

2017 MILLS ACT APPLICATIONS
 ASSESSOR PRELIMINARY VALUATIONS
 As of July 1, 2017

APN	Address	Property Type	Owner Occupied	Year Built	Square Feet	2017 Factored Base Year Value	2017 Taxable Mills Act Value	Reduction in Assessed Value	Percentage % Reduction From FBV	2016* Property Tax Rate	Estimated Property Taxes without Mills Act	Estimated Property Taxes with Mills Act	Estimated Property Tax Savings
02-0141-013	101 Vallejo	Office	No	1906	16,950	\$ 11,745,000	\$ 8,250,000	\$ (3,495,000)	-29.76%	1.1792%	\$ 138,497	\$ 97,284	\$ (41,213)
06-0798-058	940 Grove	SFR	Yes	1895	9,812	\$ 4,637,020	\$ 1,750,000	\$ (2,887,020)	-62.26%	1.1792%	\$ 54,680	\$ 20,636	\$ (34,044)
06-0857-002 & 005	215 Haight/55 Laguna	23 Apts	No	1926/1935		\$ 10,397,244	\$ 8,180,000	\$ (2,217,244)	-21.33%	1.1792%	\$ 122,604	\$ 96,459	\$ (26,146)
06-0864-014	60-62 Carmelita	2 units	Yes/No	1900	2,720	\$ 1,915,198	\$ 950,000	\$ (965,198)	-50.40%	1.1792%	\$ 22,584	\$ 11,202	\$ (11,382)
06-0864-022	637 Waller	2 units	Yes/No	1900	2,160	\$ 3,696,858	\$ 1,500,000	\$ (2,196,858)	-59.43%	1.1792%	\$ 43,593	\$ 17,688	\$ (25,905)
06-0866-012	56 Potomac	SFR	No	1900	1,745	\$ 1,129,369	\$ 830,000	\$ (299,369)	-26.51%	1.1792%	\$ 13,318	\$ 9,787	\$ (3,530)
25-3704-069	973 Market	69 Apts	No	1904/2014	39,339	\$ 33,311,607	\$ 20,800,000	\$ (12,511,607)	-37.56%	1.1792%	\$ 392,810	\$ 245,274	\$ (147,537)
04-0524-031	1338 Filbert #A	Condo	Yes	1906/2016	4,063	\$ 4,504,346	\$ 3,371,198	\$ (1,133,148)	-25.16%	1.1792%	\$ 53,115	\$ 39,753	\$ (13,362)
04-0524-032	1338 Filbert #B	Condo	No	1906/2016	2,617	\$ 2,787,738	\$ 2,275,880	\$ (511,858)	-18.36%	1.1792%	\$ 32,873	\$ 26,837	\$ (6,036)
04-0524-033	1338 Filbert #C	Condo	No	1906/2016	2,620	\$ 2,977,067	\$ 2,240,479	\$ (736,588)	-24.74%	1.1792%	\$ 35,106	\$ 26,420	\$ (8,686)
04-0524-034	1338 Filbert #D	Condo	No	1906/2016	3,005	\$ 3,153,910	\$ 2,599,285	\$ (554,625)	-17.59%	1.1792%	\$ 37,191	\$ 30,651	\$ (6,540)

Remarks:

- (a) 2017 property tax rate will not be established until late September 2017.
- (b) Historical contract must be recorded by December 31, 2017
- (c) Mills Act valuation becomes effective as of January 1, 2018 for the Fiscal year July 1, 2018 to June 30, 2019

OFFICE OF THE ASSESSOR-RECORDER

MILLS ACT – PROPERTY TAX SAVINGS

To calculate the property tax savings, the Assessor-Recorder will perform a three-way value comparison as required by State law. The lowest of the three values will determine the taxable value for the year.

The examples below is if you purchased your property for \$1 million on January 1, 2012.

The Factored Base Year Value on January 1, 2017 would be \$1,082,260.

1. FACTORED BASE YEAR VALUE

State law (Prop 13) established 1975-76 as the “base year” for property assessments. This base year value is the starting point that is used to calculate annual assessments. The Base Year Value is adjusted annually for inflation, with the annual increase limited to not more than 2%.

<i>Factored Base Year Value</i>	<i>\$1,082,260</i>
<i>Multiple by Tax Rate (assumes 2016 rate)</i>	<i>x 1.1792%</i>
<i>Equals Property Tax Owed</i>	<i>=\$12,762</i>

2. MARKET APPROACH

Market Approach includes comparable sales information. The concept is fairly straightforward to apply, as the idea is to compare your property to similar properties that have sold in your area. See example below.

As of 1/1/2017:

<i>Property A.</i>	<i>\$1,250,000</i>
<i>Property B.</i>	<i>\$1,325,000</i>
<i>Property C.</i>	<i>\$1,150,000</i>
<i>Your Property</i>	<i>\$1,200,000</i>

Equals Property Tax Owed = \$14,150

3. INCOME APPROACH

The income approach calculates a market value of your property by:

Determining your total annual gross rent and subtracting real estate expenses such as utilities, cleaning and maintenance, insurance, water & garbage, and losses due to vacancy to determine your Net Operating Income (NOI). NOI is divided by a capitalization rate to give you the fair market value based on the income approach.

Capitalization Rate is based on:

Risk Rate
Interest Rate
Property Rate
Depreciation Rate

Top Line Rent: \$80,000

Vacancy Loss: 5% (\$4,000)

Effective Income: \$76,000

Operating Expenses: \$11,400 (15% x utilities, insurance, maintenance, etc.)

NOI: \$76,000 - \$11,400 = \$64,600

Cap Rate: $\div \$64,600 \div 0.08\% = \$807,500$

(Cap Rate is determined by the Board of Equalization)

Equals Property Tax Owed = \$9,522

REMINDERS

- 1) Mills Act calculation is regulated by the State of California. The Office of the Assessor-Recorder receives valuation guidance from the Board of Equalization.
- 2) Local law, via the San Francisco Board of Supervisors, determines whether the property will become a Mills Act property or not.
- 3) The Office of the Assessor-Recorder assesses every Mills Act property on January 1 of each year.
- 4) The 2016-2017 Tax Rate is 1.1792%. Therefore, in order to determine your property tax amount, multiple the assessed value by the tax rate.