



SAN FRANCISCO PLANNING DEPARTMENT

Executive Summary Non-Renewal of Mills Act Historical Property Contracts

HEARING DATE: SEPTEMBER 19, 2018

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Initiated by: Supervisor Peskin / Introduced September 4, 2018
Staff Contacts: Shannon Ferguson, Senior Planner
shannon.ferguson@sfgov.org, 415-575-9074
Reviewed by: Tim Frye, Historic Preservation Officer
tim.frye@sfgov.org, 415-558-6362

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

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

SUMMARY

The proposed Resolutions would limit the Mills Act historical property contract (Contract) for 215 & 229 Haight Street, 627 Waller Street, and 973 Market Street (subject properties) to a term of ten years in order to better achieve a balance between the benefits of the Mills Act and the costs to the City.

The Way It Is Now:

Under the Mills Act and Administrative Code Chapter 71, one year is added automatically to the initial term of the Contract at the anniversary date of the Contract, unless notice of non-renewal is given.

The Way It Would Be:

The historical property contract for 215 & 229 Haight Street, 627 Waller Street, and 973 Market Street would not be renewed and would be limited to a term of ten years.

BACKGROUND

The California Mills Act (Government Code Section 50280 et seq.) authorizes local governments to enter into a contract with the owners of a qualified historical property who agree to rehabilitate, restore, preserve, and maintain the property in return for property tax reductions under the California Revenue and Taxation Code. Chapter 71 of the Administrative Code was adopted to implement the Mills Act in San Francisco and to preserve these historical properties. The department currently holds 31 active Mills Act contracts (see photos attached separately).

At the time of application in 2017, the subject properties did not have substantial rehabilitation and maintenance needs. In the case of 215 & 229 Haight Street and 973 Market Street, the majority of rehabilitation scopes of work had been completed prior to application submittal. The Mills Act application allows for rehabilitation scopes of work to be completed one year prior to submitting an application.

BOARD ACTION

At a public hearing on October 4, 2017, in Resolutions 901, 905, and 907, the Historic Preservation Commission recommended that the Board of Supervisors approve the Contracts.

At a public hearing on November 14, 2017 and December 12, 2017, in Resolution Nos. 453-17, 420-17, and 454-17, after reviewing the Historic Preservation Commission's recommendation, the information provided by the Assessor's Office, and the historical value of the properties, the Board of Supervisors balanced the benefits of the Mills Act to the property owners with the cost to the City of providing the property tax reductions authorized by the Mills Act, and approved the Contracts for 215 & 229 Haight Street, 627 Waller Street, and 973 Market Street.

At that time, the Board of Supervisors also expressed interest in limiting the Contracts to a term of ten years in order to better achieve a balance between the benefits of the Mills Act and the costs to the City.

ISSUES AND CONSIDERATIONS

The Contract allows either the property owners or the City to not renew the Contract. If the property owner desires not renew the Contract, they must serve written notice to the City at least ninety (90) days prior to the date of renewal. If the City desires not to renew the Contract, the City must serve written notice to the property owner sixty (60) days prior to the date of renewal. If written notice is not served prior to the renewal date, one year will be automatically added to the term of the Contract. The Board of Supervisors will make the City's determination that the Contract will not be renewed.

If the City desires not to renew the Contract, the City must serve written notice of non-renewal to the property owners 60 days prior to the date of renewal.

If the Board of Supervisors approves non-renewal, the Contract for 215 & 229 Haight Street, 627 Waller Street, and 973 Market Street will be in effect for 10 years only.

The property owners will pay property taxes based on the fair market value of the property after the Contract expires.

Rehabilitation and maintenance work outlined in the Contract will be completed during the 10 year term.

PLANNING DEPARTMENT RECOMMENDATION

The Department recommends the Board of Supervisors approve limiting the Contracts to a term of ten years because it will incentivize historic preservation, the rehabilitation and maintenance work will be completed in that ten year term, and it achieves a better balance between the benefits to the property owner and the costs to the City.

Attachments:

Photos of 215 & 229 Haight Street, 627 Waller Street, and 973 Market Street

Mills Act Contract Non-Renewals

September 19, 2018



SAN FRANCISCO
PLANNING DEPARTMENT

215 and 229 Haight Street (formerly 55 Laguna Street, District 8) Landmark Nos. 257 and 258



627 Waller Street (District 8)
Duboce Park Historic District



973 Market Street (District 6) Market Street Theater and Loft National Register Historic District

