

File No. 171104

Committee Item No. 5

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight

Date: December 6, 2017

Board of Supervisors Meeting:

Date: _____

Cmte Board

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

OTHER

- | | | |
|-------------------------------------|--------------------------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Planning Letter - November 8, 2017</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Planning Presentation - November 1, 2017</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Assessor's Presentation - November 1, 2017</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Case Report - October 4, 2017</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>HPC Reso. No. 907 - October 4, 2017</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Mills Act Agreement</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Rehabilitation- Restoration Plan</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Assessor's Valuation</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Mills Act Application</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Planning Department Letter - October 10, 2017</u> |

Prepared by: John Carroll

Date: December 1, 2017

Prepared by: _____

Date: _____

1 [Mills Act Historical Property Contract - 973 Market Street]

2
3 **Resolution approving an historical property contract between Raintree 973 Market**
4 **Newco LLC, the owners of 973 Market Street, and the City and County of San**
5 **Francisco, under Administrative Code, Chapter 71; and authorizing the Planning**
6 **Director and the Assessor-Recorder to execute the historical property contract.**
7

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

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

15 WHEREAS, Said determination is on file with the Clerk of the Board of Supervisors in
16 File No. 171104, is incorporated herein by reference, and the Board herein affirms it; and

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

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

23 WHEREAS, 973 Market Street is designated as a Contributor to the Market Street
24 Theater and Loft National Register Historic District under Article 10 of the Planning Code and
25 thus qualifies as an historical property as defined in Administrative Code, Section 71.2; and

1 WHEREAS, A Mills Act application for an historical property contract has been
2 submitted by Raintree 973 Market Newco LLC, the owners of 973 Market Street, detailing
3 rehabilitation work and proposing a maintenance plan for the property; and

4 WHEREAS, As required by Administrative Code, Section 71.4(a), the application for
5 the historical property contract for 973 Market Street was reviewed by the Assessor's Office
6 and the Historic Preservation Commission; and

7 WHEREAS, The Assessor-Recorder has reviewed the historical property contract and
8 has provided the Board of Supervisors with an estimate of the property tax calculations and
9 the difference in property tax assessments under the different valuation methods permitted by
10 the Mills Act in its report transmitted to the Board of Supervisors on October 11, 2017, which
11 report is on file with the Clerk of the Board of Supervisors in File No. 171104 and is hereby
12 declared to be a part of this Resolution as if set forth fully herein; and

13 WHEREAS, The Historic Preservation Commission recommended approval of the
14 historical property contract in its Resolution No. 907, including approval of the Rehabilitation
15 Program and Maintenance Plan, attached to said Resolution, which is on file with the Clerk of
16 the Board of Supervisors in File No 171104 and is hereby declared to be a part of this
17 resolution as if set forth fully herein; and

18 WHEREAS, The draft historical property contract between Raintree 973 Market Newco
19 LLC, the owners of 973 Market Street, and the City and County of San Francisco is on file
20 with the Clerk of the Board of Supervisors in File No. 171104 and is hereby declared to be a
21 part of this resolution as if set forth fully herein; and

22 WHEREAS, The Board of Supervisors has conducted a public hearing pursuant to
23 Administrative Code, Section 71.4(d) to review the Historic Preservation Commission's
24 recommendation and the information provided by the Assessor's Office in order to determine
25 whether the City should execute the historical property contract for 973 Market Street; and

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WHEREAS, The Board of Supervisors has balanced the benefits of the Mills Act to the owner of 973 Market Street with the cost to the City of providing the property tax reductions authorized by the Mills Act, as well as the historical value of 973 Market Street and the resultant property tax reductions, and has determined that it is in the public interest to enter into a historical property contract with the applicants; now, therefore, be it

RESOLVED, That the Board of Supervisors hereby approves the historical property contract between Raintree 973 Market Newco LLC, the owners of 973 Market Street, and the City and County of San Francisco; and, be it

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



SAN FRANCISCO PLANNING DEPARTMENT

DATE: November 8, 2017
TO: Chair Kim and Members of the Government Audit and Oversight Committee
FROM: Tim Frye, Historic Preservation Officer, (415) 575-6822
RE: Follow-up regarding pending Mills Act Contract applications and Government Audit and Oversight Committee comments and questions.

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

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

The Planning Department is providing the following information at the request of the Government Audit and Oversight Committee of the Board of Supervisors. The request was made at its November 1, 2017 committee hearing regarding pending Mills Act Contract applications currently under review by the City and County of San Francisco.

Planning staff also provided the HPC with an overview of the comments and concerns raised by the GAO Committee at its November 1, 2017 HPC hearing. In response, President Andrew Wolfram directed Planning Staff to schedule a hearing to discuss how the program can better align with the Committee's intent for the program. We will notify the Committee when the hearing is scheduled. It's anticipated it will be scheduled in early 2018 to allow for improvements to the program to be incorporated into the 2018 application cycle.

To prevent a reoccurrence of the quality of the Committee's 2017 information packet and to maintain an ongoing line of communication with the Board of Supervisors, the Department has revised its application procedures to include the following:

First Business Day in May – Applications Submitted to Planning Department

Within 15 days of Application Receipt – District Supervisors will be notified of applications received in their respective districts

Last Business Day in May - All enforcement, complaints and Ellis Act cases will be noted. (This milestone may be revised pending HPC and Board action regarding Mills Act qualifications for 2018)

First Business Day in June - District Supervisors will be notified of applications that are forwarded to the Assessor-Recorder as well as any application not transmitted due to enforcement issues, incomplete information, etc.

Mid-September - District Supervisors and Government Audit and Oversight Committee Chair will be notified of valuation and the advance HPC hearing date

First Wednesday in October – HPC Hearing on pending Mills Act Applications

First Friday in October - District Supervisors and Government Audit and Oversight Committee Chair will be notified of HPC hearing results and date of transmittal of Mills Act application to the Clerk of the Board of Supervisors.

Two Weeks Prior to Government Audit and Oversight Committee Hearing – Department will schedule any Supervisor briefings, if requested

Pending Mills Act Contracts:

215 and 219 Haight Street: The pending Mills Act application for Woods Hall and Woods Hall Annex are under the same ownership as the remainder of the San Francisco Teacher's College site. There is an

Memo to Government Audit and Oversight Committee – Pending Mills Act Contracts
November 8, 2017

outstanding enforcement, Case No. 2017-008046ENF, opened on June 27, 2017 for 155 Laguna St, Unit 59 for illegal office use and is under review. The building at 155 Laguna is a contemporary building located on the site. It appears, however, another recent enforcement case was opened on October 23, 2017 regarding a 4x4 piece of wood bolted to the northeast corner of Richardson Hall. The Department is also investigating this current complaint.

56 Potomac Street: The subject property currently has a Mills Act Contract granted by the Board of Supervisors in 2013, File No. 13159. The applicant proposes to amend the 2013 Mills Act Contract to complete a remodel of the interior and construct additions. As part of the new contract the property owner proposes to restore the front façade. At the November 1, 2017 hearing Supervisor Peskin suggested the pending Certificate of Appropriateness be resolved before considering the new contract. Based on the proposed scope of work, the pending Certificate of Appropriateness cannot be approved by the Historic Preservation Commission as the work to the rear façade is in conflict with the rehabilitation outlined in the current contract.

60-62 Carmelita Street: According to Rent Board documentation, the tenants in 60 Carmelita and 62 Carmelita applied for protected status on August 7, 2015. Documentation shows a declaration of landlord buyout on November 24, 2015 for 62 Carmelita Street; however, the Rent Board does not have the paperwork on file. An owner move-in was filed on December 31, 2015. The Department has made another request to the Rent Board for more information. We will forward the information once received.

973 Market Street: While the proposed application was not before the committee, Planning staff stated that the open enforcement action on the property was to be closed by November 3, 2017. Based on updated information from the City Attorney's Office, the property owners' attorney has expressed strong interest in resolving the violation by paying the full penalty amount including accrued any interest. The City Attorney's Office is in negotiations with the property owners' attorney, and if successful, believes the enforcement action and the pending actions against the City challenging the penalty can be resolved by the end of November.

All Pending Mill Act Contract Applications: Should the Chair decide to hear any of the pending items at its last Committee hearing in December, the Department will work with the Clerk and all parties to schedule accordingly.

Mills Act Contracts are accepted by the Department on the first business day in May each year and complete applications are forwarded to the Office of the Assessor-Recorder the first business day of June each year. This provides the Assessor-Recorder's Office, the Planning Department, and the public with a predictable schedule for ensuring all decision-making bodies have time to review the pending applications within the calendar year. If the pending applications are not heard before the end of the calendar year, they may be reconsidered by the Board of Supervisors at a future hearing, outside of the standard May – June application cycle, provided the Assessor-Recorder has had an opportunity to revise its analysis.

Table of all current Mills Act Contracts to date: Please see attached table prepared by the Planning Department and the Assessor-Recorder's Office

San Francisco Mills Act Contracts

Contract #	Address	Property Owner	Historic Name	Block/Lot	Status	Type of Landmark	Date Filed at Dept.	Planning Case No.	Sent to ARO	Valuation Rec'd from ARO	Rehab/ Maintenance Plans Approved by HPC	HPC Resolution No.	Contract Approved by BOS	BOS File No.	Contract Recorded with ARO	2017-2018 Base Value	2017-2018 Mills Act Taxable Value	\$ Reduction In Assessed Value	% Reduction In Assessed Value	Property Tax Savings (1.1723%)	Supervisor District
1	460 Bush St.	Alice Carey	Fire Station #2	0270/041	Approved	Article 10 (#143) Article 11 (KMMS-Cat 1)	01/05/02	2002.0092U			3/20/2002	556	5/13/2002	02-0640		\$ 2,431,442	\$ 2,431,442	\$ -	0.00%	\$0	4
2	1080 Haight St.	Fellmore Management, LLC	John C. Spencer House	1236/018	Approved	National Register	08/17/05	2005.0690U				603	5/15/2007	07-0385	12/13/2007	\$ 4,635,120	\$ 3,550,000	\$ (1,085,120)	-23.41%	-\$12,721	5
3	1735 Franklin St.	Tad & Masumi Orida	Brandenstein House	0641/002	Approved	Article 10 (#126)	03/28/05	2005.0302U				612	8/7/2007	07-0701	11/27/2007	\$ 3,003,117	\$ 2,827,467	\$ (175,650)	-5.85%	-\$2,059	2
4	690 Market St.	RC Chronicle Bldg., LP	Chronicle Bldg.	0311/016	Approved	Article 11 Cat. II	01/03/08	2008.0014U				620	11/4/2008	08-1410		\$ 107,993,060	\$ 63,471,317	\$ (44,521,743)	-41.23%	-\$521,928	3
5	1818 California St.	Nakamura FLP	Lilienthal-Orville Pratt House	0641/004	Approved	Article 10 (#55)	12/01/08	2008.1327U				636	12/3/2010	09-1106	12/23/2010	\$ 4,042,716	\$ 2,322,562	\$ (1,720,154)	-42.55%	-\$20,165	2
6	201 Buchanan	Howard Sten and Jason Stien	Nightengale House	0858/002	Approved	Article 10 (#47)	7/8/2011	2011.0310U	6/1/2013	9/5/2013	10/16/2013	701	7/30/2013	13-0623	12/23/2013	\$ 1,738,460	\$ 1,670,000	\$ (68,460)	-3.94%	-\$803	5
7	2550 Webster St.	Gregory & Gloria McCandless	Bourn Mansion	0580/013	Approved	Article 10 (#38)	5/1/2013	2013.0679U	6/1/2013	12/3/2013	10/16/2013	715	12/16/2013	13-0479	12/26/2013	\$ 3,203,037	\$ 3,029,429	\$ (173,608)	-5.42%	-\$2,035	2
8	3769 20th St.	Thomas Ranese & Brian Jackson	N/A	3607/062	Approved	Article 10 (Liberty Hill)	5/1/2013	2013.0582U	6/1/2013	12/3/2013	10/16/2013	716	12/16/2013	13-0521	12/30/2013	\$ 2,052,382	\$ 1,190,000	\$ (862,382)	-42.02%	-\$10,110	8
9	1019 Market St.	Coby Durmin (Sentinel Development)	Carpets & Furniture Bldg.	3703/076	Approved	National Register (Market Street Theater & Loft District)	5/1/2013	2013.0576U	6/1/2013	12/3/2013	10/16/2013	714	12/16/2013	13-0506	12/30/2013	\$ 49,965,526	\$ 42,320,000	\$ (7,645,526)	-15.30%	-\$89,629	6
10	1772 Vallejo St.	John Moran	Burr Mansion	0552/029	Approved	Article 10 (# 31)	5/1/2013	2013.0575U	10/1/2013	12/3/2013	12/4/2013	727	12/16/2013	13-0463	12/27/2013	\$ 6,631,500	\$ 2,147,000	\$ (4,484,500)	-67.62%	-\$52,572	2
11	50 Carmelita St.	Adam Spiegel	N/A	0864/011	Approved	Article 10 (Duboce Park)	9/3/2013	2013.1261U	10/1/2013	12/3/2013	12/4/2013	720	12/16/2013	13-0522	12/30/2013	\$ 2,780,542	\$ 1,160,000	\$ (1,620,542)	-58.28%	-\$18,998	8
12	66 Carmelita St.	Bone Family Trust	N/A	0864/015	Approved	Article 10 (Duboce Park)	9/3/2013	2013.1230U	10/1/2013	12/3/2013	12/4/2013	721	12/16/2013	13-0577	12/30/2013	\$ 2,194,449	\$ 1,052,380	\$ (1,142,069)	-52.04%	-\$13,388	8
13	56 Pierce St.	Adam Wilson	N/A	0865/013	Approved	Article 10 (Duboce Park)	9/3/2013	2013.1258U	10/1/2013	12/3/2013	12/4/2013	723	12/16/2013	13-1157	12/30/2013	\$ 1,629,295	\$ 1,240,000	\$ (389,295)	-23.89%	-\$4,564	8
14	64 Pierce St.	Jean Paul Balajadia	N/A	0865/015	Approved	Article 10 (Duboce Park)	9/3/2013	2013.1254U	10/1/2013	12/3/2013	12/4/2013	724	12/16/2013	13-1158	12/30/2013	\$ 2,745,321	\$ 1,160,000	\$ (1,585,321)	-57.75%	-\$18,585	8
15	56 Potomac St.	Karl Sager	N/A	0866/012	Approved	Article 10 (Duboce Park)	9/3/2013	2013.1259U	10/1/2013	12/3/2013	12/4/2013	725	12/16/2013	13-1159	12/30/2013	\$ 1,129,369	\$ 750,000	\$ (379,369)	-33.59%	-\$4,447	8
16	66 Potomac St.	Adam Wilson	N/A	0866/015	Approved	Article 10 (Duboce Park)	9/3/2013	2013.1257U	10/1/2013	12/3/2013	12/4/2013	726	12/16/2013	13-1160	12/30/2013	\$ 1,743,056	\$ 1,080,000	\$ (663,056)	-38.04%	-\$7,773	8
17	68 Pierce St.	Diarmuid Russel & Heather Podruchny	N/A	0865/016	Approved	Article 10 (Duboce Park)	5/1/2014	2014.0719U	6/1/2014	9/1/2014	10/1/2014	737	11/25/2014	14-1102	12/29/2014	\$ 1,649,908	\$ 980,000	\$ (669,908)	-40.60%	-\$7,853	8
18	563-567 Waller St.	Brandon Miller & Jay Zalewski	N/A	0865/025	Approved	Article 10 (Duboce Park)	5/1/2014	2014.0720U	6/1/2014	9/1/2014	10/1/2014	738	11/25/2014	14-1103	12/19/2014	\$ 2,406,146	\$ 1,890,000	\$ (516,146)	-21.45%	-\$6,051	8
19	621 Waller St.	Claude & Renee Zellweger	N/A	0864/023	Approved	Article 10 (Duboce Park)	5/1/2014	2014.0746U	6/1/2014	9/1/2014	10/1/2014	739	11/25/2014	14-1104	12/19/2014	\$ 2,196,627	\$ 980,000	\$ (1,216,627)	-55.39%	-\$14,263	8
20	722 Steiner St.	Come Lague	Postcard Row/Painted Ladies	0803/023	Approved	Article 10 (Alamo Square)	5/1/2015	2015-006442MLS	6/1/2015	9/1/2015	10/7/2015	753	12/8/2015	15-1065	12/18/2015	\$ 3,390,700	\$ 1,800,000	\$ (1,590,700)	-46.91%	-\$18,648	5
21	807 Montgomery	807 Montgomery LLC	N/A	0176/006	Approved	Article 10 (Jackson Square)	5/1/2015	2015-006450MLS	6/1/2015	9/1/2015	10/7/2015	755	12/15/2015	15-1066	12/22/2015	\$ 5,416,987	\$ 5,416,987	\$ -	0.00%	\$0	3
22	761 Post St.	RLI C San Francisco LP	Maurice Hotel	0304/015	Approved	National Register (Lower Nob Hill Apartment Hotel District)	5/1/2015	2015-006448MLS	6/1/2015	9/1/2015	10/7/2015	754	12/8/2015	15-1067	12/24/2015	\$ 34,487,172	\$ 34,487,172	\$ -	0.00%	\$0	3

San Francisco Mills Act Contracts

Contract #	Address	Property Owner	Historic Name	Block/Lot	Status	Type of Landmark	Date Filed at Dept.	Planning Case No.	Sent to ARO	Valuation Rec'd from ARO	Rehab/ Maintenance Plans Approved by HPC	HPC Resolution No.	Contract Approved by BOS	BOS File No.	Contract Recorded with ARO	2017-2018 Base Value	2017-2018 Mills Act Taxable Value	\$ Reduction In Assessed Value	% Reduction In Assessed Value	Property Tax Savings (1.1723%)	Supervisor District
23	1036 Vallejo St.	Kiandokht Beyzavi & Hamid Amiri	N/A	0127/007	Approved	National Register (Russian Hill-Vallejo Crest District)	5/1/2016	2016-006181MLS	6/1/2016	9/1/2016	10/5/2016	792	11/29/2016	16-1098	12/16/2016	\$ 2,040,000	\$ 1,490,000	\$ (550,000)	-26.96%	-\$6,448	3
24	101-105 Steiner St.	Jason Monberg & Karli Sager	N/A	0866/009	Approved	Article 10 (Duboce Park)	5/1/2016	2016-006192MLS	6/1/2016	9/1/2016	10/5/2016	790	11/29/2016	16-1100	12/20/2016	\$ 2,809,700	\$ 1,620,000	\$ (1,189,700)	-42.34%	-\$13,947	8
25	361 Oak St.	Christopher J. Ludwig & Liesl Ludwig	Fassett-Reis-Meagher House	0839/023	Approved	California Register (Hayes Valley)	5/1/2016	2016-006185MLS	6/1/2016	9/1/2016	10/5/2016	791	11/29/2016	16-1099	12/15/2016	\$ 2,652,599	\$ 1,230,000	\$ (1,422,599)	-53.63%	-\$16,677	5
TOTAL LOSS IN PROPERTY TAX REVENUE																			-\$863,662		

This color indicates work completed by the Office of the Assessor-Recorder

1. 460 Bush Street



2. 1080 Haight Street



3. 1735 Franklin Street



4. 690 Market Street



5. 1818 California Street



6. 201 Buchanan Street



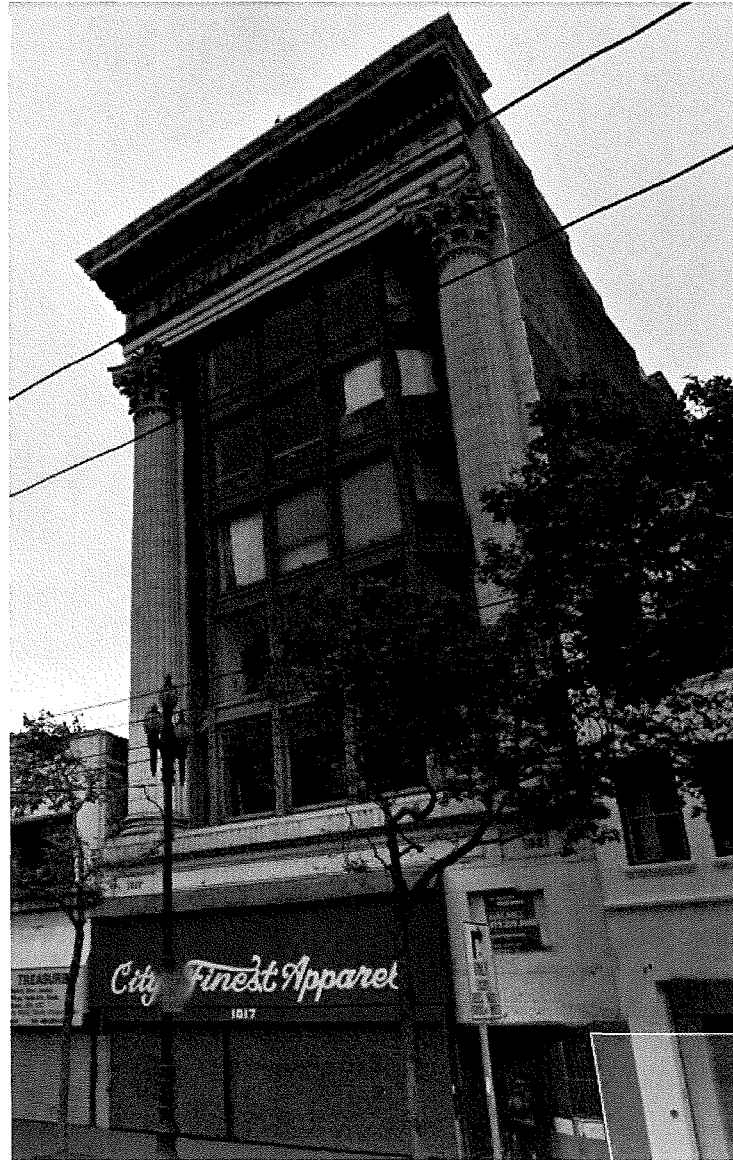
7. 2550 Webster Street



8. 3769 20th Street



9. 1019 Market Street



10. 1772 Vallejo Street



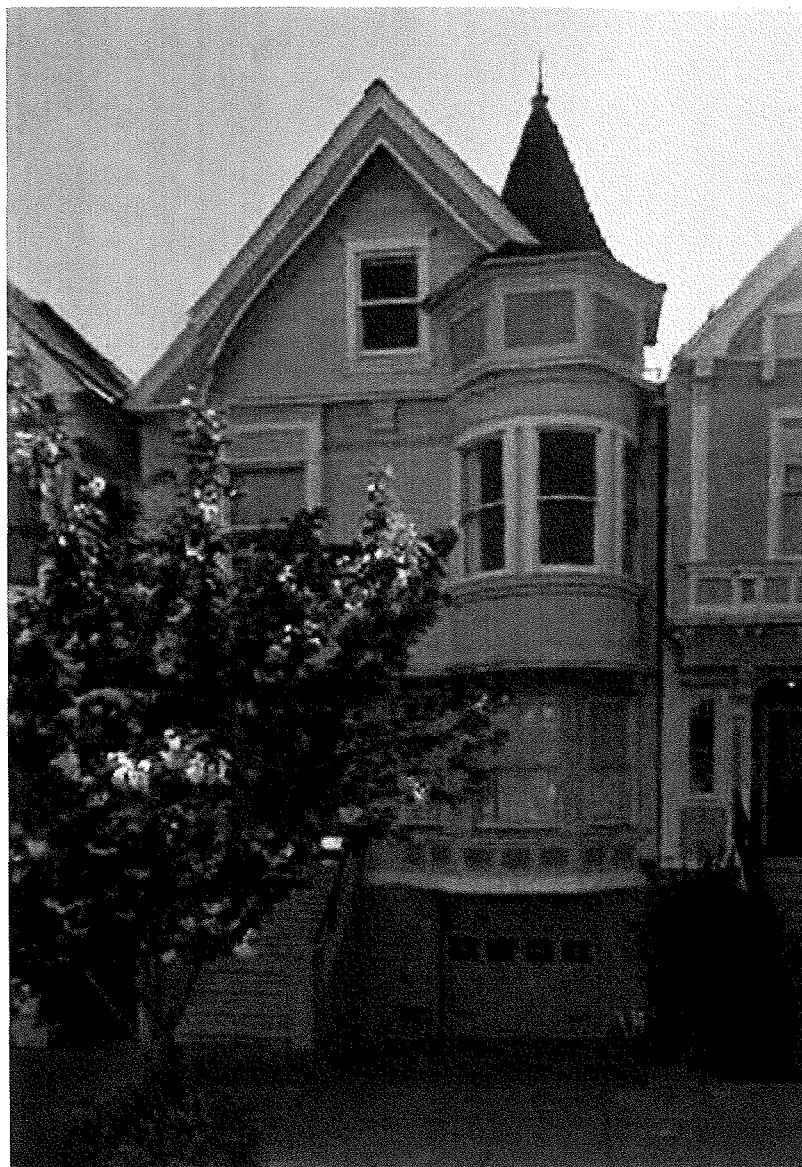
11. 50 Carmelita Street



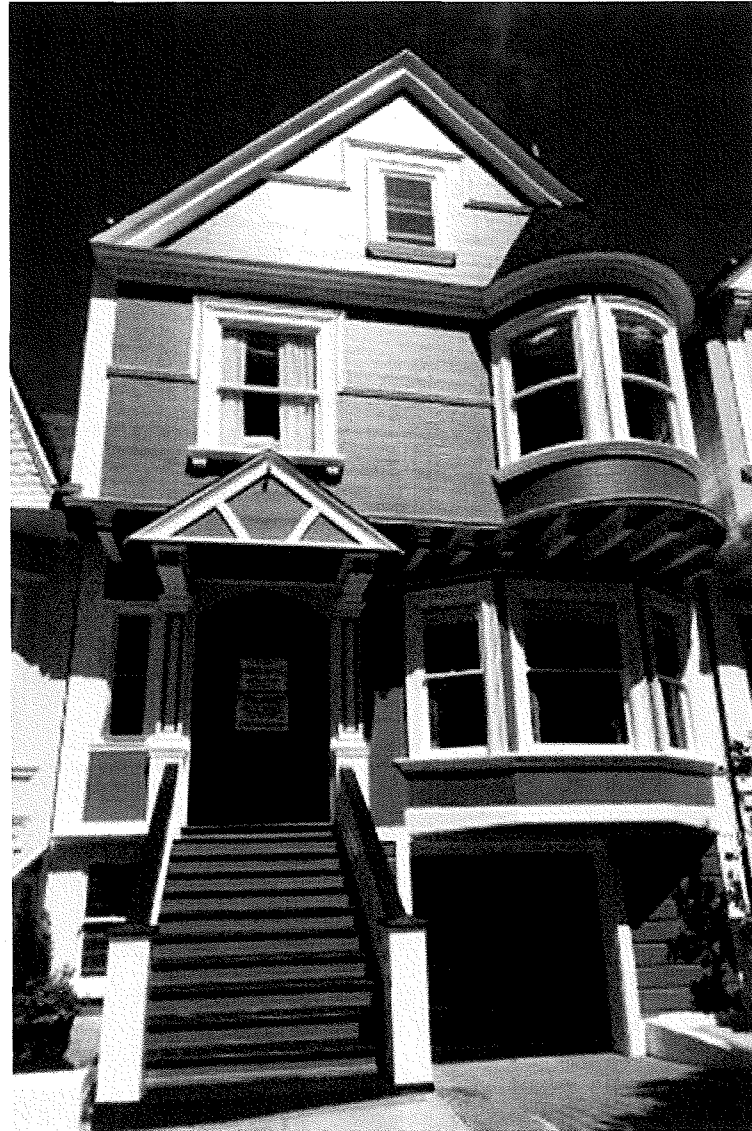
12. 66 Carmelita Street



13. 56 Pierce Street



14. 64 Pierce Street



15. 56 Potomac Street



16. 66 Potomac Street



17. 68 Pierce Street



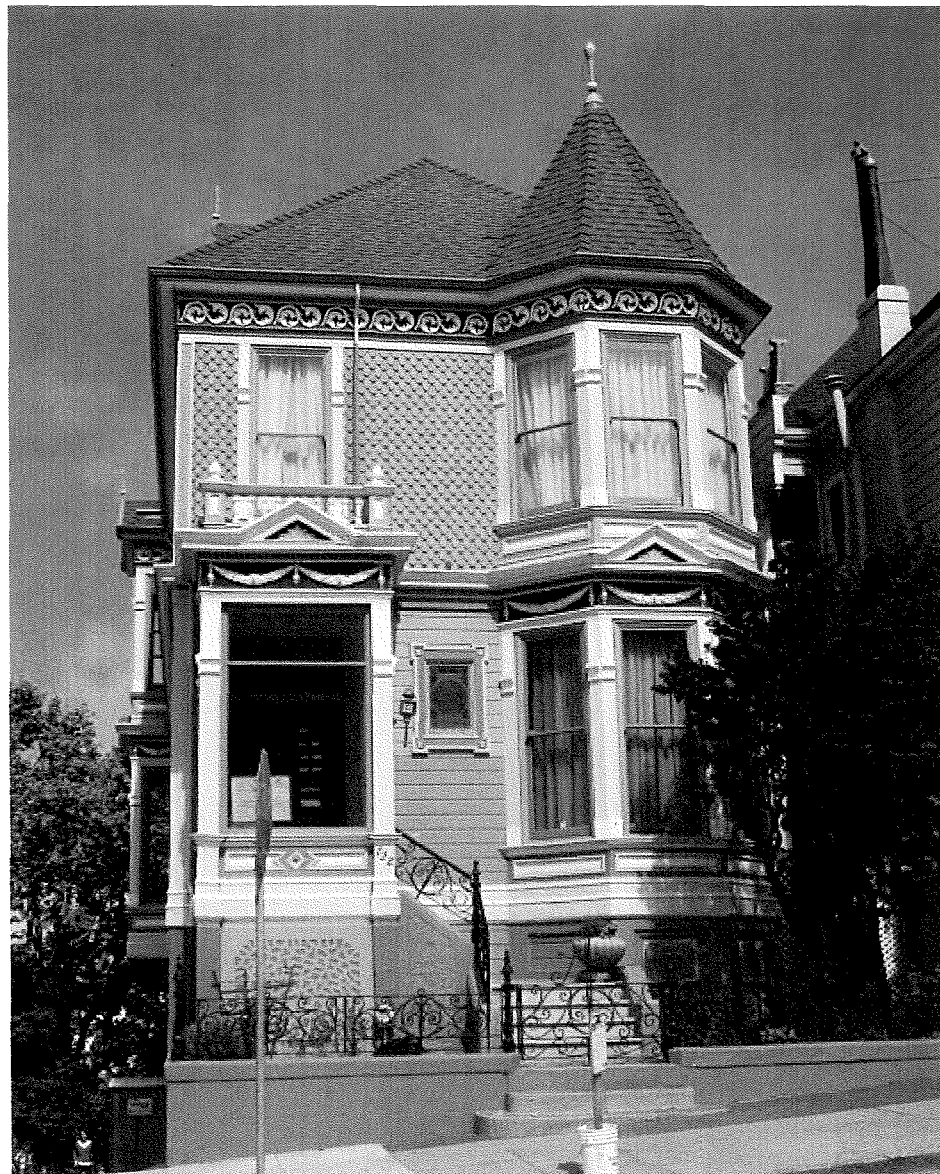
18. 563-567 Waller Street



19. 621 Waller Street



20. 722 Steiner Street



21. 807 Montgomery Street



22. 761 Post Street



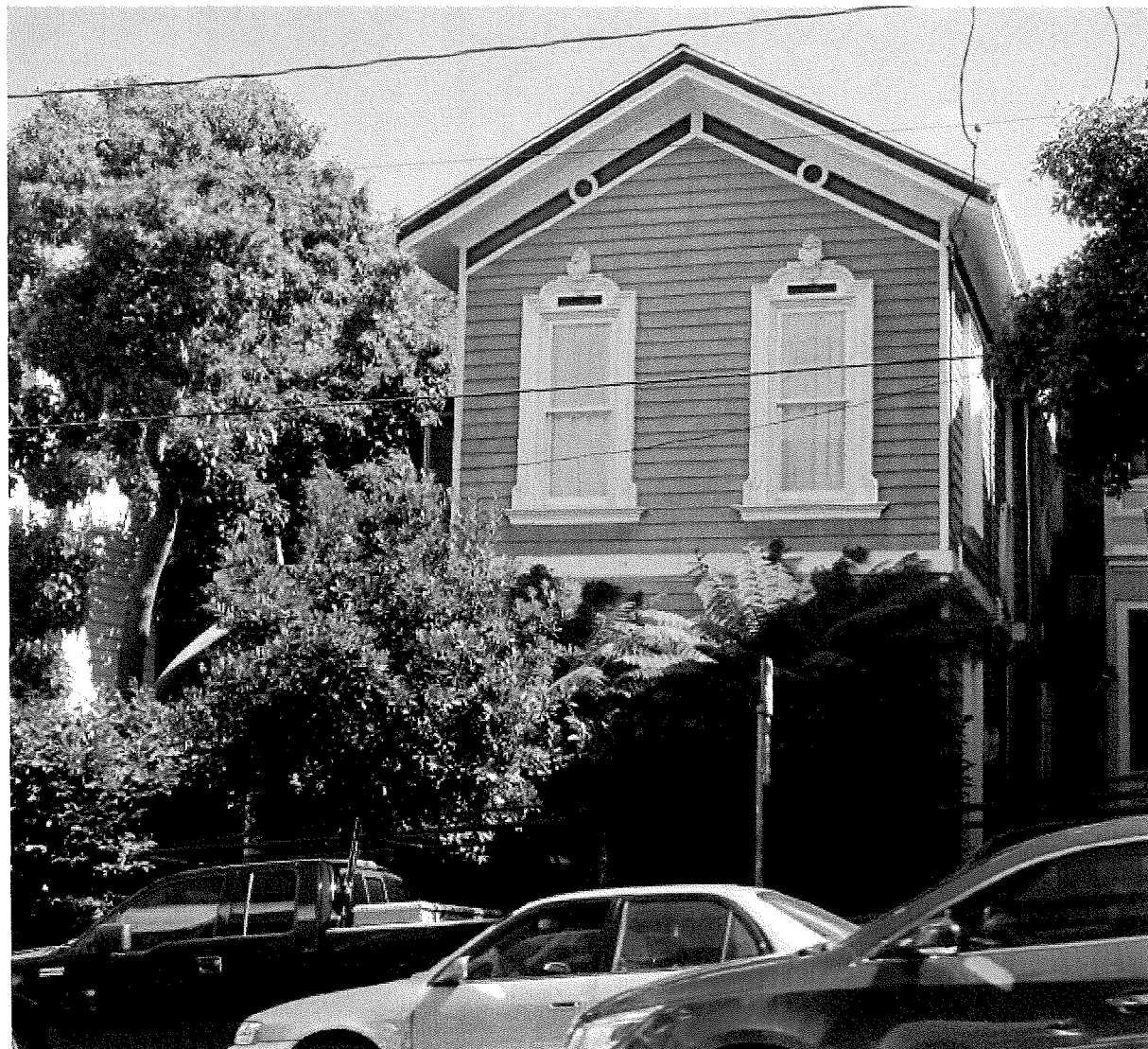
23. 1036 Vallejo Street



24. 101-105 Steiner Street



25. 361 Oak Street

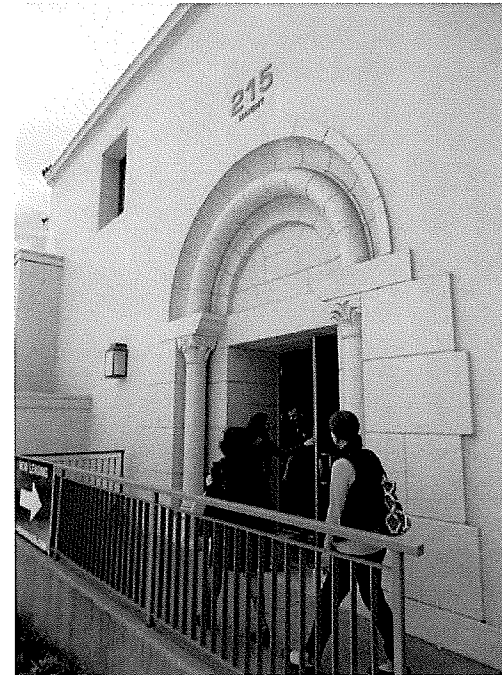
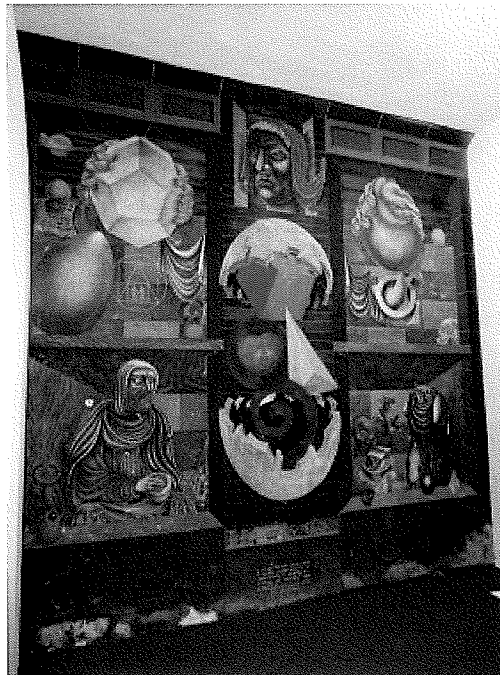


2017 Mills Act Contracts



**SAN FRANCISCO
PLANNING DEPARTMENT**

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



56 Potomac Street (1899)
Shingle Style



60-62 Carmelita Street (1899)
Edwardian



101 Vallejo Street (1855)
Commercial Style



627 Waller Street (1899)
Queen Anne Style



940 Grove Street (1895)
Queen Anne Style



1338 Filbert Street (1907)
Vernacular Post-Earthquake Period Style



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

APN	Address	Property Type	Owner Occupied	Year Built	Square Feet	2017 Factored Base Year Value	2017 Taxable Mills Act Value	Reduction in Assessed Value	Percentage % Reduction From FBV	2016* Property Tax Rate	Estimated Property Taxes without Mills Act	Estimated Property Taxes with Mills Act	Estimated Property Tax Savings
02-0141-013	101 Vallejo	Office	No	1906	16,950	\$ 11,745,000	\$ 8,250,000	\$ (3,495,000)	-29.76%	1.1792%	\$ 138,497	\$ 97,284	\$ (41,213)
06-0798-058	940 Grove	SFR	Yes	1895	9,812	\$ 4,637,020	\$ 1,750,000	\$ (2,887,020)	-62.26%	1.1792%	\$ 54,680	\$ 20,636	\$ (34,044)
06-0857-002 & 005	215 Haight/55 Laguna	23 Apts	No	1926/1935		\$ 10,397,244	\$ 8,180,000	\$ (2,217,244)	-21.33%	1.1792%	\$ 122,604	\$ 96,459	\$ (26,146)
06-0864-014	60-62 Carmelita	2 units	Yes/No	1900	2,720	\$ 1,915,198	\$ 950,000	\$ (965,198)	-50.40%	1.1792%	\$ 22,584	\$ 11,202	\$ (11,382)
06-0864-022	637 Waller	2 units	Yes/No	1900	2,160	\$ 3,696,858	\$ 1,500,000	\$ (2,196,858)	-59.43%	1.1792%	\$ 43,593	\$ 17,688	\$ (25,905)
7866-012	56 Potomac	SFR	No	1900	1,745	\$ 1,129,369	\$ 830,000	\$ (299,369)	-26.51%	1.1792%	\$ 13,318	\$ 9,787	\$ (3,530)
3704-069	973 Market	69 Apts	No	1904/2014	39,339	\$ 33,311,607	\$ 20,800,000	\$ (12,511,607)	-37.56%	1.1792%	\$ 392,810	\$ 245,274	\$ (147,537)
04-0524-031	1338 Filbert #A	Condo	Yes	1906/2016	4,063	\$ 4,504,346	\$ 3,371,198	\$ (1,133,148)	-25.16%	1.1792%	\$ 53,115	\$ 39,753	\$ (13,362)
04-0524-032	1338 Filbert #B	Condo	No	1906/2016	2,617	\$ 2,787,738	\$ 2,275,880	\$ (511,858)	-18.36%	1.1792%	\$ 32,873	\$ 26,837	\$ (6,036)
04-0524-033	1338 Filbert #C	Condo	No	1906/2016	2,620	\$ 2,977,067	\$ 2,240,479	\$ (736,588)	-24.74%	1.1792%	\$ 35,106	\$ 26,420	\$ (8,686)
04-0524-034	1338 Filbert #D	Condo	No	1906/2016	3,005	\$ 3,153,910	\$ 2,599,285	\$ (554,625)	-17.59%	1.1792%	\$ 37,191	\$ 30,651	\$ (6,540)

Remarks:

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

OFFICE OF THE ASSESSOR-RECORDER

MILLS ACT – PROPERTY TAX SAVINGS

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

The examples below is if you purchased your property for \$1 million on January 1, 2012.

The Factored Base Year Value on January 1, 2017 would be \$1,082,260.

1. FACTORED BASE YEAR VALUE

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

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

2. MARKET APPROACH

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

As of 1/1/2017:

<i>Property A.</i>	<i>\$1,250,000</i>
<i>Property B.</i>	<i>\$1,325,000</i>
<i>Property C.</i>	<i>\$1,150,000</i>
<i>Your Property</i>	<i>\$1,200,000</i>

Equals Property Tax Owed = \$14,150

3. INCOME APPROACH

The income approach calculates a market value of your property by:

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

Capitalization Rate is based on:

Risk Rate
Interest Rate
Property Rate
Depreciation Rate

Top Line Rent: \$80,000

Vacancy Loss: 5% (\$4,000)

Effective Income: \$76,000

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

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

Cap Rate: ÷\$64,600 ÷0.08% = \$807,500

(Cap Rate is determined by the Board of Equalization)

Equals Property Tax Owed = \$9,522

REMINDERS

- 1) Mills Act calculation is regulated by the State of California. The Office of the Assessor-Recorder receives valuation guidance from the Board of Equalization.
- 2) Local law, via the San Francisco Board of Supervisors, determines whether the property will become a Mills Act property or not.
- 3) The Office of the Assessor-Recorder assesses every Mills Act property on January 1 of each year.
- 4) The 2016-2017 Tax Rate is 1.1792%. Therefore, in order to determine your property tax amount, multiple the assessed value by the tax rate.



SAN FRANCISCO PLANNING DEPARTMENT

Mills Act Historical Property Contracts Case Report

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

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

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

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

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

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

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2017-005434MLS; 2017-005884MLS; 2017-004959MLS; 2017-005396MLS; 2017-005880MLS; 2017-005887MLS; 2017-005419MLS; 2017-006300MLS
55 Laguna Street; 56 Potomac Street; 60-62 Carmelita Street; 101 Vallejo Street; 627 Waller Street; 940 Grove Street; 973 Market Street; 1338 Filbert Street

- d. Filing Date:** May 1, 2017
Case No.: 2017-005396MLS
Project Address: **101 Vallejo Street**
Landmark District: San Francisco Landmark No. 91 (Gibb-Sanborn Warehouses), contributor to the Northeast Waterfront Historic District, and individually listed on the National Register of Historic Places
Zoning: C-2 (Community Business)
Height and Bulk: 65-X
Block/Lot: 0141/013
Applicant: 855 Front Street LLC
610 W. Ash Street, Ste. 1503
San Diego, CA 92101
- e. Filing Date:** May 1, 2017
Case No.: 2017-005880MLS
Project Address: **627 Waller Street**
Landmark District: Duboce Park Historic District Contributor
Zoning: RTO (Residential Transit Oriented District)
Height and Bulk: 40-X
Block/Lot: 0864/012
Applicant: John Hjelmstad & Allison Bransfield
627 Waller
San Francisco, CA 94117
- f. Filing Date:** May 1, 2017
Case No.: 2017-005887MLS
Project Address: **940 Grove Street**
Landmark District: Contributor to the Alamo Square Historic District
Zoning: RH-3 (Residential-House, Three Family)
Height and Bulk: 40-X
Block/Lot: 0798/058
Applicant: Smith-Hantas Family Trust
940 Grove Street
San Francisco, CA 94117
- g. Filing Date:** May 1, 2017
Case No.: 2017-005419MLS
Project Address: **973 Market Street**
Landmark District: Contributor to the Market Street Theater and Loft National Register Historic District
Zoning: C-3-G (Downtown-General)
Height and Bulk: 120-X
Block/Lot: 3704/069
Applicant: Raintree 973 Market Newco LLC
28202 Cabot Rd., Ste. 300

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55 Laguna Street; 56 Potomac Street; 60-62 Carmelita Street; 101 Vallejo Street; 627 Waller Street; 940 Grove Street; 973 Market Street; 1338 Filbert Street

Laguna Nigel, CA 92677

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

PROPERTY DESCRIPTIONS

- a. **215 and 229 Haight Street (formerly 55 Laguna Street):** The subject property is located on the northwest corner of Haight and Buchanan streets, Assessor's Parcel 0857/002. The subject property is within a NC-3 – Neighborhood Commercial, Moderate Scale and RM-3 – Residential Mixed, Medium Density; P – Public zoning district and 85-X and 50-X Height and Bulk district. The property is designated as San Francisco Landmark Nos. 257 and 258. The Spanish style Woods Hall and Woods Hall Annex were built in 1926 and 1935, respectively, for the San Francisco State Teacher's College (San Francisco Normal School) for use as a science building. Completed in phases as Works Progress Administration (WPA) funds became available, Woods Hall Annex also contains a WPA mural by Rueben Kadish known as "A Dissertation on Alchemy," which is located at the top of the stairwell at the east end of Woods Hall Annex. The property was rehabilitated in 2015-2016 as multiple-family housing.
- b. **56 Potomac Street:** The subject property is located on the east side of Potomac Street between Waller Street and Duboce Park, Assessor's Parcel 0866/012. The subject property is located within a RH-2 (Residential-House-Two Family) zoning district and a 40-X Height and Bulk district. The property is a contributing building to the Duboce Park Historic District. It is a two-story plus basement, wood frame, single-family dwelling originally designed in the Shingle style and built in 1899 by builder George H. Moore and altered with smooth stucco cladding at the primary façade at an unknown date.
- c. **60-62 Carmelita Street:** The subject property is located on the east side of Carmelita Street between Waller Street and Duboce Park, Assessor's Parcel 0864/014. The subject property is located within a RH-2 (Residential-House-Two Family) zoning district and a 40-X Height and Bulk district. The property is a contributing building to the Duboce Park Historic District. It is a two-story plus basement, wood frame, multiple-family dwelling originally designed in the Edwardian style and built in 1899 and altered with smooth stucco cladding at the primary façade at an unknown date.
- d. **101 Vallejo Street:** The subject property is located on the southwest corner of Vallejo and Front streets, Assessor's Parcel 0141/013. The subject property is located within a C-2 (Community Business) zoning and a 65-X Height and Bulk district. The property is designated as San Francisco

**Mill Act Applications
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55 Laguna Street; 56 Potomac Street; 60-62 Carmelita Street; 101 Vallejo Street; 627 Waller Street; 940 Grove Street; 973 Market Street; 1338 Filbert Street

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

- e. **627 Waller Street:** The subject property is located on the south side of Waller Street between Carmelita and Pierce streets, Assessor's Parcel 0864/022. The subject property is located within a RTO (Residential Transit Oriented District) zoning district and a 40-X Height and Bulk district. The property is a contributing building to the Duboce Park Historic District. It is a two-and-half-story plus basement, wood-frame, single-family dwelling designed in the Queen Anne style and built in 1899.
- f. **940 Grove Street:** The subject property is located on the northwest corner of Grove and Steiner streets, Assessors' Parcel 0798/058. The subject property is located within a RH-3 (Residential-House, Three Family) zoning district and a 40-X Height and Bulk district. The property is a contributing building to the Alamo Square Historic District. It is a two-and-half-story plus basement, wood frame, single-family dwelling designed in the Queen Anne style by master architect Albert Pissis and built in 1895.
- g. **973 Market Street:** The subject property is located on the south side of Market Street between 5th and 6th streets, Assessor's Parcel 3704/069. The subject property is located within a C-3-G (Downtown-General) zoning district and a 120-X Height and Bulk district. The property, known as the Wilson Building is a contributing building to the Market Street Theater and Loft National Register Historic District. The seven story plus basement steel frame building was designed by master architect Willis Polk in 1900 and the Byzantine terra cotta façade survived the 1906 earthquake.
- h. **1338 Filbert Street:** The subject property is located on the north side of Filbert Street between Polk and Larkin streets. Assessor's Parcels 0524/031, 0524/032, 0524/033, 0524/034. The subject property is located within a RH-2 (Residential – House, Two Family) and a 40-X Height and Bulk District. The property is San Francisco Landmark No. 232, 1338 Filbert Cottages. It consists of four, two-story, wood frame, single family dwellings designed in a vernacular post-earthquake period style with craftsman references and built in 1907 with a 1943 addition.

PROJECT DESCRIPTION

This project is a Mills Act Historical Property Contract application.

MILLS ACT REVIEW PROCESS

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

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

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

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

MILLS ACT REVIEW PROCEDURES

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

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

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

APPLICABLE PRESERVATION STANDARDS

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

TERM

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

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

ELIGIBILITY

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

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

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

Residential Buildings

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

Commercial, Industrial or Mixed Use Buildings

Eligibility is limited to a property tax assessment value of not more than \$5,000,000.

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

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

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

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PUBLIC/NEIGHBORHOOD INPUT

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

STAFF ANALYSIS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Mill Act Applications
October 4, 2017**

2017-005434MLS; 2017-005884MLS; 2017-004959MLS; 2017-005396MLS; 2017-005880MLS; 2017-005887MLS; 2017-005419MLS; 2017-006300MLS
55 Laguna Street; 56 Potomac Street; 60-62 Carmelita Street; 101 Vallejo Street; 627 Waller Street; 940 Grove Street; 973 Market Street; 1338 Filbert Street

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

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

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

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

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

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

ASSESSOR-RECORDER INFORMATION

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

- a. **215 and 229 Haight Street:** (formerly 55 Laguna Street): 21.33%
- b. **56 Potomac Street:** 26.51%

**Mill Act Applications
October 4, 2017**

2017-005434MLS; 2017-005884MLS; 2017-004959MLS; 2017-005396MLS; 2017-005880MLS; 2017-005887MLS; 2017-005419MLS; 2017-006300MLS
55 Laguna Street; 56 Potomac Street; 60-62 Carmelita Street; 101 Vallejo Street; 627 Waller Street; 940 Grove Street; 973 Market Street; 1338 Filbert Street

HISTORIC PRESERVATION COMMISSION ACTIONS

Review and adopt a resolution for each property:

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

Attachments:

- a. 215 & 229 Haight Street (formerly 55 Laguna)**
 - Draft Resolution
 - Draft Mills Act Historical Property Contract
 - Draft Rehabilitation Program & Maintenance Plan
 - Draft Mills Act Valuation provided by the Assessor-Recorder's Office
 - Pre-Approval Inspection Report
 - Mills Act Application and Historic Structure Report
- b. 56 Potomac Street**
 - Draft Resolution
 - Draft Mills Act Historical Property Contract
 - Draft Rehabilitation Program & Maintenance Plan
 - Draft Mills Act Valuation provided by the Assessor-Recorder's Office
 - Pre-Approval Inspection Report
 - Mills Act Application
- c. 60-62 Carmelita Street**
 - Draft Resolution
 - Draft Mills Act Historical Property Contract
 - Draft Rehabilitation Program & Maintenance Plan
 - Draft Mills Act Valuation provided by the Assessor-Recorder's Office
 - Pre-Approval Inspection Report
 - Mills Act Application
- d. 101 Vallejo Street**
 - Draft Resolution
 - Draft Mills Act Historical Property Contract
 - Draft Rehabilitation Program & Maintenance Plan
 - Draft Mills Act Valuation provided by the Assessor-Recorder's Office
 - Pre-Approval Inspection Report
 - Mills Act Application and Historic Structure Report
- e. 627 Waller Street**
 - Draft Resolution
 - Draft Mills Act Historical Property Contract
 - Draft Rehabilitation Program & Maintenance Plan

Mill Act Applications
October 4, 2017

2017-005434MLS; 2017-005884MLS; 2017-004959MLS; 2017-005396MLS; 2017-005880MLS; 2017-005887MLS; 2017-005419MLS; 2017-006300MLS
55 Laguna Street; 56 Potomac Street; 60-62 Carmelita Street; 101 Vallejo Street; 627 Waller Street; 940 Grove Street; 973 Market Street; 1338 Filbert Street

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

f. 940 Grove Street

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

g. 973 Market Street

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

h. 1338 Filbert Street

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

Case No.: 2017-005419MLS
Project Address: **973 Market Street**
Landmark District: Contributor to the Market Street Theater and
Loft National Register Historic District
Zoning: C-3-G (Downtown-General)
Height and Bulk: 120-X
Block/Lot: 3704/069
Applicant: Raintree 973 Market Newco LLC
28202 Cabot Rd., Ste. 300
Laguna Nigel, CA 92677

SITE PHOTO



AERIAL PHOTO



SUBJECT PROPERTY



SAN FRANCISCO PLANNING DEPARTMENT

Historic Preservation Commission Resolution No. 907 HEARING DATE OCTOBER 4, 2017

Case No.: 2017-005419MLS
Project Address: 973 Market Street
Landmark District: Contributor to the Market Street Theater and Loft National Register Historic District
Zoning: C-3-G (Downtown-General)
Height and Bulk: 120-X
Block/Lot: 3704/069
Applicant: Raintree 973 Market Newco LLC
28202 Cabot Rd., Ste. 300
Laguna Nigel, CA 92677
Staff Contact: Shannon Ferguson – (415) 575-9074
shannon.ferguson@sfgov.org
Reviewed By: Tim Frye – (415) 575-6822
tim.frye@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

ADOPTING FINDINGS RECOMMENDING TO THE BOARD OF SUPERVISORS APPROVAL OF THE MILLS ACT HISTORICAL PROPERTY CONTRACT, REHABILITATION PROGRAM, AND MAINTENANCE PLAN FOR 973 MARKET STREET:

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

WHEREAS, In accordance with Article 1.9 (commencing with Section 439) of Chapter 3 of Part 2 of Division 1 of the California Revenue and Taxation Code, the City and County of San Francisco may provide certain property tax reductions, such as those provided for in the Mills Act; and

WHEREAS, Ordinance No. 191-96 amended the San Francisco Administrative Code by adding Chapter 71, to implement Mills Act locally; and

WHEREAS, The Planning Department has determined that the actions contemplated in this Resolution are categorically exempt from with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.) under section 15331; and

WHEREAS, The existing building located at 973 Market Street is listed under Article 10 of the San Francisco Planning Code Planning Code as a Contributor to the Alamo Square Historic District and thus qualifies as a historic property; and

WHEREAS, The Planning Department has reviewed the Mills Act Application, Historical Property Contract, Historical Property Contract, Rehabilitation Program, and Maintenance Plan for 973 Market Street, which are located in Case Docket No. 2017-005419MLS. The Planning Department recommends approval of the Mills Act historical property contract, rehabilitation program, and maintenance plan; and

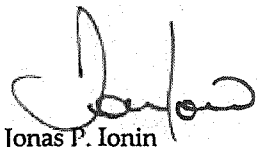
WHEREAS, The Historic Preservation Commission (HPC) recognizes the historic building at 973 Market Street as an historical resource and believes the Rehabilitation Program and Maintenance Plan are appropriate for the property; and

WHEREAS, At a duly noticed public hearing held on October 4, 2017, the Historic Preservation Commission reviewed documents, correspondence and heard oral testimony on the Mills Act Application, Historical Property Contract, Rehabilitation Program, and Maintenance Plan for 973 Market Street, which are located in Case Docket No. 2017-005419MLS.

THEREFORE BE IT RESOLVED that the Historic Preservation Commission hereby recommends that the Board of Supervisors approve the Mills Act Historical Property Contract, including the Rehabilitation Program, and Maintenance Plan for the historic building located at 973 Market Street, attached herein as Exhibits A and B, and fully incorporated by this reference.

BE IT FURTHER RESOLVED That the Historic Preservation Commission hereby directs its Commission Secretary to transmit this Resolution, the Mills Act Historical Property Contract, including the Rehabilitation Program, and Maintenance Plan for 973 Market Street, and other pertinent materials in the case file 2017-005419MLS to the Board of Supervisors.

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



Jonas P. Ionin
Commissions Secretary

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

NOES: None

ABSENT: None

ADOPTED: October 4, 2017

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

**CALIFORNIA MILLS ACT
HISTORIC PROPERTY AGREEMENT
973 MARKET STREET
SAN FRANCISCO, CALIFORNIA**

THIS AGREEMENT is entered into by and between the City and County of San Francisco, a California municipal corporation ("City") and Raintree 973 Market Newco LLC ("Owners").

RECITALS

Owners are the owners of the property located at 973 Market Street, in San Francisco, California (Block 0141, Lot 013). The building located at 973 Market Street is designated as a Contributor to the Market Street Theater and Loft National Register 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, four hundred fifty thousand dollars (\$1,450,000.00). (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 zero dollars (\$00.00) 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 the interior and exterior of the Historic Property, to determine Owners' compliance with this Agreement. Throughout the duration of this Agreement, Owners shall provide all reasonable information and documentation about the Historic Property demonstrating compliance with this Agreement, as requested by any of the above-referenced representatives.

7. Term. This Agreement shall be effective upon the date of its recordation and shall be in effect for a term of ten years from such date ("Term"). As provided in Government Code section 50282, one year shall be added automatically to the Term, on each anniversary date of this Agreement, unless notice of nonrenewal is given as set forth in Paragraph 9 herein.

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

9. Notice of Nonrenewal. If in any year of this Agreement either the Owners or the City desire not to renew this Agreement, that party shall serve written notice on the other party in advance of the annual renewal date. Unless the Owners serves written notice to the City at least ninety (90) days prior to the date of renewal or the City serves written notice to the Owners sixty (60) days prior to the date of renewal, one year shall be automatically added to the Term of the Agreement. The Board of Supervisors shall make the City's determination that this Agreement shall not be renewed and shall send a notice of nonrenewal to the Owners. Upon receipt by the Owners of a notice of nonrenewal from the City, Owners may make a written protest. At any time prior to the renewal date, City may withdraw its notice of nonrenewal. If either party serves notice of nonrenewal of this Agreement, this Agreement shall remain in effect for the balance of the period remaining since the original execution or the last renewal of the Agreement, as the case may be. Thereafter, the Owners shall pay property taxes to the City without regard to any restriction imposed on the Historic Property by this Agreement, and based upon the Assessor's determination of the fair market value of the Historic Property as of expiration of this Agreement.

10. Payment of Fees. As provided for in Government Code Section 50281.1 and San Francisco Administrative Code Section 71.6, upon filing an application to enter into a Mills Act Agreement with the City, Owners shall pay the City the reasonable costs related to the preparation and approval of the Agreement. In addition, Owners shall pay the City for the actual costs of inspecting the Historic Property, as set forth in Paragraph 6 herein.

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

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

(b) Owners' failure to maintain the Historic Property as set forth in Exhibit B, in accordance with the requirements of Paragraph 3 herein;

- (c) Owners' failure to repair any damage to the Historic Property in a timely manner, as provided in Paragraph 4 herein;
- (d) Owners' failure to allow any inspections or requests for information, as provided in Paragraph 6 herein;
- (e) Owners' failure to pay any fees requested by the City as provided in Paragraph 10 herein;
- (f) Owners' failure to maintain adequate insurance for the replacement cost of the Historic Property, as required by Paragraph 5 herein; or
- (g) Owners' failure to comply with any other provision of this Agreement.

An event of default shall result in Cancellation of this Agreement as set forth in Paragraphs 12 and 13 herein, and payment of the Cancellation Fee and all property taxes due upon the Assessor's determination of the full value of the Historic Property as set forth in Paragraph 13 herein. In order to determine whether an event of default has occurred, the Board of Supervisors shall conduct a public hearing as set forth in Paragraph 12 herein prior to cancellation of this Agreement.

12. Cancellation. As provided for in Government Code Section 50284, City may initiate proceedings to cancel this Agreement if it makes a reasonable determination that Owners have breached any condition or covenant contained in this Agreement, has defaulted as provided in Paragraph 11 herein, or has allowed the Historic Property to deteriorate such that the safety and integrity of the Historic Property is threatened or it would no longer meet the standards for a Qualified Historic Property. In order to cancel this Agreement, City shall provide notice to the Owners and to the public and conduct a public hearing before the Board of Supervisors as provided for in Government Code Section 50285. The Board of Supervisors shall determine whether this Agreement should be cancelled.

13. Cancellation Fee. If the City cancels this Agreement as set forth in Paragraph 12 above, and as required by Government Code Section 50286, Owners shall pay a Cancellation Fee of twelve and one-half percent (12.5%) of the fair market value of the Historic Property at the time of cancellation. The City Assessor shall determine fair market value of the Historic Property without regard to any restriction imposed on the Historic Property by this Agreement. The Cancellation Fee shall be paid to the City Tax Collector at such time and in such manner as the City shall prescribe. As of the date of cancellation, the Owners shall pay property taxes to the City without regard to any restriction imposed on the Historic Property by this Agreement and based upon the Assessor's determination of the fair market value of the Historic Property as of the date of cancellation.

14. Enforcement of Agreement. In lieu of the above provision to cancel the Agreement, the City may bring an action to specifically enforce or to enjoin any breach of any condition or covenant of this Agreement. Should the City determine that the Owners has breached this Agreement, the City shall give the Owners written notice by registered or certified mail setting forth the grounds for the breach. If the Owners do not correct the breach, or do not undertake and diligently pursue corrective action to the reasonable satisfaction of the City within thirty (30) days from the date of receipt of the notice, then the City may, without further notice, initiate default procedures under this Agreement as set forth in Paragraph 12 and bring any action necessary to enforce the obligations of the Owners set forth in this Agreement. The City does not waive any claim of default by the Owners if it does not enforce or cancel this Agreement.

15. Indemnification. The Owners shall indemnify, defend, and hold harmless the City and all of its boards, commissions, departments, agencies, agents and employees (individually and collectively, the "City") from and against any and all liabilities, losses, costs, claims, judgments, settlements, damages, liens, fines, penalties and expenses incurred in connection with or arising in whole or in part from: (a) any accident, injury to or death of a person, loss of or damage to

property occurring in or about the Historic Property; (b) the use or occupancy of the Historic Property by the Owners, their Agents or Invitees; (c) the condition of the Historic Property; (d) any construction or other work undertaken by Owners on the Historic Property; or (e) any claims by unit or interval Owners for property tax reductions in excess those provided for under this Agreement. This indemnification shall include, without limitation, reasonable fees for attorneys, consultants, and experts and related costs that may be incurred by the City and all indemnified parties specified in this Paragraph and the City's cost of investigating any claim. In addition to Owners' obligation to indemnify City, Owners specifically acknowledge and agree that they have an immediate and independent obligation to defend City from any claim that actually or potentially falls within this indemnification provision, even if the allegations are or may be groundless, false, or fraudulent, which obligation arises at the time such claim is tendered to Owners by City, and continues at all times thereafter. The Owners' obligations under this Paragraph shall survive termination of this Agreement.

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

17. Binding on Successors and Assigns. The covenants, benefits, restrictions, and obligations contained in this Agreement shall run with the land and shall be binding upon and inure to the benefit of all successors in interest and assigns of the Owners. Successors in interest and assigns shall have the same rights and obligations under this Agreement as the original Owners who entered into the Agreement.

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

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

20. Recordation. Within 20 days from the date of execution of this Agreement, the parties shall cause this Agreement to be recorded with the Office of the Recorder of the City and County of San Francisco. From and after the time of the recordation, this recorded Agreement shall impart notice to all persons of the parties' rights and obligations under the Agreement, as is afforded by the recording laws of this state.

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

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

23. Authority. If the Owners sign as a corporation or a partnership, each of the persons executing this Agreement on behalf of the Owners does hereby covenant and warrant that such entity is a duly authorized and existing entity, that such entity has and is qualified to do business

in California, that the Owner has full right and authority to enter into this Agreement, and that each and all of the persons signing on behalf of the Owners are authorized to do so.

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

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

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

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

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

CITY AND COUNTY OF SAN FRANCISCO:

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

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

APPROVED AS TO FORM:
DENNIS J. HERRERA
CITY ATTORNEY

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

RAINTREE 973 MARKET NEWCO LLC, OWNERS

By: _____ (signature) DATE: _____
_____ (name), _____ (title), Owner

By: _____ (signature) DATE: _____
_____ (name), _____ (title), Owner

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

REHABILITATION PLAN (EXHIBIT A)

# 1	Building Feature: Seismic and Structural		
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input checked="" type="checkbox"/>	Proposed <input type="checkbox"/>
Contract Year for Work Completion: 2014			
Total Cost (rounded to the nearest dollar): \$3,751,211			
Description of Work			
The building was updated to meet structural and seismic code requirements. This included work to the building's foundation, construction of concrete shear walls, and completing floor plate and ceiling work left unfinished by the previous owner. Additional shear walls were constructed, generally with several twelve-inch E-W walls complemented by eight-inch shear walls at the center east.			

# 2	Building Feature: Terra Cotta, North Elevation		
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input checked="" type="checkbox"/>	Proposed <input type="checkbox"/>
Contract Year for Work Completion: 2014			
Total Cost (rounded to the nearest dollar): \$165,382			
Description of Work			
As part of the 2014 rehabilitation, the terra cotta was inspected, evaluated, prepped, repaired, and repainted where necessary.			

# 3	Building Feature: Windows, North Elevation		
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input checked="" type="checkbox"/>	Proposed <input type="checkbox"/>
Contract Year for Work Completion: 2014			
Total Cost (rounded to the nearest dollar): \$378,022			
Description of Work			
As part of the 2014 rehabilitation, replacement windows with a traditional fixed center pane with flanking casement-functioning windows in a vinyl frame with clear lowE glazing. The window was provided by ECO Windows, LLC, which manufactures heavy gauge premium quality uPVC windows. The specific product line proposed was the Rehau 4500 series.			

# 4	Building Feature: Storefronts, North Elevation		
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input checked="" type="checkbox"/>	Proposed <input type="checkbox"/>
Contract Year for Work Completion: 2014			
Total Cost (rounded to the nearest dollar): \$756,045			
Description of Work			
As part of the 2014 rehabilitation, the modern signs at the ground floor were removed. A wood clad commercial storefront system was installed and recessed to expose the columns at the entry. Storefront bulkhead with a 12 inch cast stone base was installed. Columns were inspected and cleaned as appropriate. Fresh air louver was installed over the entry door; louver was painted to match and was flush with the door face.			

# 5	Building Feature: Windows, South Elevation		
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input checked="" type="checkbox"/>	Proposed <input type="checkbox"/>
Contract Year for Work Completion: 2014			
Total Cost (rounded to the nearest dollar): \$378,022			
Description of Work			
The replacement windows are a traditional fixed center pane with flanking casement-functioning windows in a vinyl frame with clear lowE glazing. The window was provided by ECO Windows, LLC, which manufactures heavy gauge premium quality uPVC windows. The specific product line proposed was the Rehau 4500 series.			

# 6	Building Feature: Fire Escape, South Elevation		
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input checked="" type="checkbox"/>	Proposed <input type="checkbox"/>
Contract Year for Work Completion: 2014			
Total Cost (rounded to the nearest dollar): \$232,000			
Description of Work			
The fire escape was inspected, repaired, and repainted. It no longer serves as a means of egress.			

# 7	Building Feature: Masonry, South Elevation		
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input checked="" type="checkbox"/>	Proposed <input type="checkbox"/>
Contract Year for Work Completion: 2014			
Total Cost (rounded to the nearest dollar): \$110,255			
Description of Work			
Brick façade was repaired in many locations and failed lintels were reinforced and replaced where required. The entire rear elevation was re-pointed. At the first floor level, a concrete beam was installed at floor level 1A1, approximately nine-feet above grade, and it was painted to blend. Above the beam, a new metal framed awning style window was installed in groups of three.			

# 8	Building Feature: East Elevation		
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input checked="" type="checkbox"/>	Proposed <input type="checkbox"/>
Contract Year for Work Completion: 2014			
Total Cost (rounded to the nearest dollar): \$55,127			
Description of Work			
Limited work occurred on this elevation. The brick and mortar were inspected and repaired in kind.			

# 9	Building Feature: Rooftop		
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input checked="" type="checkbox"/>	Proposed <input type="checkbox"/>
Contract Year for Work Completion: 2014			
Total Cost (rounded to the nearest dollar): \$320,268			
Description of Work			
The original working surface was refinished with adequate sloping and a new 50-year PVC roof membrane was installed in connection with new roof drains.			

#10	Building Feature: Windows, North Elevation		
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract Year for Work Completion: Est. 2040			
Total Cost (rounded to the nearest dollar): \$420,000 in 2017 (est. \$1.03M in 2040 assuming 4% annual cost inflation.) Price excludes 4 months of lost revenue on impacted units while windows are being replaced which is estimated at \$177,000 in 2017.			
Description of Work			
Once the property is no longer subject to the five-year recapture period for the Federal Historic Tax Credit and the installed windows reach the end of their useful life, the property owner proposes to install new windows. These windows would more closely match the historic configuration with a tripartite design, center fixed windows, single pane pivot windows on either side and a transom. Proposed windows would also have a heavier mullion design, as shown in historic documentation of the building. The windows have a useful life of 30 years, it will be replaced when necessary.			

# 11	Building Feature: Storefronts, North Elevation		
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract Year for Work Completion: est. 2040			
Total Cost (rounded to the nearest dollar): \$200,000 in 2017. (est. \$492K in 2040 assuming 4% annual inflation)			
Description of Work			
Once the property is no longer subject to the five-year recapture period for the Federal Historic Tax Credit, the property owner proposes to install new storefronts when the installed storefronts reach the end of its useful life. These storefronts would more closely match the historic in both material and configuration as seen in documentation. The storefronts have a useful life of 30 years, it will be replaced when necessary.			

# 12	Building Feature: Windows, South Elevation		
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract Year for Work Completion: est. 2040			
Total Cost (rounded to the nearest dollar): \$630,000 in 2017 (est. \$1.5M assuming 4% annual cost inflation). Price excludes 4 months of lost revenue while windows are being replaced which is estimated to be \$266,000.			
Description of Work			
The windows have a useful life of 30 years, and will be replaced with wood clad windows when necessary.			

# 13	Building Feature: Rooftop		
Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract Year for Work Completion: Est. 2035 and every 30 years after			
Total Cost (rounded to the nearest dollar): \$200,000 (est. 420,000 assuming 4% annual cost inflation)			
Description of Work			
The roof has a useful life of 30 years, it will be replaced when necessary with a new 50-year PVC roof membrane and new roof drains if necessary.			

MAINTENANCE PLAN (EXHIBIT B)

# 14	Building Feature: Windows, North Elevation		
Rehab/Restoration <input type="checkbox"/>	Maintenance <input checked="" type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract Year for Work Completion: 2018 and every 2 years thereafter			
Total Cost (rounded to the nearest dollar): \$35,000 per inspection and minor repair. \$175,000 if repainting of historic façade along Market Street is required.			
Description of Work			
Windows are accessed via an outrigger system installed behind roof parapets. Inspect windows on north elevation for deterioration and water infiltration and make repairs as necessary.			

# 15	Building Feature: Seismic and Structural		
Rehab/Restoration <input type="checkbox"/>	Maintenance <input checked="" type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract Year for Work Completion: 2019, and every 5 years thereafter			
Total Cost (rounded to the nearest dollar): \$25,000 per assessment			
Description of Work			
A seismic property condition assessment will be conducted every five years.			

# 16	Building Feature: Terra Cotta, North Elevation		
Rehab/Restoration <input type="checkbox"/>	Maintenance <input checked="" type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract Year for Work Completion: 2019 and every 5 years thereafter			
Total Cost (rounded to the nearest dollar): \$60,000 per inspection (Assuming only minor repair work required)			
Description of Work			
<p>Routine inspection of the terra cotta will include, but not limited to, looking for signs of crazing and spalling.</p> <p>Should routine inspections reveal the need for maintenance and/or repairs to the decorative terra cotta façade, work will be performed in accordance with Preservation Brief #7, "The Preservation of Historic Glazed Architectural Terra Cotta." The successful cleaning of glazed architectural terra-cotta removes excessive soil from the glazed surface without damaging the masonry unit itself. Of the many cleaning materials available, the most widely recommended are water, detergent, and a natural or nylon bristle brush. More stubborn pollution or fire-related dirt or bird droppings can be cleaned with steam or weak solutions of muriatic or oxalic acid. Should any water-related damage be identified, the problem will be mitigated before repairs are made to the affected area.</p>			

#17	Building Feature: Fire Escape, South Elevation		
Rehab/Restoration <input type="checkbox"/>	Maintenance <input checked="" type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract Year for Work Completion: 2019 and every 5 years thereafter			
Total Cost (rounded to the nearest dollar): \$35,000 per inspection			
Description of Work			
The fire escape will be inspected, repaired, and repainted as necessary.			

#18	Building Feature: East Elevation		
Rehab/Restoration <input type="checkbox"/>	Maintenance <input checked="" type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract Year for Work Completion: 2019, and every 5 years thereafter			
Total Cost (rounded to the nearest dollar): \$175,000 per inspection (Assuming minor repairs)			
Description of Work			
<p>The building's masonry and mortar joints will be subject to regular inspection. Inspections, maintenance, and repairs to the masonry and mortar joints will be done in accordance with Preservation Brief #1, "Assessing Cleaning and Water-Repellent Treatments for Historic Masonry Buildings," and Preservation Brief #2, "Repointing Mortar Joints in Historic Masonry Buildings."</p> <p>Should the building be subject to graffiti and/or vandalism, the owner will take the necessary steps to carefully repair the damage using the least abrasive solvents for removing the graffiti.</p>			

#19	Building Feature: Masonry, South Elevation		
Rehab/Restoration <input type="checkbox"/>	Maintenance <input checked="" type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input checked="" type="checkbox"/>
Contract Year for Work Completion: 2020, and every 10 years thereafter			
Total Cost (rounded to the nearest dollar): est. \$185,000 per inspection (assuming minimal repair)			
Description of Work			
<p>The building's masonry and mortar joints will be subject to regular inspection. Inspections, maintenance, and repairs to the masonry and mortar joints will be done in accordance with Preservation Brief #1, "Assessing Cleaning and Water-Repellent Treatments for Historic Masonry Buildings," and Preservation Brief #2, "Repointing Mortar Joints in Historic Masonry Buildings."</p> <p>Should the building be subject to graffiti and/or vandalism, the owner will take the necessary steps to carefully repair the damage using the least abrasive solvents for removing the graffiti.</p>			

OFFICE OF THE ASSESSOR / RECORDER - CITY & COUNTY OF SAN FRANCISCO

MILLS ACT VALUATION

APN's:	3704 069	Completion Date:	11/1/2014
Property Location:	973 Market St (The Wilson)	Date of Value:	7/1/17
Purpose of Appraisal:	Mills Act	Year:	2017/2018
Owner:	Raintree 973 Market NEWCO LLC	Last Sale:	5/11/2012
Agt./Tax Rep./Atty:	James DePasquale	Price:	\$6,750,000

2017 LIEN DATE VALUE		RESTRICTED MILLS ACT VALUE		CURRENT FAIR MARKET VALUE	
Land	\$ 4,383,158	Land	\$ 4,383,158	Land	\$ 4,750,000
Improvements	\$ 28,928,449	Improvements	\$ 16,416,842	Original Improvements	\$ 31,350,000
Personal Prop	\$ -	Personal Prop	\$ -	Personal Prop	\$ -
Total	\$ 33,311,607	Total	\$ 20,800,000	Total	\$ 36,100,000

I. Property Description

Use:	Apartment over retail	Rentable Area:	39,339	Neighborhood:	SOMA
Market Res. Units:	60	Stories:	9	Land Area:	8,373
BMR Res. Units:	7	Quality/Class:	Excellent, B	Zoning:	C3G
Retail Units:	<u>2</u>	Condition:	Excellent	Parking Spaces:	None
Total Units:	69	Year Built:	1904/2014		

II. Issues

New Construction Valuation

III. Table of Contents

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Subject Photo and Map	2
Property Summary	3
Restricted Income Approach	4
Subject Rent Roll	5-6
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Financials - 15 & 16	8
Comparable Sales	9

IV. Conclusions and Recommendations

	Per Unit	Per SF	Total
Factored Base Year Roll	\$482,777	\$847	\$ 33,311,607
Restricted Income Approach - Direct Capitalization	\$301,449	\$529	\$ 20,800,000
Sales Comparison Approach	\$523,188	\$918	\$ 36,100,000
Recommended Value Estimate			\$ 20,800,000

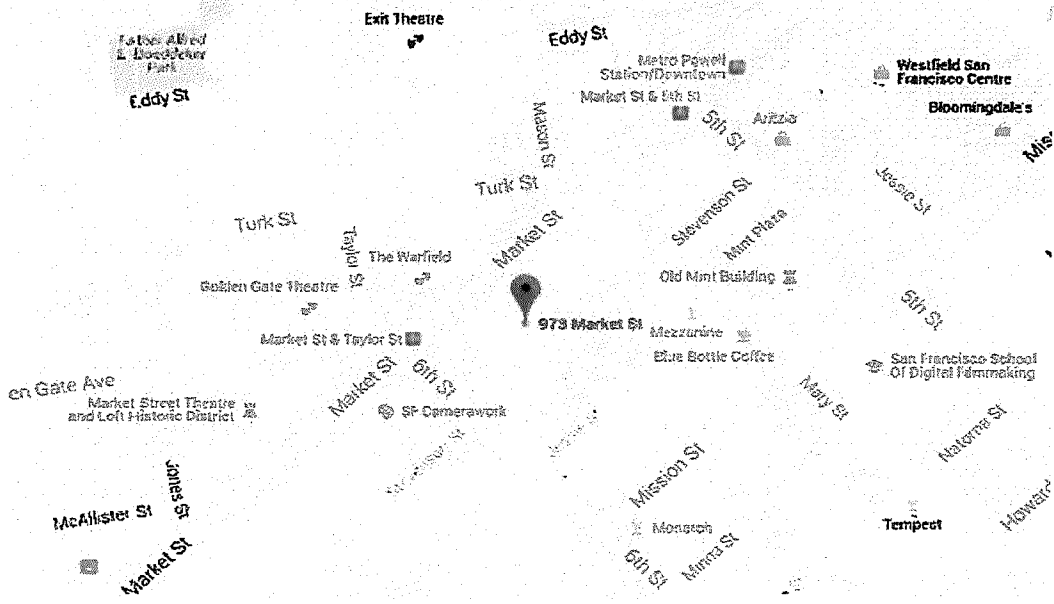
Senior Appraiser: Stephen Yen	Principal Appraiser: Cathleen Hoffman	Date: 8/16/2017
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Subject Photos and Map

Address: 973 Market St (The Wilson)

APN: 3704 069

Photo taken by appraiser on 7/24/17



Property Summary

Address: 973 Market St (The Wilson)
APN: 3704 069

Assessor's Parcel No. 3704 069
Location: 973 Market St (The Wilson)
between 5th and 6th Streets

Neighborhood: SOMA

Property Description 67 Unit Apartment/Loft Building on Market Street. Known as "The Wilson", this 100 yr old building was gutted, renovated, and completed in 2014. There are 2 ground floor retail spaces. No parking available. Pets are allowed. Per taxpayer, building is not subject to rent control.

Direct Construction Costs Reported by TP: \$ 15,711,012

Number of Residential Units:	<u>Market</u>	<u>BMR</u>	<u>Total</u>
Residential	60	7	67
Number of Retail Units	2		2
Net Rentable Area Residential (NRA):			<u>Avg/Unit</u>
Residential	37,194		555
Retail	<u>2,145</u>		1,073
Total	39,339		

Year Built, Renovated: 1904/2014

Class: B

Floors: 9

Ground Floor Retail: Yes

Lot Size (SqFt): 8,373

Parking None

Views City & Bay

Occupancy as of 7/1/17 94%

CIO History

Sale 5/11/2012 \$6,750,000 Land and Gutted Building

Income Approach

Address: 973 Market St (The Wilson)
 APN 3704 069

	<u>Residential</u>	<u>Commercial</u>	<u>Total</u>
Number of Units	67	2	69
Rentable Area	37,194	2,145	39,339
Average Unit Size	555	1,073	

		<u>Total</u>	<u>Per Unit</u>	<u>Per Sq. Ft.</u>	<u>% Total</u>	<u>Income</u>	<u>Comments</u>
Income							
Gross Residential Rental Income		\$ 2,311,356	\$ 34,498	\$ 62.14			Based on Rent Roll
Less: Vacancy and Collection Loss @	5.0%	(116,668)	(1,725)	(3.11)			Market Estimate
Effective Gross Residential Income		\$ 2,195,788	\$ 32,773	\$ 59.04			
Commercial Income		\$ 96,525		\$ 45.00			Based on Market Rent
Less: Vacancy and Collection Loss @	3.0%	(2,896)		(1.35)			Market Estimate
Effective Gross Commercial Income		\$ 93,629		\$ 43.65			
Effective Gross Rental Income		\$ 2,289,417	\$ 34,170	\$ 58.20			
Plus: Other Income							
Pet Fees							Included in Other Rental
Renter's Insurance							Included in Other Rental
Valet Waste							Included in Other Rental
CAM Income		\$ 25,968	\$ 376	\$ 0.66			Based on 2016 Financials
Other Rental		\$ 123,228	\$ 1,786	\$ 3.13			Based on 2016 Financials
Total Other Income		\$ 149,196	\$ 2,162	\$ 3.79			
Total Effective Rental Income		\$ 2,438,613	\$ 36,397	\$ 61.99			
Operating Expenses							
General & Administrative		\$ 45,841	\$ 664	\$ 1.17	1.9%		Based on 2016 Financials
Contracted Services		\$ 90,771	\$ 1,316	\$ 2.31	3.7%		Based on 2016 Financials
Insurance		\$ 35,043	\$ 508	\$ 0.89	1.4%		Based on 2016 Financials
Repairs and Maintenance		\$ 66,239	\$ 960	\$ 1.68	2.7%		Based on 2016 Financials
Make-Ready		\$ 4,020	\$ 58	\$ 0.10	0.2%		Based on 2016 Financials
Leasing & Marketing		\$ 26,131	\$ 379	\$ 0.66	1.1%		Based on 2016 Financials
Payroll		\$ 183,386	\$ 2,658	\$ 4.66	7.5%		Based on 2016 Financials
Reserves for Replacement		\$ 17,250	\$ 250	\$ 0.44	0.7%		\$250 per Unit
Management Fees		\$ 57,509	\$ 833	\$ 1.46	2.5%		Based on 2016 Financials
Utilities		\$ 170,350	\$ 2,469	\$ 4.33	7.0%		Based on 2016 Financials
Pretax Total Expenses		\$ 696,540	\$ 10,095	\$ 17.71	28.6%		
Pretax NOI		\$ 1,742,074	\$ 25,247	\$ 44.28	71.4%		
Restricted Capitalization Rate						8.3766%	
2017 interest rate per State Board of Equalization						3.7500%	
Risk rate (4% owner occupied / 2% all other property types)						2.0000%	
2016 property tax rate **						1.1792%	
Amortization rate for improvements only							
Remaining economic life (Years)		60	0.0167	1.4474%			
Improvements constitute % of total property value			87%				
Value Estimate		\$ 20,796,991					
Rounded		\$ 20,800,000					
Value Per Unit		\$ 301,449					
GRM			8.6				

Note: Values may not be final, but are presented for Discussion Purposes Only. Not for Reproduction or Distribution.

Subject Rent Roll

Address: 973 Market St (The Wilson)

APN: 3704 069

Rent roll from taxpayer - as of 7/1/17

Unit	Unit Type	Occupied/ Vacant	Unit Size	Contract Rent (Monthly)	Contract Rent (PSF)	Move In Date		Market Rent		Trash/Utili lity	Renter Insurance	Storage Fees	Pet Fees
						Month	Year	Total	PSF/MO				
Commercial													
	Unit A		1,731	\$5,770	\$3.33	11	2014	\$6,491	\$3.75				
	Unit B		414	\$1,242	\$3.00	11	2014	\$1,553	\$3.75				
Total Retail			2,145	\$7,012	\$3.27			\$8,044	\$3.75				
Annual Retail					\$39.23			\$96,525	\$45.00				
Residential													
105	BMR 1BR	Occupied	532	\$1,133	\$2.13	3	2015	\$1,133	\$2.13				
107	LOFT	Occupied	765	\$3,425	\$4.48	4	2017	\$3,425	\$4.48				
205	2 BR	Occupied	1,023	\$3,975	\$3.89	7	2016	\$3,975	\$3.89	\$35.00			
208	BMR STUDIO	Occupied	501	\$941	\$1.88	6	2015	\$941	\$1.88	\$35.00	\$14.50		
209	1BR	Occupied	717	\$3,250	\$4.53	10	2015	\$3,250	\$4.53	\$35.00			\$50.00
301	1BR	Occupied	659	\$3,575	\$5.42	7	2016	\$3,575	\$5.42	\$35.00			
302	STUDIO	Occupied	482	\$2,700	\$5.60	6	2016	\$2,700	\$5.60	\$35.00			\$50.00
303	BMR STUDIO	Vacant	429	\$0	\$0.00			\$990	\$2.31				
304	1BR	Occupied	531	\$3,000	\$5.65	5	2017	\$3,000	\$5.65				
305	2BR	Occupied	984	\$4,100	\$4.17	7	2015	\$4,100	\$4.17	\$35.00			
307	STUDIO	Occupied	492	\$2,825	\$5.74	2	2017	\$2,825	\$5.74				\$100.00
308	STUDIO	Occupied	496	\$2,900	\$5.85	7	2016	\$2,900	\$5.85	\$35.00	\$14.50		
309	STUDIO	Occupied	403	\$2,700	\$6.70	7	2015	\$2,700	\$6.70	\$35.00			
310	BMR STUDIO	Occupied	437	\$941	\$2.15	2	2015	\$941	\$2.15			\$75.00	
401	1BR	Occupied	659	\$3,650	\$5.54	4	2015	\$3,650	\$5.54	\$35.00			\$50.00
402	BMR STUDIO	Occupied	482	\$899	\$1.87	2	2015	\$899	\$1.87		\$14.50		
403	STUDIO	Occupied	429	\$2,875	\$6.70	9	2015	\$2,875	\$6.70	\$35.00			\$50.00
404	BMR 1BR	Occupied	531	\$1,074	\$2.02	12	2014	\$1,074	\$2.02		\$14.50		
405	1BR	Occupied	597	\$3,300	\$5.53	5	2016	\$3,300	\$5.53	\$35.00			
406	STUDIO	Vacant	386	\$0	\$0.00			\$2,700	\$6.99				
407	STUDIO	Occupied	510	\$3,000	\$5.88	2	2016	\$3,000	\$5.88	\$35.00			
408	STUDIO	Occupied	495	\$2,775	\$5.61	7	2014	\$2,775	\$5.61	\$35.00	\$14.50		
409	STUDIO	Occupied	402	\$2,925	\$7.28	8	2016	\$2,925	\$7.28		\$14.50		
410	STUDIO	Occupied	437	\$2,750	\$6.29	8	2015	\$2,750	\$35.00	\$35.00			
501	1BR	Occupied	659	\$3,600	\$5.46	3	2017	\$3,600	\$5.46		\$14.50		
502	STUDIO	Occupied	488	\$2,750	\$5.64	12	2016	\$2,750	\$5.64	\$35.00	\$14.50		
503	STUDIO	Occupied	429	\$2,800	\$6.53	6	2016	\$2,800	\$6.53	\$35.00	\$14.50		\$50.00
504	1BR	Occupied	531	\$3,450	\$6.50	11	2015	\$3,450	\$6.50	\$35.00	\$14.50		\$50.00
505	1BR	Occupied	597	\$3,130	\$5.24	5	2016	\$3,130	\$5.24	\$35.00			
506	BMR STUDIO	Occupied	386	\$941	\$2.44	2	2015	\$941	\$2.44				
507	STUDIO	Occupied	516	\$2,800	\$5.43	7	2015	\$2,800	\$5.43	\$35.00	\$14.50		
508	STUDIO	Occupied	495	\$2,500	\$5.05	4	2017	\$2,500	\$5.05		\$14.50		
509	STUDIO	Occupied	402	\$2,700	\$6.72	7	2014	\$2,700	\$6.72	\$35.00			
510	STUDIO	Occupied	437	\$2,550	\$5.84	6	2017	\$2,550	\$5.84	\$35.00			
601	1BR	Occupied	659	\$3,350	\$5.08	11	2016	\$3,350	\$5.08	\$35.00	\$14.50		
602	STUDIO	Occupied	488	\$2,925	\$5.99	6	2014	\$2,925	\$5.99	\$35.00			
603	STUDIO	Occupied	429	\$2,375	\$5.54	4	2017	\$2,375	\$5.54	\$35.00			
604	1BR	Occupied	531	\$3,550	\$6.69	3	2017	\$3,550	\$6.69				
605	1BR	Occupied	597	\$3,375	\$5.65	2	2017	\$3,375	\$5.65				
606	STUDIO	Occupied	386	\$2,725	\$7.06	3	2017	\$2,725	\$7.06		\$14.50		
607	STUDIO	Occupied	516	\$2,675	\$5.18	4	2017	\$2,675	\$5.18	\$35.00			
608	STUDIO	Occupied	495	\$3,000	\$6.06	10	2015	\$3,000	\$6.06	\$35.00			\$50.00
609	STUDIO	Occupied	402	\$2,650	\$6.59	11	2016	\$2,650	\$6.59	\$35.00		\$75.00	
610	STUDIO	Occupied	437	\$2,800	\$5.95	5	2017	\$2,800	\$5.95	\$35.00			
701	1BR	Occupied	659	\$3,250	\$4.93	12	2016	\$3,250	\$4.93	\$35.00	\$14.50		\$150.00
702	STUDIO	Occupied	488	\$2,825	\$5.79	5	2017	\$2,825	\$5.79				
703	STUDIO	Occupied	429	\$2,750	\$6.41	5	2017	\$2,750	\$6.41				
704	1BR	Occupied	531	\$3,150	\$5.93	2	2016	\$3,150	\$5.93	\$35.00	\$14.50		

Subject Rent Roll

Address: 973 Market St (The Wilson)

APN: 3704 069

Rent roll from taxpayer - as of 7/1/17

Unit	Unit Type	Occupied/ Vacant	Unit Size	Contract Rent (Monthly)	Contract Rent (PSF)	Move In Date		Market Rent		Trash/Utili- lity	Renter Insurance	Storage Fees	Pet Fees
						Month	Year	Total	PSF/MO				
705	1BR	Occupied	597	\$3,675	\$6.16	11	2014	\$3,675	\$6.16	\$35.00			
706	STUDIO	Vacant	386	\$0	\$0.00			\$2,740	\$7.10				
707	STUDIO	Occupied	516	\$2,750	\$5.33	12	2016	\$2,750	\$5.33	\$35.00	\$14.50		\$50.00
708	STUDIO	Occupied	495	\$2,750	\$5.56	5	2017	\$2,750	\$5.56	\$35.00			
709	STUDIO	Occupied	402	\$3,199	\$7.96	11	2015	\$3,199	\$7.96	\$35.00	\$14.50		
710	STUDIO	Occupied	437	\$2,950	\$6.75	2	2017	\$2,950	\$6.75		\$14.50		\$50.00
801	LOFT	Occupied	923	\$3,900	\$4.23	5	2016	\$3,900	\$4.23	\$35.00			
802	LOFT	Occupied	732	\$3,650	\$4.99	5	2016	\$3,650	\$4.99	\$35.00	\$14.60		
803	STUDIO	Occupied	437	\$2,950	\$6.75	6	2017	\$2,950	\$6.75	\$35.00			
804	1BR	Occupied	708	\$3,375	\$4.77	8	2016	\$3,375	\$4.77	\$35.00			
805	1BR	Occupied	800	\$3,500	\$4.38	6	2017	\$3,500	\$4.38		\$14.50		
807	STUDIO	Vacant	664	\$0	\$0.00			\$3,100	\$4.67				
808	LOFT	Occupied	753	\$3,575	\$4.75	7	2016	\$3,575	\$4.75	\$35.00	\$14.50		
809	LOFT	Occupied	547	\$2,925	\$5.35	4	2017	\$2,925	\$5.35	\$35.00			
810	LOFT	Occupied	711	\$3,325	\$4.68	1	2017	\$3,325	\$4.68	\$35.00			\$50.00
903	STUDIO	Occupied	437	\$3,125	\$7.15	8	2014	\$3,125	\$7.15	\$35.00	\$14.50		
904	1BR	Occupied	710	\$3,300	\$4.65	4	2017	\$3,300	\$4.65				\$100.00
905	1BR	Occupied	800	\$3,800	\$4.75	2	2016	\$3,800	\$4.75	\$35.00	\$14.50	\$75.00	\$100.00
907	STUDIO	Occupied	773	\$3,200	\$4.14	1	2016	\$3,200	\$4.14	\$35.00	\$14.50		
Total Residential			37,194	\$183,083	\$4.92			\$192,613	\$5.18	\$1,540	\$363	\$225	\$950
Annual Residential								\$2,311,356	\$62.14				
Retail & Resid.			39,339										

BMR Units	7	10%
Market Rate Units	60	90%
	67	100%

Vacant	4	6%
Occupied	63	94%
Total	67	100%

Summary of Subject and Comparable Retail Leases

Address: 973 Market St (The Wilson)
 APN: 3704 069

Comparable Retail Rents (Sorted by Date)

No.	Block	Lot	Address	Tenant	Neighborhood	Retail use Category	Tenant Floor	% of Grd Flr to Total GLA	Lease Signed	Lease Start	Term (Mo.)	GLA	Starting Rent (\$/SF/YR)	Effective Rent
-----	-------	-----	---------	--------	--------------	---------------------	--------------	---------------------------	--------------	-------------	------------	-----	--------------------------	----------------

Subject Property Retail Leases

	3704	069	973 Market St	Fellow Barber		Barber	1		11/01/14			1,731	\$40.00	
	3704	069	973 Market St	Unit B		Unknown	1		11/01/14			414	\$36.00	

Comparable Retail Rents

1	0287	020	447 Bush St.	Bar Fluxus	Union Square District	Bar	1	0	01/09/17	01/00/00	120	1,600	\$48.75	\$0.00
2	6506	034	4159 24th St.	Yoga Mayu	Noe Valley	Fitness Studio	0	0	02/12/15	03/15/15	60	1,433	\$46.06	\$0.00
3	0814	020	100 Van Ness Ave	100 Van Ness LLC	Van Ness/Civic Center	Restaurant	0	0	05/29/15	05/29/15	120	2,892	\$45.45	\$0.00
4	3910	001	101 Henry Adams St.	Scot Meacham	Mission Bay	Interior Design	0	0	09/25/15	11/01/15	60	726	\$30.00	\$0.00

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

Summary of Financials - 2015 & 2016

Address: 973 Market St (The Wilson)
 APN: 3704 069

	Total	Market	BMR
Number of Units	69	60	7
Rentable Area	39,339		

	2015 (Jan-Dec)				2016 (Jan-Dec)			
	Total	Per Unit	Per SqFt.	% EGI	Total	Per Unit	Per SqFt.	% EGI
Revenue								
Market Rate Units	\$ 2,192,337	\$31,773	\$55.73		\$ 2,478,075	\$35,914	\$62.99	
Below Market Rate Units	-	-	\$0.00		-	-	\$0.00	
Commercial Rent	61,398	890	\$1.56		86,034	1,247	\$2.19	
Gross Potential Rent	\$ 2,253,735	\$32,663	\$57.29		\$ 2,564,109	\$37,161	\$65.18	
Less: Concessions	-	-	\$0.00		-	-	\$0.00	
Total Rental Income	\$ 2,253,735	\$32,663	\$57.29		\$ 2,564,109	\$37,161	\$65.18	
Other Income								
CAM Income	18,946	275	\$0.48		25,968	376	\$0.66	
Other Rental Income	143,208	2,075	\$3.64		123,228	1,786	\$3.13	
Total Other Income	\$ 162,154	\$ 2,350	\$4.12		\$ 149,196	\$ 2,162	\$3.79	
Total Income	\$ 2,415,889	\$ 35,013	\$61.41		\$ 2,713,305	\$ 39,323	\$68.97	
Operating Expenses								
General & Administrative	\$ 54,218	\$ 786	\$1.38	2.0%	\$ 45,841	\$ 664	\$1.17	1.7%
Contracted Services	102,662	1,488	\$2.61	3.8%	90,771	1,316	\$2.31	3.3%
Insurance	36,750	533	\$0.93	1.4%	35,043	508	\$0.89	1.3%
Repairs and Maintenance	54,869	795	\$1.39	2.0%	66,239	960	\$1.68	2.4%
Make-Ready	9,620	139	\$0.24	0.4%	4,020	58	\$0.10	0.1%
Leasing & Marketing	35,189	510	\$0.89	1.3%	26,131	379	\$0.66	1.0%
Payroll	164,305	2,381	\$4.18	6.1%	183,386	2,658	\$4.66	6.8%
Management Fees	58,806	852	\$1.49	2.2%	57,509	833	\$1.46	2.1%
Utilities	138,175	2,003	\$3.51	5.1%	170,350	2,469	\$4.33	6.3%
Property Taxes	338,408	4,904	\$8.60	12.5%	362,036	5,247	\$9.20	13.3%
Operating Expenses	\$ 993,002	\$ 14,391	\$25.24	36.6%	\$ 1,041,326	\$ 15,092	\$26.47	38.4%
Less: Property Taxes	(338,408)	(4,904)	-\$8.60	-12.5%	(362,036)	(5,247)	-\$9.20	-13.3%
Pre Tax Operating Expenses	\$ 654,594	\$ 9,487	\$16.64	27.1%	\$ 679,290	\$ 9,845	\$17.27	25.0%
Pre Tax Net Operating Income	\$ 1,761,295	\$ 25,526	\$44.77	73%	\$ 2,034,015	\$ 29,478	\$51.70	75%

Comparable Sales

Address: 973 Market St (The Wilson)
 APN: 3704 069

No.	APN	Property Address	MLS District	Sale Date	Sale Price	No. Mkt Rate Units	No. BMR Units	Total Units	Bldg SF	Price/Mkt Rate Units	Price/Total Units	Price Per SF	Actual Cap Rate	GRM	Year Built	Parking Spaces
Subj.	3704 069	973 Market St (The Wilson)	SOMA			60	7	67	39,339							None
1	3703-012	529 Stevenson St	SOMA	2/3/2017	\$23,000,000	51	-	51	42,600		\$450,980	\$540	4.87%	12.16	1924	
2	0277-006A	1108 Bush St	Tenderloin	10/6/2016	\$20,775,000	42	-	42	31,450		\$494,643	\$681	3.10%		1914	
3	0273-001	655 Powell St	Tenderloin	7/19/2016	\$24,500,000	48	-	48	31,790		\$510,417	\$771	2.54%	21.05	1923	8
4	0280-011	952 Sutter St	Tenderloin	7/18/2016	\$31,000,000	57	-	57	42,365		\$543,860	\$732	4.15%	16.46	1910	
5	0693-014	990 Geary St (Part of Portfolio)	Civic Center	12/11/2015	\$22,180,000	60	-	60	41,385		\$369,333	\$535			1914	
6	3777-073,106	548 Brannan St.	Mission Bay	1/8/2013	\$22,220,000	34	-	34	66,900		\$653,529	\$332	3.80%	15.80	2003	6
7	4000-029, 050	530 Brannan St.	Potrero Hill	11/30/2012	\$73,730,000	113	-	113	133,188		\$652,478	\$554	3.80%		2003	9
Average											\$525,000	\$589	3.71%	16.37		

Gross Potential Rental Income X GRM: \$2,407,881 X 15.0 = \$36,118,215
 Rounded Value Estimate: \$36,100,000
 Value Estimate Per Unit: \$538,806

Note: Values may not be final, but are presented for Discussion Purposes Only. Not for Reproduction or Distribution.



SAN FRANCISCO PLANNING DEPARTMENT

PRE-APPROVAL INSPECTION REPORT

Report Date: May 17, 2017
Inspection Date: May 16, 2017; 3:00pm
Case No.: 2017-005419MLS
Project Address: 973 Market Street
Zoning: C-3-G (Downtown-General)
Height & Bulk: 120-X
Block/Lot: 3704/069
Eligibility: Contributor to the Market Street Theater and Loft National Register Historic District
Property Owner: Raintree 973 Market Newco LLC
Contact: Jason Check, Jason Check, jcheck@raintreepartners.com, 949-606-3099
Address: 28202 Cabot Rd., Ste. 300
Laguna Nigel, CA 92677
Staff Contact: Shannon Ferguson – (415) 575-9074
shannon.ferguson@sfgov.org
Reviewed By: Tim Frye – (415) 575-6822
tim.frye@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

5/10/17: Email property owner to schedule site inspection

5/11/17: Email to confirm site inspection for Tuesday, May 16 at 3pm. Property owner and historic preservation consultant will attend.

5/17/17: follow up email summarizing Rehab/Maintenance plans discussion on site.

INSPECTION OVERVIEW

Date and time of inspection: Tuesday, May 16 at 3:00pm

Parties present: Jason Check (property owner), Tricia Lipton (historic preservation consultant), Shannon Ferguson, Ali Kirby (SF Planning)

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

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

- Thorough sample of units/spaces
- Representative
- Limited

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

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

Mills Act Pre-Approval Inspection Report
May 17, 2017

Case Number 2017-005419MLS
973 Market Street

NOTES AND RECOMMENDATIONS

Historic Preservation Consultant

Tricia Lipton, Heritage Consulting Group, 503.228.0272, tlipton@heritage-consulting.com

High Property Value Exemption: Explain why this building is a significant resource, exceptional architectural style, and associated with important events. Also must address question #2.

HSR is missing alterations, list of character defining features, conditions assessment, brief treatment recommendations, and a bibliography. *Preservation Brief 43: The Preparation and Use of Historic Structure Reports* should serve as a guide to writing the HSR.

Rehabilitation and maintenance plans: Interior work must be removed from Rehabilitation and maintenance plans, including lobby, common areas, tenant spaces, rental units etc. Structural work can be included.

Windows and roof must be included in the maintenance plan

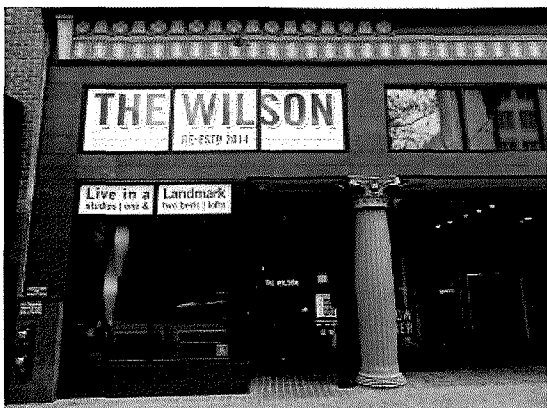
Be specific about where masonry and terra cotta maintenance will occur

Additional long term rehabilitation work recommended, including replacing windows with new compatible windows at Market Street façade and storefront restoration.

CONDITIONS FOR APPROVAL

None

PHOTOGRAPHS



Mills Act Pre-Approval Inspection Report
May 17, 2017

Case Number 2017-005419MLS
973 Market Street



Wilson Building: Mills Act Application

973 Market Street, San Francisco, California



Applicant

Jason Check, Raintree 973 Market Newco LLC
28202 Cabot Rd., Suite 300, Laguna Niguel, CA 92677
jcheck@raintreepartners.com
(949) 365-5653

Preparer

John Tess, Heritage Consulting Group
1120 NW Northrup St., Portland, OR 97209
jmtess@heritage-consulting.com
(503) 228-0272

May 31, 2017



PORTLAND 1120 NW Northrup St. P (503) 228-0272
Portland, OR 97209 F (503) 241-9646

PHILADELPHIA 15 W. Highland Ave. P (215) 248-1260
Philadelphia, PA 19118 F (215) 248-1261

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1A. MILLS ACT APPLICATION

APPLICATION FOR Mills Act Historical Property Contract

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

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

PROPERTY OWNER 1 NAME: RAINTREE 973 MARKET NEWCO LLC	TELEPHONE: (949) 365-5653
PROPERTY OWNER 1 ADDRESS: 28202 Cabot Road, Ste. 300, Laguna Niguel, CA, 92677	EMAIL: lcheck@raintreepartners.com

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

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

2. Subject Property Information

PROPERTY ADDRESS: 973 Market Street, San Francisco, CA	ZIP CODE: 94103
PROPERTY PURCHASE DATE: 5/11/2012	ASSESSOR BLOCK/LOT(S): Block 3704/ Lot 069
MOST RECENT ASSESSED VALUE: \$32,658,439	ZONING DISTRICT: C-3-G

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

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

Owner Signature:  Date: 04/24/17
 Owner Signature:  Date: 4/24/17
 Owner Signature: _____ Date: _____

3. Property Value Eligibility.

Choose one of the following options:

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

YES NO

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

YES NO

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

Application for Exemption from Property Tax Valuation

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

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

4. Property Tax Bill

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

PROPERTY OWNER NAMES: Raintree Partners c/o (RAINTREE 973 MARKET NEWCO LLC)
MOST RECENT ASSESSED PROPERTY VALUE: \$32,658,439.00
PROPERTY ADDRESS: 973 Market Street, San Francisco, CA 94103

5. Other Information

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

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

Owner Signature: [Signature]

Date: 04/24/17

Owner Signature: [Signature]

Date: 4/24/17

Owner Signature: _____

Date: _____

5. Rehabilitation/Restoration & Maintenance Plan

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

Property owner will ensure that a portion of the Mills Act tax savings will be used to finance the preservation, rehabilitation, and maintenance of the property	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
--	---

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

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

# _____ (Provide a scope number)	BUILDING FEATURE:
Rehab/Restoration <input type="checkbox"/>	Maintenance <input type="checkbox"/> Completed <input type="checkbox"/> Proposed <input type="checkbox"/>
CONTRACT YEAR FOR WORK COMPLETION:	
TOTAL COST (rounded to nearest dollar):	
DESCRIPTION OF WORK: See attached.	

1B. OTHER PROPERTY OWNED WITHIN THE CITY OF SAN FRANCISCO

Raintree 973 Market Newco LLC (dba. Raintree Partners) owns one other property in the City of San Francisco. That property is located at 2051 Third Street, San Francisco. This property is on Block 3994, Lot 084.

2. HIGH PROPERTY VALUE EXEMPTION FORM & HISTORIC STRUCTURES REPORT

The Wilson Building is a Commercial/Industrial Building valued at more than \$5,000,000. The building is a particularly significance resource and represents an example of an architectural style and is associated with significant events in San Francisco's history. The Wilson Building has been identified as a contributing resource within the Market Street Theatre and Loft District.

The Historic Structures report was completed by Heritage Consulting Group. Based in Portland, Heritage is a national leader in the historic preservation field. Since forming in 1982, the company has completed over 350 National Register nominations and completed historic tax credit projects totaling more than \$3 billion in construction. Current projects include Macy's Herald Square Store in Manhattan, the IBM Building in Chicago, and Union Station in Denver. The firm has been involved in several rehabilitation projects in the Bay Areas and in San Francisco, including the Haslett Warehouse.

DESCRIPTION OF THE BUILDING

The Wilson Building is located on Lot 069 of Block 3704 in the City of San Francisco, San Francisco County, California. Market Street is the primary arterial through downtown San Francisco, running diagonally along a SW-NE axis with two lanes of traffic that also accommodates bus and trolley service. Market Street separates the SoMa neighborhood, where blocks and streets run parallel and perpendicular to Market from Downtown San Francisco, where blocks and streets have a truer north orientation. The property is more or less centered in the City Center on Market; Powell Street is located two blocks to the northeast; Civic Center/UN Plaza is located to two blocks to the southwest.



Setting: The building is located on an interior parcel in a highly urbanized setting. The building sits on the southeast side of Market Street and on the north side of block 3704. That block is bounded by Market Street on the northwest and Stevenson Street on the southeast; Fifth Street on the northeast and Sixth Street on the southwest. While Market, Fifth and Sixth are major traffic streets, Stevenson is a secondary, almost alley-like street that runs only from Fifth Street to the mid-block of Seventh Street. Block 3704 is more or less rectangular and measures 170 feet at the NW-SE axis and 825 feet on the NE-SW axis.

Parcels on Block 3704 are run the length from Market to Stevenson with the façade on Market serving as the “front door” and the façade on Stevenson as the “rear” or “service” side. Buildings are built to the lot lines without landscape features. The street wall along Market is irregular but features a typical commercial form with ground floor retail spaces. At the corner of Fifth and Market, to the northeast, is the six -story, 200,000 square foot, 1912 Hale Brothers Department Store (NR). At the opposite southwest corner of the block, at Sixth and Market, is the sixteen-story Hewes Building, built in 1908 and reclad in 1963. Adjacent to that and adjacent to the Wilson Building is the earlier 1900 seven-story Hales Brothers Department Store. At the center of the street wall, beginning northeast of the Wilson Building, however, are roughly a dozen low-rise buildings of varying heights. Apart from the three buildings mentioned here, the street is marked by vacant and boarded-up buildings. By way of reference, the northeast boundary of the National Register district is the northeast party wall of the Wilson Building.

Site: The site is 8,372 square feet. It is rectangular in form, running 170 feet NW-SE and 49.3 feet NE-SW.

Structure: As originally built, the Wilson Building was seven-story structure with vaulted basement and a partial mezzanine. Although the original structure is unknown, it likely was an unreinforced masonry structure. When rebuilt in 1906, the new structural system was reinforced concrete with concrete columns and decks. The perimeter walls are masonry. The columns divide the floor plate into a grid of three bays SW-NE and ten bays SE-NW. The three bays are 14.5 feet at the center and 17.5 feet flanking. The SE-NW bays are evenly spaced at 17 feet. Floor heights are 18.5 feet at the first floor, 13.5 feet at the second floor, 12 feet at floors three-six, and 16.25 feet at the seventh floor. In 1983, the building was seismically upgraded with the addition of shear walls. In the most recent abandoned attempt to adapt the building into condominiums, a nearly full mezzanine was inserted above the 7th floor; it is held back one bay off the two street facades. Additionally, a full height light well, two bays deep and two bays across, was inserted at the center southwest, while the mezzanine at the first floor was reconfigured. Finally, the entire building upgraded structurally with new shear walls and steel bracing to meet current seismic codes.

Exterior: The building has a single primary façade facing northwest onto Market Street. It has a secondary façade facing southeast onto Stevenson Street. The southwest wall is a masonry party wall. The northeast wall is also a masonry party wall but exposed above the two-story adjacent building.

Market Street Façade: The most compelling feature of the Wilson Building is the Market Street façade. It is clad entirely and elaborately in terra cotta. Vertically, the façade is divided into three equal bays. Horizontally, it is organized into multiple elements:

The ground floor originally featured traditional three storefronts with plate glass over wood bulkhead. The bay structure was expressed at the street with the use of heavy fluted columns. Above the storefront was large transom, likely of leaded prism glass. When first built, the storefront level featured a central entry with flanking show windows and a secondary entry at the northeast. At some point, likely in the early 1920s when the Eilar Music House moved, the storefronts were modernized to accommodate multiple retail tenants. A 1944 photograph of the building shows a storefront level that has been modernized and reorganized in a rather chaotic fashion with two full-bay storefronts at the southwest and the remaining bay divided into a building entry and another smaller retail entry. At this point, the transom was either removed or covered as was the terra cotta below the belt course. Each storefront appears to have its own design with its own materials. In the 1990s, the ground floor was modernized with the removal of all elements other than the two central columns. A modern commercial grade anodized aluminum storefront system was then installed recessed behind the street face. During the most recent project, these storefronts were removed and presently the openings are voids.

Above the storefront level, the terra cotta decoration defined several additional elements. At the second floor, each bay has a tripartite window surmounted by a pediment, separated and framed decorative pilasters with lion heads atop brackets; at the outside, these are paired. Floors three-six are grouped with the use of a complex terra cotta frame. Finally, the seventh floor is an attic story with each bay featuring a group of three windows separated by columns. At the roof line is an elaborate terra cotta cornice. Terra cotta panels and belt courses further define floors. In general terms, the decoration tends toward the geometric and is Byzantine in style, balanced by large window openings that emphasize the building's skeleton. All windows have been replaced with wood clad, but many window openings are simply open.

Stevenson Street Façade: The Stevenson Street façade is a secondary façade facing southeast. It is built of utilitarian red brick in natural gray mortar. Vertically, it is divided into three equal bays. The two bays to the south are identical with large window openings featuring tripartite windows. The bay to the north is of similar size but has paired windows separated by a brick pilaster. Horizontally, fenestration divides the façade into seven floors, of which the upper six floors are essentially identical. Each bay on the ground floor has a large single opening; these have been covered with painted plywood. Windows here are replacement wood clad, though many window openings are simply open.

Northeast Party Wall: The northeast party wall is a blank wall built of common red brick with natural gray mortar.

Interior: In general terms, the building is void of interior elements. In the mid-2000s, the building was being adapted for condominiums. This included a seismic upgrade, removal of most interior features and the insertion of a light well at the center. It also included reconfiguring the mezzanine and inserting a floor above the seventh. Floors are concrete; perimeter walls are exposed brick and in many instances retain scarring from the 1906

Earthquake and Fire. In the 1906, the building was built as a reinforced concrete system with distinctive floor pans and column supports. Most of these elements are still visible. Additionally, at the northeast corner is a full height concrete stair with wood and decorative iron railings. This element is also intact.

Alterations:

The Wilson Building underwent a rehabilitation using Federal Historic Tax Credits and work completed is in conformance with the *Secretary of the Interior's Standards for Rehabilitation*. In the mid-2000s, the previous owners embarked on a plan to adapt the building for condominiums. This work involved a seismic upgrade, removal of the storefront, replacement of the windows, painting the terra cotta, inserting a light well, removing interior partitions and initiating an interior build-out for residential use. In 2010, that project was abandoned and in 2012, the property was acquired by the current owners.

Character Defining Features:

As identified in the Market Street Theater and Loft District National Register District, "The Wilson Building is an eight-story loft building described in *Splendid Survivors* as 'a handsome skeletal design with extremely rich decorative terra cotta panels. A three-part vertical composition with Sullivanesque/Byzantine ornamentation.'" The most prominent character defining feature is the terra cotta on the north elevation. The north elevation also includes a clearly defined fenestration pattern typical of early steel constructed buildings. This window pattern is also on the south elevation.

Conditions Assessment:

At the time the property was purchased by Raintree the building was gutted by the previous owner. On the exterior, the storefronts were removed and the street level area was boarded up. The terra cotta was in good condition. The previous owner removed and replaced the windows with tripartite, Chicago-style window with transoms. When Raintree acquired the building, the interior was largely vacant with exposed masonry walls at the perimeter, concrete floor, concrete ceiling, and concrete columns.

Today the building is in good condition overall. Both the exterior and interior are well maintained and subject to regular inspection (See Rehabilitation and Maintenance Plans).

Treatment Recommendations:

The building ownership understands that there is a necessary level of maintenance that is synonymous with owning a historic building. In addition to regular inspection and maintenance, the ownership will abide to the following guidelines: 1) know the building, 2) do no harm, 3) address problems early, and 4) prepare for disaster.

Know the building – It is essential to have a single person who understands and routinely inspects the buildings. This function is especially important given the substantive work completed on the building, including the new mechanical systems. New systems have a potential for failing, new uses create new stresses, new materials may change how the historic materials perform. While such circumstances are remote, it is important to that one single individual monitor the building's performances and come to understand its idiosyncrasies. Routine

inspections will build that knowledge and ensure the continued integrity of the building and its systems.

Do no harm – It is essential to establish protocols for cyclical maintenance of character defining features, materials and finishes. All too often, fundamental damage is done in the name of maintenance. Through the tax certification process, the historically important elements have been identified. It is equally important to be clear on how they are to be maintained.

Address problems early – It is essential to establish protocols for addressing problems early and effectively. The preservation and use of a building are inherently contradictory. Preservation often conflicts with hotel financial realities. Small problems have a tendency to either be telltales of larger problems or become larger problems themselves. Before problems relating to historic fabric arise, it is valuable to establish the protocols for crafting the solutions. Who needs to be involved in making the decisions? Who needs to be consulted? Who needs to be informed? And who makes the final decision?

Prepare for disaster – It is essential to establish protocols for those unfortunate but all too real situations when emergency repairs are needed. It is similar to the situation above, but time is of a greater ingredient. In responding to emergency situations and unplanned repairs: Who needs to be involved in making decisions? Who needs to be consulted? Who needs to be informed? And who makes the final decision?

Future Work:

Inevitably, occasions will arise for substantive work on the building. This work may be planned, perhaps prompted by the periodic inspections, or unplanned, the result of the emergency situations. Any such work must be planned following the *Secretary of Interior's Standards for Rehabilitation*. As the apartment units turn-over, each unit will be inspected, elements will be repaired as necessary and/or replaced in kind.

Within the scope of the next twenty years, the owners anticipate altering the windows and storefronts. The roof will need to be repaired and replaced. For more information see Maintenance Plan.

Bibliography:

- Bloomfield, Anna, "Market Street Theater and Loft District," *National Register of Historic Places*, April 10, 1986.
- H. S. Crocker Co, San Francisco City Directories, 1910-1920
- Preservation Brief #1, "Assessing Cleaning and Water-Repellent Treatments for Historic Masonry Buildings."
- Preservation Brief #2, "Repointing Mortar Joints in Historic Masonry Buildings."
- Preservation Brief #7, "The Preservation of Historic Glazed Architectural Terra Cotta."
- San Francisco's Architectural Heritage and Michael R. Corbett, *Splendid Survivors: San Francisco's Downtown Architectural Heritage*, San Francisco: A California Living Book, 1979.
- Sanborn Fire Insurance Maps, 1900, 1915, 1950
- R. L. Polk & Co., San Francisco City Directories, 1925-1980

HISTORY OF THE BUILDING

The Wilson Building has been identified as a contributing resource within the Market Street Theatre and Loft District. The building was built in 1900 for Emily J. Wilson, wife of San Francisco attorney S. M. Wilson, who had died in 1892. Prior to construction, the site along Market was occupied by two three-story wood-framed buildings with ground floor storefronts and lodgings above, while at the opposite side of the parcel, along Stevenson, were two-story wood-framed lodging buildings. Excavation was announced on May 15, 1900 in *Edwards Abstract*. Two months later, on July 7th, a rendering by “G. W. Percy and Willis Polk, Architects” was published in the San Francisco Chronicle. On February 15, 1901, Edwards Abstract noted the building was complete. During construction, in September, Mrs. Wilson had died and the ownership was vested in the Wilson Estate Company. That company retained ownership of the building until 1975.

Although the specific designer is unknown, the architect of the Wilson Building was Percy & Polk, an architectural partnership comprised of George W. Percy and Willis J. Polk. Percy was the elder of the two. Born in Bath, Maine in 1847, Percy apprenticed under Francis H. Fasset in Portland, Maine from 1866 to 1870, after which he worked in Stockton, Chicago and Boston. He arrived in San Francisco in 1876 and subsequently established a partnership with F. F. Hamilton. For a quarter of a century, they developed a strong reputation for public buildings. Major works of Percy & Hamilton include the Academy of Science Building, First Unitarian Church and the Hayward Building, all in San Francisco. In December, 1899, Hamilton died at the age of 46. It was at that time that the 32-year-old Polk joined the 52-year-old Percy to form Percy & Polk.

Willis Jefferson Polk was born in Jacksonville, Illinois in 1867 and grew up in St. Louis, the son of an architect. At the age of 14, Polk apprenticed in the office of Jerome Legg. In the ensuing years, Willis Polk alternately worked for his father and brother Daniel at W. W. Polk and worked with various architects around the country. In 1881, his father moved the family and firm to San Francisco; and over the next decade, Willis continued his pattern of periodically working for his father and for architects across the United States. During this time, Polk designed a number of residences on Russian Hill and later in Presidio Heights. Polk's father retired from the firm in 1896; with Daniel Polk having departed to play banjo in vaudeville, Willis Polk was left heading the firm and struggling to survive. Eventually, he was forced to declare bankruptcy in 1897 and for the next couple of years; Polk worked out of his home.

The partnership of Percy & Polk was short-lived, barely the length of time it took to design and construct the Wilson Building. The firm likely formed after May, 1900, after excavation on the building had begun. But by July, the building's architects were identified as “Percy & Polk”. Yet, five months later and prior to completion of the Wilson Building, in December, 1900, Percy died. The following year, Polk left for Chicago to work for Daniel Burnham. At this point, the firm's work was taken over by Henry Meyers. In addition to the Wilson Building, the firm was completing the Hayward Building. Polk returned to San Francisco in 1903 and began to establish his reputation as one of the Bay area's dominant architects until his death in 1924.

The initial tenant for the Wilson Building was the John Breuner Furniture Company. The company was founded by Breuner, a German cabinetmaker, who immigrated to California as a gold prospector but shortly after, gained employment with the Whitney & Company furniture dealer. In 1852, he started his own firm in Sacramento with his brother David. As the business

prospered, Breuner was awarded the contract to furnish legislative desks for the state capital. He also secured a subcontract for design and construction of desks for J. B. Luchsinger of San Francisco. Reportedly the firm manufactured about 15% of its furniture and imported the remaining 85%, focusing more on the finishing and upholstery of frames. By the 1870s, the firm had inventory of \$40-50,000. With extensive contacts in the Bay area, the company expanded to the Wilson Building at the turn of the century. It was the sole occupant of the building with display rooms on the lower floors, storage and manufacturing on the upper.

The 1906 San Francisco Earthquake and Fire however gutted the Wilson Building, leaving only the front façade and shell. The Wilson Estate rebuilt the building for \$12,000. They hired architect Henry Schulze as architect and relied on engineer John B. Leonard to transform it into a reinforced concrete structure. Schulze, who was then 49-years-old, was the son of noted Boston architect Paul Schulze and had begun working in the Bay area architectural field in the mid-1870s. For the most part, he operated a singular practice and while prolific few of his works have survived. One of the largest of his surviving works is the Folger Coffee Company Building, finished in 1905. Leonard was trained as an engineer at Michigan State and the University of Michigan, whereupon he settled in San Francisco and generally operated out of his own civil engineering office. A frequent contributor to *Architect and Engineer of California*, Leonard was an early advocate of concrete construction.

Upon completion, the Wilson Estate leased the entire building to the Eilers Music House. The Eilers Music House, also known as the Eilers Piano Company, was established by Hy Eilers in 1899 in Portland, Oregon. Originally only a retailer, the firm began building good quality pianos, including upright, grand and baby grand, and player pianos with modest success into the 1910s. They also sold pianos and organs. Over time, the firm expanded throughout the west coast with stores in Oakland, Stockton, Reno, Seattle, Tacoma and Spokane. Eilers first opened in San Francisco in 1905 at 514 Market Street, then opening temporarily at 520 Haight Street before moving into the Wilson Building in 1906. As the firm expanded, it became highly leveraged and overextended. By the late 1910s, Eilers was facing financial problems and moved out of the Wilson Building. By 1921, Eilers faced bankruptcy, then embezzlement charges and by 1928 the company was closed entirely.

With the departure of Eilers, city directories suggest that the building was subdivided with multiple tenants with a high turn-over. In 1920, tenants included such diverse enterprises as music, paint, dressmaking and physical culture studios. Five years later, tenants were new; featuring hat manufacturing, theatrical agency, a dentist office and photograph finishing. Through the 1930s, tenants were few and varied. Into the 1940s and beyond, the tenant mix included booking agents, drug distributors, a dentist office, and schools for accounting, chiropractic, and business. Again, tenants appear to only remain for a few years and without much in the way of a cohesive industry cluster. For the most part, the ground floor tenant was not known, but by 1990, the ground floor was occupied by Taco Bell. At that time, a new modern storefront system of anodized aluminum and glass was installed.

By the mid-2000s, new owners embarked on a plan to adapt the building for condominiums. This work involved a seismic upgrade, removal of the storefront, replacement of the windows, painting the terra cotta, inserting a light well, removing interior partitions and initiating an

interior build-out for residential use. In 2010, that project was abandoned and in 2012, the property was acquired by the current owners.

STATEMENT OF SIGNIFICANCE

The Wilson Building is located in the Market Street Theatre and Loft District. The district was listed on the National Register of Historic Places on April 10, 1986 under Criterion C for Architecture and Criterion A for Events. At the time of listing, the Wilson Building was included in the district as a contributing resource. The Wilson Building is significant primarily under Criterion C for its highly decorative, Sullivanesque/Byzantine inspired, terra cotta façade.¹

The district is located in central San Francisco along Market Street approximately between Sixth and Seventh Streets. On the southwest, the boundary is the Odd Fellows Hall at 6-26 Seventh Street. The southeast boundary runs along Stevenson Street. The northwest boundary is irregular, extending to include portions of McAllister Street, Jones Street, Golden Gate Avenue and Taylor Street. In total, the district includes thirty buildings, of which twenty are contributing.

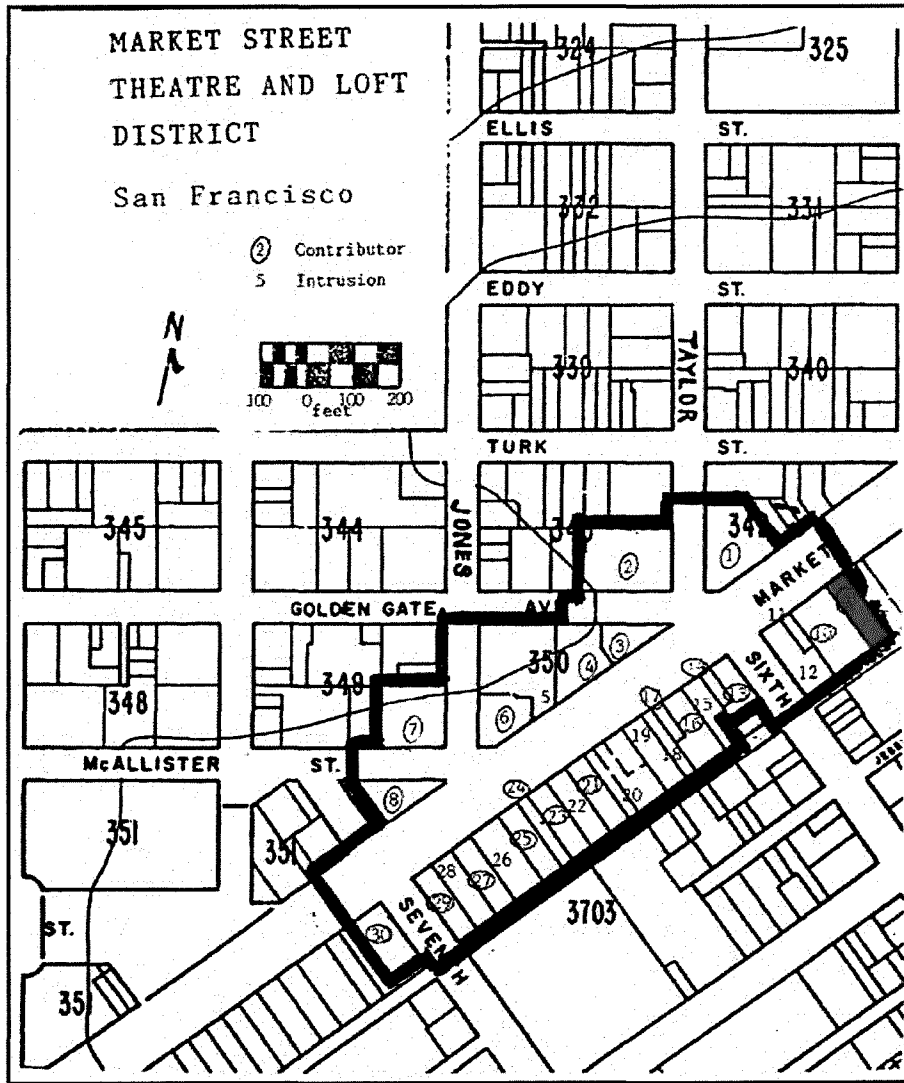
The inspiration of the district and the basis of the nomination lie with the book, *Splendid Survivors*, published in 1979 under the auspices of the Foundation for San Francisco's Architectural Heritage. That survey researched and evaluated 790 buildings within the city's downtown core. Through an elaborate evaluation process, that survey then identified 102 buildings of "highest importance" and 170 buildings of "major importance"; all of these 272 buildings were considered as being individually eligible for the National Register. The Wilson Building is identified as a member of the first group, "highest" importance, described as "a handsome skeletal design with extremely rich decorative terra cotta panels." It further describes the building as a "three part vertical composition with Sullivanesque/Byzantine ornamentation.

The survey also identified eight potential National Register districts. These included the Powell Street Corridor, Retail-Shopping District, Kearny Street District, Financial District, Commercial-Upper Montgomery Street, New Montgomery and Market Street District, Emporium Market Street Block and the Market Street Loft/Theater District. Of these, only the Market Street Loft/Theater District was prepared, submitted and listed on the National Register.

The authors of *Splendid Survivors* described the Market Street Loft/Theater District as "an imposing but unfortunately rundown District that includes three major elements: a group of loft structures on the south side of Market, a collection of theaters, and two fine intersections on the north side of Market." Particular to the Wilson Building, the book notes the simplicity of the skeletal design: "They are among the few downtown San Francisco buildings that reflect the early Modernist ideals of straightforward structural and functional expressiveness." The district boundaries were pushed eastward to mid-block specifically to include the Wilson Building, noting the building's added importance as a pre-earthquake survivor.

¹ Market Street Theater and Loft District National Register District.

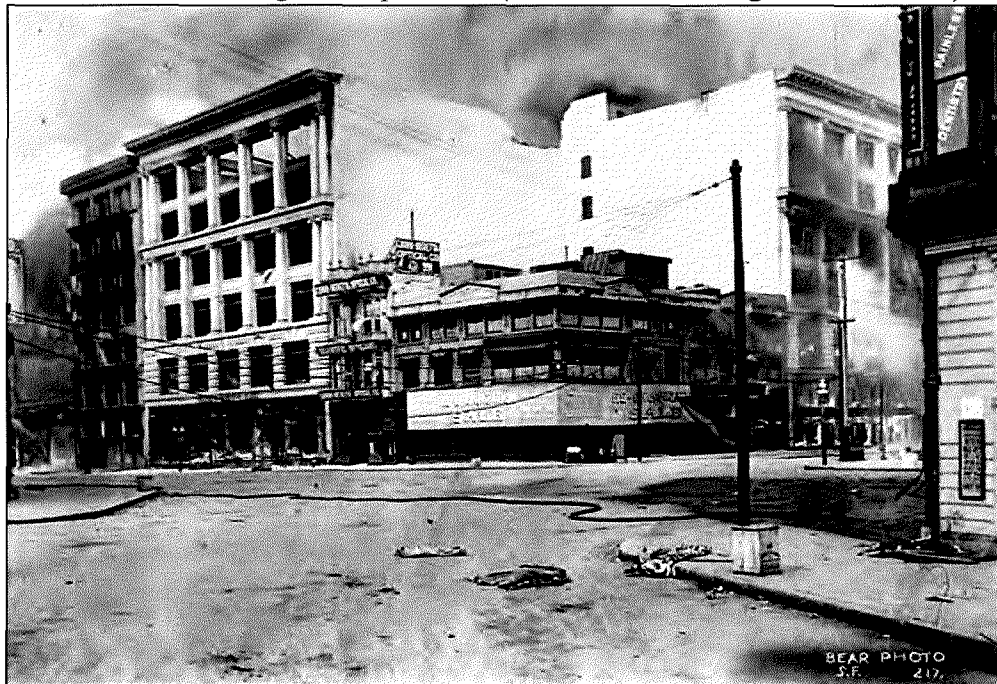
National Register Market Street Theatre and Loft District Boundaries

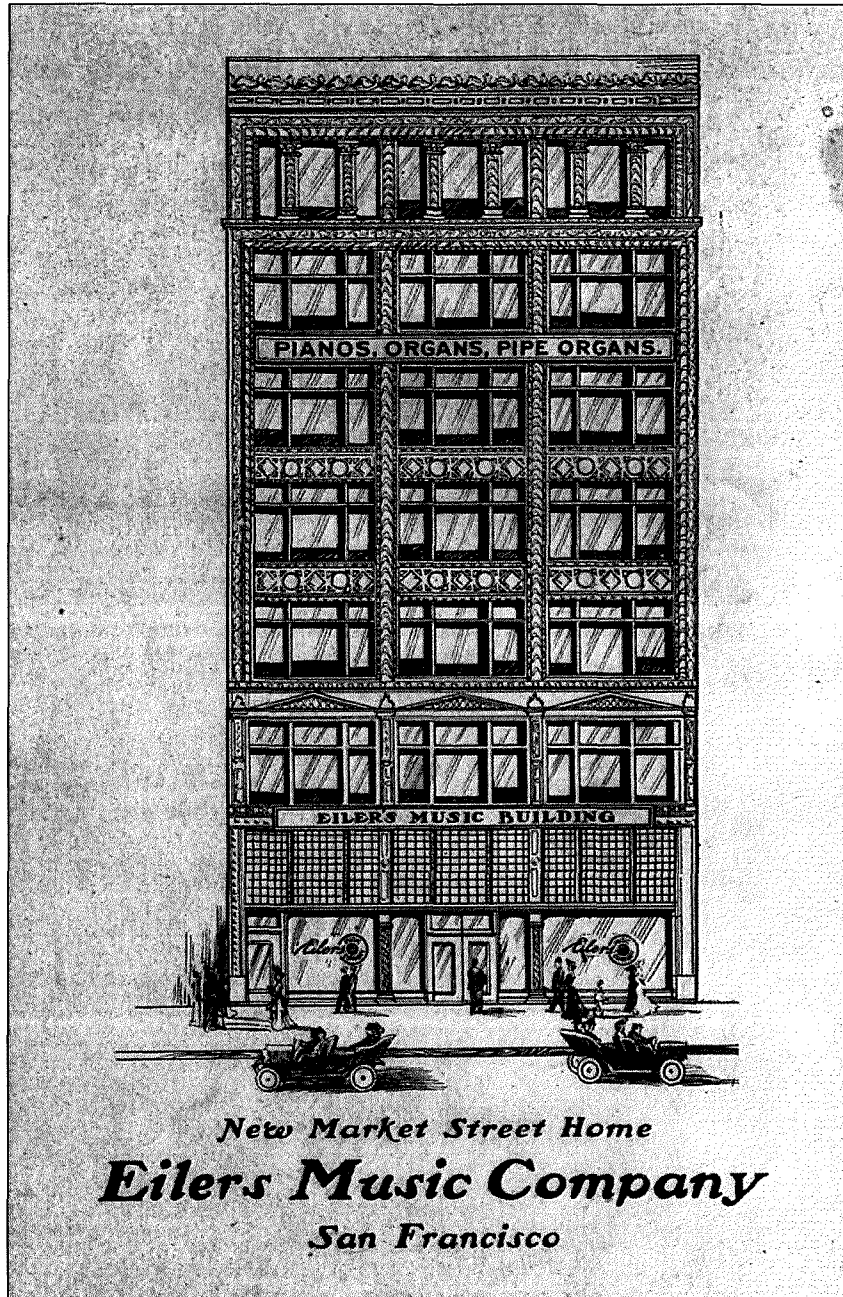


Market and 6th Street, Looking E, October 15, 1905 (The Wilson Building is at the far left)



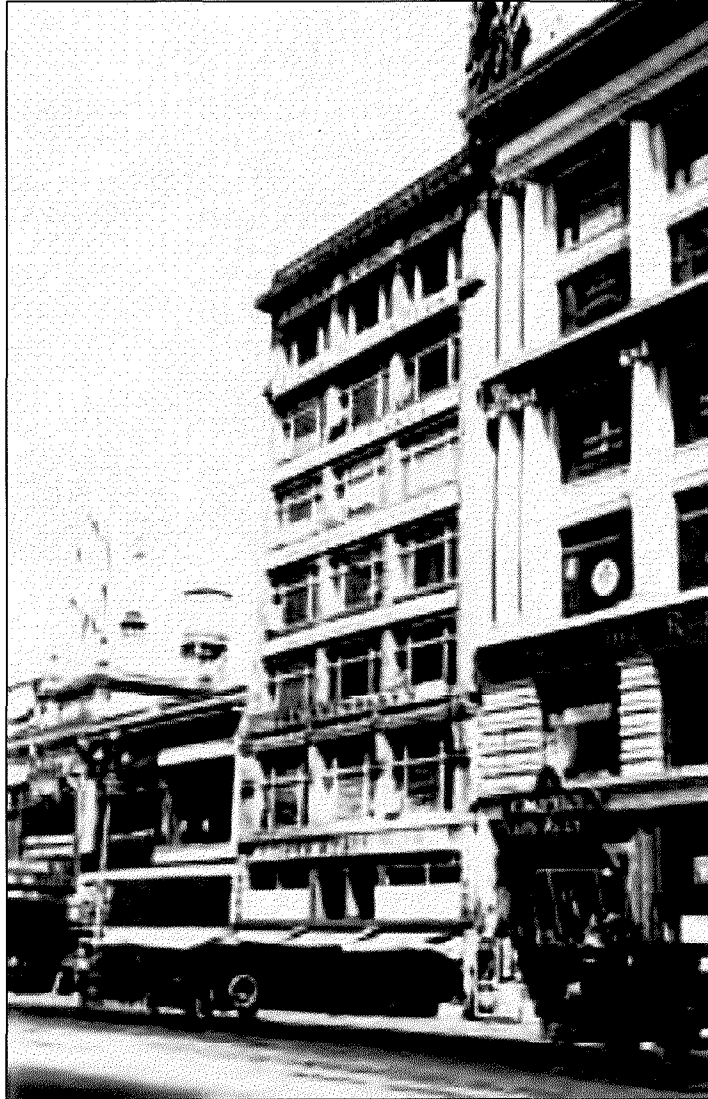
Market and 6th Street, Looking E, c. April 1906 (The Wilson Building is at the far left)





New Market Street Home
Eilers Music Company
San Francisco

Eilers Music House, c. 1910



Wilson Building, May, 1944



6. Draft Mills Act Historical Property Agreement

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

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

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

California Mills Act Historical Property Agreement

Wilson Building
PROPERTY NAME (IF ANY)

973 Market Street, San Francisco, CA 94103
PROPERTY ADDRESS

San Francisco, California

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

RECITALS

Owners are the owners of the property located at 973 Market Street, in San Francisco, California

3704 / 069. The building located at 973 Market Street
BLOCK NUMBER LOT NUMBER PROPERTY ADDRESS

is designated as a Contributing Building in the Market Street Theatre and Loft National Register District (e.g. "a City Landmark pursuant to Article 10 of the Planning Code") and is also known as the Wilson Building.
HISTORIC NAME OF PROPERTY (IF ANY)

Owners desire to execute a rehabilitation and ongoing maintenance project for the Historic Property. Owners' application calls for the rehabilitation and restoration of the Historic Property according to established preservation standards, which it estimates will cost approximately Seventeen million three hundred and six thousand (\$17,306,000). See Rehabilitation Plan, Exhibit A.
AMOUNT IN WORD FORMAT AMOUNT IN NUMERICAL FORMAT

Owners' application calls for the maintenance of the Historic Property according to established preservation standards, which is estimated will cost approximately Nine hundred sixty-four thousand two hundred (\$964,200) annually. See Maintenance Plan, Exhibit B.
AMOUNT IN WORD FORMAT AMOUNT IN NUMERICAL FORMAT

The State of California has adopted the "Mills Act" (California Government Code Sections 50280-50290, and California Revenue & Taxation Code, Article 1.9 [Section 439 et seq.] authorizing local governments to enter into agreements with property owners to potentially reduce their property taxes in return for improvement to and maintenance of historic properties. The City has adopted enabling legislation, San Francisco Administrative Code Chapter 71, authorizing it to participate in the Mills Act program.

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

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

Mills Act Application

SAN FRANCISCO PLANNING DEPARTMENT V 01.08.03

1. Application of Mills Act.

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

2. Rehabilitation of the Historic Property.

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

3. Maintenance.

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

4. Damage.

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

5. Insurance.

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

6. Inspections.

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

7. Term.

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

8. Valuation.

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

9. Termination.

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

10. Notice of Nonrenewal.

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

11. Payment of Fees.

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

12. Default.

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

- (a) Owners' failure to timely complete the rehabilitation work set forth in Exhibit A in accordance with the standards set forth in Paragraph 2 herein;
- (b) Owners' failure to maintain the Historic Property in accordance with the requirements of Paragraph 3 herein;
- (c) Owners' failure to repair any damage to the Historic Property in a timely manner as provided in Paragraph 4 herein;
- (d) Owners' failure to allow any inspections as provided in Paragraph 6 herein;
- (e) Owners' termination of this Agreement during the Initial Term;
- (f) Owners' failure to pay any fees requested by the City as provided in Paragraph 11 herein;
- (g) Owners' failure to maintain adequate insurance for the replacement cost of the Historic Property; or
- (h) Owners' failure to comply with any other provision of this Agreement.

Mills Act Application

214, 214.1500 P.O. PUBLIC DEPARTMENT'S 02 12 2014

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

13. Cancellation.

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

14. Cancellation Fee.

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

15. Enforcement of Agreement.

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

16. Indemnification.

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

17. Eminent Domain.

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

18. Binding on Successors and Assigns.

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

19. Legal Fees

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

20. Governing Law.

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

21. Recordation

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

22. Amendments

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

23. No Implied Waiver.

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

24. Authority.

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

25. Severability.

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

26. Tropical Hardwood Ban.

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

27. Charter Provisions

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

28 Signatures

This Agreement may be signed and dated in parts

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

CARMEN CHU
ASSESSOR-RECORDER
CITY & COUNTY OF SAN FRANCISCO

Date

JOHN RAHAM
DIRECTOR OF PLANNING
CITY & COUNTY OF SAN FRANCISCO

Date

APPROVED AS PER FORM:
DENNIS HERRERA
CITY ATTORNEY
CITY & COUNTY OF SAN FRANCISCO

Signature

Date

Print name
DEPUTY CITY ATTORNEY


Signature

04.24.17
Date


Signature

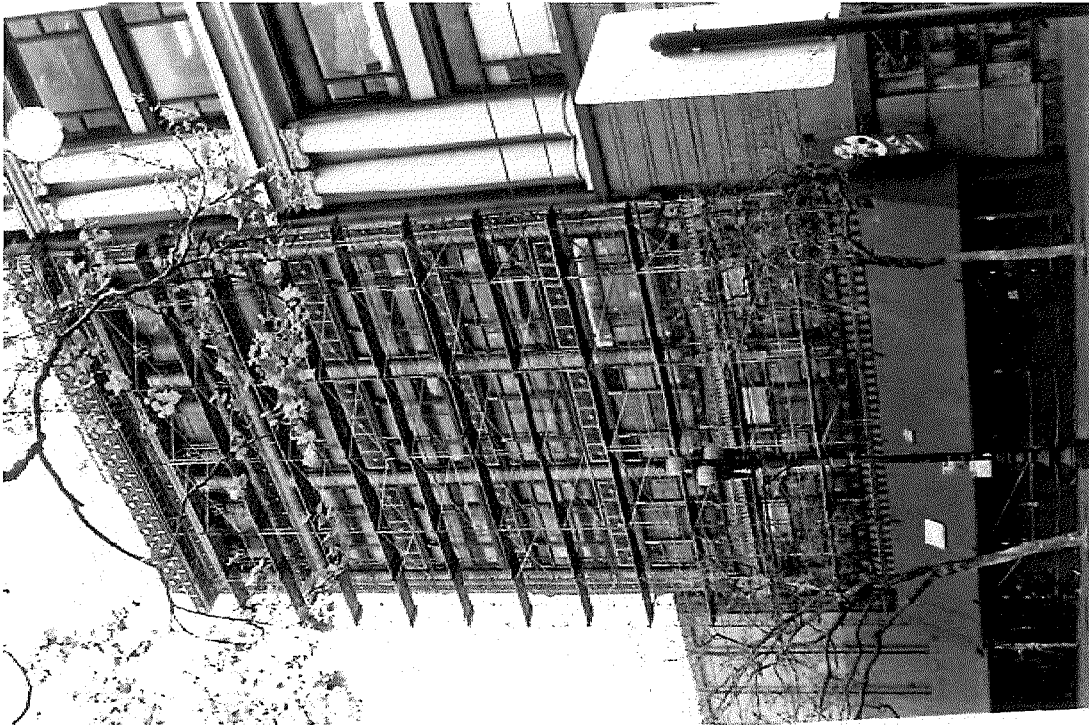
04.24.17
Date

JASON CHECK
Print name
OWNER

JEFF ALLEN
Print name
OWNER

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

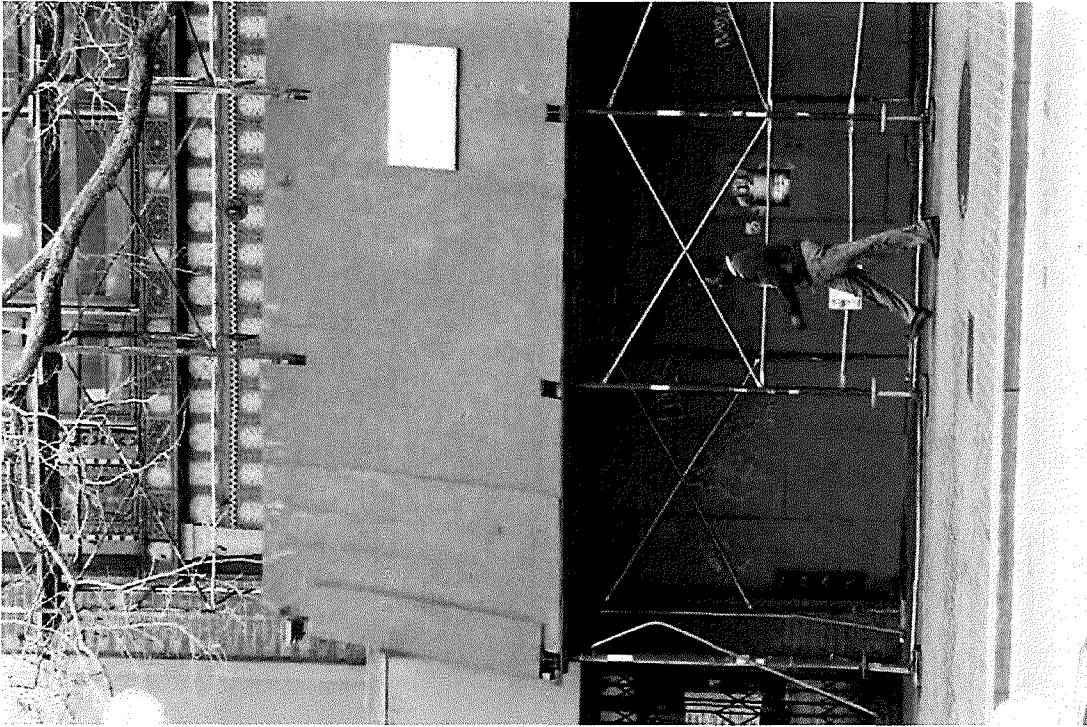
6. PHOTO DOCUMENTATION



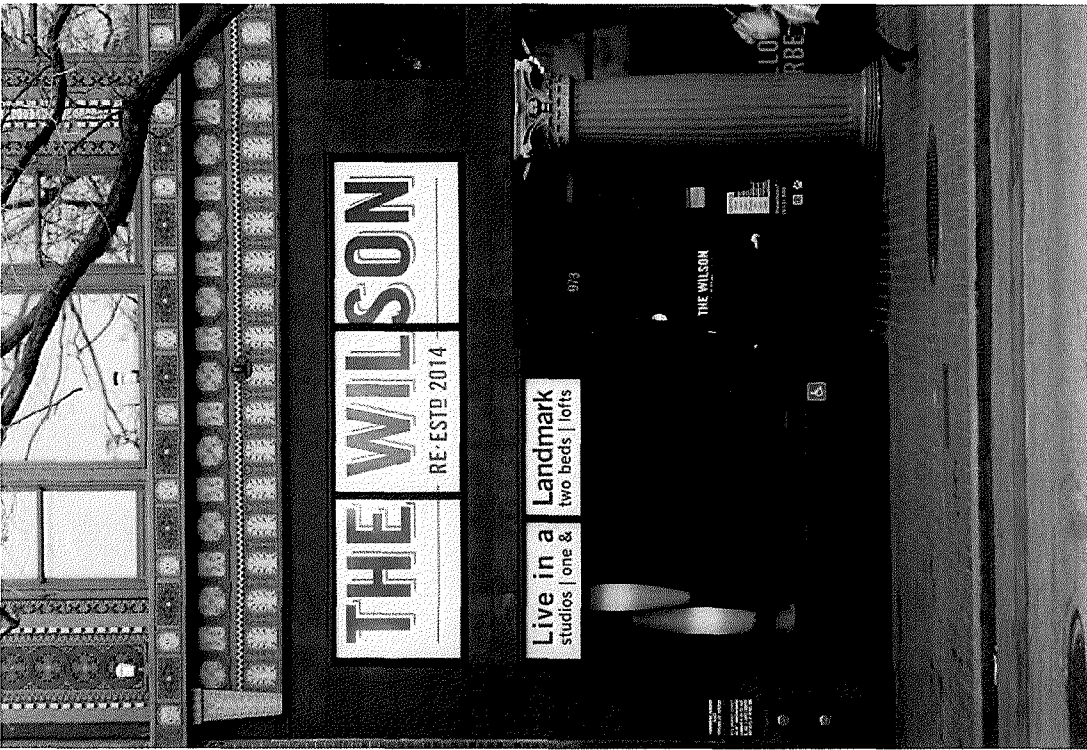
1. April 2012, Exterior View, North Elevation, Looking SE



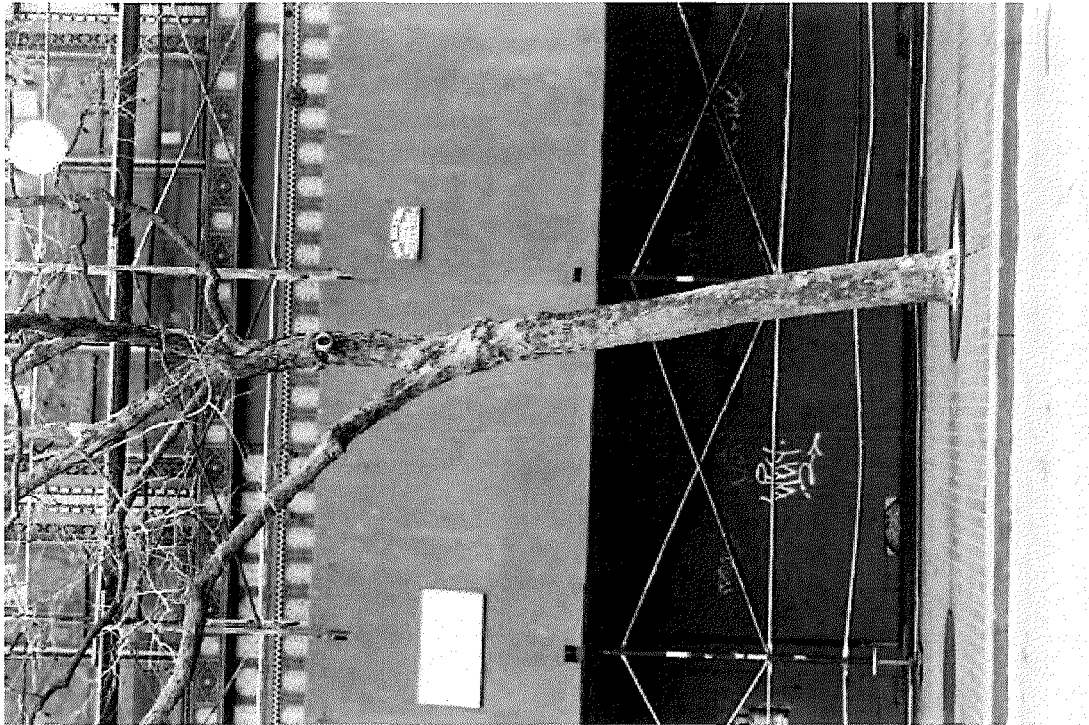
2. April 2017, Exterior View, North Elevation, Looking SE



3. April 2012, Exterior Detail, North Elevation, Storefront at East, Looking S



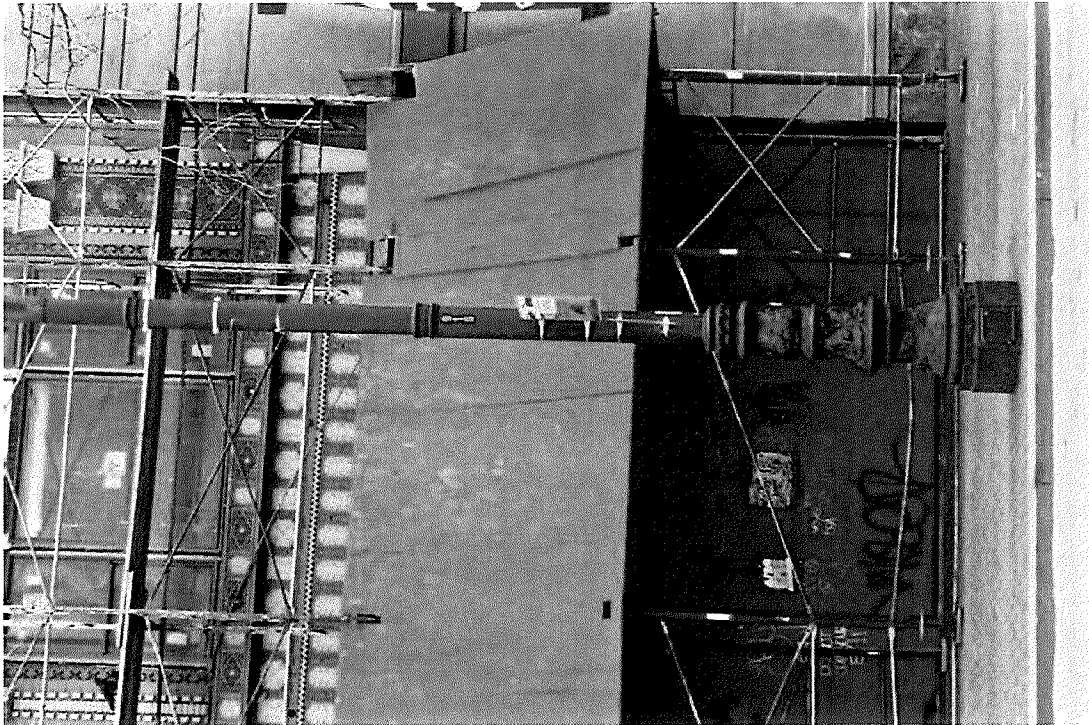
4. April 2017, Exterior Detail, North Elevation, Storefront at East, Looking S



5. April 2012, Exterior Detail, North Elevation, Storefront at Center, Looking S



6. April 2017, Exterior Detail, North Elevation, Storefront at Center, Looking S



7. April 2012, Exterior Detail, North Elevation, Storefront at West, Looking S



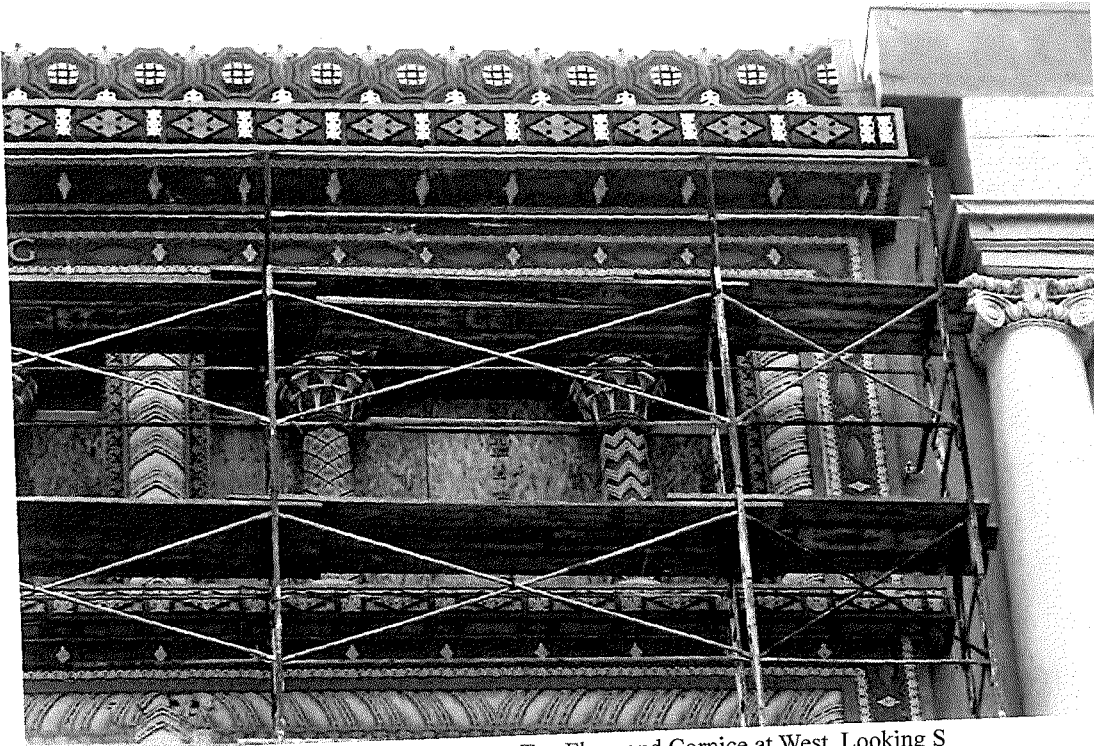
8. April 2017, Exterior Detail, North Elevation, Storefront at West, Looking S



9. April 2012, Exterior Detail, North Elevation, Third Floor, Window at West, Looking S



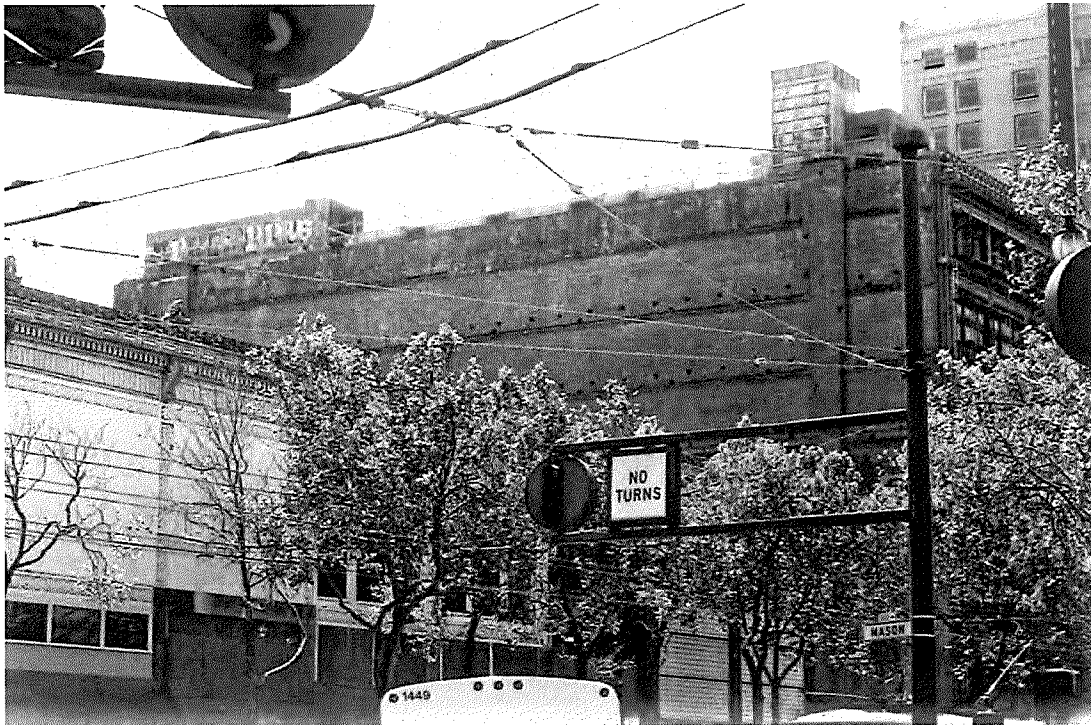
10. April 2017, Exterior Detail, North Elevation, Third Floor, Window at West, Looking S



11. April 2012, Exterior Detail, North Elevation, Top Floor and Cornice at West, Looking S



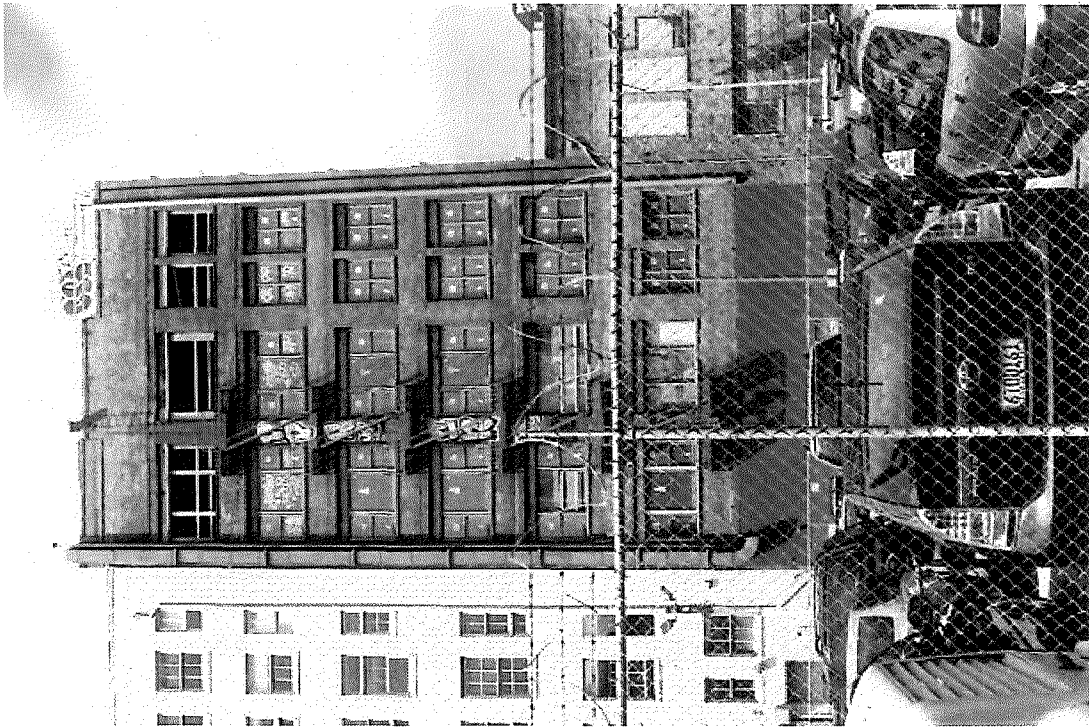
12. April 2017, Exterior Detail, North Elevation, Top Floor and Cornice at West, Looking S



13. April 2012, Exterior View, East Elevation, Looking SW



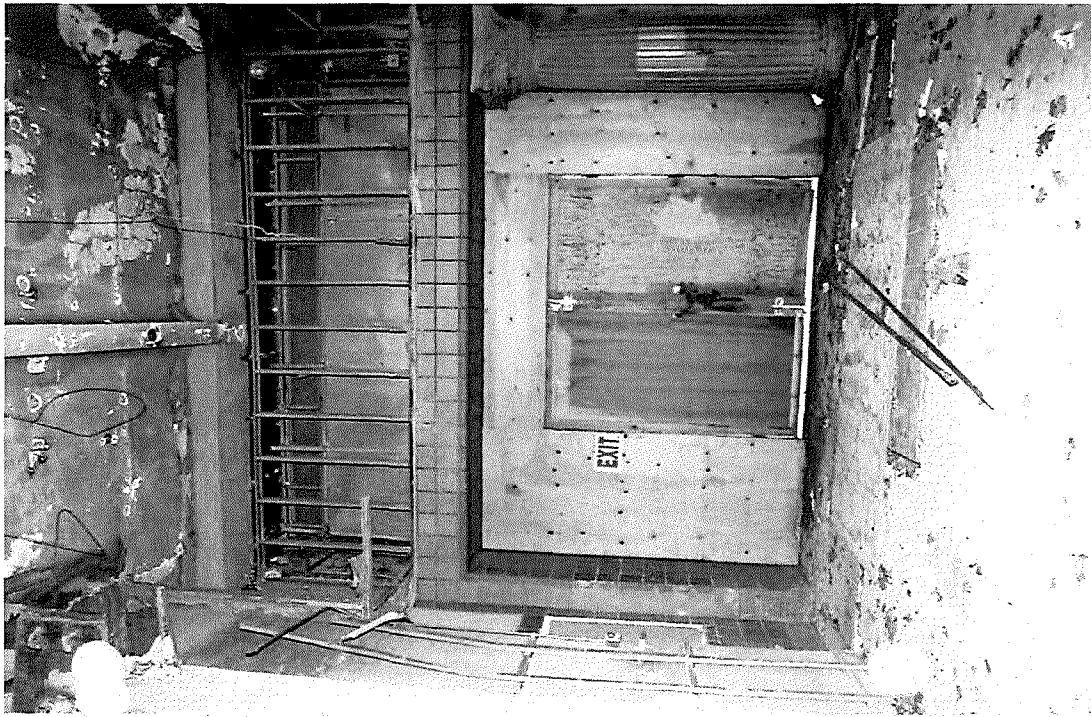
14. April 2017, Exterior View, East Elevation, Looking SW



15. April 2012, Exterior View, South Elevation, Looking N



16. April 2017, Exterior View, South Elevation, Looking N



17. April 2012, Interior View, Ground Floor at Northwest, Looking N



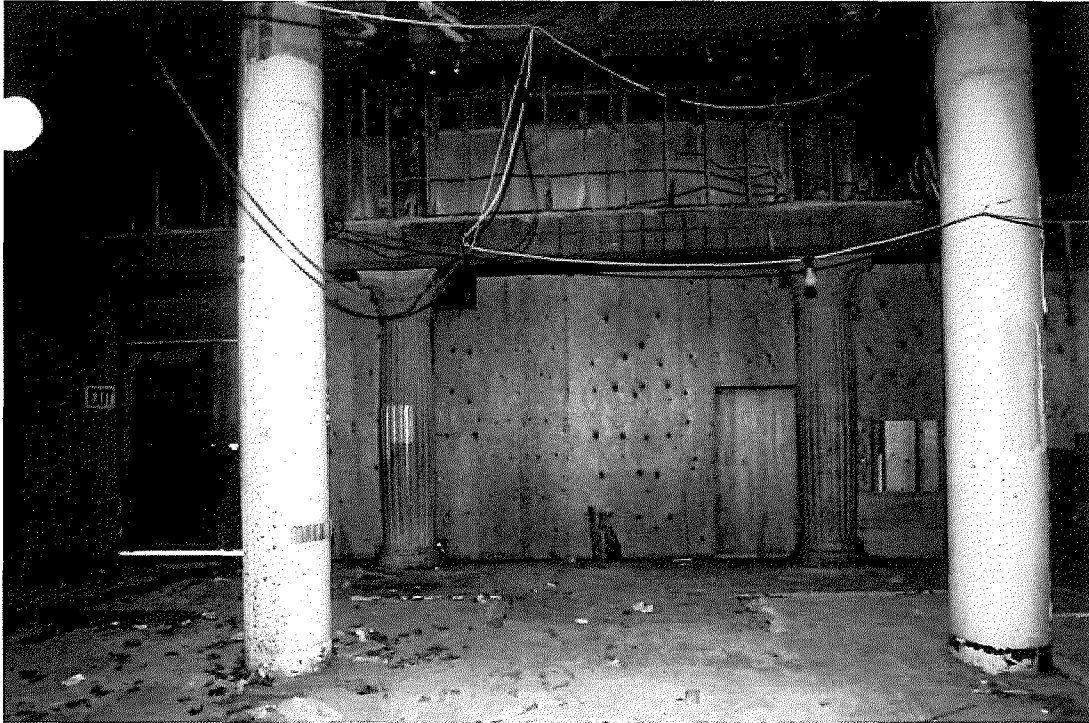
18. April 2017, Interior View, Ground Floor at Northwest, Looking N



19. April 2012, Interior View, Ground Floor at Northeast, Looking N



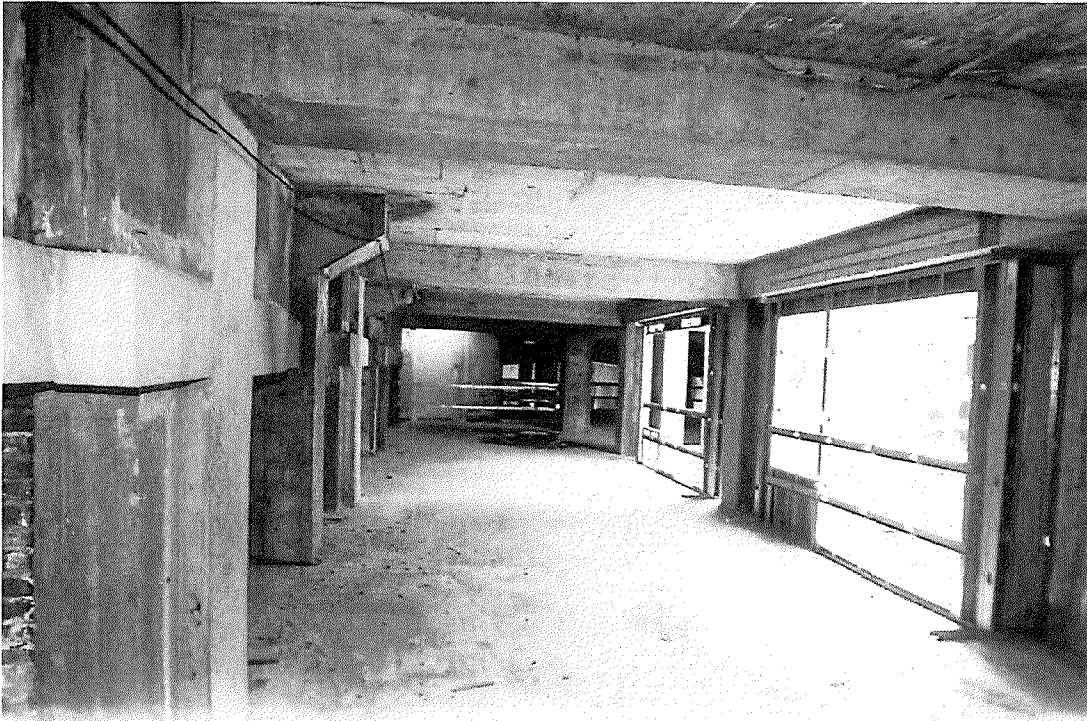
20. April 2017, Interior View, Ground Floor at Northeast, Looking N



21. April 2012, Interior View, Ground Floor at North, Looking N



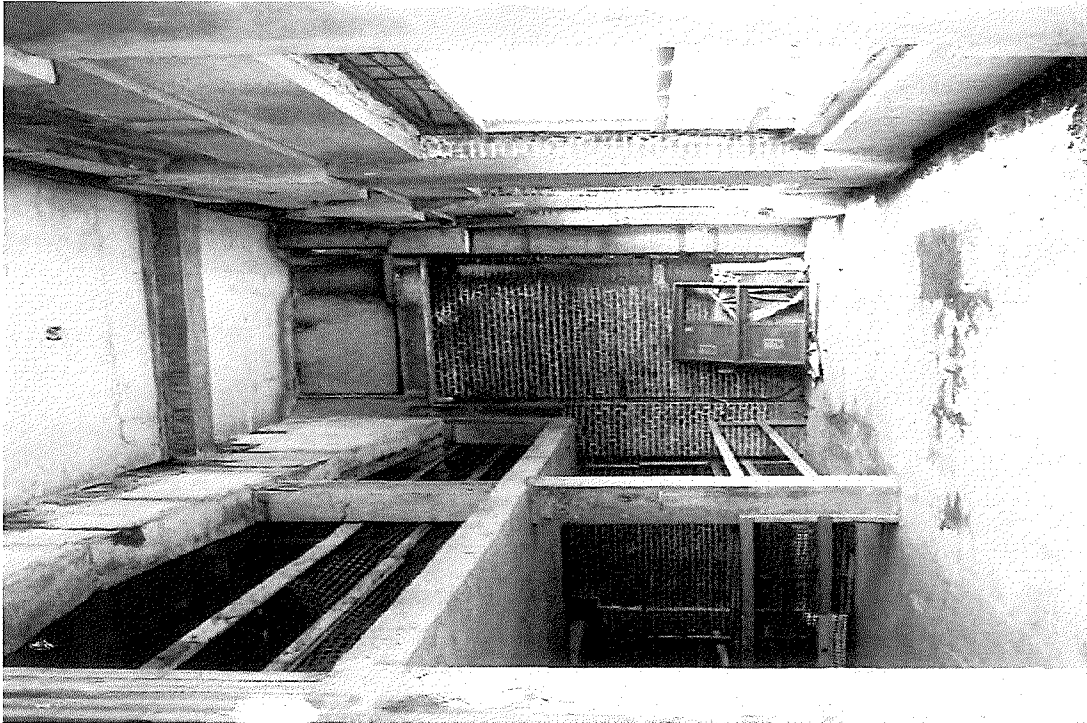
22. April 2017, Interior View, Ground Floor at North, Looking N



23. April 2014, Interior View, Eighth Floor at Lightwell, Looking SW, Typical



24. April 2017, Interior View, Seventh Floor at Lightwell, Unit 706, Looking NW, Typical



25. April 2012, Interior View, Eighth Floor at North, Looking W



26. April 2017, Interior View, Eighth Floor at North, Unit 801, Looking W



27. April 2012, Interior View, Fourth Floor, Stair at Center-East, Looking E, Typical



28. April 2017, Interior View, Fourth Floor, Stair at Center-East, Looking SE, Typical



29. April 2012, Exterior View, Roof at South, Looking N



30. April 2017, Exterior View, Roof at South, Looking N



31. April 2012, Lightwell at Center-West, Looking W



32. April 2017, Lightwell at Center-West, Looking SW



33. April 2017, Additional Photographs, Apartment Lobby, Looking N



34. April 2017, Additional Photographs, Apartment Lobby, Looking SE



35. April 2017, Additional Photographs, Tenant Space at Northwest, Looking S



36. April 2017, Additional Photographs, Tenant Space at Center-West, Looking SW



37. April 2017, Additional Photographs, Stair Landing



38. April 2017, Additional Photographs, Typical Corridor at East, Looking N



39. April 2017, Additional Photographs, Typical Studio Unit



40. April 2017, Additional Photographs, Typical Studio Unit

7. SITE PLAN



Wilson Building
973 Market Street
Block 3704
Lot 069



8. TAX BILL



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

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

For Fiscal Year July 1, 2016 through June 30, 2017

Vol	Block	Lot	Account Number	Tax Rate	Original Mail Date	Property Location
25	3704	069	370400690	1.1792%	October 14, 2016	973 MARKET ST

Assessed on January 1, 2016

To: RAINTREE 973 MARKET NEWCO LLC

RAINTREE 973 MARKET NEWCO L
 RAINTREE PARTNERS-JEFFREY B
 28202 CABOT RD #300
 LAGUNA NIGUEL CA 92677

Description	Assessed Value	
	Full Value	Tax Amount
Land	4,297,214	50,672.74
Structure	28,361,225	334,435.56
Fixtures		
Personal Property		
Gross Taxable Value	32,658,439	385,108.31
Less HO Exemption		
Less Other Exemption		
Net Taxable Value	32,658,439	\$385,108.31

Direct Charges and Special Assessments			
Code	Type	Telephone	Amount Due
66	CENTRAL MARKET CBD	(415) 957-5985	6,717.52
89	SFUSD FACILITY DIST	(415) 355-2203	1,208.68
91	SFCCD PARCEL TAX	(415) 487-2400	79.00
98	SF - TEACHER SUPPORT	(415) 355-2203	236.98
Total Direct Charges and Special Assessments			\$8,242.18

SEE SUPPLEMENTAL ROLL

▶ TOTAL DUE		\$393,350.48
1st Installment	2nd Installment	
\$196,675.24	\$196,675.24	
Due: November 1, 2016	Due: February 1, 2017	
Delinquent after Dec 10, 2016	Delinquent after April 10, 2017	

Pay online at SFTREASURER.ORG

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



City & County of San Francisco
 Secured Property Tax Bill
 For Fiscal Year July 1, 2016 through June 30, 2017

Pay online at SFTREASURER.ORG

Vol	Block	Lot	Account Number	Tax Rate	Original Mail Date	Property Location
25	3704	069	370400690	1.1792%	October 14, 2016	973 MARKET ST

Check if contribution to Arts Fund is enclosed.
 For other donation opportunities go to www.Give2SF.org

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

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

Delinquent after April 10, 2017

2nd Installment Due	
\$196,675.24	

If paid or postmarked after April 10, 2017 the amount due (includes delinquent penalty of 10% and other applicable fees) is: \$216,387.76

2537040006900 124474 00000000 00000000 0000 2003



City & County of San Francisco
 Secured Property Tax Bill
 For Fiscal Year July 1, 2016 through June 30, 2017

Pay online at SFTREASURER.ORG

Vol	Block	Lot	Account Number	Tax Rate	Original Mail Date	Property Location
25	3704	069	370400690	1.1792%	October 14, 2016	973 MARKET ST

Check if contribution to Arts Fund is enclosed.
 For other donation opportunities go to www.Give2SF.org

Detach stub and return with your payment.
 Write your block and lot on your check.
 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

Delinquent after December 10, 2016

1st Installment Due	
\$196,675.24	

If paid or postmarked after December 10, 2016 the amount due (includes delinquent penalty of 10% and other applicable fees) is: \$216,342.76

2537040006900 124474 00000000 00000000 0000 1003

9. RENTAL INCOME INFORMATION

From March 2016 to February 2017, the twelve month, net operating income was \$1,415,009 before debt service . The total operating expense for the building in that twelve month period was \$1,028,212. The total property income was \$2,443,221.

Actuals (Summary)

The Wilson Building, San Francisco, CA

For the 12 Months Ended

February 28, 2017



Month	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	12 Months Total
INCOME													
Effective Rental Income													
Gross Market Rent	221,714	226,339	220,989	220,989	220,989	201,353	201,528	200,228	200,228	199,728	199,728	199,728	2,512,541
Gain/Loss to Lease	(18,526)	(21,215)	(19,963)	(22,051)	(21,375)	(4,014)	(3,739)	(3,764)	(3,838)	(3,713)	(3,863)	(4,188)	(130,249)
Actual Potential Market Rent	203,188	205,124	201,026	198,938	199,614	197,339	197,789	196,464	196,390	196,015	195,865	195,540	2,382,292
Vacancy	(13,914)	(20,565)	(20,448)	(13,986)	(17,026)	(4,250)	(1,499)	(1,853)	(16,320)	(13,531)	(17,253)	(16,311)	(158,956)
Concessions	-	-	(50)	(20,515)	(8,380)	(445)	-	-	(2,120)	(3,750)	(1,297)	-	(36,556)
Non-Revenue Units	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad Debt Loss (Net of Recoveries)	1,994	(763)	(2,392)	2,833	(1,345)	1,658	-	(1,556)	1,629	(390)	195	(3,184)	(1,311)
Total Effective Rental Income	191,268	183,795	178,136	167,270	172,863	194,312	196,290	193,055	179,579	178,344	177,510	176,045	2,188,460
Other Income	12,177	24,097	13,313	15,211	12,709	13,127	11,869	11,619	19,492	13,711	10,135	10,348	167,907
RUBS	6,418	6,317	7,117	7,755	7,435	6,285	6,465	6,745	9,100	7,874	7,886	7,550	85,946
Total Property Income	209,863	214,210	198,566	190,236	193,008	213,723	214,623	211,419	208,170	199,929	195,531	193,942	2,443,221
OPERATING EXPENSES													
Personnel	12,962	13,100	18,627	19,554	13,550	17,172	16,543	16,427	13,222	14,113	11,700	11,906	178,877
Contract Services / Landscaping	7,883	6,667	8,136	6,567	7,523	8,243	6,329	6,667	6,690	8,449	8,503	5,703	82,459
Utilities	11,906	12,221	12,428	14,970	13,030	12,640	12,854	17,538	16,219	20,020	10,799	12,823	167,446
Make Ready	250	125	540	145	421	(26)	-	-	-	-	-	-	1,465
Maintenance	9,293	11,752	3,235	6,341	3,019	3,390	6,613	4,365	2,460	3,246	2,206	3,028	58,969
Marketing	2,214	1,797	4,229	4,866	2,694	2,314	1,947	1,640	2,264	1,505	1,049	1,071	27,591
Administrative	5,293	2,886	9,076	3,020	2,600	3,395	2,522	2,722	2,617	3,729	3,559	3,594	45,013
Insurance	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,799	2,799	24,601
Property Taxes	28,720	28,720	28,720	28,720	31,846	31,846	31,846	31,846	31,846	30,487	33,092	33,092	370,760
Property Mgmt. Fee	3,051	5,015	4,519	4,673	4,509	4,957	5,055	4,969	4,723	4,789	4,602	4,056	54,619
Total Operating Expenses	84,492	85,205	92,430	91,877	82,112	86,850	86,630	89,115	82,960	89,259	78,210	79,073	1,028,212
NET OPERATING INCOME	125,371	129,005	106,135	98,359	110,896	128,873	127,993	122,305	125,210	110,670	117,321	114,870	1,415,009
CAPITAL EXPENDITURES													
Lendar/Deferred Maintenance	-	-	1,093	2,293	-	-	-	-	(4,805)	-	-	-	(1,420)
Rehab - Interiors	-	-	-	-	-	-	-	-	-	-	-	-	-
Rehab - Exteriors	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure Reserve	-	-	7,223	1,000	1,000	-	-	1,000	-	-	-	-	9,223
Total Capital Expenditures	-	-	1,093	9,515	1,000	-	-	1,000	(4,805)	-	-	-	7,893
CFBDS	125,371	129,005	105,042	88,844	109,896	126,873	127,993	121,305	130,015	110,670	117,321	114,870	1,407,206
DEBT SERVICE													
Interest Payment	35,790	34,320	35,467	34,453	35,929	36,292	35,295	36,474	35,575	38,623	39,514	35,713	433,443
Principal Payment	14,790	14,870	14,951	15,032	15,113	15,195	15,277	15,360	15,443	15,527	15,611	15,695	182,864
Total Debt Service	50,580	49,190	50,417	49,484	51,042	51,487	50,572	51,834	51,018	54,150	55,125	51,408	616,307
CFADS	74,791	79,815	54,625	39,360	58,854	75,386	77,421	69,471	78,596	56,520	62,196	63,462	790,699

T3M Revenue (Annualized)	2,357,610
T12M Expenses	1,028,212
In-Place NOI	1,329,398

10. PRELIMINARY CHANGE OF OWNERSHIP REPORT

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. 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.**

ESCROW NO.: 11-35512495-MY TITLE NO.: 11-35512495-MK
 LOCATE NO.: CACTY7738-7738-2355-0035512495
 SELLER/TRANSFEROR: Performing Arts LLC, a Delaware limited liability company
 BUYER/TRANSFEREE: Raintree 973 Market LLC, a Delaware limited liability company
 ASSESSOR'S PARCEL NUMBER: Lot 069, Block 3704
 STREET ADDRESS OR PHYSICAL LOCATION OF REAL PROPERTY:
 973-977 Market Street, San Francisco, CA 94103
 LEGAL DESCRIPTION:

MAIL PROPERTY TAX INFORMATION TO:
 Raintree 973 Market LLC
 28202 Cabot Road, Suite 300
 Lagúña Niguél, CA 92675
 BUYER'S DAYTIME TELEPHONE NUMBER: (415) 365 5630

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

MO	DAY	YEAR
----	-----	------

PART 1. TRANSFER INFORMATION

Please complete all statements.

- | | | |
|-------------------------------------|-------------------------------------|---|
| YES | NO | |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | A. This transfer is solely between spouses (addition or removal of a spouse, death of a spouse, divorce settlement, etc). |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 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). |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | * C. This is a transfer between: ___ parent(s) and child(ren) ___ grandparent(s) and grandchild(ren). |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | * D. This transaction is to replace a principal residence by a person 55 years of age or older, Within the same county? ___ YES ___ NO |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | * E. 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 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | F. 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: _____ |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | G. The recorded document creates, terminates, or reconveys a lender's interest in the property. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | H. 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: _____ |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | I. The recorded document substitutes a trustee of a trust, mortgage, or other similar document. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | J. This is a transfer of property: |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 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. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 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. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 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. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 4. to/from an irrevocable trust from which the property reverts to the creator/grantor/trustor within 12 years. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | K. This property is subject to a lease with a remaining lease term of 35 years or more including written options. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | L. 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. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | M. This is a transfer subject to subsidized low-income housing requirements with governmentally imposed restrictions. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | * N. This transfer is to the first purchaser of a new building containing an active solar energy system. |

* If you checked YES to statements C, D, or E, you may qualify for a property tax reassessment exclusion, which may allow you to maintain your previous tax base. If you checked YES to statement N, you may qualify for a property tax new construction exclusion. A claim form must be filed and all requirements met in order to obtain any of these exclusions. Contact the Assessor for claim forms.

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 or acquisition price. Do not include closing costs or mortgage insurance. \$6,150,000
 - Down payment: \$ 6,150,000 Interest rate: _____ % Seller-paid points or closing costs: \$ _____
 - Ballon payment: \$ _____
 - Loan carried by seller Assumption of Contractual Assessment* with a remaining balance of: \$ _____

* An assessment used to finance property-specific improvements that constitutes a lien against the real property.
- B. The property was purchased: Through real estate broker. Broker name: _____ Phone number: () _____
- Direct from seller From a family member
- Other. Please explain: _____
- C. Please explain any special terms, seller concessions, 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, are included in the purchase price: Examples are furniture, farm equipment, machinery, club memberships, etc. Attach list if available.
 - If YES, enter the value if the personal/business property: \$ 5,000
- 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

CERTIFICATION

I certify (or declare) under penalty of perjury under the laws of the State of California 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. This declaration is binding on each and every buyer/transferee.

SIGNATURE OF BUYER/TRANSFeree OR CORPORATE OFFICER

DATE

See attached Signature Exhibit

TITLE

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

Raintree 973 Market LLC, a Delaware limited liability company

E-MAIL ADDRESS

jallen@raintreepartners.com

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

Signature Exhibit

Raintree 973 Market LLC, a Delaware limited liability company

By: Raintree-Evergreen LLC, a Delaware limited liability company

Its: Sole Member

By: Raintree Partners Management LLC, a Delaware limited liability company

Its: Managing Member

By: 

Jeffrey B. Allen, Managing Member



SAN FRANCISCO PLANNING DEPARTMENT

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

2017 OCT 11 PM 4:19

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October 10, 2017

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

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

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Re: Transmittal of Planning Department Case Numbers: 2017-005434MLS; 2017-005884MLS; 2017-004959MLS; 2017-005396MLS; 2017-005880MLS; 2017-005887MLS; 2017-005419MLS; 2017-006300MLS

Eight Individual Mills Act Historical Property Contract Applications for the following addresses: 215 and 229 Haight Street (formerly 55 Laguna Street), 56 Potomac Street; 60-62 Carmelita Street; 101 Vallejo Street; 627 Waller Street; 940 Grove Street; 973 Market Street; 1338 Filbert Street

BOS File Nos: _____ (pending)

Historic Preservation Commission Recommendation: Approval

Dear Ms. Calvillo,

On October 4, 2017 the San Francisco Historic Preservation Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Mills Act Historical Property Contract Applications. At the October 4, 2017 hearing, the Commission voted to approve the proposed Resolutions.

The Resolutions recommend the Board of Supervisors approve the Mills Act Historical Property Contracts as each property is a historical resource and the proposed Rehabilitation and Maintenance plans are appropriate and conform to the *Secretary of the Interior's Standard for the Treatment of Historic Properties*. Please refer to the attached exhibits for specific work to be completed for each property.

The Project Sponsors submitted the Mills Act applications on May 1, 2017. As detailed in the Mills Act application, the Project Sponsors have committed to Rehabilitation and Maintenance plans that will include both annual and cyclical scopes of work. The Mills Act Historical Property Contract will help the Project Sponsors mitigate these expenditures and will enable the Project Sponsors to maintain the properties in excellent condition in the future.

The Planning Department will administer an inspection program to monitor the provisions of the contract. This program will involve a yearly affidavit issued by the property owner verifying

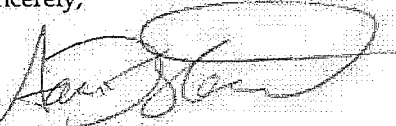
**Transmittal Materials
Mills Act Historical Property Contracts**

compliance with the approved Maintenance and Rehabilitation plans as well as a cyclical 5-year site inspection.

The Mills Act Historical Property Contract is time sensitive. Contracts must be recorded with the Assessor-Recorder by December 30, 2017 to become effective in 2018. Your prompt attention to this matter is appreciated.

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

Sincerely,



Aaron D. Starr
Manager of Legislative Affairs

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

Attachments:

Mills Act Contract Case Report, dated October 7, 2015

215 and 229 Haight Street (formerly 55 Laguna Street)

Historic Preservation Commission Resolution
Draft Mills Act Historical Property Contract
Draft Rehabilitation & Maintenance Plans
Draft Mills Act Valuation provided by the Assessor-Recorder's Office
Mills Act Application
Historic Structure Report

56 Potomac Street

Historic Preservation Commission Resolution
Draft Mills Act Historical Property Contract
Draft Rehabilitation & Maintenance Plans
Draft Mills Act Valuation provided by the Assessor-Recorder's Office
Mills Act Application

60-62 Carmelita Street

Historic Preservation Commission Resolution
Draft Mills Act Historical Property Contract
Draft Rehabilitation & Maintenance Plans
Draft Mills Act Valuation provided by the Assessor-Recorder's Office
Mills Act Application

Transmittal Materials
Mills Act Historical Property Contracts

101 Vallejo Street

Historic Preservation Commission Resolution
Draft Mills Act Historical Property Contract
Draft Rehabilitation & Maintenance Plans
Draft Mills Act Valuation provided by the Assessor-Recorder's Office
Mills Act Application
Historic Structure Report

627 Waller Street

Historic Preservation Commission Resolution
Draft Mills Act Historical Property Contract
Draft Rehabilitation & Maintenance Plans
Draft Mills Act Valuation provided by the Assessor-Recorder's Office
Mills Act Application

940 Grove Street

Historic Preservation Commission Resolution
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Draft Mills Act Valuation provided by the Assessor-Recorder's Office
Mills Act Application
Historic Structure Report

973 Market Street

Historic Preservation Commission Resolution
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Draft Rehabilitation & Maintenance Plans
Draft Mills Act Valuation provided by the Assessor-Recorder's Office
Mills Act Application
Historic Structure Report

1338 Filbert Street

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Draft Rehabilitation & Maintenance Plans
Draft Mills Act Valuation provided by the Assessor-Recorder's Office
Mills Act Application
Historic Structure Report

FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL
 (S.F. Campaign and Governmental Conduct Code § 1.126)

City Elective Officer Information <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors
Contractor Information <i>(Please print clearly.)</i>	
Name of contractor: Raintree 973 Market Newco LLC, property owners	
<i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i> Raintree 973 Market Newco LLC	
Contractor address: 28202 Cabot Rd., Ste. 300 Laguna Niguel, CA 92677	
Date that contract was approved: <i>(By the SF Board of Supervisors)</i>	Amount of contracts: \$147,537 (estimated property tax savings)
Describe the nature of the contract that was approved: Mills Act Historical Property Contract	
Comments:	

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

a board on which the City elective officer(s) serves: San Francisco Board of Supervisors
Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

Filer Information <i>(Please print clearly.)</i>	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed