



Date: December 11, 2020
To: GAO Committee
From: Elizabeth Gordon-Jonckheer, Principal Planner
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Re: Update on 2020 Mills Act Applications

In advance of the special hearing of the Government Audit and Oversight (GAO) Committee on December 15, 2020, Planning Department staff have prepared the following summary of the 2020 Mills Act contract for 450 Pacific Avenue. The prior materials provided to this body inaccurately summarized the proposed cost of required rehabilitation work as \$782,655, as the rehabilitation of the ground floor storefront was not included in the calculation in error. The correct valuation of the proposed rehabilitation construction as reviewed and recommended for approval by the Historic Preservation Commission is \$1,280,338 over 10 years.

As detailed in the preliminary summary dated May 22, 2020 and subsequent summary dated November 13, 2020, the Planning Department received four Mills Act applications by the May 1, 2020 filing deadline. Department Staff reviewed each application for completeness and deemed one application incomplete. Department staff is working with the property owner of the incomplete application to file a complete application for the next Mills Act cycle.

In May, department staff conducted pre-approval inspections, and worked with applicants to revise Rehabilitations/ Restoration and Maintenance plans, as necessary. Completed applications were forwarded to the Assessor on June 1, 2020. The Assessor completed Mills Act valuations completed by August 31, 2020 and forwarded to property owners for their review. On October 7, 2020, the Historic Preservation Commission approved a resolution to recommend all three Mills Act Contracts to the Board of Supervisors.

On Thursday, November 19, 2020, the 2020 Mills Act applications were heard before the Government Audit and Oversight Committee, and on December 1st two of the three contracts were approved by the full Board, while 450 Pacific Avenue was requested to be reconsidered before the GAO due to the discrepancy in the rehabilitation cost estimates. In anticipation of this hearing, please see the attached updated summary of the 450 Pacific Ave Mills Act Contract, including an overview of proposed rehabilitation and maintenance work. We have also included the revised Mills Act Contract for your consideration.

cc: Rich Hillis, Planning Department
Aaron Starr, Planning Department
Carmen Chu, Assessor-Recorder
Michael Jine, Office of the Assessor-Recorder

District 3

450 Pacific Avenue (Jackson Square Historic District)



450 Pacific Avenue

- Estimated Property Tax Savings of \$99,225 (a 26.46% reduction from factored base year value)
- Rehabilitation work is estimated to cost \$1,280,338.00 over ten years
- Maintenance work is estimated to cost \$14,725 annually
- There are no outstanding enforcement cases or complaints

Background

450 Pacific Avenue is located on the north side of Pacific Avenue at the corner of Osgood Place, Assessor's Block 0164, Lot 010. The subject property is located within a C-2 (Community Business) zoning district and a 65-X Height and Bulk district. The subject property is a contributing building to the Jackson Square Historic District. It is a four-story, plus basement, brick and timber, office building first constructed c.1887 as the Kentucky Stables Building and rebuilt after the 1906 earthquake and fire. The subject commercial property is currently valued by the Assessor's Office as over \$5,000,000 and required a Historic Structure Report. The property meets one of the two requirements for granting exemption from the limitations on eligibility.

Rehabilitation and Maintenance Plans

The proposed Rehabilitation Plan includes the restoration of the historic storefront, which was removed to install an incompatible recessed arcade and modern glazed entry system at an unknown date; replacing parapet flashing; repairing roofing and window parge; treating all exterior or exposed steel and skylights; and repointing, patching and cleaning of brickwork.

The proposed Maintenance Plan includes annual inspection of roofing, flashing, pointing, metal corrosion, drainage points, and biological growth. Any needed repairs will be made in kind and will avoid altering, removing or obscuring character-defining features of the building. When 60% or more of the windows on either the Pacific Avenue or Osgood Place facades are deteriorated beyond repair, the property owner will replace all the windows with new wood double-hung windows that are compatible with the historic character of the building.