File No. 171101 Committee Item No. 5
Board Item No. 19

COMMITTEE/BOARD OF SUPERVISORS

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Board of Supervisors Meeting: **Date:** Nov 14, 2017

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☒	☒	Assessor's Valuation
☒	☒	Mills Act Application
☒	☒	Planning Department Letter - October 10, 2017
☒	☒	Form 126

Prepared by: John Carroll **Date:** October 27, 2017
Prepared by: John Carroll **Date:** Nov 2, 2017

[Mills Act Historical Property Contract - 101 Vallejo Street]

Resolution approving an historical property contract between 855 Front Street LLC, the owners of 101 Vallejo 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 the historical property contract.

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

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

WHEREAS, Said determination is on file with the Clerk of the Board of Supervisors in File No. 171101, is incorporated herein by reference, and the Board herein affirms it; and

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

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

WHEREAS, 101 Vallejo Street is designated as San Francisco Landmark No. 91 (Gibb-Sanborn Warehouses) and is a contributor to the Northeast Waterfront Historic District under Article 10 of the Planning Code, and is individually listed on the National Register of

Historic Places and thus qualifies as an historical property as defined in Administrative Code, Section 71.2; and

WHEREAS, A Mills Act application for an historical property contract has been submitted by 855 Front Street LLC, the owners of 101 Vallejo Street, detailing rehabilitation work and proposing a maintenance plan for the property; and

WHEREAS, As required by Administrative Code, Section 71.4(a), the application for the historical property contract for 101 Vallejo Street was reviewed by the Assessor's Office and the Historic Preservation Commission; and

WHEREAS, The Assessor-Recorder has reviewed the historical property contract and has provided the Board of Supervisors with an estimate of the property tax calculations and the difference in property tax assessments under the different valuation methods permitted by the Mills Act in its report transmitted to the Board of Supervisors on October 11, 2017, which report is on file with the Clerk of the Board of Supervisors in File No. 171101 and is hereby declared to be a part of this Resolution as if set forth fully herein; and

WHEREAS, The Historic Preservation Commission recommended approval of the historical property contract in its Resolution No. 904, including approval of the Rehabilitation Program and Maintenance Plan, attached to said Resolution, which is on file with the Clerk of the Board of Supervisors in File No 171101 and is hereby declared to be a part of this resolution as if set forth fully herein; and

WHEREAS, The draft historical property contract between 855 Front Street LLC, the owners of 101 Vallejo Street, and the City and County of San Francisco is on file with the Clerk of the Board of Supervisors in File No. 171101 and is hereby declared to be a part of this resolution as if set forth fully herein; and

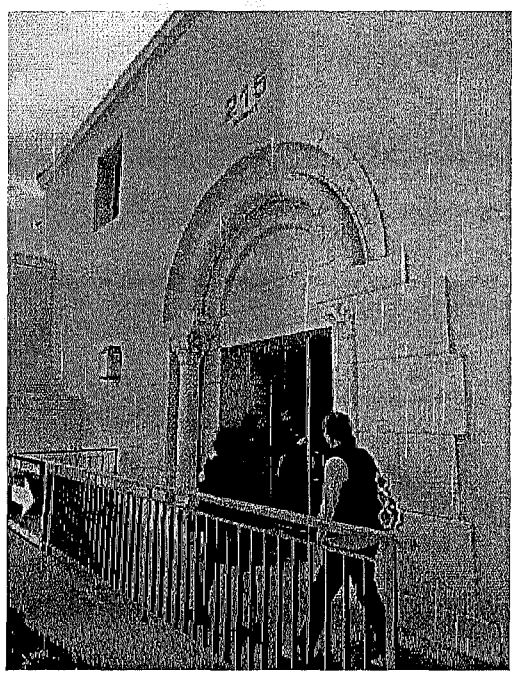
WHEREAS, The Board of Supervisors has conducted a public hearing pursuant to Administrative Code, Section 71.4(d) to review the Historic Preservation Commission's

Presented in Committee - November 1, 2017

2017 Mills Act Contracts

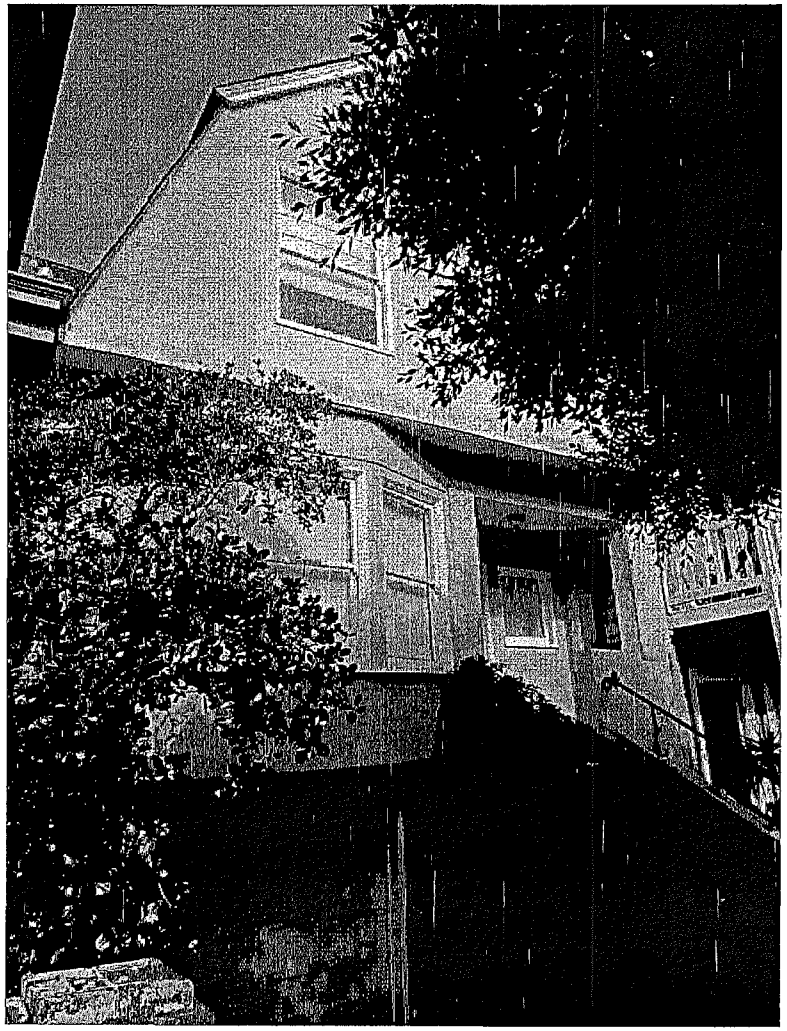
SAN FRANCISCO
PLANNING DEPARTMENT

215 and 229 Haight Street (formerly 55 Laguna Street, 1929, 1935)
Spanish Style



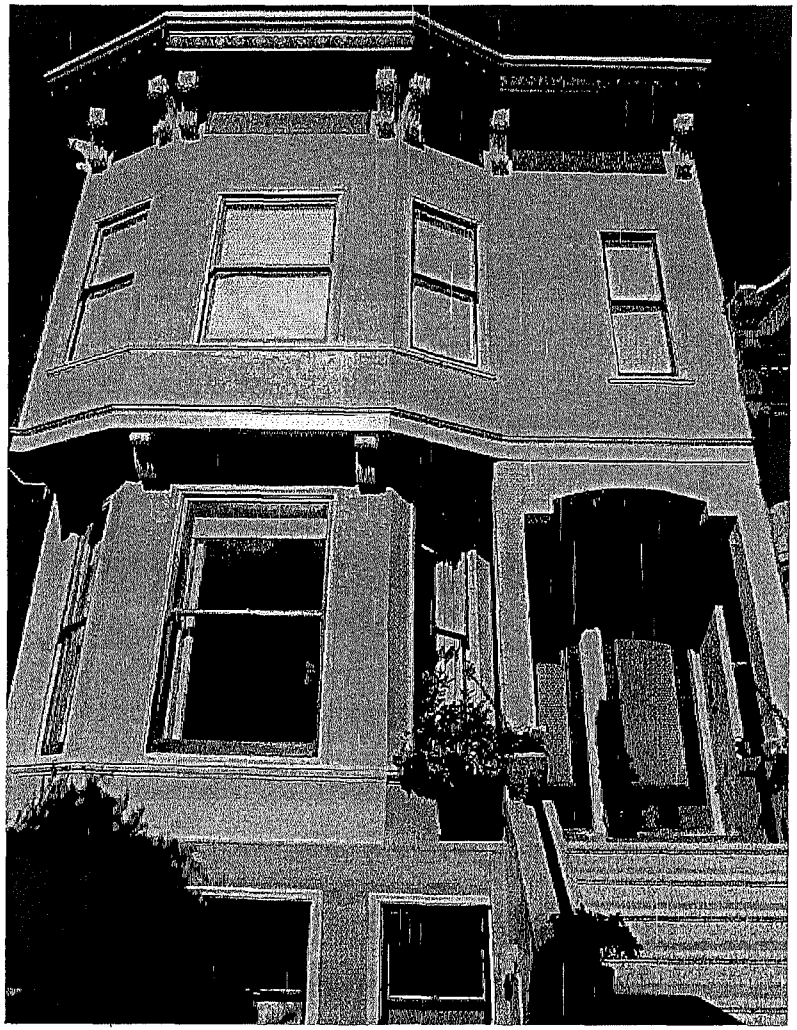
56 Potomac Street (1899)

Shingle Style



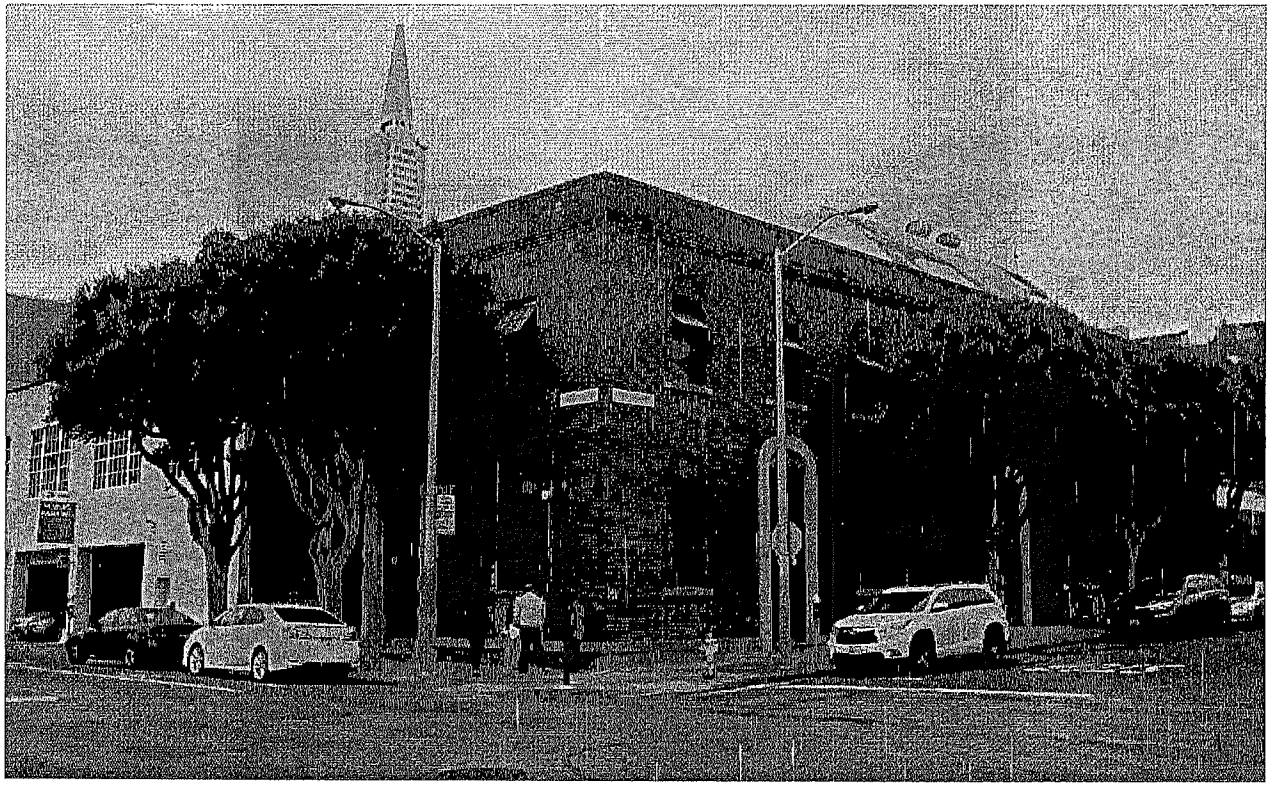
60-62 Carmelita Street (1899)

Edwardian



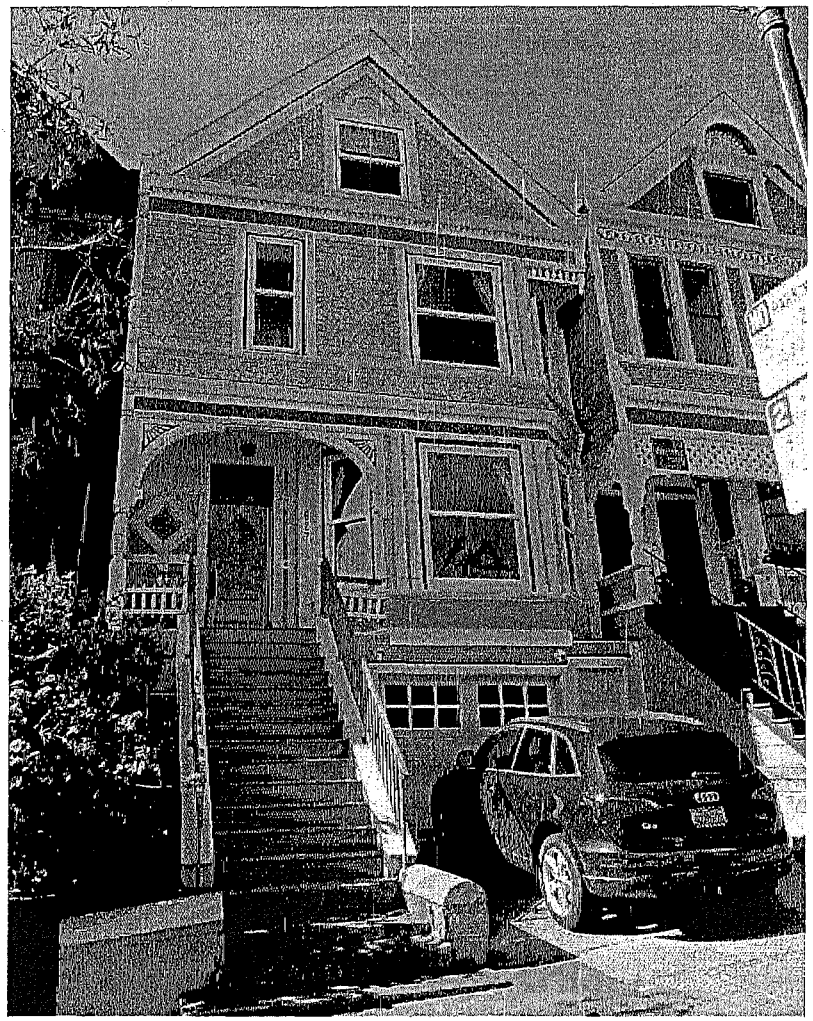
101 Vallejo Street (1855)

Commercial Style



627 Waller Street (1899)

Queen Anne Style

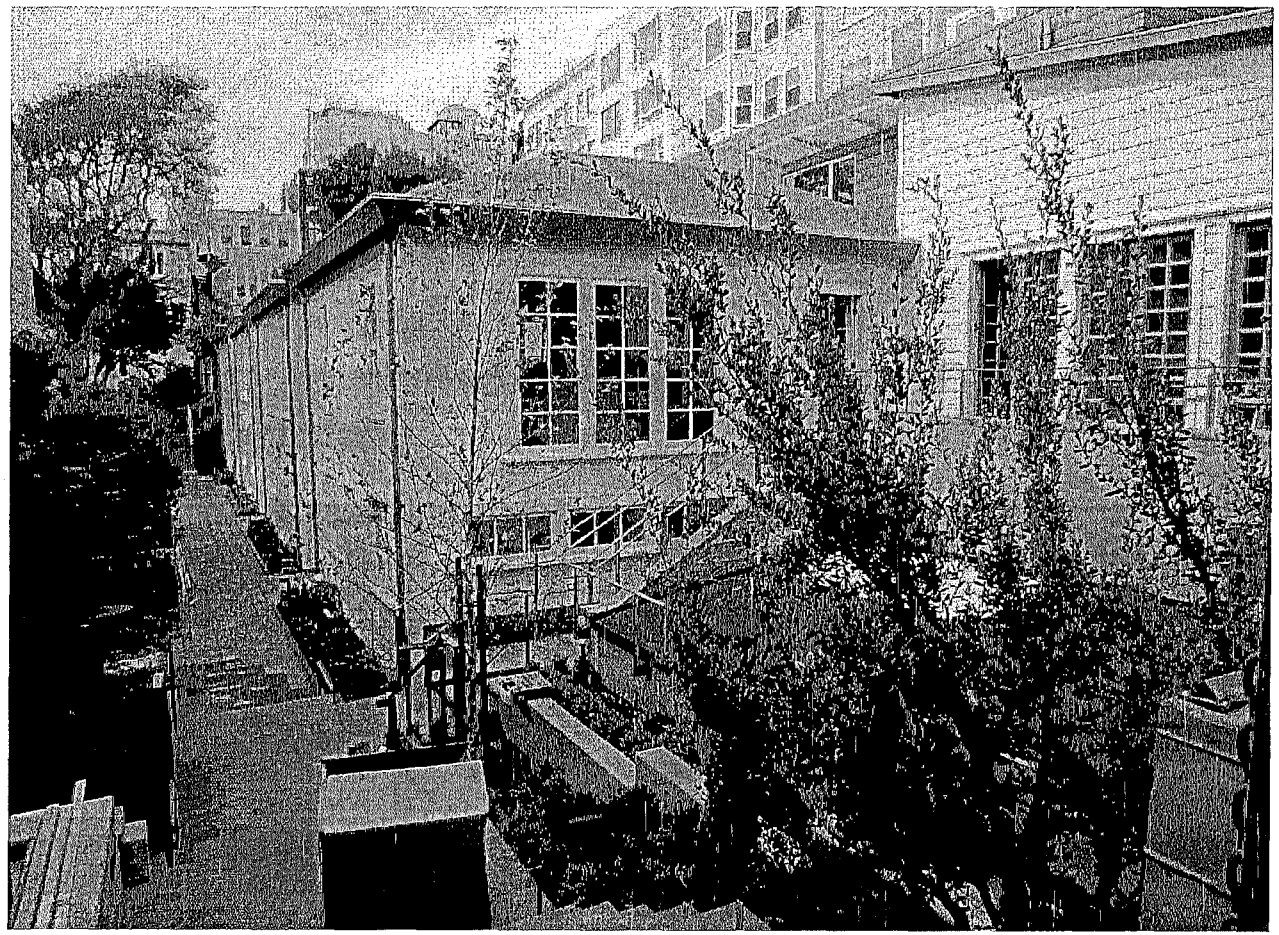


940 Grove Street (1895)

Queen Anne Style

1338 Filbert Street (1907)

Vernacular Post-Earthquake Period Style



2017 MILLS ACT APPLICATIONS
ASSESSOR PRELIMINARY VALUATIONS
As of July 1, 2017

APN	Address	Property Type	Owner Occupied	Year Built	Square Feet	2017 Factored Base Year Value	2017 Taxable Mills Act Value	Reduction In Assessed Value	Percentage % Reduction From FBYV	2016 Property Tax Rate	Estimated Property Taxes without Mills Act	Estimated Property Taxs with Mills Act	Estimated Property Tax Savings
02-0141-013	101 Vallejo	Office	No	1906	16,950	$ 11,745,000	$ 8,250,000	$ (3,495,000)	-29.76%	1.1792%	$ 138,497	$ 97,284	$ (41,213)
06-0798-058	940 Grove	SFR	Yes	1895	9,812	$ 4,637,020	$ 1,750,000	$ (2,887,020)	-62.26%	1.1792%	$ 54,680	$ 20,636	$ (34,044)
06-0857-002 & 005	215 Haight/55 Laguna	23 Apts	No	1926/1935		$ 10,397,244	$ 8,180,000	$ (2,217,244)	-21.33%	1.1792%	$ 122,604	$ 96,459	$ (26,146)
06-0864-014	60-62 Carmelita	2 units	Yes/No	1900	2,720	$ 1,915,198	$ 950,000	$ (965,198)	-50.40%	1.1792%	$ 22,584	$ 11,202	$ (11,382)
06-0864-022	637 Waller	2 units	Yes/No	1900	2,160	$ 3,696,858	$ 1,500,000	$ (2,196,858)	-59.43%	1.1792%	$ 43,593	$ 17,688	$ (25,905)
06-0866-012	56 Potomac	SFR	No	1900	1,745	$ 1,129,369	$ 830,000	$ (299,369)	-26.51%	1.1792%	$ 13,318	$ 9,787	$ (3,530)
25-3704-069	973 Market	69 Apts	No	1904/2014	39,339	$ 33,311,607	$ 20,800,000	$ (12,511,607)	-37.56%	1.1792%	$ 392,810	$ 245,274	$ (147,537)
04-0524-031	1338 Filbert #A	Condo	Yes	1906/2016	4,063	$ 4,504,346	$ 3,371,198	$ (1,133,148)	-25.16%	1.1792%	$ 53,115	$ 39,753	$ (13,362)
04-0524-032	1338 Filbert #B	Condo	No	1906/2016	2,617	$ 2,787,738	$ 2,275,880	$ (511,858)	-18.36%	1.1792%	$ 32,873	$ 26,837	$ (6,036)
04-0524-033	1338 Filbert #C	Condo	No	1906/2016	2,620	$ 2,977,067	$ 2,240,479	$ (736,588)	-24.74%	1.1792%	$ 35,106	$ 26,420	$ (8,686)
04-0524-034	1338 Filbert #D	Condo	No	1906/2016	3,005	$ 3,153,910	$ 2,599,285	$ (554,625)	-17.59%	1.1792%	$ 37,191	$ 30,651	$ (6,540)

Remarks:
(a) 2017 property tax rate will not be established until late September 2017.
(b) Historical contract must be recorded by December 31, 2017
('c) Mills Act valuation becomes effective as of January 1, 2018 for the Fiscal year July 1, 2018 to June 30, 2019

OFFICE OF THE ASSESSOR-RECORDER
MILLS ACT – PROPERTY TAX SAVINGS

To calculate the property tax savings, the Assessor-Recorder will perform a three-way value comparison as required by State law. The lowest of the three values will determine the taxable value for the year.

The examples below is if you purchased your property for $1 million on January 1, 2012.
The Factored Base Year Value on January 1, 2017 would be $1,082,260.

1. FACTORED BASE YEAR VALUE

State law (Prop 13) established 1975-76 as the "base year" for property assessments. This base year value is the starting point that is used to calculate annual assessments. The Base Year Value is adjusted annually for inflation, with the annual increase limited to not more than 2%.

Factored Base Year Value	*$1,082,260*
Multiple by Tax Rate (assumes 2016 rate)	*x 1.1792%*
Equals Property Tax Owed	*=$12,762*

2. MARKET APPROACH

Market Approach includes comparable sales information. The concept is fairly straightforward to apply, as the idea is to compare your property to similar properties that have sold in your area. See example below.

As of 1/1/2017:	
Property A.	*$1,250,000*
Property B.	*$1,325,000*
Property C.	*$1,150,000*
Your Property	*$1,200,000*
Equals Property Tax Owed	*= $14,150*

3. INCOME APPROACH

The income approach calculates a market value of your property by:
Determining your total annual gross rent and subtracting real estate expenses such as utilities, cleaning and maintenance, insurance, water & garbage, and losses due to vacancy to determine your Net Operating Income (NOI). NOI is divided by a capitalization rate to give you the fair market value based on the income approach.

Capitalization Rate is based on:
Risk Rate
Interest Rate
Property Rate
Depreciation Rate

Top Line Rent: $80,000
Vacancy Loss: 5% ($4,000)
Effective Income: $76,000

Operating Expenses: $11,400 (15% x utilities, insurance, maintenance, etc.)

NOI: $76,000 - $11,400 = $64,600

Cap Rate: ÷$64,600 ÷0.08% = $807,500
(Cap Rate is determined by the Board of Equalization)

Equals Property Tax Owed = $9,522

REMINDERS

1) Mills Act calculation is regulated by the State of California. The Office of the Assessor-Recorder receives valuation guidance from the Board of Equalization.

2) Local law, via the San Francisco Board of Supervisors, determines whether the property will become a Mills Act property or not.

3) The Office of the Assessor-Recorder assesses every Mills Act property on January 1 of each year.

4) The 2016-2017 Tax Rate is 1.1792%. Therefore, in order to determine your property tax amount, multiple the assessed value by the tax rate.

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Room 190, San Francisco, CA 94102-4698
Tel: (415) 554-5596 Fax: (415) 554-7151
www.sfassessor.org / e-mail: assessor@sfgov.org

2159

recommendation and the information provided by the Assessor's Office in order to determine whether the City should execute the historical property contract for 101 Vallejo Street; and

WHEREAS, The Board of Supervisors has balanced the benefits of the Mills Act to the owner of 101 Vallejo Street with the cost to the City of providing the property tax reductions authorized by the Mills Act, as well as the historical value of 101 Vallejo Street and the resultant property tax reductions, and has determined that it is in the public interest to enter into a historical property contract with the applicants; now, therefore, be it

RESOLVED, That the Board of Supervisors hereby approves the historical property contract between 855 Front Street LLC, the owners of 101 Vallejo Street, and the City and County of San Francisco; and, be it

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

SAN FRANCISCO
PLANNING DEPARTMENT

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Suite 400
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CA 94103-2479

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415.558.6377

Mills Act Historical Property Contracts Case Report

Hearing Date: October 4, 2017
Staff Contact: Shannon Ferguson – (415) 575-9074
shannon.ferguson@sfgov.org
Reviewed By: Tim Frye – (415) 575-6822
tim.frye@sfgov.org

a. *Filing Date:* May 1, 2017
Case No.: 2017-005434MLS
Project Address: **215 and 229 Haight Street** (formerly 55 Laguna Street)
Landmark District: Landmark Nos. 257, 258 (Woods Hall and Woods Hall Annex)
Zoning: NC-3 – Neighborhood Commercial, Moderate Scale;
RM-3 – Residential Mixed, Medium Density; P – Public
Height &Bulk: 85-X, 50-X, 40-X
Block/Lot: 0857/002
Applicant: Alta Laguna, LLC
20 Sunnyside Ave., Suite B
Mill Valley, CA 94941

b. *Filing Date:* May 1, 2017
Case No.: 2017-005884MLS
Project Address: **56 Potomac Street**
Landmark District: Duboce Park Historic District Contributor
Zoning: RH-2 (Residential-House-Two Family)
Height and Bulk: 40-X
Block/Lot: 0866/012
Applicant: Jason Monberg & Karli Sager
105 Steiner Street
San Francisco, CA 94117

c. *Filing Date:* May 1, 2017
Case No.: 2017-004959MLS
Project Address: **60-62 Carmelita Street**
Landmark District: Duboce Park Historic District Contributor
Zoning: RH-2 (Residential-House-Two Family)
Height and Bulk: 40-X
Block/Lot: 0864/014
Applicant: Patrick Mooney & Stephen G. Tom
62 Carmelita Street
San Francisco, CA 94117

d. *Filing Date:* May 1, 2017
Case No.: 2017-005396MLS
Project Address: **101 Vallejo Street**
Landmark District: San Francisco Landmark No. 91 (Gibb-Sanborn Warehouses), contributor to the Northeast Waterfront Historic District, and individually listed on the National Register of Historic Places
Zoning: C-2 (Community Business)
Height and Bulk: 65-X
Block/Lot: 0141/013
Applicant: 855 Front Street LLC
610 W. Ash Street, Ste. 1503
San Diego, CA 92101

e. *Filing Date:* May 1, 2017
Case No.: 2017-005880MLS
Project Address: **627 Waller Street**
Landmark District: Duboce Park Historic District Contributor
Zoning: RTO (Residential Transit Oriented District)
Height and Bulk: 40-X
Block/Lot: 0864/012
Applicant: John Hjelmstad & Allison Bransfield
627 Waller
San Francisco, CA 94117

f. *Filing Date:* May 1, 2017
Case No.: 2017-005887MLS
Project Address: **940 Grove Street**
Landmark District: Contributor to the Alamo Square Historic District
Zoning: RH-3 (Residential-House, Three Family)
Height and Bulk: 40-X
Block/Lot: 0798/058
Applicant: Smith-Hantas Family Trust
940 Grove Street
San Francisco, CA 94117

g. *Filing Date:* May 1, 2017
Case No.: 2017-005419MLS
Project Address: **973 Market Street**
Landmark District: Contributor to the Market Street Theater and Loft National Register Historic District
Zoning: C-3-G (Downtown-General)
Height and Bulk: 120-X
Block/Lot: 3704/069
Applicant: Raintree 973 Market Newco LLC
28202 Cabot Rd., Ste. 300

Laguna Nigel, CA 92677

h. *Filing Date:*	May 1, 2017
Case No.:	2017-006300MLS
Project Address:	**1338 Filbert Street**
Landmark District:	Landmark No. 232 (1338 Filbert Cottages)
Zoning:	RH-2 (Residential- House, Two Family)
Height and Bulk:	40-X
Block/Lot:	0524/031, 032, 033, 034
Applicant:	1338 Filbert LLC 30 Blackstone Court San Francisco, CA 94123

PROPERTY DESCRIPTIONS

a. 215 and 229 Haight Street (formerly 55 Laguna Street): The subject property is located on the northwest corner of Haight and Buchanan streets, Assessor's Parcel 0857/002. The subject property is within a NC-3 – Neighborhood Commercial, Moderate Scale and RM-3 – Residential Mixed, Medium Density; P – Public zoning district and 85-X and 50-X Height and Bulk district. The property is designated as San Francisco Landmark Nos. 257 and 258. The Spanish style Woods Hall and Woods Hall Annex were built in 1926 and 1935, respectively, for the San Francisco State Teacher's College (San Francisco Normal School) for use as a science building. Completed in phases as Works Progress Administration (WPA) funds became available, Woods Hall Annex also contains a WPA mural by Rueben Kadish known as "A Dissertation on Alchemy," which is located at the top of the stairwell at the east end of Woods Hall Annex. The property was rehabilitated in 2015-2016 as multiple-family housing.

b. 56 Potomac Street: The subject property is located on the east side of Potomac Street between Waller Street and Duboce Park, Assessor's Parcel 0866/012. The subject property is located within a RH-2 (Residential-House-Two Family) zoning district and a 40-X Height and Bulk district. The property is a contributing building to the Duboce Park Historic District. It is a two-story plus basement, wood frame, single-family dwelling originally designed in the Shingle style and built in 1899 by builder George H. Moore and altered with smooth stucco cladding at the primary façade at an unknown date.

c. 60-62 Carmelita Street: The subject property is located on the east side of Carmelita Street between Waller Street and Duboce Park, Assessor's Parcel 0864/014. The subject property is located within a RH-2 (Residential-House-Two Family) zoning district and a 40-X Height and Bulk district. The property is a contributing building to the Duboce Park Historic District. It is a two-story plus basement, wood frame, multiple-family dwelling originally designed in the Edwardian style and built in 1899 and altered with smooth stucco cladding at the primary façade at an unknown date.

d. 101 Vallejo Street: The subject property is located on the southwest corner of Vallejo and Front streets, Assessor's Parcel 0141/013. The subject property is located within a C-2 (Community Business) zoning and a 65-X Height and Bulk district. The property is designated as San Francisco

Landmark No. 91 (Gibb-Sanborn Warehouses), is a contributor to the Northeast Waterfront Historic District, and is individually listed on the National Register of Historic Places. It is a two-story plus basement, heavy timber and brick warehouse building designed in the Commercial Style and built in 1855 for merchant Daniel Gibb who also built the subject property's twin at the northwest corner of Vallejo and Front streets. Both buildings appear to be the oldest surviving warehouses in San Francisco.

e. 627 Waller Street: The subject property is located on the south side of Waller Street between Carmelita and Pierce streets, Assessor's Parcel 0864/022. The subject property is located within a RTO (Residential Transit Oriented District) zoning district and a 40-X Height and Bulk district. The property is a contributing building to the Duboce Park Historic District. It is a two-and-half-story plus basement, wood-frame, single-family dwelling designed in the Queen Anne style and built in 1899.

f. 940 Grove Street: The subject property is located on the northwest corner of Grove and Steiner streets, Assessors' Parcel 0798/058. The subject property is located within a RH-3 (Residential-House, Three Family) zoning district and a 40-X Height and Bulk district. The property is a contributing building to the Alamo Square Historic District. It is a two-and-half-story plus basement, wood frame, single-family dwelling designed in the Queen Anne style by master architect Albert Pissis and built in 1895.

g. 973 Market Street: The subject property is located on the south side of Market Street between 5th and 6th streets, Assessor's Parcel 3704/069. The subject property is located within a C-3-G (Downtown-General) zoning district and a 120-X Height and Bulk district. The property, known as the Wilson Building is a contributing building to the Market Street Theater and Loft National Register Historic District. The seven story plus basement steel frame building was designed by master architect Willis Polk in 1900 and the Byzantine terra cotta façade survived the 1906 earthquake.

h. 1338 Filbert Street: The subject property is located on the north side of Filbert Street between Polk and Larkin streets. Assessor's Parcels 0524/031, 0524/032, 0524/033, 0524/034. The subject property is located within a RH-2 (Residential – House, Two Family) and a 40-X Height and Bulk District. The property is San Francisco Landmark No. 232, 1338 Filbert Cottages. It consists of four, two-story, wood frame, single family dwellings designed in a vernacular post-earthquake period style with craftsman references and built in 1907 with a 1943 addition.

PROJECT DESCRIPTION

This project is a Mills Act Historical Property Contract application.

MILLS ACT REVIEW PROCESS

Once a Mills Act application is received, the matter is referred to the Historic Preservation Commission (HPC) for review. The HPC shall conduct a public hearing on the Mills Act application, historical

property contract, and proposed rehabilitation and maintenance plan, and make a recommendation for approval or disapproval to the Board of Supervisors.

The Board of Supervisors will hold a public hearing to review and approve or disapprove the Mills Act application and contract. The Board of Supervisors shall conduct a public hearing to review the Historic Preservation Commission recommendation, information provided by the Assessor's Office, and any other information the Board requires in order to determine whether the City should execute a historical property contract for the subject property.

The Board of Supervisors shall have full discretion to determine whether it is in the public interest to enter into a Mills Act contract and may approve, disapprove, or modify and approve the terms of the contract. Upon approval, the Board of Supervisors shall authorize the Director of Planning and the Assessor-Recorder's Office to execute the historical property contract.

MILLS ACT REVIEW PROCEDURES

The Historic Preservation Commission is requested to review and make recommendations on the following:

- The draft Mills Act Historical Property Contract between the property owner and the City and County of San Francisco.
- The proposed rehabilitation and maintenance plan.

The Historic Preservation Commission may also comment in making a determination as to whether the public benefit gained through restoration, continued maintenance and preservation of the property is sufficient to outweigh the subsequent loss of property taxes to the City.

APPLICABLE PRESERVATION STANDARDS

Ordinance No. 191-96 amended the San Francisco Administrative Code by adding Chapter 71 to implement the California Mills Act, California Government Code Sections 50280 *et seq.* The Mills Act authorizes local governments to enter into contracts with private property owners who will rehabilitate, restore, preserve, and maintain a "qualified historical property." In return, the property owner enjoys a reduction in property taxes for a given period. The property tax reductions must be made in accordance with Article 1.9 (commencing with Section 439) of Chapter 3 of Part 2 of Division 1 of the California Revenue and Taxation Code.

TERM

Mills Act contracts must be made for a minimum term of ten years. The ten-year period is automatically renewed by one year annually to create a rolling ten-year term. One year is added automatically to the initial term of the contract on the anniversary date of the contract, unless notice of nonrenewal is given or the contract is terminated. If the City issues a notice of nonrenewal, then one year will no longer be added to the term of the contract on its anniversary date and the contract will only remain in effect for the remainder of its term. The City must monitor the provisions of the contract until its expiration and may terminate the Mills Act contract at any time if it determines that the owner is not complying with the

terms of the contract or the legislation. Termination due to default immediately ends the contract term. Mills Act contracts remain in force when a property is sold.

ELIGIBILITY

San Francisco Administrative Code Chapter 71, Section 71.2, defines a "qualified historic property" as one that is not exempt from property taxation and that is one of the following:

(a) Individually listed in the National Register of Historic Places;
(b) Listed as a contributor to an historic district included on the National Register of Historic Places;
(c) Designated as a City landmark pursuant to San Francisco Planning Code Article 10;
(d) Designated as contributory to a landmark district designated pursuant to San Francisco Planning Code Article 10; or
(e) Designated as significant (Categories I or II) or contributory (Categories III or IV) to a conservation district designated pursuant to San Francisco Planning Code Article 11.

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

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

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

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

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

Properties applying for a valuation exemption must provide evidence that it meets the exemption criteria, including a historic structure report to substantiate the exceptional circumstances for granting the exemption. The Historic Preservation Commission shall make specific findings in determining whether to recommend to the Board of Supervisors that the valuation exemption should be approved. Final approval of this exemption is under the purview of the Board of Supervisors.

PUBLIC/NEIGHBORHOOD INPUT

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

STAFF ANAYLSIS

The Department received eight Mills Act applications by the May 1, 2017 filing date. The Project Sponsors, Planning Department Staff, and the Office of the City Attorney have negotiated the eight attached draft historical property contracts, which include a draft rehabilitation and maintenance plan for the historic building. Department Staff believes the draft historical property contracts and plans are adequate, with the exception of 60-62 Carmelita Street. Please see below for complete analysis.

a. <u>215 and 229 Haight Street (formerly 55 Laguna Street):</u> As detailed in the Mills Act application, the applicant proposes to rehabilitate and maintain the historic property. Staff determined that the proposed work, detailed in the attachments, is consistent with the Secretary of Interior's Standards for Rehabilitation.

   The subject property is currently valued by the Assessor's Office at over $3,000,000 (see attached Market Analysis and Income Approach reports). The subject property qualifies for an exemption as it is designated as San Francisco Landmark Nos. No. 257 and 259, Woods Hall and Woods Hall Annex. A Historic Structure Report was required in order to demonstrate that granting the exemption would assist in the preservation of a property that might otherwise be in danger of demolition or substantial alterations.

   The applicant completed substantial rehabilitation of the building in 2016, including the roof, roof drainage system, exterior wall repair and painting, wood window repair and in-kind replacement, metal window repair and replacement, repair and in-kind replacement of exterior light fixtures, and moving of the Sacred Palm. Work to interior character-defining features in the lobby, corridor, and stairs was also completed in 2016. The proposed Rehabilitation Plan includes stabilizations and repair of the Ruben Kadish Mural by a conservator.

   The proposed Maintenance Plan includes annual inspection of the exterior walls, roof drainage system, exterior lightwells, windows, roof and care of the Sacred Palm. Inspections and painting of the walls, roof drainage system, windows, will occur every ten years. Any needed repairs will be made in kind and will avoid altering, removing or obscuring character-defining features of the building.

   No changes to the use of the property are proposed. Please refer to the attached Rehabilitation and Maintenance Plan for a full description of the proposed work. The attached draft historical property contract will help the applicant mitigate these expenditures and will induce the applicant to maintain the property in excellent condition in the future.

b. **56 Potomac Street:** The applicant proposes to amend the 2013 Mills Act Contract in whole. The property owners applied for a Mills Act Contract in 2013. The Historic Preservation Commission recommended approval of the Mills Act Contract on December 4, 2013 and the Mills Act Contract was adopted by the Board of Supervisors on December 17, 2013. Said determination is on file with the Clerk of the Board of Supervisors in File No. 131159. The 2013 Rehabilitation Plan included replacement of front stairs, repainting and replacement of windows on the front and rear facades. The applicant proposes to amend the 2013 Mills Act Contract in whole to complete remodel of the interior and exterior rear façade.

As detailed in the 2017 Mills Act application, the applicant proposes to restore the front façade and maintain the historic property. Staff determined that the proposed work, detailed in the attachments, is consistent with the Secretary of Interior's Standards for Rehabilitation and Restoration.

The subject property is currently valued by the Assessor's Office as under $3,000,000 (see attached Market Analysis and Income Approach reports) and did not require a Historic Structure Report. The subject property qualifies for an exemption as a contributor the Duboce Park Historic District.

The proposed Rehabilitation Plan includes work to the front façade including, exploratory demolition of the stuccoed front facade to determine if any historic cladding remains and restoration of the façade based on documentary evidence; seismic evaluation and seismic upgrade as necessary; in kind roof replacement with asphalt shingles; retention and repair of historic front door; replacement of front stairs with compatible design and materials; and in-kind repair or replacement of fixed and double-hung wood windows.

The proposed Maintenance Plan includes annual inspection of primarily front façade including the foundation, front stairs and porch, siding, windows, attic and roof with in-kind repair of any deteriorated elements as necessary. Any needed repairs will be made in kind and will avoid altering, removing or obscuring character-defining features of the building.

No changes to the use of the property are proposed. Please refer to the attached Rehabilitation and Maintenance Plan for a full description of the proposed work. The attached draft historical property contract will help the applicant mitigate these expenditures and will induce the applicant to maintain the property in excellent condition in the future.

c. **60-62 Carmelita Street:** As detailed in the Mills Act application, the applicant proposes to rehabilitate and maintain the historic property. Staff determined that the proposed work, detailed in the attachments, is consistent with the Secretary of Interior's Standards for Rehabilitation and Preservation with the exception of Rehabilitation Plan Scope #4, installation of a garage.

The subject property is currently valued by the Assessor's Office as under $3,000,000 (see attached Market Analysis and Income Approach reports) and did not require a Historic Structure Report. The subject property qualifies for an exemption as a contributor to the Duboce Park Historic District.

The applicant completed rehabilitation work to the building in 2016, including seismic upgrade to the foundation, exterior painting, and repair and reglazing of terrazzo front steps. The proposed Rehabilitation Plan includes installation of garage and roof replacement.

Department Recommendation: The Department recommends revisions to the Rehabilitation and Maintenance plans, specifically: Scope #4, Installation of garage. While the work was approved by the Historic Preservation Commission through Motion No. 0298 on January 18, 2017, the proposed scope of work does not conform to the overall purpose and intent of the Mills Act Program. Installing a garage is not necessary to rehabilitate and preserve the building. The Department recommends this scope of work be removed in order to forward a positive recommendation to the Board of Supervisors.

The proposed Maintenance Plan includes inspection of windows every five years, and inspection of the roof, gutters, downspouts, siding, and paint every two years. Any needed repairs will be made in kind and will avoid altering, removing or obscuring character-defining features of the building.

No changes to the use of the property are proposed. Please refer to the attached Rehabilitation and Maintenance Plan for a full description of the proposed work. The attached draft historical property contract will help the applicant mitigate these expenditures and will induce the applicant to maintain the property in excellent condition in the future.

d. <u>101 Vallejo Street:</u> As detailed in the Mills Act application, the applicant proposes to rehabilitate and maintain the historic property. Staff determined that the proposed work, detailed in the attachments, is consistent with the Secretary of Interior's Standards for Rehabilitation and Preservation.

The subject property is currently valued by the Assessor's Office as over $3,000,000 (see attached Market Analysis and Income Approach reports). The subject property qualifies for an exemption as it is designated as Landmark No. 91 (Gibb-Sanborn Warehouses) under Article 10 of the Planning Code, a contributor to the Northeast Waterfront Historic District, and individually listed on the National Register of Historic Places. A Historic Structure Report was required in order to demonstrate that granting the exemption would assist in the preservation of a property that might otherwise be in danger of demolition or substantial alterations.

The proposed Rehabilitation Plan includes structural upgrade, roof replacement, repair to skylights, foundation, watertable, brick façade, metal windows entryways, parapet bracing, and repair to character defining interior features such as the heavy timber framing.

The proposed Maintenance Plan includes annual inspection of the roof, skylights, parapet bracing, roof drainage system, foundation, watertable, windows and entryways. Any needed repairs will be made in kind and will avoid altering, removing or obscuring character-defining features of the building.

No changes to the use of the property are proposed. Please refer to the attached Rehabilitation and Maintenance Plan for a full description of the proposed work. The attached draft historical property contract will help the applicant mitigate these expenditures and will induce the applicant to maintain the property in excellent condition in the future.

e. 627 Waller Street: As detailed in the Mills Act application, the applicant proposes to rehabilitate and maintain the historic property. Staff determined that the proposed work, detailed in the attachments, is consistent with the Secretary of Interior's Standards for Rehabilitation and Preservation.

The subject property is currently valued by the Assessor's Office as over $3,000,000. The subject property qualifies for an exemption as a contributor to the Duboce Park Historic District. A Historic Structure Report was required in order to demonstrate that granting the exemption would assist in the preservation of a property that might otherwise be in danger of demolition or substantial alterations.

The applicant has already completed a rehabilitation work to the property, including repair of a leak at the rear of the house. The proposed Rehabilitation Plan includes further repair of the leak at the rear of the house, replacement of the skylight, front stairway, concrete driveway with permeable paving, front windows with double hung wood windows with ogee lugs, roof and repainting of the house.

The proposed Maintenance Plan includes annual inspection all elevations, front stairs, and windows; and inspection of the roof every five years. Any needed repairs resulting from inspection will be made in kind and will avoid altering, removing or obscuring character-defining features of the building.

No changes to the use of the property are proposed. Please refer to the attached Rehabilitation and Maintenance Plan for a full description of the proposed work. The attached draft historical property contract will help the applicant mitigate these expenditures and will induce the applicant to maintain the property in excellent condition in the future.

f. 940 Grove Street: As detailed in the Mills Act application, the applicant proposes to rehabilitate and maintain the historic property. Staff determined that the proposed work, detailed in the attachments, is consistent with the Secretary of Interior's Standards for Rehabilitation and Preservation.

The subject property is currently valued by the Assessor's Office as over $3,000,000 (all four parcels; see attached Market Analysis and Income Approach reports). The subject property qualifies for an exemption as it is a contributor to the Alamo Square Historic District. A Historic Structure Report was required in order to demonstrate that granting the exemption would assist in the preservation of a property that might otherwise be in danger of demolition or substantial alterations.

The applicant has already completed a substantial rehabilitation work to the property in 2015, including seismic improvements, entrance portico rehabilitation, exterior wood siding

rehabilitation and repair, and retaining wall rehabilitation. The proposed Rehabilitation Plan includes exterior repainting, repair to concrete retaining wall and steps, and roof replacement.

The proposed Maintenance Plan includes annual inspection of the condition of the paint, windows and doors, site grading and drainage. Inspection of the siding and trim and roof will occur every five years. Any needed repairs resulting from inspection will be made in kind and will avoid altering, removing or obscuring character-defining features of the building.

No changes to the use of the property are proposed. Please refer to the attached Rehabilitation and Maintenance Plan for a full description of the proposed work. The attached draft historical property contract will help the applicant mitigate these expenditures and will induce the applicant to maintain the property in excellent condition in the future.

g. 973 Market Street: As detailed in the Mills Act application, the applicant proposes to rehabilitate and maintain the historic property. Staff determined that the proposed work, detailed in the attachments, is consistent with the Secretary of Interior's Standards for Rehabilitation, Preservation and Restoration.

The subject property is currently valued by the Assessor's Office as over $3,000,000 (all four parcels; see attached Market Analysis and Income Approach reports). The subject property qualifies for an exemption as it is a contributor to the Market Street Theater and Loft National Register Historic District. A Historic Structure Report was required in order to demonstrate that granting the exemption would assist in the preservation of a property that might otherwise be in danger of demolition or substantial alterations

The applicant has already completed a substantial rehabilitation work to the property, including seismic upgrade, terra cotta repair, window replacement, storefront system replacement, masonry and fire escape repair, and roof replacement. The proposed Rehabilitation Plan includes replacement of windows and storefronts to more closely match the historic and roof replacement.

The proposed Maintenance Plan includes annual inspection of the foundation, terra cotta, windows, storefront system, masonry, fire escape and roof on a five to ten year cycle. Any needed repairs will be made in kind and will avoid altering, removing or obscuring character-defining features of the building.

No changes to the use of the property are proposed. Please refer to the attached Rehabilitation and Maintenance Plan for a full description of the proposed work. The attached draft historical property contract will help the applicant mitigate these expenditures and will induce the applicant to maintain the property in excellent condition in the future.

h. 1338 Filbert Street: The applicant is reapplying for a Mills Act Contract. The property owners applied for a Mills Act Contract in 2016. The Historic Preservation Commission recommended approval of the Mills Act Contract on October 5, 2016 through Resolution No. 793. It was tabled by the Board of Supervisors on November 3, 2016.

As detailed in the Mills Act application, the applicant proposes to rehabilitate and maintain the historic property. Staff determined that the proposed work, detailed in the attachments, is consistent with the Secretary of Interior's Standards for Rehabilitation, Preservation and Restoration.

The subject property is currently valued by the Assessor's Office as over $3,000,000 (all four parcels; see attached Market Analysis and Income Approach reports). The subject property qualifies for an exemption as it is designated San Francisco Landmark No. 232, 1338 Filbert Cottages. A Historic Structure Report was required in order to demonstrate that granting the exemption would assist in the preservation of a property that might otherwise be in danger of demolition or substantial alterations

The applicant has already completed a substantial rehabilitation work to the property, including historic resource protection during construction; seismic upgrade; in-kind roof replacement; and in-kind gutter replacement. The proposed Rehabilitation Plan includes retention and in-kind replacement of siding; structural reframing; retention and in-kind replacement of doors and windows; exterior painting; and restoration of the garden.

The proposed Maintenance Plan includes annual inspection of the garden, downspouts, gutters and drainage; inspection of doors and windows, millwork every two years; inspection of wood siding and trim every three years; selected repainting every four years; and inspection of the roof every five years with in-kind repair of any deteriorated elements as necessary. Any needed repairs will be made in kind and will avoid altering, removing or obscuring character-defining features of the building.

No changes to the use of the property are proposed. Please refer to the attached Rehabilitation and Maintenance Plan for a full description of the proposed work. The attached draft historical property contract will help the applicant mitigate these expenditures and will induce the applicant to maintain the property in excellent condition in the future.

ASSESSOR-RECORDER INFORMATION

Based on information received from the Assessor-Recorder, the following properties will receive an estimated first year reduction as a result of the Mills Act Contract:

a. 215 and 229 Haight Street: (formerly 55 Laguna Street): 21.33%

b. 56 Potomac Street: 26.51%

c. 60-62 Carmelita: 50.40%

d. 101 Vallejo Street: 29.76%

e. 627 Waller Street: 59.43%

f. 940 Grove Street: 62.26%

g. 973 Market Street: 37.56%

h. 1338 Filbert Street: #A: 25.16%, #B: 18.36%, #C: 24.74%, and #D: 17.59%

PLANNING DEPARTMENT RECOMMENDATION

- The Planning Department recommends that the Historic Preservation Commission adopt a resolution recommending **approval** of the Mills Act Historical Property Contracts and Rehabilitation and Maintenance Plans to the Board of Supervisors for the following properties:

  1. 215 and 229 Haight Street (formerly 55 Laguna Street),
  2. 56 Potomac Street,
  3. 101 Vallejo Street,
  4. 627 Waller Street,
  5. 940 Grove Street,
  6. 973 Market Street
  7. 1338 Filbert Street

- The Planning Department recommends that the Historic Preservation Commission adopt a resolution recommending **approval with conditions** of the Mills Act Historical Property Contract and Rehabilitation and Maintenance Plans for 60-62 Carmelita Street. Conditions of approval include:

  1. Revisions to the Rehabilitation and Maintenance Plans for 60-62 Carmelita Street, specifically removing Scope #4, Installation of garage. While the work was approved by the Historic Preservation Commission through Motion No. 0298 on January 18, 2017, the proposed scope of work does not conform to the overall purpose and intent of the Mills Act Program. Installing a garage is not necessary to rehabilitate and preserve the building. The Department recommends this scope of work be removed in order to forward a positive recommendation to the Board of Supervisors.

ISSUES AND OTHER CONSIDERATIONS

Mills Act Contract property owners are required to submit an annual affidavit demonstrating compliance with Rehabilitation and Maintenance Plans.

HISTORIC PRESERVATION COMMISSION ACTIONS

Review and adopt a resolution for each property:

1. Recommending to the Board of Supervisors approval of the proposed Mills Act Historical Property Contract between the property owner(s) and the City and County of San Francisco;
2. Approving the proposed Mills Act Rehabilitation and Maintenance Plan for each property.

Attachments:

a. 215 & 229 Haight Street (formerly 55 Laguna)
Draft Resolution
Draft Mills Act Historical Property Contract
Draft Rehabilitation Program& Maintenance Plan
Draft Mills Act Valuation provided by the Assessor-Recorder's Office
Pre-Approval Inspection Report
Mills Act Application and Historic Structure Report

b. 56 Potomac Street
Draft Resolution
Draft Mills Act Historical Property Contract
Draft Rehabilitation Program & Maintenance Plan
Draft Mills Act Valuation provided by the Assessor-Recorder's Office
Pre-Approval Inspection Report
Mills Act Application

c. 60-62 Carmelita Street
Draft Resolution
Draft Mills Act Historical Property Contract
Draft Rehabilitation Program & Maintenance Plan
Draft Mills Act Valuation provided by the Assessor-Recorder's Office
Pre-Approval Inspection Report
Mills Act Application

d. 101 Vallejo Street
Draft Resolution
Draft Mills Act Historical Property Contract
Draft Rehabilitation Program & Maintenance Plan
Draft Mills Act Valuation provided by the Assessor-Recorder's Office
Pre-Approval Inspection Report
Mills Act Application and Historic Structure Report

e. 627 Waller Street
Draft Resolution
Draft Mills Act Historical Property Contract
Draft Rehabilitation Program & Maintenance Plan

Draft Mills Act Valuation provided by the Assessor-Recorder's Office
Pre-Approval Inspection Report
Mills Act Application and Historic Structure Report

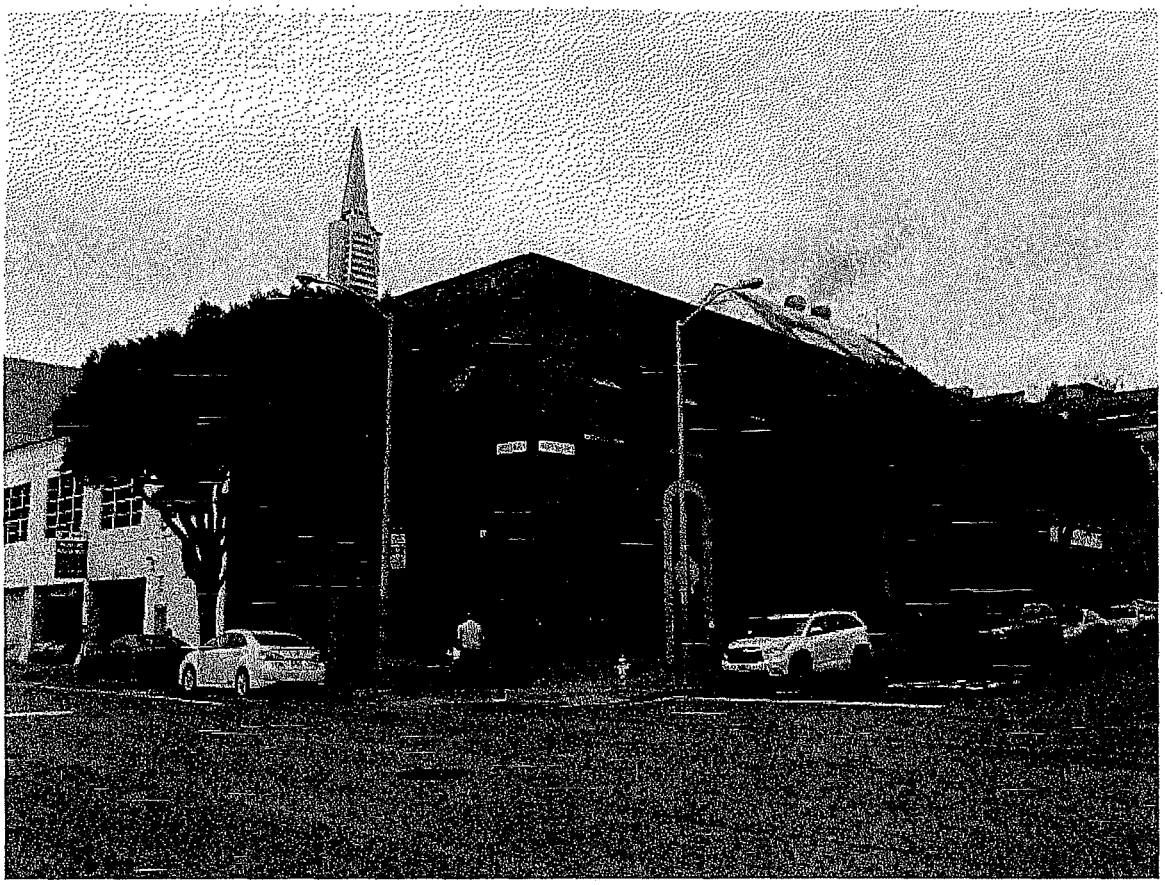
f. **940 Grove Street**
Draft Resolution
Draft Mills Act Historical Property Contract
Draft Rehabilitation Program & Maintenance Plan
Draft Mills Act Valuation provided by the Assessor-Recorder's Office
Pre-Approval Inspection Report
Mills Act Application and Historic Structure Report

g. **973 Market Street**
Draft Resolution
Draft Mills Act Historical Property Contract
Draft Rehabilitation Program & Maintenance Plan
Draft Mills Act Valuation provided by the Assessor-Recorder's Office
Pre-Approval Inspection Report
Mills Act Application and Historic Structure Report

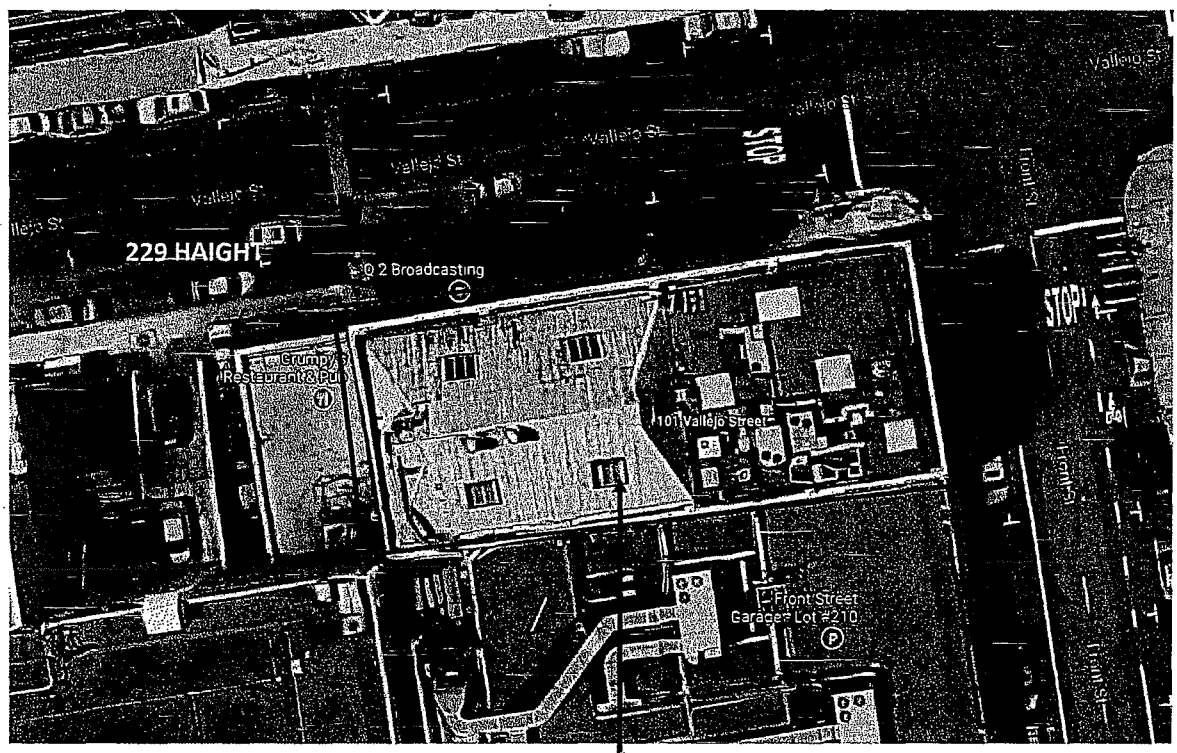
h. **1338 Filbert Street**
Draft Resolution
Draft Mills Act Historical Property Contract
Draft Rehabilitation Program & Maintenance Plan
Draft Mills Act Valuation provided by the Assessor-Recorder's Office
Pre-Approval Inspection Report
Mills Act Application and Historic Structure Report

Case No.	2017-005396MLS
Project Address:	**101 Vallejo Street**
Landmark District:	San Francisco Landmark No. 91 (Gibb-Sanborn Warehouses), contributor to the Northeast Waterfront Historic District, and individually listed on the National Register of Historic Places
Zoning:	C-2 (Community Business)
Height and Bulk:	65-X
Block/Lot:	0141/013
Applicant:	855 Front Street LLC 610 W. Ash Street, Ste. 1503 San Diego, CA 92101

SITE PHOTO



AERIAL PHOTO



SUBJECT PROPERTY

SAN FRANCISCO
PLANNING DEPARTMENT

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San Francisco,
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Historic Preservation Commission
Resolution No. 904
HEARING DATE OCTOBER 4, 2017

Case No.:	2017-005396MLS
Project Address:	**101 Vallejo Street**
Landmark District:	San Francisco Landmark No. 91 (Gibb-Sanborn Warehouses), contributor to the Northeast Waterfront Historic District, and individually listed on the National Register of Historic Places
Zoning:	C-2 (Community Business)
Height and Bulk:	65-X
Block/Lot:	0141/013
Applicant:	855 Front Street LLC 610 W. Ash Street, Ste. 1503 San Diego, CA 92101
Staff Contact:	Shannon Ferguson – (415) 575-9074 shannon.ferguson@sfgov.org
Reviewed By:	Tim Frye – (415) 575-6822 tim.frye@sfgov.org

ADOPTING FINDINGS RECOMMENDING TO THE BOARD OF SUPERVISORS APPROVAL OF THE MILLS ACT HISTORICAL PROPERTY CONTRACT, REHABILITATION PROGRAM, AND MAINTENANCE PLAN FOR 101 VALLEJO STREET:

WHEREAS, The Mills Act, California Government Code Sections 50280 et seq. ("the Mills Act") authorizes local governments to enter into contracts with owners of private historical property who assure the rehabilitation, restoration, preservation and maintenance of a qualified historical property; and

WHEREAS, 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 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 section 15331; and

WHEREAS, The existing building located at 101 Vallejo Street is listed under Article 10 of the San Francisco Planning Code Planning Code as San Francisco Landmark No. 91 (Gibb-Sanborn Warehouses),

contributor to the Northeast Waterfront Historic District, and individually listed on the National Register of Historic Places and thus qualifies as a historic property; and

WHEREAS, The Planning Department has reviewed the Mills Act Application, Historical Property Contract, Historical Property Contract, Rehabilitation Program, and Maintenance Plan for 101 Vallejo Street, which are located in Case Docket No. 2017-005396MLS. The Planning Department recommends approval of the Mills Act historical property contract, rehabilitation program, and maintenance plan; and

WHEREAS, The Historic Preservation Commission (HPC) recognizes the historic building at 101 Vallejo Street as an historical resource and believes the Rehabilitation Program and Maintenance Plan are appropriate for the property; and

WHEREAS, At a duly noticed public hearing held on October 4, 2017, the Historic Preservation Commission reviewed documents, correspondence and heard oral testimony on the Mills Act Application, Historical Property Contract, Rehabilitation Program, and Maintenance Plan for 101 Vallejo Street, which are located in Case Docket No. 2017-005396MLS.

THEREFORE BE IT RESOLVED that the Historic Preservation Commission hereby recommends that the Board of Supervisors approve the Mills Act Historical Property Contract, including the Rehabilitation Program, and Maintenance Plan for the historic building located at 101 Vallejo Street, attached herein as Exhibits A and B, and fully incorporated by this reference.

BE IT FURTHER RESOLVED That the Historic Preservation Commission hereby directs its Commission Secretary to transmit this Resolution, the Mills Act Historical Property Contract, including the Rehabilitation Program, and Maintenance Plan for 101 Vallejo Street, and other pertinent materials in the case file 2017-005396MLS to the Board of Supervisors.

I hereby certify that the foregoing Resolution was ADOPTED by the Historic Preservation Commission on October 4, 2017.

Jonas P. Ionin
Commissions Secretary

AYES: Wolfram, Hyland, Johnck, Johns, Matsuda, Pearlman

NOES: None

ABSENT: None

ADOPTED: October 4, 2017

FILE NO. RESOLUTION NO.

[Approval of an Historical Property Contract for 101 Vallejo Street]

Resolution under Chapter 71 of the San Francisco Administrative Code, approving an historical property contract between 855 Front Street LLC, the owners of 101 Vallejo Street, and the City and County of San Francisco; authorizing the Planning Director and the Assessor-Recorder to execute the historical property contract.

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

WHEREAS, The Planning Department has determined that the actions contemplated in this Resolution comply with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of Supervisors in File No. ___, is incorporated herein by reference, and the Board herein affirms it; and

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

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

WHEREAS, 101 Vallejo Street is designated as San Francisco Landmark No. 91 (Gibb-Sanborn Warehouses) and is a contributor to the Northeast Waterfront Historic District under Article 10 of the Planning Code, and is individually listed on the National Register of

Recording Requested by, and
when recorded, send notice to:
Shannon Ferguson
1650 Mission Street, Suite 400
San Francisco, CA 94103-2414

CALIFORNIA MILLS ACT
HISTORIC PROPERTY AGREEMENT
101 VALLEJO STREET
SAN FRANCISCO, CALIFORNIA

THIS AGREEMENT is entered into by and between the City and County of San Francisco, a California municipal corporation ("City") and 855 Front Street LLC ("Owners").

RECITALS

Owners are the owners of the property located at 101 Vallejo Street, in San Francisco, California (Block 0141, Lot 013). The building located at 101 Vallejo Street is designated as San Francisco Landmark No. 91 and as a contributor to the Northeast Waterfront Historic District pursuant to Article 10 of the Planning Code and individually listed on the National Register of Historic Places, 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 one million, one hundred forty five thousand, six hundred fourteen dollars ($1,145,614.00). (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 fifty-one thousand, seven hundred two dollars ($51,702.00) annually (See Maintenance Plan, Exhibit B).

The State of California has adopted the "Mills Act" (California Government Code Sections 50280-50290, and California Revenue & Taxation Code, Article 1.9 [Section 439 et seq.]) authorizing local governments to enter into agreements with property Owners to reduce their property taxes, or to prevent increases in their property taxes, in return for improvement to and maintenance of historic properties. 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 Owner has full right and authority to enter into this Agreement, and that each and all of the persons signing on behalf of the Owners are authorized to do so.

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

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

APPROVED AS TO FORM:
DENNIS J. HERRERA
CITY ATTORNEY

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

855 FRONT STREET LLC, OWNERS

By:_____(signature) DATE:_____
_____(name), _____(title), 855 Front Street, Owner

By:_____(signature) DATE:_____
_____(name), _____(title), 855 Front Street, Owner

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

EXHIBIT A: REHABILITATION/RESTORATION PLAN

Scope: # 1	Building Feature: Structural Upgrade			
Rehab/Restoration [X]	Maintenance	Completed	Proposed [X]	
Contract year work completion: 2018				
Total Cost: $500,000.00				
Description of work: The conceptual (design development level) improvements include the removal of both non-historic exit stairs, infill of the floor openings, cutting of new floor openings for the installation of (2) new steel-framed stairs in the building, the addition of plywood floor diaphragms, and modification of part of the hipped (west) roof bracing. The structural design is not finalized and is subject to some change.				

Scope: # 2	Building Feature: Roof: Hipped (West) & Low-Slope (East)			
Rehab/Restoration [X]	Maintenance	Completed	Proposed [X]	
Contract year work completion: 2018				
Total Cost: $198,000.00				
Description of work: Replace roofing including flashing and roof accessories per recommendations of McGinnis Chen report, Option 2 covering steep-slope roof (Section IX and included below). Consult with preservation architect and waterproofing consultant on visual appearance. Clean drainage system. **Option 2 – Replace Steep Slope Roof:** •Full replacement of roofing on steep slope with self-adhered sheet membrane (SASM) on the substrate and composite asphalt shingles. The sheathing would also need to be replaced to provide a suitable substrate for the membrane. •Removal and repair or replacement of equipment on steep slope roof to improve sealing and termination of roofing at equipment. •MCA recommends completely rebuilding the perimeter drainage trough. MCA recommends installing the following: new pressure treated framing; a new pressure treated plywood waterway that clears all obstruction; self-adhered sheet membrane (SASM) to line the base of the roof, the trough, and the parapet; install a fully soldered sheet metal gutter that tucks under the roofing membrane on the steep slope roof and up the parapet wall; and install a coping cap that covers the top of the parapet wall and extends 4 inches down the side. The coping cap may only be installed on the South side of the building, where it is not visible from public right of way. New gutter will be sloped to drain and will remediate ponding. MCA estimates for 260 feet of this repair. •Wet seal joints in skylights. •Coat parapet walls and penetrations in low slope (East) roof with PMMA coating.				

Scope: # 3	Building Feature: Roof: Skylights			
Rehab/Restoration [X]	Maintenance	Completed	Proposed [X]	
Contract year work completion: 2018 (Hipped) and 2023 (Low-Slope)				
Total Cost: $19,575.00				
Description of work: Repair skylights or replace if necessary with new compatible skylights similar in size as the existing.				

Scope: # 4	Building Feature: Wood Flooring			
Rehab/Restoration [X]	Maintenance	Completed	Proposed [X]	
Contract year work completion: 2018				
Total Cost: $29,986.00				
Description of work (First and Second Floors) Restore and/or repair wood flooring.				

Scope: # 5	Building Feature: Wood Floor and Roof Joists			
Rehab/Restoration [X]	Maintenance	Completed	Proposed [X]	
Contract year work completion: 2018				
Total Cost: $5,248.00				
Description of work Inspect ceiling joists to ensure their structural integrity has not been compromised where they exhibit staining from previous leaks. Repair as needed. Where previously painted prepare, prime and paint wood as needed.				

Scope: #6	Building Feature: Fieldstone Base/Foundation			
Rehab/Restoration [X]	Maintenance	Completed	Proposed [X]	
Contract year work completion: 2023				
Total Cost: $12,637.00				
Description of work: <u>Front Street:</u> Investigate mortar patches for adhesion. If the patch is failing, remove and replace with new mortar patch to match the existing fieldstone in appearance. Remove all instances of Portland cement mortar and repoint with appropriate mortar. Repoint areas where mortar is missing. Remove areas of spalled, loose, or deteriorated stone as needed and restore with stone patching compound or Dutchman/replacement stone as needed. Route out cracks. Fill with appropriate patching mortar. <u>Vallejo Street:</u> The cement parge coat over the field stone base exhibits hairline cracks. Survey the base to make sure the parge coat is well bonded and repair areas where the parge has separated from the field stone. Investigate to determine if the parge coat is trapping moisture at the foundation along Vallejo Street. If it is, remove and restore stone. At the interior of the walls, investigate areas of moisture intrusion and efflorescence (see above, the parge coat along Vallejo may be the culprit at the north wall) and make necessary repairs to prevent further moisture intrusion. Remove paint as needed. Prepare, prime and paint with appropriate breathable coating.				

Scope: #7	Building Feature: Fieldstone Base/Foundation Waterproofing			
Rehab/Restoration [X]	Maintenance	Completed	Proposed [X]	
Contract year work completion: 2023				
Total Cost: $150,000.00				
Description of work: Provide and install spot injection grout at (3) total areas of the basement north and south stone foundation walls to provide waterproofing.				

Scope: #8	Building Feature: Watertable			
Rehab/Restoration [X]	Maintenance	Completed	Proposed	[X]
Contract year work completion: 2023				
Total Cost: $4,568.00				
Description of work: Strip old paint from granite. Remove Portland cement infill. Repair cracks and spalls with compatible patching material. Repoint existing joints with appropriate mortar.				

Scope: #9	Building Feature: Brick Facades			
Rehab/Restoration [X]	Maintenance	Completed	Proposed	[X]
Contract year work completion: 2023				
Total Cost: $112,607.00				
Description of work: Remove instances of incompatible or non-matching patch material and re-patch with an appropriately matching patching compound or brick. Repair or replace cracked/damaged brick at base of door surround (Front Street) and at filled-in openings at west wall (cracked bricks are prevalent around 6 window openings at interior). Remove inappropriate mortar and repoint. Inspect the facades for areas where mortar joints are deteriorated and repoint with appropriate lime based mortar. Clean facade. Remove biological growth (most notably at corbel, parapet, at grade level, and at downspouts). Repoint at deteriorated mortar joints. At top of corbel remove existing parge coat and apply new parge coat. Investigate options to divert water at downspout locations. Investigate the pipe penetrating from the Vallejo Street façade (to the west and above the easternmost entry) to see if discharge could be diverted or the staining otherwise mitigated. Note: There are marble signs installed within the brick at the corner of Vallejo and Front streets. Clean, but avoid cleaning agents that will damage this sign.				

Scope: #10	Building Feature: Metal/Steel Windows			
Rehab/Restoration [X]	Maintenance	Completed	Proposed	[X]
Contract year work completion: 2023				
Total Cost: $22,330.00				
Description of work: Inspect condition of multi-pane steel sash windows, including sash, frame, and lintel. Repair windows. Remove rust, treat with a corrosion inhibiting primer, and repaint. At windows with severe corrosion: Repair window and frame (assume removal and shop repair). Splice in new replacement pieces to match the existing as needed. Remove rust elsewhere on the window, treat with a corrosion inhibiting primer, and repaint. Inspect glazing and replace any cracked or broken glass with new glass to match existing. Inspect glazing putty and replace in areas where damaged putty is found. Inspect windows for operability and leaks and repair as required. Replace missing hardware where needed (upper story, northernmost window). Repair parging coat on (6) of the lintels; route cracks and fill with a compatible grout. Work will be done in accordance with National Park Service's Preservation Brief 13, *The Repair and Thermal Upgrading of Historic Windows.*				

Scope: #11	Building Feature: Front Street Entryway			
Rehab/Restoration [X]	Maintenance	Completed	Proposed	[X]
Contract year work completion: 2023				
Total Cost: $15,225.00				
Description of work: Sandstone Surround: Remove old anchor pins from sandstone surround and patch holes. Use cast stone or stone Dutchman repair to reconstruct missing spalled details and restore the profile of the (2) pilaster capitals. Caulk or patch areas where the sandstone surround has separated from the brick stoop. Survey and repair debonded cement plaster at the base of pilaster, repair substrate as needed. Prepare, prime, and paint. Brick Stoop: Remove biological growth from brick steps. Remove existing plywood and consult with preservation architect to determine options for closing gap and reusing this opening as an entrance to the building. Metal Doors: Remove rust and failing paint from metal surfaces. Patch holes. Apply a corrosion inhibitor to metal. Prepare, prime, and repaint. Replace missing cast iron handle with a new handle to match existing. Transom: Survey steel transom window for corrosion. Remove rust. Prepare, prime, and repaint.				

Scope: #12	Building Feature: Vallejo Street Entryways			
Rehab/Restoration [X]	Maintenance	Completed	Proposed	[X]
Contract year work completion: 2023				
Total Cost: $26,608.00				
Description of work: Cement Stucco Surrounds: Repair cement stucco/plaster door surrounds. Remove areas of spalled, loose, or deteriorated cement plaster as needed and restore with cement plaster patching. Repair cracks. Prepare, prime, and repaint. Brick Stoop (easternmost entry): Remove biological growth from brick steps. Concrete landing (center entry): Consider replacing landing with a more compatible landing. Two Metal Doors: Remove rust and failing paint from metal surfaces. Apply a corrosion inhibitor to metal. Prepare, prime, and repaint.				

Scope: #13	Building Feature: Roof: Low-Slope Roof (East Portion)			
Rehab/Restoration [X]	Maintenance	Completed	Proposed	[X]
Contract year work completion: 2023				
Total Cost: $ 42,000.00				
Description of work: Replace roof including flashing & roof accessories per recommendations of McGinnis Chen waterproofing report (Section IX and included below), Option 3 covering low-slope roof. Clean drainage system. **Option 3 – Details of Eastern Low-Slope Roof Replacement** •Re-roof with new two-ply Styrene Butadiene Styrene (SBS) modified bitumen roofing with Energy Code compliant granule surfacing on the low slope roof. •Upturn roofing on penetrations 8 inches and terminate. •Replace all flexible conduits with rigid conduits and provide proper roofing detailing.				

Scope: # 14	Building Feature: Parapet Bracing		
Rehab/Restoration [X]	Maintenance	Completed	Proposed [X]
Contract year work completion: 2026			
Total Cost: $6,830.00			
Description of work: Clean rust and failing paint off steel, treat with a corrosion inhibitor, and repaint. Inspect connections to parapet and repair any failing connections.			

EXHIBIT B: MAINTENANCE PLAN

Scope: # 15	Building Feature: Roof: Low-Slope Roof (East Portion)
Rehab/Restoration	Maintenance [X] Completed Proposed [X]
Contract year work completion: 2018 and annually thereafter	
Total Cost: $3,200.00	
Description of work: Inspect and repair areas of damaged/failed/deteriorated built-up roof at all surfaces including back of parapet. Inspect transition between parapet and roof and repair areas that are cracked and deteriorated to ensure a watertight seal around all parapet faces and at steel attachment points. At top of parapet, inspect liquid applied membrane for deterioration and repair damaged and deteriorated areas.	

Scope: # 16	Building Feature: Roof Skylights
Rehab/Restoration	Maintenance [X] Completed Proposed [X]
Contract year work completion: 2018 and annually thereafter	
Total Cost: $1,566.00	
Description of work: Inspect skylights for leaks. Repair as required. Replace window film on north facing skylight. Clean windows.	

Scope: # 17	Building Feature: Parapet Bracing
Rehab/Restoration	Maintenance [X] Completed Proposed [X]
Contract year work completion: 2018 and annually thereafter	
Total Cost: $2,277.00	
Description of work: Inspect for signs of rust or failing paint. Repair as required.	

Scope: # 18	Building Feature: Roof Drainage System
Rehab/Restoration	Maintenance [X] Completed Proposed [X]
Contract year work completion: 2018 and annually thereafter	
Total Cost: $2,900.00	
Description of work: Annually inspect and clean roof drainage system to maintain in proper working order.	

Scope: # 19	Building Feature: Railing
Rehab/Restoration	Maintenance [X] Completed Proposed [X]
Contract year work completion: 2018 and annually thereafter	
Total Cost: $870.00	
Description of work: Inspect annually for corrosion and secure attachment. Repair as required.	

Scope: #20	Building Feature: Wood Floor and Roof Joists			
Rehab/Restoration	Maintenance [X]	Completed	Proposed [X]	
Contract year work completion: 2018 and annually thereafter				
Total Cost: $5,248.00				
Description of work Inspect ceiling joists for signs of deterioration. Repair as needed.				

Scope: #21	Building Feature: Historic Passageway			
Rehab/Restoration	Maintenance [X]	Completed	Proposed [X]	
Contract year work completion: 2018 and annually thereafter				
Total Cost: $6,525.00				
Description of work Clean and preserve historic passageway and do not obstruct. Check annually for cracks, leaks, and damages. Make repairs as needed.				

Scope: #22	Building Feature: Roof Membrane - Hipped (West Portion)			
Rehab/Restoration	Maintenance [X]	Completed	Proposed [X]	
Contract year work completion: 2019 and annually thereafter				
Total Cost: $1,566.00				
Description of work: Annually inspect and repair roof membrane for areas of that are damaged, deteriorated, or failing and repair as required. Remove biological growth.				

Scope: #23	Building Feature: Field Stone Base/Foundation			
Rehab/Restoration	Maintenance [X]	Completed	Proposed [X]	
Contract year work completion: 2023 and annually thereafter				
Total Cost: $7,250.00				
Description of work: Perform visual inspection of field stone (Front Street) and parge coat (Vallejo) and repair as needed following rehab/restoration. At the interior, perform visual inspection for water intrusion and efflorescence. Make repairs as needed.				

Scope: #24	Building Feature: Watertable			
Rehab/Restoration	Maintenance [X]	Completed	Proposed [X]	
Contract year work completion: 2023 and annually thereafter				
Total Cost: $4,350.00				
Description of work: Perform visual inspection of watertable and repair as needed following rehab/restoration.				

Scope: #25	Building Feature: Building Feature: Brick Facades			
Rehab/Restoration	Maintenance [X]	Completed	Proposed [X]	
Contract year work completion: 2023 and annually thereafter				
Total Cost: $4,350.00				
Description of work: Perform regular visual inspection of masonry with binoculars, spotting scope, or similar annually for signs of deterioration. Repair as needed. Inspect marble signage annually for soiling and deterioration. Clean and repair as needed. Perform annual visual inspections for signs of biological growth. Remove as needed.				

Scope: # 26	Building Feature: Windows			
Rehab/Restoration	Maintenance [X]	Completed	Proposed [X]	
Contract year work completion: 2023 and annually thereafter				
Total Cost: $4,350.00				
Description of work Check windows annually for leaks, damage, corrosion, paint coating and operability. Repair as needed.				

Scope: #27	Building Feature: Front Street Entryway			
Rehab/Restoration	Maintenance [X]	Completed	Proposed [X]	
Contract year work completion: 2023 and annually thereafter				
Total Cost: $2,900.00				
Description of work: Sandstone Surround: Perform visual inspection of surround and repair as needed. Brick Stoop: Maintain the stoop in clean state and perform annual visual inspections that coincide with the end of the rainy season. Metal Doors: Visually inspect for signs of corrosion. If corrosion is found, remove rust and failing paint from metal surfaces. Apply a corrosion inhibitor to metal. Prepare, prime, and repaint. Transom: Survey steel transom window for corrosion. Remove rust. Prepare, prime, and repaint.				

Scope: # 28	Building Feature: Vallejo Street Entryways			
Rehab/Restoration	Maintenance [X]	Completed	Proposed [X]	
Contract year work completion: 2023 and annually thereafter				
Total Cost: $4,350.00				
Description of work Cement Plaster/Stucco Surround: Perform visual inspection of surround and repair as needed following rehab/restoration. Brick Stoop: Maintain the stoop in clean state and perform annual visual inspections that coincide with the end of the rainy season. Doors: Check threshold construction semi-annually for leaks and damage, repair in kind as needed. Check door operability. Inspect metal elements annually for corrosion and failing paint. Prepare, prime, and paint door surround and iron door as needed.				

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

APN:	0141-013	**Lien Date:**	7/1/2017
Address:	101 Vallejo Street	**Application Date:**	5/25/2017
SF Landmark No.:	#91	**Valuation Date**	7/1/2017
Applicant's Name:	Glenn Gillmore	**Valuation Term**	12 Months
Agt./Tax Rep./Atty:	None	**Last Sale Date:**	7/1/2016
Fee Appraisal Provided:	*None*	**Last Sale Price:**	$11,250,000

FACTORED BASE YEAR (Roll) VALUE		INCOME CAPITALIZATION APPROACH		SALES COMPARISON APPROACH	
Land	$4,182,000	**Land**	$3,000,000	**Land**	$3,813,750
Imps.	$7,293,000	**Imps.**	$5,250,000	**Imps.**	$8,898,750
Personal Prop	$0	**Personal Prop**	$0	**Personal Prop**	$0
Total	$11,475,000	**Total**	$8,250,000	**Total**	$ 12,712,500

Property Description

Property Type:	Office Bldg.	**Year Built:**	1906	**Neighborhood:**	South of Market
Type of Use:	Office Bldg.	**(Total) Rentable Area:**	16,950	**Land Area:**	5,064
Owner-Occupied:	No	**Stories:**	2	**Zoning:**	C2
Unit Type:	Office	**Parking Spaces:**	0		

Total No. of Units: 1

Special Conditions (Where Applicable)

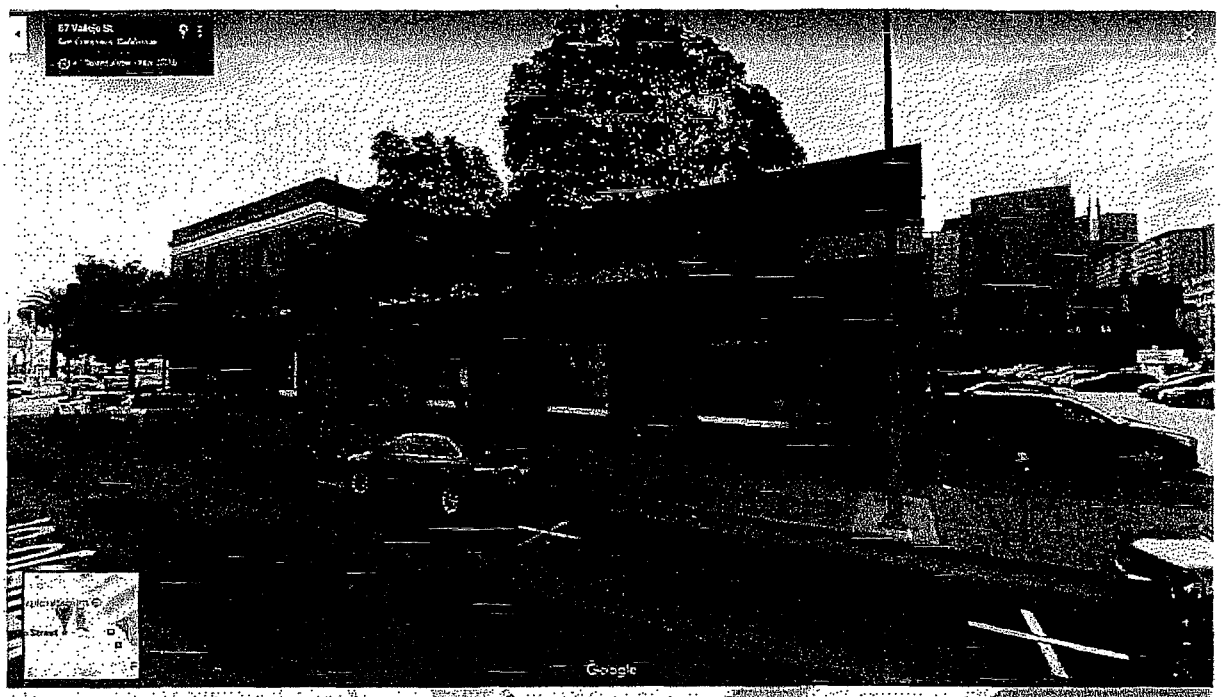
Conclusions and Recommendations

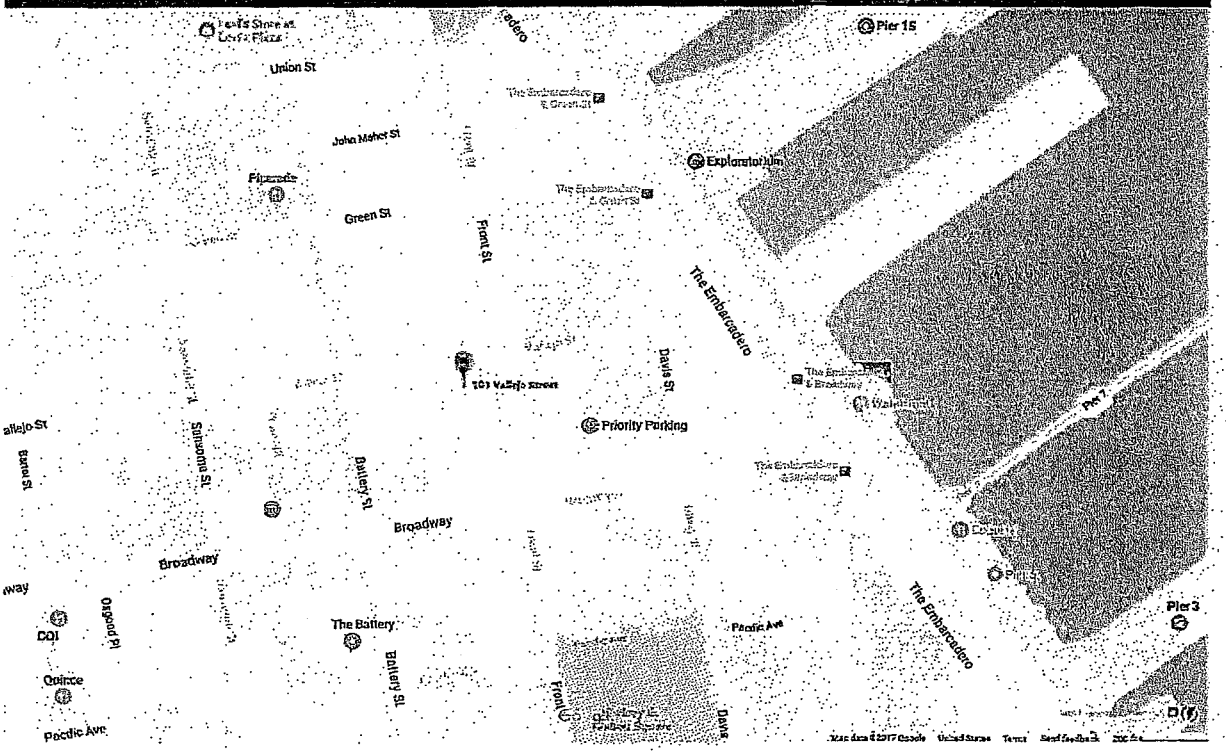
	Per Unit	Per SF	Total
Factored Base Year Roll	$11,475,000	$677	$ 11,475,000
Income Approach - Direct Capitalization	$8,250,000	$487	$ 8,250,000
Sales Comparison Approach	$12,712,500	$750	$ 12,712,500
Recommended Value Estimate	**$ 8,250,000**	**$ 487**	**$ 8,250,000**

Appraiser: Kan Shen **Principal Appraiser:** Greg Wong **Date of Report:** 8/1/2017

Subject Photographs and Locator Map

Address: 101 Vallejo Street
APN: 0141-013





Property Summary

Address: 101 Vallejo Street
AAB: 0141-013

Sub-Market:	North Waterfront
Property Description:	This nineteenth-century Commercial Style building was added to the National Register of Historic Places in 1977 as the Gibb, Daniel & Co. Warehouse. The property is significant under Criterion A (Pattern of Events) and C (Architecture), with years 1855 and 1906 specified as the period of significance. The building is also listed on the California Register of Historical Places, is designated as San Francisco Landmark #91, and sits within the Northeast Waterfront Historic District. Despite being damaged from the 1906 earthquake and undergoing a significant remodel in 1972, the gold-rush era building retains character-defining features dating from 1855 and/or 1906. These features include: brick and timber construction; granite water table; sandstone door surround on Front Street; cast iron doors; windows set within blind arches; marble street name inserts at the second story; and corbeled brick cornice, etc.
Tenant Profile:	Multi-Tenants
Building Size (NRA):	16,950
Year Built:	1906
Class:	O
Floors:	2
Lot Size:	5,064 Sq.Ft. (Total property site area)
Parking:	0
Views/Special Features:	
Occupancy as of 7/1/17:	100%

Sale History

Sale Date:	11/2/2011
Sale Price:	$5,500,000
Sale Date:	7/1/2016
Sale Price:	$11,250,000

Assessment History

2015-2016	$5,748,063
2016-2017	$11,250,000

Income Capitalization Approach

Address: 101 Vallejo Street
APN: 0141-013
Fee Simple Value as of 1/1 7/1/2017

						Totals	Comments
Potential Gross Income							
Basement	5,105 sf	@	$46.00	=	$234,830		
1st Floor	*5,568 sf*		*$60.00*		$334,080		
2nd Floor	6,277		$57.00		$357,789		
Total Potential Income/Square Feet	**16,950 sf**					**$926,699**	
Less Vacancy & Collection Loss							
Retail	$0	@	3.0%	=	$0		
Office	$926,699	@	5.0%	=	($46,335)		
Total						($46,335)	
Effective Gross Income						**$880,364**	
Less: Pre-Tax Expenses	16,950 sf	x	$12.54 psf	=		($212,553)	
Less: Retail Expenses	$0	x	3.00%	=		$0	
						($212,553)	
Pre Tax Net Operating Income						**$667,811**	
Pre tax NOI per Sq. Ft.						$39.40	
Capitalization Rate							
Interest rate per SBE					3.750%		
Risk Rate (4% owner occupied / 2% all others)					2.000%		
Tax Rate 2016/2017					1.179%		
Amortization rate for improvements only					1.1667%		
Remaining econo. life (in years)			60	1.667%	8.096%		
Improvements as % of total				70%			
Stabilized Value Estimate			**$486.65 psf**			**$8,248,790**	
Less: P.V. Leaseup and Holding Costs						$0	
Less: Capital Expense Items						$0	
As Is Value Estimate						**$8,248,790**	
Rounded						**$8,250,000**	
Price/SF of total area						*$486.73*	

Note: Values may not be final and are presented for Discussion Purposes only.

Assessed Value as of	1/1/2017
Land	$4,182,000
Improvements	$7,293,000
Total	$11,475,000

Summary of Subject and Comparable Office Leases

No.	Block	Lot	Address	Tenant	Floor	Year Built	Term (Mo.)	Total Building NRA (SF)	Building Stories	Class	Neighborhood	Lease Signed	Lease Start	Rentable Area (SF)	Starting Rent ($/SF/YR)	Expense Terms	Lease Type	T.I.'s/ S.F.	Free Rent (Mont	Escalations/Comments
Subject Property Office Leases																				
	None Provided																			
Comparable Office Rents																				
1	3721	122	535 Mission	Expa-I LLC	11	2014	68	354,000	27	A	Financial District South	10/16/15	11/30/16	13,275	$ 70.00	NNN	N	5	1	3% annual inc. tenants share of exp. 4.3208%
2	0316	010	420 Taylor St.	Reddit	1,2,3 & 4	1942	87	76,060	4	B	Union Square	03/21/16	11/01/16	46,024	$ 63.96	0	FSG w/BY	0	0	3% yearly inc. 2 tenant bldg, other tenant operates commercial pko garage.
3	3717	021	150 Spear Street	Nasdaq OMX Group, Inc.	1650	1983	36	256,827	18	A	South Beach	01/01/14	07/01/16	8,519	$ 60.00	FSG	R	N/A	N/A	$1 Bumps
4	3783	008	600 Townsend St.	Advent	3,4,5	1989	120	215,875	5	A	Mission Bay	NA	11/01/16	129,491	$ 50.00	FSG w/BY	R	10	0	Expansion and renewal. $1/SF increases annually. 95 parking spaces incl.
Average															$ 60.99					

ABBREVIATIONS

Lease Type: N = New Lease, R = Renewal, A = Amendment to Lease, E = Expansion of Space, S = Sublease

Lease Structure: FSG - full service gross lease MG - modified gross lease IG - industrial gross lease NNN - triple net or net lease

MARKET INDICATORS FROM SALES

Address: 101 Vallejo Street
APN: 02-141-013
Value Date: 7/1/2017

Item No.	Property Address	Sale Date	Sale Price	Bldg SF	Year Built	Vacancy	Price Per SF	Rate	Cap Rate	Sale Condition
SUBJECT	101 Vallejo Street	7/1/2017	N/A	16,950	1906	None	N/A	N/A	N/A	Application for Mills Act
Item No.	Property Address	Sale Date	Sale Price	Bldg SF	Year Built	Vacancy	Price Per SF	Rate	Cap Rate	Sale Condition
1	807 Montgomery Street	10/18/2016	$11,800,000	10,221	1906	Unknown	$1,154	Unknown	Unknown	
2	499 Jackson Street	4/27/2017	$16,000,000	15,432	1965	Unknown	$972	Unknown	Unknown	
3	200 California Street	1/31/2017	$23,051,080	22,330	1988	Unknown	$1,032	Unknown	Unknown	
4	220 Kearny Street	2/15/2017	$18,474,750	25,643	1908	Unknown	$720	Unknown	Unknown	
	Range:						$720~$1154			
	Average:						$970			
Conclusion:	The above sale comparables represent a market sale range from $720/sqft to $1154/sqft for the subject; and it seems that $750/sqft for the subject is reasonable owing to its restricted historical preservative									
	Status; therefore, using $750/sqft applied by its net rentable area of 16,950 sqft, arriving at a total value of $12,712,500 as its fair market value.									
		Indicated Fair Market Value: $12,712,500								

SAN FRANCISCO
PLANNING DEPARTMENT

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

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

PRE-APPROVAL INSPECTION REPORT

Report Date:	May 25, 2017
Inspection Date:	May 25, 2017
Case No.:	2017-005396MLS
Project Address:	**101 Vallejo Street**
Zoning:	C-2 (Community Business)
Height &Bulk:	65-X
Block/Lot:	0141/013
Eligibility	Landmark Number 91, contributor to the Northeast Waterfront Historic District, and individually listed on the National Register of Historic Places
Property Owner:	855 Front Street LLC
Contact:	Glenn Gillmore, glenn@brickandtimbercollective.com, 415-310-9059
Primary Address:	610 W. Ash Street, Ste. 1503 San Diego, CA 92101
Secondary Address:	237 Kearny Street, No. 234 San Francisco, CA94108
Staff Contact:	Shannon Ferguson – (415) 575-9074 shannon.ferguson@sfgov.org
Reviewed By:	Tim Frye – (415) 575-6822 tim.frye@sfgov.org

PRE-INSPECTION

☑ Application fee paid

☐ Record of calls or e-mails to applicant to schedule pre-contract inspection

5/10/17: email property and historic preservation consultantowner to schedule site inspection. Provide initial comments on HSR and Rehab & Maintenance plans.

5/17/17: Email to property owner and historic preservation consultant to confirm site inspection on 5/25/17 at 10:30am.

5/25/17: Phone call with historic preservation consultant regarding HSR and Rehab & Maintenance plans.

Mills Act Pre-Approval Inspection Report **Case Number 2017-005396MLS**
May 25, 2017 **101 Vallejo Street**

INSPECTION OVERVIEW

Date and time of inspection: May 25, 2017; 10:30am

Parties present: Glenn Gilmore, Jesse Feldman (property owners), Elisa Skaggs and Carolyn Kiernat (Page & Turnbull), Shannon Ferguson (SF Planning

☑ Provide applicant with business cards

☑ Inform applicant of contract cancellation policy

☑ Inform applicant of monitoring process

Inspect property. If multi-family or commercial building, inspection included a:

☑ Thorough sample of units/spaces

☐ Representative

☐ Limited

☑ Review any recently completed and in progress work to confirm compliance with Contract.

☑ Review areas of proposed work to ensure compliance with Contract.

☑ Review proposed maintenance work to ensure compliance with Contract.

☐ Identify and photograph any existing, non-compliant features to be returned to original condition during contract period. **n/a**

☑ Yes	☐ No	Does the application and documentation accurately reflect the property's existing condition? If no, items/issues noted:
☑ Yes	☐ No	Does the proposed scope of work appear to meet the Secretary of the Interior's Standards? If no, items/issues noted:
☑ Yes	☐ No	Does the property meet the exemption criteria, including architectural style, work of a master architect, important persons or danger of deterioration or demolition without rehabilitation? If no, items/issues noted: **n/a**
☐ Yes	☑ No	Conditions for approval? If yes, see below.

NOTES AND RECOMMENDATIONS

Scopes of work must be listed by completion date and in same order

Scopes 1-6: need exact date, not a date range.

Scope 4: include window type.

Scope 8: describe work outlined in report

Scope 7: describe work outlined in report

Scope 9: repair, then replace

Scope 11: describe work outlined in report

Scope 12: move to rehab plan. Where is railing located?

Scope 20: not listed in rehab plan. Include rehab scope for this feature

Scope 23: not listed in rehab plan. Include rehab scope for this feature

Scope 25: not listed in rehab plan. Include rehab scope for this feature

Load bearing arches in basement mentioned in Landmark Designation

Beams mentioned in National Register nomination.

Exemption statement: answer questions 1 and 2

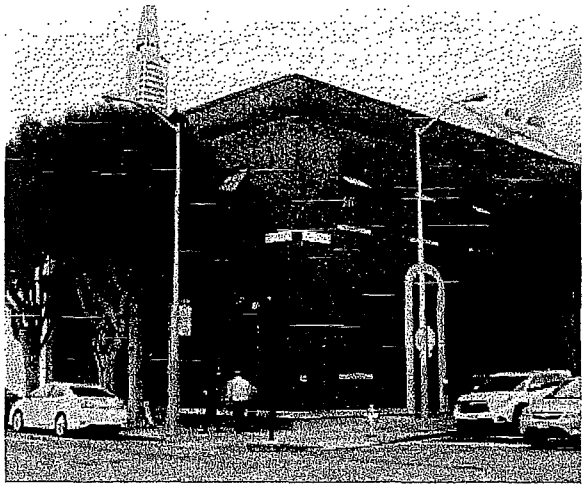
CONDITIONS FOR APPROVAL

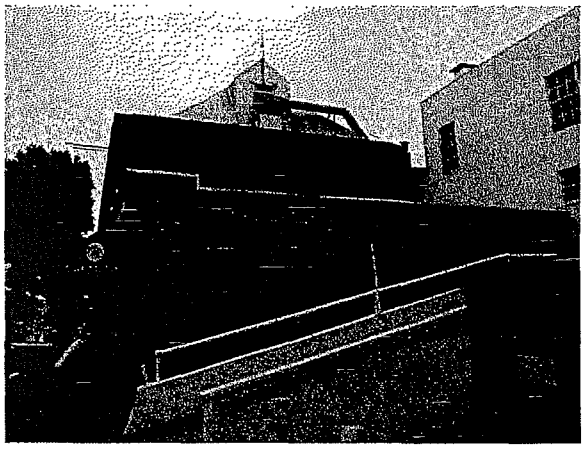
None

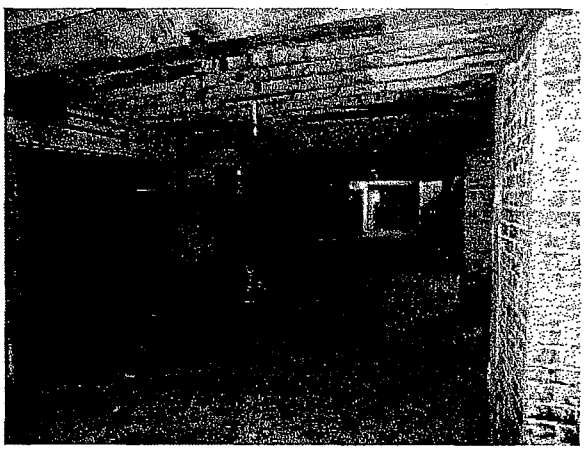
Mills Act Pre-Approval Inspection Report
May 25, 2017

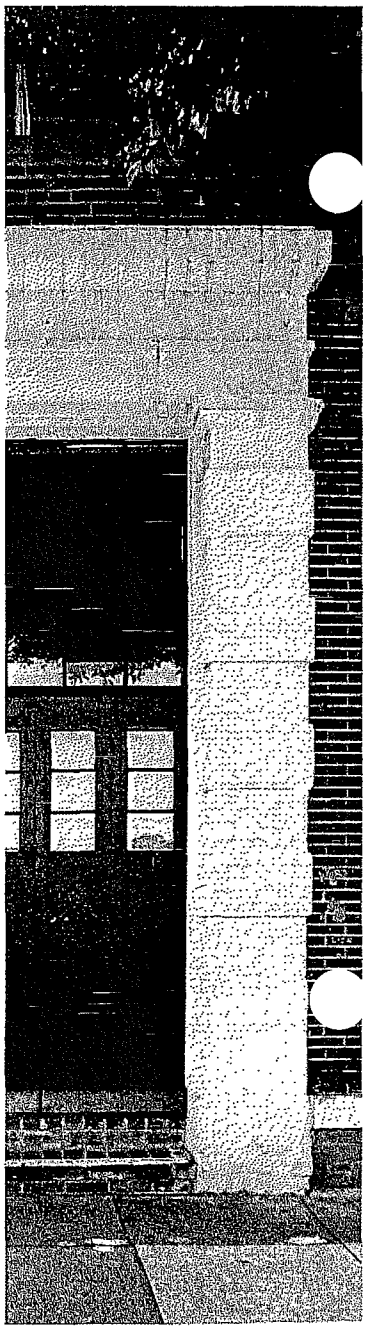
Case Number 2017-005396MLS
101 Vallejo Street

PHOTOGRAPHS









MILLS ACT APPLICATION
101 VALLEJO STREET
SAN FRANCISCO, CALIFORNIA
[17038]

PREPARED FOR: 855 FRONT STREET, LLC

PRIMARY PROJECT CONTACT:
Carolyn Kiernat, AIA
Page & Turnbull, 417 Montgomery Street, 8th Floor
San Francisco, CA 94104
415.593.3218 / 415.362.5560 fax
kiernat@page-turnbull.com

FINAL

PAGE & TURNBULL

MAY 31, 2017

imagining change in historic environments through design, research, and technology

TABLE OF CONTENTS

This application contains the following documents:

I. APPLICATION FORM

SAN FRANCISCO
PLANNING
DEPARTMENT

APPLICATION GUIDE FOR
Mills Act Historical Property Contract

Planning Department
1650 Mission Street
Suite 400
San Francisco, CA
94103-9425

P: 415.558.6378
F: 415.558.6409

Office of the Assessor-Recorder
City Hall, Room 190
San Francisco, CA
94102

P: 415.554.5596
Recording Hours
8:00a.m. – 4:00p.m.

Chapter 71 of the San Francisco Administrative Code allows the City and County of San Francisco to enter into a preservation contract with local property owners who restore and preserve qualified historic properties. In exchange for maintaining and preserving a historic property, the owner receives a property tax reduction.

Planning staff are available to advise you in the preparation of this application. Call (415) 558-6377 for further information.

WHAT IS A MILLS ACT PROPERTY CONTRACT?

The Mills Act Contract is an agreement between the City and County of San Francisco and the owner of a qualified property based on California Government Code, Article 12, Sections 50280-50290 (Mills Act). This state law, established in 1976, provides for a property tax reduction for owners of qualifying historic properties who agree to comply with certain preservation restrictions and use the property tax savings to help offset the costs to restore, rehabilitate, and maintain their historic resource according to the *Secretary of the Interior's Standards and the California Historical Building Code*. The Mills Act allows historic property owners to restore their historic buildings; obligate future owners to the maintenance and care of the property; and may provide significant property tax savings to the property owner, particularly to smaller, single-family homeowners. The San Francisco Board of Supervisors approves all final contracts. Once executed, the contract is recorded on the property and leads to reassessment of the property the following year.

WHO MAY APPLY FOR A MILLS ACT PROPERTY CONTRACT?

The Mills Act is for qualified historic property owners who are actively rehabilitating their properties or have recently completed a rehabilitation project compliant with the *Secretary of the Interior's Treatment of Historic Properties*, in particular the Standards for Rehabilitation, and the California Historical Building Code. Recently completed projects shall mean completed in the year prior to the application. Qualified historic properties are those that have been designated as a City Landmark or those listed on the National Register of Historic Places. Eligibility for Historical Property Contracts shall be limited to residential buildings or structures with a pre-contract assessed valuation of $3,000,000 or less and commercial and industrial buildings with a pre-contract assessed valuation of $5,000,000 or less, unless the individual property is granted an exemption from those limits by the Board of Supervisors.

If a property has multiple owners, all property owners of the subject property must enter into the contract simultaneously.

THE APPLICATION PACKET

This Application Packet is a summary of the Mills Act Historical Property Contract ("Mills Act Contract") Program's features. The complete details are described in the legal texts of the San Francisco Administrative Code, Chapter 71, California Government Code Sections 50280-50290 (Appendix A to this packet.) and California Taxation Code Article 1.9, Sections 439-439.4. (Appendix B to this packet.)

IMPORTANT: Please read the entire application packet before getting started. Applicants are responsible for all of the information contained in the Application Guide. Be sure to review the Application Checklist to ensure that you are submitting all of the required documents. A Mills Act Historical Property Contract application provides the potential for property tax reduction. It is not a guarantee. Each property varies according to its income-generating potential and current assessed value. Mills Act properties are reassessed annually and periodically inspected for contract compliance. Incomplete applications may not meet the schedule outlined in this application.

ROLE OF THE PLANNING DEPARTMENT

The Planning Department oversees all Mills Act applications, presents applications before the appropriate hearing bodies and monitors the City's existing Mills Act properties. Preservation Planners work with property owners to complete their applications and develop rehabilitation and maintenance plans that are specific to each property. Planners keep the applicants informed throughout the year, as the application moves forward through the Office of the Assessor-Recorder, the Historic Preservation Commission, and the Board of Supervisors. The Planning Department also serves as the main point of contact for annual monitoring.

ROLE OF THE OFFICE OF ASSESSOR-RECORDER

The role of the Office of the Assessor-Recorder is to locate and accurately assess all taxable property in San Francisco and also serve as the county's official record-keeper of documents such as deeds, liens, maps and property contracts. In a Mills Act Historical Property contract, the Office of the Assessor-Recorder assesses qualified properties based on a state prescribed approach and records the fully executed contract. All Mills Act properties will receive an initial valuation during the application process and will be assessed annually by the January 1st lien date and in subsequent years, as required by state law.

ROLE OF THE HISTORIC PRESERVATION COMMISSION

The Historic Preservation Commission will hold a hearing to make a recommendation to the Board of Supervisors whether to approve, modify or deny the application. The HPC may include recommendations regarding the proposed rehabilitation, restoration, and maintenance work, the historic value of the qualified property and any proposed restrictions or maintenance requirements to be included in the final Historical Property Contract. The HPC's recommendation will be forwarded to the Board of Supervisors.

If the Historic Preservation Commission recommends disapproval of the contract, such decision shall be final unless the property owner files an appeal with the Clerk of the Board of Supervisors within 10 days of final action of the Historic Preservation Commission.

ROLE OF THE BOARD OF SUPERVISORS

The Mills Act Application is referred by the Planning Department to the Board of Supervisors. Every contract must be scheduled in a Committee of the Board of Supervisors. A report prepared by the Board of Supervisors Budget & Legislative Analysts Office will detail the property tax savings and the potential impact this may have on the City's finances. The Committee may recommend, not recommend or forward the application without recommendation to the full Board of Supervisors.

The Board of Supervisors has complete discretion whether to approve, disapprove, or approve with modifications the Mills Act Historical Property Contract. The final decision rests with the Board of Supervisors. The legislative process may take a minimum of five weeks.

WHICH PROPERTIES ARE ELIGIBLE TO APPLY?

In order to participate in the Mills Act Contract Program, properties must meet the following criteria:

1. Qualified Historic Property

- **Individually Designated Pursuant to Article 10 of the Planning Code.** Properties that have been designated as an individual city landmark are eligible.
- **Buildings in Landmark Districts Designated Pursuant to Article 10 of the Planning Code.** Properties that have been listed as a contributor to a city landmark district are eligible.
- **Properties Designated as Significant (Category I or II) Pursuant to Article 11 of the Planning Code.** Properties located in the C-3 Zoning District that have been determined to be a Category I or II, Significant Building are eligible.
- **Properties Designated as Contributory (Category IV) to a Conservation District Pursuant to Article 11 of the Planning Code.** Properties located in the C-3 Zoning District that have been determined to be Category IV are eligible.
- **Properties Designated as Contributory (Category III) Pursuant to Article 11 of the Planning Code.** Properties in the C-3 Zoning District that have been listed as a Contributory Structure (Category III) which are located outside of a Conservation District are eligible for the Mills Act program.
- **Individual Landmarks under the California Register of Historical Resources.** Properties that have been officially designated as a California Register individual landmark are eligible for the Mills Act program.
- **Contributory Buildings in California Register of Historical Resources Historic Districts.** Properties that have been identified as a contributory building in a National Register Historic District are eligible for the Mills Act program.
- **Individual Landmarks listed in the National Register of Historic Places.** Properties that have been individually listed in the National Register are eligible for the Mills Act program.
- **Contributory Buildings listed in the National Register of Historic Places as a Historic District.** Properties that have been identified as a contributory building to a National Register Historic District are eligible for the Mills Act program.

If there are any questions about whether your property is eligible please contact the Planning Department at (415) 558-6377.

2. Tax Assessment Value

Qualified historic properties must also meet a tax assessment value to be eligible for a Mills Act Contract. All owners of the property must enter into the Mills Act contract with the City.

For Residential Buildings:
Eligibility is limited to a property tax assessment value of less than $3,000,000.

For Commercial, Industrial or Mixed-Use Buildings:
Eligibility is limited to a property tax assessment value of less than $5,000,000.

Exceptions To Property Value Limits:
A property may be exempt from the tax assessment value if it meets the following criteria:

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

Properties applying for a valuation exemption must provide evidence that the property meets the exemption criteria. This evidence must be documented by a qualified historic preservation consultant in a Historic Structures Report or Conditions Assessment to substantiate the circumstances for granting the exemption. Please contact Planning Department Preservation Staff to determine which report your property requires.

The Historic Preservation Commission shall make specific findings to the Board of Supervisors recommending approval or denial of the exemption. Final approval of this exemption is under the purview of the Board of Supervisors.

NOTE: Owners of properties with comparatively low property taxes due to Proposition 13 will likely not see a benefit with a Mills Act Contract. The assessed value under the Mills Act will likely be higher than the existing base-year value of the property. Generally, an owner who has purchased their property within the last ten years is most likely to benefit from entering into a Mills Act contract.

TERMS OF THE MILLS ACT HISTORICAL PROPERTY CONTRACT

Duration of Contract
The Mills Act contract is for a minimum term of ten years. It automatically renews each year on its anniversary date and a new ten-year term becomes effective. The contract runs (essentially in perpetuity) with the land.

Termination of the Contract

The owner may terminate the contract by notifying the Planning Department at least ninety days prior to the annual renewal date. The City may terminate the contact by notifying the owner at least sixty days prior to the renewal date. The City could terminate contract if the owner is not conforming with the plans and timelines established in the Contract. The owner may make a written protest about termination by the City. The contract remains in effect for the balance of the 10-year term of the contract beyond the notice of non-renewal.

Alterations or Additions

Any work performed to the property must conform to the *Secretary of the Interior's Standards for the Treatment of Historic Properties*, specifically, the Standards for Rehabilitation and the California Historical Building Code. If components of the Mills Act Rehabilitation/ Restoration or Maintenance Plan requires approvals by the Historic Preservation Commission, Planning Commission, Zoning Administrator, or any other government body, those approvals must be secured prior to applying for a Mills Act Historical Property Contract.

Inspections and Monitoring

The City may conduct periodic inspections of the property in addition to issuing an annual affidavit of compliance. These inspections are to confirm work has been completed in conformance with the approved Mills Act Contract. The City also encourages the property owner to self-inspect and apprise the Planning Department of the progress of rehabilitating and maintaining their property. In compliance with state law, onsite inspections of the property by the Planning Department and the Office of the Assessor-Recorder will occur every five years. All site visits will be scheduled in advance with the property owner.

Breach of Contact

If the property owner is found to be in breach of contract, the City may cancel the contract whereupon the Assessor-Recorder will collect a cancellation fee of 12 1/2 percent of the fair market value of the property as determined by the Assessor-Recorder. Applicants who enter into a Mills Act Contract with the City of San Francisco and fail to rehabilitate or maintain the property are subject to the City cancelling the contract.

Transfer of Ownership

A Mills Act Contract is attached to the property. Subsequent owners are bound by the terms and conditions of the contract, and obligated to complete any work identified in the contract and perform required maintenance. It is incumbent upon the seller of a Mills Act property to disclose this fact to potential buyers. For example, if an owner completes some of the contract mandated work in the first five years and then sells the property, the new buyer would have five years to complete the rehabilitation/restoration of the property.

Recordation

A complete Mills Act contract must be recorded with the Office of the Assessor-Recorder. In order to record the contract, all approvals, signatures, recordation attachments must be included and all applicable recording fees must be paid. A contract may be considered incomplete if all components are not adequately satisfied. To see the current recording fee schedule, go to www.sfassessor.org.

Mills Act Process & Timeline

Phase 1: Planning Department Reviews Application

1 Property owner submits completed application to Planning.

Send applications to: 1650 Mission Street, Suite 400. San Francisco, CA 94103

Visit wwwsfplanning.org for application fee information.

APPLICATION DEADLINE: MAY 1

2. Review of applications. Planning Department reviews the applications for completeness. Planner works with the Owner if issues are found.

3. Property Inspection. Planning Department and Assessor-Recorder schedule site visits with Owner.

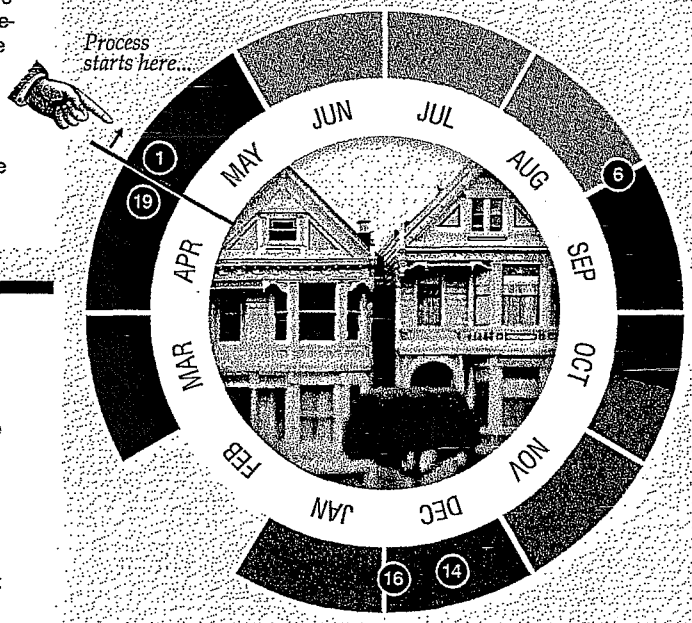
Phase 2: Assessor-Recorder Calculates Valuations

4. Planning Department submits complete applications to Assessor-Recorder by June 1.

5. Initial valuation completed by Assessor-Recorder's office and submitted to Planning Department for transmittal to property owner by Aug. 31.

6 Property owner reviews valuations. Owner has until Sept. 15 to review the valuation.

DEADLINE: SEPTEMBER 15



● *Property Owner Action/Deadline*

Phase 3: Historic Preservation Commission Hearing

7. HPC Hearing. The Historic Preservation Commission (HPC) meets the first and third Wednesday of each month. The HPC Hearing will be the third Wednesday in September or the first Wednesday in October. Planning Staff will present the application, rehabilitation and maintenance plans to the HPC.

ACTION TAKEN

The HPC may recommend, modify, or deny approval to the Board of Supervisors.

Phase 4: Board of Supervisors Committee and Board of Supervisors Final Hearing

8. Planning Department transmits application to the Board of Supervisors. The Clerk of the Board is responsible for scheduling the item in the appropriate Board of Supervisors committee.

9. Budget & Legislative Analyst's Office prepares report for committee hearing.

10. Planning Department, Assessor-Recorder's Office, and Owner present.

ACTION TAKEN

Board of Supervisors Committee may Recommend, Not Recommend, or forward without Recommendation to the Full Board.

11. Item scheduled at a full Board of Supervisors meeting for consideration. Visit www.sfbos.org for more information.

ACTION TAKEN

The BOS may approve, modify, or deny the Mills Act Application.

Phase 5: Final Contracts Issued, Recorded & Distributed

12. City Attorney's Office finalizes contracts. City Attorney verifies prints and signs final contracts then returns to Planning for signature.

13. Planning Department notifies property owner to pick up contracts from Planning Department. Owners sign and notarize contracts.

14 Owners deliver signed and notarized contracts to Planning Department. Planning Department delivers all contracts to the Assessor-Recorder, City Hall, Room 190.

DEADLINE: DECEMBER 13

15. Assessor-Recorder reviews and signs contracts.

Recordation and Distribution

16 Office of the Assessor-Recorder records contract.

DEADLINE: DECEMBER 30

17. Office of the Assessor-Recorder mails confirmed copy of contract to property owner.

Phase 7: Mills Act Monitoring

18. Affidavit of compliance is issued. Onsite Property inspections occur every five years with Planning and the Assessor Recorder's Office.

19 Owner returns affidavit to Planning.

DEADLINE: APRIL 30

MILLS ACT HISTORICAL PROPERTY CONTRACT
Application Checklist:

Applicant should complete this checklist and submit along with the application to ensure that all necessary materials have been provided. Saying "No" to any of the following questions may nullify the timelines established in this application.

1	**Mills Act Application** Has each property owner signed? Has each signature been notarized?	YES ☒ NO ☐
2	**High Property Value Exemption Form & Historic Structure Report** Required for Residential properties with an assessed value over $3,000,000 and Commercial/Industrial properties with an assessed value over $5,000,000. Have you included a copy of the Historic Structures Report completed by a qualified consultant?	YES ☒ NO ☐ N/A ☐
3	**Draft Mills Act Historical Property Contract** Are you using the Planning Department's standard "Historical Property Contract?" Have all owners signed and dated the contract? Have all signatures been notarized?	YES ☒ NO ☐
4	**Notary Acknowledgement Form** Is the Acknowledgement Form complete? Do the signatures match the names and capacities of signers?	YES ☒ NO ☐
5	**Draft Rehabilitation/Restoration/Maintenance Plan** Have you identified and completed the Rehabilitation, Restoration, and Maintenance Plan organized by contract year, including all supporting documentation related to the scopes of work?	YES ☒ NO ☐
6	**Photographic Documentation** Have you provided both interior and exterior images (either digital, printed, or on a CD)? Are the images properly labeled?	YES ☒ NO ☐
7	**Site Plan** Does your site plan show all buildings on the property including lot boundary lines, street name(s), north arrow and dimensions?	YES ☒ NO ☐
8	**Tax Bill** Did you include a copy of your most recent tax bill?	YES ☒ NO ☐
9	**Rental Income Information** Did you include information regarding any rental income on the property, including anticipated annual expenses, such as utilities, garage, insurance, building maintenance, etc.?	YES ☒ NO ☐
10	**Payment** Did you include a check payable to the San Francisco Planning Department? Current application fees can be found on the Planning Department Fee Schedule under Preservation Applications.	YES ☒ NO ☐
11	**Recordation Requirements** A Board of Supervisors approved and fully executed Mills Act Historical Property contract must be recorded with the Assessor-Recorder. The contract must be accompanied by the following in order to meet recording requirements: – All approvals, signatures, recordation attachments – Fee: Check payable to the Office of the Assessor-Recorder" in the appropriate recording fee amount Please visit www.sfassessor.org for an up-to-date fee schedule for property contracts. – Preliminary Change of Ownership Report (PCOR). Please visit www.sfassessor.org for an up-to-date PCOR (see example on page 20).	YES ☐ NO ☐

APPLICATION FOR
Mills Act Historical Property Contract

Applications must be submitted in both hard copy and digital copy form to the Planning Department at 1650 Mission St., Suite 400 by May 1st in order to comply with the timelines established in the Application Guide. Please submit only the Application and required documents.

1. Owner/Applicant Information (If more than three owners, attach additional sheets as necessary.)

PROPERTY OWNER 1 NAME:	TELEPHONE:
855 Front Street LLC - contact: Glenn Gilmore	(415) 310-9059
PROPERTY OWNER 1 ADDRESS:	**EMAIL:**
610 W. Ash Street, Ste. 1503, San Diego, CA 92101	glenn@brickandtimbercollective.com

Second Address: 237 Kearny Street, No. 234, San Francisco, CA 94108

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

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

2. Subject Property Information

PROPERTY ADDRESS:	ZIP CODE:
101 Vallejo Street	94111
PROPERTY PURCHASE DATE:	**ASSESSOR BLOCK/LOT(S):**
6/28/2016	0141/013
MOST RECENT ASSESSED VALUE:	**ZONING DISTRICT:**
$5,835,720	C-2 Community Business

Are taxes on all property owned within the City and County of San Francisco paid to date?	YES ☒ NO ☐
Is the entire property owner-occupied? If No, please provide an approximate square footage for owner-occupied areas vs. rental income (non-owner-occupied areas) on a separate sheet of paper.	YES ☐ NO ☒
Do you own other property in the City and County of San Francisco? If Yes, please list the addresses for all other property owned within the City of San Francisco on a separate sheet of paper.	YES ☐ NO ☒
Are there any outstanding enforcement cases on the property from the San Francisco Planning Department or the Department of Building Inspection? If Yes, all outstanding enforcement cases must be abated and closed for eligibility for the Mills Act.	YES ☐ NO ☒

I/we am/are the present owner(s) of the property described above and hereby apply for an historical property contract. By signing below, I affirm that all information provided in this application is true and correct. I further swear and affirm that false information will be subject to penalty and revocation of the Mills Act Contract.

Owner Signature: _____ Date: 4/28/17

Owner Signature: _____ Date: _____

Owner Signature: _____ Date: _____

3. Property Value Eligibility:

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 ☒

*If the property value exceeds these options, please complete the following: Application of Exemption.

Application for Exemption from Property Tax Valuation

If answered "no" to either question above please explain on a separate sheet of paper, how the property meets the following two criteria and why it should be exempt from the property tax valuations.

1. The site, building, or object, or structure is a particularly significant resource and represents an exceptional example of an architectural style, the work of a master, or is associated with the lives of significant persons or events important to local or natural history; or
2. Granting the exemption will assist in the preservation of a site, building, or object, or structure that would otherwise be in danger of demolition, substantial alteration, or disrepair. (A Historic Structures Report, completed by a qualified historic preservation consultant, must be submitted in order to meet this requirement.)

4. Property Tax Bill

All property owners are required to attach a copy of their recent property tax bill.

PROPERTY OWNER NAMES:
855 Front Street LLC, a Delaware Limited Liability Company
MOST RECENT ASSESSED PROPERTY VALUE:
$5,835,720
PROPERTY ADDRESS:
101 Vallejo Street, San Francisco, CA 94111

5. Other Information

All property owners are required to attach a copy of all other information as outlined in the checklist on page 7 of this application.

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

Owner Signature: _____ Date: 4/28/17

Owner Signature: _____ Date: _____

Owner Signature: _____ Date: _____

5. Rehabilitation/Restoration & Maintenance Plan

A 10 Year Rehabilitation/Restoration Plan 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* and/or the California Historic Building Code.	YES ☒ NO ☐

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 ☐

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

Please note that *all applicable Codes and Guidelines apply to all work,* including the Planning Code and Building Code. If components of the proposed Plan require approvals by the Historic Preservation Commission, Planning Commission, Zoning Administrator, or any other government body, these **approvals must be secured prior to applying for a Mills Act Historical Property Contract.** This plan will be included along with any other supporting documents as part of the Mills Act Historical Property contract. Attached to this application.

____(Provide a scope number) BUILDING FEATURE:
Rehab/Restoration ☐ Maintenance ☐ Completed ☐ Proposed ☐
CONTRACT YEAR FOR WORK COMPLETION:
TOTAL COST (rounded to nearest dollar):
DESCRIPTION OF WORK:
Please see attached Rehabilitation/Restoration and Maintenance plan.

6. Draft Mills Act Historical Property Agreement

Please complete the following Draft Mills Act Historical Property Agreement and submit with your application. A final Mills Act Historical Property Agreement will be issued by the City Attorney once the Board of Supervisors approves the contract. The contract is not in effect until it is fully executed and recorded with the Office of the Assessor-Recorder.

Any modifications made to this standard City contract by the applicant or if an independently-prepared contract is used, it shall be subject to approval by the City Attorney prior to consideration by the Historic Preservation Commission and the Board of Supervisors. This will result in additional application processing time and the timeline provided in the application will be nullified.

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

California Mills Act Historical Property Agreement

PROPERTY NAME (IF ANY)

101 Vallejo Street

PROPERTY ADDRESS

San Francisco, California

THIS AGREEMENT is entered into by and between the City and County of San Francisco, a California municipal corporation ("City") and 855 Front Street LLC, a Delaware Limited Liability Company ("Owner/s").

RECITALS

Owners are the owners of the property located at 101 Vallejo Street (PROPERTY ADDRESS), in San Francisco, California 0141 (BLOCK NUMBER) / 013 (LOT NUMBER). The building located at 101 Vallejo Street (PROPERTY ADDRESS) is designated as City Landmark #91 pursuant to Article 10 of the planning code (e.g. "a City Landmark pursuant to Article 10 of the Planning Code") and is also known as the Gibb Sanborn Warehouse (HISTORIC NAME OF PROPERTY (IF ANY)).

Owners desire to execute a rehabilitation and ongoing maintenance project for the Historic Property. Owners' application calls for the rehabilitation and restoration of the Historic Property according to established preservation standards, which it estimates will cost approximately One Million One Hundred Ten Thousand Three Hundred Eighty ($1,110,380.00) (AMOUNT IN WORD FORMAT / AMOUNT IN NUMERICAL FORMAT). See Rehabilitation Plan, Exhibit A.

Owners' application calls for the maintenance of the Historic Property according to established preservation standards, which is estimated will cost approximately Eighty-Eight Thousand Three Hundred Eighty-Six ($ 88,386.00) (AMOUNT IN WORD FORMAT / AMOUNT IN NUMERICAL FORMAT) 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 potentially reduce their property taxes in return for improvement to and maintenance of historic properties. The City has adopted enabling legislation, San Francisco Administrative Code Chapter 71, authorizing it to participate in the Mills Act program.

Owners desire to enter into a Mills Act Agreement (also referred to as a "Historic Property Agreement") with the City to help mitigate its anticipated expenditures to restore and maintain the Historic Property. The City is willing to enter into such Agreement to mitigate these expenditures and to induce Owners to restore and maintain the Historic Property in excellent condition in the future.

NOW, THEREFORE, in consideration of the mutual obligations, covenants, and conditions contained herein, the parties hereto do agree as follows:

1. Application of Mills Act.

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

2. Rehabilitation of the Historic Property.

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

3. Maintenance.

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

4. Damage.

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

5. Insurance.

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

6. Inspections.

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

7. Term.

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

8. Valuation.

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

9. Termination.

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

10. Notice of Nonrenewal.

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

11. Payment of Fees.

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

12. Default.

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

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

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

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

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

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

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

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

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

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

13. Cancellation.

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

14. Cancellation Fee.

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

15. Enforcement of Agreement.

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

16. Indemnification.

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

17. Eminent Domain.

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

18. Binding on Successors and Assigns.

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

19. Legal Fees.

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

20. Governing Law.

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

21. Recordation.

The contract will not be considered final until this agreement has been recorded with the Office of the Assessor-Recorder of the City and County of San Francisco.

22. Amendments.

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

23. No Implied Waiver.

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

24. Authority.

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

25. Severability.

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

26. Tropical Hardwood Ban.

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

27. Charter Provisions.

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

28. Signatures.

This Agreement may be signed and dated in parts

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

CARMEN CHU ASSESSOR-RECORDER CITY & COUNTY OF SAN FRANCISCO	Date	**JOHN RAHAIM** DIRECTOR OF PLANNING CITY & COUNTY OF SAN FRANCISCO	Date
APPROVED AS PER FORM: **DENNIS HERRERA** CITY ATTORNEY CITY & COUNTY OF SAN FRANCISCO		Signature Print name DEPUTY CITY ATTORNEY	Date
Signature Glenn Gilmore Print name OWNER	4/28/17 Date	Signature Print name OWNER	Date

Owner/s' signatures must be notarized. Attach notary forms to the end of this agreement.
(If more than one owner, add additional signature lines. All owners must sign this agreement.)

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of San Francisco)

On April 28, 2017 before me, Nozima Tojimatova, Notary Public
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

NOZIMA TOJIMATOVA
Notary Public - California
San Francisco County
Commission # 2158930
My Comm. Expires Jul 2, 2020

Signature _____ (Seal)

7. Notary Acknowledgment Form

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

State of California

County of: _____

On: _____ before me, _____,
DATE INSERT NAME OF THE OFFICER

NOTARY PUBLIC personally appeared: _____,
NAME(S) OF SIGNER(S)

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

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

WITNESS my hand and official seal.

_____
SIGNATURE

(PLACE NOTARY SEAL ABOVE)

BOE-502-A (P1) REV. 12 (03-14)

PRELIMINARY CHANGE OF OWNERSHIP REPORT

To be completed by the transferee (buyer) prior to a transfer of subject property, in accordance with section 480.3 of the Revenue and Taxation Code. A *Preliminary Change of Ownership Report* must be filed with each conveyance in the County Recorder's office for the county where the property is located.

Carmen Chu, Assessor-Recorder
Office of the Assessor-Recorder
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 190
San Francisco, CA 94102
www.sfassessor.org (415) 554-5596

FOR ASSESSOR'S USE ONLY

ASSESSOR'S PARCEL NUMBER

SELLER/TRANSFEROR

BUYER'S DAYTIME TELEPHONE NUMBER ( )

BUYER'S EMAIL ADDRESS

STREET ADDRESS OR PHYSICAL LOCATION OF REAL PROPERTY

MAIL PROPERTY TAX INFORMATION TO (NAME)

ADDRESS	CITY	STATE	ZIP CODE

☐ YES ☐ NO This property is intended as my principal residence. If YES, please indicate the date of occupancy or intended occupancy. MO DAY YEAR

PART 1. TRANSFER INFORMATION *Please complete all statements.*

This section contains possible exclusions from reassessment for certain types of transfers.

YES NO

☐ ☐ A. This transfer is solely between spouses *(addition or removal of a spouse, death of a spouse, divorce settlement, etc.)*.

☐ ☐ B. This transfer is solely between domestic partners currently registered with the California Secretary of State *(addition or removal of a partner, death of a partner, termination settlement, etc.)*.

☐ ☐ * C. This is a transfer: ☐ between parent(s) and child(ren) ☐ from grandparent(s) to grandchild(ren).

☐ ☐ * D. This transfer is the result of a cotenant's death. Date of death _____

☐ ☐ * E. This transaction is to replace a principal residence by a person 55 years of age or older. Within the same county? ☐ YES ☐ NO

☐ ☐ * F. This transaction is to replace a principal residence by a person who is severely disabled as defined by Revenue and Taxation Code section 69.5. Within the same county? ☐ YES ☐ NO

☐ ☐ G. This transaction is only a correction of the name(s) of the person(s) holding title to the property *(e.g., a name change upon marriage)*. If YES, please explain: _____

☐ ☐ H. The recorded document creates, terminates, or reconveys a lender's interest in the property.

☐ ☐ I. This transaction is recorded only as a requirement for financing purposes or to create, terminate, or reconvey a security interest *(e.g., cosigner)*. If YES, please explain: _____

☐ ☐ J. The recorded document substitutes a trustee of a trust, mortgage, or other similar document.

K. This is a transfer of property:

☐ ☐ 1. to/from a revocable trust that may be revoked by the transferor and is for the benefit of ☐ the transferor, and/or ☐ the transferor's spouse ☐ registered domestic partner.

☐ ☐ 2. to/from a trust that may be revoked by the creator/grantor/trustor who is also a joint tenant, and which names the other joint tenant(s) as beneficiaries when the creator/grantor/trustor dies.

☐ ☐ 3. to/from an irrevocable trust for the benefit of the ☐ creator/grantor/trustor and/or ☐ grantor's/trustor's spouse ☐ grantor's/trustor's registered domestic partner.

☐ ☐ L. This property is subject to a lease with a remaining lease term of 35 years or more including written options.

☐ ☐ M. This is a transfer between parties in which proportional interests of the transferor(s) and transferee(s) in each and every parcel being transferred remain exactly the same after the transfer.

☐ ☐ N. This is a transfer subject to subsidized low-income housing requirements with governmentally imposed restrictions.

☐ ☐ * O. This transfer is to the first purchaser of a new building containing an active solar energy system.

* Please refer to the instructions for Part 1.

Please provide any other information that will help the Assessor understand the nature of the transfer.

THIS DOCUMENT IS NOT SUBJECT TO PUBLIC INSPECTION

PART 2. OTHER TRANSFER INFORMATION

Check and complete as applicable.

A. Date of transfer, if other than recording date: _____

B. Type of transfer:

☐ Purchase ☐ Foreclosure ☐ Gift ☐ Trade or exchange ☐ Merger, stock, or partnership acquisition (Form BOE-100-B)

☐ Contract of sale. Date of contract: _____ ☐ Inheritance. Date of death: _____

☐ Sale/leaseback ☐ Creation of a lease ☐ Assignment of a lease ☐ Termination of a lease. Date lease began: _____

Original term in years *(including written options)*: _____ Remaining term in years *(including written options)*: _____

☐ Other. Please explain: _____

C. Only a partial interest in the property was transferred. ☐ YES ☐ NO If YES, indicate the percentage transferred: _____ %

PART 3. PURCHASE PRICE AND TERMS OF SALE

Check and complete as applicable.

A. Total purchase price $_____

B. Cash down payment or value of trade or exchange excluding closing costs Amount $_____

C. First deed of trust @ _____% interest for _____ years. Monthly payment $_____ Amount $_____

☐ FHA (___Discount Points) ☐ Cal-Vet ☐ VA (___Discount Points) ☐ Fixed rate ☐ Variable rate

☐ Bank/Savings & Loan/Credit Union ☐ Loan carried by seller

☐ Balloon payment $_____ Due date: _____

D. Second deed of trust @ _____% interest for _____ years. Monthly payment $_____ Amount $_____

☐ Fixed rate ☐ Variable rate ☐ Bank/Savings & Loan/Credit Union ☐ Loan carried by seller

☐ Balloon payment $_____ Due date: _____

E. Was an Improvement Bond or other public financing assumed by the buyer? ☐ YES ☐ NO Outstanding balance $_____

F. Amount, if any, of real estate commission fees paid by the buyer which are not included in the purchase price $_____

G. The property was purchased: ☐ Through real estate broker. Broker name: _____ Phone number: (___) _____

☐ Direct from seller ☐ From a family member-Relationship _____

☐ Other. Please explain: _____

H. Please explain any special terms, seller concessions, broker/agent fees waived, financing, and any other information (e.g., buyer assumed the existing loan balance) that would assist the Assessor in the valuation of your property.

PART 4. PROPERTY INFORMATION

Check and complete as applicable.

A. Type of property transferred

☐ Single-family residence ☐ Co-op/Own-your-own ☐ Manufactured home

☐ Multiple-family residence. Number of units: _____ ☐ Condominium ☐ Unimproved lot

☐ Other. Description: (i.e., timber, mineral, water rights, etc.) ☐ Timeshare ☐ Commercial/Industrial

_____

B. ☐ YES ☐ NO Personal/business property, or incentives, provided by seller to buyer are included in the purchase price. Examples of personal property are furniture, farm equipment, machinery, etc. Examples of incentives are club memberships, etc. Attach list if available.

If YES, enter the value of the personal/business property $_____ Incentives $_____

C. ☐ YES ☐ NO A manufactured home is included in the purchase price.

If YES, enter the value attributed to the manufactured home: $_____

☐ YES ☐ NO The manufactured home is subject to local property tax. If NO, enter decal number: _____

D. ☐ YES ☐ NO The property produces rental or other income.

If YES, the income is from: ☐ Lease/rent ☐ Contract ☐ Mineral rights ☐ Other: _____

E. The condition of the property at the time of sale was: ☐ Good ☐ Average ☐ Fair ☐ Poor

Please describe: _____

CERTIFICATION

I certify (or declare) that the foregoing and all information hereon, including any accompanying statements or documents, is true and correct to the best of my knowledge and belief.

SIGNATURE OF BUYER/TRANSFEREE OR CORPORATE OFFICER ▶	DATE	TELEPHONE ( )
NAME OF BUYER/TRANSFEREE/LEGAL REPRESENTATIVE/CORPORATE OFFICER (PLEASE PRINT)	TITLE	EMAIL ADDRESS

The Assessor's office may contact you for additional information regarding this transaction.

ADDITIONAL INFORMATION

Please answer all questions in each section, and sign and complete the certification before filing. This form may be used in all 58 California counties. If a document evidencing a change in ownership is presented to the Recorder for recordation without the concurrent filing of a *Preliminary Change of Ownership Report*, the Recorder may charge an additional recording fee of twenty dollars ($20).

NOTICE: The property which you acquired may be subject to a supplemental assessment in an amount to be determined by the County Assessor. Supplemental assessments are not paid by the title or escrow company at close of escrow, and are not included in lender impound accounts. **You may be responsible for the current or upcoming property taxes even if you do not receive the tax bill.**

NAME AND MAILING ADDRESS OF BUYER: Please make necessary corrections to the printed name and mailing address. Enter Assessor's Parcel Number, name of seller, buyer's daytime telephone number, buyer's email address, and street address or physical location of the real property.

NOTE: Your telephone number and/or email address is very important. If there is a question or a problem, the Assessor needs to be able to contact you.

MAIL PROPERTY TAX INFORMATION TO: Enter the name, address, city, state, and zip code where property tax information should be mailed. This must be a valid mailing address.

PRINCIPAL RESIDENCE: To help you determine your principal residence, consider (1) where you are registered to vote, (2) the home address on your automobile registration, and (3) where you normally return after work. If after considering these criteria you are still uncertain, choose the place at which you have spent the major portion of your time this year. Check YES if the property is intended as your principal residence, and indicate the date of occupancy or intended occupancy.

PART 1: TRANSFER INFORMATION

If you check YES to any of these statements, the Assessor may ask for supporting documentation.

C,D,E, F: If you checked YES to any of these statements, you may qualify for a property tax reassessment exclusion, which may allow you to maintain your property's previous tax base. **A claim form must be filed and all requirements met in order to obtain any of these exclusions.** Contact the Assessor for claim forms. NOTE: If you give someone money or property during your life, you may be subject to federal gift tax. You make a gift if you give property (including money), the use of property, or the right to receive income from property without expecting to receive something of at least equal value in return. The transferor (donor) may be required to file Form 709, Federal Gift Tax Return, with the Internal Revenue Service if they make gifts in excess of the annual exclusion amount.

G: Check YES if the reason for recording is to correct a name already on title [e.g., Mary Jones, who acquired title as Mary J. Smith, is granting to Mary Jones]. This is not for use when a name is being removed from title.

H: Check YES if the change involves a lender, who holds title for security purposes on a loan, and who has no other beneficial interest in the property.

> "**Beneficial interest**" is the right to enjoy all the benefits of property ownership. Those benefits include the right to use, sell, mortgage, or lease the property to another. A beneficial interest can be held by the beneficiary of a trust, while legal control of the trust is held by the trustee.

I: A "**cosigner**" is a third party to a mortgage/loan who provides a guarantee that a loan will be repaid. The cosigner signs an agreement with the lender stating that if the borrower fails to repay the loan, the cosigner will assume legal liability for it.

M: This is primarily for use when the transfer is into, out of, or between legal entities such as partnerships, corporations, or limited liability companies. Check YES only if the interest held in each and every parcel being transferred remains exactly the same.

N: Check YES only if property is subject to subsidized low-income housing requirements with governmentally imposed restrictions; property may qualify for a restricted valuation method (i.e., may result in lower taxes).

O: If you checked YES, you may qualify for a new construction property tax exclusion. **A claim form must be filed and all requirements met in order to obtain the exclusion. Contact the Assessor for a claim form.**

PART 2: OTHER TRANSFER INFORMATION

A: The date of recording is rebuttably presumed to be the date of transfer. If you believe the date of transfer was a different date (e.g., the transfer was by an unrecorded contract, or a lease identifies a specific start date), put the date you believe is the correct transfer date. If it is not the date of recording, the Assessor may ask you for supporting documentation.

B: Check the box that corresponds to the type of transfer. If OTHER is checked, please provide a detailed description. Attach a separate sheet if necessary.

PART 3: PURCHASE PRICE AND TERMS OF SALE

It is important to complete this section completely and accurately. The reported purchase price and terms of sale are important factors in determining the assessed value of the property, which is used to calculate your property tax bill. Your failure to provide any required or requested information may result in an inaccurate assessment of the property and in an overpayment or underpayment of taxes.

A. Enter the total purchase price, not including closing costs or mortgage insurance.

> **"Mortgage insurance"** is insurance protecting a lender against loss from a mortgagor's default, issued by the FHA or a private mortgage insurer.

B. Enter the amount of the down payment, whether paid in cash or by an exchange. If through an exchange, exclude the closing costs.

> **"Closing costs"** are fees and expenses, over and above the price of the property, incurred by the buyer and/or seller, which include title searches, lawyer's fees, survey charges, and document recording fees.

C. Enter the amount of the First Deed of Trust, if any. Check all the applicable boxes, and complete the information requested.

> A **"balloon payment"** is the final installment of a loan to be paid in an amount that is disproportionately larger than the regular installment.

D. Enter the amount of the Second Deed of Trust, if any. Check all the applicable boxes, and complete the information requested.

E. If there was an assumption of an improvement bond or other public financing with a remaining balance, enter the outstanding balance, and mark the applicable box.

> An **"improvement bond or other public financing"** is a lien against real property due to property-specific improvement financing, such as green or solar construction financing, assessment district bonds, Mello-Roos (a form of financing that can be used by cities, counties and special districts to finance major improvements and services within the particular district) or general improvement bonds, etc. Amounts for repayment of contractual assessments are included with the annual property tax bill.

F. Enter the amount of any real estate commission fees paid by the buyer which are not included in the purchase price.

G. If the property was purchased through a real estate broker, check that box and enter the broker's name and phone number. If the property was purchased directly from the seller (who is not a family member of one of the parties purchasing the property), check the "Direct from seller" box. If the property was purchased directly from a member of your family, or a family member of one of the parties who is purchasing the property, check the "From a family member" box and indicate the relationship of the family member (e.g., father, aunt, cousin, etc.). If the property was purchased by some other means (e.g., over the Internet, at auction, etc.), check the "OTHER" box and provide a detailed description (attach a separate sheet if necessary).

H. Describe any special terms (e.g., seller retains an unrecorded life estate in a portion of the property, etc.), seller concessions (e.g., seller agrees to replace roof, seller agrees to certain interior finish work, etc.), broker/agent fees waived (e.g., fees waived by the broker/agent for either the buyer or seller), financing, buyer paid commissions, and any other information that will assist the Assessor in determining the value of the property.

PART 4: PROPERTY INFORMATION

A. Indicate the property type or property right transferred. Property rights may include water, timber, mineral rights, etc.

B. Check YES if personal, business property or incentives are included in the purchase price in Part 3. Examples of personal or business property are furniture, farm equipment, machinery, etc. Examples of incentives are club memberships (golf, health, etc.), ski lift tickets, homeowners' dues, etc. Attach a list of items and their purchase price allocation. An adjustment will not be made if a detailed list is not provided.

C. Check YES if a manufactured home or homes are included in the purchase price. Indicate the purchase price directly attributable to each of the manufactured homes. If the manufactured home is registered through the Department of Motor Vehicles in lieu of being subject to property taxes, check NO and enter the decal number.

D. Check YES if the property was purchased or acquired with the intent to rent or lease it out to generate income, and indicate the source of that anticipated income. Check NO if the property will not generate income, or was purchased with the intent of being owner-occupied.

E. Provide your opinion of the condition of the property at the time of purchase. If the property is in "fair" or "poor" condition, include a brief description of repair needed.

How is my property tax assessed and what is the impact on my property taxes?

To calculate your property tax savings, the Assessor-Recorder will perform a three-way value comparison as required by state law. The lowest of these three values will determine your taxable value for the year.

1. **Restricted income approach (income capitalization method) per the Mills Act as prescribed by the California State Board of Equalization**
2. **Market value approach using comparable sales information**
3. **Factored base year value of your property and use**

The following example shows how the Assessor-Recorder may assess your property value. Some components of the formula will vary each year (i.e. property tax rates and interest rates).

Step 1: Restricted Income Approach (per the Mills Act) is calculated.

Net Income is Determined		
Current Market Rent (annual)		$ 72,000
– Vacancy & Collection Loss of 2%		– $ 1,440
Effective Annual Income		= $ 70,560
Less Anticipated Operating Expenses of 15% (i.e. – utilities, water, garbage, insurance, maintenance, management fee)		– $ 10,584
Net Income		= **$ 59,976**
Capitalization Rate is Determined		
Components of a Capitalization Rate Include:		
Interest rate (*changes every year* and is determined anually by the State Board of Equalization – currently 4%)	+ .04000	
Risk rate (4% for owner occupied or 2% for all other property types)	+ .04000	
Property tax rate of 1.188% (2013 Tax Rate - *changes every year as determined by the Board of Supervisors)*	+ .01188	
Amortization rate (Assuming 60 year remaining life; improvements constitute 40% of total property value; or .0167 x .40)	+ .00667	
Total Restricted Capitalization Rate	= .09855	
Restricted income approach (per the Mills Act calculation) (net income $59,976/restricted cap. rate .09858) (rounded)		**$610,000**

Step 2: Estimated Market Value is Determined

Step 3: The Factored Base Year Value is Identified to determine the Assessed Value

Step 4: Three-Way Value Comparison is performed to determine the Assessed Value

Restricted Income Approach (see Step 1 above)	**$610,000**
Estimated Market Value	$1,500,000
Factored Base Year Value	$1,064,403
Lowest of the Three (Assessed Value)	= **$610,000**

Step 5:
Now, How to Estimate Your Tax Savings

(Assuming the assessed value would have been the factored base year value or Prop. 13 value)

A. Calculate taxes Owed with Mills Act Assessment	
Assessed Value (lowest of the three)	$610,000
Multiply by tax rate (assumes 2013 rate)	x 1.188%
Equals Property Tax Owed	= $7,247

B. Calculate taxes Otherwise Owed with Factored Base Year Value	
Factored Base Year Assessed Value	$1,064,403
Multiply by tax rate (assumes 2013 rate)	x 1.188%
Equals Property Tax Owed	= $12,645

C. Compare Taxes for Savings	
Mills Act Tax	$7,247
Factored Base Year Tax	= $12,645
Savings of $5,398 or ($12,645-$7,247)	

Frequently Asked Questions

1 ***If I own an historic property am I obligated to participate in the program?***

No. Participation is voluntary. The contracts are intended for property owners who have a strong commitment to historic preservation and to assist property owners who plan to rehabilitate their property.

2 ***What is the term of a Mills Act Historical Property Contract?***

The contract is written for an initial term of 10 years. However, the contract automatically renews each year on its anniversary date. The contract, in effect, runs in perpetuity with the land. The initial 10-year term is the period of time in which major rehabilitation projects should be substantially completed. If an owner desires to be released from the contract, a letter of non-renewal is submitted to the City within 60 days of the contract renewal date. The owner is released from the contract ten years after the notice of non-renewal is submitted.

3 ***Are certain properties more likely to benefit from the Mills Act?***

Properties purchased within the last ten years are most likely to receive the highest reduction.
Properties purchased more than ten years ago will likely receive a minimal reduction.
Properties purchased prior to 1978 (Proposition 13) are unlikely to receive a tax reduction.

4 ***How are my property taxes reduced?***

Please refer to the example calculation on page 23 of the Application Guide.

5 ***How much of a reduction will I receive?***

The Mills Act Historical Property Contract Program does not guarantee a reduction amount for any property. Properties that have more recently been purchased are likely to see greater tax reductions. Projects to date have identified property tax reductions ranging from 5% to 64%.

6 ***What happens if I want to sell my property after I have a Mills Act Contract?***

The contract will always remain with the property, and the new owner is obligated to meet the contract requirements. This can enhance the marketability of the property because it is not reassessed at its new market value when it changes hands. The new owners will likely pay property taxes based on the existing or proximate Mills Act Valuation notice.

7 ***Are there potential penalties for property owners with a Mills Act Contract?***

Yes. If a property is not maintained under the terms of the contract, is improperly altered, or if rehabilitation work is not performed, the owner could be found in breach of contract. If the breach of contract cannot be resolved to satisfy the contract, the Contract is cancelled and the owner is assessed a 12.5 percent penalty based on the current fair-market value of the property.

8 ***How long does it take to process a Mills Act Application?***

Please refer the process flowchart in the Application Guide.

9 *If I apply for a Mills Act Historic Property Contract, is the City obligated to enter into the contract?*

No. The City will evaluate each individual contract application alongside a set of priority criteria and determine which applications are most likely to yield the greatest public benefit.

10 *Am I required to open my property to the public?*

No. The Mills Act Historic Property Program does not require the property owner to grant public access to the property. The contract does specify that with an appointment, period inspections will be made by City officials to determine compliance with the terms and provisions of the contract.

11 *Where can I learn more about the Mills Act?*

The California State Office of Historic Preservation (OHP) is responsible for the administration of Federally and State mandated historic preservation programs in California. The OHP website offers information on a wide range of historic preservation topics including the Mills Act.
The link to the OHP website is: **http://www.ohp.parks.ca.gov.**
The direct link to the Mills Act program is: **http://ohp.parks.ca.gov/?page_id=21412.**

12 *How often will a property with a Mills Act Contract be assessed?*

The Office of the Assessor-Recorder will conduct a preliminary valuation during the application process and will review the Mills Act value annually on the lien date, January 1st, to determine the Mills Act value for that fiscal year.

13 *Can I expect the same amount of property tax savings every year?*

No. The Office of the Assessor-Recorder, as mandated by state law, reviews all Mills Act properties annually to determine the assessed value. Interest rates, market rates (the fair market rent your property can generate as of January 1st of each year) and the property tax rate change annually, which impacts the taxable value of the property.

14 *Is my contract final once it is approved by the San Francisco Board of Supervisors?*

No. The Board of Supervisors is the final hearing body in the approvals process. However, your contract is **not finalized** until it has been recorded with the Office of the Assessor-Recorder. The absolute deadline to have your property contract recorded is December 31st by 4pm. If the contract is not recorded by this date, the property cannot be reassessed on January 1st under the Mills Act valuation and the property owner will not receive a tax savings for the following tax year.

Contracts must be recorded in-person by the property owner at:

Office of the Assessor-Recorder
City Hall, Room 190
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Website: **www.sfassessor.org**
Recording Hours of Operation: Mon-Fri (8-4pm)

15 *Is there a fee to have my Mills Act Historical Property contract recorded with the Office of the Assessor-Recorder?*

Yes. Please visit the Assessor-Recorder's website at www.sfassessor.org for an up-to-date fee schedule as they may be amended from time-to-time. Please note special recording hours.

16 *What are the Recordation requirements of the San Francisco Assessor-Recorder?*

- Board of Supervisors approved and fully executed contract with all approvals, signatures, and recordation attachments;
- Preliminary Change of Ownership Report (visit www.sfassessor.org for an up-to-date PCOR);
- Check payable to the Office of the Assessor-Recorder with the appropriate recordation fee (visit www.sfassessor.org for up-to-date fee schedule).

17 *If I disagree with the Mills-Act assessed value of my property after the contract has been finalized and recorded, can I appeal the taxable value?*

Yes. If a property owner disagrees with the assessed value or the results of the Mills Act Assessment after the contract has been finalized and recorded, they may file a formal "Application for Changed Assessment" with the Assessment Appeals Board, an independently appointed review board. The application may be obtained in person, downloaded from the website, or requested in writing from:

Clerk of the Assessment Appeals Board
City Hall, Room 405
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Website: **www.sfgov.org/aab**

18 *What is the deadline for filing an "Application for Changed Assessment" with the Assessment Appeals Board?*

Generally, assessment appeals applications may be filed between July 2nd and September 15th. Applications must be filed in on time to be considered. There are no exceptions to these dates.

19 *I received a "Notification of Assessed Value" letter for the current tax year. What is this letter and do I need to take any action?*

This is an informational letter used to notify property owners of their assessed property value for the current tax year. The assessed value minus exemptions is the basis for your property tax bill. The tax bill covers the fiscal year starting July 1st and ending June 30th.

You do not need to take any action unless you believe the market value of your property as of January 1st was less than the assessed value. If this is the case, a timely assessment appeal application must be filed.

20 *The "Notification of Assessed Value" letter states, "The assessed value shown may reflect an assessment that is not up to date." How will I know if my assessment is up to date?*

If the Mills Act contract was recorded on time (on December 31st or before), the assessed value indicated in this letter is up to date – unless the property was recently purchased and ownership changes or if any new construction occurred on your property.

21 ***I received a "Notification of Assessed Value" letter, but I have recently sold that property. Do I need to take any action?***

If you are no longer the current owner of the property, you may disregard this letter. The Office of the Assessor-Recorder will update the change in ownership accordingly.

22 ***When will I receive my property tax bill?***

The fiscal year annual secured property tax bill is mailed by the Tax Collector's Office in October of each year and property owners should receive their property tax bills by November 1st. Please contact the Tax Collector's Office if you do not receive your tax bill by dialing 311 or (415) 701-2311 if you are outside of San Francisco.

Government Codes

APPENDIX A: CALIFORNIA GOVERNMENT CODE SECTIONS 50280-50290

50280. Upon the application of an owner or the agent of an owner of any qualified historical property, as defined in Section 50280.1, the legislative body of a city, county, or city and county may contract with the owner or agent to restrict the use of the property in a manner which the legislative body deems reasonable to carry out the purposes of this article and of Article 1.9 (commencing with Section 439) of Chapter 3 of Part 2 of Division 1 of the Revenue and Taxation Code. The contract shall meet the requirements of Sections 50281 and 50282.

50280.1. "Qualified historical property" for purposes of this article, means privately owned property which is not exempt from property taxation and which meets either of the following:

(a) Listed in the National Register of Historic Places or located in a registered historic district, as defined in Section 1.191-2(b) of Title 26 of the Code of Federal Regulations.

(b) Listed in any state, city, county, or city and county official register of historical or architecturally significant sites, places, or landmarks.

50281. Any contract entered into under this article shall contain the following provisions:

(a) The term of the contract shall be for a minimum period of 10 years.

(b) Where applicable, the contract shall provide the following:

(1) For the preservation of the qualified historical property and, when necessary, to restore and rehabilitate the property to conform to the rules and regulations of the Office of Historic Preservation of the Department of Parks and Recreation, the United States Secretary of the Interior's Standards for Rehabilitation, and the State Historical Building Code.

(2) For the periodic examinations of the interior and exterior of the premises by the assessor, the Department of Parks and Recreation, and the State Board of Equalization as may be necessary to determine the owner's compliance with the contract.

(3) For it to be binding upon, and inure to the benefit of, all successors in interest of the owner. A successor in interest shall have the same rights and obligations under the contract as the original owner who entered into the contract.

(c) The owner or agent of an owner shall provide written notice of the contract to the Office of Historic Preservation within six months of entering into the contract.

50281.1. The legislative body entering into a contract described in this article may require that the property owner, as a condition to entering into the contract, pay a fee not to exceed the reasonable cost of administering this program.

50282. (a) Each contract shall provide that on the anniversary date of the contract or such other annual date as is specified in the contract, a year shall be added automatically to the initial term of the contract unless notice of nonrenewal is given as provided in this section. If the property owner or the legislative body desires in any year not to renew the contract, that party shall serve written notice of nonrenewal of the contract on the other party in advance of the annual renewal date of the contract. Unless the notice is served by the owner at least 90 days prior to the renewal date or by the legislative body at least 60 days prior to the renewal date, one year shall automatically be added to the term of the contract.

(b) Upon receipt by the owner of a notice from the legislative body of nonrenewal, the owner may make a written protest of the notice of nonrenewal. The legislative body may, at any time prior to the renewal date, withdraw the notice of nonrenewal.

(c) If the legislative body or the owner serves notice of intent in any year not to renew the contract, the existing contract shall remain in effect for the balance of the period remaining since the original execution or

the last renewal of the contract, as the case may be.

(d) The owner shall furnish the legislative body with any information the legislative body shall require in order to enable it to determine the eligibility of the property involved.

(e) No later than 20 days after a city or county enters into a contract with an owner pursuant to this article, the clerk of the legislative body shall record with the county recorder a copy of the contract, which shall describe the property subject thereto. From and after the time of the recordation, this contract shall impart a notice thereof to all persons as is afforded by the recording laws of this state.

50284. The legislative body may cancel a contract if it determines that the owner has breached any of the conditions of the contract provided for in this article or has allowed the property to deteriorate to the point that it no longer meets the standards for a qualified historical property. The legislative body may also cancel a contract if it determines that the owner has failed to restore or rehabilitate the property in the manner specified in the contract.

50285. No contract shall be canceled under Section 50284 until after the legislative body has given notice of, and has held, a public hearing on the matter. Notice of the hearing shall be mailed to the last known address of each owner of property within the historic zone and shall be published pursuant to Section 6061.

50286. (a) If a contract is canceled under Section 50284, the owner shall pay a cancellation fee equal to 12 ½ percent of the current fair market value of the property, as determined by the county assessor as though the property were free of the contractual restriction.

(b) The cancellation fee shall be paid to the county auditor, at the time and in the manner that the county auditor shall prescribe, and shall be allocated by the county auditor to each jurisdiction in the tax rate area in which the property is located in the same manner as the auditor allocates the annual tax increment in that tax rate area in that fiscal year.

(c) Notwithstanding any other provision of law, revenue received by a school district pursuant to this section shall be considered property tax revenue for the purposes of Section 42238 of the Education Code, and revenue received by a county superintendent of schools pursuant to this section shall be considered property tax revenue for the purposes of Article 3 (commencing with Section 2550) of Chapter 12 of Part 2 of Division 1 of Title 1 of the Education Code.

50287. As an alternative to cancellation of the contract for breach of any condition, the county, city, or any landowner may bring any action in court necessary to enforce a contract including, but not limited to, an action to enforce the contract by specific performance or injunction.

50288. In the event that property subject to contract under this article is acquired in whole or in part by eminent domain or other acquisition by any entity authorized to exercise the power of eminent domain, and the acquisition is determined by the legislative body to frustrate the purpose of the contract, such contract shall be canceled and no fee shall be imposed under Section 50286. Such contract shall be deemed null and void for all purposes of determining the value of the property so acquired.

50289. In the event that property restricted by a contract with a county under this article is annexed to a city, the city shall succeed to all rights, duties, and powers of the county under such contract.

50290. Local agencies and owners of qualified historical properties may consult with the State Historical Resources Commission for its advice and counsel on matters relevant to historical property contracts.

Government Codes

APPENDIX B: CALIFORNIA REVENUE AND TAXATION CODE, ARTICLE 1.9, SECTIONS 439-439.4

439. HISTORICAL PROPERTY RESTRICTIONS; ENFORCIBLY RESTRICTED PROPERTY.
For the purposes of this article and within the meaning of Section 8 of Article XIII of the Constitution, property is "enforceably restricted" if it is subject to an historical property contract executed pursuant to Article 12 (commencing with Section 50280) of Chapter 1 of Part 1 of Division 1 of Title 5 of the Government Code.

439.1. HISTORICAL PROPERTY; DEFINITIONS.
For purposes of this article "restricted historical property" means qualified historical property, as defined in Section 50280.1 of the Government Code, that is subject to a historical property contract executed pursuant to Article 12 (commencing with Section 50280) of Chapter 1 of Part 1 of Division 1 of Title 5 of the Government Code. For purposes of this section, "qualified historical property" includes qualified historical improvements and any land on which the qualified historical improvements are situated, as specified in the historical property contract. If the historical property contract does not specify the land that is to be included, "qualified historical property" includes only that area of reasonable size that is used as a site for the historical improvements.

439.2. HISTORICAL PROPERTY; VALUATION.
When valuing enforceably restricted historical property, the county assessor shall not consider sales data on similar property, whether or not enforceably restricted, and shall value that restricted historical property by the capitalization of income method in the following manner:

(a) The annual income to be capitalized shall be determined as follows:

(1) Where sufficient rental information is available, the income shall be the fair rent that can be imputed to the restricted historical property being valued based upon rent actually received for the property by the owner and upon typical rentals received in the area for similar property in similar use where the owner pays the property tax. When he restricted historical property being valued is actually encumbered by a lease, any cash rent or its equivalent considered in determining the fair rent of the property shall be the amount for which the property would be expected to rent were the rental payment to be renegotiated in the light of current conditions, including applicable provisions under which the property is enforceably restricted.

(2) Where sufficient rental information is not available, the income shall be that which the restricted historical property being valued reasonably can be expected to yield under prudent management and subject to applicable provisions under which the property is enforceably restricted.

(3) If the parties to an instrument that enforceably restricts the property stipulate therein an amount that constitutes the minimum annual income to be capitalized, then the income to be capitalized shall not be less than the amount so stipulated. For purposes of this section, income shall be determined in accordance with rules and regulations issued by the board and with this section and shall be the difference between revenue and expenditures. Revenue shall be the amount of money or money's worth, including any cash rent or its equivalent, that the property can be expected to yield to an owner-operator annually on the average from any use of the property permitted under the terms by which the property is enforceably restricted. Expenditures shall be any outlay or average annual allocation of money or money's worth that can be fairly charged against the revenue expected to be received during the period used in computing the revenue. Those expenditures to be charged against revenue shall be only those which are ordinary and necessary in the production and maintenance of the revenue for that period. Expenditures shall not include depletion charges, debt retirement, interest on funds invested in the property, property taxes, corporation income taxes, or corporation franchise taxes based on income.

(b) The capitalization rate to be used in valuing owner-occupied single family dwellings pursuant to this article shall not be derived from sales data and shall be the sum of the following components:

(1) An interest component to be determined by the board and announced no later than September 1 of the year preceding the assessment year and that was the yield rate equal to the effective rate on conventional mortgages as determined by the Federal Housing Finance Board, rounded to the nearest 1/4 percent.

(2) A historical property risk component of 4 percent.

(3) A component for property taxes that shall be a percentage equal to the estimated total tax rate applicable to the property for the assessment year times the assessment ratio.

(4) A component for amortization of the improvements that shall be a percentage equivalent to the reciprocal of the remaining life.

(c) The capitalization rate to be used in valuing all other restricted historical property pursuant to this article shall not be derived from sales data and shall be the sum of the following components:

(1) An interest component to be determined by the board and announced no later than September 1 of the year preceding the assessment year and that was the yield rate equal to the effective rate on conventional mortgages as determined by the Federal Housing Finance Board, rounded to the nearest 1/4 percent.

(2) A historical property risk component of 2 percent.

(3) A component for property taxes that shall be a percentage equal to the estimated total tax rate applicable to the property for the assessment year times the assessment ratio.

(4) A component for amortization of the improvements that shall be a percentage equivalent to the reciprocal of the remaining life.

(d) Unless a party to an instrument that creates an enforceable restriction expressly prohibits the valuation, the valuation resulting from the capitalization of income method described in this section shall not exceed the lesser of either the valuation that would have resulted by calculation under Section 110, or the valuation that would have resulted by calculation under Section 110.1, as though the property was not subject to an enforceable restriction in the base year.

(e) The value of the restricted historical property shall be the quotient of the income determined as provided in subdivision (a) divided by the capitalization rate determined as provided in subdivision (b) or (c).

(f) The ratio prescribed in Section 401 shall be applied to the value of the property determined in subdivision (d) to obtain its assessed value.

439.3. HISTORICAL PROPERTY; NOTICE OF NON-RENEWAL.

Notwithstanding any provision of Section 439.2 to the contrary, if either the county or city or the owner of restricted historical property subject to contract has served notice of nonrenewal as provided in Section 50282 of the Government Code, the county assessor shall value that restricted historical property as provided in this section.

(a) Following the hearing conducted pursuant to Section 50285 of the Government Code, subdivision (b) shall apply until the termination of the period for which the restricted historical property is enforceably restricted.

(b) The board or assessor in each year until the termination of the period for which the property is enforceably restricted shall do all of the following:

(1) Determine the full cash value of the property pursuant to Section 110.1. If the property is not subject to Section 110.1 when the restriction expires, the value shall be determined pursuant to Section 110 as if the property were free of contractual restriction. If the property will be subject to a use for which this chapter provides a special restricted assessment, the value of the property shall be determined as if it were subject to the new restriction.

(2) Determine the value of the property by the capitalization of income method as provided in Section 439.2 and without regard to the fact that a notice of nonrenewal or cancellation has

occurred.

(3) Subtract the value determined in paragraph (2) of this subdivision by capitalization of income from the full cash value determined in paragraph (1).

(4) Using the rate announced by the board pursuant to paragraph (1) of subdivision (b) of Section 439.2, discount the amount obtained in paragraph (3) for the number of years remaining until the termination of the period for which the property is enforceably restricted.

(5) Determine the value of the property by adding the value determined by the capitalization of income method as provided in paragraph (2) and the value obtained in paragraph (4).

(6) Apply the ratios prescribed in Section 401 to the value of the property determined in paragraph (5) to obtain its assessed value.

439.4. HISTORICAL PROPERTY; RECORDATION.

No property shall be valued pursuant to this article unless an enforceable restriction meeting the requirements of Section 439 is signed, accepted and recorded on or before the lien date for the fiscal year in which the valuation would apply.

Government Codes

APPENDIX C: SAN FRANCISCO ADMINISTRATIVE CODE, CH. 71: MILLS ACT CONTRACT PROCEDURES

SEC. 71.1. PURPOSE.

(a) This Chapter 71 implements the Mills Act, California Government Code Sections 50280 et seq. The Mills Act authorizes local governments to enter into contracts with owners of private historical property who will rehabilitate, restore, preserve, and maintain qualified historical 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.

(b) San Francisco contains many historic buildings which 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.

(c) The benefits of the Mills Act to the individual property owners 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 as well as the historical value of individual buildings proposed for historical property contracts, and the resultant property tax reductions, under the Mills Act.

SEC. 71.2. 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 this Chapter 71, "qualified historical property" shall mean privately owned property that is not exempt from property taxation and that is one of the following:

(a) Individually listed in the National Register of Historic Places or the California Register of Historical Resources;

(b) Listed as a contributor to an historic district included on the National Register of Historic Places or the California Register of Historical Resources;

(c) Designated as a City landmark pursuant to San Francisco Planning Code Article 10;

(d) Designated as contributory to an historic district designated pursuant to San Francisco Planning Code Article 10; or

(e) Designated as Significant (Categories I or II) or Contributory (Categories III or IV) pursuant to San Francisco Planning Code Article 11.

SEC. 71.3. APPLICATION FOR HISTORICAL PROPERTY CONTRACT.

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 shall provide, at a minimum, the address and location of the qualified historical property, evidence that the property is a qualified historical property, 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 it determines necessary to make a recommendation on or conduct the valuation of the historical property contract.

SEC. 71.4. APPROVAL PROCESS.

(a) Assessor-Recorder Review. The Planning Department shall refer the application for historical property contract to the Assessor-Recorder for his or her review and recommendation. Within 60 days of the receipt of a complete application, the Assessor-Recorder shall provide to the Board of Supervisors and the 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 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, he or she may extend this period for up to an additional 60 days by providing written notice of the extension to the applicant. Such notice shall state the basis for the extension.

(b) Historic Preservation Commission Review. The Historic Preservation Commission shall have the authority to recommend approval, disapproval, or modification of historical property contracts to the Board of Supervisors. For this purpose, the Historic Preservation Commission shall 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. 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 shall forward the recommendation of the Historic Preservation Commission to approve or modify an historical property contract, with its application, to the Board of Supervisors. If the Historic Preservation Commission recommends disapproval of the historical property contract, such decision shall be 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. Failure of the Historic Preservation Commission to act within the 90-day time limit shall constitute a recommendation of approval disapproval for the purposes of this subsection, and the Planning Department shall notify the property owner in writing of the Historic Preservation Commission's failure to act; provided, however, that the Board of Supervisors by resolution may grant an extension of time to the Historic Preservation Commission for its review.

(c) 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 shall forward the application and the Assessor-Recorder's report to the Budget Analyst, who, notwithstanding any other provision of this Code, shall prepare a report to the Board of Supervisors on the fiscal impact of the proposed historical property contract.

(d) Board of Supervisors Decision. The Board of Supervisors shall conduct a public hearing to review the Historic Preservation Commission's recommendation, the Assessor-Recorder's report, 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 shall have full discretion to determine whether it is in the public interest to enter a Mills Act 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 shall authorize the Director of Planning and the Assessor-Recorder to execute the historical property contract.

SEC. 71.5. TERMS OF THE HISTORICAL PROPERTY CONTRACT.

(a) The historical property contract shall set 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 Assessor determines that the specific provisions of the Revenue and Taxation Code are applicable to the property in question. A historical property contract shall 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.

(b) 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.

SEC. 71.6. FEES.

The Planning Department shall determine the amount of a fee necessary to compensate the City for processing and administering an application for a historical property contract. The fee shall pay for the time and materials required to process the application, based upon the estimated actual costs to perform the work, including the costs of the Planning Department, the City Attorney, and the Assessor-Recorder. The City may also impose a separate fee, following approval of the historical property contract, to pay for the actual costs of inspecting the qualified historical property and enforcing the historical property contract. Such estimates shall be provided to the applicant, who shall pay the fee when submitting the application. In the event that the costs of processing the application are lower than the estimates, such differences shall be refunded to the applicant. In the event the costs exceed the estimate, the Planning Department shall provide the applicant with a written analysis of the additional fee necessary to complete the review of the application, and applicant shall pay the additional amount prior to execution of the historical property contract. Failure to pay any fees shall be grounds for cancelling the historical property contract.

SEC. 71.7. DEPARTMENTAL MONITORING REPORT.

On March 31, 2013 and every three years thereafter, the Assessor-Recorder and the Planning Department shall submit a joint report to the Board of Supervisors and the Historic Preservation Commission providing the Departments' analysis of the historical property contract (Mills Act) program. The report shall be calendared for hearing before the Board of Supervisors and the Historic Preservation Commission.

SAN FRANCISCO
PLANNING
DEPARTMENT

FOR MORE INFORMATION:
Call or visit the San Francisco Planning Department

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

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

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

TEL: **415.558.6377**

Planning staff are available by phone and at the PIC counter. No appointment is necessary. Request Preservation Staff when calling in or visiting at the PIC counter.

Office of the Assessor-Recorder
City Hall, Room 190
San Francisco, CA 94102

TEL: **415.554.5596**
Recording Hours:
8:00a.m. – 4:00p.m.

II. EXEMPTION STATEMENT AND SIGNIFICANCE EVALUATION

EXEMPTION STATEMENT

101 Vallejo is a significant historic resource that dates to 1855, when it was constructed as a waterfront warehouse. It is one of the two oldest surviving warehouses in San Francisco. 101 Vallejo is individually listed in the National Register of Historic Places and has been determined to be significant under Criterion A (Events) and Criterion C (Architecture). The building is also listed in the California Register of Historical Resources, has been designated local Landmark #91, and is a contributor to San Francisco's Northeast Waterfront Historic District.

The Mills Act property tax exemption will assist with the preservation of the building and allow it to be properly rehabilitated and maintained.

III. HISTORIC STRUCTURE REPORT

BRIEF HISTORY OF 101 VALLEJO STREET/855 FRONT STREET

101 Vallejo Street/855 Front Street was built in 1855 on landfill at the southwest corner of Vallejo and Front streets. At the time, the site would have been right at the water's edge near Cunningham Wharf. Daniel Gibb, a Scotsman and a successful merchant, was the original owner of both 101 Vallejo Street and its twin at 901/921 Vallejo Street (located at the northwest corner of Vallejo and Front streets). 101 Vallejo Street and 901/921 Vallejo Street appear to be the oldest surviving warehouses in San Francisco. The architect and/or builder of the warehouse buildings are unknown. Daniel Gibb & Co. moved into 101 Vallejo Street in September 1855 and used the building as office and storage space. City directories and Sanborn Fire Insurance Company maps recorded the building under Gibb's various business names: "Gibb's U.S. Bonded Warehouse"; "Vallejo Street Free Warehouse"; "Vallejo Street Bonded Tea Warehouse." In 1864, following the death of Daniel Gibb, both warehouses were sold to John Sanborn, a native of New York who came to California in 1851 and worked as a goldminer until 1859. Both warehouses remained in the ownership of the Sanborn family for over a hundred years. 101 Vallejo was used as a "wine house" in 1889; the Swiss-America Wine Co. in 1908; and the Savin-Vincent Seed Co. in 1913.[1] The building was then occupied by the Trinidad Bean and Elevator Co. until 1972.[2]

The 1906 earthquake extensively damaged the building's exterior and destroyed the interior. Portions of the upper walls were re-bricked and a new cornice was erected.[3] In 1972, the two-story and basement building underwent a major renovation by Ron Kaufman Companies and Plant Bros. Corp. The exterior was sandblasted to remove paint that had been applied following the 1906 earthquake. The building was converted to office use and has since been occupied by various businesses including the Computerized Health Evaluation Center, the advertising firm of Wilton, Coombs & Colnett, and the architecture firm of Ehrenkrantz.[4]

The nineteenth-century Commercial Style building was added to the National Register of Historic Places in 1977 as the Gibb, Daniel & Co. Warehouse. The property is significant under Criterion A (Pattern of Events) and C (Architecture), with years 1855 and 1906 specified as the period of significance. The building is also listed on the California Register of Historical Places, is designated as San Francisco Landmark #91, and sits within the Northeast Waterfront Historic District. Despite being damaged from the 1906 earthquake and undergoing a significant remodel in 1972, the gold-rush era building retains character-defining features dating from 1855 and/or 1906. These features include: brick and timber construction; granite water table; sandstone door surround on Front Street; cast iron doors; windows set within blind arches; marble street name inserts at the second story; and corbeled brick cornice.

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[1] "San Francisco Landmark Designation: Gibb-Sanborn Warehouse," (February 14, 1977) p.3. http://sfplanninggis.org/docs/landmarks_and_districts/LM91.pdf

[2] Anne Bloomfield, "National Register of Historic Places Nomination Form: Gibb, Daniel & Co. Warehouse," (May 6, 1977) p. 9.

[3] "Pre-1906 Waterfront Landmark Restored," *San Francisco Examiner* (June 1, 1973) p.86.

[4] Rand Richards, "Embarcadero: The Old Waterfront," Historic Walks in San Francisco: 18 Trails Through the City's Past," (2008) p.95.

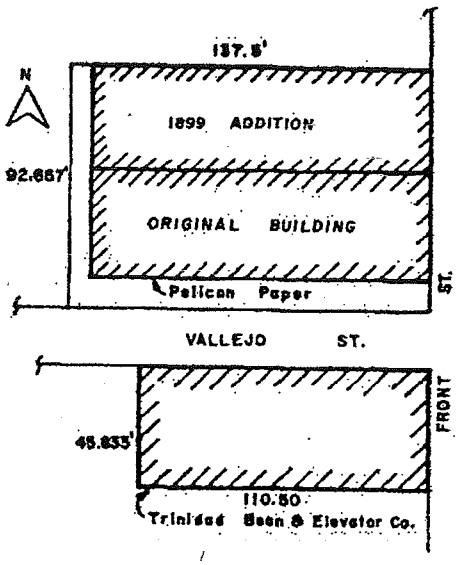


Figure 1: Map of the two warehouses, addressed 101 Vallejo/855 Front Street (south building) and 9xx Front Street (north building). Source: San Francisco Landmark Designation for the Gibbs-Sanborn Warehouse (accepted February 14, 1977).

Figure 2: Vallejo Street, looking west from Davis Street (1962). Arrow pointing to 101 Vallejo: the Trinidad Bean and Elevator Co. Source: San Francisco Public Library, Image #AAB-5646. Edited by Page & Turnbull.

ARCHITECTURAL SIGNIFICANCE

101 Vallejo Street/855 Front Street is a mid-nineteenth century brick warehouse originally built along San Francisco's Embarcadero. The Commercial-style building is considered San Francisco's earliest surviving warehouse, along with its twin across Vallejo Street. Although 101 Vallejo Street suffered damage in the 1906 earthquake and fires, it was largely repaired in kind and retains historic integrity. The building is listed on the National Register of Historical Places as the Gibb, Daniel & Co. Warehouse, with the years 1855 and 1906 specified as the period of significance. It is considered significant under Criterion A (Pattern of Events) and C (Architecture), in the contexts of San Francisco's mercantile development spurred by the gold rush, infrastructure of seawalls and landfill, early warehouse architecture, and the rebuilding after the 1906 earthquake and fires. The building is also listed on the California Register of Historical Places, is designated as San Francisco Landmark #91, and sits within the Northeast Waterfront Historic District.

ARCHITECTURAL DESCRIPTION, EXISTING CONDITIONS, AND TREATMENT RECOMMENDATIONS

Front Street Façade – Original Construction

101 Vallejo Street's primary façade faces east along Front Street and is a surviving structure from the Gold Rush era. Daniel Gibb began construction of the building in about 1855 along with 901-921 Front Street, another identical building built by Gibb. The building is designed in the 19th century Commercial style and has sparse ornamentation and Italianate detail. A stone foundation that is likely a fieldstone from Telegraph Hill provides the base of the building. The exterior of the building is brick that was likely obtained locally (as brick manufacturing had been established at this point in the Bay Area). While the majority of the façade was laid in a simple running bond, intricate brick corbeling marks the bottom of the parapet. The central bay includes what was the main entrance from Front Street, though this entrance is currently not in use. The entrance features a large pair of cast iron doors with a glass transom flanked by two sandstone pilasters. The pilasters have alternating recessed and protruding stone units and the entrance is surmounted with a classical entablature. On either side of the entrance portal are two rectangular multi-lite steel windows with a blind arch detail above, constructed of brick. The second story has three windows aligned with the openings below. The central window has a concrete sill, unlike the brick sills of the first floor windows. The northern and southern upper story windows were bricked in as early as 1961, but the infill has since been removed and replacement steel windows installed. This façade has marble insert located roughly at the second floor level with the street name, "Front St." A watertable projects slightly from the façade and is detailed with quarter-round brick above. 101 Vallejo Street was significantly damaged in the Earthquake and Fire of 1906, but was reconstructed within a year. Pictures from before the earthquake and fire show a cornice with modillion blocks or dentils, however, these features were not reconstructed.

Figure 3 855 Front Street (photography taken on 03/30/2017).

Front Street Façade – Existing Condition, Alterations, and Treatment Recommendations

Foundation (Stone):

The original foundation is visible along Front Street. It is constructed of irregular-cut blocks, likely a fieldstone from Telegraph hill. The foundation stone is generally in fair condition. A few units are fragmented, cracked, or spalled. In total there are 12 cracks that need to be routed out and filled with a compatible grout. A few localized areas of deteriorated mortar are extant. Insipient spalling is pervasive throughout the foundation stone and was noted to be in worse condition in the upper two courses. There are several instances of incompatible patch material. These were generally carried out with a cement paste.

Mortar patches should be examined for proper adhesion. Failing patches should be removed and replaced with a new mortar patch that matches the field stones in appearance. Incompatible mortar should be removed and repointed with an appropriate mortar. Repoint areas where the mortar is missing. Remove areas of spalled, loose, or deteriorated stone and restore with patching compound.

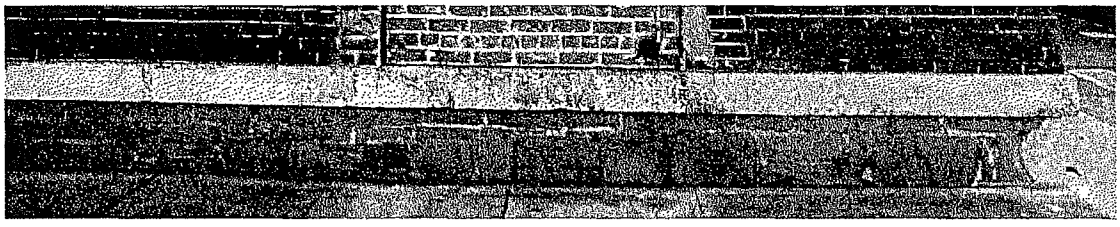


Figure 4 Detail view of foundation stone on Front Street (photograph taken on 03/30/2017).

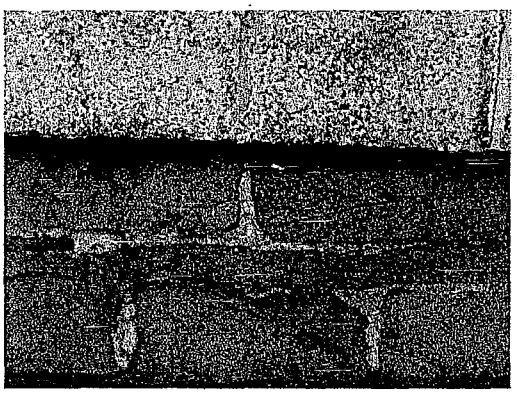


Figure 5 Detail view of foundation stone condition. Note cracking, fragmentation, insipient spalling, and failed mortar joints (photograph taken on 03/31/2017).

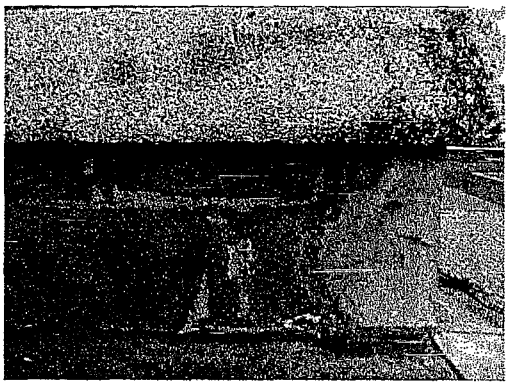


Figure 6 Detail of foundation condition. Note Portland cement mortar replacement and patching (photograph taken on 03/31/2017).

Entryway (Sandstone):

The entry door is made of cast iron, painted black, and framed by a painted sandstone door surround. The cast iron panel door and sandstone surround are believed to be original. The cast iron door is in good condition but needs minor repair. Remove rust and failing paint from the metal surface. Patch holes. The doors should be prepared, primed, and painted.

The transom above the door appears to be in good condition. Remove rust and prepare, prime, and paint.

The door surround is of natural sandstone and is painted off-white. Blocks are arranged in an alternating recessed and protruding pattern and form the classical pilasters surrounding the door. The natural stone of the door surround is in fair condition. Very small, localized cracking occurs. Severe deterioration at the capitals has eroded features beyond recognition and the capitals need to be repaired with a stone Dutchman repair to reconstruct the profile of the capitals. Old anchor points from previous signage are still present. These should be removed and patched accordingly. The base of the door surround has a thick layer of parging cement over the existing stone substrate. While the parging mixture used in the door pilasters is not original, it appears to be in fair condition. The parging coat should be examined and repaired where it has debonded. Repair cracks and patch where the sandstone is separated from the brick stoop.

The brick stoop exhibits biological growth. Remove biological growth.

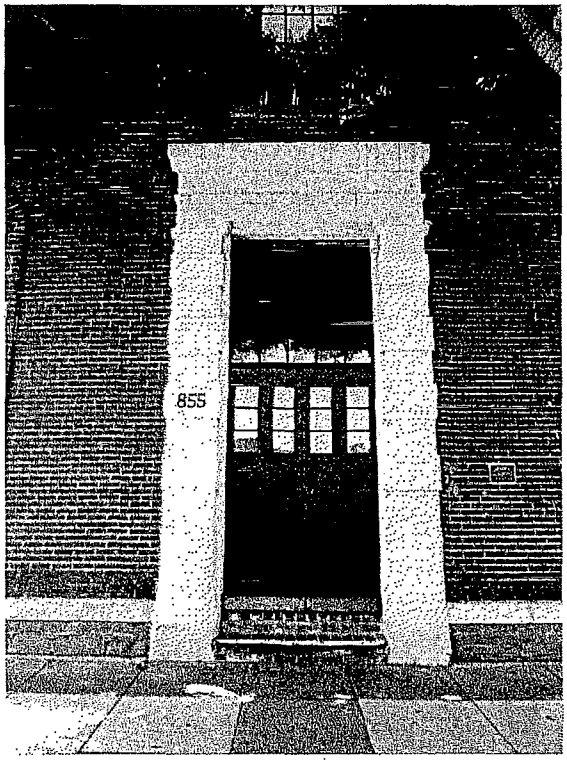


Figure 7 Entry door, 855 Front Street (photograph taken on 03/30/2017).

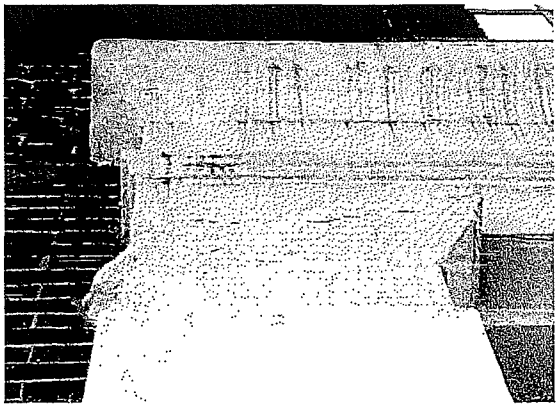


Figure 8 Detail view of deteriorated pilaster capital (photograph taken on 03/30/2017).

Figure 9 Detail view of entryway. Note brick stairs and biological growth (photography taken on 03/30/2017).

Windows (Glass, Cast Iron, & Granite Sill):

Each of the first floor windows are set within a blind Roman arch that is original to the building. The blind arches are constructed of brick and were at one point painted. However, the paint coating was stripped in the 1970s when the building was sand blasted. Window frames and sashes are painted steel and are multi-lite. They were originally full height, but were later altered when the sill was raised and filled in with brick below the sill. The metal frames that extended to the watertable are still extant. Window types vary because of the alterations that have taken place over time. Windows are constructed using similar materials and language, but do not have a consistent number of panes. The ground floor windows are 12 panes over 48 panes with modified awning window openings (the north window has a smaller 4 pane awning vent at the top, and the south window has a larger 24 pane awning window at the base). The second story windows are 6 over 6 awning windows. There are some areas that show corrosion and paint failure. In areas with paint delamination or failure; strip paint, clean rust, apply corrosion inhibitor, and refinish. Glass is sound. The north and south windows of the upper story were, at one point, bricked-in but have been reconstructed (the sills are still missing). The concrete sill on the central window of the upper story is not original. Additionally, the northernmost window on the upper story is missing hardware.

All of the sills have had parging coat repairs made to them on the interior. Seven of the sills (including both Front and Vallejo streets) show cracking of the stone, parging, or concrete/cement on the interior. All of the steel lintels show signs of corrosion and should be treated.

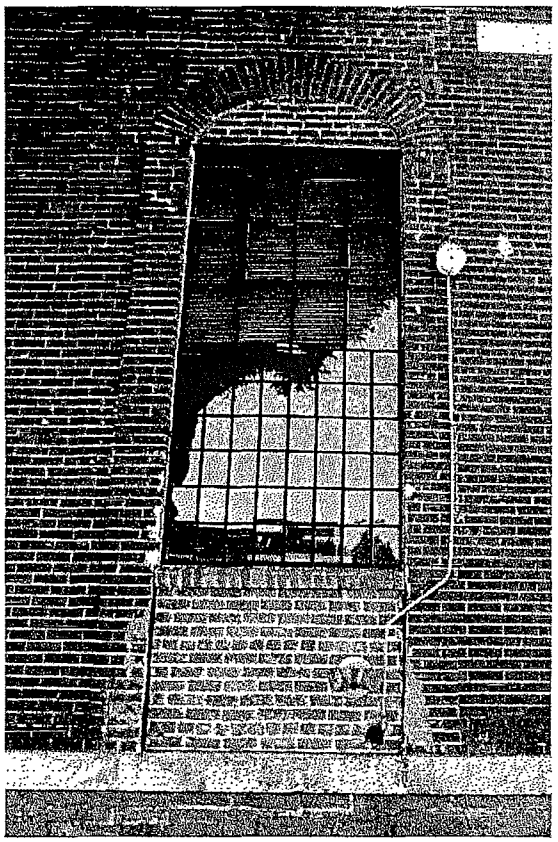


Figure 10 Detail of window opening along Front Street (photography taken on 03/30/2017).

Figure 11 Detail of mismatched brick in-fill under window opening along Front Street (photography taken on 03/30/2017).

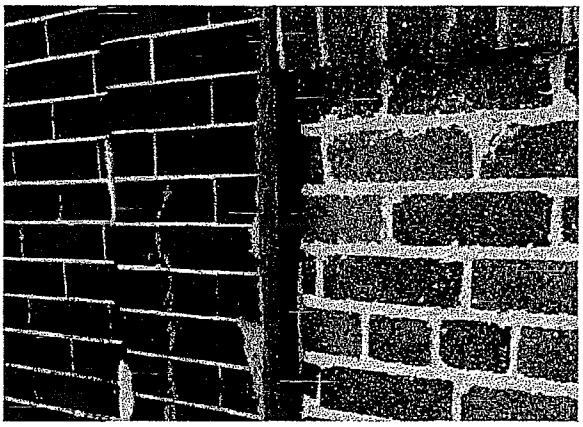


Figure 12 Detail of structural window component (photography taken on 03/30/2017).

Brick Façade:

The building material for the facades is primarily a red brick. Large areas of the upper walls were reconstructed after the Earthquake and Fire of 1906. This is evident in the coursework. The original courses of the building were laid in a running bond pattern, however, areas that were reconstructed are in the common bond pattern. There are also distinguishable seams between the original and the reconstructed brick on both the Front and Vallejo Street elevations. There is corbeling of the brick at the lower portion of the parapet. Extant brick on the Front Street façade is currently in good condition, however, it should be noted that both elevations show signs of previous extensive and aggressive sand-blasting treatments (c. 1970s). This is evident as the brick faces are uniformly eroded. There is a small number of cracked bricks or bricks that need replacement.

Mortar is in generally good condition. While the original bricks and the bricks from the reconstruction have a similar appearance, the repair mortar is a slightly different color and has a different joint size in certain areas. There are several areas that exhibit incompatible repair patching. These are often white or gray in color and do not match the original mortar. The mortar composition and strength of the original and the newer mortar was not tested. Incompatible repairs should be ground out and replaced with a compatible mortar.

There are two major areas of deteriorated brick around the door surround. These bricks should be repaired or removed and replaced. The quarter-round brick above the watertable is deteriorated beyond repair and it is

recommended to replace the top two courses of this brick. The decorative brick corbeling at the cornice shows large signs of biological growth, atmospheric pollution, and soiling; and thus, the entire cornice should be cleaned and inspected thereafter for deleterious conditions.

The three courses of brick just above the watertable are proud of the brick façade and have a quarter-round detail. Heavy biological growth is exhibited in this area. Clean the lower three courses with a biocide to remove biological growth.

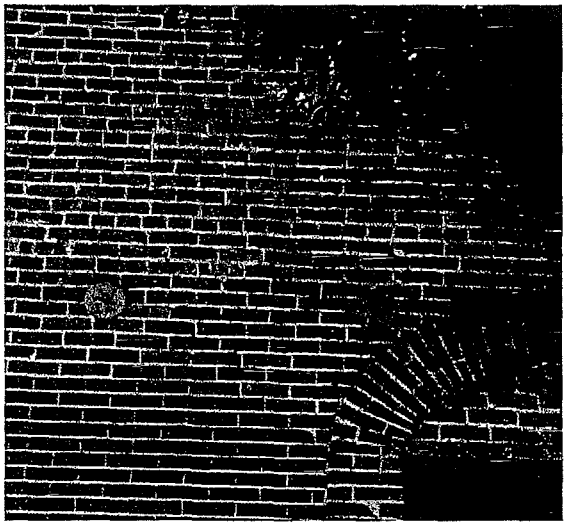


Figure 13 Detail of brick along Front Street (photography taken on 03/30/2017).

Figure 14 Detail of inappropriate repair material used on the brick façade (photography taken on 03/30/2017).

Water Table (Granite):

The water table along the Front Street elevation is made of granite that is original and has previously been painted. The granite is in good condition though the paint is flaking and failing. There are, however, a few areas of Portland cement infill. These should be ground out and patched with a compatible patching material. There are three areas where the bond between previous repair patches and the host granite has failed. One granite unit is cracked and fragmented into two pieces. These areas should be ground out and filled-in with an appropriate patching material.

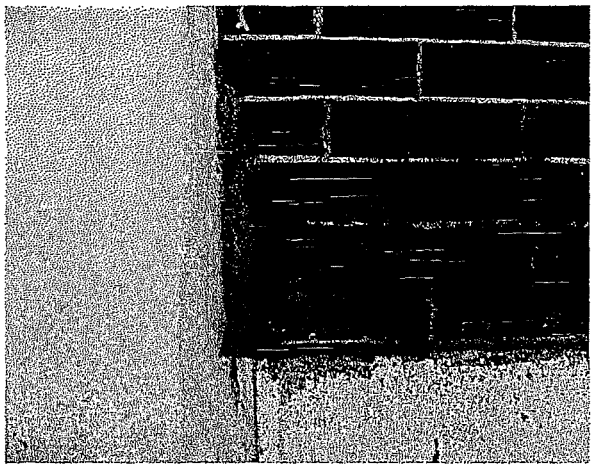


Figure 15 Detail of water table, door surround, and brick facade intersection. Note remaining paint on the watertable granite (photography taken on 03/31/2017).

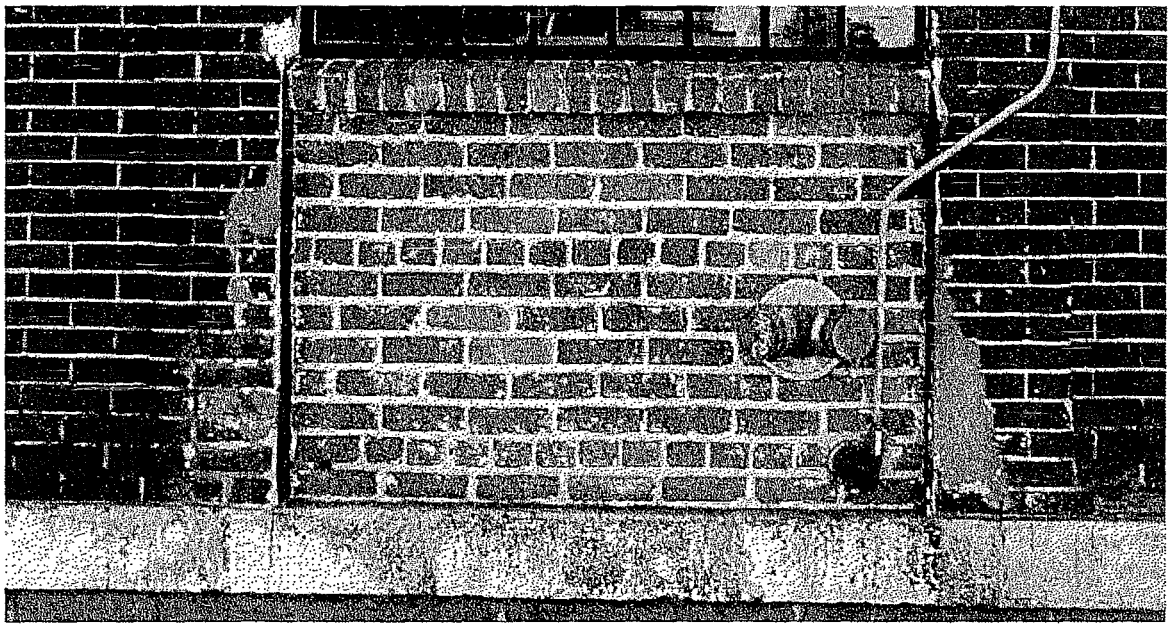


Figure 16 Detail of mismatched mortar used for the brick in-fill under fenestration opening along Front Street (photography taken on 03/30/2017).

Marble Signage:

Each elevation includes an original marble insert with the street name incised in the marble. They are in good condition, and do not need rehabilitation.

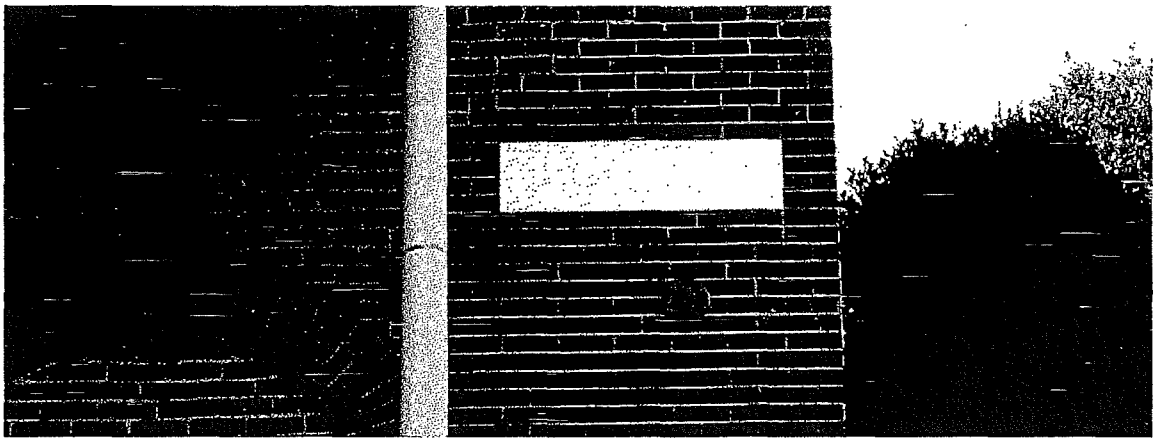


Figure 17 Detail of street signage on the Front Street elevation (photography taken on 03/30/2017).

Trees:

The encroachment of street side trees upon the façade should be mitigated. While their current size does not propose serious threat, the trees should be regularly maintained through trimming to prohibit encroaching branches.

Vallejo Street Façade – Original Construction

101 Vallejo Street's secondary façade faces north on Vallejo Street. It is in the 19th century Commercial style and is sparsely ornamented. The original stone of the foundation is likely a fieldstone from telegraph hill (although it currently has a parge coat). The red brick of the façade was laid in a simple running bond. The parapet is articulated with intricate brick corbeling and a simple brick cap. This elevation is characterized by a regular fenestration pattern. The windows are set within a blind arch that is infilled with brick and are much like the windows on the Front elevation. They differ from the Front Street elevation in that they use granite sills instead of decorative bricks on the ground level. Two of the entries on Vallejo Street are distinguished by high arches that are taller than the arches above the windows. The third (westernmost) entry is not original and has an arch that aligns with the arch of the windows. The second floor windows align with the first floor openings.

Vallejo Street Façade – Existing Condition, Alterations, and Treatment Recommendations

Foundation (Parging Cement):

The foundation on Vallejo Street consists of parging cement over stone. The extant cement was patched over an existing foundation at some point in the buildings history and is not historic. The parge coat exhibits hairline cracks and that should be surveyed to ensure it is well bonded to the field stones. It should also be investigated to make sure that the parge coat is not trapping moisture at the foundation. If it is, the parge coat should be removed and the fieldstone restored.

Figure 18 Detail of parging mixture used in the foundation of the Vallejo Street elevation. Note hairline cracking of parging mixture (photography taken on 04/04/2017).

Entryway:

The entrances on Vallejo Street are differently detailed than the Front Street entry. The two easternmost entries are distinguished by tall brick arches with a cement stucco finish. The westernmost entry was originally a window that was converted to an entry. There are metal security gates at the easternmost and westernmost entranceways. The cement stucco door surrounds have cracks at the base that need to be patched and repainted. The brick door surround at 111 Vallejo has remnants of old paint from unsuccessful, past preservation efforts. This paint should be removed at this entry. This entry also exhibits Portland cement in some of the mortar joints. This mortar should be ground out and the joints repointed with an appropriate mortar. The painted arches (two easternmost arches) have spalled areas and show signs of exposed rebar. These arches need to be patched with cement stucco, prepared, primed and painted.

The brick stoop at the easternmost entry exhibits biological growth that should be removed.

The concrete landing at the center entry should be removed and replaced with a compatible landing.

The metal doors appear to be in fair to good condition. Remove rust, prepare, prime and paint.

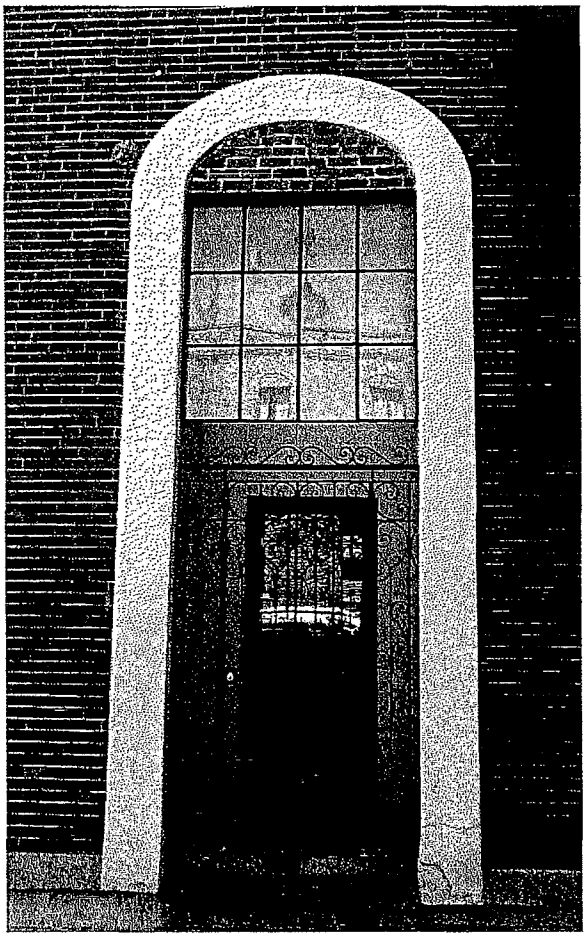


Figure 19 Photograph of easternmost entrance on Vallejo Street (photography taken on 03/30/2017).

Figure 20 Detail of blind arch at westernmost entrance along Vallejo Street. Note the loss of concrete plaster and the raised metal rebar. Condition is also observed at the 101 Vallejo entrance (photography taken on 03/30/2017).

Figure 21 Detail photograph of cracked and spalling cement plaster (photography taken on 03/31/2017).

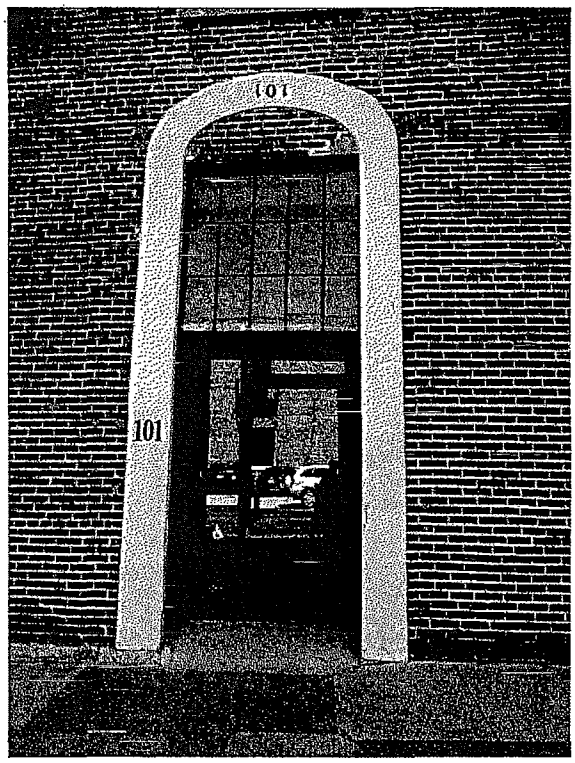


Figure 22 Photograph of entrance at 101 Vallejo Street; middle entrance along Vallejo Street (photography taken on 03/30/2017).

Figure 23 Photograph of 111 Vallejo Street; westernmost entrance along Vallejo Street. Entrance portal is not historic (photography taken on 03/30/2017).

Windows (Glass, Iron, & Granite Sill):

The windows along Vallejo Street are multi-lite steel windows that contribute to the fenestration pattern of this façade. Because of the reconstruction and various alterations, there are several window types, though they are all steel and have granite sills (with a few replacement sills in concrete). Glass is sound; only one glass pane was found to be cracked. There are minor areas that show corrosion and paint failure. In areas that show paint delamination or failure; strip paint, clean rust, apply corrosion inhibitor, and refinish. One window frame was noted to have extensive corrosion and will require replacement of a portion of the frame. The sills show several signs of cracking, spalling, and fragmenting. These instances need to have cracks ground out, and re-patched.

Lintels are constructed of two iron bars that span across the opening with cement in between the bars. Lintel bars are in generally fair condition with some visible corrosion. The corrosion should be removed and the lintels should be prepared, primed and painted. The parging cement mixture has cracked severally in most locations and should be repaired or replaced as needed.

All of the sills have had parging coat repairs made to them on the interior. Seven of the sills (including both Front and Vallejo streets) show cracking of the stone, parging, or concrete/cement on the interior. All of the steel lintels show signs of corrosion and should be treated.

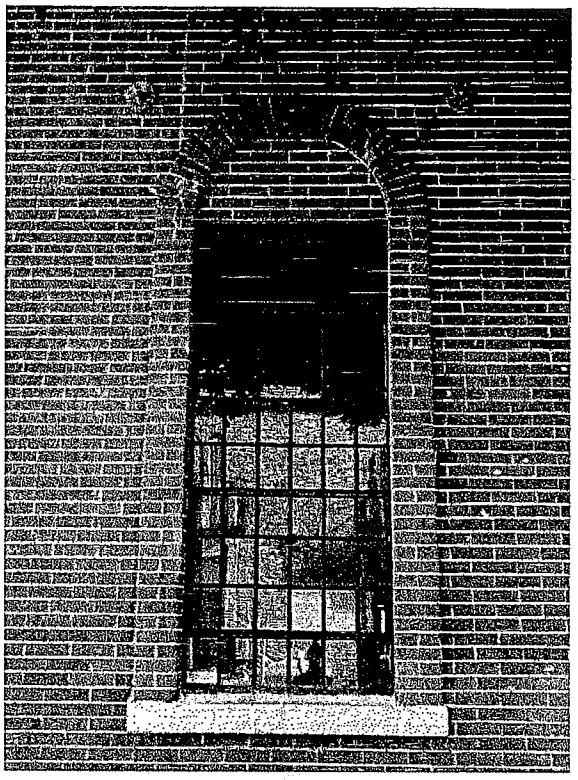


Figure 24 Historic ground level window type. Note transom glass, metal frame, brick surround, and granite sill (photography taken on 03/31/2017).

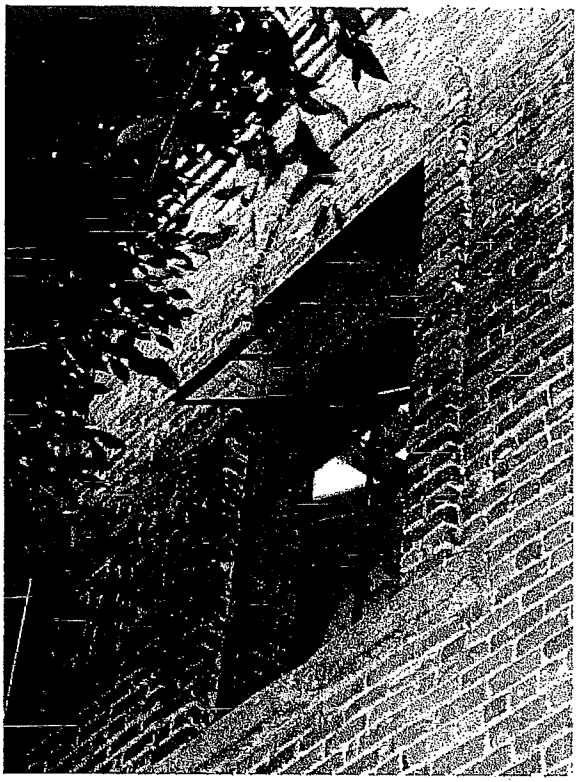


Figure 25 Upper story window type. Note non-historic use of concrete in the reconstruction of this sill (photography taken on 03/31/2017).

Figure 26 Detail of localized corrosion and window sash failure. Instances are few, however, need repair/rehabilitation (photography taken on 03/31/2017).

Brick Façade:

Large amounts of the facades on both Front Street and Vallejo Street were reconstructed after the Earthquake and Fire of 1906. This can be seen in several large areas where bricks have been replaced and a visible seam has resulted from the two different building eras. Extant brick on the Vallejo Street façade is currently in fair to good condition; however, it should be noted that both elevations show signs of previous extensive and aggressive sand-blasting treatments. The faces of the brick are uniformly deteriorated. While the individual masonry units are decently matched, the repair mortar is slightly off-color; however, not aesthetically inappropriate. There are several areas of incompatible repair patches. These are often white or gray and not appropriate to the existing historic fabric (especially when unpainted). Grind out incompatible repairs and re-patch with an appropriate fill material. Foliage is protruding from the cornice at the corner of Vallejo and Front Streets. Remove vegetation and repair failing mortar joints. Large areas of biological growth were noted at broken or non-functioning downspouts and at the parapet courses. Remove biological growth with a biocide. Replace deteriorated brick and mortar after biocide treatment as required. The decorative brick corbeling at the cornice shows large signs of bio-colonization, atmospheric pollution, and soiling. The entire cornice should be cleaned of biological growth and soiling, and inspected thereafter for deleterious conditions. Upper level joints have eroded below the face of the brick. Tuck pointing is needed in these areas to restore the historic profile of the brick and mortar construction.

Mortar is in generally good condition. Large areas of Portland cement have been used as a repointing material. This is especially true in the door surround at the 111 Vallejo Street entrance. These areas need to be ground out and repointed with an appropriate mortar.

Figure 27 Photograph of 101 Vallejo Street. Note visual seam between historic brick (left) and the brick used in a later restoration campaign (right). Photography was taken on 03/30/2017.

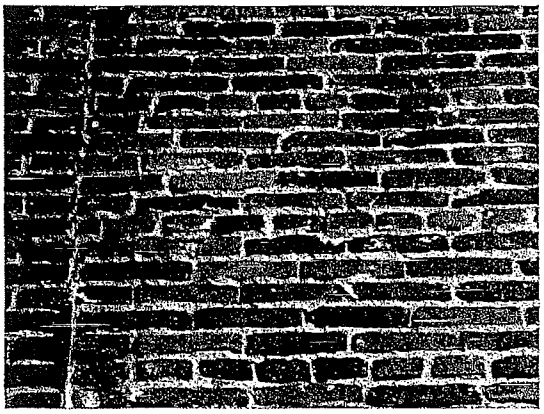


Figure 28 Detail of brick condition along Vallejo Street. Note differential erosion of the mortar joints. While this is preferable to ensure the longevity of the adjacent brick, it should, at this time, be repointed to return it to its historic profile (photography taken on 03/31/2017).

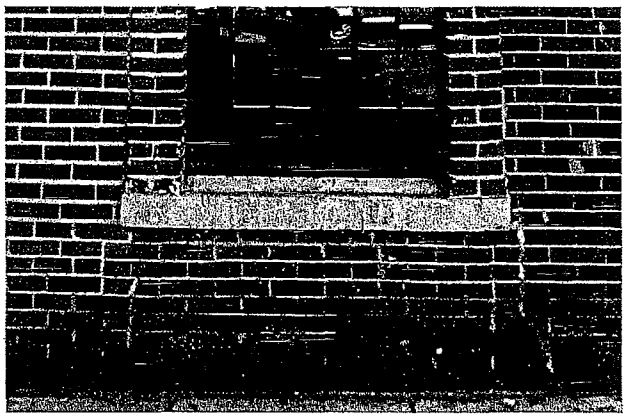


Figure 29 Detail of biological colonization at the bottom courses along Vallejo Street (photography taken on 03/31/2017).

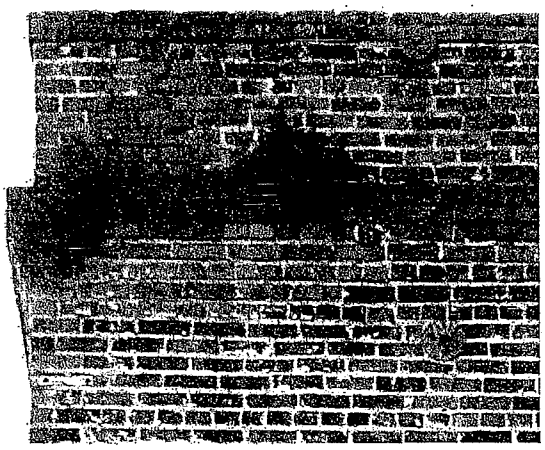


Figure 30 Detail of vegetation on corbeled cornice (location: Vallejo elevation at the corner of Vallejo and Front Streets (photography taken on 03/31/2017).

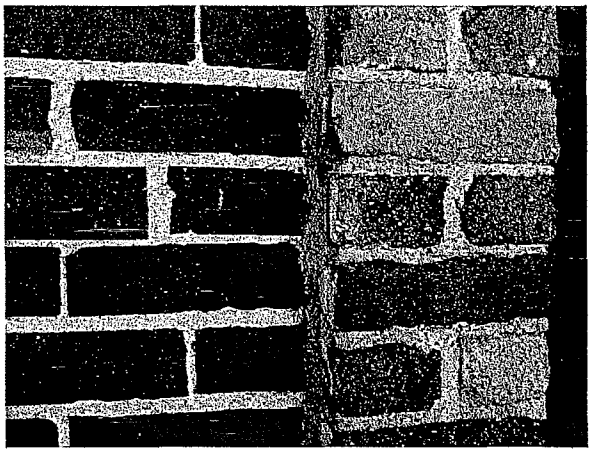


Figure 31 Detail of 111 Vallejo door surround and adjacent masonry. Note incompatible Portland cement mortar joints in the construction of the surround (right), and the previous mortar joints (left). Photography was taken on 03/31/2017.

Figure 32 Detail of biological colonization plaguing mortar joints at the bottom courses along Vallejo Street (photography taken on 03/31/2017).

Water Table:

The granite water table on the Vallejo elevation shows signs of failing paint and material loss. Strip all paint off granite. There are two instances of insipient spalling, two large cracks that fragment the stones, one unbound mortar repair, and three failing repair joints. These areas need to be repaired with a compatible patching compound. There are several spalls in the granite that may be impacting its ability to properly shed water and will require repair with a compatible patching compound.

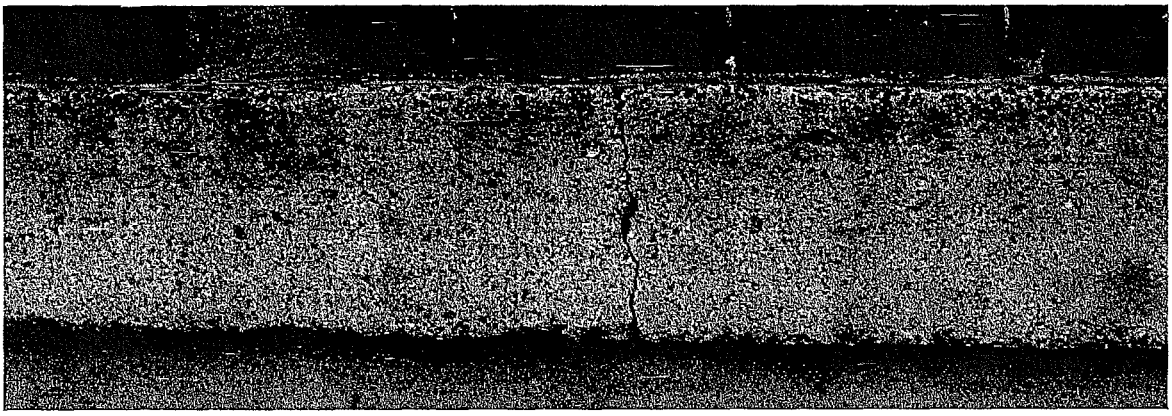


Figure 33 Detail of Vallejo Street water table. Note fragmentation of granite via through-cracking. Also note hairline cracking condition found in cement plaster stucco at foundation (photography taken on 03/31/2017).

Downspouts:

All downspouts are broken and non-functional. The management of water away from the base of the building is critical to its longevity. Mismanagement of water and broken downspouts result in conditions that are much more costly to fix (such as the removal of micro-colonization with biocides, tuck pointing of deteriorated mortar, and replacement of masonry units). Repair or replace downspouts with new compatible downspouts. Investigate redirecting water flow away from building.

Figure 34 Non-functioning downspout along Vallejo Street. The inability to direct water away from the facade and foundation have resulted in heavy areas of bio-colonization. This will, in turn, accelerate the deterioration of the brick and mortar (photography taken on 03/31/2017).

Figure 35 Non-functioning downspout along Vallejo Street. The inability to direct water away from the facade and foundation have resulted in heavy areas of bio-colonization. This will, in turn, accelerate the deterioration of the brick and mortar (photography taken on 03/31/2017).

Marble Signage:

Each elevation includes a marble insert which indicates the street name. These are historic and date to the initial construction of the building. They are in good condition, and do not need rehabilitation. Clean and repair as needed.

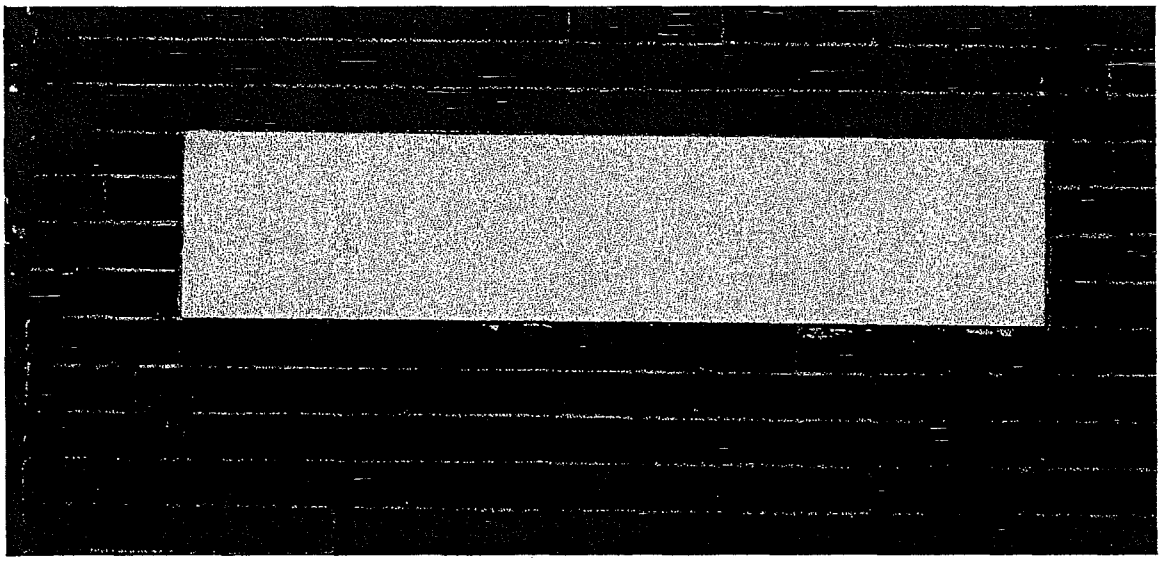


Figure 36 Detail of street signage on the Front Street elevation (photography taken on 03/31/2017).

Trees:

The intrusion of street-side trees upon the façade should be mitigated. While the current condition does not propose serious threat; the condition of the trees should be regularly maintained through trimming, as such to prohibit encroaching branches.

Figure 37 Street-side tree condition along Vallejo (photography taken on 03/31/2017).

Roof – Original Construction

Not much is known about the historic or original condition of the roof at 101 Vallejo Street. It would have most certainly been damaged or completely destroyed in 1906 through the earthquake and fire, and has likely been replaced more than once. The roof consists of a flat, built-up roof that makes up the eastern half of the building and a hipped roof on the western side. The hipped portion is not original.

Roof – Existing Condition, Alterations, and Treatment Recommendations

Roof:

The roof houses miscellaneous mechanical equipment as well as supplemental steel tubes that provide bracing. The mechanical equipment sits on steel beams and wood blocking.
The roof appears to be in fair and working condition, with no immediate replacement required. It appears to be watertight, however, drainage could be improved as standing water was observed along the south parapet several days after raining. Though in fair condition, it is expected that the roof will require replacement within ten years.

Hipped roof construction: This part of the roof is constructed with corrugated metal, tar, sheet metal, roofing membrane and a metallic silver coating. There is a gabled dormer window on the west elevation, two skylights on the north and south sides, and a single skylight on the east side. The north face of the roof is currently plagued by large amounts of biological staining. The west gable has wood sheathing as a substrate. The interior face of some of this feature is finished with a white particle board.

Flat roof: This part of the roof slopes to and drains water to the north side and has a built-up roof. This portion of the roof has several dome skylights. There are large areas of biological growth found on the tar and gravel surface, however somewhat localized. There is extant cracking where the roof transitions to the liquid membrane on the back of the parapet.

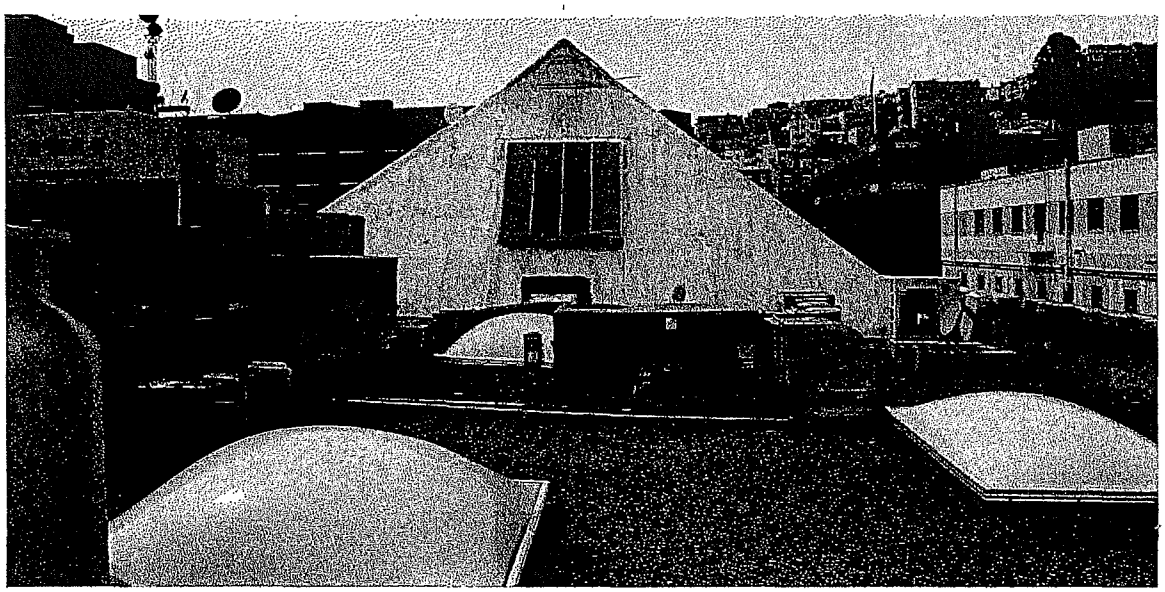


Figure 38 Overall photograph of existing roof, looking west (photography taken on 04/05/2017).

Figure 39 Detail photo of drainage condition along the south parapet. Note standing water (photography taken on 04/05/2017).

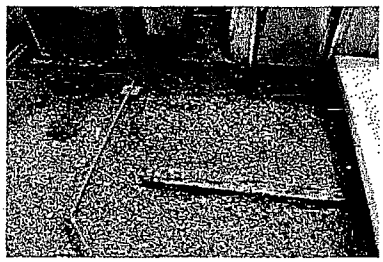


Figure 40 Detail Photograph showing bio-colonization amongst tar and gravel roof (photography taken on 04/05/2017).

Figure 41 Detail photograph of structural support for HVAC and systems (photography taken on 04/05/2017).

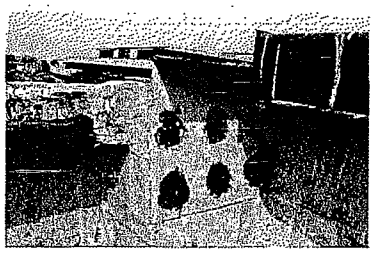


Figure 42 Detail of extant hollow-steel-beam, bolt plate, and concrete pier construction (photography taken on 04/05/2017).

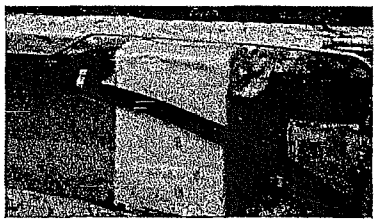


Figure 43 Detail of extant hollow-steel-column to concrete pier construction (photography taken on 04/05/2017).

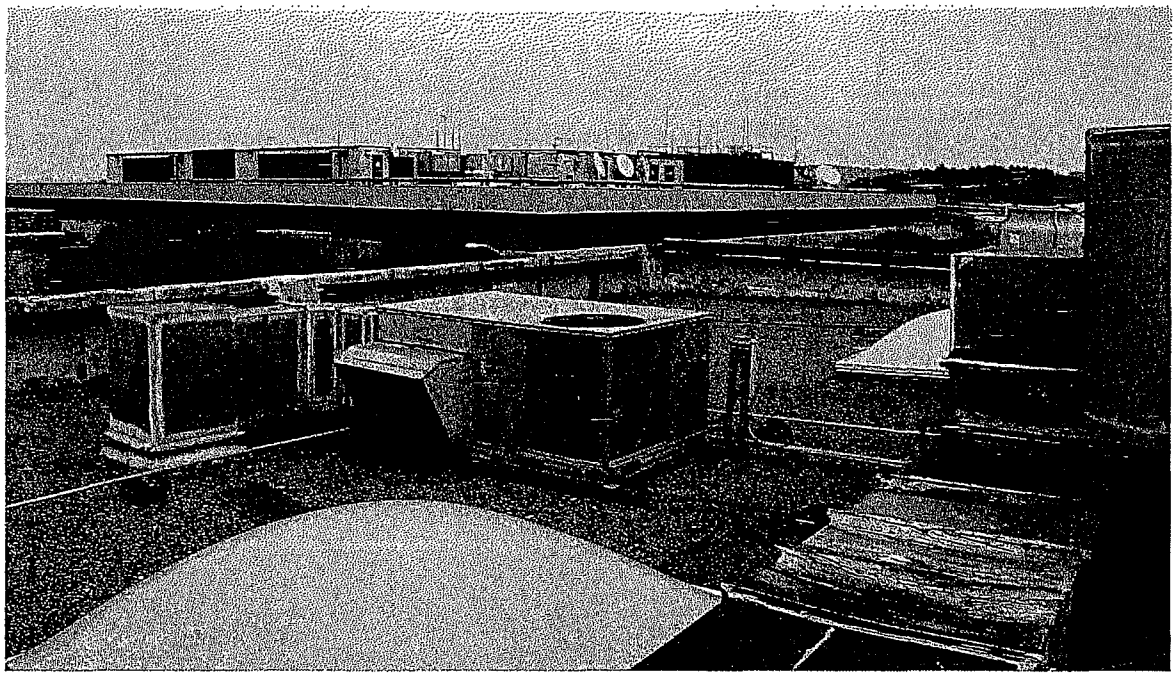


Figure 44 Overall photograph of roof at 101 Vallejo Street (photography taken on 04/05/2017).

Figure 45 Detail of north facing hip of the roof. Note heavy biological colonization (photography taken on 04/05/2017).

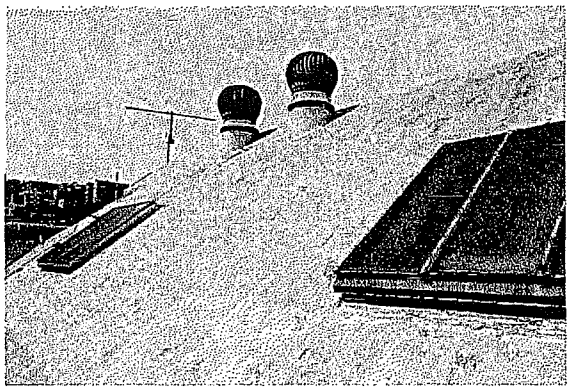


Figure 46 Photograph of roof, south facing hip. Note chicken-wire window panes set in an aluminum frame, and paired stacked ventilation exhausts (photography taken on 04/05/2017).

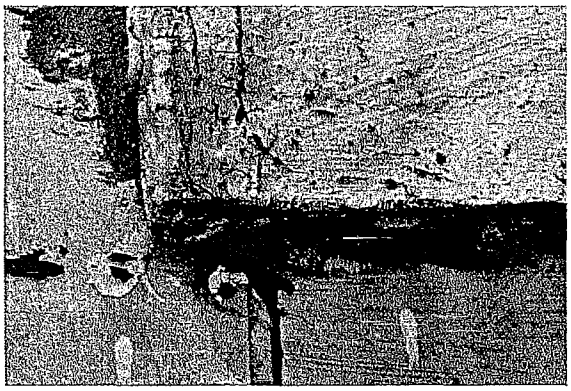


Figure 47 Detail photograph of roof waterproofing construction. Materials include tar, sheet metal, and titanium synthetic underlayment (photography taken on 04/05/2017).

Skylights:

Hipped roof: Neither the hipped roof nor the skylights are original to the building. The skylights are aluminum with wire glass and are in fair condition. One window shows delamination of the window film. These windows should be replaced when the roof is replaced.

Flat roof: The skylights on the flat portion of the roof are not historic. They consist of an acrylic dome set in an aluminum frame. The skylights are in good condition, no observed cracks or deleterious conditions. These skylights are recommended to be replaced with more compatible skylights when the roof is replaced.

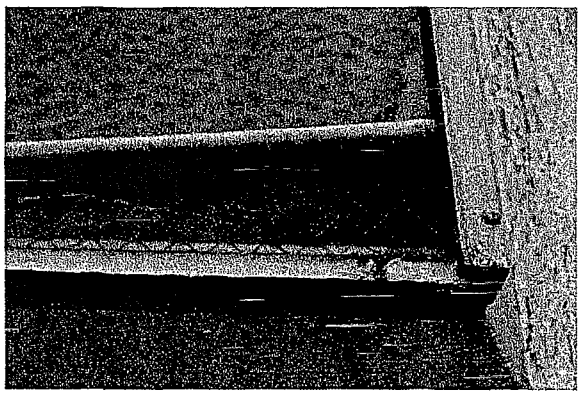


Figure 48 Detail photograph of chicken-wire glass and delaminated paint film (photography taken on 04/04/2017).

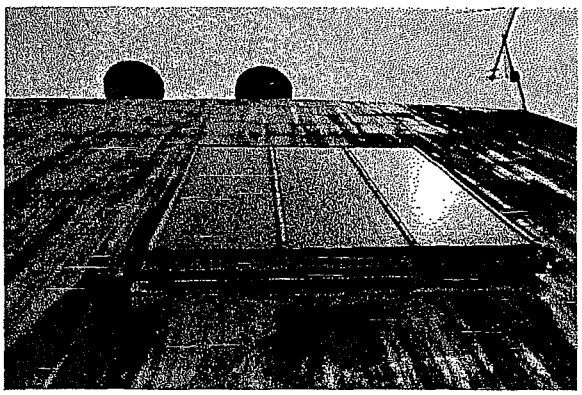


Figure 49 Detail photograph of skylights on steep-pitched roof (photography taken on 04/04/2017).

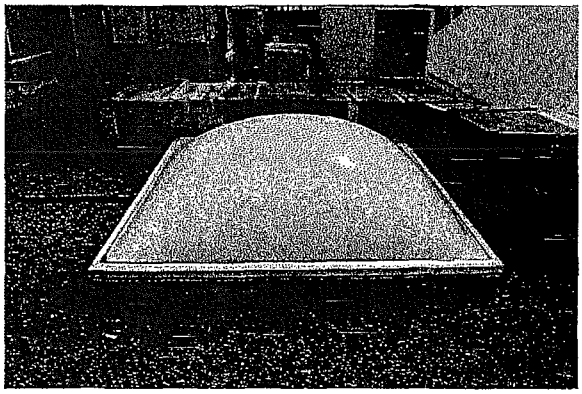


Figure 50 Detail of modern skylight (photography taken on 04/04/2017).

Parapets:

The backside of the parapets are coated with a liquid membrane roofing and are braced with steel tubes. The roof material on the parapets is in fair condition. There are two instances where expanding and contracting bolt plates have cracked the roof membrane. A more extensive cracking of the liquid membrane can be seen at the base of the north and east parapets where it meets the flat roof. The eastern half of the north parapet and the east parapet need to have the horizontal surfaces cleaned of biological growth, animal deposits, and atmospheric soiling. The transition between parapet and roof and repair should be inspected for areas that are cracked and deteriorated to ensure a watertight seal around all parapet faces and at steel attachment points. At the top of the parapet, inspect liquid applied membrane for deterioration and repair damaged and deteriorated areas. The parapet bracing should be inspected for signs of rust or failing paint and repaired as required.

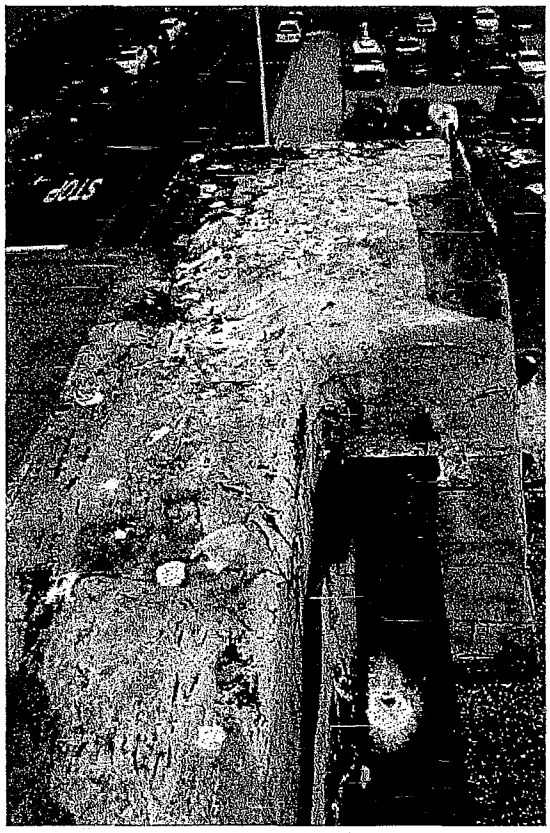


Figure 51 Photograph of the northeast corner and horizontal surface on parapet. Note biological colonization, corrosion, atmospheric pollution, and animal deposits (photography taken on 04/04/2017).

Figure 52 Photograph of horizontal surface on east parapet. Note biological-colonization, corrosion, atmospheric soiling, and minor animal deposits (photography taken on 04/04/2017).

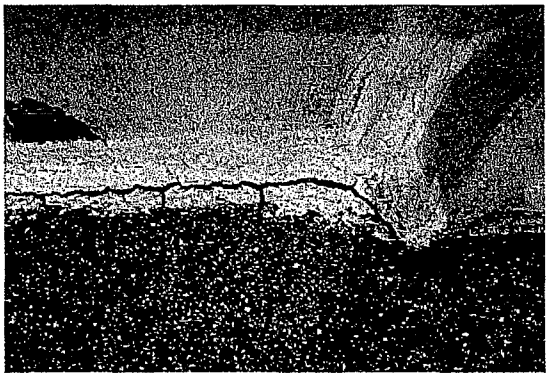


Figure 53 Detail at base of parapet wall. Note cracking of tar and paint (photography taken on 04/04/2017).

Figure 54 Detail at base of north parapet wall. Note cracking tar and paint (photography taken on 04/04/2017).

Railing:

The extant, non-historic railing is in good condition. Located on the eastern half of the south parapet, there are little signs of deterioration. The railing is a black painted metal bolted to the parapet wall and buttressed by diagonal members bolted into steel I-beams. All the anchor points and paint film are sound. There is minor surface corrosion of the washers used in anchoring the railing to the parapet. The railing should be inspected annually for corrosion and secure attachment and repaired as required.

Figure 55 Photograph of non-historic railing and construction (photography taken on 04/04/2017).

Interior – Original Construction

The interior at 101 Vallejo Street has been altered over time and there is very little documentation about the original interior. The building was recorded in several historical surveys as a brick and timber building. Due to the Earthquake and Fire of 1906, much of the existing interior features date from the reconstruction of the building. Interior fabric that remains from the building's early days include the brick piers in the basement, heavy timber columns, and floor and ceiling framing. Also extant is a passageway to a vault constructed in 1879 for the storage of opium under the Vallejo Street sidewalk. This passageway connected the underground vault to the building, and is located in the basement.

Ground Floor Interior – Existing Condition, Alterations, and Treatment Recommendations

Structural Concrete (Piers & Beams):

The primary structure of the building today is non-historic. A modern concrete moment frame was installed to seismically strengthen the building. The moment frames appear to be sound and in good condition.

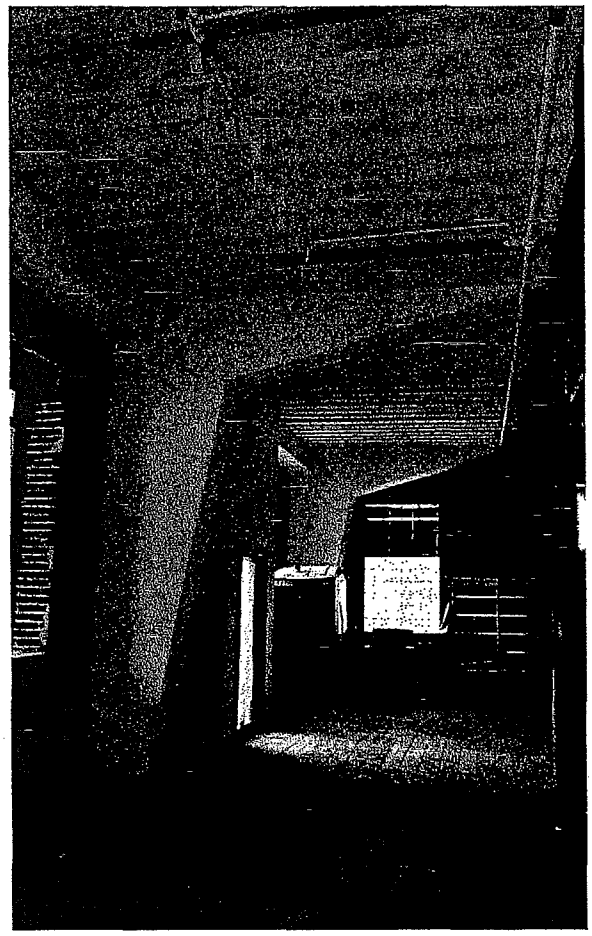


Figure 56 Photograph of concrete piers, modern reinforcement Detail photograph of floor and sub-floor. Note inscription in sub-floor reads 1973 (photography taken on 04/04/2017).

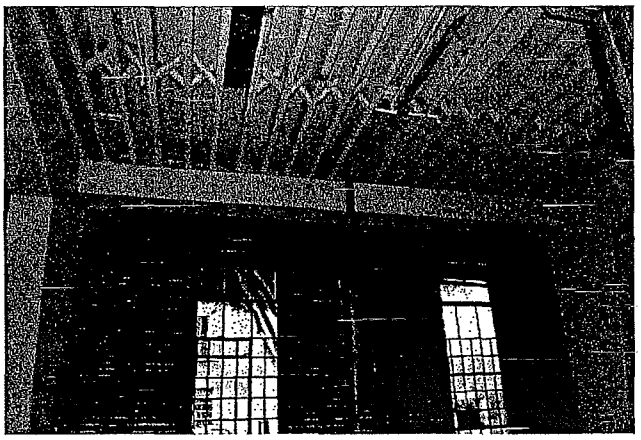


Figure 57 Photograph highlighting concrete beam-to-pier construction Detail photograph of floor and sub-floor. Note inscription in sub-floor reads 1973 (photography taken on 04/04/2017).

Structural Timber (Columns & Beams):

Though not original, the wood timber structural system dates from the building's early days. Several of the columns exhibit vertical splits typical for wood timbers. Wood straps have been nailed to the columns and beams, possibly to strengthen connections.

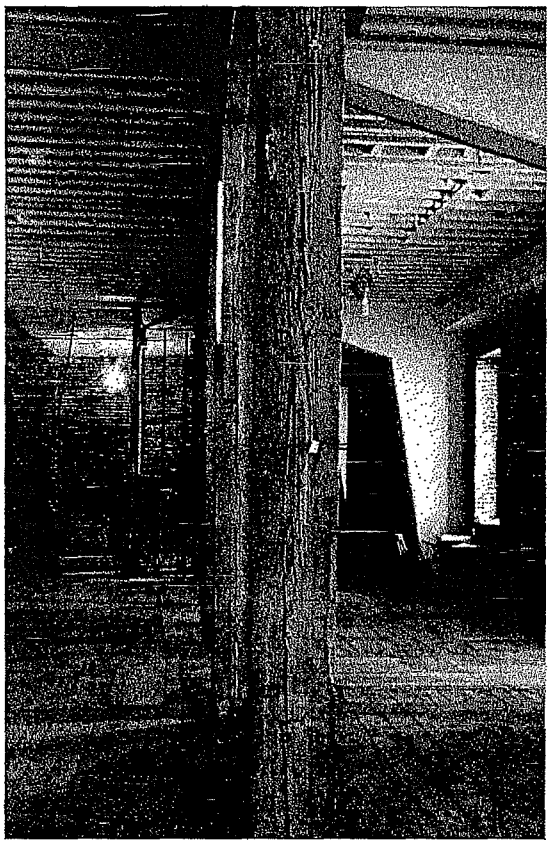


Figure 58 Interior photograph of vertical splitting present in several of the structural timber columns on the ground floor (photography taken on 04/10/2017).

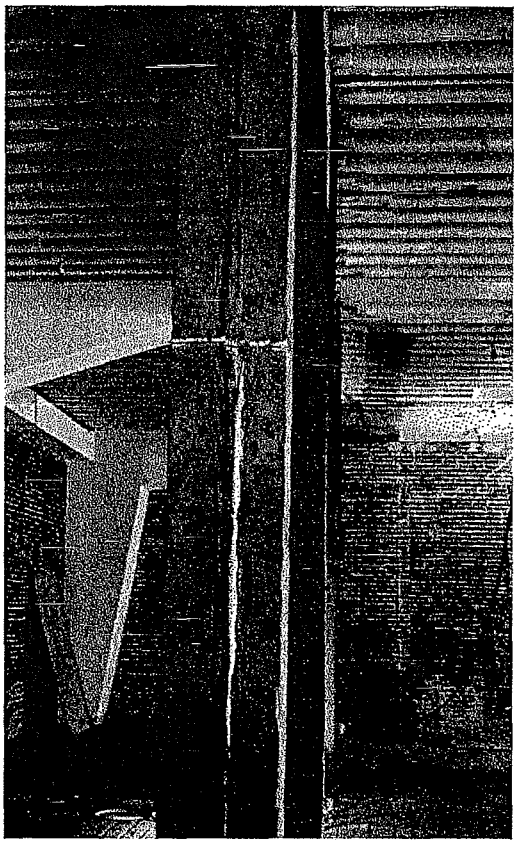


Figure 59 Interior photograph of vertical splitting present in several of the structural timber columns on the ground floor (photography taken on 04/05/2017).

Wood Flooring:

The extant interior flooring is not believed to be original, and is possibly as new as 1973 or later. The interior floor is wood and has an existing wood sub-floor. Construction is not tongue and groove or lapped, but is nailed to the joists. Cement patches have been used as an infill material for missing floor boards. An inscription on a piece of the exposed sub-floor reads 1973. The floor should be repaired or replaced.

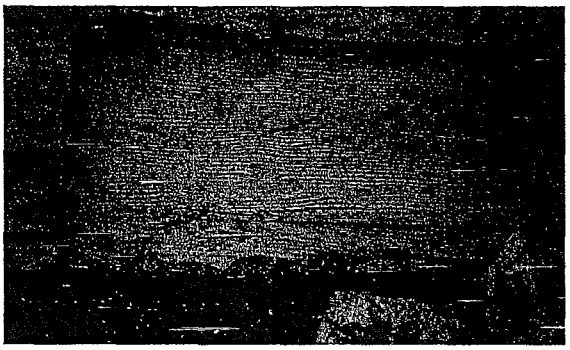


Figure 60 Detail photograph of floor and sub-floor. Note inscription in sub-floor reads 1973 (photography taken on 04/05/2017).

Figure 61 Detail photograph of floor condition on the ground floor level (photography taken on 04/05/2017).

Wood Ceiling Joists:

Non-original Ceiling joists support the floor above and are constructed of wood, and in good condition. Joists show areas of water staining where previous HVAC systems were located, but the staining does not appear to have impacted their structural integrity. Nonetheless, the joists should be closely inspected to ensure their structural integrity has not been compromised where they exhibit staining from previous leaks.

Brick:

The interior brick on the ground floor is in good condition. As is found on the facades, there are large areas of reconstructed brick. While it appears that paint has been stripped from these walls in the past, the brick shows a less aggressive cleaning than compared to the brick of the exterior facades. There are, however, very few serious deleterious conditions. On the west wall can be seen four openings that have since been bricked-in when the adjacent building was constructed. While the majority of the brick is in excellent condition considering its age, there are instances of cracked and fragmented bricks (around three windows on the north façade and around all windows on the east façade); however, these are localized around extant or previous openings and in areas where Portland cement has been used.

Mortar is generally in good condition. There are a few deteriorated mortar joints around opening such as door surrounds, windows, and bricked-in openings. Eroded mortar joints are common on the upper courses, however, not severe. Inappropriate Portland cement mortar has been used in restoration efforts in the past on the West wall. It is common to find cracked bricks adjacent to theses repairs. Inappropriate mortar should be removed and the walls repointed with a compatible mortar.

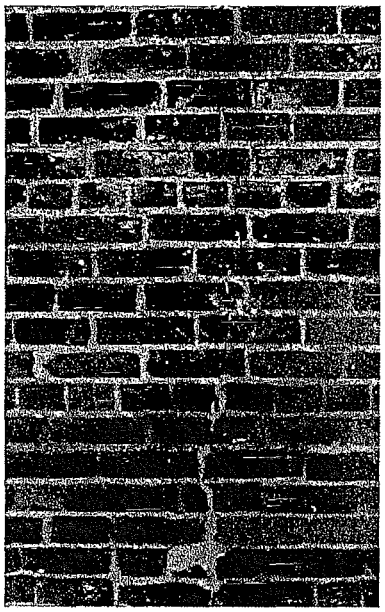


Figure 62 Detail of a crack propagated by a Portland cement repair. Crack originates at the Portland cement infill and runs the height of the wall (photography taken on 04/10/2017).

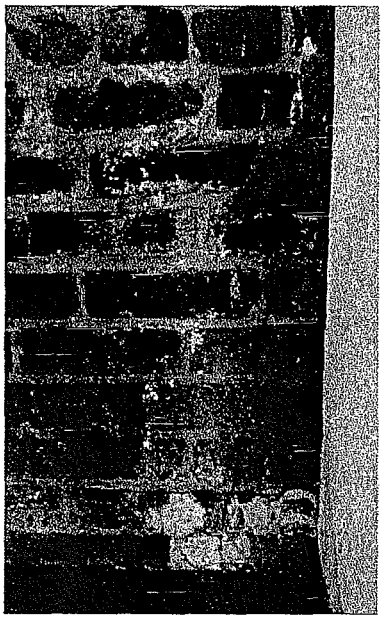


Figure 63 Detail of Portland cement patch and subsequent crack as a result (photography taken on 04/10/2017).

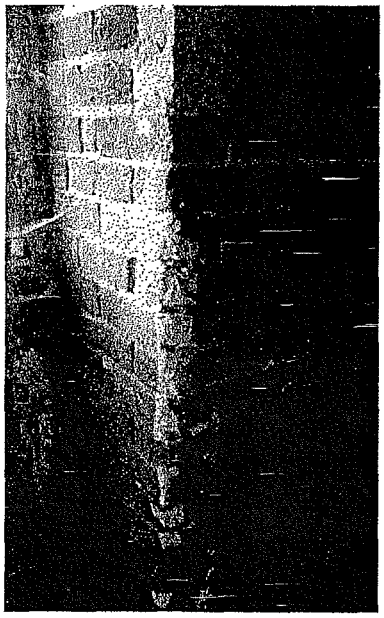


Figure 64 Detail photograph of brick deterioration adjacent to window openings. This is typical for 6 of the windows on this floor (photography taken on 04/10/2017).

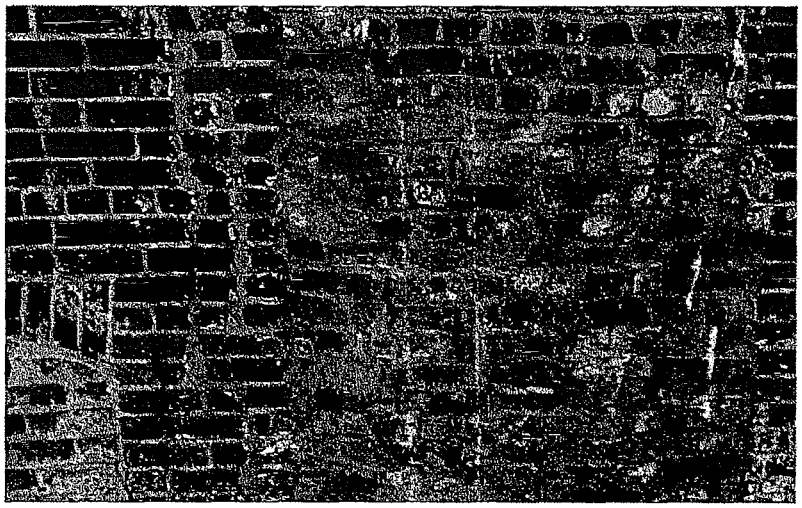


Figure 65 Detail photograph of historic window filled-in with brick on the east wall. There are 4 similar conditions on this elevation (photography taken on 04/10/2017).

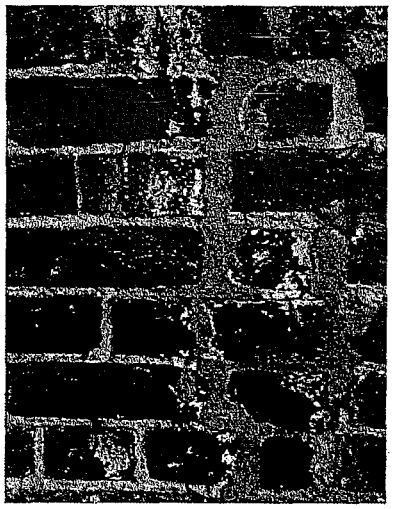


Figure 66 Detail of figure 64. Note cracking of brick adjacent to Portland cement repair (photography taken on 04/10/2017).

Figure 67 Photograph of south wall at the ground level. Note distinctively different eras of brick and mortar (photography taken on 04/04/2017).

Basement Interior – Existing Condition, Alterations, and Treatment Recommendations

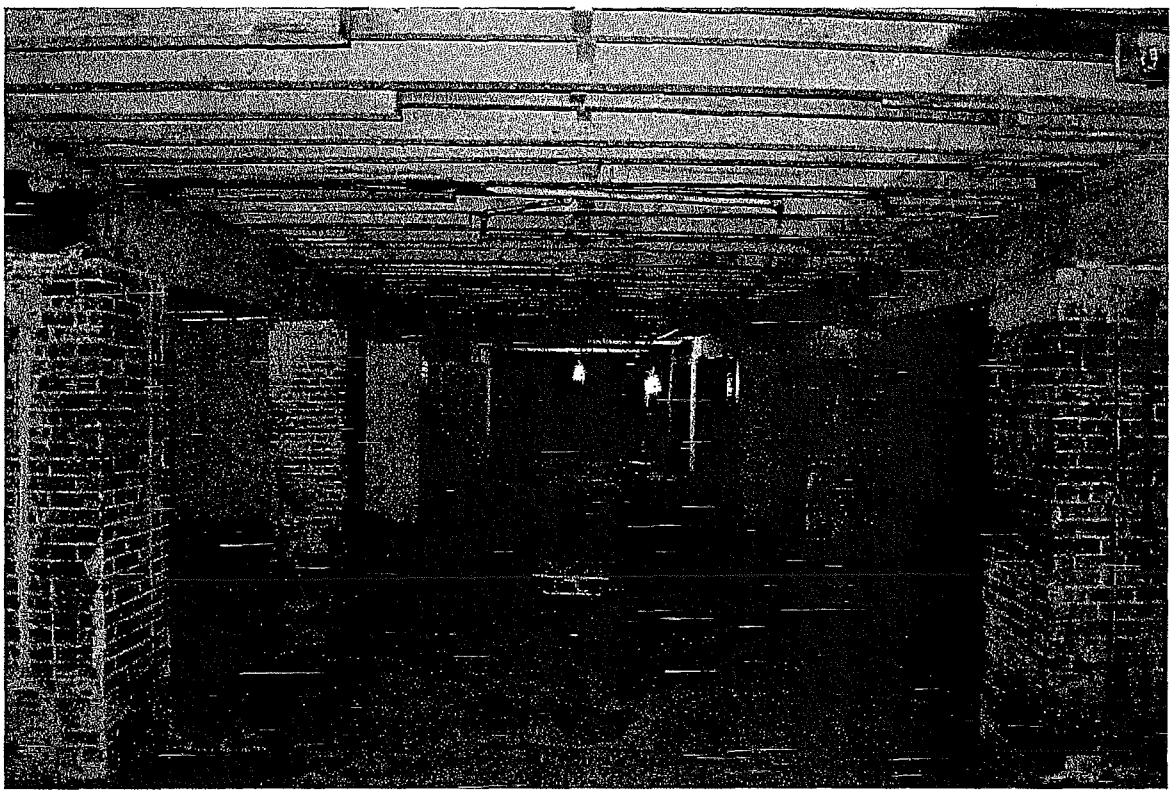


Figure 68 Interior photograph of basement space (photography taken on 04/04/2017).

Brick Piers:

Masonry brick piers in the basement level carry the load from the floor above, and the perimeter of the building is reinforced with concrete beams. The extant brick piers appear to be original. Remnants of previous paint coatings are still present on some piers, while others have not had the paint stripped at all. Some piers have been reinforced with a cement parging mixture. In general, the piers appear to be in good condition.

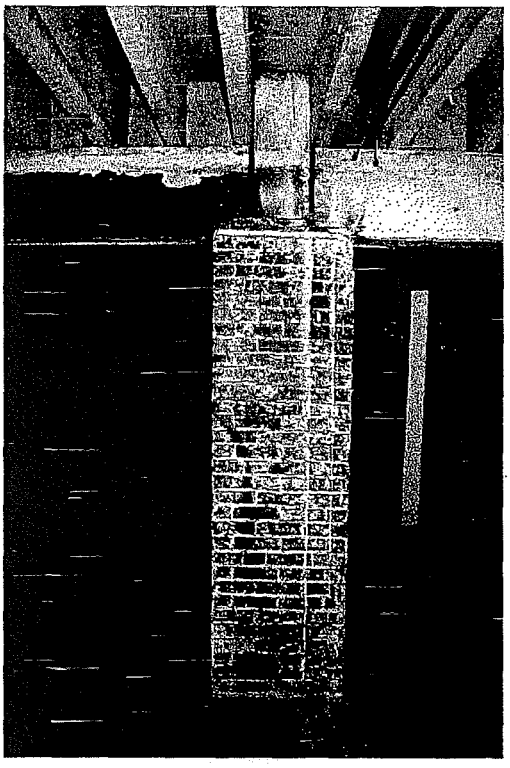


Figure 69 Detail of structural brick pier. Note remnants of previous paint coatings (photography taken on 04/04/2017).

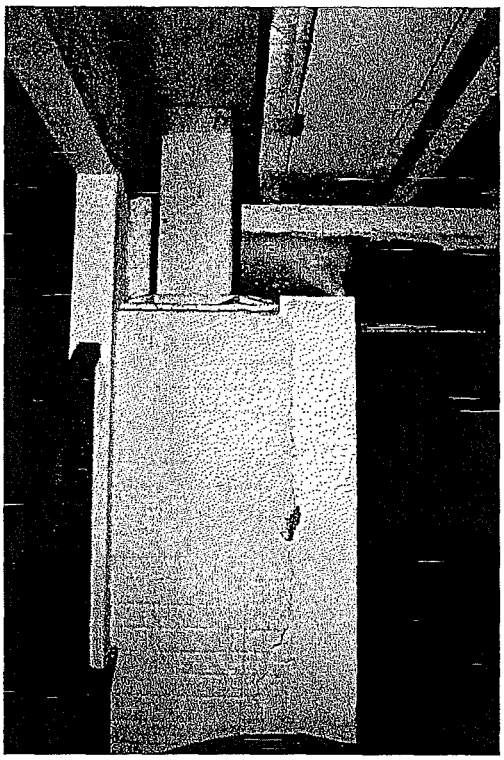


Figure 70 Detail of structural brick pier. Note parging cement (photography taken on 04/04/2017).

Timber Beams:

Considering its history, it is likely that the original beams burned in the Earthquake and Fire of 1906 and were replaced with the existing timber beams. These still have remnants of several different paint coatings and are in good condition.

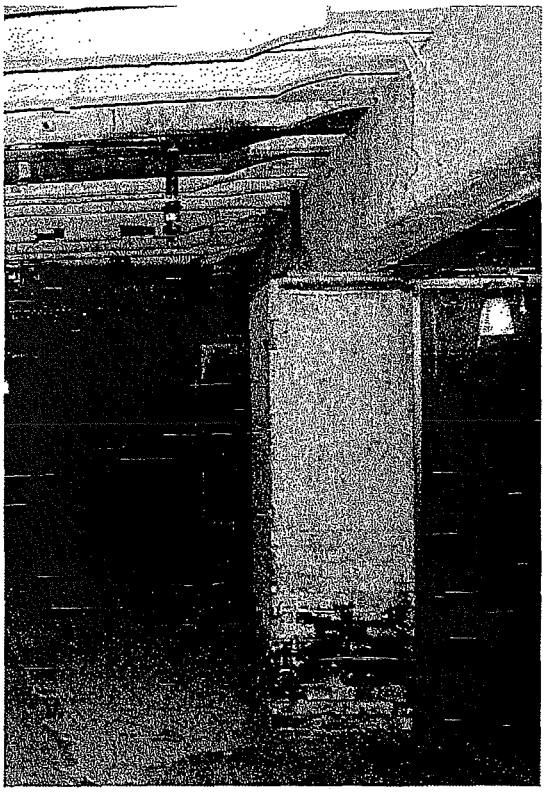


Figure 71 Photograph of structural timber beam to brick pilaster connection (photography taken on 04/04/2017).

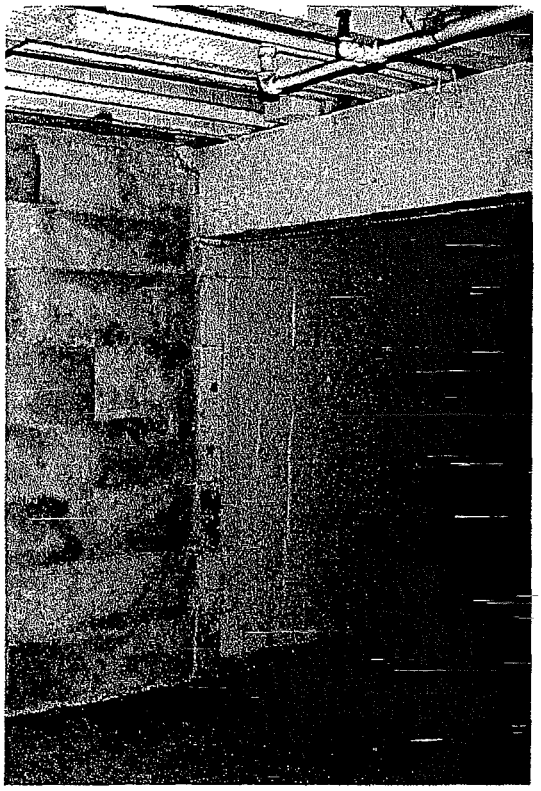


Figure 72 Detail of structural timber beam to foundation connection (photography taken on 04/04/2017).

Structural Concrete (Beams):

The foundation is reinforced on the perimeter by concrete beams. These are a modern upgrade and are in good condition.

Concrete Floor:

The existing basement floor is unfinished cement and not historic. The floor is in fair condition.

Ceiling Joists:

Ceiling joists support the floor above, are constructed of wood, and despite localized water staining are in good condition.

Historic Passageway (to historic 1879 opium vault under Vallejo Sidewalk):

There are still remnants of the historic vault that was constructed under the Vallejo Street sidewalk in the late 19th century. A passageway constructed of brick walls and concrete steps connected the vault to 101 Vallejo. Even though filled-in, the remnants of this passageway are historically significant, discernable, and should be preserved. There is extensive efflorescence and iron staining on the walls of the west vault from nearby systems.

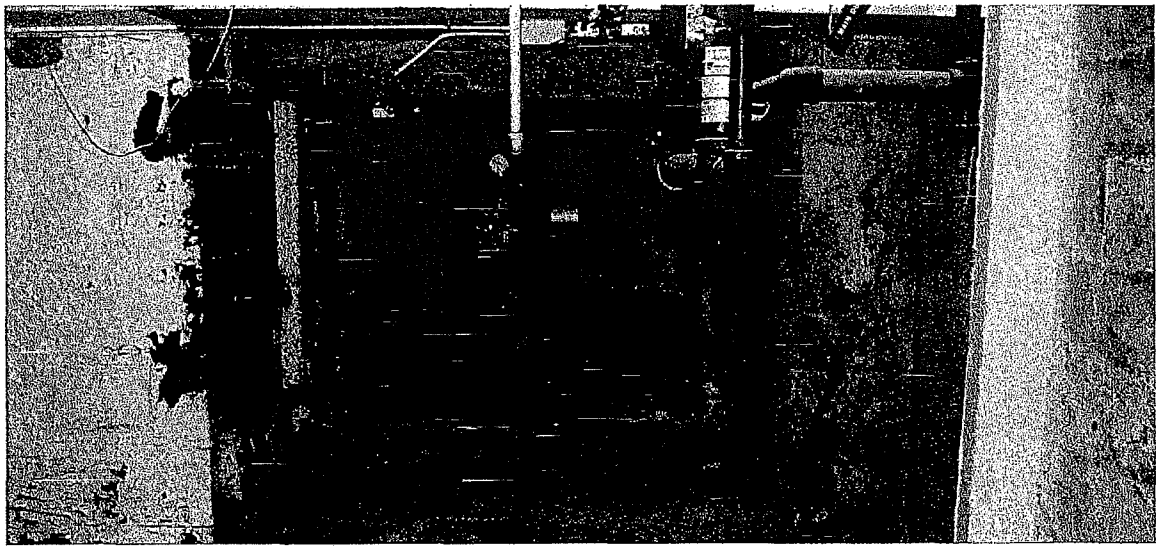


Figure 73 Historic passageway to underground opium vault under Vallejo Street Sidewalk, now partially filled-in (photography taken on 04/04/2017).

Figure 74 Detail of the intersection of the brick vault and foundation stone. Note iron staining and efflorescence (photography taken on 04/05/2017).

Foundation (Stone):

The historic foundation at 101 Vallejo Street was constructed using irregularly-cut masonry fieldstone. Alterations to the building can be seen in the foundation with the use of regularly laid masonry units at some elevations and cement reinforcement throughout. The foundation walls are currently painted white. While the foundation walls are generally in good condition, some localized areas of paint failure have been observed in the walls constructed of fieldstone. Paint failure at the foundation correlates strongly to areas of high efflorescence and/or disaggregated and spalling stone. The walls should be examined to identify the source of water infiltration at areas of paint failure.

Figure 75 Detail photograph of north foundation condition. Note lost finish, exposed stone, and extensive efflorescence (photography taken on 04/04/2017).

Figure 76 Detail photograph of south foundation wall. Note delamination of finish, spalling and disaggregation of fieldstone (photography taken on 04/04/2017).

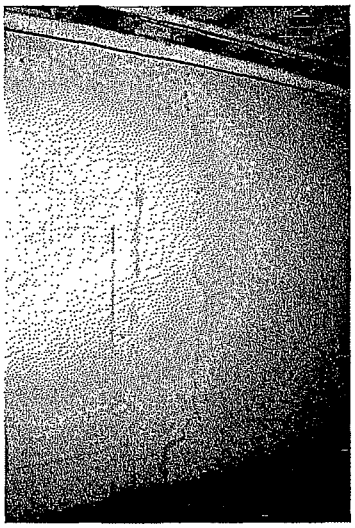


Figure 77 Photograph of north foundation. Note cement repairs over a masonry substrate (photography taken on 04/04/2017).

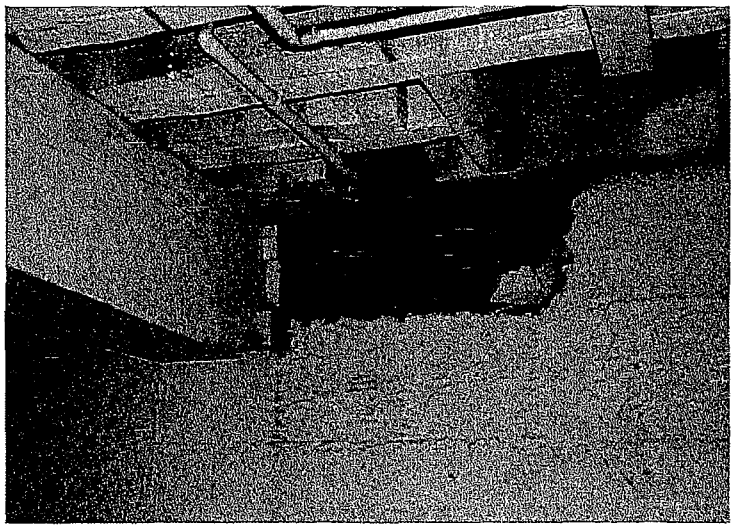


Figure 78 Detail photograph of eroded foundation on the east foundation wall (photography taken on 04/04/2017).

Upper Story and Attic Space, Interior – Existing Condition, Alterations, and Treatment Recommendations

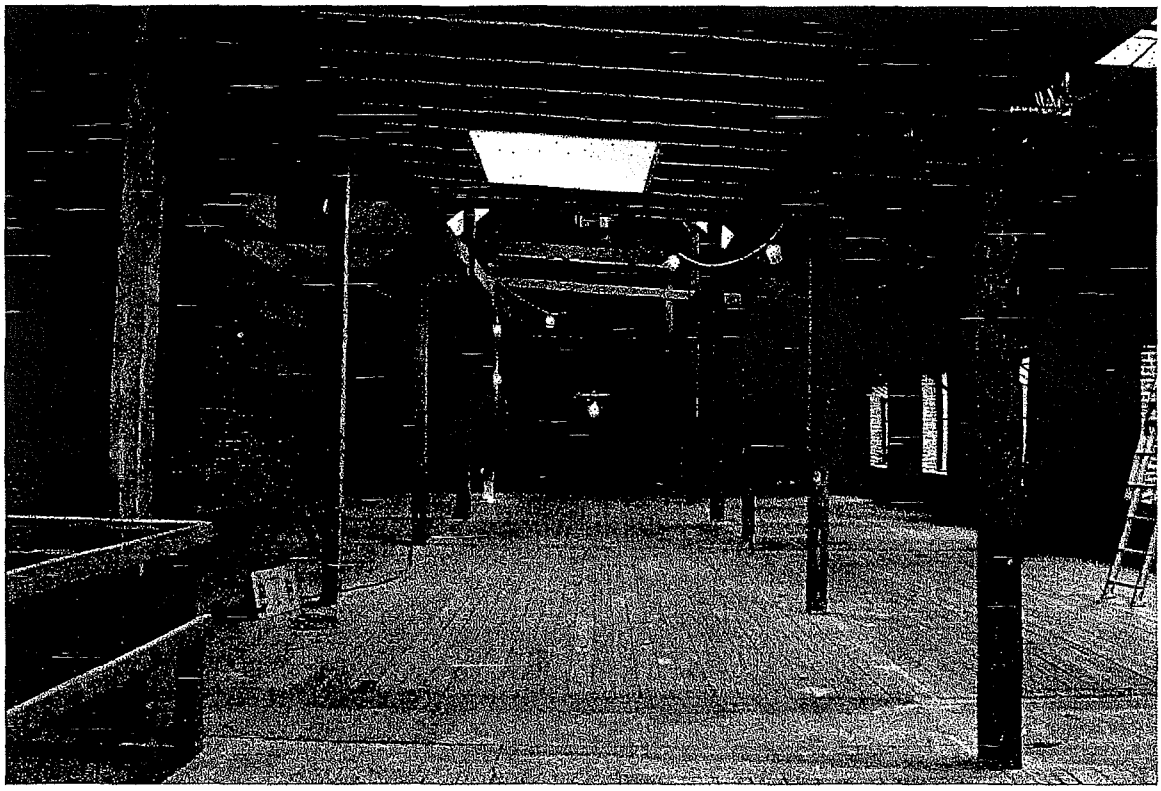


Figure 79 Interior photograph of upper level and attic space (photography taken on 04/04/2017).

Structural Concrete (Non-Historic Seismic Upgrade):

A previous seismic upgrade of the building included concrete beams and columns that are exposed at the second floor. There are several cracks present in the concrete, most notably at the west elevation beam located along the roofline. A structural assessment of the seismic upgrade is beyond the scope of this report.

Figure 80 Detail of modern lateral stabilization system (concrete beams). Note severe through-cracking of the cement matrix (photography taken on 04/04/2017).

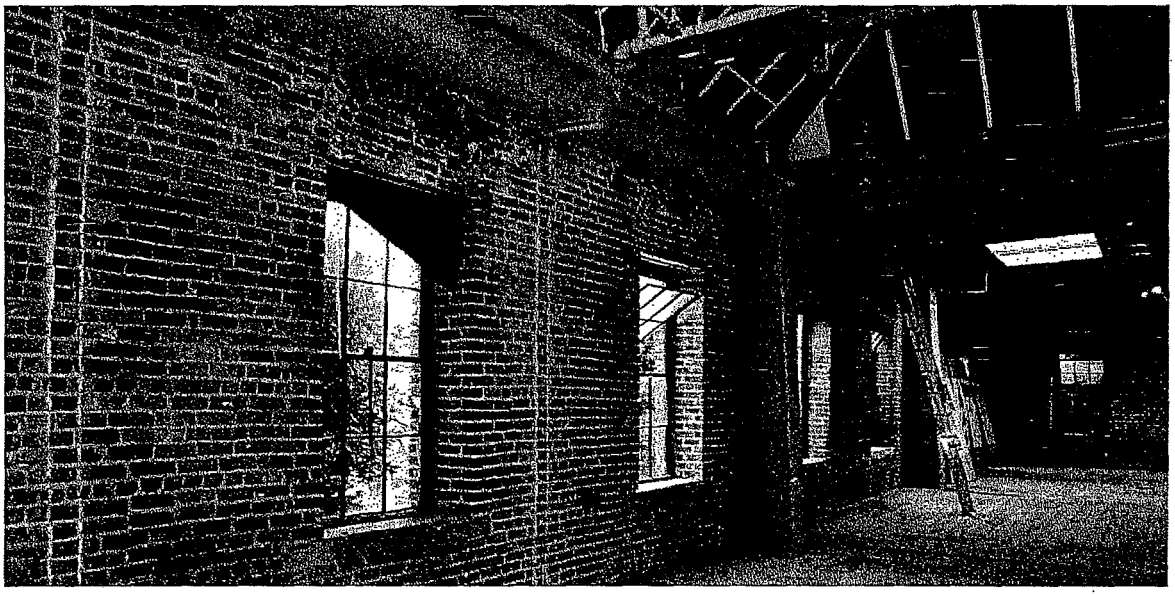


Figure 81 Photograph of north wall on the upper level. Note modern concrete pier and beam stabilization (photography taken on 04/04/2017).

Timber (Posts & Beams):

Wood framing is also used on the upper level and attic space. There are two wooden beams spanning between each wood post. The framing is not original, but a reconstruction of the original framing. While the majority of the beams and posts at this level are in good condition, there are a few conditions that should be noted. One of the south longitudinal beams shows significant separation along the grain, and two instances of water staining from a leaking roof/drainage system are also found on the structural timber system. The framing should be inspected to ensure their structural integrity has not been compromised where they exhibit cracks and staining from previous leaks.

Figure 82 Detail of roof to beam construction. Note water staining and efflorescence on wooden members (photography taken on 04/04/2017).

Wood Flooring:

The extant interior flooring is not believed to be original, and is possibly as new as 1973 or later. The interior floor is wood and has an existing wood sub-floor. Construction is not tongue and groove or lapped, but is nailed directly into the joists. The floor should be repaired or replaced.

Timber Roof Joists:

Roof joists support the roof above, are constructed of wood, and are in good condition.

Brick:

The interior brick on the upper level is in generally good condition. There is, however, evidence of water infiltration along the roofline that should be investigated at the facades on the south and west walls. (Note: north & east walls appear to be in good condition, however, were not able to be surveyed up close due to obstructions.) The upper brick courses show significant signs of efflorescence and discoloration in the form of iron staining. Both of these conditions, efflorescence and iron staining, are indicators of the degradation of the internal matrix of the brick. As water migrates from the exterior to the interior and dries, it brings with it salts and mineralogical inclusions of the brick. The staining is iron minerals that have gone into dissolution and are redeposited on the surface from which it is evaporating; and efflorescence results from the mobility of innate salts in the brick's matrix. While efflorescence itself can, in most cases, be a cosmetic issue; the mobilization of sub-florescence through the pore structure and to the surface can be problematic. Additionally, four window surrounds exhibit crack and deteriorated bricks. Three window surrounds require repointing. Brick below the sill of the southernmost window on the east wall has heavy amounts of efflorescence accompanied by deteriorated mortar. The source of water infiltration should be identified and appropriate repairs made to halt the water intrusion and make repairs to the brick wall.

Figure 83 Detail photograph of interior upper brick courses, just below roofline. Note extensive efflorescence and discoloration. The corrosion colored staining is a leaching of ferruginous mineral inclusions innate in the brick and/or mortar (photography taken on 04/04/2017).

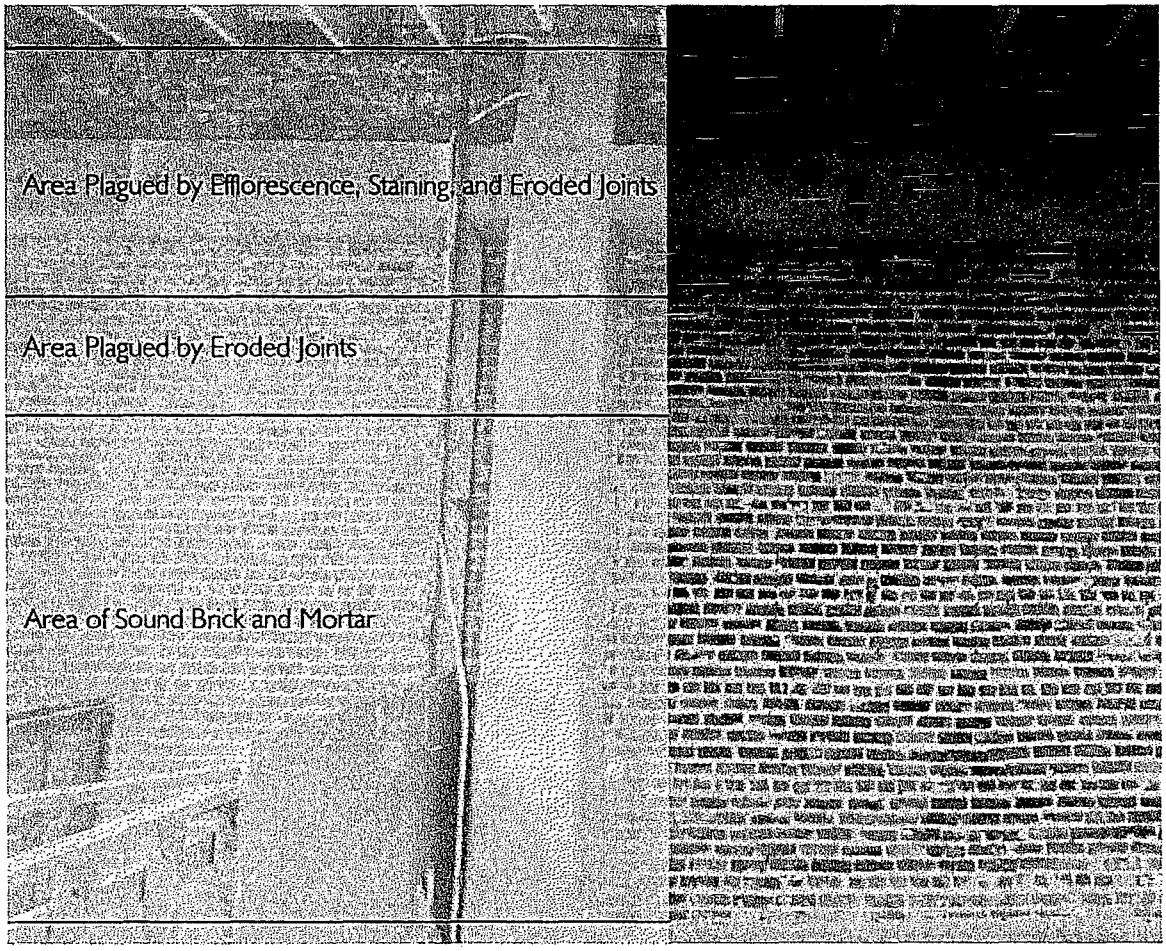


Figure 84 Diagram of the typical condition found on the south and east walls of the upper level (photography taken on 04/04/2017).

Figure 85 Detail photograph of southernmost window on the east wall. Note occurrence of efflorescence and eroded mortar (photography taken on 04/04/2017).

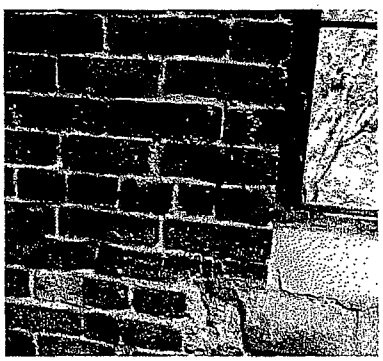


Figure 86 Detail of typical brick condition for deteriorated bricks around window openings (photography taken on 04/04/2017).

IV. 101 VALLEJO STREET ADDITIONAL PHOTOGRAPHY

FRONT STREET FAÇADE – ADDITIONAL PHOTOGRAPHY

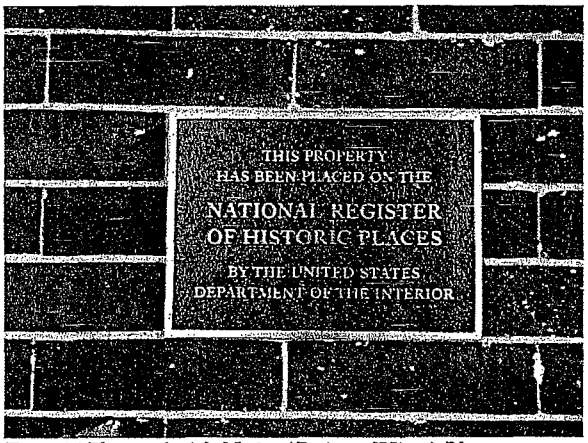


Figure 87 Photograph of the National Register of Historic Places nomination plaque on Front Street (photograph taken on 03/30/2017).

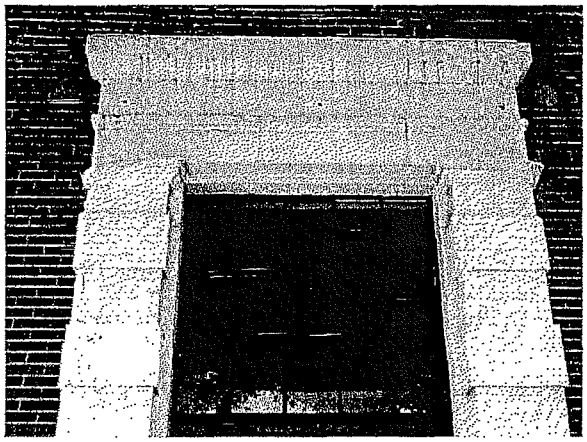


Figure 88 Photograph of extant door surround (photograph taken on 03/30/2017).

Figure 89 Detail view of entrance bay along Front Street. Note biological activity on brick coursework (photograph taken on 03/30/2017).

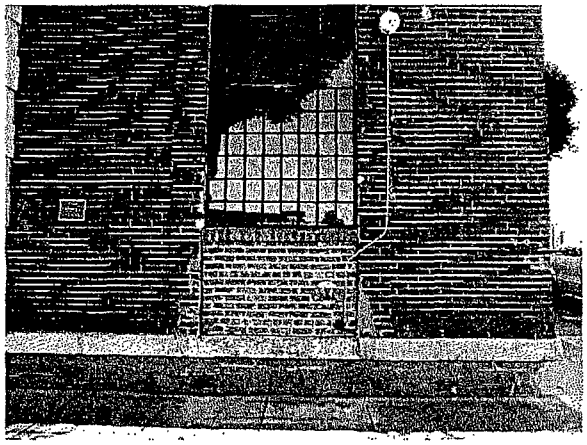


Figure 90 Photograph of the Front Street elevation. Note construction technique, paint remnants on watertable, and exposed foundation (photograph taken on 03/30/2017).

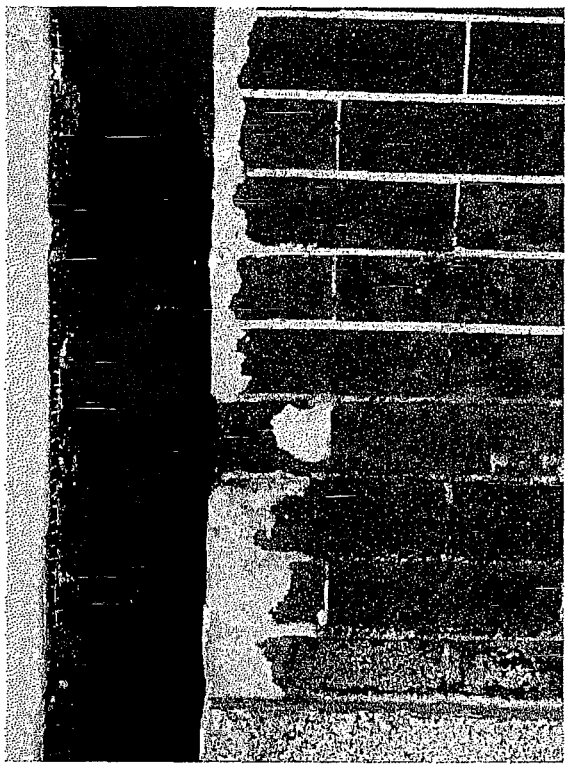


Figure 91 Detail view of incompatible repair along Front Street. Note dissimilarities between brick and repair, and note bio-colonization plaguing the joints (photograph taken on 03/31/2017).

Figure 92 Photograph of entrance threshold at Front Street elevation. Note sandstone substrate (photograph taken on 03/31/2017).

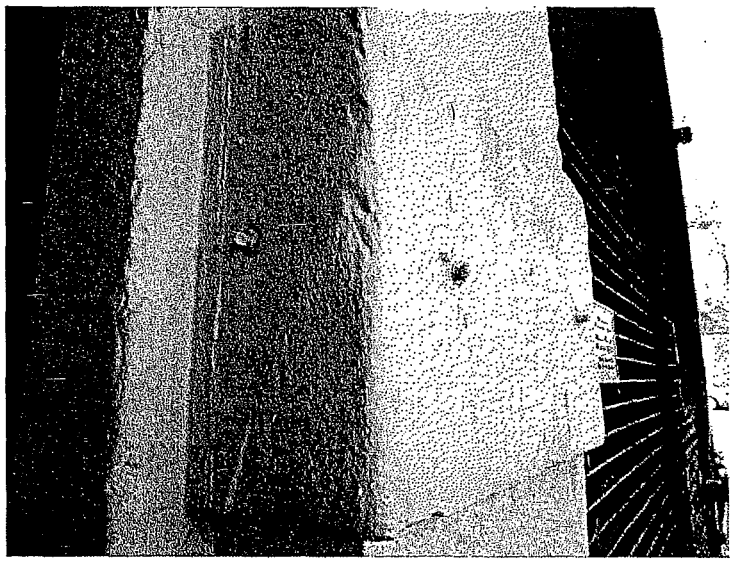


Figure 93 Photograph of threshold pilasters. Note old anchor/attachment pins left in stone (photograph taken on 03/31/2017).

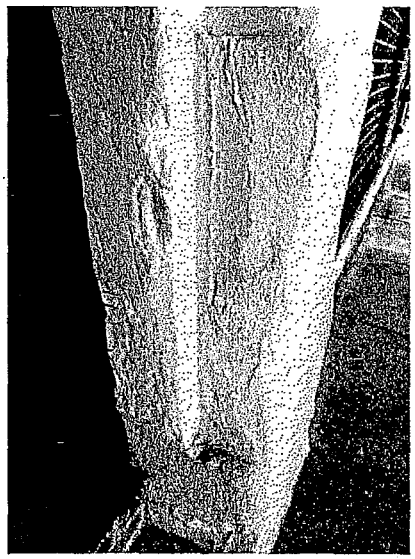


Figure 94 Detail view of cement parging repair on sandstone pilasters (photograph taken on 03/31/2017).

VALLEJO STREET FAÇADE – ADDITIONAL PHOTOGRAPHY

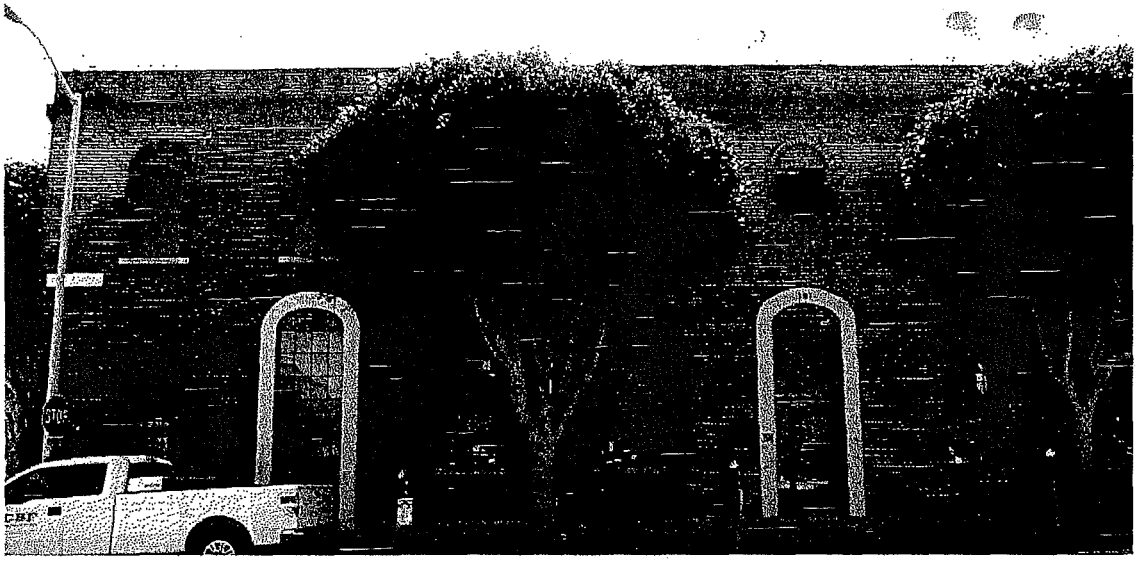


Figure 95 Photography of Vallejo Street elevation. Note characteristic differences between brick of different eras (photograph taken on 03/30/2017).

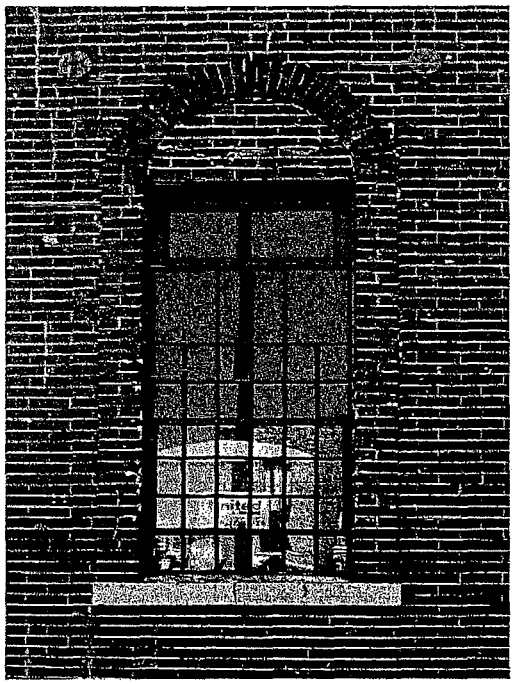


Figure 96 Detail view of opening along Vallejo Street. Note blind arch, brick tympanum, cast iron frame, and granite sill (photograph taken on 03/30/2017).

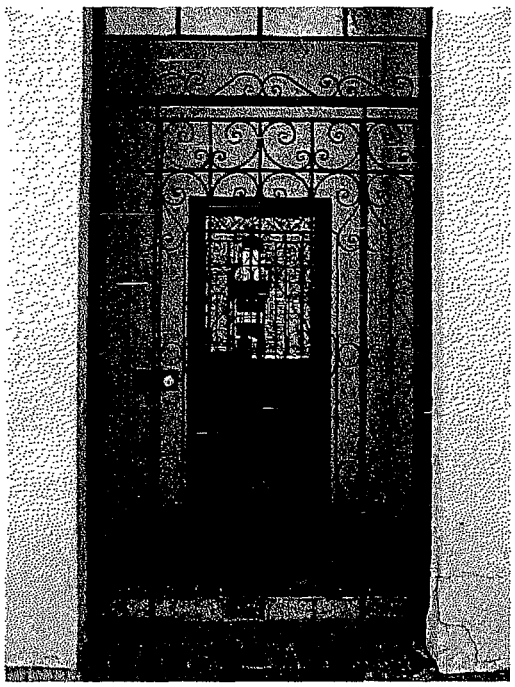


Figure 97 Detail photography of easternmost entrance along Vallejo Street. Note stucco over brick threshold, metal security gate, and modern aluminum frame door (photograph taken on 03/30/2017).

Figure 98 Detail view of corbeled cornice and parapet wall along Vallejo Street (photograph taken on 03/30/2017).

Figure 99 Detail view of cement stucco over brick construction along the Vallejo Street entrances (western two entrances). Photo taken from the foundation and looking up towards the cornice (photograph taken on 03/30/2017).

Figure 100 Photograph of steel reinforcement on the northwestern corner of the building (photograph taken on 04/04/2017).

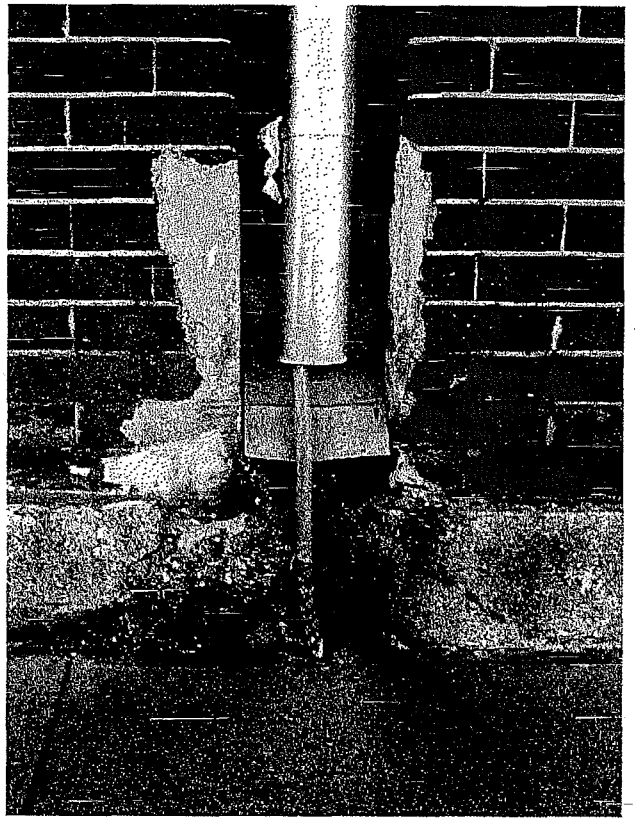


Figure 101 Detail of broken downspout along Vallejo Street. Note bio-colonization on stone, brick, and mortar (photograph taken on 04/04/2017).

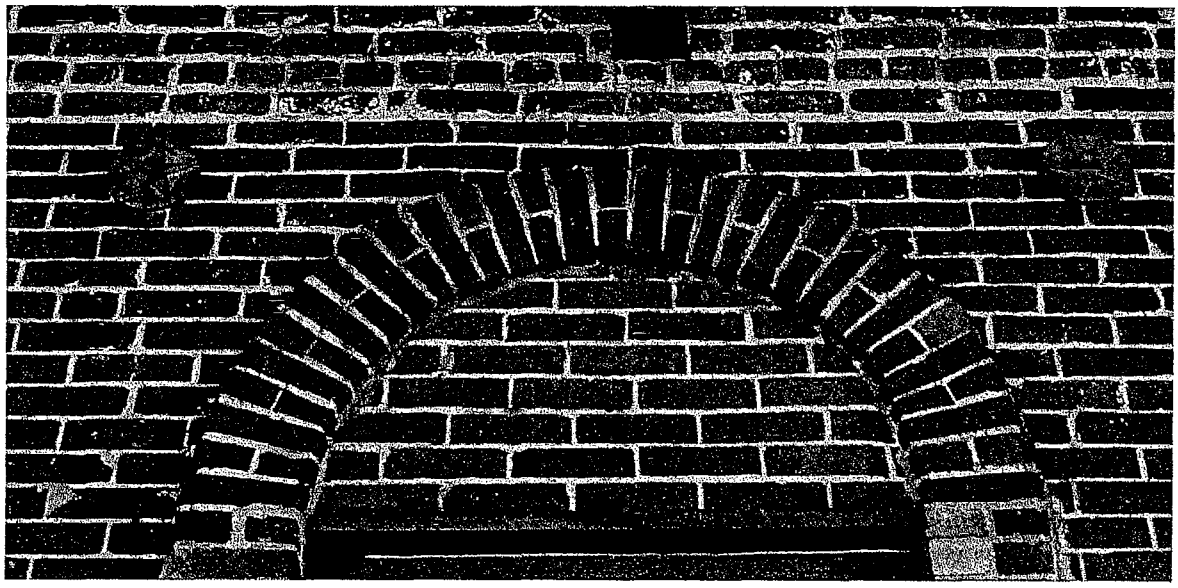


Figure 102 Detail view of pin holes left in brick tympanum over westernmost door along Vallejo Street (photograph taken on 03/30/2017).

GROUND FLOOR INTERIOR – ADDITIONAL PHOTOGRAPHY

Figure 103 Photograph of ground floor ceiling joists. Note ghosts from old HVAC and water staining (photograph taken on 04/04/2017).

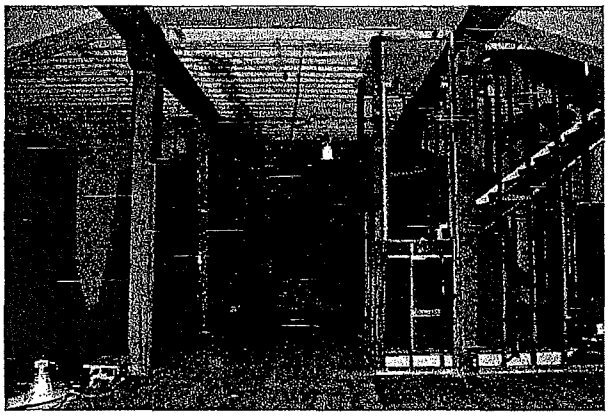


Figure 104 Interior photograph on ground floor (photograph taken on 04/04/2017).

Figure 105 Detail view of brick sill construction, from the interior (photograph taken on 04/04/2017).

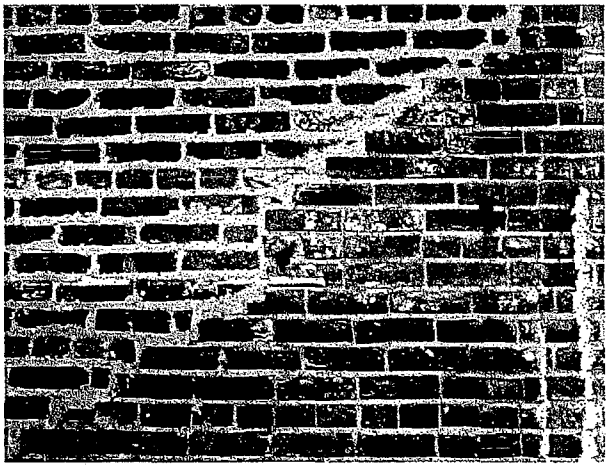


Figure 106 Interior detail of south wall. Note the holes left unpatched from previous brick testing (photograph taken on 04/04/2017).

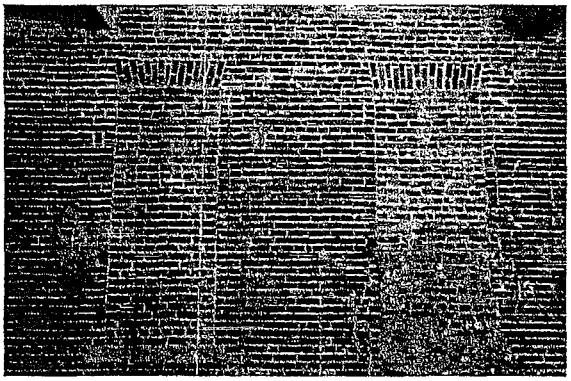


Figure 107 Interior photograph of west wall. Note brick-in windows and Portland cement mortar (photograph taken on 04/10/2017).

Figure 108 Interior detail of structural timber construction. Note split in capital (photograph taken on 04/10/2017).

Figure 109 Interior detail of structural timber-to-brick construction. Note the use of steel angles and flashing (photograph taken on 04/10/2017).

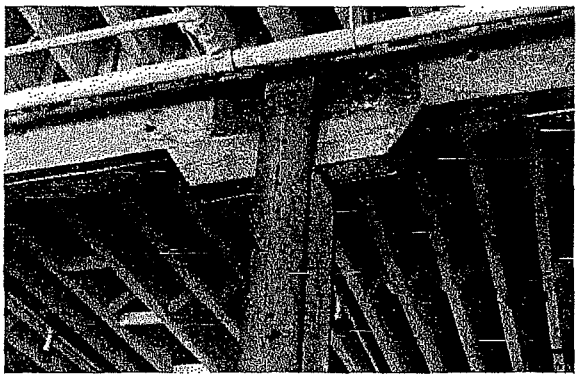


Figure 110 Interior ground floor detail of structural timber construction (photograph taken on 04/04/2017).

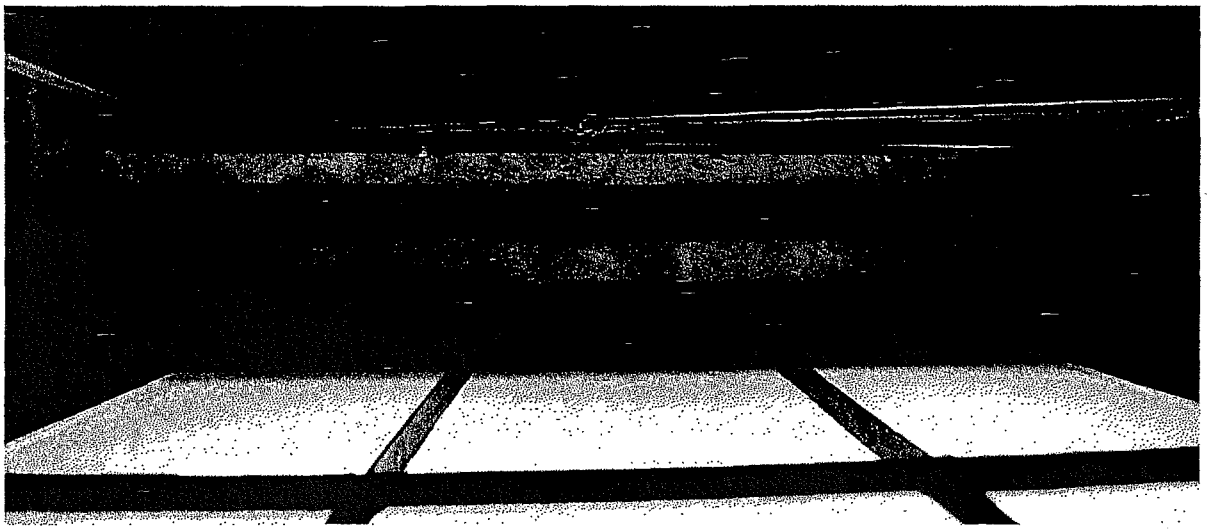


Figure 111 Detail view of lintel construction at window openings. Note cracking of parging coat typical (photograph taken on 04/05/2017).

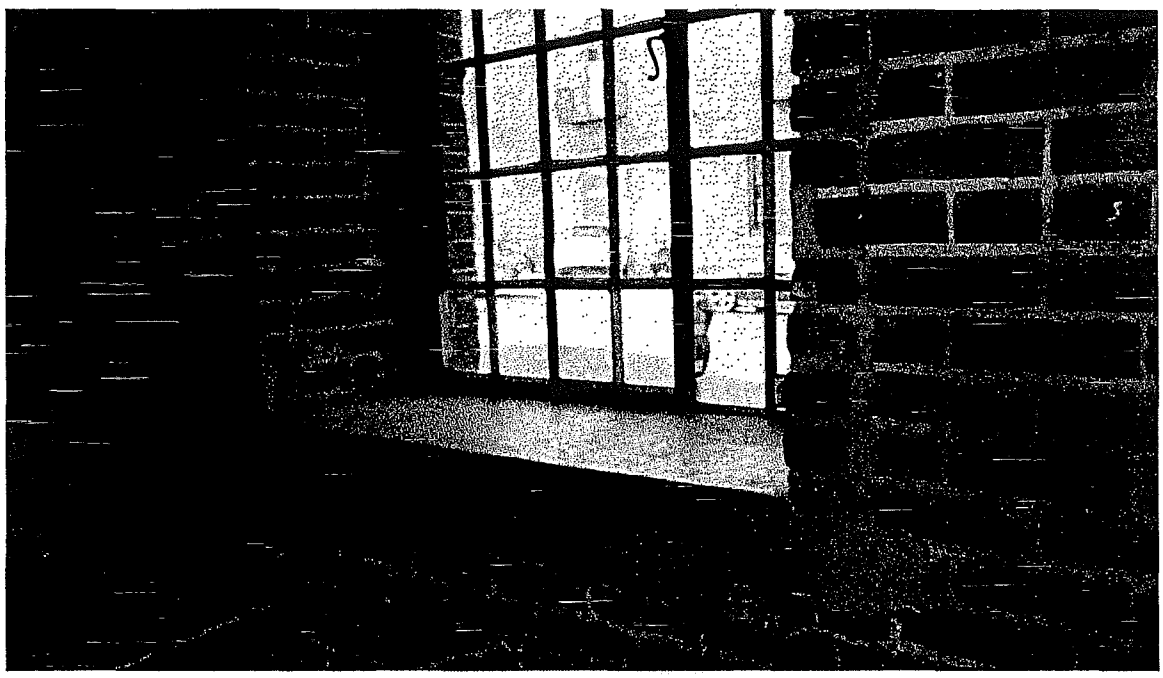


Figure 112 Interior detail of north facing window. Note parging mixture in repair of the sill and mortar (photograph taken on 04/04/2017).

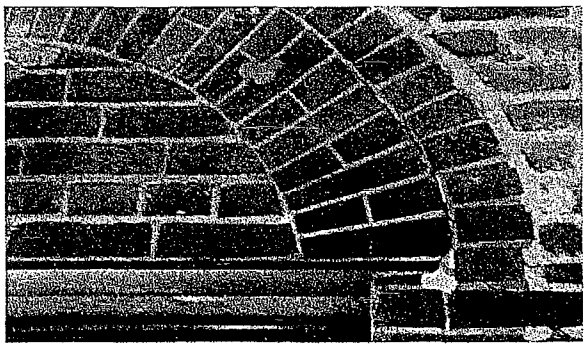


Figure 113 Detail view of cracked mortar and brick around window openings (photograph taken on 04/10/2017).

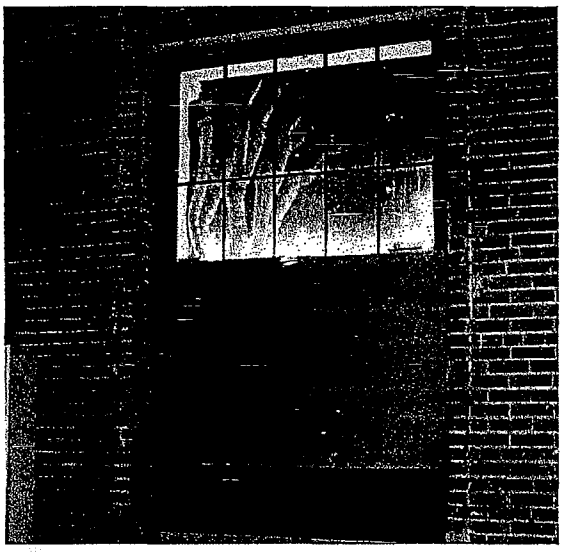


Figure 114 Interior photograph of entrance door along Front Street. Note
extensive cracking of the brick and mortar surround the opening (photograph taken on 04/04/2017).

BASEMENT INTERIOR – ADDITIONAL PHOTOGRAPHY

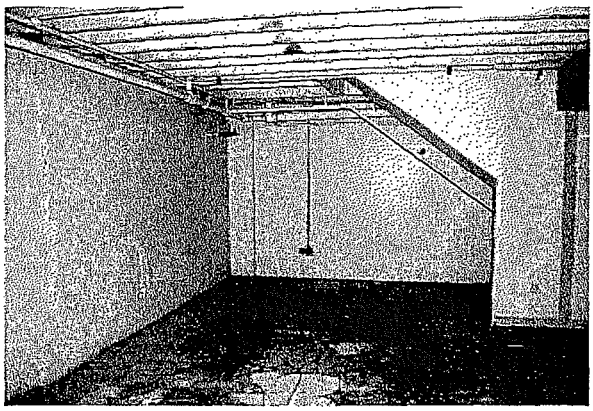


Figure 115 Interior photograph at the basement. Note seam between concrete and stone foundations (left). Photograph was taken on 04/04/2017.

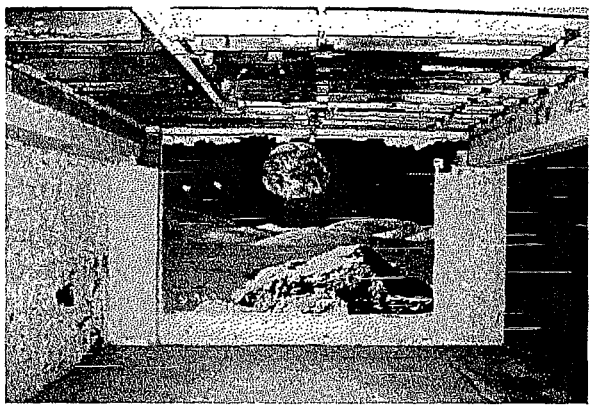


Figure 116 Extant mural in the basement level, not historic (photograph taken on 04/04/2017)

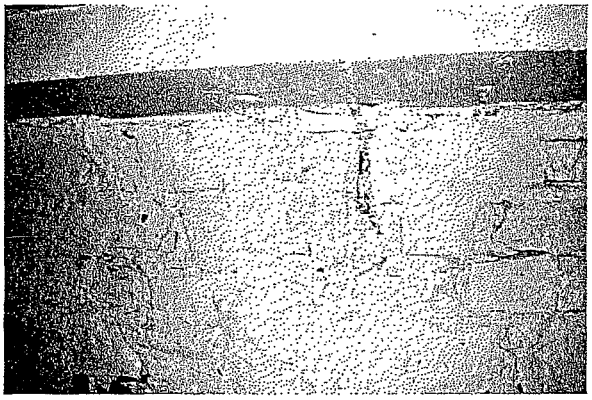


Figure 117 Detail view of south foundation wall. Note irregularly-cut and laid fieldstone (photograph taken on 04/04/2017).

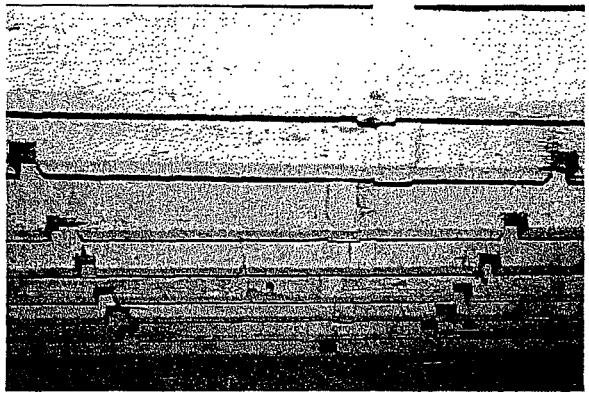


Figure 118 Interior photograph of the ceiling joists at the basement level (photograph taken on 04/04/2017).

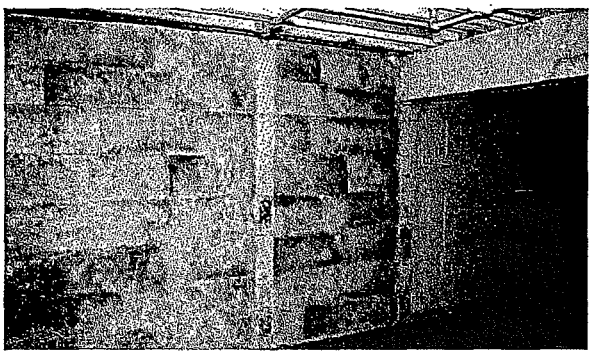


Figure 119 Interior photograph of the eastern foundation. Note regularly-cut and laid fieldstone (photograph taken on 04/04/2017).

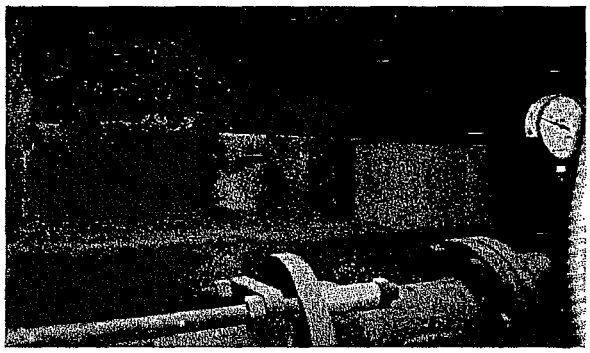


Figure 120 Detail view of historic stairway to 1879 opium vault (now filled in). Photograph was taken on 04/04/2017.

UPPER LEVEL AND ATTIC INTERIOR – ADDITIONAL PHOTOGRAPHY

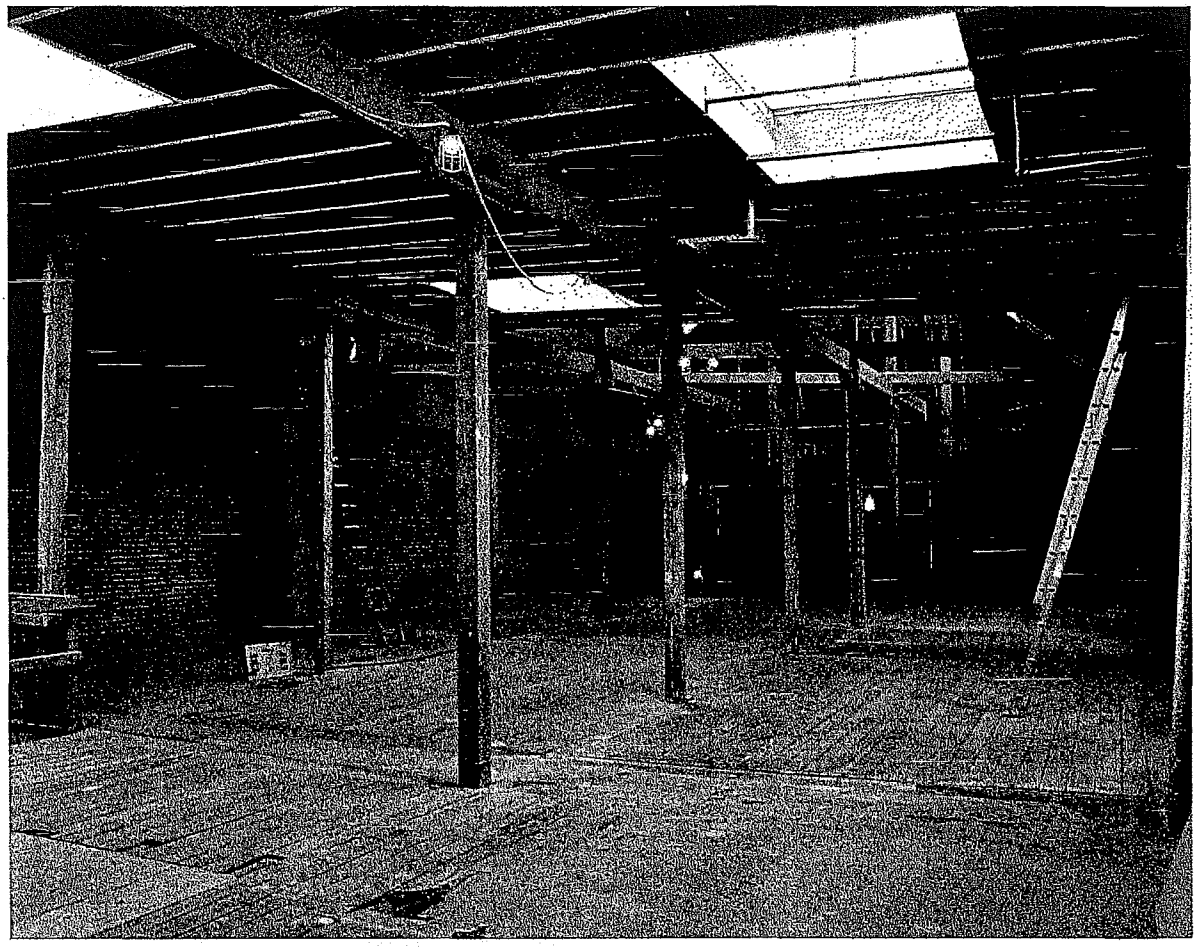


Figure 121 Interior photograph at the upper level, looking east (photograph taken on 04/04/2017).

Figure 122 Detail view of structural timber construction at the upper level (photograph taken on 04/04/2017).

Figure 123 Interior photograph of structural system in the foreground and underside of the steep-pitched roof (photograph taken on 04/04/2017).

Figure 124 Interior photograph of upper level story, looking east (photograph taken on 04/04/2017).

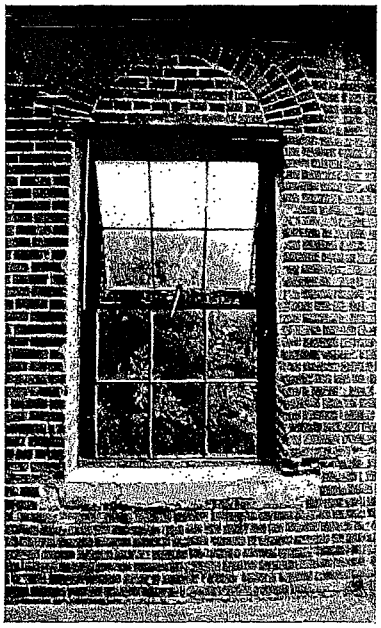


Figure 125 Interior photograph of typical deterioration around window opening (photograph taken on 04/04/2017).

Figure 126 Detail view of rafter-to-masonry construction at the upper level. Note deteriorated mortar joints, efflorescence, and iron staining (photograph taken on 04/04/2017).

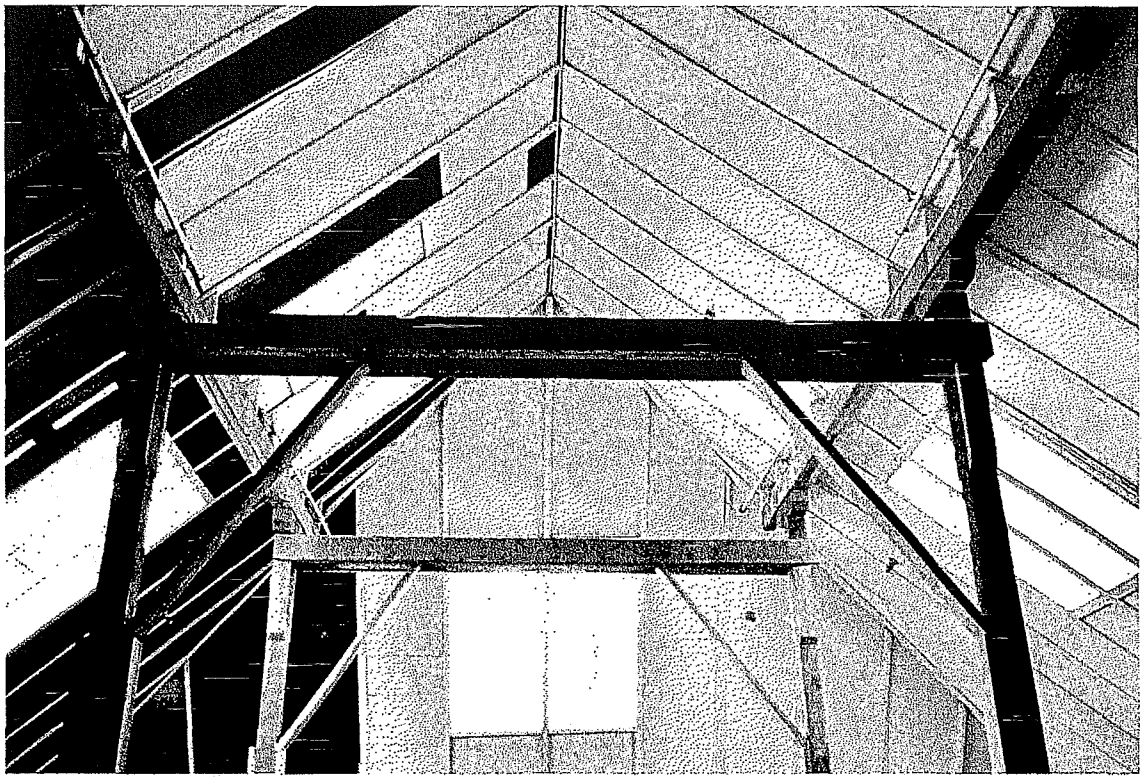


Figure 127 Interior photograph of steep-pitched roof section. Note use of white-faced particle board and corrugated metal roof construction (photograph taken on 04/04/2017).

Figure 128 Detail photograph of window hardware on the second floor. Four of these are used in each window, two lower and two upper. This is believed to be the earliest construction type found for the windows (photograph taken on 04/04/2017).

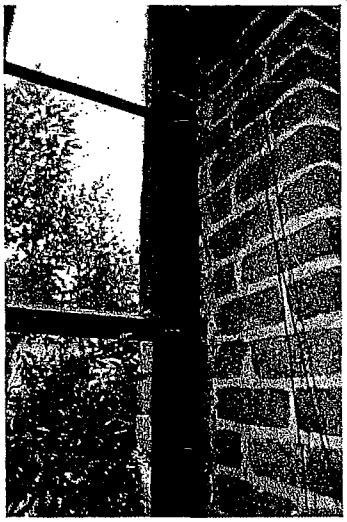


Figure 129 Detail photograph of window hardware on the second floor. Same window as left image. This is believed to be the earliest construction type found for the windows (photograph taken on 04/04/2017).

Figure 130 Detail photograph of window hardware on the second floor. Same window as previous two images. This is believed to be the earliest construction type found for the windows (photograph taken on 04/04/2017).

Figure 131 Detail view of cracking pattern found in the reinforced concrete member on the upper story. Note through-cracking: the crack runs the height of the beam and run perpendicular to its width all the way to the exterior brick wall. Stabilization of these structural member has been attempted with thin wooden planks. Also note bolt (right) from steel tie-back, which anchors the exterior walls to the reinforced concrete members (photograph taken on 04/05/2017).

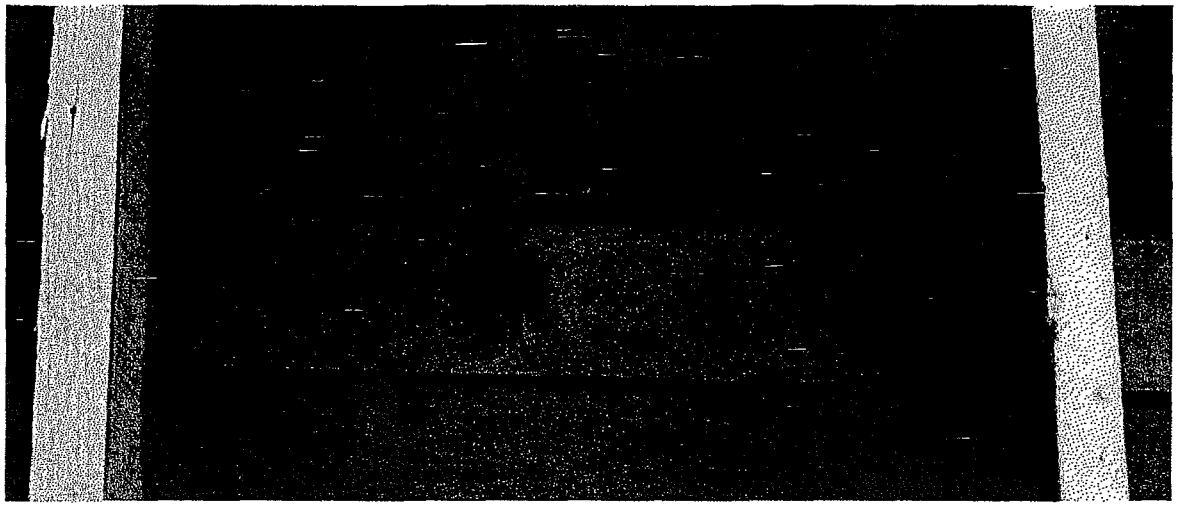


Figure 132 Detail of roof construction on the east wall. Only roof wall found to have wood instead of corrugated metal (photograph taken on 04/05/2017).

Figure 133 Typical condition of cracked bricks around window openings (photograph taken on 04/10/2017).

ROOF – ADDITIONAL PHOTOGRAPHY

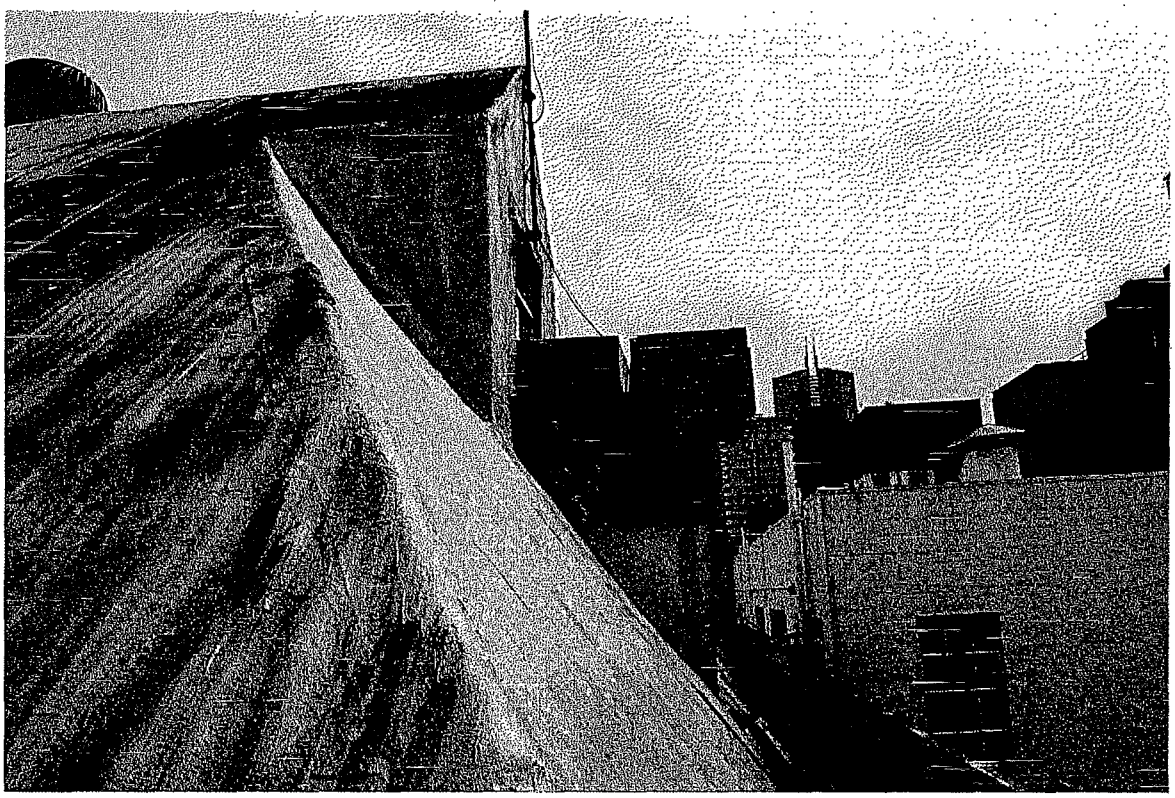


Figure 134 Photograph of western side of roof. Note mechanical equipment ran through the window opening (photograph taken on 04/05/2017).

Figure 135 Detail photograph from the roof. Note use of steel I-beams and nominally cut wood to elevate and support HVAC (photograph taken on 04/05/2017).

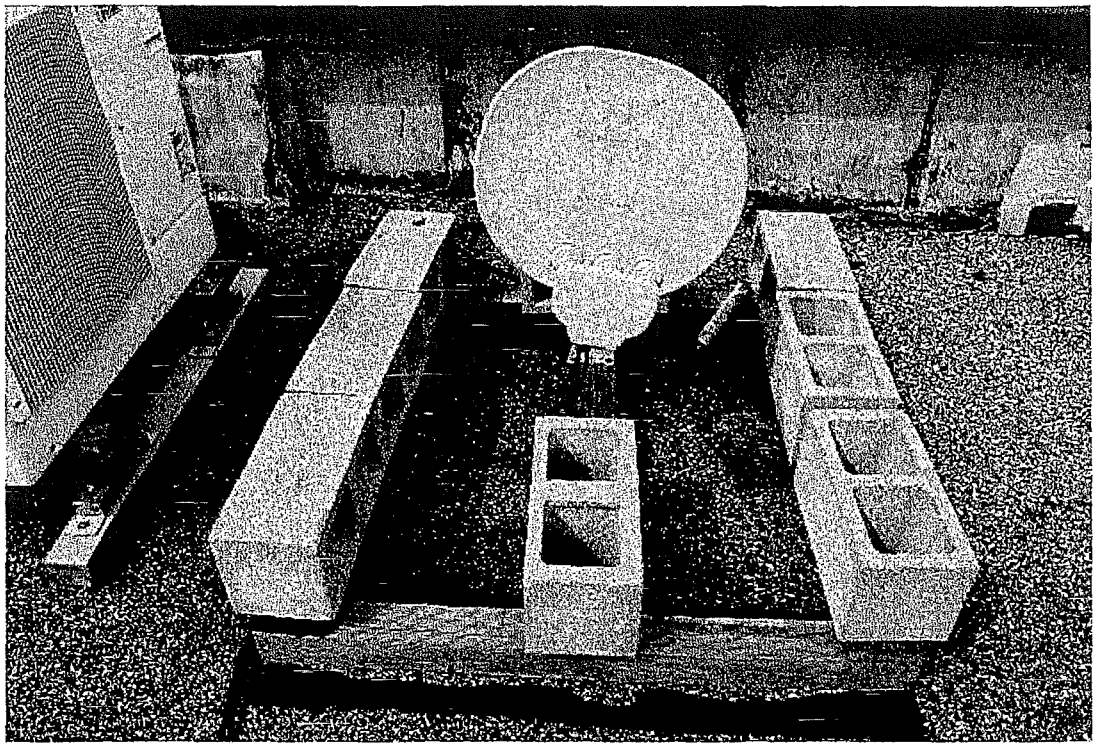


Figure 136 Detail of satellite dish installation. Note use of cinderblocks to weigh down nominally cut wood (cinderblocks are not anchored to the roof). Photograph was taken on 04/05/2017.

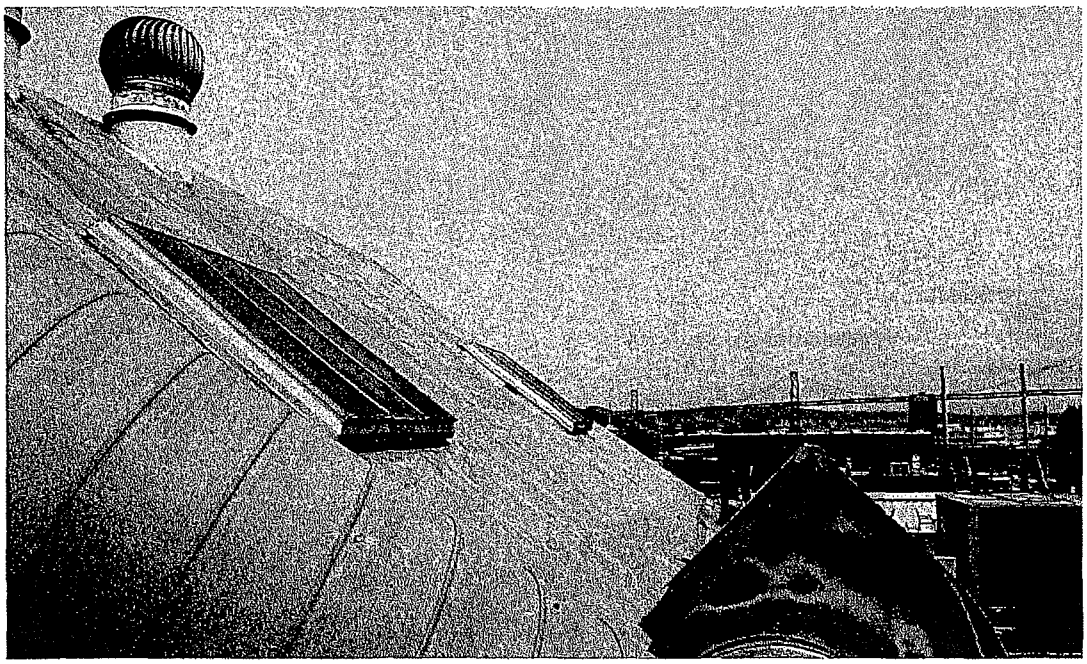
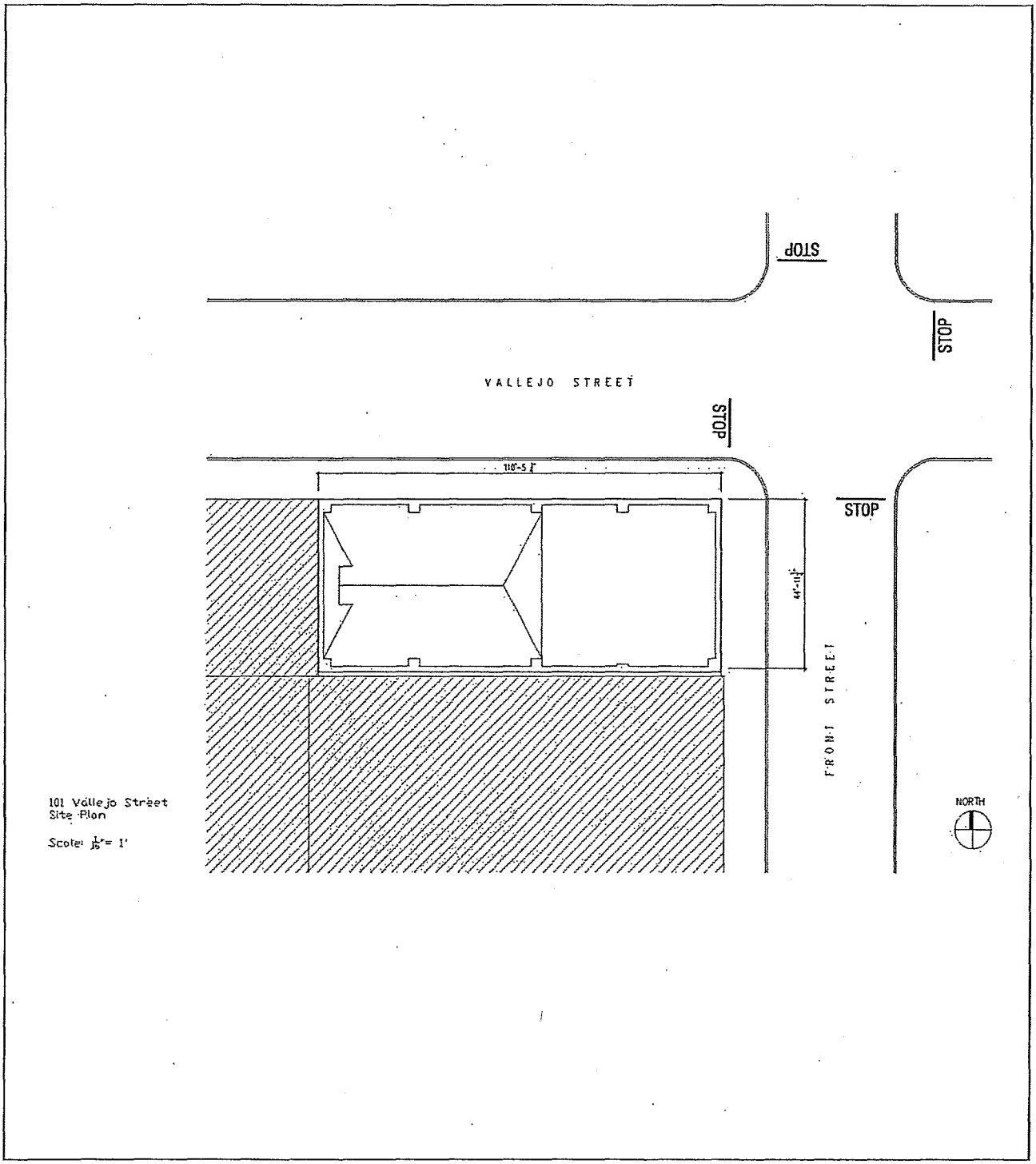


Figure 5 Photograph of eastern side of hipped roof (photograph taken on 04/0502017).

V. SITE PLAN


STOP
STOP
VALLEJO STREET
STOP
STOP
FRONT STREET
NORTH
101 Vallejo Street
Site Plan
Scale: 1/8"= 1'

VI. TAX BILL

City & County of San Francisco
José Cisneros, Treasurer
David Augustine, Tax Collector
Secured Property Tax Bill
For Fiscal Year July 1, 2016 through June 30, 2017

133

1 Dr. Carlton B. Goodlett Place
City Hall, Room 140
San Francisco, CA 94102
www.sftreasurer.org

Vol	Block	Lot	Account Number	Tax Rate	Original Mail Date	Property Location
02	0141	013	014100130	1.1792%	October 14, 2016	101 VALLEJO ST

Assessed on January 1, 2016
To: LPF 101 VALLEJO INC

855 FRONT STREET LLC
610 W ASH ST SUITE 1503
SAN DIEGO CA 92101

Assessed Value		
Description	Full Value	Tax Amount
Land	4,085,005	48,170.37
Structure	1,750,715	20,644.43
Fixtures		
Personal Property		
Gross Taxable Value	5,835,720	68,814.81
Less HO Exemption		
Less Other Exemption		
Net Taxable Value	**5,835,720**	**$68,814.81**

Direct Charges and Special Assessments

Code	Type	Telephone	Amount Due
89	SFUSD FACILITY DIST	(415) 355-2203	36.06
91	SFCCD PARCEL TAX	(415) 487-2400	79.00
98	SF - TEACHER SUPPORT	(415) 355-2203	236.98

VENDOR KEY (S)	INVOICE #	INVOICE DATE
V-Sang05	"014100130 16/17-1"	10/14/16
2016/17 Prop taxes - 1st installment		

PROP #	GL ACCOUNT # (8 DIGIT)		AMOUNT
133	5400	1100	345842
TOTAL			

SITE MGR RPM DPM ACCT PREP BY

PAID 10316

$352.04

TOTAL DUE **$69,166.84**

1st Installment	2nd Installment
$34,583.42	$34,583.42
Due: November 1, 2016	Due: February 1, 2017
Delinquent after Dec 10, 2016	Delinquent after April 10, 2017

Pay online at SFTREASURER.ORG
Keep this portion for your records. See back of bill for payment options and additional information.

City & County of San Francisco
Secured Property Tax Bill
For Fiscal Year July 1, 2016 through June 30, 2017

Pay online at SFTREASURER.ORG

Vol	Block	Lot	Account Number	Tax Rate	Original Mail Date	Property Location
02	0141	013	014100130	1.1792%	October 14, 2016	101 VALLEJO ST

☐ Check if contribution to Arts Fund is enclosed.
For other donation opportunities go to www.Give2SF.org

Detach stub and return with your payment.
Write your block and lot on your check.
If property has been sold, please forward bill to new owner.

San Francisco Tax Collector
Secured Property Tax
P.O. Box 7426
San Francisco, CA 94120-7426

SECURED 1

Delinquent after December 10, 2016

1st Installment Due
$34,583.42

If paid or postmarked after December 10, 2016 the amount due (includes delinquent penalty of 10% and other applicable fees) is: $38,041.76

020141000130D 006685 000000000 000000000 0000 1003

VII. RENTAL INCOME INFORMATION

855 Front Street

Sale Price	$	11,017,500.00	$	650.00
Capital Improvements	$	4,500,000.00	$	150.00
Total Equity	$	15,517,500.00	$	915.49

INCOME (MONTHLY)

UNIT		PRICE PER SQ/FT		SQ FT		MONTHLY RENT	
Basement	$	45.00		5,105	$	229,725.00	
1st Floor	$	55.00		5,568	$	306,240.00	
2nd Floor	$	55.00		6,277	$	345,235.00	
		51.67	ANNUAL REVENUE:		$	881,200.00	16,950.00

EXPENSES (ANNUAL)

Property Taxes	BASE ONLY	$	137,718.75
Insurance		$	80,000.00
Janitorial		$	50,000.00
Management	2%	$	22,525.50
Other		$	60,000.00
ANNUAL EXPENSES:		$	350,244.25

NET OPERATING INCOME

Gross Income	$	881,200.00
Expenses	$	(350,244.25)
Net Operating Income	$	530,955.75
CAP:		3.42%

Price at caps		
6.0%		5.0%
$ 8,849,262.50	$	10,619,115.00

VIII. BIBLIOGRAPHY

Bloomfield, Anne. "National Register of Historic Places Nomination Form: Gibb, Daniel & Co. Warehouse." 1977.

"Pre-1906 Waterfront Landmark Restored." *San Francisco Examiner.* 1973.

Richards, Rand. "Embarcadero: The Old Waterfront," Historic Walks in San Francisco: 18 Trails Through the City's Past." 2008.

"San Francisco Landmark Designation: Gibb-Sanborn Warehouse." 1977. http://sfplanninggis.org/docs/landmarks_and_districts/LM91.pdf

IX. MCGINNIS CHEN WATERPROOFING REPORT

McGinnis Chen Associates Inc
ARCHITECTS I ENGINEERS

24 April 2017 Via Email (Jesse@brickandtimbercollective.com)

Mr. Jesse Feldman
Brick and Timber Collective
590 Pacific Ave
San Francisco, CA 94133

Re: 855 Front Street Roof – #17122.00 RP
Subj: Roof Observation Report

Dear Mr. Feldman,

McGinnis Chen Associates, Inc. (MCA) observed the existing roof conditions at 855 Front Street (Project) in San Francisco, CA. The scope of this evaluation included observations and evaluations of the existing conditions and preliminary recommendations for remedial work.

Project and Building Information

The Project consists of a two-story historical office building located on the corner of Front Street and Vallejo Street in San Francisco, CA. The building has an approximately 5,000 square feet footprint and was built in 1906. The Client recently purchased the building and is renovating it to turn it into a single tenant office space. The building was seismically retrofitted a few years ago, and new concrete columns and moment frames were installed within the building. Several leaks through the roof have been reported, and there is evidence of historical leaks within the building.

The building is on the National Registry for Historic Buildings, and therefore will require extensive planning approval if there are any changes to the exterior of the building. The Client had asked MCA to perform a survey and evaluation of the existing roof conditions and provide preliminary recommendations for repair.

Methodology

MCA performed the following actions for the survey:

- MCA made visual observations of the roofing on Tuesday, 18 April 2017, and took several representative photographs.
- MCA measured the slope of the roofing using an electronic level.
- MCA discussed the history of the roofing and leak information with the Client.

1019 Mission Street PHONE 415.986.3873
San Francisco FAX 415.296.0586
California 94103 www.mcaia.com

2386 Fair Oaks, 200-G PHONE 916.979.1303
Sacramento FAX 916.244.7348
California 95825 www.mcaia.com

Observations

There are two (2) different roofing systems on the building. On the West half of the building, there is a steep slope roof that appears to have a modified bitumen sheet that is set in asphaltic adhesive and coated with an aluminum roof coating (Photo 1). The substrate for the steep slope appears to be a variety of layers and has been added on and modified throughout the years (Photos 2 – 5). Some of the substrate appears to be wood sheathing over corrugated sheet metal, and some of the substrate appears to be wood sheathing with no corrugated sheet metal. MCA observed what appeared to be roofing tar or adhesive leaking through the joints in the sheathing (Photo 6). On some portions of the steep sloped roof, MCA observed moderate to severe decay in the wood framing (Photos 7 – 8). MCA also observed moderate to severe deterioration of the brick and mortar joints along the perimeter of the steep slope roof on the interior of the building (Photo 9).

The steep slope roof ends in a perimeter drainage trough that runs along the roof side of the brick parapet (Photo 10). There is a sheet metal base flashing at the bottom of the steep slope roof (Photo 11). This sheet metal flashing was also observed on the interior of the building and did not appear to be set in sealant. MCA also observed that some of the sheathing is exposed and decaying at the base of the steep slope roof. The concrete columns that were used to seismically retrofit the building extend up the parapet and have blocked off drainage, and have created ponding within the perimeter drainage trough in several locations (Photo 12). Several leaks to the interior were observed around the perimeter of the steep slope roof.

There are skylights located on the four (4) sides of the steep slope roof (Photos 13 – 14). Leaks were observed at the head and sill of these skylights. Bio-growth and decay were observed on the interior framing of some of the skylights.

There is some equipment located on the West side of the steep slope roof that does not appear to be well sealed (Photos 15 – 16).

On the East side of the building is a low slope roof with built-up roofing (BUR) and gravel topping (Photo 17). The roofing sheet extends up and over the top of the parapet (Photo 18). This sheet was coated with an aluminum roof coating. There are several HVAC equipment, mechanical equipment, and skylights on this low slope roof (Photo 19). Only one (1) leak was noted at this low slope roof, and it is located at the junction of the steep roof Northeast corner and the Northwest corner of the low slope BUR (Photo 20).

The roof drains to two (2) through-wall scuppers with downspouts on the North side of the building (Photo 21 – 23). The base of the downspouts free flow to the sidewalk below and do not have a splash guard. The slope on low slope roof was measured to be 5/8 inch in 12 inches (Photo 24). The slope on the steep slope roofs measured to be 8-7/8 inches in 12 inches on two (2) sides and 18-1/4 inches in 12 inches on two (2) sides (Photos 25 – 26).

Photo 1: Overview of steep slope roof.

Photo 2: Underside of steep slope roof.

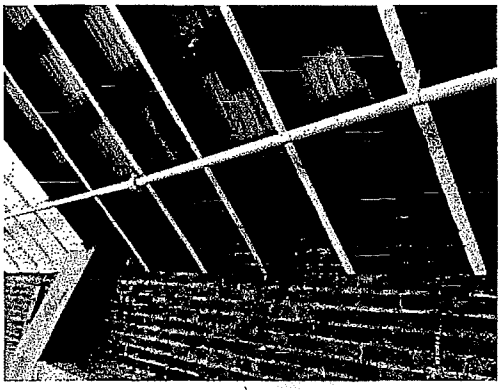


Photo 3: Underside of steep slope roof.

Photo 4: Steep slope roof with aluminum roofing coating.

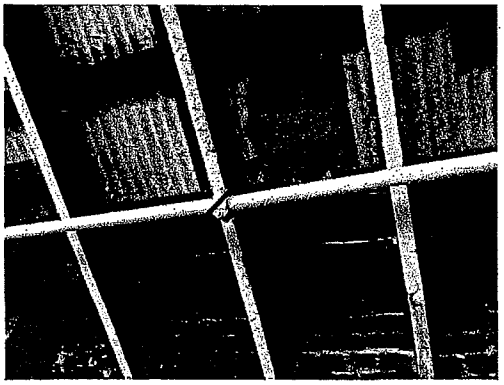


Photo 5: Hole from underside of steep slope roof that shows the variety of layers.

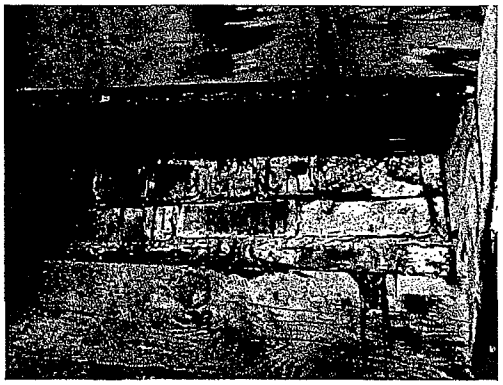


Photo 6: Roofing tar leaking through slats in wood sheathing.

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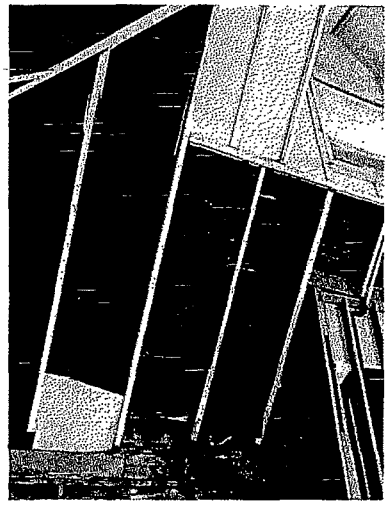

Photo 7: Severe decay in roof framing members.

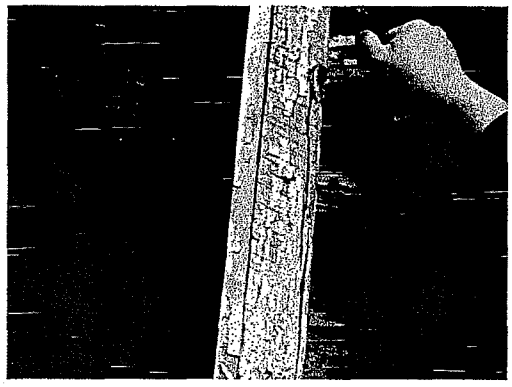

Photo 8: Severe decay in roof framing members.

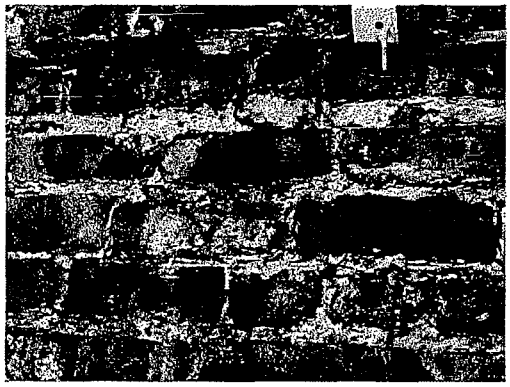

Photo 9: Deterioration in mortar joints of brick wall below gutter.

Photo 10: Perimeter drainage trough at base of steep slope.

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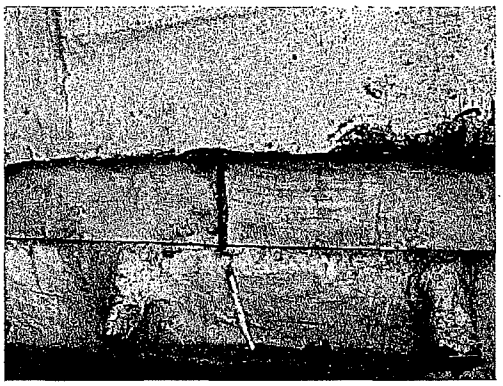

Photo 11: Sheet metal base flashing below the base of the steep slope roofing at the perimeter drainage trough.

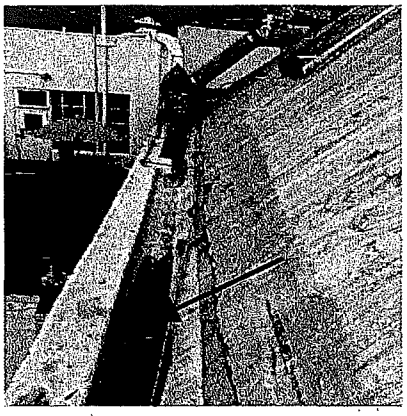

Photo 12: Ponding observed in perimeter drainage trough.

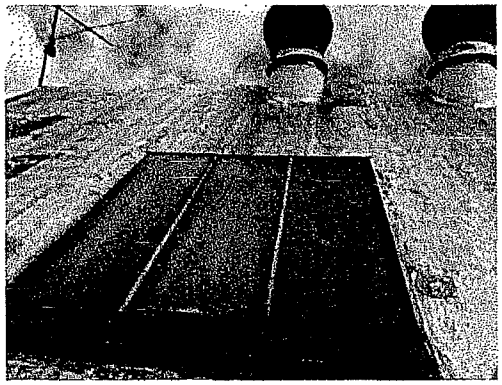

Photo 13: Skylight through steep slope roofing.

Photo 14: Leaks and decay observed in skylights on the underside.

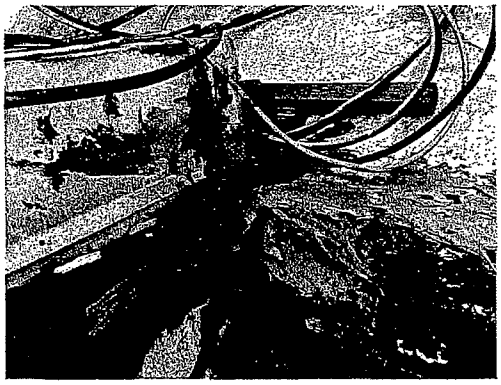

Photo 15: Equipment on West side of steep slope roof.

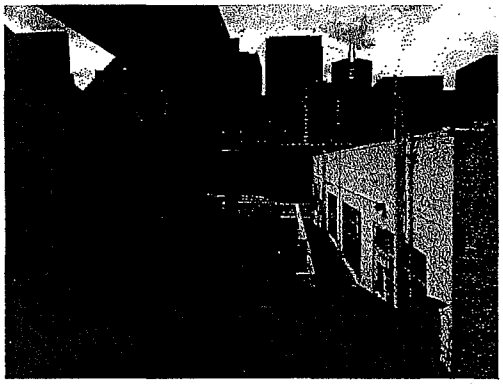

Photo 16: Equipment on West side of steep slope roof that is not well sealed.

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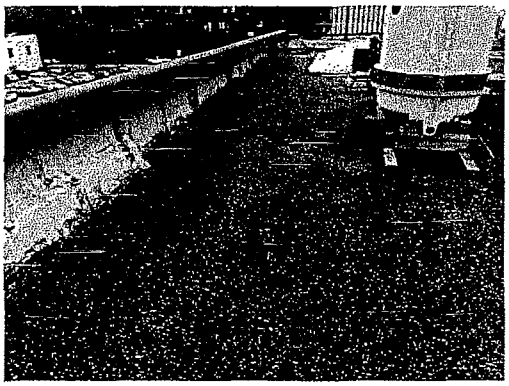

Photo 17: Low slope roof with built-up roof (BUR) and gravel topping.

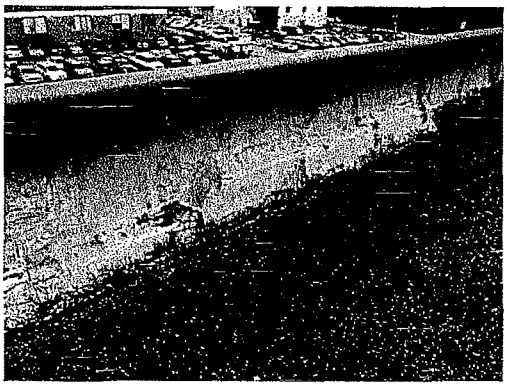

Photo 18: Roof sheet extends up brick parapet.

Photo 19: Several pieces of equipment and skylights on low slope roof.

Photo 20: Leak at Northeast corner of low slope roof where it intersects with steep slope roof.

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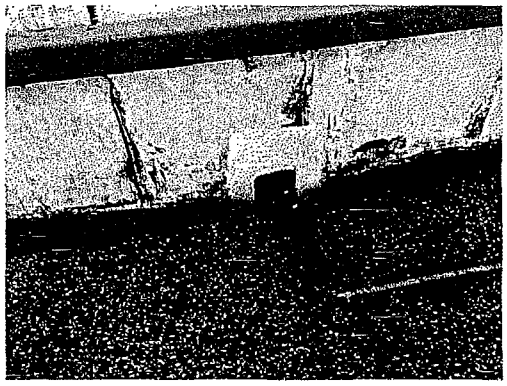

Photo 21: Through wall scupper.

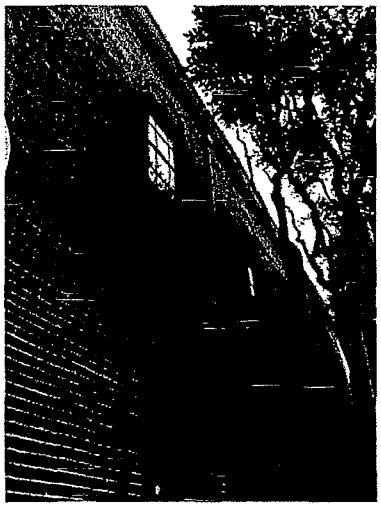

Photo 22: Downspout from through-wall drain.

Photo 23: Outlet of downspout at sidewalk.

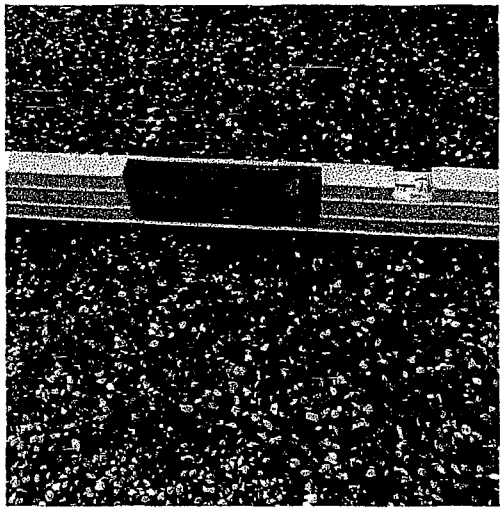

Photo 24: Slope on low slope roof measured to be 5/8 inch in 12 inches.

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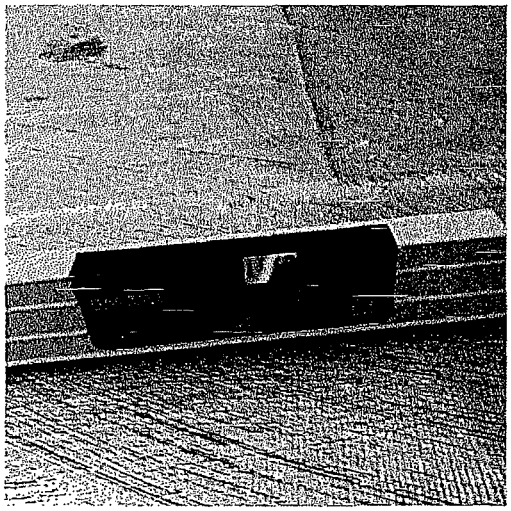

Photo 25: Slope on steep slope.

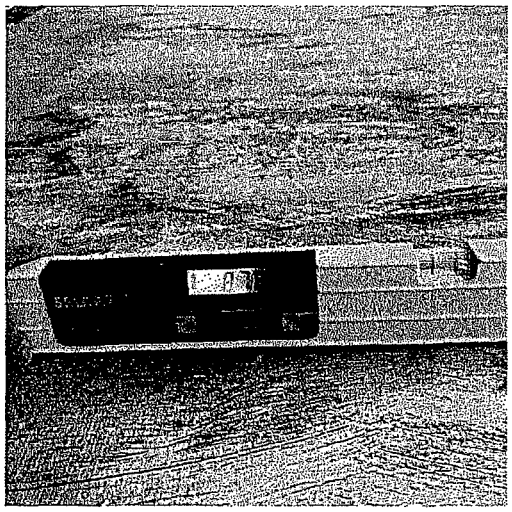

Photo 26: Slope on steep slope.

Evaluations

The sheet metal flashing at the base of the steep slope is not well sealed (Photo 11) and may be allowing water in behind the roofing at the perimeter of the steep slope roof. However, there appears to be sufficient overlap of the galvanized sheet metal flashing over the wood sheathing, which may be acceptable. Additionally, the ponding created by the retrofit concrete columns further exacerbates this problem by forcing water to build up and leak through open seams and holes in the concealed gutter.

There appear to be several layers of roofing on the steep slope roof. Without performing some destructive testing, the exact make up of the layers is unclear. As can be seen currently occurring at the building, the adhesive used to install the roofing pools at the bottom of the steep slope roof and leaks through any seams and joints in the sheathing. If not properly fastened and sealed, the sheets may slip downward by gravity, and over time, pull and possibly tear at the top, creating more leaks. If and when it is decided to replace the roof on the steep slope, it is recommended to replace it with a more appropriate steep slope roofing material, such as composite asphalt shingles over a self-adhered vapor permeable underlayment.

The decay on the interior framing and sheathing will need to be repaired prior to new roofing being installed. The substrate needs to be sound in order for the roofing to be applied.

The skylights also appear to be allowing water in at the joints in the skylight and at the termination of the roofing at the skylight. It does not appear that this termination is well sealed to the skylight curb.

The low slope built-up roof (BUR) with gravel topping appears to be in serviceable condition, with only one (1) leak reported near the intersection with the steep slope roof in the Northeast corner. The roofing on the parapet wall appears to be severely cracked. A coating is recommended at the parapet walls and the penetrations to extend the service life of the roof.

Recommendations

There are few different repair options. MCA has listed them in order of smallest repair to largest repair/replacement, in terms of cost and amount of repair work.

Option 1 – Small Roof Repair:

- Remove the bottom 3 feet of the roofing along the steep slope roof and completely rebuild the perimeter drainage trough. MCA recommends installing the following: new pressure treated (PT) framing; a new pressure treated (PT) plywood waterway that clears all obstruction; self-adhered sheet membrane (SASM) to line the base of the roof, the trough, and the parapet; install a fully soldered sheet metal gutter that tucks under the roofing membrane on the steep slope roof and up the parapet wall; install a coping cap that covers the top of the parapet wall and extends 4-inches down the side; and install new Polymethyl Methacrylate (PMMA) roof coating to transition between the roofing membrane and the new sheet metal gutter flashing. The coping cap may only be installed on the South side of the building, where it is not visible from public right of way. New gutter will be sloped to drain and will remediate ponding. *MCA estimates for 260 feet of this repair a cost of approximately $65,000.*

- Removal and repair or replacement of equipment on steep slope roof to improve sealing and termination of roofing at equipment. *MCA estimates approximately $5,000.*

- Remove approximately 12 inches of roofing around the skylights to tie-in new roofing termination. Wet seal joints in skylight. *MCA estimates approximately $8,000.*

- Coat parapet walls and penetrations in low slope roof with PMMA coating. *MCA estimates approximately $15,000.*

The total estimated cost, with a 20% contingency, of the above mentioned repairs is $111,600. MCA estimates that the above repairs can extend the life of the roofing by about five to seven (5 – 7) years.

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Option 2 – Replace Steep Slope Roof:

- Full replacement of roofing on steep slope with self-adhered sheet membrane (SASM) on the substrate and composite asphalt shingles. The sheathing would also need to be replaced to provide a suitable substrate for the membrane. By the time the Option 1 repairs are implemented, it may be prudent to replace the entire roofing on the steep slope. Option 1 repairs are estimated to replace about 25% of the steep slope roofing. *MCA estimates approximately $90,000.*

- Removal and repair or replacement of equipment on steep slope roof to improve sealing and termination of roofing at equipment. *MCA estimates approximately $5,000.*

- MCA recommends completely rebuilding the perimeter drainage trough. MCA recommends installing the following: new pressure treated framing; a new pressure treated plywood waterway that clears all obstruction; self-adhered sheet membrane (SASM) to line the base of the roof, the trough, and the parapet; install a fully soldered sheet metal gutter that tucks under the roofing membrane on the steep slope roof and up the parapet wall; and install a coping cap that covers the top of the parapet wall and extends 4 inches down the side. The coping cap may only be installed on the South side of the building, where it is not visible from public right of way. New gutter will be sloped to drain and will remediate ponding. *MCA estimates for 260 feet of this repair a cost of approximately $50,000.*

- Wet seal joints in skylight. *MCA estimates approximately $5,000.*

- Coat parapet walls and penetrations in low slope roof with PMMA coating. *MCA estimates approximately $15,000.*

The total estimated cost, with a 20% contingency, of the above mentioned repairs is $198,000. The new roof on the steep slope would have a 20 year warranty and service life. MCA estimates an extended service life of the low slope roof would be five to seven (5 – 7) years.

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Option 3 – Full Roof Replacement:

It is recommended to consider replacement of the entire roof in five (5) years. If the Client decides to install a new roof, MCA recommends the following items for a full roof replacement, with an expected service life and warranty of twenty (20) years.

- Re-roof with new two-ply Styrene Butadiene Styrene (SBS) modified bitumen roofing with Energy Code compliant granule surfacing on the low slope roof.
- Upturn roofing on penetrations 8 inches and terminate.
- Replace all flexible conduits with rigid conduits and provide proper roofing detailing.
- Re-roof steep slope roof with self-adhered sheet membrane (SASM) on the substrate and composite asphalt shingles. The sheathing would also need to be replaced to provide a suitable substrate for the membrane.
- MCA recommends completely rebuilding the perimeter drainage trough. MCA recommends installing the following: new pressure treated (PT) framing, a new pressure treated (PT) plywood waterway that clears all obstruction, self-adhered membrane (SASM) to line the base of the roof, the trough, and the parapet, install a fully soldered sheet metal gutter that tucks under the roofing membrane on the steep slope roof and up the parapet wall, install a coping cap that covers the top of the parapet wall and extends 4 inches down the side. The coping cap may only be installed on the South side of the building, where it is not visible from public right of way. New gutter will be sloped to drain and will remediate ponding.

MCA estimates a rough order of magnitude (ROM) budget, with a 20% contingency of approximately $240,000 to complete the above-mentioned re-roofing items. This will provide a 20 year warranty and service life for the entire roof.

The decayed wood framing on the interior of the building will also need to be repaired prior to roof repair, but MCA assumes that repair will be included in the overall building remodel.

If you have any questions or concerns, please do not hesitate to contact us.

Sincerely,

Erica Reynolds, P.E.
Project Manager

ER:YJC:jb

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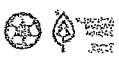

SAN FRANCISCO
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October 10, 2017

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

Re: Transmittal of Planning Department Case Numbers: 2017-005434MLS; 2017-005884MLS; 2017-004959MLS; 2017-005396MLS; 2017-005880MLS; 2017-005887MLS; 2017-005419MLS; 2017-006300MLS

Eight Individual Mills Act Historical Property Contract Applications for the following addresses: 215 and 229 Haight Street (formerly 55 Laguna Street), 56 Potomac Street; 60-62 Carmelita Street; 101 Vallejo Street; 627 Waller Street; 940 Grove Street; 973 Market Street; 1338 Filbert Street

BOS File Nos: _____ (pending)

Historic Preservation Commission Recommendation: *Approval*

Dear Ms. Calvillo,

On October 4, 2017 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. At the October 4, 2017 hearing, the Commission 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, 2017. 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 these expenditures and will enable the Project Sponsors to maintain the 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.

The Mills Act Historical Property Contract is time sensitive. Contracts must be recorded with the Assessor-Recorder by December 30, 2017 to become effective in 2018. 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: Erica Major, Office of the Clerk of the Board
Andrea Ruiz-Esquide, City Attorney's Office

Attachments:
Mills Act Contract Case Report, dated October 7, 2015

215 and 229 Haight Street (formerly 55 Laguna Street)
Historic Preservation Commission Resolution
Draft Mills Act Historical Property Contract
Draft Rehabilitation & Maintenance Plans
Draft Mills Act Valuation provided by the Assessor-Recorder's Office
Mills Act Application
Historic Structure Report

56 Potomac Street
Historic Preservation Commission Resolution
Draft Mills Act Historical Property Contract
Draft Rehabilitation & Maintenance Plans
Draft Mills Act Valuation provided by the Assessor-Recorder's Office
Mills Act Application

60-62 Carmelita Street
Historic Preservation Commission Resolution
Draft Mills Act Historical Property Contract
Draft Rehabilitation & Maintenance Plans
Draft Mills Act Valuation provided by the Assessor-Recorder's Office
Mills Act Application

101 Vallejo Street
Historic Preservation Commission Resolution
Draft Mills Act Historical Property Contract
Draft Rehabilitation & Maintenance Plans
Draft Mills Act Valuation provided by the Assessor-Recorder's Office
Mills Act Application
Historic Structure Report

627 Waller Street
Historic Preservation Commission Resolution
Draft Mills Act Historical Property Contract
Draft Rehabilitation & Maintenance Plans
Draft Mills Act Valuation provided by the Assessor-Recorder's Office
Mills Act Application

940 Grove Street
Historic Preservation Commission Resolution
Draft Mills Act Historical Property Contract
Draft Rehabilitation & Maintenance Plans
Draft Mills Act Valuation provided by the Assessor-Recorder's Office
Mills Act Application
Historic Structure Report

973 Market Street
Historic Preservation Commission Resolution
Draft Mills Act Historical Property Contract
Draft Rehabilitation & Maintenance Plans
Draft Mills Act Valuation provided by the Assessor-Recorder's Office
Mills Act Application
Historic Structure Report

1338 Filbert Street
Historic Preservation Commission Resolution
Draft Mills Act Historical Property Contract
Draft Rehabilitation & Maintenance Plans
Draft Mills Act Valuation provided by the Assessor-Recorder's Office
Mills Act Application
Historic Structure Report

SAN FRANCISCO
PLANNING DEPARTMENT

DATE: November 8, 2017

TO: Chair Kim and Members of the Government Audit and Oversight Committee

FROM: Tim Frye, Historic Preservation Officer, (415) 575-6822

RE: **Follow-up regarding pending Mills Act Contract applications and Government Audit and Oversight Committee comments and questions.**

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The Planning Department is providing the following information at the request of the Government Audit and Oversight Committee of the Board of Supervisors. The request was made at its November 1, 2017 committee hearing regarding pending Mills Act Contract applications currently under review by the City and County of San Francisco.

Planning staff also provided the HPC with an overview of the comments and concerns raised by the GAO Committee at its November 1, 2017 HPC hearing. In response, President Andrew Wolfram directed Planning Staff to schedule a hearing to discuss how the program can better align with the Committee's intent for the program. We will notify the Committee when the hearing is scheduled. It's anticipated it will be scheduled in early 2018 to allow for improvements to the program to be incorporated into the 2018 application cycle.

To prevent a reoccurrence of the quality of the Committee's 2017 information packet and to maintain an ongoing line of communication with the Board of Supervisors, the Department has revised its application procedures to include the following:

First Business Day in May – Applications Submitted to Planning Department
Within 15 days of Application Receipt – District Supervisors will be notified of applications received in their respective districts
Last Business Day in May - All enforcement, complaints and Ellis Act cases will be noted. (This milestone may be revised pending HPC and Board action regarding Mills Act qualifications for 2018)
First Business Day in June - District Supervisors will be notified of applications that are forwarded to the Assessor-Recorder as well as any application not transmitted due to enforcement issues, incomplete information, etc.
Mid-September - District Supervisors and Government Audit and Oversight Committee Chair will be notified of valuation and the advance HPC hearing date
First Wednesday in October – HPC Hearing on pending Mills Act Applications
Fist Friday in October - District Supervisors and Government Audit and Oversight Committee Chair will be notified of HPC hearing results and date of transmittal of Mills Act application to the Clerk of the Board of Supervisors.
Two Weeks Prior to Government Audit and Oversight Committee Hearing – Department will schedule any Supervisor briefings, if requested

Pending Mills Act Contracts:

215 and 219 Haight Street: The pending Mills Act application for Woods Hall and Woods Hall Annex are under the same ownership as the remainder of the San Francisco Teacher's College site. There is an

outstanding enforcement, Case No. 2017-008046ENF, opened on June 27, 2017 for 155 Laguna St, Unit 59 for illegal office use and is under review. The building at 155 Laguna is a contemporary building located on the site. It appears, however, another recent enforcement case was opened on October 23, 2017 regarding a 4x4 piece of wood bolted to the northeast corner of Richardson Hall. The Department is also investigating this current complaint.

56 Potomac Street: The subject property currently has a Mills Act Contract granted by the Board of Supervisors in 2013, File No. 13159. The applicant proposes to amend the 2013 Mills Act Contract to complete a remodel of the interior and construct additions. As part of the new contract the property owner proposes to restore the front façade. At the November 1, 2017 hearing Supervisor Peskin suggested the pending Certificate of Appropriateness be resolved before considering the new contract. Based on the proposed scope of work, the pending Certificate of Appropriateness cannot be approved by the Historic Preservation Commission as the work to the rear façade is in conflict with the rehabilitation outlined in the current contract.

60-62 Carmelita Street: According to Rent Board documentation, the tenants in 60 Carmelita and 62 Carmelita applied for protected status on August 7, 2015. Documentation shows a declaration of landlord buyout on November 24, 2015 for 62 Carmelita Street; however, the Rent Board does not have the paperwork on file. An owner move-in was filed on December 31, 2015. The Department has made another request to the Rent Board for more information. We will forward the information once received.

973 Market Street: While the proposed application was not before the committee, Planning staff stated that the open enforcement action on the property was to be closed by November 3, 2017. Based on updated information from the City Attorney's Office, the property owners' attorney has expressed strong interest in resolving the violation by paying the full penalty amount including accrued any interest. The City Attorney's Office is in negotiations with the property owners' attorney, and if successful, believes the enforcement action and the pending actions against the City challenging the penalty can be resolved by the end of November.

All Pending Mill Act Contract Applications: Should the Chair decide to hear any of the pending items at its last Committee hearing in December, the Department will work with the Clerk and all parties to schedule accordingly.

Mills Act Contracts are accepted by the Department on the first business day in May each year and complete applications are forwarded to the Office of the Assessor-Recorder the first business day of June each year. This provides the Assessor-Recorder's Office, the Planning Department, and the public with a predictable schedule for ensuring all decision-making bodies have time to review the pending applications within the calendar year. If the pending applications are not heard before the end of the calendar year, they may be reconsidered by the Board of Supervisors at a future hearing, outside of the standard May – June application cycle, provided the Assessor-Recorder has had an opportunity to revise its analysis.

Table of all current Mills Act Contracts to date: Please see attached table prepared by the Planning Department and the Assessor-Recorder's Office

San Francisco Mills Act Contracts

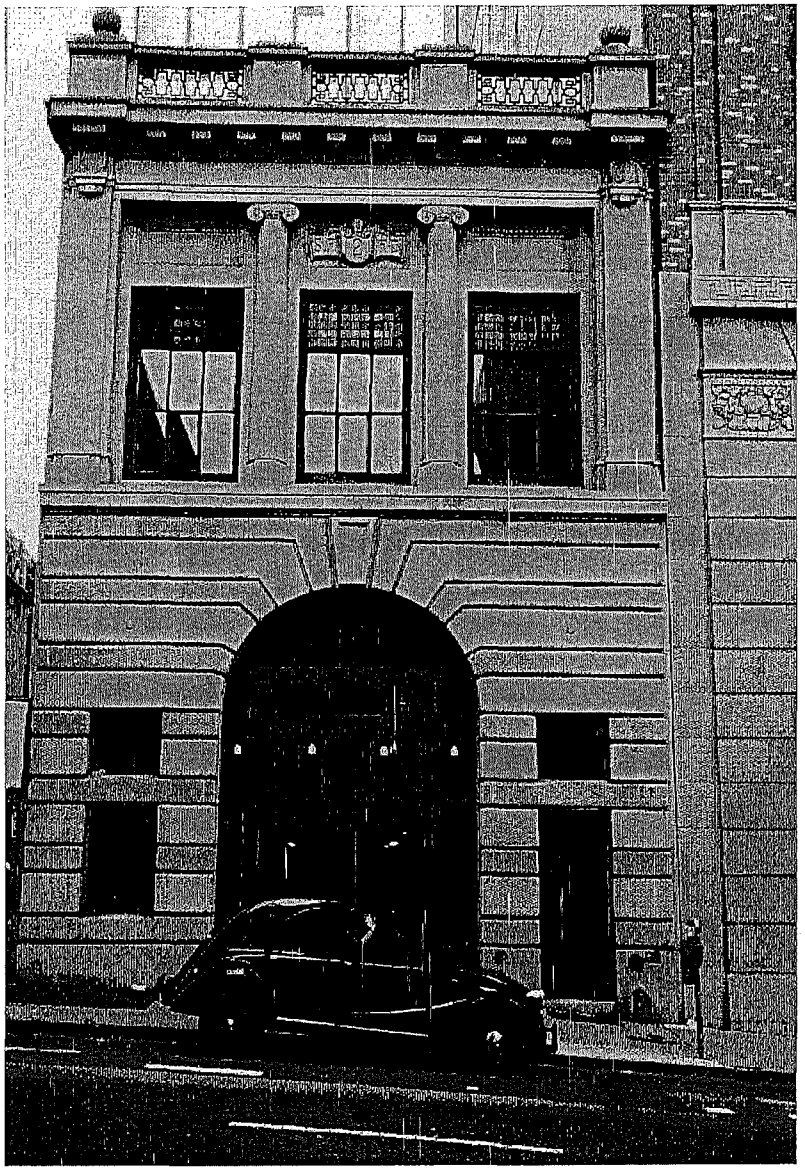
Contract #	Address	Property Owner	Historic Name	Block/Lot	Status	Type of Landmark	Date Filed at Dept.	Planning Case No.	Sent to ARO	Valuation Rec'd from ARO	Rehab/ Maintenance Plans Approved by HPC	HPC Resolution No.	Contract Approved by BOS	BOS File No.	Contract Recorded with ARO	2017-2018 Base Value	2017-2018 Mills Act Taxable Value	$ Reduction in Assessed Value	% Reduction in Assessed Value	Property Tax Savings (1.1723%)	Supervisor District
1	460 Bush St.	Alice Carey	Fire Station #2	0270/041	Approved	Article 10 (#143) Article 11 (KMMS-Cat 1)	01/05/02	2002.0092U			3/20/2002	556	5/13/2002	02-0640		$ 2,431,442	$ 2,431,442	$ -	0.00%	$0	4
2	1080 Haight St.	Fellmore Managment, LLC	John C. Spencer House	1236/018	Approved	National Register	08/17/05	2005.0690U				603	5/15/2007	07-0385	12/13/2007	$ 4,635,120	$ 3,550,000	$ (1,085,120)	-23.41%	-$12,721	5
3	1735 Franklin St.	Tad & Masumi Oride	Brandenstein House	0641/002	Approved	Article 10 (#126)	03/28/05	2005.0302U				612	8/7/2007	07-0701	11/27/2007	$ 3,003,117	$ 2,827,467	$ (175,650)	-5.85%	-$2,059	2
4	690 Market St.	RC Chronicle Bldg., LP	Chronicle Bldg.	0311/016	Approved	Article 11 Cat. II	01/03/08	2008.0014U				620	11/4/2008	08-1410		$ 107,993,060	$ 63,471,317	$ (44,521,743)	-41.23%	-$521,928	3
5	1818 California St.	Nakamura FLP	Lilienthal-Orville Pratt House	0641/004	Approved	Article 10 (#55)	12/01/08	2008.1327U				636	12/3/2010	09-1106	12/23/2010	$ 4,042,716	$ 2,322,562	$ (1,720,154)	-42.55%	-$20,165	2
6	201 Buchannan	Howard Stien and Jason Stien	Nightengale House	0858/002	Approved	Article 10 (#47)	7/8/2011	2011.0310U	6/1/2013	9/5/2013	10/16/2013	701	7/30/2013	13-0623	12/23/2013	$ 1,738,460	$ 1,670,000	$ (68,460)	-3.94%	-$803	5
7	2550 Webster St.	Gregory & Gloria McCandless	Bourn Mansion	0580/013	Approved	Article 10 (#38)	5/1/2013	2013.0679U	6/1/2013	12/3/2013	10/16/2013	715	12/16/2013	13-0479	12/26/2013	$ 3,203,037	$ 3,029,429	$ (173,608)	-5.42%	-$2,035	2
8	3769 20th St.	Thomas Ranese & Brian Jackson	N/A	3607/052	Approved	Article 10 (Liberty Hill)	5/1/2013	2013.0582U	6/1/2013	12/3/2013	10/16/2013	716	12/16/2013	13-0521	12/30/2013	$ 2,052,382	$ 1,190,000	$ (862,382)	-42.02%	-$10,110	8
9	1019 Market St.	Coby Dumin (Sentinel Development)	Carpets & Furniture Bldg.	3703/076	Approved	National Register (Market Street Theater & Loft District)	5/1/2013	2013.0576U	6/1/2013	12/3/2013	10/16/2013	714	12/16/2013	13-0506	12/30/2013	$ 49,965,526	$ 42,320,000	$ (7,645,526)	-15.30%	-$89,629	6
10	1772 Vallejo St.	John Moran	Burr Mansion	0552/029	Approved	Article 10 (# 31)	5/1/2013	2013.0575U	10/1/2013	12/3/2013	12/4/2013	727	12/16/2013	13-0463	12/27/2013	$ 6,631,500	$ 2,147,000	$ (4,484,500)	-67.62%	-$52,572	2
11	50 Carmelita St.	Adam Spiegel	N/A	0864/011	Approved	Article 10 (Duboce Park)	9/3/2013	2013.1261U	10/1/2013	12/3/2013	12/4/2013	720	12/16/2013	13-0522	12/30/2013	$ 2,780,542	$ 1,160,000	$ (1,620,542)	-58.28%	-$18,998	8
12	66 Carmelita St.	Bone Family Trust	N/A	0864/015	Approved	Article 10 (Duboce Park)	9/3/2013	2013.1230U	10/1/2013	12/3/2013	12/4/2013	721	12/16/2013	13-0577	12/30/2013	$ 2,194,449	$ 1,052,380	$ (1,142,069)	-52.04%	-$13,388	8
13	56 Pierce St.	Adam Wilson	N/A	0865/013	Approved	Article 10 (Duboce Park)	9/3/2013	2013.1258U	10/1/2013	12/3/2013	12/4/2013	723	12/16/2013	13-1157	12/30/2013	$ 1,629,295	$ 1,240,000	$ (389,295)	-23.89%	-$4,564	8
14	64 Pierce St.	Jean Paul Balajadia	N/A	0865/015	Approved	Article 10 (Duboce Park)	9/3/2013	2013.1254U	10/1/2013	12/3/2013	12/4/2013	724	12/16/2013	13-1158	12/30/2013	$ 2,745,321	$ 1,160,000	$ (1,585,321)	-57.75%	-$18,585	8
15	56 Potomac St.	Karil Sager	N/A	0866/012	Approved	Article 10 (Duboce Park)	9/3/2013	2013.1259U	10/1/2013	12/3/2013	12/4/2013	725	12/16/2013	13-1159	12/30/2013	$ 1,129,369	$ 750,000	$ (379,369)	-33.59%	-$4,447	8
16	66 Potomac St.	Adam Wilson	N/A	0866/015	Approved	Article 10 (Duboce Park)	9/3/2013	2013.1257U	10/1/2013	12/3/2013	12/4/2013	726	12/16/2013	13-1160	12/30/2013	$ 1,743,056	$ 1,080,000	$ (663,056)	-38.04%	-$7,773	8
17	68 Pierce St.	Diarmuid Russel & Heather Podruchny	N/A	0865/016	Approved	Article 10 (Duboce Park)	5/1/2014	2014.0719U	6/1/2014	9/1/2014	10/1/2014	737	11/25/2014	14-1102	12/29/2014	$ 1,649,908	$ 980,000	$ (669,908)	-40.60%	-$7,853	8
18	563-567 Waller St.	Brandon Miller & Jay Zalewski	N/A	0865/025	Approved	Article 10 (Duboce Park)	5/1/2014	2014.0720U	6/1/2014	9/1/2014	10/1/2014	738	11/25/2014	14-1103	12/19/2014	$ 2,406,146	$ 1,890,000	$ (516,146)	-21.45%	-$6,051	8
19	621 Waller St.	Claude & Renee Zeilweger	N/A	0864/023	Approved	Article 10 (Duboce Park)	5/1/2014	2014.0746U	6/1/2014	9/1/2014	10/1/2014	739	11/25/2014	14-1104	12/19/2014	$ 2,196,627	$ 980,000	$ (1,216,627)	-55.39%	-$14,263	8
20	722 Steiner St.	Come Lague	Postcard Row/Painted Ladies	0803/023	Approved	Article 10 (Alamo Square)	5/1/2015	2015-006442MLS	6/1/2015	9/1/2015	10/7/2015	753	12/8/2015	15-1065	12/18/2015	$ 3,390,700	$ 1,800,000	$ (1,590,700)	-46.91%	-$18,648	5
21	807 Montgomery	807 Montgomery LLC	N/A	0176/006	Approved	Article 10 (Jackson Square)	5/1/2015	2015-006450MLS	6/1/2015	9/1/2015	10/7/2015	755	12/15/2015	15-1066	12/22/2015	$ 5,416,987	$ 5,416,987	$ -	0.00%	$0	3
22	761 Post St.	RLJ C San Francisco LP	Maurice Hotel	0304/015	Approved	National Register (Lower Nob Hill Apartment Hotel District)	5/1/2015	2015-006448MLS	6/1/2015	9/1/2015	10/7/2015	754	12/8/2015	15-1067	12/24/2015	$ 34,487,172	$ 34,487,172	$ -	0.00%	$0	3

San Francisco Mills Act Contracts

Contract #	Address	Property Owner	Historic Name	Block/Lot	Status	Type of Landmark	Date Filed at Dept.	Planning Case No.	Sent to ARO	Valuation Rec'd from ARO	Rehab/ Maintenance Plans Approved by HPC	HPC Resolution No.	Contract Approved by BOS	BOS File No.	Contract Recorded with ARO	2017-2018 Base Value	2017-2018 Mills Act Taxable Value	$ Reduction in Assessed Value	% Reduction in Assessed Value	Property Tax Savings (1.1723%)	Supervisor District
23	1036 Vallejo St.	Klandokht Beyzavi & Hamid Amiri	N/A	0127/007	Approved	National Register (Russian Hill-Vallejo Crest District)	5/1/2016	2016-006181MLS	6/1/2016	9/1/2016	10/5/2016	792	11/29/2016	16-1098	12/16/2016	$ 2,040,000	$ 1,490,000	$ (550,000)	-26.96%	-$6,448	3
24	101-105 Steiner St.	Jason Monberg & Karil Sager	N/A	0866/009	Approved	Article 10 (Duboce Park)	5/1/2016	2016-006192MLS	6/1/2016	9/1/2016	10/5/2016	790	11/29/2016	16-1100	12/20/2016	$ 2,809,700	$ 1,620,000	$ (1,189,700)	-42.34%	-$13,947	8
25	361 Oak St.	Christopher J. Ludwig & Liesl Ludwig	Fassett-Reis-Meagher House	0839/023	Approved	California Register (Hayes Valley)	5/1/2016	2016-006185MLS	6/1/2016	9/1/2016	10/5/2016	791	11/29/2016	16-1099	12/15/2016	$ 2,652,599	$ 1,230,000	$ (1,422,599)	-53.63%	-$16,677	5
																TOTAL LOSS IN PROPERTY TAX REVENUE				-$863,662	

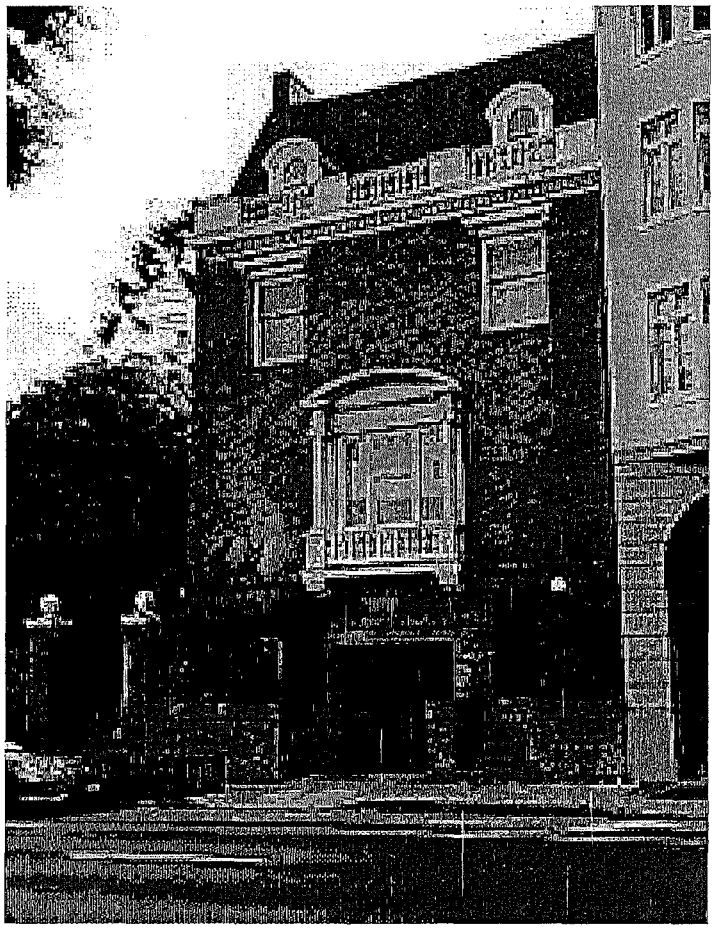
This color indicates work completed by the Office of the Assessor-Recorder

1. 460 Bush Street



2. 1080 Haight Street

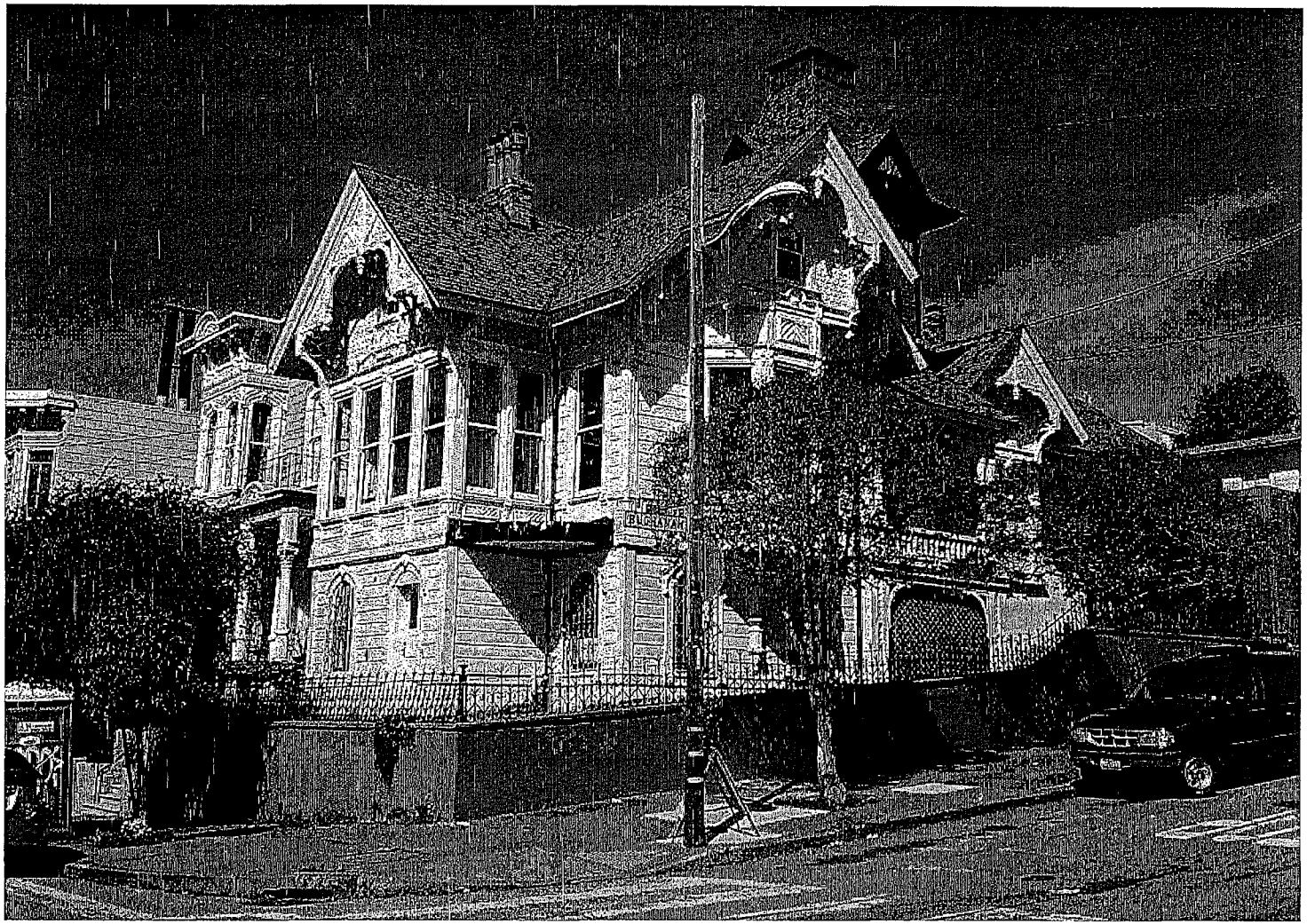
3. 1735 Franklin Street



4. 690 Market Street

5. 1818 California Street

6. 201 Buchannan Street



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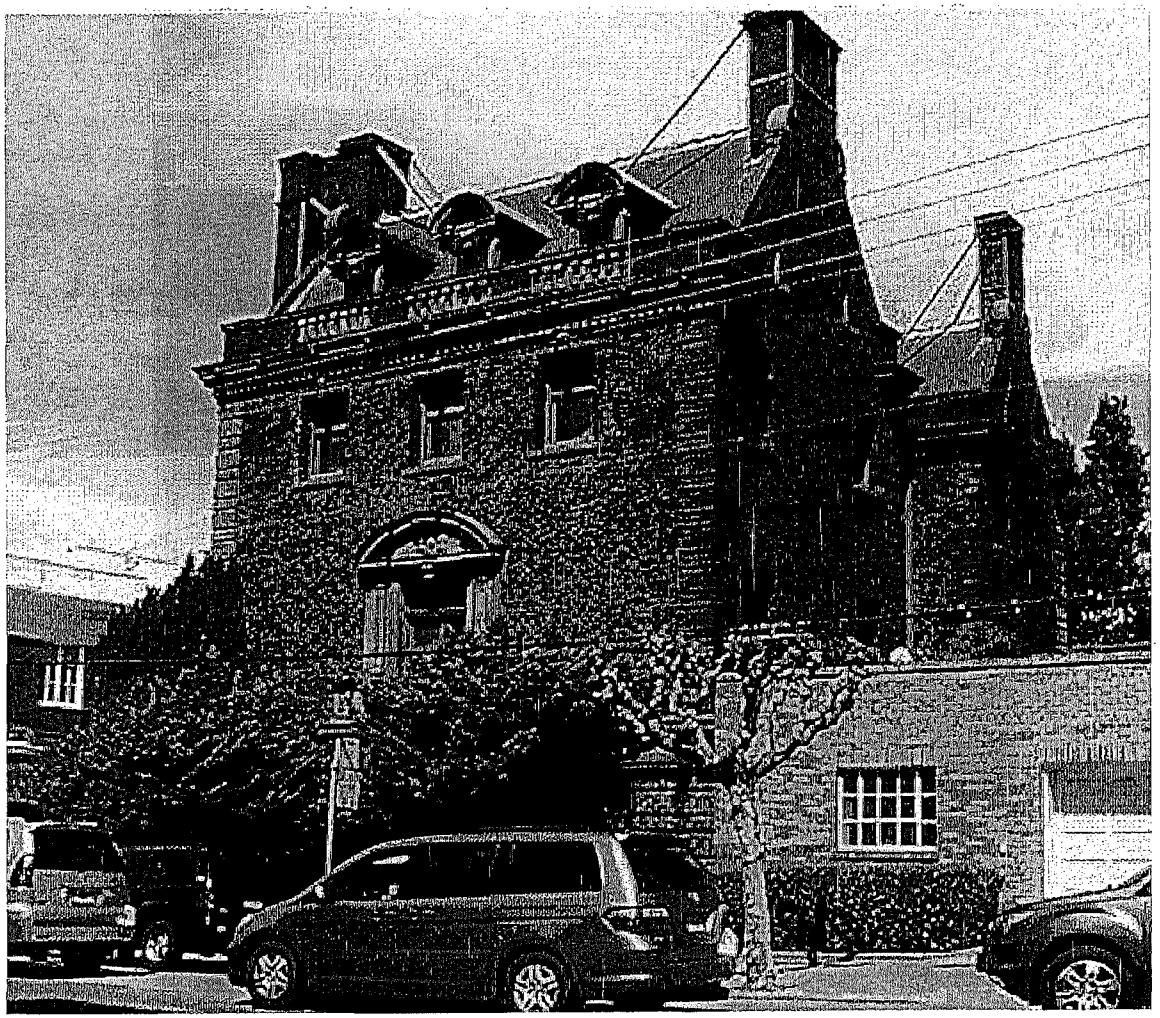

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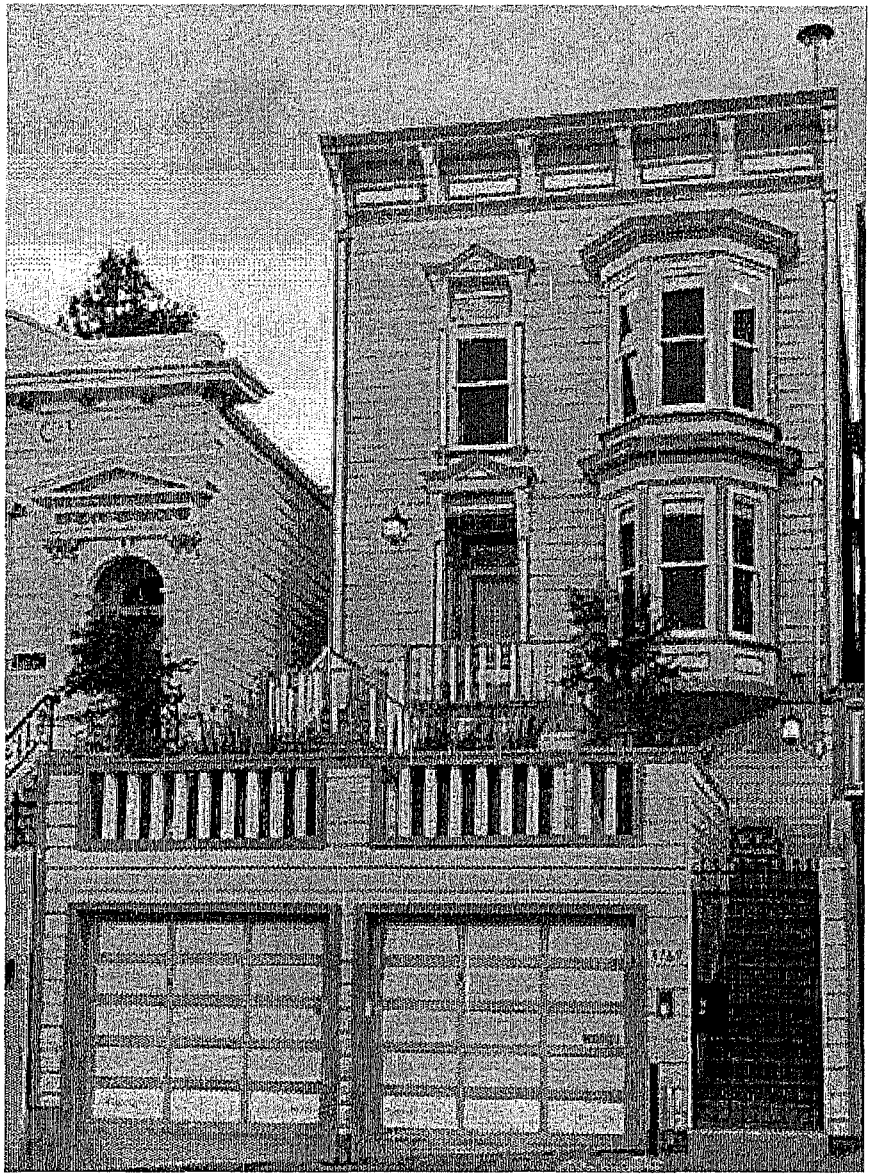

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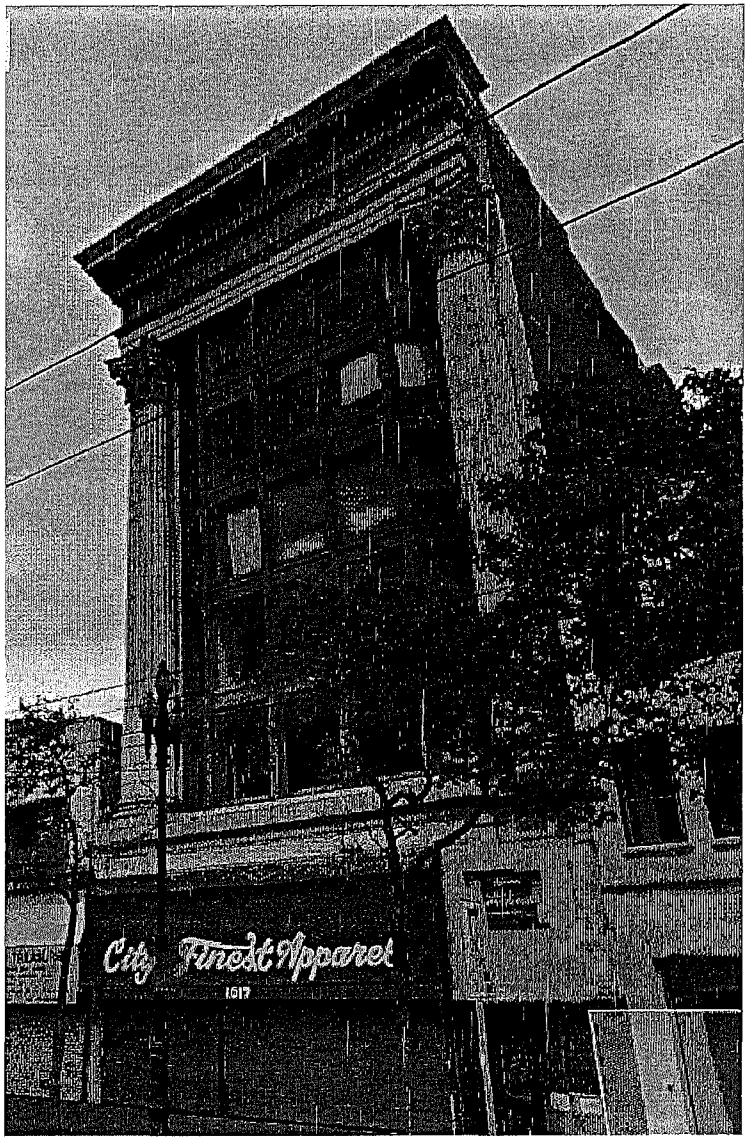
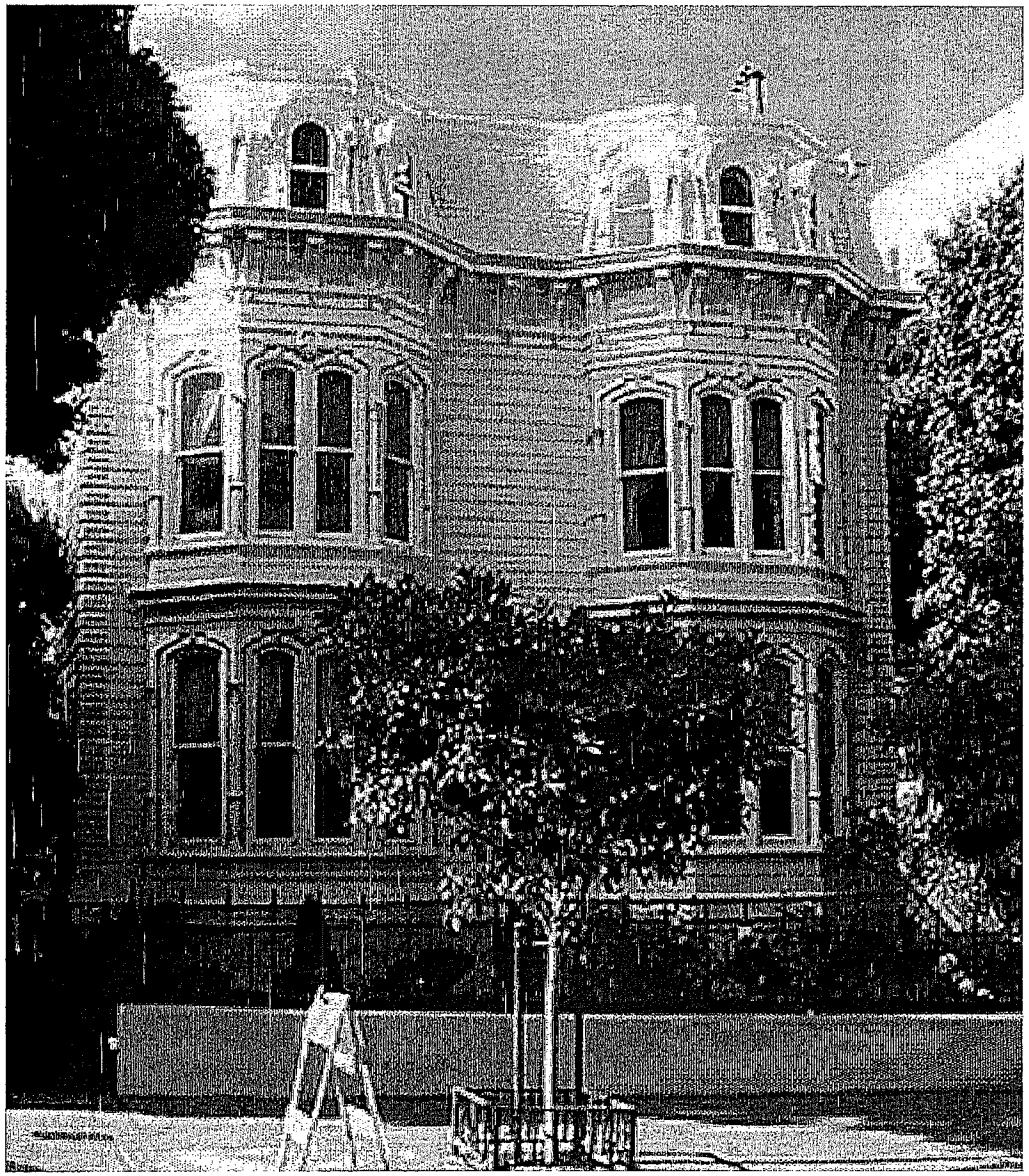


10. 1772 Vallejo Street



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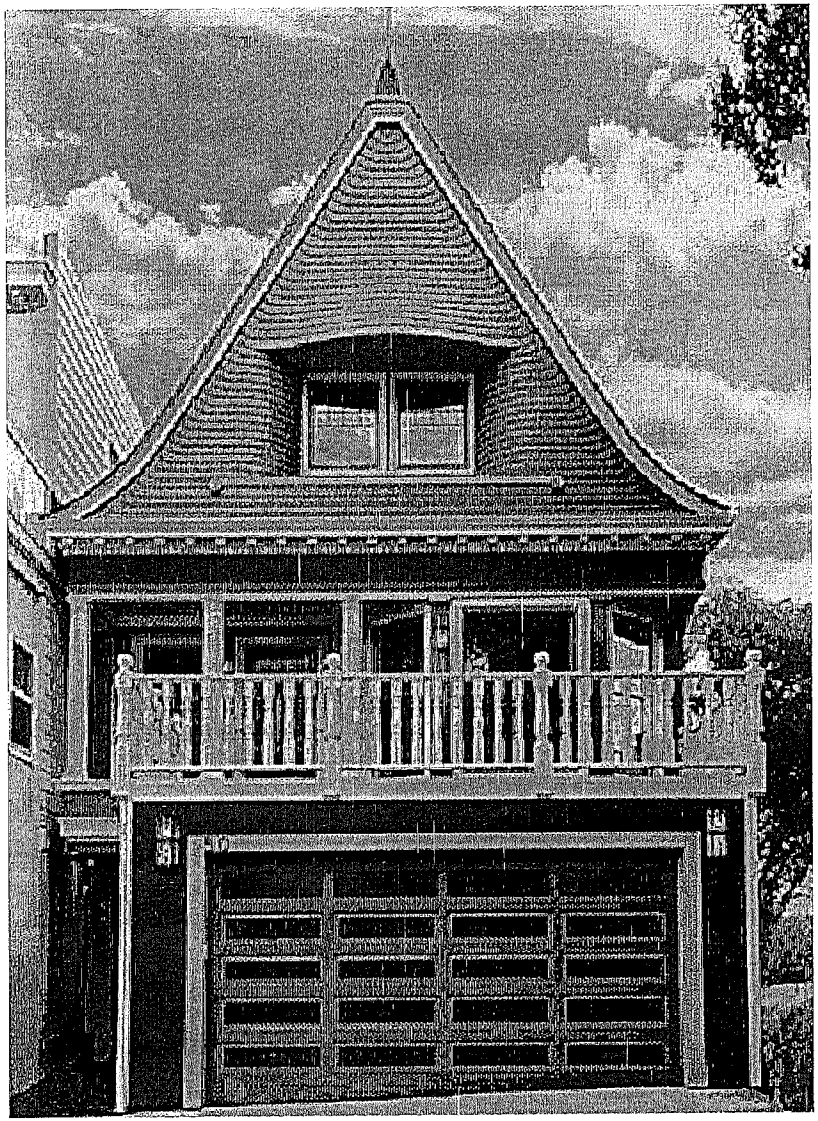

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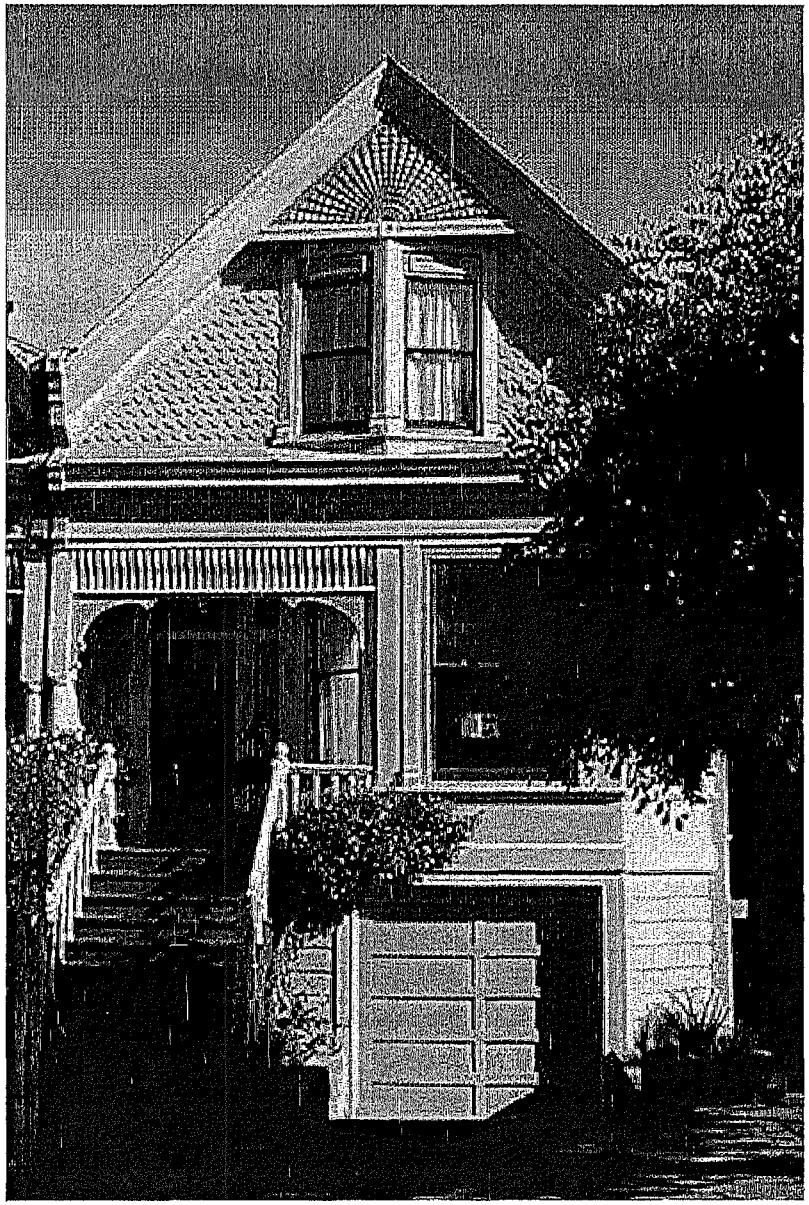

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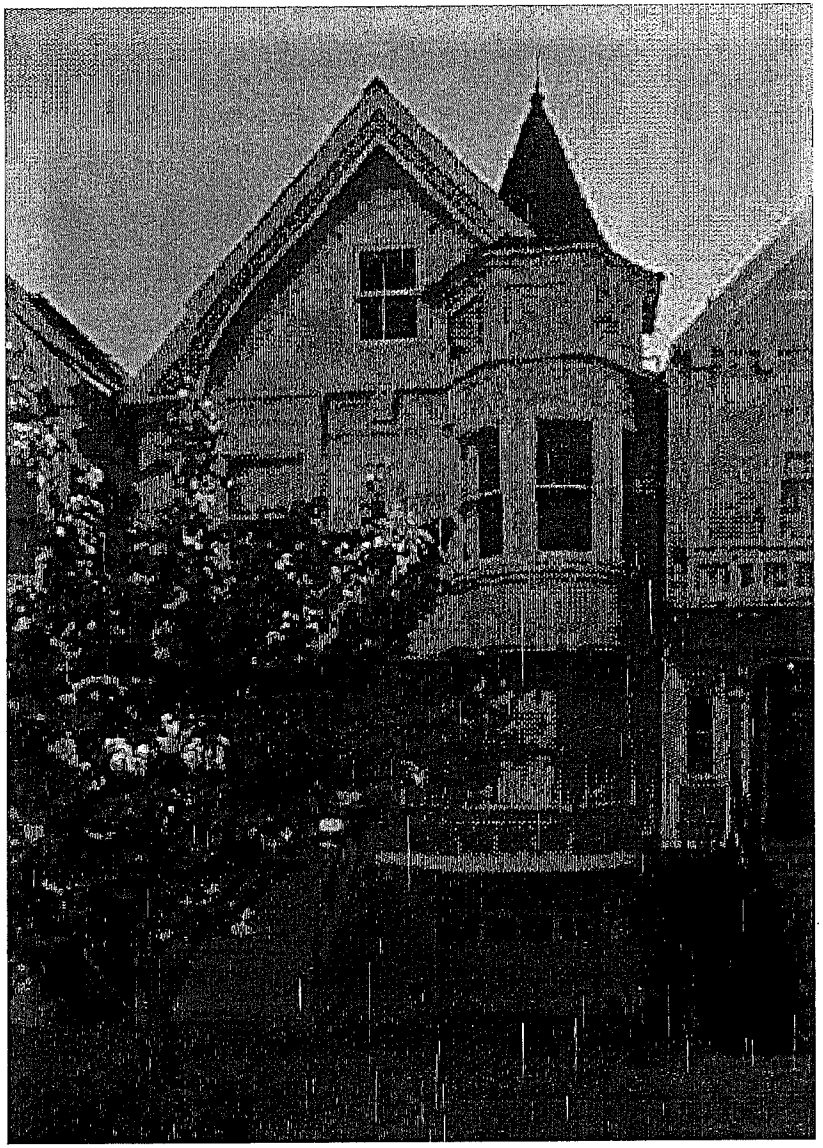
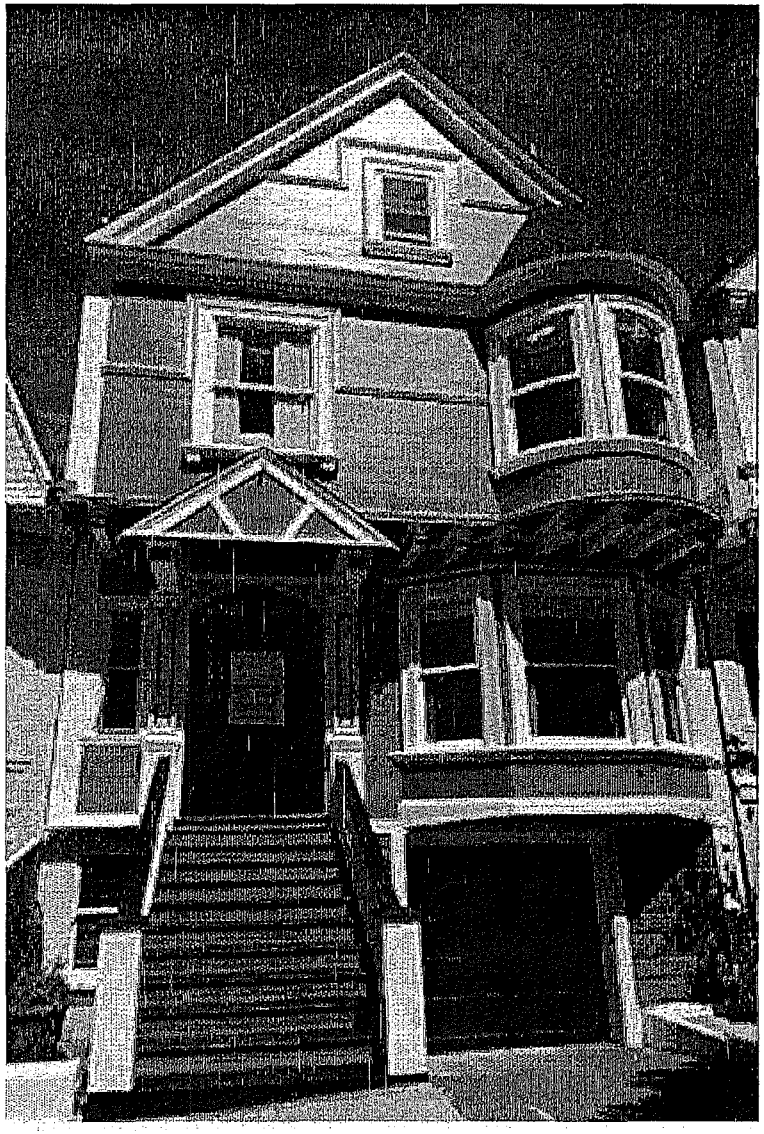


14. 64 Pierce Street



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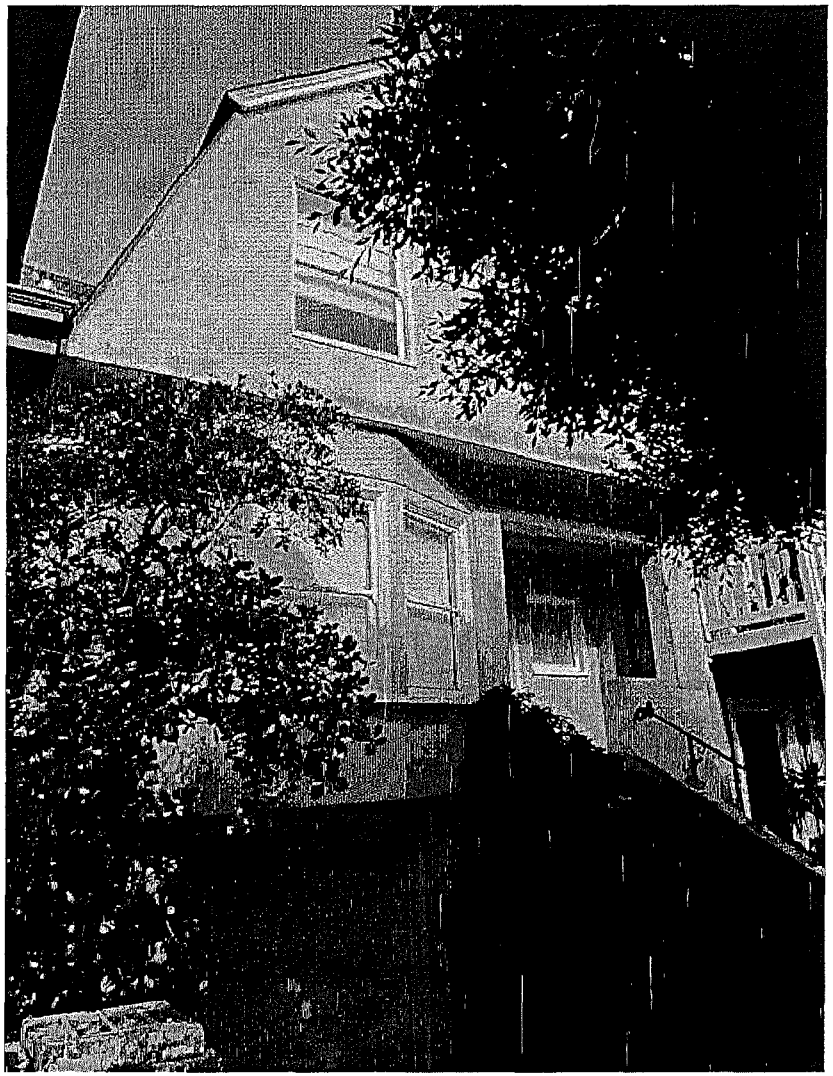

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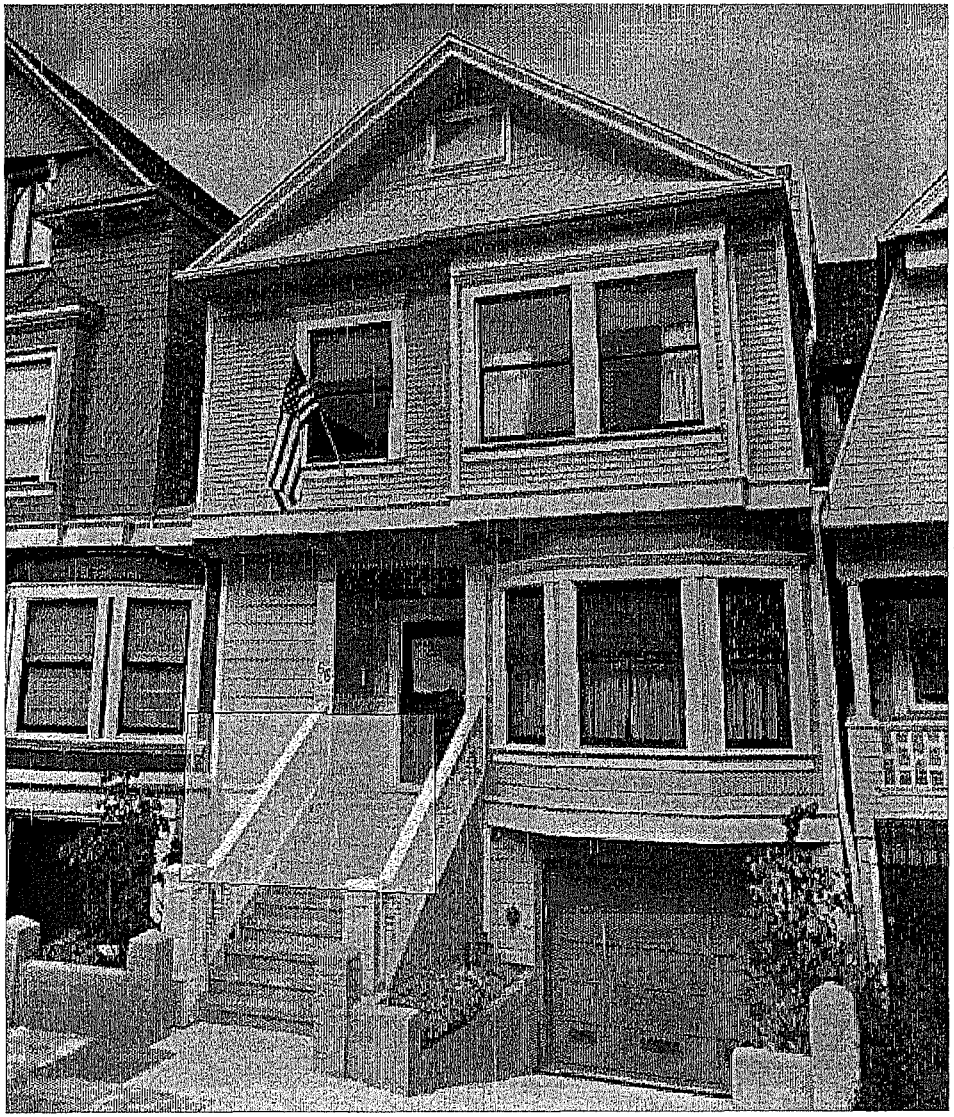
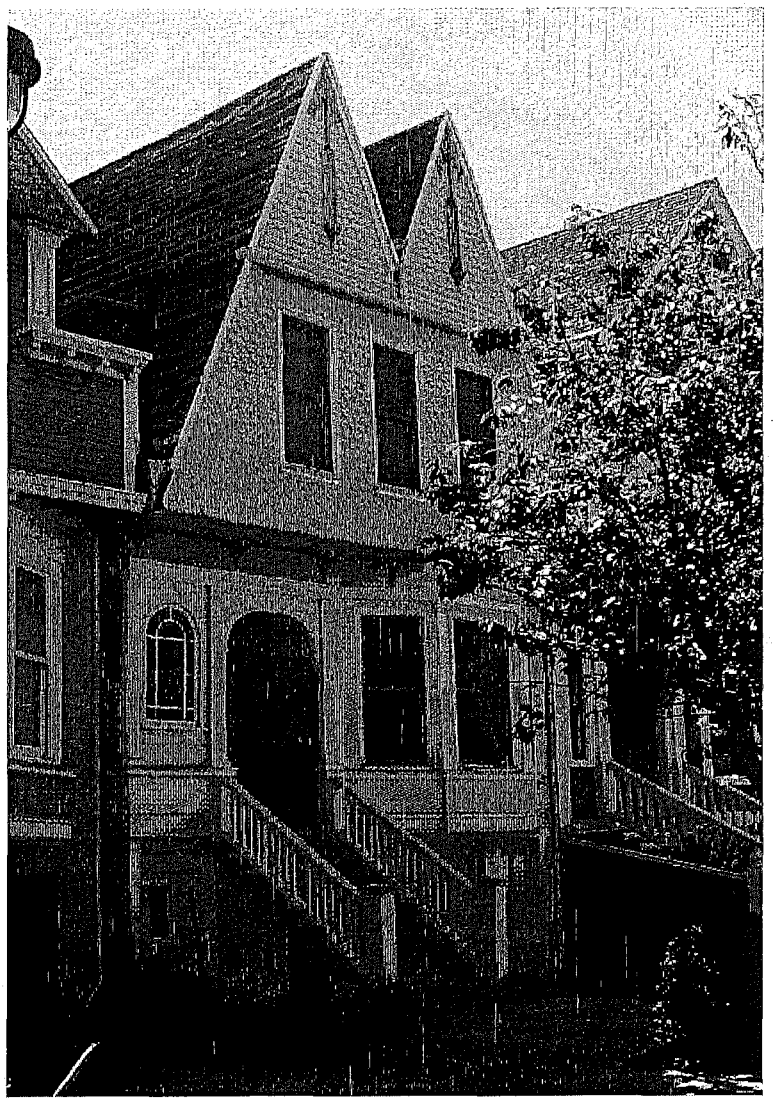
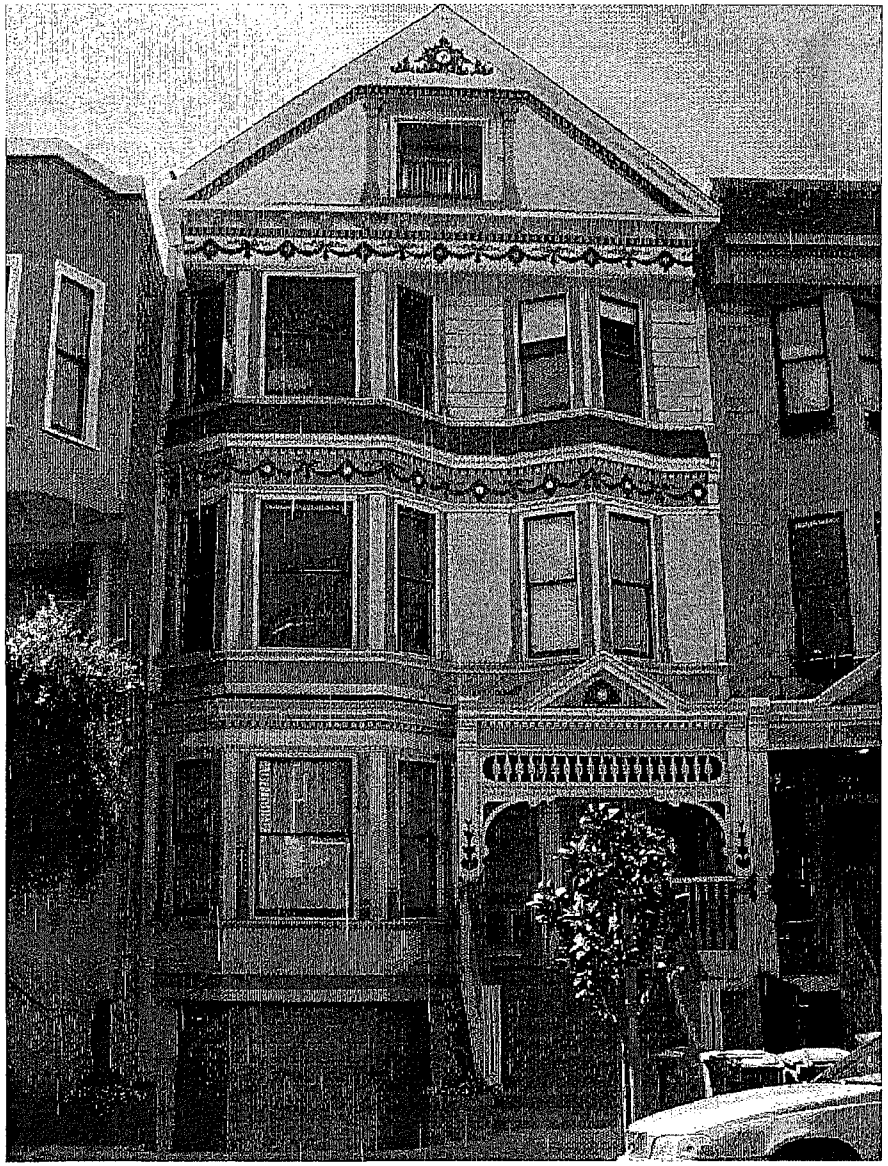


17. 68 Pierce Street



18. 563-567 Waller Street



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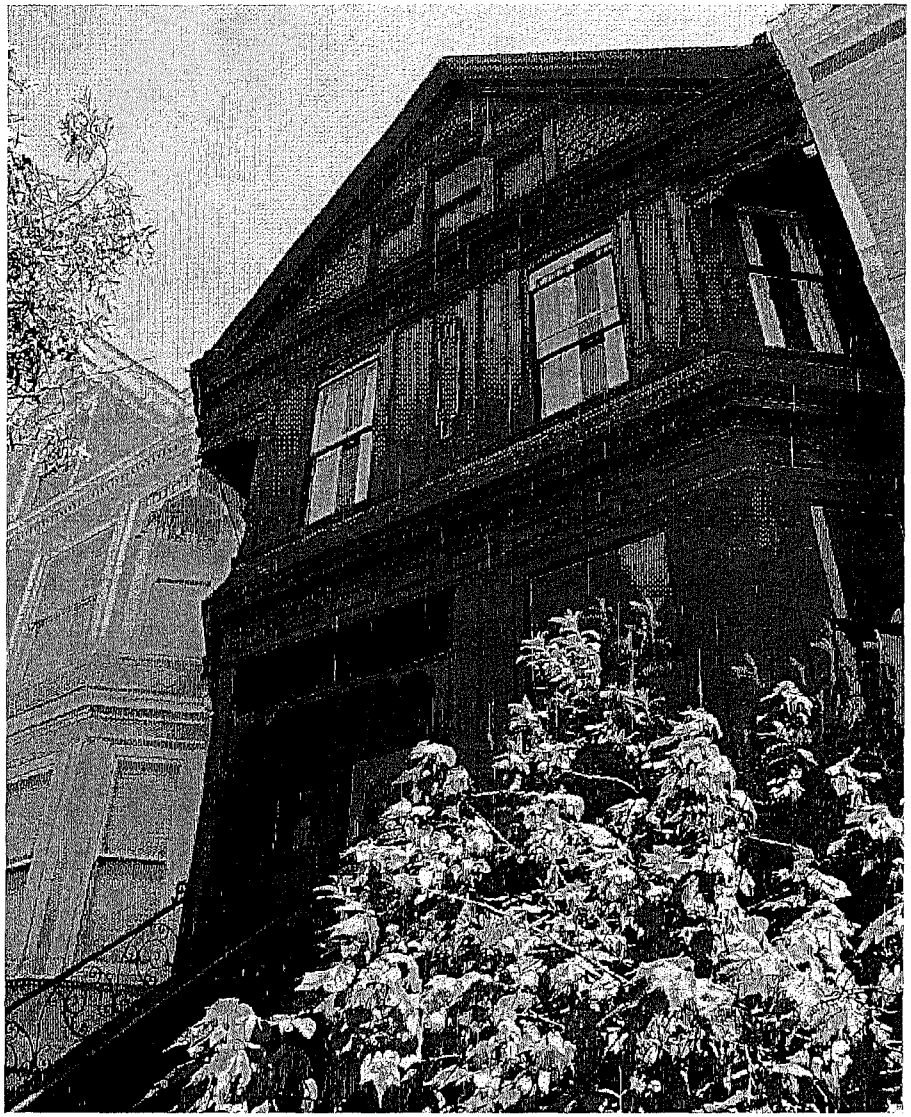
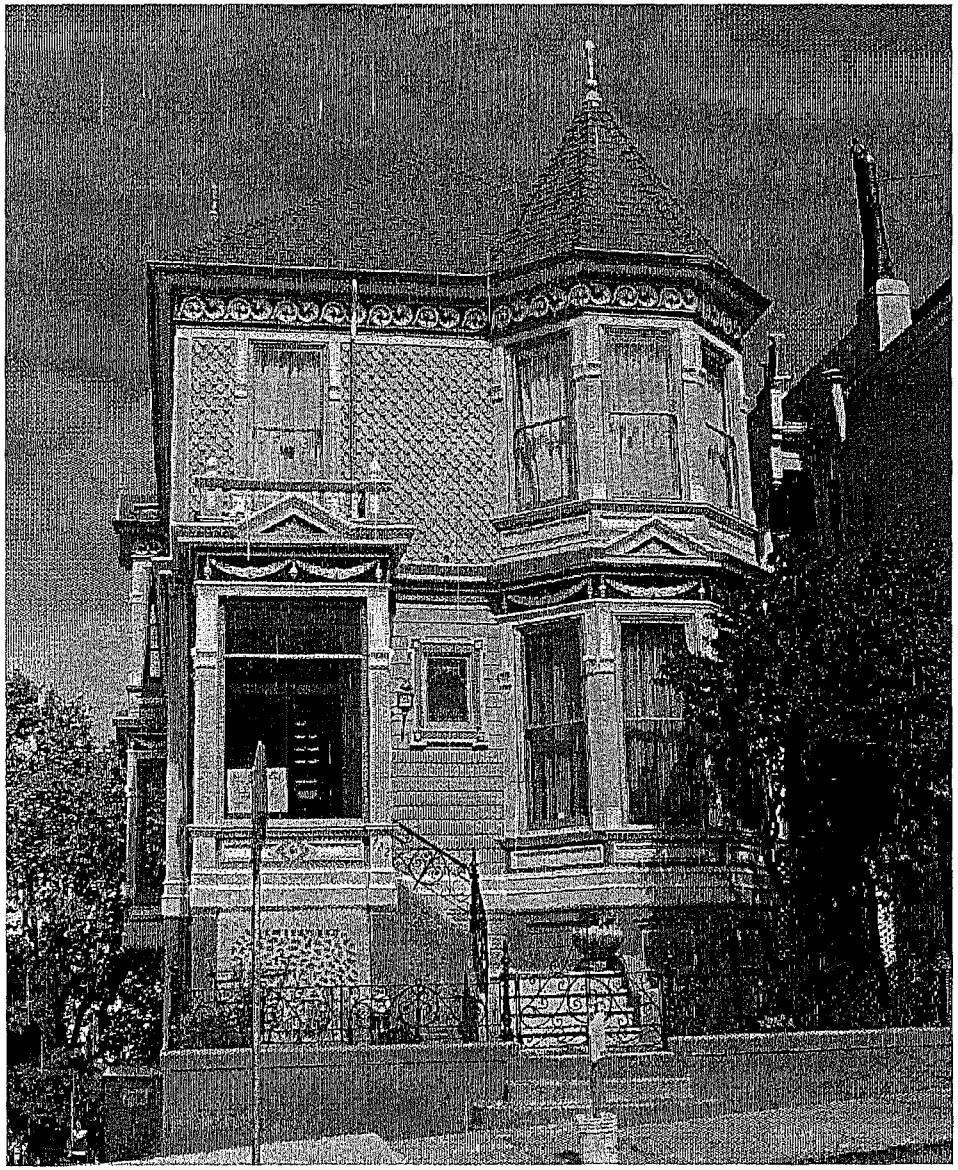
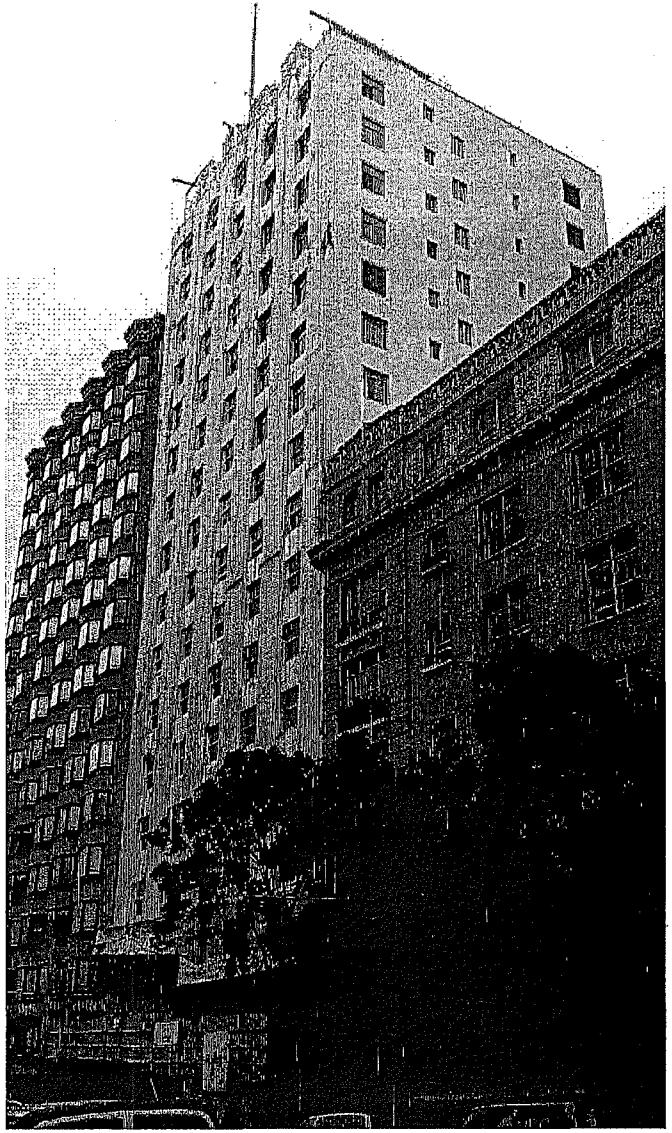


20. 722 Steiner Street

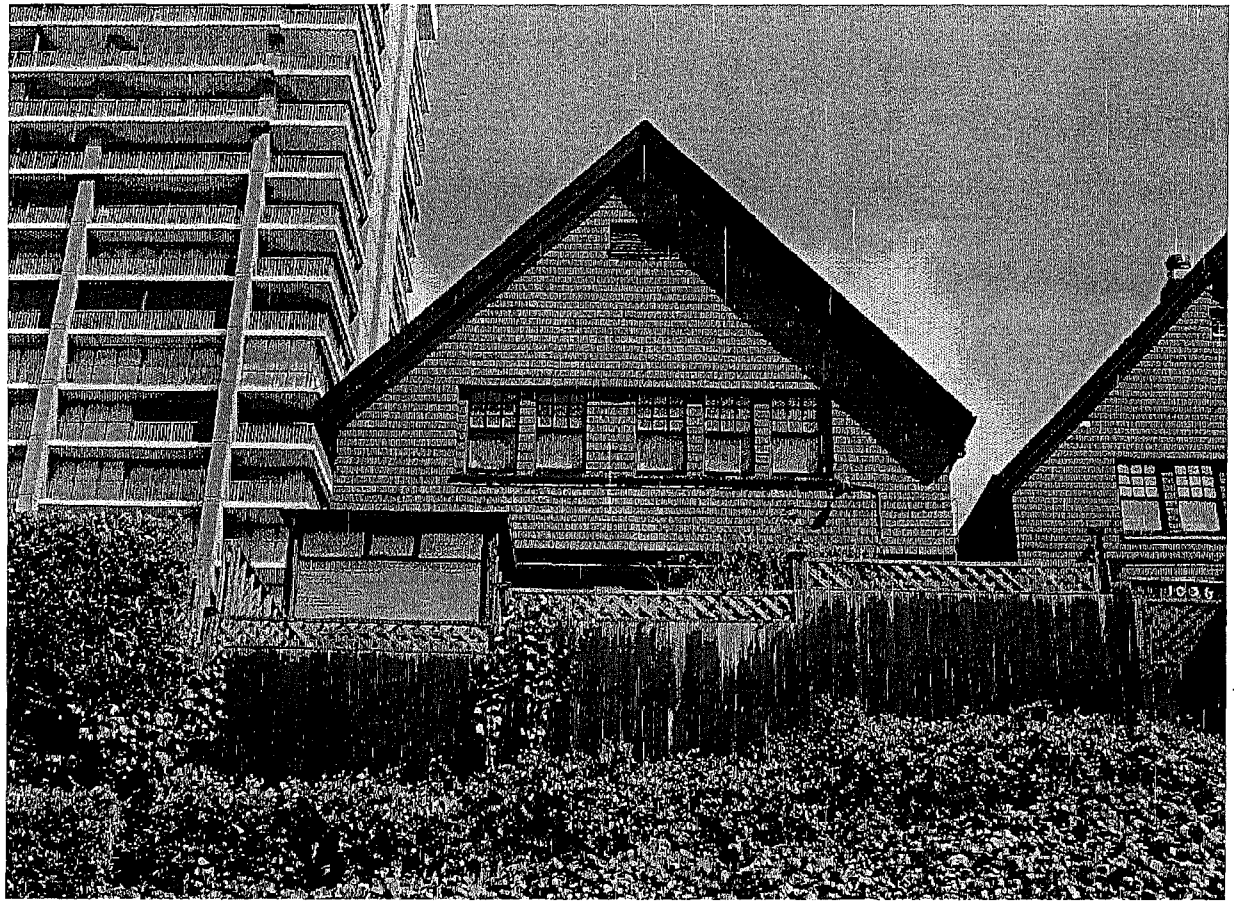


21. 807 Montgomery Street

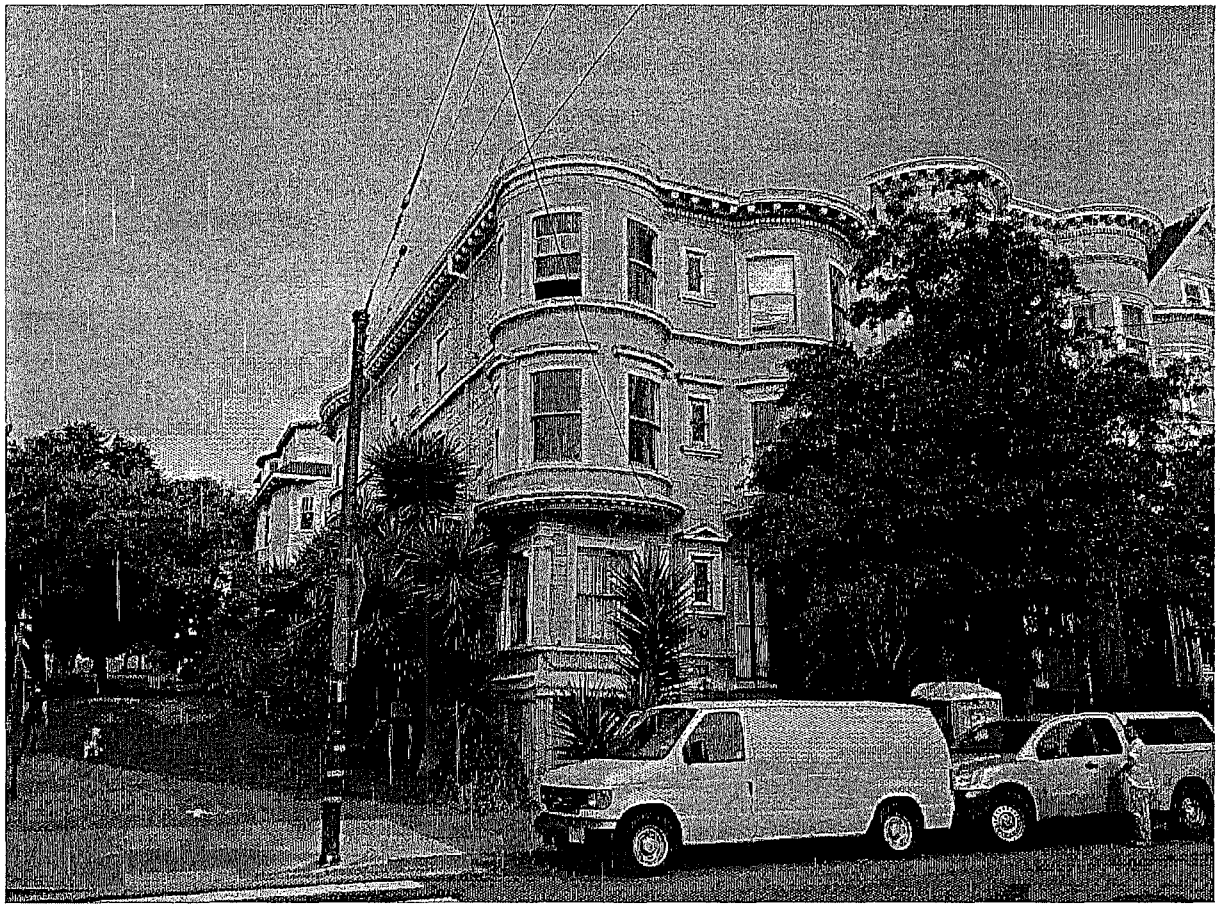
22. 761 Post Street



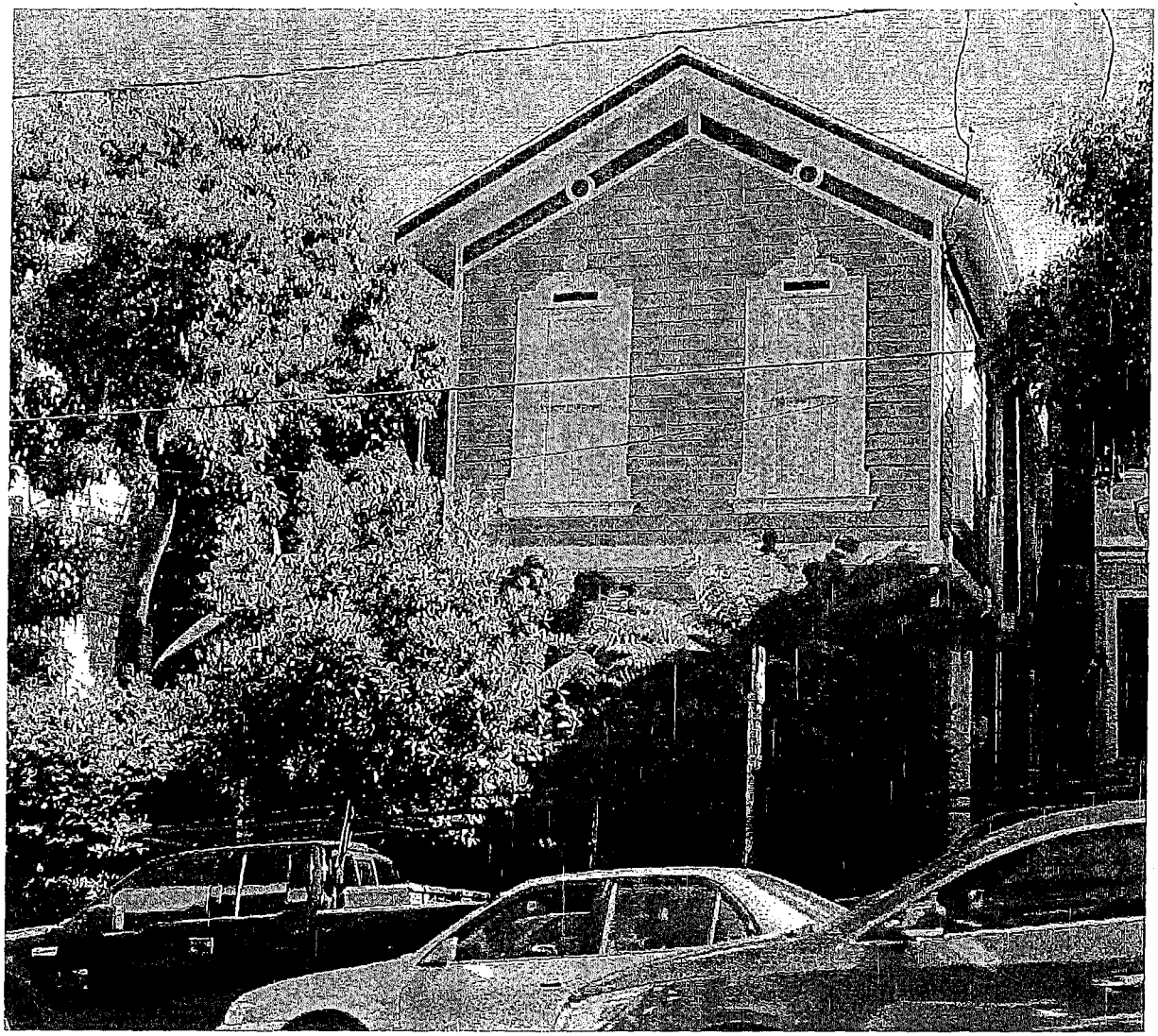
23. 1036 Vallejo Street



24. 101-105 Steiner Street



25. 361 Oak Street



File No. 171101

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

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

Contractor Information *(Please print clearly.)*	
Name of contractor: **855 Front Street LLC, property owner**	
*Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use **additional pages as necessary.*** 855 Front Street LLC	
Contractor address: 610 W. Ash Street, Ste. 1503 San Diego, CA 92101	
Date that contract was approved: *(By the SF Board of Supervisors)*	Amount of contracts: $41,213 (estimated property tax savings)
Describe the nature of the contract that was approved: Mills Act Historical Property Contract	
Comments:	

This contract was approved by (check applicable):

☐ the City elective officer(s) identified on this form

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

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

Print Name of Board

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

Signature of City Elective Officer (if submitted by City elective officer) — Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk) — Date Signed