

File No. 191067

Committee Item No. 5

Board Item No. 19

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight

Date: Nov. 21, 2019

Board of Supervisors Meeting:

Date: Dec. 10, 2019

Cmte Board

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

OTHER

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| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Planning Presentation – November 21, 2019</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Planning Case Report – October 2, 2019</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>HPC Reso No. 1093 – October 2, 2019</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Assessor's Mills Act Valuation</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Assessor's Updated Estimated Tax Savings Chart</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Transmittal Letter – October 15, 2019</u> |

Prepared by: John Carroll

Date: Nov. 15, 2019

Prepared by: John Carroll

Date: Nov. 21, 2019

1 [Mills Act Historical Property Contract - 2168 Market Street]
2

3 **Resolution approving an historical property contract between the Swedish Society of**
4 **San Francisco, the owners of 2168 Market Street, and the City and County of San**
5 **Francisco, under Administrative Code, Chapter 71; and authorizing the Planning**
6 **Director and the Assessor-Recorder to execute and record the historical property**
7 **contract.**
8

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

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

16 WHEREAS, Said determination is on file with the Clerk of the Board of Supervisors in
17 File No. 191067, is incorporated herein by reference, and the Board herein affirms it; and

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

22 WHEREAS, Administrative Code, Chapter 71 was adopted to implement the provisions
23 of the Mills Act and to preserve these historic buildings; and
24
25

1 WHEREAS, 2168 Market Street is an individually designated Article 10 Landmark
2 (Landmark No. 267) and thus qualifies as an historical property as defined in Administrative
3 Code, Section 71.2; and

4 WHEREAS, A Mills Act application for an historical property contract has been
5 submitted by the Swedish American Society of San Francisco, the owners of 2168 Market
6 Street, detailing rehabilitation work and proposing a maintenance plan for the property; and

7 WHEREAS, As required by Administrative Code, Section 71.4(a), the application for
8 the historical property contract for 2168 Market Street was reviewed by the Assessor's Office
9 and the Historic Preservation Commission; and

10 WHEREAS, The Assessor-Recorder has reviewed the historical property contract and
11 has provided the Board of Supervisors with an estimate of the property tax calculations and
12 the difference in property tax assessments under the different valuation methods permitted by
13 the Mills Act in its report transmitted to the Board of Supervisors on October 15, 2019, which
14 report is on file with the Clerk of the Board of Supervisors in File No. 191067 and is hereby
15 declared to be a part of this Resolution as if set forth fully herein; and

16 WHEREAS, The Historic Preservation Commission recommended approval of the
17 historical property contract in its Resolution No. 1093, including approval of the Rehabilitation
18 Program and Maintenance Plan, attached to said Resolution, which is on file with the Clerk of
19 the Board of Supervisors in File No. 191067 and is hereby declared to be a part of this
20 Resolution as if set forth fully herein; and

21 WHEREAS, The draft historical property contract between the Swedish Society of San
22 Francisco, the owners of 2168 Market Street, and the City and County of San Francisco is on
23 file with the Clerk of the Board of Supervisors in File No. 191067 and is hereby declared to be
24 a part of this Resolution as if set forth fully herein; and

1 WHEREAS, The Board of Supervisors has conducted a public hearing pursuant to
2 Administrative Code, Section 71.4(d) to review the Historic Preservation Commission's
3 recommendation and the information provided by the Assessor's Office in order to determine
4 whether the City should execute the historical property contract for 2168 Market Street; and

5 WHEREAS, The Board of Supervisors has balanced the benefits of the Mills Act to the
6 owner of 2168 Market Street with the cost to the City of providing the property tax reductions
7 authorized by the Mills Act, as well as the historical value of 2168 Market Street and the
8 resultant property tax reductions, and has determined that it is in the public interest to enter
9 into a historical property contract with the applicants; now, therefore, be it

10 RESOLVED, That the Board of Supervisors hereby approves the historical property
11 contract between the Swedish Society of San Francisco, the owners of 2168 Market Street,
12 and the City and County of San Francisco; and, be it

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

2019 Mills Act Contracts

Government Audit and Oversight Committee Review

November 21, 2019



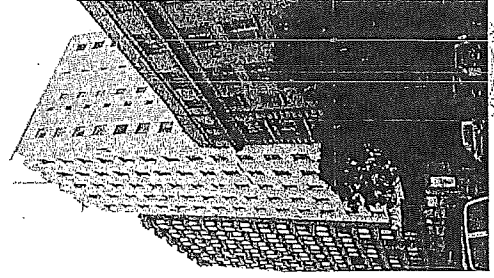
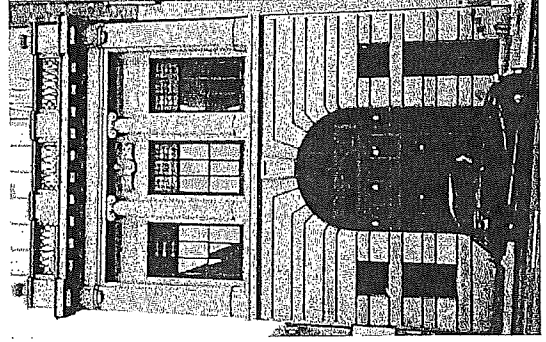
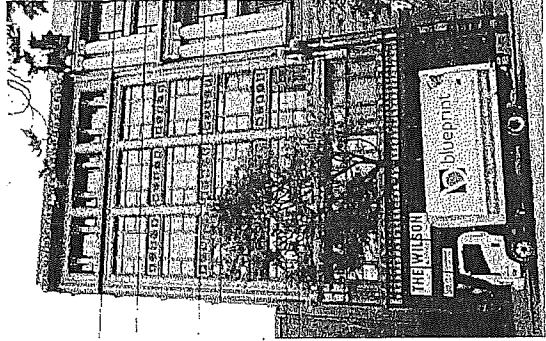
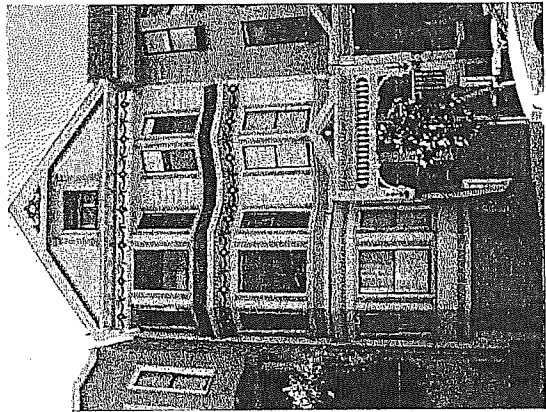
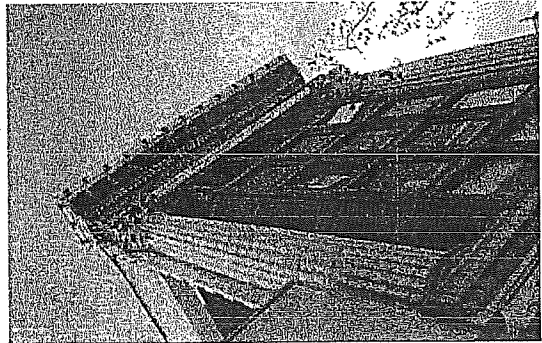
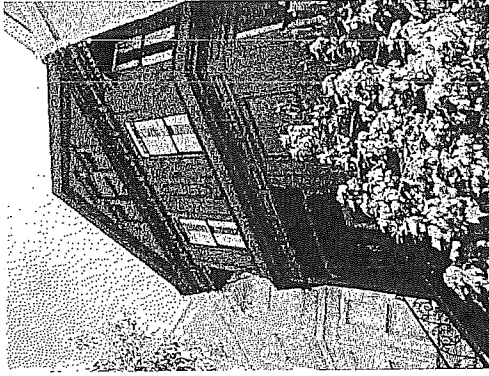
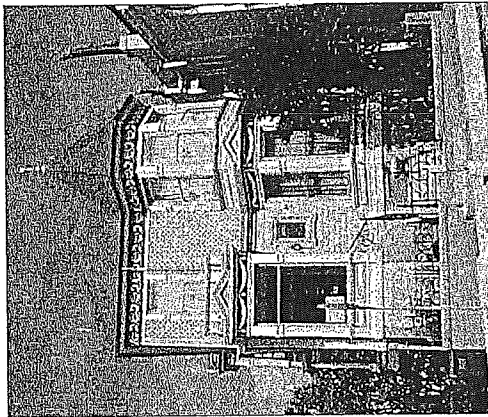
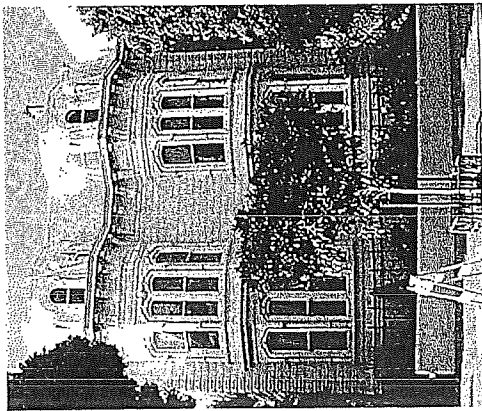
**SAN FRANCISCO
PLANNING DEPARTMENT**

What is the Mills Act?

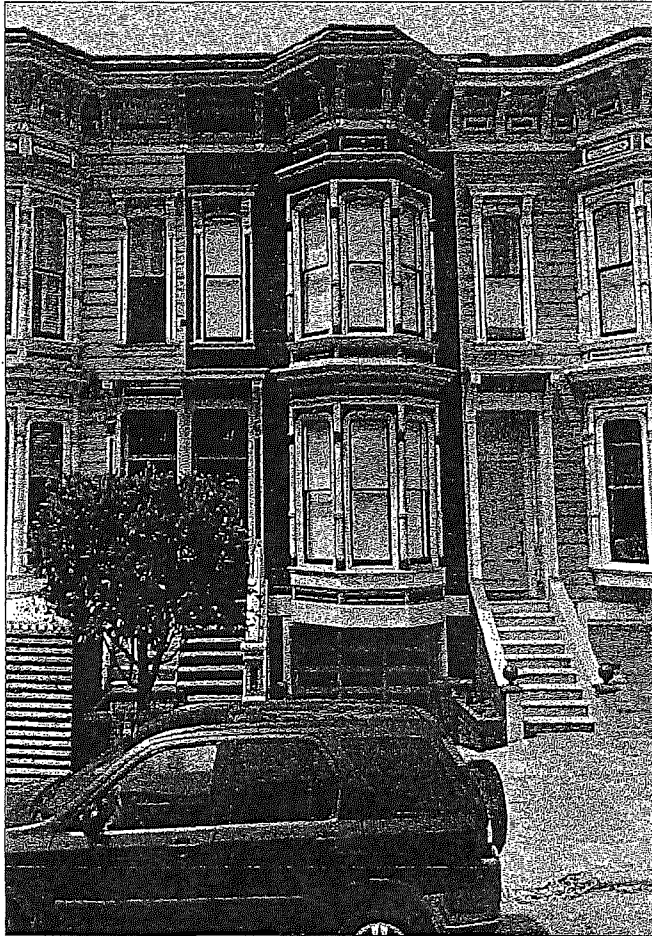
- California's leading financial incentive program for historic preservation since 1972.
- Contract between the City and property owner that allows for a potential reduction in property taxes.
- Tax savings will be used to offset cost of rehabilitation, restoration, and maintenance work in conformance with the Secretary's Standards.
- Only local financial incentive program for restoring, rehabilitating, and maintaining eligible properties to promote appreciation of the City's architecture, history, and culture.



Active Mills Act Contracts



2251 Webster Street (built c. 1900)
Contributor to Webster Street Historic District
District 2



- Estimated Property Tax Savings of \$14,184 (a 66.37%% reduction from factored base year value)
- Rehabilitation work is estimated to cost \$113,610 over ten years
- Maintenance work is estimated to cost \$2,880 annually



1401 Howard Street (built 1913)
Landmark No. 120, Saint Joseph's Church
District 6



- Estimated Property Tax Savings of \$66,974 (a 31.20% reduction from factored base year value)
- Rehabilitation work is estimated to cost \$291,065 over ten years
- Maintenance work is estimated to cost \$31,040 annually

1531



64 Potomac Street (built 1899)
Duboce Park Historic District
District 8



- Estimated Property Tax Savings of \$22,679 (a 76.47% reduction from factored base year value)
- Rehabilitation work is estimated to cost \$126,035 over ten years
- Maintenance work is estimated to cost \$4,000 annually

1532



2168 Market Street (built 1907)
Landmark No. 267, Swedish American Hall Building
District 8



- Estimated Property Tax Savings of \$0 (a 0.00% reduction from factored base year value)
- Rehabilitation work is estimated to cost \$95,160 over ten years
- Maintenance work is estimated to cost \$7,500 annually



2731-2735 Folsom Street (built 1900)
Landmark No. 276, Gaughran House



- Estimated Property Tax Savings of \$35,495 (a 49.46% reduction from factored base year value)
- Rehabilitation work is estimated to cost \$305,573 over ten years
- Maintenance work is estimated to cost \$5,148 annually



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

**CALIFORNIA MILLS ACT
HISTORIC PROPERTY AGREEMENT**

THIS AGREEMENT is entered into by and between the City and County of San Francisco, a California municipal corporation ("City") and the Swedish Society of San Francisco ("Owner").

RECITALS

Owners are the owners of the property located at 2168 Market Street, in San Francisco, California (Block 3542, Lot 062). The building located at 2168 Market Street is designated as an individual landmark pursuant to Article 10 of the Planning Code and is also known as the "Historic Property". The Historic Property is a Qualified Historic Property, as defined under California Government Code Section 50280.1.

Owners desire to execute a rehabilitation and ongoing maintenance project for the Historic Property. Owners' application calls for the rehabilitation and restoration of the Historic Property according to established preservation standards, which it estimates will cost ninety-five thousand one hundred sixty dollars (\$95,160.00). (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 seven thousand five hundred dollars (\$7,500.00) 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: _____ DATE: _____
Carmen Chu, Assessor-Recorder

By: _____ DATE: _____
John Rahaim, Director of Planning

APPROVED AS TO FORM:
DENNIS J. HERRERA
CITY ATTORNEY

By: _____ DATE: _____
Andrea Ruiz-Esquide, Deputy City Attorney

OWNERS

By: _____ DATE: _____
Ted Olsson, President of the Swedish Society of San Francisco, Owner

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

Exhibit A: Rehabilitation/Restoration Plan for 2168 Market Street

Scope: #1		Building Feature: Front Door Replacement	
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2020			
Total Cost: \$ 75,000			
Description of work: Replace non-original front door, framing, surround and hardware to better meet architect's original 1907 design, and to improve safety, security, and ADA considerations. Door will be compatible with the design and materials of the historic building. All work will be performed in conformance with the Secretary of the Interior's Standards.			

Scope: #2		Building Feature: Window in Events Kitchen	
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2020			
Total Cost: \$ 4,000			
Description of work: Restoration of non-original window at front elevation, at location of events catering kitchen. New window will have a leaded glass look to better match other windows on this south façade. All work will be performed in conformance with the Secretary of the Interior's Standards.			

Scope: #3		Building Feature: Façade Restoration	
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2026			
Total Cost: \$ 8,660			
Description of work: Repoint areas of missing mortar and repair damaged bricks on front wall. All repairs will be with like materials and in conformance with the Secretary of the Interior's Standards. Work will be performed in accordance with NPS Brief No. 2: Repointing Mortar Joints in Historic Masonry Buildings.			

Scope: #4		Building Feature: Terrazzo at Main Entry	
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2028			
Total Cost: \$6,000			
Description of work: Repair and restoration of chipped terrazzo at the main entry. Any patching will match existing in texture, color and materials. All work will be performed in conformance with the Secretary of the Interior's Standards.			

Scope: # 5		Building Feature: Window	
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2020			
Total Cost: \$ 1,500			
Description of Work: Replace broken leaded glass pane on 2 nd floor ante room at front of building. All repairs will be with like materials and in conformance with the Secretary of the Interior's Standards. Work will be performed in accordance with NPS Brief No. 33: The Preservation and Repair of Historic Stained and Leaded Glass.			

Exhibit B: Maintenance Plan for 2168 Market Street

Scope: # 1		Building Feature: Roof	
Rehab/Restoration	Maintenance <input checked="" type="checkbox"/>	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: Every 3 years			
Total Cost: \$1,000 Average cost per year over a ten year period			
Description of work: In 2016 major repair and coating of the roof was done, and is expected to last over 10 years. To maintain roof, inspections will be conducted of the roof, flashing and vents approximately every three years, repairing and replacing in-kind as necessary. Work will be performed according to NPS Preservation Brief #47: Maintaining the Exterior of Small and Medium Sized Historic Buildings			

Scope: # 2		Building Feature: Gutters and Down Spouts	
Rehab/Restoration	Maintenance <input checked="" type="checkbox"/>	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: Every two years			
Total Cost: \$500 Average cost per year over 10 years.			
Description of work: We will service our gutters and down spouts approximately every other year, removing debris and inspecting for leaks. At such time, we will confirm that the downspouts direct water away from the building and that no water is infiltrating the foundation. If issues are found, we will repair or replace gutters and downspouts as necessary. Work will be performed according to NPS Preservation Brief #47: Maintaining the Exterior of Small and Medium Sized Historic Buildings.			

Scope: # 3		Building Feature: Windows	
Rehab/Restoration	Maintenance <input checked="" type="checkbox"/>	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: Annually			
Total Cost: \$1,000 average annual cost over 10 years.			
Description of work: Annual inspection of wood frame windows with leaded glass for any signs of dry rot, water intrusion, or damage. We will repair or replace as indicated using best practices, using materials to match current appearance and preserve the historic integrity of the property, in compliance with the NPS Preservation Brief #9: The Repair of Historic Wooden Windows and Brief # 33: The Preservation and Repair of Historic Stained and Leaded Glass.			

Scope: # 4		Building Feature: Skylights	
Rehab/Restoration	Maintenance <input checked="" type="checkbox"/>	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: Every 5 years			
Total Cost: \$500 average annual cost over 10 years.			
Description of work: Inspection of skylights, at least every 5 years, for any signs of dry rot, water intrusion, or damage. We will repair or replace as indicated using best practices, using materials to match current appearance and preserve the historic integrity of the property, in compliance with the NPS Preservation Brief #9: The Repair of Historic Wood Windows.			

Scope: # 5		Building Feature: Exterior finishes	
Rehab/Restoration	Maintenance <input checked="" type="checkbox"/>	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: Annually			
Total Cost: \$1,500 average annual cost over 10 years.			
Description of work: The exterior was entirely repainted from 2012 to 2014 at a cost of \$34,288. Exterior millwork and paint is routinely inspected for signs of failure and/or dry rot. Façade is washed when needed. As necessary, repair work will be performed using best practices and in-kind materials, as per NPS Preservation Brief #47: Maintaining the Exterior of Small and Medium Sized Historic Buildings.			

Scope: # 6		Building Feature: Interior finishes	
Rehab/Restoration	Maintenance <input checked="" type="checkbox"/>	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: Annually			
Total Cost: \$3,000 average annual cost over 10 years.			
Description of work: Perform annual inspections of all interior wood finishes including wood banisters, newel posts, wainscoting, trusses, walls, doors, and floors. As necessary, repairing and other regular maintenance will be performed using best practices and in-kind materials. All work will be performed in conformance with the Secretary of the Interior's Standards.			



SAN FRANCISCO PLANNING DEPARTMENT

Mills Act Historical Property Contracts Case Report

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

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Hearing Date: October 2, 2019
Staff Contact: Michelle Taylor – (415) 575-9197
Michelle Taylor@sfgov.org
Reviewed By: Elizabeth Gordon-Jonckheer – (415) 575-8728
Elizabeth Gordon-Jonckheer @sfgov.org

a. *Filing Date:* May 1, 2019
Case No.: 2019-006323MLS
Project Address: 2251 Webster Street (District 2)
Landmark District: Contributor to the Webster Street Historic District
Zoning: RH-2 (Residential-House, Two-Family District)
Height & Bulk: 40-X
Block/Lot: 0612/001A
Applicant: Sally A. Sadosky Revocable Trust
2251 Webster Street
San Francisco, CA 94115

b. *Filing Date:* May 1, 2019
Case No.: 2019-006384MLS
Project Address: 1401 Howard Street (District 6)
Landmark No.: 120
Zoning: RCD – Regional Commercial District
Height and Bulk: 55/65-X
Block/Lot: 3517/035
Applicant: 1401 Howard LLC
1401 Howard Street
San Francisco, CA 94103

c. *Filing Date:* May 1, 2019
Case No.: 2019-006322MLS
Project Address: 64 Potomac Street (District 8)
Landmark District: Contributor to the Duboce Park Historic District
Zoning: RH-2 (Residential-House, Two-Family District)
Height and Bulk: 40-X
Block/Lot: 0866/014
Applicant: Gustav Lindquist & Caroline Ingeborn
64 Potomac Street
San Francisco, CA 94117

Mill Act Applications
October 2, 2019

2019-006323MLS (2251 Webster Street); 2019-006384MLS (1401 Howard Street); 2019-006323MLS (64 Potomac Street); 2019-005831MLS (2168 Market Street); 2019-006455MLS (2731-2735 Folsom Street);

- d. *Filing Date:* May 1, 2019
Case No.: 2019-005831MLS
Project Address: 2168 Market Street (District 8)
Landmark No.: 267
Zoning: NCT – Upper Market Neighborhood Commercial Transit
Height and Bulk: 40/50-X
Block/Lot: 3542/062
Applicant: Swedish Society of San Francisco
2168 Market Street
San Francisco, CA 94114
- e. *Filing Date:* May 1, 2019
Case No.: 2019-006455MLS
Project Address: 2731-2735 Folsom Street (District 9)
Landmark No.: 276
Zoning: RH-2 – Residential-House, Two-Family
Height and Bulk: 40-X
Block/Lot: 3640/031
Applicant: Adele Feng
2733 Folsom Street
San Francisco, CA 94110

PROPERTY DESCRIPTIONS

- a. 2251 Webster Street: The subject property is located on the west side of Webster Street between Washington and Clay streets, Assessor's Block 0612, Lot 001A. The subject property is located within a RH-2 (Residential-House, Two-Family District) zoning district and a 40-X Height and Bulk district. The subject property is a contributing building to the Webster Street Historic District. It is a two-story, plus basement, wood-frame, single-family dwelling designed in the Italianate style and built in circa 1900.
- b. 1401 Howard Street: The subject property is located on the south corner of Howard and 10th Streets, Assessor's Block 3517, Lot 035. The subject property is located within an RCD (Regional Commercial District) zoning district and a 55/65-X Height and Bulk district. The subject property, historically known as St. Joseph's Church, is an Article 10 individual landmark (No. 120), located in the California Register Western-SOMA Light Industrial and Residential Historic District, and added to the National Register of Historic Places in 1982. The subject property is a former Catholic church constructed in 1913 and designed in the Romanesque Revival style by architect John J. Foley.
- c. 64 Potomac Street: The subject property is located on the east side of Potomac Street between Waller Street and Duboce Park, Assessor's Block 0866 Lot 014. The subject property is located within a RH-2 (Residential-House, Two-Family District) zoning district and a 40-X Height and

Bulk district. The subject property is a contributing building to the Article 10 Duboce Park Historic District. It is a two story over garage, wood-frame, single-family dwelling built in 1899 and features a gable roof and bay window.

- d. 2168 Market Street: The subject property is located on the north side of Market Street between Sanchez and Church streets, Assessor's Block 3542 Lot 062. The subject property is located within an NCT (Upper Market Neighborhood Commercial Transit) zoning district and a 40/50-X Height and Bulk district. The subject property is an Article 10 individual landmark (No. 267). It is a three-story wood-frame commercial building constructed in 1907 and designed by master architect August Noridn.
- e. 2731-2735 Folsom Street: The subject property is located on the west side of Folsom Street between 23rd and 24th streets, Assessor's Block 3640, Lot 031. The subject property is located within the RH-2 (Residential House, Two Family) zoning district and 40-X Height and Bulk district. The subject property is a three-story, wood frame, three-unit residential building with a rectangular plan. The subject property is an Article 10 individual landmark building (No. 276). The subject property was designed in the Beaux-Arts style by architect James Francis Dunn (1874-1921) and constructed in 1900 for James Gaughran.

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.

Mill Act Applications
October 2, 2019

2019-006323MLS (2251 Webster Street); 2019-006384MLS (1401 Howard Street); 2019-
006323MLS (64 Potomac Street); 2019-005831MLS (2168 Market Street);
2019-006455MLS (2731-2735 Folsom Street);

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.

PRIORITY CRITERIA CONSIDERATIONS

Staff reviewed all applications on the merits of five Priority Consideration. The five priority considerations are:

Necessity: The project will require a financial incentive to help ensure the preservation of the property. This criterion will establish that the property is in danger of deterioration and in need of substantial rehabilitation and restoration that has significant associated costs. Properties with open complaints, enforcement cases or violations will not meet this criterion.

Investment: The project will result in additional private investment in the property other than for routine maintenance. This may include seismic retrofitting and substantial rehabilitation and restoration work. This criterion will establish that the owner is committed to investing in the restoration, rehabilitation and maintenance the property.

Distinctiveness: The project preserves a distinctive example of a property that is especially deserving of a contract due to its exceptional nature.

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

Mill Act Applications
October 2, 2019

2019-006323MLS (2251 Webster Street); 2019-006384MLS (1401 Howard Street); 2019-006323MLS (64 Potomac Street); 2019-005831MLS (2168 Market Street); 2019-006455MLS (2731-2735 Folsom Street);

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

PUBLIC/NEIGHBORHOOD INPUT

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

STAFF ANALYSIS

The Department received five Mills Act applications by the May 1, 2019 filing date. The Project Sponsors, Planning Department Staff, and the Office of the City Attorney have negotiated the five 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. Please see below for complete analysis.

- a. 2251 Webster 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.

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 applicant completed some rehabilitation of the building in 2019, including dry rot repair and painting with an estimated cost of \$12,650. The proposed Rehabilitation Plan includes in kind window replacement, interior plaster and lathe repair from and exterior leak, in-kind replacement of the front and rear doors, roof repair and replacement, painting. Rehabilitation work is estimated to cost \$113,610 over ten years.

The proposed Maintenance Plan includes annual inspection of the wood siding, windows, and roof. Maintenance work is estimated to cost \$2,880 annually. 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.

The subject property meets three of the five Priority Considerations: Necessity, Investment and Distinctiveness. The proposed rehabilitation will require significant associated costs to ensure the preservation of the subject property. The property owner will invest additional money towards

the rehabilitation other than for routine maintenance. Finally, the proposed rehabilitation project will preserve a distinctive example of a grouping of Italianate homes constructed circa 1900. The subject property does not meet the Recently Designated City Landmarks or the Legacy Business criteria. The building was designated an Article 10 landmark district in 1991 and therefore is not a recent landmark. A Legacy Business is not located at the subject property.

- b. 1401 Howard 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.

The subject property is currently valued by the Assessor's Office at over \$5,000,000 (see attached Market Analysis and Income Approach reports); therefore, an exemption from the tax assessment value is required. The subject property qualifies for an exemption as it is designated an individual landmark under Article 10 of the Planning Code. 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, deterioration or abandonment.

In 2018, the applicant completed a full rehabilitation and restoration of the building and received final approval for the Federal Historic Preservation Tax Incentive in September 2018. Work included the restoration of exterior and interior finishes, seismic strengthening, repair of the slate roof, and restoration of the sheet metal domes. The cost of the completed work was approximately \$3,962,310.00.

Future rehabilitation and restoration scope items include full repainting of the interior and exterior. The estimated cost of the proposed rehabilitation work is \$291,065.00 over ten years.

The proposed Maintenance Plan includes annual inspection of exterior stucco, metal roof elements, windows, doors, and roof on a regular basis. The applicant will be maintaining interior character defining features identified in the National Register nomination, such as the entry lobby floors, plaster detailing, and woodwork. Maintenance work is estimated to cost \$31,040 annually. 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.

The subject property meets two of the five Priority Considerations: Distinctiveness and Investment. The building represents a distinctive example of the Romanesque Revival architectural style. Completed in 2018, the applicant has invested in a full building restoration and rehabilitation scope, including seismic strengthening. The subject application does not meet the Necessity, Recently Designated Landmark, and Legacy Business criteria. The applicant completed a full building rehabilitation and restoration scope in 2018 and the building is in excellent condition; therefore, the application does not meet the Necessity criteria. The building

was designated an Article 10 landmark in 1980 and therefore is not a recent landmark. A Legacy Business is not located at the subject property.

- c. 64 Potomac 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.

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 proposed Rehabilitation Plan includes seismic strengthening, roof replacement, wood siding repair and painting, front façade window repair, restoration of front stairs, front door and garage door replacement. Rehabilitation work is estimated to cost \$126,035 over ten years.

The proposed Maintenance Plan includes annual inspection of roof, gutters and downspouts, windows, doors, foundation, and wood siding and trim. Any needed repairs will be made in kind and will avoid altering, removing or obscuring character-defining features of the building. Maintenance work is estimated to cost approximately \$4,000 annually.

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.

The subject property meets three of the five Priority Considerations: Necessity, Investment and Distinctiveness. The proposed rehabilitation will require significant associated costs to ensure the preservation of the subject property. The property owner will invest additional money towards the rehabilitation other than for routine maintenance. Finally, the proposed rehabilitation project will preserve a distinctive example of Victorian style home. The subject property does not meet the Recently Designated City Landmarks or the Legacy Business criteria. The building was designated an Article 10 landmark district in 2013 and therefore is not a recent landmark. A Legacy Business is not located at the subject property.

- d. 2168 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.

The subject property is currently valued by the Assessor's Office as under \$5,000,000 (see attached Market Analysis and Income Approach reports) and did not require a Historic Structure Report.

The proposed Rehabilitation Plan includes repair and restoration of the exterior front entry features such as terrazzo, doors, windows, and brick. Rehabilitation work is estimated to cost \$95,160 over ten years.

The proposed Maintenance Plan includes annual inspection of front façade, windows, interior wood elements, and roof. Any needed repairs resulting from inspection will be made in kind and will avoid altering, removing or obscuring character-defining features of the building. Maintenance work is estimated to cost approximately \$7,500 annually.

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. A Certificate of Appropriateness has been submitted for the following scopes to be completed in the next two to three years: replace existing non historic main doors and supporting framework; replace non-historic glass window facing market street with leaded glass window to match the historic nature of the façade.

The subject property meets three of the five Priority Considerations. It represents an exceptional example of the Arts & Crafts architectural style and therefore meets the Distinctiveness priority consideration. The building was designated an Article 10 landmark in 2015 and was designated on the National Register of Historic Places in 2019 and therefore is a recent landmark. In 2015 the applicant performed a full building rehabilitation, including seismic strengthening and elevator upgrades, at the subject property; therefore, the subject property not meet the Necessity or Investment criteria. Café du Nord, a registered Legacy Business ca. 2016, is located at the subject property and will continue to operate as such.

- e. 2731-2735 Folsom 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.

The subject property is currently valued by the Assessor's Office at over \$3,000,000 (see attached Market Analysis and Income Approach reports); therefore, an exemption from the tax assessment value is required. The subject property qualifies for an exemption as it is designated an individual landmark under Article 10 of the Planning Code. 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, deterioration or abandonment.

The building underwent a full rehabilitation c.2014 which included full re-painting of all elevations, façade restoration, structural strengthening, and re-roofing. The proposed Rehabilitation Plan includes dry rot repair of wood elements at the base of the building, repair and restoration of windows, improve site drainage against foundation of building, repaint exterior, replace roof flashing, and fully re-roof the building. Rehabilitation work is estimated to cost \$305,573 over ten years.

The proposed Maintenance Plan includes annual inspection of gutters and downspouts, windows, front facade, and roof. Any needed repairs resulting from inspection will be made in

kind and will avoid altering, removing or obscuring character-defining features of the building. Maintenance work is estimated to cost approximately \$5,148 annually.

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.

The subject property meets three of the five Priority Considerations: Distinctiveness, Investment and Recently Designated City Landmark. The subject property represents a distinctive and well-preserved example of the Beaux-Arts style architecture. The property owner will be investing additional money towards the rehabilitation other than for routine maintenance. Additionally, in 2017 the City of San Francisco designated the subject building as an individual landmark under Article 10. The subject property does not meet the Necessity and Legacy Business criteria. In 2014, a full building rehabilitation, including seismic strengthening, was performed therefore the building is in good condition. Furthermore, the building is fully occupied and is not in danger of deterioration or abandonment. A Legacy Business is not located at the subject property.

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. Please refer to the attached Preliminary Valuation spreadsheet prepared by the Assessor for detailed information about each property.

- a) 2251 Webster Street: Estimated Property Tax Savings of \$14,184 (a 66.37% reduction from factored base year value)
- b) 1401 Howard Street: Estimated Property Tax Savings of \$66,974 (a 31.20% reduction from factored base year value)
- c) 64 Potomac Street: Estimated Property Tax Savings of \$22,679 (a 76.47% reduction from factored base year value)
- d) 2168 Market Street: Estimated Property Tax Savings of \$0 (a 0.00% reduction from factored base year value). The property owner is aware that they will not receive a tax savings but would like to move forward with the Mills Act knowing that the property will be re-evaluated in the future.
- e) 2731-2735 Folsom Street: Estimated Property Tax Savings of \$35,495 (a 49.46% reduction from factored base year value)

Mill Act Applications
October 2, 2019

2019-006323MLS (2251 Webster Street); 2019-006384MLS (1401 Howard Street); 2019-006323MLS (64 Potomac Street); 2019-005831MLS (2168 Market Street); 2019-006455MLS (2731-2735 Folsom Street);

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:
 - a. 2251 Webster Street
 - b. 1401 Howard Street
 - c. 64 Potomac Street
 - d. 2168 Market Street
 - e. 2731-2735 Folsom Street

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. **2251 Webster Street:**
 - Site & Aerial Photos
 - 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
- b. **1401 Howard Street:**
 - Site & Aerial Photos
 - 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

Mill Act Applications
October 2, 2019

2019-006323MLS (2251 Webster Street); 2019-006384MLS (1401 Howard Street); 2019-006323MLS (64 Potomac Street); 2019-005831MLS (2168 Market Street); 2019-006455MLS (2731-2735 Folsom Street);

Historic Structure Report

c. 64 Potomac Street:

Site & Aerial Photos

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. 2168 Market Street:

Site & Aerial Photos

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

e. 2731-2735 Folsom Street:

Site & Aerial Photos

Draft Resolution

Draft Mills Act Historical Property Contract

Draft Rehabilitation Program & Maintenance Plan

Draft Mills Act Valuation provided by the Assessor-Recorder's Office

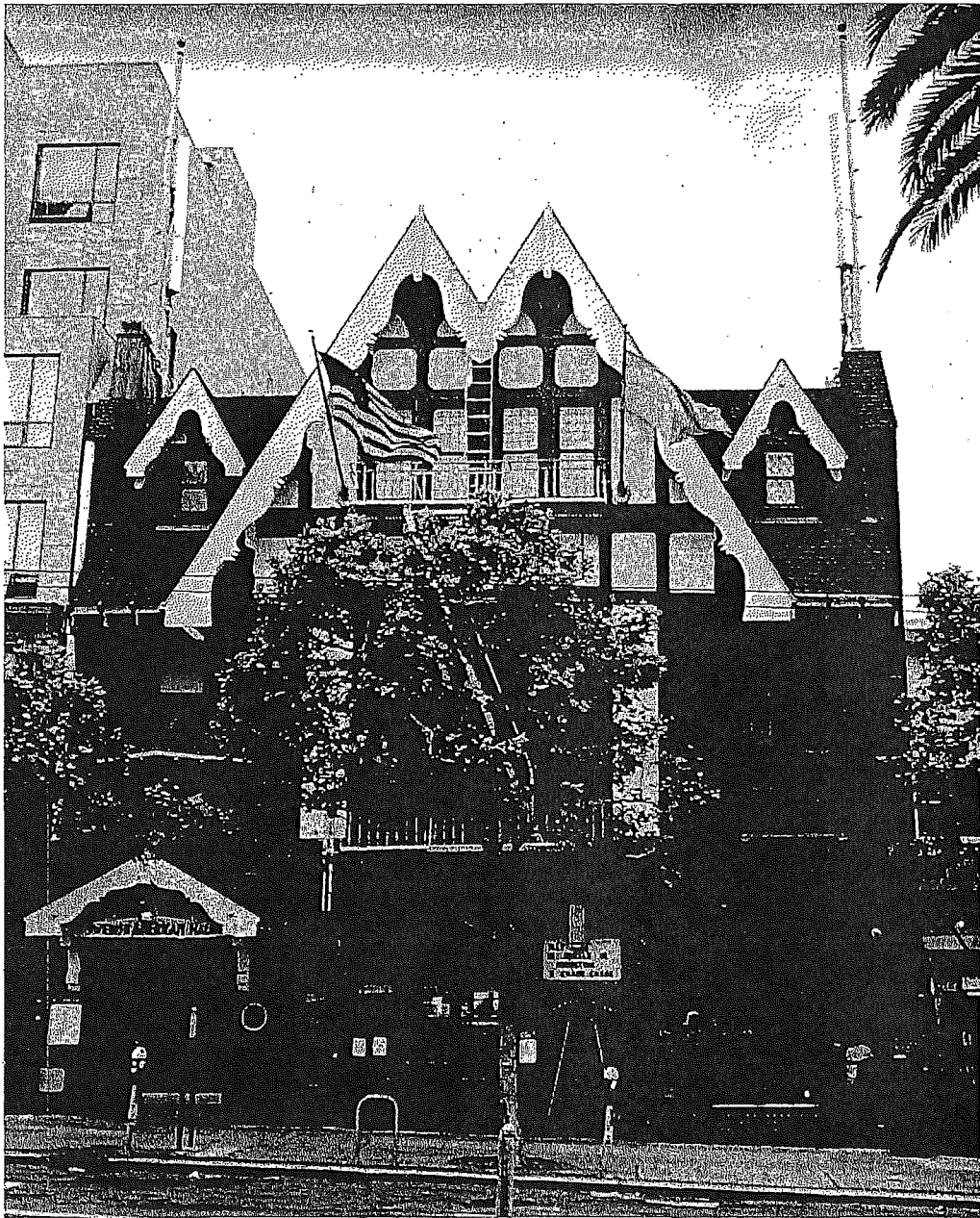
Pre-Approval Inspection Report

Mills Act Application

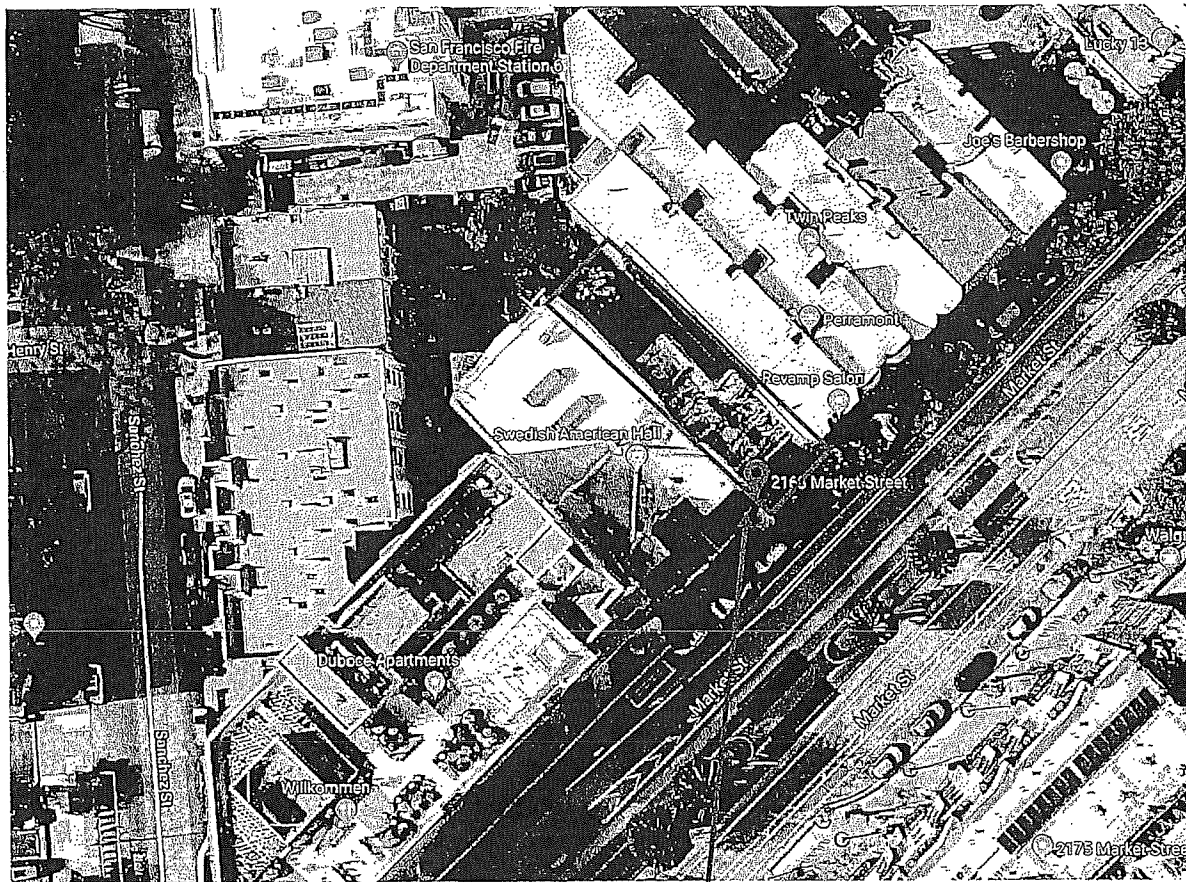
Historic Structure Report

Case No.: 2019-005831MLS
Project Address: 2168 Market Street (District 8)
Landmark No.: 267
Zoning: NCT (Upper Market Neighborhood Commercial Transit)
Height and Bulk: 40/50-X
Block/Lot: 3542/062
Applicant: Swedish American Society of San Francisco
2168 Market Street
San Francisco, CA 94114

SITE PHOTO



AERIAL PHOTO



SUBJECT PROPERTY



SAN FRANCISCO PLANNING DEPARTMENT

Historic Preservation Commission Resolution No. 1093

HEARING DATE: OCTOBER 2, 2019

Case No.: 2019-005831MLS
Project Address: 2168 Market Street (District 8)
Landmark No.: 267
Zoning: NCT (Upper Market Neighborhood Commercial Transit)
Height and Bulk: 40/50-X
Staff Contact: Stephanie Cisneros – (415) 575-9186
 stephanie.cisneros@sfgov.org
Reviewed By: Elizabeth Gordon-Jonckheer – (415) 575-8728
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Planning
Information:
415.558.6377

ADOPTING FINDINGS RECOMMENDING TO THE BOARD OF SUPERVISORS APPROVAL OF THE MILLS ACT HISTORICAL PROPERTY CONTRACT, REHABILITATION PROGRAM, AND MAINTENANCE PLAN FOR 2168 MARKET 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 2168 Market Street is an individual Article 10 landmark (No. 267) 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 2168 Market Street, which are located in Case Docket No. 2019-005831MLS. The Planning Department recommends approval of the Mills Act historical property contract, rehabilitation program, and maintenance plan; and

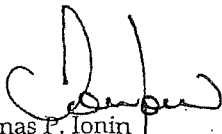
WHEREAS, The Historic Preservation Commission (HPC) recognizes the historic building at 2168 Market Street as an historical resource and believes the Rehabilitation Program and Maintenance Plan are appropriate for the property; and

WHEREAS, At a duly noticed public hearing held on October 2, 2019, 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 2168 Market Street, which are located in Case Docket No. 2019-005831MLS.

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 2168 Market 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 2168 Market Street, and other pertinent materials in the case file 2019-005831MLS to the Board of Supervisors.

I hereby certify that the foregoing Resolution was ADOPTED by the Historic Preservation Commission on October 2, 2019.


Jonas P. Ionin
Commissions Secretary

- AYES: Johns, Pearlman, So, Hyland, Matsuda, Black
- NOES: None
- ABSENT: None
- RECUSED: Foley
- ADOPTED: October 2, 2019

Exhibit A: Rehabilitation/Restoration Plan for 2168 Market Street

Scope: #1	Building Feature: Front Door Replacement		
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2020			
Total Cost: \$ 75,000			
Description of work: Replace non-original front door, framing, surround and hardware to better meet architect's original 1907 design, and to improve safety, security, and ADA considerations. Door will be compatible with the design and materials of the historic building. All work will be performed in conformance with the Secretary of the Interior's Standards.			

Scope: #2	Building Feature: Window in Events Kitchen		
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2020			
Total Cost: \$ 4,000			
Description of work: Restoration of non-original window at front elevation, at location of events catering kitchen. New window will have a leaded glass look to better match other windows on this south façade. All work will be performed in conformance with the Secretary of the Interior's Standards.			

Scope: #3	Building Feature: Façade Restoration		
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2026			
Total Cost: \$ 8,660			
Description of work: Repoint areas of missing mortar and repair damaged bricks on front wall. All repairs will be with like materials and in conformance with the Secretary of the Interior's Standards. Work will be performed in accordance with NPS Brief No. 2: Repointing Mortar Joints in Historic Masonry Buildings.			

Scope: #4	Building Feature: Terrazzo at Main Entry		
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2028			
Total Cost: \$6,000			
Description of work: Repair and restoration of chipped terrazzo at the main entry. Any patching will match existing in texture, color and materials. All work will be performed in conformance with the Secretary of the Interior's Standards.			

Scope: # 5		Building Feature: Window	
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2020			
Total Cost: \$ 1,500			
Description of Work: Replace broken leaded glass pane on 2 nd floor ante room at front of building. All repairs will be with like materials and in conformance with the Secretary of the Interior's Standards. Work will be performed in accordance with NPS Brief No. 33: The Preservation and Repair of Historic Stained and Leaded Glass.			

Exhibit B: Maintenance Plan for 2168 Market Street

Scope: # 1	Building Feature: Roof		
Rehab/Restoration	Maintenance <input checked="" type="checkbox"/>	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: Every 3 years			
Total Cost: \$1,000 Average cost per year over a ten year period			
Description of work: In 2016 major repair and coating of the roof was done, and is expected to last over 10 years. To maintain roof, inspections will be conducted of the roof, flashing and vents approximately every three years, repairing and replacing in-kind as necessary. Work will be performed according to NPS Preservation Brief #47: Maintaining the Exterior of Small and Medium Sized Historic Buildings			

Scope: # 2	Building Feature: Gutters and Down Spouts		
Rehab/Restoration	Maintenance <input checked="" type="checkbox"/>	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: Every two years			
Total Cost: \$500 Average cost per year over 10 years.			
Description of work: We will service our gutters and down spouts approximately every other year, removing debris and inspecting for leaks. At such time, we will confirm that the downspouts direct water away from the building and that no water is infiltrating the foundation. If issues are found, we will repair or replace gutters and downspouts as necessary. Work will be performed according to NPS Preservation Brief #47: Maintaining the Exterior of Small and Medium Sized Historic Buildings.			

Scope: # 3	Building Feature: Windows		
Rehab/Restoration	Maintenance <input checked="" type="checkbox"/>	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: Annually			
Total Cost: \$1,000 average annual cost over 10 years.			
Description of work: Annual inspection of wood frame windows with leaded glass for any signs of dry rot, water intrusion, or damage. We will repair or replace as indicated using best practices, using materials to match current appearance and preserve the historic integrity of the property, in compliance with the NPS Preservation Brief #9: The Repair of Historic Wooden Windows and Brief # 33: The Preservation and Repair of Historic Stained and Leaded Glass.			

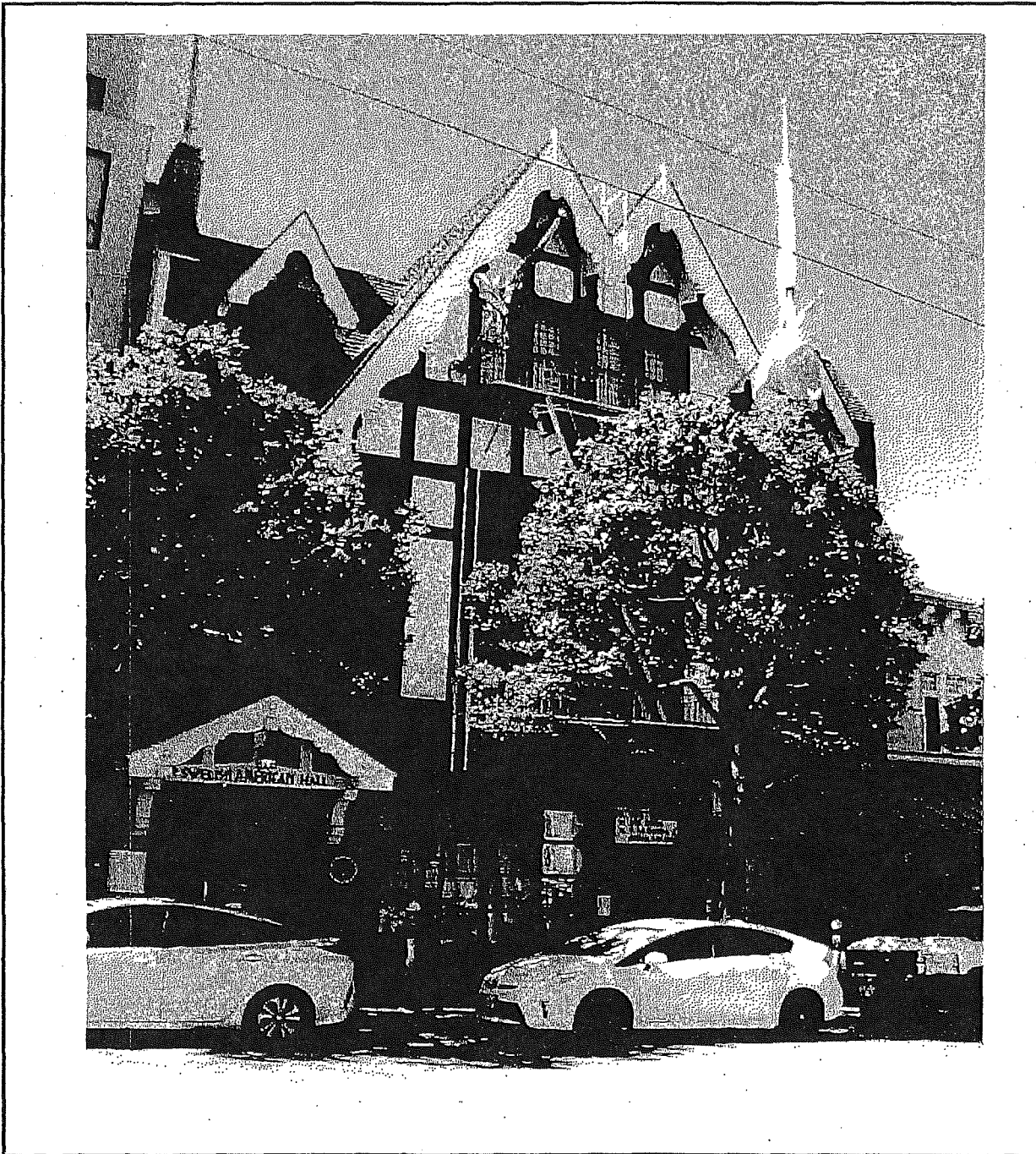
Scope: # 4	Building Feature: Skylights		
Rehab/Restoration	Maintenance <input checked="" type="checkbox"/>	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: Every 5 years			
Total Cost: \$500 average annual cost over 10 years.			
Description of work: Inspection of skylights, at least every 5 years, for any signs of dry rot, water intrusion, or damage. We will repair or replace as indicated using best practices, using materials to match current appearance and preserve the historic integrity of the property, in compliance with the NPS Preservation Brief #9: The Repair of Historic Wood Windows.			

Scope: # 5		Building Feature: Exterior finishes	
Rehab/Restoration	Maintenance <input checked="" type="checkbox"/>	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: Annually			
Total Cost: \$1,500 average annual cost over 10 years.			
Description of work: The exterior was entirely repainted from 2012 to 2014 at a cost of \$34,288. Exterior millwork and paint is routinely inspected for signs of failure and/or dry rot. Façade is washed when needed. As necessary, repair work will be performed using best practices and in-kind materials, as per NPS Preservation Brief #47: Maintaining the Exterior of Small and Medium Sized Historic Buildings.			

Scope: # 6		Building Feature: Interior finishes	
Rehab/Restoration	Maintenance <input checked="" type="checkbox"/>	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: Annually			
Total Cost: \$3,000 average annual cost over 10 years.			
Description of work: Perform annual inspections of all interior wood finishes including wood banisters, newel posts, wainscoting, trusses; walls, doors, and floors. As necessary, repairing and other regular maintenance will be performed using best practices and in-kind materials. All work will be performed in conformance with the Secretary of the Interior's Standards.			



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



Swedish American Hall
2168-2174 Market Street
1566

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

APN:	3542 062	Lien Date:	1/1/2019
Address:	2168 Market Street	Value Date:	7/1/2019
SF Landmark No.:	#267	Application Date:	4/24/2019
Applicant's Name:	Swedish Society of San Francisco	Valuation Term	12 months
Agt./Tax Rep./Atty:	No	Last Sale Date:	Built for the Swedish Society in 1907
Fee Appraisal Provided:	No	Last Sale Price:	N/A

FACTORED BASE YEAR (Roll) VALUE		INCOME CAPITALIZATION APPROACH		SALES COMPARISON APPROACH	
Land	\$114,452	Land	\$2,418,000	Land	\$4,110,000
Imps.	\$569,766	Imps.	\$1,612,000	Imps.	\$2,740,000
Personal Prop	\$0	Personal Prop	\$0	Personal Prop	\$0
Total	\$684,218	Total	\$4,030,000	Total	\$ 6,850,000

Property Description

Property Type:	Commercial	Year Built:	1907	Neighborhood:	Duboce Triangle
Type of Use:	Commercial	(Total) Rentable Area:	17132	Land Area:	5,153
Owner-Occupied:	No	Stories:	3+ Basement	Zoning:	Upper Market NCT
Unit Types:	Retail/Office	Parking Spaces:	0		

Total No. of Units: 3

Special Conditions (Where Applicable)

Conclusions and Recommendations

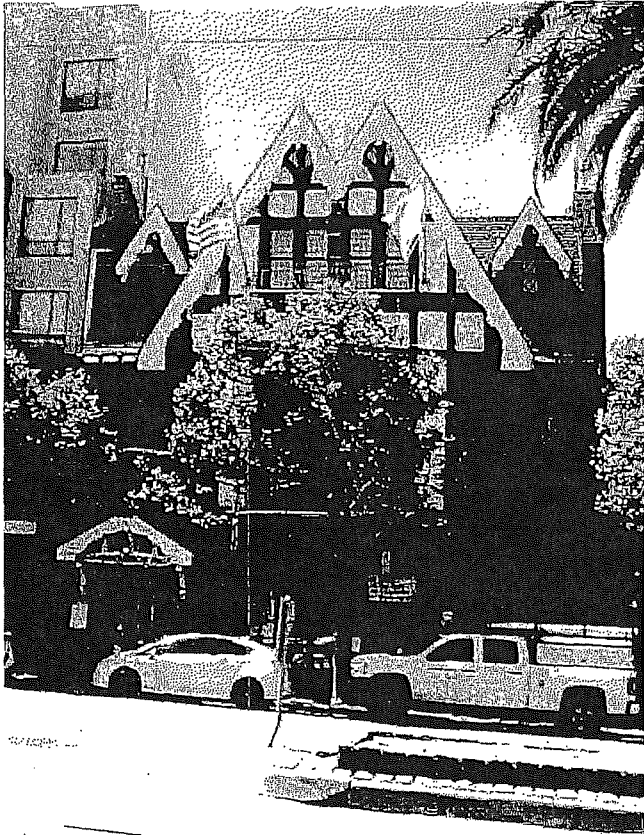
	Per Unit	Per SF	Total
Factored Base Year Roll	\$ 228,073	\$ 40	\$ 684,218
Income Approach - Direct Capitalization	\$ 1,343,333	\$ 235	\$ 4,030,000
Sales Comparison Approach	\$ 2,283,333	\$ 400	\$ 6,850,000
Recommended Value Estimate	\$ 228,073	\$ 40	\$ 684,218

Appraiser: Anne Ferrel	Principal Appraiser: Rob Spencer	Hearing Date:
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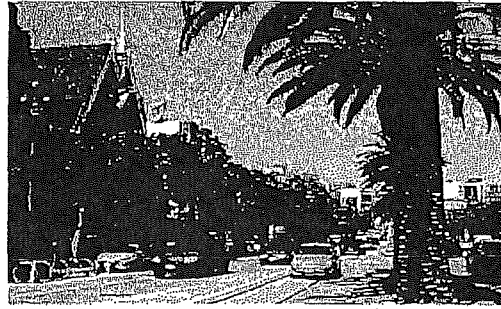
SUBJECT PHOTOGRAPHS, ASSESSOR'S BLOCK MAP AND LOCATION MAP

Address: 2168-2174 Market Street

APN: 3542 062



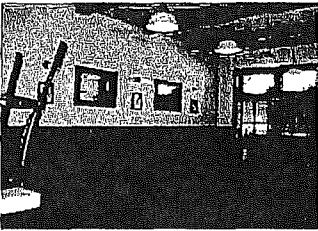
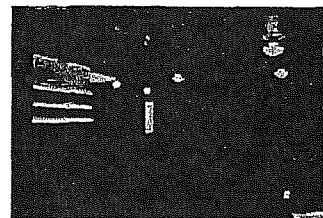
Subject 2168-2174 Market Street



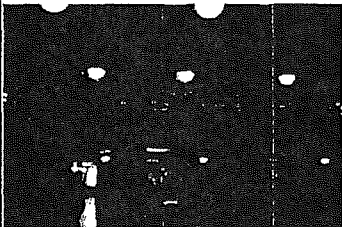
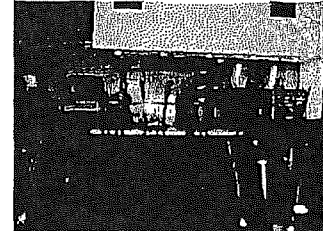
Street Scene - Market Street between Church and Sanchez



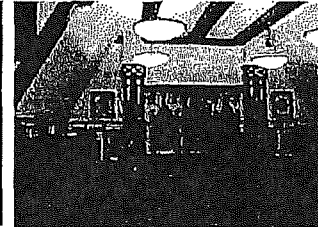
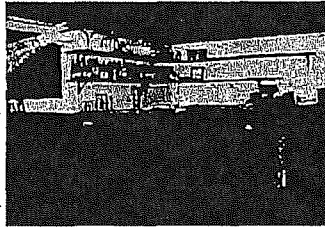
2168 Market Street - Basement Level Café du Nord



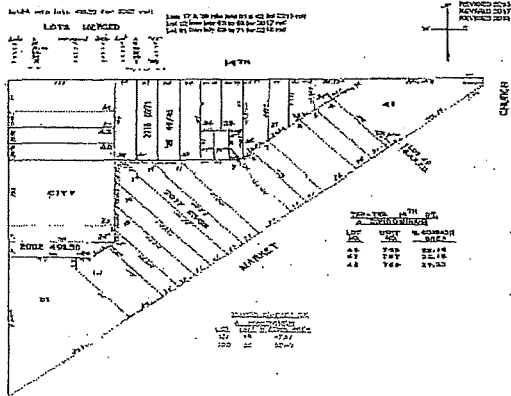
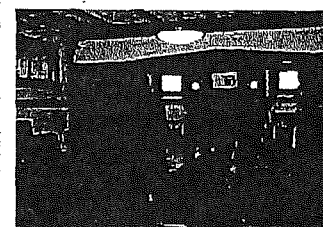
2170 Market Street - Street Level Restaurant "The Wooden Spoon"



2174 Market Street - 2nd Level Event Space



2174 Market Street - 3rd Level Swedish Society Meeting Rooms



Assessor Recorder Parcel Map



Location Map

INCOME APPROACH

Address: 2188 Market Street
Date of Value: 7/1/2019

Actual Income and Expense Information - Swedish American Hall

		Sq. Ft.		Annual Rent/5F		Total
Potential Gross Income						
Retail	Basement Level Retail	6,222	x	\$26.00	MG	\$130,650
	1st Floor Retail	5,087	x	\$30.00	MG	\$152,610
	2nd Floor Retail	5,203	x	\$25.00	MG	\$130,075
Subtotal Retail		16,512		\$27.00	Avg	\$419,235
Office	3rd Floor Office	1,620	x	\$26.00	MG	\$49,600
		1020		\$25.00		
Total Potential Income/Square Feet		17,132		\$28.48		\$463,735
Leas; Vacancy & Collection Loss						
	Retail	\$113,235	@	5%		\$20,602
	Office	\$40,600	@	5%		\$2,025
	Total					\$22,627
Effective Gross Income						\$431,048
Other Income	Cell Antenna					\$47,222
Effective Gross Income						\$478,270
Less: Anticipated Operating Expenses (Pre-Property Tax)*				15% of EGI		\$71,741
Net Operating Income (Pre-Property Tax)						\$359,288
						\$20.87
Restricted Capitalization Rate						
	2019 interest rate per State Board of Equalization					4.7500%
	Risk rate (4% owner occupied / 2% all other property types)					2.0000%
	2018 property tax rate **					1.1630%
	Amortization rate for improvements only					
	Remaining economic life (in years)	40		0.0250		1.0000%
	Improvements constitute % of total property value			10%		8.9130%
RESTRICTED VALUE ESTIMATE						\$4,030,000

Rental Income Information

Amounts listed are calendar year 2018 actual, considered typical. Mortgage debt service (substantial) is excluded.

Item	Amount
Income	
Lease	\$ 317,372
Rental	\$ 6,775
Other Income	\$ 1,480
Expenses	
Advertising	\$ 180
Cleaning & Maintenance	\$ 999
Events Expense	\$ 6,988
Fees	\$ 555
Insurance	\$ 22,504
Professional Services	\$ 4,780
Repairs	\$ 1,256
Supplies	\$ 2,603
Other	\$ 825
Taxes	
Federal	\$ 16,500
Property	\$ 10,108
State	\$ 7,000

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Rent Roll as of Calendar year 2019

Unit	Tenant	SF Per PBL Floorplans	Moved In	Renewal Date	Monthly Contract Rent	Annual Rent	Annual Rent / Foot
2188-2170-2174 Market	Upper Market Vikings	17,132	Feb-08	01/2014 Amendment	\$22,876	\$270,900	\$15.81
Cell Tower	AT&T - New Cingular Wireless	111sf equipment space + airspace not to exceed ceiling height of room. 248sf of antenna space on structure's roof and/or facade.	Jun-08	09/2017 Amendment	\$3,035	\$47,322	
Total Income from Leases					\$26,911	\$318,122	

NOTE: Reference Section 24.3 of the lease, 3rd floor Swedish American Archives and/or Board Room can be used by the Lessee for "Events".

Additional Income as of Calendar year 2018

Category	Description	Amount	Notes
Rental	Swedish American Society - 2 Upper Rooms (Archives and Board Room)	1,620	No historical income data obtained for the rental of 2 rooms on the 3rd floor that the Swedish Society maintains for its personal use and rents out occasionally.
Other Income	Concert and film sponsored by the Swedish American Hall		1) \$180 for tickets sold for Neumann concert + \$1000 donation to defray the cost of the concert. 2) \$200 for 3 viewings of films sponsored by the Swedish Society and Young Scandinavians.
Total Additional Income		\$1,620	

Notes:
Annual Operating Expenses includes water service, refuse collection, insurance, and common maintenance. Assumes payment of P&E by lessee.
Based on 2018 actuals, income to expenses ratio = 12.5%
The 2019 property tax rate will be determined in September 2019

Summary of Subject and Comparable Retail Leases

Address: 2168-2174 Market Street
 APN: 3542 062
 Value Date: 7/1/2019

No.	Block/Lot	Address	Tenant	Floor	Lease Signed	Lease Start	Term - Mo's	NRA	Starting Rent	Lease Type	Expense Terms	Escalations/Comments
Subject Property Retail Leases												
Lease #1												
Subl.	3542 062	2168 Market Street	United Market Vikings - The Wooden Spoon	1	1/1/2014	1/1/2014	360	5,087		A	MG	Rental of 2168, 2170 and 2174 Market Street to United Market Vikings are all under 1 lease agreement. Lease amended 01/01/14: Pre-Reno rent on 01/01/2014 was \$14,500/mo. Post Reno rent as of 02/01/2017: \$21,500/month + CPI adjustments every 2 years not to exceed 5%. Tenant to pay utilities, pro-rata share of increase in prop taxes, on-going repair and maintenance costs and CAM.
Subl.	3542 062	2170 Market Street	United Market Vikings - Café Du Nord	Bsmt	1/1/2014	1/1/2014	300	5,222		A	MG	
Subl.	3542 062	2174 Market Street	United Market Vikings - Event Space (5203sf) Meeting Rooms (1620sf)	2nd-3rd	1/1/2014	1/1/2014	360	6,823		A	MG	
								17,132	\$15.08			
Lease #2												
Subl.	3542 062	2174 Market Street	AT&T - New Cingular Wireless PCS, LLC	3rd Floor Equipment Room and Rooftop	9/22/2017	9/22/2017	36	3586f	\$10.43	A		Structure License Agreement for cellular antennas. Lease amendment beginning 09/22/2017: \$3745/mo with 2.5% annual increases. Licensee to repair and maintain equipment, pay all utility charges for gas and electric that they incur and pay the property taxes attributable to their leasehold improvements on the premises.
Comparable Retail Rents (Sorted by Property Type)												
1	0311 013	57 Post Street	Dada Bar	1	2/2/2016	8/23/2016	32	6,026	\$30.61	N	MG	GF 3014sf. Mezz: 1350sf and Lower lvl 1662sf. 3% ann inc. Tenant to pay CAM and tax inc over BY. Tenant to pay all utilities and janitorial, rent abated until TI complete
2	0619 149	1810 Van Ness	Tokyo International Bar/Lounge		Unk	02/01/16	60	2,583	\$36.00	Unk	NNN	3% annual increases
3	3615 010	1096 South Van Ness	Urban Put/Restaurant		11/1/2012	Unk	120	6,745	\$22.24	Unk	IG	Lease includes use of ~3160sf bsmt space. Tenant pays owner for utilities and R&M. Landlord installed elevator @ \$20,000
4	0287 020	447 Bush Street	Event Space/Office Seminars: San Francisco Empowerment Center	1	6/11/2016	7/1/2016	30	2,000	\$24.30	R	NNN	Renewal, 1 scheduled increase 01/01/2018 to \$4150/month
Average									\$28.29			

All retail leases are triple net (NNN), unless otherwise indicated in the comments section.
 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

Low: \$22.24
 High: \$36.00
 Average: \$28.29

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Summary of Comparable Office Leases

Address: 2168-2174 Market Street
 APN: 3542 062
 Value Date: 7/1/2019

No.	Block/Lot	Address	Tenant	Floor	Lease Signed	Lease Start	Term - Mo's	NRA	Starting Rent	Lease Type	Expense Terms	Escalations/Comments
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Subject Property Retail Leases

Lease #1													
Subj.	3542 062	2168	Market Street	United Market Vikings - The Wooden Spoon	1	1/1/2014	1/1/2014	360	5,087		A	MG	Rental of 2168, 2170 and 2174 Market Street to United Market Vikings are all under 1 lease agreement. Lease amended 01/01/14; Pre-Reno rent on 01/01/2014 was \$14,500/mo. Post Reno rent as of 02/01/2017: \$21,500/month + CPI adjustments every 2 years not to exceed 5%. Tenant to pay utilities, pro-rata share of increase in prop taxes, on-going repair and maintenance costs and CAM.
Subj.	3542 062	2170	Market Street	United Market Vikings - Café Du Nord	Bsmt	1/1/2014	1/1/2014	360	5,222		A	MG	
Subj.	3542 062	2174	Market Street	United Market Vikings - Event Space (5203sf) Meeting Rooms (1620sf)	2nd-3rd	1/1/2014	1/1/2014	360	6,823		A	MG	
									17,132	\$15.06			
Lease #2													
Subj.	3542 062	2174	Market Street	AT&T - New Cingular Wireless	3rd Floor Equipment Room and Rooftop	9/22/2017	9/22/2017	38	359sf	\$10.43	A		Structure License Agreement for cellular antennas. Lease amendment beginning 09/22/2017: \$3745/mo with 2.5% annual increases. Licensee to repair and maintain equipment, pay all utility charges for gas and electric that they incur and pay the property taxes attributable to their leasehold improvements on the premises.

Comparable Office Rents (Sorted by Property Type)

1	0163 009	1155 Mission	Cybernet Entertainment (Tech Office)	3-Jan	2/1/2018	3/1/2018	119	15,678	\$30.61	N	NNN	Flat rent for first 5 years at \$40,000/month, after which rent increases to \$44000 per month. Tenant bears all costs on a net basis.	
2	0715 014	1000 Van Ness Avenue	Inifinite Returns	1	03/31/16		60	9,400	\$30.50	N	MG	No annual increases. Utilities to be paid by tenant. No CAM charges	
3	0715 014	1000 Van Ness Avenue	Happy Inspector, Inc	1	7/1/2018	7/11/2016	24	4,840	\$20.50	N	MG		
4	3560 013	2282 Market	Zephyr Real Estate	2	2/28/2014	11/11/2014	120	10,772	\$22.28	N	NNN	3% annual increases. Two 5 year options @ 95% of FMR but no less than preceeding year. 8 roof top parking spaces.	
Average									\$25.97				

All retail leases are triple net (NNN), unless otherwise indicated in the comments section.
 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

Low: \$20.50
 High: \$30.61
 Average: \$25.97

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SALES COMPARISON ANALYSIS

	ADDRESS	Sales Price \$ PER SQ.FT.	MARKET CONDITIONS	NEIGHBORHOOD	LOT SIZE	YEAR BUILT	SQUARE FEET	CONDITION	OVERALL ADJUSTMENT	ADJUSTED SALE PRICE
Subj. APN	2168 Market Street 3542 082			Duboce Triangle	5,153	1907	17,132	Average		
1	1081 Post Street 0693 016 (Office)	6/4/2019 \$3,497,000 \$383	Similar	Downtown 20%	2,352	1988 -10%	9,120 -7%	Good -15%	-12%	\$337
2	170 Valencia 3502 013 Specialty Property - House of Worship)	12/31/2018 \$9,600,000 \$413	Similar	Mission Dolores	8,245	1931	23,270 5%	Average	5%	\$433
3	240 Page 0839 032 (Specialty Property - House of Worship)	5/6/2019 \$2,780,000 \$506	Similar	Hayes Valley	3,920	1909	5,495 -15%	Average	-15%	\$430
4	1155 Mission 3727 102 (Office)	1/31/2018 \$9,500,000 \$606	Similar	Inner Mission -10%	4,792	1914	15,678	Good -15%	-25%	\$454
5	185 Page 0853 015 (Office)	5/7/2019 \$4,400,000 \$800.00	Similar	Hayes Valley	5,663	1984 -10%	5,500 -15%	Average	-25%	\$600

RANGE OF VALUES	\$337	to	\$600
	Average		\$451
	Median		\$433
	Reconcile to the low end of the range of \$/sf		\$400
ESTIMATED MARKET VALUE			\$6,850,000

ADJUSTMENTS:

Market Conditions	None
Location	None
Lot Size	None
Year Built	10% for 1980's construction
Neighborhood:	20% for Downtown vs Duboce Triangle; -10% for Inner Mission vs Duboce Triangle
Square Feet	5-15%
Condition	15% Good vs Average

1572



SAN FRANCISCO PLANNING DEPARTMENT

PRE-APPROVAL INSPECTION REPORT

Report Date: May 21, 2019
Inspection Date: May 14, 2017; 11:00a.m.
Filing Date: April 24, 2019
Case No.: 2019-005831MLS
Project Address: 2168 Market Street
Block/Lot: 3542/062
Eligibility: Article 10 Landmark No. 276, Swedish American Hall
Zoning: NCT - Upper Market Neighborhood Commercial Transit District
Height & Bulk: 40-X/50-X
Supervisor District: District 8 (Rafael Mandelman)
Project Sponsor: Swedish Society of San Francisco
Address: 2168 Market Street
San Francisco, CA 94114
415-407-0094
olssorted@gmail.com
Staff Contact: Michelle Taylor – (415) 575-9197
michelle.taylor@sfgov.org
Reviewed By: Tim Frye – (415) 575-6822
tim.frye@sfgov.org

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San Francisco,
CA 94103-2479

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415.558.6378

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415.558.6409

Planning
Information:
415.558.6377

PRE-INSPECTION

- Application fee paid
- Record of calls or e-mails to applicant to schedule pre-contract inspection

5/6/2019: Email applicant to schedule site visit.

5/7/2019: Confirm site visit for 5/14/2019 at 11:00am

INSPECTION OVERVIEW

Date and time of inspection: Tuesday, May 14, 2019, 11:00am

Parties present: Shannon Ferguson (Planning Department), Ted Olsson, Fred Bianucci, Martin Benson

- 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
- | | | |
|---|-----------------------------|---|
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | Does the application and documentation accurately reflect the property's existing condition? If no, items/issues noted: |
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | Does the proposed scope of work appear to meet the Secretary of the Interior's Standards? If no, items/issues noted: See below |
| <input type="checkbox"/> Yes | <input type="checkbox"/> 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 |
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | Conditions for approval? If yes, items/issues noted: See below |

NOTES

2168 Market Street (District 8) is located on the northwest side of Market Street between Sanchez and Church streets, Assessor's Block 3542 Lot 062. The subject property is located within the NCT (Upper Market Neighborhood Commercial Transit) zoning district and 40/50-X Height and Bulk district. It is a three-story wood-frame commercial building constructed in 1907 by Master Architect August Nordin. The subject property is an individual Article 10 landmark (No. 267) significant as both as an exceptional architectural example of the Arts and Crafts style and as an enduring social hall associated with San Francisco's Scandinavian community.

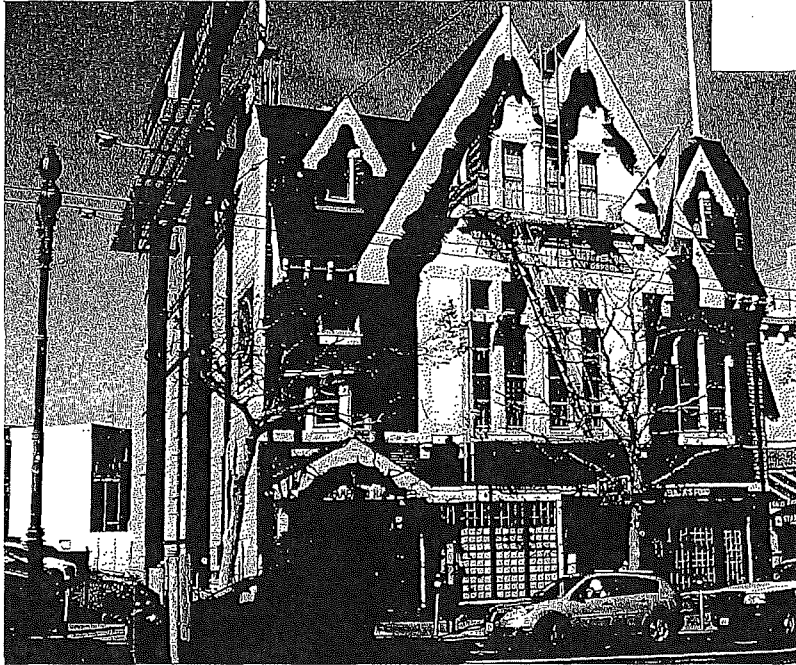
The subject property is currently valued by the Assessor's Office at under \$5,000,000. Therefore, an exemption from the tax assessment value is not required.

The initial application provided a Rehabilitation and Maintenance Plan that did not adequately describe the scope of on-going maintenance that the property owner regularly performs, such as roof inspections, window inspection, and regular repairs. Property owner was offered guidance on developing a comprehensive Rehabilitation and Maintenance Plan that better reflects the proposed and on-going work for the building.

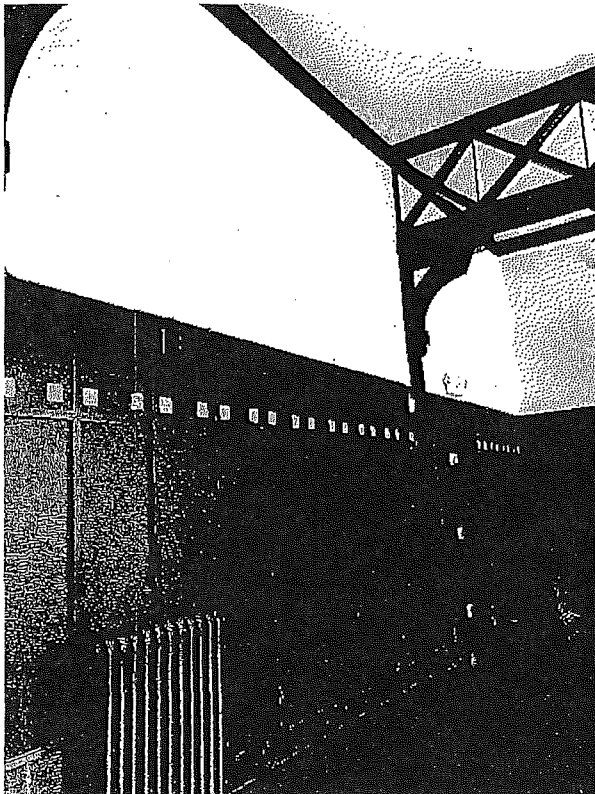
Property owner provided a revised Rehabilitation and Maintenance Plan which better reflects proposed work and maintenance items. The revised Rehabilitation plan proposes to repair and restore the exterior front entry terrazzo; replace a non-historic door with a new compatible and accessible door at the main entrance; remove and replace a non-compatible window at the front façade, and repair and restore bricks at the front facade. The estimated cost of the proposed rehabilitation work is \$95,160.

The applicant provided a revised maintenance plan which proposes to inspect and make any necessary repairs to the front façade, windows, interior wood elements, and roof on a regular basis. The estimated cost of maintenance work is \$7,500 annually.

PHOTOGRAPHS



Front façade (c. 2011)



Typical interior finishes

RECEIVED

APR 22 2019

CITY & COUNTY OF S.F.
PLANNING DEPARTMENT
RECEPTION DESK

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 <input checked="" type="checkbox"/> NO <input type="checkbox"/> |
| 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 <input type="checkbox"/> NO <input type="checkbox"/>
N/A <input checked="" type="checkbox"/> |
| 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 <input checked="" type="checkbox"/> NO <input type="checkbox"/> |
| 4 | Notary Acknowledgement Form
Is the Acknowledgement Form complete?
Do the signatures match the names and capacities of signers? | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> |
| 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 <input checked="" type="checkbox"/> NO <input type="checkbox"/> |
| 6 | Photographic Documentation
Have you provided both interior and exterior images (either digital, printed, or on a CD)? Are the images properly labeled? | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> |
| 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 <input checked="" type="checkbox"/> NO <input type="checkbox"/> |
| 8 | Tax Bill
Did you include a copy of your most recent tax bill? | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> |
| 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 <input checked="" type="checkbox"/> NO <input type="checkbox"/> |
| 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 <input checked="" type="checkbox"/> NO <input type="checkbox"/> |
| 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 <input checked="" type="checkbox"/> NO <input type="checkbox"/> |

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: <i>Swedish Society of San Francisco</i>	TELEPHONE: <i>415 407-0094</i>
PROPERTY OWNER 1 ADDRESS: <i>2168 Market St., San Francisco, CA 94114</i>	EMAIL: <i>olsson.ted@gmail.com</i>
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: <i>2168 Market Street, San Francisco, CA</i>	ZIP CODE: <i>94114</i>
PROPERTY PURCHASE DATE: <i>1906</i>	ASSESSOR BLOCK/LOT(S): <i>3542/062</i>
MOST RECENT ASSESSED VALUE: <i>8670,804</i>	ZONING DISTRICT: <i>NCT-Upper Market St.</i>

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? *71,395 s.f.* YES NO
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. *415,898 s.f.*

Do you own other property in the City and County of San Francisco? YES NO
If Yes, please list the addresses for all other property owned within the City of San Francisco on a separate sheet of paper.

Are there any outstanding enforcement cases on the property from the San Francisco Planning Department or the Department of Building Inspection? YES NO
If Yes, all outstanding enforcement cases must be abated and closed for eligibility for the Mills Act.

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: *Ted Olsson, Pres., SSSF* Date: *4/22/2019*
 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 <input type="checkbox"/>	NO <input type="checkbox"/>
The property is a Commercial/Industrial Building valued at less than \$5,000,000.	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>

*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: <i>Swedish Society of San Francisco</i>
MOST RECENT ASSESSED PROPERTY VALUE: <i>\$670,804</i>
PROPERTY ADDRESS: <i>2168 Market Street, San Francisco, CA 94114</i>

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: *Ted Olson, Pres., SSSF*
Owner Signature: _____
Owner Signature: _____

Date: *4/22/2019*
Date: _____
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 <input checked="" type="checkbox"/> NO <input type="checkbox"/>
A 10 Year Maintenance Plan has been submitted detailing work to be performed on the subject property	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
Proposed work will meet the <i>Secretary of the Interior's Standards for the Treatment of Historic Properties</i> and/or the California Historic Building Code.	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>

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 <input checked="" type="checkbox"/> NO <input type="checkbox"/>
--	---

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.

# (Provide a scope number)	BUILDING FEATURE
2019 or 2020	

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

Swedish American Hall
PROPERTY NAME (IF ANY)

2168 Market Street, S.F.
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 Swedish Society of San Francisco ("Owner/s").

RECITALS

Owners are the owners of the property located at 2168 Market Street, in San Francisco, California

35421062 . The building located at 2168 Market Street

BLOCK NUMBER LOT NUMBER #267

is designated as City Landmark pursuant to Article 10 (e.g. "a City Landmark pursuant to Article 10 of the Planning Code") and is also known as the Swedish American Hall

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 three hundred four thousand 304,000. See Rehabilitation Plan, Exhibit A.

AMOUNT IN WORD FORMAT AMOUNT IN NUMERICAL FORMAT

Owners' application calls for the maintenance of the Historic Property according to established preservation standards, which is estimated will cost approximately see above annually. See Maintenance Plan, Exhibit B.

AMOUNT IN WORD FORMAT AMOUNT IN NUMERICAL FORMAT

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:

Mills Act Application

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

Date

Print name
DEPUTY CITY ATTORNEY

Ted Olsson

Signature

4/22/19

Date

Signature

Date

Ted Olsson, Pres. SSSF

Print name
OWNER

Print name
OWNER

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.)

ALL-PURPOSE ACKNOWLEDGMENT

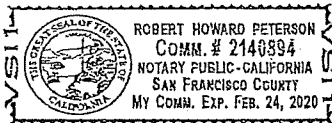
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this Certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
 County of San Francisco } SS.

On 4/22/2019, before me, ROBERT HOWARD PETERSON, Notary Public,
DATE

personally appeared TED OLSSON, 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.

[Handwritten Signature]

PLACE NOTARY SEAL IN ABOVE SPACE

NOTARY'S SIGNATURE

OPTIONAL INFORMATION

The information below is optional. However, it may prove valuable and could prevent fraudulent attachment of this form to an unauthorized document.

CAPACITY CLAIMED BY SIGNER (PRINCIPAL)

- INDIVIDUAL
- CORPORATE OFFICER President SSSF
TITLE(S)
- PARTNER(S)
- ATTORNEY-IN-FACT
- GUARDIAN/CONSERVATOR
- SUBSCRIBING WITNESS
- OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

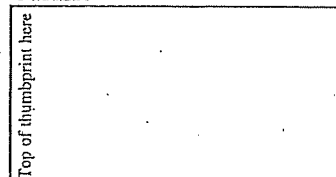
Mills Act Application
TITLE OR TYPE OF DOCUMENT
14, including this page-supplement
NUMBER OF PAGES
4/22/2019
DATE OF DOCUMENT

SIGNER (PRINCIPAL) IS REPRESENTING:

NAME OF PERSON(S) OR ENTITY(IES)
Swedish Society of
San Francisco

RIGHT THUMBPRINT OF SIGNER

OTHER



SUPPLEMENTAL INFORMATION
For Swedish American Hall Mills Act Application

Is the entire property owner-occupied? No. Approximately 1,395 square feet is owner occupied, and the remaining 15,898 square feet is leased and occupied by a non-owner.

“Priority Consideration Criteria” - The following addresses the priority consideration criteria:

- (a) **Necessity:** Potential tax savings would help complete remaining restoration work to the building, and to the ongoing maintenance and repair required. This tax savings would be especially necessary should a split roll assessment be adopted, which we feel is likely. This would likely increase the property's assessment such that not only would restoration and maintenance become financially infeasible, but the very continued operation and existence of the building would be threatened. Hence the Mills Act designation would allow the completion of proposed restoration and maintenance, as well as the continued existence of this Historic Landmark.
- (b) **Investment:** The project will result in additional private investment in the property beyond, routine maintenance, to help bring the property back to its original character as designed by its architect in 1907, and to replace deteriorating structural items. This includes replacement of the front door, events catering window, and likely within 10 years also rebuilding trusses and repairing and replacing missing and deterioration bricks in the front wall.
- (c) **Distinctiveness:** Completed a year after the 1906 Earthquake and Fire, the building is the most significant extant building associated with San Francisco's Swedish community, and is also emblematic of the development of a larger Scandinavian enclave in the Mission Dolores and Upper Market area at the turn of the 20th century. Indeed, the building's location was central to the city's Scandinavian population, as evidenced by the nearby construction of a number of cultural institutions, including the Swedish Evangelical Lutheran Ebenezer Church at 15th and Dolores (1904), and St. Ansgar's Danish Evangelical Lutheran Church at 152 Church Street (1905).¹ Since its construction the building has served as the home of the Swedish Society of San Francisco, founded in 1875, while also providing a meeting place for scores of fraternal and social organizations related to San Francisco's Scandinavian community.

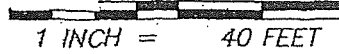
The building is also architecturally significant as an embodiment of the distinctive characteristics of a type, period, and method of construction, as well as for being an architecturally significant work of master architect, August Nordin. The building's architectural finishes are unusually fine and demonstrate a superior level of craftsmanship. The building's exterior employs a rich palate of materials and ornament which conveys an unusually strong street presence commensurate with its use as a public meeting hall. The interior includes a number of lodge rooms that also feature superior detailing and are individualized such that each has its own distinctive identity, while remaining harmonious within the overall composition. The building's largest public assembly space, Freja Hall, features highly ornamental finishes and soaring truss work that rank it among the finest expressions of the Arts & Crafts style in California. The building survives with relatively few alterations from its original design, and retains an outstanding level of architectural integrity.

- (d) **Recently Designated City Landmark:** This building was designated a City Landmark in 2015.
- (e) **Legacy Business:** The building houses the Café du Nord, a business listed in the Legacy Business Registry of San Francisco in 2016. It has existed in this building since its inception.

SITE PLAN

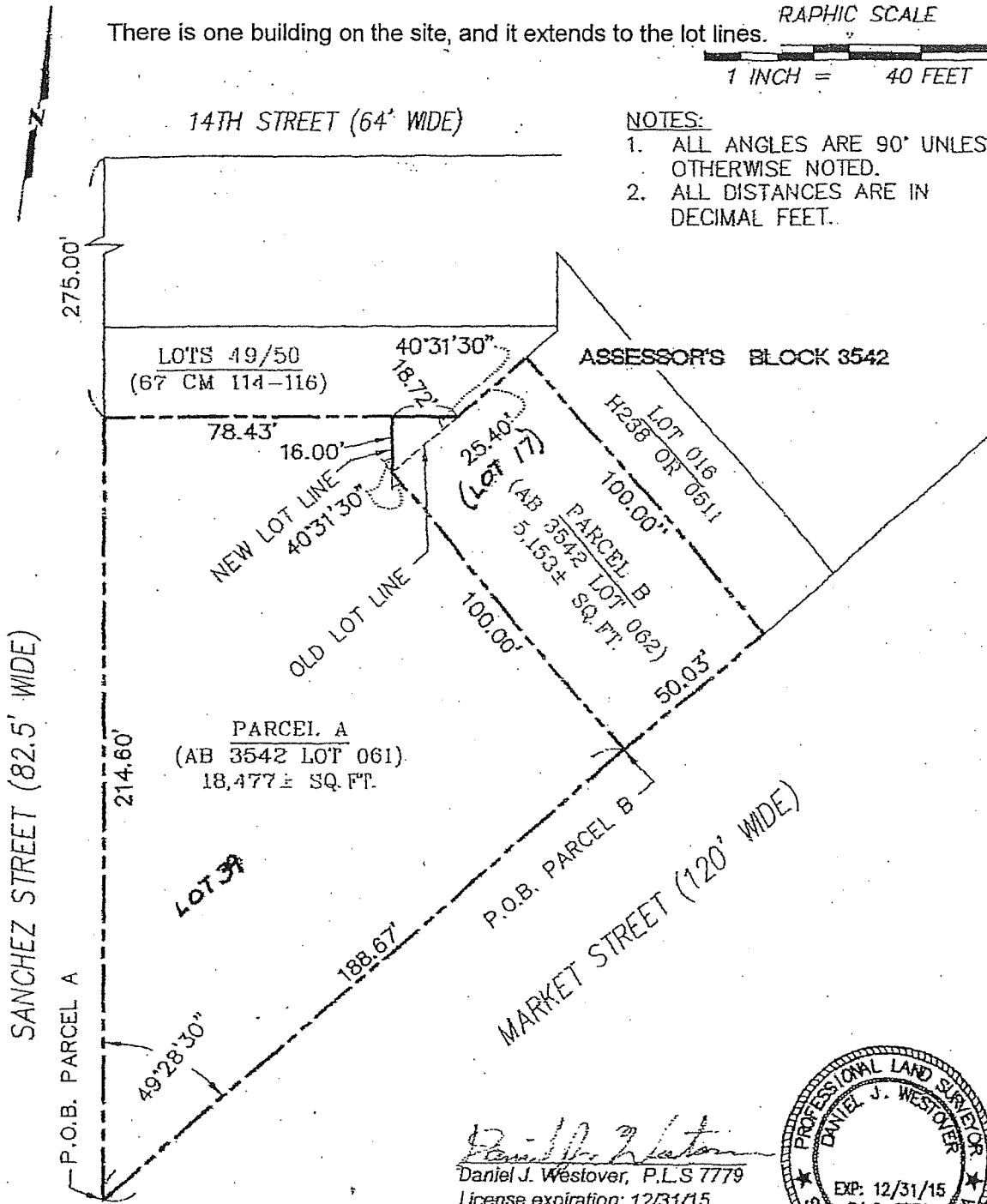
There is one building on the site, and it extends to the lot lines.

GRAPHIC SCALE



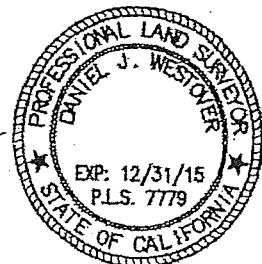
NOTES:

1. ALL ANGLES ARE 90° UNLESS OTHERWISE NOTED.
2. ALL DISTANCES ARE IN DECIMAL FEET.



Daniel J. Westover
 Daniel J. Westover, P.L.S. 7779
 License expiration: 12/31/15

DATE: 9/5/14



PLAT TO ACCOMPANY
 LEGAL DESCRIPTION

ASSESSOR'S BLOCK 3542
 LOTS 17 AND 39
 CITY AND COUNTY OF SAN FRANCISCO
 STATE OF CALIFORNIA

PREPARED BY:
 WESTOVER SURVEYING, INC.
 336 CLAREMONT BLVD., STE 2
 SAN FRANCISCO, CA 94127
 (415) 242-5400



City & County of San Francisco
 José Cisneros, Treasurer
 David Augustine, Tax Collector
 Property Tax Bill (Secured)

1 Dr. Carlton B. Goodlett Place
 City Hall, Room 140
 San Francisco, CA 94102
 www.sftreasurer.org

For Fiscal Year July 1, 2018 through June 30, 2019

Vol 23	Block 3542	Lot 062	Tax Bill No 116732	Mail Date October 12, 2018	Property Location 2168 MARKET ST
-----------	---------------	------------	-----------------------	-------------------------------	-------------------------------------

Assessed on January 1, 2018 at 12:01am

To: NAME PRIVATE PER CA AB 2238

**ADDRESS INFORMATION
 NOT AVAILABLE ONLINE**

Assessed Value		
Description	Full Value	Tax Amount
Land	112,209	1,304.99
Structure	558,595	6,496.45
Fixtures		
Personal Property		
Gross Taxable Value	670,804	7,801.45
Less HO Exemption		
Less Other Exemption		
Net Taxable Value	670,804	\$7,801.45

Direct Charges and Special Assessments			
Code	Type	Telephone	Amount Due
45	LWEA2018TAX	(415) 355-2203	298.00
46	SF BAY RS PARCEL TAX	(510) 286-7193	12.00
63	UPPER MARKET/CASTRO	(415) 500-1181	1,839.30
89	SFUSD FACILITY DIST	(415) 355-2203	37.52
91	SFCCD PARCEL TAX	(415) 487-2400	99.00
98	SF - TEACHER SUPPORT	(415) 355-2203	251.96
Total Direct Charges and Special Assessments			\$2,537.78

▶ TOTAL DUE		\$10,339.22
1st Installment		2nd Installment
\$5,169.61		\$5,169.61
DUE	12/10/2018	DUE 04/10/2019

Keep this portion for your records. See back of bill for payment options and additional information.



City & County of San Francisco
 Property Tax Bill (Secured)
 For Fiscal Year July 1, 2018 through June 30, 2019

Pay online at www.sftreasurer.org

Vol 23	Block 3542	Lot 062	Tax Bill No 116732	Mail Date October 12, 2018	Property Location 2168 MARKET 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.
 2nd Installment cannot be accepted unless 1st is paid.

San Francisco Tax Collector
 Secured Property Tax
 P.O. Box 7426
 San Francisco, CA 94120-7426

▶ 2nd Installment Due
\$5,169.61

If paid or postmarked after **APRIL 10, 2019**
 the amount due (includes delinquent penalty of 10% and
 other applicable fees) is: **\$5,731.57**

SECURED 2

2335420006200 116732 000000000 000000000 0000 2003

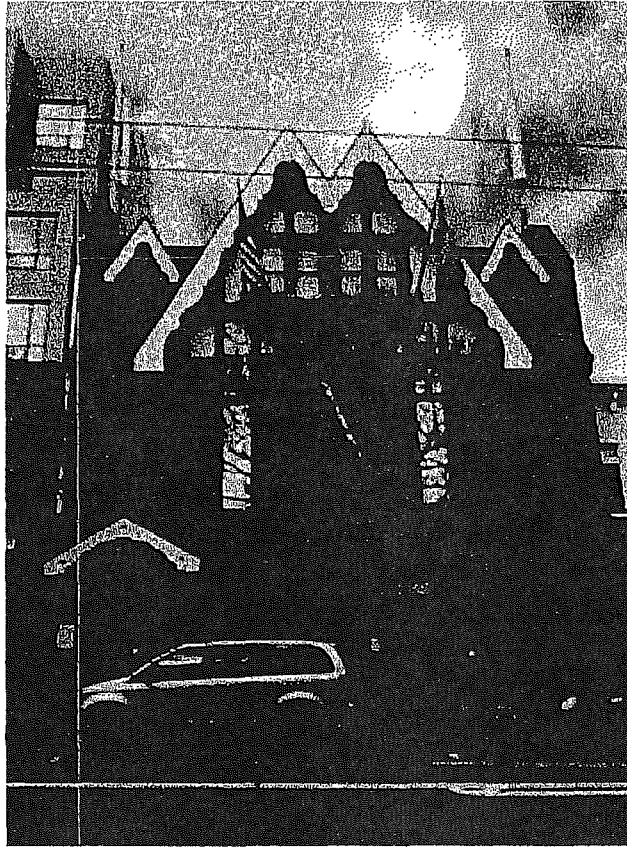


City & County of San Francisco
 Property Tax Bill (Secured)
 For Fiscal Year July 1, 2018 through June 30, 2019

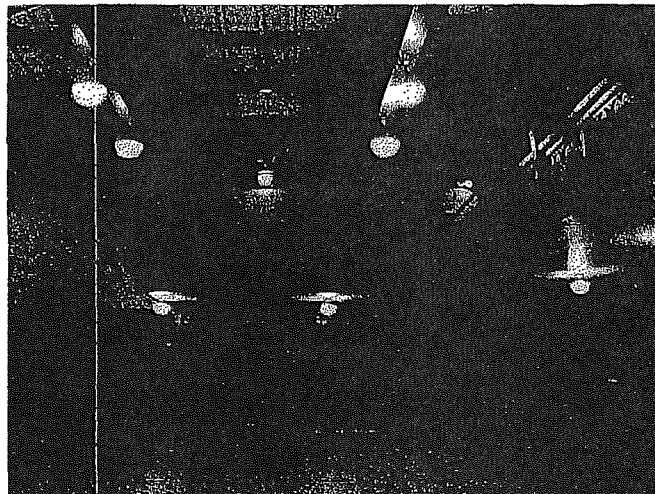
Pay online at www.sftreasurer.org

Rental Income Information	
<i>Amounts listed are calendar year 2018 actual, considered typical.</i>	
<i>Mortgage debt service (substantial) is excluded.</i>	
Item	Amount
Income	
Lease	\$ 317,372
Rental	\$ 6,775
Other income	\$ 1,480
Expenses	
Advertising	\$ 180
Cleaning & Maintenance	\$ 999
Events Expense	\$ 6,996
Fees	\$ 555
Insurance	\$ 22,504
Professional Services	\$ 4,780
Reparis	\$ 1,256
Supplies	\$ 2,603
Other	\$ 825
Taxes	
Federal	\$ 16,500
Property	\$ 10,108
State	\$ 7,000

PHOTOS OF SWEDISH AMERICAN HALL

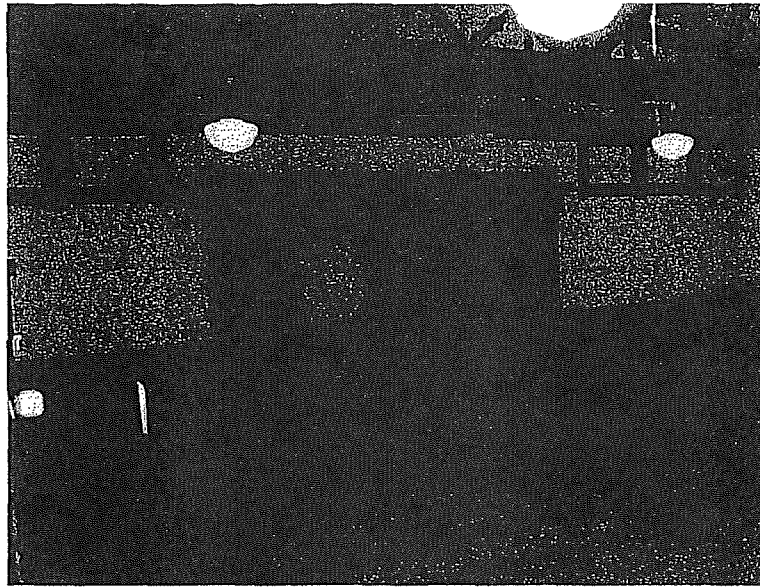


Front building exposure from Market Street.

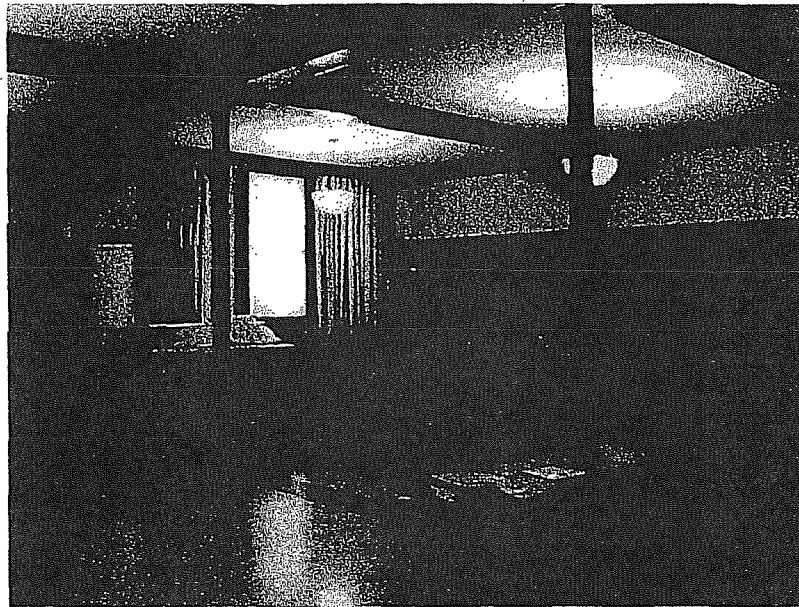


Interior showing Freja Hall with trusses, trim, balcony or right.

PHOTOS OF SWEDISH AMERICAN HALL



Freja Hall showing stage.

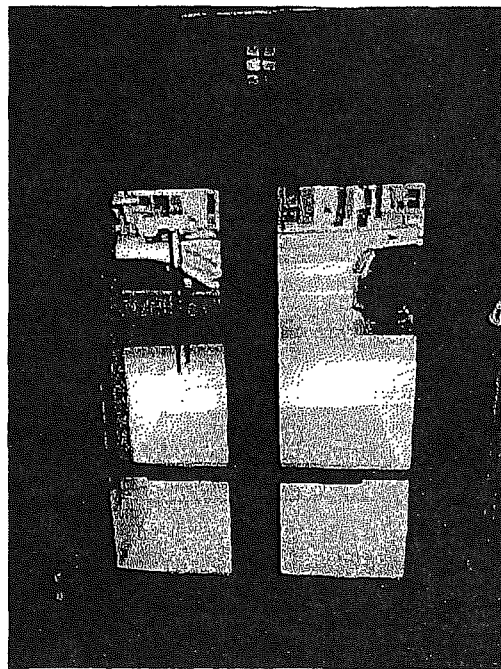


Odin Room

PHOTOS OF SWEDISH AMERICAN HALL

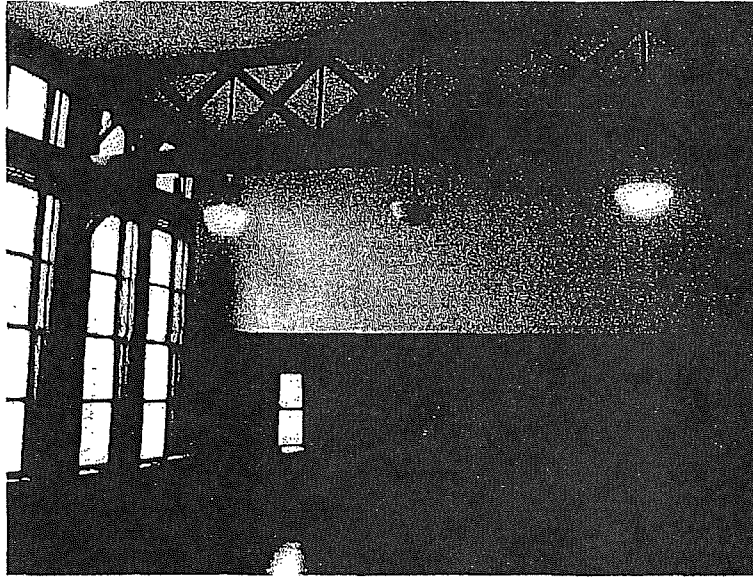


Main entry showing doors to be replaced.

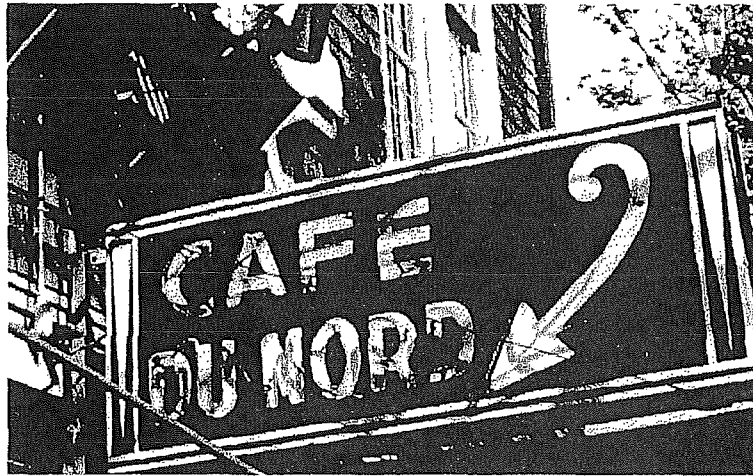


Interior of doors to be replaced.

PHOTOS OF SWEDISH AMERICAN HALL



Balder Room showing trusses that will likely be replaced within 10 years.



Original neon sign for the Legacy Business Café du Nord.

Exhibit A: Rehabilitation/Restoration Plan for 2168 Market Street

Scope: #1		Building Feature: Front Door Replacement	
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2020			
Total Cost: \$ 75,000			
Description of work: Replace non-original front door, framing, surround and hardware to better meet architect's original 1907 design, and to improve safety, security, and ADA considerations. Door will be compatible with the design and materials of the historic building. All work will be performed in conformance with the Secretary of the Interior's Standards.			

Scope: #2		Building Feature: Window in Events Kitchen	
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2020			
Total Cost: \$ 4,000			
Description of work: Restoration of non-original window at front elevation, at location of events catering kitchen. New window will have a leaded glass look to better match other windows on this south façade. All work will be performed in conformance with the Secretary of the Interior's Standards.			

Scope: #3		Building Feature: Façade Restoration	
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2026			
Total Cost: \$ 8,660			
Description of work: Repoint areas of missing mortar and repair damaged bricks on front wall. All repairs will be with like materials and in conformance with the Secretary of the Interior's Standards. Work will be performed in accordance with NPS Brief No. 2: Repointing Mortar Joints in Historic Masonry Buildings.			

Scope: #4		Building Feature: Terrazzo at Main Entry	
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2028			
Total Cost: \$6,000			
Description of work: Repair and restoration of chipped terrazzo at the main entry. Any patching will match existing in texture, color and materials. All work will be performed in conformance with the Secretary of the Interior's Standards.			

Scope: # 5	Building Feature: Window		
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2020			
Total Cost: \$ 1,500			
<p>Description of Work: Replace broken leaded glass pane on 2nd floor ante room at front of building. All repairs will be with like materials and in conformance with the Secretary of the Interior's Standards. Work will be performed in accordance with NPS Brief No. 33: The Preservation and Repair of Historic Stained and Leaded Glass.</p>			

Exhibit B: Maintenance Plan for 2168 Market Street

Scope: #1	Building Feature: Roof		
Rehab/Restoration	Maintenance <input checked="" type="checkbox"/>	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: Every 3 years			
Total Cost: \$1,000 Average cost per year over a ten year period			
Description of work: In 2016 major repair and coating of the roof was done, and is expected to last over 10 years. To maintain roof, inspections will be conducted of the roof, flashing and vents approximately every three years, repairing and replacing in-kind as necessary. Work will be performed according to NPS Preservation Brief #47: Maintaining the Exterior of Small and Medium Sized Historic Buildings			

Scope: #2	Building Feature: Gutters and Down Spouts		
Rehab/Restoration	Maintenance <input checked="" type="checkbox"/>	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: Every two years			
Total Cost: \$500 Average cost per year over 10 years.			
Description of work: We will service our gutters and down spouts approximately every other year, removing debris and inspecting for leaks. At such time, we will confirm that the downspouts direct water away from the building and that no water is infiltrating the foundation. If issues are found, we will repair or replace gutters and downspouts as necessary. Work will be performed according to NPS Preservation Brief #47: Maintaining the Exterior of Small and Medium Sized Historic Buildings.			

Scope: #3	Building Feature: Windows		
Rehab/Restoration	Maintenance <input checked="" type="checkbox"/>	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: Annually			
Total Cost: \$1,000 average annual cost over 10 years.			
Description of work: Annual inspection of wood frame windows with leaded glass for any signs of dry rot, water intrusion, or damage. We will repair or replace as indicated using best practices, using materials to match current appearance and preserve the historic integrity of the property, in compliance with the NPS Preservation Brief #9: The Repair of Historic Wooden Windows and Brief # 33: The Preservation and Repair of Historic Stained and Leaded Glass.			

Scope: #4	Building Feature: Skylights		
Rehab/Restoration	Maintenance <input checked="" type="checkbox"/>	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: Every 5 years			
Total Cost: \$500 average annual cost over 10 years.			
Description of work: Inspection of skylights, at least every 5 years, for any signs of dry rot, water intrusion, or damage. We will repair or replace as indicated using best practices, using materials to match current appearance and preserve the historic integrity of the property, in compliance with the NPS Preservation Brief #9: The Repair of Historic Wood Windows.			

Scope: # 5		Building Feature: Exterior finishes	
Rehab/Restoration	Maintenance <input checked="" type="checkbox"/>	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: Annually			
Total Cost: \$1,500 average annual cost over 10 years.			
Description of work: The exterior was entirely repainted from 2012 to 2014 at a cost of \$34,288. Exterior millwork and paint is routinely inspected for signs of failure and/or dry rot. Façade is washed when needed. As necessary, repair work will be performed using best practices and in-kind materials, as per NPS Preservation Brief #47: Maintaining the Exterior of Small and Medium Sized Historic Buildings.			

Scope: # 6		Building Feature: Interior finishes	
Rehab/Restoration	Maintenance <input checked="" type="checkbox"/>	Completed	Proposed <input checked="" type="checkbox"/>
Contract year work completion: Annually			
Total Cost: \$3,000 average annual cost over 10 years.			
Description of work: Perform annual inspections of all interior wood finishes including wood banisters, newel posts, wainscoting, trusses, walls, doors, and floors. As necessary, repairing and other regular maintenance will be performed using best practices and in-kind materials. All work will be performed in conformance with the Secretary of the Interior's Standards.			

Three Way Value Comparison

Lesser of the 3 Comparisons

APN	Address	Property Type	Owner Occupied	Year Built	Square Feet	2019 Factored Base Year Value	Restricted Value by Income	Market Value	Taxable Mills Act Value	Reduction in Assessed Value	Percentage % Reduction From FBV	2018 Property Tax Rate	Estimated Property Tax Savings
05-0612-001A	2251 Webster	Single Family	Yes	1900	1,586	\$ 1,837,603	\$ 618,000	\$ 1,840,000	\$ 618,000	\$ (1,219,603)	-66.37%	1.1630%	(\$14,184)
06-0866-014	64 Potomac	Single Family	Yes	1900	1,750	\$ 2,550,000	\$ 600,000	\$ 2,500,000	\$ 600,000	\$ (1,950,000)	-76.47%	1.1630%	(\$22,679)
23-3517-035	1401 Howard	Office	No	1913	21,943	\$ 18,458,740	\$12,700,000	\$13,700,000	\$ 12,700,000	\$ (5,758,740)	-31.20%	1.1630%	(\$66,974)
23-3542-062	2168-2174 Market	Retail	No	1907	17,132	\$ 684,218	\$ 4,030,000	\$ 6,850,000	\$ 684,218	\$ -	0.00%	1.1630%	\$0
24-3640-031	2731-2735 Folsom	3-units	Yes / No	1900	5,200	\$ 6,170,997	\$ 3,119,000	\$ 6,500,000	\$ 3,119,000	\$ (3,051,997)	-49.46%	1.1630%	(\$35,495)



**SAN FRANCISCO
PLANNING DEPARTMENT**

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

2019 OCT 15 PM 2:25

BY AK

October 15, 2018

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

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

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Re: Transmittal of Planning Department Case Numbers: 2019-006323MLS;
2019-006384MLS; 2019-006322MLS; 2019-005831MLS; 2019-006455MLS

Six Individual Mills Act Historical Property Contract Applications for the following addresses: 2251 Webster Street; 1401 Howard Street; 64 Potomac Street; 2168 Market Street; 2731-2735 Folsom Street

BOS File Nos: _____ (pending)

Historic Preservation Commission Recommendation: Approval

Dear Ms. Calvillo,

On October 2, 2019 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 2, 2018 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, 2019. As detailed in the Mills Act application, the Project Sponsors have committed to Rehabilitation and Maintenance plans that will include both annual and cyclical scopes of work. The Mills Act Historical Property Contract will help the Project Sponsors mitigate expenditures and enable the Project Sponsors to maintain their historic properties in excellent condition in the future.

The Planning Department will administer an inspection program to monitor the provisions of the contract. This program will involve a yearly affidavit issued by the property owner verifying compliance with the approved Maintenance and Rehabilitation plans as well as a cyclical 5-year site inspection.

www.sfplanning.org

Transmittal Materials
Mills Act Historical Property Contracts

The Mills Act Historical Property Contracts are time sensitive. Contracts must be recorded with the Assessor-Recorder by December 30, 2019 to become effective in 2020. We respectfully request these items be introduced at the next available hearing date. Your prompt attention to this matter is appreciated.

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

Sincerely,



Aaron D. Starr
Manager of Legislative Affairs

cc: John Carroll, Office of the Clerk of the Board
Andrea Ruiz-Esquide, City Attorney's Office

Attachments:

Mills Act Contract Case Report, dated October 2, 2019
Assessor Valuation Table

2251 Webster 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

1401 Howard 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

64 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

2168 Market Street

Historic Preservation Commission Resolution

Transmittal Materials
Mills Act Historical Property Contracts

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

2731-2735 Folsom 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

