



# PLANNING DEPARTMENT

City and County of San Francisco • 1660 Mission Street, Suite 500 • San Francisco, California • 94103-2414

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April 22, 2002

Gloria L. Young, Clerk of the Board  
Room 244, City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

RE: Case No. 2002.0092U, Mills Act historical property contract for 460 Bush Street,  
S.F.F.D. Old Engine Co. No. 2, San Francisco Landmark No. 143.

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
02 APR 30 PM 5:24  
BY

Dear Ms. Young:

This letter is to inform the Board of Supervisors that the Planning Department finds that the proposed Mills Act historical property contract for 460 Bush Street is consistent with the San Francisco General Plan (**Attachment A**), and the Eight Priority Policies of Section 101.1 of the Planning Code (**Attachment B**).

Sincerely,


Gerald G. Green,  
Director of Planning

GGG/jlt

## MEMORANDUM

**DATE:** April 22, 2002

**TO:** Gloria L. Young, Clerk of the Board  
Room 244, City Hall  
1 Dr. Carlton B. Goodlett Place

**FROM:** Gerald G. Green, Planning Director 

**RE:** **PLANNING COMMISSION APPROVAL OF CASE NO. 2002.0092U, MILLS ACT HISTORICAL PROPERTY CONTRACT FOR 460 BUSH STREET, S.F.F.D. OLD ENGINE CO. NO. 2, SAN FRANCISCO LANDMARK NO. 143.**

Dear Ms. Young:

Transmitted herewith is background material and Resolution No. 16378, which was approved by the Planning Commission at its meeting of April 18, 2002 and is now before the Board of Supervisors in accordance with Board of Supervisor Ordinance 191-96, which amended the San Francisco Administrative Code by adding Chapter 71 to implement the California Mills Act.

Included please find:

1. Planning Commission Resolution No. 16378 approving the Mills Act historical property contract for 460 Bush Street and recommending further approval of the contract to the Board of Supervisors.
2. Planning Commission Case Report approving the Mills Act historical property contract for 460 Bush Street.
3. Landmark Preservation Advisory Board Resolution No. 556 approving the Mills Act historical property contract for 460 Bush Street and recommending further approval of the contract to the Planning Commission.

Please contact Jeffrey Tully of the Planning Department at 558-6372 for any additional information that would be of assistance.

Enclosures

cc: Sarah Owsowitz, Deputy City Attorney  
Supervisor Aaron Peskin, San Francisco Board of Supervisors

# ATTACHMENT A

## SAN FRANCISCO GENERAL PLAN Applicable Policies to the approval of a Mills Act historical property contract – 460 Bush Street

### GENERAL PLAN POLICIES

The **Urban Design Element** of the **San Francisco General Plan** contains the following relevant objectives and policies:

- CONSERVATION

Richness of Past Development

OBJECTIVE 2: CONSERVATION OF RESOURCES WHICH PROVIDE A SENSE OF NATURE, CONTINUITY WITH THE PAST, AND FREEDOM FROM OVERCROWDING.

Policy 4: Preserve notable landmarks and areas of historic, architectural or aesthetic value, and promote the preservation of other buildings and features that provide continuity with past development.

The **Downtown Area Plan** of the **San Francisco General Plan** contains the following relevant objectives and policies:

- PRESERVING THE PAST

OBJECTIVE 12: CONSERVE RESOURCES THAT PROVIDE CONTINUITY WITH SAN FRANCISCO'S PAST.

Policy 12.1 Preserve notable landmarks and areas of historic, architectural, or aesthetic value, and promote the preservation of other buildings and features that provide continuity with past development.

- *A Mills Act historical property contract will allow for the long-term preservation and maintenance of this historic landmark, (Landmark No. 143 is rated as a Significant Category 1 building in Article 11 of the Planning Code and is located in the Kearny-Market-Mason-Sutter Conservation District), thereby furthering continuity with the past for the benefit of future generations.*

## ATTACHMENT B

### SAN FRANCISCO PLANNING CODE SECTION 101.1 – GENERAL PLAN CONSISTENCY AND IMPLEMENTATION Mills Act historical property contract for 460 Bush Street

#### SEC. 101.1 Consistency

**Planning Code Section 101.1 - eight Priority Policies** establishes and requires review of permits for consistency with said policies. On balance, the Project complies with said policies in that:

- *The proposed Project will further Priority Policy #7, that landmarks and historic buildings be preserved, such as the approval of a Mills Act historical property contract for 460 Bush Street, S.F.F.D. Old Engine Co. No. 2, Landmark No. 143. A Mills Act historical property contract will help to preserve a significant historic resource through the development of a long-term preservation and maintenance program.*
- *That the proposed Project will have no significant effect on the other seven Priority Policies: the City's supply of affordable housing, existing housing or neighborhood character, public transit or neighborhood parking, preparedness to protect against injury and loss of life in an earthquake, commercial activity, business or employment, or public parks and open space.*

## PLANNING COMMISSION

Case Report for hearing of April 18, 2002

## Case No. 2002.0092U

460 BUSH STREET

S.F.F.D. Old Engine Co. No. 2

Assessor's Block 270, Lot 41

### **Mills Act historical property contract**

Consideration to approve Mills Act historical property contract for 460 Bush Street.

## DEPARTMENT CONTACT

Jeffrey Tully, 558-6372

## REVIEWED BY

Neil Hart

## APPLICANT

In August 2001, property owner Alice Carey, submitted a Mills Act application, rehabilitation program and maintenance plan (**Attachment A**) to the Planning Department for 460 Bush Street, San Francisco Fire Department (S.F.F.D.) Old Engine Co. No. 2. The application was processed through the Planning Department with the assistance of two additional city agencies - the Tax Assessor, who calculated the proposed property tax savings and the City Attorney's office, who drafted the Mills Act historical property contract (**Attachment B**).

## PROPERTY DESCRIPTION

460 Bush Street, S.F.F.D. Old Engine Co. No. 2, north side between Grant and Kearny Streets, in Assessor's Block 270, Lot 41. The two-story, granite clad, utilitarian structure was built in 1908 following the 1906 Earthquake and fire that destroyed downtown San Francisco. The building is San Francisco Landmark No. 143, is rated as a Significant Category 1 building in Article 11 of the Planning Code, and is located in the Kearny-Market-Mason-Sutter Conservation District. The site is zoned C-3-R (Downtown Retail District) and is in an 80-130-F Height and Bulk District.

## PROJECT DESCRIPTION

Case No. 2002.0092U requests the Planning Commission to (1) review and adopt a resolution approving a Mills Act historical property contract between the property owner and the City and County of San Francisco (**Attachment C**) and make findings as to whether the Planning Commission concurs with the Landmarks Preservation Advisory Board (Landmarks Board) recommendation to approve the Mills Act historical property contract (**Attachment D**) and (2) recommend approval of the historical property contract to the Board of Supervisors.

## PLANNING COMMISSION

Case Report for hearing of April 18, 2002

Case No. 2002.0092U

460 BUSH STREET

S.F.F.D. Old Engine Co. No. 2

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## THE MILLS ACT

### Background

The Mills Act, also called the Historical Property Contract Act, was enacted by the State of California in 1972, and amended in the San Francisco Administrative Code in 1996. Board of Supervisor Ordinance 191-96 (**Attachment E**), which amended the San Francisco Administrative Code by adding Chapter 71 to implement California Mills Act, California Government Code Sections 50280 *et seq* to allow: "Owners of *qualified historic properties* to contract with the city to rehabilitate, restore and preserve properties and to procure property tax reductions pursuant to individual Mills Act Contracts."

San Francisco Administrative Code Chapter 71, Section 71.2, defines a qualified historic property as: (1) Individually listed on the National Register of Historic Places, or; (2) Designated as a City Landmark pursuant to San Francisco Planning Code Article 10. The property in question, 460 Bush Street, Old Engine Co. No. 2, is San Francisco Landmark No. 143, is rated as a Significant Category 1 building in Article 11 of the Planning Code and is located in the Kearny-Market-Mason-Sutter Conservation District.

The application for a Mills Act historical property contract for 460 Bush Street represents only the second time a Mills Act application has ever been submitted to the Planning Department. In 1996, a Mills Act application was submitted for the rehabilitation and adaptive use of the landmarked Don Lee Showroom located at 1000 Van Ness Avenue, but was later removed from consideration.

### Benefits

1. The Mills Act offers a major preservation incentive to owners of cultural resources that may not be adequately maintained, may have structural deficiencies, or may be in need of rehabilitation. The Mills Act is the single most important economic incentive program available in California for use by private property owners of qualified historical buildings.
2. Through the historical property contract, the Mills Act assures the rehabilitation, restoration, preservation and maintenance of a qualified historical property via the development of maintenance and rehabilitation plans.
3. In return, the property owner enjoys a reduction in property taxes for a given period. Mills Act contracts have the net effect of freezing the base value of the property, thereby keeping property taxes low.
4. At a cost of approximately \$35,000, the Mills Act rehabilitation program for 460 Bush Street will address the cleaning and rehabilitation of the building's exterior through the application of established preservation techniques and standards.
5. Upon completion of the exterior rehabilitation work, the maintenance plan for 460 Bush Street will commence – providing the Planning Department, in consultation with the Tax Assessor's office, the ability to perform yearly inspections of the resource to confirm that elements of the long-term maintenance plan are enforced.

## PLANNING COMMISSION

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460 BUSH STREET

S.F.F.D. Old Engine Co. No. 2

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6. Because the resource is a designated City landmark, any proposed work to the exterior that may have an impact on character-defining features will be reviewed by the Planning Department and the Landmarks Preservation Advisory Board. Both entities will utilize the Secretary of the Interior's "Standards for Rehabilitation" in their review to ensure that only appropriate, compatible alterations are made.

### Conditions of the Mills Act

- Mills Act contracts must be made for a minimum of ten years, during which time the owner is entitled to an annual reduction in property taxes.
- Mills Act contracts may be extended annually on the anniversary date of the initial ten-year contract.
- The City must monitor the provisions of the contract until its expiration. The City may terminate the Mills Act contract at any time if it determines that the owner is not complying with the terms of the contract or the legislation.

Mills Act contracts remain in force, even when a property is sold. If a significant jump in assessed value results from the resale price, the property tax bill remains fixed for the life of the contract. This is based upon the Tax Assessor's determination of the assessed valuation of the property when the Mills Act contract is executed (**Attachment F**). The Tax Assessor is directed by state law to adjust the restrictions placed on the property, such as City-approved rehabilitation and maintenance plans and periodic inspections of the property by the City.

### How Property Tax Savings is Derived

The Historical Property Contract Assessment reduces general levy property taxes by allowing the Assessor to evaluate a property based on its ability to generate income. This methodology is commonly known as the "Income Approach" to value and is different from the regular method of assessment known as the "Market Approach." In the Market Approach, the Tax Assessor uses sales comparisons of similar properties that were appropriately adjusted for differences between comparable properties and the subject property.

In the Income Approach, after a contract has been executed, the Tax Assessor values the property according to the capitalization of income, whereby the property's potential income is divided by a pre-determined capitalization rate to determine the new assessed property value. The Income Approach can potentially reduce the Market Approach assessment by as much as 50%.

## APPLICABLE PRESERVATION STANDARDS

### Planning Code – Article 10

Article 10, Section 1001(a) of the Planning Code encourages the protection, enhancement, perpetuation and use of structures, sites and areas that are reminders of past eras, events and

## PLANNING COMMISSION

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460 BUSH STREET

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persons important in local, state or national history, or which provide significant examples of architectural styles of the past or are landmarks in the history of architecture, or which are unique and irreplaceable assets to the city and its neighborhoods, or which provide for this and future generations examples of the physical surroundings in which past generations lived. Article 10, Section 1001(c) also encourages the enhancement of property values, the stabilization of neighborhoods and areas of the city, the increase of economic and financial benefits to the city and its inhabitants.

## GENERAL PLAN POLICIES

The Urban Design Element of the San Francisco General Plan contains the following relevant objectives and policies:

- CONSERVATION

Richness of Past Development

OBJECTIVE 2: CONSERVATION OF RESOURCES WHICH PROVIDE A SENSE OF NATURE, CONTINUITY WITH THE PAST, AND FREEDOM FROM OVERCROWDING.

Policy 4: Preserve notable landmarks and areas of historic, architectural or aesthetic value, and promote the preservation of other buildings and features that provide continuity with past development.

- *The Urban Design Element is the only element of the General Plan that has a direct correlation with the awarding of a Mills Act historical property contract for 460 Bush Street. A Mills Act historical property contract will allow for the long-term preservation and maintenance of this historic landmark, thereby furthering continuity with the past for the benefit of future generations. The proposed Mills Act historical property contract will not have a significant impact on any of the other elements of the General Plan.*

## SAN FRANCISCO PLANNING CODE, SECTION 101.1 – GENERAL PLAN CONSISTENCY AND IMPLEMENTATION

Planning Code Section 101.1 - eight Priority Policies establishes and requires review of permits for consistency with said policies. On balance, the Project complies with said policies in that:

- *The proposed Project will further Priority Policy #7, that landmarks and historic buildings be preserved, such as through the awarding of a Mills Act historical property contract that assures the preservation and maintenance of designated historical landmarks.*



## PLANNING COMMISSION

Case Report for hearing of April 18, 2002

Case No. 2002.0092U

460 BUSH STREET

S.F.F.D. Old Engine Co. No. 2

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- *That the proposed project will have no significant effect on the other seven Priority Policies: the City's supply of affordable housing, existing housing or neighborhood character, public transit or neighborhood parking, preparedness to protect against injury and loss of life in an earthquake, commercial activity, business or employment, or public parks and open space.*

## PUBLIC/NEIGHBORHOOD INPUT

At the date of this report, staff has not received any comments from the public regarding the awarding of a Mills Act historical property contract for 460 Bush Street.

## PROPERTY OWNER INPUT

At the Landmarks Board meeting, held March 20, 2002, Alice Carey, property owner, spoke in support of the Mills Act historical property contract for 460 Bush Street.

## ENVIRONMENTAL REVIEW STATUS

The Planning Department has determined that actions by regulatory agencies for protection of the environment (specifically here, landmark designation) are exempt from environmental review, pursuant to CEQA Guidelines Section 15308 (Class Eight - Categorical).

## LANDMARKS BOARD ACTIONS

At its hearing on March 20, 2002, the Landmarks Board (**Attachment D**):

- Reviewed and adopted a resolution approving the proposed Mills Act historical property contract between the property owner and the City and County of San Francisco.
- Reviewed and adopted a resolution approving the proposed Mills Act rehabilitation program for 460 Bush Street, S.F.F.D. Old Engine Co. No. 2, Landmark No. 143.
- Reviewed and commented on the "value" of 460 Bush Street as an historic resource and assist the City and County of San Francisco in making a determination as to whether the resource is available for a reduction of property taxes in exchange for the restoration, continued maintenance and preservation of the property.
- Reviewed and adopted a resolution approving the proposed Mills Act maintenance plan for 460 Bush Street, S.F.F.D. Old Engine Co. No. 2, Landmark No. 143.

## PLANNING DEPARTMENT RECOMMENDATION

Based upon the information before it at the time of this report, the Planning Department recommends that the Planning Commission adopt a resolution approving the Mills Act historical property contract for 460 Bush Street and recommending that the Board of Supervisors approve the Mills Act historical property contract for 460 Bush Street. (**Attachment C**).

**PLANNING COMMISSION**

Case Report for hearing of April 18, 2002

**Case No. 2002.0092U**

460 BUSH STREET

S.F.F.D. Old Engine Co. No. 2

Page 6

**PLANNING COMMISSION ACTIONS**

Upon receipt of the Landmarks Board's recommendation, the Planning Commission shall hold a public hearing to review the application for the historical property contract. Upon approval by the Planning Commission, the application shall be referred to the Board of Supervisors for its review and approval or disapproval. In the event the Planning Commission disapproves the historical property contract, such decision shall be final unless the property owner appeals such disapproval by filing an appeal with the Board of Supervisors within ten (10) days of final action by the Planning Commission.

**Attachments:**

- A. 460 Bush Street Mills Act application, rehabilitation program and maintenance plan (Exhibits A, B & C).
- B. 460 Bush Street Mills Act historical property contract (Exhibit D).
- C. Planning Commission resolution approving the Mills Act historical property contract for 460 Bush Street and recommending further approval of the contract to the Board of Supervisors.
- D. Landmarks Board resolution approving the Mills Act historical property contract for 460 Bush Street.
- E. Board of Supervisor Ordinance 191-96.
- F. Tax Assessor's property tax savings calculations for 460 Bush Street.

**ATTACHMENT A**

# MILLS ACT APPLICATION

Planning Department, City and County of San Francisco  
1660 Mission Street, San Francisco, CA 94103

Per San Francisco City Ordinance No. 191-96 May 22, 1996  
and California Government Code Section 50280

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## General Instructions:

The Mills Act authorizes local governments to enter into contracts with owners of private historical property who will rehabilitate, restore, preserve, and maintain qualified historical property. A "qualified historical property" for purposes of the Mills Act is a privately owned property which is not exempt from property taxation and which is one of the following:

- (a) Individually listed on the National Register of Historic Places
- (b) Designated as a City Landmark pursuant to Article 10 of the Planning Code.

An owner, or an authorized agent of an owner, of a qualified historical property may submit an application for a historical property contract to the Planning Department on the form below with attached sheets if necessary and a fee of \$322 (accounts for the first four hours of staff time, a time and materials fee may be assessed afterwards as set forth in Planning Code Section 350[c]).

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### 1. Location

(a) Address: Old Engine Co. No. 2  
460 Bush Street, San Francisco Ca 94108

(b) Cross Streets: Grant & Kearny

### 2. Evidence that the property is a qualified historical property

(a) National Register listing and rating (please attach evidence):

(b) San Francisco City Landmark Name and Number (please attach evidence):  
No. 143 (See Exhibit A – Recording to Deed attached)

<b>EXHIBIT A</b>
APPLICATION No. <u>2002-00920</u>
PLANS DATED: <u>2/26/02</u>
DEPARTMENT OF CITY PLANNING

3. Nature and Cost of the rehabilitation, restoration and preservation work to be conducted on the property (please attach information and plans as needed):  
(See Exhibit B – Architectural Drawings attached)

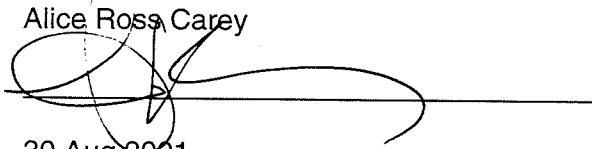
Clean, paint all metal except copper,  
Remove miscellaneous metal bolts, conduit, telephone wire,  
and graffiti  
Remove paint at copper fan light,  
Patch cracks and spalls at granite,  
Install bird control  
Seal all joints

Cost \$35,000

4. Please outline the plans for continued maintenance of the property:  
(See Exhibit C – Maintenance Plan attached)

5. Name and signature of the owner property or the authorized agent of the owner (please provide verification):

Name: Alice Ross Carey

Signature: 

Date: 30 Aug 2001

Please return this form to:  
Neil Hart  
San Francisco Planning Department  
1660 Mission Street, Fifth Floor  
San Francisco, CA 94103

*OK for referral  
to Assessor's office GMB 9/17/01*

RECORDING REQUESTED By:

**MAR 12 8 33 AM '87**

And When Recorded Mail to:

Name:

RECORDED

**D181675**

Address:

**OFFICIAL**

City &

State:

Space Above This Line for Recorder's Use

LM81.15  
#143

NOTICE OF DESIGNATION OF LANDMARK

Notice is hereby given to all persons, pursuant to Section 1004.6 of the City Planning Code, Chapter II, Part II of the San Francisco Municipal Code, that the property described below, of which the current owner is Firehouse Two Joint Venture has been designated as a Landmark by Ordinance No. 534-81 of the Board of Supervisors of the City and County of San Francisco, effective December 6, 1981. A copy of this Ordinance is on file with the Clerk of the said Board of Supervisors. The effect of this designation is to impose certain controls and standards on the said property and on the improvements thereon, as set forth in Article 10 of the City Planning Code and in the designating Ordinance.

The subject property is legally described and known as follows: Lot 9c in Assessor's Block 270.

Dated: 3/11/82, at San Francisco, California.  
DEPARTMENT OF CITY PLANNING

By: [Signature]  
Robert W. Passmore  
Assistant Director of  
Planning - Implementation

Dated: 3/11/82 in San Francisco, California.

[Signature]  
Witness

STATE OF CALIFORNIA )  
CITY AND COUNTY OF SAN FRANCISCO ) ss

On the 11th day of March, 1982, personally appeared before me Jonathan H. Malone, known to me to be the witness who subscribed his/her name to the within instrument, and acknowledged to me that Robert W. Passmore, known to him/her to be the Assistant Director of Planning-Implementation, subscribed the within instrument and that Robert W. Passmore executed the same on behalf of the City and County of San Francisco and that Jonathan H. Malone subscribed his/her name thereto as a witness.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of my office, the day and year last above written.

CAHL M. OLSEN County Clerk

RECORDER OF THE CITY AND COUNTY  
OF SAN FRANCISCO

By: [Signature]  
Deputy County Recorder

Assistant County Clerk

MAR 12 1982

## Mills Act Application - Rehabilitation Program

**SFFD Old Engine Co. No. 2**  
**460 Bush Street**  
**San Francisco CA**

August 30, 2001/ Revised February 22, 2002

**General** - The scope of work is for the front and rear elevations. Specifications include protection of all historic materials during construction.

**Non Cuprous Metal Surfaces** - All metal surfaces except copper include aluminum doors, transoms and sidelights, galvanized metal windows, ornamental metal rail at balustrade, fire alarm bell, and gas meter room vents. Scope of work includes cleaning and preparing surfaces for paint, rust removal, patching, priming and painting. Ferrous metal will be primed with a zinc-rich primer within four hours of cleaning.

**Cuprous Metal Surfaces** - Cuprous metal includes copper clad fan light above entry and copper clad side entry door. Scope of work includes removal of paint and return to original copper finish. Original copper will not be coated, but left to naturally acquire a patina.

**Granite Surfaces** - Granite occurs on the front facade. Scope includes repair of cracks, spalls and holes resulting from removed anchors. Stone will be cleaned with a mild chemical cleaning agent, then spot cleaned in stained areas. A sacrificial graffiti coating will be tested on one unit for eleven months. At that time we will inspect the stone and apply to ground level surfaces only if appropriate.

**Brick surfaces** - Brick occurs on the rear facade. The scope includes removal of graffiti, miscellaneous metal, bolts, and telephone wire. Graffiti will be removed with chemicals using the gentlest means possible. The remainder will be removed by mechanical means.

**Joints** - Joints occur between dissimilar materials, at ferrous metal assemblies; and between exterior surface wall openings and windows, doors, vents, louvers etc. Scope of work includes new sealant with backer materials where necessary. Material specified will not damage substrate and will not stain or damage adjacent surfaces.

**Bird Control** - Netting is specified between the hose drying tower and the adjacent building. Birds currently roosting in this area will be removed prior to installation.

Mills Act revised exhibit A.doc

<h1>EXHIBIT B</h1>
APPLICATION No. <u>2002.0092U</u>
PLANS DATED: <u>2/26/02</u>
DEPARTMENT OF CITY PLANNING



## **Mills Act Application - Maintenance Plan**

**SSFD Old Engine Co. No. 2  
460 Bush Street  
San Francisco CA**

August 30, 2001/ Revised February 22 2002

The following Maintenance Plan was prepared by Carey & Co. Inc. Historic Preservation Architects. The program will commence upon completion of the Exterior Cleaning and Rehabilitation Project (Exhibit B).

### **Exterior**

#### **Graffiti**

Inspect: Daily

Remove: As Occurs on front facade.

#### **Granite - Front Elevation**

Inspect: Annually

Maintain: As required approximately every 10 - 15 years  
Clean with non-ionic detergent and spot clean with chemical cleaner after tests determine products selected do not damage substrate. Patch cracks and spalls. Repoint at missing mortar. Seal joints at dissimilar materials.

#### **Brick - Rear Elevation**

Inspect: Annually

Maintain: As required approximately every 10-15 years  
Clean with non-ionic detergent and spot clean with chemical cleaner after tests determine products selected do not damage substrate. Patch cracks and spalls. Repoint at missing mortar.

#### **Ferrous Metal and Aluminum**

Inspect: Annually

Maintain: As required approximately every 7 to 10 years  
Inspect for corrosion, paint failure.  
Remove rust and loose or peeling paint. Prime with zinc- rich primer. Paint. Seal joints at dissimilar materials.

#### **Glass and Glazing**

Inspect: Annually

Maintain: As required approximately every 5 to 7 years  
Inspect for missing and loose compound, moisture penetration,  
Remove loose glazing compound. Reglaze where missing. Determine  
source of moisture and mitigate.

#### **Gutters and Drain**

Inspect: Annually

Maintain: Annually

Inspect drain and gutters for obstructions, failure. Test for  
leaks.

Clean, repair or replace damaged areas.

#### **Roof**

Inspect: Annually

Maintain: As required, new roof approximately every 15 years

Inspect roof for membrane failure, and separation of joints.

Repair minor damage. Re-roof as required.

#### **Skylights**

Inspect: Annually

Maintain: As required approximately every 5 to 7 years

Inspect for missing and loose compound, moisture penetration,  
Remove loose glazing compound.

Reglaze where missing. Determine source of moisture and  
mitigate.

#### **Bird Control**

Inspect: Annually

Maintain: Annually

Inspect for evidence of birds dropping where undesirable. Repair  
existing netting if damaged. Add additional control if required.

#### **Interior**

##### **Plaster**

Inspect: Annually

Maintain: As required approximately every 7 to 10 years

Inspect for loose or detached plaster, cracks and moisture

damage. If moisture occurs, determine source and mitigate. Patch  
and repair.

##### **Wood Doors, Trim and Wainscoting**

Inspect: Annually

Maintain: As required approximately 7 to 10 years

Inspect for peeling and chipping. Remove loose or peeling paint  
or . Prime Paint or seal.

**Old Engine Co. No. 2 - Maintenance Plan - Page 2**

**Wood Flooring**

Inspect: Annually

Maintain: As required approximately 3 to 5 years in high traffic areas.

Inspect for wear. Reseal as required.

ActNew Folder\Mills Act maintencae plan.wpd

F:\1999\99014 460 Bush St\460 bush Mills

# EXHIBIT C

APPLICATION No. 2002.0092V

PLANS DATED: \_\_\_\_\_

DEPARTMENT OF CITY PLANNING

**ATTACHMENT B**

Recording Requested by, and  
when recorded, send notice to:  
Director of Planning  
1660 Mission Street  
San Francisco, California 94103-2414

**CALIFORNIA MILLS ACT  
HISTORIC PROPERTY AGREEMENT  
460 BUSH STREET  
SAN FRANCISCO, CALIFORNIA**

THIS AGREEMENT is entered into by and between the City and County of San Francisco, a California municipal corporation (hereinafter called "City") and Alice Ross Carey (hereinafter called "Owner").

RECITALS

Owner is the owner of the property located at 460 Bush Street, in San Francisco, California (Block 270, Lot 41). The building located at 460 Bush Street is designated as San Francisco Landmark #143 (hereinafter called the "Historic Property".)

Owner desires to execute a exterior cleaning and rehabilitation project for the building. Owner's application calls for the rehabilitation and restoration of the Historic Property according to established preservation standards which it estimates will cost Thirty-Five Thousand Dollars (\$35,000.00).

The State of California has adopted the "Mills Act" (California Government Code ["Govt. 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 (Ordinance No.191-96), San Francisco Administrative Code Chapter 71, authorizing it to participate in the Mills Act program.

Owner desires to enter into a Mills Act Agreement with the City to help mitigate its expenditure to restore the Historic Property. The City is willing to enter into such Agreement to induce Owner to make these expenditures and to maintain the Historic Property in excellent condition in the future.

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

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

2. Rehabilitation of the Historic Property. Owner shall undertake and complete the work set forth in Exhibit A attached hereto according to certain standards and requirements. Such standards and requirements shall include, but not be limited to, the U.S. 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 ("SOHP Rules and Regulations"), the State Historical Building Code as determined applicable by the City, all applicable building safety standards and the requirements of the San Francisco Landmarks Preservation Advisory Board ("Landmarks Board"), the San Francisco Planning Commission, and the San Francisco Board of Supervisors. The Owner shall commence the work within six (6) months of recordation of this Agreement and shall complete the work within three (3) years from the date of recordation of this Agreement. Work shall be deemed complete when the Director of Planning, in consultation with the Landmarks Board, determines that the Historic Property has been rehabilitated in accordance with the standards set forth in this Paragraph. Failure to timely complete the work shall result in cancellation of this Agreement as set forth in Paragraphs 12 and 13 herein.

3. Maintenance. Owner shall maintain the Historic Property during the time this Agreement is in effect in accordance with the standards for maintenance set forth in Exhibit B (Maintenance Plan), the Secretary's Standards, the SOHP Rules and Regulations and in the City's Planning Codes.

4. Damage. Should the Historic Property incur damage from any cause whatsoever, which damages fifty percent (50%) or less of the Historic Property, Owner shall replace and repair the damaged area(s) of the Historic Property. Owner shall commence the repair work within thirty (30) days of incurring the damage and shall diligently prosecute the repair to completion within a reasonable period of time, as determined by the City. All repair work shall comply with the design and standards established for the Historic Property in Exhibit A attached hereto and Paragraph 2 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 which destroys more than fifty percent (50%) of the Historic Property, the City and Owner may mutually agree to terminate this Agreement. Upon such termination, Owner shall not be obligated to pay the cancellation fee set forth in Paragraph 13 of this Agreement. Upon such termination, the City shall assess the full value of the Historic Property without regard to any restriction imposed upon the Historic Property by this Agreement and Owner shall pay property taxes to the City based upon the valuation of the Historic Property as of the date of termination..

5. Insurance. Owner shall secure adequate property insurance to pay for one hundred percent (100%) of the replacement cost of the Historic Property and shall submit evidence of such insurance to the City upon request.

6. Inspections. Owner shall permit periodic examination of the exterior and interior of the Historic Property by representatives of the Landmarks Board, the Assessor, the Department of Building Inspection, 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 Owner's compliance with the terms of this Agreement. Owner shall provide all information and documentation about the Historic Property 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 Govt. Code §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 9 herein.

8. Termination. In the event Owner terminates this Agreement during the Initial Term, Owner shall pay the Cancellation Fee as set forth in Paragraph 13 herein. In addition, the City Assessor 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 Historic Property shall be effective and payable six (6) months from the date of Termination.

9. Notice of Nonrenewal. If in any year after the Initial Term of this Agreement has expired, either the Owner 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 owner serves written notice to the City at least ninety (90) days prior to the date of renewal or the City serves written notice to the owner sixty (60) days prior to the date of renewal, one year shall be automatically added to the term of the Agreement. The San Francisco Board of Supervisors shall make the City's determination that this Agreement shall not be renewed and shall send a notice of nonrenewal to the Owner. Upon receipt by the Owner of a notice of nonrenewal from the City, Owner may make a written protest. At any time prior to the renewal date, City may withdraw its notice of nonrenewal. If 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.

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

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

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

(b) Owner's failure to maintain the Historic Property in accordance with the requirements of Paragraph 3 herein;

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

- (d) Owner's failure to allow any inspections as provided in Paragraph 6 herein;
- (e) Owner's termination of this Agreement during the Initial Term;
- (f) Owner's failure to pay any fees requested by the City as provided in Paragraph 10 herein;
- (g) Owner's failure to maintain adequate insurance for the replacement cost of the Historic Property; or
- (h) Owner's failure to comply with any other provision of this Agreement.

An event of default shall result in cancellation of this Agreement as set forth in Paragraphs 12 and 13 herein and payment of the cancellation fee and all property taxes due upon the Assessor's determination of the full value of the Historic Property as set forth in Paragraphs 12 and 13 herein. In order to determine whether an event of default has occurred, the San Francisco 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 Govt. Code §50284, City may initiate proceedings to cancel this Agreement if it makes a reasonable determination that Owner has breached any condition or covenant contained in this Agreement, has defaulted as provided in Paragraph 11 herein, or has allowed the Historic Property to deteriorate such that the safety and integrity of the Historic Property is threatened or it would no longer meet the standards for a Qualified Historic Property. In order to cancel this Agreement, City shall provide notice to the Owner and to the public and conduct a public hearing before the Board of Supervisors as provided for in Govt. Code §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, Owner shall pay a cancellation fee of twelve and one-half percent (12.5%) of the fair market value of the Historic Property at the time of cancellation. The City Assessor shall determine fair market value of the Historic Property without regard to any restriction imposed on the Historic Property by this Agreement. The cancellation fee shall be paid to the State Controller at such time and in such manner as the State Controller shall prescribe and shall be deposited in the State General Fund. As of the date of cancellation, the Owner shall pay property taxes to the City without regard to any restriction imposed on the Historic Property by this Agreement, and based upon the Assessor's determination of the fair market value of the Historic Property as of the date of cancellation.

14. Enforcement of Agreement. In lieu of the above provision to cancel the Agreement, 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 owner has breached this Agreement, City shall give the Owner written notice by registered or certified mail setting forth the grounds for the breach. If the Owner does not correct the breach, or if it does not undertake and diligently pursue corrective action, to the reasonable satisfaction of City, within thirty (30) days from the date of receipt of the notice, then the City may, without further notice, declare a default under this Agreement and bring any action necessary to enforce the obligations of the Owner set forth in this Agreement. City does not waive any claim of default by Owner if it does not enforce or cancel this Agreement.



15. Indemnification. Owner shall indemnify, defend and hold harmless the City and all of its boards, commissions, departments, agencies, agents and employees (individually and collectively, the "City") from and against any and all liabilities, losses, costs, claims, judgments, settlements, damages, liens, fines, penalties and expenses incurred in connection with or arising in whole or in part from (a) any accident, injury to or death of a person, loss of or damage to property occurring in or about the Historic Property, (b) the use or occupancy of the Historic Property by Owner, its Agents or Invitees, (c) the condition of the Historic Property, or (d) any construction or other work undertaken by Owner on the Historic Property. This indemnification shall include, without limitation, reasonable fees for attorneys, consultants and experts and related costs and City's cost of investigating any claim. Owner shall defend the City from any claim even if such claim is groundless, fraudulent or false. Owner's obligations under this Paragraph shall survive termination of this Agreement.

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

17. 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 Owner.

18. Legal Fees. In the event that either City or Owner fails to perform any of its 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 City shall cause this Agreement to be recorded with the Office of the Recorder of the City and County of San Francisco.

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 Owner under this Agreement or to exercise any right, power or remedy arising out of a breach hereof, shall constitute a waiver of such breach or of City's right to demand strict compliance with any terms of this Agreement.

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

IN WITNESS WHEREOF, the parties hereto have executed this Agreement this \_\_\_\_\_ day of \_\_\_\_\_, 2002.

**CITY AND COUNTY OF SAN FRANCISCO:**

By: \_\_\_\_\_  
Doris Ward  
Assessor

By: \_\_\_\_\_  
Gerald Green  
Director of Planning

APPROVED AS TO FORM:  
DENNIS J. HERRERA  
CITY ATTORNEY

By: \_\_\_\_\_  
Sarah Ellen Owsowitz  
Deputy City Attorney

**ALICE ROSS CAREY**

By: \_\_\_\_\_  
Alice Ross Carey

**ALL SIGNATURES, EXCEPT CITY ATTORNEY'S APPROVAL AS TO FORM, MUST  
BE NOTARIZED. ATTACH PUBLIC NOTARY FORMS HERE.**

**ATTACHMENT C**

SAN FRANCISCO  
PLANNING COMMISSION  
RESOLUTION #16378

**REVIEW AND ADOPT A RESOLUTION APPROVING THE APPLICATION FOR A MILLS ACT HISTORICAL PROPERTY CONTRACT FOR 460 BUSH STREET, S.F.F.D. OLD ENGINE CO. NO. 2, LANDMARK NO. 143, AND RECOMMEND APPROVAL OF THE MILLS ACT HISTORICAL PROPERTY CONTRACT TO THE BOARD OF SUPERVISORS.**

1. **WHEREAS**, in accordance with Article 1.9 (commencing with Section 439) of Chapter 3 of Part 2 of Division 1 of the California Revenue & Tax Code, the City and County of San Francisco may provide certain property tax reductions, such as the Mills Act; and
2. 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
3. Board of Supervisor Ordinance 191-96 amended the San Francisco Administrative Code by adding Chapter 71 to implement California Mills Act, California Government Code Sections 50280 et seq allows:

“Owners of qualified historic properties to contract with the city to rehabilitate, restore and preserve properties and to procure property tax reductions pursuant to individual Mills Act Contracts;” and
4. As San Francisco Landmark No. 143, 460 Bush Street, S.F.F.D. Old Station No. 2, qualifies as a historic property; and
5. The Landmarks Preservation Advisory Board (Landmarks Board) recognizes 460 Bush Street as an historical resource and believes the rehabilitation and maintenance plans are appropriate for the property; and
6. The Planning Department has reviewed the Mills Act application (Exhibit A), rehabilitation program (Exhibit B), maintenance plan (Exhibit C), and historical property contract (Exhibit D) for 460 Bush Street, which are located in Case Docket No. 2002.0092U. The Planning Department recommends approval of the Mills Act historical property contract, rehabilitation program, and maintenance plan; and

**PLANNING COMMISSION**

Case No. 2002.0092U  
Mills Act historical property  
contract

7. At a duly noticed public hearing held on March 20, 2002, the Landmarks Board reviewed documents, correspondence and heard oral testimony on the Mills Act application (Exhibit A), rehabilitation program (Exhibit B), maintenance plan (Exhibit C), and historical property contract (Exhibit D) for 460 Bush Street, which are located in Case Docket No. 2002.0092U. The Landmarks Board recommended approval of the Mills Act historical property contract, rehabilitation program, and maintenance plan; and
8. That at a duly noticed public hearing held on April 18, 2002, the Planning Commission reviewed the case file and considered the findings and recommendation of the Landmarks Board set forth in the Landmarks Board Resolution No. 556, and held a duly noticed public hearing on the matter on April 18, 2002.

**THEREFORE BE IT RESOLVED**, that the Planning Commission does hereby concur with the findings and recommendation of the Landmarks Board and **APPROVES** the Mills Act historical property contract for 460 Bush Street, S.F.F.D. Old Engine Co. No. 2; and

**BE IT FURTHER RESOLVED** that the **Planning Commission hereby directs** its Secretary to transmit this Resolution, the Mills Act historical property contract, rehabilitation program, and maintenance plan for 460 Bush Street, and other pertinent materials in the case file 2002.0092U, and a copy of this Resolution of Approval to the Board of Supervisors for appropriate action.

I hereby certify that the foregoing Resolution was adopted by the Planning Commission on April 18, 2002.

Linda D. Avery  
Commission Secretary

AYES: Chinchilla, Theoharris, Baltimore, Lim, Joe, and Salinas

NOES: None

ABSENT: Fay

ADOPTED: April 18, 2002

**ATTACHMENT D**

**LANDMARKS PRESERVATION ADVISORY BOARD**

**Case No. 2002.0092U**  
460 BUSH STREET,  
Old Engine Co. No. 2  
Assessor's Block 270,  
Lot 41  
Resolution No. 556

SAN FRANCISCO

LANDMARKS PRESERVATION ADVISORY BOARD

RESOLUTION #556

**ADOPTING FINDINGS RECOMMENDING TO THE PLANNING COMMISSION APPROVAL OF THE MILLS ACT HISTORICAL PROPERTY CONTRACT, REHABILITATION PROGRAM, AND MAINTENANCE PLAN FOR 460 BUSH STREET, OLD ENGINE CO. NO. 2, LANDMARK NO. 143.**

1. **WHEREAS**, in accordance with Article 1.9 (commencing with Section 439) of Chapter 3 of Part 2 of Division 1 of the California Revenue & Tax Code, the City and County of San Francisco may provide certain property tax reductions, such as the Mills Act; and
2. 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
3. Board of Supervisor Ordinance 191-96 amended the San Francisco Administrative Code by adding Chapter 71 to implement California Mills Act, California Government Code Sections 50280 et seq allows:

“Owners of qualified historic properties to contract with the city to rehabilitate, restore and preserve properties and to procure property tax reductions pursuant to individual Mills Act Contracts;” and
4. As San Francisco Landmark No. 143, 460 Bush Street, Fire Department Old Station No. 2, qualifies as a historic property; and
5. The Landmarks Preservation Advisory Board (Landmarks Board) recognizes 460 Bush Street as an historical resource and believes the rehabilitation and maintenance plans are appropriate for the property; and
6. The Planning Department has reviewed the Mills Act application (Exhibit A), rehabilitation program (Exhibit B), maintenance plan (Exhibit C), and historical property contract (Exhibit D) for 460 Bush Street, which are located in Case Docket No. 2002.0092U. The Planning Department recommends approval of the Mills Act historical property contract, rehabilitation program, and maintenance plan; and



**LANDMARKS PRESERVATION ADVISORY BOARD**

**Case No. 2002.0092U**  
460 BUSH STREET,  
Old Engine Co. No. 2  
Assessor's Block 270,  
Lot 41  
Resolution No. 556

7. At a duly noticed public hearing held on March 20, 2002, the Landmarks Board reviewed documents, correspondence and heard oral testimony on the Mills Act application (Exhibit A), rehabilitation program (Exhibit B), maintenance plan (Exhibit C), and historical property contract (Exhibit D) for 460 Bush Street, which are located in Case Docket No. 2002.0092U. The Landmarks Board recommends approval of the Mills Act historical property contract, rehabilitation program, and maintenance plan.

**THEREFORE BE IT RESOLVED** that the **Landmarks Preservation Advisory Board hereby recommends** that the Planning Commission approve the Mills Act historical property contract, rehabilitation program, and maintenance plan for 460 Bush Street, Old Engine Co. No. 2, Landmark No. 143.

**BE IT FURTHER RESOLVED** that the **Landmarks Preservation Advisory Board hereby directs** its Recording Secretary to transmit this Resolution, the Mills Act historical property contract, rehabilitation program, and maintenance plan for 460 Bush Street, and other pertinent materials in the case file 2002.0092U to the Planning Commission.

**ATTACHMENT E**

Board of Supervisors, San Francisco

Passed for Second Reading

May 13, 1996

Ayes: Supervisors Alioto Ammiano  
Bierman Hsieh Kaufman Kennedy  
Shelley Teng Yaki

Absent: Supervisor Leaf

§ Finally Passed

§

§ May 20, 1996

§

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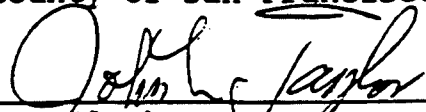
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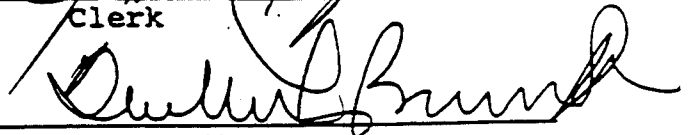
Ayes: Supervisors Alioto Ammiano  
Bierman Kaufman Shelley Teng Yaki

Absent: Supervisors Hsieh Kennedy  
Leaf

I hereby certify that the foregoing ordinance  
was finally passed by the Board of Supervisors  
of the City and County of San Francisco



Clerk



Mayor

File No.  
97-95-56

MAY 22 1996

Date Approved

1 (Implementation of California Mills Act)

2 AMENDING THE SAN FRANCISCO ADMINISTRATIVE CODE BY ADDING CHAPTER 71  
3 TO IMPLEMENT CALIFORNIA MILLS ACT, CALIFORNIA GOVERNMENT CODE  
4 SECTIONS 50280 ET SEQ., ALLOWING OWNERS OF QUALIFIED HISTORIC  
5 PROPERTIES TO CONTRACT WITH THE CITY TO REHABILITATE, RESTORE AND  
6 PRESERVE PROPERTIES AND TO PROCURE PROPERTY TAX REDUCTIONS PURSUANT  
7 TO INDIVIDUAL MILLS ACT CONTRACTS AND AUTHORIZING FEE TO PAY FOR  
8 COSTS OF ENTERING MILLS ACT CONTRACT AND ADMINISTERING PROGRAM.

9 Note: This entire section is new.

10 Be it ordained by the People of the City and County of  
11 San Francisco:

12 Section 1. The San Francisco Administrative Code is hereby  
13 amended by adding Chapter 71, consisting of Sections 71.1 through  
14 71.6, to read as follows:

15 Chapter 71

16 MILLS ACT CONTRACT PROCEDURES

17 SEC. 71.1. PURPOSE. (a) The purpose of this Chapter 71 is to  
18 implement the California Mills Act, California Government Code  
19 Sections 50280 et seq. The Mills Act authorizes local governments  
20 to enter into contracts with owners of private historical property  
21 who will rehabilitate, restore, preserve, and maintain qualified  
22 historical property. As consideration for the rehabilitation,  
23 restoration, preservation and maintenance of the qualified  
24 historical property, the City and County of San Francisco may  
25 provide certain property tax reductions in accordance with Article

BOARD OF SUPERVISORS

Supervisors Bierman, Alioto of 8  
Kennedy

1 1.9 (commencing with Section 439) of Chapter 3 of Part 2 of  
2 Division 1 of the California Revenue & Tax Code.

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

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

17 **SEC. 71.2. QUALIFIED HISTORIC PROPERTY.** An owner, or an  
18 authorized agent of the owner, of a qualified historical property  
19 may apply for a historical property contract. For purposes of this  
20 Chapter 71, "qualified historical property" shall mean privately  
21 owned property which is not exempt from property taxation and which  
22 is one of the following:

23 (a) individually listed in the National Register of Historic  
24 Places; or

25 //

1 (b) designated as a City landmark pursuant to San Francisco  
2 Planning Code Article 10.

3 **SEC. 71.3. APPLICATION FOR HISTORICAL PROPERTY CONTRACT.** An  
4 owner, or an authorized agent of an owner, of a qualified  
5 historical property may submit an application for a historical  
6 property contract to the Planning Department on forms provided by  
7 the Planning Department. The property owner shall provide, at a  
8 minimum, the address and location of the qualified historical  
9 property, evidence that the property is a qualified historical  
10 property, the nature and cost of the rehabilitation, restoration or  
11 preservation work to be conducted on the property, and a plan for  
12 continued maintenance of the property. The Planning Department may  
13 require any further information it determines necessary to make a  
14 recommendation on the historical property contract.

15 **SEC. 71.4. APPROVAL PROCESS.**

16 (a) Review by the Assessor's Office. The Planning Department  
17 shall refer the application for historical property contract to the  
18 San Francisco Assessor for its review and recommendation. The  
19 Assessor shall provide to the Board of Supervisors an estimate of  
20 the property tax calculations and the difference in property tax  
21 assessments under the different valuation methods permitted by the  
22 California Mills Act so that the City can evaluate the difference  
23 between property tax which would normally be collected by the City  
24 and the property tax which would be collected pursuant to the  
25 historical property contract.

1 (b) Landmarks Board Review. The Landmarks Preservation  
2 Advisory Board shall hold a public hearing to review the  
3 application for the historical property contract and shall make its  
4 recommendation to the Planning Commission on the proposed  
5 rehabilitation, restoration or preservation work, the historical  
6 value of the qualified historical property and any proposed  
7 preservation restrictions and maintenance requirements.

8 (c) Planning Commission Review. Upon receipt of the  
9 Landmarks Board's recommendation, the Planning Commission shall  
10 hold a public hearing to review the application for the historical  
11 property contract. Upon approval by the Planning Commission, the  
12 application shall be referred to the Board of Supervisors for its  
13 review and approval or disapproval. In the event the Planning  
14 Commission disapproves the historical property contract, such  
15 decision shall be final unless the property owner appeals such  
16 disapproval by filing an appeal with the Board of Supervisors  
17 within ten (10) days of final action by the Planning Commission.

18 (d) Board of Supervisors Decision. The Board of Supervisors  
19 shall conduct a public hearing to review the Planning Commission  
20 recommendation, the information provided by the Assessor's Office,  
21 and any other information the Board requires in order to determine  
22 whether the City should execute a historical property contract for  
23 a particular property. The Board of Supervisors shall have full  
24 discretion to determine whether it is in the public interest to  
25 enter a Mills Act historical property contract with a particular

1 qualified historical property. The Board of Supervisors may  
2 approve, disapprove, or modify and approve the terms of the  
3 historical property contract. Upon approval, the Board of  
4 Supervisors shall authorize the Director of Planning and the  
5 Assessor to execute the historical property contract.

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

7 (a) The historical property contract shall set forth the  
8 agreement between the City and the property owner that as long as  
9 the property owner properly rehabilitates, restores, preserves and  
10 maintains the qualified historical property as set forth in the  
11 contract, the City shall comply with California Revenue and  
12 Taxation Code Article 1.9 (commencing with Section 439) of Chapter  
13 3 of Part 2 of Division 1, provided that the Assessor determines  
14 that the specific provisions of the Revenue and Taxation Code are  
15 applicable to the property in question. A historical property  
16 contract shall contain, at a minimum, the following provisions:

17 (1) The term of the contract, which shall be for a minimum of  
18 ten (10) years;

19 (2) The owner's commitment and obligation to preserve,  
20 rehabilitate, restore and maintain the property in accordance with  
21 the rules and regulations of the Office of Historic Preservation of  
22 the California Department of Parks and Recreation and the United  
23 States Secretary of the Interior's Standards for the Treatment of  
24 Historic Properties;

25 //



1 (3) Permission to conduct periodic examinations of the  
2 interior and exterior of the qualified historical property by the  
3 Landmarks Board, the Assessor, the Department of Building  
4 Inspection, the Office of Historic Preservation of the California  
5 Department of Parks and Recreation and the State Board of  
6 Equalization as may be necessary to determine the owner's  
7 compliance with the historical property contract;

8 (4) That the historical property contract is binding upon,  
9 and shall inure to the benefit of, all successors in interest of  
10 the owner;

11 (5) An extension to the term of the contract so that one (1)  
12 year is added automatically to the initial term of the contract on  
13 the anniversary date of the contract or such other annual date as  
14 specified in the contract unless notice of non-renewal is given as  
15 provided in the Mills Act and in the historical property contract;

16 (6) Agreement that the Board of Supervisors may cancel the  
17 contract, or seek enforcement of the contract, when the Board  
18 determines, based upon the recommendation of any one of the  
19 entities listed in subsection (3) above, that the owner has  
20 breached the terms of the contract. The City shall comply with the  
21 requirements of the Mills Act for enforcement or cancellation of  
22 the historical property contract. Upon cancellation of the  
23 contract, the property owner shall pay a cancellation fee of twelve  
24 and one-half percent (12.5%) of the full value of the property at  
25 the time of cancellation (or such other amount authorized by the

1 Mills Act), as determined by the Assessor without regard to any  
2 restriction on such property imposed by the historical property  
3 contract; and

4 (7) The property owner's indemnification of the City for, and  
5 agreement to hold the City harmless from, any claims arising from  
6 any use of the property.

7 (b) The City and the qualified historical property owner  
8 shall comply with all provisions of the California Mills Act,  
9 including amendments thereto. The Mills Act, as amended from time  
10 to time, shall apply to the historical property contract process  
11 and shall be deemed incorporated into each historical property  
12 contract entered into by the City.


13 **SEC. 71.6. FEES.** The Planning Department shall determine the  
14 amount of a fee necessary to compensate the City for processing and  
15 administering an application for a historical property contract.  
16 The fee shall pay for the time and materials required to process  
17 the application, based upon the estimated actual costs to perform  
18 the work, including the costs of the Planning Department, the City  
19 Attorney, the Assessor and the Board of Supervisors. The City may  
20 also impose a separate fee, following approval of the historical  
21 property contract, to pay for the actual costs of inspecting the  
22 qualified historical property and enforcing the historical property  
23 contract. Each department shall provide a written estimate of its  
24 costs to process the application. Such estimates shall be provided  
25 to the applicant, who shall pay the fee when submitting the

1 application. In the event that the costs of processing the  
2 application are lower than the estimates, such difference shall be  
3 refunded to the applicant. In the event the costs exceed the  
4 estimate, the Planning Department shall provide the applicant with  
5 a written analysis of the additional fee necessary to complete the  
6 review of the application, and applicant shall pay the additional  
7 amount prior to any action approving the historical property  
8 contract. Failure to pay any fees shall be grounds for cancelling  
9 the historical property contract.

10  
11 **SEC. 71.7. SEVERABILITY.** Clauses of this Chapter are declared to  
12 be severable and if any provision or clause of this Chapter or the  
13 application thereof is held to be unconstitutional or to be  
14 otherwise invalid by any court of competent jurisdiction, such  
15 invalidity shall not affect other provisions of this Chapter.

16 APPROVED AS TO FORM:

17  
18 LOUISE H. RENNE  
19 City Attorney

20   
21 Deputy City Attorney  
22  
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**ATTACHMENT F**

"Mills Act" Property Valuation					
Parcel:		270-41			
Address:		460 Bush Street			
Current Market Value:					\$1,900,000
Current Land Value:					\$1,600,000
Assessed Value for 2002 Lien Date:					\$1,910,174
Current Market Allocation:					
Land:	\$1,600,000		84%		
Imps:	\$300,000		16%		
Total:	\$1,900,000				
Current Rental Income					
NRA	7,562				
\$/sf	28				
Total rental income					\$211,736
Less 5% vacancy & collection					\$10,587
Effective gross Income					\$201,149
Expenses @ \$8.00/sf					\$60,496
Net Operating Income					\$140,653
Capitalization Rate Components					
Interest (set by Board)			8.000%		
Historical interest rate			4.000%		
Property tax component (est)			1.124%		
amortization, Imps only (1/60)			1.670%		
Capitalization Rate Summation					
Land:	8.000%		Imps:	8.000%	
	4.000%			4.000%	
	1.124%			1.124%	
	13.124%			1.670%	
				14.794%	
Weighted Capitalization rate:					
Land:	13.124%	x	0.84	equals	0.1105
Imps:	14.794%	x	0.16	equals	0.0234
					0.1339
Valuation: Net Income/rate=			\$1,050,616		
Rounded:			\$1,000,000		
2002 Assessed Value					\$1,910,174
2002 Value by Mills Act					\$1,000,000
Est. difference in assessed value by "Mills Act"					\$910,174
Est. tax by "Mills Act"					\$11,240
Est. tax savings by "Mills Act"					\$10,230