

File No. 141103

Committee Item No. 2

Board Item No. 23

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date November 19, 2014

Board of Supervisors Meeting

Date 11/25/14

Cmte Board

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Completed by: Linda Wong

Date November 14, 2014

Completed by: LW

Date 11/20/14

1 [Mills Act Historical Property Contract - 563-567 Waller Street]

2
3 **Resolution approving a Mills Act historical property contract under Administrative**
4 **Code, Chapter 71, between Brandon Miller and Jay Zalewski, the owners of 563-567**
5 **Waller Street, and the City and County of San Francisco for an initial term of ten years**
6 **and for an amount to be defined to commence following Board approval; and**
7 **authorizing the Planning Director and the Assessor to execute the historical property**
8 **contract.**

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

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

18 WHEREAS, Chapter 71 of the San Francisco Administrative Code was adopted to
19 implement the provisions of the Mills Act and to preserve these historic buildings; and

20 WHEREAS, 563-567 Waller Street is a contributor the Duboce Park Landmark District
21 under Article 10 of the Planning Code and thus qualifies as an historical property as defined in
22 Administrative Code, Section 71.2; and

23 WHEREAS, A Mills Act application for an historical property contract has been
24 submitted by Brandon Miller and Jay Zalewski, the owners of 563-567 Waller Street, detailing
25 completed rehabilitation work and proposing a maintenance plan for the property; and

1 WHEREAS, As required by Administrative Code Section 71.4(a), the application for the
2 historical property contract for 563-567 Waller Street was reviewed by the Assessor's Office
3 and the Historic Preservation Commission; and

4 WHEREAS, The Assessor has reviewed the historical property contract and has
5 provided the Board of Supervisors with an estimate of the property tax calculations and the
6 difference in property tax assessments under the different valuation methods permitted by the
7 Mills Act in its report transmitted to the Board of Supervisors on October 21, 2014, which
8 report is on file with the Clerk of the Board of Supervisors in File No. 141103 and is hereby
9 declared to be a part of this motion as if set forth fully herein; and

10 WHEREAS, The Historic Preservation Commission recommended approval of the
11 historical property contract in its Resolution No. 738, which Resolution is on file with the Clerk
12 of the Board of Supervisors in File No 141103 and is hereby declared to be a part of this
13 resolution as if set forth fully herein; and

14 WHEREAS, The draft historical property contract between Brandon Miller and Jay
15 Zalewski, the owners of 563-567 Waller Street, and the City and County of San Francisco is
16 on file with the Clerk of the Board of Supervisors in File No. 141103 and is hereby declared to
17 be a part of this resolution as if set forth fully herein; and

18 WHEREAS, The Board of Supervisors has conducted a public hearing pursuant to
19 Administrative Code, Section 71.4(d) to review the Historic Preservation Commission's
20 recommendation and the information provided by the Assessor's Office in order to determine
21 whether the City should execute the historical property contract for 563-567 Waller Street; and

22 WHEREAS, The Board of Supervisors has balanced the benefits of the Mills Act to the
23 owner of 563-567 Waller Street with the cost to the City of providing the property tax
24 reductions authorized by the Mills Act, as well as the historical value of 563-567 Waller Street
25 and the resultant property tax reductions; now, therefore, be it

1 RESOLVED, That the Board of Supervisors hereby approves the historical property
2 contract between Brandon Miller and Jay Zalewski, the owners of 563-567 Waller Street, and
3 the City and County of San Francisco; and, be it

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

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<p>Items 1, 2 and 3 Files 14-1102, 14-1103 & 14-1104</p>	<p>Department: Planning Department.</p>
<p>Executive Summary</p>	
<p style="text-align: center;">Legislative Objective</p>	
<ul style="list-style-type: none"> • The proposed resolution would (a) approve three Mills Act historical property contracts with the owners of the residential property located in the Duboce Park Landmark District, and (b) authorize the Director of Planning and the Assessor to execute the subject historical property contract, which would reduce the assessed value of the properties according to a formula established in the Mills Act, thereby reducing property taxes payable by the property owners to the City, provided that owners rehabilitate, restore, preserve, and maintain their qualified historical property. 	
<p style="text-align: center;">Key Points</p>	
<ul style="list-style-type: none"> • The three historical properties seeking a Mills Act contract are 68 Pierce Street (File 14-1102), 563-567 Waller Street (File 14-1103), and 621 Waller Street (File 14-1104). • The proposed Mills Act historical property contracts would be in effect for 10 years, with an additional year added automatically to the initial term on each anniversary date of the proposed historical property contract execution date. In other words, the reduced property taxes would continue annually, in perpetuity, unless the Mills Act historical property contract is terminated. 	
<p style="text-align: center;">Fiscal Impact</p>	
<ul style="list-style-type: none"> • For 68 Pierce Street (File 14-1102), property taxes are estimated to be reduced by \$9,528 or 51.3 percent in the first year of the Mills Act contract. The total estimated reduction in property taxes over the initial ten-year period of the contract is therefore \$95,280 (\$9,528 annually x ten years). • For 563-567 Waller Street (File 14-1103), property taxes are estimated to be reduced by \$6,519 or 28.5 percent in the first year of the Mills Act contract. The total estimated reduction in property taxes over the initial ten-year period of the contract is therefore \$65,190 (\$6,519 annually x ten years). • For 621 Waller Street (File 14-1104), property taxes are estimated to be reduced by \$14,846 or 60.1 percent in the first year of the Mills Act contract. The total estimated reduction in property taxes over the initial ten-year period of the contract is therefore \$148,460 (\$14,846 annually x ten years). 	
<p style="text-align: center;">Recommendation</p>	
<ul style="list-style-type: none"> • Approval of the proposed resolutions in File 14-1102, 14-1103 and 14-1104 are policy matters for the Board of Supervisors. 	

MANDATE STATEMENT/BACKGROUND**Mandate Statement**

The Mills Act, codified in State Government Code Section 50280, authorizes local governments to enter into historic property contracts with owners of qualified historical properties, in which local governments reduce the assessed value of the property according to a formula established in the Mills Act, thereby reducing property taxes payable by the property owner to the City, provided that the subject owners rehabilitate, restore, preserve, and maintain their qualified historical properties.

The City's Administrative Code¹ specifies (a) required qualifications for properties to allow for approval of a Mills Act historical property contract, (b) the Mills Act historical property application and approval processes, and (c) the terms and fees for individual property owners to apply for Mills Act historical property contracts with the City in order to receive such Mills Act Property Tax reductions, subject to Board of Supervisors approval.

Provisions of the Mills Act

In order for a Mills Act historical property contract to be approved², the property must be designated a qualified historical property by being listed or designated in one of the following ways on or before December 31 of the year before the application is made:

- Individually listed in the National Register of Historic Places or the California Register of Historical Resources;
- Listed as a contributor to a historic district included on the National Register of Historic Places or the California Register of Historical Resources;
- Listed as a City landmark pursuant to Planning Code Article 10;
- Designated as contributory to a historic district; or
- Designated as significant³ (Categories I and II) or contributory⁴ (Categories III or IV).

¹ Administrative Code Chapter 71

² Administrative Code Section 71.2

³ Planning Code Section 1102(a) designates a building as Category I significant if it is (1) at least 40 years old and (2) judged to be a building of individual importance, and (3) is rated excellent in architectural design or as very good in both architectural design and relationship to the environment. Planning Code Section 1102(b) designates a building as Category II significant if (1) it meets the standards in Section 1102(a) and (2) it is feasible to add different and higher replacement structures or additions to the height at the rear of the structure without affecting the architectural quality or relationship to the environment and without affecting the appearance of the retained portions as a separate structure when viewing the principal facade.

⁴ Planning Code Section 1102(c) designates a building as Category III contributory if it is (1) located outside a designated conservation district, (2) at least 40 years old, (3) judged to be a building of individual importance, and (4) rated either very good in architectural design or excellent or very good in relationship to the environment. Planning Code Section 1102(d) designates a building as Category IV contributory if it is (1) located in a designated conservation district, (3) judged to be a building of individual importance, (4) judged to be a building of contextual importance, and (4) rated either very good in architectural design or excellent or very good in relationship to the environment.

In addition, eligibility for Mills Act historical property contracts is limited to sites, buildings, or structures with an assessed valuation, as of December 31 of the year before the application is made, of \$3,000,000 or less for single-family dwellings and \$5,000,000 or less for commercial, industrial, or mixed-use buildings, unless the Board of Supervisors grants an exemption.

The lifecycle of a Mills Act application typically runs from May to December over the course of one year. If the foregoing conditions are met, a property owner may submit a Mills Act application to the Planning Department for review. The Planning Department reviews the application for completeness and forwards the application to the Assessor, which then calculates property valuations with and without a Mills Act contract. Once the property owner has had a chance to review the Assessor's findings, the application is passed to the Historic Preservation Commission for review. The Historic Preservation Commission will then review the application, including the proposed rehabilitation and maintenance plan, hold a public hearing, and make a recommendation for approval or disapproval to the Board of Supervisors. The Board of Supervisors will then review the Mills Act application and related materials from the Historic Preservation Commission and Assessor, hold a public hearing, and determine whether the City should enter into a Mills Act contract with the property owner. The process is complete once the City Attorney finalizes the Mills Act contract, which is then signed by both the Planning Department and property owner and recorded by the Assessor. Onsite property inspections occur every five years and are carried out by the Planning Department and the Assessor to monitor compliance with the Mills Act contract. Owners must also submit a yearly affidavit verifying compliance with the approved maintenance and rehabilitation plans.

As required by State law, the proposed Mills Act historical property contract would be in effect for 10 years, with an additional year added automatically to the initial term on each anniversary date of the proposed historical property contract execution date⁵, unless either party terminates the contract by submitting a notice of nonrenewal⁶, subject to Board of Supervisors approval. In other words, the reduced property taxes would continue annually, in perpetuity, until the Mills Act historical property contract is terminated.

Mills Act: Rehabilitation Plan Requirements

Under the Mills Act contract, the property owners must apply for appropriate building permits within six months after the Mills Act contract is recorded. Further, rehabilitation work must begin within six months of acquiring the necessary permits, and all of the rehabilitation work must be completed within three years of the date of receipt of the permits. Should the property owners fail to comply with the rehabilitation plan according to the deadlines listed above and fail to secure an exemption from meeting those deadlines from the Zoning Administrator, the Board of Supervisors may cancel the Mills Act contract. In that case, the property owners must pay a cancellation fee of 12.5% of the fair market value of the property, which is determined by the Assessor. If the property owners successfully obtain an exemption from the Zoning Administrator, then no fees would be owed.

⁵ According to State Government Code Section 50282

⁶ The City must submit a nonrenewal notice 60 days prior to the date of renewal and the owners must submit a nonrenewal notice 90 days prior to the date of renewal.

The Mills Act contract requires the property owners to comply to periodic examinations of the property by representatives of (a) the Historic Preservation Commission, (b) the Office of the Assessor-Recorder, (c) the Department of Building Inspection, (d) the Planning Department, (e) the Office of the Historic Preservation of the California Department of Parks and Recreation, and (f) the State Board of Equalization with 72 hours advance notice to ensure compliance with the proposed historic property contract. Furthermore, the Planning Department and Assessor will conduct an inspection program to monitor the provisions of the contract. This program will involve a yearly affidavit issued by the property owner verifying compliance with the approved maintenance and rehabilitation plans as well as onsite inspections every five years.

Mills Act: Property Valuation

Property taxes are typically determined as portion of a property's assessed value, which largely depends on the property's sale price and year of purchase. According to the Assessor's Office, under a Mills Act contract, the calculation of the property tax reduction includes the following factors:

1. Market rates for rental income
2. Actual rent paid, if a unit is encumbered by a lease subject to rental control
3. An interest rate component as annually determined by the State Board of Equalization
4. Whether a unit is owner-occupied
5. The property tax rate
6. The estimated remaining life of the property

Following State law, the Assessor determines the actual/estimated net rental income of the historical property (items 1 & 2 above) and uses items 3 – 6 above to determine a capitalization rate. The income and capitalization rate in turn determine the overall value of the property, which is then taxed at the prevailing property tax rate. The Assessor recalculates the Mills Act valuation every year. Therefore, property tax rates, economic conditions in the local real estate market, and the extent to which the historical property is rented or owner-occupied may increase or decrease the Mills Act property valuation and taxes payable to the City each year. In addition, if a property has undergone substantial rehabilitation, the Assessor may extend the estimated remaining life of the property, which would enhance the Mills Act valuation and increase property taxes payable to the City.

DETAILS OF PROPOSED LEGISLATION

File 14-1102: The proposed resolution would (a) approve a Mills Act historical property contract with Diarmuid Russell and Heather Podruchny, the owners of the residential property located at 68 Pierce Street, and (b) authorize the Director of Planning and the Assessor to execute the subject historical property contract.

File 14-1103: The proposed resolution would (a) approve a Mills Act historical property contract with Brandon Miller and Jay Zaleski, the owners of the residential property located at 563-567

Waller Street, and (b) authorize the Director of Planning and the Assessor to execute the subject historical property contract.

File 14-1104: The proposed resolution would (a) approve a Mills Act historical property contract with Claude Zellweger & Renee Zellweger, the owners of the residential property located at 621 Waller Street, and (b) authorize the Director of Planning and the Assessor to execute the subject historical property contract.

Characteristics of the Three Historic Properties Seeking a Mills Act Contract

A Mills Act historical property contract application was submitted for each of the subject properties to the Planning Department on May 1, 2014, which included a rehabilitation program detailing estimates of the necessary improvements to preserve each property as well as an annual maintenance plan. The City's Historic Preservation Commission has reviewed the Mills Act historical property contract application for all three subject properties, including the proposed rehabilitation program and annual maintenance plans. On October 1, 2014 the Historic Preservation Commission recommended approval of the proposed Mills Act historical property contract, rehabilitation program, and maintenance plan (Historic Preservation Commission Resolution Nos. 0737 - 0739) for the three subject properties. In order to continue work on the rehabilitation program included in the Mills Act historical property contract application, the owners of each property intend to apply for a Certificate of Appropriateness⁷ from the Historic Preservation Commission.⁸

All three residential properties pending before the Board of Supervisors are listed as contributors⁹ to the Duboce Park Landmark district. Therefore, each property qualifies as a historical property under the Administrative Code and is eligible for Mills Act historical property contract approval without an exemption being necessary.

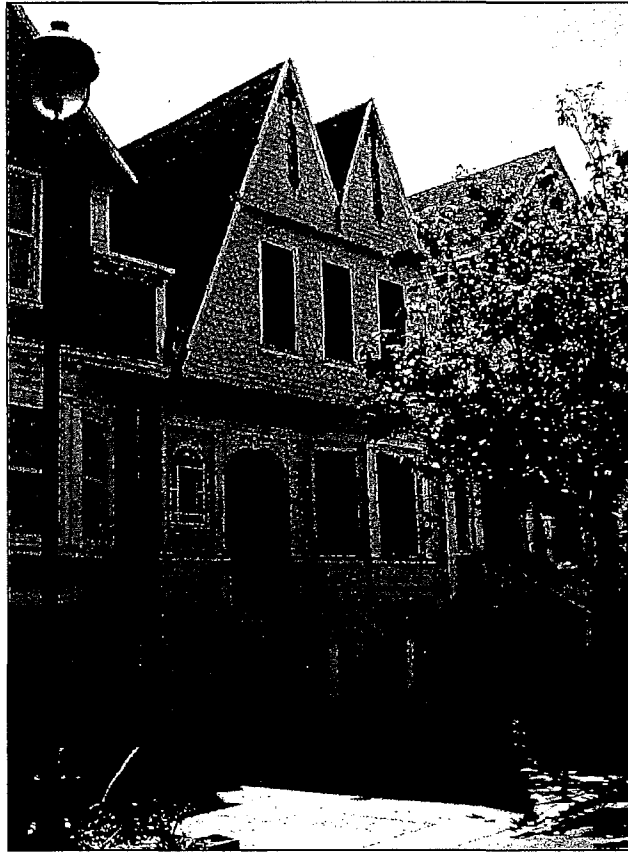
According to the Planning Department's Mills Act Contract Case Report on 68 Pierce Street, the existing building at the intersection of Pierce and Waller Streets, built in 1899, is a two-story over raised-basement, wood frame, single-family dwelling in the Shingle style (See Exhibit 1 below).

⁷ A Certificate of Appropriateness is the entitlement required to alter an individual landmark and any property within a landmark district. It is not required for ordinary maintenance and repairs, if the replacement materials and details are in-kind.

⁸ The Historic Preservation Commission is a 7-member body, appointed by the Mayor subject to Board of Supervisors' approval, that makes recommendations directly to the Board of Supervisors on the designation of landmark buildings, historic districts, and significant buildings.

⁹ According to the Planning Department's Preservation Bulletin, No. 10, a contributing property in a Historic District is "A classification applied to a site, structure or object within an historic district signifying that it generally shares, along with most of the other sites, structures or objects in the historic district, the qualities that give the historic district cultural, historic, architectural or archaeological significance as embodied by the criteria for designating the historic district."

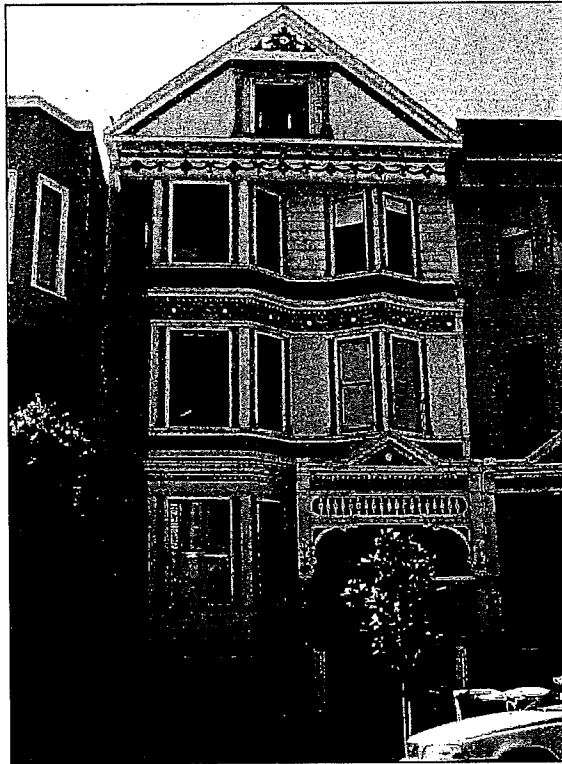
Exhibit 1: 68 Pierce Street



Source: Department of Planning

According to the Planning Department's Mills Act Contract Case Report on 563-567 Waller Street, the existing building at the intersection of Potomac and Waller Streets, built in 1900, is a three and a half story over raised-basement, wood frame, three-family dwelling designed in the Queen Anne style (See Exhibit 2 below).

Exhibit 2: 563-567 Waller Street



Source: Department of Planning

According to the Planning Department's Mills Act Contract Case Report on 621 Waller Street, the existing building on Waller Street between Carmelita and Pierce Streets, was built in 1900 by Fernando Nelson and is a two and a half story over raised-basement, wood frame, single-family dwelling in the Queen Anne style (See Exhibit 3 below).

Exhibit 3: 621 Waller Street



Source: Department of Planning

File 14-1102: 68 Pierce Street

Rehabilitation and Maintenance

Table 1 below summarizes actual and estimated costs of the work included in the rehabilitation program as well as the estimated completion dates. As shown in Table 1, most of the rehabilitation work has not yet started and the work expected to be completed will be done by 2018, as required by the Mills Act contract. To date, \$2,093 or 1.2 percent of the \$179,093 total estimated rehabilitation costs has been completed.

Table 1: Actual and Estimated Costs of Rehabilitation Program at 68 Pierce Street

Rehabilitation Plan	Expenditures to Date	Estimated Remaining Expenditures	Total Rehabilitation Expenditures	Completion Date
Drainage repair	\$2,093	\$0	\$2,093	2013
Window replacement (front)	\$0	\$15,600	\$15,600	2018
Window replacement (rear)	\$0	\$7,800	\$7,800	2018
Replace stairs	\$0	\$12,000	\$12,000	2018
Earthquake retrofit	\$0	\$96,000	\$96,000	2018
Replace/repair roof	\$0	\$18,000	\$18,000	2018
Repaint front elevation	\$0	\$21,600	\$21,600	2018
Repair garage wood	\$0	\$6,000	\$6,000	2018
Totals	\$2,093	\$177,000	\$179,093	

Source: Department of Planning

In addition to the rehabilitation plan detailed above in Table 1, the property owners have agreed to a maintenance plan, including maintenance of gutters, wood façade, and roof. Ongoing maintenance is currently estimated to cost the owners of 68 Pierce Street \$540 per year on average, depending on the timing of the inspection cycle, as shown in Table 2 Below.

Table 2: Maintenance Budget for 68 Pierce Street

Maintenance	Cost	Timing
Gutter inspections	\$600	Every 2 years
Façade inspection	\$600	Every 3 years
Roof inspection	\$300	Every 5 years
<i>Average Annual Cost</i>	<i>\$540</i>	<i>Every year</i>

Source: Department of Planning

File 14-1103: 536-567 Waller Street

Rehabilitation and Maintenance Plan:

Table 3 below summarizes actual and estimated costs of the work included in the rehabilitation program. Under the Mills Act, the proposed renovation work should be completed no later than 2018. As shown in Table 3, most of the rehabilitation work has been completed and work expected to be completed will be done by 2018, as required by the Mills Act contract. To date, \$597,085 or 99.7 percent of the \$598,935 total estimated rehabilitation costs has been completed.

Table 3: Actual and Estimated Costs of Rehabilitation Program at 563-567 Waller Street

Rehabilitation Plan	Expenditures to Date	Estimated Remaining Expenditures	Total	Completion Date
Replace foundation, doors, & railing	\$423,518	\$0	\$423,518	2012
Replace back siding, exit stairwell, and storage area	\$173,567	\$0	\$173,567	2014
Relocate/dress gas meter	\$0	\$1,850	\$1,850	2015
Totals	\$597,085	\$1,850	\$598,935	

Source: Department of Planning

In addition to the rehabilitation plan detailed above in Table 3, the property owners have agreed to a maintenance plan, which includes annual inspections of the windows, gutters, siding, paint, and trim and an inspection of the roof every five years. As shown in Table 4 below, cost estimates for these inspections are currently unavailable. If it is determined that the roof needs to be replaced, the owners estimate a cost of \$48,500 to pay for the cost of that project.

Table 4: Maintenance Budget for 563-567 Waller Street

Maintenance	Cost	Timing
Inspect windows, gutters, siding, paint, and trim	Unavailable	Annual
Inspect & replace roof	\$48,500, if replaced	Every 5 years

Source: Department of Planning

File 14-1104: 621 Waller Street

Rehabilitation and Maintenance Plan:

Table 5 below summarizes the estimated costs of the work included in the rehabilitation program. Under the Mills Act, the proposed renovation work should be completed no later than 2018. As shown below in Table 5, rehabilitation work on the property has not started but is expected to be completed no later than 2018, the deadline required by the Mills Act contract.

Table 5: Actual and Estimated Costs of Rehabilitation Program at 621 Waller Street

Rehabilitation Plan	Expenditures to Date	Estimated Remaining Expenditures	Total	Completion Date
Repair ornamental wrought iron	\$0	\$18,250	\$18,250	2016
Window repair	\$0	\$17,800	\$17,800	2016
Grading & drainage repair	\$0	\$22,500	\$22,500	2015
Waterproof exterior	\$0	\$37,500	\$37,500	2015
Repaint exterior	\$0	\$21,450	\$21,450	2018
Totals	\$0	\$117,500	\$117,500	

Source: Department of Planning

In addition to the rehabilitation plan detailed above in Table 5, the property owners have agreed to a maintenance plan, including maintenance of wood façade, gutters, downspouts, and roof. As shown in Table 6 below, cost estimates for these inspections are currently unavailable. The property owners estimate a cost of \$50,000 - \$60,000 if inspections determine that the roof needs to be replaced.

Table 6: Maintenance Budget for 621 Waller Street

Maintenance	Cost	Timing
Inspect wood façade	Unknown	Every 3 years
Inspect gutters/downspouts	\$1,000 - \$6,000	Every other year
Replace roof	\$50,000 - \$60,000 (if replaced)	One time event
Inspect roof	Unknown	Every 5 years

Source: Department of Planning

FISCAL IMPACT**File 14-1102 68 Pierce Street**

According to the Assessor-Recorder, the property at 68 Pierce Street is estimated to be assessed at \$1,562,056, with property taxes payable to the City in the estimated amount of \$18,557 in FY 2014-15.¹⁰ Table 7 below reflects the estimated assessed value of 68 Pierce Street both with and without the requested Mills Act Historical Property contract. As shown in Table 7 below, the first year annual property taxes to be paid to the City by the property owners would be \$9,029, which is \$9,528 or 51.3 percent less than the \$18,557 in estimated annual property taxes that would otherwise be paid to the City, if the proposed historical property contract is not authorized. The estimated reduction in property taxes to be received by the City would be approximately \$95,280 (\$9,528 annually x ten years) over the initial ten-year period¹¹ of the proposed Mills Act Historical Property contract.

Table 7: Summary of Estimated Assessed Value of 68 Pierce Street

	Without a Mills Act Historic Property Contract	With a Mills Act Historic Property Contract	First Year Reduction	Percent Reduction
Estimated Assessed Property Value (FY 14-15)	\$1,562,056	\$760,000	\$802,056	-51.3%
Estimated Property Taxes Payable to the City (FY 14-15)	\$18,557	\$9,029	\$9,528	-51.3%

Source: Assessor-Recorder

As shown in Table 1 above, the rehabilitation program is currently estimated to cost a total of \$179,093 and is to be fully paid by the property owners. In addition, as shown in Table 2 above, ongoing maintenance costs estimated to be \$540 annually are to be fully paid by the property owners, with total maintenance costs estimated to be \$5,400 (\$540 annually x 10 years) over the initial ten-year period. Therefore, total estimated cost to the property owner of

¹⁰ The Assessor-Recorder advises that property tax rates had not been finalized for FY 2014-15 when these estimates were developed and therefore the estimated property taxes assessed are based on the FY 2013-14 property tax rate of 1.188 percent of assessed value.

¹¹ The actual reduction in Property Taxes payable to the City fluctuates annually based on (a) variables in the formula specified in the Mills Act which determine the assessed value of the subject property, such as market rental rates and conventional mortgage interest rates, (b) the factored base year value of the subject property (which increases by no more than 2 percent per year) had a Mills Act Historical Property Contract not been approved, and (c) the Property Tax rate each year. Therefore, the actual annual reductions in Property Taxes payable to the City over the ten-year term of a Mills Act Historical Property Contract and payable annually thereafter, are not equal to the first year reduction in Property Taxes.

rehabilitating and maintaining 68 Pierce Street over the initial ten-year period of the proposed Mills Act Historical Property contract is \$185,193 which is \$89,913 more than the estimated reduction in property tax of \$95,280.

File 14-1103: 563-567 Waller Street

According to the Assessor-Recorder, the property at 563-567 Waller Street is estimated to be assessed at \$1,928,706, with property taxes payable to the City in the estimated amount of \$22,913 in FY 2014-15.¹² Table 8 below reflects the estimated assessed value of 563-567 Waller Street both with and without the requested Mills Act Historical Property contract. As shown in Table 8 below, the first year annual property taxes to be paid to the City by the property owners would be \$16,394, which is \$6,519 or 28.5 percent less than the \$22,913 in estimated annual property taxes that would otherwise be paid to the City, if the proposed historical property contract is not authorized. The estimated reduction in property taxes to be received by the City would be approximately \$65,190 (\$6,519 annually x ten years) over the initial ten-year period¹³ of the proposed Mills Act Historical Property contract.

Table 8: Summary of Estimated Assessed Value of 563-567 Waller Street

	Without a Mills Act Historic Property Contract	With a Mills Act Historic Property Contract	First Year Reduction	Percent Reduction
Estimated Assessed Property Value (FY 14-15)	\$1,928,706	\$1,380,000	\$548,706	-28.5%
Estimated Property Taxes Payable to the City (FY 14-15)	\$22,913	\$16,394	\$6,519	-28.5%

Source: Assessor-Recorder

As shown in Table 3 above, the rehabilitation program is currently estimated to cost a total of \$598,935 and is to be fully paid by the property owners. In addition, as shown in Table 4 above, the property owners will incur the cost of inspections (the cost of which are not yet determined) and possibly a roof replacement. Therefore, total estimated cost to the property owner of rehabilitating and maintaining 563-567 Waller Street over the initial ten-year period

¹² The Assessor-Recorder advises that property tax rates had not been finalized for FY 2014-15 when these estimates were developed and therefore the estimated property taxes assessed are based on the FY 2013-14 property tax rate of 1.188 percent of assessed value.

¹³ The actual reduction in Property Taxes payable to the City fluctuates annually based on (a) variables in the formula specified in the Mills Act which determine the assessed value of the subject property, such as market rental rates and conventional mortgage interest rates, (b) the factored base year value of the subject property (which increases by no more than 2 percent per year) had a Mills Act Historical Property Contract not been approved, and (c) the Property Tax rate each year. Therefore, the actual annual reductions in Property Taxes payable to the City over the ten-year term of a Mills Act Historical Property Contract and payable annually thereafter, are not equal to the first year reduction in Property Taxes.

of the proposed Mills Act Historical Property contract is at least \$598,935, which is \$533,745 more than the estimated initial ten-year reduction in property tax of \$65,190.

File 14-1104: 621 Waller Street

According to the Assessor-Recorder, the property at 621 Waller Street is estimated to be assessed at \$2,079,659, with property taxes payable to the City in the estimated amount of \$24,706 in FY 2014-15.¹⁴ Table 9 below reflects the estimated assessed value of 621 Waller Street both with and without the requested Mills Act Historical Property contract. As shown in Table 9 below, the first year annual property taxes to be paid to the City by the property owners would be \$9,860, which is \$14,846 or 60.1 percent less than the \$24,706 in estimated annual property taxes that would otherwise be paid to the City, if the proposed historical property contract is not authorized. The estimated reduction in property taxes to be received by the City would be approximately \$148,460 (\$14,846 annually x ten years) over the initial ten-year period¹⁵ of the proposed Mills Act Historical Property contract.

Table 9: Summary of Estimated Assessed Value of 621 Waller Street

	Without a Mills Act Historic Property Contract	With a Mills Act Historic Property Contract	First Year Reduction	Percent Reduction
Estimated Assessed Property Value (FY 14-15)	\$2,079,659	\$830,000	\$1,249,659	-60.1%
Estimated Property Taxes Payable to the City (FY 14-15)	\$24,706	\$9,860	\$14,846	-60.1%

Source: Assessor-Recorder

As shown in Table 5 above, the rehabilitation program is currently estimated to cost \$117,500 and is to be fully paid by the property owners. The estimated cost to the property owner of rehabilitating 621 Waller Street over the initial ten-year period of the proposed Mills Act Historical Property contract is \$117,500, which is \$30,960 less than the estimated initial ten-year reduction in property tax of \$148,460. However, as shown in Table 6 above, the property owners expect to incur additional costs for ongoing maintenance, for which cost estimates are

¹⁴ The Assessor-Recorder advises that property tax rates had not been finalized for FY 2014-15 when these estimates were developed and therefore the estimated property taxes assessed are based on the FY 2013-14 property tax rate of 1.188 percent of assessed value.

¹⁵ The actual reduction in Property Taxes payable to the City fluctuates annually based on (a) variables in the formula specified in the Mills Act which determine the assessed value of the subject property, such as market rental rates and conventional mortgage interest rates, (b) the factored base year value of the subject property (which increases by no more than 2 percent per year) had a Mills Act Historical Property Contract not been approved, and (c) the Property Tax rate each year. Therefore, the actual annual reductions in Property Taxes payable to the City over the ten-year term of a Mills Act Historical Property Contract and payable annually thereafter, are not equal to the first year reduction in Property Taxes.

unavailable, and for a new roof at an estimated cost of \$50,000 - \$60,000 should inspections determine that the roof needs to be replaced, which would result in rehabilitation and maintenance costs exceeding the property tax reduction. Furthermore, the property's Mills Act valuation is subject to change over time. Should the Assessor determine that market rental rates in comparable units rise, or if the unit is no longer owner-occupied, or the remaining life of the property is extended, then the Mills Act valuation and property taxes payable to the City would increase.

Current Property Taxes

According to Peter Chou, Tax Payment Assistant Officer for the Office of the Treasurer & Tax Collector, property taxes assessed to all three properties have been paid by the subject properties to the City with no remaining balance outstanding.

POLICY CONSIDERATION

The Board of Supervisors has Previously Approved 17 Mills Act Contracts, with Estimated Annual Property Tax Reductions of \$854,869

The Duboce Park Landmark District was approved by the Board of Supervisors on June 4, 2013 (File 13-0070). Since that time, the Board of Supervisors has approved seven Mills Act applications within the District.¹⁶ Approval of the pending Mills Act application at 68 Pierce Street, 563-567 Waller Street, and 621 Waller Street would therefore be consistent with previous actions by the Board of Supervisors.

Since 2002, the Board of Supervisors has approved 17 Mills Act contracts, all of which are ongoing, as shown in Table 10 below. If the Board of Supervisors approves the three pending Mills Act contracts (Files 14-1102, 14-1103, and 14-1104), total estimated annual property tax reductions will increase by \$30,893, from \$854,869 to \$885,762.

¹⁶ 50 Carmelita Street (13-0522), 66 Carmelita Street (13-0577), 70 Carmelita Street (13-0640), 56 Pierce Street (13-1157), 64 Pierce Street (13-1158), 56 Potomac Street (13-1159) and 66 Potomac Street (13-1160).

Table 10: Previously Approved and Pending Mills Act Contracts¹⁷

Board of Supervisors Approval Date	Address	Without Historical Property Agreement	With Historical Property Agreement	Estimated Reduction in Property Tax	Percent Reduction
05/13/02	460 Bush Street	\$44,519	\$24,472	\$20,047	45%
05/15/07	1080 Haight Street	82,415	32,453	49,962	61%
08/07/07	1735 Franklin Street	35,708	23,853	11,856	33%
11/18/08	690 Market Street	1,807,186	1,282,186	525,000	29%
12/03/10	1818 California	112,791	28,504	84,287	75%
07/30/13	201 Buchanan Street	31,052	19,465	11,588	37%
12/22/13	1772 Vallejo Street	74,250	26,381	47,869	64%
12/22/13	2550 Webster Street	34,744	29,978	4,766	14%
12/22/13	1019 Market Street	207,900	196,495	11,405	5%
12/22/13	3769 20th Street	21,206	11,081	10,125	48%
12/22/13	50 Carmelita Street	31,133	11,524	19,609	63%
12/22/13	66 Carmelita Street	23,760	8,554	15,206	64%
12/22/13	70 Carmelita Street	7,547	7,547	0	0%
12/22/13	56 Pierce Street	18,243	10,811	7,432	41%
12/22/13	64 Pierce Street	30,011	11,286	18,725	62%
12/22/13	56 Potomac Street	12,645	7,484	5,161	41%
12/22/13	66 Potomac Street	22,523	10,692	11,831	53%
Total Previously Approved		\$2,597,633	\$1,742,766	\$854,869	33%
Subject Property	68 Pierce Street	\$18,557	\$9,029	\$9,528	51%
Subject Property	621 Waller Street	24,706	9,860	14,846	60%
Subject Property	563-567 Waller Street	22,913	16,394	6,519	28%
Total Pending		\$66,176	\$35,283	\$30,893	47%
Total		\$2,663,809	\$1,778,049	\$885,762	33%

The Board of Supervisors has Full Discretion to Determine Whether it is in the Public Interest to Enter into a Mills Act Contract

According to Administrative Code Section 71.4(d),

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

¹⁷ Estimated annual property taxes are based on information provided by the Assessor to the Budget and Legislative Analyst's Office at the time of Board of Supervisors approval of the Mills Act contracts.

Because the Mills Act provides the Board of Supervisors discretion in approving a Mills Act contract, the Budget and Legislative Analyst considers approval of the proposed resolution to be a policy matter for the Board of Supervisors.

Because the Mills Act Contracts Continue Indefinitely Unless Cancelled, the Planning Department Needs to Annually Report to the Board of Supervisors on the Status of Mills Act Contracts

Once the Mills Act contract has been enacted, the initial term is for 10 years, which is automatically extended each year on the anniversary date of the contract. The historic property contract continues indefinitely unless the property owner of the Board of Supervisors files a notice of nonrenewal; once the notice of nonrenewal has been filed, the term of the historic property contract extends for a final 10-year term and is no longer automatically renewed each year.

Administrative Code Section 71.7 requires that the Planning Department and the Assessor-Recorder's Office submit a joint report to the Board of Supervisors and the Historic Preservation Commission every three years. This report was not submitted as required on the initial due date of March 31, 2013. The next report is due on March 31, 2016.

When the Board of Supervisors approved the 11 Mills Act contracts in December 2013, the Board amended the resolutions to request the Director of Planning submit an annual report to the Board of Supervisors, Mayor, Controller, and Budget and Legislative Analyst that details for each property with an existing historic property agreement (1) the original date of approval by the Board of Supervisors of the agreement; (2) the annual property tax amount under the historic property agreement; (3) the percent reduction in the annual property tax amount due to the historic property agreement; (4) the reduction in annual property tax revenues to the City; and (5) conformance of the property to the provisions of the historic property agreement.

According to Timothy Frye, Preservation Coordinator, the Planning Department intends to report on the status of the previously approved Mills Act contracts before the end of the calendar year.

RECOMMENDATION

Approval of the proposed resolutions in File 14-1102, 14-1103 and 14-1104 are policy matters for the Board of Supervisors.



SAN FRANCISCO PLANNING DEPARTMENT

Historic Preservation Commission Resolution No. 738 HEARING DATE OCTOBER 1, 2014

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

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Date: October 1, 2014
Filing Dates: May 1, 2014
Case No.: 2014.0720U
Project Address: 563-567 Waller St.
Landmark District: Duboce Park Landmark District
Zoning: RTO (Residential Transit Oriented) District
40-X Height and Bulk District
Block/Lot: 0865/025
Applicant: Brandon J. Miller & Jay Zalewski
567 Waller Street
San Francisco, CA 94117
Staff Contact: Jonathan Lammers – (415) 575-9093
jonathan.lammers@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 563-567 WALLER STREET:

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 the Mills Act; and

WHEREAS, 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, Ordinance No. 191-96 amended the San Francisco Administrative Code by adding Chapter 71 to implement California Mills Act, California Government Code Sections 50280 *et seq.*; and

WHEREAS, the existing building located at 563-567 Waller Street and is listed under Article 10 of the San Francisco Planning Code Planning Code as a contributor to the Duboce Park Landmark District and thus qualifies as a historic property; and

WHEREAS, the Planning Department has reviewed the Mills Act application, historical property contract, rehabilitation program, and maintenance plan for 563-567 Waller Street, which are located in

Case Docket No. 2014.0720U. The Planning Department recommends approval of the Mills Act historical property contract, rehabilitation program, and maintenance plan; and

WHEREAS, the Historic Preservation Commission (HPC) recognizes the historic building at 563-567 Waller 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 1, 2014, 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 563-567 Waller Street, which are located in Case Docket No. 2014.0720U. The Historic Preservation Commission recommends approval of the Mills Act historical property contract, rehabilitation program, and maintenance plan.

THEREFORE BE IT RESOLVED that the Historic Preservation Commission hereby recommends that the Board of Supervisors approve the Mills Act historical property contract, rehabilitation program, and maintenance plan for the historic building located at 563-567 Waller Street.

BE IT FURTHER RESOLVED that the Historic Preservation Commission hereby directs its Commission Secretary to transmit this Resolution, the Mills Act historical property contract, rehabilitation program, and maintenance plan for 563-567 Waller Street, and other pertinent materials in the case file 2014.0720U to the Board of Supervisors.

I hereby certify that the foregoing Resolution was **ADOPTED** by the Historic Preservation Commission on October 1, 2014.

Jonas P. Ionin
Commissions Secretary

AYES: K. Hasz, E. Johnck, R. Johns, D. Matsuda, J. Pearlman, A. Wolfram

NOES:

ABSENT: A. Hyland

ADOPTED: October 1, 2014



SAN FRANCISCO PLANNING DEPARTMENT

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

2014 OCT -9 PM 4:19

AK

October 8, 2014

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 Number 2014.0720U
563-567 Waller Street (Contributor to the Duboce Park Landmark District)
BOS File Nos: _____ (pending)

Historic Preservation Commission Recommendation: Approval

Dear Ms. Calvillo,

On October 1, 2014 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 Application;

At the October 1, 2014 hearing, the Historic Preservation Commission voted to approve the proposed Resolution.

The Resolution recommends that the Board of Supervisors approve the Mills Act Historical Property Contract, rehabilitation program and maintenance plan for the property located at 563-567 Waller Street, a contributor to the Duboce Park Landmark District.

Please note that the Project Sponsor submitted the Mills Act application on May 1, 2014.

The Project Sponsors completed substantial rehabilitation work prior to submitting their Mills Act application. Their Mills Act contract involves a rehabilitation plan that includes:

- Relocating the property's gas meters or enclosing the meters in a painted wood cabinet finished to match the building's existing wood cladding

The contract involves a cycle of annual inspections and maintenance and a longer-term maintenance cycle to be performed as necessary. It addresses the following components:

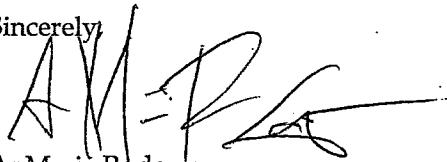
- Wood siding
- Roof, gutters, downspouts and drainage
- Millwork and ornamentation
- Paint

The attached draft historical property contracts will help the Project Sponsors mitigate these expenditures and will enable the Project Sponsors to maintain the properties in excellent condition in the future.

As detailed in the Mills Act application, the Project Sponsors have committed to a maintenance plan that will include both annual and cyclical inspections. Furthermore, the Planning Department will administer an inspection program to monitor the provisions of the contract. This program will involve a yearly affidavit issued by the property owner verifying compliance with the approved maintenance and rehabilitation plans as well as a cyclical 5-year site inspection.

Please find attached documents relating to the Commission's action. If you have any questions or require further information please do not hesitate to contact me.

Sincerely,



AnMarie Rodgers
Senior Policy Advisor

Attachments:

Historic Preservation Commission Resolution No. 0738

Mills Act Contract Case Report, dated October 1, 2014, including the following:

Exhibit A: Mills Act Historical Property Contract

Exhibit B: Rehabilitation & Maintenance Plan

Exhibit C: Market Analysis and Income Approach provided by the Assessor-Recorder's Office

Exhibit D: Mills Act Application



SAN FRANCISCO PLANNING DEPARTMENT

Mills Act Contracts Case Report

Hearing Date: October 1, 2014

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

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

a. *Filing Date:* May 1, 2014
Case No.: 2014.0719U
Project Address: **68 Pierce Street**
Landmark District: Duboce Park Landmark District
Zoning: RH-2 (Residential - House, Two Family)
 40-X Height and Bulk District
Block/Lot: 0865/016
Applicant: Diarmuid Russell & Heather Podruchny
 68 Pierce St.
 San Francisco, CA 94117

b. *Filing Date:* May 1, 2014
Case No.: 2014.0720U
Project Address: **563-567 Waller Street**
Landmark District: Duboce Park Landmark District
Zoning: RTO (Residential Transit Oriented)
 40-X Height and Bulk District
Block/Lot: 0865/025
Applicant: Brandon Miller & Jay Zalewski
 567 Waller St.
 San Francisco, CA 94117

c. *Filing Date:* May 1, 2013
Case No.: 2014.0746U
Project Address: **621 Waller Street**
Landmark District: Duboce Park Landmark District
Zoning: RTO (Residential Transit Oriented)
 40-X Height and Bulk District
Block/Lot: 0864/023
Applicant: Claude Zellweger & Renee Zellweger
 621 Waller St.
 San Francisco, CA 94117

PROPERTY DESCRIPTIONS

- a. **68 Pierce Street:** The subject property is located on the east side of Pierce Street between Waller Street and Duboce Avenue in Assessor's Block 0865, Lot 016. The subject property is within in a RH-2 (Residential House, Two Family) Zoning District and a 40-X Height and Bulk District. The property was designated under Article 10 of the Planning Code as a contributor to the Duboce

Park Landmark District. It is a two-story over raised-basement, wood frame, single-family dwelling designed in the Shingle style and constructed in 1899.

- b. 563-567 Waller Street:** The subject property is located on the south side of Waller Street between Potomac and Pierce streets in Assessor's Block 0865, Lot 025. The subject property is within in a RTO (Residential Transit Oriented) Zoning District and a 40-X Height and Bulk District. The property was designated under Article 10 of the Planning Code as a contributor to the Duboce Park Landmark District. It is a 3½-story over raised-basement, wood frame, three-family dwelling designed in the Queen Anne style and constructed in 1900.
- c. 621 Waller Street:** The subject property is located on the south side of Waller Street between Pierce and Carmelita streets in Assessor's Block 0864, Lot 023. The subject property is within in a RTO (Residential Transit Oriented) Zoning District and a 40-X Height and Bulk District. The property was designated under Article 10 of the Planning Code as a contributor to the Duboce Park Landmark District. It is a 2½-story over raised-basement, wood frame, single-family dwelling designed in the Queen Anne style and constructed in 1900 by master builder Fernando Nelson.

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

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

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

MILLS ACT REVIEW PROCEDURES

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

- The draft Mills Act Historical Property Contract between the property owner and the City and

MILLS ACT REVIEW PROCEDURES

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

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

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

APPLICABLE PRESERVATION STANDARDS

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

TERM

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

PUBLIC/NEIGHBORHOOD INPUT

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

STAFF ANALYSIS

The Project Sponsor, Planning Department Staff, and the Office of the City Attorney have negotiated the attached draft historical property contracts, which include a draft maintenance plan for the historic building. Department staff believe that the draft historical property contracts and maintenance plans are adequate.

- a. **68 Pierce Street:** As detailed in the Mills Act application, the Project Sponsor proposes to maintain the historic property. Staff determined that the proposed work, detailed in the attached exhibits, is consistent with the Secretary of Interior's Standards for Rehabilitation and for 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 does not require an exemption.

The applicants have developed a thorough Rehabilitation and Maintenance Plan that involves the following scopes of work: replacing six non-historic windows on the primary facade with historically appropriate double-hung wood sash windows with ogee lugs; replacing three (3) non-historic windows on the second floor rear elevation with historically appropriate double-hung wooden-sash windows with ogee lugs; replacing the current entry stairs with a new wooden staircase that features a straight run, closed risers, a balustrade railing with a turned profile or turned elements and newel posts; engaging a structural engineer to investigate the foundation and implementing any necessary repairs or improvements to seismically stabilize the property; replacing or repairing the roof; repainting the primary elevation of the property; and repairing wood rot at the garage. In addition, the rehabilitation and maintenance plan will include a cycle of regular inspections and maintenance to be performed as necessary. The maintenance plan includes: inspecting the wooden elements of the facade and repainting as necessary; if damage or deterioration is found, any needed repairs will avoid altering, removing or obscuring character-defining features of the building; any necessary replacements will be made in kind; conducting periodic roof inspections; and servicing rain gutters and downspouts to ensure water is directed away from the property. 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 Project Sponsor mitigate these expenditures and will induce the Project Sponsor to maintain the property in excellent condition in the future.

- b. **563-567 Waller Street:** As detailed in the Mills Act application, the Project Sponsor proposes to maintain the historic property. Staff determined that the proposed work, detailed in the attached exhibits, is consistent with the Secretary of Interior's Standards for Rehabilitation and for 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 does not require an exemption.

The applicants have already completed substantial rehabilitation efforts. The proposed Rehabilitation and Maintenance Plan involves the following scopes of work: relocating the property's gas meters beneath the entry stairs; if deemed infeasible by the utility, the meters will be enclosed in a painted wood cabinet finished to match the building's existing wood cladding; performing annual inspections of the windows, roof, rain gutters, siding, paint and trim; if any damage or deterioration is found, the extent and nature of the damage will be assessed; any needed repairs 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 Project Sponsor mitigate these expenditures and will induce the Project Sponsor to maintain the property in excellent condition in the future.

- c. 621 Waller Street: As detailed in the Mills Act application, the Project Sponsor proposes to maintain the historic property. Staff determined that the proposed work, detailed in the attached exhibits, is consistent with the Secretary of Interior's Standards for Rehabilitation and for 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 does not require an exemption.

The applicants have developed a thorough Rehabilitation and Maintenance Plan that involves the following scopes of work: repairing existing ornamental wrought iron at front stair and porch, including rust removal, priming and repainting; repairing existing wood windows on the front elevation, either with single-pane glazing or retrofitting the windows to accept double-glazed sashes; where retention of existing windows is not possible, all replacements will be made in kind; performing site grading and drainage work at the front of the property to direct water away from the foundation walls and entry stairs; waterproofing the building envelope and repairing leaks; repairing or reconstructing the existing rear balconies to apply new waterproofing membrane and flashing; repairing existing interior ceiling damage caused by water leakage; and repainting the exterior of the building. The maintenance plan involves a cycle of periodic inspections to inspect the wooden elements of the facade and repaint as necessary; if damage or deterioration is found, any needed repairs will avoid altering, removing or obscuring character-defining features of the building; any necessary replacements will be made in kind; servicing gutters and downspouts to remove debris and inspect for leaks; and inspecting the roof and repairing or replacing as necessary.

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 Project Sponsor mitigate these expenditures and will induce the Project Sponsor to maintain the property in excellent condition in the future.

PLANNING DEPARTMENT RECOMMENDATION

The Planning Department recommends that the Historic Preservation Commission adopt a resolution recommending approval of these Mills Act Historical Property Contracts and Rehabilitation and Maintenance Plans to the Board of Supervisors.

ISSUES AND OTHER CONSIDERATIONS

None.

HISTORIC PRESERVATION COMMISSION ACTIONS

Review and adopt a resolution for each property:

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

Attachments:

a. 68 Pierce Street

Draft Resolution

Exhibit A: Draft Mills Act Historical Property Contract

Exhibit B: Draft Rehabilitation & Maintenance Plan

Exhibit C: Draft Mills Act Valuation provided by the Assessor-Recorder's Office

Exhibit D: Mills Act Application

b. 563-567 Waller Street

Draft Resolution

Exhibit A: Draft Mills Act Historical Property Contract

Exhibit B: Draft Rehabilitation & Maintenance Plan

Exhibit C: Draft Mills Act Valuation provided by the Assessor-Recorder's Office

Exhibit D: Mills Act Application

c. 621 Waller Street

Draft Resolution

Exhibit A: Draft Mills Act Historical Property Contract

Exhibit B: Draft Rehabilitation & Maintenance Plan

Exhibit C: Draft Mills Act Valuation provided by the Assessor-Recorder's Office

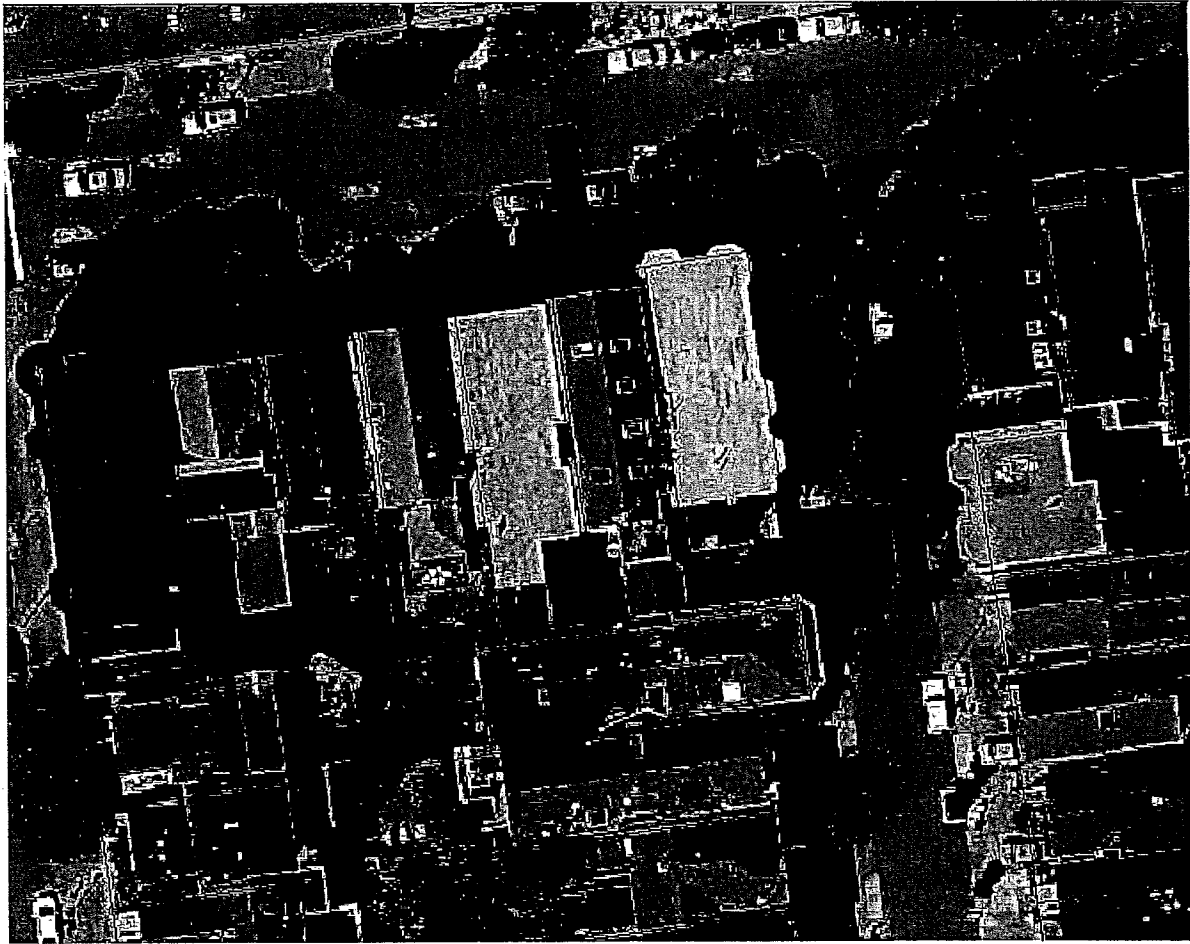
Exhibit D: Mills Act Application

Site Photo



Historic Preservation Commission
Case No. 2014.0720U
Mills Act Historical Property Contract
563-567 Waller Street

Aerial Photo



Historic Preservation Commission
Case No. 2014.0720U
Mills Act Historical Property Contract
563-567 Waller Street

EXHIBIT A:

DRAFT MILLS ACT HISTORICAL PROPERTY CONTRACT

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

**CALIFORNIA MILLS ACT
HISTORIC PROPERTY AGREEMENT
563-567 WALLER 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 Brandon Miller and Jay Zalewski ("Owners").

RECITALS

Owners are the owners of the property located at 563-567 Waller Street, in San Francisco, California (Block 0865, Lot 025). The building located at 563-567 Waller Street is designated as a contributor to the Duboce Park Landmark District pursuant to Article 10 of the Planning Code and is also known as the ("Historic Property").

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 one thousand eight hundred and fifty dollars (\$1,850). (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 four thousand and forty dollars (\$4,040) 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 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:

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 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 file 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.

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. 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.

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:

CITY AND COUNTY OF SAN FRANCISCO:

By: _____
Carmen Chu
Assessor-Recorder

DATE: _____

By: _____
John Rahaim
Director of Planning

DATE: _____

APPROVED AS TO FORM:
DENNIS J. HERRERA
CITY ATTORNEY

By: _____
Andrea Ruiz-Esquide, Deputy City Attorney

DATE: _____

OWNERS

By: _____
Brandon Miller, Owner

DATE: _____

By: _____
Jay Zalewski, Owner

DATE: _____

OWNER(S)' SIGNATURE(S) MUST BE NOTARIZED.

EXHIBIT B:

DRAFT REHABILITATION AND MAINTENANCE PLAN

563-567 Waller Street Revised Rehabilitation and Maintenance Plan

SCOPE #1
Rehab/Restoration <input checked="" type="checkbox"/> Completed <input checked="" type="checkbox"/>
Contract Year Work Completion: 2012
Total Cost (rounded to the nearest dollar): \$423,518
Description of Work
Replaced the building foundation. Installed three (3) new, historically appropriate paneled wood entry doors with glazed openings. Replaced stair railing with new, historically appropriate wood railing featuring turned balusters and decorative newel posts.

SCOPE #2
Rehab/Restoration <input checked="" type="checkbox"/> Completed <input checked="" type="checkbox"/>
Contract Year Work Completion: 2014
Total Cost (rounded to the nearest dollar): \$173,567
Description of Work
Replaced deteriorated siding on the back of the building. The rear exit stairwell and laundry storage areas were rebuilt with a new foundation.

SCOPE #3
Rehab/Restoration <input checked="" type="checkbox"/> Proposed <input checked="" type="checkbox"/>
Contract Year Work Completion: 2015-2016
Total Cost (rounded to the nearest dollar): \$1,850
Description of Work
The gas meters currently located to the left of the entry stairs will be relocated underneath the stairs. If the relocation of the meters is deemed infeasible by the utility, the meters will be enclosed in a painted wood cabinet finished to match either the existing tongue-in-groove wood siding, or the existing rustic channel wood siding on the building. This work will avoid altering, removing or obscuring character-defining features of the building.

SCOPE #4
Maintenance <input checked="" type="checkbox"/> Proposed <input checked="" type="checkbox"/>
Contract Year Work Completion: Ongoing
Total Cost (rounded to the nearest dollar):
Description of Work
Perform annual inspections of the windows, rain gutters, siding, paint and trim. If any damage or deterioration is found, the extent and nature of the damage will be assessed. Any needed repairs will avoid altering, removing or obscuring character-defining features of the building. If any elements are determined to be damaged or deteriorated beyond repair, replacements will be made in kind (e.g., wood for wood). This maintenance routine will be informed by the guidance outlined in the National Park Service's <i>Preservation Brief 47: Maintaining the Exterior of Small and Medium Size Historic Buildings</i> .

SCOPE #5
Maintenance <input checked="" type="checkbox"/> Proposed <input checked="" type="checkbox"/>
Contract Year Work Completion: Ongoing
Total Cost (rounded to the nearest dollar): \$48,500 if roof requires replacing
Description of Work
<p>The roof will be inspected by a licensed roofing contractor approximately every 5 years. If any damage or deterioration is found, the extent and nature of the deterioration will be assessed. If the roof requires replacement, a new asphalt/composition shingle roof will be installed. Repairs to the roof, or installation of a new roof, will avoid altering, removing or obscuring character-defining features of the building, including decorative elements in the gable end, as well as eave trim and moldings. This maintenance routine will be informed by the guidance outlined in the National Park Service's <i>Preservation Brief 47: Maintaining the Exterior of Small and Medium Size Historic Buildings</i>.</p>

Paul Jordan

131 Precita Ave. Apt#A
San Francisco, Ca 94110
Phone 415-261-1198
paul@htdpainting.com
Lic. #933267

Invoice

ESTIMATE

JUNE 2, 2014

TO:
Jay Zalewski
567 Waller st
San Francisco CA
415-652-7121
jayzalewski@gmail.com

FOR:
ESTIMATE ONLY

DESCRIPTION	HOURS	RATE	AMOUNT
Build box to cover gas meters	15	75.00	\$1,125.00
Materials		450.00	\$450.00
Coax to hide cables	2	75.00	\$150.00
Debris Removal	1		125.00
TOTAL BALANCE DUE:			\$1850.00

SF Bay Construction Inc

License #807049

236 West Portal Ave, Suite 843, San Francisco, CA 94127

415-425-1673 ~ Fax: 415-665-1246

May 30, 2014

Client:
563-567 Waller St,
San Francisco

Prepared By:
Niall Kenny

Architect:

Job Description:
Roof replacement

BID PROPOSAL **FOR ROOF REPLACEMENT**

1. Strip and dispose of existing shingles, flet and plywood
2. Replace with new plywood, waterproofing and shingles.

Total amount proposed -

\$ 48,500

Exclusions. All public utility services marking; Permits; Permit fees; Special inspection fees; All work not included above.

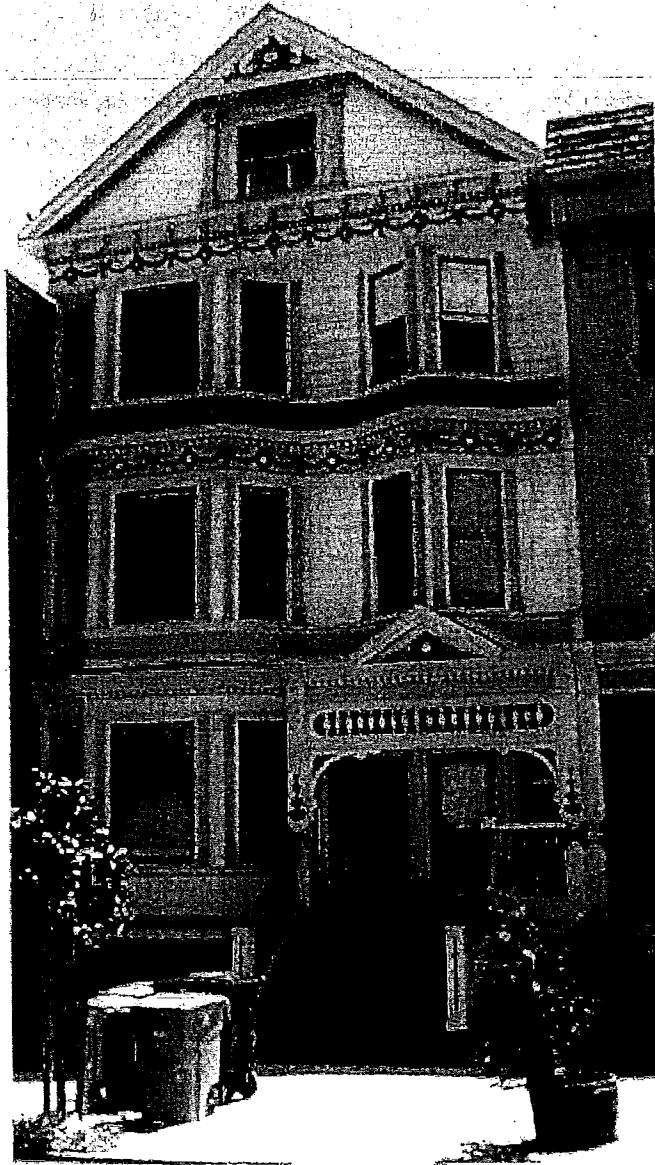
Project should take approximately 3 weeks to complete depending on weather, material delivery delays, holidays and inspection schedule delays. Commencement of the project can start immediately once contract has been signed.

Should you request any additional information or would like to visit any of our ongoing or past projects please do not hesitate to call me at (415) 425-1673. Please visit our web site at www.sfbayconstruction.com for some past projects that we have completed. List of references on request. All sub-contractors are insured and obtain all disability insurance as per CSLB. Proposal valid for 30 days.

**EXHIBIT C:
DRAFT MILLS ACT VALUATION PROVIDED BY
SAN FRANCISCO ASSESSOR-RECORDER**

DRAFT

DRAFT



563-565-567 Waller Street
APN 06-0865-025

2014 MILLS ACT VALUATION

CARMEN CHU
ASSESSOR-RECORDER



SAN FRANCISCO
OFFICE OF THE ASSESSOR-RECORDER

APN: 0865-025 SF Landmark: _____
Property Location: 563-565-567 Waller Street Date of Mills Act Application: 6/1/2014
Applicant's Name: Jay Zalewski Property Type: three unit residential
Agt./Tax Rep./Atty: _____ Date of Sale: 7/30/2007
Applicant supplied appraisal? No Sale Price: \$1,800,000

DATE OF MILLS ACT VALUATION: June 1, 2014

TAXABLE VALUE - THREE WAY VALUE COMPARISON					
FACTORED BASE-YEAR VALUE		RESTRICTED MILLS ACT VALUE		CURRENT MARKET VALUE	
Land	\$ 1,350,096	Land	\$ 828,000	Land	\$1,200,000
Imps	\$ 578,610	Imps	\$ 552,000	Imps	\$800,000
Total	\$ 1,928,706	Total	\$ 1,380,000	Total	\$2,000,000

PROPERTY CHARACTERISTICS					
Present Use:	Multifamily	Neighborhood:	Hayes Valley	Number of Stories:	3
Number of Units	3	Year Built:	1900	Land Area (SF):	2,250
Owner Occupied:	No	Building Area:	6,150	Zoning:	RH-3

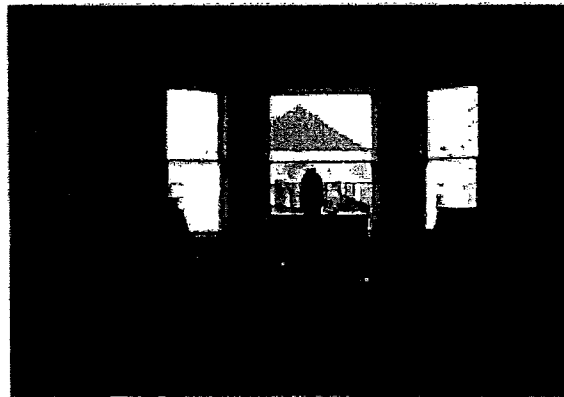
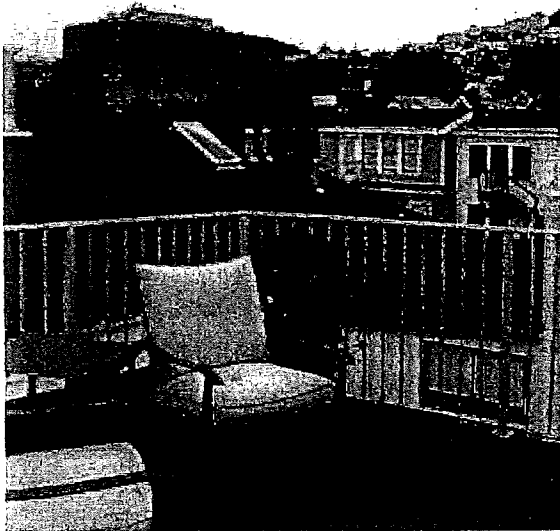
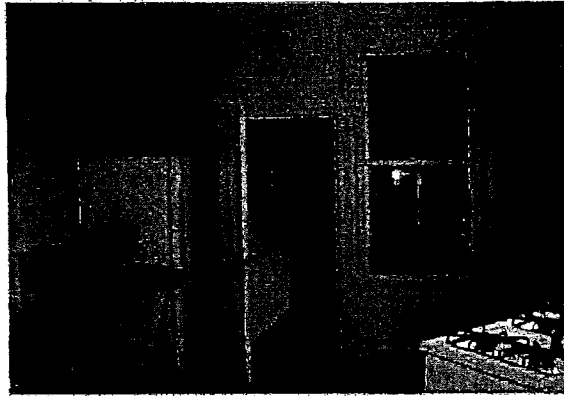
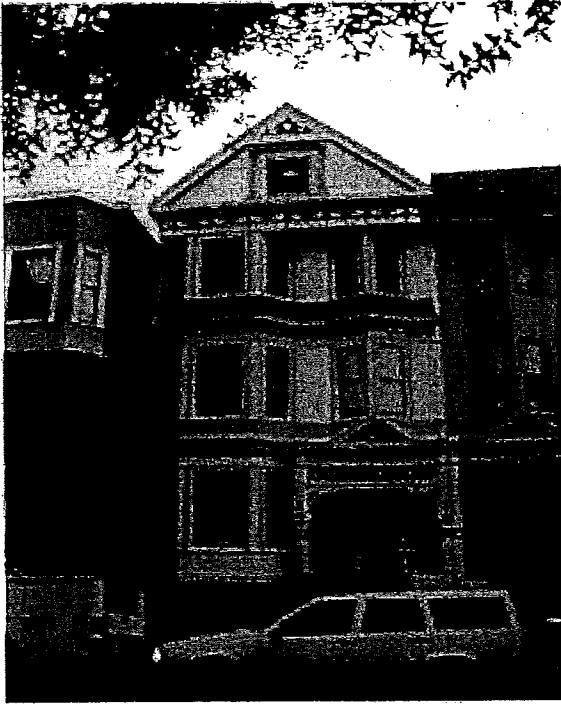
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Sales Comparison Valuation	Page 6
Map of Comparable Sales	Page 7

CONCLUSION AND RECOMMENDATIONS

Based on the three-way value comparison, the lowest of the three values is the restricted Mills Act value.
The taxable Mills Act value on: June 1, 2014 is \$1,380,000

Appraiser: Timothy Landregan Date: 06/01/14
Principal Appraiser: Cathleen Hoffman CAH

0865-025 Photos



RESTRICTED INCOME APPROACH

APN 06-0865-025
563-565-567 Waller Street
Restricted Mills Act Value
Lien Date: June 1, 2014

Owner / Tenant Occupied

Potential Gross Income (Per Rent Roll see footnotes below):		\$141,144
Less Vacancy & Collection Loss	2%	<u>(\$2,823)</u>
Effective Gross Income		\$138,321
Less Anticipated Operating Expenses*	15.00%	<u>(\$20,748)</u>
Net Operating Income (before property taxes)		\$117,573

Restricted Capitalization Rate Components:

Rate Components:

2014 Interest Rate per SBE		4.0000%
Risk rate (4% owner occupied / 2% all other property types)**		2.6853%
Property tax rate (2013)		1.1880%
Amortization rate for the Improvements:		
Remaining Economic Life:	60	
Amortization per Year (reciprocal)	0.0167	1.6667%

Overall Rates:

Land	7.8733%
Improvements	9.5400%

Weighted Capitalization Rate

Land	60%	4.72%
Improvements	40%	3.82%
Total		8.54%

RESTRICTED VALUE

\$1,376,734

ROUNDED TO

\$1,380,000

Footnote:

Rent roll provided by taxpayer in June 2014:

Unit	Layout	SF	Move In Date	Mo Contract Rent	Annual Rent	Annual Rent / Foot
#563	3/1	1,462	Mar-05	\$2,590	\$31,080	\$21.26
#565	3/1	1,592	Sep-12	\$3,872	\$46,464	\$29.19
#567	3/1	1,592	Owner Occupied	\$5,300***	\$63,600	\$39.95
Sum:		4,646		\$11,762	\$141,144	\$30.38

*Annual Operating Expenses include PG&E, water service, refuse collection, insurance, maintenance and property management, typically estimated at 15% of effective gross income. TP estimates actual annual operating expenses of the subject property are \$xx,xxx (xx% of EGI).

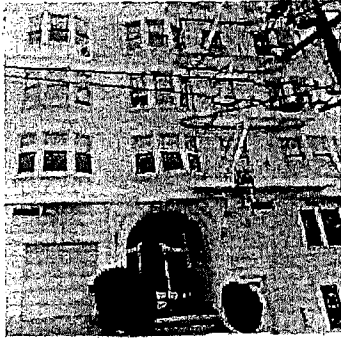
**The property is owner and tenant occupied (tenants lease the lower two floors and the owners reside in the top floor flat. The risk rate component of the overall capitalization rate is a weighted average of the applicable components based on square footage:

Unit #	SF GLA	Occupancy	Weight	Risk Factor	Overall
#563	1,462	Tenant	31.47%	2.00%	0.629%
#565	1,592	Tenant	34.27%	2.00%	0.685%
#567	1,592	Owner	34.27%	4.00%	1.37%
	4,646		100.00%		2.685%

*** The owner's opinion of fair market rent for the top floor owner's flat is \$4,200/mo (\$31.65/foot annually). Rent comps show a typical rental range of \$40 to \$50 per foot annually. Market rent for the top floor flat concluded to be \$5,300 per month, just under \$40/foot annually.

Rental Comps

Comp #1: Hayes Valley



Listing Agent:
Address:
Cross Streets:
SF:
Layout:
Monthly Rent
Rent/Foot/Mo
Annual Rent/Foot:
Source:

Rent SF Now
78 Buchanan
Buchanan at Hermann
NA
1/1, no parking
\$4,195
NA
NA
Craigs List, May 2014

Comp #2: Castro



Not Specified
No Specified
One block from Castro St
1,100
2/2, no parking
\$4,495
\$4.09
\$49.04
Craigs List, July 2014

Comp #3: Hayes Valley



Rent SF Now
74-78 Page
Page and Gough
1,000
2/1, noparking
\$3,300
\$3.30
\$39.60
Craigs List, July 2014

Comp #4: Alamo Square



By Owner
740 Divisadero - Alamo Sq
between Grove and Fulton
NA
1/1, no parking
\$2,696
NA
NA
Craigs List, May 2014

Comp #5: Hayes



Listing Agent:
Address:
Cross Streets:
SF:
Layout:
Monthly Rent
Rent/Foot/Mo
Annual Rent/Foot:
Source:

By Owner
249 Gough @ Oak
Hayes Valley
NA
2/1, No parking
\$3,860
NA
NA
Craigs List, May 2014

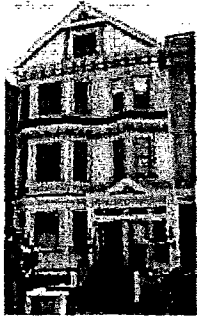



Comp #6: NOPA

No Photo

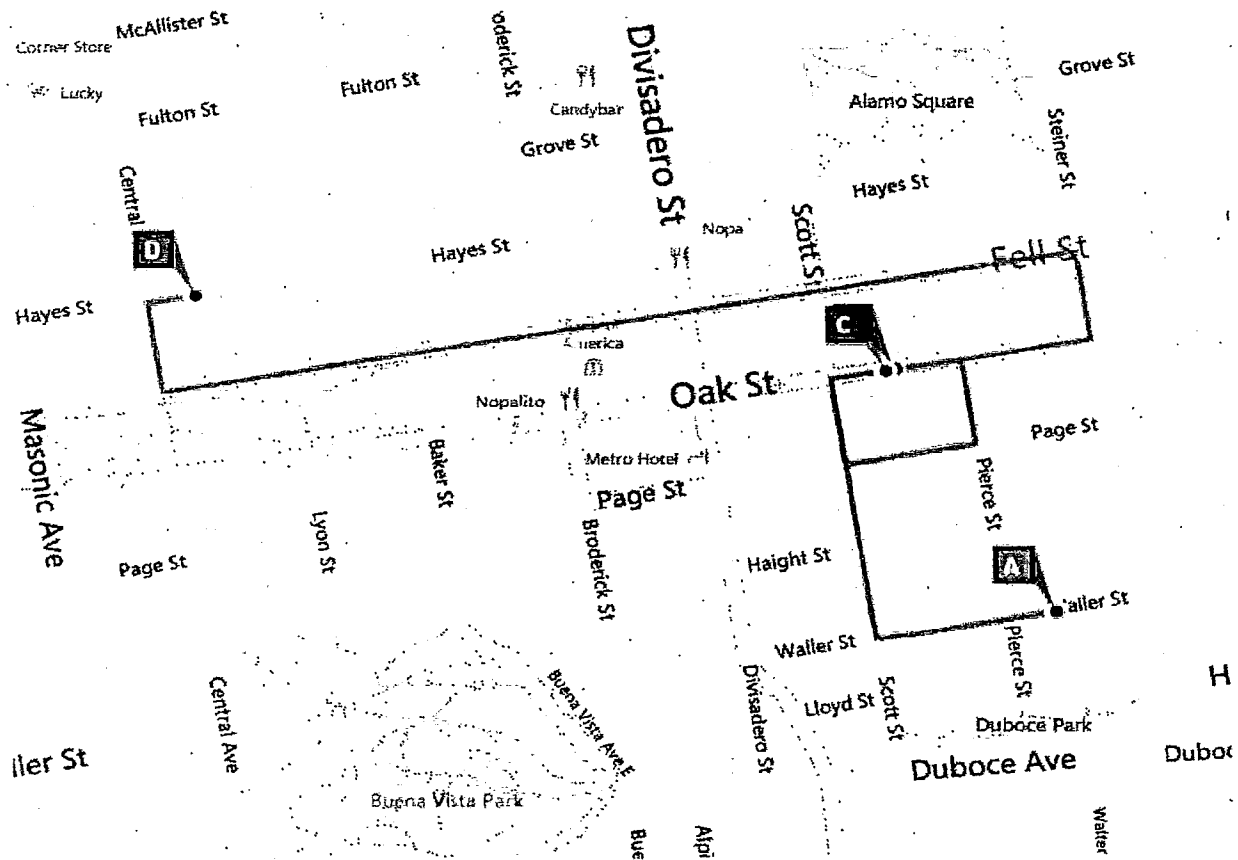
Not Specified
McAllister and Divisadero
NOPA
1,500
3/1, No Parking
\$5,800
\$3.87
\$46.40
Craigs List, July 2014

1673

IDENTIAL INCOME PROPERTY MARKET ANALYSIS

APN	SUBJECT	COMPARABLE SALE 1	COMPARABLE SALE 2	COMPARABLE SALE 3									
	0865-013	0825-007	0845-029	1207-030									
													
Address	563-567 Waller	946-950 Oak Street	957-961 Oak Street	1663-1667 Hayes									
Sales Price		\$1,800,000	\$2,250,000	\$2,205,000									
\$ / GBA		\$282	\$421	\$426									
\$ / Unit		\$600,000	\$450,000	\$551,250									
Annual Gross Income (PGI)	\$127,944	\$123,000	\$167,736	NA									
GIM		14.6	13.4	NA									
Avg Monthly Rent/Unit	\$3,554	\$3,417	\$2,796	NA									
	DESCRIPTION		DESCRIPTION	DESCRIPTION									
Lien Date / Date of Sale	06/01/14	10/29/13	09/25/13	06/14/14									
Neighborhood	Hayes Valley	Hayes Valley	Hayes Valley	North Panhandle									
Site (sq.ft.)	2,250	3,436 (59,300)	3,436 (59,300)	3,436 (59,300)									
Year Built	1900	1900	1900	1905									
Condition	Average / Updated	Average/Updated	Average/Updated	Original/Deferred Mntc									
Gross Bldg. Area	8,150	6,375 (45,000)	5,350 (60,000)	5,175 (150,000)									
Residential Unit Breakdown	No. of Units	No. of Units	No. of Units	No. of Units									
	GLA	Room Count	Room Count	Room Count									
	Total	Total	Total	Total									
	Bed	Bed	Bed	Bed									
	Bath	Bath	Bath	Bath									
1	1462	3	1	1	3	1.5	2	1	1	2	2	1	
1	1592	3	1	1	3	1.5	1	2	1	1	2	2	
1	1592	3	1	1	3	1.5	2	3	2	1	0	1	
Total	3	4648	9	3	3	9	4.5	5	10	7	4	6	5
Parking Spaces	2	3 (50,000)	5 (150,000)	2	0								
Net Adj. (total)		(167,800)	(64,300)	145,450									
ADJ. SALES PRICE	\$2,000,000	\$1,632,200	\$2,185,700	\$2,350,450									
Adj \$ Per Foot	\$325	\$265	\$355	\$382									
REMARKS													
Market conditions adjustment: 5 to 10% annual growth in value from 2013 to 2014. (.25% per month); site SF adjustment: \$50/foot; GBA adjustment: \$200/foot; Bath adjustment: \$15,000 per half bath; garage parking valued at \$50,000 per space. All comparables considered similar condition as subject.													
Marketwide comparable sales indicate GRM range of 13 to 16 with a midpoint of 15. At a GRM of 15, subject is valued at (\$127,944 x 15) = \$1,920M (\$312/foot)													
THE ESTIMATED MARKET VALUE AS OF, <u>1-Jun-14</u> IS Land \$1,200,000 Improvements \$800,000 TOTAL \$2,000,000													

Map of Subject Property and Comparable Sales



A	Subject Property	563-567 Waller St
B	Comp #1	946-850 Oak St
C	Comp #2	957-961 Oak St
D	Comp #3	1663-1667 Hayes

EXHIBIT D:
MILLS ACT APPLICATION

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
Has each property owner signed?
Has each signature been notarized? | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> |
| 2 | High Property Value Exemption Form & Historic Structure Report
Required for Residential properties with an assessed value over \$3,000,000 and Commercial/Industrial properties with an assessed value over \$5,000,000.
Have you included a copy of the Historic Structures Report completed by a qualified consultant? | YES <input type="checkbox"/> NO <input type="checkbox"/>
N/A <input checked="" type="checkbox"/> |
| 3 | Draft Mills Act Historical Property Contract
Are you using the Planning Department's standard "Historical Property Contract?"
Have all owners signed and dated the contract?
Have all signatures been notarized? | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> |
| 4 | Notary Acknowledgement Form
Is the Acknowledgement Form complete?
Do the signatures match the names and capacities of signers? | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> |
| 5 | Draft Rehabilitation/Restoration/Maintenance Plan
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? | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> |
| 6 | Photographic Documentation
Have you provided both interior and exterior images (either digital, printed, or on a CD)? Are the images properly labeled? | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> |
| 7 | Site Plan
Does your site plan show all buildings on the property including lot boundary lines, street name(s), north arrow and dimensions? | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> |
| 8 | Tax Bill
Did you include a copy of your most recent tax bill? | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> |
| 9 | Rental Income Information
Did you include information regarding any rental income on the property? | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> |
| 10 | Payment
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. | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> |

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: <u>Brandon J. Miller</u>	TELEPHONE: <u>415 254-8883</u>
PROPERTY OWNER 1 ADDRESS: <u>567 Waller Street, SF, CA 94117</u>	EMAIL: <u>brandonjaymiller@yahoo.com</u>
PROPERTY OWNER 2 NAME: <u>Jay S. Zalewski</u>	TELEPHONE: <u>415 652-7121</u>
PROPERTY OWNER 2 ADDRESS: <u>567 Waller Street, SF, CA 94117</u>	EMAIL: <u>jayzalewski@gmail.com</u>
PROPERTY OWNER 3 NAME: _____	TELEPHONE: ()
PROPERTY OWNER 3 ADDRESS: _____	EMAIL: _____

2. Subject Property Information

PROPERTY ADDRESS: <u>563-565-567 Waller Street</u>	ZIP CODE: <u>94117</u>
PROPERTY PURCHASE DATE: <u>July 30, 2007</u>	ASSESSOR BLOCK/LOT(S): <u>0865 / 025</u>
MOST RECENT ASSESSED VALUE: <u>\$1,985,272</u>	ZONING DISTRICT: <u>Residential Transit Oriented</u>

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.

Owner Signature: [Signature] Date: 5/1/2014

Owner Signature: [Signature] Date: 5/1/2014

Owner Signature: [Signature] Date: _____

3. Property Value Eligibility:

Choose one of the following options:

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

YES NO

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

YES NO

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

Application for Exemption from Property Tax Valuation *N/A*

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:
Brandon J. Miller
Jay S. Zaleski

MOST RECENT ASSESSED PROPERTY VALUE:
\$1,985,272

PROPERTY ADDRESS:
563-567 Waller St, San Francisco, CA 94117

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

Owner Signature:

[Signature]

Date:

5/1/2014

Owner Signature:

[Signature]

Date:

5/1/2014

Owner Signature:

[Signature]

Date:

5. Rehabilitation/Restoration & Maintenance Plan

A 10 Year Rehabilitation/Restoration Plan has been submitted detailing work to be performed on the subject property YES 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 checked="" type="checkbox"/> Maintenance <input type="checkbox"/> Completed <input checked="" type="checkbox"/> Proposed <input type="checkbox"/>
	CONTRACT YEAR FOR WORK COMPLETION: 2012
	TOTAL COST (rounded to nearest dollar): \$ 423,518
	DESCRIPTION OF WORK Foundation replaced, garage installed, Front Doors and handrails replaced.

* see attached

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.

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.

Real Estate Ownership

In addition to the 563-567 Waller Street building, Brandon Miller and Jay Zalewski also jointly own the building at 3045-3047 Market St., San Francisco, CA 94114.

Owner-Occupancy versus Rental Information

563-567 Waller St. is a 3 unit building totaling 5,558 sq ft of living area. Unit 563 is 1,462 sq feet and is tenant occupied. Unit 565 is 1,592 sq feet and is tenant occupied. Unit 567 is 1,592 sq feet, (plus an additional 912 sq ft of unfinished/unoccupied attic space) and is owner occupied.

Rental Income Information for 563-567 Waller St., San Francisco, CA 94117

Unit 563 is currently rented for \$2,692 per month.

Unit 565 is currently rented for \$3,872 per month.

Unit 567 is owner occupied.

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)

563-567 Waller Street

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 Brandon Miller & Jay Zalawski ("Owner/s").

RECITALS

Owners are the owners of the property located at 563-567 Waller Street, in San Francisco, California

PROPERTY ADDRESS

0865
BLOCK NUMBER

1 025
LOT NUMBER

The building located at 563-567 Waller Street

PROPERTY ADDRESS

is designated as a City Landmark pursuant to Article 10 of the Planning Code (e.g. "a City Landmark pursuant to Article 10 of the Planning Code") and is also known as the

HISTORIC NAME OF PROPERTY (IF ANY)

Owners desire to execute a rehabilitation and ongoing maintenance project for the Historic Property. Owners' application calls for the rehabilitation and restoration of the Historic Property according to established preservation standards, which it estimates will cost approximately _____ (\$ _____). See Rehabilitation Plan, Exhibit A.

AMOUNT IN WORD FORMAT

AMOUNT IN NUMERICAL FORMAT

Owners' application calls for the maintenance of the Historic Property according to established preservation standards, which is estimated will cost approximately _____ (\$ _____) annually. See Maintenance Plan, Exhibit B.

AMOUNT IN WORD FORMAT

AMOUNT IN NUMERICAL FORMAT

The State of California has adopted the "Mills Act" (California Government Code Sections 50280-50290, and California Revenue & Taxation Code, Article 1.9 [Section 439 et seq.] authorizing local governments to enter into agreements with property owners to 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 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:

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 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.

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.

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.

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:

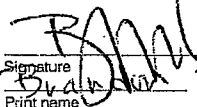
CARMEN CHU Date
ASSESSOR-RECORDER

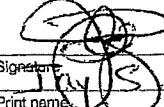
JOHN RAHAIM Date
DIRECTOR OF PLANNING

APPROVED AS PER FORM:
DENNIS HERRERA
CITY ATTORNEY

Signature Date

Print name
DEPUTY CITY ATTORNEY

 _____
Signature Date
Brad J. Miller 5/1/2014
Print name
OWNER

 _____
Signature Date
Jay S. Zaleski 5/1/2014
Print name
OWNER

Signature Date

Print name
OWNER

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

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.)

State of California

County of: San Francisco

On: May 1, 2014 before me, Chyrlene Dionela Gammad
DATE INSERT NAME OF THE OFFICER

NOTARY PUBLIC personally appeared: Jay Steven Zalewski
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.

Chyrlene Dionela Gammad
SIGNATURE



(PLACE NOTARY SEAL ABOVE)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

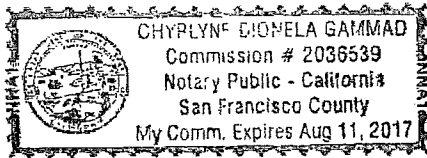
State of California

County of San Francisco

On May 1, 2014 before me, Chrylyne Dionda Gammad, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Jay Steven Zolowski and
Brianon Jay Miller
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 Chrylyne Dionda Gammad
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Mills Act Historical Property Contract

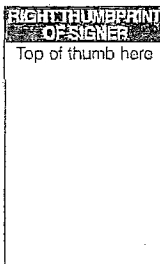
Document Date: May 1, 2014 Number of Pages: 14

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

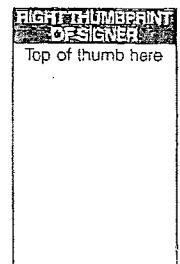
- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

SUBJECT PHOTOGRAPH ADDENDUM

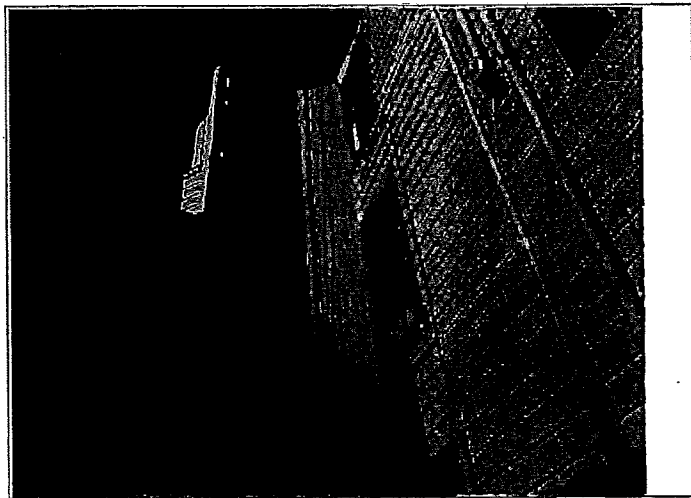
File No TSI-040413-0781-1

Borrower/Client	MILLER, ZALEWSKI		
Property Address	563-567 Waller St		
City	San Francisco	County	San Francisco
		State	CA
		Zip Code	94117
Lender	TSI Quicken Loans, Inc		



FRONT OF SUBJECT PROPERTY

Subject Front _____
 563-567 Waller St _____
 Sales Price: _____



REAR OF SUBJECT PROPERTY

Subject Rear _____
 563-567 Waller St _____
 Sales Price: _____



STREET SCENE

Subject Street _____
 563-567 Waller St _____
 Sales Price: _____

SUBJECT PHOTOGRAPH ADDENDUM

File No. TSI-040413-0781-1

Borrower/Cient	MILLER, ZALEWSKI				
Property Address	563-567 Waller St				
City	San Francisco	County	San Francisco	State	CA Zip Code 94117
Lender	TSI Quicken Loans, Inc				



ADDITIONAL SUBJECT PHOTO

Subject Street _____
 563-567 Waller St _____



ADDITIONAL SUBJECT PHOTO

Subject _____



ADDITIONAL SUBJECT PHOTO

Subject lower hallway _____
 563-567 Waller St _____

ADDITIONAL PHOTOGRAPH ADDENDUM

File No. TSI-D-0413-0781-1

Borrower/Client	MILLER, ZALEWSKI		
Property Address	563-567 Waller St		
City	San Francisco	County	San Francisco
		State	CA
		Zip Code	94117
Lender	TSI Quicken Loans, Inc		



Additional Subject Photo

Subject lower LR



Additional Subject Photo

Subject lower DR



Additional Subject Photo

Subject lower bed

563-567 Waller St

ADDITIONAL PHOTOGRAPH ADDENDUM

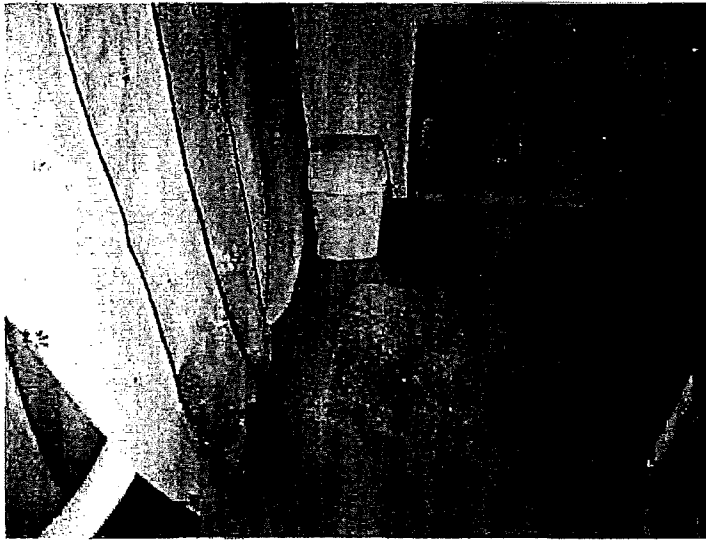
File No. TSI-040413-0781-1

Borrower/Client	MILLER, ZALEWSKI		
Property Address	563-567 Waller St		
City	San Francisco	County	San Francisco State CA Zip Code 94117
Lender	TSI	Quicken Loans, Inc	



Additional Subject Photo

Subject lower bath



Additional Subject Photo

Subject lower bath



Additional Subject Photo

Subject lower bed

563-567 Waller St

ADDITIONAL PHOTOGRAPH ADDENDUM

File No. TSI-040413-0781-1

Borrower/Client	MILLER, ZALEWSKI		
Property Address	563-567 Waller St		
City	San Francisco	County	San Francisco
		State	CA
		Zip Code	94117
Lender	TSI Quicken Loans, Inc		



Additional Subject Photo _____
 Subject lower family _____



Additional Subject Photo _____
 Subject lower family _____

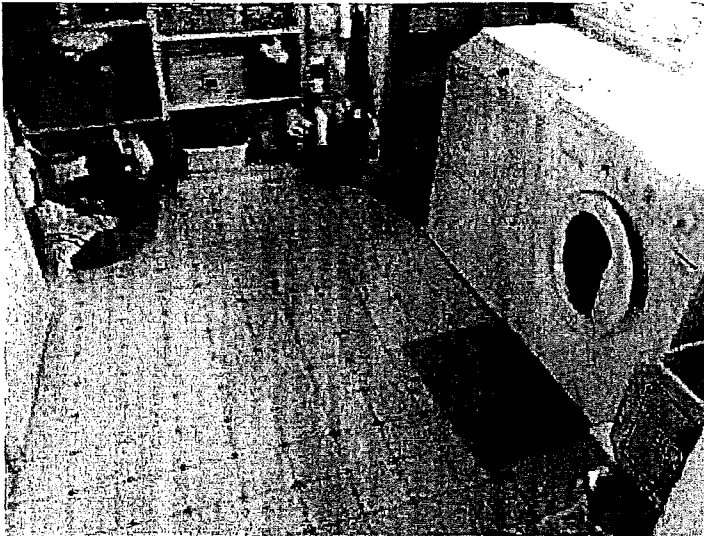


Additional Subject Photo _____
 Subject family kit _____
 563-567 Waller St _____

ADDITIONAL PHOTOGRAPH ADDENDUM

File No. TSI-040413-0781-1

Borrower/Client	MILLER, ZALEWSKI		
Property Address	563-567 Waller St		
City	San Francisco	County	San Francisco State CA Zip Code 94117
Lender	TSI Quicken Loans, Inc		



Additional Subject Photo
 Subject lower laundry



Additional Subject Photo
 Subject middle bed

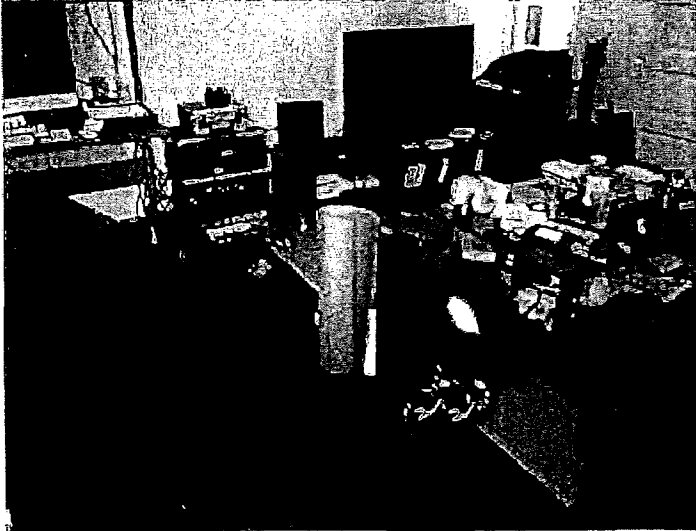


Additional Subject Photo
 Subject middle LR
 563-567 Waller St

ADDITIONAL PHOTOGRAPH ADDENDUM

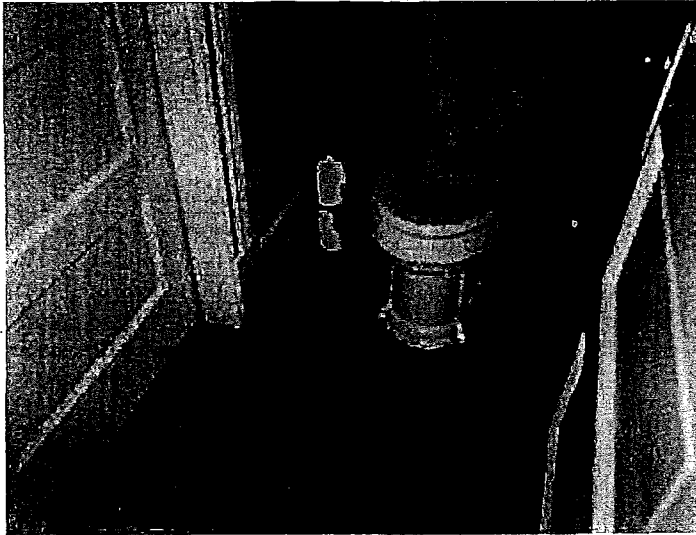
File No TSI-040413-0781-1

Borrower/Client	MILLER, ZALEWSKI				
Property Address	563-567 Waller St				
City	San Francisco	County	San Francisco	State	CA
				Zip Code	94117
Lender	TSI Quicken Loans, Inc				



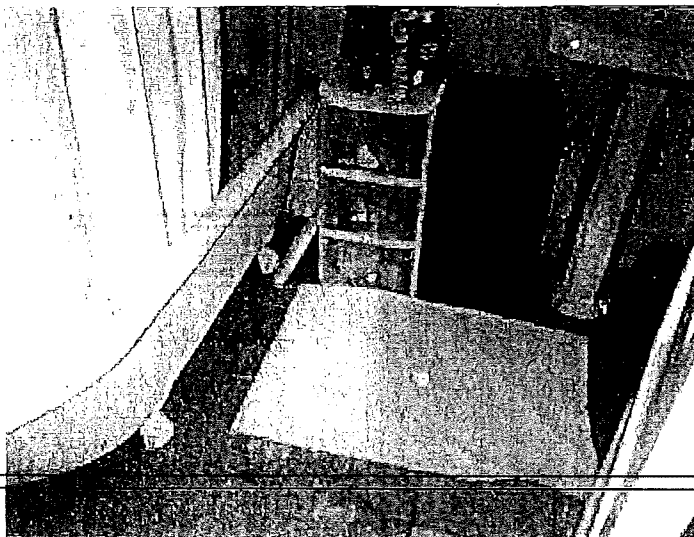
Additional Subject Photo

Subject middle DR



Additional Subject Photo

middle bath



Additional Subject Photo

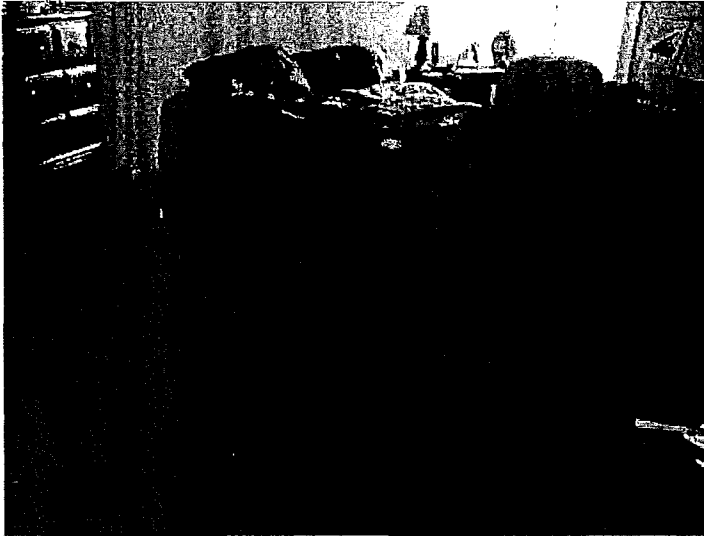
middle bath

563-567 Waller St

ADDITIONAL PHOTOGRAPH ADDENDUM

File No. TSI-040413-0781-1

Borrower/Client	MILLER, ZALEWSKI		
Property Address	563-567 Waller St		
City	San Francisco	County	San Francisco
		State	CA
		Zip Code	94117
Lender	TSI		
	Quicken Loans, Inc		



Additional Subject Photo

Subject middle bed



Additional Subject Photo

Subject middle family



Additional Subject Photo

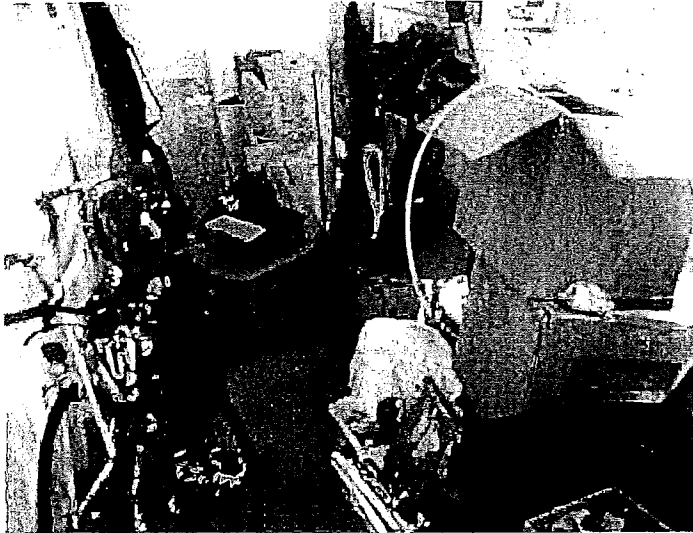
Subject middle kit

563-567 Waller St

ADDITIONAL PHOTOGRAPH ADDENDUM

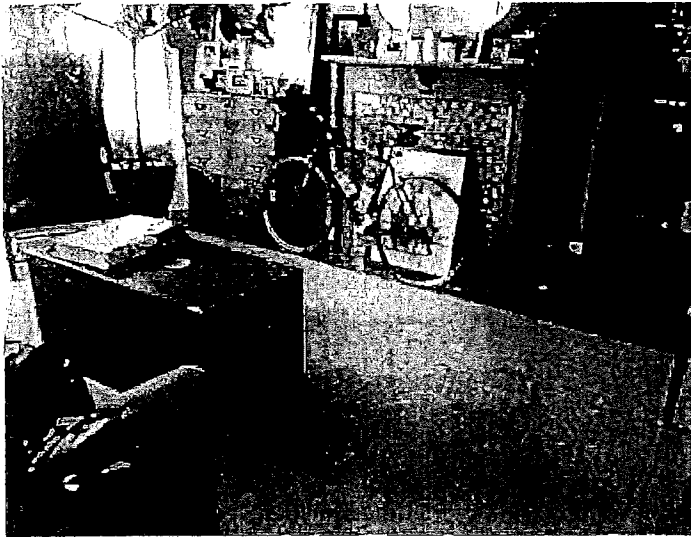
File No. TSI-040413-0781-1

Borrower/Client	MILLER, ZALEWSKI				
Property Address	563-567 Waller St				
City	San Francisco	County	San Francisco	State	CA Zip Code 94117
Lender	TSI Quicken Loans, Inc				



Additional Subject Photo

Subject middle laundry



Additional Subject Photo

Subject upper LR



Additional Subject Photo

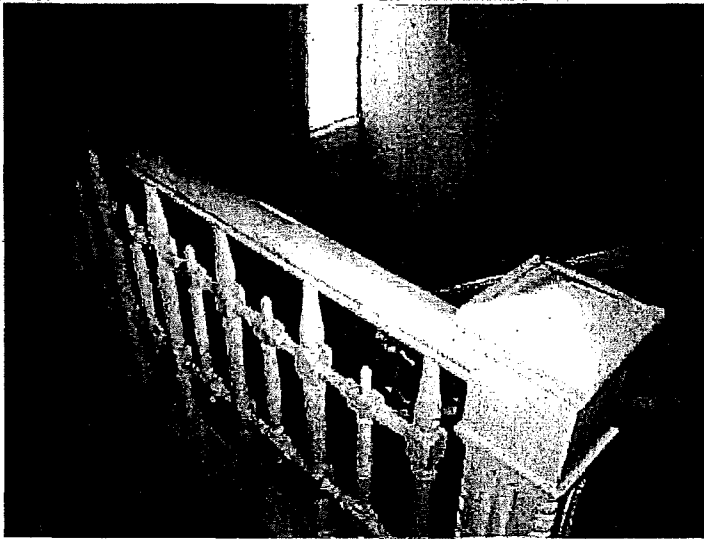
Subject upper bed

563-567 Waller St

ADDITIONAL PHOTOGRAPH ADDENDUM

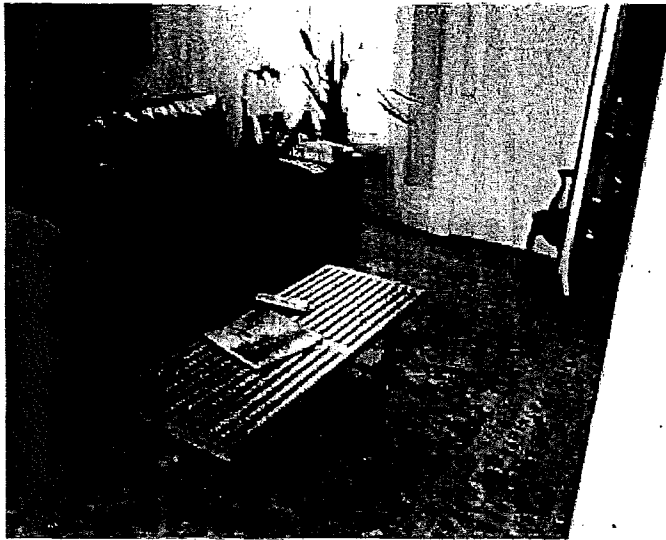
File No. TSI-040413-0781-1

Borrower/Client . MILLER, ZALEWSKI			
Property Address 563-587 Waller St			
City San Francisco	County San Francisco	State CA	Zip Code 94117
Lender TSI		Quicken Loans, Inc	



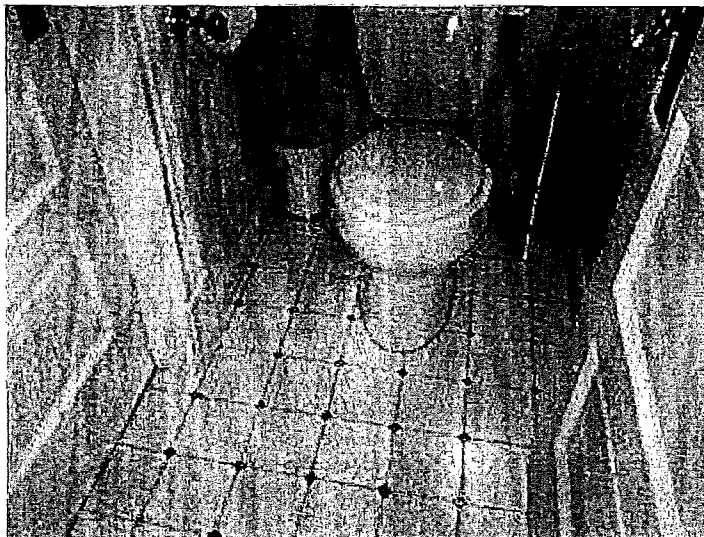
Additional Subject Photo

Subject upper stairs



Additional Subject Photo

Subject upper DR



Additional Subject Photo

Subject upper bath

563-567 Waller St

ADDITIONAL PHOTOGRAPH ADDENDUM

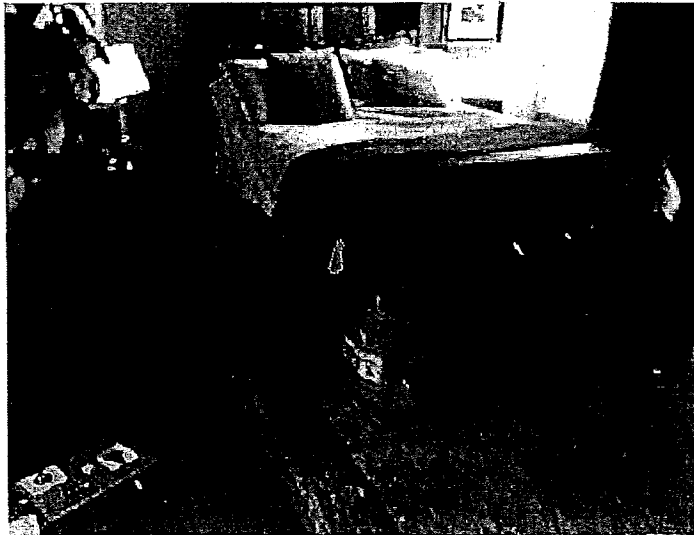
File No. TSI-040413-0731-1

Borrower/Client:	MILLER, ZALEWSKI				
Property Address:	563-567 Waller St				
City:	San Francisco	County:	San Francisco	State:	CA
				Zip Code:	94117
Lender:	TSI Quicken Loans, Inc				



Additional Subject Photo

Subject upper bath



Additional Subject Photo

upper bed



Additional Subject Photo

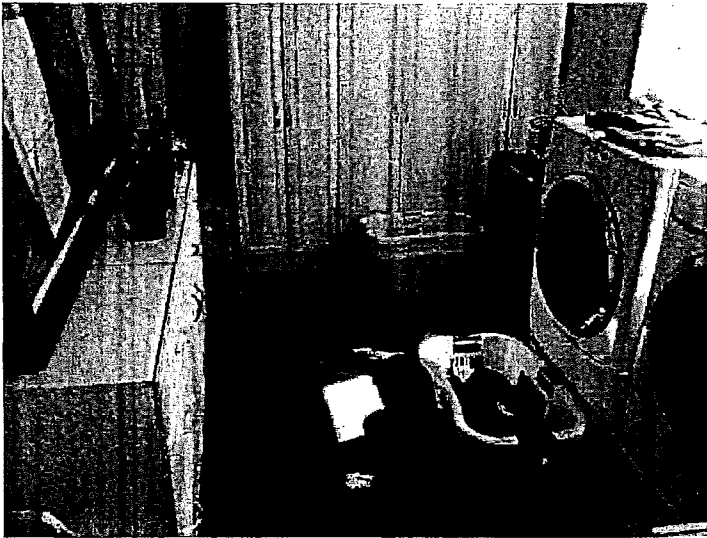
Subject upper family

563-567 Waller St

ADDITIONAL PHOTOGRAPH ADDENDUM

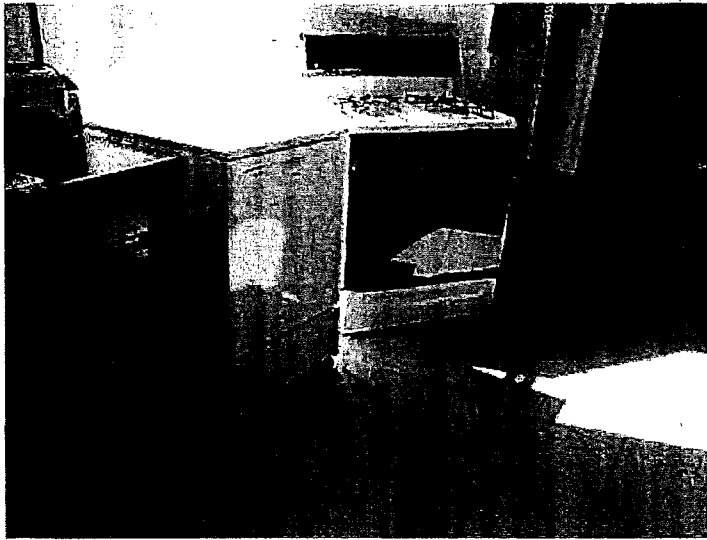
File No. TSI-040413-0781-1

Borrower/Client		MILLER, ZALEWSKI	
Property Address		563-567 Waller St	
City	San Francisco	County	San Francisco
		State	CA
		Zip Code	94117
Lender	TSI	Quicken Loans, Inc	



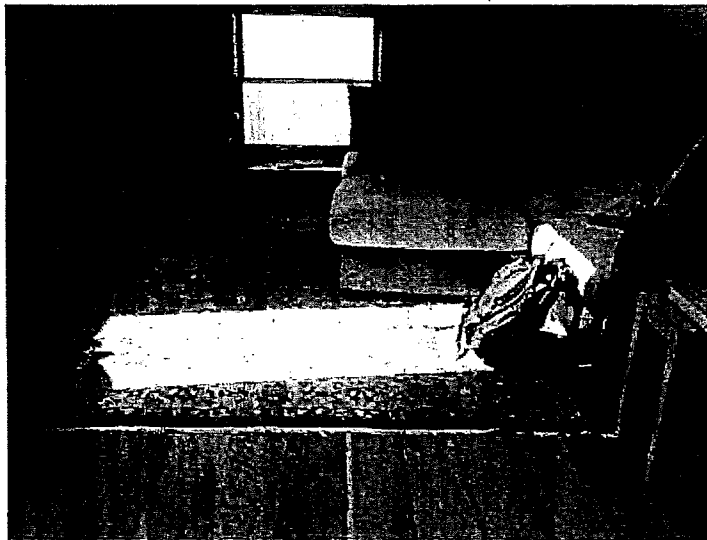
Additional Subject Photo

Subject upper laundry



Additional Subject Photo

Subject upper kit



Additional Subject Photo

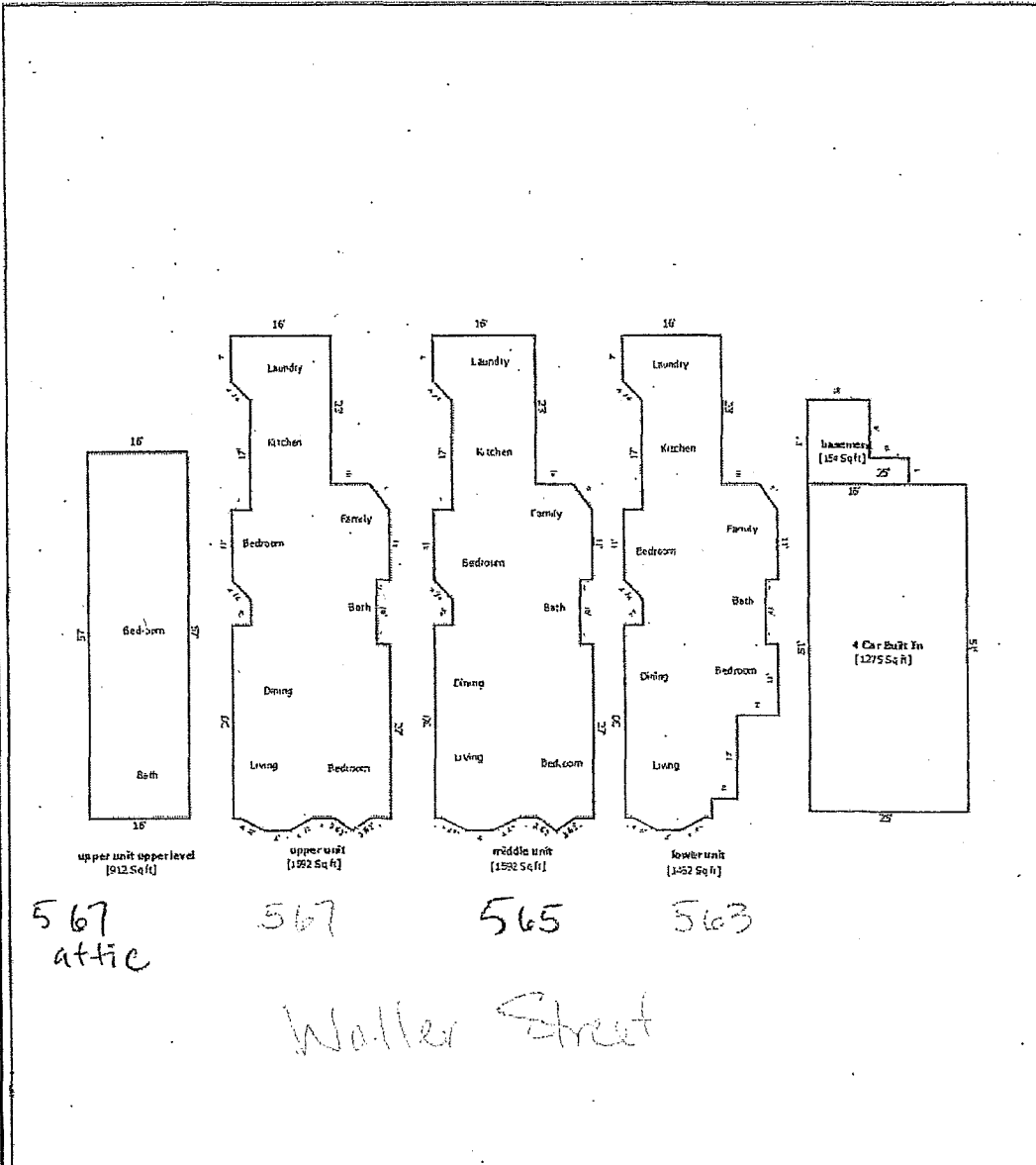
Subject upper bed

563-567 Waller St

SKETCH ADDENDUM

File No. TSI-040413-0781-1

Borrower/Client MILLER, ZALEWSKI
 Property Address 563-567 Waller St
 City San Francisco County San Francisco State CA Zip Code 94117
 Lender TSI Quicken Loans, Inc



TOTX Sketch by a la mode, inc.

Area Calculations Summary

Living Area	
upper unit	1582 Sq ft
middle unit	1582 Sq ft
lower unit	1462 Sq ft
upper unit upper level	912 Sq ft
Total Living Area (Rounded):	5558 Sq ft
Non-living Area	
4 Car Bulk In	1275 Sq ft
basement	154 Sq ft

SKETCH ADDENDUM

File No. TSI-04D413-0781-1

Borrower/Client	MILLER, ZALEWSKI		
Property Address	563-567 Waller St		
City	San Francisco	County	San Francisco
		State	CA
		Zip Code	94117
Lender	TSI		
	Quicken Loans, Inc		

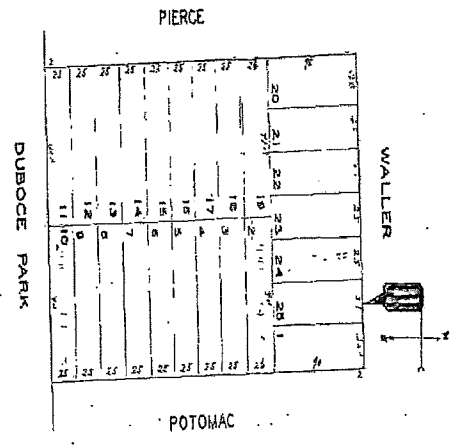
Living Area		Calculation Details
upper unit	1592 Sq ft	$0.5 \times 4 \times 2 = 4$ $0.5 \times 2 \times 4 = 4$ $4 \times 2 = 8$ $0.5 \times 3 \times 3 = 4.5$ $11 \times 3 = 33$ $16 \times 7 = 112$ $0.5 \times 3 \times 3 = 4.5$ $13 \times 3 = 39$ $13 \times 13 = 169$ $0.5 \times 4 \times 3 = 6$ $19 \times 4 = 76$ $22 \times 11 = 242$ $20 \times 7 = 140$ $23 \times 3 = 69$ $25 \times 27 = 675$ $0.5 \times 6 \times 2 = 6$
middle unit	1592 Sq ft	$0.5 \times 4 \times 2 = 4$ $0.5 \times 2 \times 4 = 4$ $4 \times 2 = 8$ $0.5 \times 3 \times 3 = 4.5$ $11 \times 3 = 33$ $16 \times 7 = 112$ $0.5 \times 3 \times 3 = 4.5$ $13 \times 3 = 39$ $13 \times 13 = 169$ $0.5 \times 4 \times 3 = 6$ $19 \times 4 = 76$ $22 \times 11 = 242$ $20 \times 7 = 140$ $23 \times 3 = 69$ $25 \times 27 = 675$ $0.5 \times 6 \times 2 = 6$
lower unit	1462 Sq ft	$0.5 \times 3 \times 3 = 4.5$ $11 \times 3 = 33$ $0.5 \times 4 \times 2 = 4$ $0.5 \times 2 \times 4 = 4$ $4 \times 2 = 8$ $16 \times 7 = 112$ $14 \times 3 = 42$ $18 \times 13 = 234$ $25 \times 11 = 275$ $23 \times 3 = 69$ $20 \times 7 = 140$ $22 \times 11 = 242$ $13 \times 3 = 39$ $0.5 \times 3 \times 3 = 4.5$ $13 \times 13 = 169$ $4 \times 19 = 76$ $0.5 \times 4 \times 3 = 6$
upper unit upper level	912 Sq ft	$57 \times 16 = 912$
Total Living Area (Rounded):	5558 Sq ft	
Non-Living Area 4 Car Built In	1275 Sq ft	$51 \times 25 = 1275$
basement	154 Sq ft	$10 \times 9 = 90$ $16 \times 4 = 64$

PLAT MAP ADDENDUM

File No TSI-040413-0781-1

Borrower/Client	MILLER, ZALEWSKI		
Property Address	563-567 Waller St		
City	San Francisco	County	San Francisco State CA Zip Code 94117
Lender	TSI Quicken Loans, Inc		

COUNTY OF SAN FRANCISCO
 DEPARTMENT OF PUBLIC WORKS
 PLANNING AND COMMUNITY DEVELOPMENT
 101 CALIFORNIA STREET, SUITE 100
 SAN FRANCISCO, CA 94102-4243
 TEL: 415-376-2311 FAX: 415-376-2312



MARION TRACT

865



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

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

For Fiscal Year July 1, 2013 through June 30, 2014

Vol	Block	Lot	Account Number	Tax Rate	Statement Date	Property Location
06	0865	025	086500250	1.1880%	10/02/2013	563 WALLER ST

Assessed on January 1, 2013

To: ZALEWSKI JAY S

BRANDON J MILLER 2013 REVOC
BRANDON J MILLER TRUSTEE
4677 18TH ST
SAN FRANCISCO CA 94114-1833

Assessed Value		
Description	Full Value	Tax Amount
Land	1,343,996	15,966.67
Structure	641,276	7,618.35
Fixtures		
Personal Property		
Gross Taxable Value	1,985,272	23,585.03
Less HO Exemption	7,000	83.16
Less Other Exemption		
Net Taxable Value	1,978,272	\$23,501.87

Direct Charges and Special Assessments			
Code	Type	Telephone	Amount Due
29	RENT STABILIZATION	(415) 554-4452	58.00
89	SFUSD FACILITY DIST	(415) 355-2203	51.00
91	SFCCD PARCEL TAX	(415) 487-2400	79.00
92	APARTMENT LIC. FEE	(415) 558-6288	326.00
98	SF - TEACHER SUPPORT	(415) 355-2203	219.64
Total Direct Charges and Special Assessments			\$733.64

▶ TOTAL DUE		\$24,235.50
1st Installment		2nd Installment
\$12,117.75		\$12,117.75
Due: November 1, 2013		Due: February 1, 2014
Delinquent after Dec 10, 2013		Delinquent after April 10, 2014

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

086500

Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee.
An ordinance, resolution, motion, or charter amendment.
- 2. Request for next printed agenda without reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning "Supervisor [] inquires"
- 5. City Attorney request.
- 6. Call File No. [] from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No. []
- 9. Request for Closed Session (attach written motion).
- 10. Board to Sit as A Committee of the Whole.
- 11. Question(s) submitted for Mayoral Appearance before the BOS on []

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission Youth Commission Ethics Commission
- Planning Commission Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative

Sponsor(s):

Supervisor Wiener

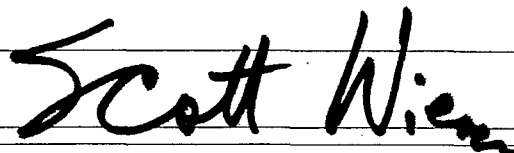
Subject:

Approval of an Historical Property Contract for 563-567 Waller Street

The text is listed below or attached:

Resolution under Chapter 71 of the San Francisco Administrative Code, approving an historical property contract between Brandon Miller and Jay Zalewski, the owners of 563-567 Waller Street, and the City and County of San Francisco; authorizing the Planning Director and the Assessor to execute the historical property contract.

Signature of Sponsoring Supervisor:



For Clerk's Use Only:

Scott Wilson