

File No. 171099

Committee Item No. 3

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

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight

Date: November 1, 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 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

**(Click the text below for a direct link to the document)**

- |                                     |                          |  |
|-------------------------------------|--------------------------|--|
| <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. 902 - 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-Maintenance 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> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Form 126</u>                                      |

Prepared by: John Carroll

Date: October 27, 2017

Prepared by: \_\_\_\_\_

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

1 [Mills Act Historical Property Contract - 56 Potomac Street]

2  
3 **Resolution approving an historical property contract between Jason Monberg and Karli**  
4 **Sager, the owners of 56 Potomac Street, and the City and County of San Francisco,**  
5 **under Administrative Code, Chapter 71; and authorizing the Planning Director and the**  
6 **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. 171099, 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  
22 provisions of the Mills Act and to preserve these historic buildings; and

23 WHEREAS, 56 Potomac Street is designated as Duboce Park Historic District  
24 Contributor under Article 10 of the Planning Code and thus qualifies as an historical property  
25 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 Jason Monberg and Karli Sager, the owners of 56 Potomac 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 56 Potomac 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. 171099 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. 902, 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 171099 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 Jason Monberg and Karli  
19 Sager, the owners of 56 Potomac Street, and the City and County of San Francisco is on file  
20 with the Clerk of the Board of Supervisors in File No. 171099 and is hereby declared to be a  
21 part of this resolution as if set forth fully herein; and

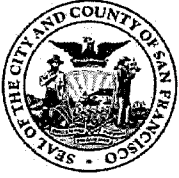
22 WHEREAS, The Board of Supervisors has conducted a public hearing pursuant to  
23 Administrative Code, Section 71.4(d) to review the Historic Preservation Commission's  
24 recommendation and the information provided by the Assessor's Office in order to determine  
25 whether the City should execute the historical property contract for 56 Potomac Street; and

1           WHEREAS, The Board of Supervisors has balanced the benefits of the Mills Act to the  
2 owner of 56 Potomac Street with the cost to the City of providing the property tax reductions  
3 authorized by the Mills Act, as well as the historical value of 56 Potomac Street and the  
4 resultant property tax reductions, and has determined that it is in the public interest to enter  
5 into a historical property contract with the applicants; now, therefore, be it

6           RESOLVED, That the Board of Supervisors hereby approves the historical property  
7 contract between Jason Monberg and Karli Sager, the owners of 56 Potomac Street, and the  
8 City and County of San Francisco; and, be it

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

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# SAN FRANCISCO PLANNING DEPARTMENT

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## 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

**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

- 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

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

Laguna Nigel, CA 92677

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

## PROPERTY DESCRIPTIONS

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

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

- e. **627 Waller Street:** The subject property is located on the south side of Waller Street between Carmelita and Pierce streets, Assessor's Parcel 0864/022. The subject property is located within a RTO (Residential Transit Oriented District) zoning district and a 40-X Height and Bulk district. The property is a contributing building to the Duboce Park Historic District. It is a two-and-half-story plus basement, wood-frame, single-family dwelling designed in the Queen Anne style and built in 1899.
- f. **940 Grove Street:** The subject property is located on the northwest corner of Grove and Steiner streets, Assessors' Parcel 0798/058. The subject property is located within a RH-3 (Residential-House, Three Family) zoning district and a 40-X Height and Bulk district. The property is a contributing building to the Alamo Square Historic District. It is a two-and-half-story plus basement, wood frame, single-family dwelling designed in the Queen Anne style by master architect Albert Pissis and built in 1895.
- g. **973 Market Street:** The subject property is located on the south side of Market Street between 5<sup>th</sup> and 6<sup>th</sup> 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





**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

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.



- 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## ASSESSOR-RECORDER INFORMATION

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

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



Mill Act Applications 2017-005434MLS; 2017-005884MLS; 2017-004959MLS; 2017-005396MLS; 2017-005880MLS; 2017-  
October 4, 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

- c. 60-62 Carmelita: 50.40%
- d. 101 Vallejo Street: 29.76%
- e. 627 Waller Street: 59.43%
- f. 940 Grove Street: 62.26%
- g. 973 Market Street: 37.56%
- h. 1338 Filbert Street: #A: 25.16%, #B: 18.36%, #C: 24.74%, and #D: 17.59%

## PLANNING DEPARTMENT RECOMMENDATION

- The Planning Department recommends that the Historic Preservation Commission adopt a resolution recommending **approval** of the Mills Act Historical Property Contracts and Rehabilitation and Maintenance Plans to the Board of Supervisors for the following properties:
  1. 215 and 229 Haight Street (formerly 55 Laguna Street),
  2. 56 Potomac Street,
  3. 101 Vallejo Street,
  4. 627 Waller Street,
  5. 940 Grove Street,
  6. 973 Market Street
  7. 1338 Filbert Street
- The Planning Department recommends that the Historic Preservation Commission adopt a resolution recommending **approval with conditions** of the Mills Act Historical Property Contract and Rehabilitation and Maintenance Plans for 60-62 Carmelita Street. Conditions of approval include:
  1. Revisions to the Rehabilitation and Maintenance Plans for 60-62 Carmelita Street, specifically removing Scope #4, Installation of garage. While the work was approved by the Historic Preservation Commission through Motion No. 0298 on January 18, 2017, the proposed scope of work does not conform to the overall purpose and intent of the Mills Act Program. Installing a garage is not necessary to rehabilitate and preserve the building. The Department recommends this scope of work be removed in order to forward a positive recommendation to the Board of Supervisors.

## ISSUES AND OTHER CONSIDERATIONS

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



**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.:* 2017-005884MLS  
*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

SITE PHOTO



AERIAL PHOTO



SUBJECT PROPERTY



# SAN FRANCISCO PLANNING DEPARTMENT

## Historic Preservation Commission Resolution No. 902

HEARING DATE OCTOBER 4, 2017

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

Reception:  
415.558.6378

Fax:  
415.558.6409

Planning  
Information:  
415.558.6377

*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  
*Staff Contact:* Shannon Ferguson – (415) 575-9074  
shannon.ferguson@sfgov.org  
*Reviewed By:* Tim Frye – (415) 575-6822  
tim.frye@sfgov.org

**ADOPTING FINDINGS RECOMMENDING TO THE BOARD OF SUPERVISORS APPROVAL OF THE MILLS ACT HISTORICAL PROPERTY CONTRACT, REHABILITATION PROGRAM, AND MAINTENANCE PLAN FOR 56 POTOMAC STREET:**

**WHEREAS,** The Mills Act, California Government Code Sections 50280 et seq. ("the Mills Act") authorizes local governments to enter into contracts with owners of private historical 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 56 Potomac Street is listed under Article 10 of the San Francisco Planning Code Planning Code as a Contributor to the Duboce Park Historic District and thus qualifies as a historic property; and

WHEREAS, the property owners applied for a Historical Property Contract for 56 Potomac Street in 2013. The Historic Preservation Commission recommended approval of the Historical Property Contract on December 4, 2013 and the Historical Property 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; and

WHEREAS, The property owners of the building at 56 Potomac Street have expressed their interest in amending their existing Mills Act contract; and

WHEREAS, The Planning Department has reviewed the Mills Act Application, Historical Property Contract, Historical Property Contract, Rehabilitation Program, and Maintenance Plan for 56 Potomac Street, which are located in Case Docket No. 2017-005884MLS. The Planning Department recommends approval of the Mills Act historical property contract, as amended, rehabilitation program, and maintenance plan; and

WHEREAS, The Historic Preservation Commission (HPC) recognizes the historic building at 56 Potomac Street as an historical resource and believes the Rehabilitation Program and Maintenance Plan are appropriate for the property; and

WHEREAS, At a duly noticed public hearing held on October 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 56 Potomac Street, which are located in Case Docket No. 2017-005884MLS.

**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 56 Potomac 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 56 Potomac Street, and other pertinent materials in the case file 2017-005884MLS 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  
56 POTOMAC 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 Jason Monberg & Karli Sager ("Owners").

**RECITALS**

Owners are the owners of the property located at 56 Potomac Street, in San Francisco, California (Block 0866, Lot 012). The building located at 56 Potomac is designated as a Contributor to the Duboce Park Historic District pursuant to Article 10 of the Planning Code, and is also known as the "Historic Property". The Historic Property is a Qualified Historic Property, as defined under California Government Code Section 50280.1.

Owners desire to execute a rehabilitation and ongoing maintenance project for the Historic Property. Owners' application calls for the rehabilitation and restoration of the Historic Property according to established preservation standards, which it estimates will cost fifty-four thousand, four-hundred-fifty dollars (\$54,450.00). (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 three hundred dollars (\$300.00) annually (See Maintenance Plan, Exhibit B).

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

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

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

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

2. Rehabilitation of the Historic Property. Owners shall undertake and complete the work set forth in Exhibit A ("Rehabilitation Plan") attached hereto according to certain standards and requirements. Such standards and requirements shall include, but not be limited to: the Secretary of the Interior's Standards for the Treatment of Historic Properties ("Secretary's Standards"); the rules and regulations of the Office of Historic Preservation of the California Department of Parks and Recreation ("OHP Rules and Regulations"); the State Historical Building Code as determined applicable by the City; all applicable building safety standards; and the requirements of the Historic Preservation Commission, the Planning Commission, and the Board of Supervisors, including but not limited to any Certificates of Appropriateness approved under Planning Code Article 10. The Owners shall proceed diligently in applying for any necessary permits for the work and shall apply for such permits within no more than six (6) months after recordation of this Agreement, shall commence the work within six (6) months of receipt of necessary permits, and shall complete the work within three (3) years from the date of receipt of permits. Upon written request by the Owners, the Zoning Administrator, at his or her discretion, may grant an extension of the time periods set forth in this paragraph. Owners may apply for an extension by a letter to the Zoning Administrator, and the Zoning Administrator may grant the extension by letter without a hearing. Work shall be deemed complete when the Director of Planning determines that the Historic Property has been rehabilitated in accordance with the standards set forth in this Paragraph. Failure to timely complete the work shall result in cancellation of this Agreement as set forth in Paragraphs 12 and 13 herein.

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

4. Damage. Should the Historic Property incur damage from any cause whatsoever, which damages fifty percent (50%) or less of the Historic Property, Owners shall replace and repair the damaged area(s) of the Historic Property. For repairs that do not require a permit, Owners shall commence the repair work within thirty (30) days of incurring the damage and shall diligently prosecute the repair to completion within a reasonable period of time, as determined by the City. Where specialized services are required due to the nature of the work and the historic character of the features damaged, "commence the repair work" within the meaning of this paragraph may include contracting for repair services. For repairs that require a permit(s), Owners shall proceed diligently in applying for any necessary permits for the work and shall apply for such permits within no more than sixty (60) days after the damage has been incurred, commence the repair work within one hundred twenty (120) days of receipt of the required permit(s), and shall diligently prosecute the repair to completion within a reasonable period of time, as determined by the City. Upon written request by the Owners, the Zoning Administrator, at his or her discretion, may grant an extension of the time periods set forth in this paragraph. Owners may apply for an extension by a letter to the Zoning Administrator, and the Zoning Administrator may grant the extension by letter without a hearing. All repair work shall comply with the design and standards established for the Historic Property in Exhibits A and B attached hereto and Paragraph 3 herein. In the case of damage to twenty percent (20%) or more of the Historic Property due to a catastrophic event, such as an earthquake, or in the case of damage from any cause whatsoever that destroys more than fifty percent (50%) of the Historic Property, the City and Owners may mutually agree to terminate this Agreement. Upon such termination, Owners shall not be obligated to pay the cancellation fee set forth in Paragraph 13 of this Agreement. Upon such termination, the City shall assess the full value of the Historic Property without regard to any restriction imposed upon the Historic Property by this Agreement and Owners shall

pay property taxes to the City based upon the valuation of the Historic Property as of the date of termination.

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

6. Inspections and Compliance Monitoring. Prior to entering into this Agreement and every five years thereafter, and upon seventy-two (72) hours advance notice, Owners shall permit any representative of the City, the Office of Historic Preservation of the California Department of Parks and Recreation, or the State Board of Equalization, to inspect of the interior and exterior of the Historic Property, to determine Owners' compliance with this Agreement. Throughout the duration of this Agreement, Owners shall provide all reasonable information and documentation about the Historic Property demonstrating compliance with this Agreement, as requested by any of the above-referenced representatives.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY AND COUNTY OF SAN FRANCISCO:

By: \_\_\_\_\_ (signature) DATE: \_\_\_\_\_  
\_\_\_\_\_ (name), Assessor-Recorder

By: \_\_\_\_\_ (signature) DATE: \_\_\_\_\_  
\_\_\_\_\_ (name), Director of Planning

APPROVED AS TO FORM:  
DENNIS J. HERRERA  
CITY ATTORNEY

By: \_\_\_\_\_ (signature) DATE: \_\_\_\_\_  
\_\_\_\_\_ (name), Deputy City Attorney

OWNERS

By: \_\_\_\_\_ (signature) DATE: \_\_\_\_\_  
\_\_\_\_\_ (name), Owner

By: \_\_\_\_\_ (signature) DATE: \_\_\_\_\_  
\_\_\_\_\_ (name), Owner

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

### Exhibit A: Rehabilitation Plan

SCOPE # 1		BUILDING FEATURE: EXTERIOR	
Rehab/Restoration	Maintenance	Completed	Proposed <b>X</b>
CONTRACT YEAR WORK COMPLETION: 2018			
TOTAL COST (rounded to nearest dollar): \$500			
DESCRIPTION OF WORK:			
Front facade exploratory demo to determine historic cladding (if any)			

SCOPE # 2		BUILDING FEATURE: SEISMIC	
Rehab/Restoration	Maintenance	Completed	Proposed <b>X</b>
CONTRACT YEAR WORK COMPLETION: 2019			
TOTAL COST (rounded to nearest dollar): \$750			
DESCRIPTION OF WORK:			
Seismic evaluation report to determine seismic needs (if any)			

SCOPE # 3		BUILDING FEATURE: FRONT STAIRS	
Rehab/Restoration <b>X</b>	Maintenance	Completed	Proposed <b>X</b>
CONTRACT YEAR WORK COMPLETION: 2020			
TOTAL COST (rounded to nearest dollar): \$1,200			
DESCRIPTION OF WORK:			
Rehabilitation and/or replacement of front stairs with historically appropriate materials			

SCOPE # 4		BUILDING FEATURE: FRONT DOOR	
Rehab/Restoration <b>X</b>	Maintenance	Completed	Proposed <b>X</b>
CONTRACT YEAR WORK COMPLETION: 2020			
TOTAL COST (rounded to nearest dollar): \$250			
DESCRIPTION OF WORK:			
Retain, repair as necessary, and repaint historic front door.			

SCOPE # 5		BUILDING FEATURE: WINDOWS	
Rehab/Restoration	Maintenance	Completed	Proposed <b>X</b>
CONTRACT YEAR WORK COMPLETION: 2020			
TOTAL COST (rounded to nearest dollar): \$10,500			
DESCRIPTION OF WORK:			
Rehabilitation and/or replacement of all windows on the front façade, including three (3) windows with double-hung wooden windows (in-kind) on the first floor, two (2) windows with double-hung wooden windows (in-kind) on the second floor, one (1) fixed wooden window on first floor (in-kind), and (1) fixed wooden window on the second floor (in-kind).			

SCOPE # 6		BUILDING FEATURE: EXTERIOR	
Rehab/Restoration	Maintenance	Completed	Proposed <b>X</b>
CONTRACT YEAR WORK COMPLETION: 2020			
TOTAL COST (rounded to nearest dollar): \$31,000			
DESCRIPTION OF WORK:			
Front facade restoration including rehabilitated or replaced wood siding (in-kind), including scaffolding and lead abatement			

SCOPE # 7		BUILDING FEATURE: ROOF	
Rehab/Restoration <b>X</b>	Maintenance	Completed	Proposed <b>X</b>
CONTRACT YEAR WORK COMPLETION: 2020			
TOTAL COST (rounded to nearest dollar): \$250			
DESCRIPTION OF WORK:			
Roof rehabilitation and/or replacement with asphalt shingles (in-kind)			

SCOPE # 8		BUILDING FEATURE: SEISMIC	
Rehab/Restoration	Maintenance	Completed	Proposed <b>X</b>
CONTRACT YEAR WORK COMPLETION: 2020			
TOTAL COST (rounded to nearest dollar): \$10,000			
DESCRIPTION OF WORK:			
Complete seismic/foundation work if determined necessary by seismic evaluation report.			



## Exhibit B: Maintenance Plan

<b>SCOPE # 1</b>	<b>BUILDING FEATURE: ROOF</b>		
Rehab/Restoration	Maintenance <b>X</b>	Completed	Proposed <b>X</b>
CONTRACT YEAR WORK COMPLETION: Annually			
TOTAL COST (rounded to nearest dollar): \$50			
<b>DESCRIPTION OF WORK:</b>			
<p>Check roof, gutters and drainage systems for leaks, blockages or other issues that may cause damage to the roof, or the envelope of the house. This includes removing leaves and other debris and checking for biological growth that erodes the roofing. Any damages or loose shingles will be replaced in kind to match. Any loose, damaged, or rusted flashing will be replaced.</p>			

<b>SCOPE # 2</b>	<b>BUILDING FEATURE: ATTIC</b>		
Rehab/Restoration	Maintenance <b>X</b>	Completed	Proposed <b>X</b>
CONTRACT YEAR WORK COMPLETION: Annually			
TOTAL COST (rounded to nearest dollar): \$50			
<b>DESCRIPTION OF WORK:</b>			
<p>Check attic annually for dampness and water infiltration. If signs of mold, deterioration, or structural issues are discovered, they will be repaired and replaced immediately.</p>			

<b>SCOPE # 3</b>	<b>BUILDING FEATURE: EXTERIOR PAINTING &amp; SIDING</b>		
Rehab/Restoration	Maintenance <b>X</b>	Completed	Proposed <b>X</b>
CONTRACT YEAR WORK COMPLETION: Annually			
TOTAL COST (rounded to nearest dollar): \$50			
<b>DESCRIPTION OF WORK:</b>			
<p>Inspect stucco for moisture or water damage. If damage can be repaired, it will be repaired according to best practices and will be replaced in-kind only if necessary.</p> <p>After front façade restoration, inspect the front façade wood siding for dryrot and water damage. If damage can be repaired, it will be repaired according to best practices and will be replaced in-kind only if necessary.</p>			

<b>SCOPE # 4</b>	<b>BUILDING FEATURE: WINDOWS</b>		
Rehab/Restoration	Maintenance <b>X</b>	Completed	Proposed <b>X</b>
CONTRACT YEAR WORK COMPLETION: Annually			
TOTAL COST (rounded to nearest dollar): \$50			
<b>DESCRIPTION OF WORK:</b>			
<p>Windows will be inspected annually. Sashes, sills, and trim will be checked for dryrot or damage, and will be repaired or patched according to best practices. Glazing putty will be inspected and replaced as necessary.</p>			

SCOPE # 5		BUILDING FEATURE: FRONT PORCH	
Rehab/Restoration	Maintenance <b>X</b>	Completed	Proposed <b>X</b>
CONTRACT YEAR WORK COMPLETION: Annually			
TOTAL COST (rounded to nearest dollar): \$50			
DESCRIPTION OF WORK:			
Inspect the porch and repair areas where wood has decayed. Remove damaged boards and replace with wood to match existing. Porch will be repainted every ten years or as needed.			

SCOPE # 7		BUILDING FEATURE: FOUNDATION	
Rehab/Restoration	Maintenance <b>X</b>	Completed	Proposed <b>X</b>
CONTRACT YEAR WORK COMPLETION: Annually			
TOTAL COST (rounded to nearest dollar): \$50			
DESCRIPTION OF WORK:			
Annual inspection of the foundation for buckling, water damage, or other structural issues. If any structural damage is found, a structural engineer will be contacted for assistance.			



**Office of the Assessor / Recorder - City and County of San Francisco  
2017 Mills Act Valuation**



**56 Potomac Street**

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

<b>APN:</b>	0866-012	<b>Lien Date:</b>	7/1/2017
<b>Address:</b>	56 Potomac Street	<b>Application Date:</b>	9/1/2013
<b>SF Landmark No.:</b>	N/A	<b>Valuation Date:</b>	7/1/2017
<b>Applicant's Name:</b>	Jason Monberg	<b>Valuation Term:</b>	12 Months
<b>Agt./Tax Rep./Atty:</b>	None	<b>Last Sale Date:</b>	6/20/2003
<b>Fee Appraisal Provided:</b>	No	<b>Last Sale Price:</b>	\$905,000

FACTORED BASE YEAR (Roll) VALUE		INCOME CAPITALIZATION APPROACH		SALES COMPARISON APPROACH	
Land	\$677,621	Land	\$498,000	Land	\$ 1,320,000
Imps.	\$451,748	Imps.	\$332,000	Imps.	\$880,000
Personal Prop	\$0	Personal Prop	\$0	Personal Prop	\$0
<b>Total</b>	<b>\$1,129,369</b>	<b>Total</b>	<b>\$830,000</b>	<b>Total</b>	<b>\$ 2,200,000</b>

**Property Description**

<b>Property Type:</b>	SFR	<b>Year Built:</b>	1900	<b>Neighborhood:</b>	Hayes Valley
<b>Type of Use:</b>	SFR	<b>(Total) Rentable Area:</b>	1745	<b>Land Area:</b>	2,247
<b>Owner-Occupied:</b>	No	<b>Stories:</b>	2	<b>Zoning:</b>	RH-2
<b>Unit Type:</b>	Residential	<b>Parking Spaces:</b>	1 Car Garage		

**Total No. of Units: 1**

**Special Conditions (Where Applicable)**

The subject property is considered tenant occupied. Per the Costa-Hawkins Rental Housing Act, rent income generated from single family residences are generally exempt from rent control limitations set by the SF Rent Board. Therefore, market rents have been applied to the Income Approach to Value in this analysis.

**Conclusions and Recommendations**

	Per Unit	Per SF	Total
Factored Base Year Roll Value	\$1,129,369	\$647	\$ 1,129,369
Income Approach - Direct Capitalization	\$830,000	\$476	\$ 830,000
Sales Comparison Approach	\$2,200,000	\$1,261	\$ 2,200,000
<b>Recommended Value Estimate</b>	<b>\$ 830,000</b>	<b>\$ 476</b>	<b>\$ 830,000</b>

**Appraiser:** Bryan Bibby

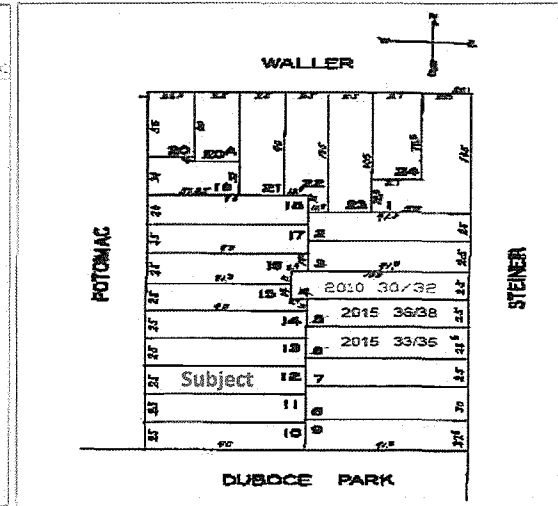
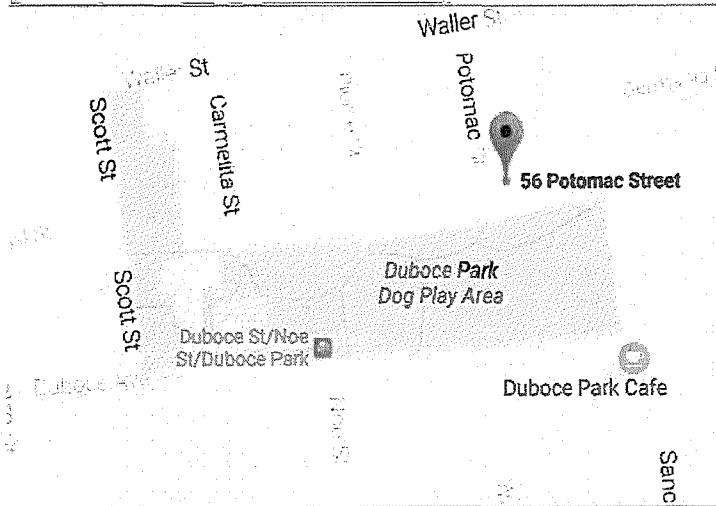
**Principal Appraiser:** Greg Wong

**Date of Report:** 7/27/2017

**SUBJECT PHOTOGRAPHS AND LOCATOR MAP**

Address: 56 Potomac Street

APN: 0866-012



**INCOME APPROACH**

**Address:** 56 Potomac Street  
**Lien Date:** 7/1/2017

	<u>Monthly Rent</u>	<u>Annualized</u>	<u>Annualized</u>
Potential Gross Income*	\$6,400	12	\$76,800
Less: Vacancy & Collection Loss		3%	<u>(\$2,304)</u>
Effective Gross Income			\$74,496
Less: Anticipated Operating Expenses (Pre-Property Tax)**		15%	<u>(\$11,174)</u>
<b>Net Operating Income (Pre-Property Tax)</b>			<b>\$63,322</b>

**Restricted Capitalization Rate**

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	<u>0.6667%</u>	
Improvements constitute % of total property value 40%			<b>7.5959%</b>

**RESTRICTED VALUE ESTIMATE** **\$833,632**

**Rounded to the nearest \$10,000** **\$830,000**

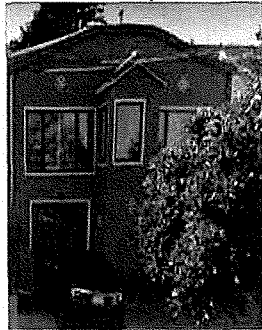
**Notes:**

- \* *Potential Gross Income was based on rental comps selected on next page. The projected rent was weighted more on Comp #2 due to its overall similar tenant appeal to the subject.. Rental Comparables #1, 3 and 4 bracket the rental amount conclusion on the high end. Of note, taxpayer supplied Mills Act Historical Property Contract dated 5/1/2017 recorded 2016 rental income totaling \$53,263 x 2.2% allowable increase per SF Rent Board equates to \$54,435. This amount was concluded to not be in line with market rents, and therefore was not used as the basis for potential gross income. Utilizing market rents is allowed per the provisions of the Costa-Hawkins Housing Act as this Act supersedes the SF Rent Board provisions for SFR dwelling properties. See next page for Act provisions.*
- \*\* *Annual operating expenses include water service, refuse collection, insurance, and regular*
- \*\*\* *Risk rate concluded to be non-owner occupied based on Mills Act Historical Property Contract dated 5/1/2017.*
- \*\*\*\* *The 2017 property tax rate will be determined in September, 2017.*

**Rent Comparables**

**Address:** 56 Potomac Street  
**Lien Date:** 7/1/2017

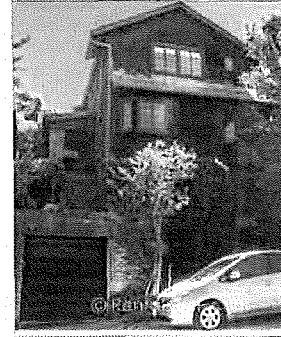
**Rental Comp #1**



**Rental Comp #2**



**Rental Comp #3**



**Rental Comp #4**



**Listing Agent:** Groebecke Holland International Inc.  
**Address:** 1710 Castro Street  
**Cross Streets:** 26th Street  
**SF:** 1,800  
**Layout:** SFR; 7/3/3 1 car parking  
**Monthly Rent:** \$6,500  
**Rent/Foot/Mo:** \$3.61  
**Annual Rent/Foot:** \$43.33

**c/o Craigslist Website:** 629 Elizabeth Street  
**Castro Street:** 1,410  
**SFR; 6/3/1.5, 0 car parking:** \$6,400  
**\$4.54**  
**\$54.47**

**Liz Pisco/Rentals In SF:** 31 Belmont Avenue  
**Willard Street:** 2,450  
**SFR; 8/3/1.5, 1 car parking:** \$6,995  
**\$2.86**  
**\$34.26**

**BanCal Kelli:** 160 Clifford Terrace  
**Ashbury Street:** 1,584  
**SFR, 7/3/2, 2 car parking:** \$7,300  
**\$4.61**  
**\$55.30**

**Costa-Hawkins Rental Housing Act summary from the SF Rent Board**

CITY AND COUNTY OF  
SAN FRANCISCO

**Rent Board**

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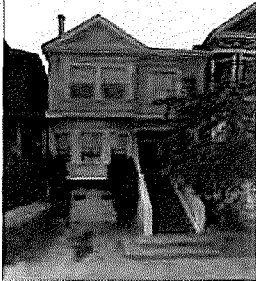


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[Topic No. 019: Partial Exemption for Certain Single-Family Homes and Condominiums Under Costa-Hawkins](#)

**Topic No. 019: Partial Exemption for Certain Single-Family Homes and Condominiums Under Costa-Hawkins**

Pursuant to the Costa-Hawkins Rental Housing Act, as of January 1, 1989 single-family homes and condominiums are generally exempt from the rent increase limitations (but not the just cause eviction provisions) of the Rent Ordinance, but ONLY IF the tenancy commenced on or after January 1, 1986.

**SINGLE FAMILY MARKET ANALYSIS**

	Subject-A	Sale 1-B	Sale 2-C	Sale 3-D			
APN	0866-012	0865 004	0865 021	1291 022			
							
Address	56 Potomac Street	67 Potomac Street	587 Waller Street	1406 Cole Street			
Sales Price		\$2,425,000	\$2,400,000	\$2,350,000			
Sale Price / Square Foot		\$1,448	\$1,103	\$1,335			
	Description	Description	Adjust.	Description	Adjust.	Description	Adjust.
Date of Valuation/Sale	07/01/17	11/07/16		7/11/2017		07/06/17	
Neighborhood	Hayes Valley	Hayes Valley		Hayes Valley		Cole Valley/Parnassus Heights	
Proximity to Subject	-	Same Street		Reasonable Proximity		Reasonable Proximity	
Land Area	2,247	2,250	0	2,250	0	2,500	(10,000)
View Type	Neighborhood	Neighborhood		Neighborhood		Neighborhood	
Year Built	1900	1900		1900		1911	
Condition Type	Average+	Good/Updates	(\$121,000)	Average	\$120,000	Good/ Updates	(\$118,000)
Traffic	Dead End Street	Dead End Street		Typical		Typical	
Building Area	1,745	1,675	28,000	2,175	(172,000)	1,760	(6,000)
Total Number of Rooms	5	8		10		6	
Bedroom Count	2	4		4		3	
Bath Count	1.5	1.5		2	(\$20,000)	2.5	(\$40,000)
Number of Stoles	2	2		2		2	
Parking Type/Count	1 Car Garage	2 Car Garage	(\$50,000)	2 Car Garage	(\$50,000)	1 Car Garage	
Bonus Living Area	Incl. In GLA Above	Attic Loft	(\$75,000)	Attic Loft	(\$75,000)	None	
Other Amenities	None	None		None		None	
Net Adjustments			(\$218,000)		(\$197,000)		(\$174,000)
Indicated Value	\$2,200,000		\$2,207,000		\$2,203,000		\$2,176,000
Adjust. \$ Per Sq. Ft.	\$1,261		\$1,265		\$1,262		\$1,247

Value Range:	Low	High				
	\$2,176,000	\$2,207,000	VALUE CONCLUSION:		\$2,200,000	\$1,261
Adjust. \$ Per Sq. Ft.	\$1,247	\$1,265				

**REMARKS:**

The subject's property features were based on listing data & recent building plans/permits from DBI. Per DBI, permits pulled for major remodeling and alterations to the property that commenced in 11/2015. Elevated condition rating warranted from last year to account for this new construction work underway.

Adjustments are made to the comparables. (Rounded to the nearest \$1,000.)

- \*Lot Area adj. based on per square foot of \$ 40
- \*GLA adjustment based on per square foot of \$ 400
- \*Bathroom variance adjustment based on \$ 40,000 per bath variance.
- \*Parking space adjustment based on \$ 50,000 per space variance.

Other types of adjustments as noted below:

- Condition adj. warranted for Comps #1 and #3 for their overall better condition compared to the average+ condition of the subject. Adj. at 5% of the sales price.
- Condition adj. warranted for Comp #2 to account for its deferred maintenance and fixer status based on listing comments. Adj. at 5% of the sales price.
- Bonus room adj. warranted for Comps #1 and 2 due to their bonus areas on the attic level. Adj. at \$75,000.

Although all comps were considered in the final value conclusion, Comps #1 and 2 were weighted more than Comp #3 due their same neighborhood location to the subject's neighborhood of Hayes Valley.

**MARKET VALUE**

LAND	\$1,320,000
IMPROVEMENTS	\$880,000
TOTAL	\$2,200,000
Market Value / Foot	\$1,261

**ASSESSED VALUE**

LAND	\$677,621
IMPROVEMENTS	\$451,748
TOTAL	\$1,129,369
Assessed Value / Foot	\$647





# SAN FRANCISCO PLANNING DEPARTMENT

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## PRE-APPROVAL INSPECTION REPORT

*Report Date:* May 25, 2017  
*Inspection Date:* May 24, 2017; 5:00pm  
*Case No.:* 2017-005884MLS  
*Project Address:* 56 Potomac Street  
*Zoning:* RH-2 (Residential-House-Two Family)  
*Height & Bulk:* 40-X  
*Block/Lot:* 0866/012  
*Eligibility:* Duboce Park Historic District Contributor  
*Property Owner:* Jason Monberg & Karli Sager  
*Address:* 105 Steiner Street  
San Francisco, CA 94117  
karlisager@gmail.com  
*Staff Contact:* Shannon Ferguson – (415) 575-9074  
shannon.ferguson@sfgov.org  
*Reviewed By:* Tim Frye – (415) 575-6822  
[tim.frye@sfgov.org](mailto: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

5/19/17: email property owner to schedule site inspection

5/24/17: email to confirm site inspection

### INSPECTION OVERVIEW

Date and time of inspection: May 25, 2017; 5:00pm

Parties present: Karli Sager (property owner), Shannon Ferguson (SF Planning)

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

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

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

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

**Mills Act Pre-Approval Inspection Report**  
May 25, 2017

**Case Number 2017-005884MLS**  
**56 Potomac Street**

**NOTES AND RECOMMENDATIONS**

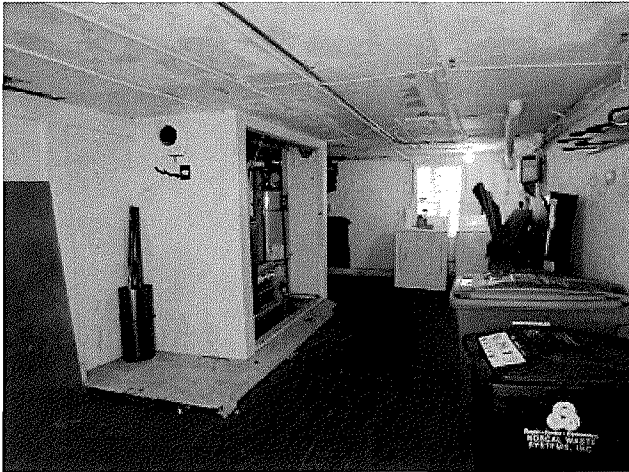
Add seismic/foundation work (Complete seismic/foundation work if determined necessary by seismic evaluation report) and front door (retain, repair as necessary and repaint historic front door) to the rehabilitation plan

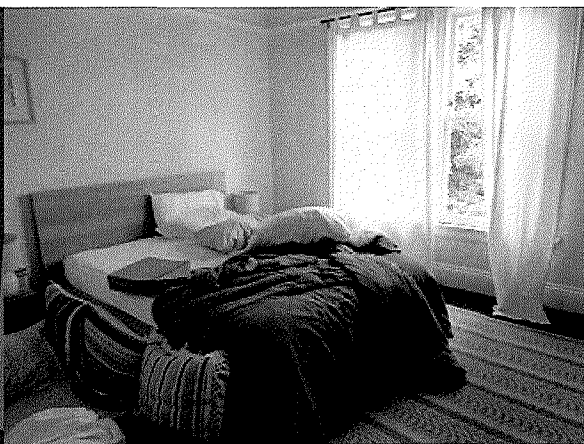
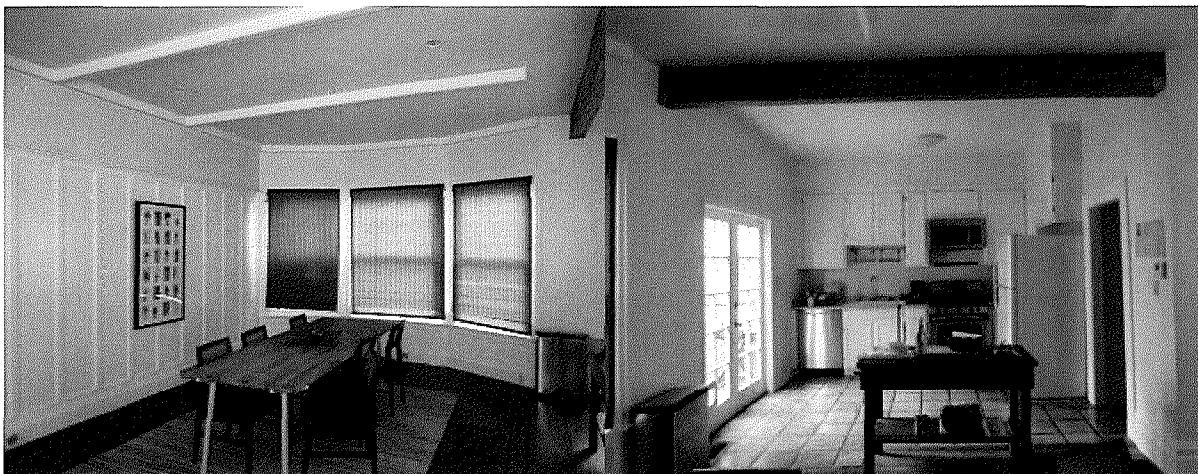
**CONDITIONS FOR APPROVAL**

None

PHOTOGRAPHS







# MILLS ACT HISTORICAL PROPERTY CONTRACT Application Checklist:

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

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



# APPLICATION FOR Mills Act Historical Property Contract

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

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

PROPERTY OWNER 1 NAME:	TELEPHONE:
Jason Monberg	(415) 722.4972
PROPERTY OWNER 1 ADDRESS:	EMAIL:
105 Steiner, San Francisco, 94117	jasonmonberg@gmail.com
PROPERTY OWNER 2 NAME:	TELEPHONE:
Karli Sager	(415) 269.8518
PROPERTY OWNER 2 ADDRESS:	EMAIL:
105 Steiner, San Francisco 94117	karlisager@gmail.com
PROPERTY OWNER 3 NAME:	TELEPHONE:
	( )
PROPERTY OWNER 3 ADDRESS:	EMAIL:

## 2. Subject Property Information

PROPERTY ADDRESS:	ZIP CODE:
56 Potomac St, San Francisco	94117
PROPERTY PURCHASE DATE:	ASSESSOR BLOCK/LOT(S):
June 2003	0866-012
MOST RECENT ASSESSED VALUE:	ZONING DISTRICT:
\$1,600,000 (2015)	Unboce Park Hist. District

Are taxes on all property owned within the City and County of San Francisco paid to date? YES  NO

Is the entire property owner-occupied? YES  NO   
If No, please provide an approximate square footage for owner-occupied areas vs. rental income (non-owner-occupied areas) on a separate sheet of paper.

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

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

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

Owner Signature:	Date:
	5/1/17
Owner Signature:	Date:
	5/1/17
Owner Signature:	Date:



## 2. Subject Property Information

### a. Owner Occupied Area v. Rental Area

	Area (sq ft)	Status	Rental Income
56 Potomac	1800	Rental	\$53,263 (2016)

### b. Other Owned Property

1. 101-105 Steiner Street, San Francisco, CA 94117
2. 138 Whitney Street, San Francisco, CA 94112

3. Property Value Eligibility:

Choose one of the following options:

The property is a Residential Building valued at less than \$3,000,000. YES  NO

The property is a Commercial/Industrial Building valued at less than \$5,000,000. YES  NO

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

Application for Exemption from Property Tax Valuation

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

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

4. Property Tax Bill

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

PROPERTY OWNER NAMES:

Jason Monberg + Karli Sager

MOST RECENT ASSESSED PROPERTY VALUE:

\$ 700,000 (revised per Mills Act contract)

PROPERTY ADDRESS:

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:

*Jason Monberg*  
*Karli Sager*

Date:

5/1/17

Owner Signature:

Date:

5/1/17

Owner Signature:

Date:

City & County of San Francisco  
**Treasurer & Tax Collector**



Office of the Treasurer & Tax Collector

Secured Property Tax Information & Payment – Property Information  
 Tax Year 2016 - 2017

All installments have been paid.

Prior Year Secured Tax Payment Information

[2015-2016](#)

[2014-2015](#)

[2013-2014](#)

[2012-2013](#)

[2011-2012](#)

[2010-2011](#)

**Mailing Information** Office of the Treasurer & Tax Collector City Hall, Room 140, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 [Contact Us](#)

Change of Address Form [Click Here](#).

[Visit San Francisco's 311 online](#)

Property

<u>Vol #</u>	<u>Block #</u>	<u>Lot #</u>	<u>Account #</u>	<u>Tax Bill #</u>	<u>Tax Rate</u>	<u>Property Location</u>
06	0866	012	086600120	035492	1.1792 %	56 POTOMAC ST

Assessment Information

<u>Assessment</u>	<u>Full Value</u>	<u>Tax Rate</u>	<u>Amount</u>
<b>LAND</b>	\$420,000	1.1792 %	\$4,952.64
Impr/Structural	\$280,000		\$3,301.76
Impr/Fixtures			\$0.00
Personal Property			\$0.00
Gross Taxable Value	\$700,000		\$8,254.40
<b>LESS: Exemptions</b>			
Homeowner's			\$0.00
Other			\$0.00
Net Taxable Value	\$700,000		\$8,254.40

Direct Charges and/or Special Assessments

<u>Code</u>	<u>Type</u>	<u>Phone #</u>	<u>Amount</u>
89	SFUSD Facility Dist	(415) 355-2203	\$36.06
91	SFCCD Parcel Tax	(415) 487-2400	\$79.00
98	SF-Teacher Support	(415) 355-2203	\$236.98

Total Direct Charges and Special Assessments \$352.04

Total Due \$8,606.44

Payment Summary

Choose how much of your property tax you wish to pay now by clicking one of the radio buttons in the left hand column below. The second installment cannot be paid before the first installment is paid. Late penalties and fees are applied to payments made after their respective delinquency dates. The "Amount Due" indicated below already reflects applicable late penalties and fees, if any.

	<u>Amount Due</u>	<u>Paid Date</u>
<input type="radio"/> Pay First Installment	\$0.00	12/07/16
<input type="radio"/> Pay Second Installment	\$0.00	04/10/17
<input checked="" type="radio"/> Pay Full Amount	\$0.00	

5. Rehabilitation/Restoration & Maintenance Plan

A 10 Year Rehabilitation/Restoration Plan has been submitted detailing work to be performed on the subject property YES  NO

A 10 Year Maintenance Plan has been submitted detailing work to be performed on the subject property YES  NO

Proposed work will meet the *Secretary of the Interior's Standards for the Treatment of Historic Properties* and/or the California Historic Building Code. YES  NO

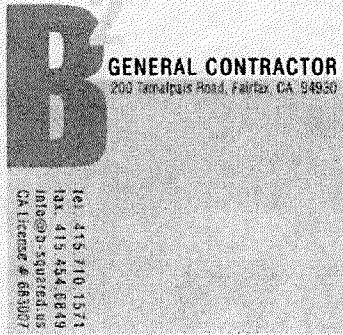
Property owner will ensure that a portion of the Mills Act tax savings will be used to finance the preservation, rehabilitation, and maintenance of the property YES  NO

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

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

# _____ (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.



Date: April 27, 2017

To: Karli Sager,  
56 Potomac St.  
San Francisco, CA 94117

RE: Historical Restoration at 56 Potomac

Dear Ms. Sager,

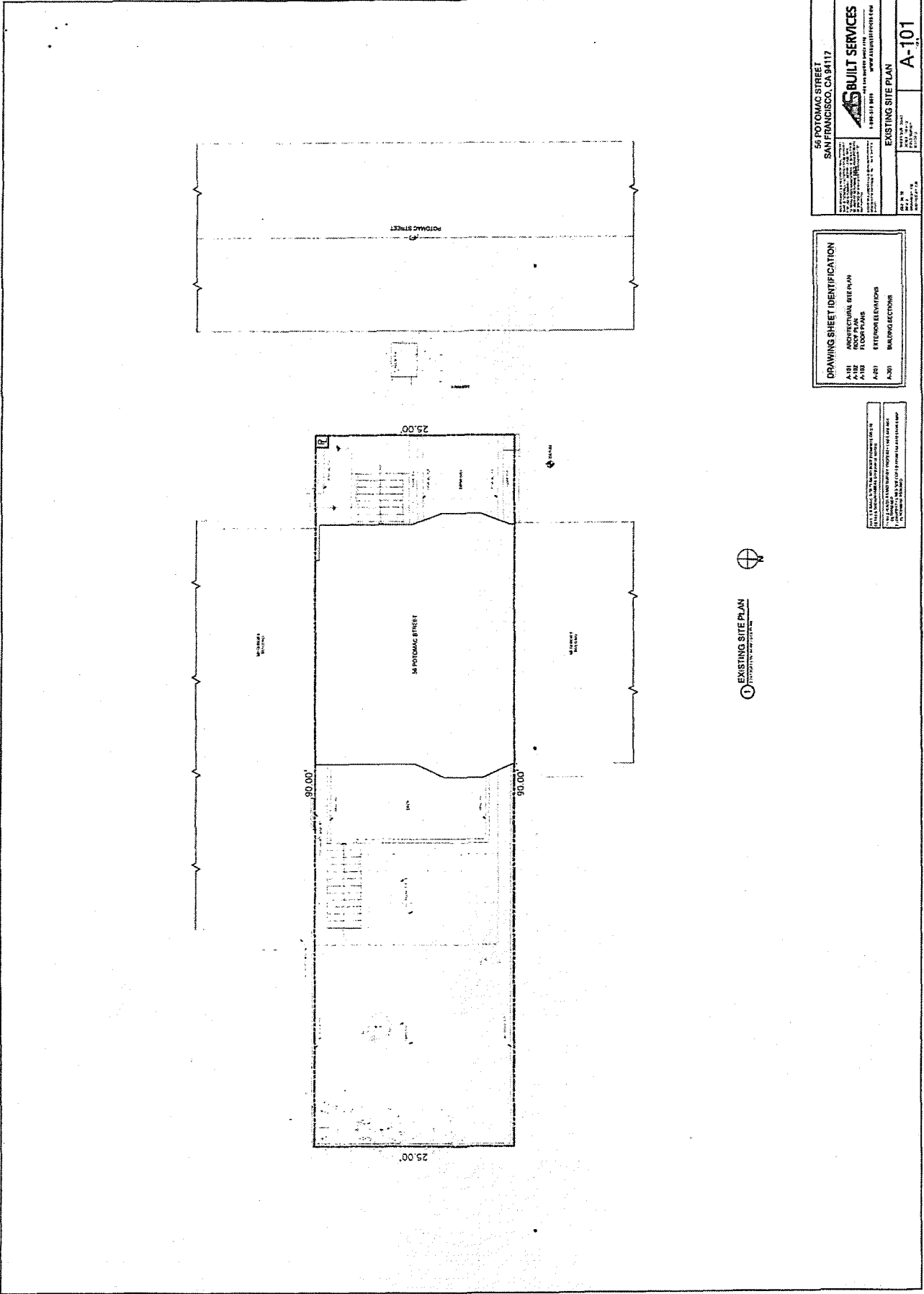
The following is an itemized estimate for historical restoration work of your property at 56 Potomac Street, San Francisco.

1. Front façade exploratory demo to determine historic cladding (if any)  
\$500
2. Front façade restoration - includes removal of existing stucco, new waterproofing, installation of new 1x wood siding and painting  
\$25,000
3. Seismic evaluation of existing conditions to determine retrofit scope (if any)  
\$750
4. Rehabilitation of 9 existing wood windows at front façade – includes sash repair, insulated glazing and new painting, allow \$1500 each for labor & material  
\$13,500
5. Rehabilitation of existing wood entry stairs – includes minor repair needed due to dry rot, sanding and new paint  
Allowance \$1,200
6. Annual roof maintenance of existing composition shingle roof (for 7 year period). This includes general inspection, minor repairs and clearing gutters and downspouts  
\$250
7. Scaffolding for all front façade work above  
\$3,500
8. Lead abatement for any demo-related activities above  
Allowance \$2,500

Please call me if you have any questions.

Sincerely yours,

Blair Burke  
Blair Burke, General Contractors, Inc  
(415) 710-1571  
Lic # - 683007



56 POTOMAC STREET  
SAN FRANCISCO, CA 94117

**BUILT SERVICES**  
ARCHITECTURE & INTERIOR DESIGN  
415-398-1188  
www.built-services.com

DATE: 10/11/11  
PROJECT: 11111111111111111111

EXISTING SITE PLAN

SCALE: 1/8" = 1'-0"  
DATE: 10/11/11

**A-101**

**DRAWING SHEET IDENTIFICATION**

A-101 ARCHITECTURAL SITE PLAN  
A-102 ROOF PLAN  
A-103 FLOOR PLANS  
A-201 EXTERIOR ELEVATIONS  
A-202 BUILDING SECTIONS

THIS DRAWING IS THE PROPERTY OF BUILT SERVICES. IT IS TO BE USED ONLY FOR THE PROJECT AND SITE SPECIFICALLY IDENTIFIED HEREIN. ANY REUSE OR MODIFICATION OF THIS DRAWING WITHOUT THE WRITTEN PERMISSION OF BUILT SERVICES IS STRICTLY PROHIBITED.

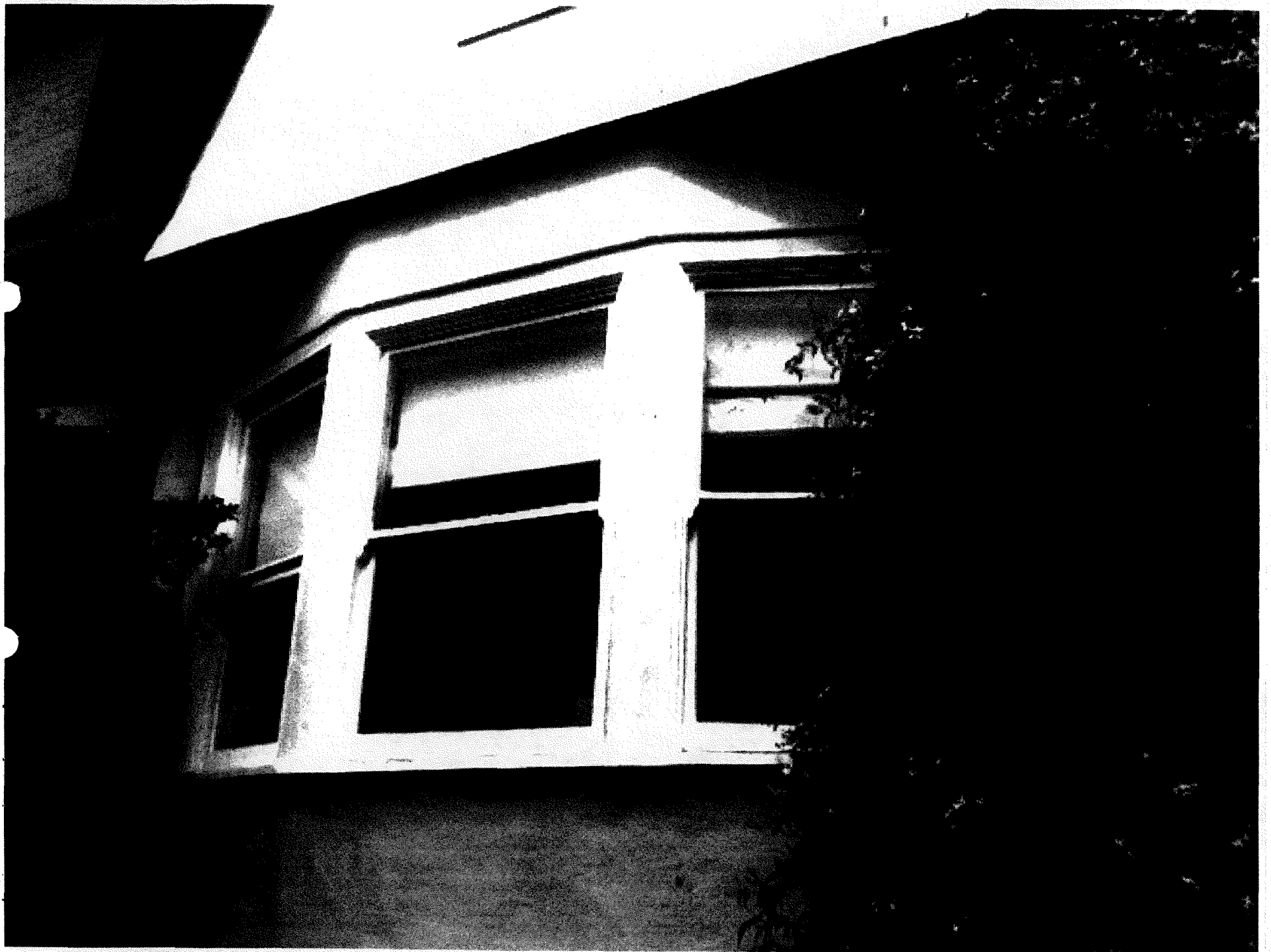
1 EXISTING SITE PLAN  
1/8" = 1'-0"









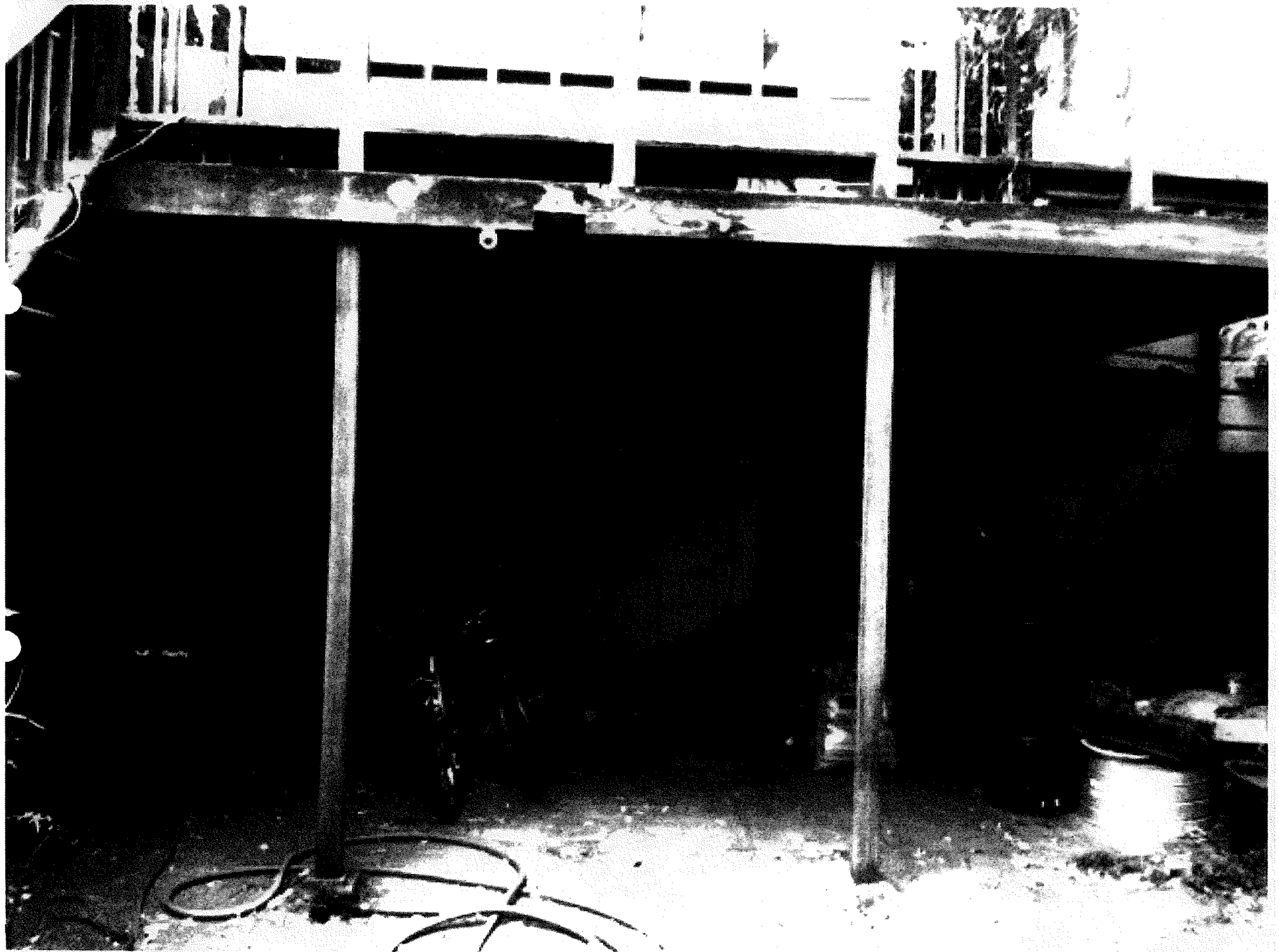


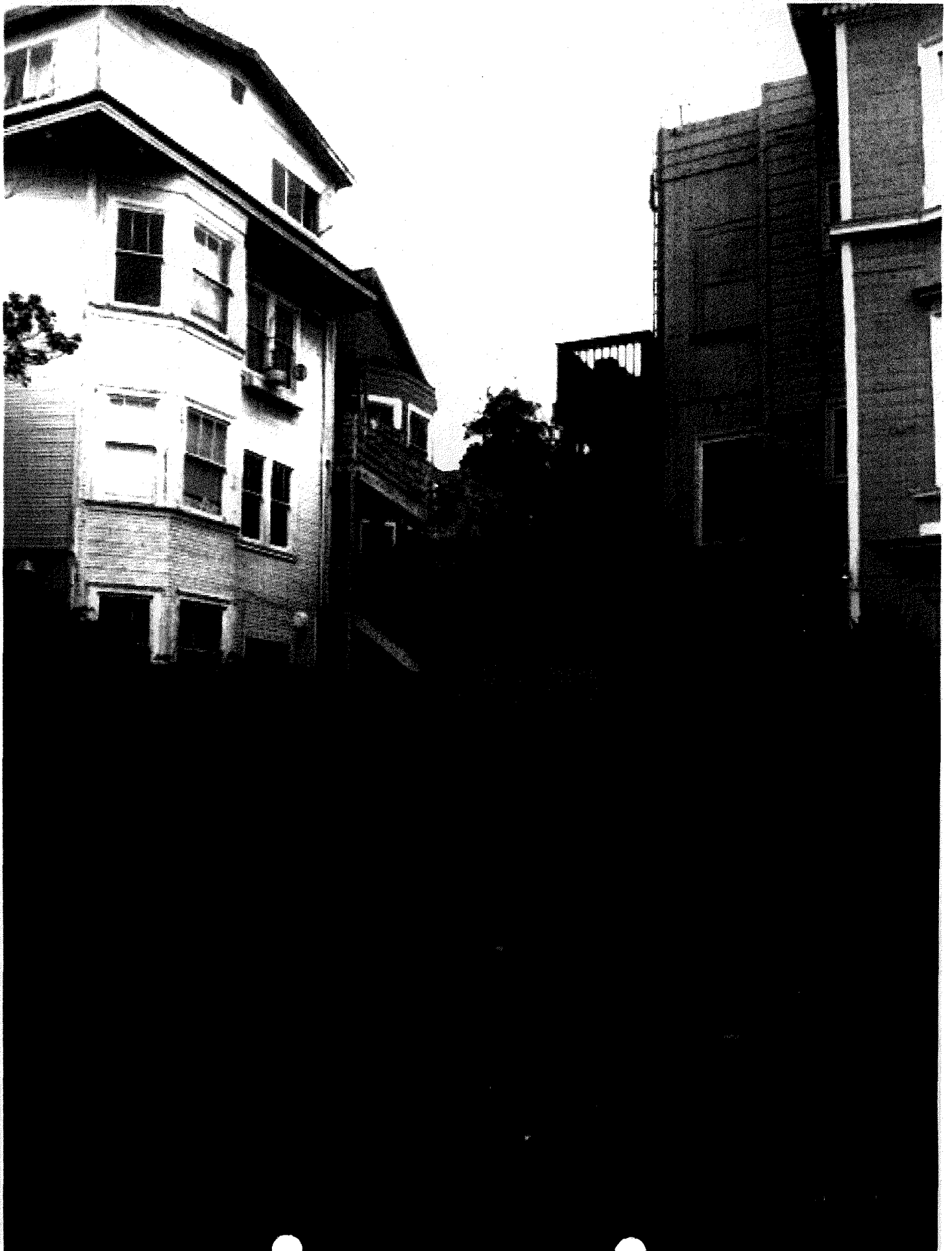












## 6. Draft Mills Act Historical Property Agreement

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

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



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

### California Mills Act Historical Property Agreement

PROPERTY NAME (IF ANY)

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 **Jason Monberg + Karli Sager** ("Owner/s").

#### RECITALS

Owners are the owners of the property located at **56 Patomac Street**, in San Francisco, California  
**0866** / **012**. The building located at

is designated as **contributory building to a historic district pursuant to Article 10** (e.g. "a City Landmark pursuant to Article 10 of the Planning Code") and is also known as the **N/A**

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 **Forty-four thousand two hundred** (\$ **44,200** ). 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 **Three hundred** (\$ **300** ) annually. See Maintenance Plan, Exhibit B.

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

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

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

Mills Act Application

### 1. Application of Mills Act.

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

### 2. Rehabilitation of the Historic Property.

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

### 3. Maintenance.

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

### 4. Damage.

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

### 5. Insurance.

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

6. Inspections.

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

7. Term.

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

8. Valuation.

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

9. Termination.

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

10. Notice of Nonrenewal.

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

11. Payment of Fees.

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

12. Default.

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

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

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

13. Cancellation.

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

14. Cancellation Fee.

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

15. Enforcement of Agreement.

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

16. Indemnification.

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

17. Eminent Domain.

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

18. Binding on Successors and Assigns.

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

19. Legal Fees.

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

20. Governing Law.

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

21. Recordation.

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

22. Amendments.

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

23. No Implied Waiver.

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

24. Authority.

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

25. Severability.

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

26. Tropical Hardwood Ban.

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

27. Charter Provisions.

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

28. Signatures.

This Agreement may be signed and dated in parts

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

**CARMEN CHU**  
ASSESSOR-RECORDER  
CITY & COUNTY OF SAN FRANCISCO

Date

**JOHN RAHAIM**  
DIRECTOR OF PLANNING  
CITY & COUNTY OF SAN FRANCISCO


Date

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


Signature

Date

Print name  
DEPUTY CITY ATTORNEY

  
Signature  
**Jason Monberg**  
Print name  
OWNER

5/1/17  
Date

  
Signature  
**Karli Sayer**  
Print name  
OWNER

5/1/17  
Date

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



**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

**CIVIL CODE § 1189**

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

State of California )  
County of SAN FRANCISCO )

On 05/01/2017 before me, ODD SAPPRASERT O'BRIEN, NOTARY PUBLIC,  
Date Here Insert Name and Title of the Officer

personally appeared JASON MON BEAG  
Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.



Signature [Handwritten Signature]  
Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

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

Signer's Name: \_\_\_\_\_

Corporate Officer — Title(s): \_\_\_\_\_

Partner —  Limited  General

Individual  Attorney in Fact

Trustee  Guardian or Conservator

Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

Corporate Officer — Title(s): \_\_\_\_\_

Partner —  Limited  General

Individual  Attorney in Fact

Trustee  Guardian or Conservator

Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

**CIVIL CODE § 1189**

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State of California )  
County of SAN FRANCISCO )

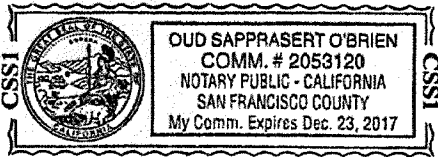
On 05/01/2017 before me, ODU SAPPRASERT O'BRIEN, NOTARY PUBLIC  
Date Here Insert Name and Title of the Officer

personally appeared KARLI SAGER  
Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.



Signature Odin Sapprasert O'Brien  
Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_  
Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_  
Signer(s) Other Than Named Above: \_\_\_\_\_

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

Signer's Name: \_\_\_\_\_  
 Corporate Officer — Title(s): \_\_\_\_\_  
 Partner —  Limited  General  
 Individual  Attorney in Fact  
 Trustee  Guardian or Conservator  
 Other: \_\_\_\_\_  
Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_  
 Corporate Officer — Title(s): \_\_\_\_\_  
 Partner —  Limited  General  
 Individual  Attorney in Fact  
 Trustee  Guardian or Conservator  
 Other: \_\_\_\_\_  
Signer Is Representing: \_\_\_\_\_



7. Notary Acknowledgment Form

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

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

State of California

County of: SAN FRANCISCO

On: 05/01/2017 before me, OUR SAPPRASERT O'BRIEN, NOTARY PUBLIC  
DATE INSERT NAME OF THE OFFICER

NOTARY PUBLIC personally appeared: JASON MONBERG  
NAME(S) OF SIGNER(S)

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

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

WITNESS my hand and official seal.

Deed Agreement O'Brien  
SIGNATURE



( PLACE NOTARY SEAL ABOVE )

7. Notary Acknowledgment Form

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

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

State of California

County of: SAN FRANCISCO

On: 05/01/2017 before me, ODD SAPPASERT O'BRIEN, NOTARY PUBLIC  
DATE INSERT NAME OF THE OFFICER

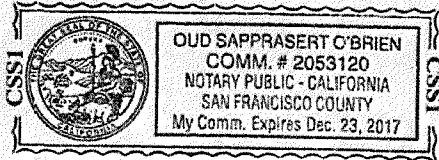
NOTARY PUBLIC personally appeared: KARLI SAGER  
NAME(S) OF SIGNER(S)

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

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

WITNESS my hand and official seal.

Odd Sappasert O'Brien  
SIGNATURE



( PLACE NOTARY SEAL ABOVE )



# SAN FRANCISCO PLANNING DEPARTMENT

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO

2017 OCT 11 PM 4:24

BY B

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

**973 Market Street**

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

**1338 Filbert Street**

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

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

<b>City Elective Officer Information</b> <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors

<b>Contractor Information</b> <i>(Please print clearly.)</i>	
Name of contractor: <b>Jason Monberg &amp; Karli Sager, property owners</b>	
<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> Jason Monberg Karli Sager	
Contractor address: 101-105 Steiner Street, San Francisco, CA 94117	
Date that contract was approved: <i>(By the SF Board of Supervisors)</i>	Amount of contracts: \$ 3,530 (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

<b>Filer Information</b> <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