BOARD of SUPERVISORS

City Hall 1 Dr. Carlton B. Goodlett Place, Room 244 San Francisco 94102-4689 Tel. No. (415) 554-5184 Fax No. (415) 554-5163 TDD/TTY No. (415) 554-5227

MEMORANDUM

Date:

July 7, 2022

To:

Rich Hillis, Director, Planning Department

From:

Angela Calvillo, Clerk of the Board of Supervisors

Subject: UDisapproval of Mills Act Historical Property Contract - 714 Steiner Street

(File No. 220738)

On June 22, 2022, the Board of Supervisors adopted Resolution No. 296-22, sponsored by Supervisor Aaron Peskin (File No. 220738, Disapproval of Mills Act Historical Property Contract - 714 Steiner Street); enacted on July 1, 2022.

Please find the attached courtesy copy of the Resolution for your department's information and consideration, which is being sent as directed by the Resolution.

If you have any questions or concerns, please contact the Office of the Clerk of the Board at (415) 554-5184.

Member of the Board of Supervisors; Supervisor Aaron Peskin c: Tom Paulino, Liaison to the Board of Supervisors, Mayor's Office Andres Power, Mayor's Policy Director Susanna Conine-Nakano, Mayor's Office Tina Tam, Planning Department Corey Teague, Planning Department Lisa Gibson, Planning Department Devyani Jain, Planning Department AnMarie Rodgers, Planning Department Dan Sider, Planning Department Aaron Starr, Planning Department Joy Navarrete, Planning Department

[Disapproval of Mills Act Historical Property Contract - 714 Steiner Street]

Resolution rescinding Resolution No. 225-22, which had approved a historical property contract between Leah Culver Revocable Trust, the owner of 714 Steiner Street, Assessor's Parcel Block No. 803, Lot No. 019, and the City and County of San Francisco, under Administrative Code, Chapter 71, and disapproving said contract.

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

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

WHEREAS, Said determination is on file with the Clerk of the Board of Supervisors in File No. 211088, is incorporated herein by reference, and the Board hereby affirms it; and

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

WHEREAS, Administrative Code, Chapter 71 implements the provisions of the Mills Act and is intended to preserve these historical buildings; and

WHEREAS, Administrative Code, Section 71.2(b) excludes properties with an assessed valuation of over \$3,000,000 from eligibility for historical property contracts, unless the Board grants an exemption from that limitation; and

WHEREAS, 714 Steiner Street, Assessor's Parcel Block No. 803, Lot No. 019, ("714 Steiner Street" or "the property") is a contributor to the Alamo Square Historic District, and thus qualifies as a historical property as defined in Administrative Code, Section 71.2; and

WHEREAS, On April 30, 2021, a Mills Act application for an historical property contract was submitted by Leah Culver Revocable Trust, the owner of 714 Steiner Street, detailing rehabilitation work and proposing a maintenance plan for the property; and

WHEREAS, As required by Administrative Code, Section 71.4(a), the application for the historical property contract for 714 Steiner Street was reviewed by the Office of the Assessor-Recorder and the Historic Preservation Commission; and

WHEREAS, The Assessor-Recorder reviewed the historical property contract and provided the Board of Supervisors with an estimate of the property tax calculations and the difference in property tax assessments under the different valuation methods permitted by the Mills Act, and assessed the value of the property at greater than \$3,000,000, in its report transmitted to the Board of Supervisors on April 19, 2022, which report is on file with the Clerk of the Board of Supervisors in File No. 211088 and is hereby declared to be a part of this Resolution as if set forth fully herein; and

WHEREAS, The Historic Preservation Commission recommended approval of the historical property contract in its Resolution No. 1199, including approval of the exemption from limitations on eligibility and the Rehabilitation Program and Maintenance Plan, attached to said Resolution, which is on file with the Clerk of the Board of Supervisors in File No. 211088 and is hereby declared to be a part of this Resolution as if set forth fully herein; and

WHEREAS, On May 5, 2022, Leah Culver, trustee of the Leah Culver Revocable Trust, appeared before the Government Audit and Oversight Committee of the Board to speak in support of the application, and did not give any indication she planned to sell the property; and

WHEREAS, On May 17, 2022, the Board passed Resolution No. 225-22 approving the historical property contract; and

WHEREAS, On May 20, 2022, Ms. Culver posted on the Twitter account @pinkpaintedlady that she would be selling the property, and that she had been considering the sale for several months; said Twitter post is on file with the Clerk of the Board of Supervisors in File No. 220738; and

WHEREAS, On May 20, 2022, the property was listed for sale at \$3,555,000 under Multiple Listing Service #422657482; a copy of a recent real estate listing for the property, and articles reporting that the property is for sale are on file with the Clerk of the Board of Supervisors in File No. 220738; and

WHEREAS, On May 26, 2022, the Mayor returned Resolution No. 225-22 unsigned, at which time said Resolution became effective; and

WHEREAS, As of June 14, 2022, the date of the introduction of this Resolution, the property is listed for sale by Compass Realty, the listing which is on file with the Clerk of the Board of Supervisors in File No. 220738 and

WHEREAS, The draft historical property contract between Leah Culver Revocable

Trust and the City and County of San Francisco is on file with the Clerk of the Board of

Supervisors in File No. 211088 and is hereby declared to be a part of this Resolution as if set
forth fully herein; and

WHEREAS, As of the introduction of this Resolution on June 14, 2022, no party has signed that historical property contract; and

WHEREAS, The proposed sale of the property is contradictory to statements made by the property owner indicating an intent to restore the property herself; a copy of articles where the property owner stated her intent to restore the property are on file with the Clerk of the Board of Supervisors in File No. 220738; and

WHEREAS, The proposed sale of the property creates uncertainty about the completion of the proposed rehabilitation and maintenance of the property by a future owner under the historical property contract; and

WHEREAS, Where a property owner declines to complete work required by an executed historical property contract, the City bears significant time and expense to either enforce or cancel the contract pursuant to California Government Code, Sections 50284 through 50287; and

WHEREAS, The Board of Supervisors has conducted a public hearing pursuant to Administrative Code, Section 71.4(d), to review the Historic Preservation Commission's recommendation, the information provided by the Assessor's Office, and the new information regarding the proposed sale of the property, in order to reconsider whether the City should execute the historical property contract for 714 Steiner Street, in light of that new information; and

WHEREAS, The Board of Supervisors has balanced the benefits of the Mills Act to the public with the cost to the City of providing the property tax reductions authorized by the Mills Act, and the potential cost of enforcing or cancelling the contract, and has determined that it is not in the public interest to enter into an historical property contract with the applicant and not in the public interest to grant an exception to the \$3,000,000 ceiling in assessed value for historical property contract eligibility; now, therefore, be it

RESOLVED, That the Board of Supervisors hereby rescinds Resolution No. 225-22, approving the historical property contract for 714 Steiner Street, and instead disapproves the contract; and, be it

FURTHER RESOLVED, That the Board of Supervisors hereby authorizes the Planning Director to send notice no later than 30 days after adoption of this Resolution to the owner of 714 Steiner Street informing it that the historical property contract has been disapproved; and, be it

FURTHER RESOLVED, That the Clerk of the Board of Supervisors shall include in the posting on its website indicating passage of Resolution No. 225-22, a notation that Resolution No. 225-22 has been rescinded by this Resolution.

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City and County of San Francisco **Tails**

City Hall 1 Dr. Carlton B. Goodlett Place San Francisco, CA 94102-4689

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File Number: 220738 Date Passed: June 22, 2022

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June 22, 2022 Board of Supervisors - ADOPTED

Ayes: 8 - Chan, Mandelman, Mar, Melgar, Peskin, Ronen, Safai and Walton Excused: 3 - Dorsey, Preston and Stefani

File No. 220738

I hereby certify that the foregoing Resolution was ADOPTED on 6/22/2022 by the Board of Supervisors of the City and County of San Francisco.

07/01/2022 Unsigned **Date Approved** London N. Breed Мауог

I hereby certify that the foregoing resolution, not being signed by the Mayor within the time limit as set forth in Section 3.103 of the Charter, or time waived pursuant to Board Rule 2.14.2, became effective without her approval in accordance with the provision of said Section 3.103 of the Charter or Board Rule 2.14.2.

Clerk of the Board

07/01/2022

Date