

File No. 201178

Committee Item No. 8

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight

Date: Nov 19, 2020

Board of Supervisors Meeting:

Date: \_\_\_\_\_

#### Cmte Board

- |                                     |                          |  |
|-------------------------------------|--------------------------|--|
| <input type="checkbox"/>            | <input type="checkbox"/> | Motion                                       |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Resolution                                   |
| <input type="checkbox"/>            | <input type="checkbox"/> | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/> | Legislative Digest                           |
| <input 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 type="checkbox"/> | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Award Letter                                 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Public Correspondence                        |

#### OTHER

- |                                     |                          |   |
|-------------------------------------|--------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>HPC Reso No. 1142 – October 7, 2020</u>              |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Planning Executive Summary – October 7, 2020</u>     |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>ASR Valuation</u>                                    |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>CEQA Determination – September 25, 2020</u>          |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Pre-Application Inspection Report – May 26, 2020</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Planning Letter – October 14, 2020</u>               |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____   |

Prepared by: John Carroll

Date: Nov 13, 2020

Prepared by: John Carroll

Date: \_\_\_\_\_

1 [Mills Act Historical Property Contract - 59 Potomac Street]

2

3 **Resolution approving a historical property contract between Jonathan Dascola &**  
4 **Kamariah Sulaiman Dascola, the owners of 59 Potomac Street, and the City and County**  
5 **of San 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, Section 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. 201178, 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, 59 Potomac Street is designated as a Contributor to the Duboce Park  
2 Historic District and thus qualifies as an historical property as defined in Administrative Code,  
3 Section 71.2; and

4           WHEREAS, A Mills Act application for an historical property contract has been  
5 submitted by Jonathan Dascola & Kamariah Sulaiman Dascola, the owners of 59 Potomac  
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 59 Potomac 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, 2020, which  
14 report is on file with the Clerk of the Board of Supervisors in File No. 201178 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. 1142, 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 201178 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 Jonathan Dascola &  
22 Kamariah Sulaiman Dascola, the owners of 59 Potomac Street, and the City and County of  
23 San Francisco is on file with the Clerk of the Board of Supervisors in File No. 201178 and is  
24 hereby declared to be 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 59 Potomac Street; and

5           WHEREAS, The Board of Supervisors has balanced the benefits of the Mills Act to the  
6 owner of 59 Potomac 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 59 Potomac 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 Jonathan Dascola & Kamariah Sulaiman Dascola, the owners of 59  
12 Potomac Street, 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.



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

## **CALIFORNIA MILLS ACT HISTORIC PROPERTY AGREEMENT**

THIS AGREEMENT is entered into by and between the City and County of San Francisco, a California municipal corporation (“City”) and Jonathan Dascola & Kamariah Sulaiman Dascola (“Owners”).

### RECITALS

Owners are the owners of the property located at 59 Potomac Street, in San Francisco, California (Block 0865, Lot 008). The building located at 59 Potomac Street is designated as a contributor to the Duboce Park Historic District 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 two hundred ninety six thousand five hundred dollars (\$296,500.00). (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 two thousand dollars (\$2,000.00) 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 Owners have full right and authority to enter into this Agreement, and that each and all of the persons signing on behalf of the Owners are authorized to do so.

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

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

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

27. Signatures. This Agreement may be signed and dated in parts

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

CITY AND COUNTY OF SAN FRANCISCO:

By: \_\_\_\_\_  
Carmen Chu, Assessor-Recorder

DATE: \_\_\_\_\_

By: \_\_\_\_\_  
Rich Hillis, Director of Planning

DATE: \_\_\_\_\_

APPROVED AS TO FORM:  
DENNIS J. HERRERA  
CITY ATTORNEY

By: \_\_\_\_\_  
Andrea Ruiz-Esquide, Deputy City Attorney

DATE: \_\_\_\_\_

OWNERS

By: \_\_\_\_\_  
Jonathan Dascola, Owner

DATE: \_\_\_\_\_

By: \_\_\_\_\_  
Kamariah Sulaiman Dascola, Owner

DATE: \_\_\_\_\_

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



# HISTORIC PRESERVATION COMMISSION RESOLUTION NO. 1142

**HEARING DATE: OCTOBER 7, 2020**

**Record No.:** 2020-004685MLS  
**Project Address:** 59 POTOMAC STREET  
**Zoning:** RH-2-1 (Residential - House, Two-Family) Zoning District  
**Height/Bulk:** 40-X Height and Bulk District  
**Historic District:** Duboce Park Historic District  
**Block/Lot:** 0865/008  
**Project Sponsor/  
Property Owner:** Jonathan Dascola & Kamariah Sulaiman Dascola  
59 Potomac Street  
San Francisco, CA 94117  
**Staff Contact:** Shannon Ferguson – (628) 652-7354  
Shannon.Ferguson@sfgov.org

ADOPTING FINDINGS RECOMMENDING TO THE BOARD OF SUPERVISORS APPROVAL OF THE DRAFT MILLS ACT HISTORICAL PROPERTY CONTRACT, REHABILITATION PROGRAM, AND MAINTENANCE PLAN FOR 59 POTOMAC 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 properties 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 59 Potomac Street is a contributor to the Duboce Park Historic District and thus qualifies as a historical property for purposes of the Mills Act; and

WHEREAS, The Planning Department has reviewed the Mills Act Application, draft Historical Property Contract, Rehabilitation Program, and Maintenance Plan for 59 Potomac Street, which are located in Case Docket No. 2020-004685MLS. The Planning Department recommends approval of the draft Mills Act historical property contract, rehabilitation program, and maintenance plan; and

WHEREAS, The Historic Preservation Commission (HPC) recognizes the historic building at 59 Potomac 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 7, 2020, the HPC reviewed documents, correspondence and heard oral testimony on the Mills Act Application, Draft Historical Property Contract, Rehabilitation Program, and Maintenance Plan for 59 Potomac Street, which are located in Case Docket No. 2020-004685MLS.

THEREFORE, BE IT RESOLVED That the HPC hereby recommends that the Board of Supervisors approve the Draft Mills Act Historical Property Contract, including the Rehabilitation Program, and Maintenance Plan for the historic building located at 59 Potomac Street, attached herein as Exhibits A and B, and fully incorporated by this reference.

BE IT FURTHER RESOLVED That the HPC hereby directs its Commission Secretary to transmit this Resolution, the Draft Mills Act Historical Property Contract, including the Rehabilitation Program, and Maintenance Plan for 59 Potomac Street, and other pertinent materials in the case file 2020-004685MLS to the Board of Supervisors.

I hereby certify that the foregoing Resolution was ADOPTED by the Historic Preservation Commission on October 7, 2020.



Jonas P. Ionin  
Commissions Secretary

AYES: Black, Foley, Johns, Pearlman, So, Matsuda, Hyland

NOES: None

ABSENT: None

ADOPTED: October 7, 2020



## EXHIBIT A

Mills Act Historical Property Rehabilitation Program for the historic building located at 59 Potomac Street.

**Mills Act Application 59 Potomac St  
Exhibit A - Rehabilitation & Restoration Plan**

**Rehabilitation & Restoration Plan**

**Scope #1 Replace roof and shingles in full**

**Rehab/Restoration: Yes**

**Completed: No**

**Proposed: Yes**

**Contract Year Completion: 2021**

**Total Cost: \$32,000**

**Description of work:** The current roof is in poor shape. We have engaged a licensed roofing contractor to replace the current roof with new asphalt shingles, ensuring a watertight finish. New gutters and down sprouts will be installed to direct water away from the building and the space where the neighboring homes abut will be water secured. Installation of the new roof and gutters will avoid changing the roof configuration, or altering, removing or obscuring character-defining features of the building, including decorative elements in the gable ends, as well as eave trim and moldings. New gutters and down sprouts will be installed to direct water away from the building and the space where the neighboring homes connect will be water secured.

**Scope #2 Exterior Siding and Trim**

**Rehab/Restoration: Yes**

**Completed: No**

**Proposed: Yes**

**Contract Year Completion: 2021**

**Total Cost: \$45,000**

**Description of work:** We will repair all exterior sides, windows and trim of the house as necessary and repaint the house in its entirety. There is some damage and deterioration of trim in the front of the house. The wood horizontal siding at the rear of the house has dry rot. Deteriorated wood trim and siding will be replaced in kind. Any repairs or replacements will avoid altering, removing or obscuring character-defining features of the building and all materials that are used will be made in kind.

### **Scope #3 Exterior Windows & Doors**

**Rehab/Restoration: Yes**

**Completed: No**

**Proposed: Yes**

**Contract Year Completion: 2021**

**Total Cost: \$65,000**

**Description of work:** We will replace all exterior windows and doors. There are three sets of bay windows on the front facade of the house in poor condition. They will be replaced in-kind to match existing wooden materials, ornaments, and operation. There are two exterior doors in the front of the house, and a single-car garage door that will also be replaced with compatible wood doors. While replacing the windows and doors we will avoid altering, removing, or obscuring any character defining features to the exterior.

### **Scope #4 Exterior Stairs**

**Rehab/Restoration: Yes**

**Completed: No**

**Proposed: Yes**

**Contract Year Completion: 2021**

**Total Cost: \$25,000**

**Description of work:** We will demo and replace the existing stained and damaged terrazzo stairs and concrete siding. We will replace this non-historic detail with wooden stairs and handrails that are compatible with the design and materials of the district.

### **Scope #5 Foundation reinforcement and stabilization**

**Rehab/Restoration: Yes**

**Completed: Partially**

**Proposed: Yes**

**Contract Year Completion: 2021**

**Total Cost: \$96,500**

**Description of work:** We are completing structural upgrades to the foundation of the house. While converting the basement to livable space we will reinforce the existing foundation and pour a new concrete foundation for the addition. During the scope of work we completed an A-B-C pour to ensure stability of both 59 Potomac and 57 Potomac to help reinforce the foundation of the neighboring house to the south.

**Scope #6 New driveway, sidewalk, entryway**

**Rehab/Restoration: Yes**

**Completed: No**

**Proposed: Yes**

**Contract Year Completion: 2021**

**Total Cost: \$25,000**

**Description of work:** We will replace the current driveway and ground floor entry with a new level, permeable driveway and walkway when the remainder of construction is completed. We will also replace the sidewalk.

**Scope #7 Planters**

**Rehab/Restoration: Yes**

**Completed: No**

**Proposed: Yes**

**Contract Year Completion: 2022**

**Total Cost: \$8,000**

**Description of work:** We will remove the current concrete poured planters throughout the property. We will replace the planters on the north and south sides of the front yard with new planters in a style and material compatible with the house and district.

## EXHIBIT B

Mills Act Historical Property Maintenance Plan for the historic building located at 59 Potomac Street.

**Mills Act Application 59 Potomac St  
Exhibit B - Maintenance Plan**

**Scope #1 Overall Maintenance - Exterior (Roof, siding, paint and trim)**

**Maintenance: Yes**

**Completed: No**

**Proposed: Yes**

**Contract Year Completion: 2021-ongoing**

**Total Cost: Annually; estimated \$1000 per year**

**Description of work:** We will perform routine inspection and maintenance on our roof. We will keep gutters and downspouts clear from debris. Any roof coverings that have been injured will be replaced. We will broom sweep branches or leaf debris from shingles.

We will inspect the exterior doors and windows annually. We will look for signs of water damage and dry rot and confirm functionality. If any repair or replacement is found necessary this will be done in line with the house historic character and any materials used will be in kind.

When the house has been repainted we will inspect the wooden elements of the exterior of the house annually and repaint as necessary. If any damage or deterioration is found, the extent and the nature of the damage will be assessed and addressed. Any repairs or replacements will avoid altering, removing or obscuring character-defining features of the building and all materials that are used will be made in kind e.g. wood for wood.

This maintenance routine will be informed by the guidance outlined in the National Park Service's Preservation Brief 47: Maintaining the Exterior of Small and Medium Size Historic Buildings.

**Scope #2 Professional roof inspections and repair**

**Maintenance: Yes**

**Completed: No**

**Proposed: Yes**

**Contract Year Completion: 2021-ongoing**

**Total Cost: Periodic \$5,000 over 10 years (estimated \$2500/inspection + repair)**

**Description of work:** We will have a licensed roofing contractor conduct periodic inspections approximately every 5 years to ensure that it remains in good condition. Any repairs or replacements needed as a consequence of these inspections will be performed. Both these routines will be informed by the guidance outlined in the National Park Service's Preservation Brief 47: Maintaining the Exterior of Small and Medium Size Historic Buildings.

### **Scope #3 Exterior Siding + Trim**

**Maintenance: Yes**

**Completed: No**

**Proposed: Yes**

**Contract Year Completion:** 2021-ongoing

**Total Cost:** Periodic; \$25,000 within 6 years

**Description of work:** Approximately 5 years from the completion of work; estimated 2026, we will fully replace the exposed wooden siding on the north top floor (planned for repair as part of Phase 1) replacing the siding in kind, and repainting to ensure a watertight seal.

Any repairs or replacements will avoid altering, removing or obscuring character-defining features of the building and all materials that are used will be made in kind e.g. wood for wood. This maintenance routine will be informed by the guidance outlined in the National Park Service's Preservation Brief 47: Maintaining the Exterior of Small and Medium Size Historic Buildings.

### **Scope #4 Exterior Paint**

**Maintenance: Yes**

**Completed: No**

**Proposed: Yes**

**Contract Year Completion:** 2021-ongoing

**Total Cost:** Periodic; estimated \$30,000+ within 10 years

**Description of work:** We will inspect the exterior paint on all siding and trim annually. We will look for signs of water permeating, cracking or dry rot. If any repair or replacement is found necessary this will be done in line with the house historic character and any materials used will be in kind. This maintenance routine will be informed by the guidance outlined in the National Park Service's Preservation Brief 47: Maintaining the Exterior of Small and Medium Size Historic Buildings.

When required, estimated 8-10 years after original painting, the full exterior will be repainted and resealed including all siding, windows, trim and moldings.



# MILLS ACT HISTORICAL PROPERTY CONTRACT

## SUPPLEMENTAL APPLICATION

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

### Property Information

Project Address: 59 Potomac Street

Block/Lot(s): 0865/008

Is the entire property owner-occupied?

Yes  No

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

n/a

### Rental Income Information

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

n/a

### Property Owner's Information

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

Name (Owner 1): Jonathan Robert Dascola

Company/Organization:

Address: 59 Potomac St

Email Address: dascola@mac.com

Telephone: 412-758-6044

Name (Owner 2): Kamariah Sulaiman Dascola

Company/Organization:

Address: 59 Potomac St

Email Address: kammiesulaiman@gmail.com

Telephone: 415-297-1124

Name (Owner 3): N/A

Company/Organization:

Address:

Email Address:

Telephone:



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

Yes  No

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

**Applicant Information**  Same as above

Name:

Company/Organization:

Address:

Email Address:

Telephone:

**Please Select Billing Contact**  Owner  Applicant

Name: Jonathan Dascola

Email Address: dascola@mac.com

Telephone: 412-758-6044

Please Select Primary Project Contact:  Owner  Applicant

**Qualified Historic Property**

- Individually Designated Pursuant to Article 10 of the Planning Code.  
Landmark No.: \_\_\_\_\_ Landmark Name: \_\_\_\_\_
- Contributing Building in a Landmark District Designated Pursuant to Article 10 of the Planning Code.  
Landmark District Name: Duboce Landmark District
- Significant (Category I or II) Pursuant to Article 11 of the Planning Code.
- Contributory (Category III) Pursuant to Article 11 of the Planning Code
- Contributory (Category IV) to a Conservation District Pursuant to Article 11 of the Planning Code.
- Individual Landmark under the California Register of Historical Resources
- Contributory Building in California Register of Historical Resources Historic Districts.
- Individual Landmark listed in the National Register of Historic Places.
- Contributory Building listed in the National Register of Historic Places as a Historic District.
- Submitted a complete application for listing or designation on or before December 31 of the year before the application is made.

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

Yes  No

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

Yes  No

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

## Tax Assessment Value

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Most Recent Assessed Value: \$ 2,397,000

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Choose one of the following options:

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

Yes  No

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

Yes  No

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## Exemption from Tax Assessment Value

---

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

1. The site, building, or object, or structure is a particularly significant resource and represents an exceptional example of an architectural style, the work of a master, or is associated with the lives of significant persons or events important to local or natural history;

n/a

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.

n/a

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

Property owner will ensure that a portion of the Mills Act tax savings will be used to finance the preservation, rehabilitation, and maintenance of the property.

Yes  No

## Priority Consideration Criteria

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Please check the appropriate criteria as they apply to your property and explain on a separate piece of paper how the property meets the stated Priority Consideration Criteria. Only properties qualifying in three of the five categories are given priority consideration.

- 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.

See attached document "Priority Consideration Criteria"

- 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.

See attached document "Priority Consideration Criteria"

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

See attached document "Priority Consideration Criteria"

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

See attached document "Priority Consideration Criteria"

- 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.

n/a

## Photographic Documentation

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

## Site Plan

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

## Rehabilitation/Restoration & Maintenance Plans

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

Yes  No

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

Yes  No

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

Yes  No

## Rehabilitation/Restoration Plan (Exhibit A)

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

<b>Scope: #</b>	<b>Building Feature:</b>		
<input type="checkbox"/> Maintenance	<input type="checkbox"/> Rehab/Restoration	<input type="checkbox"/> Completed	<input type="checkbox"/> Proposed
Contract year work completion:			
Total Cost: \$			
Description of work:  See attached document "Rehabilitation & Restoration Plan"			

## Maintenance Plan (Exhibit B)

---

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

<b>Scope: #</b>	<b>Building Feature:</b>
<input type="checkbox"/> Maintenance <input type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	
Contract year work completion: Annually	
Total Cost: \$	
Description of work:  See attached document "Rehabilitation & Restoration Plan"	

### Signature and Notary Acknowledgement Form

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

Jonathan Dascola

Name (Print)

4-30-2020

Date

DocuSigned by:  
Jonathan Dascola  
697E6800357D4F8

*Jonathan Dascola*

Signature

Kamariah Sulaiman Dascola

Name (Print)

4-30-2020

Date

DocuSigned by:  
Kamariah Sulaiman Dascola  
D669731B871B4B4

Signature

Name (Print)

Date

Signature

### Public Information Release

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

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

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

Jonathan Dascola

Name (Print)

4-30-2020

Date

DocuSigned by:  
Jonathan Dascola  
697E6800357D4F8

*Jonathan Dascola*

Signature

## Public Information Release

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Jonathan Dascola

---

Name (Print)

4-30-2020

---

Date

DocuSigned by:  
Jonathan Dascola  
697E6800357D4FB...

*Jonathan Dascola*

---

Signature



Recording Requested by, and  
when recorded, send notice to:  
City and County of San Francisco  
Planning Department  
Attn: [Planner Name]  
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 \_\_\_\_\_ (“Owner”).

### RECITALS

Owner is the owner of the property located at [address], in San Francisco, California (Block 000, Lot 000). The building located at [address] is designated as a [list designation type here Historic District 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.

Owner desires to execute a rehabilitation and ongoing maintenance project for the Historic Property. Owner’s application calls for the rehabilitation and restoration of the Historic Property according to established preservation standards, which it estimates will cost [x] dollars (\$000.00). (See Rehabilitation Plan, Exhibit A.) Owner’s application calls for the maintenance of the Historic Property according to established preservation standards, which is estimated will cost approximately [x] dollars (\$000.00) 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.

Owner desires 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 Owner 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. Owner 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 Owner 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 Owner, the Zoning Administrator, at his or her discretion, may grant an extension of the time periods set forth in this paragraph. Owner 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. Owner 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, Owner shall replace and repair the damaged area(s) of the Historic Property. For repairs that do not require a permit, Owner 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), Owner 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 Owner, the Zoning Administrator, at his or her discretion, may grant an extension of the time periods set forth in this paragraph. Owner 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 Owner may mutually agree to terminate this Agreement. Upon such termination, Owner 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 Owner shall pay property taxes to the City based upon the valuation of the Historic Property as of the date of termination.

5. Insurance. Owner shall secure adequate property insurance to meet Owner's 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, Owner 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 Owner's compliance with this Agreement. Throughout the duration of this Agreement, Owner 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 Owner 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 Owner 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 Owner 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 Owner. Upon receipt by the Owner of a notice of nonrenewal from the City, Owner 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 Owner 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, Owner shall pay the City the reasonable costs related to the preparation and approval of the Agreement. In addition, Owner 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) Owner's failure to timely complete the rehabilitation work set forth in Exhibit A, in accordance with the standards set forth in Paragraph 2 herein;
- (b) Owner's failure to maintain the Historic Property as set forth in Exhibit B, in accordance with the requirements of Paragraph 3 herein;
- (c) Owner's failure to repair any damage to the Historic Property in a timely manner, as provided in Paragraph 4 herein;

(d) Owner's failure to allow any inspections or requests for information, as provided in Paragraph 6 herein;

(e) Owner's failure to pay any fees requested by the City as provided in Paragraph 10 herein;

(f) Owner's failure to maintain adequate insurance for the replacement cost of the Historic Property, as required by Paragraph 5 herein; or

(g) Owner's 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 Owner has 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 Owner 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, Owner 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 Owner 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 Owner has breached this Agreement, the City shall give the Owner written notice by registered or certified mail setting forth the grounds for the breach. If the Owner does 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 Owner set forth in this Agreement. The City does not waive any claim of default by the Owner if it does not enforce or cancel this Agreement.

15. Indemnification. The Owner 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 Owner, their Agents or Invitees; (c) the condition of the Historic Property; (d)



any construction or other work undertaken by Owner on the Historic Property; or (e) any claims by unit or interval Owner 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 Owner's obligation to indemnify City, Owner specifically acknowledges and agrees 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 Owner by City, and continues at all times thereafter. The Owner's 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 Owner. Successors in interest and assigns shall have the same rights and obligations under this Agreement as the original Owner who entered into the Agreement.

18. Legal Fees. In the event that either the City or the Owner fails 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 Owner 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 Owner signs as a corporation or a partnership, each of the persons executing this Agreement on behalf of the Owner 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 Owner is 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: \_\_\_\_\_  
\_\_\_\_\_, Assessor-Recorder

By: \_\_\_\_\_ DATE: \_\_\_\_\_  
\_\_\_\_\_, Director of Planning

APPROVED AS TO FORM:  
DENNIS J. HERRERA  
CITY ATTORNEY

By: \_\_\_\_\_ DATE: \_\_\_\_\_  
\_\_\_\_\_, City Attorney

OWNERS

By: \_\_\_\_\_ DATE: \_\_\_\_\_  
\_\_\_\_\_, Owner

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

**PRELIMINARY CHANGE OF OWNERSHIP REPORT**

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



Carmen Chu, Assessor-Recorder  
Office of the Assessor-Recorder  
City and County of San Francisco  
1 Dr. Carlton B. Goodlett Place, Room 19C  
San Francisco, CA 94102  
www.sfassessor.org (415) 554-5596

**FOR ASSESSOR'S USE ONLY**

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ASSESSOR'S PARCEL NUMBER

SELLER/TRANSFEROR

BUYER'S DAYTIME TELEPHONE NUMBER

( )

BUYER'S EMAIL ADDRESS

└

┘

STREET ADDRESS OR PHYSICAL LOCATION OF REAL PROPERTY

MAIL PROPERTY TAX INFORMATION TO (NAME)

ADDRESS

CITY

STATE

ZIP CODE

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

MO

DAY

YEAR

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

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

YES NO

- A. This transfer is solely between spouses (*addition or removal of a spouse, death of a spouse, divorce settlement, etc.*).
- B. This transfer is solely between domestic partners currently registered with the California Secretary of State (*addition or removal of a partner, death of a partner, termination settlement, etc.*).
- \*C. This is a transfer:  between parent(s) and child(ren)  from grandparent(s) to grandchild(ren).
- \*D. This transfer is the result of a cotenant's death. Date of death \_\_\_\_\_
- \*E. This transaction is to replace a principal residence by a person 55 years of age or older.  
Within the same county?  YES  NO
- \*F. This transaction is to replace a principal residence by a person who is severely disabled as defined by Revenue and Taxation Code section 69.5. Within the same county?  YES  NO
- G. This transaction is only a correction of the name(s) of the person(s) holding title to the property (*e.g., a name change upon marriage*).  
If YES, please explain: \_\_\_\_\_
- H. The recorded document creates, terminates, or reconveys a lender's interest in the property.
- I. This transaction is recorded only as a requirement for financing purposes or to create, terminate, or reconvey a security interest (*e.g., cosigner*). If YES, please explain: \_\_\_\_\_
- J. The recorded document substitutes a trustee of a trust, mortgage, or other similar document.
- K. This is a transfer of property:
1. to/from a revocable trust that may be revoked by the transferor and is for the benefit of  
 the transferor, and/or  the transferor's spouse  registered domestic partner.
2. to/from a trust that may be revoked by the creator/grantor/trustor who is also a joint tenant, and which names the other joint tenant(s) as beneficiaries when the creator/grantor/trustor dies.
3. to/from an irrevocable trust for the benefit of the  
 creator/grantor/trustor and/or  grantor's/trustor's spouse  grantor's/trustor's registered domestic partner.
- L. This property is subject to a lease with a remaining lease term of 35 years or more including written options.
- M. This is a transfer between parties in which proportional interests of the transferor(s) and transferee(s) in each and every parcel being transferred remain exactly the same after the transfer.
- N. This is a transfer subject to subsidized low-income housing requirements with governmentally imposed restrictions.
- \*O. This transfer is to the first purchaser of a new building containing an active solar energy system.

\* Please refer to the instructions for Part 1.

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



**PART 2. OTHER TRANSFER INFORMATION**

*Check and complete as applicable.*

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

B. Type of transfer:

- Purchase  Foreclosure  Gift  Trade or exchange  Merger, stock, or partnership acquisition (Form BOE-100-B)
- Contract of sale. Date of contract: \_\_\_\_\_  Inheritance. Date of death: \_\_\_\_\_
- Sale/leaseback  Creation of a lease  Assignment of a lease  Termination of a lease. Date lease began: \_\_\_\_\_
- Original term in years (including written options): \_\_\_\_\_ Remaining term in years (including written options): \_\_\_\_\_
- Other. Please explain: \_\_\_\_\_

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

**PART 3. PURCHASE PRICE AND TERMS OF SALE**

*Check and complete as applicable.*

A. Total purchase price \$  

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

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

- FHA (\_\_\_Discount Points)  Cal-Vet  VA (\_\_\_Discount Points)  Fixed rate  Variable rate
- Bank/Savings & Loan/Credit Union  Loan carried by seller
- Balloon payment \$ \_\_\_\_\_ Due date: \_\_\_\_\_

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

- Fixed rate  Variable rate  Bank/Savings & Loan/Credit Union  Loan carried by seller
- Balloon payment \$ \_\_\_\_\_ Due date: \_\_\_\_\_

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

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

G. The property was purchased:  Through real estate broker. Broker name: \_\_\_\_\_ Phone number: (\_\_\_\_) \_\_\_\_\_

- Direct from seller  From a family member-Relationship \_\_\_\_\_
- Other. Please explain: \_\_\_\_\_

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

**PART 4. PROPERTY INFORMATION**

*Check and complete as applicable.*

A. Type of property transferred

- Single-family residence  Co-op/Own-your-own  Manufactured home
- Multiple-family residence. Number of units: \_\_\_\_\_  Condominium  Unimproved lot
- Other. Description: (i.e., timber, mineral, water rights, etc.) \_\_\_\_\_  Timeshare  Commercial/Industrial

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

If YES, enter the value of the personal/business property: \$ \_\_\_\_\_ Incentives \$ \_\_\_\_\_

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

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

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

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

If YES, the income is from:  Lease/rent  Contract  Mineral rights  Other: \_\_\_\_\_

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

Please describe: \_\_\_\_\_

**CERTIFICATION**

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

SIGNATURE OF BUYER/TRANSFeree OR CORPORATE OFFICER

DATE

TELEPHONE

NAME OF BUYER/TRANSFeree/LEGAL REPRESENTATIVE/CORPORATE OFFICER (PLEASE PRINT)

TITLE

EMAIL ADDRESS

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



## ADDITIONAL INFORMATION

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

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

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

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

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

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

### PART 1: TRANSFER INFORMATION

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

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

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

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

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

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

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

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

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

### PART 2: OTHER TRANSFER INFORMATION

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

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

**PART 3: PURCHASE PRICE AND TERMS OF SALE**

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

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

**“Mortgage insurance”** is insurance protecting a lender against loss from a mortgagor’s default, issued by the FHA or a private mortgage insurer.

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

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

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

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

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

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

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

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

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

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

**PART 4: PROPERTY INFORMATION**

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

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

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

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

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



# HOW ARE MY PROPERTY TAX SAVINGS CALCULATED?

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

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

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

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

<b>Current Market Rent</b> (annual)	<b>\$ 72,000</b>
Vacancy & Collection Loss of 2%	\$ 1,440
Effective Annual Income	\$ 70,560
Less Anticipated Operating Expenses of 15% <i>(i.e. – utilities, water, garbage, insurance, maintenance, management fee)</i>	\$ 10,584
<b>Net Income</b>	<b>\$ 59,976</b>
<b>Capitalization Rate Components:</b>	
Interest rate <i>(Interest rate is determined annually by the State Board of Equalization – 4%)</i>	.04000
Risk rate <i>(4% for owner occupied or 2% for all other property types)</i>	.04000
Property tax rate of 1.188% <i>(2013 Tax Rate)</i>	.01188
Amortization rate <i>(60 year remaining life; improvements constitute 40% of total property value - .0167 x .40)</i>	.00667
Restricted Capitalization Rate	.09855

## Step 2: Three-Way Value Comparison is performed.

<b>Restricted Income Approach (per the Mills Act)</b>	<b>\$ 610,000</b>
Market Value Using Comparable Sales	\$ 1,500,000
Factored Base Year Value	\$ 1,064,403

## Step 3: Estimated property tax savings are calculated.

<b>Restricted Income Approach (per the Mills Act)</b>	<b>\$ 610,000</b>
(or the lowest of the three values)	
x Property tax rate of 1.188%	.01188
= Estimated property taxes under a Mills Act contract	\$ 7,247
- Current property taxes (\$1,064,403 x .01188)	\$ 12,645
<b>Estimated annual property tax savings</b>	<b>\$ 5,398</b>

# FREQUENTLY ASKED QUESTIONS

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

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

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

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

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

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

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

Please refer to the example calculation on page 29 of the Application Guide.

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

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

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

The contract will always remain with the property, and the new owner is obligated to meet the contract requirements. This can enhance the marketability of the property because it is not

reassessed at its new market value when it changes hands. The new owners will likely pay property taxes based on the existing or proximate Mills Act Valuation notice.

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

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

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

Please refer the process flowchart in the Application Guide.

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

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

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

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

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

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

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

The Office of the Assessor-Recorder reassesses properties with a Mills Act Contract annually on the lien date, January 1st.

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

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

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

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

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

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

**Is there a fee to have my Mills Act Contract recorded?**

Yes. The Office of the Assessor-Recorder requires \$15 for the first page and \$3 for each additional page that is recorded.

**If I disagree with the Mills-Act assessed value of my property, can I appeal the taxable value?**

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

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

**What is the deadline for filing an “Application for Changed Assessment” with the Assessment Appeals Board?**

Assessment appeals applications may be filed between July 2nd and September 15th of the current year. Applications must be filed in on time to be considered. There are no exceptions to these dates.

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

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

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

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

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

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

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

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

The fiscal year annual secured property tax bill is mailed in October of each year. Property owners will receive their property tax bills each year by November 1st. Please contact the Tax Collector’s Office if you do not receive your tax bill.

# GOVERNMENT CODES

## APPENDIX A: CALIFORNIA GOVERNMENT CODE SECTIONS 50280-50290

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

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

- (a) Listed in the National Register of Historic Places or located in a registered historic district, as defined in Section 1.191-2(b) of Title 26 of the Code of Federal Regulations.
- (b) Listed in any state, city, county, or city and county official register of historical or architecturally significant sites, places, or landmarks.

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

- (a) The term of the contract shall be for a minimum period of 10 years.
- (b) Where applicable, the contract shall provide the following:
  - (1) For the preservation of the qualified historical property and, when necessary, to restore and rehabilitate the property to conform to the rules and regulations of the Office of Historic Preservation of the Department of Parks and Recreation, the United States Secretary of the Interior’s Standards for Rehabilitation, and the State Historical Building Code.
  - (2) For the periodic examinations of the interior and exterior of the premises by the assessor, the Department of Parks and Recreation, and the State Board of Equalization as may be necessary to determine the owner’s compliance with the contract.
  - (3) For it to be binding upon, and inure to the benefit of, all successors in interest of the owner. A successor in interest shall have the same rights and obligations under the contract as the original owner who entered into the contract.
- (c) The owner or agent of an owner shall provide written notice of the contract to the Office of Historic Preservation within six months of entering into the contract.

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

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

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

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

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

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

50284. The legislative body may cancel a contract if it determines that the owner has breached any of the conditions of the contract

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

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

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

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

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

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

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

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

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

# GOVERNMENT CODES

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

### 439. HISTORICAL PROPERTY RESTRICTIONS; ENFORCIBLY RESTRICTED PROPERTY.

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

#### 439.1. HISTORICAL PROPERTY; DEFINITIONS.

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

#### 439.2. HISTORICAL PROPERTY; VALUATION.

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

- (a) The annual income to be capitalized shall be determined as follows:
  - (1) Where sufficient rental information is available, the income shall be the fair rent that can be imputed to the restricted historical property being valued based upon rent actually received for the property by the owner and upon typical rentals received in the area for similar property in similar use where the owner pays the property tax. When the restricted historical property being valued is actually encumbered by a lease, any cash rent or its equivalent considered in determining the fair rent of the property shall be the amount for which the property would be expected to rent were the rental payment to be renegotiated in the light of current conditions, including applicable provisions under which the property is enforceably restricted.
  - (2) Where sufficient rental information is not available, the income shall be that which the restricted historical property being valued reasonably can be expected to yield under prudent management and subject to applicable provisions under which the property is enforceably restricted.
  - (3) If the parties to an instrument that enforceably restricts the property stipulate therein an amount that constitutes the minimum annual income to be capitalized, then the income to be capitalized shall not be less than the amount so stipulated. For purposes of this section, income shall be determined in accordance with rules and regulations issued by the board and with this section and shall be the difference between revenue and expenditures. Revenue shall be the amount of money or money’s worth, including any cash rent or its equivalent, that the property can be expected to yield to an owner-operator annually on the average from any use of the property permitted under the terms by which the property is enforceably restricted. Expenditures shall be any outlay or average annual allocation of money or money’s worth that can be fairly charged against the revenue expected to be received during the period used in computing the revenue. Those expenditures to be charged against revenue shall be only those which are ordinary and necessary in the production and maintenance of the revenue for that period. Expenditures shall not include depletion charges, debt retirement, interest on funds invested in the property, property taxes, corporation income taxes, or corporation franchise taxes based on income.
- (b) The capitalization rate to be used in valuing owner-occupied single family dwellings pursuant to this article shall not be derived from sales data and shall be the sum of the following components:
  - (1) An interest component to be determined by the board and announced no later than September 1 of the year preceding the assessment year and that was the yield rate equal to the effective rate on conventional mortgages as determined by the Federal Housing Finance Board, rounded to the nearest 1/4 percent.
  - (2) A historical property risk component of 4 percent.
  - (3) A component for property taxes that shall be a percentage equal to the estimated total tax rate applicable to the property for the assessment year times the assessment ratio.
  - (4) A component for amortization of the improvements that shall be a percentage equivalent to the reciprocal of the remaining life.



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

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

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

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

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

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

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

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

#### 439.3. HISTORICAL PROPERTY; NOTICE OF NON-RENEWAL.

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

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

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

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

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

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

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

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

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

#### 439.4. HISTORICAL PROPERTY; RECORDATION.

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

# GOVERNMENT CODES

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

### SEC. 71.1. PURPOSE.

(a) This Chapter 71 implements the Mills Act, California Government Code Sections 50280 et seq. The Mills Act authorizes local governments to enter into contracts with owners of private historical property who will rehabilitate, restore, preserve, and maintain qualified historical property. As consideration for the rehabilitation, restoration, preservation and maintenance of the qualified historical property, the City and County of San Francisco may provide certain property tax reductions in accordance with Article 1.9 (commencing with Section 439) of Chapter 3 of Part 2 of Division 1 of the California Revenue and Taxation Code.

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

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

### SEC. 71.2. ELIGIBILITY.

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

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

### SEC. 71.3. APPLICATION FOR HISTORICAL PROPERTY CONTRACT.

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

### SEC. 71.4. APPROVAL PROCESS.

(a) Assessor-Recorder Review. The Planning Department shall refer the application for historical property contract to the Assessor-Recorder for his or her review and recommendation. Within 60 days of the receipt of a complete application, the Assessor-Recorder shall provide to the Board of Supervisors and the Historic Preservation Commission a report estimating the yearly property tax revenue to the City under the proposed Mills Act contract valuation method and under the standard method without the Mills Act contract and showing the difference in property tax assessments under the two valuation methods. If the Assessor-Recorder determines that the proposed rehabilitation includes substantial new construction or a change of use, or the valuation is otherwise complex, he or she may extend this period for up to an additional 60 days by providing written notice of the extension to the applicant. Such notice shall state the basis for the extension.

(b) Historic Preservation Commission Review. The Historic Preservation Commission shall have the authority to recommend approval, disapproval, or modification of historical property contracts to the Board of Supervisors. For this purpose,

the Historic Preservation Commission shall hold a public hearing to review the application for the historical property contract and make a recommendation regarding whether the Board of Supervisors should approve, disapprove, or modify the historical property contract within 90 days of receipt of the Assessor-Recorder's report. The recommendation of the Historic Preservation Commission may include recommendations regarding the proposed rehabilitation, restoration, and preservation work, the historical value of the qualified historical property, and any proposed preservation restrictions or maintenance requirements to be included in the historical property contract. The Planning Department shall forward the recommendation of the Historic Preservation Commission to approve or modify an historical property contract, with its application, to the Board of Supervisors. If the Historic Preservation Commission recommends disapproval of the historical property contract, such decision shall be final unless the property owner files an appeal with the Clerk of the Board of Supervisors within 10 days of the final action of the Historic Preservation Commission. Failure of the Historic Preservation Commission to act within the 90-day time limit shall constitute a recommendation of approval disapproval for the purposes of this subsection, and the Planning Department shall notify the property owner in writing of the Historic Preservation Commission's failure to act; provided, however, that the Board of Supervisors by resolution may grant an extension of time to the Historic Preservation Commission for its review.

(c) Budget Analyst Review. Upon receipt of the recommendation of the Historic Preservation Commission or upon receipt of a timely appeal, the Clerk of the Board of Supervisors shall forward the application and the Assessor-Recorder's report to the Budget Analyst, who, notwithstanding any other provision of this Code, shall prepare a report to the Board of Supervisors on the fiscal impact of the proposed historical property contract.

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

#### SEC. 71.5. TERMS OF THE HISTORICAL PROPERTY CONTRACT.

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

- (1) The initial term of the contract, which shall be for a minimum period of 10 years;
- (2) The owner's commitment and obligation to preserve, rehabilitate, restore and maintain the property in accordance with the rules and regulations of the Office of Historic Preservation of the California Department of Parks and Recreation and the United States Secretary of the Interior's standards for the Treatment of Historic Properties;
- (3) Permission to conduct periodic examinations of the interior and exterior of the qualified historical property by the Assessor-Recorder, the Department of Building Inspection, the Planning Department, the Office of Historic Preservation of the California Department of Parks and Recreation and the State Board of Equalization as may be necessary to determine the owner's compliance with the historical property contract;
- (4) That the historical property contract is binding upon, and shall inure to the benefit of, all successors in interest of the owner;
- (5) An extension to the term of the contract so that one year is added automatically to the initial term of the contract on the anniversary date of the contract or such other annual date as specified in the contract unless notice of nonrenewal is given as provided in the Mills Act and in the historical property contract;
- (6) Agreement that the Board of Supervisors may cancel the contract, or seek enforcement of the contract, when the Board determines, based upon the recommendation of any one of the entities listed in Subsection (3) above, that the owner has breached the terms of the contract. The City shall comply with the requirements of the Mills Act for enforcement or cancellation of the historical property contract. Upon cancellation of the contract, the property owner shall pay a cancellation fee of 12.5 percent of the full value of the property at the time of cancellation (or such other amount authorized by the Mills Act), as determined by the Assessor-Recorder without regard to any restriction on such property imposed by the historical property contract; and
- (7) The property owner's indemnification of the City for, and agreement to hold the City harmless from, any claims arising from any use of the property.

(b) The City and the qualified historical property owner shall comply with all provisions of the Mills Act, including amendments thereto. The Mills Act, as amended from time to time, shall apply to the historical property contract process and shall

be deemed incorporated into each historical property contract entered into by the City.

SEC. 71.6. FEES.

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

SEC. 71.7. DEPARTMENTAL MONITORING REPORT.

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



**San Francisco**  
**Planning**

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

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

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

**Planning Information Center (PIC)**  
1660 Mission Street  
San Francisco CA 94103-2479

TEL: 415.558.6377  
*Planning staff are available by phone and at the PIC counter.  
No appointment is necessary.*

**ALL-PURPOSE ACKNOWLEDGMENT**

State/Commonwealth of TEXAS )  
 )  
 City  County of Dallas )

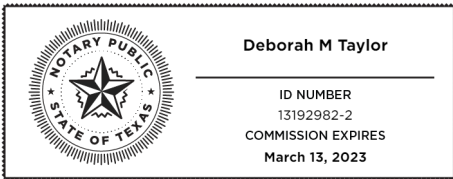
On 05/28/2020 before me, Deborah M Taylor,  
*Date* *Notary Name*

personally appeared Jonathan Dascola  
*Name(s) of Signer(s)*

- personally known to me -- **OR** --
- proved to me on the basis of the oath of \_\_\_\_\_ -- **OR** --  
*Name of Credible Witness*
- proved to me on the basis of satisfactory evidence: driver license  
*Type of ID Presented*

to be the individual(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 by proper authority, and that by his/her/their signature(s) on the instrument, the individual(s), or the person(s) or entity upon behalf of which the individual(s) acted, executed the instrument for the purposes and consideration therein stated.

WITNESS my hand and official seal.



Notary Public Signature: Deborah M. Taylor

Notary Name: Deborah M Taylor

Notary Commission Number: 13192982-2

Notary Commission Expires: 03/13/2023

*Notarized online using audio-video communication*

**DESCRIPTION OF ATTACHED DOCUMENT**

Title or Type of Document: Planning Application (Mills Act)

Document Date: No Date Number of Pages (w/ certificate): 31

Signer(s) Other Than Named Above: N/A

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: Jonathan Dascola

- Corporate Officer Title: \_\_\_\_\_
- Partner –  Limited  General
- Individual  Attorney in Fact
- Trustee  Guardian of Conservator
- Other: \_\_\_\_\_

Signer Is Representing: Self

## Priority Consideration Criteria

**Necessity:** The property at 59 Potomac is in quite a dire situation, and frankly, is inhabitable. Duboce Park, and the dead end streets that adjoin it - Carmelita, Pierce and Potomac - are some of the most beautiful and historic in the city. Many homes are well cared for, while others have fallen into neglect. 59 Potomac was no doubt loved by its old owners, whose family still owns 61 Potomac, but they were not in a financial position to maintain the interior or exterior of the house.

When we purchased 59 Potomac in 2017, our intent was to restore as much of the house as possible, while investing in its future. As we learned more about the structural and interior issues, our scope and cost has grown. The Mills Act would be hugely helpful in offsetting a small portion of the investment required to make 59 Potomac a vibrant and beautiful part of the neighborhood, befitting its age and proximity to Duboce Park.

**Investment:** Our investment in the property will impact it in all ways, and from all angles - from reinforcing the foundation, as well as its contribution to the neighboring properties - to replacing and waterproofing the roof, and again ensuring an upgrade in draining and protection to both 57 and 61 Potomac. We estimate spending \$376,500+ on restoring the exterior and upgrading the structure system of our home.

Historically and visually, 59 Potomac will be improved by exterior upgrades that address the full facade:

- New roof and shingles, visible on the front of the property, as well as from the approach on the street
- New drainage on roof to prevent damage visible from both front and back of property
- New wooden windows on full front of house that match historic requirements
- Repair of existing exterior trim and siding where needed
- Waterproofing and painting of full exterior siding
- Demolition of dirty, cracked and worn terrazzo stairs, and plaster side walls to be replaced with historically accurate wooden stairs
- Demolition and removal of plaster planters on left and right side of house, to be replaced with historically accurate planters
- New permeable paving in new driveway, new concrete sidewalk and new permeable entryway on ground floor

**Distinctiveness:** The significance of the Duboce Triangle Historic District is directly related to its high concentration of significant and intact architecture. Specifically, the District represents a noteworthy grouping of turn-of-the-century buildings exhibiting late-Victorian and Edwardian era to the Edwardian/Classical Revival fashion, including Arts and Crafts, Beaux-Arts, Neo-Georgian, and

some Revival styles. 59 Potomac was built in 1903 in the Edwardian style. The Edwardian period in San Francisco is generally accepted as spanning from 1901 to around 1910, directly succeeding the Victorian era.

59 Potomac has many traits characterized as significant in Edwardian architecture from this period including three front-facing bay windows with original window detail that will be replaced in kind, ornamental shingles and scalloped wooden detail on the attic level, original redwood siding, and trim and cornice detail that date back to original construction. By removing later additions such as the terrazzo stairs and plaster side walls, planters etc, and replacing them with wooden stairs, wooden banisters and historically accurate planters/greenspace, we will elevate 59 Potomac's contribution to the distinctiveness of the Duboce Landmark District.

Situated three houses from the park, the full front exterior of 59 Potomac is visible from Duboce Park. The investments above will restore its beauty, historical significance, and contribute to the overall aesthetic integrity of the Duboce Landmark District.

**Link to Duboce Park Historic Designation:**

[https://archives.sfplanning.org/documents/3890-DPR%20523D\\_Duboce%20Park%20NR.pdf](https://archives.sfplanning.org/documents/3890-DPR%20523D_Duboce%20Park%20NR.pdf)



# *Elisha Mayost*

*Estimate*

Lic # 881789

530 Belle Ave  
San Rafael  
CA 94902

PH: (415) 722 0103  
mayost@comcast.net

Date  
April 1, 2019

Estimate #  
169

---

**Kamariah and Jonathan Dascola**  
**59 Potomac St**  
**San Francisco, CA 94102**

**Scope of estimate:**

This estimate refers to final drawings created by Mike Baushke from Apparatus Architecture dated 2/18/2019 Revise 4 plan check set 59 Potomac, San Francisco David Strandberg Engineering Project #1802 Plan check set dated 2/18/2019. 15% profit and overhead included in Construction Subtotal.

**Total scope of work includes the following:**

- Removal of lath and plaster from interior walls and ceiling. Removal of debris.  
New foundation including footing and slab in existing area.
- Complete plumbing rough and finish as per approved drawing 2/18/2019
- Complete electrical rough and finish as per approved drawing 2/18/2019
- New drywall in walls and ceiling. Level 5 finish on walls and ceiling
- New insulation in all exterior walls and exterior ceiling
- Waterproofing of exterior walls
  
- New windows and exterior doors in rear of house
- Replace existing sashes with new double pane glass in front of house
- New wide plank, pre-finished engineered hardwood floor
- New radiant heat in floor joists
- Installation of finish cabinetry and counter tops
- Interior and exterior paint
- New molding, picture rail, base board and crown molding
- New French drain in backyard
- New Ice deck
- New stairs from deck to back yard
- Patio in back yard
- New slab in driveway
- Replace existing shingles with new
- Removal of old front stairs
- Rebuild of new stairs and walls to match existing house + approved drawings

**Finish Allowance:** Cabinets, vanities, windows, doors, plumbing fixtures, tile and stone

**Note:** Appliances not included. Electrical surface mounted fixtures are not included.

*We hereby propose to furnish the materials and perform the labor necessary for the completion of the above work. All material is guaranteed to be as specified, and the above work to be performed and completed in a substantial workmanlike manner. Please Note: City fees, permit fees, inspection fees, special inspection fees and drawings are not included in this estimate.*

# Elisha Mayost

*Estimate*

Lic # 881789

530 Belle Ave  
San Rafael  
CA 94902

PH: (415) 722 0103  
mayost@comcast.net

Date  
April 1, 2019

Estimate #  
169

## Payment schedule:

Detail below outlining payment stages for construction of 59 Potomac St based on approved plans 2/18/2019. 15% profit and overhead included in each line item below and reflected in Construction Subtotal.

Description	Total
Demo (1)	\$25,500
Demo (2)	\$25,500
Concrete (1)	\$49,300
Concrete (2)	\$25,500
Plumbing (1)	\$34,000
Radiant Heat (1)	\$34,000
Framing 1 (start)	\$29,750
Order Windows (1)	\$25,500
Framing 2 (Half)	\$25,500
Electrical Start (1)	\$34,000
Framing 3 (Complete)	\$21,250
Windows Install (2)	\$21,250
Concrete (3)Â	\$17,000
Rough Plumbing (2)	\$25,500
Rough Electrical (2)	\$25,500
Order Doors (1)	\$17,000
Drywall Start (1)	\$34,000
Rough Radiant Heat (2)	\$25,500
Drywall Finish (2)	\$21,250
Unit Install Radiant (3)	\$17,000
Doors Install (2)	\$12,750

# Elisha Mayost

Estimate

Lic # 881789

530 Belle Ave  
San Rafael  
CA 94902

PH: (415) 722 0103  
mayost@comcast.net

Date  
April 1, 2019

Estimate #  
169

Description	Total
Engineered Floor	\$20,400
Tile Start (1)	\$21,250
Cabinet Install	\$17,000
Tile Finish (2)	\$17,000
Trim Start (1)	\$25,500
Trim Half (2)	\$21,250
Trim Finish (3)	\$12,750
Painting start (1)	\$34,000
Painting Finish (2)	\$25,500
Back deck + stairs	\$21,250
Front stairs removal & build new	\$21,250
Driveway slab + front walk	\$12,750
<b>Construction Subtotal</b>	<b>\$796,450.00</b>
<b>Profit &amp; Overhead</b>	<b>\$140,550.00</b>
Allowance includes Cabinets + Vanities \$65,000, Windows \$28,000, Plumbing Fixtures \$12,000 and Tile + Stone \$25,000	\$130,000
Appliances (Purchased by homeowners)	\$27,500
Electrical surface mounted fixtures (Purchased by homeowners)	\$5,000
<b>Total Project Cost Managed by Elisha Mayost</b>	<b>\$1,067,000</b>

**Terms:**

Two stage payments and balance due on day of completion. Any alteration or deviation from above specifications involving extra costs will be executed only upon written order, and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents, or delays beyond our control.

**Contractor Acceptance of Proposal:**

The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to work as specified. Payments will be made as outlined above. Note: This proposal may be withdrawn by us if not accepted within 30 days.

Client



Contractor



Date

6.28.19

# Elisha Mayost Lic # 881789

530 Belle Ave  
San Rafael  
CA 94902  
PH: (415) 722 0103  
mayost@comcast.net

# Estimate

Date	Estimate #
1/29/2020	192

Kammie & Jonathan Dascola  
59 Potomac  
San Francisco, CA

Description	Cost:	Total
Replace of roof:  1. Remove of exiting shingles from the old roof (roof is around 1,500 sq ft). Haul the debris to the dump.  2. Repair as needed to the exiting framing / plywood.  3. New tar paper.  4. New 40 years shingles to cover the old roof.  5. New gutter to run into a catch basin.  5. New catch basin with down pipes that run into a sand box located at the light well.  NOTE:Not included. Exiting condition of the buildings next door is a problem and gutter need to be seal from the buildings next door to the gutter to stop rain from going between the building. This condition need to be address with the two building next door.	32,000.00	32,000.00

*We hereby propose to furnish the materials and perform the labor necessary for the completion of the above work. All material is guaranteed to be as specified, and the above work to be performed and completed in a substantial workmanlike manner.  
Please Note: City fees, permit fees, inspection fees, special inspection fees and drawings are not included in this estimate.*

**Total** \$32,000.00

**Terms:**  
30% Down to begin work. Two stage payments and balance due on day of completion.  
Any alteration or deviation from above specifications involving extra costs will be executed only upon written order, and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents, or delays beyond our control.

**ACCEPTANCE OF PROPOSAL:**  
The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to work as specified.  
Payments will be made as outlined above.  
Note: This proposal may be withdrawn by us if not accepted within 30 days.

Signature (Owner):

Signature (Contractor):

Date:



**The Window And Door Shop, Inc.**

**San Francisco, CA 94124**

# Estimate

DATE	ESTIMATE NO.
10/28/2019	232745RL

Bill To:
Mayost, Elisha 43 18th Ave S.F. CA 94121

TERMS	DUE DATE	REP	PROJECT
50% down	10/28/2019	RL	59 Potomac

ITEM	DESCRIPTION	QTY	COST	TOTAL
Marvin Item	Marvin Ultimate windows and doors per estimate JH4UVDJ	1	38,979.15	38,979.15T
Tilt Pak	Window I - 34" x 68" Double hung tilt pack.	1	1,291.00	1,291.00T
Tilt Pak	Window J - 48" x 68" Double hung tilt pack.	1	1,571.00	1,571.00T
Tilt Pak	Window K - 34" x 68" Double hung tilt pack.	1	1,291.00	1,291.00T
Casement Sash	Window L - 18" x 48" Casement sash. Tempered low-e insulated glass.	1	667.00	667.00T
Tilt Pak	Window R - 34" x 68" Double hung tilt pack.	1	1,291.00	1,291.00T
Tilt Pak	Window S - 48" x 68" Double hung tilt pack.	1	1,571.00	1,571.00T
Tilt Pak	Window T - 34" x 68" Double hung tilt pack.	1	1,291.00	1,291.00T
Tilt Pak	Window U - 34" x 68" Double hung tilt pack.	1	1,291.00	1,291.00T
Tilt Pak	Window V - 48" x 68" Double hung tilt pack.	1	1,571.00	1,571.00T
Tilt Pak	Window W - 34" x 68" Double hung tilt pack.	1	1,291.00	1,291.00T
Awning Sash	Window X - 21" x 21" Awning sash.	1	408.00	408.00T
Awning Sash	Window Y - 21" x 21" Awning sash.	1	408.00	408.00T
Pre-hung	Door #2 - 3/0 x 7/0 x 1 3/4 Solid core flush primed 20 minute fire rated door. Prehung 6 3/4" primed jamb with weatherstrip, aluminum sill, shoe, self closing hinges and lock prep.	1	575.00	575.00T
	Sales Tax		8.50%	4,547.17

**TOTAL** \$58,043.32

Phone #	Fax #	E-mail	Web Site
415-282-6192	415-282-6193	Daniela@wdssf.com	windowanddoorshop.com

SIGNATURE \_\_\_\_\_

# Elisha Mayost Lic # 881789

530 Belle Ave  
San Rafael  
CA 94902  
PH: (415) 722 0103  
mayost@comcast.net

# Estimate

Date	Estimate #
10/6/2019	188

Kammie Sulaiman 59 Potomac San Francisco, CA
--

Description	Cost:	Total
Scope of estimate:		
1. Run new water supply from the street to the house due to exiting galvanize pipe condition.	7,600.00	7,600.00
2. Open sidewalk dig a channel for new 1" copper water supply.		
3. Pulling plumbing and DPW permit and permit fees.		
4. Close sidewalk.		
1. Underpinning of exiting footing for houses at south and north as per engineer request and drawing.	8,000.00	8,000.00
2. Underpinning will be done in 3 section A,B,and C.		
1. Install 4 new beams as per new drawing.	24,000.00	24,000.00
2. New grade beam at the area where the steel beam goes. Grade beam as per new drawing.	8,500.00	8,500.00
Specialties	0.00	0.00

<b>Total</b>	\$48,100.00
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*We hereby propose to furnish the materials and perform the labor necessary for the completion of the above work. All material is guaranteed to be as specified, and the above work to be performed and completed in a substantial workmanlike manner.  
Please Note: City fees, permit fees, inspection fees, special inspection fees and drawings are not included in this estimate.*

**Terms:**  
30% Down to begin work. Two stage payments and balance due on day of completion.  
Any alteration or deviation from above specifications involving extra costs will be executed only upon written order, and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents, or delays beyond our control.

**ACCEPTANCE OF PROPOSAL:**  
The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to work as specified.  
Payments will be made as outlined above.  
Note: This proposal may be withdrawn by us if not accepted within 30 days.

Signature (Owner):

Signature (Contractor):

Date:

# Elisha Mayost Lic # 881789

530 Belle Ave  
 San Rafael  
 CA 94902  
 PH: (415) 722 0103  
 mayost@comcast.net

## Estimate

Date	Estimate #
1/29/2020	192

Kammie & Jonathan Dascola  
 59 Potomac  
 San Francisco, CA

Description	Cost:	Total
Replace of roof:  1. Remove of exiting shingles from the old roof (roof is around 1,500 sq ft). Haul the debris to the dump.  2. Repair as needed to the exiting framing / plywood.  3. New tar paper.  4. New 40 years shingles to cover the old roof.  5. New gutter to run into a catch basin.  5. New catch basin with down pipes that run into a sand box located at the light well.  NOTE: Not included. Exiting condition of the buildings next door is a problem and gutter need to be seal from the buildings next door to the gutter to stop rain from going between the building. This condition need to be address with the two building next door.	32,000.00	32,000.00

<b>Total</b>	\$32,000.00
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*We hereby propose to furnish the materials and perform the labor necessary for the completion of the above work. All material is guaranteed to be as specified, and the above work to be performed and completed in a substantial workmanlike manner.  
 Please Note: City fees, permit fees, inspection fees, special inspection fees and drawings are not included in this estimate.*

**Terms:**  
 30% Down to begin work. Two stage payments and balance due on day of completion.  
 Any alteration or deviation from above specifications involving extra costs will be executed only upon written order, and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents, or delays beyond our control.

**ACCEPTANCE OF PROPOSAL:**  
 The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to work as specified.  
 Payments will be made as outlined above.  
 Note: This proposal may be withdrawn by us if not accepted within 30 days.

Signature (Owner): *K S Dascola* Signature (Contractor): *Elisha Mayost* Date: *2/6/20*  
*Jonathan Dascola*



59 Potomac - Before Photos





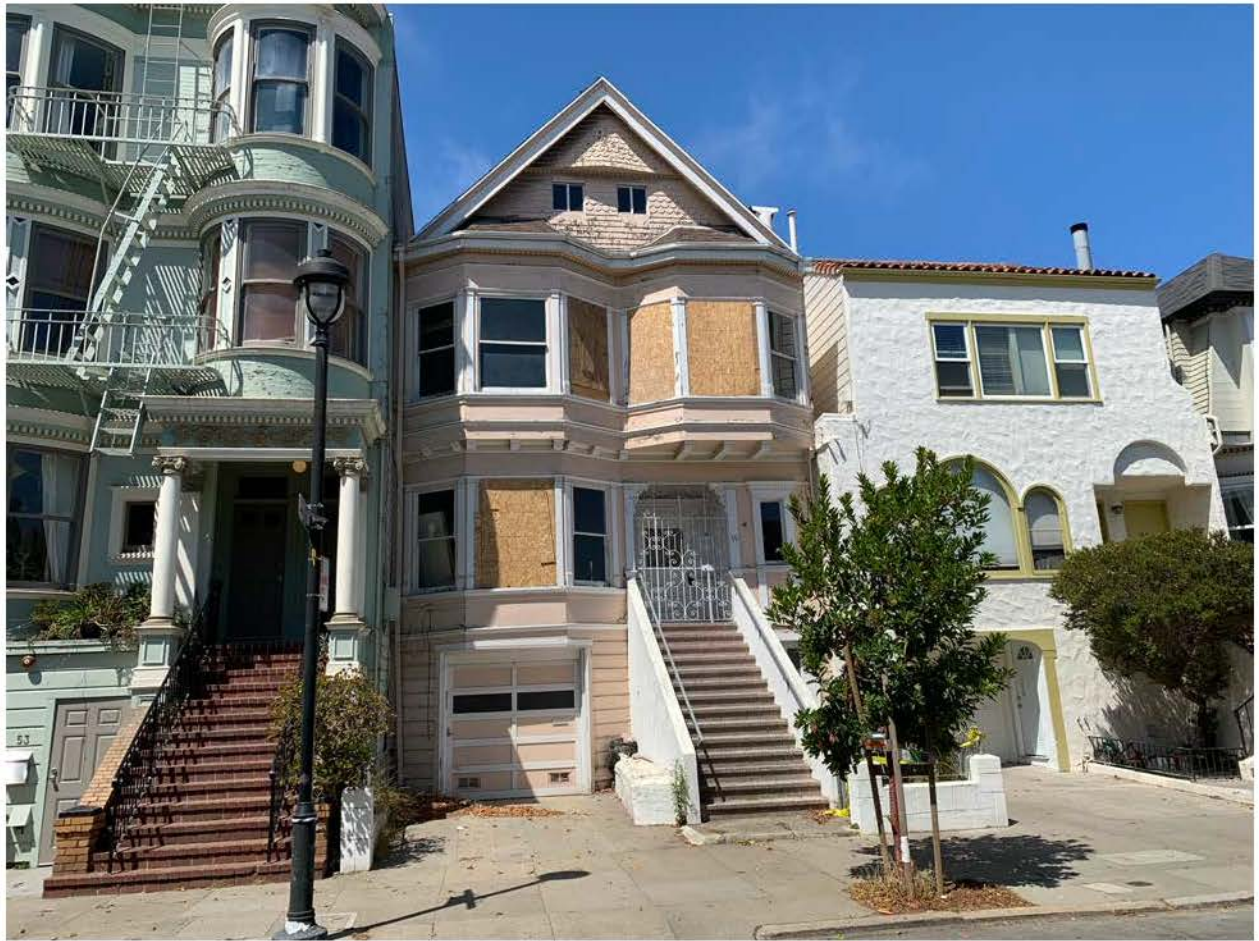


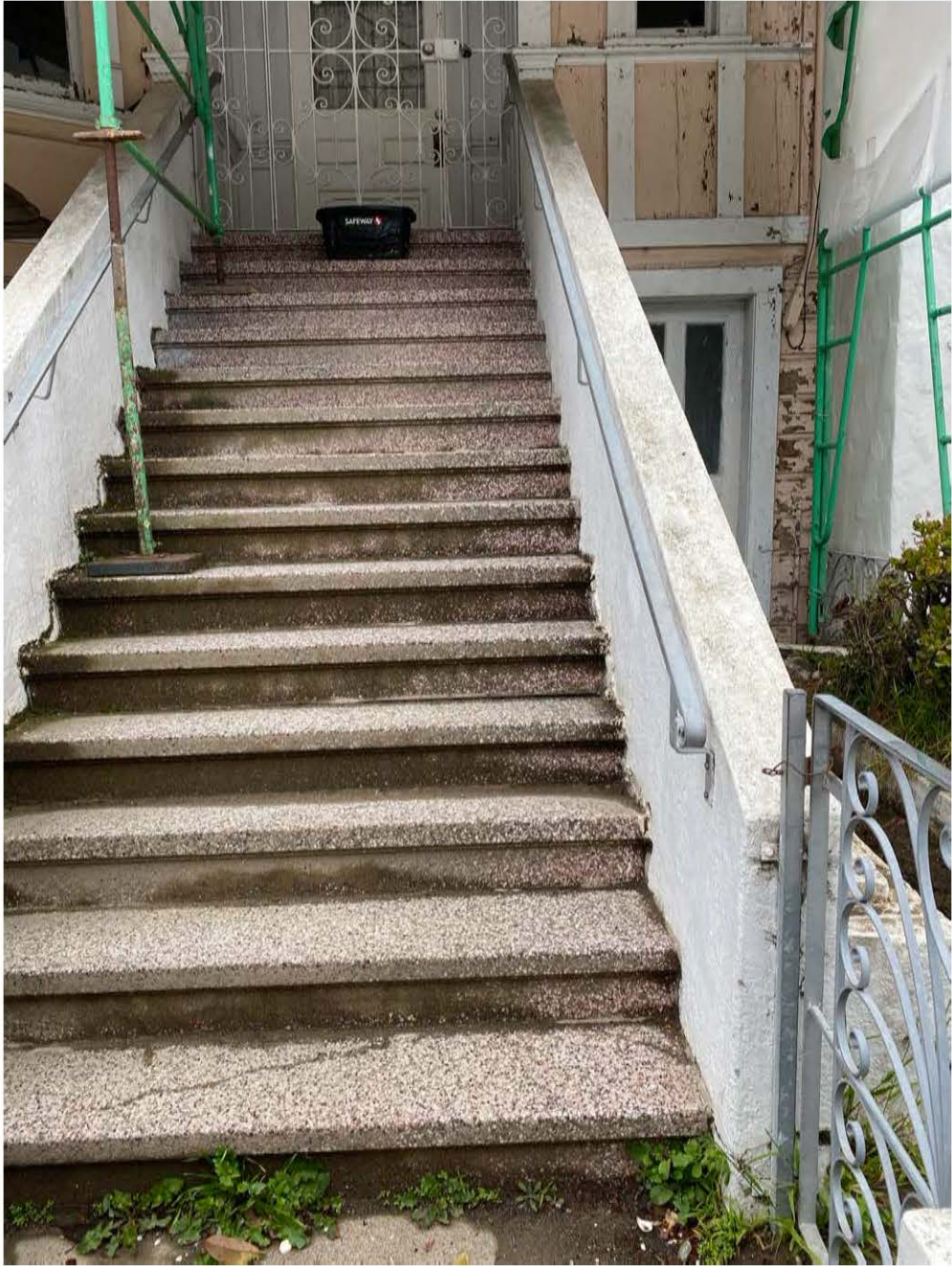




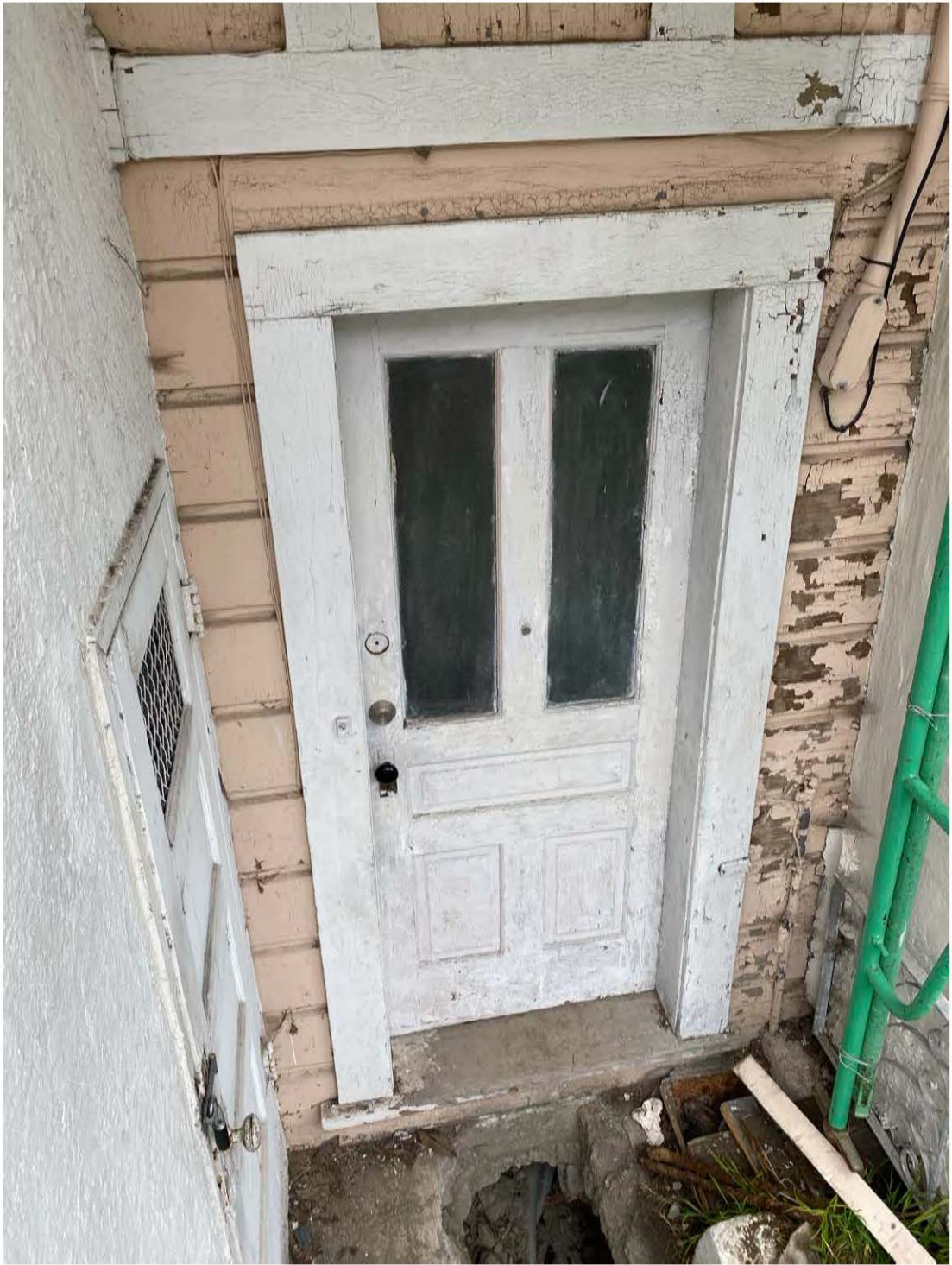






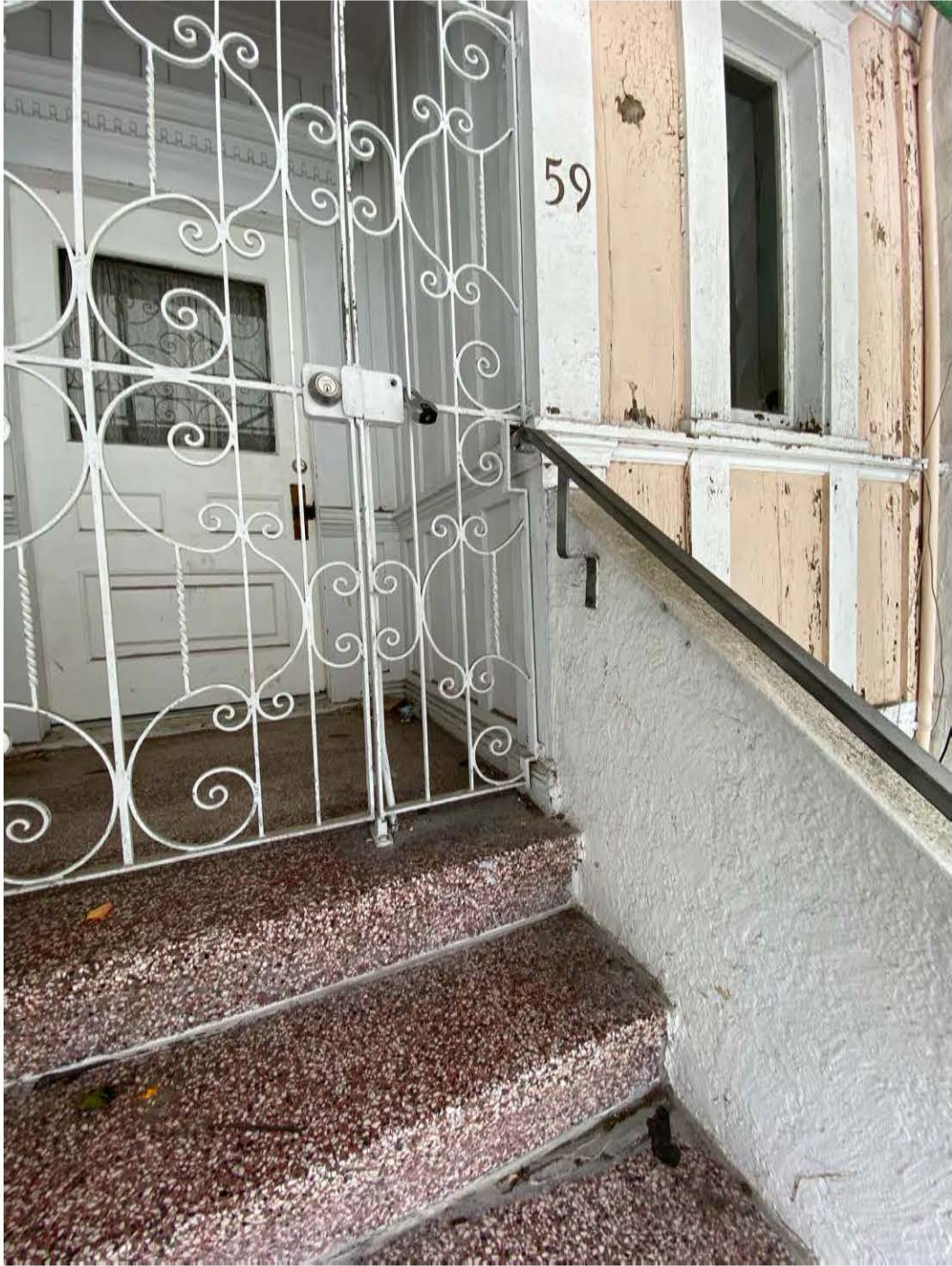
























# 2020 MILLS ACT HISTORICAL PROPERTY CONTRACTS EXECUTIVE SUMMARY

**HEARING DATE: OCTOBER 7, 2020**

**Re:** 2020 Mills Act Historical Property Contracts  
**Staff Contact:** Michelle Taylor - 628-652-7352  
[Michelle.Taylor@sfgov.org](mailto:Michelle.Taylor@sfgov.org)  
**Reviewed By:** Elizabeth Gordon-Jonckheer- 628-652-7365  
[Elizabeth.Gordon-Jonckheer@sfgov.org](mailto:Elizabeth.Gordon-Jonckheer@sfgov.org)

- A. Record No.:** 2020-004819MLS  
**Project Address:** 450 PACIFIC AVENUE  
**Zoning:** C-2 (Community Business) Zoning District  
**Height & Bulk:** 65-A Height and Bulk District  
**Historic District:** Jackson Square Historic District  
**Block/Lot:** 0164/010  
**Project Sponsor:** Jesse Feldman  
**Property Owner:** Pacific Stables Property Owner LLC  
590 Pacific Avenue  
San Francisco, CA 94133
- B. Record No.:** 2020-004811MLS  
**Project Address:** 1315 WALLER STREET  
**Zoning:** RH-3 (Residential - House, Three-Family) Zoning District  
**Height & Bulk:** 40-X Height and Bulk District  
**Historic Property:** Nomination for the National Register of Historic Places Under Review  
**Block/Lot:** 1255/080  
**Project Sponsor:** Aimee & Tjarko Leifer  
**Property Owner:** AIMKO 2015 Trust  
1315 Waller Street  
San Francisco, CA 94117

- C. Record No.:** 2020-004685MLS  
**Project Address:** 59 POTOMAC STREET  
**Zoning:** RH-2 (Residential - House, Two-Family) Zoning District  
**Height/Bulk:** 40-X Height and Bulk District  
**Historic District:** Duboce Park Historic District  
**Block/Lot:** 0865/008  
**Project Sponsor/  
Property Owner:** Jonathan Dascola & Kamariah Sulaiman Dascola  
59 Potomac Street  
San Francisco, CA 94117

## Property Descriptions

- A. 450 Pacific Avenue is located on the north side of Pacific Avenue at the corner of Osgood Place, Assessor's Block 0164, Lot 010. The subject property is located within a C-2 (Community Business) zoning district and a 65-X Height and Bulk district. The subject property is a contributing building to the Article 10 Jackson Square Historic District. It is a four-story, plus basement, brick and timber, office building first constructed c.1887 as the Kentucky Stables Building and rebuilt after the 1906 earthquake and fire.
- B. 1315 Waller Street is located on the south side of Waller Street between Delmar Street and Masonic Avenue, Assessor's Block 1255, Lot 080. The subject property is located within the RH-3 (Residential House, Three Family) zoning district and 40-X Height and Bulk district. The subject building is a two-and-half-story plus basement, wood-frame, single-family dwelling designed in the Queen Anne style by local shipbuilder John A. Whelan in 1896. 1315 Waller Street, or "Winter" as it also known, is one in a row of four homes referred to as the "Four Seasons" for their associated ornamental detailing. The building was nominated for listing on the National Register of Historic Places before December 31, 2019.
- C. 59 Potomac Street is located on the west side of Potomac Street between Waller Street and Duboce Avenue, Assessor's Block 0865, Lot 008. 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.

## Project Description

This project is for Mills Act Historical Property Contracts for 450 Pacific Avenue, 1315 Waller Street, and 59 Potomac Street.

Ordinance No. 191-96 amended the San Francisco Administrative Code by adding Chapter 71 to implement the California Mills Act, California Government Code Sections 50280 et seq. The Mills Act authorizes local governments to enter into contracts with owners of private historical property who will rehabilitate, restore, preserve, and maintain qualified historical property. As consideration for the rehabilitation, restoration,

preservation and maintenance of the qualified historical property, the City and County of San Francisco may provide certain property tax reductions in accordance with Article 1.9 (commencing with Section 439) of Chapter 3 of Part 2 of Division 1 of the California Revenue and Taxation Code.

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

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

## Eligibility

### QUALIFIED HISTORICAL PROPERTY

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

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

### LIMITATIONS ON ELIGIBILITY

Eligibility for historical property contracts shall be limited to sites, buildings, or structures with an assessed valuation as of December 31 of the year before the application is made of \$3,000,000 or less for single-family dwellings and \$5,000,000 or less for multi-unit residential, commercial, or industrial buildings, unless the individual property is granted an exemption from those limitations by the Board of Supervisors. For the purposes of this section, "assessed valuation" shall not include any portion of the value of the property that is already exempt from payment of property taxes.

### EXEMPTION FROM LIMITATIONS ON ELIGIBILITY

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

- (1) The site, building, or structure is a particularly significant resource; and
- (2) Granting the exemption will assist in the preservation of a site, building, or structure that would

otherwise be in danger of demolition, substantial alteration, or disrepair.

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

The Board of Supervisors may approve a historical property contract not otherwise meeting the eligibility requirements set forth in Section 71.2, subsection (b) if it finds that the property is a qualified historical property that meets the requirements of subsection (a) and is especially deserving of a contract due to the exceptional nature of the property and other special circumstances.

## **Application for Mills Act Historical Property Contract**

### **WHO MAY APPLY AND APPLICATION CONTENT**

An owner, or an authorized agent of an owner, of a qualified historical property may submit an application for a historical property contract to the Planning Department on forms provided by the Planning Department. The property owner shall provide, at a minimum, the address and location of the qualified historical property, evidence that the property is a qualified historical property and meets the valuation requirements of Section 71.2(b), the nature and cost of the rehabilitation, restoration or preservation work to be conducted on the property, financial information necessary for the Assessor-Recorder to conduct the valuation assessment under the Mills Act, including any information regarding income generated by the qualified historical property, and a plan for continued maintenance of the property. The Planning Department, the Historic Preservation Commission, or the Assessor-Recorder may require any further information necessary to make a recommendation on or conduct the valuation of the historical property contract.

### **APPLICATION DEADLINES**

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

## **Approval Process**

### **ASSESSOR-RECORDER REVIEW**

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

### **HISTORIC PRESERVATION COMMISSION REVIEW**

The Historic Preservation Commission shall have the authority to recommend approval, disapproval, or modification of historical property contracts to the Board of Supervisors. For this purpose, the Historic Preservation Commission shall hold a public hearing to review the application for the historical property contract and make a recommendation regarding whether the Board of Supervisors should approve, disapprove, or modify the historical property contract within 90 days of receipt of the Assessor-Recorder's report or within 90 days of the date the report should have been provided if none is received. The recommendation of the Historic Preservation Commission may include recommendations regarding the proposed rehabilitation, restoration, and preservation work, the historical value of the qualified historical property, and any proposed preservation restrictions or maintenance requirements to be included in the historical property contract. The Planning Department shall forward the application and the recommendation of the Historic Preservation Commission to approve or modify a historical property contract to the Board of Supervisors. Failure of the Historic Preservation Commission to act within the 90-day time limit shall constitute a recommendation of disapproval for the purposes of this subsection, and the Planning Department shall notify the property owner in writing of the Historic Preservation Commission's failure to act; provided, however, that the Board of Supervisors by resolution may grant an extension of time to the Historic Preservation Commission for its review. If the Historic Preservation Commission recommends disapproval of the historical property contract, such decision shall be final unless the property owner files an appeal with the Clerk of the Board of Supervisors within 10 days of the final action of the Historic Preservation Commission or within 10 days of the Planning Department's notice of the Historic Preservation Commission's failure to act.

### **BUDGET ANALYST REVIEW**

Upon receipt of the recommendation of the Historic Preservation Commission or upon receipt of a timely appeal, the Clerk of the Board of Supervisors shall forward the application and Assessor-Recorder's report to the Budget Analyst, who, notwithstanding any other provision of this Code, shall prepare a report to the Board of Supervisors on the fiscal impact of the proposed historical property contract.

### **BOARD OF SUPERVISORS DECISION**

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

## **Terms of the Mills Act Historical Property Contract**

The historical property contract shall set forth the agreement between the City and the property owner that as long as the property owner properly rehabilitates, restores, preserves and maintains the qualified historical property as set forth in the contract, the City shall comply with California Revenue and Taxation Code Article 1.9 (commencing with Section 439) of Chapter 3 of Part 2 of Division 1, provided that the specific provisions of the



Revenue and Taxation Code are applicable to the property in question. A historical property contract shall contain, at a minimum, the following provisions:

- (1) The initial term of the contract, which shall be for a minimum period of 10 years;
- (2) The owner's commitment and obligation to preserve, rehabilitate, restore and maintain the property in accordance with the rules and regulations of the Office of Historic Preservation of the California Department of Parks and Recreation and the United States Secretary of the Interior's Standards for the Treatment of Historic Properties;
- (3) Permission to conduct periodic examinations of the interior and exterior of the qualified historical property by the Assessor-Recorder, the Department of Building Inspection, the Planning Department, the Office of Historic Preservation of the California Department of Parks and Recreation and the State Board of Equalization as may be necessary to determine the owner's compliance with the historical property contract;
- (4) That the historical property contract is binding upon, and shall inure to the benefit of, all successors in interest of the owner;
- (5) An extension to the term of the contract so that one year is added automatically to the initial term of the contract on the anniversary date of the contract or such other annual date as specified in the contract unless notice of nonrenewal is given as provided in the Mills Act and in the historical property contract;
- (6) Agreement that the Board of Supervisors may cancel the contract, or seek enforcement of the contract, when the Board determines, based upon the recommendation of any one of the entities listed in Subsection (3) above, that the owner has breached the terms of the contract. The City shall comply with the requirements of the Mills Act for enforcement or cancellation of the historical property contract. Upon cancellation of the contract, the property owner shall pay a cancellation fee of 12.5 percent of the full value of the property at the time of cancellation (or such other amount authorized by the Mills Act), as determined by the Assessor-Recorder without regard to any restriction on such property imposed by the historical property contract; and
- (7) The property owner's indemnification of the City for, and agreement to hold the City harmless from, any claims arising from any use of the property.
  - (a) The City and the qualified historical property owner shall comply with all provisions of the Mills Act, including amendments thereto. The Mills Act, as amended from time to time, shall apply to the historical property contract process and shall be deemed incorporated into each historical property contract entered into by the City.
  - (b) The Planning Department shall maintain a standard form "Historical Property Contract" containing all required provisions specified by this section and state law. Any modifications to the City's standard form contract made by the applicant shall be subject to approval by the City Attorney prior to consideration by the Historic Preservation Commission and the Board of Supervisors.

## Departmental Monitoring Report

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

hearing before the Board of Supervisors and the Historic Preservation Commission. Please see Attachment D for Departmental Monitoring Report.

## Priority Criteria Considerations

In addition, the Department reviews 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.

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

## Issues & Other Considerations

- A. **450 Pacific Avenue:** The subject property is listed a contributor to the Jackson Square Historic District and is thus a qualified historical property. The subject commercial property is currently valued by the Assessor's Office as over \$5,000,000 and required a Historic Structure Report (see attached). The property meets one of the two requirements for granting exemption from the limitations on eligibility. The property is a particularly significant resource because it was constructed as early as 1887 as the Kentucky Stables building, a carriage house and livery, that survived the 1906 earthquake and fires. 450 Pacific Avenue is an important contributor to the Jackson Square Historic District for its early construction date, its survival through the ravages of the 1906 earthquake and fires, its historic use as a livery stable – which was a common early San Francisco building type that has become increasingly rare – and for its architectural design, which includes its brick façade and simple classical design articulation. The building contributes to the narrative of Jackson Square as the only significant collection of structures that represent San Francisco's nineteenth-century commercial heritage.

Although the property is not in danger of demolition, substantial alteration, or disrepair, staff supports

an eligibility exemption because of the applicant's commitment to address deferred maintenance and reverse years of unsympathetic alterations. The proposed rehabilitation program also includes the wholesale restoration of the ground story storefront, which is currently incompatible with the historic property. This work will be completed in addition to scopes of rehabilitation work to repair aspects of the property that are in fair condition, including brickwork and repointing.

The owner of the qualified historical property submitted an application for a historical property contract to the Department by the May 1, 2020 application deadline with the required Historic Structure Report prepared by Page and Turnbull.

The Assessor-Recorder estimated the property owner will receive \$99,225 in property tax savings as a result of the Mills Act Contract. Please refer to the attached Market Analysis and Income Approach Report and Preliminary Valuation spreadsheet prepared by the Assessor-Recorder for detailed information.

As detailed in the application, the applicant proposes to rehabilitate and maintain the historic property. The proposed Rehabilitation Plan (Exhibit A) includes the restoration of the historic storefront, which was removed to install an incompatible recessed arcade and modern glazed entry system at an unknown date; replacing parapet flashing; repairing roofing and window parge; treating all exterior or exposed steel and skylights; and repointing, patching and cleaning of brickwork. The estimated cost of the proposed rehabilitation work is \$782,655 over ten years.

The proposed Maintenance Plan (Exhibit B) includes annual inspection of roofing, flashing, pointing, metal corrosion, drainage points, and biological growth. Any needed repairs will be made in kind and will avoid altering, removing or obscuring character-defining features of the building. When 60% or more of the windows on either the Pacific Avenue or Osgood Place facades are deteriorated beyond repair, the property owner will replace all the windows with new wood double-hung windows that are compatible with the historic character of the building. Maintenance work is estimated to cost approximately \$14,725 annually.

No changes to the use of the property are proposed. The Department has determined that the proposed work, as detailed in Exhibits A and B, will be in conformance with the *Secretary of Interior's Standards for Rehabilitation*. Please refer to the attached Rehabilitation and Maintenance Plan for a full description of the proposed work.

The subject property meets 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 pre-1906 carriage house. The subject property does not meet the Recently Designated City Landmarks or the Legacy Business criteria. Jackson Square was designated an Article 10 landmark district in 1972 and therefore is not a recent landmark. A Legacy Business is not located at the subject property.

- B. **1315 Waller Street:** The subject property is listed on the National Register of Historic Places and is thus a qualified historical property. The subject property is currently valued by the Assessor's Office as over

\$3,000,000 and required a Historic Structure Report (see attached). The property meets the requirements for granting exemption from the limitations on eligibility. The property is a particularly significant resource it is a Queen Anne style building designed by local shipbuilder John A. Whelan in 1896 and known as “Winter,” it is one in a row of four homes referred to as the “Four Seasons” for their associated ornamental detailing. Although the property is fully occupied and the Historic Structure Report prepared for the property found the property to be in fair to good condition, staff supports an eligibility exemption because of the applicant’s commitment to address deferred maintenance. The applicant has proposed replacement of the missing front landing, select dry rot repair of ornamental wood elements at the front elevation, and full roof replacement. This work will be completed in addition to scopes of rehabilitation work to repair and replace some windows.

The owner of the qualified historical property submitted an application with the required Historic Structure Report for a historical property contract to the Department by the May 1, 2020 application deadline.

The Assessor-Recorder estimated the property owner will receive \$20,467 in property tax savings as a result of the Mills Act Contract. Please refer to the attached Market Analysis and Income Approach Report and Preliminary Valuation spreadsheet prepared by the Assessor-Recorder for detailed information.

As detailed in the application, the applicant proposes to rehabilitate and maintain the historic property. The proposed Rehabilitation Plan (Exhibit A) includes restore front entry marble steps and iron handrail, restore missing front entry landing, repair or replace select windows, replace roof, and fully repaint and repair all elevations. In 2018, the applicant had replaced the building foundation, added shear walls and structural steel beams. Rehabilitation work is estimated to cost \$416,635 over ten years.

The proposed Maintenance Plan (Exhibit B) 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 \$9,920 annually.

No changes to the use of the property are proposed. The Department has determined that the proposed work, as detailed in Exhibits A and B, will be in conformance with the Secretary of Interior’s Standards for Rehabilitation. Please refer to the attached Rehabilitation and Maintenance Plan for a full description of the proposed work.

The subject property meets 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. Although the building was recently nominated for listing on the National Register of Historic Places, it is not a City Landmark under Article 10. A Legacy Business is not located at the subject property.

- D. **59 Potomac Street:** The subject property is a contributor to the Duboce Park Historic District and is thus

a qualified historical property. The subject property is currently valued by the Assessor's Office as under \$3,000,000 and did not require a Historic Structure Report. The owner of the qualified historical property submitted an application for a historical property contract to the Department by the May 1, 2020 application deadline.

The Assessor-Recorder estimated the property owner will receive \$23,165 in property tax savings as a result of the Mills Act Contract. Please refer to the attached Market Analysis and Income Approach Report and Preliminary Valuation spreadsheet prepared by the Assessor-Recorder for detailed information.

As detailed in the application, the applicant proposes to rehabilitate and maintain the historic property. The proposed Rehabilitation Plan (Exhibit A) includes seismic strengthening, roof replacement, wood siding repair and painting, window replacement, front stair replacement, and permeable driveway. Rehabilitation work is estimated to cost \$296,500 over ten years.

The proposed Maintenance Plan (Exhibit B) includes annual inspection of roof, gutters and downspouts, windows, and wood siding and trim an inspection of the roof every five years. 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 \$2,000 annually.

No changes to the use of the property are proposed. The Department has determined that the proposed work, as detailed in Exhibits A and B, will be in conformance with the Secretary of Interior's Standards for Rehabilitation. Please refer to the attached Rehabilitation Plan and Maintenance Plan for a full description of the proposed work.

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.

## **Public/Neighborhood Input**

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

## **Environmental Review Status**

The Project is exempt from the California Environmental Quality Act ("CEQA") as a Class 1 categorical exemption.

## Basis for Recommendation

- A. **450 Pacific Avenue:** The Department recommends APPROVAL of the Mills Act Historical Property Contract as it meets the provisions of Chapter 71 of the Administration Code and the Priority Considerations. The proposed rehabilitation and maintenance work conforms with the *Secretary of Interior's Standards for Rehabilitation*. Granting the Mills Act historical property contract will help the property owner mitigate rehabilitation expenditures and adequately maintain the property in the future.
- B. **1315 Waller Street:** The Department recommends APPROVAL of the Mills Act Historical Property Contract as it meets the provisions of Chapter 71 of the Administration Code and the Priority Considerations. The proposed rehabilitation and maintenance work conforms with the *Secretary of Interior's Standards for Rehabilitation*. Granting the Mills Act historical property contract will help the property owner mitigate rehabilitation expenditures and adequately maintain the property in the future.
- C. **59 Potomac Street:** The Department recommends APPROVAL of the Mills Act Historical Property Contract as it meets the provisions of Chapter 71 of the Administration Code and the Priority Considerations. The proposed rehabilitation and maintenance work conforms with the *Secretary of Interior's Standards for Rehabilitation*. Granting the Mills Act historical property contract will help the property owner mitigate rehabilitation expenditures and adequately maintain the property in the future.

## Attachments

### Attachment A - 450 Pacific Avenue

- Maps and Context Photos
- Draft Resolution
- Draft Mills Act Contract
- Exhibits A & B: Draft Rehabilitation and Maintenance Plan
- Draft Mills Act Valuation provided by the Assessor-Recorder's Office
- Categorical Exemption
- Pre-Approval Inspection Report
- Mills Act Application & Historic Structure Report

### Attachment B – 1315 Waller Street

- Maps and Context Photos
- Draft Resolution
- Draft Mills Act Contract
- Exhibits A & B: Draft Rehabilitation and Maintenance Plan
- Draft Mills Act Valuation provided by the Assessor-Recorder's Office
- Categorical Exemption
- Pre-Approval Inspection Report
- Mills Act Application & Historic Structure Report

### Attachment C – 59 Potomac Street

- Maps and Context Photos

Draft Resolution  
Draft Mills Act Contract  
Exhibits A & B: Draft Rehabilitation and Maintenance Plan  
Draft Mills Act Valuation provided by the Assessor-Recorder's Office  
Categorical Exemption  
Pre-Approval Inspection Report  
Mills Act Application

Attachment D - Departmental Monitoring Report

**Mills Act Application 59 Potomac St  
Exhibit A - Rehabilitation & Restoration Plan**

Dated April 17, 2020

**Rehabilitation & Restoration Plan**

**Supporting Documents:** Contractor's Bid + Change Order Estimates

**Scope #1 Replace roof and shingles in full**

**Rehab/Restoration: Yes**

**Completed: No**

**Proposed: Yes**

**Contract Year Completion: 2021**

**Total Cost: \$32,000**

**Description of work:** The current roof is in poor shape. We have engaged a licensed roofing contractor to replace the current roof with new asphalt shingles, ensuring a watertight finish. New gutters and down sprouts will be installed to direct water away from the building and the space where the neighboring homes abut will be water secured. Installation of the new roof and gutters will avoid changing the roof configuration, or altering, removing or obscuring character-defining features of the building, including decorative elements in the gable ends, as well as eave trim and moldings. New gutters and down sprouts will be installed to direct water away from the building and the space where the neighboring homes connect will be water secured.

**Scope #2 Exterior Siding and Trim**

**Rehab/Restoration: Yes**

**Completed: No**

**Proposed: Yes**

**Contract Year Completion: 2021**

**Total Cost: \$45,000**

**Description of work:** We will repair all exterior sides, windows and trim of the house as necessary and repaint the house in its entirety. There is some damage and deterioration of trim in the front of the house. The wood horizontal siding at the rear of the house has dry rot. Deteriorated wood trim and siding will be replaced in kind. Any repairs or replacements will avoid altering, removing or obscuring character-defining features of the building and all materials that are used will be made in kind.

**Scope #3 Exterior Windows & Doors**

**Rehab/Restoration: Yes**

**Completed: No**

**Proposed: Yes**

**Contract Year Completion: 2021**



**Total Cost:** \$65,000

**Description of work:** We will replace all exterior windows and doors. There are three sets of bay windows on the front facade of the house in poor condition. They will be replaced in-kind to match existing wooden materials, ornaments, and operation. There are two exterior doors in the front of the house, and a single-car garage door that will also be replaced with compatible wood doors. While replacing the windows and doors we will avoid altering, removing, or obscuring any character defining features to the exterior.

#### **Scope #4 Exterior Stairs**

**Rehab/Restoration:** Yes

**Completed:** No

**Proposed:** Yes

**Contract Year Completion:** 2021

**Total Cost:** \$25,000

**Description of work:** We will demo and replace the existing stained and damaged terrazzo stairs and concrete siding. We will replace this non-historic detail with wooden stairs and handrails that are compatible with the design and materials of the district.

#### **Scope #5 Foundation reinforcement and stabilization**

**Rehab/Restoration:** Yes

**Completed:** Partially

**Proposed:** Yes

**Contract Year Completion:** 2021

**Total Cost:** \$96,500

**Description of work:** We are completing structural upgrades to the foundation of the house. While converting the basement to livable space we will reinforce the existing foundation and pour a new concrete foundation for the addition. During the scope of work we completed an A-B-C pour to ensure stability of both 59 Potomac and 57 Potomac to help reinforce the foundation of the neighboring house to the south.

#### **Scope #6 New driveway, sidewalk, entryway**

**Rehab/Restoration:** Yes

**Completed:** No

**Proposed:** Yes

**Contract Year Completion:** 2021

**Total Cost:** \$25,000

**Description of work:** We will replace the current driveway and ground floor entry with a new level, permeable driveway and walkway when the remainder of construction is completed. We will also replace the sidewalk.

**Scope #7 Planters**

**Rehab/Restoration:** Yes

**Completed:** No

**Proposed:** Yes

**Contract Year Completion:** 2022

**Total Cost:** \$8,000

**Description of work:** We will remove the current concrete poured planters throughout the property. We will replace the planters on the north and south sides of the front yard with new planters in a style and material compatible with the house and district.

**Mills Act Application 59 Potomac St**  
**Exhibit B - Maintenance Plan**

Dated April 29, 2020

**Maintenance Plan**

**Supporting Documents:** Contractor's Estimates

**Scope #1 Overall Maintenance - Exterior (Roof, siding, paint and trim)**

**Maintenance: Yes**

**Completed: No**

**Proposed: Yes**

**Contract Year Completion:** 2021-ongoing

**Total Cost:** Annually; estimated \$1000 per year

**Description of work:** We will perform routine inspection and maintenance on our roof. We will keep gutters and downspouts clear from debris. Any roof coverings that have been injured will be replaced. We will broom sweep branches or leaf debris from shingles.

We will inspect the exterior doors and windows annually. We will look for signs of water damage and dry rot and confirm functionality. If any repair or replacement is found necessary this will be done in line with the house historic character and any materials used will be in kind.

When the house has been repainted we will inspect the wooden elements of the exterior of the house annually and repaint as necessary. If any damage or deterioration is found, the extent and the nature of the damage will be assessed and addressed. Any repairs or replacements will avoid altering, removing or obscuring character-defining features of the building and all materials that are used will be made in kind e.g. wood for wood.

This maintenance routine will be informed by the guidance outlined in the National Park Service's Preservation Brief 47: Maintaining the Exterior of Small and Medium Size Historic Buildings.

**Scope #2 Professional roof inspections and repair**

**Maintenance: Yes**

**Completed: No**

**Proposed: Yes**

**Contract Year Completion:** 2021-ongoing

**Total Cost:** Periodic \$5,000 over 10 years (estimated \$2500/inspection + repair)

**Description of work:** We will have a licensed roofing contractor conduct periodic inspections

approximately every 5 years to ensure that it remains in good condition. Any repairs or replacements needed as a consequence of these inspections will be performed. Both these routines will be informed by the guidance outlined in the National Park Service's Preservation Brief 47: Maintaining the Exterior of Small and Medium Size Historic Buildings.

### **Scope #3 Exterior Siding + Trim**

**Maintenance: Yes**

**Completed: No**

**Proposed: Yes**

**Contract Year Completion: 2021-ongoing**

**Total Cost: Periodic; \$25,000 within 6 years**

**Description of work:** Approximately 5 years from the completion of work; estimated 2026, we will fully replace the exposed wooden siding on the north top floor (planned for repair as part of Phase 1) replacing the siding in kind, and repainting to ensure a watertight seal.

Any repairs or replacements will avoid altering, removing or obscuring character-defining features of the building and all materials that are used will be made in kind e.g. wood for wood. This maintenance routine will be informed by the guidance outlined in the National Park Service's Preservation Brief 47: Maintaining the Exterior of Small and Medium Size Historic Buildings.

### **Scope #4 Exterior Paint**

**Maintenance: Yes**

**Completed: No**

**Proposed: Yes**

**Contract Year Completion: 2021-ongoing**

**Total Cost: Periodic; estimated \$30,000+ within 10 years**

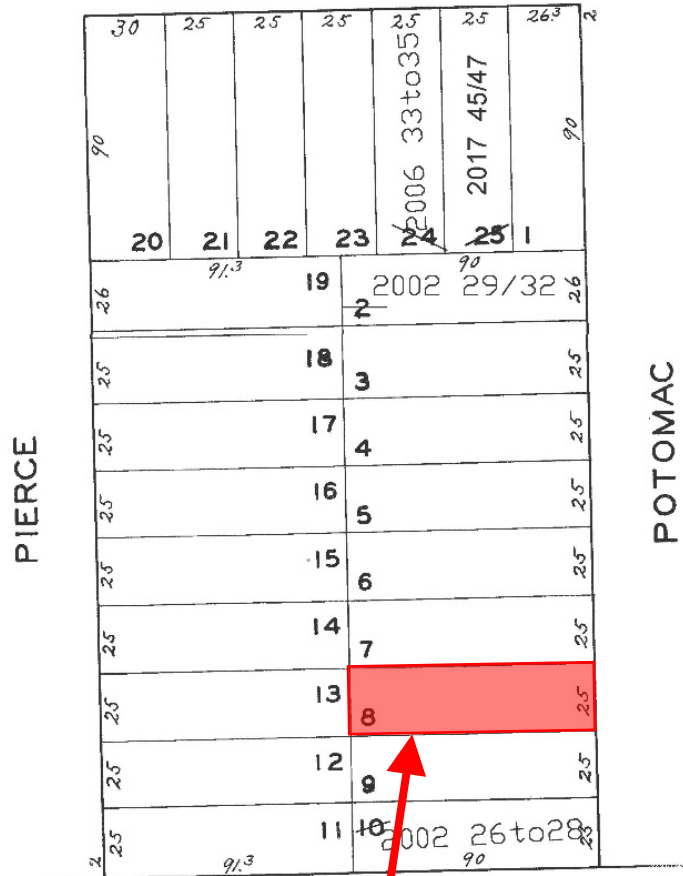
**Description of work:** We will inspect the exterior paint on all siding and trim annually. We will look for signs of water permeating, cracking or dry rot. If any repair or replacement is found necessary this will be done in line with the house historic character and any materials used will be in kind. This maintenance routine will be informed by the guidance outlined in the National Park Service's Preservation Brief 47: Maintaining the Exterior of Small and Medium Size Historic Buildings.

When required, estimated 8-10 years after original painting, the full exterior will be repainted and resealed including all siding, windows, trim and moldings.

# Parcel Map



WALLER

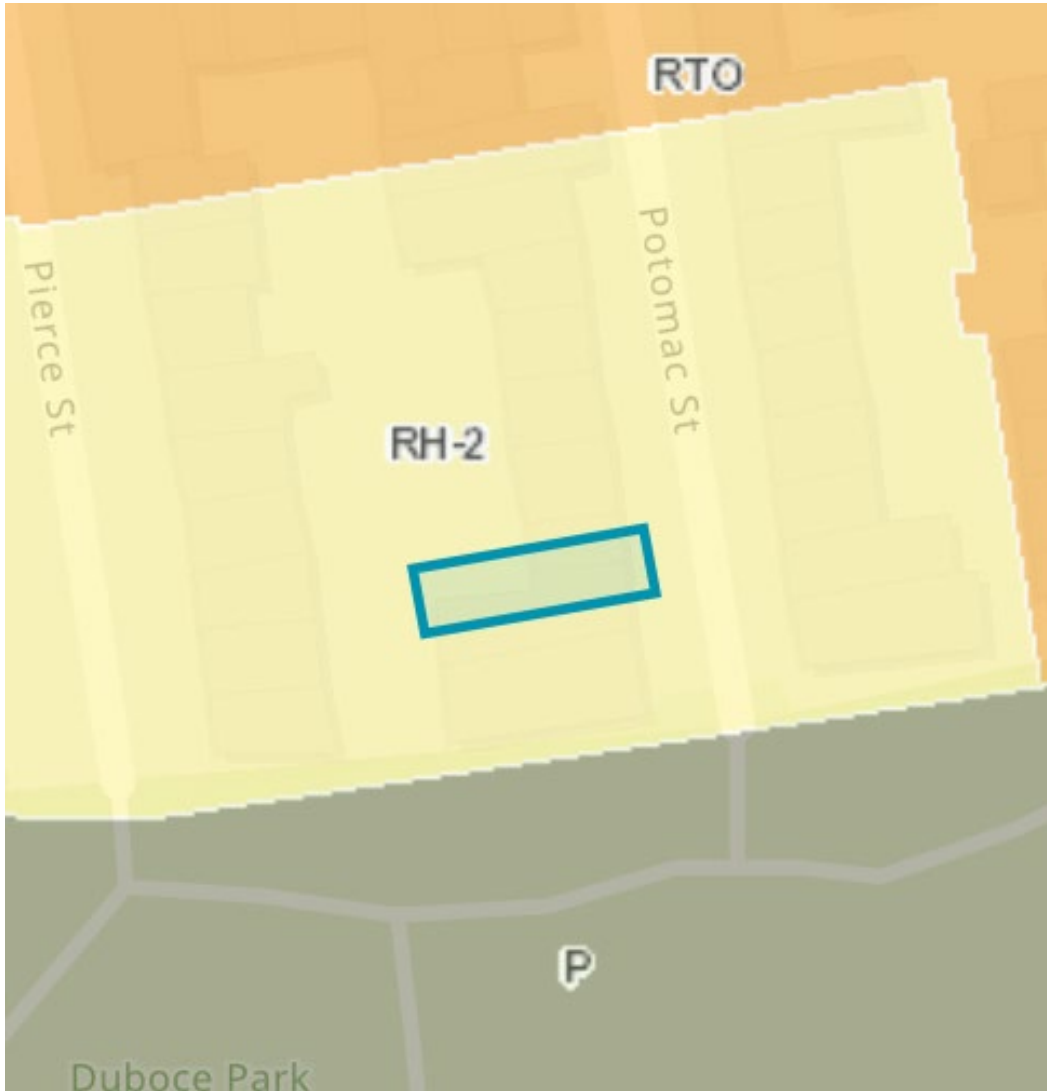


DUBOCE PARK

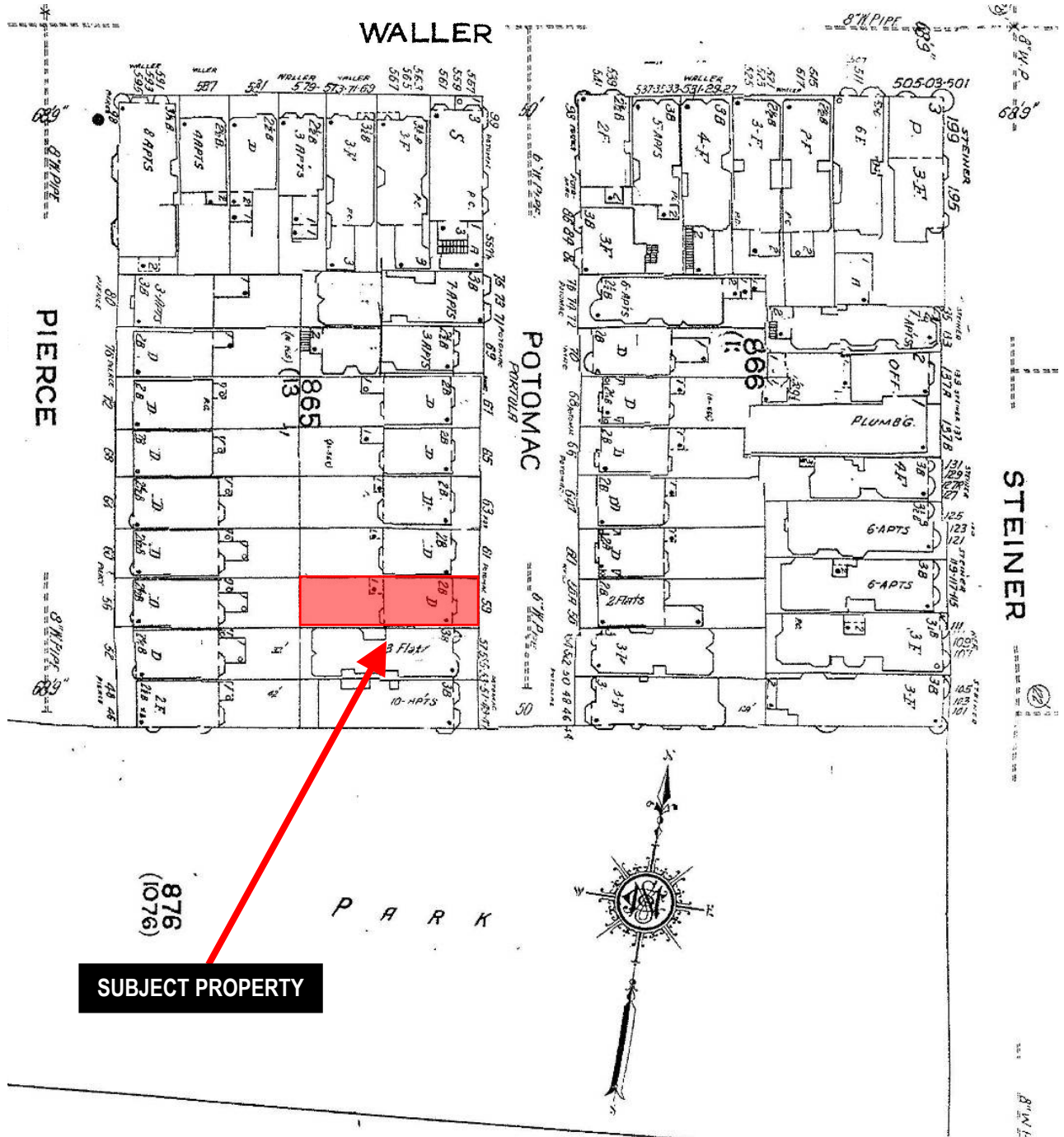
**SUBJECT PROPERTY**

**Record Number: 2020-004685MLS**  
 59 Potomac Street  
 Mills Act Historical Property Contract

# Zoning Map



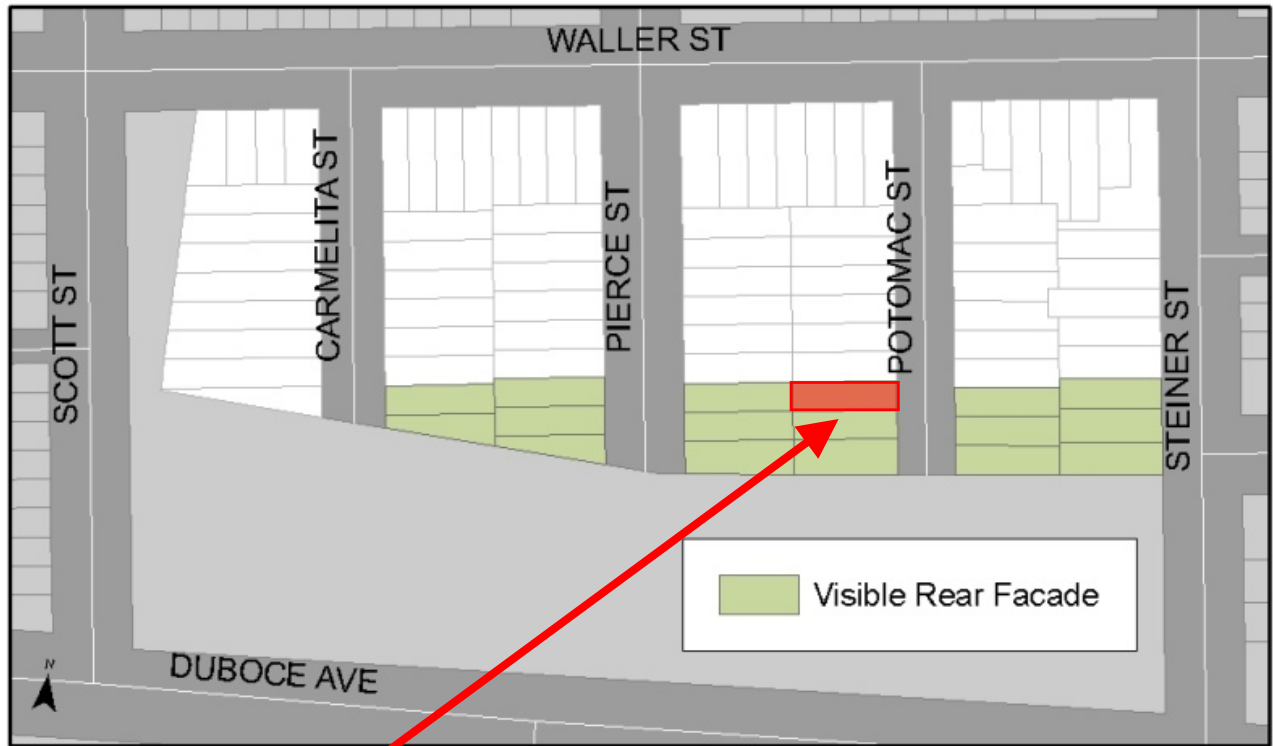
# Sanborn Map\*



\*The Sanborn Maps in San Francisco have not been updated since 1998, and this map may not accurately reflect existing conditions.

**Record Number: 2020-004685MLS**  
 59 Potomac Street  
 Mills Act Historical Property Contract

# Duboce Park Landmark District



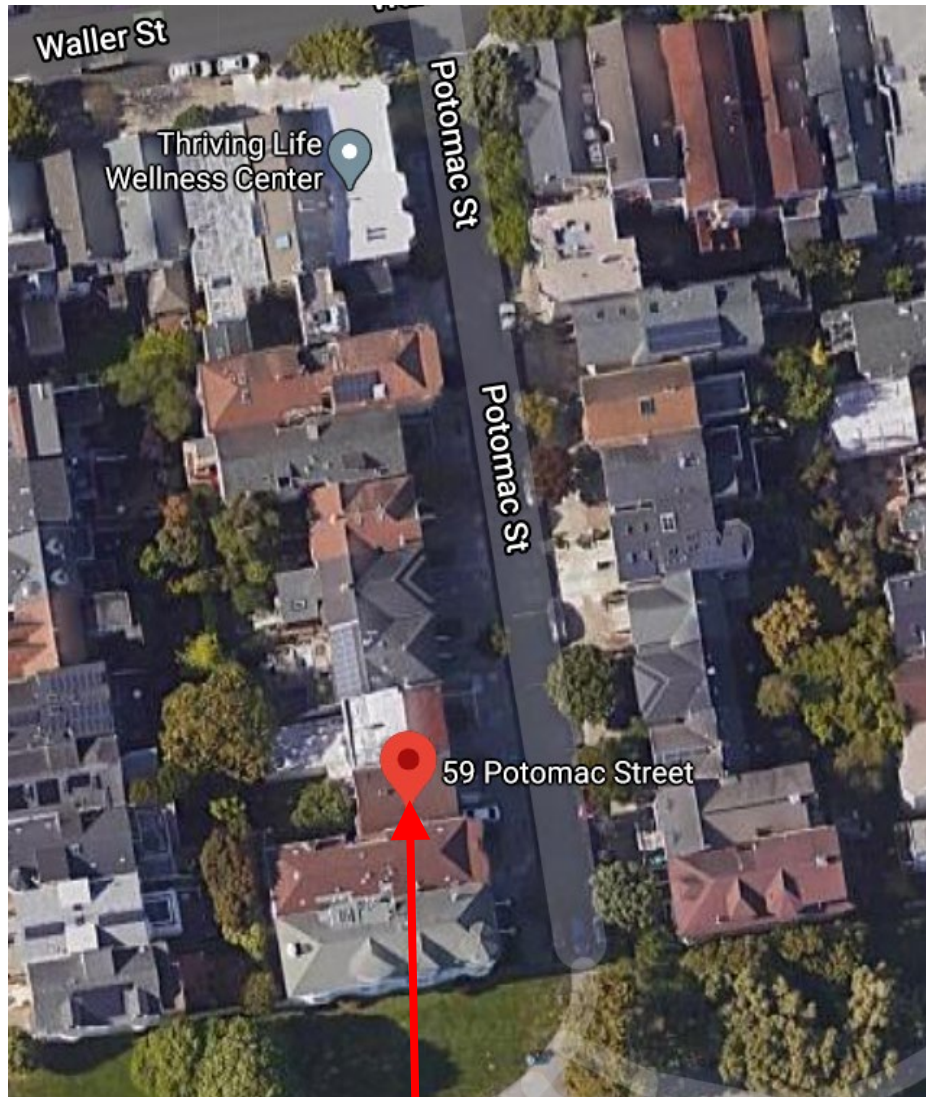
**SUBJECT PROPERTY**

Visible Rear Facade





# Aerial Photo



**SUBJECT PROPERTY**



**Record Number: 2020-004685MLS**  
59 Potomac Street  
Mills Act Historical Property Contract

# Site Photo



**Record Number: 2020-004685MLS**  
59 Potomac Street  
Mills Act Historical Property Contract

2020 MILLS ACT APPLICATIONS  
 ASSESSOR PRELIMINARY VALUATIONS

As of July 1, 2020

Upon recording of the Mills Act contract by December 31, 2020 the first year of the Mills Act Value will be for the 2021-2022 fiscal year

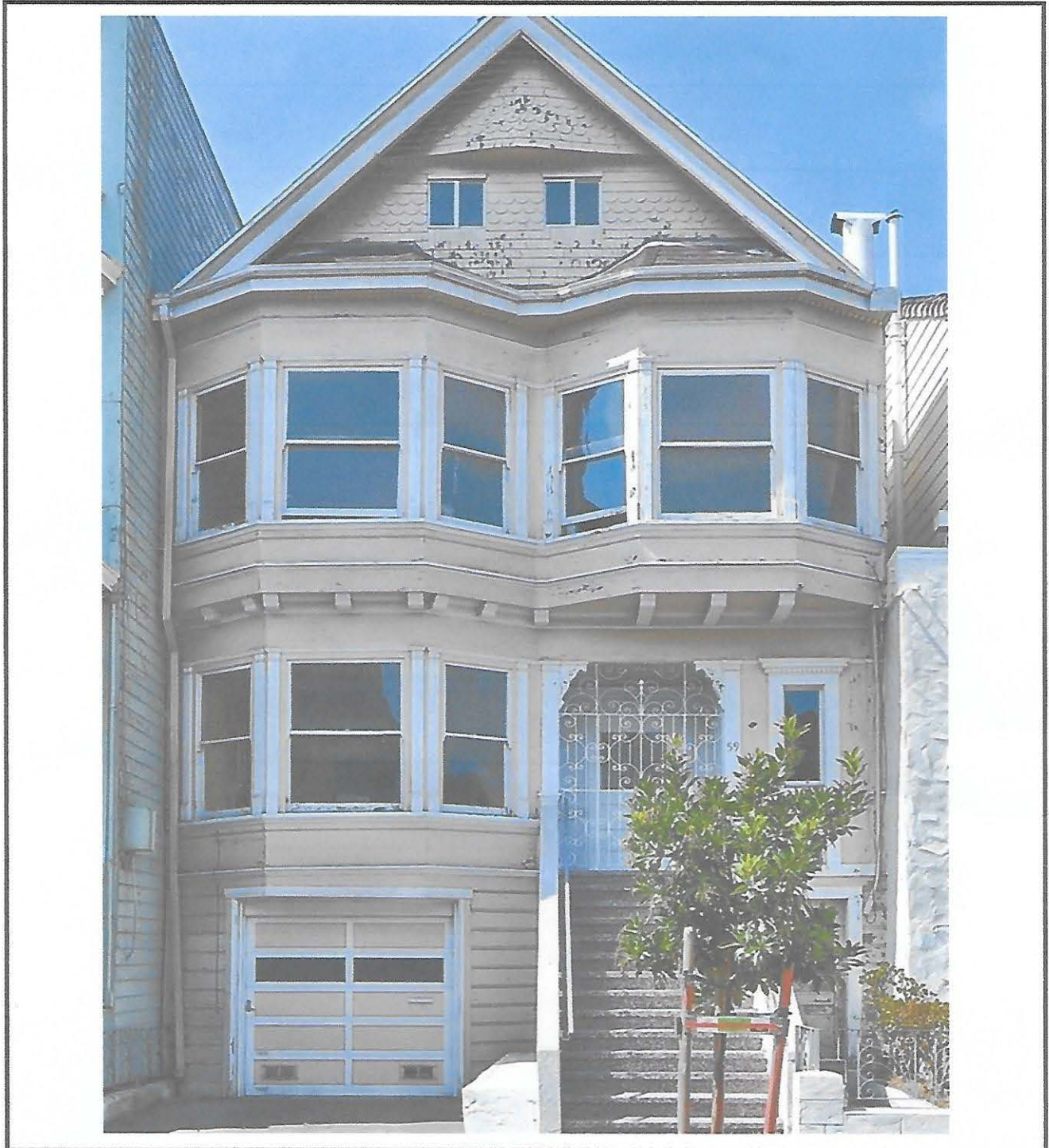
APN	Address	Property Type	Owner Occupied	Year Built	Square Feet	2020 Factored Base Year Value	Restricted Income Approach Value	Market Value	Taxable Mills Act Value	Reduction in Assessed Value	Percentage % Reduction From FBVY	2019 * Property Tax Rate	Estimated Property Taxes without Mills Act	Estimated Property Taxes with Mills Act	Estimated Property Tax Savings
0164-010	450 Pacific	Office	No	1907/2009	28,586	\$31,771,200	\$23,363,000	\$32,873,000	\$23,363,000	(\$8,408,200)	-26.46%	1.1801%	\$374,932	\$275,707	(\$99,225)
0865-008	59 Potomac	SFR	Yes	1899	1,751	\$2,594,940	\$632,000	\$2,650,000	\$632,000	(\$1,962,940)	-75.64%	1.1801%	\$30,623	\$7,458	(\$23,165)
1255-080	1315 Waller	SFR	Yes	1900/2018	3,164	\$3,392,672	\$1,658,342	\$4,000,000	\$1,658,342	(\$1,734,330)	-51.12%	1.1801%	\$40,037	\$19,570	(\$20,467)

- Remarks:
- (a) 2020 property tax rate will not be established until late September 2020
  - (b) Historical property contract must be recorded by December 31, 2020
  - (c) Mills Act valuation becomes effective as of January 1, 2021 for the Fiscal year July 1, 2021 to June 30, 2022





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



**59 Potomac St**



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

<b>APN:</b>	0865-008	<b>Lien Date:</b>	7/1/2020
<b>Address:</b>	59 Potomac St	<b>Application Date:</b>	4/30/2020
<b>SF Landmark No.:</b>	N/A	<b>Application Term:</b>	10 Years
<b>Applicant's Name:</b>	Jonathan Robert Dascola, Kamariah Sulaiman Dascola		
<b>Agt./Tax Rep./Atty:</b>	N/A	<b>Last Sale Date:</b>	10/18/2017
<b>Fee Appraisal Provided:</b>	No	<b>Last Sale Price:</b>	\$2,350,000

FACTORED BASE YEAR (Roll) VALUE		INCOME CAPITALIZATION APPROACH		SALES COMPARISON APPROACH	
Land	\$1,711,458	Land	\$379,200	Land	\$1,590,000
Imps.	\$883,482	Imps.	\$252,800	Imps.	\$1,060,000
Personal Prop	\$0	Personal Prop	\$0	Personal Prop	\$0
<b>Total</b>	<b>\$2,594,940</b>	<b>Total</b>	<b>\$632,000</b>	<b>Total</b>	<b>\$ 2,650,000</b>

**Property Description**

<b>Property Type:</b>	Single Family	<b>Year Built:</b>	1899/In-Progress	<b>Neighborhood:</b>	Hayes Valley
<b>Type of Use:</b>	Single Family	<b>(Total) Rentable Area:</b>	1751	<b>Land Area:</b>	2,247
<b>Owner-Occupied:</b>	Yes	<b>Stories:</b>	2	<b>Zoning:</b>	RH-2
<b>Unit Types:</b>	Residential	<b>Parking Spaces:</b>	2		

**Total No. of Units:** 1

**Special Conditions (Where Applicable)**

Note, at the time of purchase, sellers noted that it needed remodel and renovation and had been owned by one family for 3 generations. The subject property currently has permit #201804196759 filed for: "3-story rear addition, includes a new family rm on 1st (ground) flr, a new kitchen on the 2nd flr, enlarged bedroom & new bath @ the 3rd flr. Also includes interior remodel of misc spaces, replacement of all (e) windows w/ in kind wood windows & repainting of (e) wood siding & trim." Work was estimated at 25% complete as of 1/1/2020.

The existing condition of the property was taken into consideration when selecting an estimated market rent, as the comparables selected all were in superior condition and marketed for immediate occupancy rather than remodeling and rehabilitation like the subject property.

The current condition of the property is also taken into consideration when selecting the REL (remaining economic life) and the land to improvements ratio. As the property is re-evaluated each year on the lien date and construction and remodeling of the property progresses to completion, the remaining economic life of the property will increase and the land to improvements ratio will also reflect this. The selected factors in this report are only for the initial year and will be re-evaluated in subsequent years.

**Conclusions and Recommendations**

	Per Unit	Per SF	Total
Factored Base Year Roll	\$2,594,940	\$1,482	\$ 2,594,940
Income Approach - Direct Capitalization	\$632,000	\$361	\$ 632,000
Sales Comparison Approach	\$2,650,000	\$1,513	\$ 2,650,000
<b>Recommended Value Estimate</b>	<b>\$ 632,000</b>	<b>\$ 361</b>	<b>\$ 632,000</b>

**Appraiser:** Irving Pham

**Principal Appraiser:** Orla Fahy

**Date of Report:** 7/1/2020

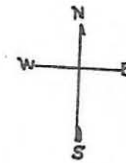
**SUBJECT PHOTOGRAPHS AND LOCATOR MAP**

Address: 59 Potomac St

APN: 0865-008







WALLER

	30	25	25	25	25	25	26	2
	90				2006 33to35	2017 45/47	90	
	20	21	22	23	24	25	26	
	26	91.3		19	2002 29/32		26	
	25		18	3			25	
	25		17	4			25	
	25		16	5			25	
	25		15	6			25	
	25		14	7			25	
	25		13	8			25	
	25		12	9			25	
2	25		11	10	2002 26to28		28	
	91.3					90		

PIERCE

POTOMAC

DUBOCE PARK



INCOME APPROACH	
Address: 59 Potomac St	
Lien Date: 7/1/2020	

	<u>Monthly Rent</u>		<u>Annualized</u>	
Potential Gross Income	\$6,500	x	12	\$78,000
Less: Vacancy & Collection Loss			3%	(\$2,340)
Effective Gross Income				\$75,660
Less: Anticipated Operating Expenses (Pre-Property Tax)*			15%	(\$11,349)
<b>Net Operating Income (Pre-Property Tax)</b>				<b>\$64,311</b>

**Restricted Capitalization Rate**

2020 interest rate per State Board of Equalization			4.2500%	
Risk rate (4% owner occupied / 2% all other property types)			4.0000%	
2019 property tax rate **			1.1801%	
Amortization rate for improvements only				
Remaining economic life (Years) ***	40	0.0250	0.7499%	
Improvements constitute % of total property value	30%			<b>10.1800%</b>

**RESTRICTED VALUE ESTIMATE****\$631,739****Rounded to the nearest \$10,000****\$632,000****Notes:**

- \* *Annual operating expenses include water service, refuse collection, insurance, and regular maintenance items. Assumes payment of PG&E by lessee.*
- \*\* *The 2020 property tax rate will be determined in September 2020.*
- \*\*\* *Remaining economic life reflects the condition of the property as of the date of this report and will be revisited in subsequent years as progress on the NC #201804196759 permit*

## Rent Comparables

**Address:** 59 Potomac St  
**Lien Date:** 7/1/2020

**Rental Comp #1**



**Rental Comp #2**



**Rental Comp #3**



**Rental Comp #4**



**Listing Agent:** Hill & Co. Real Estate  
**Address:** 261 Waller St  
**Cross Streets:** Webster St  
**SF:** 1,500  
**Layout:** Single family home; 2br/2ba, 2 parking spaces  
**Monthly Rent:** \$6,750  
**Rent/Foot/Mo:** \$4.50  
**Annual Rent/Foot:** \$54.00

**Compass**  
 1665 Pine St  
 Octavia St  
 1,390  
 Single family home, 4br/2ba, 1 parking space  
**Monthly Rent:** \$5,700  
**Rent/Foot/Mo:** \$4.10  
**Annual Rent/Foot:** \$49.21

**Zillow Rental Network/AMSI**  
 630 Broderick  
 Fulton St  
 1,850  
 1 unit in duplex; 4br/1.5ba, no parking  
**Monthly Rent:** \$7,000  
**Rent/Foot/Mo:** \$3.78  
**Annual Rent/Foot:** \$45.41

**Hill & Co. Real Estate**  
 708 Ashbury St  
 Waller St  
 4,758  
 Single family home; 4br/2.5ba, 2 parking spaces  
**Monthly Rent:** \$8,250  
**Rent/Foot/Mo:** \$1.73  
**Annual Rent/Foot:** \$20.81

**Rental Comp #5**



**Rental Comp #6**



**Craigslis/RentlingSF**  
 65 Stanyan St  
 Anza St  
 2,415  
 Single family home; 4br/2.5ba, 2 car tandem parking  
**Monthly Rent:** \$9,495  
**Rent/Foot/Mo:** \$3.93  
**Annual Rent/Foot:** \$47.18

**Trulia/Gordon Property Management**  
 472 Diamond St  
 22nd St  
 1,538  
 Single family home, 3br/2ba, 1 parking space  
**Monthly Rent:** \$7,500  
**Rent/Foot/Mo:** \$4.88  
**Annual Rent/Foot:** \$58.52





**Note:** Most weight is placed upon rent comparable #1 due to similarity to subject property in size and location.

The existing condition of the property was taken into consideration when selecting an estimated market rent, as the comparables selected all were in superior condition and marketed for immediate occupancy rather than remodeling and rehabilitation like the subject property.

The current condition of the property is also taken into consideration when selecting the REL (remaining economic life) and the land to improvements ratio. As the property is re-evaluated each year on the lien date and construction and remodeling of the property progresses to completion, the remaining economic life of the property will increase and the land to improvements ratio will also reflect this. The selected factors in this report are only for the initial year and will be re-evaluated in subsequent years.



## SALES COMPARISON APPROACH

	Subject	Sale 1		Sale 2		Sale 3	
<b>APN</b>	<b>0865-008</b>	<b>3538 065</b>		<b>0858 005</b>		<b>0869 036</b>	
							
<b>Address</b>	<b>59 Potomac St</b>	<b>42 Walter St</b>		<b>222 Waller St</b>		<b>231 Waller St</b>	
		<b>\$2,600,000</b>		<b>\$2,875,000</b>		<b>\$3,210,000</b>	
	Description	Description	Adjust.	Description	Adjust.	Description	Adjust.
<b>Date of Valuation/Sale</b>	07/01/20	12/03/19		08/01/19		11/08/19	
<b>Neighborhood</b>	Hayes Valley	Duboce Park		Hayes Valley		Hayes Valley	
<b>Proximity to Subject</b>		0.2 mile S		0.3 mile E		0.3 mile E	
<b>Lot Size</b>	2,247	2,495		2,295		3,297	(\$52,500)
<b>View</b>	Neighborhood	Neighborhood		Neighborhood		Neighborhood	
<b>Year Blt/Year Renovated</b>	1899/In-Progress	1900		1900/2002		2015	
<b>Condition</b>	Fixer	Fixer		Remodeled	(\$143,750)	Remodeled	(\$160,500)
<b>Construction Quality</b>	Average	Average		Average		Average	
<b>Gross Living Area</b>	1,751	1,756		1,820		2,535	(\$313,600)
<b>Total Rooms</b>	7	8		7			
<b>Bedrooms</b>	4	3		3		3	
<b>Bathrooms</b>	1	1		2.5	(\$60,000)	2	(\$40,000)
<b>Stories</b>	2	2		2		2	
<b>Parking</b>	2	1 car	\$100,000	2 car		2 car	
<b>Net Adjustments</b>			\$100,000		(\$203,750)		(\$566,600)
<b>Indicated Value</b>			<b>\$2,700,000</b>		<b>\$2,671,250</b>		<b>\$2,643,400</b>
<b>Adjust. \$ Per Sq. Ft.</b>	\$0		\$1,538		\$1,468		\$1,043

**VALUE RANGE:**                    \$2,643,400 to \$2,700,000

**VALUE CONCLUSION:**                    \$2,650,000

**REMARKS:**                    Used \$400 sq ft for GLA adjustments, \$40,000 for Bath, \$100,000 for Parking



# CEQA CATEGORICAL EXEMPTION DETERMINATION

## Property Information/Project Description

<b>Project Address</b>	<b>Block/Lot(s)</b>
59 Potomac Street	0865/008
<b>Case No.</b>	<b>Permit No.</b>
<b>2020-004685MLS</b>	N/A
<input checked="" type="checkbox"/> <b>Addition Alteration</b> <input type="checkbox"/> <b>Demolition</b> (requires HRE for Category B Building) <input type="checkbox"/> <b>New Construction</b>	
<b>Project Description</b>	
Mills Act Historical Property Contract	

## STEP 1: Exemption Class

<input checked="" type="checkbox"/> <b>Class 1 - Existing Facilities.</b> Interior and exterior alterations; additions under 10,000 sq. ft.
<input type="checkbox"/> <b>Class 3 - New Construction.</b> Up to three new single-family residences or six dwelling units in one building; commercial/office structures; utility extensions; change of use under 10,000 sq. ft. if principally permitted or with a CU.
<input type="checkbox"/> <b>Class 32 - In-Fill Development.</b> New Construction of seven or more units or additions greater than 10,000 sq. ft. and meets the conditions described below: <ol style="list-style-type: none"> <li>The project is consistent with the applicable general plan designation and all applicable general plan policies as well as with applicable zoning designation and regulations.</li> <li>The proposed development occurs within city limits on a project site of no more than 5 acres substantially surrounded by urban uses.</li> <li>The project site has no value as habitat for endangered rare or threatened species.</li> <li>Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality.</li> <li>The site can be adequately served by all required utilities and public services.</li> </ol> <p>FOR ENVIRONMENTAL PLANNING USE ONLY</p>
<input type="checkbox"/> <b>Class _____</b>

**STEP 2: CEQA Impacts**

To Be Completed By Project Planner

If any box is checked below, an <i>Environmental Evaluation Application</i> is required.	
<input type="checkbox"/>	<p><b>Air Quality:</b> Would the project add new sensitive receptors (specifically, schools, day care facilities, hospitals, residential dwellings, and senior-care facilities within an Air Pollution Exposure Zone? Does the project have the potential to emit substantial pollutant concentrations (e.g., backup diesel generators, heavy industry, diesel trucks, etc.)? <i>(refer to EP_ArcMap &gt; CEQA Catex Determination Layers &gt; Air Pollution Exposure Zone)</i></p>
<input type="checkbox"/>	<p><b>Hazardous Materials:</b> If the project site is located on the Maher map or is suspected of containing hazardous materials (based on a previous use such as gas station, auto repair, dry cleaners, or heavy manufacturing, or a site with underground storage tanks): Would the project involve 50 cubic yards or more of soil disturbance – or a change of use from industrial to residential? If yes, this box must be checked and the project applicant must .  <i>Exceptions: do not check box if the applicant presents documentation of enrollment in the San Francisco Department of Public Health (DPH) Maher program, a DPH waiver from the Maher program, or other documentation from Environmental Planning staff that hazardous material effects would be less than significant (refer to EP_ArcMap &gt; Maher layer).</i></p>
<input type="checkbox"/>	<p><b>Transportation:</b> Does the project involve a child care facility or school with 30 or more students, or a location 1,500 square feet or greater? Does the project have the potential to adversely affect transit, pedestrian and/or bicycle safety (hazards) or the adequacy of nearby transit, pedestrian and/or bicycle facilities?</p>
<input type="checkbox"/>	<p><b>Archeological Resources:</b> Would the project result in soil disturbance/modification greater than two (2) feet below grade in an archeological sensitive area or eight (8) feet in a non-archeological sensitive area?  <i>(refer to EP_ArcMap &gt; CEQA Catex Determination Layers &gt; Archeological Sensitive Area)</i></p>
<input type="checkbox"/>	<p><b>Subdivision/Lot Line Adjustment:</b> Does the project site involve a subdivision or lot line adjustment on a lot with a slope average of 20% or more? <i>(refer to EP_ArcMap &gt; CEQA Catex Determination Layers &gt; Topography)</i></p>
<input type="checkbox"/>	<p><b>Slope = or &gt; 25%:</b> Does the project involve any of the following: (1) square footage expansion greater than 500 sq. ft. outside of the existing building footprint, (2) excavation of 5,000 cubic yards or more of soil, (3) new construction? <i>(refer to EP_ArcMap &gt; CEQA Catex Determination Layers &gt; Topography)</i> <b>If box is checked, a geotechnical report is required and Environmental Planning must issue the exemption.</b></p>
<input type="checkbox"/>	<p><b>Seismic: Landslide Zone:</b> Does the project involve any of the following: (1) square footage expansion greater than 500 sq. ft. outside of the existing building footprint, (2) excavation of 5,000 cubic yards or more of soil, (3) new construction? <i>(refer to EP_ArcMap &gt; CEQA Catex Determination Layers &gt; Seismic Hazard Zones)</i> <b>If box is checked, a geotechnical report is required.</b></p>
<input type="checkbox"/>	<p><b>Seismic: Liquefaction Zone:</b> Does the project involve any of the following: (1) square footage expansion greater than 500 sq. ft. outside of the existing building footprint, (2) excavation of 5,000 cubic yards or more of soil, (3) new construction? <i>(refer to EP_ArcMap &gt; CEQA Catex Determination Layers &gt; Seismic Hazard Zones)</i> <b>If box is checked, a geotechnical report will likely be required.</b></p>
<p><b>Comments and Planner Signature (optional):</b></p>   	



**STEP 3: Property Status - Historic Resource**

To Be Completed By Project Planner

PROPERTY IS ONE OF THE FOLLOWING: ( refer to Parcel Information Map )	
<input checked="" type="checkbox"/>	<b>Category A:</b> Known Historical Resource. <b>GO TO STEP 5.</b>
<input type="checkbox"/>	<b>Category B:</b> Potential Historical Resource (over 45 years of age). <b>GO TO STEP 4.</b>
<input type="checkbox"/>	<b>Category C:</b> Not a Historical Resource or Not Age Eligible (under 45 years of age). <b>GO TO STEP 6.</b>

**STEP 4: Proposed Work Checklist**

To Be Completed By Project Planner

Check all that apply to the project.	
<input type="checkbox"/>	<b>1. Change of use and new construction.</b> Tenant improvements not included.
<input checked="" type="checkbox"/>	<b>2. Regular maintenance or repair</b> to correct or repair deterioration, decay, or damage to building.
<input checked="" type="checkbox"/>	<b>3. Window replacement</b> that meets the Department’s <i>Window Replacement Standards</i> . Does not include storefront window alterations.
<input type="checkbox"/>	<b>4. Garage work.</b> A new opening that meets the <i>Guidelines for Adding Garages and Curb Cuts</i> , and/or replacement of a garage door in an existing opening that meets the Residential Design Guidelines.
<input type="checkbox"/>	<b>5. Deck, terrace construction, or fences</b> not visible from any immediately adjacent public right-of-way.
<input type="checkbox"/>	<b>6. Mechanical equipment installation</b> that is not visible from any immediately adjacent public right-of-way.
<input type="checkbox"/>	<b>7. Dormer installation</b> that meets the requirements for exemption from public notification under <i>Zoning Administrator Bulletin No. 3: Dormer Windows</i> .
<input type="checkbox"/>	<b>8. Addition(s)</b> that are not visible from any immediately adjacent public right-of-way for 150 feet in each direction; does not extend vertically beyond the floor level of the top story of the structure or is only a single story in height; does not have a footprint that is more than 50% larger than that of the original building; and does not cause the removal of architectural significant roofing features.
Note: Project Planner must check box below before proceeding.	
<input type="checkbox"/>	Project is not listed. <b>GO TO STEP 5.</b>
<input type="checkbox"/>	Project does not conform to the scopes of work. <b>GO TO STEP 5.</b>
<input type="checkbox"/>	Project involves four or more work descriptions. <b>GO TO STEP 5.</b>
<input type="checkbox"/>	Project involves less than four work descriptions. <b>GO TO STEP 6.</b>

**STEP 5: CEQA Impacts - Advanced Historical Review**

To Be Completed By Project Planner

Check all that apply to the project.			
<input type="checkbox"/>	<b>1. Project involves a known historical resource (CEQA Category A)</b> as determined by Step 3 and conforms entirely to proposed work checklist in Step 4.		
<input type="checkbox"/>	<b>2. Interior alterations to publicly accessible spaces.</b>		
<input type="checkbox"/>	<b>3. Window replacement</b> of original/historic windows that are not “in-kind” but are consistent with existing historic character.		
<input type="checkbox"/>	<b>4. Façade/storefront alterations</b> that do not remove, alter, or obscure character-defining features.		
<input type="checkbox"/>	<b>5. Raising the building</b> in a manner that does not remove, alter, or obscure character-defining features.		
<input checked="" type="checkbox"/>	<b>6. Restoration</b> based upon documented evidence of a building’s historic condition, such as historic photographs, plans, physical evidence, or similar buildings.		
<input type="checkbox"/>	<b>7. Addition(s)</b> , including mechanical equipment that are minimally visible from a public right-of-way and meet the <i>Secretary of the Interior’s Standards for Rehabilitation</i> .		
<input checked="" type="checkbox"/>	<b>8. Other work consistent</b> with the Secretary of the Interior Standards for the Treatment of Historic Properties (specify or add comments):		
<input type="checkbox"/>	<b>9. Other work</b> that would not materially impair a historic district (specify or add comments):		
(Requires approval by Senior Preservation Planner/Preservation Coordinator)			
<input type="checkbox"/>	<b>10. Reclassification of property status.</b> (Requires approval by Senior Preservation Planner/Preservation		
<input type="checkbox"/>	<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;">                     Reclassify to Category A                      a. Per HRER dated                      b. Other (specify):                 </td> <td style="width: 50%; border: none;">                     Reclassify to Category C                      (attach HRER)                 </td> </tr> </table>	Reclassify to Category A a. Per HRER dated b. Other (specify):	Reclassify to Category C (attach HRER)
Reclassify to Category A a. Per HRER dated b. Other (specify):	Reclassify to Category C (attach HRER)		
Note: If ANY box in STEP 5 above is checked, a Preservation Planner MUST check one box below.			
<input checked="" type="checkbox"/>	<b>Project can proceed with categorical exemption review.</b> The project has been reviewed by the Preservation Planner and can proceed with categorical exemption review. <b>GO TO STEP 6.</b>		
<b>Comments (optional):</b>			
<b>Preservation Planner Signature:</b> <i>Michelle Taylor</i> September 25, 2020			

**STEP 6: Categorical Exemption Determination**

To Be Completed By Project Planner

**No further environmental review is required. The project is categorically exempt under CEQA. There are no unusual circumstances that would result in a reasonable possibility of a significant effect.**

**Project Approval Action:**  
Board of Supervisors Approval

If Discretionary Review before the Planning Commission is requested, the Discretionary Review hearing is the Approval Action for the project.

**Signature:**

*Michelle Taylor*      September 25, 2020

Once signed or stamped and dated, this document constitutes a categorical exemption pursuant to CEQA Guidelines and Chapter 31 of the Administrative Code.

In accordance with Chapter 31 of the San Francisco Administrative Code, an appeal of an exemption determination can only be filed within 30 days of the project receiving the first approval action. Please note that other approval actions may be required for the project. Please contact the assigned planner for these approvals.





# SAN FRANCISCO PLANNING DEPARTMENT

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## PRE-APPROVAL INSPECTION REPORT

*Report Date:* May 26, 2020  
*Inspection Date:* May 26, 2020; 11:30am  
*Filing Date:* May 1, 2018  
*Case No.:* 2020-004685MLS  
*Project Address:* 59 Potomac Street  
*Block/Lot:* 0865/008  
*Eligibility:* Contributor to Duboce Park Historic District  
*Zoning:* RH-2 – Residential-House, Two-Family  
*Height & Bulk:* 40-X  
*Supervisor District:* District 8 (Rafael Mandelman)  
*Project Sponsor:* Jonathan Dascola & Kamariah Sulaiman Dascola  
*Address:* 59 Potomac Street  
San Francisco, CA 94117  
412-758-6044  
dascola@mac.com  
*Staff Contact:* Shannon Ferguson – (415) 575-9074  
shannon.ferguson@sfgov.org  
*Reviewed By:* Elizabeth Gordon-Jonckheer – (415) 575-8728  
[elizabeth.gordon-jonckheer@sfgov.org](mailto:elizabeth.gordon-jonckheer@sfgov.org)

### PRE-INSPECTION

- Application fee paid
- Record of calls or e-mails to applicant

3/31/20: Project review meeting with applicants. Email summary of meeting to applicants.

4/27/20: Review and comment on draft maintenance plan.

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

Reception:  
**415.558.6378**

Fax:  
**415.558.6409**

Planning  
Information:  
**415.558.6377**

## INSPECTION OVERVIEW

Date and time of inspection: Tuesday, May 26, 2020; 11:30am

Parties present: Shannon Ferguson

- Provide applicant with business cards
- Inform applicant of contract cancellation policy
- Inform applicant of monitoring process

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

- Thorough sample of units/spaces
  - Representative
  - Limited
- Review any recently completed and in progress work to confirm compliance with Contract.
- Review areas of proposed work to ensure compliance with Contract.
- Review proposed maintenance work to ensure compliance with Contract.
- Identify and photograph any existing, non-compliant features to be returned to original condition during contract period. **n/a**

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



## **NOTES**

59 Potomac Street is located on the east side of Potomac Street between Waller Street and Duboce Avenue, 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.

The subject property is currently valued by the Assessor's Office at under \$3,000,000. Therefore, an exemption from the tax assessment value is not required.

Due to the stay at home order, staff conducted a solo site visit from the public right-of-way. The subject property is currently under construction.

The rehabilitation plan proposes to seismic work, replace the roof, repair and paint the siding, replace windows and doors, replace steps, replace driveway with permeable paving and install new planters. The estimated cost of the proposed rehabilitation work is \$290,500.

The maintenance plan proposes to inspect and make any necessary repairs to the foundation, roof, siding, windows and doors, stairs, and permeable paving on an annual basis. The estimated cost of maintenance work is \$3,500 annually.

PHOTOGRAPHS















October 14, 2020

Ms. Angela Calvillo, Clerk  
Honorable Supervisor Gordon Mar  
Board of Supervisors  
City and County of San Francisco  
City Hall, Room 244  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

Re: Transmittal of Planning Department Case Numbers:  
2020-004819MLS; 2020-004811MLS; 2020-004685MLS

Three Individual Mills Act Contract Applications for the following addresses:  
450 Pacific Avenue; 1315 Waller Street; 59 Potomac Street

Board File No. \_\_\_\_\_ (pending)

**Historic Planning Commission Recommendation: Approval**

Dear Ms. Calvillo and Supervisor Mar,

On October 7, 2020, the Historic Planning Commission conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Mills Act Contract Applications. At the hearing the Historic Planning Commission recommended 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, 2020. 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.

The Mills Act Historical Property Contract is time sensitive. Contracts must be recorded with the Assessor-Recorder by December 30, 2020 to become effective in 2021. We respectfully request these items be introduced at the next available hearing date. Your prompt attention to this matter is appreciated.

Please find attached documents relating to the actions of the Commission. 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: Andrea Ruiz-Esquide, City Attorney's Office  
John Carroll, Office of the Clerk of the Board  
Daisy Quan, Aide to Supervisor Mar

**Attachments :**

Mills Act Contract Case Report, dated October 7, 2020  
Assessor Valuation Table

**450 Pacific Avenue**

Historic Preservation Commission Resolution  
Draft Mills Act Historical Property Contract  
Draft Mills Act Valuation provided by the Assessor-Recorder's Office  
Categorical Exemption  
Mills Act Application

**1315 Waller Street**

Historic Preservation Commission Resolution  
Draft Mills Act Historical Property Contract  
Draft Mills Act Valuation provided by the Assessor-Recorder's Office  
Categorical Exemption  
Mills Act Application

**59 Potomac Avenue**

Historic Preservation Commission Resolution  
Draft Mills Act Historical Property Contract  
Draft Mills Act Valuation provided by the Assessor-Recorder's Office  
Categorical Exemption  
Mills Act Application