



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

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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