

BOARD of SUPERVISORS



City Hall
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Tel. No. 554-5184
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TDD/TTY No. 554-5227

MEMORANDUM

GOVERNMENT AUDIT AND OVERSIGHT COMMITTEE

SAN FRANCISCO BOARD OF SUPERVISORS

TO: Supervisor Gordon Mar, Chair
Government Audit and Oversight Committee

FROM: John Carroll, Assistant Clerk

DATE: December 15, 2020

SUBJECT: **COMMITTEE REPORT, BOARD MEETING**
Tuesday, December 15, 2020

The following file should be presented as COMMITTEE REPORT at the regular Board meeting on Tuesday, December 15, 2020. This ordinance was acted upon at the special Government Audit and Oversight Committee meeting on Tuesday, December 15, 2020, at 8:30 a.m., by the votes indicated.

Item No. 42 File No. 201176

Resolution approving a historical property contract between Pacific Stables Property Owner LLC, the owners of 450 Pacific Avenue, and the City and County of San Francisco, under Administrative Code, Chapter 71; and authorizing the Planning Director and the Assessor-Recorder to execute and record the historical property contract.

RECOMMENDED AS A COMMITTEE REPORT

Vote: Supervisor Gordon Mar - Aye
Supervisor Aaron Peskin - Aye
Supervisor Matt Haney - Aye

Cc: Board of Supervisors
Angela Calvillo, Clerk of the Board
Alisa Somera, Legislative Deputy
Anne Pearson, Deputy City Attorney

File No. 201176

Committee Item No. 2

Board Item No. 42

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight

Date: Dec. 15, 2020

Board of Supervisors Meeting:

Date: Dec. 15, 2020

Cmte Board

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

OTHER

- | | | |
|-------------------------------------|-------------------------------------|--|
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>HPC Summary Memo – December 11, 2020</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Planning Presentation – December 15 and , November 19, 2020</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>HPC Reso No. 1140 – October 7, 2020</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Planning Executive Summary – October 7, 2020</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>ASR Valuation</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>CEQA Determination – September 25, 2020</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Pre-Application Inspection Report – June 1, 2020</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Planning Letter – October 14, 2020</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Committee Report Request Memo – December 10, 2020</u> |

Prepared by: John Carroll

Date: Dec. 11, 2020

Prepared by: John Carroll

Date: Dec. 15, 2020

1 [Mills Act Historical Property Contract - 450 Pacific Avenue]

2

3 **Resolution approving a historical property contract between Pacific Stables Property**
4 **Owner LLC, the owners of 450 Pacific Avenue, and the City and County of San**
5 **Francisco, under Administrative Code, Chapter 71; and authorizing the Planning**
6 **Director and the Assessor-Recorder to execute and record the historical property**
7 **contract.**

8

9 WHEREAS, The California Mills Act (Government Code, 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. 201176, 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, 450 Pacific Avenue is designated as a Contributor to the Jackson Square
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 Pacific Stables Property Owner LLC, the owners of 450 Pacific Avenue, detailing
6 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 450 Pacific Avenue 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. 201176 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. 1140 , 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 201176 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 Pacific Stables Property
22 Owner LLC, the owners of 450 Pacific Avenue, and the City and County of San Francisco is
23 on file with the Clerk of the Board of Supervisors in File No. 201176 and is hereby declared to
24 be a part of this Resolution as if set forth fully herein; and

25

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 450 Pacific Avenue; and

5 WHEREAS, The Board of Supervisors has balanced the benefits of the Mills Act to the
6 owner of 450 Pacific Avenue 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 450 Pacific Avenue 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 Pacific Stables Property Owner LLC, the owners of 450 Pacific Avenue, and
12 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.

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

2020 Mills Act Contracts

Government Audit and Oversight Committee Review

December 15, 2020



SAN FRANCISCO
PLANNING DEPARTMENT

What is the Mills Act?

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



450 Pacific Avenue (built c. 1887)
Contributor to Jackson Square Historic District
District 3



- Estimated Property Tax Savings of \$99,225 (a 26.46% reduction from factored base year value)
- Rehabilitation work is estimated to cost \$1,280,338.00 over ten years
- Maintenance work is estimated to cost \$14,725 annually

2020 Mills Act Contracts

Government Audit and Oversight Committee Review

November 19, 2020



SAN FRANCISCO
PLANNING DEPARTMENT

What is the Mills Act?

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



Active Mills Act Contracts



450 Pacific Avenue (built c. 1887)
Contributor to Jackson Square Historic District
District 3



- Estimated Property Tax Savings of \$99,225 (a 26.46% reduction from factored base year value)
- Rehabilitation work is estimated to cost \$782,655 over ten years
- Maintenance work is estimated to cost \$14,725 annually

1315 Waller Street (built 1896)
National Register of Historic Places
District 5



- Estimated Property Tax Savings of \$20,467 (a 29.64% reduction from factored base year value)
- Rehabilitation work is estimated to cost \$416,635 over ten years
- Maintenance work is estimated to cost \$9,920 annually

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



- Estimated Property Tax Savings of \$23,165 (a 75.64% reduction from factored base year value)
- Rehabilitation work is estimated to cost \$296,500 over ten years
- Maintenance work is estimated to cost \$2,000 annually

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

CALIFORNIA MILLS ACT HISTORIC PROPERTY AGREEMENT

THIS AGREEMENT is entered into by and between the City and County of San Francisco, a California municipal corporation (“City”) and Pacific Stables Property Owner LLC (“Owners”).

RECITALS

Owners are the owners of the property located at 450 Pacific Avenue, in San Francisco, California (Block 0164, Lot 010). The building located at 450 Pacific Avenue is designated as a contributor to the Jackson Square 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 one million two-hundred eighty thousand three-hundred thirty-eight dollars (\$1,280,338.00). (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 fourteen thousand seven hundred twenty-five dollars (\$14,725.00) 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: _____ DATE: _____
Jesse Feldman, authorized signatory for Pacific Stables Property Owner LLC

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

Exhibit A: Rehabilitation/Restoration Plan for 450 Pacific Avenue

Scope: #1		Building Feature: Parapet	
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2025			
Total Cost: \$49,271.00			
Description of work: Replace parapet flashing with more appropriate profile to restore historic configuration and appearance. Paint flashing to match brickwork.			

Scope: #2		Building Feature: Exterior brickwork (primary facades)	
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2025			
Total Cost: \$170,865.00			
Description of work: Building cleaning, and spot-treatment to remove graffiti as occurs, repointing with appropriate mortar, repair, patching of brick and holes as needed, selective brick replacements as needed where would create a water shedding issue. Seal conduit and fixture penetrations as needed. All work to be completed in accordance to NPS Preservation Brief #2: Repointing Mortar Joints in Historic Masonry Buildings.			

Scope: #3		Building Feature: Brick Projections (Pacific and Osgood facades)	
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2025			
Total Cost: \$58,282.00			
Description of work: Assess and repair parge coat as needed and where exists at windowsills, brick projections at parapet inset panels, and at ground floor watertable. Perform mortar analysis. All new parge to match historic color, texture, and appearance. All surrounding mortar joints shall be assessed and repointed as necessary prior to re-parging. Water-repellent coating will not be applied unless need is substantiated by further testing. If a water-repellent coating is need, the coating will meet the Secretary's Standards for Rehabilitation.			

Scope: #4		Building Feature: Brickwork on secondary facades	
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2025			
Total Cost: \$100,811.00			
Description of work: Building cleaning, and spot-treatment to remove graffiti as occurs. Repointing with appropriate mortar, repair, patching of brick and holes as needed, selective brick replacements as needed where would create a water shedding issue. Seal conduit and fixture penetrations as needed. All work to be			

completed in accordance to NPS Preservation Brief #2: Repointing Mortar Joints in Historic Masonry Buildings.

Scope: #5		Building Feature: Osgood Pl. window grilles and tie rods	
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2025			
Total Cost: \$36,776			
Description of work: Treat corrosion and paint exposed metal work with appropriate rust inhibitive paint to prevent corrosion and deterioration. Coordinate with brick masonry repair work.			

Scope: #6		Building Feature: Osgood Pl. window grilles and tie rods	
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2031			
Total Cost: \$19,640.00			
Description of work: Treat corrosion and paint exposed steel structure with appropriate rust inhibitive paint to prevent corrosion and deterioration.			

Scope: #7		Building Feature: Roof	
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2029			
Total Cost: \$311,920.00			
Description of work: Roofing was last replaced in 2009. Repair or replace roofing as needed. Treat corrosion and paint metal parapet braces with appropriate rust inhibitive paint to prevent corrosion and deterioration. Repair or replace associated flashings and replace sealant joints as needed.			

Scope: #8		Building Feature: Roof Skylights	
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2029			
Total Cost: \$17,997.00			
Description of work: Treat corrosion and paint skylight with appropriate rust inhibitive paint to prevent corrosion and deterioration as needed. Repair or replace associated flashings and replace sealant joints as needed. Clean weeps. Coordinate with roof work.			

Scope: #9		Building Feature: Pacific Ave Storefronts	
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2029			
Total Cost: \$514,766.00			
<p>Description of work:</p> <p>Remove non-historic non-compatible materials and install new appropriate compatible storefronts at ground level to replace missing storefronts at current open-air arcade based on further historic documentation and investigation. Consideration should be given to ADA compliance requirements. All work to be completed in accordance to NPS Preservation Brief #11: Rehabilitating Historic Storefronts and #32: Making Historic Properties Accessible.</p> <p>Although not a Mills Act eligible scope, the new storefront will trigger improvements in the existing arcade that will become interior space. Improvements include tying the adjacent interior space with the storefront and consist of new finishes, required upgrades to the fire life/safety systems and alterations to the mechanical and electrical systems. This portion of the improvements will cost approximately \$342,426.00 (non-qualifying portion).</p>			

Exhibit B: Maintenance Plan for 450 Pacific Avenue

Scope: #1		Building Feature: Pacific Ave & Osgood Pl. Brickwork	
Rehab/Restoration <input type="checkbox"/>	Maintenance <input checked="" type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2022 and annually thereafter			
Total Cost: \$1,790			
<p>Description of work: Perform visual inspection of brick masonry annually for signs of deterioration and biogrowth. Prior to 2025 rehabilitation work, clean or treat immediate needs, including graffiti removal as occurs. Following 2025 rehabilitation work, clean or treat biogrowth and repair as needed. All work to be completed in accordance to NPS Preservation Brief #1: Cleaning and Water-Repellent Treatments for Historic Masonry Buildings.</p>			

Scope: #2		Building Feature: Window sills and brick projections	
Rehab/Restoration <input type="checkbox"/>	Maintenance <input checked="" type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2022 and annually thereafter			
Total Cost: \$1,790.00			
<p>Description of work: Perform visual inspection annually of parge coats where exist at windowsills, brick projections at parapet inset panels, and at ground floor watertable. Prior to 2025 rehabilitation work, treat immediate needs. Following 2025 rehabilitation work, repair as needed.</p>			

Scope: #3		Building Feature: Secondary North & West Facades	
Rehab/Restoration <input type="checkbox"/>	Maintenance <input checked="" type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2022 and annually thereafter			
Total Cost: \$1,790.00			
<p>Description of work: Perform visual inspection of brick masonry annually for signs of deterioration and biogrowth. Prior to 2025 rehabilitation work, clean or treat immediate needs. Following 2025 rehabilitation work, clean or treat biogrowth and repair as needed, including graffiti removal as occurs. All work to be completed in accordance to NPS Preservation Brief #1: Cleaning and Water-Repellent Treatments for Historic Masonry Buildings.</p>			

Scope: #4		Building Feature: Osgood Pl. Metal Balcony Rail, Window grilles and tie rods	
Rehab/Restoration <input type="checkbox"/>	Maintenance <input checked="" type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2022 and annually thereafter			
Total Cost: \$1,790.00			
<p>Description of work: Perform visual inspection annually of metal balcony rail, window grilles, tie rods, and other miscellaneous metal work for paint deterioration and signs of corrosion. Treat corrosion and paint with appropriate rust inhibitive paint as needed.</p>			

Scope: #5		Building Feature: Pacific Ave Storefronts	
Rehab/Restoration <input type="checkbox"/>	Maintenance <input checked="" type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2022 and annually thereafter			
Total Cost: \$895.00			
Description of work: Perform visual inspection annually of exposed steel structure for paint deterioration and signs of corrosion. Treat corrosion and paint with appropriate rust inhibitive paint as needed.			

Scope: #6		Building Feature: Roof	
Rehab/Restoration <input type="checkbox"/>	Maintenance <input checked="" type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2022 and annually thereafter			
Total Cost: \$1,790.00			
Description of work: Perform annual inspection of roofing, including roof membrane and associated flashings, parapet flashings, sealants, etc. for leaks and signs of deterioration. Repair as needed; prepare, prime, and paint metal as needed.			

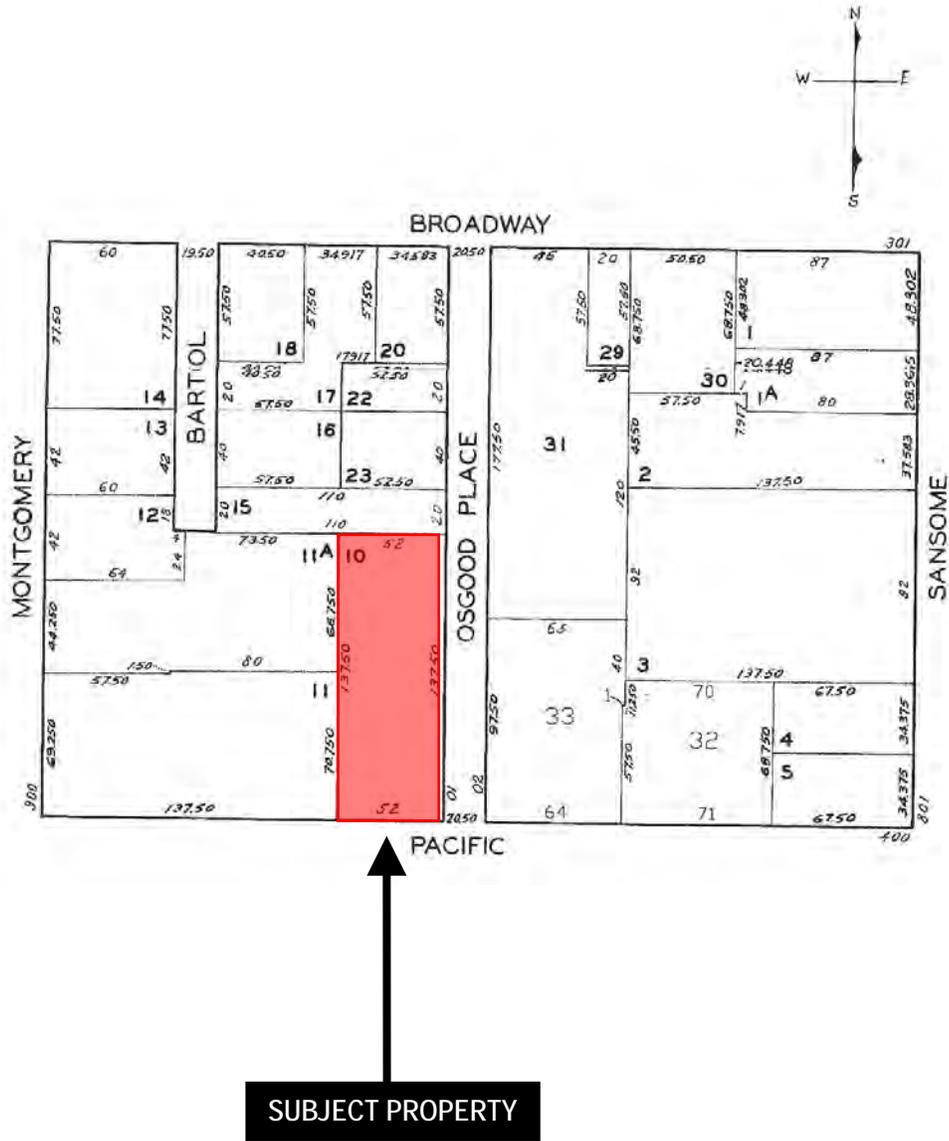
Scope: #7		Building Feature: Roof Drainage System	
Rehab/Restoration <input type="checkbox"/>	Maintenance <input checked="" type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2022 and annually thereafter			
Total Cost: \$895.00			
Description of work: Perform annual inspection of roof drainage system, and clean drains, downspouts, and gutters as needed.			

Scope: #8		Building Feature: Roof Skylights	
Rehab/Restoration <input type="checkbox"/>	Maintenance <input checked="" type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2022 and annually thereafter			
Total Cost: \$895.00			
Description of work: Perform annual inspection of skylights for leaks and deterioration, including flashings, and sealants. Clean weeps. Repair as needed.			

Scope: #9	Building Feature: Pacific Ave and Osgood Pl. Windows		
Rehab/Restoration <input type="checkbox"/>	Maintenance <input checked="" type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2022 and annually thereafter			
Total Cost: \$3,581.00			
<p>Description of work:</p> <p>Perform visual inspection of windows and associated sealants and waterproofing for leaks and deterioration, and clean weeps. Repair as needed. When 60% or more of the windows on either the Pacific Avenue or Osgood Place facades are deteriorated beyond repair, replace all the windows within that façade with new wood double hung windows that are compatible with the historic character of the building. Follow the Secretary of the Interior's Standards for the Rehabilitation of Historic Buildings as guidance for the window replacements.</p>			

Scope: #10	Building Feature: Interior Historic Timber Framing		
Rehab/Restoration <input type="checkbox"/>	Maintenance <input checked="" type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2022 and annually thereafter			
Total Cost: \$1,790.00			
<p>Description of work:</p> <p>Perform visual inspection annually of historic interior timber framing for signs of stress/deterioration or necessary repairs, and repair as needed.</p>			

Parcel Map



Record Number: 2020-004819MLS
450 Pacific Avenue
Mills Act Historical Property Contract

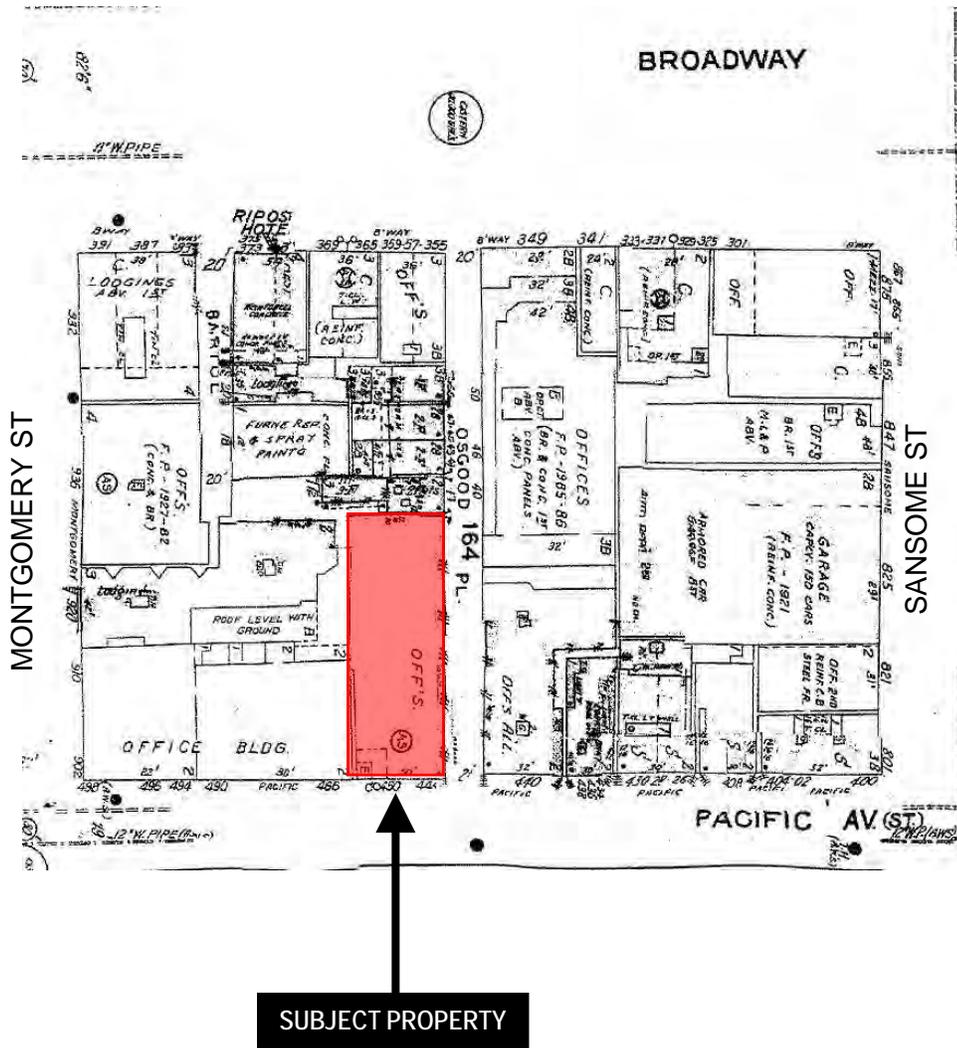
Zoning Map



Jackson Square Landmark District



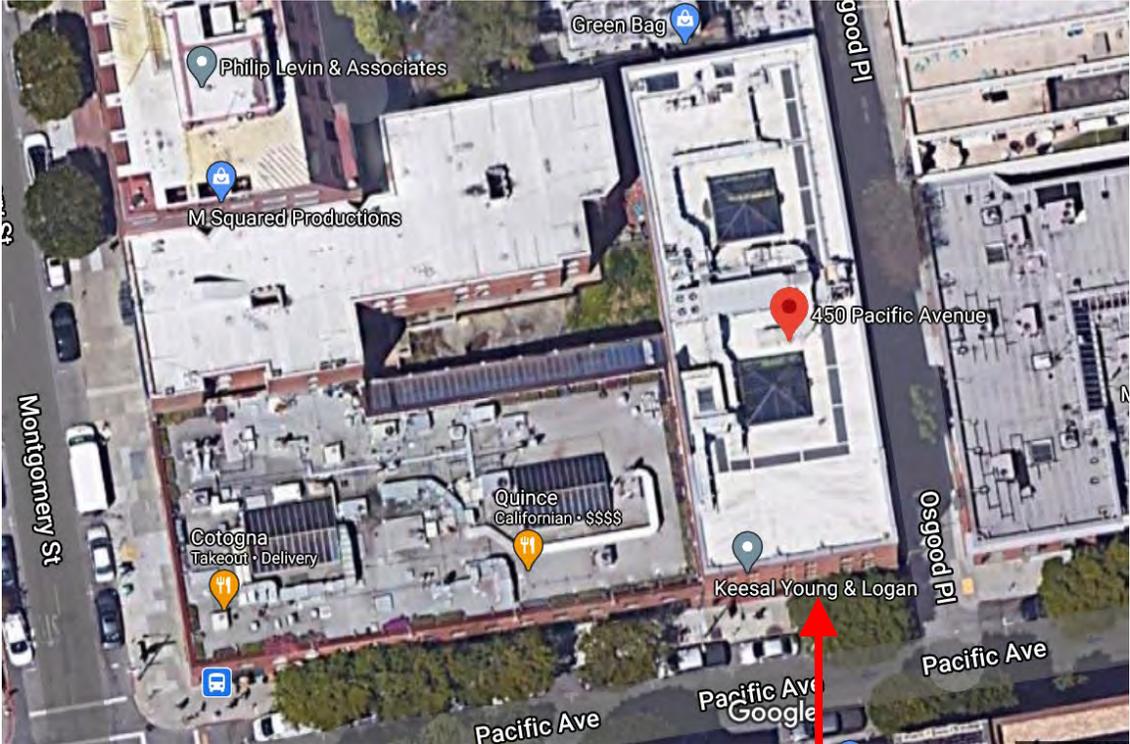
Sanborn Map*



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

Record Number: 2020-004819MLS
450 Pacific Avenue
Mills Act Historical Property Contract

Aerial Photo – View 1



SUBJECT PROPERTY

Record Number: 2020-004819MLS
450 Pacific Avenue
Mills Act Historical Property Contract

Site Photo



Record Number: 2020-004819MLS
450 Pacific Avenue
Mills Act Historical Property Contract



Date: December 11, 2020
To: GAO Committee
From: Elizabeth Gordon-Jonckheer, Principal Planner
(415) 575-8728, elizabeth.gordon-jonckheer@sfgov.org
Re: Update on 2020 Mills Act Applications

In advance of the special hearing of the Government Audit and Oversight (GAO) Committee on December 15, 2020, Planning Department staff have prepared the following summary of the 2020 Mills Act contract for 450 Pacific Avenue. The prior materials provided to this body inaccurately summarized the proposed cost of required rehabilitation work as \$782,655, as the rehabilitation of the ground floor storefront was not included in the calculation in error. The correct valuation of the proposed rehabilitation construction as reviewed and recommended for approval by the Historic Preservation Commission is \$1,280,338 over 10 years.

As detailed in the preliminary summary dated May 22, 2020 and subsequent summary dated November 13, 2020, the Planning Department received four Mills Act applications by the May 1, 2020 filing deadline. Department Staff reviewed each application for completeness and deemed one application incomplete. Department staff is working with the property owner of the incomplete application to file a complete application for the next Mills Act cycle.

In May, department staff conducted pre-approval inspections, and worked with applicants to revise Rehabilitations/Restoration and Maintenance plans, as necessary. Completed applications were forwarded to the Assessor on June 1, 2020. The Assessor completed Mills Act valuations completed by August 31, 2020 and forwarded to property owners for their review. On October 7, 2020, the Historic Preservation Commission approved a resolution to recommend all three Mills Act Contracts to the Board of Supervisors.

On Thursday, November 19, 2020, the 2020 Mills Act applications were heard before the Government Audit and Oversight Committee, and on December 1st two of the three contracts were approved by the full Board, while 450 Pacific Avenue was requested to be reconsidered before the GAO due to the discrepancy in the rehabilitation cost estimates. In anticipation of this hearing, please see the attached updated summary of the 450 Pacific Ave Mills Act Contract, including an overview of proposed rehabilitation and maintenance work. We have also included the revised Mills Act Contract for your consideration.

cc: Rich Hillis, Planning Department
Aaron Starr, Planning Department
Carmen Chu, Assessor-Recorder
Michael Jine, Office of the Assessor-Recorder

District 3

450 Pacific Avenue (Jackson Square Historic District)



450 Pacific Avenue

- Estimated Property Tax Savings of \$99,225 (a 26.46% reduction from factored base year value)
- Rehabilitation work is estimated to cost \$1,280,338.00 over ten years
- Maintenance work is estimated to cost \$14,725 annually
- There are no outstanding enforcement cases or complaints

Background

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 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. The subject commercial property is currently valued by the Assessor's Office as over \$5,000,000 and required a Historic Structure Report. The property meets one of the two requirements for granting exemption from the limitations on eligibility.

Rehabilitation and Maintenance Plans

The proposed Rehabilitation Plan 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 proposed Maintenance Plan 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.



HISTORIC PRESERVATION COMMISSION RESOLUTION NO. 1140

HEARING DATE: OCTOBER 7, 2020

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
Staff Contact: Alexandra Kirby – (628) 652-7336
alexandra.kirby@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 450 PACIFIC AVENUE.

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 450 Pacific Avenue is a contributor to the Jackson Square 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 450 Pacific Avenue, which are located in Case Docket No. 2020-004819MLS. 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 450 Pacific Avenue 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 450 Pacific Avenue, which are located in Case Docket No. 2020-004819MLS.

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 450 Pacific Avenue, 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 450 Pacific Avenue, and other pertinent materials in the case file 2020-004819MLS 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, So, Matsuda, Hyland

NOES: None

ABSENT: None

RECUSED: Pearlman

ADOPTED: October 7, 2020

EXHIBIT A

Mills Act Historical Property Rehabilitation Program for the historic building located at 450 Pacific Avenue.

Exhibit A: Rehabilitation/Restoration Plan for 450 Pacific Avenue

Scope: #1		Building Feature: Parapet	
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2025			
Total Cost: \$49,271.00			
Description of work: Replace parapet flashing with more appropriate profile to restore historic configuration and appearance. Paint flashing to match brickwork.			

Scope: #2		Building Feature: Exterior brickwork (primary facades)	
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2025			
Total Cost: \$170,865.00			
Description of work: Building cleaning, and spot-treatment to remove graffiti as occurs, repointing with appropriate mortar, repair, patching of brick and holes as needed, selective brick replacements as needed where would create a water shedding issue. Seal conduit and fixture penetrations as needed. All work to be completed in accordance to NPS Preservation Brief #2: Repointing Mortar Joints in Historic Masonry Buildings.			

Scope: #3		Building Feature: Brick Projections (Pacific and Osgood facades)	
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2025			
Total Cost: \$58,282.00			
Description of work: Assess and repair parge coat as needed and where exists at windowsills, brick projections at parapet inset panels, and at ground floor watertable. Perform mortar analysis. All new parge to match historic color, texture, and appearance. All surrounding mortar joints shall be assessed and repointed as necessary prior to re-parging. Water-repellent coating will not be applied unless need is substantiated by further testing. If a water-repellent coating is need, the coating will meet the Secretary's Standards for Rehabilitation.			

Scope: #4		Building Feature: Brickwork on secondary facades	
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2025			
Total Cost: \$100,811.00			
Description of work: Building cleaning, and spot-treatment to remove graffiti as occurs. Repointing with appropriate mortar, repair, patching of brick and holes as needed, selective brick replacements as needed where would create a water shedding issue. Seal conduit and fixture penetrations as needed. All work to be			

completed in accordance to NPS Preservation Brief #2: Repointing Mortar Joints in Historic Masonry Buildings.

Scope: #5		Building Feature: Osgood Pl. window grilles and tie rods	
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2025			
Total Cost: \$36,776			
Description of work: Treat corrosion and paint exposed metal work with appropriate rust inhibitive paint to prevent corrosion and deterioration. Coordinate with brick masonry repair work.			

Scope: #6		Building Feature: Osgood Pl. window grilles and tie rods	
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2031			
Total Cost: \$19,640.00			
Description of work: Treat corrosion and paint exposed steel structure with appropriate rust inhibitive paint to prevent corrosion and deterioration.			

Scope: #7		Building Feature: Roof	
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2029			
Total Cost: \$311,920.00			
Description of work: Roofing was last replaced in 2009. Repair or replace roofing as needed. Treat corrosion and paint metal parapet braces with appropriate rust inhibitive paint to prevent corrosion and deterioration. Repair or replace associated flashings and replace sealant joints as needed.			

Scope: #8		Building Feature: Roof Skylights	
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2029			
Total Cost: \$17,997.00			
Description of work: Treat corrosion and paint skylight with appropriate rust inhibitive paint to prevent corrosion and deterioration as needed. Repair or replace associated flashings and replace sealant joints as needed. Clean weeps. Coordinate with roof work.			

Scope: #9		Building Feature: Pacific Ave Storefronts	
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2029			
Total Cost: \$514,766.00			
<p>Description of work:</p> <p>Remove non-historic non-compatible materials and install new appropriate compatible storefronts at ground level to replace missing storefronts at current open-air arcade based on further historic documentation and investigation. Consideration should be given to ADA compliance requirements. All work to be completed in accordance to NPS Preservation Brief #11: Rehabilitating Historic Storefronts and #32: Making Historic Properties Accessible.</p> <p>Although not a Mills Act eligible scope, the new storefront will trigger improvements in the existing arcade that will become interior space. Improvements include tying the adjacent interior space with the storefront and consist of new finishes, required upgrades to the fire life/safety systems and alterations to the mechanical and electrical systems. This portion of the improvements will cost approximately \$342,426.00 (non-qualifying portion).</p>			

EXHIBIT B

Mills Act Historical Property Maintenance Plan for the historic building located at 450 Pacific Avenue.

Exhibit B: Maintenance Plan for 450 Pacific Avenue

Scope: #1		Building Feature: Pacific Ave & Osgood Pl. Brickwork	
Rehab/Restoration <input type="checkbox"/>	Maintenance <input checked="" type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2022 and annually thereafter			
Total Cost: \$1,790			
<p>Description of work:</p> <p>Perform visual inspection of brick masonry annually for signs of deterioration and biogrowth. Prior to 2025 rehabilitation work, clean or treat immediate needs, including graffiti removal as occurs. Following 2025 rehabilitation work, clean or treat biogrowth and repair as needed. All work to be completed in accordance to NPS Preservation Brief #1: Cleaning and Water-Repellent Treatments for Historic Masonry Buildings.</p>			

Scope: #2		Building Feature: Window sills and brick projections	
Rehab/Restoration <input type="checkbox"/>	Maintenance <input checked="" type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2022 and annually thereafter			
Total Cost: \$1,790.00			
<p>Description of work:</p> <p>Perform visual inspection annually of parge coats where exist at windowsills, brick projections at parapet inset panels, and at ground floor watertable. Prior to 2025 rehabilitation work, treat immediate needs. Following 2025 rehabilitation work, repair as needed.</p>			

Scope: #3		Building Feature: Secondary North & West Facades	
Rehab/Restoration <input type="checkbox"/>	Maintenance <input checked="" type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2022 and annually thereafter			
Total Cost: \$1,790.00			
<p>Description of work:</p> <p>Perform visual inspection of brick masonry annually for signs of deterioration and biogrowth. Prior to 2025 rehabilitation work, clean or treat immediate needs. Following 2025 rehabilitation work, clean or treat biogrowth and repair as needed, including graffiti removal as occurs. All work to be completed in accordance to NPS Preservation Brief #1: Cleaning and Water-Repellent Treatments for Historic Masonry Buildings.</p>			

Scope: #4		Building Feature: Osgood Pl. Metal Balcony Rail, Window grilles and tie rods	
Rehab/Restoration <input type="checkbox"/>	Maintenance <input checked="" type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2022 and annually thereafter			
Total Cost: \$1,790.00			
<p>Description of work:</p> <p>Perform visual inspection annually of metal balcony rail, window grilles, tie rods, and other miscellaneous metal work for paint deterioration and signs of corrosion. Treat corrosion and paint with appropriate rust inhibitive paint as needed.</p>			

Scope: #5		Building Feature: Pacific Ave Storefronts	
Rehab/Restoration	<input type="checkbox"/>	Maintenance	<input checked="" type="checkbox"/>
Completed	<input type="checkbox"/>	Proposed	<input checked="" type="checkbox"/>
Contract year work completion: 2022 and annually thereafter			
Total Cost: \$895.00			
Description of work: Perform visual inspection annually of exposed steel structure for paint deterioration and signs of corrosion. Treat corrosion and paint with appropriate rust inhibitive paint as needed.			

Scope: #6		Building Feature: Roof	
Rehab/Restoration	<input type="checkbox"/>	Maintenance	<input checked="" type="checkbox"/>
Completed	<input type="checkbox"/>	Proposed	<input checked="" type="checkbox"/>
Contract year work completion: 2022 and annually thereafter			
Total Cost: \$1,790.00			
Description of work: Perform annual inspection of roofing, including roof membrane and associated flashings, parapet flashings, sealants, etc. for leaks and signs of deterioration. Repair as needed; prepare, prime, and paint metal as needed.			

Scope: #7		Building Feature: Roof Drainage System	
Rehab/Restoration	<input type="checkbox"/>	Maintenance	<input checked="" type="checkbox"/>
Completed	<input type="checkbox"/>	Proposed	<input checked="" type="checkbox"/>
Contract year work completion: 2022 and annually thereafter			
Total Cost: \$895.00			
Description of work: Perform annual inspection of roof drainage system, and clean drains, downspouts, and gutters as needed.			

Scope: #8		Building Feature: Roof Skylights	
Rehab/Restoration	<input type="checkbox"/>	Maintenance	<input checked="" type="checkbox"/>
Completed	<input type="checkbox"/>	Proposed	<input checked="" type="checkbox"/>
Contract year work completion: 2022 and annually thereafter			
Total Cost: \$895.00			
Description of work: Perform annual inspection of skylights for leaks and deterioration, including flashings, and sealants. Clean weeps. Repair as needed.			

Scope: #9	Building Feature: Pacific Ave and Osgood Pl. Windows		
Rehab/Restoration <input type="checkbox"/>	Maintenance <input checked="" type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2022 and annually thereafter			
Total Cost: \$3,581.00			
<p>Description of work:</p> <p>Perform visual inspection of windows and associated sealants and waterproofing for leaks and deterioration, and clean weeps. Repair as needed. When 60% or more of the windows on either the Pacific Avenue or Osgood Place facades are deteriorated beyond repair, replace all the windows within that façade with new wood double hung windows that are compatible with the historic character of the building. Follow the Secretary of the Interior's Standards for the Rehabilitation of Historic Buildings as guidance for the window replacements.</p>			

Scope: #10	Building Feature: Interior Historic Timber Framing		
Rehab/Restoration <input type="checkbox"/>	Maintenance <input checked="" type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract year work completion: 2022 and annually thereafter			
Total Cost: \$1,790.00			
<p>Description of work:</p> <p>Perform visual inspection annually of historic interior timber framing for signs of stress/deterioration or necessary repairs, and repair as needed.</p>			

MILLS ACT APPLICATION
450 PACIFIC AVENUE
SAN FRANCISCO, CALIFORNIA
[19404]

PREPARED FOR: PACIFIC STABLES PROPERTY OWNER LLC
PROJECT REVIEW MEETING
PRIMARY PROJECT CONTACT:
Elisa Skaggs
Page & Turnbull, 170 Maiden Lane, 5th floor
San Francisco, CA 94108
415.593.3224/ 415.362.5560 fax
skaggs@page-turnbull.com



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MILLS ACT HISTORICAL PROPERTY CONTRACT

INFORMATIONAL PACKET AND APPLICATION GUIDE

State Law and Chapter 71 of the San Francisco Administrative Code allows the City and County of San Francisco to enter into a preservation contract with local property owners who restore and preserve qualified historic properties. In exchange for maintaining and preserving a historic property, the owner receives a property tax reduction. Planning staff are available to advise you in the preparation of this application. Call (415) 558-6377 for further information.

Español: Si desea ayuda sobre cómo llenar esta solicitud en español, por favor llame al 415.575.9010. Tenga en cuenta que el Departamento de Planificación requerirá al menos un día hábil para responder

中文：如果您希望獲得使用中文填寫這份申請表的幫助，請致電 415.575.9010。請注意，規劃部門需要至少一個工作日來回應。

Tagalog: Kung gusto mo ng tulong sa pagkumpleto ng application na ito sa Filipino, paki tawagan ang 415.575.9120. Paki tandaan na mangangailangan ang Planning Department ng hindi kukulangin sa isang araw na pantrabaho para makasagot.

WHAT IS A MILLS ACT PROPERTY CONTRACT?

The Mills Act Contract is an agreement between the City and County of San Francisco and the owner of a qualified property based on California Government Code, Article 12, Sections 50280-50290 (Mills Act). This state law, enacted in 1972, grants the City and County of San Francisco the authority to enter into contracts with owners of qualified historic properties who actively participate in the restoration and maintenance of their historic properties while receiving property tax relief. Owners of qualifying historic properties who agree to comply with certain preservation restrictions receive a potential property tax savings to help offset the costs to restore, rehabilitate, and maintain their historic property according to the *Secretary of the Interior's Standards* and the California Historical Building Code. The Mills Act allows historic property owners to restore their historic buildings; obligates future owners to the maintenance and care of the property; and may provide significant property tax savings to the property owner, particularly to smaller, single-family homeowners. The San Francisco Board of Supervisors approves all final contracts. Once executed, the contract is recorded on the property and leads to reassessment of the property the following year.

WHO MAY APPLY FOR A MILLS ACT PROPERTY CONTRACT?

The Mills Act is for qualified historic property owners who agree to rehabilitate, restore and maintain their property and in conformance with the *Secretary of the Interior's Treatment of Historic Properties*, in particular the Standards for Rehabilitation, and the California Historical Building Code. Rehabilitation, restoration and maintenance work to the property must begin and be completed during the initial ten year term of the Mills Act Contract. Qualified historic properties are those that have been designated as a City Landmark or those listed on the National Register or California Register of Historic Places. Eligibility for Historical Property Contracts shall be limited to residential buildings or structures with a pre-contract assessed valuation of \$3,000,000 or less and commercial and industrial buildings with a pre-contract assessed valuation of \$5,000,000 or less, unless the individual property is granted an exemption from those limits by the Board of Supervisors.

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

THE APPLICATION PACKET

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

IMPORTANT: Please read the entire application packet before getting started. Applicants are responsible for all of the information contained in the Application Guide. Be sure to review the Application Checklist to ensure that you are submitting all of the required documents. Incomplete applications may not meet the schedule outlined in this application.

A Mills Act Historical Property Contract application provides the potential for property tax reduction. It is not a guarantee. Each property varies according to its income-generating potential and current assessed value. Mills Act properties are reassessed annually and periodically inspected for contract compliance.

WHICH PROPERTIES ARE ELIGIBLE TO APPLY?

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

Criteria 1: Qualified Historic Property

The following are qualifying historic properties eligible for the Mills Act program.

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

NOTE: Properties with outstanding violations issued by the San Francisco Planning Department or the Department of Building Inspection are not eligible to apply for the Mills Act. Outstanding violations must be corrected before submitting a Mills Act application.

To be considered a qualifying historic property, the property owner must submit a complete application for listing or designation on or before December 31 of the year before the Mills Act application is made.

If there are any questions about whether your property is eligible, please contact the Planning Department at CPC.MillsActInfo@sfgov.org.

Criteria 2. Tax Assessment Value

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

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

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

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

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

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

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

NOTE: Owners of properties with comparatively low property taxes due to Proposition 13 may not see a benefit with a Mills Act Contract. The assessed value under the Mills Act may be higher than the existing base-year value of the property. Generally, owners who have purchased their properties within the last ten years are more likely to benefit from entering into a Mills Act contract. As the Planning Department cannot give tax advice, applicants should consult with financial and tax professionals to assess the merits of applying for the Mills Act.

Criteria 3. Priority Considerations

All applications are reviewed on the merits of the Priority Consideration Criteria. An application must meet a minimum of three out of five criteria to be given priority for the program and must demonstrate a need for restoration, rehabilitation and preservation. If fewer than three of the criteria are met your application will still be considered, but may not be given priority. Properties requiring only routine maintenance may not be given priority. Properties needing financial assistance to commence or complete rehabilitation work will be given priority.

Historic properties must meet three or more of the following priority consideration criteria in order to be given priority for a Mills Act Contract:

- **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.

Criteria 4. Rehabilitation/Restoration and Maintenance Plans

The purpose of a Mills Act Contract is to restore, rehabilitate and maintain historic properties. Program participants shall have Rehabilitation/Restoration and Maintenance plans with qualifying scopes of work that rehabilitate, restore and maintain the property. Qualifying scopes of work are those that prolong the life of the building. Examples of qualifying scopes of work include the following:

- Exterior restoration, rehabilitation, and preservation associated with the creation of an Accessory Dwelling Unit
- Façade restoration, rehabilitation, preservation
- Accessibility and Life Safety improvements, such as seismic retrofit
- Window repair or restoration
- Front stair/entrance repair or restoration
- Roof replacement
- Structural improvements, such as a new foundation
- Storefront repair or restoration
- Façade stabilization and repair, such as terra cotta repair, repair of historic stucco or wood cladding
- Theater marquee repair, restoration, or reconstruction
- Materials conservation, such as murals, frescos, and decorative plasterwork

NOTE: Additional scopes of work that are not listed above may be included as necessary to rehabilitate, restore and maintain the property. Scopes of work must be completed in conformance with the Secretary of the Interior's Standards for Rehabilitation and the California Historical Building Code. Critical infrastructure and rehabilitation tasks should be completed first. Scopes of work may be completed within the same calendar year as the application is made. All proposed scopes of work must be completed during the initial ten-year term of the contract. Permits and entitlements for scopes of work identified within the first three years of the Rehabilitation Plan must be filed prior to or during the Mills Act application process. All remaining permits and entitlements for scopes of work beyond year three must be secured and completed prior to the end of the ten-year Contract.

MILLS ACT TIMELINE

DECEMBER 31: Property owners submits a complete application for listing or designation as a qualified historical property before December 31 of the year before the Mills Act application is made.

JANUARY 1: Mills Act application period open. All Mills Act applications must be filed no later than May 1.

MARCH: To be given priority consideration, property owner must schedule a Project Review Meeting no later than March 15. Preservation staff will review completed DRAFT Mills Act application and offer guidance on next steps. Project Review Meeting Applications are available San Francisco Planning Department Website at www.sfplanning.org. **When completing the application, please state the purpose of the Project Review Meeting and check the box requesting the presence of Preservation Planner.**

Please note that meetings occur on a first come first basis. We recommend applying early to ensure that Preservation staff is available to meet with you prior to March 15.

APRIL: Schedule an Intake Appointment to submit your Mills Act application. Only complete submittals will be accepted! To ensure you have a complete application with all required materials, please refer to the checklist at the end of the application packet. Intake Application forms are available on the San Francisco Planning Department Website at www.sfplanning.org.

MAY 1: Mills Act applications due.

MID-MAY: Planning staff schedules site visit of property with property owner.

JUNE 1: Planning transmits applications to Office of Assessor-Recorder.

SEPTEMBER 1: Estimated valuation from the Office of Assessor-Recorder submitted to property owner.

SEPTEMBER 15: Property owner has until September 15 to review the valuation and ask the Office of Assessor-Recorder questions.

SEPTEMBER/OCTOBER:

- **Historic Preservation Commission Hearing.** Planning Department staff presents application to Historic Preservation Commission (HPC) for their review. HPC may recommend, modify, or deny approval to the Board of Supervisors (BOS).

The HPC meets the first and third Wednesday of each month. The HPC Hearing will be the third Wednesday in September or the first Wednesday in October.

- **Government and Audit Oversight Committee Hearing.** Government and Audit Oversight (GAO) Committee may Recommend, Not Recommend, or forward without Recommendation to the Full Board.

NOVEMBER: Board of Supervisors Final Hearing. Clerk of the Board Schedules Final Board of Supervisors (BOS) hearing. BOS may approve, modify or deny the contract.

DECEMBER:

- **City Attorney's Office finalizes contracts.** City Attorney verifies, prints and signs final contracts and returns to Planning.
- **Owners pick up contracts from Planning.** Owners sign and notarize contracts.

DECEMBER 15: Owners return signed and notarized contracts to Planning
Planning transmits contracts to Office of Assessor-Recorder to review and sign contracts.

DECEMBER 30: Owner records contracts at Office of Assessor-Recorder

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

- Owner responsible for all recording fees

JANUARY: Contracts are distributed

- Original contract is mailed to the Planning Department. Owner pays for conformed copy for their records.

FEBRUARY/MARCH: Mills Act Monitoring

- Planning mails contract compliance affidavits to owners.
Onsite property inspections occur every three years with Planning and the Assessor Recorder's Office.
- Owner returns affidavits to Planning no later than March 31.

MILLS ACT PROCESS & TIMELINE

Detailed timeline information provided on previous page under "Important Dates and Milestones"

Be Prepared

- Review the Informational Packet
- Determine whether your property qualifies for the Mills Act
- Gather estimates for all proposed scopes of work

Phase 1:

Planning Department Reviews Application

- Schedule a Project Review meeting with Preservation staff by March 15.
- Property owner schedules an Intake Appointment to submit the Mills Act application (April)
- Property owner submits completed application to Planning (Deadline May 1)
- Planning Department and the Office of Assessor-Recorder schedule site visits with the Owner for a property inspection.

Phase 2:

Assessor Calculates Valuations

- Planning transmits applications to Office of Assessor-Recorder. (June 1)
- Final valuation submitted to property owners. (September 1)
- Property owner reviews valuations. (Deadline September 15)

Phase 3:

Approvals: Historic Preservation Commission (HPC) Hearing

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

Phase 4:

Approvals: Government Audit and Oversight (GAO) Committee Hearing

- GAO Committee may Recommend, Not Recommend, or forward without Recommendation to the Full Board.

Phase 5:

Approvals: Board of Supervisors (BoS) Final Hearing

- Clerk of the Board schedules Final BoS hearing according to availability on the committee agenda. The Board of Supervisors may approve, modify, or deny the contract.

Phase 6:

Final Contracts Issued and Recorded

- City Attorney verifies, prints, and signs final contracts and returns to Planning.
- Owners pick up contracts from Planning, signs and has contracts notarized.
- Owners return contracts to Planning Department. (Deadline December 15)
- Planning transmits to Office of Assessor-Recorder to review and sign contracts.
- Owner records contracts at Office of Assessor-Recorder. (Deadline December 30)

Phase 7:

Contracts are distributed

- Original contract is mailed to the Planning Department. Owner pays for conformed copy for their records.

Phase 8:

Mills Act Monitoring

- Planning mails compliance affidavits to owners; owner then returns affidavit to Planning. (Deadline March 31)

San Francisco Planning Department
1650 Mission St, 4th Floor, 9am – 5pm
San Francisco, CA 94103
415.558.6378
www.sfplanning.org

Office of Assessor Recorder
City Hall, Room 190, 8am-4pm
San Francisco, CA 94103
415.554.5596
www.sfassessor.org

TERMS AND ROLES OF THE MILLS ACT HISTORICAL PROPERTY CONTRACT

Duration of Contract

The Mills Act contract is for a minimum term of ten years. Absent non-renewal or cancellation as set forth below, an additional year is automatically added to the contract each year on its anniversary date, so the contract remains valid for ten years. Under these circumstances, the contract runs (essentially in perpetuity) with the land, which means it is binding on all future owners of the property.

Non-Renewal of the Contract

Should either party desire not to renew the contract for an additional year at any point, they can issue a notice of non-renewal giving the other party such notice. The owner may notify the Planning Department at least ninety days prior to the annual renewal date. The City may notify the owner at least sixty days prior to the annual renewal date. The owner may make a written protest. After either party issues a notice of non-renewal, the contract remains in effect for the balance of the 10-year term of the contract beyond the notice of non-renewal.

Rehabilitation and Maintenance of the Historic Property

Any work performed to the property must conform to the *Secretary of the Interior's Standards for the Treatment of Historic Properties*, specifically, the Standards for Rehabilitation and the California Historical Building Code. The owner must apply for and receive any necessary building permits or approvals, such as a Certificate of Appropriateness, for the first three years of work outlined in the Rehabilitation/Restoration or Maintenance plans during the Mill Act application process. All work outlined in the Rehabilitation/Restoration and Maintenance Plans must be completed during the ten year term of the Mills Act Contract. Work completed in the same calendar year as the Mills Act application is made may be included in the Rehabilitation Plan. The Rehabilitation/Restoration and Maintenance Plans must include Qualifying Scopes of Work or work that is necessary to prolong the life of the building. Qualifying Scopes of work may include restoration, seismic upgrades, accessibility, and other life-safety upgrades. Additional work may also be necessary.

Annual Monitoring and Periodic Inspections

The Planning Department issues an Affidavit for Annual Monitoring requiring the property owner to self-inspect and report to the Planning Department on the progress of rehabilitating and maintaining their property. The City may conduct periodic inspections of the property to confirm work has been completed in conformance with the approved Mills Act Contract. In compliance with state law, onsite inspections of the property by the Planning Department and the Office of the Assessor-Recorder will occur every five years. All site visits will be scheduled in advance with the property owner.

Breach of Contract

If the property owner is found to be in breach of contract, the City may cancel the contract whereupon the Assessor-Recorder will collect a cancellation fee of 12 1/2 percent (12.5%) of the fair market value of the property as determined by the Assessor-Recorder. Failure to rehabilitate or maintain the property are grounds for cancellation, among others, as set forth in the contract.

Recordation

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

Transfer of Ownership

A Mills Act Contract runs with the property. Subsequent owners are bound by the terms and conditions of the contract, and obligated to complete any work identified in the contract that the prior owner did not complete, or partially completed and perform required maintenance, as well as all other owner obligations under the contract. For example, if an owner completes some of the contract mandated work in the first five years and then sells the property, the new buyer would have five years to complete the rehabilitation/restoration of the property. Prospective buyers will receive notice of the contract because it will be recorded.

Role of the Planning Department

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

Role of the Office of Assessor-Recorder

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

Role of the Historic Preservation Commission

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

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

Role of the Board of Supervisors

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

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

FEES

Check the current fee schedule at the San Francisco Planning Department website for Mills Act and Project Review application fees.

Mills Act Contract Recording Fee

Contract recording fees are determined by the Office of the Assessor-Recorder. Contracts must be recorded in-person by the property owner at Office of the Assessor-Recorder.

Cancelations and Refunds

Applicant may withdraw a Mills Act application at any time during the application cycle. Applicant may request a refund for any remaining fees (once staff time and materials are deducted) if the application is canceled prior to the Historic Preservation Commission Hearing.

MILLS ACT HISTORICAL PROPERTY CONTRACT APPLICATION CHECKLIST:

Applicants should complete this checklist and submit along with the application to ensure that all necessary materials have been provided. **Any application found to be incomplete may nullify the timelines in this application.**

Applications must be submitted as a hard copy and a digital copy to the Planning Department Mills Act Coordinator by **May 1st** in order to comply with the established timelines.

1. Mills Act Application

YES NO Has each property owner signed?

YES NO Has each signature been notarized?

2. High Property Value Exemption Form & Historic Structure Report (if applicable)

Required for Residential properties with an assessed value over \$3,000,000 and Commercial/Industrial properties with an assessed value over \$5,000,000.

YES NO Have you included a separate sheet of paper adequately justifying how the property meets the following exemption criteria and why it should be exempt from the property tax valuations?

YES NO Have you included a copy of the Historic Structure Report completed by a qualified consultant?

3. Priority Consideration Criteria Checklist

YES NO Have you included a separate sheet of paper adequately justifying how the property meets three or more priority consideration criteria?

4. Draft Mills Act Historical Property Contract

YES NO Have you reviewed the Planning Department's standard "Historical Property Contract"?

5. Notary Acknowledgement Form

YES NO Is the Acknowledgement Form complete?

YES NO Do the signatures match the names and capacities of signers?

6. Draft Rehabilitation/Restoration and Draft Maintenance Plans

YES NO Have you identified and completed the Rehabilitation/Restoration, and Maintenance Plans organized by contract year, including all supporting documentation, such as photographs and contractor's estimates related to the scopes of work?

7. Photographic Documentation

YES NO Have you provided both interior and exterior images (either digitally or on separate sheets of paper)? Are the images properly labeled?

8. Site Plan

- YES NO Does your site plan show all buildings on the property including lot boundary lines, street name(s), north arrow and dimensions?

9. Tax Bill

- YES NO Did you include a copy of your most recent tax bill?

10. Rental Income Information

- YES NO Did you include information regarding any rental income on the property, including anticipated annual expenses, such as utilities, garage, insurance, building maintenance, etc.?

11. Application Fee Payment

- YES NO Did you include a check payable to the San Francisco Planning Department? The current fee schedule for applications can be found on the Planning Department website.

[Application fee is ready to be submitted pending instructions from the San Francisco Planning Department.](#)

12. Eligibility

- YES NO Is your property a qualified historic property?

- YES NO If no, did you submit a complete city landmark designation application before December 31 of the previous year.

13. Project Review Meeting

- YES NO Did you attend a Project Review Meeting with Preservation Staff?

If yes, please provide date of Project Review Meeting. Date: _____



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: _____

Block/Lot(s): _____

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.

Rental Income Information

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

Property Owner's Information

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

Name (Owner 1): _____

Company/Organization: _____

Address: _____

Email Address: _____

Telephone: _____

Name (Owner 2): _____

Company/Organization: _____

Address: _____

Email Address: _____

Telephone: _____

Name (Owner 3): _____

Company/Organization: _____

Address: _____

Email Address: _____

Telephone: _____

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

Yes No

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

Applicant Information Same as above

Name:

Company/Organization:

Address:

Email Address:

Telephone:

Please Select Billing Contact Owner Applicant

Name:

Email Address:

Telephone:

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: _____
- Significant (Category I or II) Pursuant to Article 11 of the Planning Code.
- Contributory (Category III) Pursuant to Article 11 of the Planning Code
- Contributory (Category IV) to a Conservation District Pursuant to Article 11 of the Planning Code.
- Individual Landmark under the California Register of Historical Resources
- Contributory Building in California Register of Historical Resources Historic Districts.
- Individual Landmark listed in the National Register of Historic Places.
- Contributory Building listed in the National Register of Historic Places as a Historic District.
- Submitted a complete application for listing or designation on or before December 31 of the year before the application is made.

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

Yes No

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

Yes No

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

Tax Assessment Value

Most Recent Assessed Value: \$

Choose one of the following options:

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

Yes No

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

Yes No

Exemption from Tax Assessment Value

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

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

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.

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

Photographic Documentation

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

Site Plan

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

Rehabilitation/Restoration & Maintenance Plans

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

Yes No Estimate has been prepared by JR Conkey, a professional estimating company.

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

Yes No

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

Yes No

Rehabilitation/Restoration Plan (Exhibit A)

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

Scope: #	Building Feature:
<input type="checkbox"/> Maintenance <input type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	Flashing
Contract year work completion:	
Total Cost: \$	
Description of work:	

Rehabilitation/Restoration Plan (Exhibit A)

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

Scope: #	Building Feature:
<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:	

Rehabilitation/Restoration Plan (Exhibit A)

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

Scope: #	Building Feature:
<input type="checkbox"/> Maintenance <input type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	Brick Projections
Contract year work completion:	
Total Cost: \$	
Description of work:	

Rehabilitation/Restoration Plan (Exhibit A)

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

Scope: #	Building Feature:
<input type="checkbox"/> Maintenance <input type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	Brickwork
Contract year work completion:	
Total Cost: \$	
Description of work:	

Rehabilitation/Restoration Plan (Exhibit A)

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

Scope: #	Building Feature:
<input type="checkbox"/> Maintenance <input type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	Grilles, and Tie Rods
Contract year work completion:	
Total Cost: \$	
Description of work:	

Rehabilitation/Restoration Plan (Exhibit A)

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

Scope: #	Building Feature:		
<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:			

Rehabilitation/Restoration Plan (Exhibit A)

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

Scope: #	Building Feature:		
<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:			

Rehabilitation/Restoration Plan (Exhibit A)

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

Scope: #	Building Feature:
<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:	

Rehabilitation/Restoration Plan (Exhibit A)

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

Scope: #	Building Feature:
<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:	

Maintenance Plan (Exhibit B)

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

Scope: #	Building Feature:
<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:	

Maintenance Plan (Exhibit B)

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

Scope: #	Building Feature:
<input type="checkbox"/> Maintenance <input type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	Brick Projections
Contract year work completion: Annually	
Total Cost: \$	
Description of work:	

Maintenance Plan (Exhibit B)

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

Scope: #	Building Feature:
<input type="checkbox"/> Maintenance <input type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	Brickwork
Contract year work completion: Annually	
Total Cost: \$	
Description of work:	

Maintenance Plan (Exhibit B)

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

Scope: #	Building Feature:
<input type="checkbox"/> Maintenance <input type="checkbox"/> Rehab/Restoration <input type="checkbox"/> Completed <input type="checkbox"/> Proposed	Grilles, and Tie Rods
Contract year work completion: Annually	
Total Cost: \$	
Description of work:	

Maintenance Plan (Exhibit B)

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

Scope: #	Building Feature:
<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:	

Maintenance Plan (Exhibit B)

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

Scope: #	Building Feature:
<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:	

Maintenance Plan (Exhibit B)

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

Scope: #	Building Feature:
<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:	

Maintenance Plan (Exhibit B)

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

Scope: #	Building Feature:
<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:	

Maintenance Plan (Exhibit B)

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

Scope: #	Building Feature:
<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:	

Maintenance Plan (Exhibit B)

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

Scope: #	Building Feature:
<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:	

Signature and Notary Acknowledgement Form

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

Name (Print)

Date

Signature

Name (Print)

Date

Signature

Name (Print)

Date

Signature

Public Information Release

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

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

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

Name (Print)

Date

Signature

Public Information Release

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

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

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

Name (Print)

Date

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

	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
<input type="checkbox"/> YES <input type="checkbox"/> NO	This property is intended as my principal residence. If YES, please indicate the date of occupancy or intended occupancy.		MO DAY YEAR

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

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

YES NO

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

* Please refer to the instructions for Part 1.

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

THIS DOCUMENT IS NOT SUBJECT TO PUBLIC INSPECTION

PART 2. OTHER TRANSFER INFORMATION

Check and complete as applicable.

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

B. Type of transfer:

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

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

PART 3. PURCHASE PRICE AND TERMS OF SALE

Check and complete as applicable.

A. Total purchase price \$

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

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

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

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

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

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

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

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

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

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

PART 4. PROPERTY INFORMATION

Check and complete as applicable.

A. Type of property transferred

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

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

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

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

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

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

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

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

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

Please describe: _____

CERTIFICATION

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

SIGNATURE OF BUYER/TRANSFeree OR CORPORATE OFFICER

DATE

TELEPHONE

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

TITLE

EMAIL ADDRESS

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

ADDITIONAL INFORMATION

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

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

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

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

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

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

PART 1: TRANSFER INFORMATION

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

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

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

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

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

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

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

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

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

PART 2: OTHER TRANSFER INFORMATION

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

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

PART 3: PURCHASE PRICE AND TERMS OF SALE

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

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

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

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

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

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

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

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

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

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

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

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

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

PART 4: PROPERTY INFORMATION

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

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

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

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

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

HOW 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.

Current Market Rent (annual)	\$ 72,000
Vacancy & Collection Loss of 2%	\$ 1,440
Effective Annual Income	\$ 70,560
Less Anticipated Operating Expenses of 15% <i>(i.e. – utilities, water, garbage, insurance, maintenance, management fee)</i>	\$ 10,584
Net Income	\$ 59,976
Capitalization Rate Components:	
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.

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

Step 3: Estimated property tax savings are calculated.

Restricted Income Approach (per the Mills Act)	\$ 610,000
(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
Estimated annual property tax savings	\$ 5,398

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.

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
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

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

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No appointment is necessary.*

II. EXEMPTION STATEMENT AND SIGNIFICANCE EVALUATION

The Mills Act Historical Property Contract requires all commercial properties that are assessed at a value of more than \$5M to include a Historic Structure Report (HSR) as part of the application. Representatives of the San Francisco Planning Department have indicated that the HSR may be limited in scope and should include, at a minimum, a brief history of the building, a description of the building's historic condition, a summary of its existing condition, and an outline of short-term and long-term recommendations for rehabilitation. This limited Historic Structure Report, together with the Rehabilitation/Restoration & Maintenance Plan, serves to fulfill this requirement of the Mills Act and primarily focuses on conditions and treatment recommendations for the exterior of the building.

The Mills Act Historical Property Contract also requires that all commercial properties that are assessed at a value of more than \$5M include justification for how the property meets the following criteria:

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

The following addresses how the property meets both criteria:

Constructed as early as circa 1887 as the Kentucky Stables building, which served as a carriage house and livery stable, 450 Pacific Avenue survived the earthquake and fires of April 1906 without major damage, but appears to have undergone repair and expansion in the period directly after the earthquake. 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 is older than originally found during the 1970s district nomination, and contributes to the narrative of Jackson Square as the only significant collection of structures that represent San Francisco's nineteenth-century commercial heritage and therefore meets Criteria 1.

Granting the exemption will aid in financing repairs, rehabilitation/restoration, and maintenance of the building including: the historic brick and mortar facades, the windows, the metal window grilles and balcony railing, as well as the roofing, flashings, and associated skylights. It will restore integrity to the building by replacing the non-compatible ground level storefronts and the non-compatible parapet cap flashing, and the proposed work will contribute to preserving the building. The enclosed Rehabilitation/Restoration and Maintenance Plan further elaborate on proposed work intended to preserve the building and meet Criteria 2.

III. HISTORIC STRUCTURE REPORT

BRIEF HISTORY OF JACKSON SQUARE

450 Pacific Avenue is located within the Jackson Square Historic District. Jackson Square contains the largest remnant of San Francisco's historic Gold Rush-era business district, with some buildings in the district dating back to the early 1850s and 1860s. Originally dominated by commercial and retail buildings, Jackson Square was later augmented by rooming houses, saloons, dance halls, and other uses.¹ These establishments attracted sailors and prostitutes, so that in the second half of the nineteenth century, the Jackson Square area became known as the "Barbary Coast," as a reference to the North African coast from where pirates and slave traders launched raids.²

Jackson Square was originally developed as a waterfront extension of San Francisco's first urban commercial center at Portsmouth Square. During the 1850s and 1860s, Jackson Square prospered as mercantile establishments, offices, financial institutions, and stores moved into the area. The neighborhood also attracted producers and sellers of liquor, cigars, glassware, books, stoves, champagne, and chocolate, in addition to newspaper offices, ethnic organizations, and foreign consulates. After a string of disastrous fires during the 1850s and early 1860s, San Francisco authorities mandated that all new structures in the commercial core must be built of fireproof masonry construction. Because brick was less expensive and more readily available than stone, it became the material of choice in Jackson Square. By requiring businesses to build in more expensive materials, namely brick reinforced with iron ties, buildings in the Jackson Square area represented a substantial investment and were less likely to be razed and rebuilt as use or public taste changed, giving these structures additional longevity.

After 1870, San Francisco's business district began to gravitate both south and west of Jackson Square, causing it to lose many of its prestigious commercial tenants. The area transitioned to manufacturing and wholesale uses, and eventually evolved into a diverse, mixed-use district with saloons, lodging houses, and dance halls, in addition to its commercial manufacturing establishments.³

Many buildings in Jackson Square survived the 1906 earthquake and fires since they were built of sturdy materials. Still, a significant portion of Jackson Square buildings were built after 1906. Those buildings constructed after 1906 were often designed for industrial uses and were less ornamented and less oriented to the pedestrian; however, many had the same scale, fine brickwork, and use of arches as the earlier buildings, retaining the continuity still seen in the district today. After 1906, the area maintained its reputation as the Barbary Coast through World War I, and industrial and wholesale uses continued to function into the 1930s but declined due to the effects of the Great Depression.⁴

Between the 1930s and the 1950s, buildings within Jackson Square were increasingly vacant. Prohibition, which brought frequent raids to this 'vice district' and the financial hardships of the Great Depression had significantly impacted the area's nightlife and commercial businesses, and perceived diminishing value of downtown real estate through dis-investment during World War II, and continuing into the postwar period, further impacted the

¹ San Francisco Department of City Planning, *Jackson Square* (Nomination Form), 1971, 2.

² *Jackson Square*, 8. See also: Rand Richards, *Historic Walks in San Francisco: 18 Trails Through the City's Past* (San Francisco: Heritage House Publishers, 2002), xiv.

³ *Jackson Square*, 2-3.

⁴ *Jackson Square*, 3.

neighborhood. The neighborhood experienced a renaissance, however, when the wholesale furnishings and decorator industry began to settle in the area.⁵ This industry was still flourishing in the 1970s, along with some newer uses, when the district was nominated for the National Register of Historic Places and recognized by the City of San Francisco as an Article 10 Historic District for its architectural character and its historic building stock—fully one-quarter of the district’s buildings were erected prior to 1890.⁶

Despite the diversity of age and function, the design of buildings in Jackson Square is largely consistent in regard to scale, massing, materials, color, and fenestration. Over half of the buildings were constructed of masonry in an Italianate or Classical Revival style and reflect the trends of the late nineteenth and early twentieth century. Buildings in the district are generally continuous with the property line, are two or three stories in height, are built of brick with cast-iron detailing, and have high ground floors delineated by a storefront cornice. Red brick and earth tones are typical. Verticality is emphasized with narrow and high door openings and narrow and vertical windows. The ground floors often feature arches and multiple bays with deep-set openings separated by stripings or pillars, and the ground floors have an open feeling that is meant to attract the pedestrian, often with show windows. Fenestration on the upper stories is usually deeply recessed and occupies less than fifty percent of the surface. Detailed features include Classical elements such as pediments, columns, and pilasters.

It is important to note that while the district was recognized for the cohesion of its historic architecture, the role of compatible alterations and contextually designed new construction was considered a major benefit for the long-term legacy of the area. The 1971 *Jackson Square Report* and National Register nomination material specifically outlined the role of “imaginative remodeling and use[, where] private renewal and rebuilding have fused history with modern function and created a unique blending of old and new.”⁷

BRIEF HISTORY OF 450 PACIFIC AVENUE

450 Pacific Avenue is believed to have been constructed in 1905, according to documentation in the *Jackson Square Report* and Historic District nomination material, however, the building appears to have been present as early as 1887 according to available Sanborn Map Company fire insurance maps. As seen in the 1887 map, the building was built to its lot lines and retains the same footprint that it has today but has been expanded from a two-story building to a four-story building (**Figure 1**). In 1887, the building was listed as Kentucky Livery and Carriages and had a saloon and office at the ground floor with a small living space on the second floor, likely for someone to manage the stable at all hours. Historic Sanborn Map Company maps show that the building had a wood cornice and a series of glass skylights along the roof that were present from 1887 through the 1905 Sanborn Map (**Figure 2**).

Information included in the *Jackson Square Report*, states that the subject building survived the earthquake of 1906 with little damage, despite its location within the boundaries of the ‘burned district.’ While the building likely survived, it appears to have undergone repair—and expansion—in the period directly after the earthquake.⁸ In the absence of either historic photographs or building permits, it is unknown when the building was expanded to its

⁵ Richards, 164.

⁶ Ord. 221-72, “Appendix B to Article 10—Jackson Square Historic District,” San Francisco Planning Code, August 9, 1972.

⁷ *Jackson Square*, 10.

⁸ Punnett Brothers. Map of part of San Francisco, California, showing buildings constructed and buildings under construction during two years after fire of April 18, 1906. San Francisco: California Promotion Committee, 1908. Map. <https://www.loc.gov/item/2006626079/>.

current four-story height, and the degree to which the façade was redesigned at the time of the expansion, however, at least a portion of the brick livery stable is believed to have survived the fire, and would have been integrated into the reconstruction.⁹

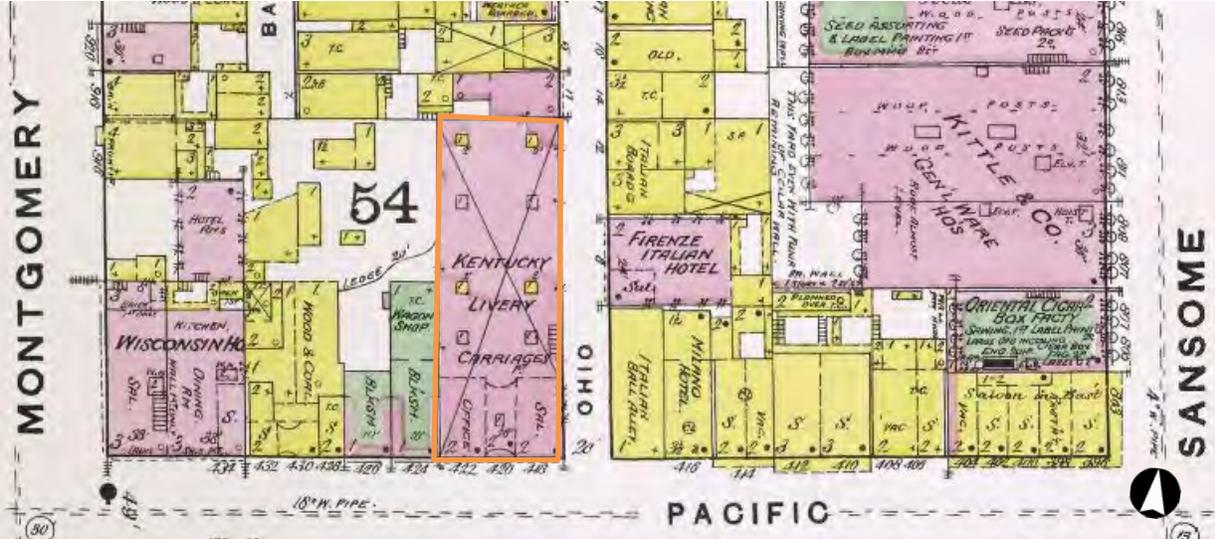


Figure 1: Sanborn Map Company map, 1887. Volume 1, plate 8. Subject building outlined in orange.

Source: San Francisco Public Library. Edited by Page & Turnbull.

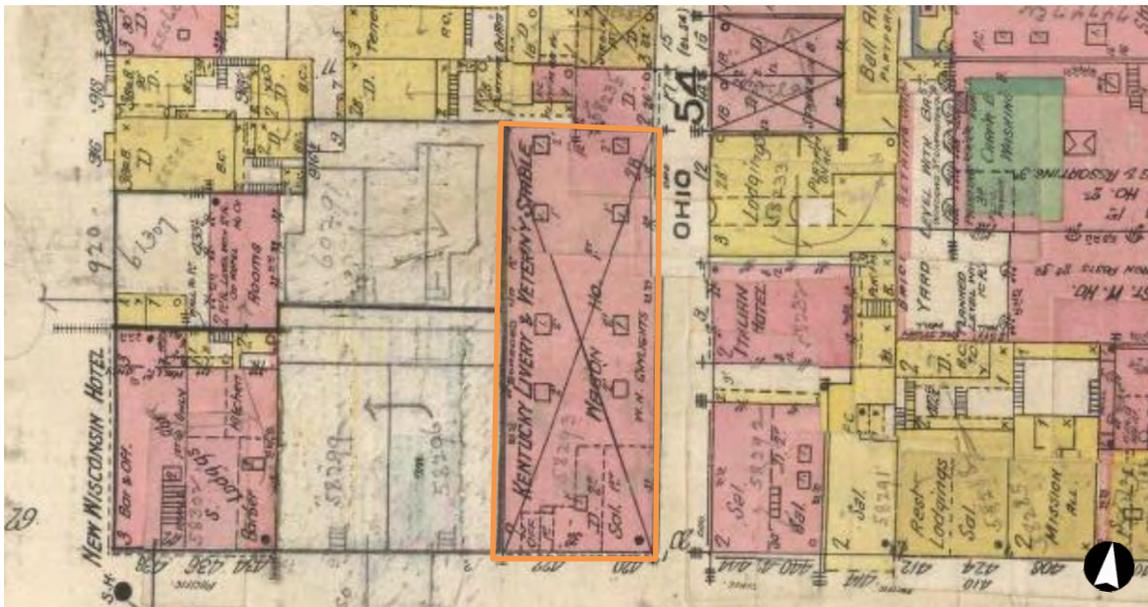


Figure 2: Sanborn-Perris Map Company map, 1905. Volume 1, plate 20. Subject building outlined in orange.

Source: San Francisco Public Library. Edited by Page & Turnbull.

⁹ Permits on file at the San Francisco Department of Building Inspection from the 1940s through the 1980s refer to the building either as a three- or a four-story building with little consistency. One of the floors may have been a mezzanine level and this may explain why no record of the building’s expansion from three to four stories is known.

Constructed as early as circa 1887 as the Kentucky Stables Building, 450 Pacific Avenue was originally built as a carriage house and livery stable, and windows along the side façade were sized to allow hay and grain to more easily be transferred into the structure along Osgood Place (previously Ohio Place). Due to its proximity to Fire Engine Company No. 1, located at 419 Pacific Avenue until 1906, and then at 451 Pacific Avenue after 1908, the subject building also served the fire station, stabling and providing horses for the fire department's wagons.

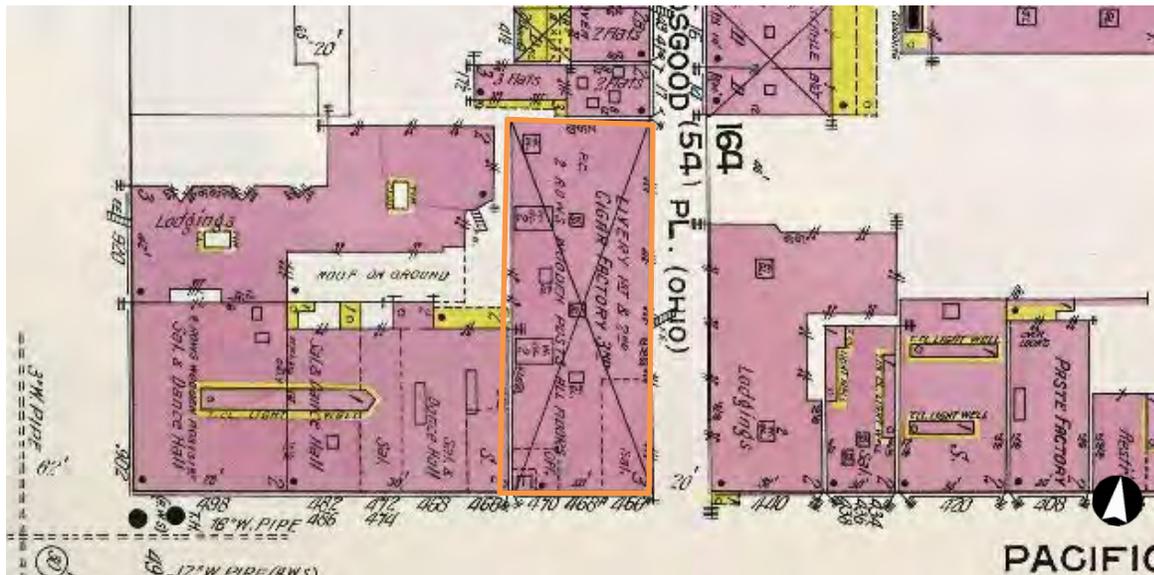


Figure 3: 1914 Sanborn Map Company map. Volume 1, plate 22. Subject building outlined in orange. Source: San Francisco Public Library. Edited by Page & Turnbull.

The building also housed a saloon, which operated out of the corner commercial unit through at least 1914 (**Figure 3**).¹⁰ Prior to 1925, when a permit to repair fire damage lists the main portion of the building as vacant, the lower floors were operated as a stable, while the top floor was used as a Chinese cigar factory.¹¹ The building was used in the 1930s and 1940s by Mont La Salle Vineyards – makers of sacramental wine – and from 1949 through the 1960s as a wholesale storage facility and showroom for Chong Kee Jan Company, a Chinese importing company with a main commercial location on Grant Avenue.¹² In 1949, a permit to create a glass and brick storefront was issued, and a signage permit in 1968 shows a sketch of a traditional glass storefront with a recessed entrance. At the time of the 1971 *Jackson Square Report*, the ground floor was described as featuring non-historic “stuccoed brick window and door openings” (**Figure 4**).¹³

In 1971, the building was converted from a warehouse to a commercial office building with significant alterations for tenant improvements that likely included changes to the ground floor entrance along Pacific Avenue. At this time, the roof of 450 Pacific Avenue was reconfigured and the small historic skylights were replaced with two larger

¹⁰ Sanborn Map Company map, 1914. Available through the David Rumsey Historic Map Collection.

¹¹ *Jackson Square*, 32.; 1925 Permit on file at San Francisco Department of Building Inspection.

¹² San Francisco city directories. Accessed via the San Francisco Public Library.

¹³ *Jackson Square*, unnumbered, “Façade elevations and Descriptions.”

groupings of sawtooth skylights.¹⁴ In 1972, the building's brick cladding was sandblasted.¹⁵ Parapet work and patching was undertaken in 1986, the building was reroofed in 1995, and a seismic upgrade for the building was completed in 2008, which included the installation of steel moment frames behind the non-historic brick columns at the ground floor.¹⁶ In 2008, the 1971 sawtooth skylights were replaced with pyramidal skylights. The existing ground floor arcade and recessed entrance was installed at an unknown date between 1971 and 2008, likely during the building's transition to office use.

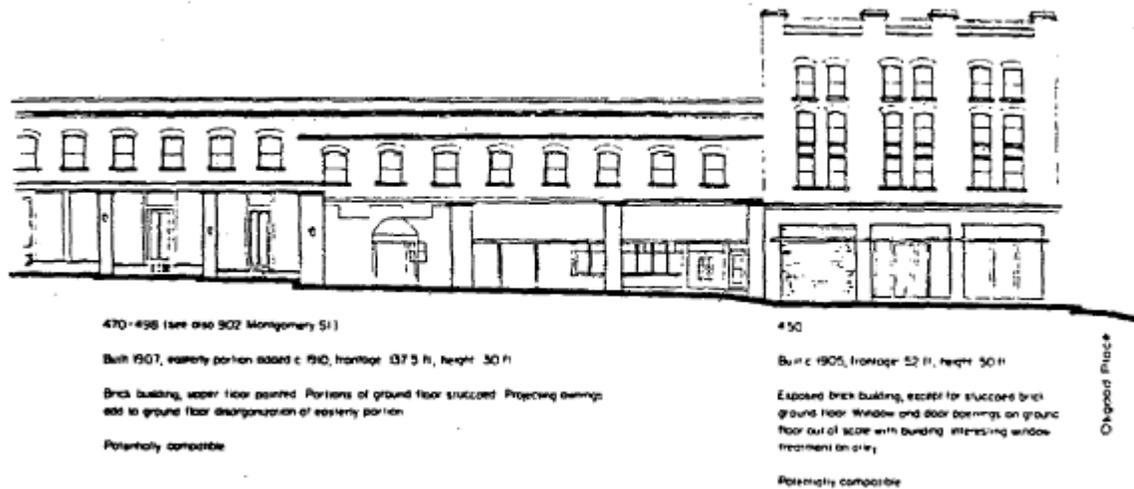


Figure 4: Façade elevations and architectural description diagram for the block of the subject building (subject building at right). Source: Jackson Square Report.

450 Pacific Avenue is an important contributor to the Jackson Square Historic District, for its early construction date, its partial 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. Although originally determined to be only 'Potentially Compatible' to the historic district due to its height and ground-floor alterations, portions of the building appear to predate the findings of the 1971 district report, and adds to the narrative of Jackson Square as the only significant collection of structures that represent San Francisco's nineteenth century commercial heritage.

¹⁴ Historic Aerials, [aerial photographs], 1968 and 1980, historicaerials.com

¹⁵ Permit on file at the San Francisco Department of Building Inspection.

¹⁶ Ibid. Work listed in the 2008 permit includes the installation of the existing ground floor entrance and the wall to the left of it, replacing a curved and more deeply recessed entrance. Curved glass partitions over a low bulkhead in east two bays remained from an earlier alteration.

HISTORIC SIGNIFICANCE

450 Pacific Avenue is currently listed by the San Francisco Planning Department with a Historic Resource Status code of “A – Historic Resource Present,” due to its listing as a contributing building to the Article 10 listed Jackson Square Historic District and as a contributor to the National Register and the California Register-eligible Jackson Square Historic District.¹⁷ The subject building embodies the construction history, development, and design of Jackson Square, which is considered the sole surviving early commercial area of San Francisco. Jackson Square demonstrates a strong visual identity through its use of materials, scale, and design, which gives the neighborhood a cohesive character.

In addition, the subject building was given a rating of 3 (out of a scale from -2 to 5, with 5 as the highest rating) by the 1976 DCP Survey and was given a rating of “C” (Contextual Importance) in the 1978 survey by the Foundation for San Francisco Architectural Heritage.¹⁸

Jackson Square Historic District

The Jackson Square Historic District encompasses approximately ten blocks of various size bounded by Washington, Kearny, and Sansome streets, Columbus Avenue, and the north side of Pacific Avenue.¹⁹ The area is known for containing the sole surviving buildings from San Francisco’s early central business district, which are considered the “sole physical reminders of the city’s beginnings as a great port and mercantile center.”²⁰ As described in the *Jackson Square Report*, the district displays “an intimacy of scale, a fineness of vertical proportion and especially in fenestration, a feeling for materials, and a use of decorative features which gives to many of the buildings a true architectural distinction; and numerous other structures possess the basic characteristics sufficiently to be in harmony with their more distinguished neighbors.”²¹

Prior to the designation of Jackson Square as a historic district, 16 buildings within the Jackson Square area were listed as city landmarks for their individual architectural merit. While these buildings formed the core of a potential historic district, the area was expanded to include additional historically significant buildings and ensure protections of the area’s overall character. For the purposes of the *Jackson Square Report*, buildings were categorized as either Compatible, Potentially Compatible, or Incompatible with the character-defining features of the historic district (outlined below).²² The principal factors considered in this determination were “architectural materials, details, scale, proportion, color, facade treatment, and fenestration. In addition, [...] harmony with the building’s surroundings and the district was considered important.”²³ Most buildings were deemed Compatible, while only those that were out of scale or did not demonstrate many of the character-defining features of the district were found Incompatible. The Potentially Compatible designation was awarded to those buildings which “could be made compatible through façade remodeling with a reasonable amount of effort and expense.”²⁴ The district was formally approved in 1972.

¹⁷ San Francisco Planning Department, Property Information Map.

¹⁸ Ibid.

¹⁹ *Jackson Square*, Historic District map.

²⁰ Ibid., 2.

²¹ Ibid., 9.

²² Ibid., 6.

²³ Ibid.

²⁴ Ibid.

The period of significance of the Jackson Square Historic District is not expressly stated in the *Jackson Square Report*, however the report recognizes the stylistic consistency between buildings constructed prior to 1906, as well as those built during the post-earthquake reconstruction period, suggesting a likely period of significance for the district of ca. 1850-ca. 1915.

Character-Defining Features

The exterior architectural features of Jackson Square, as described in the *Jackson Square Report* district nomination material, are as follows:²⁵

- (a) **Overall Form and Continuity.** Building height is generally well-related to street width. Buildings are typically two or three stories high at the street. Most are under 40 feet, with some as low as 20 feet. Façades are continuous at the property line.
- (b) **Scale and Proportion.** Ground floors are high, about 20 feet from street level, often with a cornice separating them from the upper floors, providing continuity along the street frontage.

There is a regularity of overall form and proportion. On the ground floor this typically takes the form of bays closely spaced, 10 to 12 feet apart on center, with deep-set openings and inset entrances.

Ground floor treatment is definitely open in nature, with openings separated by narrow stripings or pillars of brick or cast iron. The open emphasis orients the ground floors toward the pedestrian, with attractive show windows.

- (c) **Fenestration.** Glazing is deeply recessed, producing a strong interplay between light and shade. Protruding window frames are common.

Windows are narrow and vertical in emphasis, rhythmically spaced, and match the bay spacing below and the shape and proportion of windows in nearby buildings. Door openings are frequently narrow and high.

At the upper floors, the proportion of windows to solid walls is typically less than 50 percent.

- (d) **Materials.** Standard brick masonry is predominant, at times exposed and at times painted, with thick bearing walls. Some buildings are stuccoed over the brick and some are concrete.

The sides of buildings are frequently of brick and form a significant part of the view from the street where they are higher than the adjacent buildings.

²⁵ Ibid., 13-14.

Cast iron is often used in details and decorative features, notably in pilasters. Iron shutters are also found.

- (e) **Colors.** Red brick is typical. Earth tones predominate, with painted brick, where it occurs, typically in muted but not timid tones. Reds. Browns, yellows, greens, grays and blues are found.
- (f) **Texture.** Typical facing materials give a rough, textured appearance. Overall texture of the facades is fine grained.
- (g) **Detail.** Arches are common at ground floor, and frequently upper floors. Upper terminal cornices as well as lower cornices are typical, often heavy and projecting.

Classical features predominate, including pediments, columns or pilasters, and parapets.

Frequent exposed anchor plates are visible, holding in place the tie rods used to prevent the bearing walls from bulging.

450 Pacific Avenue is representative of the characteristics of contributing buildings within the Jackson Square Historic District, despite being of a slightly larger scale than is typical within the district. Overall, the building demonstrates regular fenestration and proportions; the use of red brick which supports the material palette, texture, and color seen throughout the district, and is simple in detail but retains features consistent with the detailing seen throughout the district's early twentieth century commercial buildings, including: segmental arched windows with flared lintels, recessed spandrel panels, a brick storefront cornice, a brick cornice, and large openings along the ground floor. The period of significance for 450 Pacific Avenue has not been previously established, however it is likely that the period of significance would include not only the original construction of the building, but any repairs or alterations to the structure undertaken directly after the 1906 earthquake.

ARCHITECTURAL DESCRIPTION, EXISTING CONDITIONS, AND TREATMENT RECOMMENDATIONS

Exterior

450 Pacific Avenue is a four-story brick-masonry commercial building originally constructed as a livery stable prior to 1887 and was expanded with a fourth-floor addition at an unknown date. Located at the northwest corner of Pacific Avenue and Osgood Place, the subject parcel has uneven topography that slopes down to the southeast corner, with the first floor partially below grade at the north end of the building.

The building features a common bond brick façade with five stretcher courses between each header course. Decoration is limited to patterns of brick laying, creating projecting sills, recessed spandrel panels between second- and third-story windows, flared lintels that are flush to the façade plane, a simple brick storefront cornice along the primary façade, and a decorative brick parapet with inset panels. The primary fenestration type consists of replacement metal square-head casement sash along the Osgood Place façade and on the upper floors of the primary (Pacific Avenue) façade. These replacement sash have an infill panel within the original segmental-arch window opening. Non-original recessed entrance and glazing systems have been introduced along the primary façade at the ground level. The building features a flat roof with a decorative parapet that has been topped with protective metal coping. The flat roof contains two large skylights and is covered in single-ply roofing membrane.



Figure 5: Primary façade, 2019. Looking north. Courtesy of Henrik Kam.



Figure 6: Oblique view, looking northwest, at corner of Pacific Avenue and Osgood Place, 2019. Courtesy of Henrik Kam.

Primary (South) Façade

The primary (south) façade fronts Pacific Avenue and is divided into three bays. At the first story, the façade consists of three large rectangular openings (supplemented with steel columns and beams), with a recessed arcade enclosed

with metal fencing. A brick floor meets the sidewalk at grade at the left (west) of the façade. A metal gate with double-leaf doors is located within this first bay. An exposed brick sidewall defines the left (west) side of the arcade. The recessed rear wall of the arcade consists of a stucco portion within the left bay which contains the building's primary entrance. This entrance consists of a non-original segmental-arch opening with a tiled enframing with a keystone. The remaining two bays of the arcade consist of a curved center bay and a flat right (east) bay that contain fixed glazing in metal frames over a short tiled bulkhead. Both bays contain contemporary glass and metal doors. A simple storefront cornice separates the ground floor and second floor and consists of three projecting courses of header and stretcher brick topped by two (one recessed and one projecting) courses of header brick.

At the upper stories, each bay features a pair of non-historic metal casement windows. Windows at the second and third floors are grouped vertically within a double-height masonry opening with a single projecting sill, a recessed spandrel panel, and a flush flared lintel. Along the fourth floor, each window opening features a projecting sill and a flush flared lintel. Each bay is further emphasized along the parapet by projecting brick coursing and recessed panels separated by flat sections that correspond to the piers between bays below. These piers project above the line of the parapet, and along with the corbelling along the parapet cap, form a nearly crenellated parapet.

East Façade (Osgood Place)

The east façade fronts Osgood Place, and extends the length of the parcel, approximately 137.5 feet. Fenestration is regularly spaced along this façade in 13 vertical groupings, but with varying types of window arrangements.

Along the first floor, the open arcade from the primary façade wraps the corner at the south (left) end of the façade and the brick storefront cornice also continues in line with the open arcade, ending beneath the first (south) set of windows on the east façade. First-floor windows change height with the grading of the sidewalk and are increasingly shortened as they reach the north end of the façade; these windows are covered with metal grilles. At the north end of the façade is a door opening with a segmental-arch head, a flush flared lintel, a concrete step, and a metal gate.

Along the upper stories, most window groupings are consistent with the primary façade's vertical grouping and detailing. Alternate window arrangements consist of a typical fourth-floor window enframing over a larger second-floor opening with a small metal balcony or metal grille (positions 3, 5, and 11, from left to right). A similar grouping at position 9 has an added third-floor window with a fixed center window and two flanking casement sash; the second and third floor windows in position 9 are not separated by a recessed brick spandrel panel, but by the primary brick wall plane itself. The final alternate window arrangement occurs at the north end of the façade (position 13) and consists of wide three-part windows at both second and third floors with a typical fourth-floor window and enframing above.



Figure 7: Oblique view, looking northwest, on Osgood Place, 2020.



Figure 8: Oblique view, looking southwest, on Osgood Place, 2020.

North (Rear) and West Façades

The north and west façades are only partially visible over the adjacent buildings and have no designed architectural detail due to their utilitarian purpose. Based on site observations and aerial photographs, neither the north nor west façades have any openings, but some metal tie rods were noted at the north façade.

Interior

The interior spaces of 450 Pacific Avenue feature exposed brick walls along the exterior walls and have timber and steel framing around two large atriums that cut through the center of the building. The southern atrium is open from the ground-floor to the roof and is partially enclosed with floor to ceiling glazing on portions of the upper stories. The northern atrium is open to the third and fourth floor.

While the center volume of the building is largely open, the outer perimeter of the building consists of small rooms, including offices and conference rooms framed with a mix of glazing, drywall, and timber and steel framing.

EXISTING CONDITIONS

Primary Façade (Pacific Avenue) and East Façade (Osgood Place)

The brick is generally in fair condition at the building's primary façade and east façade. It exhibits some erosion and wear, consistent with that of masonry that may have been sandblasted or overly cleaned with an acidic cleaner. The mortar joints appear to be extensively eroded in various areas of the facades, especially at projecting coursing, sills, and water tables. The corner brick column/pier at the ground level arcade is a fairly decent match to the brick above, but appears to have been rebuilt at some point in time. The two intermediate piers on Pacific Avenue are even better matches to the brick above, but do not appear to have visible header courses. Further investigation at these piers is needed to understand their construction and age. Several windows at Osgood Place have had some brick repair work in the past, where portions of jambs appear to have been rebuilt/replaced by brick that more closely matches the brick at the ground level corner pier. Miscellaneous metal anchorages and attachments exist, and some small anchor holes in brick and mortar are extant. Cementitious parge slopes to drain are present at the windowsills and may also exist at the water table and other projecting brickwork. A few locations of efflorescence or encrustation deposits are notable within the recessed parapet panels and may relate to something at the roof level behind the parapet.

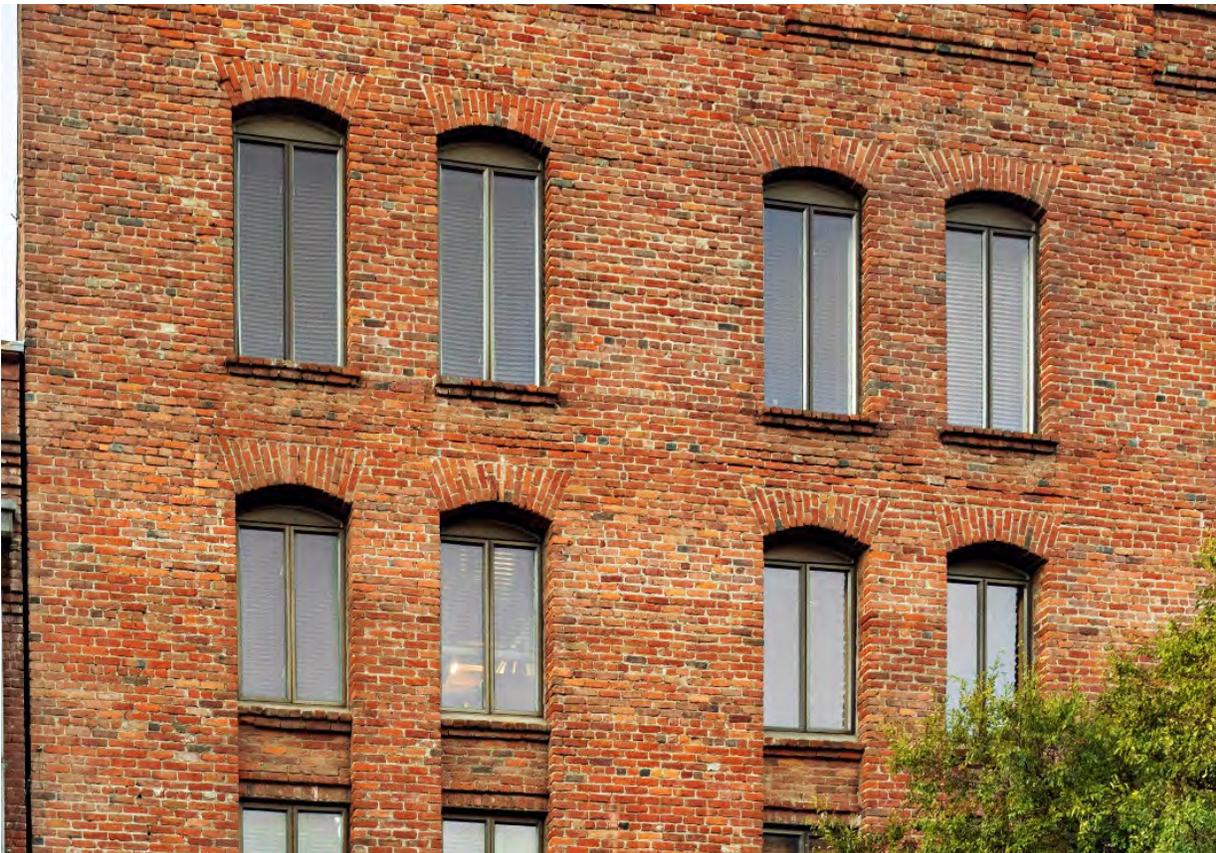


Figure 9: Primary facade 2019, looking north. Courtesy of Henrik Kam.



Figure 10: Brick sill detail at primary (Pacific Avenue) façade, looking north. 2020.



Figure 11: Simple brick cornice above storefronts at primary (Pacific Avenue) façade, looking north. 2020.



Figure 12: Storefronts at ground floor of primary façade, 2020. Looking northeast.



Figure 13: Ground floor along Osgood Place, 2020. Looking northwest.



Figure 14: Simple brick cornice above storefronts at primary façade (Pacific Avenue), 2020. Looking north.



Figure 15: Cementitious parge slope drain in window sill. Looking down, primary façade. 2020.

The ground floor arcade and entry vestibule appear to be in good to fair condition. The supplemental steel columns and beams at the façade are in fair condition. No corrosion was noted.

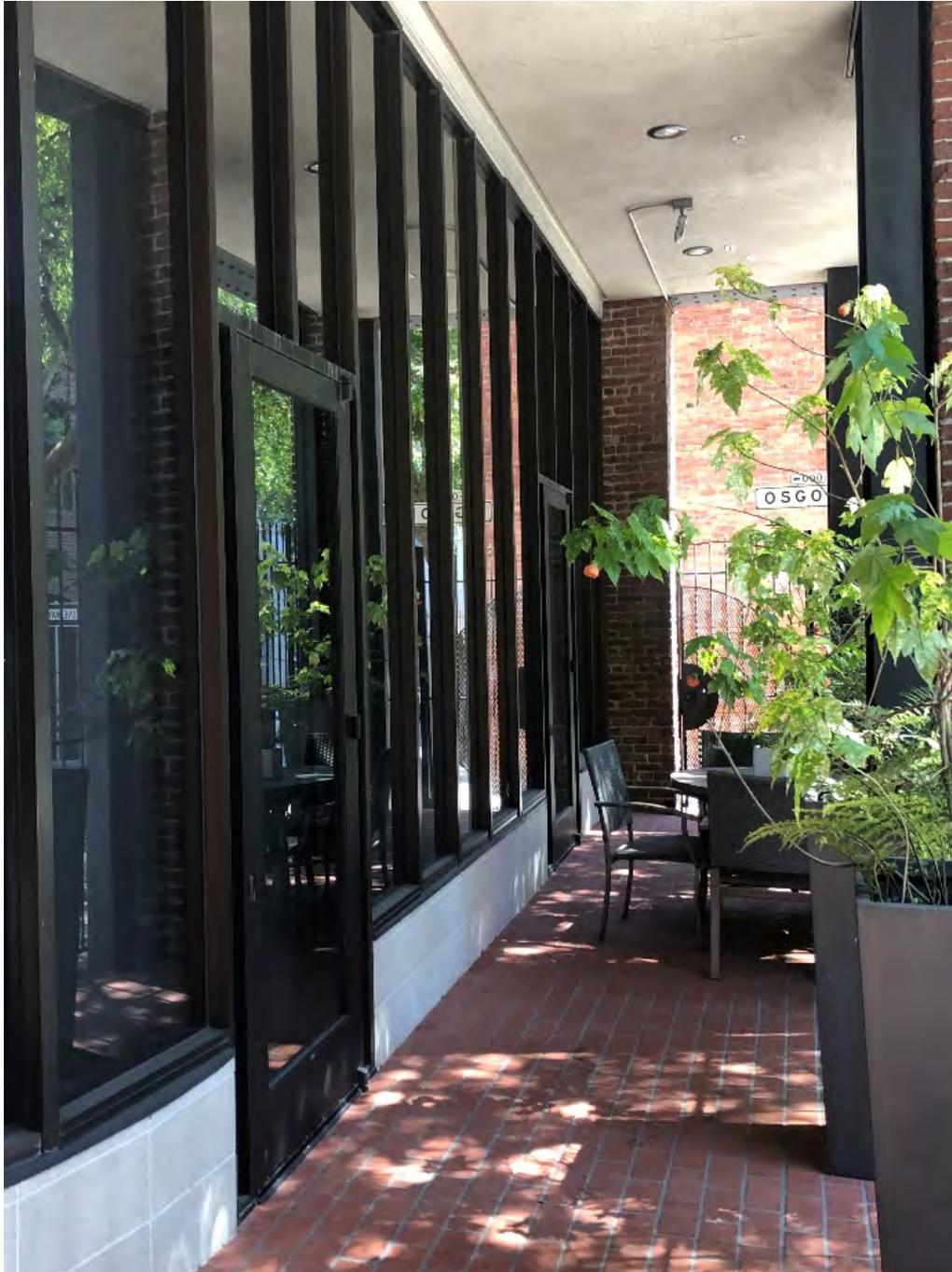


Figure 16: Storefronts along primary façade at Pacific Avenue, 2020. Looking east.



Figure 17: Storefronts within arcade along primary façade at Pacific Avenue, 2020. Looking east.



Figure 18: Primary façade, adjacent to primary entrance to building within arcade, 2020. Looking west.

The unpainted sheet metal flashing (coping) at the parapet is in fair condition. Its configuration conceals the original tiered configuration and crenellated profile of the parapet and stands out as an element that is covering the brick.

The non-historic metal casement windows appear to be in fair condition and do not have known performance issues at this time.



Figure 19: Primary façade at Pacific Avenue, 2019. Looking northeast. Courtesy of Henrik Kam



Figure 20: Top half of the primary façade at Pacific Avenue, 2019. Looking north. Courtesy of Henrik Kam.

The metal grilles and balcony rail at Osgood Place are in fair condition. Some areas of minor spot corrosion were noted.



Figure 21: Grilles at windows at Osgood Place façade, 2020. Looking west.



Figure 22: Balcony rail at Osgood Place façade, 2020. Looking west.

North (Rear) and West Façades

Similar to the street façades, the brick is generally in fair condition and exhibits some erosion and wear, consistent with that of masonry that may have been sandblasted or overly cleaned with an acidic cleaner. The mortar joints also appear to be extensively eroded in various locations, though there are no noted projecting coursing, sills, or water tables. Miscellaneous metal anchorages and attachments as well as small holes may exist but were not observed from the street.



Figure 23: Partially visible north (rear) façade, 2020. Looking southwest.



Figure 24: Oblique view of west (side) façade over adjacent building, 2020. Looking northeast.

Roof

Access to the roof was limited, but the roof is relatively flat and is covered in a single-ply roofing membrane. The roofing material was replaced in 2008/2009 and appears to be in fair condition. The metal parapet bracing appears to be in fair condition. No detailed observations of drains, mechanical equipment, or the skylights could be made. Further detailed review of the parapet bracing, drains, and skylights is recommended.

Interior

The interior brick walls appear to be in good condition with no noted issues. The wood timber framing is in good condition and has previously been supplemented and is in good condition. It exhibits its patina/past wear, possibly related to the building's use as a stable. The building's brick floor has been largely covered in carpet and is assumed to be in fair condition. Further investigation is needed to understand if it is historic.



Figure 25: Main entrance lobby, ground floor, 2019. Looking north. Courtesy of Henrik Kam.

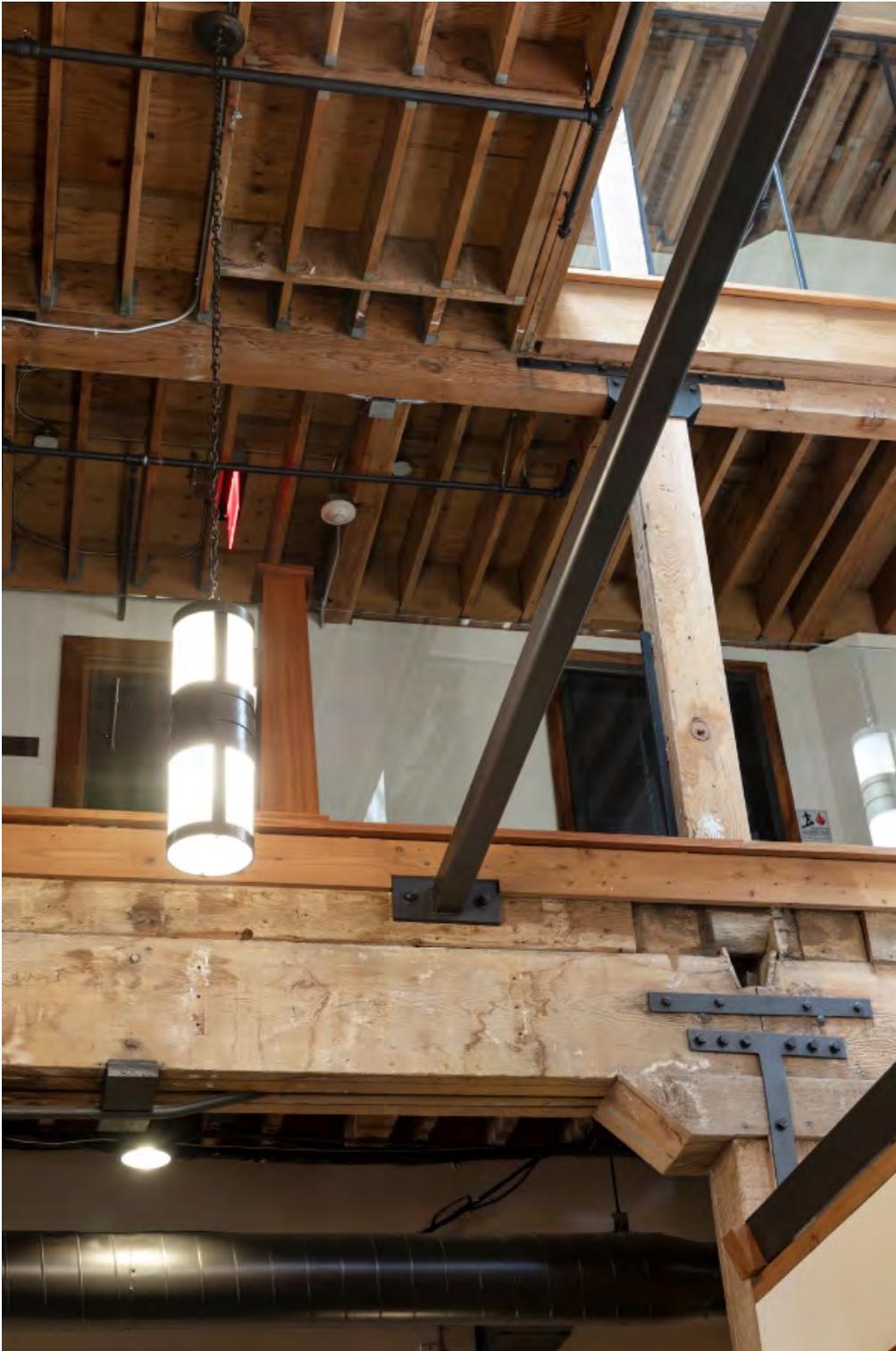


Figure 26: Wood support pillar from ground to third floor, 2019. Looking west. Courtesy of Henrik Kam.



Figure 27: Wood support pillar, ground floor, 2019. Looking north. Courtesy of Henrik Kam.



Figure 28: Detail of brick floor beneath the carpet at the ground floor, 2020. Further investigation is needed to determine if it is historic.

TREATMENT RECOMMENDATIONS

Primary Façade (Pacific Avenue) and East Façade (Osgood Place)

The facades should be rehabilitated, including cleaning and repair of the brick masonry. The brick should be cleaned with a gentle masonry restoration cleaner/detergent. The sources of the efflorescence or encrustations at the Pacific Avenue parapet should be investigated and corrected, and the deposits should be carefully cleaned from the brick. Repointing of the eroded mortar joints should be undertaken with an appropriate mortar to match the historic mortar in order to protect the building from moisture. As part of the masonry rehabilitation, miscellaneous non-historic non-functioning metal attachments and anchorages should be carefully removed, and the brick and mortar should be patched to match the adjacent historic materials to repair holes. The cementitious parge at the window sills and other projecting brickwork should be repaired in-kind with appropriate parge to repair cracked, deteriorated, or missing parge.

Regular treatment of the steel structural columns at the storefront areas should be undertaken to treat corrosion and paint the steel. Consideration should be given to rehabilitating the storefront at the ground level of Pacific Avenue and at the corner of Osgood Place with new appropriate compatible storefronts to replace the missing storefronts. Such rehabilitation should be based on further historic documentation and investigation. A storefront rehabilitation would require repair and reconfiguration of finishes with some likely adjustment to fire and life-safety systems as well as mechanical and electrical systems in this currently exterior arcade space. Until such time that the storefronts are rehabilitated, the metal gates and arcade space should be maintained by regular cleaning and painting of metalwork.

The sheet metal parapet flashings should be replaced with a flashing configuration that more closely conveys the tiered and crenellated profile of the parapet brickwork. It should also be painted to match the brick with a durable rust-inhibitive paint system.

While the non-historic windows are in fair condition, they should be regularly inspected for hardware issues and leaks, and regular maintenance of sealant joints and cleaning of weeps should occur. When the windows reach the end of their useful life and require replacement, appropriate compatible replacement windows should be installed based on further historic documentation and investigation.

Regular treatment of the metal grilles and balcony rails at Osgood Place should be undertaken to treat corrosion as it occurs, and the metal work should be coated with an appropriate durable rust-inhibitive paint system.

North (Rear) and West Façades

Similar to the primary facades, the north and west facades should be cleaned, and repair of the brick masonry should be undertaken. The brick should be cleaned with a gentle masonry restoration cleaner/detergent. Repointing of the eroded mortar joints should be undertaken with an appropriate mortar to match the historic mortar in order to protect the building from moisture. If found, miscellaneous non-historic non-functioning metal attachments and anchorages should be carefully removed, and the brick and mortar should be patched to match the adjacent historic materials to repair holes. Remaining metal tie rods and plates should be painted with a durable rust-inhibitive paint system.

Roof

Regularly inspect the roofing for deficiencies and leaks, including the skylights, parapet bracing, and mechanical equipment. Maintain paint, gaskets, and glazing seals at the skylights, and regularly clean the weeps. Treat the parapet bracing for corrosion, and repaint with durable corrosion-inhibitive paint as needed. Regularly clean the roof drains. Maintain flashings and sealants, and make repairs as needed.

Interior

Regularly inspect the historic wood timber framing for signs of stress, deterioration, or needed repairs, and repair as needed. The wear of the wood is part of its patina and should be retained. Further investigate the brick flooring that is currently covered with carpet to determine if it is historic fabric. If it is historic, it is recommended to retain and preserve it for potential future rehabilitation.

IV. 450 PACIFIC AVENUE ADDITIONAL PHOTOGRAPHS

EXTERIOR PHOTOGRAPHS



Pacific Avenue - South Elevation (Henrik Kam, 2019).



View looking Northwest at corner of Pacific Avenue and Osgood Place (Henrik Kam, 2019).



View looking northwest at corner of Pacific Avenue and Osgood Place, showing primary (south) and east façades (Henrik Kam, 2019).



View looking up at south façade, Pacific Avenue (Henrik Kam, 2019).

INTERIOR PHOTOGRAPHS



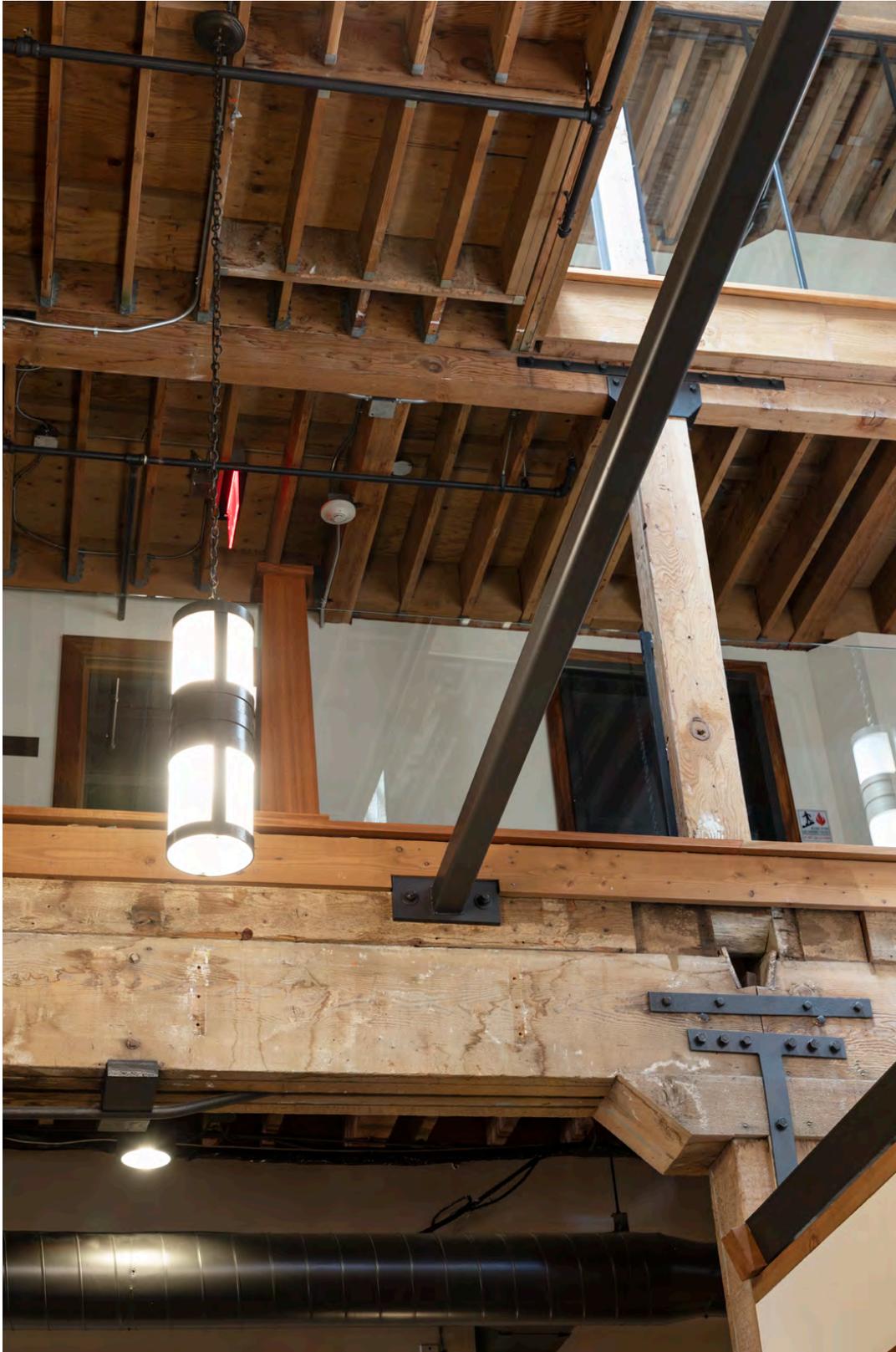
Interior, ground level looking north (Henrik Kam, 2019).



Interior, ground level looking south (Henrik Kam, 2019).



Interior, ground level looking north (Henrik Kam, 2019).



Interior, ground level looking east (Henrik Kam, 2019).



Interior, second level looking east (Henrik Kam, 2019).



Interior, second level looking south (Henrik Kam, 2019).



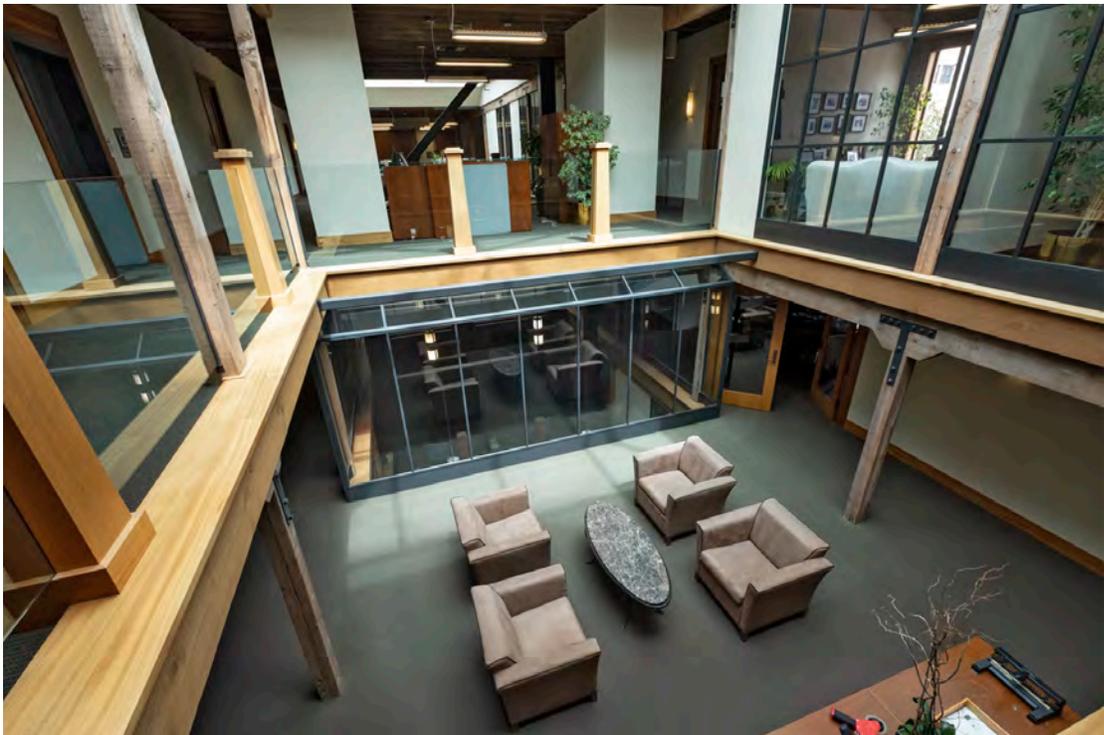
Interior, third level looking south (Henrik Kam, 2019).



Interior, third level looking northeast (Henrik Kam, 2019).

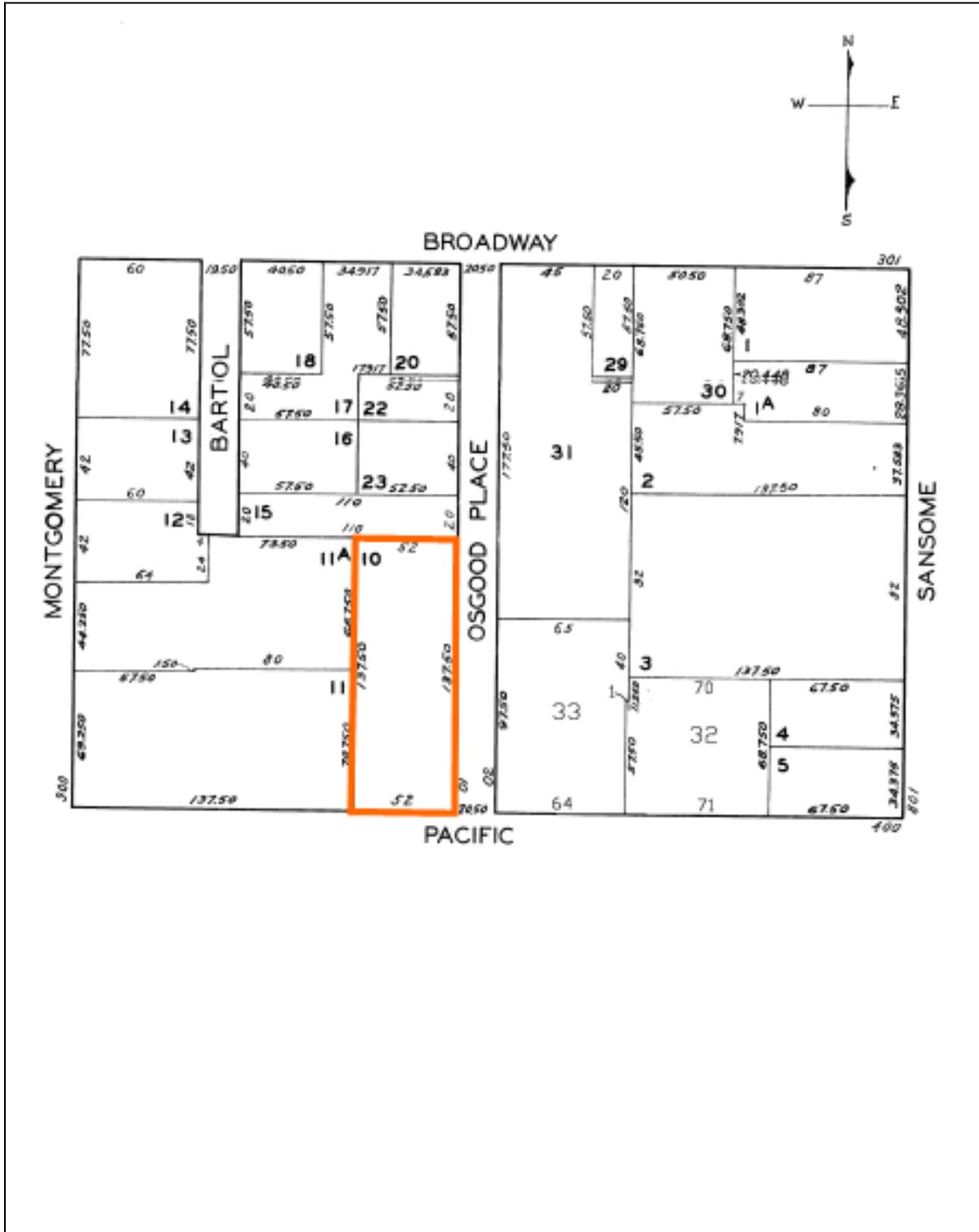


Interior, top floor looking north (Henrik Kam, 2019).



Interior, top floor looking south (Henrik Kam, 2019).

V. SITE PLAN



VI. TAX BILL



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

450

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

For Fiscal Year July 1, 2019 through June 30, 2020

Vol 02	Block 0164	Lot 010	Tax Bill No 006461	Mail Date October 9, 2019	Property Location 450 PACIFIC AV
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Assessed on January 1, 2019 at 12:01am
 To: NAME WITHHELD PER CA AB 2238

ADDRESS INFORMATION
 NOT AVAILABLE ONLINE

Assessed Value		
Description	Full Value	Tax Amount
Land	4,603,614	54,327.24
Structure	4,804,189	56,694.23
Fixtures		
Personal Property		
Gross Taxable Value	9,407,803	111,021.48
Less HO Exemption		
Less Other Exemption		
Net Taxable Value	9,407,803	\$111,021.48

Direct Charges and Special Assessments			
Code	Type	Telephone	Amount Due
45	LWEA2018TAX	(415) 355-2203	309.52
46	SF BAY RS PARCEL TAX	(888) 508-8157	12.00
89	SFUSD FACILITY DIST	(415) 355-2203	38.28
91	SFCCD PARCEL TAX	(415) 487-2400	99.00
98	SF - TEACHER SUPPORT	(415) 355-2203	261.70
Total Direct Charges and Special Assessments			\$720.50

▶ TOTAL DUE		\$111,741.98	
1st Installment		2nd Installment	
\$55,870.99		\$55,870.99	
DUE	12/10/2019	DUE	04/10/2020

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



City & County of San Francisco
 Property Tax Bill (Secured)
 For Fiscal Year July 1, 2019 through June 30, 2020

Pay online at www.sftreasurer.org

Vol 02	Block 0164	Lot 010	Tax Bill No 006461	Mail Date October 9, 2019	Property Location 450 PACIFIC AV
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Check if contribution to Arts Fund is enclosed.
 For other donation opportunities go to Give2SF.org

Detach stub and return with your payment.
 Write your block and lot on your check.
 2nd Installment cannot be accepted unless 1st is paid.

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

2

2nd Installment Due	
\$55,870.99	

If paid or postmarked after **APRIL 10, 2020**
 the amount due (includes delinquent penalty of 10% and
 other applicable fees) is: **\$61,503.08**

0201640001000 006461 000000000 000000000 0000 2003



City & County of San Francisco
 Property Tax Bill (Secured)
 For Fiscal Year July 1, 2019 through June 30, 2020

Pay online at www.sftreasurer.org

Vol 02	Block 0164	Lot 010	Tax Bill No 006461	Mail Date October 9, 2019	Property Location 450 PACIFIC AV
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Check if contribution to Arts Fund is enclosed.
 For other donation opportunities go to Give2SF.org

Detach stub and return with your payment.
 Write your block and lot on your check.
 If property has been sold, please forward bill to new owner.

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

1

1st Installment Due	
\$55,870.99	

If paid or postmarked after **DECEMBER 10, 2019**
 the amount due (includes delinquent penalty of 10%) is: **\$61,458.08**

59,874

0201640001000 006461 000000000 000000000 0000 1003

VII. RENTAL INCOME INFORMATION

Rental income for the property at 450 Pacific Avenue is \$150,000.00 per month.

VIII. BIBLIOGRAPHY

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213.221.1200 / 213.221.1209 fax





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
Reviewed By: Elizabeth Gordon-Jonckheer- 628-652-7365
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

2020 MILLS ACT APPLICATIONS
 ASSESSOR PRELIMINARY VALUATIONS

As of July 1, 2020

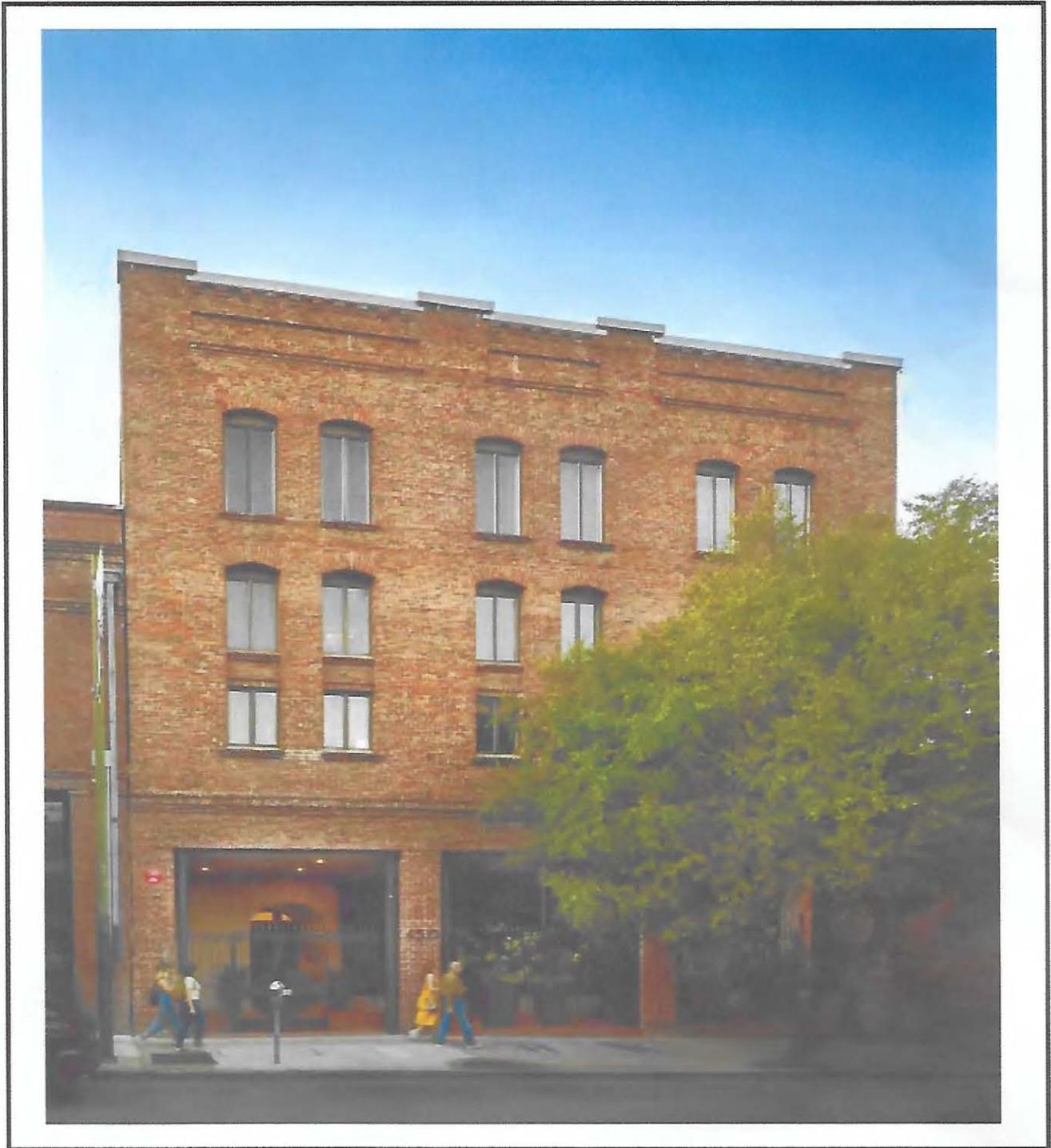
Upon recording of the Mills Act contract by December 31, 2020 the first year of the Mills Act Value will be for the 2021-2022 fiscal year

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**



**450 Pacific Avenue
As of 07/01/2020**

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

APN:	0164-010	Lien Date:	7/1/2020
Address:	450 Pacific Avenue	Application Date:	5/1/2020
SF Landmark No.:		Application Term:	10 years
Applicant's Name:	Pacific Stables Property Owner LLC	Last Sale Date:	9/16/2019
Agt./Tax Rep./Atty:	Jesse Feldman	Last Sale Price:	\$31,771,200
Fee Appraisal Provided:	Yes		

FACTORED BASE YEAR (Roll) VALUE		INCOME CAPITALIZATION APPROACH		SALES COMPARISON APPROACH	
Land	\$19,063,000	Land	\$14,017,800	Land	\$19,723,800
Imps.	\$12,708,200	Imps.	\$9,345,200	Imps.	\$13,149,200
Personal Prop	\$0	Personal Prop	\$0	Personal Prop	\$0
Total	\$31,771,200	Total	\$ 23,363,000	Total	\$ 32,873,000

Property Description

Property Type:	Commercial	Year Built:	1907/2009	Neighborhood:	Jackson Square/Fin. District North
Type of Use:	Office	(Total) Rentable Area:	28,586	Land Area:	7,150
Owner-Occupied:	No	Stories:	4	Zoning:	C2
Unit Types:	Commercial	Parking Spaces:	No parking		

Total No. of Units: 1

Special Conditions (Where Applicable)

See Additional Comments Tab.

Conclusions and Recommendations

	Per SF	Total
Factored Base Year Roll	\$ 1,111	\$ 31,771,200
Income Approach - Restricted Direct Capitalization	\$ 817	\$ 23,363,000
Sales Comparison Approach	\$ 1,150	\$ 32,873,000
Recommended Value Estimate	\$ 817	\$ 23,363,000

Appraiser: Marcus Chan	Principal Appraiser: James Bias	Hearing Date:
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Additional Comments

Address: 450 Pacific Avenue
APN: 0164-010
Event Date: 7/1/2020

Objective: Summarize and document the Mills Act information obtained under 441(d) and conversation/communication with co-owner Jesse Feldman. The files provided are the original lease and lease amendments, lease offering memo, 7/23/19 fee appraisal, partial 2019-2020 cash-flow statement, 11-years pro-forma, summary of capital expenditure and annual maintenance related to Mills Act.

Summary of work performed:

The subject property was sold by owner-user "450 Pacific LP" (owned by Keesal, Young & Logan, PC (KYL)) on 09/16/19. The seller and buyer agreed on a 6 months leaseback from 09/10/19 to 03/11/20. The original leaseback agreement was for 26,476 SF (90% of rentable space), \$65/SF annual, with expense terms that requires the tenant to reimburse landlord for all operating expenses and property taxes based on FBYV before sale. Later in March 2020, an amendment was executed for additional 36 months of lease under the same conditions of the original lease. Per conversation with co-owner Jesse Feldman, on 08/12/20, he disclosed the owners tried to lease building to new tenants without success. He said, the owners were able to negotiate for the current tenant to extend the lease. I asked him about the rent that appears below market. He claimed they were lucky to keep the current tenant because they feared the building would undergo foreclosure without any income.

Per review of lease amendment, the rent and expense terms remain the same. Additionally, there would be 3 months of rent deferral, payable in the future without interest. The 3-month rent (\$430,235) is to be repaid in 33 equal installments starting 09/01/20. The annual increase is 3%. The landlord was also required to reimburse \$110,000 to the tenant as lease contract costs. The tenant pays all operating costs, which are comprised of utilities, insurance, janitorial, maintenance and adm costs. Other expenses are the property taxes equivalent based on the seller's old FBYV. Per lease agreement, the landlord pays the tax portion of the supplemental assessment.

The appraisal report states the As-Is fee simple interest as of 07/31/19 to be \$31,800,000 and the prospective stabilized 08/01/20 value to be \$40,800,000. The estimated 08/01/20 prospective rent is \$90/SF NNN with TI allowance of \$150/SF and 6 months free to new tenant.

Per reported cost estimates, the maintenance cost between 2022 and 2025 is \$17,006 annually. The estimated total restoration cost is \$1,622,754. The restoration is estimated to start in phases, beginning in 2025 and ending by 2031.

Per co-owner J. Feldman, the owner-use stated in the Mills Act application is incorrect. He confirmed that total rentable of the building is 28,586 SF; and initially the company used 2,858 SF as a leasing office and the remaining 26,476 SF for the leaseback to the seller. He claimed the company no longer occupies that space and now is left for the tenant KYL to use without additional charge. He claimed that there is no additional amendment or agreement for the use of that area. Based on owner's disclosure, the building is fully tenant occupied.

Conclusion:

Based on available information is concluded the following:

- The total rentable area is 28,586 SF to be used in the Mills Act valuation.
- Industrial Gross Rents (IG) typically cover the commercial property operating expenses on top of the Base Rent. IG rents may include, but are not limited to, property taxes, maintenance, insurance and others expenses, depending on the negotiated terms. Per lease agreement with landlord, tenant KYL pays base rent of \$65/SF and reimburses the landlord for all operating expenses, as defined in the agreement. Per review of cash-flow and pro-forma reports, the amount reimbursable to the landlord (portion of taxes, adm expenses, insurance, others) is estimated to be \$8.42/SF. Under the lease agreement terms, the rent is equivalent to \$73.42/SF IG. Accept in-place rent and landlord concessions as market due to leasing environment under COVID-19 conditions. See breakdown of estimated reimbursable to the landlord.
- Accept and use owners' reported operating expenses as reported actual is in line with projected expenses.
- Under the lease agreement, the tenants pays equivalent to 35% of property taxes whereas the landlord pays 65%. Will use tax rate component equal to 0.7671% (or 1.1801% x 65%),

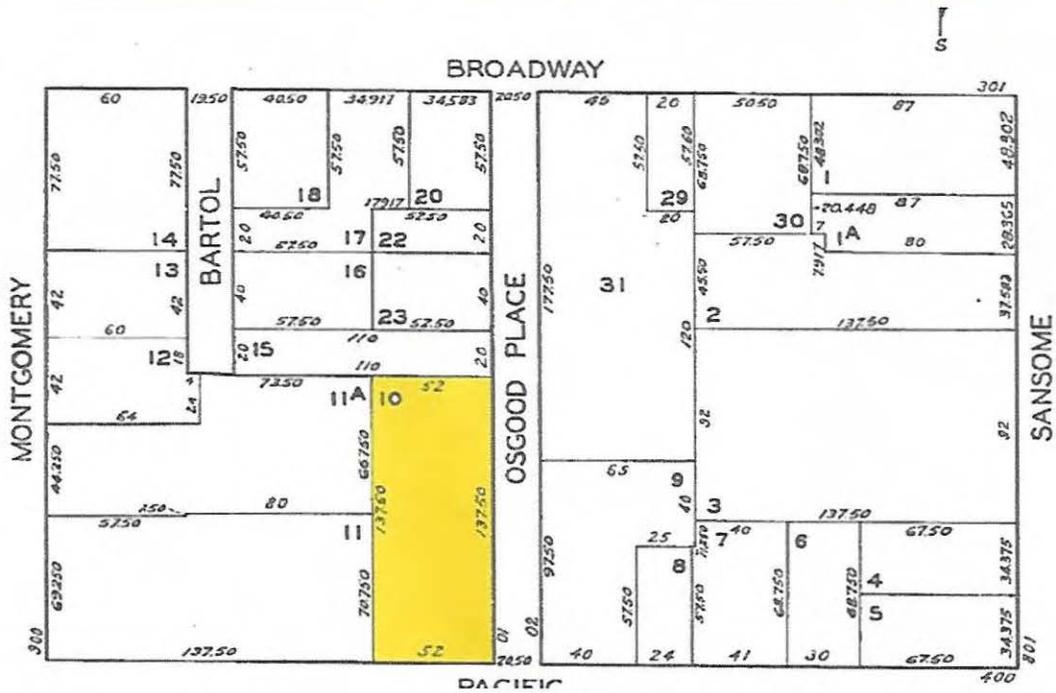
Reported Operating Expenses

Expense Name	Annual Expense	Exp/ SF
Regular Tax (tenant)	\$111,742.00	\$3.91
Adm Expenses	\$44,000.00	\$1.54
Insurance	\$63,057.00	\$2.21
Professional Fee	\$20,000.00	\$0.70
Accounting Fee	\$2,000.00	\$0.07
Total	\$240,799.00	\$8.42

SUBJECT PHOTOGRAPHS AND LOCATOR MAP

Address: 450 Pacific Avenue

APN: 0164-010



SUBJECT PHOTOGRAPHS AND LOCATOR MAP

Address: 450 Pacific Avenue

APN: 0164-010



INCOME APPROACH

Address: 450 Pacific Avenue

Lien Date: 7/1/2020

	<u>Sq. Ft.</u>		<u>Annual Rent/SF</u>		
Potential Gross Income	28,586	x	\$73.42	IG	\$2,098,889
Less: Vacancy & Collection Loss			3%		(\$62,967)
Effective Gross Income					\$2,035,922
Less: Anticipated Operating Expenses (Pre-Property Tax)*			\$8.42		(\$240,799) 12%
Net Operating Income (Pre-Property Tax)					\$1,795,123

Restricted Capitalization Rate

2020 interest rate per State Board of Equalization			4.2500%		4.2500%
Risk rate (4% owner occupied / 2% all other property types)			2.0000%		2.0000%
2019 property tax rate **			1.1801%	65%	0.7671%
Amortization rate for improvements only					
Remaining economic life (in years)	60	0.0167	0.6667%		0.6667%
Improvements constitute % of total property value		40%			<u>7.6837%</u>

RESTRICTED VALUE ESTIMATE

Rounded Value **\$23,362,650**
\$23,363,000

Rent Roll as of

<u>Unit</u>	<u>Bdrm/Ba</u>	<u>SF</u>	<u>Move In Date</u>	<u>Monthly Contract Rent</u>	<u>Annual Rent</u>	<u>Annual Rent / Foot</u>
All		28,586	9/10/2019	\$143,412	\$1,720,940.04	\$60.20
Total:		28,586		\$143,412	\$1,720,940	\$60.20

Summary of Subject and Comparable Leases

Address: 450-460 Pacific Ave.
 APN: 0164 010
 Event Date: 7/1/2020

No.	Block/Lot	Address	Tenant	Floor	Lease Signed	Lease Start	Term - Mo's	NRA	Starting Rent	Effective Rent	Lease Type	T.I.'s/ S.F.	Mo's Free Rent	Escalations/Comments
Subject Property Leases														
Subj.														
Subj.														
Subj.														
									Avg	#DIV/0!				
Comparable Rents (Sorted by Property Type)														
	0164 030	350 Broadway	Knotel	1 & 2		9/4/2019	180	5,896	\$71.00		IG			3% inc annual. Tenant pays util. & janitorial.
	0164 030	350 Broadway	Knotel	3		9/4/2019	180	1,021	\$73.00		IG			3% inc annual. Tenant pays util. & janitorial.
	0262 021	201 California #440	Two Six Capital Llc			4/1/2019	36	2,651	\$75.00		FSG			Renewal (2017 rent roll show lease expire 3/31/2019)
	0241 027	600 California #900	Bridge Housing Corp.			4/1/2019	60	20,945	\$75.50		FSG			From rent roll.
	0166 001	747 Front St	Minted			2/1/2019	38	38,000	\$77.00		IG	\$20.00		3% inc annual. Source: Brick+Timber Confidential Memo
	0175 003	727 Sansome St	H2O Plus			12/1/2018	60	5,000	\$90.00		IG	None		3% inc annual. Source: Brick+Timber Confidential Memo
	0174 008	710 Sansome St	OneLogin			10/1/2018	86	40,125	\$82.00		FSG	\$15.00		3% inc annual. Source: Brick+Timber Confidential Memo
	0196 027	415 Jackson St	01 Advisors			3/1/2018	96	3,545	\$75.00		FSG	None		3% inc annual. Source: Brick+Timber Confidential Memo
	0141 013	855 Front St	Craft Ventures			12/1/2018	120	16,433	\$85.00		NNN	None		2% inc annual. Source: Brick+Timber Confidential Memo
	0084 008	1265 Battery St (Levi's Plaza)	Pereira & O'Dell Advertising			2/1/2019	100	17,237	\$84.00		FSG	\$100.00		3% inc annual. Source: Brick+Timber Confidential Memo
	0136 001	55 Green St	Getaround	All		10/1/2018	120	45,527	\$73.90		NNN	\$110.00		3% inc annual. Lease includes 17 prkg spaces.
									\$77.40					
Comparable Rental Active Listings														
	0175 011	476-478 Jackson St	Loopnet Lease offering memo	2 & 3				2,600	\$81.50					Listing date 10/02/19
	0136 004A	940 Battery St	Loopnet Lease offering memo	1,2,3,4				26,720	\$85.00					Listing date 01/02/20
	0175 004	402 Jackson St	Loopnet Lease offering memo					1,800	\$85.00		IG			Sublease. Listed 03/10/20. Updated 7/14/20.
	0175 024	477 Pacific Ave	Loopnet Lease offering memo	3				3,280	\$78.00		FSG			Small Bldg. Listed 03/26/20. Updated 7/28/20.
Average									\$82.38					

Market By The Numbers

Submarket	Total RBA (SF)	Vacancy Rate		Avail Rate		Net Absorp (SF)	Under Construction (SF)	Avg Ask Total	Avg Asking Rent		Direct Avg Ask Total	Avg. Direct Rent	
		Class A	Class B	Class A	Class B				Class A	Class B		Class A	Class B
North Financial	27,474,560	7.1%	10.2%	10.6%	15.0%	-605,944	0	\$87.66	\$88.14	\$87.36	\$89.29	\$90.40	\$87.80
South Financial	27,702,873	6.4%	6.2%	9.0%	7.2%	-685,120	1,250,000	\$93.16	\$93.70	\$78.39	\$95.91	\$96.10	\$82.12
CBD Average	55,177,433	6.8%	8.5%	9.8%	11.3%	-1,291,064	1,250,000	\$90.55	\$91.50	\$85.93	\$92.67	\$93.83	\$87.17
SCMA*	7,573,690	8.5%	8.4%	9.0%	7.4%	-344,106	766,537	\$82.91	\$92.64	\$80.15	\$87.75	\$97.50	\$84.56

Income and Expense History

Address: 450 Pacific Avenue
 APN: 0164-010
 Value Date: 7/1/2020

Bsmt Storage
 Flrs 2 - 4
 Mezzanine

Occupancy as of Sales Date: **100%**

Total NRA (not including Bsmt) 28,586

	Historical Income and Expenses					
	Period = Sep 2019-Jun 2020		Pro-Forma 2021		Pro-Forma 2022	
	Total	Per S.F.	Total	Per S.F.	Total	Per S.F.
Income						
Rental Income	\$ 1,362,411	\$ 47.66	\$ 1,742,452	\$ 60.95	\$ 1,794,725	\$ 62.78
Rental Abatement	\$ (286,823)	\$ (10.03)				
BY Escalations/Recoveries	129,144	4.52	198,844	6.96	202,821	7.10
Storage Income	-	-	-	-	-	-
Misc. Income	-	-	-	-	-	-
Other Income*	-	-	-	-	-	-
Total Income	\$ 1,204,732	\$ 42.14	\$ 1,941,296	\$ 67.91	\$ 1,997,546	\$ 69.88
Expenses						
Real Estate Taxes	89,151	3.12	\$ 319,931	\$ 11.19	\$ 326,330	\$ 11.42
Utilities	-	-	-	-	-	-
Insurance	24,801	0.87	63,057	2.21	64,319	2.25
Janitorial	100	0.00	-	-	-	-
Security	3,673	0.13	-	-	-	-
Payroll	-	-	-	-	-	-
Repairs & Maintenance	-	-	-	-	-	-
Legal & Professional	22,000	0.77	22,440	0.78	22,889	0.80
General & Administrative	41,965	1.47	44,880	1.57	45,778	1.60
Management Fee	-	-	-	-	-	-
State Tax	2,500	0.09	-	-	-	-
Total Expenses	\$ 184,190	\$ 6.44	\$ 450,308	\$ 15.75	\$ 459,316	\$ 16.07
Less: Property Taxes	89,151	3.12	319,931	11.19	326,330	11.42
Pre-Tax Total Expenses	\$ 95,039	\$ 3.32	\$ 130,377	\$ 4.56	\$ 132,986	\$ 4.65
Pre Tax Net Operating Income	\$ 1,109,693	\$ 38.82	\$ 1,810,919	\$ 63.35	\$ 1,864,560	\$ 65.23

* Other income includes: Reimbursable share of Op.expenses

Management Fee % 0.00% 0.00% 0.00%

SALES COMPARISON ANALYSIS

Subj. APN	ADDRESS	SALE PRICE \$ PER SQ.FT.	Value Per SQ.FT NRA	NEIGHBORHOOD	Location	LOT SIZE	YEAR BUILT	NRA SQ.FT.	CONDITION	OVERALL ADJUSTMENT	ADJ Sales Price \$/SF NRA
	450 Pacific Avenue 0164-010	\$31,771,200 \$1,111		Jackson Square/Fin. District North		7,150	1907/2009	28,586	Good		
1	450 Pacific Avenue 0164-010	9/16/2019 \$31,771,200	SUBJECT \$1,111	Jackson Square/ Fin.	Similar	7,150	1907/2009	28,586	Good	0%	\$1,111
2	747 Front St APN: 0166-001	9/12/2019 \$68,385,000	\$918	Fin. District North	Inferior 10%	17,542	1909/2014	74,510 5%	Average 5%	20%	\$1,101
3	600 Battery St APN: 0173-001/009	1/18/2019 \$115,000,000	\$1,025	Fin. District North	Inferior 5%	39,737	1927/1999	112,208 5%	Good	10%	\$1,127
4	451 Pacific Ave APN: 0175-027	1/17/2020 \$12,850,000	\$1,252	Jackson Square/ Fin.	Similar	3,436	1908/1980	10,264	Good	0%	\$1,252
										0%	\$0

RANGE OF VALUES	\$1,111	to	\$1,127
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Estimated Market Value of SQ.FT: **\$1,120**

<u>NRA</u>	X	<u>\$/SQ.FT</u>	
28,586	X	\$1,150	\$32,873,900

ESTIMATED MARKET VALUE \$32,873,000



CEQA CATEGORICAL EXEMPTION DETERMINATION

Property Information/Project Description

Project Address	Block/Lot(s)
450 Pacific Avenue	0164/010
Case No.	Permit No.
2020-004819MLS	N/A
<input checked="" type="checkbox"/> Addition Alteration <input type="checkbox"/> Demolition (requires HRE for Category B Building) <input type="checkbox"/> New Construction	
Project Description	
Mills Act Historical Property Contract	

STEP 1: Exemption Class

<input checked="" type="checkbox"/> Class 1 - Existing Facilities. Interior and exterior alterations; additions under 10,000 sq. ft.
<input type="checkbox"/> Class 3 - New Construction. 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"/> Class 32 - In-Fill Development. 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"> 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. The proposed development occurs within city limits on a project site of no more than 5 acres substantially surrounded by urban uses. The project site has no value as habitat for endangered rare or threatened species. Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality. The site can be adequately served by all required utilities and public services. <p>FOR ENVIRONMENTAL PLANNING USE ONLY</p>
<input type="checkbox"/> Class _____

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>Air Quality: 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 > CEQA Catex Determination Layers > Air Pollution Exposure Zone)</i></p>
<input type="checkbox"/>	<p>Hazardous Materials: 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 > Maher layer).</i></p>
<input type="checkbox"/>	<p>Transportation: 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>Archeological Resources: 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 > CEQA Catex Determination Layers > Archeological Sensitive Area)</i></p>
<input type="checkbox"/>	<p>Subdivision/Lot Line Adjustment: 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 > CEQA Catex Determination Layers > Topography)</i></p>
<input type="checkbox"/>	<p>Slope = or > 25%: 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 > CEQA Catex Determination Layers > Topography)</i> If box is checked, a geotechnical report is required and Environmental Planning must issue the exemption.</p>
<input type="checkbox"/>	<p>Seismic: Landslide Zone: 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 > CEQA Catex Determination Layers > Seismic Hazard Zones)</i> If box is checked, a geotechnical report is required.</p>
<input type="checkbox"/>	<p>Seismic: Liquefaction Zone: 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 > CEQA Catex Determination Layers > Seismic Hazard Zones)</i> If box is checked, a geotechnical report will likely be required.</p>
<p>Comments and Planner Signature (optional):</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"/>	Category A: Known Historical Resource. GO TO STEP 5.
<input type="checkbox"/>	Category B: Potential Historical Resource (over 45 years of age). GO TO STEP 4.
<input type="checkbox"/>	Category C: Not a Historical Resource or Not Age Eligible (under 45 years of age). GO TO STEP 6.

STEP 4: Proposed Work Checklist

To Be Completed By Project Planner

Check all that apply to the project.	
<input type="checkbox"/>	1. Change of use and new construction. Tenant improvements not included.
<input checked="" type="checkbox"/>	2. Regular maintenance or repair to correct or repair deterioration, decay, or damage to building.
<input type="checkbox"/>	3. Window replacement that meets the Department’s <i>Window Replacement Standards</i> . Does not include storefront window alterations.
<input type="checkbox"/>	4. Garage work. 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"/>	5. Deck, terrace construction, or fences not visible from any immediately adjacent public right-of-way.
<input type="checkbox"/>	6. Mechanical equipment installation that is not visible from any immediately adjacent public right-of-way.
<input type="checkbox"/>	7. Dormer installation that meets the requirements for exemption from public notification under <i>Zoning Administrator Bulletin No. 3: Dormer Windows</i> .
<input type="checkbox"/>	8. Addition(s) 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. GO TO STEP 5.
<input type="checkbox"/>	Project does not conform to the scopes of work. GO TO STEP 5.
<input type="checkbox"/>	Project involves four or more work descriptions. GO TO STEP 5.
<input type="checkbox"/>	Project involves less than four work descriptions. GO TO STEP 6.

STEP 5: CEQA Impacts - Advanced Historical Review

To Be Completed By Project Planner

Check all that apply to the project.	
<input type="checkbox"/>	1. Project involves a known historical resource (CEQA Category A) as determined by Step 3 and conforms entirely to proposed work checklist in Step 4.
<input type="checkbox"/>	2. Interior alterations to publicly accessible spaces.
<input type="checkbox"/>	3. Window replacement of original/historic windows that are not “in-kind” but are consistent with existing historic character.
<input type="checkbox"/>	4. Façade/storefront alterations that do not remove, alter, or obscure character-defining features.
<input type="checkbox"/>	5. Raising the building in a manner that does not remove, alter, or obscure character-defining features.
<input checked="" type="checkbox"/>	6. Restoration based upon documented evidence of a building’s historic condition, such as historic photographs, plans, physical evidence, or similar buildings.
<input type="checkbox"/>	7. Addition(s) , 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"/>	8. Other work consistent with the Secretary of the Interior Standards for the Treatment of Historic Properties (specify or add comments):
<input type="checkbox"/>	9. Other work that would not materially impair a historic district (specify or add comments):
(Requires approval by Senior Preservation Planner/Preservation Coordinator)	
<input type="checkbox"/>	10. Reclassification of property status. (Requires approval by Senior Preservation Planner/Preservation
<input type="checkbox"/> Reclassify to Category A a. Per HRER dated b. Other (specify):	<input type="checkbox"/> 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"/>	Project can proceed with categorical exemption review. The project has been reviewed by the Preservation Planner and can proceed with categorical exemption review. GO TO STEP 6.
Comments (optional):	
Preservation Planner Signature:	

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:
Alexandra Kirby, Senior Planner
9/25/2020

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

PRE-APPROVAL INSPECTION REPORT

Report Date: June 1, 2020
Inspection Date: May 22, 2020; 3:30pm
Filing Date: May 1, 2020
Case No.: **2020-004819MLS**
Project Address: **450 Pacific Avenue**
Block/Lot: 0164/010
Eligibility: Contributor to the Jackson Square Historic District
Zoning: C-2 – Community Business
Height & Bulk: 65-A
Supervisor District: District 3 (Aaron Peskin)
Project Sponsor: Pacific Stables Property Owner LLC
Address: 590 Pacific Avenue
San Francisco, CA 94133
310-756-3478
jesse@brickandtimbercollective.com
Staff Contact: Alexandra Kirby – (415) 575-9133
alexandra.kirby@sfgov.org
Reviewed By: Elizabeth Gordon-Jonckheer – (415) 575-8728
Elizabeth.Gordon-Jonckheer@sfgov.org

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

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

PRE-INSPECTION

Application fee paid

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

5/21/20: Email applicant to schedule site visit. Confirm site visit for 5/22/20. Inspection Conducted by Michelle Taylor without project sponsor due to social distancing requirements.

5/26/20: Email applicant to schedule virtual meeting. Confirm meeting for 5/29/20.

5/29/20: Discuss proposed Rehabilitation and Maintenance Plan and Mills Act timeline and terms with Page & Turnbull and applicant.

INSPECTION OVERVIEW

Date and time of inspection: Friday, May 22, 2020, 3:30pm

Parties present: Michelle Taylor

- Provide applicant with business cards – n/a, contact information provided via email.
- Inform applicant of contract cancellation policy – completed during follow up conference call on 5/29/20
- Inform applicant of monitoring process – completed during follow up conference call on 5/29/20

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.

- 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: **HSR provided**
- Yes** **No** Does the property meet priority considerations including necessity, investment, distinctiveness, recently designated city landmark or legacy business?

NOTES

450 Pacific Avenue (District 3) is located on the north side of Pacific Avenue between Montgomery and Sansome streets at the northwest corner of Osgood Place, Assessor's Block 0164, Lot 010. The subject property is located within a C-2 (Community Business District) zoning district and a 65-A Height and Bulk district. The subject property is a contributing building to the Jackson Square Article 10 Historic District. It is a four-story brick-masonry commercial building that was originally constructed as a livery stable prior to 1887 and expanded with a fourth-floor addition at an unknown date.

The subject property is currently valued by the Assessor's Office at over \$5,000,000. Therefore, an exemption from the tax assessment value is required. The applicant has provided a Historic Structures Report ("HSR") prepared by Page & Turnbull.

The applicant completed a seismic upgrade of the property in 2007. The rehabilitation plan proposes to restore the historic storefront; replace parapet flashing; repair roofing and parge; treat all exterior or exposed steel and skylights; and repointing, patching and cleaning of brickwork. The estimated cost of the proposed rehabilitation work is \$1,280,328.

The maintenance plan proposes to inspect and make any necessary repairs to the roofing, flashing, pointing, metal corrosion, drainage points, and biological growth management on an annual basis. The estimated cost of maintenance work is \$17,006 annually.

The application is complete and will be forwarded to the Assessor-Recorder on June 2, 2020.

PHOTOGRAPHS



Mills Act Pre-Approval Inspection Report
May 28, 2020

Case Number: 2020-004819MLS
450 Pacific Avenue



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



Member, Board of Supervisors
District 4

City and County of San Francisco

GORDON MAR

DATE: December 10, 2020

TO: Angela Calvillo
Clerk of the Board of Supervisors

FROM: Supervisor Mar 
Chairperson

RE: Government Audit and Oversight Committee
COMMITTEE REPORT

Pursuant to Board Rule 4.20, as Chair of the Government Audit and Oversight Committee, I have deemed the following matters are of an urgent nature and request they be considered by the full Board on Tuesday, December 15, 2020, as Committee Reports:

File No. 201264 [Emergency Ordinance – Public Health Emergency Leave]

Reenactment of emergency ordinance (Ordinance No. 59-20) to temporarily require private employers with 500 or more employees to provide public health emergency leave during the public health emergency related to COVID-19.

File No. 201176 [Mills Act Historical Property Contract – 450 Pacific Avenue]

Resolution approving a historical property contract between Pacific Stables Property Owner LLC, the owners of 450 Pacific Avenue, and the City and County of San Francisco, under Administrative Code, Chapter 71; and authorizing the Planning Director and the Assessor-Recorder to execute and record the historical property contract.

These matters will be heard in the Government Audit and Oversight Committee during a special meeting on December 15, 2020, at 8:30 a.m.