San Francisco Planning

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San Francisco, CA 94103
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March 08, 2024

Ms. Angela Calvillo
Clerk of the Board of Supervisors
City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102

Re: Non-Renewal of Mills Act Historical Property Contracts

988 Market Street
Planning Department File No. 2023-003984MLS
Board File No.: 231281

2209 Webster Street
Planning Department File No. 2023-003779MLS
Board File No.: 231280

Dear Ms. Calvillo,

On December 12, 2023, Supervisor Peskin introduced proposed legislation regarding non-renewal of the Mills Act Historical Property Contracts for 988 Market Street and 2209 Webster Street in order to better achieve a balance between the benefits of the Mills Act and the costs to the City (see Board File Nos. 231281 and 231280). The Board of Supervisors Resolutions establish non-renewal for these Contracts at year 11 in 2033. On February 21, 2024, the Historic Preservation Commission conducted a duly noticed public hearing at a regularly scheduled meeting to consider the Non-Renewal of the Mills Act Historical Property Contracts for 988 Market Street and 2209 Webster Street. At the hearing, the Historic Preservation Commission recommended to approve the proposed Resolutions.

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

Sincerely,

Aaron D. Starr

Manager of Legislative Affairs

cc: Monique Crayton, Government Audit and Oversight Clerk, Office of the Clerk of the Board
Peter Miljanich, City Attorney's Office
Andrea Ruiz-Esquide, Deputy City Attorney

Attachments:

988 Market Street, Historic Preservation Commission Resolution No.1374, dated February 21, 2024
2209 Webster Street, Historic Preservation Commission Resolution No.1375, dated February 21, 2024

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NON-RENEWAL OF MILLS ACT HISTORICAL PROPERTY CONTRACTS EXECUTIVE SUMMARY

HEARING DATE: February 21, 2024

Record No.:	**2023-003984MLS**
Project Address:	**988 Market Street**
Historic District:	Article 11 Category: I - Significant Building; Contributor to Market Street Theater and Lofts National Register Historic District
Zoning:	C-3-G - Downtown- General Zoning District, 120-X Height and Bulk District
Block/Lot:	0342/019
Project Sponsor:	Joy Ou
Property Owner:	140 Partners, L.P., a California Limited Partnership and Marlin Cove, Inc., a California Corporation 988 Market Street, Suite 400, San Francisco, CA 94102

Record No.:	**2023-003779MLS**
Project Address:	**2209 Webster Street**
Historic District:	Article 10 Webster Street Historic District
Zoning:	RH-2 – Residential-House, Two Family Zoning District, 40-X Height and Bulk District
Block/Lot:	0612/007
Project Sponsor:	Michael Foley
Property Owner:	Michael Foley and Chiao Mei Lin, as Trustees of The Foley Lin Family Trust dated June 20, 2023 2209 Webster Street, San Francisco, CA 94115

Staff Contact: Elizabeth Gordon Jonckheer – 628-652-7365
Elizabeth.Gordon-Jonckheer@sfgov.org
Manushi Mathur – 628- 652-7355
Manushi.Mathur@sfgov.org

Recommendation: Recommend Non-Renewal of the Mills Act Historical Property Contracts to the Board of Supervisors

Timeline

At a public hearing on October 4, 2023, the Historic Preservation Commission recommended that the Board of Supervisors approve the Mills Act Historical Property Contracts (Contracts) for the buildings located at 988 Market Street and 2209 Webster Street per Resolution Nos. 1348 and 1349. At a public hearing on December 12, 2023, in Resolution Nos. 600-23 and 559-23, and after reviewing the Historic Preservation Commission's recommendation and the information provided by the Assessor Recorder's Office, the Board of Supervisors approved the Contracts for 988 Market Street and 2209 Webster Street. The Mayor approved the Contracts on December 19, 2023. The Contract for 988 Market Street was recorded at the Assessor Recorder's Office on December 22, 2023, and the Contract for 2209 Webster Street was recorded on December 21, 2023. These are the anniversary dates of the Contracts. The Contracts are binding on all successors and assignees, as are all Mills Act Contracts.

On December 12, 2023, Supervisor Peskin introduced proposed legislation regarding non-renewal of the aforementioned Contracts in order to better achieve a balance between the benefits of the Mills Act and the costs to the City. The proposed Board of Supervisors Resolutions establish non-renewal for the Mills Act Historical Property Contracts for 988 Market Street and 2209 Webster Street at year 11 in 2033.

Background

MILLS ACT

Enacted in 1972, the California Mills Act (Government Code Section 50280 et seq.) authorizes local jurisdictions such as San Francisco to enter into a Contract with the owners of a qualified historical property who agree to rehabilitate, restore, preserve, and maintain the property in return for property tax reductions under the California Revenue and Taxation Code. Chapter 71 of the Administrative Code was adopted to implement the Mills Act in San Francisco and to preserve these historic buildings. Property owners who participate in the program adhere to a schedule of maintenance repairs and upkeep on their historic property for the duration of the contract. In exchange, the property owner is entitled to an alternate evaluation of the property for tax purposes, which usually results in a reduced property tax bill

Under the State Law and Chapter 71 of the San Francisco Administrative Code, a Mills Act Contract is a ten-year rolling contract. As such, one year is added automatically to the initial term of the Contract at the anniversary date of the Contract, unless notice of non-renewal is given. If a Contract is not renewed, scopes of work detailed in the Rehabilitation/Restoration and Maintenance plans must still be completed according to the schedule stated in each plan.

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

Property Description

988 Market Street is a Category: I – Significant Building under Article 11 of the Planning Code and a contributor to the Market Street Theater and Lofts Historic District, which is listed in the National Register of Historic Places. It is located on the north side of Market Street between Taylor and Mason Streets, Assessor's Block 0342, Lot 019. The subject property is located within a C-3-G –Downtown-General Zoning District and a 120-X Height and Bulk District. 988 Market Street is an 8-story building with a partial basement, steel-frame, office building designed by local architect of merit G. Albert Lansburgh in the Renaissance Revival style and constructed in 1922.

2209 Webster Street is a contributor to the Webster Street Historic District under Article 10 of the Planning Code. It is located on the west side of Webster Street between Clay and Washington streets, Assessor's Block 0612, Lot 007. The subject property is located within an RH-2 – Residential-House, Two Family Zoning District and a 40-X Height and Bulk District. It is a two-story, plus basement, wood-frame, single-family dwelling designed in the Italianate style by Henry Hinkel and built in circa 1900.

Compliance With Planning Code

PLANNING CODE DEVELOPMENT STANDARDS.

The proposed project is in compliance with all other provisions of the Planning Code.

Public/Neighborhood Input

The Department has not received any public feedback about the proposed non-renewals.

The property owners received notice of the non-renewal resolutions. The owners were advised, and acknowledged during the 2023 hearing process, that the recorded Contracts would be proposed to be limited to a term of twenty years under trailing legislation introduced by the Board of Supervisors.

Environmental Review Status

The proposed actions are not a project under CEQA Guidelines Sections 15060(c) and 15378 because there would be no direct or indirect physical change in the environment as a result of the resolutions.

Basis for Recommendation

The Department recommends that the Commission adopt findings recommending to the Board of Supervisors non-renewal of the Mills Act Historical Property Contracts for 988 Market Street and 2209 Webster Street in 2033, in order to better achieve a balance between the benefits of the Mills Act and the costs to the City.

Attachments

Draft Resolution – Recommending Non-Renewal of the Mills Act Historical Property Contract for 988 Market Street
Draft Resolution – Recommending Non-Renewal of the Mills Act Historical Property Contract for 2209 Webster Street
Exhibit A - Board of Supervisors Resolutions for Non-Renewal as referred to HPC (attached and links below):

- 988 Market Street, File #: 231281: City and County of San Francisco - File #: 231281 (legistar.com)
- 2209 Webster Street, File #: 231280: City and County of San Francisco - File #: 231280 (legistar.com)

Exhibit B - Assessor's calculation of terms of Contracts under non-renewal

Exhibit C – Recorded Mills Act Historical Property Contracts, including Rehabilitation and Maintenance Plans

Exhibit D – Board of Supervisors December 12, 2023 Packet approving the Mills Act Property Contracts for 988 Market Street and 2209 Webster Street, including:

- Historic Preservation Commission Resolution Nos. 1348 and 1349
- Board of Supervisors Resolution Nos. 600-23 and 559-23
- October 4, 2023, Historic Preservation Commission Packet

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HISTORIC PRESERVATION COMMISSION RESOLUTION NO. 1374

HEARING DATE: FEBRUARY 21, 2024

Project Name: 988 Market Street
Case Number.: 2023-003984MLS
Re: Non-Renewal of Mills Act Historical Property Contract
Staff Contact: Elizabeth Gordon Jonckheer – 628-652-7365
Elizabeth.Gordon-Jonckheer@sfgov.org
Manushi Mathur – 628- 652-7355
Manushi.Mathur@sfgov.org
Reviewed by: Elizabeth Gordon Jonckheer – 628-652-7365
Elizabeth.Gordon-Jonckheer@sfgov.org

ADOPTING FINDINGS RECOMMENDING TO THE BOARD OF SUPERVISORS NON-RENEWAL OF THE MILLS ACT HISTORICAL PROPERTY CONTRACT FOR 988 MARKET STREET, ASSESSOR'S BLOCK 0324, LOT 019:

WHEREAS, The Mills Act, California Government Code Sections 50280 et seq. ("the Mills Act") authorizes local governments to enter into contracts with owners of private historical property who assure the rehabilitation, restoration, preservation and maintenance of a qualified historical property; and

WHEREAS, In accordance with Article 1.9 (commencing with Section 439) of Chapter 3 of Part 2 of Division 1 of the California Revenue and Taxation Code, the City and County of San Francisco may provide certain property tax reductions, such as those provided for in the Mills Act; and

WHEREAS, Ordinance No. 191-96 amended the San Francisco Administrative Code by adding Chapter 71, to implement Mills Act locally; and

WHEREAS, The Planning Department has determined that the proposed activity is not defined as a project under CEQA Guidelines Section 15060(c) and 15378 because it does not result in a physical change in the environment; and

WHEREAS, The existing building located at 988 Market Street is a Category: I – Significant Building under Article 11 of the Planning Code and a contributor to the Market Street Theater and Lofts Historic District, which is listed in the National Register of Historic Places and thus qualifies as a historic property; and

WHEREAS, At a public hearing on October 4, 2023, in Resolution 1348, the Historic Planning Commission recommended that the Board of Supervisors approve the Mills Act Historical Property Contract for the historic building located at 988 Market Street; and

WHEREAS, At a public hearing on December 12 ,2023, in Resolution No. 600-23, and after reviewing the Historic Preservation Commission's recommendation and the information provided by the Assessor's Office, the Board of Supervisors approved the Mills Act Historical Property Contract for the historic building located at 988 Market Street; and

WHEREAS, The property owner recorded the approved Mills Act Historical Property Contract with the San Francisco Assessor-Recorder December 22, 2023; and

WHEREAS, When the Board of Supervisors considered the approval of the Mills Act Historical Property Contract, it balanced the benefits of the Mills Act to the owner of 988 Market Street with the cost to the City of providing the property tax reductions authorized by the Mills Act, as well as the historical value of 988 Market Street and the resultant property tax reductions, and determined that it was in the public interest to enter into a Mills Act Historical Property Contract with the applicants; and

WHEREAS, At the time, the Board of Supervisors also expressed interest in limiting the historical property contract for 988 Market Street in order to better achieve such balance between the benefits of the Mills Act and the costs to the City; and

THEREFORE BE IT RESOLVED, that the Historic Preservation Commission hereby recommends non-renewal of the Mills Act Historical Property Contract for 988 Market Street (Assessor's Block No. 0342, Lot No. 019) to the Board of Supervisors; and

BE IT FURTHER RESOLVED That the Historic Preservation Commission hereby directs its Commission Secretary to transmit this Resolution and other pertinent materials in the case file 2023-003984MLS to the Board of Supervisors.

I hereby certify that the foregoing Resolution was ADOPTED by the Historic Preservation Commission on February 21, 2024.

Jonas P. Ionin
Commission Secretary

AYES: Vergara, Foley, Nageswaran, Matsuda

NOES: None

ABSENT: Baldauf, Campbell

RECUSED: Wright

ADOPTED: February 21, 2024