043	1601 Mission St - UNDER REVIEW	South of Market	10/4/2024	\$12,000,000	C-3-G	25,760	0	\$466			No	0%	0%	0%	0%	0%		
1	3	3753 001	300 5th St	South of Market	6/28/2024	\$3,902,800	MUR	10,971	0	\$356			Yes	0%	0%	0%	0%	0%		
3	4	3704 045	469-479 Stevenson St	South of Market	6/1/2023	\$20,550,000	C-3-G	28,790	0	\$714			Yes	0%	0%	0%	0%	0%		
														0%	0%	0%	0%	0%		
														0%	0%	0%	0%	0%		

Median	\$10,500,000	24,438	-	\$428	\$130
Quartile 1	\$7,725,700	20,079	-	\$381	\$130
Quartile 3	\$14,137,500	26,518	-	\$528	\$130

Median	#NUM!
Quartile 1	#NUM!
Quartile 3	#NUM!

ASR Value Conclusion	\$10,000,000	28,000	\$373
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[According to NYMBI: <https://sfyimby.com/2024/08/self-storage-complex-proposed-at-1035-howard-street-soma-san-francisco.html>](https://sfyimby.com/2024/08/self-storage-complex-proposed-at-1035-howard-street-soma-san-francisco.html)

Self-Storage Complex Proposed at 1035 Howard Street, SoMa, San Francisco

By: YIMBY Team 4:30 am on August 28, 2024

Now, new plans have been filed to convert the industrial Art Deco building into a self-storage complex. The storage facility will rise four stories high. Embarcadero Capital Partners is the project developer. Lundberg Design is responsible for the project's architecture. The project site spans an area of 28,000 square feet. The scope of work includes the conversion of approximately 17,549 gross square feet of existing laboratory and office space to self-storage and convert approximately 43,996 gross square feet of existing PDR (manufacturing/warehouse) to commercial storage. Self-storage is a retail use permitted on the property with no maximum use size. Commercial Storage is a form of PDR use.

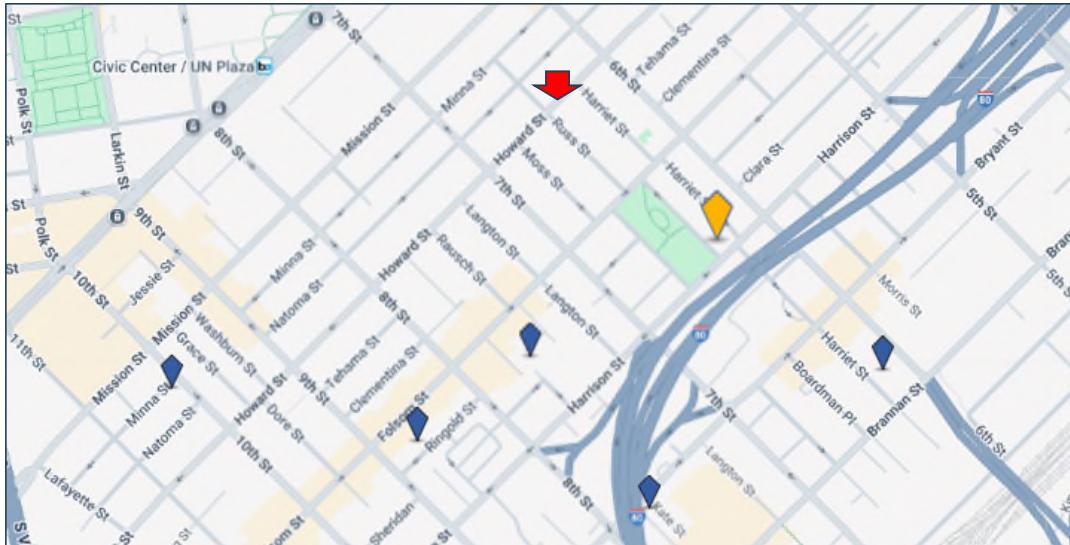
The proposed 43,996 gross square feet of commercial storage area will replace 100% of the property's existing PDR use area, satisfying the requirements of Planning Code Section 202.8. No expansion to the existing building envelope is proposed. However, the following alterations are proposed: a first-floor mezzanine would expand from 2,628 gross square feet to 10,530 gross square feet; a first floor mechanical room at the rear of the building would be removed; the surface area at the rear of the site would be re-striped for accessory parking and loading to be accessed via an existing curb cut along Russ Street; and a second exit stair would be added at the southeast corner of the building, where an existing floor opening at level 3 exiting through the rear yard exists.

The project would also entail exterior modifications in keeping with the character of the existing historic building and district to renovate, repair, and rehabilitate the existing façade. This would include replacement of existing skylights with new roofing but maintaining existing skylight curbs and outlines, allowing them to be returned to skylights in the future if needed.

Self-Storage	Commercial Storage
17,549	43,996
	Replace 100% of existing PDR use area

CoStar Industrial Lease Comps

Sign Date	Start Date	Address	City	Floor	SF Leased	Rent/SF/Yr	Services	Rent Type	Use	Lease Type	Term	Exp Date	Tenant	Lease Status	Deal Type	Move-in Date	Mos on Mrkt	Free Rent	Suite	Leasing Rep Company	Leasing Rep Contact
Aug 2025	Sep 2025	245 S Van Ness Ave	San Francisco	2nd	800	\$24.00		Asking	Industrial	Direct	1 yr	Aug 2028		Executed	New Lease	Sep 2025	12 Mos			HC&M Commercial Properties, Inc.	Jay Cahan, Jack Herzog, Justin Lauer
Aug 2025	Sep 2025	109 13th St	San Francisco	1st	4,750	\$33.00	IG	Asking	Industrial	Direct	3 yrs	Sep 2028		Executed	New Lease	Sep 2025	12 Mos			HC&M Commercial Properties, Inc.	Jack Herzog, Justin Lauer
Apr 2025	May 2025	70 Ringold St	San Francisco	1st	1,875	\$26.88		Asking	Industrial	Direct				Executed	New Lease	May 2025	10 Mos			Kidder Mathews	Scott Vix, Gary Cohen
Mar 2025	May 2025	1020 Harrison St	San Francisco	1st	9,000	\$15.98	IG	Asking	Industrial	Direct				Executed	New Lease	May 2025	2 Mos			Touchstone Commercial Partners, ...	Zach Haupert, Michael Sanberg, Trev...
Feb 2025	Mar 2025	903-907 Minna St	San Francisco	1st	3,200	\$22.56	IG	Asking	Industrial	Direct				Executed	New Lease	Mar 2025	13 Mos			Touchstone Commercial Partners, ...	Zach Haupert, Michael Sanberg, Trev...
Dec 2024	Jan 2025	21 Brush Pl	San Francisco	1st	3,300	\$21.84	IG	Asking	Industrial	Direct	1 yr	Dec 2025		Executed	New Lease	Jan 2025	13 Mos			Kidder Mathews	Scott Vix, Gary Cohen
Nov 2024	Nov 2024	582 6th St	San Francisco	1-2	8,000	\$30.00	IG	Asking	Industrial	Direct				Executed	New Lease	Nov 2024	21 Mos			Touchstone Commercial Partners, ...	Zach Haupert, Michael Sanberg, Trev...
Jul 2024	Aug 2024	979 Bryant St	San Francisco	1st	3,250	\$30.00	IG	Asking	Industrial	Direct				Executed	New Lease	Aug 2024	5 Mos			Touchstone Commercial Partners, ...	Zach Haupert, Michael Sanberg, Trev...



Largest rental space

CoStar Self Storage Sales Comp

Comp ID	APN	Property Address	Submarket Name	Sale Date	Sale Price	Building SF	Price Per SF	Floors	Parking	Units	Price Per Unit	Year Built	Building Class	Property Type	Secondary Type	FAR	Land Area SF	Vacancy	Actual Cap Rate	Pro Forma Cap Rate	Market Time	Sale Condition	Transaction Notes
7219557	015-165-050	343 Shaw Rd	South San Francisco	6/23/2025	\$30,250,000	69,437	\$ 435.65	1	10			1997	B	Specialty	Self-Storage	0.42	165964						Baranof Holdings acquired the AllStore Center, a 69,437 square foot self-storage property, from a private individual for \$30.25 million or \$435.65 per square foot. The property includes 675 self-storage units with 527 units being interior and 148 units being exterior drive-up units. There is also space for 35 vehicles, bringing the total rentable spaces to 710. The information in this comparable was verified by the listing broker and buyer.
6417474	009-244-080	1221 Palmetto Ave	Peninsula Coastline	5/18/2023	\$19,000,000	57,212	\$ 332.10	2	20			2000	C	Specialty	Self-Storage	1.15	49658		3.30				Storage Corner Group acquired the self-storage facility located at 1221 Palmetto Ave for \$19 million. The property was 100% leased at the time of the sale and had a cap rate of 3.3%. The property has around 500 total self-storage units. This information was verified from public record documents and sources deemed reliable.

		1.29	location adjustment
Subject	\$34,500,867	61,545	\$ 560.58
ROUND	\$34,500,000		

Google: "location adjustment from industrial property from ssf to sf"

AI Overview

Relocating industrial property from South San Francisco (SSF) to San Francisco (SF)

Moving an industrial property from SSF to SF involves a complex assessment of factors impacting the business's operations, finances, and workforce.

Here's a breakdown of key considerations:

1. Cost analysis

- Rents: Industrial rents in SF are significantly higher than in SSF. Average industrial rents in SF are around \$28.00 per square foot, according to www.matthews.com, while SSF's average is approximately \$22.35 per square foot. This disparity highlights a considerable increase in operating costs.

SSF \$ 22.35 DIFF
SF \$ 28.00 1.25

SSF \$ 21.20 DIFF
SF \$ 28.00 1.32

SF Rent \$28.00
Link: <https://www.matthews.com/2024-industrial-market-report-san-francisco-ca/>

SSF Rent \$21.20
Link: <https://www.commercialsearch.com/industrial/us/ca/san-mateo-county/south-san-francisco/#:~:text=22.35>

Q4 2024 San Francisco Industrial Market Report

Key Findings

- Industrial rents are among the highest in the country, at \$28.00 per square foot, reflecting high land and operating costs. However, the pace of rent growth is among the lowest. Rents have fallen by 0.3% over the last year.
- Vacancies have risen and now stand at 12.5%. For flex space, the vacancy rate has increased to 23.2%, driven by new supply coming in.
- Leasing activity in the flex segment grew in 2024, with more space leased in the first three quarters than in all of 2023, despite some continued downsizing.

Industrial Space Rents in South San Francisco, CA

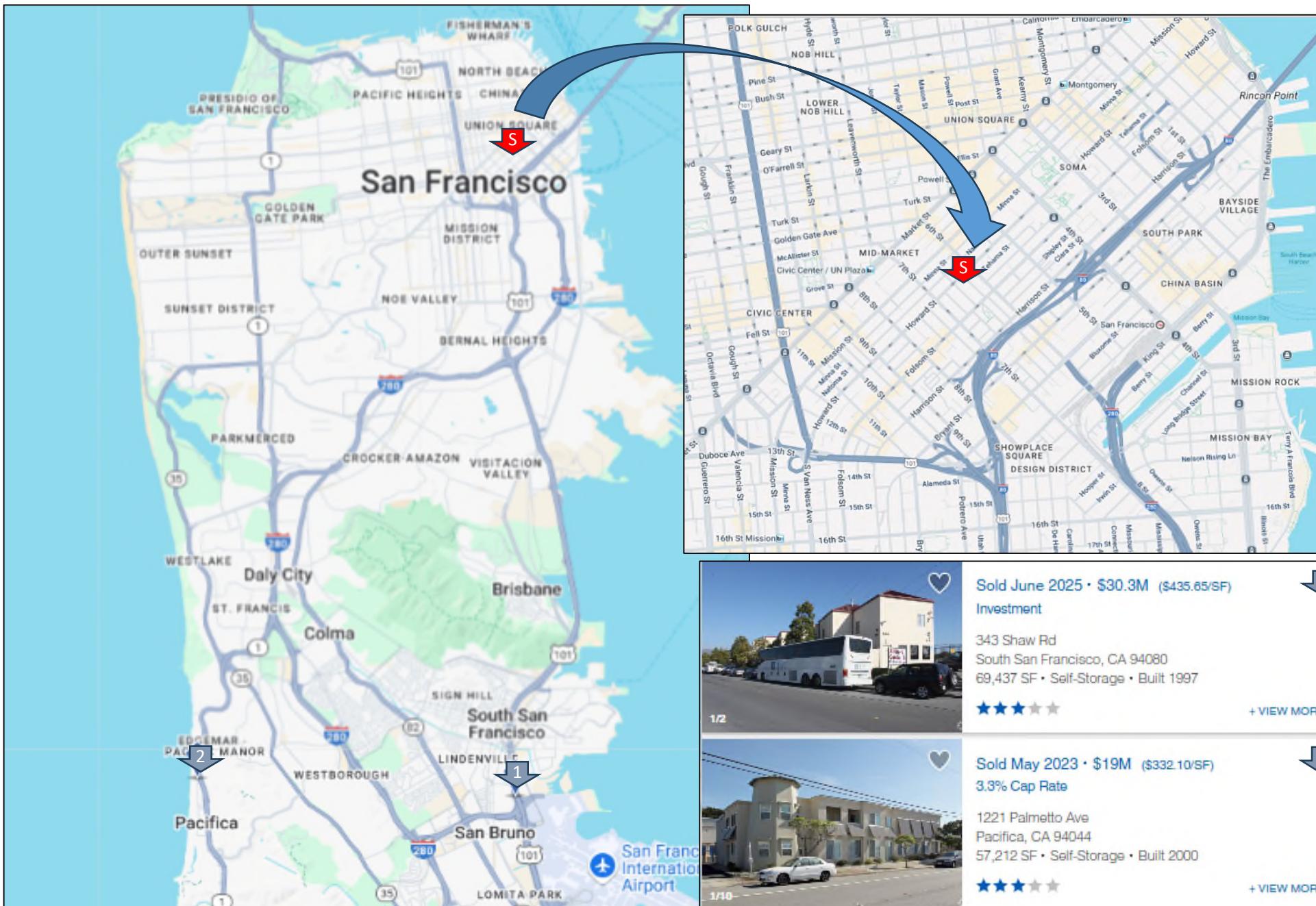
The average asking rent for industrial space in South San Francisco is \$21.2 per square foot. However, there are various types of this kind of property on the market. Depending on location and any number of unique attributes, listings may offer different levels of accessibility and amenities, space size, and other factors that can influence leasing costs. In general, the quality rating of the property (also known as property class or building class) plays the most important part in how much a leasing opportunity asks for.

South San Francisco, CA Industrial Listing Rents, by Building Class

Property Class	Min. Rental Rate	Max. Rental Rate
Class A Industrial Properties	\$21	\$21
Class B Industrial Properties	\$18	\$28.56
Class C Industrial Properties	\$21	\$22.2

Data based on industrial spaces listed for rent on CommercialSearch.com

CoStar Sales Map



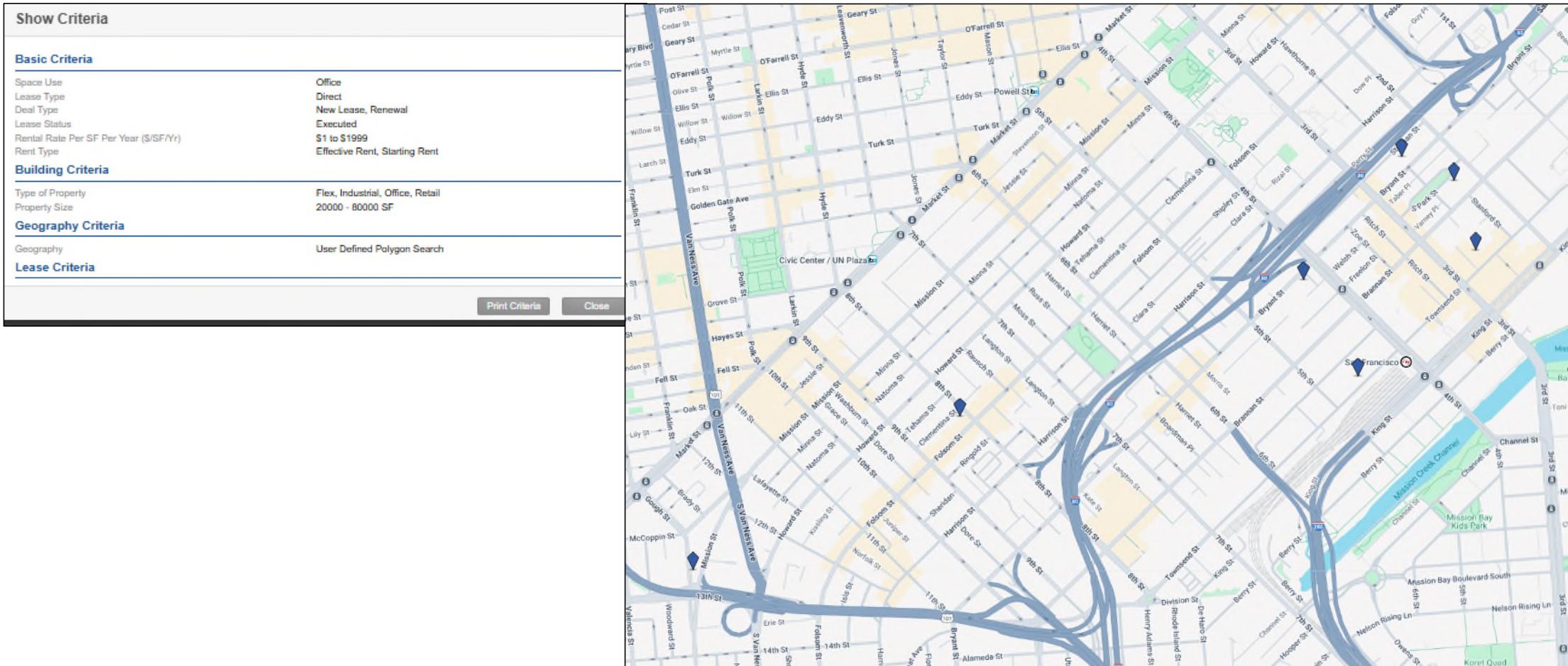
CoStar Office Leases

Sign Date	Start Date	Address	Submarket	City	Floor	SF Leased	Rent/SF/Yr	Services	Rent Type	Use	Lease Type	Term	Exp Date	Tenant	Lease Status	Deal Type	Move-In Date	Mos on Mrkt	Free Rent	Suite
Mar 2025	Apr 2025	<u>39 Stillman St</u>	Rincon/South Beach	San Francisco	2nd	3,000	\$30.00	IG	Starling	Office	Direct	3 yrs	Apr 2026		Executed	New Lease	Apr 2025	20 Mos		
Jan 2025	Jan 2025	<u>617-629 Bryant St</u>	South of Market	San Francisco	1st	21,000	\$38.00	IG	Starling	Office	Direct			Foundation	Executed	New Lease	Jan 2025	4 Mos	629	
Jan 2025	Oct 2025	<u>617-629 Bryant St</u>	South of Market	San Francisco	1st	15,000	\$38.00	IG	Starling	Office	Direct			Foundation	Executed	New Lease	Oct 2025		629	
Oct 2024	Nov 2024	<u>350 Townsend St</u>	South of Market	San Francisco	4th	550	\$30.00	FS	Starling	Office	Direct				Executed	New Lease	Nov 2024	6 Mos		
Oct 2024	Nov 2024	<u>350 Townsend St</u>	South of Market	San Francisco	2nd	550	\$27.00		Starling	Office	Direct				Executed	New Lease	Nov 2024	22 Mos		
Aug 2024	Aug 2024	<u>21-29 S Park St</u>	Rincon/South Beach	San Francisco	GRND	2,134	\$58.08	MG	Effective	Office	Direct	3 yrs	Jul 2027	Transpose Platform Systems LLC	Executed	New Lease	Aug 2024	23 Mos	1 Mo	100
Jul 2024	Aug 2024	<u>164 Townsend St</u>	Rincon/South Beach	San Francisco	2nd	2,161	\$34.98	IG	Starling	Office	Direct	1 yr	Aug 2025		Executed	New Lease	Aug 2024	4 Mos		
Mar 2024	Jun 2024	<u>1680 Mission St</u>	South of Market	San Francisco	3-4	20,178	\$20.04	FS	Effective	Office	Direct	3 yrs 3 mos	Sep 2027	Together SF	Executed	New Lease	Jun 2024	17 Mos	300	
Mar 2024	Jun 2024	<u>1200 Folsom St</u>	South of Market	San Francisco	1-2	23,000	\$30.00	IG	Effective	Office	Direct	1 yr	Jun 2025		Executed	New Lease	Jun 2024	8 Mos		
Feb 2024	Mar 2024	<u>21-29 S Park St</u>	Rincon/South Beach	San Francisco	GRND	3,947	\$60.00	MG	Starling	Office	Direct	3 yrs	Feb 2027	Lower Carbon Capital LLC	Executed	New Lease	Mar 2024	3 Mos	101	

Sign Date	Start Date	Address	City	Floor	SF Leased	Rent/ SF/ Yr	Services	Rent Type	Use	Lease Type	Term	Exp Date
Mar-25	Apr-25	39 Stillman	San Francisco	2nd	3,000	\$ 30.00		Asking	Office/ Retail	Direct		
Jan-25	Jan-25	617-629 Bryant	San Francisco	1st	21,000	\$ 28.00		Asking	Office/ Retail	Direct		
Jan-25	Oct-25	617-629 Bryant	San Francisco	1st	15,000	\$ 38.00	IG	Asking	Office/ Retail	Direct		
Oct-24	Nov-24	350 Townsend	San Francisco	4th	550	\$ 30.00	IG	Asking	Office/ Retail	Direct		
Oct-24	Nov-24	350 Townsend	San Francisco	2nd	550	\$ 27.00	IG	Asking	Office/ Retail	Direct		
Aug-24	Aug-24	21-29 S Park	San Francisco	GRND	2,134	\$ 58.08		Asking	Office/ Retail	Direct		
Jul-24	Aug-24	164 Townsend	San Francisco	2nd	2,161	\$ 34.98		Asking	Office/ Retail	Direct		
Mar-24	Jun-24	1680 Mission	San Francisco	3-4	20,178	\$ 20.04	IG	Asking	Office/ Retail	Direct		
Mar-24	Jun-24	1200 Folsom	San Francisco	1-2	23,000	\$ 30.00	IG	Asking	Office/ Retail	Direct		
Feb-24	Mar-24	21-29 S Park	San Francisco	GRND	3,947	\$ 60.00	IG	Asking	Office/ Retail	Direct		

Average \$ 32.00 USE

CoStar Office Leases



CoStar Office Retail Leases

Sign Date	Start Date	Address	City	Floor	SF Leased	Rent/SF/Yr	Services	Rent Type	Use	Lease Type	Term	Exp Date	Tenant	Lease Status	Deal Type	Move-In Date	Mos on Mrkt	Free Rent	Suite
Jul 2025	Aug 2025	301-335 8th St	San Francisco	2nd	1,533	\$21.00		Asking	Office/Retail	Direct				Executed	New Lease	Aug 2025	2 Mos		
Jul 2025	Aug 2025	301-335 8th St	San Francisco	2nd	3,861	\$21.00		Asking	Office/Retail	Direct				Executed	New Lease	Aug 2025	42 Mos		
Feb 2025	Apr 2025	1475-1481 Folsom St	San Francisco	3-4	6,700	\$45.00	IG	Asking	Office/Retail	Direct				Executed	New Lease	Apr 2025	8 Mos		
Jan 2024	Jan 2024	301-335 8th St	San Francisco	2nd	1,447	\$21.00	IG	Asking	Office/Retail	Direct				Executed	New Lease	Jan 2024	25 Mos		
Jan 2024	Jan 2024	301-335 8th St	San Francisco	2nd	1,335	\$21.00	IG	Asking	Office/Retail	Direct				Executed	New Lease	Jan 2024	19 Mos		

Sign Date	Start Date	Address	City	Floor	SF Leased	Rent/ SF/ Yr	Services	Rent Type	Use	Lease Type	Term	Exp Date
Jul-25	Aug-25	301-335 8th	San Francisco	2nd	1,533	\$ 21.00		Asking	Office/ Retail	Direct		
Jul-25	Aug-25	301-335 8th	San Francisco	2nd	3,861	\$ 21.00		Asking	Office/ Retail	Direct		
Feb-25	Apr-25	1475-1481 Folsom	San Francisco	3-4	6,700	\$ 45.00	IG	Asking	Office/ Retail	Direct		
Jan-24	Jan-24	301-335 8th	San Francisco	2nd	1,447	\$ 21.00	IG	Asking	Office/ Retail	Direct		
Jan-24	Jan-24	301-335 8th	San Francisco	2nd	1,335	\$ 21.00	IG	Asking	Office/ Retail	Direct		

\$ 21.00 USE

Show Criteria

Basic Criteria

Space Use	Retail
Lease Type	Direct
Deal Type	New Lease, Renewal
Lease Status	Executed
Rental Rate Per SF Per Year (\$/SF/Yr)	\$1 to \$1999
Rent Type	Asking Rent, Effective Rent, Starting Rent

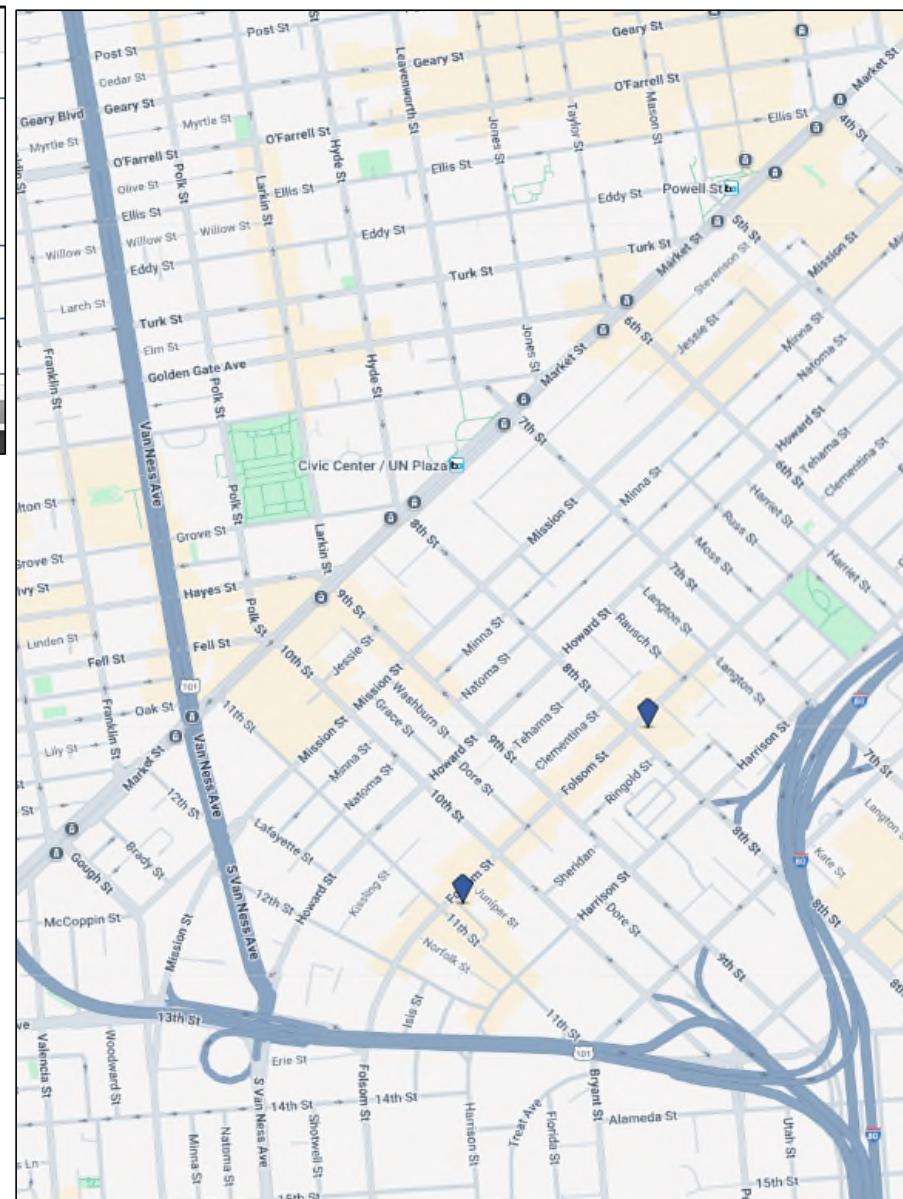
Building Criteria

Type of Property	Flex, Industrial, Office, Retail
Property Size	20000 - 80000 SF

Geography Criteria

Geography	User Defined Polygon Search
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Lease Criteria



CoStar Industrial Leases

Sign Date	Start Date	Address	City	Floor	SF Leased	Rent/SF/Yr	Services	Rent Type	Use	Lease Type	Term	Exp Date	Tenant	Lease Status	Deal Type	Move-In Date	Mos on Mrkt	Free Rent	Suite
Apr 2025	May 2025	185-195 Arkansas St	San Francisco	1st	4,500	\$24.00	MG	Asking	Industrial	Direct				Executed	New Lease	May 2025	2 Mos		
Dec 2024	Feb 2025	535 Minnesota St	San Francisco	1st	13,385	\$19.80	IG	Asking	Industrial	Direct			Poesidon	Executed	New Lease	Feb 2025	11 Mos		
Aug 2024	Aug 2024	1529 Van Ness Ave	San Francisco	BSMT, 1-3	20,800	\$9.24		Effective	Industrial	Direct	3 yrs	Aug 2027	Founders Garage	Executed	New Lease	Oct 2024	17 Mos	3 Mos	
May 2024	Jul 2024	535 Minnesota St	San Francisco	1st	8,235	\$19.80	IG	Asking	Industrial	Direct			Short Story	Executed	New Lease	Jul 2024	4 Mos	535	

Sign Date	Start Date	Address	City	Floor	SF Leased	Rent/ SF/ Yr	Services	Rent Type	Use	Lease Type	Term	Exp Date
Apr-25	May-25	185-195 Arkansas	San Francisco	1st	4,500	\$ 24.00	MG	Asking	Industrial	Direct		
Dec-24	Feb-25	535 Minnesota	San Francisco	1st	13,385	\$ 19.80	IG	Asking	Industrial	Direct		
Aug-24	Aug-24	1529 Van Ness	San Francisco	BSMT, 1-3	20,800	\$ 9.24		Effective	Industrial	Direct	3 yrs	Aug-27
May-24	Jul-24	535 Minnesota	San Francisco	1st	8,235	\$ 19.80	IG	Asking	Industrial	Direct		

\$ 24.00 USE

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 1	Building Feature: Seismic upgrades (foundation, walls, floors)		
<input type="checkbox"/> Maintenance	<input checked="" type="checkbox"/> Rehab/Restoration	<input type="checkbox"/> Completed	<input type="checkbox"/> Proposed
Contract year work completion: 2030			
Total Cost: \$ 1,000,000.00			
<p>Structural modifications to meet current seismic standard requirements will be performed. The lateral support system will be concrete shear walls within the existing building to resist lateral loads. The new shear walls will require modifying the foundation through installation of piles where new walls will be constructed.</p> <p>South wall - Geotechnical and structural investigations will determine viability of foundation support; structural repairs will stabilize subsidence of soil.</p> <p>First floor (prior) office and adjacent areas - Geotechnical and structural investigations of subsiding floor will determine needed repairs to floor and subsoil to stabilize subsoil; new level floor will be constructed.</p>			

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 2	Building Feature: Roof, parapets & skylights		
<input type="checkbox"/> Maintenance	<input checked="" type="checkbox"/> Rehab/Restoration	<input type="checkbox"/> Completed	<input type="checkbox"/> Proposed
Contract year work completion: 2030			
Total Cost: \$ 400,000.00			
Description of work:			
<p>Entire roof will be replaced including the central penthouse roof, elevator machine room, roofing adjacent to hipped skylight, and five-sided structure. All existing materials including drains, flashing and sheet metal will be removed and the underlying deck will be evaluated and repaired as needed. Parapets will be evaluated and repaired in-kind. New roofing system will be installed, likely a multi-ply bitumen membrane with a granulated surfaced cap sheet, as well as a tapered insulation and flashing.</p> <p>Skylights will also be removed and replaced with new roofing; curbs and outlines will be retained.</p> <p>Hipped skylight will remain and be restored.</p>			

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 3	Building Feature: Exterior concrete elevations
<input type="checkbox"/> Maintenance <input checked="" type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	
Contract year work completion: 2030	
Total Cost: \$800,000.00	
<p>Repair and restore cracks, spalls, damage and improper repairs on Howard St and Russ St elevations including Art Deco elements such as columns, capital, window frame elements, spandrel panels, and cornice. Repair and restore cracks and spalls at Russ St. and south elevation utilitarian sections including window frames. Non-historic smokestacks will be removed. Patch southern elevation walls where equipment was removed including adjacent damaged wall areas.</p>	

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 4	Building Feature: upper & penthouse windows; ground floor stucco windows		
<input type="checkbox"/> Maintenance	<input checked="" type="checkbox"/> Rehab/Restoration	<input type="checkbox"/> Completed	<input type="checkbox"/> Proposed
Contract year work completion: 2030			
Total Cost: \$ 800,000.00			
<p>Windows on Howard and Russ street elevations will be repaired or restored in kind. Paint and rust will be removed from muntins, while the mullions and frames and repainted. Where glazing is missing or incompatible replacement, new glazing to match historic will be installed.</p> <p>Stucco infill panels along ground floor of Howard and Russ Streets will be removed and replaced with appropriate glazing that is compatible with the character and style of the building. Central penthouse windows will also be repaired or replaced in-kind to match the existing.</p> <p>Some southern elevation windows will be repaired and restored in-kind, but most will be removed leaving a reveal to identify where windows were once located. Although an original feature, this is necessary for the interior to function as self-storage and the main elevations to remain intact. This is only proposed for the rear elevation and the reveal will serve to identify the size and shape of the original windows as well as provide some shadow to articulate windows have been removed.</p>			

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 5	Building Feature: terra cotta tile at bulkhead and column base		
<input type="checkbox"/> Maintenance	<input checked="" type="checkbox"/> Rehab/Restoration	<input type="checkbox"/> Completed	<input type="checkbox"/> Proposed
Contract year work completion: 2030			
Total Cost: \$ 100,000.00			
Repair and/or replace in-kind terra cotta tile base along north and west elevations. Missing corner tiles will be replaced to match the existing while insufficiently repaired tiles will be restored or replaced in-kind. Tiles will be painted with a black glazing to match the original in appearance.			

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 6	Building Feature: Doors
<input type="checkbox"/> Maintenance <input checked="" type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	
Contract year work completion: 2030	
Total Cost: \$ <u>125,000.00</u>	
<p>Repair and restore main entrance along Howard Street including Art Deco detailing. Remove non-original door in bay 2 along Russ Street (north-south). Within bays 6 and 7, replace doors within existing opening with break resistant glazing for consistency with HPC and PC approval. Southern elevation door will be replaced within existing opening.</p>	

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 7	Building Feature: Fire Escapes		
<input type="checkbox"/> Maintenance	<input checked="" type="checkbox"/> Rehab/Restoration	<input type="checkbox"/> Completed	<input type="checkbox"/> Proposed
Contract year work completion: 2030			
Total Cost: \$ 75,000			
Description of work: Fire escapes along Russ Street will be repaired, painted and connections strengthened to meet current code standards.			

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 8	Building Feature: Interior perimeter walls & columns
<input type="checkbox"/> Maintenance <input checked="" type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	
Contract year work completion: 2030	
Total Cost: \$100,000.00	
Description of work: Repair spalls and cracks on interior of perimeter walls due to water infiltration. Repair plaster Art Deco columns in-kind including dents and where damaged from removal of interior partition walls.	

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 9	Building Feature: Boiler Room		
<input type="checkbox"/> Maintenance	<input type="checkbox"/> Rehab/Restoration	<input type="checkbox"/> Completed	<input checked="" type="checkbox"/> Proposed
Contract year work completion: 2030			
Total Cost: \$ 5,000.00			
Description of work:			
<p>The Boiler Room is a non-contributing feature of the building and is currently in a severely deteriorated state that is beyond repair. It poses life safety concerns and therefore will be demolished. This condition is due to:</p> <ul style="list-style-type: none">• Demolished southern wall leaving the interior open to the elements,• Substantial cracks and settlement in the concrete slab,• Substantial delamination of roofing with water damage, holes, and corroded flashing,• Spalling concrete at windows, walls, and roof, and• Rusted steel sash windows with broken panes.			

Maintenance Plan (Exhibit B)

Use this form to outline your Maintenance Plan. Copy this page as necessary to include all maintenance scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 10	Building Feature: Roof
<input checked="" type="checkbox"/> Maintenance <input type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	
Contract year work completion: Annually	
Total Cost: \$ 5,000.00	
Description of work: Roof will be inspected on an annual basis with repairs being done on an as-needed basis, including the central penthouse roof, parapets, EMR, and roof adjacent to hipped skylight.	

Maintenance Plan (Exhibit B)

Use this form to outline your Maintenance Plan. Copy this page as necessary to include all maintenance scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 11	Building Feature: Exterior elevations including windows
<input checked="" type="checkbox"/> Maintenance <input type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	
Contract year work completion: Annually	
Total Cost: \$ 50,000.00	
<p>Description of work:</p> <p>The building exterior will be painted as needed, likely every 3-5 years with some elevations requiring this form of maintenance more often due to exposure, such as the southern elevation. This includes window frames and any decorative elements.</p>	

Maintenance Plan (Exhibit B)

Use this form to outline your Maintenance Plan. Copy this page as necessary to include all maintenance scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 12	Building Feature: Art Deco features
<input checked="" type="checkbox"/> Maintenance <input type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	
Contract year work completion: Annually	
Total Cost: \$ 5,000.00	
<p>Description of work: Art Deco features along Howard and Russ Street elevations will be inspected annually for needed repairs and/or restoration, which will be addressed promptly if/when identified.</p>	

Maintenance Plan (Exhibit B)

Use this form to outline your Maintenance Plan. Copy this page as necessary to include all maintenance scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 13	Building Feature: Doors
<input checked="" type="checkbox"/> Maintenance <input type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	
Contract year work completion: Annually	
Total Cost: \$ 5,000.00	
Description of work: Doors along all elevations will be inspected annually for needed repairs and/or restoration, which will be addressed promptly if/when identified.	

Maintenance Plan (Exhibit B)

Use this form to outline your Maintenance Plan. Copy this page as necessary to include all maintenance scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 14	Building Feature: Fire Escapes
<input checked="" type="checkbox"/> Maintenance <input type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	
Contract year work completion: Annually	
Total Cost: \$ 5,000.00	
Description of work: Fire escapes along the Russ Street elevation will be inspected annually for needed repairs and/or restoration, which will be addressed promptly if/when identified.	

Maintenance Plan (Exhibit B)

Use this form to outline your Maintenance Plan. Copy this page as necessary to include all maintenance scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 15	Building Feature: Interior perimeter walls & columns
<input checked="" type="checkbox"/> Maintenance <input type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	
Contract year work completion: Annually	
Total Cost: \$ 5,000.00	
Description of work: Interior perimeter walls and columns will be inspected annually for needed repairs and/or restoration, which will be addressed promptly if/when identified.	

CoStar Industrial Leases

Show Criteria

Basic Criteria

Space Use: Industrial
 Lease Type: Direct
 Deal Type: New Lease, Renewal
 Lease Status: Executed
 Rental Rate Per SF Per Year (\$/SF/Yr): \$1 to \$1999
 Rent Type: Asking Rent, Effective Rent, Starting Rent

Building Criteria

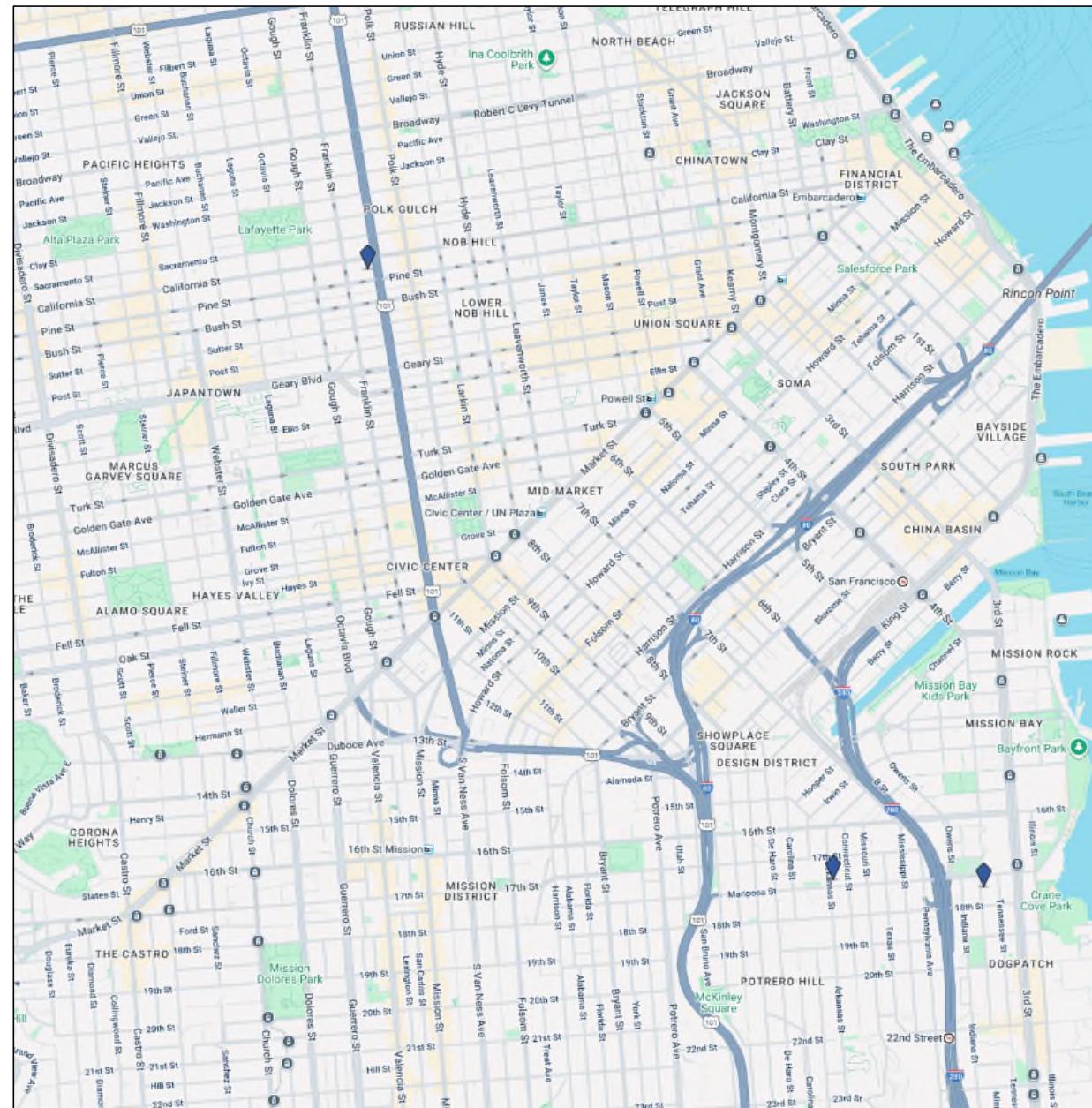
Type of Property: Flex, Industrial, Office, Retail
 Property Size: 20000 - 80000 SF

Geography Criteria

Geography: User Defined Search

Lease Criteria

Print Criteria Close



EXECUTIVE SUMMARY

Leasing activity reaches highest level in four quarters

- The overall Bay Area leasing volume was 3.9 million sq. ft. in Q1 2025, compared to 2.8 million sq. ft. in Q4 2024.
- There were 49 lease transactions greater or equal to 25,000 sq. ft., as the smaller size segment (25,000 – 99,999 sq. ft.) garnered 69% of the total activity. During Q1 2025, there were two leased done at or above 200,000 sq. ft. in Q4 2024.
- The average base rent ended Q1 2025 at \$1.24 per sq. ft. on a monthly, NNN basis (NNN), down from \$1.30 NNN in the previous quarter due to a higher concentration of warehouse / distribution leases signed in Q1 2025.



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MARKET OVERVIEW

Leasing Activity by Market – Q1 2025

Market	Total Leases	Total Size Sq. Ft.	Avg. Size Sq. Ft.	Avg. Base Rent NNN
I-680 Corridor	3	273,302	91,101	\$0.82
Napa-Solano County	4	180,962	45,241	\$1.04
Oakland	18	1,450,445	80,580	\$1.08
San Francisco Peninsula	6	306,345	51,058	\$1.58
Silicon Valley	18	1,707,058	94,837	\$1.46
Grand Total	49	3,918,112	79,961	\$1.24

Key Takeaways:

- Silicon Valley reported the highest leasing volume in Q1 2025 with 1.7 million sq. ft. followed by Oakland at 1.5 million sq. ft..
- The San Francisco Peninsula recorded the highest overall average base rent in the region at \$1.58 NNN. Close proximity to SFO International Airport and a shrinking supply of functional warehouse space have kept rents elevated in this market.
- Silicon Valley, with its higher concentration of tech manufacturers and facilities with high power, reported the next highest average base rate at \$1.58 NNN.

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\$ 1.58 monthly
\$ 18.96 annual

1.29 loc adj

\$ 24.40 adjusted

San Francisco self storage prices by unit size

Besides the standard 10x10 unit, the San Francisco self storage market includes several other types of units that can vary in terms of size and amenities, and naturally, price.

For instance, a 5x5 self storage unit in San Francisco rents for \$123, while a 5x10 unit would cost \$180/month. Average street rates for a 10x20 unit stand at \$527/month. Non-climate-controlled units typically come with lower price tags than their climate-controlled counterparts of the same size.

Non-Climate-Controlled Units*

Unit Size	Avg. Street Rate
5x5	\$123
5x10	\$180
10x10	\$288
10x15	\$402
10x20	\$527
10x30	\$685

Climate-Controlled Units*

Unit Size	Avg. Street Rate
5x5	\$131
5x10	\$194
10x10	\$287
10x15	\$419
10x20	\$548
10x30	\$654

** Average monthly rates for San Francisco in June 2025.*

Non-Climate-Controlled

Unit Size	Avg Rate	PSF
5 x 5 25	\$ 123	\$ 4.92
5 x 10 50	\$ 180	\$ 3.60
10 x 10 100	\$ 288	\$ 2.88
10 x 15 150	\$ 402	\$ 2.68
10 x 20 200	\$ 527	\$ 2.64
10 x 30 300	\$ 685	\$ 2.28
AVERAGE	\$ 3.17	

ANNUAL **\$ 38.00**

Climate-Controlled

Unit Size	Avg Rate	PSF
5 x 5 25	\$ 131	\$ 5.24
5 x 10 50	\$ 194	\$ 3.88
10 x 10 100	\$ 287	\$ 2.87
10 x 15 150	\$ 419	\$ 2.79
10 x 20 200	\$ 548	\$ 2.74
10 x 30 300	\$ 654	\$ 2.18
AVERAGE	\$ 3.28	

ANNUAL **\$ 39.41**

non & controlled

Average	PSF
25	\$ 127
50	\$ 187
100	\$ 288
150	\$ 411
200	\$ 538
300	\$ 670
AVERAGE	\$ 3.23

ANNUAL **\$ 38.70**

Justin Appold
112 Russ Street
San Francisco, CA 94103
October 14th 2025

To the Members of the San Francisco Historic Preservation Commission:

Re: Item concerning 1035 Howard Street — Mills Act Waiver Request

Dear Commissioners,

I am writing as a nearby homeowner at 112 Russ Street to share my concerns regarding the request for a Mills Act exemption waiver for 1035 Howard Street. You may remember me from prior meetings - I am the firefighter across the street that helped galvanize the opposition for this project at the prior SFHPC meetings. Unfortunately, I found out about this meeting at the last minute and I'm at work this time, but hopefully you'll take a few moments to consider my letter.

I believe the developers are asking for more help without delivering on the promises they made to the SFHPC last time around and I am writing to make sure you do not give them any more handouts without them first delivering on their end of the bargain.

As you know, the Mills Act allows commercial properties valued at \$5 million or less to qualify for tax benefits, or for higher-valued properties to qualify only if they meet *exceptional criteria*—specifically:

1. The site, building, or structure is a particularly significant resource; and
2. Granting the exemption will assist in the preservation of a site, building, or structure that would otherwise be in danger of demolition, substantial alteration, or disrepair.

Given that this building sold for over **\$25 million in 2018** and again for approximately **\$8 million in April 2025**, it is difficult to conclude that it is “in danger of demolition, substantial alteration, or disrepair.” However, I understand the desire to ensure that this historic building is preserved and restored in a way that benefits the neighborhood and honors its architectural character.

Moreover, this developer has already received **significant special treatment** from the City and the SFHPC, including allowances to alter the historic character of the property and to convert it for use as a **storage facility** and to waive active use requirements on upper floors—despite broad neighborhood opposition. The South of Market community has repeatedly expressed that we want to see this landmark building used in ways that enhance neighborhood life and economic vitality, not hollowed out for a use that provides almost no community benefit.

The SFHPC previously suggested that any flexibility around upper-floor active-use requirements could only be justified if the developer provided **true, functional active-use spaces** on the

ground floor along Howard and Russ Streets. Instead, the most recent plans include **narrow mezzanine platforms with low ceiling heights (in some areas reportedly under 7 feet) on the Russ Street side** inside the roll downs that cannot accommodate normal commercial operations, dining, or retail use. These mezzanines appear designed only to serve internal storage or circulation for the self-storage facility, rather than create genuine storefront activity or neighborhood-serving businesses. Also concerning, the developers have attempted to classify a small “**retail storage shop**” as active use—something that does little to generate pedestrian interest or community benefit.

Furthermore, promised investments in **street lighting and beautification**—key elements in gaining early Commission support—have been absent or significantly reduced in recent plan revisions.

Given these issues, I strongly urge the Commission to **deny** the Mills Act waiver request **unless** the developers commit to creating **authentic, ground-floor active-use spaces that local proprietors would actually want to rent and activate**—spaces with adequate ceiling heights, natural light, and pedestrian visibility that reflect and celebrate the **beautiful historic nature** of this building. These conditions should be clearly defined, enforceable, and tied to the building’s Mills Act eligibility.

Without such commitments, granting this waiver would set a troubling precedent—rewarding developers who seek public incentives without fulfilling their preservation or community obligations.

The neighborhood has been patient and consistent in asking that 1035 Howard not become another inactive or underutilized site. A Mills Act designation, if granted, should come with **accountability and public benefit**—ensuring that the building’s preservation also strengthens the social and economic fabric of the South of Market community.

Thank you for your consideration and for your continued stewardship of San Francisco’s historic built environment.

Respectfully,
Justin Appold
Homeowner, 112 Russ Street
San Francisco, CA 94103



Re: Item concerning 1035 Howard Street — Mills Act Waiver Request

From Jon Garcia <gogarcia@gmail.com>

Date Wed 10/15/2025 3:25 PM

To Ferguson, Shannon (CPC) <shannon.ferguson@sfgov.org>; CPC-Commissions Secretary <commissions.secretary@sfgov.org>

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To the Members of the San Francisco Historic Preservation Commission:

Re: Item concerning 1035 Howard Street — Mills Act Waiver Request

Please consider the attached letter regarding the proposed Mills Act Contract at [1035 Howard St](#). This is agenda item 9 for the SFHPC meeting tomorrow, October 15, 2025.

Dear Commissioners,

I am writing to express my strong opposition regarding the request for a Mills Act exemption waiver for 1035 Howard Street. Like other concerned neighbors, I urge the Commission to **deny** this waiver request, as granting it would set a troubling precedent. The developers are asking for more help without having delivered on promises they made previously to the SFHPC.

The Mills Act Waiver is a Bailout for Speculators

The Mills Act provides tax benefits for historical commercial properties valued at \$5 million or less, or for higher-valued properties only if they meet "exceptional criteria". These criteria specifically require that the exemption will assist in the preservation of a structure that would otherwise be in danger of demolition, substantial alteration, or disrepair.

It is difficult to conclude that 1035 Howard Street meets the criteria of being "in danger of demolition, substantial alteration, or disrepair". This property sold for over **8 million in April 2025**. Given these high valuations, we believe this request is simply a **bail out for speculators**, rewarding developers who seek public incentives without fulfilling their community obligations. This developer has already received significant special treatment from the City and the SFHPC, and we urge you not to give them any more handouts.

Conversion to Storage Creates a Dead Zone, Not Community Benefit

The South of Market community has repeatedly expressed that we want to see this landmark building used in ways that enhance neighborhood life and economic vitality, not hollowed out for a use that provides almost no community benefit. The building has already been granted allowances to alter its historic character and to **convert it for use as a storage facility**.

We strongly caution against this use, as storage buildings become **dead zones** for the neighborhood (as evidenced by other storage buildings in SOMA). Converting the property to a self-storage facility, which provides almost no community benefit, transforms this Category II – Significant Building into another inactive or underutilized site.

The community opposed the allowances to waive active use requirements on upper floors, and the most recent plans for the ground floor confirm these concerns. The developer's plans feature narrow mezzanine platforms with low ceiling heights (reportedly under 7 feet in some areas) on the Russ Street side. These spaces cannot accommodate normal commercial operations, dining, or retail use and appear designed only to serve internal storage or circulation for the self-storage facility, failing to create genuine storefront activity or neighborhood-serving businesses. Furthermore, classifying a small "retail storage shop" as active use does little to generate pedestrian interest or community benefit.

SOMA Cannot Bear Further Burden for City Services

In addition to our strong opposition to the storage use and the financial waiver, we are also concerned about potential future uses of the building. The sources note that the property is located in the MUG – Mixed Use-General District in District 6. We insist that this building should **NOT be converted to a homeless shelter** or other high-intensity social service uses, as the South of Market neighborhood is already bearing most of the City Services for the poor. The preservation of this historic building, designed in the Art Deco style, must strengthen the social and economic fabric of the SOMA community.

Conclusion

We urge the Commission to **deny** the Mills Act waiver request unless the developers commit to creating **authentic, ground-floor active-use spaces** that local proprietors would actually want to rent and activate. These spaces must have adequate ceiling heights, natural light, and pedestrian visibility that reflect and celebrate the beautiful historic nature of this building.

A Mills Act designation, if granted, must come with accountability and public benefit. We ask the SFHPC to hold the developer accountable for the promises made, including investments in street lighting and beautification, which have been absent or significantly reduced in recent plan revisions. Thank you for your consideration and for ensuring that preservation decisions require genuine community benefit.

Respectfully,

EJ Garcia

+25 year resident of 142 Russ

Sent with [Mixmax](#)



FW: 1035 HOWARD SF. Important neighborhood input.

From CPC-Commissions Secretary <commissions.secretary@sfgov.org>

Date Thu 10/16/2025 8:16 AM

Cc Ferguson, Shannon (CPC) <shannon.ferguson@sfgov.org>; Feliciano, Josephine (CPC) <josephine.feliciano@sfgov.org>

Best,

Josephine O. Feliciano, Planning Technician II

Commission Affairs

San Francisco Planning

49 South Van Ness Avenue, Suite 1400, San Francisco, CA 94103

Direct: 628.652.7600 | www.sfplanning.org

San Francisco Property Information Map

-----Original Message-----

From: Bob Gordon <Bob@Gordon7Paris.com>

Sent: Thursday, October 16, 2025 1:38 AM

To: CPC-Commissions Secretary <commissions.secretary@sfgov.org>

Cc: Justin Appold <justinappold@gmail.com>; Bob Gordon <Bob@Gordon7Paris.com>

Subject: 1035 HOWARD SF. Important neighborhood input.

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

To members of the commission:

My name is Robert C Gordon III. For 20+ years I have owned and managed the property at 146/150 Russ St. It has a total of eight units. I've seen the neighborhood deteriorate and more recently gradually improve.

I am a San Francisco native, Lowell HS, and worked for 28 years as an assistant district attorney in San Francisco under four separate elected district attorneys— From the late Arlo Smith all the way through, to and including Kamala Harris.

(I tried many three strikes and homicide cases and the ladder portions of my career.)

I write to support, 100%, the thoughtful, detailed, comprehensive and articulate email from Justin Appold re the application of the Mills Act.

The issue is simple: has or has not the developer of 1035 Russ St. fully fulfilled its obligations in the contractual agreements already in place with the city at this address?

The neighborhood renters and owners as well as the city designated departments have worked in good faith to develop this long-abandoned and unhealthy property (in legal parlance, a very large and dangerous "attractive nuisance") with the developer. I have spoken with one of the developers lead agents and found him to be very cooperative and professional.

Everyone in this community wants the developer to succeed and prosper in this project as long as the developer meets its written commitments.

As yet another very concerned neighborhood owner, I urge the commission to assure that the under-performance and defects set out by Mr. Appold are fully cured.

Respectfully,

Bob Gordon

Sent from my iPhone



2025 MILLS ACT HISTORICAL PROPERTY CONTRACTS EXECUTIVE SUMMARY

HEARING DATE: OCTOBER 15, 2025

Record No.: 2025-003698MLS
Project Address: 331 Pennsylvania Avenue
Historic District: National Register of Historic Places
Zoning: RH-2 – Residential-House, Two Family Zoning District, 40-X Height and Bulk District
Block/Lot: 4040/034, 035, 036, 037, 038, 039, 040
Project Sponsor: Nibbi Brothers General Contractors
Property Owner: Nibello LLC

Record No.: 2025-003876MLS
Project Address: 530 Jackson Street
Historic District: Article 10 Jackson Square Historic District
Zoning: C-2 Community Business, 65-A Height and Bulk District
Block/Lot: 0176/009
Project Sponsor: Michael McDonald
Property Owner: SFCA Real Estate Holdings

Record No.: 2025-003728MLS
Project Address: 1035 Howard Street
Historic District: Article 11 Category II - Significant Building
Zoning: MUG – Mixed Use-General, 65-X Height and Bulk District
Block/Lot: 3731/094
Project Sponsor: John Sweeney
Property Owner: 1035 Howard LLC

Staff Contact: Shannon Ferguson - 628-652-7354
Shannon.Ferguson@sfgov.org

Property Description

331 Pennsylvania Avenue is listed on the National Register of Historic Places. It is located on the east side of Pennsylvania Avenue between 18th and 19th streets, Assessor's Block 4040, Lots 034, 035, 036, 037, 038, 039, 040.

The subject property is located within a RH-2 – Residential-House, Two Family Zoning District, 40-X Height and Bulk District. 331 Pennsylvania Avenue is a two-story over raised basement reinforced concrete, Renaissance Revival style former hospital building clad in stucco and capped with a flat roof. The former Union Iron Works Hospital was constructed in 1916 by Bethlehem Steel Company and designed by architect of merit Frederick H. Meyer. In 2021, the building was adaptively reused for 7 residential units which are currently rented.

530 Jackson Street is a contributor to the Jackson Square Historic District under Article 10 of the Planning Code. It is located on the north side of Jackson Street between Columbus Avenue and Montgomery Street, Assessor's Block 0176, Lot 009. The subject property is located within a C-2 – Community Business Zoning District and a 65-A Height and Bulk District. Constructed in 1907 and designed by the prolific local firm of Shea and Lofquist, 530 Jackson Street is a five-story, over basement, steel reinforced brick masonry and timber frame commercial building with Classical motifs. In 1998, the first story storefront was completely rebuilt to its present condition and a two-story, stucco clad addition was constructed on top of the building, set back from the south façade. The building has both commercial and residential uses and is currently vacant. Note that a violation pertaining to the Façade Ordinance was abated on September 3, 2025.

1035 Howard Street is a Category II – Significant Building under Article 11 of the Planning Code. It is located on the south side of Howard Street between Harriet and Russ Streets, Assessor's Block 3731, Block 094. The subject property is located within a MUG – Mixed Use-General Zoning District and a 65-X Height and Bulk District. Built in 1930, it is a 3-story, reinforced concrete, industrial building designed in the Art Deco style by architect A. C. Griewank. The building was originally constructed for the Eng-Skell Co., a flavoring extracts manufacturer, and housed a laboratory, manufacturing plant, warehouse, and office space until 2016 when the company closed. The building is currently vacant. Note that the subject property has an approved Major Permit to Alter (March 2025) to rehabilitate the building and convert it to commercial storage and is also seeking Federal Rehabilitation Tax Credits.

Project Description

This project is for Mills Act Historical Property Contracts for 331 Pennsylvania Avenue, 530 Jackson Street, and 1035 Howard Street. 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). The Mills Act authorizes local governments to enter into contracts with owners of a qualified historical property who will rehabilitate, restore, preserve, and maintain the property. As consideration for the rehabilitation, restoration, preservation and maintenance of the qualified historical property, the City and County of San Francisco may provide certain property tax reductions in accordance with Article 1.9 (commencing with Section 439) of Chapter 3 of Part 2 of Division 1 of the California Revenue and Taxation Code.

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

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

Eligibility

QUALIFIED HISTORICAL PROPERTY

An owner, or an authorized agent of the owner, of a qualified historical property may apply for a historical property contract. For purposes of Chapter 71, "qualified historical property" means privately owned property that is not exempt from property taxation and that either has submitted a complete application for listing or designation, or has been listed or designated in one of the following ways on or before December 31 of the year before the application is made:

- (1) Individually listed in the National Register of Historic Places;
- (2) Listed as a contributor to an historic district included on the National Register of Historic Places;
- (3) Designated as a City landmark pursuant to San Francisco Planning Code Article 10;
- (4) Designated as contributory to a landmark district designated pursuant to San Francisco Planning Code Article 10; or
- (5) 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.

LIMITATIONS ON ELIGIBILITY

Eligibility for historical property contracts 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 individual property is granted an exemption from those limitations by the Board of Supervisors. For the purposes of this section, "assessed valuation" shall not include any portion of the value of the property that is already exempt from payment of property taxes.

EXEMPTION FROM LIMITATIONS ON ELIGIBILITY

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

- (1) The site, building, or structure is a particularly significant resource; and
- (2) Granting the exemption will assist in the preservation of a site, building, or structure that would otherwise be in danger of demolition, substantial alteration, or disrepair.

Properties applying for an exemption must provide evidence that it meets the exemption criteria, including a Historic Structure Report (HSR) to substantiate the exceptional circumstances for granting the exemption.

The Board of Supervisors may approve a historical property contract not otherwise meeting the eligibility requirements if it finds that the property is a qualified historical property that meets exemption criteria listed above and is especially deserving of a contract due to the exceptional nature of the property and other special circumstances.

Application for Mills Act Historical Property Contract

WHO MAY APPLY AND APPLICATION CONTENT

An owner, or an authorized agent of an owner, of a qualified historical property may submit an application for a historical property contract to the Planning Department on forms provided by the Planning Department. The property owner is required to provide, at a minimum, the address and location of the qualified historical property, evidence that the property is a qualified historical property and meets the valuation requirements of Chapter 71, the nature and cost of the rehabilitation, restoration or preservation work to be conducted on the property, financial information necessary for the Assessor-Recorder to conduct the valuation assessment under the Mills Act, including any information regarding income generated by the qualified historical property, and a plan for continued maintenance of the property. The Planning Department, the Historic Preservation Commission, or the Assessor-Recorder may require any further information necessary to make a recommendation on or conduct the valuation of the historical property contract.

APPLICATION DEADLINES

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

Approval Process

ASSESSOR-RECORDER REVIEW

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

HISTORIC PRESERVATION COMMISSION REVIEW

The Historic Preservation Commission has the authority to recommend approval, disapproval, or modification of historical property contracts to the Board of Supervisors. For this purpose, the Historic Preservation Commission is required to hold a public hearing to review the application for the historical property contract and make a recommendation regarding whether the Board of Supervisors should approve, disapprove, or modify the historical property contract within 90 days of receipt of the Assessor-Recorder's report or within 90 days of the date the report should have been provided if none is received. The recommendation of the Historic Preservation Commission may include recommendations regarding the proposed rehabilitation, restoration, and preservation work, the historical value of the qualified historical property, and any proposed preservation

restrictions or maintenance requirements to be included in the historical property contract. The Planning Department forwards the application and the recommendation of the Historic Preservation Commission to approve or modify a historical property contract to the Board of Supervisors. Failure of the Historic Preservation Commission to act within the 90-day time limit constitutes a recommendation of disapproval, and the Planning Department is required to notify the property owner in writing of the Historic Preservation Commission's failure to act. If the Historic Preservation Commission recommends disapproval of the historical property contract, such decision is final unless the property owner files an appeal with the Clerk of the Board of Supervisors within 10 days of the final action of the Historic Preservation Commission or within 10 days of the Planning Department's notice of the Historic Preservation Commission's failure to act.

BUDGET ANALYST REVIEW

Upon receipt of the recommendation of the Historic Preservation Commission or upon receipt of a timely appeal, the Clerk of the Board of Supervisors is required to forward the application and Assessor-Recorder's report to the Budget Analyst, who, then prepares a report to the Board of Supervisors on the fiscal impact of the proposed historical property contract.

BOARD OF SUPERVISORS DECISION

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

Terms of the Mills Act Historical Property Contract

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

- (1) The initial term of the contract, which shall be for a minimum period of 10 years;
- (2) The owner's commitment and obligation to preserve, rehabilitate, restore and maintain the property in accordance with the rules and regulations of the Office of Historic Preservation of the California Department of Parks and Recreation and the United States Secretary of the Interior's Standards for the Treatment of Historic Properties;
- (3) Permission to conduct periodic examinations of the interior and exterior of the qualified historical property by the Assessor-Recorder, the Department of Building Inspection, the Planning Department, the Office of Historic Preservation of the California Department of Parks and Recreation and the State Board of Equalization as may be necessary to determine the owner's compliance with the historical

property contract;

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

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

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

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

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

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

Priority Considerations

In addition, historic properties must meet one of the following priority consideration criteria in order to be given priority for a Mills Act Contract:

- Office to residential conversion
- Properties located in the C-3 Zoning District
- Located in a priority equity geography
- Multi-family housing
- Estimated cost of rehabilitation work exceeds \$200,000 for single family dwellings and \$500,000 for multi-unit residential, commercial, or industrial buildings.
- Recently Designated City Landmarks: properties that have been recently designated landmarks will be given priority consideration.
- Legacy Business: The project will preserve a property at which a business included in the Legacy Business Registry is located. This criterion will establish that the owner is committed to preserving the

property, including physical features that define the existing Legacy Business.

Issues & Other Considerations

331 Pennsylvania Avenue: The subject property is listed on the National Register of Historic Places - and is thus a qualified historical property. The owner of the qualified historical property submitted an application for a historical property contract and a Historic Structure Report to the Department by the May 1, 2025 application deadline. The Assessor-Recorder estimated the property owner will receive an estimated \$35,402 in property tax savings in the first year as a result of the Mills Act Contract. Please refer to the attached Market Analysis and Income Approach Report and Preliminary Valuations spreadsheet prepared by the Assessor-Recorder for detailed information.

The subject property is currently valued by the Assessor's Office as over \$5,000,000 and required a Historic Structure Report (see attached) to substantiate the exceptional circumstances for granting an exemption from the limitations on eligibility. The property meets the requirements for granting an exemption from the limitations on eligibility as it is an exceptional example of architectural style.

As detailed in the application, the applicant proposes to rehabilitate and maintain the historic property. The proposed Rehabilitation Plan (Exhibit A) proposes to replace the roof and paint the exterior. The estimated cost of the proposed rehabilitation work is \$400,000. The proposed Maintenance Plan (Exhibit B) proposes to inspect and make any necessary repairs or in-kind replacement to windows, doors, exterior elevations, and downspouts on an annual basis and inspect and make any necessary repairs to the roof every five years. The estimated cost of maintenance work is \$15,000 annually. No changes to the use of the property are proposed. The Department has determined that the proposed work, as detailed in Exhibits A and B, will be in conformance with the Secretary of Interior's Standards for Rehabilitation. Please refer to the attached Rehabilitation and Maintenance Plan for a full description of the proposed work.

The subject property meets one of the one Priority Considerations: Multi-family housing. The proposed rehabilitation and maintenance will require associated costs to ensure the preservation of the subject property. The proposed rehabilitation and maintenance will preserve and enhance the integrity of the building.

530 Jackson Street: The subject property is a contributor to the Jackson Square Historic District under Article 10 of the Planning Code and is thus a qualified historical property. The owner of the qualified historical property submitted an application for a historical property contract and a Historic Structure Report to the Department by the May 1, 2025 application deadline. The Assessor-Recorder estimated the property owner will receive an estimated \$261,620 in property tax savings in the first year as a result of the Mills Act Contract. Please refer to the attached Market Analysis and Income Approach Report and Preliminary Valuations spreadsheet prepared by the Assessor-Recorder for detailed information.

The subject property is currently valued by the Assessor's Office as over \$5,000,000 and required a Historic Structure Report (see attached) to substantiate the exceptional circumstances for granting an exemption from the limitations on eligibility. The property meets the requirements for granting an exemption from the limitations on eligibility. The property is a particularly significant resource because it is an important contributing element Jackson Square Historic District as one of the earliest commercial buildings dating to the post-1906 earthquake

and fire recovery and the building embodies the characteristics of the district as a brick masonry building with Classical motifs. Granting the exemption will assist in the preservation and rehabilitation of a property that would otherwise be in danger of deterioration.

The Rehabilitation Plan (Exhibit A) proposes to rehabilitate wrought iron fire escape, waterproof the basement, repair the flashing, cornices, roof, windows, storefront, and repoint the brick masonry. The estimated cost of the proposed rehabilitation work is \$804,319. The proposed Maintenance Plan (Exhibit B) proposes to inspect and make any necessary repairs to the historic terra cotta facades, the wood framed windows, as well as the roofing and parapet walls on an annual basis. The estimated cost of maintenance work is \$19,530 annually. No changes to the use of the property are proposed. The Department has determined that the proposed work, as detailed in Exhibits A and B, will be in conformance with the *Secretary of Interior's Standards for Rehabilitation*. Please refer to the attached Rehabilitation and Maintenance Plan for a full description of the proposed work.

The subject property meets one of the five Priority Considerations: Investment. The proposed rehabilitation will require significant associated costs to ensure the preservation of the subject property. The property owner will invest additional money towards the rehabilitation other than for routine maintenance, including façade and window rehabilitation. Finally, the proposed rehabilitation project will preserve and enhance the integrity of the building and the historic district. Note

1035 Howard Street: The subject property is listed as a contributor to the Article 11 Category II - Significant Building and is thus a qualified historical property. The owner of the qualified historical property submitted an application for a historical property contract and a Historic Structure Report to the Department by the May 1, 2025 application deadline. The Assessor-Recorder estimated the property owner will receive an estimated \$260,660 in property tax savings in the first year as a result of the Mills Act Contract. Please refer to the attached Market Analysis and Income Approach Report and Preliminary Valuation spreadsheet prepared by the Assessor-Recorder for detailed information.

The subject property is currently valued by the Assessor's Office as over \$5,000,000 and required a Historic Structure Report (see attached) to substantiate the exceptional circumstances for granting an exemption from the limitations on eligibility. The property meets the requirements for granting an exemption from the limitations on eligibility. The property is a particularly significant resource because Art Deco is a less common style within San Francisco and seldom found to exemplify warehouses within the city, which makes the highly stylized and intact subject property quite rare and exceptional, and as home the Eng-Skell Company, a remarkably significant San Francisco-born business that became an industry leader in crushed fruits, toppings and fountain syrups, and retained its main operations in the city for over 100 years, at this specific site for approximately 85 years, strongly contributed to the local light industrial economy of the SoMa district from c. 1930-2016. Finally, granting the exemption will assist in the preservation and rehabilitation of a property that would otherwise be in danger of deterioration and abandonment.

As detailed in the application, the applicant proposes to rehabilitate and maintain the historic property. The proposed Rehabilitation Plan (Exhibit A) proposes to perform seismic upgrades, replace the roof, repair the parapet, retain and repair the hipped skylight, repair and restore the concrete elevations, repair windows, remove stucco infill panels at window openings at ground floor and replace with compatible glazing, repair the terra cotta tile at the bulkhead and column base, repair main entrance door, repair and repaint fire escapes, repair remaining interior Art Deco features, columns and walls, and demolish the boiler room due to life safety

concerns. The estimated cost of the proposed rehabilitation work is \$3,405,000. The proposed Maintenance Plan (Exhibit B) proposes to inspect and make any necessary repairs to roof, exterior elevations, windows, Art Deco features, doors, fire escapes, interior walls and columns on an annual basis. The estimated cost of maintenance work is \$75,000 annually. The subject property has an approved Major Permit to Alter for work listed above and to convert the building to commercial storage (approved March 2025). The property owner has also applied for Federal Rehabilitation Tax Credits. The Department has determined that the proposed work, as detailed in Exhibits A and B, will be in conformance with the Secretary of Interior's Standards for Rehabilitation. Please refer to the attached Rehabilitation and Maintenance Plan for a full description of the proposed work.

The subject property meets two of the five Priority Considerations: located in a Priority Equity Geography and Investment. The proposed rehabilitation will require significant associated costs to ensure the preservation of the subject property. The property owner will invest additional money towards the rehabilitation other than for routine maintenance, including structural upgrades. Finally, the proposed rehabilitation project will preserve and enhance the integrity of the building.

Public/Neighborhood Input

The Department has received no inquiries from the public about the proposed project.

Environmental Review Status

The Project is exempt from the California Environmental Quality Act ("CEQA") as a Class 31 categorical exemption as the proposed project is limited to maintenance, repair, stabilization, restoration, conservation, or reconstruction of the subject property in a manner consistent with the Secretary of the Interior's Standards for the Treatment of Historic Properties.

Basis for Recommendation

The Department recommends **APPROVAL** of the Mills Act Historical Property Contracts for 331 Pennsylvania Avenue, 530 Jackson Street, and 1035 Howard Street as the applications meet the provisions of Chapter 71 of the Administration Code and the Priority Considerations. The proposed rehabilitation and maintenance work plans conform with the *Secretary of Interior's Standards for Rehabilitation*. Granting the Mills Act historical property contract will help the property owners mitigate rehabilitation expenditures and adequately maintain the properties in the future.

Attachments

Attachments

- Draft Resolution
- Exhibits A & B: Rehabilitation/Restoration & Maintenance plans
- Draft Mills Act Contract
- Draft Mills Act Valuation provided by the Assessor-Recorder's Office
- Maps and Context Photos
- Mills Act Application



HISTORIC PRESERVATION COMMISSION RESOLUTION NO. 1494

HEARING DATE: OCTOBER 15, 2025

Record No.: 2025-003728MLS
Project Address: 1035 Howard Street
Zoning: MUG – Mixed Use-General
Height & Bulk: 65-X, 85-X Height and Bulk District
Historic Status: Category II – Significant Building
Block/Lot: 3731/094
Project Sponsor: John Sweeney
Property Owner: 1035 Howard LLC
Staff Contact: Shannon Ferguson – (628) 652-7354
shannon.ferguson@sfgov.org

ADOPTING FINDINGS RECOMMENDING TO THE BOARD OF SUPERVISORS APPROVAL OF THE DRAFT MILLS ACT HISTORICAL PROPERTY CONTRACT, REHABILITATION PROGRAM, AND MAINTENANCE PLAN FOR 1035 Howard Street.

WHEREAS, The Mills Act, California Government Code Sections 50280 et seq. 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, 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 those provided for in the Mills Act; and

WHEREAS, Ordinance No. 191-96 amended the San Francisco Administrative Code by adding Chapter 71, to implement the Mills Act locally; and

WHEREAS, The Planning Department has determined that the actions contemplated in this Resolution are categorically exempt from with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.) under CEQA Guidelines Section 15331; and

WHEREAS, The existing building located at 1035 Howard Street is a Category II – Significant Building pursuant to Article 11 of the Planning Code and

WHEREAS, The Planning Department has reviewed the Mills Act Application, draft Historical Property Contract, Rehabilitation Program, and Maintenance Plan for 1035 Howard Street, which are contained in Case No. 2025-003728MLS. The Planning Department recommends approval of the draft Mills Act Historical Property Contract, Rehabilitation Program, and Maintenance Plan; and

WHEREAS, The Historic Preservation Commission (HPC) recognizes the historic building at 1035 Howard Street as a qualified historical property, agrees with the Planning Department's recommendation, and believes the Rehabilitation Program and Maintenance Plan are appropriate for the property; and

WHEREAS, At a duly noticed public hearing held on October 15, 2025, the HPC reviewed documents and correspondence and heard oral testimony on the Mills Act Application, Draft Historical Property Contract, Rehabilitation Program, and Maintenance Plan for 1035 Howard Street; now, therefore, be it

RESOLVED, That the HPC hereby recommends that the Board of Supervisors approve the Draft Mills Act Historical Property Contract, including the Rehabilitation Program (Exhibit A to the Contract) and Maintenance Plan (Exhibit B to the Contract), for the historic building located at 1035 Howard Street, attached herein, and fully incorporated by this reference; and be it

FURTHER RESOLVED, That the HPC hereby directs its Commission Secretary to transmit this Resolution, the Draft Mills Act Historical Property Contract, including the Rehabilitation Program, and Maintenance Plan for 1035 Howard Street, and other pertinent materials in the case file 2025-003728MLS to the Board of Supervisors.

I hereby certify that the foregoing Resolution was ADOPTED by the Historic Preservation Commission on October 15, 2025.



Jonas P. Ionin
Commissions Secretary

AYES: Cox, Tsern Strang, Baroni, Baldauf, Vergara, Foley, Matsuda

NOES: None

ABSENT: None

ADOPTED: October 15, 2025

EXHIBITS A & B

Mills Act Historical Property Contract, including the Rehabilitation Program (Exhibit A), and Maintenance Plan (Exhibit B) for the historic building located at 1035 Howard Street.

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 1	Building Feature: Seismic upgrades (foundation, walls, floors)		
<input type="checkbox"/> Maintenance	<input checked="" type="checkbox"/> Rehab/Restoration	<input type="checkbox"/> Completed	<input type="checkbox"/> Proposed
Contract year work completion: 2030			
Total Cost: \$ 1,000,000.00			
<p>Structural modifications to meet current seismic standard requirements will be performed. The lateral support system will be concrete shear walls within the existing building to resist lateral loads. The new shear walls will require modifying the foundation through installation of piles where new walls will be constructed.</p> <p>South wall - Geotechnical and structural investigations will determine viability of foundation support; structural repairs will stabilize subsidence of soil.</p> <p>First floor (prior) office and adjacent areas - Geotechnical and structural investigations of subsiding floor will determine needed repairs to floor and subsoil to stabilize subsoil; new level floor will be constructed.</p>			

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 2	Building Feature: Roof, parapets & skylights		
<input type="checkbox"/> Maintenance	<input checked="" type="checkbox"/> Rehab/Restoration	<input type="checkbox"/> Completed	<input type="checkbox"/> Proposed
Contract year work completion: 2030			
Total Cost: \$ 400,000.00			
Description of work:			
<p>Entire roof will be replaced including the central penthouse roof, elevator machine room, roofing adjacent to hipped skylight, and five-sided structure. All existing materials including drains, flashing and sheet metal will be removed and the underlying deck will be evaluated and repaired as needed. Parapets will be evaluated and repaired in-kind. New roofing system will be installed, likely a multi-ply bitumen membrane with a granulated surfaced cap sheet, as well as a tapered insulation and flashing.</p> <p>Skylights will also be removed and replaced with new roofing; curbs and outlines will be retained.</p> <p>Hipped skylight will remain and be restored.</p>			

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 3	Building Feature: Exterior concrete elevations
<input type="checkbox"/> Maintenance <input checked="" type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	
Contract year work completion: 2030	
Total Cost: \$800,000.00	
<p>Repair and restore cracks, spalls, damage and improper repairs on Howard St and Russ St elevations including Art Deco elements such as columns, capital, window frame elements, spandrel panels, and cornice. Repair and restore cracks and spalls at Russ St. and south elevation utilitarian sections including window frames. Non-historic smokestacks will be removed. Patch southern elevation walls where equipment was removed including adjacent damaged wall areas.</p>	

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 4	Building Feature: upper & penthouse windows; ground floor stucco windows		
<input type="checkbox"/> Maintenance	<input checked="" type="checkbox"/> Rehab/Restoration	<input type="checkbox"/> Completed	<input type="checkbox"/> Proposed
Contract year work completion: 2030			
Total Cost: \$ 800,000.00			
<p>Windows on Howard and Russ street elevations will be repaired or restored in kind. Paint and rust will be removed from muntins, while the mullions and frames and repainted. Where glazing is missing or incompatible replacement, new glazing to match historic will be installed.</p> <p>Stucco infill panels along ground floor of Howard and Russ Streets will be removed and replaced with appropriate glazing that is compatible with the character and style of the building. Central penthouse windows will also be repaired or replaced in-kind to match the existing.</p> <p>Some southern elevation windows will be repaired and restored in-kind, but most will be removed leaving a reveal to identify where windows were once located. Although an original feature, this is necessary for the interior to function as self-storage and the main elevations to remain intact. This is only proposed for the rear elevation and the reveal will serve to identify the size and shape of the original windows as well as provide some shadow to articulate windows have been removed.</p>			

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 5	Building Feature: terra cotta tile at bulkhead and column base
<input type="checkbox"/> Maintenance <input checked="" type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	
Contract year work completion: 2030	
Total Cost: \$ 100,000.00	
Repair and/or replace in-kind terra cotta tile base along north and west elevations. Missing corner tiles will be replaced to match the existing while insufficiently repaired tiles will be restored or replaced in-kind. Tiles will be painted with a black glazing to match the original in appearance.	

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 6	Building Feature: Doors
<input type="checkbox"/> Maintenance <input checked="" type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	
Contract year work completion: 2030	
Total Cost: \$ 125,000.00	
<p>Repair and restore main entrance along Howard Street including Art Deco detailing. Remove non-original door in bay 2 along Russ Street (north-south). Within bays 6 and 7, replace doors within existing opening with break resistant glazing for consistency with HPC and PC approval. Southern elevation door will be replaced within existing opening.</p>	

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 7	Building Feature: Fire Escapes		
<input type="checkbox"/> Maintenance	<input checked="" type="checkbox"/> Rehab/Restoration	<input type="checkbox"/> Completed	<input type="checkbox"/> Proposed
Contract year work completion: 2030			
Total Cost: \$ 75,000			
Description of work: Fire escapes along Russ Street will be repaired, painted and connections strengthened to meet current code standards.			

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 8	Building Feature: Interior perimeter walls & columns
<input type="checkbox"/> Maintenance <input checked="" type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	
Contract year work completion: 2030	
Total Cost: \$100,000.00	
Description of work: Repair spalls and cracks on interior of perimeter walls due to water infiltration. Repair plaster Art Deco columns in-kind including dents and where damaged from removal of interior partition walls.	

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 9	Building Feature: Boiler Room		
<input type="checkbox"/> Maintenance	<input type="checkbox"/> Rehab/Restoration	<input type="checkbox"/> Completed	<input checked="" type="checkbox"/> Proposed
Contract year work completion: 2030			
Total Cost: \$ 5,000.00			
Description of work:			
<p>The Boiler Room is a non-contributing feature of the building and is currently in a severely deteriorated state that is beyond repair. It poses life safety concerns and therefore will be demolished. This condition is due to:</p> <ul style="list-style-type: none">• Demolished southern wall leaving the interior open to the elements,• Substantial cracks and settlement in the concrete slab,• Substantial delamination of roofing with water damage, holes, and corroded flashing,• Spalling concrete at windows, walls, and roof, and• Rusted steel sash windows with broken panes.			

Maintenance Plan (Exhibit B)

Use this form to outline your Maintenance Plan. Copy this page as necessary to include all maintenance scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 10	Building Feature: Roof
<input checked="" type="checkbox"/> Maintenance <input type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	
Contract year work completion: Annually	
Total Cost: \$ 5,000.00	
Description of work: Roof will be inspected on an annual basis with repairs being done on an as-needed basis, including the central penthouse roof, parapets, EMR, and roof adjacent to hipped skylight.	

Maintenance Plan (Exhibit B)

Use this form to outline your Maintenance Plan. Copy this page as necessary to include all maintenance scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 11	Building Feature: Exterior elevations including windows
<input checked="" type="checkbox"/> Maintenance <input type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	
Contract year work completion: Annually	
Total Cost: \$ 50,000.00	
<p>Description of work:</p> <p>The building exterior will be painted as needed, likely every 3-5 years with some elevations requiring this form of maintenance more often due to exposure, such as the southern elevation. This includes window frames and any decorative elements.</p>	

Maintenance Plan (Exhibit B)

Use this form to outline your Maintenance Plan. Copy this page as necessary to include all maintenance scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 12	Building Feature: Art Deco features
<input checked="" type="checkbox"/> Maintenance <input type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	
Contract year work completion: Annually	
Total Cost: \$ 5,000.00	
<p>Description of work: Art Deco features along Howard and Russ Street elevations will be inspected annually for needed repairs and/or restoration, which will be addressed promptly if/when identified.</p>	

Maintenance Plan (Exhibit B)

Use this form to outline your Maintenance Plan. Copy this page as necessary to include all maintenance scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 13	Building Feature: Doors
<input checked="" type="checkbox"/> Maintenance <input type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	
Contract year work completion: Annually	
Total Cost: \$ 5,000.00	
Description of work: Doors along all elevations will be inspected annually for needed repairs and/or restoration, which will be addressed promptly if/when identified.	

Maintenance Plan (Exhibit B)

Use this form to outline your Maintenance Plan. Copy this page as necessary to include all maintenance scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 14	Building Feature: Fire Escapes
<input checked="" type="checkbox"/> Maintenance <input type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	
Contract year work completion: Annually	
Total Cost: \$ 5,000.00	
Description of work: Fire escapes along the Russ Street elevation will be inspected annually for needed repairs and/or restoration, which will be addressed promptly if/when identified.	

Maintenance Plan (Exhibit B)

Use this form to outline your Maintenance Plan. Copy this page as necessary to include all maintenance scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 15	Building Feature: Interior perimeter walls & columns
<input checked="" type="checkbox"/> Maintenance <input type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	
Contract year work completion: Annually	
Total Cost: \$ 5,000.00	
Description of work: Interior perimeter walls and columns will be inspected annually for needed repairs and/or restoration, which will be addressed promptly if/when identified.	

Recording Requested by, and
when recorded, send notice to:
Shannon Ferguson
49 South Van Ness Avenue, Suite 1400
San Francisco, CA 94103

CALIFORNIA MILLS ACT HISTORIC PROPERTY AGREEMENT

THIS AGREEMENT is entered into by and between the City and County of San Francisco, a California municipal corporation ("City") and 1035 Howard LLC ("Owners").

RECITALS

Owners are the owners of the property located at 1035 Howard Street, in San Francisco, California (Block 3731, Lot 094), as more particularly described in Exhibit C attached hereto. The building located at 1035 Howard Street is designated as a Category II – Significant Building pursuant to Article 11 of the Planning Code, and is also known as 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 two hundred thirty eight thousand and two hundred eighty five dollars (\$3,405,000.00). (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 three thousand eight hundred dollars (\$75,000) 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 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 within no more 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 12 and 13 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 within no more 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 13 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 and Compliance Monitoring. Prior to entering into this Agreement and every five years thereafter, and upon seventy-two (72) hours advance notice, Owners shall permit any representative of the 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 duration 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 ("Term"). As provided in Government Code section 50282, one year shall 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 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. Notice of Nonrenewal. If in any year of this Agreement either the Owners or the City desire 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 either party serves notice of nonrenewal of this Agreement, this Agreement shall remain in effect for the balance of the period remaining since the original execution or the last renewal of the Agreement, as the case may be. Thereafter, 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 expiration of this Agreement.

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 the City, Owners shall pay the City the reasonable costs related to the preparation and approval of the Agreement. In addition, Owners shall pay the City for the actual costs of inspecting the Historic Property, as set forth in Paragraph 6 herein.

11. 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 as set forth in Exhibit B, 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 or requests for information, as provided in Paragraph 6 herein;
- (e) Owners' failure to pay any fees requested by the City as provided in Paragraph 10 herein;
- (f) Owners' failure to maintain adequate insurance for the replacement cost of the Historic Property, as required by Paragraph 5 herein; or
- (g) 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 12 and 13 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 13 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 12 herein prior to cancellation of this Agreement.

12. 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 11 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.

13. Cancellation Fee. If the City cancels this Agreement as set forth in Paragraph 12 above, and as required by Government Code Section 50286, 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.

14. 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 do 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 12 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.

15. 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.

16. 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.

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

18. 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.

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

20. Recordation. Within 20 days from the date of execution of this Agreement, the parties shall cause this Agreement to be recorded with the Office of the Recorder of the City and County of San Francisco. From and after the time of the recordation, this recorded Agreement shall impart notice to all persons of the parties' rights and obligations under the Agreement, as is afforded by the recording laws of this state.

21. 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.

22. 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.

23. 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 Owners have 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.

24. 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.

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

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

27. 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: _____
Joaquin Torres, Assessor-Recorder

By: _____ DATE: _____
Sarah Dennis-Phillips, Director of Planning

APPROVED AS TO FORM:
DAVID CHIU
CITY ATTORNEY

By: _____ DATE: _____
Peter Miljanich, Deputy City Attorney

OWNERS

By: _____ DATE: _____
Owner

By: _____ DATE: _____
Owner

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



MEMORANDUM

Date: November 18, 2025
 To: Planning Department/Planning Commission
 From: Monique Crayton, Assistant Clerk, Government Audit and Oversight Committee
 Subject: Board of Supervisors Legislation Referral - File No. 251127
Mills Act Historical Property Contract - 1035 Howard Street
 Resolution approving an historical property contract between 1035 Howard LLC, the owners of 1035 Howard Street, and the City and County of San Francisco, under Administrative Code, Chapter 71; and authorizing the Planning Director and the Assessor-Recorder to execute and record the historical property contract.

- California Environmental Quality Act (CEQA) Determination
(California Public Resources Code, Sections 21000 et seq.)
 - Ordinance / Resolution
 - Ballot Measure
- Amendment to the Planning Code, including the following Findings:
(Planning Code, Section 302(b): 90 days for Planning Commission review)
 - General Plan Planning Code, Section 101.1 Planning Code, Section 302
- Amendment to the Administrative Code, involving Land Use/Planning
(Board Rule 3.23: 30 days for possible Planning Department review)
- General Plan Referral for Non-Planning Code Amendments
(Charter, Section 4.105, and Administrative Code, Section 2A.53)
 (Required for legislation concerning the acquisition, vacation, sale, or change in use of City property; subdivision of land; construction, improvement, extension, widening, narrowing, removal, or relocation of public ways, transportation routes, ground, open space, buildings, or structures; plans for public housing and publicly-assisted private housing; redevelopment plans; development agreements; the annual capital expenditure plan and six-year capital improvement program; and any capital improvement project or long-term financing proposal such as general obligation or revenue bonds.)
- Historic Preservation Commission
 - Landmark *(Planning Code, Section 1004.3)*
 - Cultural Districts *(Charter, Section 4.135 & Board Rule 3.23)*
 - Mills Act Contract *(Government Code, Section 50280)*
 - Designation for Significant/Contributory Buildings *(Planning Code, Article 11)*

Planning Department / Commission Referral
November 18, 2025

Please send the Planning Department/Commission recommendation/determination to Monique Crayton
at monique.crayton@sfgov.org.



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11/25/2025

Joy Navarrete