

File No. 180986

Committee Item No. 4

Board Item No. 40

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight
Board of Supervisors Meeting:

Date: November 7, 2018

Date: Nov. 13, 2018

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Contract/Agreement |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Planning Presentation - November 7, 2018</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Case Report - 2018 Mills Act Applications</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>HPC Reso. No. 992 - October 3, 2018</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Rehabilitation and Maintenance Plans</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Assessor's Mills Act Valuation</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Mills Act Application Documents</u> |

Prepared by: John Carroll

Date: November 2, 2018

Prepared by: John Carroll

Date: November 8, 2018

1 [Mills Act Historical Property Contract - 587 Waller Street]

2
3 **Resolution approving an historical property contract between Christopher Hansten and**
4 **June Kwon, the owners of 587 Waller Street, and the City and County of San Francisco,**
5 **under Administrative Code, Chapter 71; and authorizing the Planning Director and the**
6 **Assessor-Recorder to execute and record the historical property contract.**

7
8 WHEREAS, The California Mills Act (Government Code, Section 50280 et seq.)
9 authorizes local governments to enter into a contract with the owners of a qualified historical
10 property who agree to rehabilitate, restore, preserve, and maintain the property in return for
11 property tax reductions under the California Revenue and Taxation Code; and

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

15 WHEREAS, Said determination is on file with the Clerk of the Board of Supervisors in
16 File No. 180986, is incorporated herein by reference, and the Board herein affirms it; and

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

21 WHEREAS, Administrative Code, Chapter 71 was adopted to implement the provisions
22 of the Mills Act and to preserve these historic buildings; and

23 WHEREAS, 587 Waller Street is designated as a Contributor to the Duboce Park
24 Historic District under Article 10 of the Planning Code and thus qualifies as an historical
25 property as defined in Administrative Code, Section 71.2; and

1 WHEREAS, A Mills Act application for an historical property contract has been
2 submitted by Christopher Hansten & June Kwon, the owners of 587 Waller Street, detailing
3 rehabilitation work and proposing a maintenance plan for the property; and

4 WHEREAS, As required by Administrative Code, Section 71.4(a), the application for
5 the historical property contract for 587 Waller Street was reviewed by the Assessor's Office
6 and the Historic Preservation Commission; and

7 WHEREAS, The Assessor-Recorder has reviewed the historical property contract and
8 has provided the Board of Supervisors with an estimate of the property tax calculations and
9 the difference in property tax assessments under the different valuation methods permitted by
10 the Mills Act in its report transmitted to the Board of Supervisors on October 10, 2018, which
11 report is on file with the Clerk of the Board of Supervisors in File No. 180986 and is hereby
12 declared to be a part of this Resolution as if set forth fully herein; and

13 WHEREAS, The Historic Preservation Commission recommended approval of the
14 historical property contract in its Resolution No. 992, including approval of the Rehabilitation
15 Program and Maintenance Plan, attached to said Resolution, which is on file with the Clerk of
16 the Board of Supervisors in File No 180986 and is hereby declared to be a part of this
17 Resolution as if set forth fully herein; and

18 WHEREAS, The draft historical property contract between Christopher Hansten & June
19 Kwon, the owners of 587 Waller Street, and the City and County of San Francisco is on file
20 with the Clerk of the Board of Supervisors in File No. 180986 and is hereby declared to be a
21 part of this Resolution as if set forth fully herein; and

22 WHEREAS, The Board of Supervisors has conducted a public hearing pursuant to
23 Administrative Code, Section 71.4(d) to review the Historic Preservation Commission's
24 recommendation and the information provided by the Assessor's Office in order to determine
25 whether the City should execute the historical property contract for 587 Waller Street; and

1 WHEREAS, The Board of Supervisors has balanced the benefits of the Mills Act to the
2 owner of 587 Waller Street with the cost to the City of providing the property tax reductions
3 authorized by the Mills Act, as well as the historical value of 587 Waller Street and the
4 resultant property tax reductions, and has determined that it is in the public interest to enter
5 into a historical property contract with the applicants; now, therefore, be it

6 RESOLVED, That the Board of Supervisors hereby approves the historical property
7 contract between Christopher Hansten & June Kwon, the owners of 587 Waller Street, and
8 the City and County of San Francisco; and, be it

9 FURTHER RESOLVED, That the Board of Supervisors hereby authorizes the Planning
10 Director and the Assessor-Recorder to execute the historical property contract and record the
11 historical property contract.

Recording Requested by, and
when recorded, send notice to:
City and County of San Francisco
Planning Department
Attn: Shannon Ferguson
1650 Mission Street, Suite 400
San Francisco, CA 94103-2414

**CALIFORNIA MILLS ACT
HISTORIC PROPERTY AGREEMENT
587 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 June Kwon & Christopher Hansten ("Owners").

RECITALS

Owners are the owners of the property located at 587 Waller Street, in San Francisco, California (Block 0865, Lot 021). The building located at 587 Waller is designated as a Contributor to Duboce Park Historic District (the "Historic Property"). The Historic Property is a Qualified Historic Property, as defined under California Government Code Section 50280.1.

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 three hundred thirty-seven thousand, four hundred dollars (\$337,400.00). (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 one thousand, three hundred dollars (\$1,300.00) 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. 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 this Agreement (also referred to as a Mills Act Agreement or a Historic Property Agreement) with City to help mitigate anticipated expenditures to restore and maintain the Historic Property. City is willing to enter into this 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 in this Agreement, the parties hereto do agree as follows:

1. Application of Mills Act. The benefits, privileges, restrictions, and obligations provided for in the Mills Act will be applied to the Historic Property during the Term (as defined in Paragraph 7 below), commencing on the date that this Agreement is recorded.

2. Rehabilitation of the Historic Property. Owners will undertake and complete the work set forth in Exhibit A ("Rehabilitation Plan") according to certain standards and requirements. Those standards and requirements include, but are not 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 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. Owners will (a) apply for any necessary permits no more than six (6) months after the date this Agreement is recorded, (b) commence the work within six (6) months of receipt of necessary permits, and (c) complete the work within three (3) years from the date of receipt of permits. Upon written request by 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. The work will 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 may result in cancellation of this Agreement as set forth in Paragraphs 11 and 12 below.

3. Maintenance. Owners will 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 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. If fifty percent (50%) or less of the Historic Property is damaged by any cause whatsoever, Owners will replace and repair the damaged area(s) of the Historic Property. For repairs that do not require a permit, Owners will commence the repair work within thirty (30) days after the date of the damage and will diligently perform and complete the repair work within a reasonable time, as determined by 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 will apply for any necessary permits for the work within sixty (60) days after the date of the damage, commence the repair work within one hundred twenty (120) days of receipt of the required permit(s), and diligently perform and complete the repair work within a reasonable period of time, as determined by City. Upon written request by 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 must comply with the design and standards established for the Historic Property in Exhibits A and B attached hereto and Paragraph 3 above. If twenty percent (20%) or more of the Historic Property is damaged due to a catastrophic event, such as an earthquake, or if more than fifty percent (50%) of the Historic Property is destroyed from any cause whatsoever, then City and Owners may mutually agree to terminate this Agreement and Owners will not be obligated to pay the cancellation fee set forth in Paragraph 12 below. Upon the termination, City will assess the full value of the Historic Property without regard to any restriction imposed upon the Historic Property by this Agreement and Owners will pay property taxes to City based upon that valuation as of the date of termination.

5. Insurance. Owners will obtain and maintain adequate property insurance to meet Owners' repair and replacement obligations under this Agreement and will submit evidence of that insurance to City upon request.
6. Inspections and Compliance Monitoring. Before entering into this Agreement Owners have allowed, and every five years during the Term (defined in Paragraph 7 below) upon seventy-two (72) hours advance notice Owners will allow any representative of City, the Office of Historic Preservation of the California Department of Parks and Recreation, or the State Board of Equalization, to inspect of the interior and exterior of the Historic Property, to determine Owners' compliance with this Agreement. Throughout the term of this Agreement, Owners will 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 will be effective on the recording date for a term of ten years from that date ("Term"), as it may be extended. As provided in Government Code section 50282, one year will be added automatically to the Term on each anniversary date of this Agreement, unless notice of nonrenewal is given as set forth in Paragraph 9 below.
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. Notice of Nonrenewal. If in any year of this Agreement either Owners or City desire not to renew this Agreement, then that party will serve written notice on the other party before the annual renewal date. Owners must serve the written notice of nonrenewal to City at least ninety (90) days before the date of renewal. City must serve the written notice of non-renewal to Owners at least sixty (60) days before the date of renewal. If City elects not to renew the Agreement, then the Board of Supervisors must make City's determination that this Agreement will not be renewed and send a notice of nonrenewal to Owners. Upon receipt by Owners of a notice of nonrenewal from City, Owners may make a written protest. At any time before the renewal date, the City's Board of Supervisors may withdraw its notice of nonrenewal. If either party serves a notice of nonrenewal of this Agreement, this Agreement will remain in effect for the remaining balance of the Term. If either party elects not to renew this Agreement, then the electing party may cause a notice of nonrenewal in the form attached as Exhibit C to this Agreement to be completed and recorded. Upon the expiration of this Agreement, City will assess the full value of the Historic Property without regard to any restriction imposed upon the Historic Property by this Agreement and Owners will pay property taxes to City based upon that valuation as of the date of expiration.
10. Payment of Fees. As provided for in Government Code Section 50281.1 and San Francisco Administrative Code Section 71.6, upon filing an application to enter into a Mills Act Agreement with City, Owners will pay City the reasonable costs related to the preparation and approval of the Agreement. In addition, Owners will pay City for the actual costs of inspecting the Historic Property, as set forth in Paragraph 6 above.
11. Default. If City determine that any of the following have occurred, City will give Owners written notice by registered or certified mail specifying the failure:
 - (a) Owners' failure to timely complete the rehabilitation work set forth in Exhibit A, in accordance with Paragraph 2 above;
 - (b) Owners' failure to maintain the Historic Property as set forth in Exhibit B, in accordance with Paragraph 3 above;

- (c) Owners' failure to repair any damage to the Historic Property in a timely manner, as provided in Paragraph 4 above;
- (d) Owners' failure to allow any inspections or requests for information, as provided in Paragraph 6 above;
- (e) Owners' failure to pay any fees requested by City as provided in Paragraph 10 above;
- (f) Owners' failure to maintain adequate insurance for the replacement cost of the Historic Property, as required by Paragraph 5 above; or
- (g) Owners' failure to comply with any other provision of this Agreement.

If Owners do not undertake and diligently pursue corrective action to the reasonable satisfaction of City within thirty (30) days after the date of the notice, then the Board of Supervisors will conduct a public hearing to determine whether an event of default has occurred. Notice of the public hearing will be mailed to the last known address of each owner of property in the Hayes Valley Residential Historic District and published under Government Code section 6061. If the Board of Supervisors determines that an event of default has occurred, City will either cancel this Agreement as set forth in Paragraph 12 below or bring an action to enforce this contract, including, but not limited to, an action for specific performance or injunction.

12. Cancellation. If the Board of Supervisors determines that an event of default has occurred and elects to cancel the contract, then Owners will 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 will determine fair market value of the Historic Property without regard to any restriction imposed on the Historic Property by this Agreement. The Cancellation Fee will be paid to the City Tax Collector at such time and in such manner as City may prescribe. As of the date of cancellation, Owners will pay property taxes to 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.

13. Enforcement of Agreement. No failure by City to cancel this Agreement or file an action will be deemed to be a waiver of this Agreement or any claim for an event of default under this Agreement.

14. Indemnification. Owners will indemnify, defend, and hold harmless City and all of its boards, commissions, departments, agencies, agents, and employees (individually and collectively, the "Indemnitees") 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; (c) the condition of the Historic Property; (d) any construction or other work undertaken 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 will include, without limitation, reasonable fees for attorneys, consultants, and experts and related costs that may be incurred by the Indemnitees and the Indemnitees' cost of investigating any claim. In addition to Owners' obligation to indemnify the Indemnitees, Owners specifically acknowledge and agree that they have an immediate and independent obligation to defend the Indemnitees 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, and continues at all times thereafter. Owners' obligations under this Paragraph survive termination of this Agreement.

15. Eminent Domain. In the event that a the Historic Property is acquired in whole or part by eminent domain or other similar action, this Agreement will be cancelled and no cancellation fee will be imposed, as provided by Government Code Section 50288.

16. Binding on Successors and Assigns. The covenants, benefits, restrictions, and obligations contained in this Agreement will run with the land and be binding upon and inure to the benefit of all successors in interest and assigns of Owners. Successors in interest and assigns have the same rights and obligations under this Agreement as the original Owners who entered into the Agreement.

17. Legal Fees. If either City or Owners fail to perform any of their obligations under this Agreement or if 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 under this Agreement, 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 will 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.

18. Governing Law. This Agreement will be construed and enforced in accordance with the laws of the State of California.

19. Recordation. Within 20 days after the date of execution of this Agreement, the parties will cause this Agreement to be recorded with the Office of the Recorder of the City and County of San Francisco.

20. 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.

21. No Implied Waiver. No failure by City to insist on the strict performance of any obligation of Owners under this Agreement or to exercise any right, power, or remedy arising out of an event of default or breach of this Agreement will constitute a waiver of the event of default or breach or of City's right to demand strict compliance with any terms of this Agreement.

22. Authority. If Owners sign as a corporation or a partnership, each of the persons executing this Agreement on behalf of Owners covenants and warrants that the entity is a duly authorized and existing entity, that the entity has and is qualified to do business in California, that Owners have full right and authority to enter into this Agreement, and that each and all of the persons signing on behalf of Owners are authorized to do so.

23. Severability. If any provision of this Agreement is determined to be invalid or unenforceable, the remainder of this Agreement will not be affected thereby, and each other provision of this Agreement will be valid and enforceable to the fullest extent permitted by law, except to the extent that enforcement of this Agreement without the invalidated provision would be unreasonable or inequitable under all the circumstances or would frustrate a fundamental purpose of this Agreement.

24. Tropical Hardwood Ban. City urges companies not to import, purchase, obtain, or use for any purpose, any tropical hardwood or tropical hardwood product.

25. MacBride Principles. City urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1 et seq. City also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Owners acknowledge that it has read and understands the above statement of City concerning doing business in Northern Ireland.

26. Sunshine. Owners understand and agree that under the San Francisco Sunshine Ordinance (San Francisco Administrative Code, Chapter 67) and the State Public Records Law (Gov't Code Section 6250 et seq.), this Agreement and any and all records, information, and materials submitted to City under this Agreement or the Mills Act are public records subject to public disclosure.

27. Conflict of Interest. Through its execution of this Agreement, Owners acknowledge that it is familiar with the provisions of Section 15.103 of the City's Charter, Article III, Chapter 2 of the San Francisco Campaign and Governmental Conduct Code, and California Government Code section 87100 et seq. and section 1090 et seq., and certifies that it does not know of any facts that constitute a violation of those provisions and agrees that it will immediately notify City if it becomes aware of any such fact during the Term.

28. Notification of Limitations on Contributions. Through execution of this Agreement, Owners acknowledge that it is familiar with Section 1.126 of City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with City, whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contribution to the officer at any time from the commencement of negotiations for the contract until three (3) months after the date the contract is approved by City elective officer or the board on which that City elective officer serves. San Francisco Ethics Commission Regulation 1.126-1 provides that negotiations are commenced when a prospective contractor first communicates with a City officer or employee about the possibility of obtaining a specific contract. This communication may occur in person, by telephone or in writing, and may be initiated by the prospective contractor or a City officer or employee. Negotiations are completed when a contract is finalized and signed by City and the contractor. Negotiations are terminated when City and/or the prospective contractor end the negotiation process before a final decision is made to award the contract.

29. Nondiscrimination. In the performance of this Agreement, Owners agree not to discriminate on the basis of the fact or perception of a person's, race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes, against any City employee, employee of or applicant for employment with Owners, or against any bidder or contractor for public works or improvements, or for a franchise, concession or lease of property, or for goods or services or supplies to be purchased by Owners. A similar provision must be included in all subordinate agreements let, awarded, negotiated, or entered into by Owners for the purpose of implementing this Agreement.

30. Exhibits. Exhibits A, B, and C attached to this Agreement are incorporated and made a part of this Agreement by reference.

31. Charter Provisions. This Agreement is governed by and subject to the provisions of the City Charter.

32. Signatures. This Agreement may be signed and dated in counterparts, and when all counterparts are assembled, will be considered one document.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as follows:

CITY AND COUNTY OF SAN FRANCISCO:

By: _____ (signature) DATE: _____
_____ (name), Assessor-Recorder

By: _____ (signature) DATE: _____
_____ (name), Director of Planning

APPROVED AS TO FORM:
DENNIS J. HERRERA
CITY ATTORNEY

By: _____ (signature) DATE: _____
_____ (name), Deputy City Attorney

OWNERS

By: _____ (signature) DATE: _____
June Kwon, Owner

By: _____ (signature) DATE: _____
Christopher Hansten, Owner

OWNER(S)' SIGNATURE(S) MUST BE NOTARIZED.
ATTACH PUBLIC NOTARY FORMS HERE.

Exhibit A: Rehabilitation/Restoration Plan for 587 Waller Street

#1 Building Feature: Foundation

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: 2019

Total Cost: \$172,600

Description of Work:

The building foundation had not been earthquake retrofitted and the current foundation was brick and concrete veneer. We engaged an architect and a structural engineer to investigate the foundation, and we have implemented necessary repairs/improvements in order to protect the house in the event of future earthquakes. The foundation is being fully retrofitted, and the shared foundation footing with 581 Waller is being separated for better structural stability. The foundation is being retrofitted with structural steel supports. These repairs will be designed to avoid altering, removing or obscuring character-defining features of the property.

#2 Building Feature: Roof

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: 2019

Total Cost: \$31,800

Description of Work:

The current roof is old and in poor repair. We have engaged an architect and a roofing contractor and are replacing the roof with new asphalt/composition shingles. New GSM gutters and downspouts will be installed also. Installation of the new roof will avoid changing the roof configuration, or altering, removing or obscuring character-defining features of the building, including decorative elements in the gable ends, as well as eave trim and moldings.

#3 Building Feature: Front facade

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: 2019

Total Cost: \$15,000

Description of Work:

Repaint the front facade of the house and repair damage or deterioration to existing siding. If any elements are determined to be damaged or deteriorated beyond repair, replacements will be made in kind.

#4 Building Feature: Windows –front facade

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: 2019

Total Cost: \$18,000

Description of Work:

Repair existing or replace in kind nine (9) windows on the front facade with historically appropriate double-hung wood sash windows with ogee lugs. The design of the new windows will replicate the profiles of the existing double-hung wood windows with ogee lugs.

#5 Building Feature: Front steps and porch

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: 2021

Total Cost: \$25,000

Description of Work:

We are currently working with our architect and SF planning staff to submit an appropriate design for the restoration of the front steps and porch. The restoration plan will be focused on a more compatible railing.

#6 Building Feature: Front facade Restoration

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: 2021

Total Cost: \$75,000

Description of Work:

We are currently working with our architect and SF planning staff to submit an appropriate design for the restoration of the front facade. The restoration plan will be focused on an historically accurate interpretation of the original ornamentation and detailing - horizontal and vertical moldings around windows, cornice lines, etc. We have also contracted SF Home History to do a detailed archive search for historic photos of the building. We plan to do this work after the current renovation is complete.

Exhibit B: Maintenance Plan for 587 Waller Street

#7 Building Feature: Gutters and downspouts

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: Annually

Total Cost: \$300

Description of Work:

We will service our gutters and downspouts every year, removing debris and inspecting for leaks. As such time we will confirm that the downspouts direct water away from the house and that no water is infiltrating the foundation. If any drainage issues are found, we will repair or replace the gutters and downspouts as necessary. Repair or replacement of the gutters will avoid altering, removing or obscuring character-defining features of the building. This maintenance routine will be informed by the guidance outlined in the National Park Service's Preservation Brief 47: Maintaining the Exterior of Small and Medium Size Historic Buildings.

#8 Building Feature: Windows

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: Annually

Total Cost: \$400

Description of Work:

Once the windows have been repaired, we will inspect them every year and repaint as necessary. 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. This maintenance routine will be informed by the guidance outlined in the National Park Service's Preservation Brief 47: Maintaining the Exterior of Small and Medium Size Historic Buildings.

#9 Building Feature: Front steps and porch

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: Annually

Total Cost: \$400

Description of Work:

Inspect front steps and porch for failing paint or deteriorated wood, and make any necessary repairs in kind.

#10 Building Feature: Front façade

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: Annually

Total Cost: \$200

Description of Work:

Once the house has been repainted, we will inspect the wooden elements of the façade approximately every year and repaint as necessary. 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 Preservation Brief 47: Maintaining the Exterior of Small and Medium Size Historic Buildings.

#11 Building Feature: Roof

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: Every five years

Total Cost: \$300

Description of Work:

Once the roof has been replaced or repaired, we will have a licensed roofing contractor conduct periodic inspections approximately every 5 years to ensure that it remains in good condition. Any needed repairs will avoid altering, removing or obscuring character-defining features of the building. This maintenance routine will be informed by the guidance outlined in the National Park Service's Preservation Brief 47: Maintaining the Exterior of Small and Medium Size Historic Buildings.

2018 Mills Act Contracts

Government Audit and Oversight Committee Review

November 7, 2018

4172



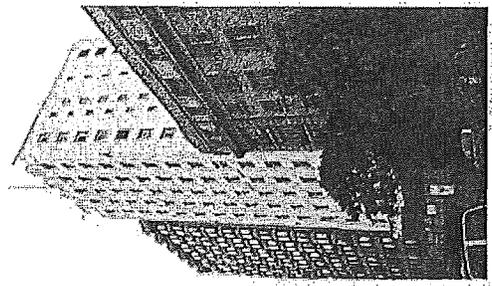
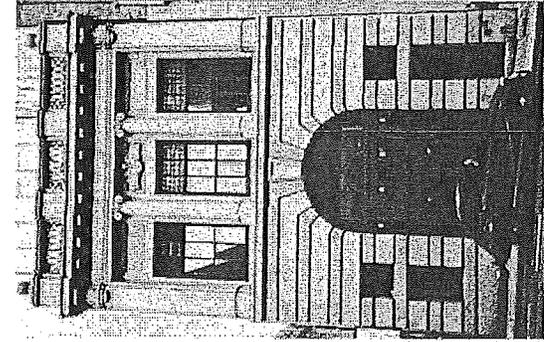
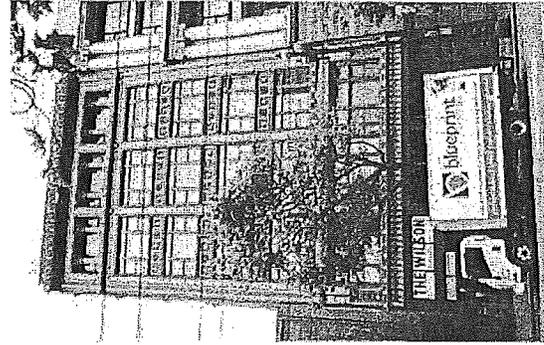
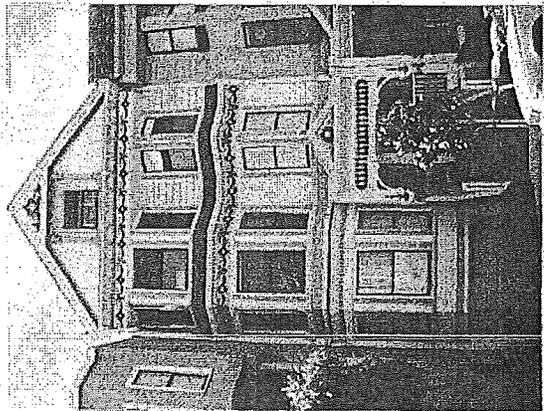
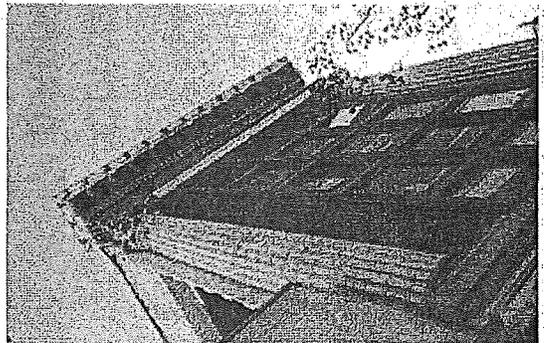
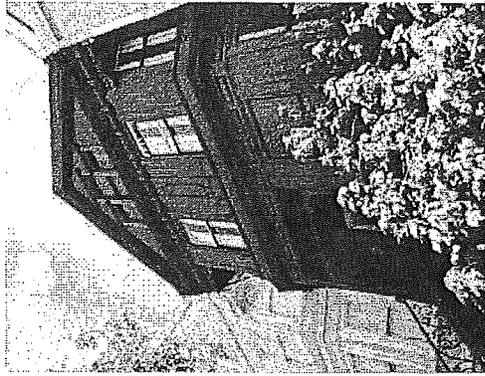
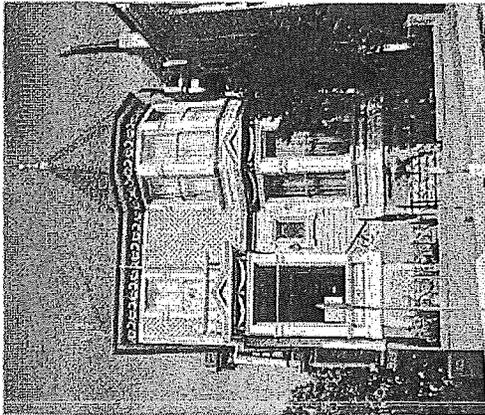
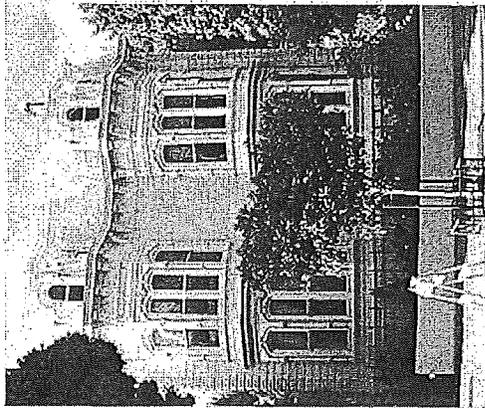
**SAN FRANCISCO
PLANNING DEPARTMENT**

What is the Mills Act?

- California's leading financial incentive program for historic preservation since 1972.
- Contract between the City and property owner that allows for a potential reduction in property taxes.
- Tax savings will be used to offset cost of rehabilitation, restoration, and maintenance work in conformance with the Secretary's Standards.
- Only local financial incentive program for restoring, rehabilitating, and maintaining eligible properties to promote appreciation of the City's architecture, history, and culture.



Active Mills Act Contracts



2019 Mills Act Application Changes

1. Qualified historic properties must also meet **Priority Consideration Criteria** in order to be considered for a Mills Act Contract:
 - (a) Necessity
 - (b) Investment
 - (c) Distinctiveness
 - (d) Legacy Business
 - (e) Recently Designated City Landmarks (requires amendment to Administrative code)

2. Properties with **outstanding violations are not eligible to apply** for the Mills Act.

3. Mills Act Contracts must include **minimum scopes of work**, such as seismic work, accessibility, and life safety improvements.

4175



4. Scopes of work **may be completed in the calendar year** the Mills Act application is made.
5. All proposed scopes of **completed during the first ten years** of the contract.
6. A Certificate of Appropriateness (COA) for scopes of work must be **filed and approved during the Mills Act application process.**

*Most of these policy changes may be made at the staff level.***



2253 Webster Street (built c. 1900)
Contributor to Webster Street Historic District



District 2

4177



353 Kearny Street (built 1907)

Category IV – Contributory Building to Kearny-Market-Mason-Sutter Conservation District



4178

District 3



465-467 Oak Street (built 1899)
Hayes Valley Residential California Register Historic District

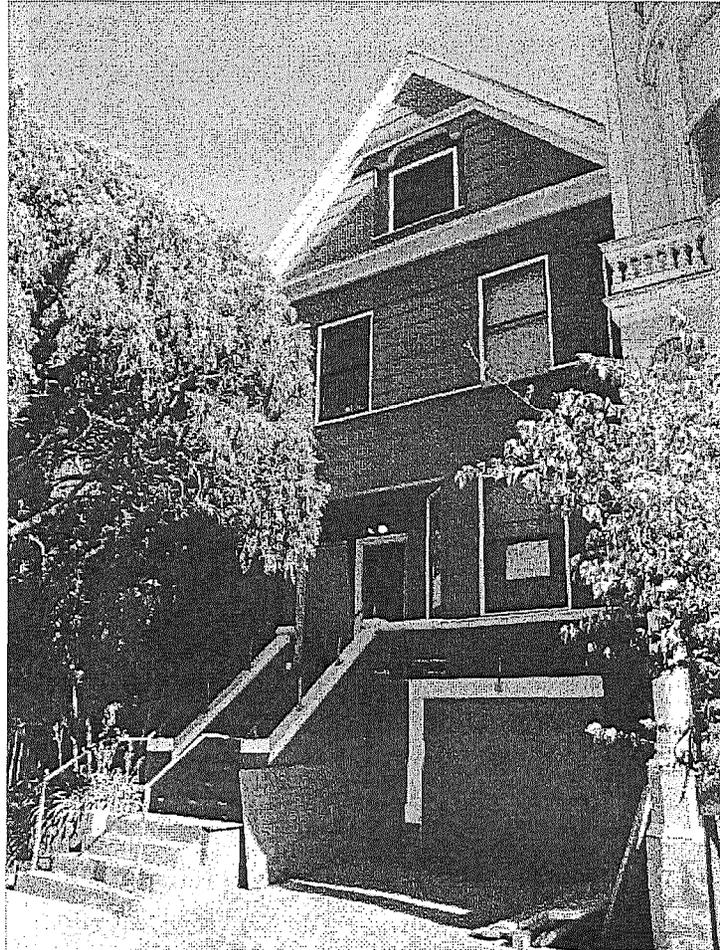


District 5

4179



587 Waller Street (built c. 1900)
Duboce Park Historic District

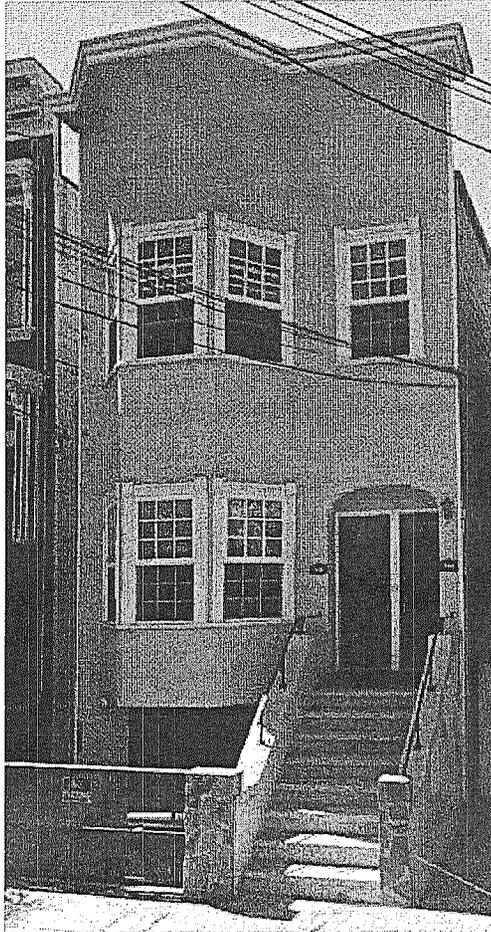


District 8

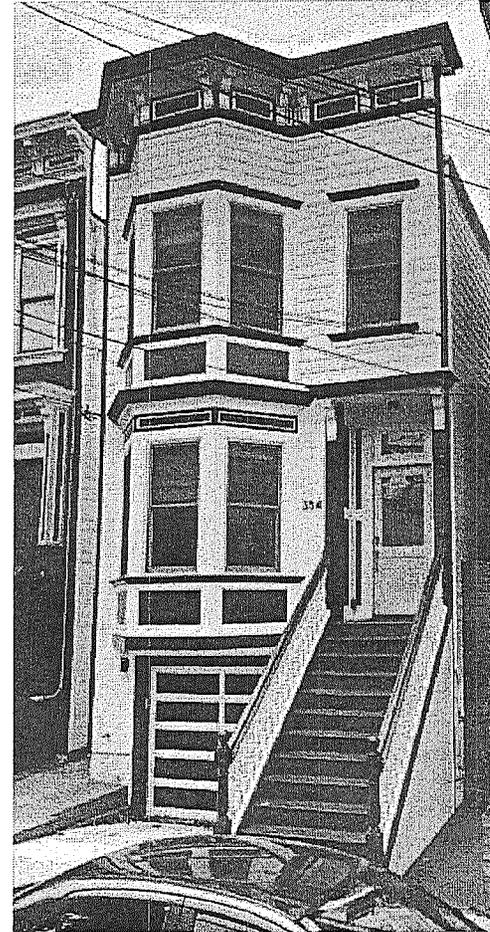
4180



354-356 San Carlos (built 1877)
Liberty Hill Historic District (District 9)



Prior to rehabilitation.



Existing condition.
Rehabilitation completed 2015-2016.



811 Treat Avenue (built c. 1882)
National Register of Historic Places



4182

District 9



| A | B | C | D | E | F | G H I Three Way Value Comparison | | | J Lesser of the 3 Comparisons | K | L | M | N |
|-------------|--------------------|---------------|----------------|------------|-------------|-------------------------------------|----------------------------|--------------|-------------------------------------|-----------------------------|---------------------------------|------------------------|--------------------------------|
| APN | Address | Property Type | Owner Occupied | Year Built | Square Feet | Factored Base Year Value | Restricted Value by Income | Market Value | Taxable Mills Act Value | Reduction in Assessed Value | Percentage % Reduction From FBV | 2018 Property Tax Rate | Estimated Property Tax Savings |
| 03-0270-001 | 353 Kearny (a) | Office/Retail | No | 1907 | 9,729 | \$ 6,800,000 | \$ 4,500,000 | \$ 7,200,000 | \$ 4,500,000 | \$ (2,300,000) | -33.82% | 1.1630% | (\$26,749) |
| 05-0612-001 | 2253 Webster | SFR | Yes | 1880 | 1,604 | \$ 2,142,872 | \$ 970,000 | \$ 2,150,000 | \$ 970,000 | \$ (1,172,872) | -54.73% | 1.1630% | (\$13,641) |
| 06-0840-017 | 465 Oak | 2-units | Yes/No | 1875 | 2,394 | \$ 2,616,162 | \$ 1,230,000 | \$ 2,625,000 | \$ 1,230,000 | \$ (1,386,162) | -52.98% | 1.1630% | (\$16,121) |
| 06-0865-021 | 587 Waller (b) | SFR | Yes | 1900 | 2,785 | \$ 2,400,000 | \$ 1,000,000 | \$ 2,750,000 | \$ 1,000,000 | \$ (1,400,000) | -58.33% | 1.1630% | (\$16,282) |
| 24-3609-093 | 354-356 San Carlos | 2-units | Yes/No | 1900 | 2,070 | \$ 1,543,282 | \$ 1,156,661 | \$ 1,650,100 | \$ 1,156,661 | \$ (386,621) | -25.05% | 1.1630% | (\$4,496) |
| 24-3613-053 | 811 Treat (b)(c) | 7-units | No | 1900 | 5,793 | \$ 1,424,030 | \$ 1,392,679 | \$ 3,260,000 | \$ 1,392,679 | \$ (31,351) | -2.20% | 1.1630% | (\$365) |

(a) Income value is \$7,500,000 with temporary lease-up value of \$4,500,000

Market value is \$10,250,000 with temporary lease-up value of \$7,200,000

(b) Current condition of property warrants a lesser remaining economic life and improvement allocation

(c) Lease-up \$140,000

4183

Interest Rate 4.00% for 2018 (BOE LTA 9/13/2017)
 + Risk Rate 4.00% for owner occupied and 2.00% for non-owner occupied
 + Property Tax Rate 1.1723% (used 2017 tax rate because 2018 tax rate will not be announced until late Sept. 2018)
 + Amortization Rate for Improvements (1/REL) x % of total property value allocated to improvements
 = **Restricted Capitalization Rate**

353 Kearny Retail occupied and Offices vacant. Office space to undergo significant renovation - windows, roof, elevator, exterior repair, interior flooring, ceiling lighting, HVAC, bathroom upgrades, and tenant improvements. Anticipated to take 2-years at an estimated cost of \$2.7 million

811 Treat Two buildings on one lot with a total of 7 units. The front building consisting of 5 units is subject to the Mills Act Contract. The rear building containing 2 units is not part of the contract.



SAN FRANCISCO PLANNING DEPARTMENT

Mills Act Historical Property Contracts Case Report

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

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Hearing Date: October 3, 2018
Staff Contact: Shannon Ferguson – (415) 575-9074
shannon.ferguson@sfgov.org
Reviewed By: Tim Frye – (415) 575-6822
tim.frye@sfgov.org

a. *Filing Date:* May 1, 2018
Case No.: 2018-006629MLS
Project Address: 2253 Webster Street (District 2)
Landmark District: Contributor to the Webster Street Historic District
Zoning: RH-2 (Residential-House, Two-Family District)
Height & Bulk: 40-X
Block/Lot: 0612/001
Applicant: Virginia Hong Revoç Living Trust
2253 Webster Street
San Francisco, CA 94115

b. *Filing Date:* May 1, 2018
Case No.: 2018-006717MLS
Project Address: 353 Kearny Street (District 3)
Landmark District: Category IV–Contributory Building to Kearny-Market-Mason-Sutter
Conservation District
Zoning: C-3-O – Downtown-Office
Height and Bulk: 80-130-F
Block/Lot: 0270/001
Applicant: Pine Kearny LLC
590 Pacific Avenue
San Francisco, CA 94133

c. *Filing Date:* May 1, 2018
Case No.: 2018-006796MLS
Project Address: 465-467 Oak Street (District 5)
Landmark District: Contributor to the California Register of Historical Places-listed
Hayes Valley Residential Historic District
Zoning: RTO (Residential Transit Oriented District)
Height and Bulk: 40-X
Block/Lot: 0840/017
Applicant: Joseph E & Jennifer A Laska Jnt Lvg Trust
467 Oak Street
San Francisco, CA 94102

www.sfplanning.org

Mill Act Applications
October 3, 2018

2018-006629MLS (2253 Webster Street); 2018-006717MLS (353 Kearny Street);
2018006796MLS (465-467 Oak Street); 2018-006690MLS (587 Waller Street); 2018-
006794MLS (354-356 San Carlos Street); 2018-007338MLS (811 Treat Avenue)

- d. *Filing Date:* May 1, 2018
Case No.: 2018-006690MLS
Project Address: 587 Waller Street (District 8)
Landmark District: Contributing building to Duboce Park Historic District
Zoning: RTO (Residential Transit Oriented District)
Height and Bulk: 40-X
Block/Lot: 0865/021
Applicant: Christopher Hansten & June Kwon
4658 18th St. PH
San Francisco, CA 94114
- e. *Filing Date:* May 1, 2017
Case No.: 2018-006794MLS
Project Address: 354-356 San Carlos Street (District 9)
Landmark District: Contributor to Liberty Hill Historic District
Zoning: RTO-M – Residential Transit Oriented - Mission
Height and Bulk: 40-X
Block/Lot: 3609/093
Applicant: Joyjit & Preetha Nath
354 San Carlos Street
San Francisco, CA 94110
- f. *Filing Date:* May 1, 2017
Case No.: 2018-007338MLS
Project Address: 811 Treat Avenue (District 9)
Landmark District: Individually listed on the National Register of Historic Places
Zoning: RH-3 – Residential-House, Three Family
Height and Bulk: 40-X
Block/Lot: 3613/053
Applicant: Golden Gate Properties LLC
2170 Sutter Street
San Francisco, CA 94115

PROPERTY DESCRIPTIONS

- a. 2253 Webster Street: The subject property is located on the west side of Webster Street between Washington and Clay streets, Assessor's Block 0612, Lot 001. The subject property is located within a RH-2 (Residential-House, Two-Family District) zoning district and a 40-X Height and Bulk district. The subject property is a contributing building to the Webster Street Historic District. It is a two-story, plus basement, wood-frame, single-family dwelling designed in the Italianate style and built in circa 1900.

Mill Act Applications
October 3, 2018

2018-006629MLS (2253 Webster Street); 2018-006717MLS (353 Kearny Street);
2018006796MLS (465-467 Oak Street); 2018-006690MLS (587 Waller Street); 2018-
006794MLS (354-356 San Carlos Street); 2018-007338MLS (811 Treat Avenue)

- b. 353 Kearny Street: The subject property is located on the southwest corner of Kearny and Pine streets, Assessor's Block 0270, Lot 001. The subject property is located within the C-3-O – Downtown-Office zoning district and a 80-130-F Height and Bulk district. The subject property is a Category IV – Contributory Building to Kearny-Market-Mason-Sutter Conservation District. It is a five-story over basement, brick masonry, commercial building designed in the Renaissance-Revival style by San Francisco architectural firm Salfield & Kohlberg and was built in 1907.
- c. 465 Oak Street: The subject property is located on the south side of Oak Street between Buchanan and Laguna streets, Assessor's Block 0840, Lot 017. The subject property is located within a RTO (Residential Transit Oriented District) zoning district and a 40-X Height and Bulk district. The subject property is a contributing building to the California Register of Historical Places- listed Hayes Valley Residential Historic District. It is a two-story plus basement, wood-frame, two-family dwelling designed in the flat-front Italianate style and built in circa 1900.
- d. 587 Waller Street: The subject property is located on the south side of Waller Street between Pierce and Potomac streets, Assessor's Block 0865 Lot 021. The subject property is located within a RTO (Residential Transit Oriented District) zoning district and a 40-X Height and Bulk district. The subject property is a contributing building to the Duboce Park Historic District. It is a two-and-half-story plus basement, wood-frame, single-family dwelling designed in the Queen Anne style and built in circa 1900.
- e. 354-356 San Carlos Street: The subject property is located on the west side of San Carlos Street between 20th and 21st streets, Assessor's Block 3609, Lot 093. The subject property is located within the RTO-M – Residential Transit Oriented - Mission zoning district and 40X Height and Bulk district. The subject property is a potential contributor to Liberty Hill Historic District. It is a three-story wood-frame, two-family residential building originally designed in the Italianate style and was built in 1877 by The Real Estate Associates (T.R.E.A.). The front façade was altered with stucco cladding, stuccoed front steps, and vinyl windows at an unknown date. Rehabilitation work was completed in 2015-2016.
- f. 811 Treat Avenue: The subject property is located on the east side of San Carlos Street between 21st and 22nd streets, Assessor's Block 3613, Lot 053. The subject property is located within the RH-3 – Residential-House, Three Family zoning district and 40X Height and Bulk district. The subject property is individually listed on the National Register of Historic Places. Known as the Henry Geilfuss House, the property comprises an Italianate main residence designed by local master architect Henry Geilfuss circa 1882 as his personal residence; a raised room (c. 1882, altered c. 1900); a workshop (c. 1920) and a garage (c. 1940). The main residence and raised room are contributing features; the workshop and garage are non-contributing features that were added after Geilfuss moved from the property.

PROJECT DESCRIPTION

This project is a Mills Act Historical Property Contract application.

Mill Act Applications
October 3, 2018

2018-006629MLS (2253 Webster Street); 2018-006717MLS (353 Kearny Street);
2018006796MLS (465-467 Oak Street); 2018-006690MLS (587 Waller Street); 2018-
006794MLS (354-356 San Carlos Street); 2018-007338MLS (811 Treat Avenue)

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 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

Mill Act Applications
October 3, 2018

2018-006629MLS (2253 Webster Street); 2018-006717MLS (353 Kearny Street);
2018006796MLS (465-467 Oak Street); 2018-006690MLS (587 Waller Street); 2018-
006794MLS (354-356 San Carlos Street); 2018-007338MLS (811 Treat Avenue)

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.

Mill Act Applications

October 3, 2018

2018-006629MLS (2253 Webster Street); 2018-006717MLS (353 Kearny Street);
2018006796MLS (465-467 Oak Street); 2018-006690MLS (587 Waller Street); 2018-
006794MLS (354-356 San Carlos Street); 2018-007338MLS (811 Treat Avenue)

PUBLIC/NEIGHBORHOOD INPUT

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

STAFF ANALYSIS

The Department received six Mills Act applications by the May 1, 2018 filing date. The Project Sponsors, Planning Department Staff, and the Office of the City Attorney have negotiated the six attached draft historical property contracts, which include a draft rehabilitation and maintenance plan for the historic building. Department Staff believes the draft historical property contracts and plans are adequate. Please see below for complete analysis.

- a. 2253 Webster Street: As detailed in the Mills Act application, the applicant proposes to rehabilitate and maintain the historic property. Staff determined that the proposed work, detailed in the attachments, is consistent with the Secretary of Interior's Standards for Rehabilitation.

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 did not require a Historic Structure Report.

The applicant completed some rehabilitation of the building in 2017, including dry rot repair and painting with an estimated cost of \$75,270. The proposed Rehabilitation Plan includes flashing replacement, roof repair and replacement, additional dry rot repair, installing new compatible handrail, replacing the front door in-kind. Rehabilitation work is estimated to cost \$87,364.31 over ten years.

The proposed Maintenance Plan includes annual inspection of the wood siding, windows, roof, front porch and door. Maintenance work is estimated to cost \$3,500 annually. Any needed repairs will be made in kind and 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 applicant mitigate these expenditures and will induce the applicant to maintain the property in excellent condition in the future.

- b. 353 Kearny Street: As detailed in the Mills Act application, the applicant proposes to rehabilitate and maintain the historic property. Staff determined that the proposed work, detailed in the attachments, is consistent with the Secretary of Interior's Standards for Rehabilitation.

The subject property is currently valued by the Assessor's Office at over \$3,000,000 (see attached Market Analysis and Income Approach reports). The subject property qualifies for an exemption as it is designated as a Category IV – Contributory Building to Kearny-Market-Mason-Sutter Conservation District under Article 11 of the Planning Code. A Historic Structure Report was

required in order to demonstrate that granting the exemption would assist in the preservation of a property that might otherwise be in danger of demolition or substantial alterations

The proposed Rehabilitation Plan includes roof replacement, parapet bracing, elevator penthouse repair, brick repair and repointing at the façade and basement under sidewalk, repair and in-kind replacement of wood windows, plaster repair at rear façade, sheet metal cornice repair or in-kind replacement, fire escape repair, historic elevator and stair repair, storefront repair and replacement. Rehabilitation work is estimated to cost \$1,091,077 over ten years.

The proposed Maintenance Plan includes annual inspection of roof, parapet bracing, elevator penthouse, basement, wood windows, brick and plaster facades, storefronts, sheet metal cornice,, and fire escape with in-kind repair of any deteriorated elements as necessary. Maintenance work is estimated to cost \$23,694 annually. Any needed repairs will be made in kind and 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 applicant mitigate these expenditures and will induce the applicant to maintain the property in excellent condition in the future.

- c. 465-467 Oak Street: As detailed in the Mills Act application, the applicant proposes to rehabilitate and maintain the historic property. Staff determined that the proposed work, detailed in the attachments, is consistent with the Secretary of Interior's Standards for Rehabilitation.

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 did not require a Historic Structure Report.

The applicant completed rehabilitation work to the building in 2017, including wood window repair, exterior painting, brick chimney repair at an estimated cost of \$6963.28. The proposed Rehabilitation Plan includes seismic upgrade, roof replacement, rear stair and balcony replacement, and exterior repainting. Rehabilitation work is estimated to cost \$369,600 over ten years.

The proposed Maintenance Plan includes annual inspection of roof, gutters and downspouts, windows, doors, front steps and porch, and wood siding a trim. Any needed repairs will be made in kind and will avoid altering, removing or obscuring character-defining features of the building. Maintenance work is estimated to cost approximately \$2,000 annually.

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

- d. 587 Waller Street: As detailed in the Mills Act application, the applicant proposes to rehabilitate and maintain the historic property. Staff determined that the proposed work, detailed in the attachments, is consistent with the Secretary of Interior's Standards for Rehabilitation.

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 did not require a Historic Structure Report.

The proposed Rehabilitation Plan includes seismic and foundation work, roof replacement, front façade restoration, window replacement, and front steps and porch restoration. Rehabilitation work is estimated to cost \$337,400 over ten years.

The proposed Maintenance Plan includes annual inspection of gutters and downspouts, windows, front steps and porch, front façade, and roof. Any needed repairs resulting from inspection will be made in kind and will avoid altering, removing or obscuring character-defining features of the building. Maintenance work is estimated to cost approximately \$1,300 annually.

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

- e. 354-356 San Carlos Street: As detailed in the Mills Act application, the applicant proposes to rehabilitate and maintain the historic property. Staff determined that the proposed work, detailed in the attachments, is consistent with the Secretary of Interior's Standards for Rehabilitation and Preservation.

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 did not require a Historic Structure Report.

The applicant completed substantial rehabilitation work to the property in 2016, including front façade restoration, window replacement, exterior painting, front stair replacement, and foundation and structural work at an estimated cost of \$317,000. The proposed Rehabilitation Plan includes roof replacement. Rehabilitation work is estimated to cost \$50,000 over ten years.

The proposed Maintenance Plan includes annual inspection of the roof, gutters and drains, windows, foundation and structure, stairs. Annual inspection of the siding and trim will occur every five years. Any needed repairs resulting from inspection will be made in kind and will avoid altering, removing or obscuring character-defining features of the building. Maintenance work is estimated to cost approximately \$1,600 annually.

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

- f. **811 Treat Avenue:** As detailed in the Mills Act application, the applicant proposes to rehabilitate and maintain the historic property. Staff determined that the proposed work, detailed in the attachments, is consistent with the Secretary of Interior's Standards for Rehabilitation and Preservation.

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 did not require a Historic Structure Report.

The proposed Rehabilitation Plan includes siding and trim repair and repainting, incompatible garage door replacement, door repair and decorative glass replacement, and roof replacement. Rehabilitation work is estimated to cost \$67,000 over ten years.

The proposed Maintenance Plan includes annual inspection of the foundation; roof, gutters, drains, windows, doors, and stairs and porch. Inspection of the siding and trim will occur every five years. Any needed repairs resulting from inspection will be made in kind and will avoid altering, removing or obscuring character-defining features of the building. Maintenance work is estimated to cost approximately \$2,100 annually.

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

ASSESSOR-RECORDER INFORMATION

Based on information received from the Assessor-Recorder, the following properties will receive an estimated first year reduction as a result of the Mills Act Contract. Please refer to the attached Preliminary Valuation spreadsheet prepared by the Assessor for detailed information about each property.

- a) **2253 Webster Street:** Estimated Property Tax Savings of \$13,750 (a 54.73% reduction from factored base year value)
- b) **353 Kearny Street:** Estimated Property Tax Savings of \$26,963 (a 33.82% reduction from factored base year value)
- c) **465 Oak Street:** Estimated Property Tax Savings of \$16,250 (a 52.98% reduction from factored base year value)
- d) **587 Waller Street:** Estimated Property Tax Savings of \$16,412 (a 58.33% reduction from factored base year value)

Mill Act Applications
October 3, 2018

2018-006629MLS (2253 Webster Street); 2018-006717MLS (353 Kearny Street);
2018006796MLS (465-467 Oak Street); 2018-006690MLS (587 Waller Street); 2018-
006794MLS (354-356 San Carlos Street); 2018-007338MLS (811 Treat Avenue)

- e) 354-356 San Carlos Street: Estimated Property Tax Savings: \$4,532 (a 25.05% reduction from factored base year value).
- f) 811 Treat Avenue: Estimated Property Tax Savings: \$368 (a 2.20% reduction from factored base year value).

PLANNING DEPARTMENT RECOMMENDATION

- The Planning Department recommends that the Historic Preservation Commission adopt a resolution recommending approval of the Mills Act Historical Property Contracts and Rehabilitation and Maintenance Plans to the Board of Supervisors for the following properties:
 - a. 2253 Webster Street
 - b. 353 Kearny Street
 - c. 465 Oak Street
 - d. 587 Waller Street
 - e. 354-356 San Carlos Street
 - f. 811 Treat Avenue

ISSUES AND OTHER CONSIDERATIONS

Mills Act Contract property owners are required to submit an annual affidavit demonstrating compliance with Rehabilitation and Maintenance Plans.

HISTORIC PRESERVATION COMMISSION ACTIONS

Review and adopt a resolution for each property:

1. Recommending to the Board of Supervisors 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. 2253 Webster Street:
 - Draft Resolution
 - Draft Mills Act Historical Property Contract
 - Draft Rehabilitation Program & Maintenance Plan
 - Draft Mills Act Valuation provided by the Assessor-Recorder's Office
 - Pre-Approval Inspection Report
 - Mills Act Application

Mill Act Applications

October 3, 2018

2018-006629MLS (2253 Webster Street); 2018-006717MLS (353 Kearny Street);
2018006796MLS (465-467 Oak Street); 2018-006690MLS (587 Waller Street); 2018-
006794MLS (354-356 San Carlos Street); 2018-007338MLS (811 Treat Avenue)

b. 353 Kearny Street:

Draft Resolution
Draft Mills Act Historical Property Contract
Draft Rehabilitation Program & Maintenance Plan
Draft Mills Act Valuation provided by the Assessor-Recorder's Office
Pre-Approval Inspection Report
Mills Act Application
Historic Structure Report

c. 465-467 Oak Street:

Draft Resolution
Draft Mills Act Historical Property Contract
Draft Rehabilitation Program & Maintenance Plan
Draft Mills Act Valuation provided by the Assessor-Recorder's Office
Pre-Approval Inspection Report
Mills Act Application

d. 587 Waller Street:

Draft Resolution
Draft Mills Act Historical Property Contract
Draft Rehabilitation Program & Maintenance Plan
Draft Mills Act Valuation provided by the Assessor-Recorder's Office
Pre-Approval Inspection Report
Mills Act Application

e. 354-356 San Carlos Street:

Draft Resolution
Draft Mills Act Historical Property Contract
Draft Rehabilitation Program & Maintenance Plan
Draft Mills Act Valuation provided by the Assessor-Recorder's Office
Pre-Approval Inspection Report
Mills Act Application

f. 811 Treat Avenue:

Draft Resolution
Draft Mills Act Historical Property Contract
Draft Rehabilitation Program & Maintenance Plan
Draft Mills Act Valuation provided by the Assessor-Recorder's Office
Pre-Approval Inspection Report
Mills Act Application



SAN FRANCISCO PLANNING DEPARTMENT

Historic Preservation Commission Resolution No. 992 HEARING DATE OCTOBER 3, 2018

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

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Case No.: 2018-006690MLS
Project Address: 587 Waller Street (District 8)
Landmark District: Contributing building to Duboce Park Historic District
Zoning: RTO (Residential Transit Oriented District)
Height and Bulk: 40-X
Block/Lot: 0865/021
Staff Contact: Shannon Ferguson – (415) 575-9074
 shannon.ferguson@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 587 WALLER STREET:

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 7I, to implement Mills Act locally; and

WHEREAS, The Planning Department has determined that the actions contemplated in this Resolution are categorically exempt from with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.) under section 15331; and

WHEREAS, The existing building located at 587 Waller Street is listed under Article 10 of the San Francisco Planning Code Planning Code as a Contributor to the Duboce Park Historic District and thus qualifies as a historic property; and

WHEREAS, The Planning Department has reviewed the Mills Act Application, Historical Property Contract, Historical Property Contract, Rehabilitation Program, and Maintenance Plan for 587 Waller

Street, which are located in Case Docket No. 2018-006690MLS. The Planning Department recommends approval of the Mills Act historical property contract, rehabilitation program, and maintenance plan; and

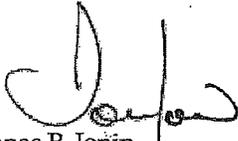
WHEREAS, The Historic Preservation Commission (HPC) recognizes the historic building at 587 Waller Street as an historical resource and believes the Rehabilitation Program and Maintenance Plan are appropriate for the property; and

WHEREAS, At a duly noticed public hearing held on October 3, 2018, 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 587 Waller Street, which are located in Case Docket No. 2018-006690MLS.

THEREFORE BE IT RESOLVED that the Historic Preservation Commission hereby recommends that the Board of Supervisors approve the Mills Act Historical Property Contract, including the Rehabilitation Program, and Maintenance Plan for the historic building located at 587 Waller Street, attached herein as Exhibits A and B, and fully incorporated by this reference.

BE IT FURTHER RESOLVED That the Historic Preservation Commission hereby directs its Commission Secretary to transmit this Resolution, the Mills Act Historical Property Contract, including the Rehabilitation Program, and Maintenance Plan for 587 Waller Street, and other pertinent materials in the case file 2018-006690MLS to the Board of Supervisors.

I hereby certify that the foregoing Resolution was ADOPTED by the Historic Preservation Commission on October 3, 2018.


Jonas P. Ionin
Commissions Secretary

- AYES: Wolfram, Hyland, Black, Johns, Matsuda, Pearlman
NOES: None
ABSENT: Johnck
ADOPTED: October 3, 2018

Exhibit A: Rehabilitation/Restoration Plan for 587 Waller Street

#1 Building Feature: Foundation

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: 2019

Total Cost: \$172,600

Description of Work:

The building foundation had not been earthquake retrofitted and the current foundation was brick and concrete veneer. We engaged an architect and a structural engineer to investigate the foundation, and we have implemented necessary repairs/improvements in order to protect the house in the event of future earthquakes. The foundation is being fully retrofitted, and the shared foundation footing with 581 Waller is being separated for better structural stability. The foundation is being retrofitted with structural steel supports. These repairs will be designed to avoid altering, removing or obscuring character-defining features of the property.

#2 Building Feature: Roof

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: 2019

Total Cost: \$31,800

Description of Work:

The current roof is old and in poor repair. We have engaged an architect and a roofing contractor and are replacing the roof with new asphalt/composition shingles. New GSM gutters and downspouts will be installed also. Installation of the new roof will avoid changing the roof configuration, or altering, removing or obscuring character-defining features of the building, including decorative elements in the gable ends, as well as eave trim and moldings.

#3 Building Feature: Front facade

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: 2019

Total Cost: \$15,000

Description of Work:

Repaint the front facade of the house and repair damage or deterioration to existing siding. If any elements are determined to be damaged or deteriorated beyond repair, replacements will be made in kind.

#4 Building Feature: Windows –front facade

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: 2019

Total Cost: \$18,000

Description of Work:

Repair existing or replace in kind nine (9) windows on the front facade with historically appropriate double-hung wood sash windows with ogee lugs. The design of the new windows will replicate the profiles of the existing double-hung wood windows with ogee lugs.

#5 Building Feature: Front steps and porch

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: 2021

Total Cost: \$25,000

Description of Work:

We are currently working with our architect and SF planning staff to submit an appropriate design for the restoration of the front steps and porch. The restoration plan will be focused on a more compatible railing.

#6 Building Feature: Front façade Restoration

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: 2021

Total Cost: \$75,000

Description of Work:

We are currently working with our architect and SF planning staff to submit an appropriate design for the restoration of the front facade. The restoration plan will be focused on an historically accurate interpretation of the original ornamentation and detailing - horizontal and vertical moldings around windows, cornice lines, etc. We have also contracted SF Home History to do a detailed archive search for historic photos of the building. We plan to do this work after the current renovation is complete.

Exhibit B: Maintenance Plan for 587 Waller Street

#7 Building Feature: Gutters and downspouts

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: Annually

Total Cost: \$300

Description of Work:

We will service our gutters and downspouts every year, removing debris and inspecting for leaks. As such time we will confirm that the downspouts direct water away from the house and that no water is infiltrating the foundation. If any drainage issues are found, we will repair or replace the gutters and downspouts as necessary. Repair or replacement of the gutters will avoid altering, removing or obscuring character-defining features of the building. This maintenance routine will be informed by the guidance outlined in the National Park Service's Preservation Brief 47: Maintaining the Exterior of Small and Medium Size Historic Buildings.

#8 Building Feature: Windows

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: Annually

Total Cost: \$400

Description of Work:

Once the windows have been repaired, we will inspect them every year and repaint as necessary. 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. This maintenance routine will be informed by the guidance outlined in the National Park Service's Preservation Brief 47: Maintaining the Exterior of Small and Medium Size Historic Buildings.

#9 Building Feature: Front steps and porch

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: Annually

Total Cost: \$400

Description of Work:

Inspect front steps and porch for failing paint or deteriorated wood, and make any necessary repairs in kind.

#10 Building Feature: Front facade

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: Annually

Total Cost: \$200

Description of Work:

Once the house has been repainted, we will inspect the wooden elements of the façade approximately every year and repaint as necessary. 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 Preservation Brief 47: Maintaining the Exterior of Small and Medium Size Historic Buildings.

#11 Building Feature: Roof

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: Every five years

Total Cost: \$300

Description of Work:

Once the roof has been replaced or repaired, we will have a licensed roofing contractor conduct periodic inspections approximately every 5 years to ensure that it remains in good condition. Any needed repairs will avoid altering, removing or obscuring character-defining features of the building. This maintenance routine will be informed by the guidance outlined in the National Park Service's Preservation Brief 47: Maintaining the Exterior of Small and Medium Size Historic Buildings.



Office of the Assessor / Recorder - City and County of San Francisco
Mills Act Valuation



587 Waller Street

4201

**OFFICE OF THE ASSESSOR-RECORDER - CITY & COUNTY OF SAN FRANCISCO
MILLS ACT VALUATION**

| | | | |
|--------------------------------|--------------------------|--------------------------|-------------|
| APN: | 0865-021 | Lien Date: | 7/1/2018 |
| Address: | 587 Waller Street | Application Date: | 5/1/2018 |
| SF Landmark No.: | | Application Term: | 10 Years |
| Applicant's Name: | Chris Hansten, June Kwon | | |
| Agt./Tax Rep./Atty: | Anna Rose | Last Sale Date: | 7/11/2017 |
| Fee Appraisal Provided: | No | Last Sale Price: | \$2,400,000 |

| FACTORED BASE YEAR (Roll) VALUE | | INCOME CAPITALIZATION APPROACH | | SALES COMPARISON APPROACH | |
|---------------------------------|--------------------|--------------------------------|--------------------|---------------------------|--------------------|
| Land | \$1,680,000 | Land | \$700,000 | Land | \$1,925,000 |
| Imps. | \$720,000 | Imps. | \$300,000 | Imps. | \$825,000 |
| Personal Prop | \$0 | Personal Prop | \$0 | Personal Prop | \$0 |
| Total | \$2,400,000 | Total | \$1,000,000 | Total | \$2,750,000 |

Property Description

| | | | | | |
|----------------------------|---------------|-------------------------------|------------------------|----------------------|--------------|
| Property Type: | Single-Tenant | Year Built: | 1900 | Neighborhood: | Hayes Valley |
| Type of Use: | Residential | (Total) Rentable Area: | 2,785 | Land Area: | 2,250 |
| Owner-Occupied: | Yes | Stories: | 2 | Zoning: | RTO |
| Total No. of Units: | 1 | Parking Spaces: | Underground / 2 Spaces | | |

Special Conditions (Where Applicable)

Owner-occupied property that was purchased on 07/11/2017 in original condition. Owner provided estimate of \$153,000 for the seismic upgrade, foundation retrofitting and facade and window restoration. Property assumed to be in similar condition as pictured in MLS listing from 7/11/2017 sale. Permit #201710100781 was issued on 11/14/2017 and outlines extensive remodeling throughout the property, replacement of the foundation and conversion of 46sf of basement space to conditioned living area.

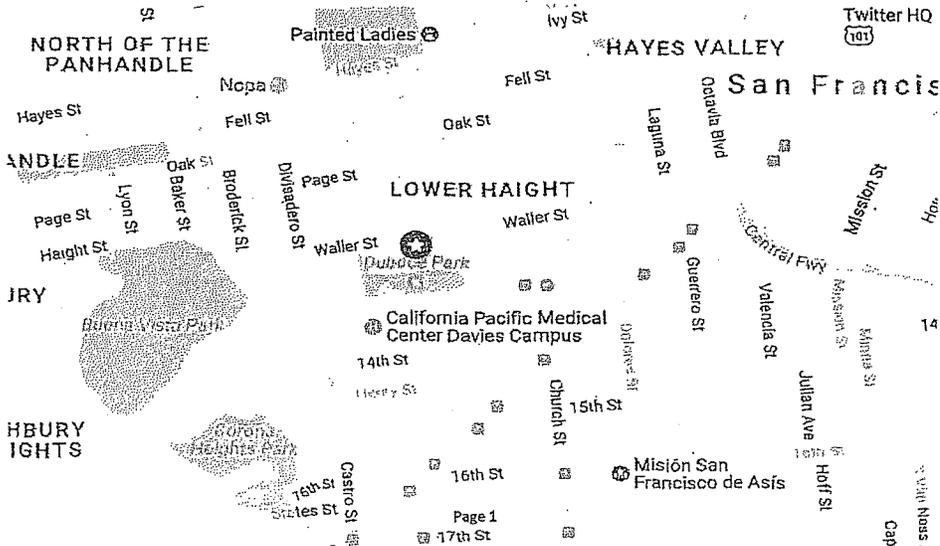
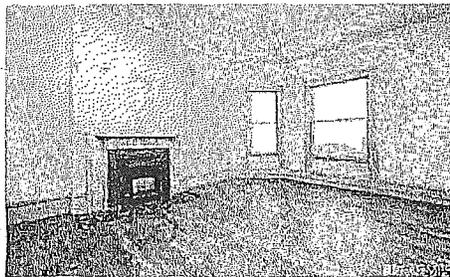
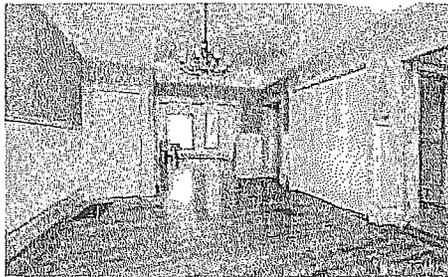
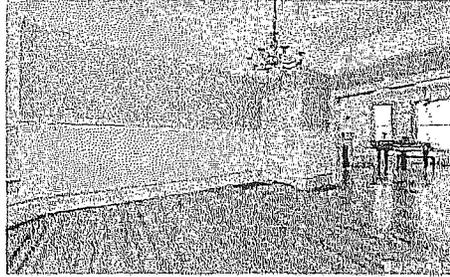
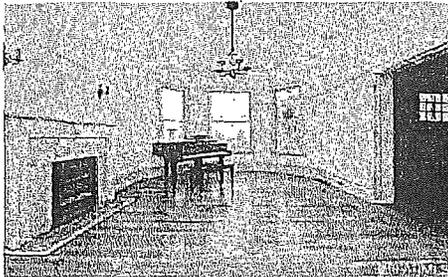
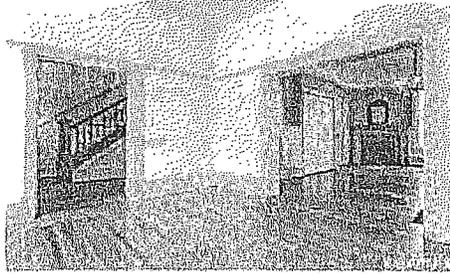
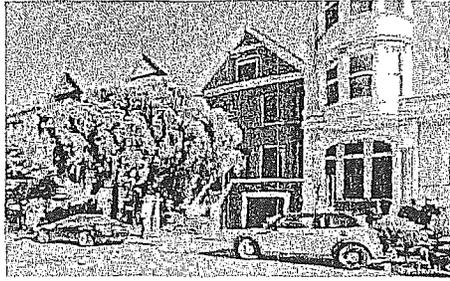
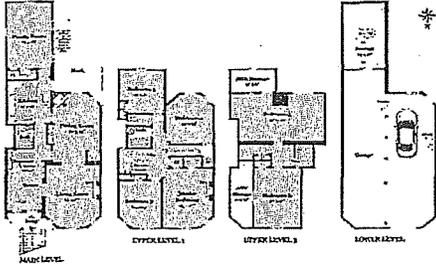
Conclusions and Recommendations

| | Per SF | Total |
|---|--------------|--------------------|
| Factored Base Year Roll | \$862 | \$2,400,000 |
| Income Approach - Direct Capitalization | \$359 | \$1,000,000 |
| Sales Comparison Approach | \$987 | \$2,750,000 |
| Recommended Value Estimate | \$359 | \$1,000,000 |

| | | |
|-------------------------------|--|----------------------|
| Appraiser: Irving Pham | Principal Appraiser: Christopher Castle | Hearing Date: |
|-------------------------------|--|----------------------|

SUBJECT PHOTOGRAPHS AND LOCATOR MAP

Address: 587 Waller Street
APN: 0865-021



INCOME APPROACH

Address: 587 Waller Street
 Lien Date: 7/1/2018

| | <u>Monthly Rent</u> | | <u>Annualized</u> | | |
|---|---------------------|---|-------------------|---|-------------------|
| Potential Gross Income* | \$10,000 | x | 12 | = | \$120,000 |
| Less: Vacancy & Collection Loss | | | 3% | | <u>(\$3,600)</u> |
| Effective Gross Income | | | | | \$116,400 |
| Less: Anticipated Operating Expenses (Pre-Property Tax)** | | | 15% | | <u>(\$17,460)</u> |
| Net Operating Income (Pre-Property Tax) | | | | | \$98,940 |

Restricted Capitalization Rate

| | | | |
|---|-----|---------|----------------|
| 2018 interest rate per State Board of Equalization | | 4.0000% | |
| Risk rate (4% owner occupied / 2% all other property types) | | 4.0000% | |
| 2017 property tax rate *** | | 1.1723% | |
| Amortization rate for improvements only | | | |
| Remaining economic life (Years) | 40 | 0.0250 | 0.7500% |
| Improvements constitute % of total property value | 30% | | 9.9223% |

RESTRICTED VALUE ESTIMATE **\$997,148**

Rounded to the nearest \$10,000 **\$1,000,000**

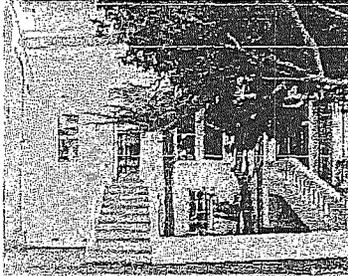
Notes:

- * Potential Gross Income based on rental comps selected on next page. Rental range is selected at the lower end of the range due to assumed original condition of the subject property.
- ** Annual operating expenses include water service, refuse collection, insurance, and regular maintenance items. Assumes payment of PG&E by lessee.
- *** The 2018 property tax rate will be determined in September 2018.

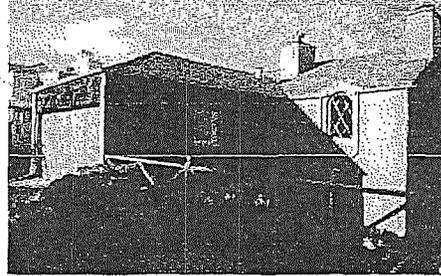
Rent Comparables

Address: 587 Waller Street
 Lien Date: 7/1/2018

Rental Comp #1



Rental Comp #2



Rental Comp #3



Rental Comp #4



Listing Agent: Anthony R. Navarro, 415-305-3291
 Listing Date/Source: 6/06/18 Leased, MLS
 Address: 4087 17th Street
 Cross Streets: Diamond Street
 SF: 1,945
 Layout: 3 bed, 2 BA, 1 car garage space
 Monthly Rent: \$7,500
 Rent/Foot/Mo: \$3.86
 Annual Rent/Foot: \$46.27

Sandy Gandolfo, 415-706-5633
 6/11/18 Leased, MLS
 157 Villa Terrace
 Graystone Terrace
 1,675
 4 bed, 2 BA, 2 car garage space
 \$7,500
 \$4.48
 \$53.73

Deborah Nairass, 415-609-2904
 05/25/18 Leased, MLS
 1150 Stanyan Street
 Grattan Street
 1,752
 3 bed, 2 BA, 1 car garage space
 \$7,950
 \$4.54
 \$54.45

Christian Buckley, 415-305-4785
 1/14/18 Leased, MLS
 1804 Laguna Street
 Pine Street
 1,890
 3 units: 1/3/2, 1/4/1, 1/3/3 no car parking
 \$11,000
 \$5.82
 \$69.84

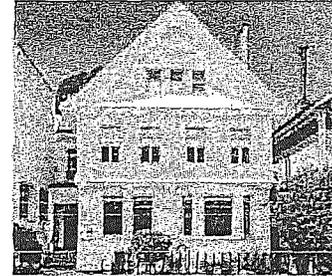
Rental Comp #5



Rental Comp #6



Rental Comp #7



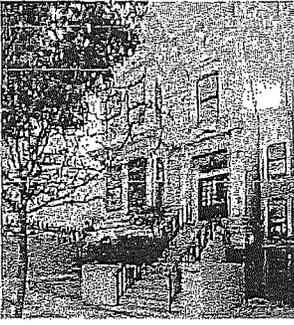
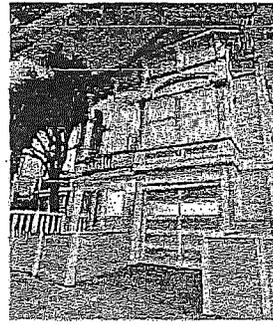
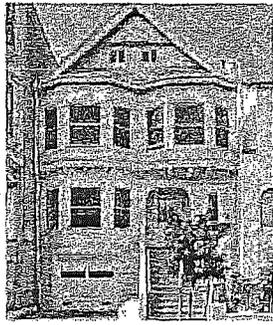
Listing Agent: Mary L. Fenton, 415-205-5218
 Listing Date/Source: 8/29/17 Leased, MLS
 Address: 924 Clayton Street
 Cross Streets: Parnassus Street
 SF: 2,278
 Layout: 4 bed, 2.5 BA, 1 car garage space

Jessica Eva, 650-597-1864
 07/03/18 Listing, MLS
 177 Marview Way
 Farview Court
 1,274
 3 bed, 3 BA, 2 car garage space

Laila Y. Salma, 415-931-8269
 8/1/2018 Listing, Zillow
 1812 Broadway Street
 Octavia Street
 3,022
 3 bed, 2.5 BA, 2 uncovered spaces

4205

SALES COMPARISON APPROACH

| | Subject | Sale 1 | Sale 2 | Sale 3 | | | |
|-------------------------|---|--|---|---|-------------|--------------------|-------------|
| APN | 0865-021 | 0867 021 | 0867 021 | 0865 008 | | | |
| |  |  |  |  | | | |
| Address | 587 Waller Street | 211 Divisadero | 110 Steiner St | 59 Potomac St | | | |
| | | \$2,900,000 | \$2,600,000 | \$2,350,000 | | | |
| | Description | Description | Adjust | Description | Adjust | Description | Adjust |
| Date of Valuation/Sale | 07/01/18 | 05/10/18 | | 03/16/18 | | 10/18/17 | |
| Neighborhood | Hayes Valley | Haight Ashbury | | Hayes Valley | | Hayes Valley | |
| Proximity to Subject | | 0.3 Mile | | 0.1 Mile | | 443 ft | |
| Lot Size | 2,250 | 2,495 | (\$4,900) | 1,920 | \$6,600 | 2,247 | |
| View | Neighborhood | Neighborhood | | Neighborhood | | Neighborhood | |
| Year Blt/Year Renovated | 1900 | 1900 | | 1900 | | 1900 | |
| Condition | Original condition | Partial Remodel | (\$72,500) | Remodeled | (\$130,000) | Original condition | |
| Construction Quality | N/A | | | | | Good | |
| Gross Living Area | 2,785 | 2,554 | \$69,300 | 2,850 | (\$19,500) | 1,800 | \$295,500 |
| Total Rooms | 8 | 9 | | 9 | | 7 | |
| Bedrooms | 6 | 4 | | 4 | | 4 | |
| Bathrooms | 2 | 3.5 | (\$75,000) | 3 | (\$50,000) | 1 | \$50,000 |
| Stories | 2 | 2 | | 2 | | 2 | |
| Parking | Underground / 2 Spaces | 2 car | | 1 car | \$50,000 | 1 car | \$50,000 |
| Net Adjustments | | | (\$83,100) | | (\$142,900) | | \$395,500 |
| Indicated Value | \$2,750,000 | | \$2,816,900 | | \$2,457,100 | | \$2,745,500 |
| Adjust. \$ Per Sq. Ft. | \$987 | | \$1,103 | | \$862 | | \$1,525 |

VALUE RANGE: \$2,457,200 to \$2,816,900

VALUE CONCLUSION: \$2,750,000

REMARKS:

Adjustments are made to the comparables. (Rounded to the nearest \$1,000.)

- * View Adjustment 2% of SP
- *Lot Area adj. based on per square foot of \$20 over a % variance of 0%
- *GLA adjustment based on per square foot of \$300 over a % variance of 0%
- *Bathroom variance adjustment based on \$50,000 per bath variance.
- *Parking space adjustment based on \$50,000 per space variance.

Other types of adjustments as noted below:

4206



SAN FRANCISCO PLANNING DEPARTMENT

PRE-APPROVAL INSPECTION REPORT

Report Date: May 24, 2018
Inspection Date: May 24, 2017; 9:00am
Filing Date: May 1, 2018
Case No.: 2018-006690MLS
Project Address: 587 Waller Street
Block/Lot: 0865/021
Eligibility: Contributor to the Duboce Park Historic District
Zoning: RTO – Residential Transit Oriented District
Height & Bulk: 40-X
Supervisor District: District 8 (Jeff Sheehy)
Project Sponsor: Christopher Hansten, June Kwon
Address: 4658 18th St. PH
San Francisco, CA 94114
650-218-3876, 415-531-0939
chrish@mac.com, june.kwon@gmail.com
Staff Contact: Shannon Ferguson – (415) 575-9074
shannon.ferguson@sfgov.org
Reviewed By: Tim Frye – (415) 575-6822
tim.frye@sfgov.org

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

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

PRE-INSPECTION

- Application fee paid
 - Record of calls or e-mails to applicant to schedule pre-contract inspection
- 5/1/18 – email applicant to confirm receipt of application
- 5/14/18 – Schedule site visit and provide comments on application
- 5/21/18 - Reschedule site visit
- 5/24/18 – phone call with applicant and email follow up comments on application

INSPECTION OVERVIEW

Date and time of inspection: May 24, 9am

- Provide applicant with business cards
- Inform applicant of contract cancellation policy
- Inform applicant of monitoring process

Inspect property. If multi-family or commercial building, inspection included a:

- Thorough sample of units/spaces
- Representative
- Limited
 - Review any recently completed and in progress work to confirm compliance with Contract.
 - Review areas of proposed work to ensure compliance with Contract.
 - Review proposed maintenance work to ensure compliance with Contract.

Identify and photograph any existing, non-compliant features to be returned to original condition during contract period. n/a

- Yes No Does the application and documentation accurately reflect the property's existing condition? If no, items/issues noted:
- Yes No Does the proposed scope of work appear to meet the Secretary of the Interior's Standards? If no, items/issues noted: See below
- Yes No Does the property meet the exemption criteria, including architectural style, work of a master architect, important persons or danger of deterioration or demolition without rehabilitation? If no, items/issues noted: n/a
- Yes No Conditions for approval? If yes, see below.

NOTES

587 Waller Street (District 8) is located on the south side of Waller Street between Pierce and Potomac streets, Assessor's Block 0865 Lot 021. The subject property is located within a RTO (Residential Transit Oriented District) zoning district and a 40-X Height and Bulk district. The subject property is a contributing building to the Duboce Park Historic District. It is a two-and-half-story plus basement, wood-frame, single-family dwelling designed in the Queen Anne style and built in circa 1900.

The subject property is currently valued by the Assessor's Office at under \$3,000,000. Therefore, an exemption from the tax assessment value is not required.

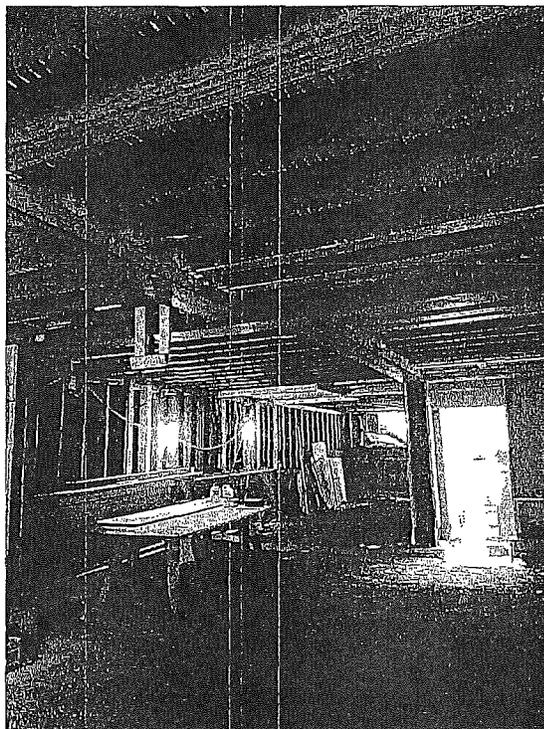
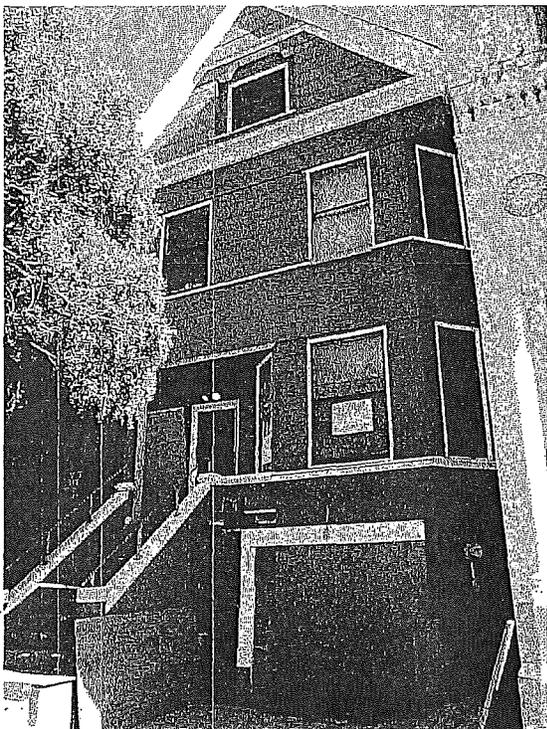
The rehabilitation plan proposes seismic upgrades/foundation retrofitting, roof replacement, front façade restoration, and replacement of front windows with new double-hung, wood sash windows with ogee lugs. The estimated cost of the rehabilitation work is \$153,000.

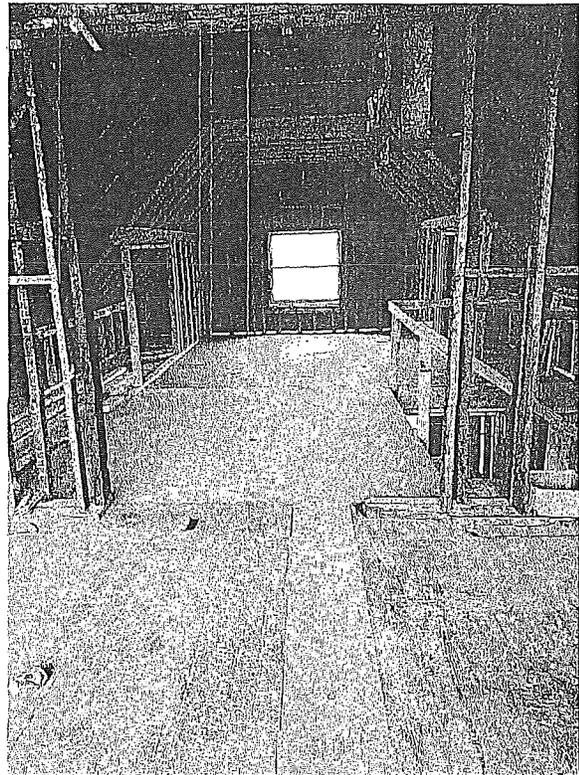
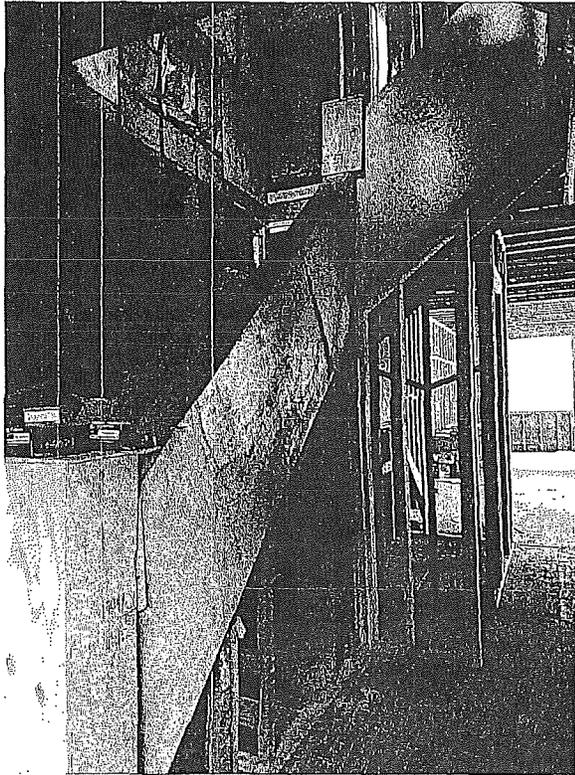
The maintenance plan proposes to inspect and make any necessary repairs to the gutters and front façade on an annual basis with an estimated cost of \$1,200 annually; and inspect and make any necessary repairs to the roof every five years with an estimated cost of \$300.

CONDITIONS FOR APPROVAL

- Contractor estimates are needed for the Rehabilitation work.

PHOTOGRAPHS





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: | TELEPHONE: |
| | () |
| PROPERTY OWNER 1 ADDRESS: | EMAIL: |
| | |

| | |
|---------------------------|------------|
| PROPERTY OWNER 2 NAME: | TELEPHONE: |
| | () |
| PROPERTY OWNER 2 ADDRESS: | EMAIL: |
| | |

| | |
|---------------------------|------------|
| PROPERTY OWNER 3 NAME: | TELEPHONE: |
| | () |
| PROPERTY OWNER 3 ADDRESS: | EMAIL: |
| | |

2. Subject Property Information

| | |
|-----------------------------|------------------------|
| PROPERTY ADDRESS: | ZIP CODE: |
| | |
| PROPERTY PURCHASE DATE: | ASSESSOR BLOCK/LOT(S): |
| | |
| MOST RECENT ASSESSED VALUE: | ZONING DISTRICT: |
| | |

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. By signing below, I affirm that all information provided in this application is true and correct. I further swear and affirm that false information will be subject to penalty and revocation of the Mills Act Contract.

Owner Signature: *[Signature]* Date: _____

Owner Signature: *[Signature]* Date: _____

Owner 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 <input type="checkbox"/> | NO <input type="checkbox"/> |
| The property is a Commercial/Industrial Building valued at less than \$5,000,000. | YES <input type="checkbox"/> | NO <input type="checkbox"/> |

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

Application for Exemption from Property Tax Valuation

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: |
| |
| |
| |
| MOST RECENT ASSESSED PROPERTY VALUE: |
| |
| |
| PROPERTY ADDRESS: |
| |

5. Other Information

All property owners are required to attach a copy of all other information as outlined in the checklist on page 7 of this application.

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: *du safe* Date: _____

Owner Signature: *Frank...* Date: _____

Owner Signature: _____ Date: _____

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. The contract is not in effect until it is fully executed and recorded with the Office of the Assessor-Recorder.

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.

Exhibit A: Rehabilitation/Restoration Plan for 587 Waller Street

#1 Building Feature: Foundation

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: 2019

Total Cost: \$172,600

Description of Work:

The building foundation had not been earthquake retrofitted and the current foundation was brick and concrete veneer. We engaged an architect and a structural engineer to investigate the foundation, and we have implemented necessary repairs/improvements in order to protect the house in the event of future earthquakes. The foundation is being fully retrofitted, and the shared foundation footing with 581 Waller is being separated for better structural stability. The foundation is being retrofitted with structural steel supports. These repairs will be designed to avoid altering, removing or obscuring character-defining features of the property.

#2 Building Feature: Roof

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: 2019

Total Cost: \$31,800

Description of Work:

The current roof is old and in poor repair. We have engaged an architect and a roofing contractor and are replacing the roof with new asphalt/composition shingles. New GSM gutters and downspouts will be installed also. Installation of the new roof will avoid changing the roof configuration, or altering, removing or obscuring character-defining features of the building, including decorative elements in the gable ends, as well as eave trim and moldings.

#3 Building Feature: Front facade

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: 2019

Total Cost: \$15,000

Description of Work:

Repaint the front facade of the house and repair damage or deterioration to existing siding. If any elements are determined to be damaged or deteriorated beyond repair, replacements will be made in kind.

#4 Building Feature: Windows –front facade

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: 2019

Total Cost: \$18,000

Description of Work:

Repair existing or replace in kind nine (9) windows on the front facade with historically appropriate double-hung wood sash windows with ogee lugs. The design of the new windows will replicate the profiles of the existing double-hung wood windows with ogee lugs.

#5 Building Feature: Front steps and porch

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: 2021

Total Cost: \$25,000

Description of Work:

We are currently working with our architect and SF planning staff to submit an appropriate design for the restoration of the front steps and porch. The restoration plan will be focused on a more compatible railing.

#6 Building Feature: Front façade Restoration

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: 2021

Total Cost: \$75,000

Description of Work:

We are currently working with our architect and SF planning staff to submit an appropriate design for the restoration of the front facade. The restoration plan will be focused on an historically accurate interpretation of the original ornamentation and detailing - horizontal and vertical moldings around windows, cornice lines, etc. We have also contracted SF Home History to do a detailed archive search for historic photos of the building. We plan to do this work after the current renovation is complete.

Exhibit B: Maintenance Plan for 587 Waller Street

#7 Building Feature: Gutters and downspouts

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: Annually

Total Cost: \$300

Description of Work:

We will service our gutters and downspouts every year, removing debris and inspecting for leaks. As such time we will confirm that the downspouts direct water away from the house and that no water is infiltrating the foundation. If any drainage issues are found, we will repair or replace the gutters and downspouts as necessary. Repair or replacement of the gutters will avoid altering, removing or obscuring character-defining features of the building. This maintenance routine will be informed by the guidance outlined in the National Park Service's Preservation Brief 47: Maintaining the Exterior of Small and Medium Size Historic Buildings.

#8 Building Feature: Windows

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: Annually

Total Cost: \$400

Description of Work:

Once the windows have been repaired, we will inspect them every year and repaint as necessary. 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. This maintenance routine will be informed by the guidance outlined in the National Park Service's Preservation Brief 47: Maintaining the Exterior of Small and Medium Size Historic Buildings.

#9 Building Feature: Front steps and porch

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: Annually

Total Cost: \$400

Description of Work:

Inspect front steps and porch for failing paint or deteriorated wood, and make any necessary repairs in kind.

#10 Building Feature: Front facade

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: Annually

Total Cost: \$200

Description of Work:

Once the house has been repainted, we will inspect the wooden elements of the façade approximately every year and repaint as necessary. 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 Preservation Brief 47: Maintaining the Exterior of Small and Medium Size Historic Buildings.

#11 Building Feature: Roof

Rehab/Restoration Maintenance Completed Proposed

Contract Year Work Completion: Every five years

Total Cost: \$300

Description of Work:

Once the roof has been replaced or repaired, we will have a licensed roofing contractor conduct periodic inspections approximately every 5 years to ensure that it remains in good condition. Any needed repairs will avoid altering, removing or obscuring character-defining features of the building. This maintenance routine will be informed by the guidance outlined in the National Park Service's Preservation Brief 47: Maintaining the Exterior of Small and Medium Size Historic Buildings.

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

California Mills Act Historical Property Agreement

PROPERTY NAME (IF ANY)

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 _____ ("Owner/s").

RECITALS

Owners are the owners of the property located at _____, in San Francisco, California
PROPERTY ADDRESS
/ _____. The building located at _____

BLOCK NUMBER

LOT NUMBER

PROPERTY ADDRESS

is designated as _____ (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 potentially reduce 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:

Mills Act Application

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-Recorder 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. The cancellation must be provided to the Office of the Assessor-Recorder for recordation.

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.

The contract will not be considered final until this agreement has been recorded with the Office of the Assessor-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 ASSESSOR-RECORDER CITY & COUNTY OF SAN FRANCISCO | _____ Date | _____ JOHN RAHAIM DIRECTOR OF PLANNING CITY & COUNTY OF SAN FRANCISCO | _____ Date |
| _____ APPROVED AS PER FORM: DENNIS HERRERA CITY ATTORNEY CITY & COUNTY OF SAN FRANCISCO | | _____ Signature | _____ Date |
| | | _____ Print name DEPUTY CITY ATTORNEY | |
| _____ Signature | _____ Date | _____ Signature | _____ Date |
| _____ Print name OWNER | | _____ 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: _____

On: _____ before me, _____ ,
DATE INSERT NAME OF THE OFFICER

NOTARY PUBLIC personally appeared: _____ ,
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.

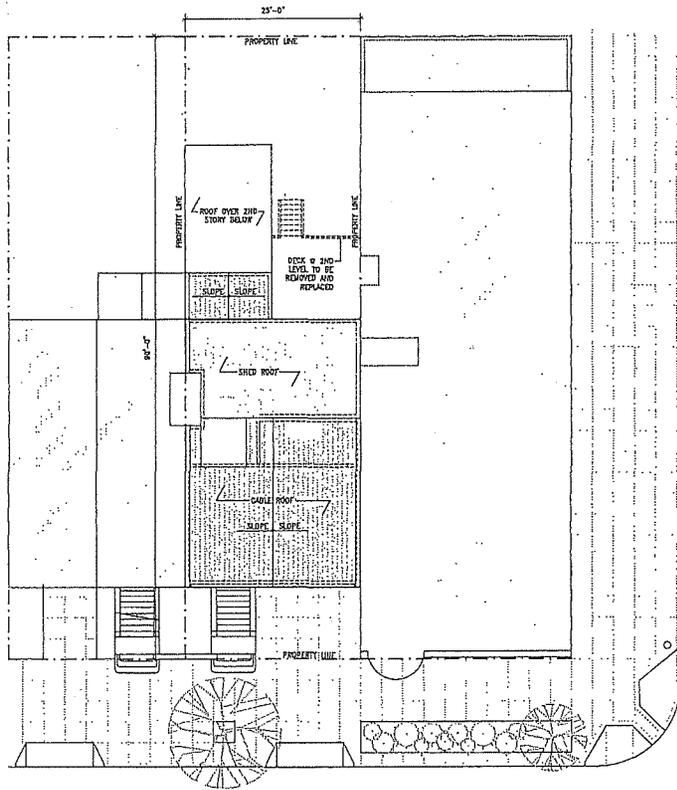
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

SIGNATURE

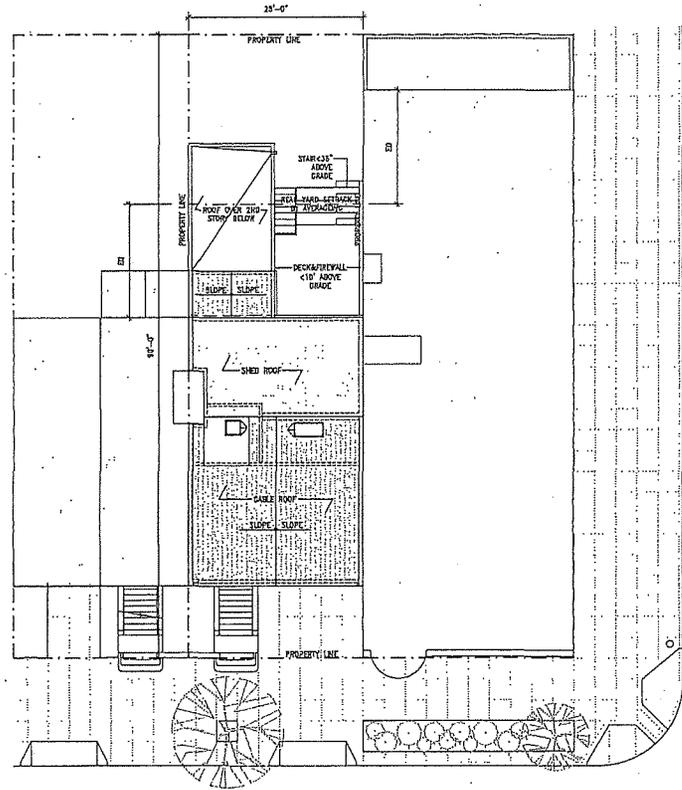
(PLACE NOTARY SEAL ABOVE)

4227



WALLER STREET

1 EXISTING SITE PLAN
SCALE: 1/8" = 1'-0"



WALLER STREET

2 PROPOSED SITE PLAN
SCALE: 1/8" = 1'-0"



TROY KASHANI POUR ARCHITECTURE 2305 3RD STREET, SUITE 401, SF CA 94107, PHONE/FAX 415.511.0668

587 WALLER STREET

OWNER:
JIMMIE BROWN & CHRIS HANSTEN
307 WALLER ST
SAN FRANCISCO, CA 94117
PHONE: 415.511.0939
EMAIL: JIMMIE@KASHANI.COM
CHRIS@KASHANI.COM

DATE:
ISSUED FOR PERMIT 10.03.2017

CONSULTANT

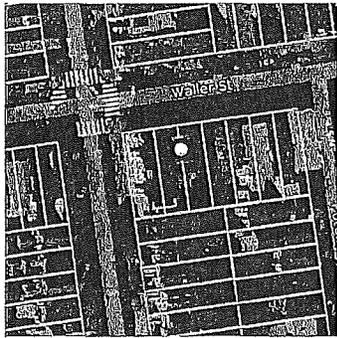
APPROVAL



DRAWN: TX
CHECKED: TX
SCALE: 1/4" = 1'-0"

EXISTING & PROPOSED SITE PLANS

A0.1





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, 2017 through June 30, 2018

| Vol | Block | Lot | Account Number | Tax Rate | Original Mail Date | Property Location |
|-----|-------|-----|----------------|----------|--------------------|-------------------|
| 06 | 0865 | 021 | 086500210 | 1.1723% | October 11, 2017 | 587 WALLER ST |

Assessed on January 1, 2017 at 12:01am
 To: NAME PRIVATE PER CA AB 2238

ADDRESS INFORMATION
 NOT AVAILABLE ONLINE

| Assessed Value | | |
|----------------------|------------|------------|
| Description | Full Value | Tax Amount |
| Land | 52,673 | 617.48 |
| Structure | 117,078 | 1,372.50 |
| Fixtures | | |
| Personal Property | | |
| Gross Taxable Value | 169,751 | 1,989.99 |
| Less HO Exemption | 7,000 | 82.06 |
| Less Other Exemption | | |
| Net Taxable Value | 162,751 | \$1,907.92 |

| Direct Charges and Special Assessments | | | |
|---|----------------------|----------------|-----------------|
| Code | Type | Telephone | Amount Due |
| 46 | SF BAY.RS PARCEL TAX | (888) 508-8157 | 12.00 |
| 91 | SFCCD PARCEL TAX | (415) 487-2400 | 99.00 |
| Total Direct Charges and Special Assessments | | | \$111.00 |

| | | |
|------------------|-----------------|-------------------|
| TOTAL DUE | | \$2,018.92 |
| 1st Installment | 2nd Installment | |
| \$1,009.46 | \$1,009.46 | |
| DUE 12/11/2017 | DUE 04/10/2018 | |

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



City & County of San Francisco
 Secured Property Tax Bill
 For Fiscal Year July 1, 2017 through June 30, 2018

Pay online at SFTREASURER.ORG

| Vol | Block | Lot | Account Number | Tax Rate | Original Mail Date | Property Location |
|-----|-------|-----|----------------|----------|--------------------|-------------------|
| 06 | 0865 | 021 | 086500210 | 1.1723% | October 11, 2017 | 587 WALLER ST |

Check if contribution to Arts Fund is enclosed.
 For other donation opportunities go to www.Give2SF.org

Delinquent after APRIL 10, 2018

Detach stub and return with your payment.
 Write your block and lot on your check.
 2nd Installment cannot be accepted unless 1st is paid

San Francisco Tax Collector
 Secured Property Tax
 P.O. Box 7426
 San Francisco, CA 94120-7426

SECURED 2

| | |
|----------------------------|--|
| 2nd Installment Due | |
| \$1,009.46 | |

If paid or postmarked after APRIL 10, 2018
 the amount due (includes delinquent penalty of
 10% and other applicable fees) is: \$1,155.40

0608650002100 036091 000000000 000000000 0000 2003



City & County of San Francisco
 Secured Property Tax Bill
 For Fiscal Year July 1, 2017 through June 30, 2018

Pay online at SFTREASURER.ORG

| Vol | Block | Lot | Account Number | Tax Rate | Original Mail Date | Property Location |
|-----|-------|-----|----------------|----------|--------------------|-------------------|
| 06 | 0865 | 021 | 086500210 | 1.1723% | October 11, 2017 | 587 WALLER ST |

Check if contribution to Arts Fund is enclosed.
 For other donation opportunities go to www.Give2SF.org

Delinquent after DECEMBER 11, 2017

Detach stub and return with your payment.
 Write your block and lot on your check.
 If property has been sold, please forward bill to new owner.

San Francisco Tax Collector
 Secured Property Tax
 P.O. Box 7426
 San Francisco, CA 94120-7426

SECURED 1

| | |
|----------------------------|--|
| 1st Installment Due | |
| \$1,009.46 | |

If paid or postmarked after DECEMBER 11, 2017
 the amount due (includes delinquent penalty of
 10% and other applicable fees) is: \$1,110.40

0608650002100 036091 000000000 000000000 0000 1003

This bill contains two payment stubs. No notice or tax bill will be mailed for the second installment payment. Payments must be made for exact installment amount.

| Pay Now | Contact Us |
|---|--|
| <ul style="list-style-type: none"> • Online: http://sftreasurer.org • Mail a check payable to "SF Tax Collector" with the bottom portion of bill in the enclosed envelope • In person at City Hall, Room 140 8 am - 5 pm, Monday - Friday, excluding holidays. Expect longer than normal wait times around delinquency dates. | <p>Call: 3-1-1 415-701-2311 from outside of San Francisco</p> <p>Submit question online: http://sftreasurer.org/contact-us</p> <p>311 Free language assistance / 免費語言協助 / Ayuda gratuita con el idioma / Бесплатная помощь переводчиков / Trợ giúp Thông dịch Miễn phí / Assistance linguistique gratuit / 無料の言語支援 / 무료 언어 지원 / Libreng tulong para sa wikang Tagalog / คว"มช่วยเหลือท"งก"ข"โดยไม"เสียค"าใช้จ"าย</p> |

If you disagree with the assessed value as shown on your tax bill, you have the right to an informal assessment review by the Assessor-Recorder's Office. Visit www.sfassessor.org for more information. You also have the right to file an application for reduction in assessment for the following year with the Assessment Appeals Board. The filing period is July 2 to September 15. Visit www.sfgov.org/aab or call (415) 554-6778 for more information. If an informal or formal assessment review is requested, relief from penalties shall apply only to the difference between the Assessor-Recorder's final determination of value and the value on the assessment roll for the fiscal year covered.

If a "Tax-Defaulted" message is shown on the front of this bill, it indicates that prior year taxes are unpaid.

New owners and current owners with new construction may be required to pay a **supplemental tax bill**. Supplemental tax bills are issued in addition to this annual tax bill.

Applications for **Property Tax Postponement for Senior Citizens, Blind, or Disabled Persons** are now available at the State Controller's Office (SCO) website at sco.ca.gov/ardtax_prop_tax_postponement.html.

Did you...?

- Submit payment for the exact installment amount?
- Confirm that you have sufficient funds in your account? If your payment is not honored by the bank, the payment is null and void and a \$50.00 "Non-Sufficient Funds Fee" will be charged in addition to any late payment penalties.
- Pay your first installment before your second installment? Or both at the same time?

If the delinquent date falls on a Saturday, Sunday or legal holiday, no penalty is charged if payment is made by 5 PM on the next business day.

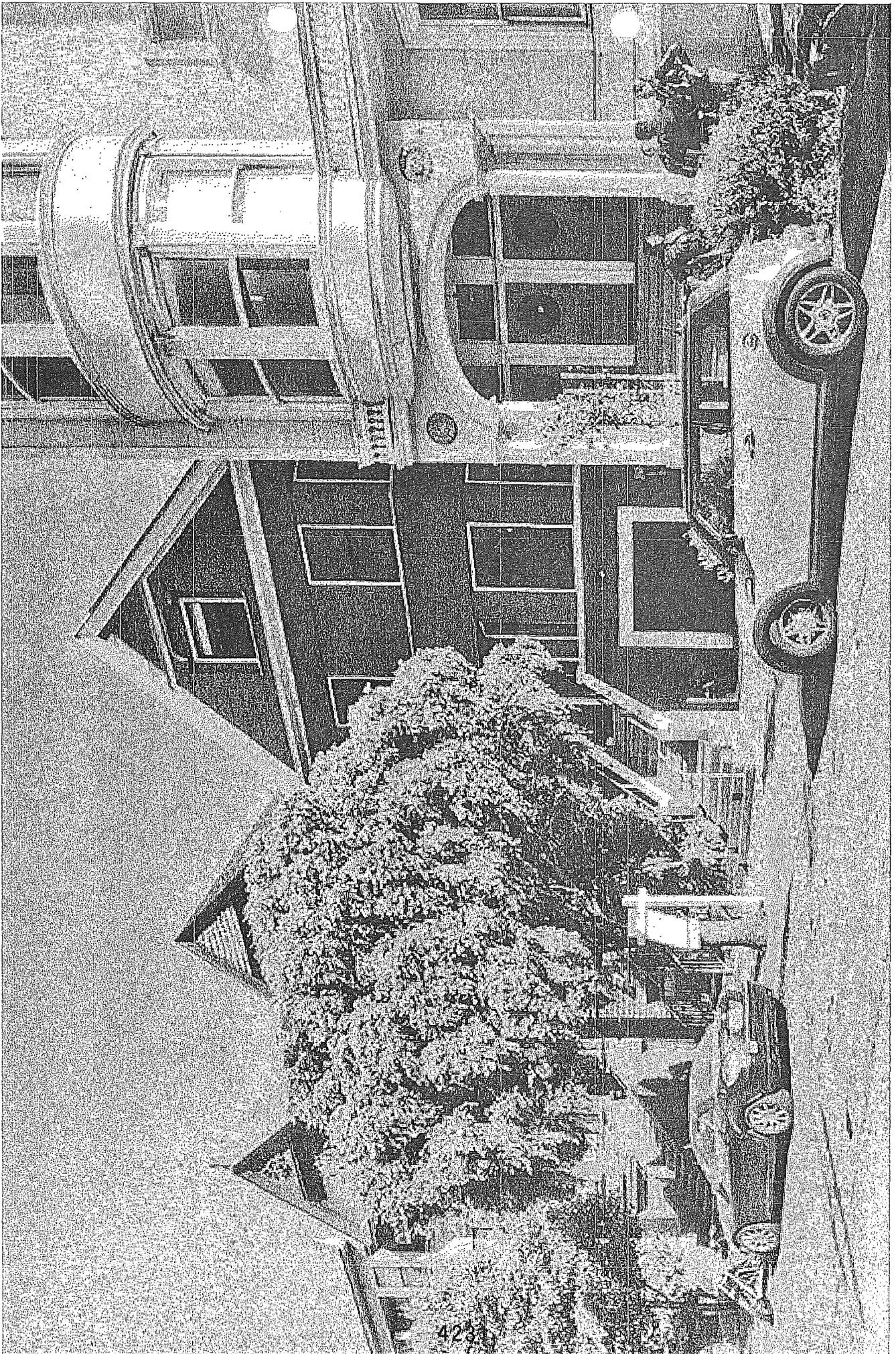
If any portion of the total amount due is unpaid after 5 PM on June 30, 2018, it will be necessary to pay (a) delinquent penalties, (b) costs, (c) redemption penalties, and (d) a redemption fee. After 5 years of tax delinquency, the Tax Collector has the power to sell tax-defaulted property that is not redeemed.

Did you...?

- Submit payment for the exact installment amount?
- Confirm that you have sufficient funds in your account? If your payment is not honored by the bank, the payment is null and void and a \$50.00 "Non-Sufficient Funds Fee" will be charged in addition to any late payment penalties.
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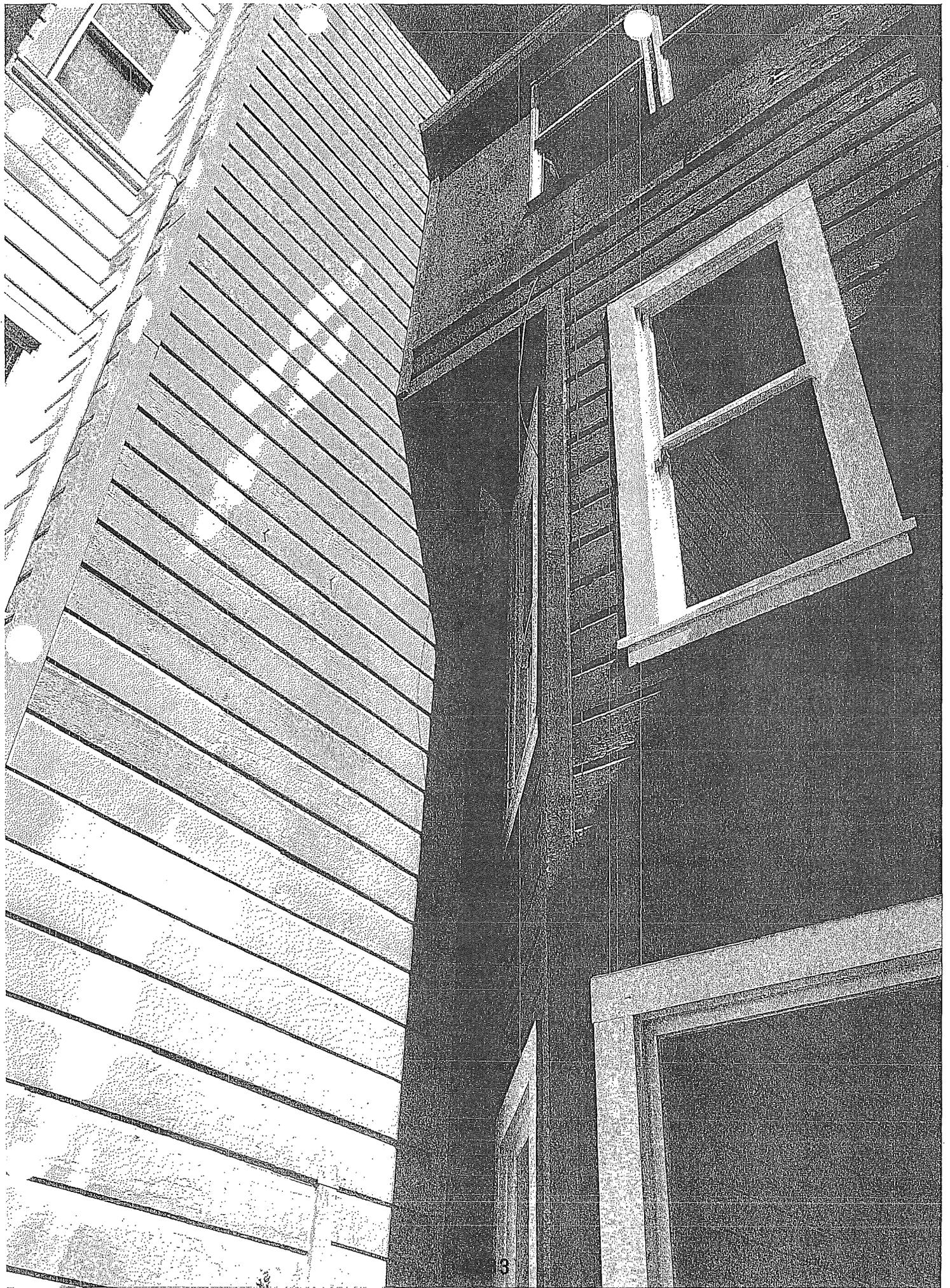
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4/23





FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL
 (S.F. Campaign and Governmental Conduct Code § 1.126)

| | |
|--|--|
| City Elective Officer Information <i>(Please print clearly.)</i> | |
| Name of City elective officer(s): Members, Board of Supervisors | City elective office(s) held: Members, Board of Supervisors |
| Contractor Information <i>(Please print clearly.)</i> | |
| Name of contractor: Christopher Hansten, June Kwon | |
| <i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i> Christopher Hansten, June Kwon | |
| Contractor address: 4658 18th St. PH San Francisco, CA 94114 | |
| Date that contract was approved: <i>(By the SF Board of Supervisors)</i> | Amount of contracts: \$16,412 (estimated property tax savings) |
| Describe the nature of the contract that was approved: Mills Act Historical Property Contract | |
| Comments: | |

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

a board on which the City elective officer(s) serves: San Francisco Board of Supervisors
Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

| | |
|---|---|
| Filer Information <i>(Please print clearly.)</i> | |
| Name of filer: Angela Calvillo, Clerk of the Board | Contact telephone number: (415) 554-5184 |
| Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102 | E-mail: Board.of.Supervisors@sfgov.org |

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed