



SAN FRANCISCO PLANNING DEPARTMENT

Executive Summary

Discussion of Proposed Amendments to the Mills Act Program

HEARING DATE: MAY 16, 2018

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Project Name: **Discussion of Proposed Amendments Relating to
the Mills Act Program**

Case Number: **2016-004157OTH**

Initiated by: At the request of the Government Audit & Oversight Committee

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Recommendation: **For Discussion**

BACKGROUND

At the November 1, 2017 HPC hearing, Planning staff provided the Historic Preservation Commission (HPC) with an overview of the comments and concerns raised by the Government Audit and Oversight Committee of the Board of Supervisors (GAO Committee). In response, President Andrew Wolfram directed Planning staff to schedule a hearing to discuss how the Mills Act Program can better align with the GAO Committee's intent for the program. Planning staff consulted with the California Office of Historic Preservation (OHP) to determine best practices.

Enacted in 1972, the Mills Act legislation grants participating local governments the authority to enter into contracts with owners of qualified historic properties who actively participate in the rehabilitation, restoration, preservation, and maintenance of their historic properties while receiving property tax relief. A formal agreement, known as a Historical Property Contract (Contract), is executed between the City and the property owner for an initial ten-year term. Contracts are automatically renewed each year and are transferred to new owners when the property is sold. Property owners agree to rehabilitate, restore, preserve, and maintain the property in accordance with *Secretary of the Interior's Standards for the Treatment of Historic Properties* ("Secretary's Standards"), the State Historical Building Code, and conditions identified in the contract.

San Francisco adopted a local Mills Act Program in 1996. In 2012, the Board adopted amendments to the Mills Act Program to promote the Program and to make the process more predictable and affordable for San Francisco's historic property owners. The changes included a timeline that guarantees completion of the application by city agencies in a timely manner and a reduction in application fees to \$2,500. Prior to 2012, the City held seven Mills Act Contracts. Currently the City holds 30 Contracts. Mills Act Contracts are located in Supervisorial Districts 2, 3, 4, 5, 6, and 8. The largest number of Contracts are located in District 8, with 13 total Contracts, 11 of which are located in the Duboce Park Historic District. Seven landmark buildings hold Mills Act Contracts, with the majority of Contracts held by contributory

buildings to a local landmark district or National Register of Historic Places district. Please see Attachment 1 for a list and photos of current Mills Act Contract properties.

During the 2017 Mills Act application cycle, the GAO Committee had comments and concerns regarding the Mills Act Program:

- More property owners should be able to take advantage of the Mills Act Program.
- Several properties applying for Mills Act have an eviction or code enforcement history.
- Several properties had already completed rehabilitation work without the benefit of the Mills Act, and this work appears as if it would have been completed regardless of whether a Mills Act contract is entered into. Shouldn't the focus of the Mills Act Program should be as an incentive to rehabilitate, restore and preserve the City's historical properties?
- Scopes of work proposed in a Mills Act Contract should already be reviewed and approved by Planning and/or HPC before a Mills Act Contract is forwarded to the Board of Supervisors.
- Mills Act Contracts should be executed when there is a preservation need and terminated when there is no longer a need. It may not be necessary for contracts to remain rolling contracts, so contract term limits should be considered.

Reflecting these concerns, the GAO Committee approved 10-year rolling contracts during the 2017 cycle for 101 Vallejo Street and 940 Grove Street. The GAO Committee approved three contracts that it intended to be limited to a ten year term; legislation to terminate contracts for 627 Waller Street, 55 Laguna Street and 973 Market Street at the end of ten years will be introduced at the Board of Supervisors in the following months. The contract for 56 Potomac Street was not approved as a Certificate of Appropriateness for a horizontal and vertical rear addition is on currently hold. The contract for 1338 Filbert Street was not approved as the units are currently for sale. The contract for 60-62 Carmelita Street was approved on April 2, 2018.

The Way It Is Now:

Administrative Code Chapter 71 implements the Mills Act, California Government Code Section 50280 et seq. The Mills Act authorizes local governments to enter into a Historical Property Contract with owners of private property who will rehabilitate, restore, preserve, and maintain qualified historical property. As consideration for the rehabilitation, restoration, preservation and maintenance of the qualified historical property, the City and County of San Francisco may provide certain property tax reductions 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.

A. Eligibility

1. San Francisco Administrative Code Chapter 71, Section 71.2(a) defines a "qualified historic property" as a privately owned property that is not exempt from property taxation and that has been **listed or designated in one of the following ways on or before December 31 of the year before the Mills Act application is made:**

- (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.
2. Eligibility is limited to properties with a **tax assessment value of \$3,000,000 or less for single family dwellings and \$5,000,000 or less for multi-unit residential, commercial, or industrial building, unless the individual property is granted an exemption** from those limitations by the Board of Supervisors. The Historic Preservation Commission may recommend that the Board of Supervisors grant an exemption from the limitations imposed by this section upon finding that:
- (a) The site, building, or structure is a particularly significant resource; and
 - (b) Granting the exemption will assist in the preservation of a site, building, or structure that would otherwise be in danger of demolition, substantial alteration, or disrepair.

A property applying for a valuation exemption must **provide evidence that the property meets the exemption criteria, including a Historic Structure Report (HSR) or Conditions Assessment** prepared by a qualified historic preservation consultant to substantiate the exceptional circumstances for granting the exemption.

B. Terms

1. San Francisco Administrative Code Chapter 71.5 states that the initial term of the contract is for a **minimum of 10 years**. Unless the City or the property owner chooses not to extend the contract, the term of the contract is automatically extended each year so that **one year is added automatically to the initial term** of the contract on the anniversary date of the contract. The Board of Supervisors may cancel the contract, or seek enforcement of the contract, when the Board determines, based upon the recommendation of. Assessor-Recorder, the Department of Building Inspection, the Planning Department, the Office of Historic Preservation of the California Department of Parks and Recreation or the State Board of Equalization.

The Way It Would Be:

The following proposed amendments are similar to Mills Act Program modifications made by other municipalities throughout the state. As directed, Planning Staff has developed the following modifications to the Mills Act Program for the HPC's discussion.

A. Eligibility

1. Historic properties must meet **Priority Consideration Criteria** in order to be considered for a Mills Act Contract:

- (a) **Necessity:** The project will require a financial incentive to help ensure the preservation of the property. This criterion will establish that the property is in danger of deterioration and in need of substantial rehabilitation and restoration that has significant associated costs. Properties with previous violations for deferred maintenance will not meet this criterion.
- (b) **Investment:** The project will result in additional private investment in the property other than for routine maintenance. This may include seismic retrofitting and substantial rehabilitation and restoration work. This criterion will establish that the owner is committed to investing in the restoration, rehabilitation and maintenance the property.
- (c) **Distinctiveness:** The project preserves a distinctive example of a property that is especially deserving of a contract due to its exceptional nature.
- (d) **Recently Designated City Landmarks:** properties that have been recently designated landmarks will be given priority consideration. Properties that show a demonstrated need for repairs, restoration, seismic upgrades, accessibility, and other life-safety upgrades, but that are not designated at the local level, may apply for a Mills Act contract concurrent with local designation as a Landmark under Article 10 of the Planning Code or a Significant or Contributory Building under Article 11 of the Planning Code. Local designation status remains with the property after the contract expires. Buildings must demonstrate in a Historic Structure Report or Conditions Assessment the need for a Mills Act Contract.
- (e) **Legacy Business:** The project will preserve a property at which a business included in the Legacy Business Registry is located. This criterion will establish that the owner is committed to preserving the property, including physical features that define the existing Legacy Business.

Basis for Recommendation: All Mills Act applications would be reviewed on the merits of the Priority Consideration Criteria. Priority Consideration Criteria would ensure that applications forwarded to the Assessor, HPC, and Board of Supervisors are high quality applications that meet or exceed the requirements of the Mills Act Program and address and prioritize individual preservation needs.

Necessity & Investment: Applications for which there is substantial identified work to be completed and the property owner is willing to invest the required sums to complete the work shall be given priority consideration. Properties requiring only routine maintenance may not be given priority. This policy change can be made at the staff level.

Distinctiveness: Historic properties that are a unique and distinctive example of a property type shall be given priority consideration. This policy change can be made at the staff level.

Recently Designated Landmarks: Currently, eligibility is limited to those properties that are listed or designated on or before December 31 of the year before the Mills Act application is made. Existing designation requirements would remain the same; however priority would be given to eligible properties with a need for restoration, rehabilitation and preservation that apply for Article 10 or 11 designation at the same time as the Mills Act. Properties applying for designation and Mills Act concurrently would be required to submit an HSR prepared by a qualified historic preservation consultant to substantiate the necessity for a Mills Act Contract. Modification to the designation timeframe would expand eligibility to more property owners with a preservation need

and give property owners more of an incentive to seek historic designation. OHP has stated that other municipalities allow a similar parallel process. This policy change would require a modification in the way the Department promotes the Mills Act Program and also would require an amendment to San Francisco Administrative Code 71: Mills Act.

Legacy Business: Projects involving preservation of properties at which registered Legacy Businesses are located will also receive priority consideration. This policy change can be made at the staff level.

2. **Properties with outstanding violations** issued by the Department of Building Inspection or outstanding enforcement violations issued by the Planning Department are **not eligible** for a Mills Act Contract. All violations must be corrected before an application is accepted or processed.

Basis for Recommendation: This proposed policy amendment addresses concerns raised by GAO Committee. This change can be made at the staff level.

B. Qualifying Scopes of Work

1. **Qualifying scopes of work are those that prolong the life of the building. Mills Act Contracts must include the following qualifying scopes of work at a minimum:**
 - (a) Exterior restoration, rehabilitation, and preservation associated with the creation of an Accessory Dwelling Unit
 - (b) Façade restoration, rehabilitation, preservation
 - (c) Accessibility and Life Safety improvements, such as seismic retrofit
 - (d) Window repair or restoration
 - (e) Front stair/entrance repair or restoration
 - (f) Roof replacement
 - (g) Structural improvements, such as a new foundation
 - (h) Storefront repair or restoration
 - (i) Façade stabilization and repair, such as terra cotta repair, repair of historic stucco or wood cladding
 - (j) Theater marquee repair, restoration, or reconstruction
 - (k) Materials conservation, such as murals, frescos, and decorative plasterwork

Additional scopes of work that are not listed above may be included as necessary to rehabilitate, restore and maintain the property. Scopes of work must be completed in conformance with the Secretary of the Interior's Standards for Rehabilitation and the California Historical Building Code. Critical infrastructure and rehabilitation tasks should be completed first.

Basis for Recommendation: The goal of the Mills Act Program is to provide an incentive for rehabilitation, restoration and preservation. Specific scopes of work, such as seismic work, reflect that. Requiring minimum qualifying scopes of work would ensure that all properties that hold a Mills Act contract receive a minimum standard of restoration, rehabilitation, preservation and maintenance work to prolong the life of the building. Other scopes beyond the above listed qualifying scopes of work may still qualify at the discretion of the HPC and Board of Supervisors. This policy change can be made at the staff level.

2. Scopes of work may not be completed prior to approval of the Mills Act Contract.

Basis for Recommendation: Current Mills Act application allows property owners to include scopes of work that have been completed in the last year. Requiring that scopes of work not be completed before the contract is in effect demonstrates the need for the tax benefit. If an owner was able to successfully complete their project without financial subsidy, there is no established need for granting a Mills Act contract. This change reinforces that the Mills Act Contract is an incentive program to encourage future rehabilitation work to occur. This policy change can be made at the staff level.

3. All proposed scopes of work must be completed during the initial ten year term of the contract.

Basis for Recommendation: Requiring scopes of work to be completed during the ten year term of the contract addresses the need for the contract and fulfills the property owner's conditions of the contract. This policy change can be made at the staff level.

4. A Certificate of Appropriateness (COA) to complete qualifying scopes of work identified within the first three years of the Contract must be must be filed and approved by the HPC, Planning Commission, Zoning Administrator, or any other government body during the Mills Act application process. All remaining permits and entitlements for scopes of work beyond year three must be secured and completed prior to the end of the ten year Contract.

Basis for Recommendation: To address GAO Committee concerns, a COA must be filed and approved during the Mills Act application process in order to prioritize scopes of work and demonstrate to the City the property owner's commitment for rehabilitation, restoration and preservation of the property. This policy change can be made at the staff level.

ISSUES AND CONSIDERATIONS

Once the HPC discusses and decides on changes to the Mills Act Program, staff will work with the City Attorney to determine required amendments to San Francisco Administrative Code 71. Staff will then

work with the legislative team and GAO Committee prior to introducing any final amendments to the Board of Supervisors.

To ensure the success of any changes and/or amendments to the Mills Act Program, public outreach and marketing materials are necessary. A grant or funding would allow staff to undertake public outreach.

RECOMMENDATION

HPC discussion of proposed amendments to the Mills Act Program as detailed above. Based on the HPC discussion, staff will work with City Attorney, legislative team and GAO Committee on a framework for the final amendments that will be presented to the HPC and GAO Committee. Any amendments will return to the HPC for review and comment before BOS approval.

Attachments:

- Exhibit A: List and Photos of Current Mills Act Contracts
- Exhibit B: San Francisco Administrative Code Chapter 71: Mills Act Contract Procedures
- Exhibit C: Current Mills Act application packet
- Exhibit D: California Government Code, Article 12, Sections 50280-50290

Contract #	Address	Property Owner	Historic Name	Block/Lot	Status	Type of Landmark	Date Filed at Dept.	Planning Case No.	Sent to ARO	Valuation Rec'd from ARO	Rehab/ Maintenance Plans Approved by HPC	Contract Approved by BOS	BOS File No.	Contract Recorded with ARO	2017-2018 Base Value	2017-2018 Mills Act Taxable Value	\$ Reduction In Assessed Value	% Reduction In Assessed Value	Property Tax Savings (1.1723%)	Supervisor District
1	460 Bush St.	Alice Carey Trust	Fire Station #2	0270/041	Approved	Article 10 (#143) Article 11 (KMMS-Cat 1)	01/05/02	2002.0092U			3/20/2002	5/13/2002	02-0640		\$ 2,431,442	\$ 2,431,442	\$ -	0.00%	\$0	4
2	1080 Haight St.	Fellmore Managment, LLC	John C. Spencer House	1236/018	Approved	National Register	08/17/05	2005.0690U				5/15/2007	07-0385	12/13/2007	\$ 4,635,120	\$ 3,550,000	\$ (1,085,120)	-23.41%	-\$12,721	5
3	1735 Franklin St.	Tad & Masumi Oride	Brandenstein House	0641/002	Approved	Article 10 (#126)	03/28/05	2005.0302U				8/7/2007	07-0701	11/27/2007	\$ 3,003,117	\$ 2,827,467	\$ (175,650)	-5.85%	-\$2,059	2
4	690 Market St.	RC Chronicle Bldg., LP	Chronicle Bldg. Lilienthal-Orville Pratt House	0311/016	Approved	Article 11 Cat. II	01/03/08	2008.0014U				11/4/2008	08-1410		\$107,993,060	\$ 63,471,317	\$ (44,521,743)	-41.23%	-\$521,928	3
5	1818 California St.	Nakamura FLP		0641/004	Approved	Article 10 (#55)	12/01/08	2008.1327U				12/3/2010	09-1106	12/23/2010	\$ 4,042,716	\$ 2,322,562	\$ (1,720,154)	-42.55%	-\$20,165	2
6	201 Buchannan	Howard Stien and Jason Stien	Nightengale House	0858/002	Approved	Article 10 (#47)	7/8/2011	2011.0310U	6/1/2013	9/5/2013	10/16/2013	7/30/2013	13-0623	12/23/2013	\$ 1,738,460	\$ 1,670,000	\$ (68,460)	-3.94%	-\$803	5
7	2550 Webster St.	Gregory & Gloria McCandless	Bourn Mansion	0580/013	Approved	Article 10 (#38)	5/1/2013	2013.0679U	6/1/2013	12/3/2013	10/16/2013	12/16/2013	13-0479	12/26/2013	\$ 3,203,037	\$ 3,029,429	\$ (173,608)	-5.42%	-\$2,035	2
8	3769 20th St.	Thomas Ranese & Brian Jackson	N/A	3607/062	Approved	Article 10 (Liberty Hill)	5/1/2013	2013.0582U	6/1/2013	12/3/2013	10/16/2013	12/16/2013	13-0521	12/30/2013	\$ 2,052,382	\$ 1,190,000	\$ (862,382)	-42.02%	-\$10,110	8
9	1019 Market St.	Coby Durnin (Sentinel Development)	Carpets & Furniture Bldg.	3703/076	Approved	National Register (Market Street Theater & Loft District)	5/1/2013	2013.0576U	6/1/2013	12/3/2013	10/16/2013	12/16/2013	13-0506	12/30/2013	\$ 49,965,526	\$ 42,320,000	\$ (7,645,526)	-15.30%	-\$89,629	6
10	1772 Vallejo St.	John Moran	Burr Mansion	0552/029	Approved	Article 10 (# 31)	5/1/2013	2013.0575U	10/1/2013	12/3/2013	12/4/2013	12/16/2013	13-0463	12/27/2013	\$ 6,631,500	\$ 2,147,000	\$ (4,484,500)	-67.62%	-\$52,572	2
11	50 Carmelita St.	Adam Spiegel	N/A	0864/011	Approved	Article 10 (Duboce Park)	9/3/2013	2013.1261U	10/1/2013	12/3/2013	12/4/2013	12/16/2013	13-0522	12/30/2013	\$ 2,780,542	\$ 1,160,000	\$ (1,620,542)	-58.28%	-\$18,998	8
12	66 Carmelita St.	Bone Family Trust	N/A	0864/015	Approved	Article 10 (Duboce Park)	9/3/2013	2013.1230U	10/1/2013	12/3/2013	12/4/2013	12/16/2013	13-0577	12/30/2013	\$ 2,194,449	\$ 1,052,380	\$ (1,142,069)	-52.04%	-\$13,388	8
13	56 Pierce St.	Adam Wilson	N/A	0865/013	Approved	Article 10 (Duboce Park)	9/3/2013	2013.1258U	10/1/2013	12/3/2013	12/4/2013	12/16/2013	13-1157	12/30/2013	\$ 1,629,295	\$ 1,240,000	\$ (389,295)	-23.89%	-\$4,564	8
14	64 Pierce St.	Jean Paul Balajadia	N/A	0865/015	Approved	Article 10 (Duboce Park)	9/3/2013	2013.1254U	10/1/2013	12/3/2013	12/4/2013	12/16/2013	13-1158	12/30/2013	\$ 2,745,321	\$ 1,160,000	\$ (1,585,321)	-57.75%	-\$18,585	8
15	56 Potomac St.	Karli Sager	N/A	0866/012	Approved	Article 10 (Duboce Park)	9/3/2013	2013.1259U	10/1/2013	12/3/2013	12/4/2013	12/16/2013	13-1159	12/30/2013	\$ 1,129,369	\$ 750,000	\$ (379,369)	-33.59%	-\$4,447	8
16	66 Potomac St.	Adam Wilson	N/A	0866/015	Approved	Article 10 (Duboce Park)	9/3/2013	2013.1257U	10/1/2013	12/3/2013	12/4/2013	12/16/2013	13-1160	12/30/2013	\$ 1,743,056	\$ 1,080,000	\$ (663,056)	-38.04%	-\$7,773	8
17	68 Pierce St.	Diarmuid Russel & Heather Podruchny	N/A	0865/016	Approved	Article 10 (Duboce Park)	5/1/2014	2014.0719U	6/1/2014	9/1/2014	10/1/2014	11/25/2014	14-1102	12/29/2014	\$ 1,649,908	\$ 980,000	\$ (669,908)	-40.60%	-\$7,853	8
18	563-567 Waller St.	Brandon Miller & Jay Zalewski	N/A	0865/025	Approved	Article 10 (Duboce Park)	5/1/2014	2014.0720U	6/1/2014	9/1/2014	10/1/2014	11/25/2014	14-1103	12/19/2014	\$ 2,406,146	\$ 1,890,000	\$ (516,146)	-21.45%	-\$6,051	8
19	621 Waller St.	Claude & Renee Zellweger	N/A	0864/023	Approved	Article 10 (Duboce Park)	5/1/2014	2014.0746U	6/1/2014	9/1/2014	10/1/2014	11/25/2014	14-1104	12/19/2014	\$ 2,196,627	\$ 980,000	\$ (1,216,627)	-55.39%	-\$14,263	8
20	722 Steiner St.	Come Lague	Postcard Row/Painted Ladies	0803/023	Approved	Article 10 (Alamo Square)	5/1/2015	2015-006442MLS	6/1/2015	9/1/2015	10/7/2015	12/8/2015	15-1065	12/18/2015	\$ 3,390,700	\$ 1,800,000	\$ (1,590,700)	-46.91%	-\$18,648	5
21	807 Montgomery	807 Montgomery LLC	N/A	0176/006	Approved	Article 10 (Jackson Square)	5/1/2015	2015-006450MLS	6/1/2015	9/1/2015	10/7/2015	12/15/2015	15-1066	12/22/2015	\$ 5,416,987	\$ 5,416,987	\$ -	0.00%	\$0	3
22	761 Post St.	RLJ C San Francisco LP	Maurice Hotel	0304/015	Approved	National Register (Lower Nob Hill Apartment Hotel District)	5/1/2015	2015-006448MLS	6/1/2015	9/1/2015	10/7/2015	12/8/2015	15-1067	12/24/2015	\$ 34,487,172	\$ 34,487,172	\$ -	0.00%	\$0	3

Contract #	Address	Property Owner	Historic Name	Block/Lot	Status	Type of Landmark	Date Filed at Dept.	Planning Case No.	Sent to ARO	Valuation Rec'd from ARO	Rehab/ Maintenance Plans Approved by HPC	Contract Approved by BOS	BOS File No.	Contract Recorded with ARO	2017-2018 Mills Act Taxable Value	\$ Reduction In Assessed Value	% Reduction In Assessed Value	Property Tax Savings (1.1723%)	Supervisor District
23	1036 Vallejo St.	Kiandokht Beyzavi & Hamid Amiri	N/A	0127/007	Approved	National Register (Russian Hill-Vallejo Crest District)	5/1/2016	2016-006181MLS	6/1/2016	9/1/2016	10/5/2016	11/29/2016	16-1098	12/16/2016	\$ 1,490,000	\$ (550,000)	-26.96%	-\$6,448	3
24	101-105 Steiner St.	Jason Monberg & Karli Sager	N/A	0866/009	Approved	Article 10 (Duboce Park)	5/1/2016	2016-006192MLS	6/1/2016	9/1/2016	10/5/2016	11/29/2016	16-1100	12/20/2016	\$ 1,620,000	\$ (1,189,700)	-42.34%	-\$13,947	8
25	361 Oak St.	Christopher J. Ludwig & Liesl Ludwig	Fassett-Reis-Meagher House	0839/023	Approved	California Register (Hayes Valley)	5/1/2016	2016-006185MLS	6/1/2016	9/1/2016	10/5/2016	11/29/2016	16-1099	12/15/2016	\$ 1,230,000	\$ (1,422,599)	-53.63%	-\$16,677	5
2017-2018 TOTAL LOSS IN PROPERTY TAX REVENUE																-\$863,662			

2017 Mills Act Contracts

26	55 Laguna St.	Alta Laguna LLC	Woods Hall and Woods Hall Annex	0857/002	Approved	Article 10 (#257, #258)	5/1/2017	2017-005434MLS	6/1/2017	9/1/2017	10/4/2017	12/6/2017	17-1098						8
27	101 Vallejo St.	855 Front Street LLC	Gibb-Sanborn Warehouses	0141/013	Approved	Article 10 (#91)	5/1/2017	2017-005396MLS	6/1/2017	9/1/2017	10/4/2017	11/1/2017	17-1101						3
28	627 Waller St.	John Hjelmstad & Allison Bransfield	N/A	0864/012	Approved	Article 10 (Duboce Park)	5/1/2017	2017-005880MLS	6/1/2017	9/1/2017	10/4/2017	12/6/2017	17-1102						8
29	940 Grove St.	Smith-Hantas Family Trust	N/A	0798/058	Approved	Article 10 (Alamo Square)	5/1/2017	2017-005419MLS	6/1/2017	9/1/2017	10/4/2017	11/1/2017	17-1103						5
30	973 Market St.	Raintree 973 Market Newco LLC	N/A	3704/069	Approved	National Register (Market Street Theater & Loft District)	5/1/2017	2017-005419MLS	6/1/2017	9/1/2017	10/4/2017	12/6/2017	17-1104						6
31	60-62 Carmelita St.	Mooney Tom Living Trust	N/A	0864/014	Approved	Article 10 (Duboce Park)	5/1/2017	2017-004959MLS	6/1/2017	9/1/2017	10/4/2017	4/3/2018	17-1100						8

This color indicates work completed by the Office of the Assessor-Recorder

1. 460 Bush Street



2. 1080 Haight Street



3. 1735 Franklin Street



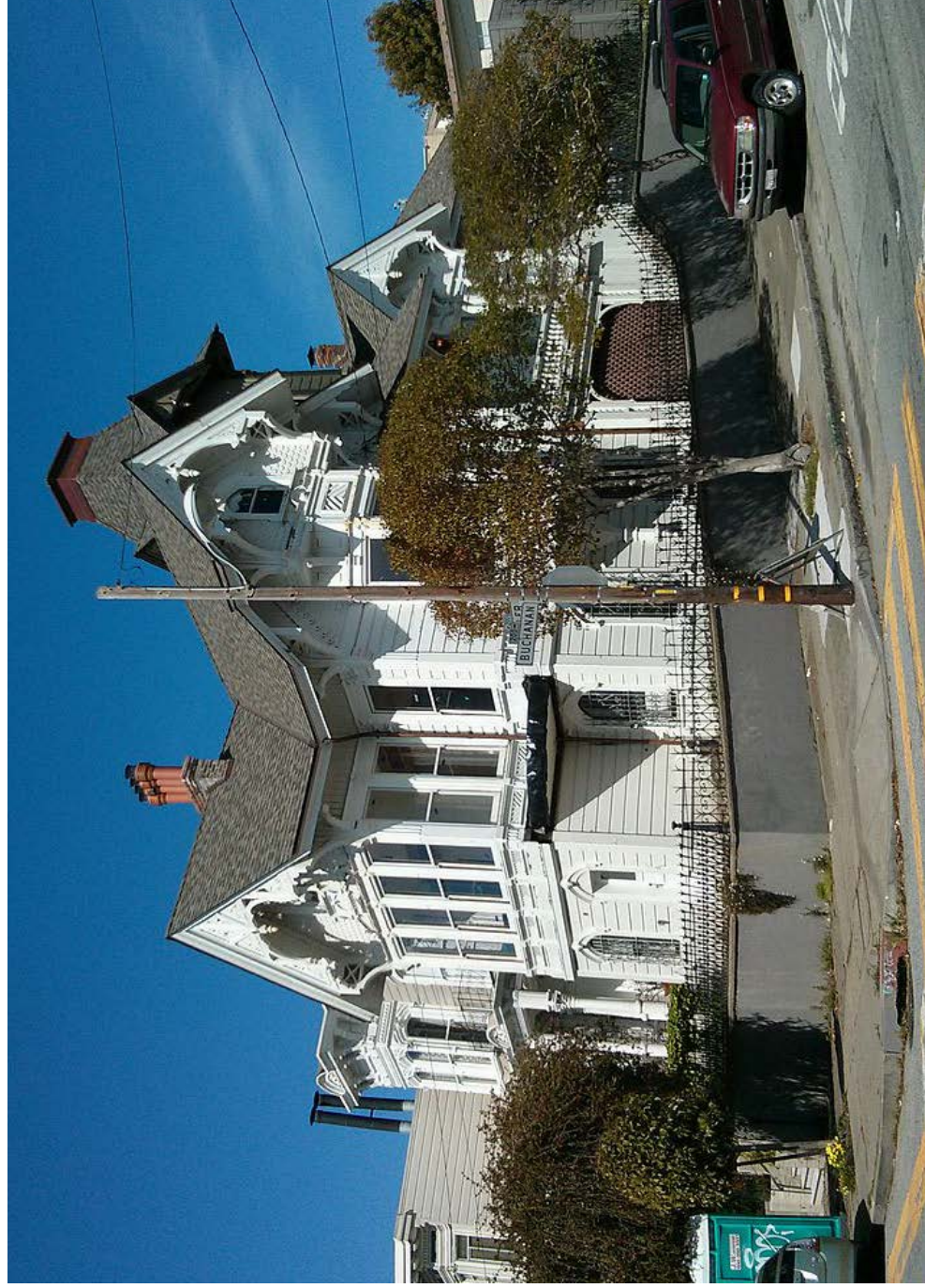
4. 690 Market Street



5. 1818 California Street



6. 201 Buchanan Street



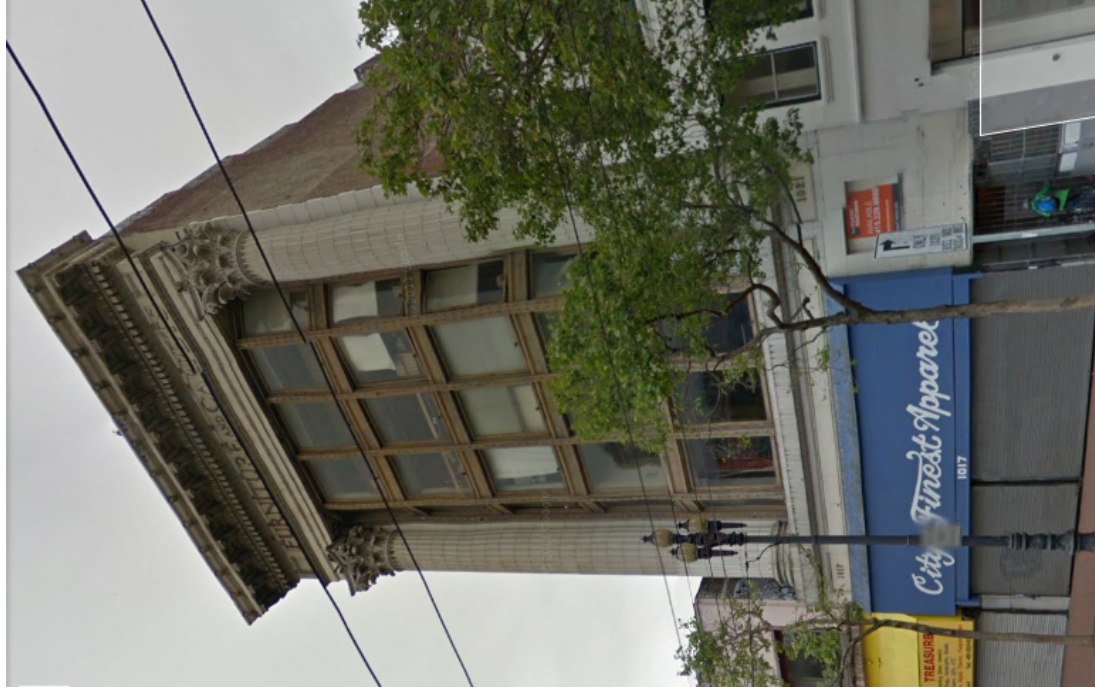
7. 2550 Webster Street



8. 3769 20th Street



9. 1019 Market Street



10. 1772 Vallejo Street



11. 50 Carmelita Street



12. 66 Carmelita Street



13. 56 Pierce Street



14. 64 Pierce Street



15. 56 Potomac Street



16. 66 Potomac Street



17. 68 Pierce Street



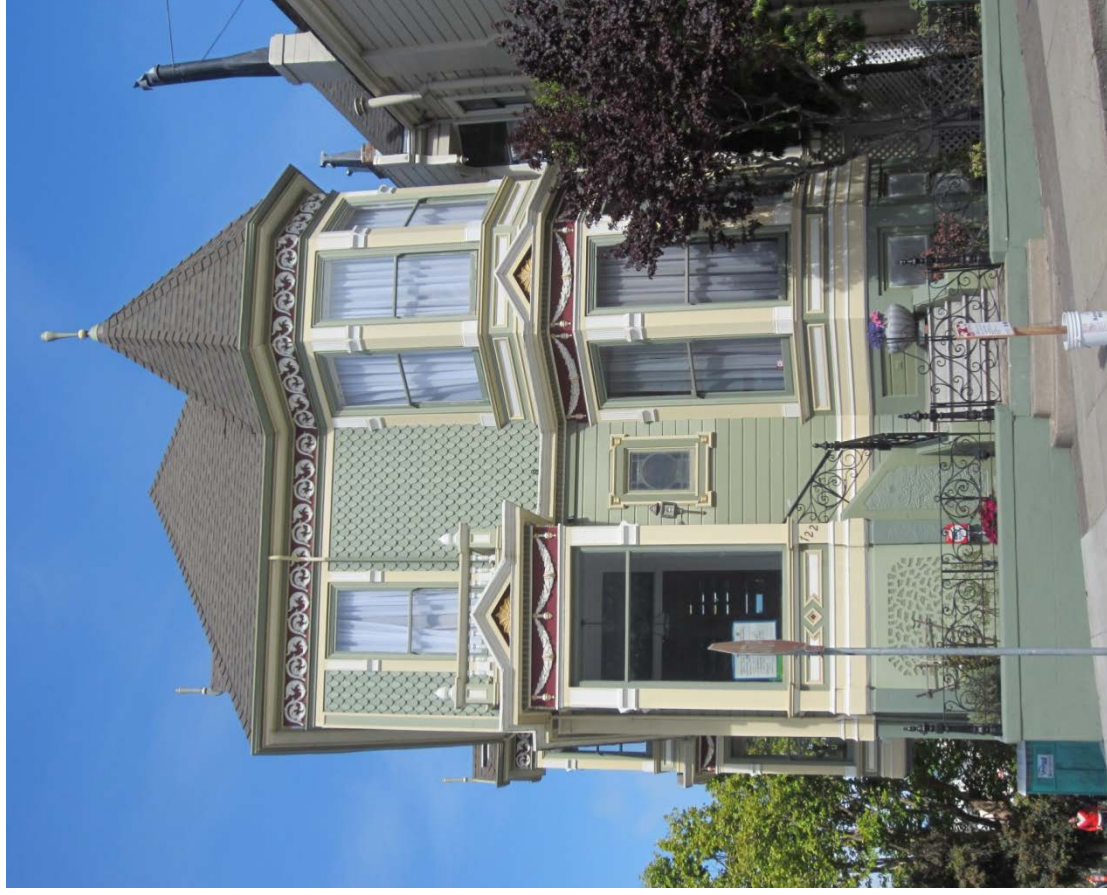
18. 563-567 Waller Street



19. 621 Waller Street



20. 722 Steiner Street



21. 807 Montgomery Street



22. 761 Post Street



23. 1036 Vallejo Street



24. 101-105 Steiner Street



25. 361 Oak Street



26. 215 & 229 Haight Street (formerly 55 Laguna)



27. 101 Vallejo Street



28. 627 Waller Street



29. 940 Grove Street



30. 973 Market Street



31. 60-62 Carmelita Street



[Print](#)

San Francisco Administrative Code

CHAPTER 71: MILLS ACT CONTRACT PROCEDURES

- Sec. 71.1. Purpose.
- Sec. 71.2. Eligibility.
- Sec. 71.3. Application for Historical Property Contract.
- Sec. 71.4. Approval Process.
- Sec. 71.5. Terms of the Historical Property Contract.
- Sec. 71.6. Fees.
- Sec. 71.7. Departmental Monitoring Report.

SEC. 71.1. PURPOSE.

(a) This Chapter 71 implements 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 will rehabilitate, restore, preserve, and maintain qualified historical property. As consideration for the rehabilitation, restoration, preservation and maintenance of the qualified historical property, the City and County of San Francisco may provide certain property tax reductions 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.

(b) San Francisco contains many historic buildings that add to its character and international reputation. Many of these buildings have not been adequately maintained, may be structurally deficient, or may need rehabilitation. The costs of properly rehabilitating, restoring and preserving historic buildings may be prohibitive for property owners. Implementation of the Mills Act in San Francisco will make the benefits of the Mills Act available to many property owners.

(c) The benefits of the Mills Act to the individual property owners must be balanced with the cost to the City and County of San Francisco of providing the property tax reductions set forth in the Mills Act as well as the historical value of individual buildings proposed for historical property contracts, and the resultant property tax reductions, under the Mills Act.

(Added by Ord. 191-96, App. 5/22/96; amended by Ord. 271-09, File. No. 091137, App. 12/18/2009)

SEC. 71.2. ELIGIBILITY.

(a) **Qualified Historical Property.** An owner, or an authorized agent of the owner, of a qualified historical property may apply for a historical property contract. For purposes of this Chapter 71, "qualified historical property" shall mean privately owned property that is not

exempt from property taxation and that has been listed or designated in one of the following ways on or before December 31 of the year before the application is made:

- (1) Individually listed in the National Register of Historic Places or the California Register of Historical Resources;
- (2) Listed as a contributor to a historic district included on the National Register of Historic Places or the California Register of Historical Resources;
- (3) Designated as a City landmark pursuant to Planning Code Article 10;
- (4) Designated as contributory to a historic district designated pursuant to Planning Code Article 10; or
- (5) Designated as Significant (Categories I or II) or Contributory (Categories III or IV) pursuant to Planning Code Article 11.

(b) **Limitations on Eligibility.** Eligibility for historical property contracts shall be limited to sites, buildings, or structures with an assessed valuation as of December 31 of the year before the application is made of \$3,000,000 or less for single-family dwellings and \$5,000,000 or less for multi-unit residential, commercial, or industrial buildings, unless the individual property is granted an exemption from those limitations by the Board of Supervisors. For the purposes of this section, "assessed valuation" shall not include any portion of the value of the property that is already exempt from payment of property taxes.

(1) The Historic Preservation Commission may recommend that the Board of Supervisors grant an exemption from the limitations imposed by this section upon finding that:

- (i) The site, building, or structure is a particularly significant resource; and
- (ii) Granting the exemption will assist in the preservation of a site, building, or structure that would otherwise be in danger of demolition, substantial alteration, or disrepair.

(2) The Board of Supervisors may approve a historical property contract not otherwise meeting the eligibility requirements set forth in this subsection (b) if it finds that the property meets the requirements of subsection (a) above and is especially deserving of a contract due to the exceptional nature of the property and other special circumstances.

(Added by Ord. 191-96, App. 5/22/96; amended by Ord. 67-06, File No. 051954, App. 4/20/2006; Ord. 271-09, File No. 091137, App. 12/18/2009; Ord. 190-12, File No. 120528, App. 9/11/2012, Eff. 10/11/2012)

SEC. 71.3. APPLICATION FOR HISTORICAL PROPERTY CONTRACT.

(a) **Who May Apply and Application Content.** An owner, or an authorized agent of an owner, of a qualified historical property may submit an application for a historical property contract to the Planning Department on forms provided by the Planning Department. The property owner shall provide, at a minimum, the address and location of the qualified historical property, evidence that the property is a qualified historical property and meets the valuation requirements of Section 71.2(b), the nature and cost of the rehabilitation, restoration or preservation work to be conducted on the property, financial information necessary for the Assessor-Recorder to conduct the valuation assessment under the Mills Act, including any information regarding income generated by the qualified historical property, and a plan for

continued maintenance of the property. The Planning Department, the Historic Preservation Commission, or the Assessor-Recorder may require any further information necessary to make a recommendation on or conduct the valuation of the historical property contract.

(b) **Application Deadlines.** The annual application deadline for a historical property contract shall be May 1. Application for a historical property contract may be submitted to the Planning Department between January 1 and May 1 of each year.

(Added by Ord. 191-96, App. 5/22/96; amended by Ord. 271-09, File No. 091137, App. 12/18/2009; Ord. 190-12, File No. 120528, App. 9/11/2012, Eff. 10/11/2012)

SEC. 71.4. APPROVAL PROCESS.

(a) **Assessor-Recorder Review.** The Planning Department shall refer an application for a historical property contract to the Assessor-Recorder for review and recommendation. Within 60 days of the receipt of a complete application, the Assessor-Recorder shall provide to the Board of Supervisors and Historic Preservation Commission a report estimating the yearly property tax revenue to the City under the proposed Mills Act contract valuation method and under the standard method without the proposed Mills Act contract and showing the difference in property tax assessments under the two valuation methods. If the Assessor-Recorder determines that the proposed rehabilitation includes substantial new construction or a change of use, or the valuation is otherwise complex, he or she may extend this period for up to an additional 60 days by providing written notice of the extension to the applicant, the Historic Preservation Commission, and the Board of Supervisors. Such notice shall state the basis for the extension. If the Assessor-Recorder fails to provide a report and recommendation within the time frames set forth here, the Historic Preservation Commission and Board of Supervisors may proceed with their actions without such report and recommendation.

(b) **Historic Preservation Commission Review.** The Historic Preservation Commission shall have the authority to recommend approval, disapproval, or modification of historical property contracts to the Board of Supervisors. For this purpose, the Historic Preservation Commission shall hold a public hearing to review the application for the historical property contract and make a recommendation regarding whether the Board of Supervisors should approve, disapprove, or modify the historical property contract within 90 days of receipt of the Assessor-Recorder's report or within 90 days of the date the report should have been provided if none is received. The recommendation of the Historic Preservation Commission may include recommendations regarding the proposed rehabilitation, restoration, and preservation work, the historical value of the qualified historical property, and any proposed preservation restrictions or maintenance requirements to be included in the historical property contract. The Planning Department shall forward the application and the recommendation of the Historic Preservation Commission to approve or modify a historical property contract to the Board of Supervisors. Failure of the Historic Preservation Commission to act within the 90-day time limit shall constitute a recommendation of disapproval for the purposes of this subsection, and the Planning Department shall notify the property owner in writing of the Historic Preservation Commission's failure to act; provided, however, that the Board of Supervisors by resolution may grant an extension of time to the Historic Preservation Commission for its review. If the Historic Preservation Commission recommends disapproval of the historical property contract, such decision shall be final unless the property owner files an appeal with the Clerk of the Board of Supervisors within 10 days of the final action of the Historic Preservation Commission or within 10 days of the Planning Department's notice of the Historic Preservation Commission's failure to act.

(c) **Budget Analyst Review.** Upon receipt of the recommendation of the Historic Preservation Commission or upon receipt of a timely appeal, the Clerk of the Board of Supervisors shall forward the application and Assessor-Recorder's report to the Budget Analyst, who, notwithstanding any other provision of this Code, shall prepare a report to the Board of Supervisors on the fiscal impact of the proposed historical property contract.

(d) **Board of Supervisors Decision.** The Board of Supervisors shall conduct a public hearing to review the Historic Preservation Commission's recommendation, the Assessor-Recorder's report if provided, the Budget Analyst's report, and any other information the Board requires in order to determine whether the City should execute a historical property contract for a particular property. The Board of Supervisors shall have full discretion to determine whether it is in the public interest to enter into a historical property contract regarding a particular qualified historical property. The Board of Supervisors may approve, disapprove, or modify and approve the terms of the historical property contract. Upon approval, the Board of Supervisors shall authorize the Director of Planning and the Assessor-Recorder to execute the historical property contract.

(Added by Ord. 191-96, App. 5/22/96; amended by Ord. 271-09, File No. 091137, App. 12/18/2009; Ord. 190-12, File No. 120528, App. 9/11/2012, Eff. 10/11/2012)

SEC. 71.5. TERMS OF THE HISTORICAL PROPERTY CONTRACT.

(a) The historical property contract shall set forth the agreement between the City and the property owner that as long as the property owner properly rehabilitates, restores, preserves and maintains the qualified historical property as set forth in the contract, the City shall comply with California Revenue and Taxation Code Article 1.9 (commencing with Section 439) of Chapter 3 of Part 2 of Division 1, provided that the specific provisions of the Revenue and Taxation Code are applicable to the property in question. A historical property contract shall contain, at a minimum, the following provisions:

- (1) The initial term of the contract, which shall be for a minimum period of 10 years;
- (2) The owner's commitment and obligation to preserve, rehabilitate, restore and maintain the property in accordance with the rules and regulations of the Office of Historic Preservation of the California Department of Parks and Recreation and the United States Secretary of the Interior's Standards for the Treatment of Historic Properties;
- (3) Permission to conduct periodic examinations of the interior and exterior of the qualified historical property by the Assessor-Recorder, 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 as may be necessary to determine the owner's compliance with the historical property contract;
- (4) That the historical property contract is binding upon, and shall inure to the benefit of, all successors in interest of the owner;
- (5) An extension to the term of the contract so that one year is added automatically to the initial term of the contract on the anniversary date of the contract or such other annual date as specified in the contract unless notice of nonrenewal is given as provided in the Mills Act and in the historical property contract;

(6) Agreement that the Board of Supervisors may cancel the contract, or seek enforcement of the contract, when the Board determines, based upon the recommendation of any one of the entities listed in Subsection (3) above, that the owner has breached the terms of the contract. The City shall comply with the requirements of the Mills Act for enforcement or cancellation of the historical property contract. Upon cancellation of the contract, the property owner shall pay a cancellation fee of 12.5 percent of the full value of the property at the time of cancellation (or such other amount authorized by the Mills Act), as determined by the Assessor-Recorder without regard to any restriction on such property imposed by the historical property contract; and

(7) The property owner's indemnification of the City for, and agreement to hold the City harmless from, any claims arising from any use of the property.

(b) The City and the qualified historical property owner shall comply with all provisions of the Mills Act, including amendments thereto. The Mills Act, as amended from time to time, shall apply to the historical property contract process and shall be deemed incorporated into each historical property contract entered into by the City.

(c) The Planning Department shall maintain a standard form "Historical Property Contract" containing all required provisions specified by this section and state law. Any modifications to the City's standard form contract made by the applicant shall be subject to approval by the City Attorney prior to consideration by the Historic Preservation Commission and the Board of Supervisors.

(Added by Ord. 191-96, App. 5/22/96; amended by Ord. 271-09, File No. 091137, App. 12/18/2009; Ord. 190-12, File No. 120528, App. 9/11/2012, Eff. 10/11/2012)

SEC. 71.6. FEES.

The Planning Department shall determine the amount of a fee necessary to compensate the City for processing and administering an application for a historical property contract. The fee shall pay for the time and materials required to process the application, based upon the estimated actual costs to perform the work, including the costs of the Planning Department, the City Attorney, and the Assessor-Recorder. The City may also impose a separate fee, following approval of the historical property contract, to pay for the actual costs of inspecting the qualified historical property and enforcing the historical property contract. In the event that the costs of processing the application are lower than the estimates, such differences shall be refunded to the applicant. In the event the costs exceed the estimate, the Planning Department shall provide the applicant with a written analysis of the additional fee necessary to complete the review of the application, and applicant shall pay the additional amount prior to execution of the historical property contract. Failure to pay any fees shall be grounds for cancelling the historical property contract.

(Added by Ord. 191-96, App. 5/22/96; amended by Ord. 271-09, File No. 091137, App. 12/18/2009)

SEC. 71.7. DEPARTMENTAL MONITORING REPORT.

On March 31, 2013 and every three years thereafter, the Assessor-Recorder and the Planning Department shall submit a joint report to the Board of Supervisors and the Historic Preservation Commission providing the Departments' analysis of the historical property contract (Mills Act) program. The report shall be calendared for hearing before the Board of Supervisors and the Historic Preservation Commission.

(Added by Ord. 190-12, File No. 120528, App. 9/11/2012, Eff. 10/11/2012)



SAN FRANCISCO
PLANNING
DEPARTMENT

APPLICATION GUIDE FOR Mills Act Historical Property Contract

Planning Department
1650 Mission Street
Suite 400
San Francisco, CA
94103-9425

P: 415.558.6378
F: 415.558.6409

Office of the Assessor-Recorder
City Hall, Room 190
San Francisco, CA
94102

P: 415.554.5596
Recording Hours
8:00a.m. – 4:00p.m.

Chapter 71 of the San Francisco Administrative Code allows the City and County of San Francisco to enter into a preservation contract with local property owners who restore and preserve qualified historic properties. In exchange for maintaining and preserving a historic property, the owner receives a property tax reduction.

Planning staff are available to advise you in the preparation of this application. Call (415) 558-6377 for further information.

WHAT IS A MILLS ACT PROPERTY CONTRACT?

The Mills Act Contract is an agreement between the City and County of San Francisco and the owner of a qualified property based on California Government Code, Article 12, Sections 50280-50290 (Mills Act). This state law, established in 1976, provides for a property tax reduction for owners of qualifying historic properties who agree to comply with certain preservation restrictions and use the property tax savings to help offset the costs to restore, rehabilitate, and maintain their historic resource according to the *Secretary of the Interior's Standards and the California Historical Building Code*. The Mills Act allows historic property owners to restore their historic buildings; obligate future owners to the maintenance and care of the property; and may provide significant property tax savings to the property owner, particularly to smaller, single-family homeowners. The San Francisco Board of Supervisors approves all final contracts. Once executed, the contract is recorded on the property and leads to reassessment of the property the following year.

WHO MAY APPLY FOR A MILLS ACT PROPERTY CONTRACT?

The Mills Act is for qualified historic property owners who are actively rehabilitating their properties or have recently completed a rehabilitation project compliant with the *Secretary of the Interior's Treatment of Historic Properties*, in particular the Standards for Rehabilitation, and the California Historical Building Code. Recently completed projects shall mean completed in the year prior to the application. Qualified historic properties are those that have been designated as a City Landmark or those listed on the National Register of Historic Places. Eligibility for Historical Property Contracts shall be limited to residential buildings or structures with a pre-contract assessed valuation of \$3,000,000 or less and commercial and industrial buildings with a pre-contract assessed valuation of \$5,000,000 or less, unless the individual property is granted an exemption from those limits by the Board of Supervisors.

If a property has multiple owners, all property owners of the subject property must enter into the contract simultaneously.

THE APPLICATION PACKET

This Application Packet is a summary of the Mills Act Historical Property Contract (“Mills Act Contract”) Program’s features. The complete details are described in the legal texts of the San Francisco Administrative Code, Chapter 71, California Government Code Sections 50280-50290 (Appendix A to this packet.) and California Taxation Code Article 1.9, Sections 439-439.4. (Appendix B to this packet.)

IMPORTANT: Please read the entire application packet before getting started. Applicants are responsible for all of the information contained in the Application Guide. Be sure to review the Application Checklist to ensure that you are submitting all of the required documents. A Mills Act Historical Property Contract application provides the potential for property tax reduction. It is not a guarantee. Each property varies according to its income-generating potential and current assessed value. Mills Act properties are reassessed annually and periodically inspected for contract compliance. Incomplete applications may not meet the schedule outlined in this application.

ROLE OF THE PLANNING DEPARTMENT

The Planning Department oversees all Mills Act applications, presents applications before the appropriate hearing bodies and monitors the City’s existing Mills Act properties. Preservation Planners work with property owners to complete their applications and develop rehabilitation and maintenance plans that are specific to each property. Planners keep the applicants informed throughout the year, as the application moves forward through the Office of the Assessor-Recorder, the Historic Preservation Commission, and the Board of Supervisors. The Planning Department also serves as the main point of contact for annual monitoring.

ROLE OF THE OFFICE OF ASSESSOR-RECORDER

The role of the Office of the Assessor-Recorder is to locate and accurately assess all taxable property in San Francisco and also serve as the county’s official record-keeper of documents such as deeds, liens, maps and property contracts. In a Mills Act Historical Property contract, the Office of the Assessor-Recorder assesses qualified properties based on a state prescribed approach and records the fully executed contract. All Mills Act properties will receive an initial valuation during the application process and will be assessed annually by the January 1st lien date and in subsequent years, as required by state law.

ROLE OF THE HISTORIC PRESERVATION COMMISSION

The Historic Preservation Commission will hold a hearing to make a recommendation to the Board of Supervisors whether to approve, modify or deny the application. The HPC may include recommendations regarding the proposed rehabilitation, restoration, and maintenance work, the historic value of the qualified property and any proposed restrictions or maintenance requirements to be included in the final Historical Property Contract. The HPC’s recommendation will be forwarded to the Board of Supervisors.

If the Historic Preservation Commission recommends disapproval of the contract, such decision shall be final unless the property owner files an appeal with the Clerk of the Board of Supervisors within 10 days of final action of the Historic Preservation Commission.

ROLE OF THE BOARD OF SUPERVISORS

The Mills Act Application is referred by the Planning Department to the Board of Supervisors. Every contract must be scheduled in a Committee of the Board of Supervisors. A report prepared by the Board of Supervisors Budget & Legislative Analysts Office will detail the property tax savings and the potential impact this may have on the City's finances. The Committee may recommend, not recommend or forward the application without recommendation to the full Board of Supervisors.

The Board of Supervisors has complete discretion whether to approve, disapprove, or approve with modifications the Mills Act Historical Property Contract. The final decision rests with the Board of Supervisors. The legislative process may take a minimum of five weeks.

WHICH PROPERTIES ARE ELIGIBLE TO APPLY?

In order to participate in the Mills Act Contract Program, properties must meet the following criteria:

1. Qualified Historic Property

- **Individually Designated Pursuant to Article 10 of the Planning Code.** Properties that have been designated as an individual city landmark are eligible.
- **Buildings in Landmark Districts Designated Pursuant to Article 10 of the Planning Code.** Properties that have been listed as a contributor to a city landmark district are eligible.
- **Properties Designated as Significant (Category I or II) Pursuant to Article 11 of the Planning Code.** Properties located in the C-3 Zoning District that have been determined to be a Category I or II, Significant Building are eligible.
- **Properties Designated as Contributory (Category IV) to a Conservation District Pursuant to Article 11 of the Planning Code.** Properties located in the C-3 Zoning District that have been determined to be Category IV are eligible.
- **Properties Designated as Contributory (Category III) Pursuant to Article 11 of the Planning Code.** Properties in the C-3 Zoning District that have been listed as a Contributory Structure (Category III) which are located outside of a Conservation District are eligible for the Mills Act program.
- **Individual Landmarks under the California Register of Historical Resources.** Properties that have been officially designated as a California Register individual landmark are eligible for the Mills Act program.
- **Contributory Buildings in California Register of Historical Resources Historic Districts.** Properties that have been identified as a contributory building in a National Register Historic District are eligible for the Mills Act program.
- **Individual Landmarks listed in the National Register of Historic Places.** Properties that have been individually listed in the National Register are eligible for the Mills Act program.
- **Contributory Buildings listed in the National Register of Historic Places as a Historic District.** Properties that have been identified as a contributory building to a National Register Historic District are eligible for the Mills Act program.

If there are any questions about whether your property is eligible please contact the Planning Department at (415) 558-6377.

2. Tax Assessment Value

Qualified historic properties must also meet a tax assessment value to be eligible for a Mills Act Contract. All owners of the property must enter into the Mills Act contract with the City.

For Residential Buildings:

Eligibility is limited to a property tax assessment value of less than \$3,000,000.

For Commercial, Industrial or Mixed-Use Buildings:

Eligibility is limited to a property tax assessment value of less than \$5,000,000.

Exceptions To Property Value Limits:

A property may be exempt from the tax assessment value if it meets 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 the property meets the exemption criteria. This evidence must be documented by a qualified historic preservation consultant in a Historic Structures Report or Conditions Assessment to substantiate the circumstances for granting the exemption. Please contact Planning Department Preservation Staff to determine which report your property requires.

The Historic Preservation Commission shall make specific findings to the Board of Supervisors recommending approval or denial of the exemption. Final approval of this exemption is under the purview of the Board of Supervisors.

NOTE: Owners of properties with comparatively low property taxes due to Proposition 13 will likely not see a benefit with a Mills Act Contract. The assessed value under the Mills Act will likely be higher than the existing base-year value of the property. Generally, an owner who has purchased their property within the last ten years is most likely to benefit from entering into a Mills Act contract.

TERMS OF THE MILLS ACT HISTORICAL PROPERTY CONTRACT

Duration of Contract

The Mills Act contract is for a minimum term of ten years. It automatically renews each year on its anniversary date and a new ten-year term becomes effective. The contract runs (essentially in perpetuity) with the land.

Termination of the Contract

The owner may terminate the contract by notifying the Planning Department at least ninety days prior to the annual renewal date. The City may terminate the contract by notifying the owner at least sixty days prior to the renewal date. The City could terminate contract if the owner is not conforming with the plans and timelines established in the Contract. The owner may make a written protest about termination by the City. The contract remains in effect for the balance of the 10-year term of the contract beyond the notice of non-renewal.

Alterations or Additions

Any work performed to the property must conform to the *Secretary of the Interior's Standards for the Treatment of Historic Properties*, specifically, the Standards for Rehabilitation and the California Historical Building Code. If components of the Mills Act Rehabilitation/Restoration or Maintenance Plan requires approvals by the Historic Preservation Commission, Planning Commission, Zoning Administrator, or any other government body, those approvals must be secured prior to applying for a Mills Act Historical Property Contract.

Inspections and Monitoring

The City may conduct periodic inspections of the property in addition to issuing an annual affidavit of compliance. These inspections are to confirm work has been completed in conformance with the approved Mills Act Contract. The City also encourages the property owner to self-inspect and apprise the Planning Department of the progress of rehabilitating and maintaining their property. In compliance with state law, onsite inspections of the property by the Planning Department and the Office of the Assessor-Recorder will occur every five years. All site visits will be scheduled in advance with the property owner.

Breach of Contract

If the property owner is found to be in breach of contract, the City may cancel the contract whereupon the Assessor-Recorder will collect a cancellation fee of 12 1/2 percent of the fair market value of the property as determined by the Assessor-Recorder. Applicants who enter into a Mills Act Contract with the City of San Francisco and fail to rehabilitate or maintain the property are subject to the City cancelling the contract.

Transfer of Ownership

A Mills Act Contract is attached to the property. Subsequent owners are bound by the terms and conditions of the contract, and obligated to complete any work identified in the contract and perform required maintenance. It is incumbent upon the seller of a Mills Act property to disclose this fact to potential buyers. For example, if an owner completes some of the contract mandated work in the first five years and then sells the property, the new buyer would have five years to complete the rehabilitation/restoration of the property.

Recordation

A complete Mills Act contract must be recorded with the Office of the Assessor-Recorder. In order to record the contract, all approvals, signatures, recordation attachments must be included and all applicable recording fees must be paid. A contract may be considered incomplete if all components are not adequately satisfied. To see the current recording fee schedule, go to www.sfassessor.org.

Mills Act Process & Timeline

Phase 1: Planning Department Reviews Application

- 1 Property owner submits completed application to Planning.**

Send applications to: 1650 Mission Street, Suite 400. San Francisco, CA 94103

Visit www.sfpplanning.org for application fee information.

APPLICATION DEADLINE: MAY 1

2. Review of applications. Planning Department reviews the applications for completeness. Planner works with the Owner if issues are found.

3. Property Inspection. Planning Department and Assessor-Recorder schedule site visits with Owner.

Phase 7: Mills Act Monitoring

18. Affidavit of compliance is issued. Onsite Property inspections occur every five years with Planning and the Assessor Recorder's Office.

- 19 Owner returns affidavit to Planning.**

DEADLINE: APRIL 30

Recordation and Distribution

- 16 Office of the Assessor-Recorder records contract.**

DEADLINE: DECEMBER 30

17. Office of the Assessor-Recorder mails confirmed copy of contract to property owner.

Phase 2: Assessor-Recorder Calculates Valuations

- 4. Planning Department submits complete applications to Assessor-Recorder by June 1.**

5. Initial valuation completed by Assessor-Recorder's office and submitted to Planning Department for transmittal to property owner by Aug. 31.

- 6 Property owner reviews valuations.** Owner has until Sept. 15 to review the valuation.

DEADLINE: SEPTEMBER 15

Phase 3: Historic Preservation Commission Hearing

7. HPC Hearing. The Historic Preservation Commission (HPC) meets the first and third Wednesday of each month. The HPC Hearing will be the third Wednesday in September or the first Wednesday in October. Planning Staff will present the application, rehabilitation and maintenance plans to the HPC.

ACTION TAKEN

The HPC may recommend, modify, or deny approval to the Board of Supervisors.

Phase 4: Board of Supervisors Committee and Board of Supervisors Final Hearing

8. Planning Department transmits application to the Board of Supervisors. The Clerk of the Board is responsible for scheduling the item in the appropriate Board of Supervisors committee.

9. Budget & Legislative Analyst's Office prepares report for committee hearing.

10. Planning Department, Assessor-Recorder's Office, and Owner present.

ACTION TAKEN

Board of Supervisors Committee may Recommend, Not Recommend, or forward without Recommendation to the Full Board.

11. Item scheduled at a full Board of Supervisors meeting for consideration. Visit www.sfbos.org for more information.

ACTION TAKEN

The BOS may approve, modify, or deny the Mills Act Application.

Phase 5: Final Contracts Issued, Recorded & Distributed

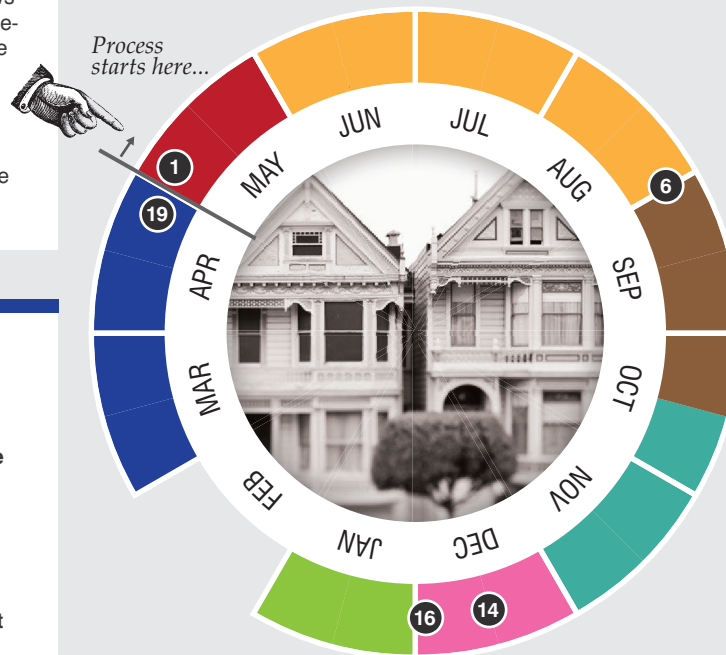
12. City Attorney's Office finalizes contracts. City Attorney verifies prints and signs final contracts then returns to Planning for signature.

13. Planning Department notifies property owner to pick up contracts from Planning Department. Owners sign and notarize contracts.

14 Owners deliver signed and notarized contracts to Planning Department. Planning Department delivers all contracts to the Assessor-Recorder, City Hall, Room 190.

DEADLINE: DECEMBER 13

15. Assessor-Recorder reviews and signs contracts.



MILLS ACT HISTORICAL PROPERTY CONTRACT

Application Checklist:

Applicant should complete this checklist and submit along with the application to ensure that all necessary materials have been provided. Saying "No" to any of the following questions may nullify the timelines established in this application.

1	Mills Act Application Has each property owner signed? Has each signature been notarized?	YES <input type="checkbox"/> NO <input type="checkbox"/>
2	High Property Value Exemption Form & Historic Structure Report Required for Residential properties with an assessed value over \$3,000,000 and Commercial/Industrial properties with an assessed value over \$5,000,000. Have you included a copy of the Historic Structures Report completed by a qualified consultant?	YES <input type="checkbox"/> NO <input type="checkbox"/> N/A <input type="checkbox"/>
3	Draft Mills Act Historical Property Contract Are you using the Planning Department's standard "Historical Property Contract?" Have all owners signed and dated the contract? Have all signatures been notarized?	YES <input type="checkbox"/> NO <input type="checkbox"/>
4	Notary Acknowledgement Form Is the Acknowledgement Form complete? Do the signatures match the names and capacities of signers?	YES <input type="checkbox"/> NO <input type="checkbox"/>
5	Draft Rehabilitation/Restoration/Maintenance Plan Have you identified and completed the Rehabilitation, Restoration, and Maintenance Plan organized by contract year, including all supporting documentation related to the scopes of work?	YES <input type="checkbox"/> NO <input type="checkbox"/>
6	Photographic Documentation Have you provided both interior and exterior images (either digital, printed, or on a CD)? Are the images properly labeled?	YES <input type="checkbox"/> NO <input type="checkbox"/>
7	Site Plan Does your site plan show all buildings on the property including lot boundary lines, street name(s), north arrow and dimensions?	YES <input type="checkbox"/> NO <input type="checkbox"/>
8	Tax Bill Did you include a copy of your most recent tax bill?	YES <input type="checkbox"/> NO <input type="checkbox"/>
9	Rental Income Information Did you include information regarding any rental income on the property, including anticipated annual expenses, such as utilities, garage, insurance, building maintenance, etc.?	YES <input type="checkbox"/> NO <input type="checkbox"/>
10	Payment Did you include a check payable to the San Francisco Planning Department? Current application fees can be found on the Planning Department Fee Schedule under Preservation Applications.	YES <input type="checkbox"/> NO <input type="checkbox"/>
11	Recordation Requirements A Board of Supervisors approved and fully executed Mills Act Historical Property contract must be recorded with the Assessor-Recorder. The contract must be <u>accompanied</u> by the following in order to meet recording requirements: – All approvals, signatures, recordation attachments – Fee: Check payable to the Office of the Assessor-Recorder" in the appropriate recording fee amount Please visit www.sfassessor.org for an up-to-date fee schedule for property contracts. – Preliminary Change of Ownership Report (PCOR). Please visit www.sfassessor.org for an up-to-date PCOR (see example on page 20).	YES <input type="checkbox"/> NO <input type="checkbox"/>

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 <input type="checkbox"/> NO <input type="checkbox"/>
Is the entire property owner-occupied?	YES <input type="checkbox"/> NO <input type="checkbox"/>
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 <input type="checkbox"/> NO <input type="checkbox"/>
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 <input type="checkbox"/> NO <input type="checkbox"/>
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: _____ Date: _____

Owner 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 ☐ NO ☐

The property is a Commercial/Industrial Building valued at less than \$5,000,000.

YES ☐ NO ☐

*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: _____

Date: _____

Owner Signature: _____

Date: _____

Owner Signature: _____

Date: _____

5. Rehabilitation/Restoration & Maintenance Plan

A 10 Year Rehabilitation/Restoration Plan has been submitted detailing work to be performed on the subject property	YES <input type="checkbox"/>	NO <input type="checkbox"/>
A 10 Year Maintenance Plan has been submitted detailing work to be performed on the subject property	YES <input type="checkbox"/>	NO <input type="checkbox"/>
Proposed work will meet the <i>Secretary of the Interior's Standards for the Treatment of Historic Properties</i> and/or the California Historic Building Code.	YES <input type="checkbox"/>	NO <input type="checkbox"/>
Property owner will ensure that a portion of the Mills Act tax savings will be used to finance the preservation, rehabilitation, and maintenance of the property	YES <input type="checkbox"/>	NO <input type="checkbox"/>

Use this form to outline your rehabilitation/restoration plan. Copy this page as necessary to include all items that apply to your property. Begin by listing recently completed rehabilitation work (if applicable) and continue with work you propose to complete within the next ten years, followed by your proposed maintenance work. Arranging all scopes of work in order of priority.

Please note that *all applicable Codes and Guidelines apply to all work*, including the Planning Code and Building Code. If components of the proposed Plan require approvals by the Historic Preservation Commission, Planning Commission, Zoning Administrator, or any other government body, these **approvals must be secured prior to applying for a Mills Act Historical Property Contract**. This plan will be included along with any other supporting documents as part of the Mills Act Historical Property contract.

# _____ (Provide a scope number)	BUILDING FEATURE:			
Rehab/Restoration <input type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input type="checkbox"/>	
CONTRACT YEAR FOR WORK COMPLETION:				
TOTAL COST (rounded to nearest dollar):				
DESCRIPTION OF WORK:				

Draft Rehabilitation/Restoration/Maintenance Plan (Continued)

# _____ (Provide a scope number)	BUILDING FEATURE:		
Rehab/Restoration <input type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input type="checkbox"/>
CONTRACT YEAR WORK COMPLETION:			
TOTAL COST (rounded to nearest dollar):			
DESCRIPTION OF WORK:			

# _____ (Provide a scope number)	BUILDING FEATURE:		
Rehab/Restoration <input type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input type="checkbox"/>
CONTRACT YEAR WORK COMPLETION:			
TOTAL COST (rounded to nearest dollar):			
DESCRIPTION OF WORK:			

# _____ (Provide a scope number)	BUILDING FEATURE:		
Rehab/Restoration <input type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input type="checkbox"/>
CONTRACT YEAR WORK COMPLETION:			
TOTAL COST (rounded to nearest dollar):			
DESCRIPTION OF WORK:			

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.

Recording Requested by,
and when recorded, send notice to:
Director of Planning
1650 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 _____ (\$_____). 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:

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:

<div>CARMEN CHU</div> <div>ASSESSOR-RECORDER</div> <div>CITY & COUNTY OF SAN FRANCISCO</div>	<div>Date</div>	<div>JOHN RAHAIM</div> <div>DIRECTOR OF PLANNING</div> <div>CITY & COUNTY OF SAN FRANCISCO</div>	<div>Date</div>
<div>APPROVED AS PER FORM:</div> <div>DENNIS HERRERA</div> <div>CITY ATTORNEY</div> <div>CITY & COUNTY OF SAN FRANCISCO</div>		<div>Signature</div>	<div>Date</div>
		<div>Print name</div> <div>DEPUTY CITY ATTORNEY</div>	
<div>Signature</div>	<div>Date</div>	<div>Signature</div>	<div>Date</div>
<div>Print name</div> <div>OWNER</div>		<div>Print name</div> <div>OWNER</div>	

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)

PRELIMINARY CHANGE OF OWNERSHIP REPORT

To be completed by the transferee (buyer) prior to a transfer of subject property, in accordance with section 480.3 of the Revenue and Taxation Code. A *Preliminary Change of Ownership Report* must be filed with each conveyance in the County Recorder's office for the county where the property is located.



Carmen Chu, Assessor-Recorder
Office of the Assessor-Recorder
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 190
San Francisco, CA 94102
www.sfassessor.org (415) 554-5596

FOR ASSESSOR'S USE ONLY

<p>┌</p> <p>L</p>	<p>┐</p> <p>ASSESSOR'S PARCEL NUMBER _____</p> <p>SELLER/TRANSFEROR _____</p> <p>BUYER'S DAYTIME TELEPHONE NUMBER () _____</p> <p>└</p> <p>BUYER'S EMAIL ADDRESS _____</p>
-------------------	---

STREET ADDRESS OR PHYSICAL LOCATION OF REAL PROPERTY _____

MAIL PROPERTY TAX INFORMATION TO (NAME) _____

ADDRESS _____	CITY _____	STATE _____	ZIP CODE _____
<input type="checkbox"/> YES <input type="checkbox"/> NO This property is intended as my principal residence. If YES, please indicate the date of occupancy or intended occupancy.		MO _____	DAY _____
		YEAR _____	

PART 1. TRANSFER INFORMATION*Please complete all statements.*

This section contains possible exclusions from reassessment for certain types of transfers.

YES NO

- ☐ ☐ A. This transfer is solely between spouses (*addition or removal of a spouse, death of a spouse, divorce settlement, etc.*).
- ☐ ☐ B. This transfer is solely between domestic partners currently registered with the California Secretary of State (*addition or removal of a partner, death of a partner, termination settlement, etc.*).
- ☐ ☐ *C. This is a transfer: ☐ between parent(s) and child(ren) ☐ from grandparent(s) to grandchild(ren).
- ☐ ☐ *D. This transfer is the result of a cotenant's death. Date of death _____
- ☐ ☐ *E. This transaction is to replace a principal residence by a person 55 years of age or older.
Within the same county? ☐ YES ☐ NO
- ☐ ☐ *F. This transaction is to replace a principal residence by a person who is severely disabled as defined by Revenue and Taxation Code section 69.5. Within the same county? ☐ YES ☐ NO
- ☐ ☐ G. This transaction is only a correction of the name(s) of the person(s) holding title to the property (*e.g., a name change upon marriage*).
If YES, please explain: _____
- ☐ ☐ H. The recorded document creates, terminates, or reconveys a lender's interest in the property.
- ☐ ☐ I. This transaction is recorded only as a requirement for financing purposes or to create, terminate, or reconvey a security interest (*e.g., cosigner*). If YES, please explain: _____
- ☐ ☐ J. The recorded document substitutes a trustee of a trust, mortgage, or other similar document.
- K. This is a transfer of property:
- ☐ ☐ 1. to/from a revocable trust that may be revoked by the transferor and is for the benefit of
☐ the transferor, and/or ☐ the transferor's spouse ☐ registered domestic partner.
- ☐ ☐ 2. to/from a trust that may be revoked by the creator/grantor/trustor who is also a joint tenant, and which
names the other joint tenant(s) as beneficiaries when the creator/grantor/trustor dies.
- ☐ ☐ 3. to/from an irrevocable trust for the benefit of the
☐ creator/grantor/trustor and/or ☐ grantor's/trustor's spouse ☐ grantor's/trustor's registered domestic partner.
- ☐ ☐ L. This property is subject to a lease with a remaining lease term of 35 years or more including written options.
- ☐ ☐ M. This is a transfer between parties in which proportional interests of the transferor(s) and transferee(s) in each and every parcel
being transferred remain exactly the same after the transfer.
- ☐ ☐ N. This is a transfer subject to subsidized low-income housing requirements with governmentally imposed restrictions.
- ☐ ☐ *O. This transfer is to the first purchaser of a new building containing an active solar energy system.

* Please refer to the instructions for Part 1.

Please provide any other information that will help the Assessor understand the nature of the transfer.

ADDITIONAL INFORMATION

Please answer all questions in each section, and sign and complete the certification before filing. This form may be used in all 58 California counties. If a document evidencing a change in ownership is presented to the Recorder for recordation without the concurrent filing of a *Preliminary Change of Ownership Report*, the Recorder may charge an additional recording fee of twenty dollars (\$20).

NOTICE: The property which you acquired may be subject to a supplemental assessment in an amount to be determined by the County Assessor. Supplemental assessments are not paid by the title or escrow company at close of escrow, and are not included in lender impound accounts. **You may be responsible for the current or upcoming property taxes even if you do not receive the tax bill.**

NAME AND MAILING ADDRESS OF BUYER: Please make necessary corrections to the printed name and mailing address. Enter Assessor's Parcel Number, name of seller, buyer's daytime telephone number, buyer's email address, and street address or physical location of the real property.

NOTE: Your telephone number and/or email address is very important. If there is a question or a problem, the Assessor needs to be able to contact you.

MAIL PROPERTY TAX INFORMATION TO: Enter the name, address, city, state, and zip code where property tax information should be mailed. This must be a valid mailing address.

PRINCIPAL RESIDENCE: To help you determine your principal residence, consider (1) where you are registered to vote, (2) the home address on your automobile registration, and (3) where you normally return after work. If after considering these criteria you are still uncertain, choose the place at which you have spent the major portion of your time this year. Check YES if the property is intended as your principal residence, and indicate the date of occupancy or intended occupancy.

PART 1: TRANSFER INFORMATION

If you check YES to any of these statements, the Assessor may ask for supporting documentation.

C,D,E, F: If you checked YES to any of these statements, you may qualify for a property tax reassessment exclusion, which may allow you to maintain your property's previous tax base. **A claim form must be filed and all requirements met in order to obtain any of these exclusions.** Contact the Assessor for claim forms. **NOTE:** If you give someone money or property during your life, you may be subject to federal gift tax. You make a gift if you give property (including money), the use of property, or the right to receive income from property without expecting to receive something of at least equal value in return. The transferor (donor) may be required to file Form 709, Federal Gift Tax Return, with the Internal Revenue Service if they make gifts in excess of the annual exclusion amount.

G: Check YES if the reason for recording is to correct a name already on title [e.g., Mary Jones, who acquired title as Mary J. Smith, is granting to Mary Jones]. This is not for use when a name is being removed from title.

H: Check YES if the change involves a lender, who holds title for security purposes on a loan, and who has no other beneficial interest in the property.

"Beneficial interest" is the right to enjoy all the benefits of property ownership. Those benefits include the right to use, sell, mortgage, or lease the property to another. A beneficial interest can be held by the beneficiary of a trust, while legal control of the trust is held by the trustee.

I: A **"cosigner"** is a third party to a mortgage/loan who provides a guarantee that a loan will be repaid. The cosigner signs an agreement with the lender stating that if the borrower fails to repay the loan, the cosigner will assume legal liability for it.

M: This is primarily for use when the transfer is into, out of, or between legal entities such as partnerships, corporations, or limited liability companies. Check YES only if the interest held in each and every parcel being transferred remains exactly the same.

N: Check YES only if property is subject to subsidized low-income housing requirements with governmentally imposed restrictions; property may qualify for a restricted valuation method (i.e., may result in lower taxes).

O: If you checked YES, you may qualify for a new construction property tax exclusion. **A claim form must be filed and all requirements met in order to obtain the exclusion. Contact the Assessor for a claim form.**

PART 2: OTHER TRANSFER INFORMATION

A: The date of recording is rebuttably presumed to be the date of transfer. If you believe the date of transfer was a different date (e.g., the transfer was by an unrecorded contract, or a lease identifies a specific start date), put the date you believe is the correct transfer date. If it is not the date of recording, the Assessor may ask you for supporting documentation.

B: Check the box that corresponds to the type of transfer. If OTHER is checked, please provide a detailed description. Attach a separate sheet if necessary.

PART 3: PURCHASE PRICE AND TERMS OF SALE

It is important to complete this section completely and accurately. The reported purchase price and terms of sale are important factors in determining the assessed value of the property, which is used to calculate your property tax bill. Your failure to provide any required or requested information may result in an inaccurate assessment of the property and in an overpayment or underpayment of taxes.

A. Enter the total purchase price, not including closing costs or mortgage insurance.

“Mortgage insurance” is insurance protecting a lender against loss from a mortgagor’s default, issued by the FHA or a private mortgage insurer.

B. Enter the amount of the down payment, whether paid in cash or by an exchange. If through an exchange, exclude the closing costs.

“Closing costs” are fees and expenses, over and above the price of the property, incurred by the buyer and/or seller, which include title searches, lawyer’s fees, survey charges, and document recording fees.

C. Enter the amount of the First Deed of Trust, if any. Check all the applicable boxes, and complete the information requested.

A **“balloon payment”** is the final installment of a loan to be paid in an amount that is disproportionately larger than the regular installment.

D. Enter the amount of the Second Deed of Trust, if any. Check all the applicable boxes, and complete the information requested.

E. If there was an assumption of an improvement bond or other public financing with a remaining balance, enter the outstanding balance, and mark the applicable box.

An **“improvement bond or other public financing”** is a lien against real property due to property-specific improvement financing, such as green or solar construction financing, assessment district bonds, Mello-Roos (a form of financing that can be used by cities, counties and special districts to finance major improvements and services within the particular district) or general improvement bonds, etc. Amounts for repayment of contractual assessments are included with the annual property tax bill.

F. Enter the amount of any real estate commission fees paid by the buyer which are not included in the purchase price.

G. If the property was purchased through a real estate broker, check that box and enter the broker’s name and phone number. If the property was purchased directly from the seller (who is not a family member of one of the parties purchasing the property), check the “Direct from seller” box. If the property was purchased directly from a member of your family, or a family member of one of the parties who is purchasing the property, check the “From a family member” box and indicate the relationship of the family member (e.g., father, aunt, cousin, etc.). If the property was purchased by some other means (e.g., over the Internet, at auction, etc.), check the “OTHER” box and provide a detailed description (attach a separate sheet if necessary).

H. Describe any special terms (e.g., seller retains an unrecorded life estate in a portion of the property, etc.), seller concessions (e.g., seller agrees to replace roof, seller agrees to certain interior finish work, etc.), broker/agent fees waived (e.g., fees waived by the broker/agent for either the buyer or seller), financing, buyer paid commissions, and any other information that will assist the Assessor in determining the value of the property.

PART 4: PROPERTY INFORMATION

A. Indicate the property type or property right transferred. Property rights may include water, timber, mineral rights, etc.

B. Check YES if personal, business property or incentives are included in the purchase price in Part 3. Examples of personal or business property are furniture, farm equipment, machinery, etc. Examples of incentives are club memberships (golf, health, etc.), ski lift tickets, homeowners’ dues, etc. Attach a list of items and their purchase price allocation. An adjustment will not be made if a detailed list is not provided.

C. Check YES if a manufactured home or homes are included in the purchase price. Indicate the purchase price directly attributable to each of the manufactured homes. If the manufactured home is registered through the Department of Motor Vehicles in lieu of being subject to property taxes, check NO and enter the decal number.

D. Check YES if the property was purchased or acquired with the intent to rent or lease it out to generate income, and indicate the source of that anticipated income. Check NO if the property will not generate income, or was purchased with the intent of being owner-occupied.

E. Provide your opinion of the condition of the property at the time of purchase. If the property is in “fair” or “poor” condition, include a brief description of repair needed.

How is my property tax assessed and what is the impact on my property taxes?

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

1. Restricted income approach (income capitalization method) per the Mills Act as prescribed by the California State Board of Equalization
2. Market value approach using comparable sales information
3. Factored base year value of your property and use

The following example shows how the Assessor-Recorder may assess your property value. Some components of the formula will vary each year (i.e. property tax rates and interest rates).

Step 1: Restricted Income Approach (per the Mills Act) is calculated.

Net Income is Determined

Current Market Rent (annual)	\$ 72,000
– Vacancy & Collection Loss of 2%	– \$ 1,440
Effective Annual Income	= \$ 70,560
Less Anticipated Operating Expenses of 15% (i.e. – utilities, water, garbage, insurance, maintenance, management fee)	– \$ 10,584
Net Income	= \$ 59,976

Capitalization Rate is Determined

Components of a Capitalization Rate Include:

Interest rate (changes every year and is determined annually by the State Board of Equalization – currently 4%)	+ .04000
Risk rate (4% for owner occupied or 2% for all other property types)	+ .04000
Property tax rate of 1.188% (2013 Tax Rate - changes every year as determined by the Board of Supervisors)	+ .01188
Amortization rate (Assuming 60 year remaining life; improvements constitute 40% of total property value; or .0167 x .40)	+ .00667
Total Restricted Capitalization Rate	= .09855

Restricted income approach (per the Mills Act calculation) (net income \$59,976/restricted cap. rate .09858) (rounded)	\$610,000
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Step 2: Estimated Market Value is Determined

Step 3: The Factored Base Year Value is Identified to determine the Assessed Value

Step 4: Three-Way Value Comparison is performed to determine the Assessed Value

Restricted Income Approach (see Step 1 above)	\$610,000
Estimated Market Value	\$1,500,000
Factored Base Year Value	\$1,064,403
Lowest of the Three (Assessed Value)	= \$610,000

Step 5: Now, How to Estimate Your Tax Savings

(Assuming the assessed value would have been the factored base year value or Prop. 13 value)

A. Calculate taxes Owed with Mills Act Assessment	
Assessed Value (lowest of the three)	\$610,000
Multiply by tax rate (assumes 2013 rate)	x 1.188%
Equals Property Tax Owed	= \$7,247

B. Calculate taxes Otherwise Owed with Factored Base Year Value	
Factored Base Year Assessed Value	\$1,064,403
Multiply by tax rate (assumes 2013 rate)	x 1.188%
Equals Property Tax Owed	= \$12,645

C. Compare Taxes for Savings	
Mills Act Tax	\$7,247
Factored Base Year Tax	= \$12,645
Savings of \$5,398 or (\$12,645-\$7,247)	

Frequently Asked Questions

1 If I own an historic property am I obligated to participate in the program?

No. Participation is voluntary. The contracts are intended for property owners who have a strong commitment to historic preservation and to assist property owners who plan to rehabilitate their property.

2 What is the term of a Mills Act Historical Property Contract?

The contract is written for an initial term of 10 years. However, the contract automatically renews each year on its anniversary date. The contract, in effect, runs in perpetuity with the land. The initial 10-year term is the period of time in which major rehabilitation projects should be substantially completed. If an owner desires to be released from the contract, a letter of non-renewal is submitted to the City within 60 days of the contract renewal date. The owner is released from the contract ten years after the notice of non-renewal is submitted.

3 Are certain properties more likely to benefit from the Mills Act?

Properties purchased within the last ten years are most likely to receive the highest reduction. Properties purchased more than ten years ago will likely receive a minimal reduction. Properties purchased prior to 1978 (Proposition 13) are unlikely to receive a tax reduction.

4 How are my property taxes reduced?

Please refer to the example calculation on page 23 of the Application Guide.

5 How much of a reduction will I receive?

The Mills Act Historical Property Contract Program does not guarantee a reduction amount for any property. Properties that have more recently been purchased are likely to see greater tax reductions. Projects to date have identified property tax reductions ranging from 5% to 64%.

6 What happens if I want to sell my property after I have a Mills Act Contract?

The contract will always remain with the property, and the new owner is obligated to meet the contract requirements. This can enhance the marketability of the property because it is not reassessed at its new market value when it changes hands. The new owners will likely pay property taxes based on the existing or proximate Mills Act Valuation notice.

7 Are there potential penalties for property owners with a Mills Act Contract?

Yes. If a property is not maintained under the terms of the contract, is improperly altered, or if rehabilitation work is not performed, the owner could be found in breach of contract. If the breach of contract cannot be resolved to satisfy the contract, the Contract is cancelled and the owner is assessed a 12.5 percent penalty based on the current fair-market value of the property.

8 How long does it take to process a Mills Act Application?

Please refer the process flowchart in the Application Guide.

9 If I apply for a Mills Act Historic Property Contract, is the City obligated to enter into the contract?

No. The City will evaluate each individual contract application alongside a set of priority criteria and determine which applications are most likely to yield the greatest public benefit.

10 Am I required to open my property to the public?

No. The Mills Act Historic Property Program does not require the property owner to grant public access to the property. The contract does specify that with an appointment, period inspections will be made by City officials to determine compliance with the terms and provisions of the contract.

11 Where can I learn more about the Mills Act?

The California State Office of Historic Preservation (OHP) is responsible for the administration of Federally and State mandated historic preservation programs in California. The OHP website offers information on a wide range of historic preservation topics including the Mills Act.

The link to the OHP website is: <http://www.ohp.parks.ca.gov>.

The direct link to the Mills Act program is: http://ohp.parks.ca.gov/?page_id=21412.

12 How often will a property with a Mills Act Contract be assessed?

The Office of the Assessor-Recorder will conduct a preliminary valuation during the application process and will review the Mills Act value annually on the lien date, January 1st, to determine the Mills Act value for that fiscal year.

13 Can I expect the same amount of property tax savings every year?

No. The Office of the Assessor-Recorder, as mandated by state law, reviews all Mills Act properties annually to determine the assessed value. Interest rates, market rates (the fair market rent your property can generate as of January 1st of each year) and the property tax rate change annually, which impacts the taxable value of the property.

14 Is my contract final once it is approved by the San Francisco Board of Supervisors?

No. The Board of Supervisors is the final hearing body in the approvals process. However, your contract is **not finalized** until it has been recorded with the Office of the Assessor-Recorder. The absolute deadline to have your property contract recorded is December 31st by 4pm. If the contract is not recorded by this date, the property cannot be reassessed on January 1st under the Mills Act valuation and the property owner will not receive a tax savings for the following tax year.

Contracts must be recorded in-person by the property owner at:

Office of the Assessor-Recorder
City Hall, Room 190
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Website: www.sfassessor.org
Recording Hours of Operation: Mon-Fri (8-4pm)

15 *Is there a fee to have my Mills Act Historical Property contract recorded with the Office of the Assessor-Recorder?*

Yes. Please visit the Assessor-Recorder's website at www.sfassessor.org for an up-to-date fee schedule as they may be amended from time-to-time. Please note special recording hours.

16 *What are the Recordation requirements of the San Francisco Assessor-Recorder?*

- Board of Supervisors approved and fully executed contract with all approvals, signatures, and recordation attachments;
- Preliminary Change of Ownership Report (visit www.sfassessor.org for an up-to-date PCOR);
- Check payable to the Office of the Assessor-Recorder with the appropriate recordation fee (visit www.sfassessor.org for up-to-date fee schedule).

17 *If I disagree with the Mills-Act assessed value of my property after the contract has been finalized and recorded, can I appeal the taxable value?*

Yes. If a property owner disagrees with the assessed value or the results of the Mills Act Assessment after the contract has been finalized and recorded, they may file a formal "Application for Changed Assessment" with the Assessment Appeals Board, an independently appointed review board. The application may be obtained in person, downloaded from the website, or requested in writing from:

Clerk of the Assessment Appeals Board
City Hall, Room 405
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Website: www.sfgov.org/aab

18 *What is the deadline for filing an "Application for Changed Assessment" with the Assessment Appeals Board?*

Generally, assessment appeals applications may be filed between July 2nd and September 15th. Applications must be filed in on time to be considered. There are no exceptions to these dates.

19 *I received a "Notification of Assessed Value" letter for the current tax year. What is this letter and do I need to take any action?*

This is an informational letter used to notify property owners of their assessed property value for the current tax year. The assessed value minus exemptions is the basis for your property tax bill. The tax bill covers the fiscal year starting July 1st and ending June 30th.

You do not need to take any action unless you believe the market value of your property as of January 1st was less than the assessed value. If this is the case, a timely assessment appeal application must be filed.

20 *The "Notification of Assessed Value" letter states, "The assessed value shown may reflect an assessment that is not up to date." How will I know if my assessment is up to date?*

If the Mills Act contract was recorded on time (on December 31st or before), the assessed value indicated in this letter is up to date – unless the property was recently purchased and ownership changes or if any new construction occurred on your property.

21 *I received a “Notification of Assessed Value” letter, but I have recently sold that property. Do I need to take any action?*

If you are no longer the current owner of the property, you may disregard this letter. The Office of the Assessor-Recorder will update the change in ownership accordingly.

22 *When will I receive my property tax bill?*

The fiscal year annual secured property tax bill is mailed by the Tax Collector’s Office in October of each year and property owners should receive their property tax bills by November 1st. Please contact the Tax Collector’s Office if you do not receive your tax bill by dialing 311 or (415) 701-2311 if you are outside of San Francisco.

Government Codes

APPENDIX A: CALIFORNIA GOVERNMENT CODE SECTIONS 50280-50290

50280. Upon the application of an owner or the agent of an owner of any qualified historical property, as defined in Section 50280.1, the legislative body of a city, county, or city and county may contract with the owner or agent to restrict the use of the property in a manner which the legislative body deems reasonable to carry out the purposes of this article and of Article 1.9 (commencing with Section 439) of Chapter 3 of Part 2 of Division 1 of the Revenue and Taxation Code. The contract shall meet the requirements of Sections 50281 and 50282.

50280.1. "Qualified historical property" for purposes of this article, means privately owned property which is not exempt from property taxation and which meets either of the following:

- (a) Listed in the National Register of Historic Places or located in a registered historic district, as defined in Section 1.191-2(b) of Title 26 of the Code of Federal Regulations.
- (b) Listed in any state, city, county, or city and county official register of historical or architecturally significant sites, places, or landmarks.

50281. Any contract entered into under this article shall contain the following provisions:

- (a) The term of the contract shall be for a minimum period of 10 years.
- (b) Where applicable, the contract shall provide the following:
 - (1) For the preservation of the qualified historical property and, when necessary, to restore and rehabilitate the property to conform to the rules and regulations of the Office of Historic Preservation of the Department of Parks and Recreation, the United States Secretary of the Interior's Standards for Rehabilitation, and the State Historical Building Code.
 - (2) For the periodic examinations of the interior and exterior of the premises by the assessor, the Department of Parks and Recreation, and the State Board of Equalization as may be necessary to determine the owner's compliance with the contract.
 - (3) For it to be binding upon, and inure to the benefit of, all successors in interest of the owner. A successor in interest shall have the same rights and obligations under the contract as the original owner who entered into the contract.
- (c) The owner or agent of an owner shall provide written notice of the contract to the Office of Historic Preservation within six months of entering into the contract.

50281.1. The legislative body entering into a contract described in this article may require that the property owner, as a condition to entering into the contract, pay a fee not to exceed the reasonable cost of administering this program.

50282. (a) Each contract shall provide that on the anniversary date of the contract or such other annual date as is specified in the contract, a year shall be added automatically to the initial term of the contract unless notice of nonrenewal is given as provided in this section. If the property owner or the legislative body desires in any year not to renew the contract, that party shall serve written notice of nonrenewal of the contract on the other party in advance of the annual renewal date of the contract. Unless the notice is served by the owner at least 90 days prior to the renewal date or by the legislative body at least 60 days prior to the renewal date, one year shall automatically be added to the term of the contract.

(b) Upon receipt by the owner of a notice from the legislative body of nonrenewal, the owner may make a written protest of the notice of nonrenewal. The legislative body may, at any time prior to the renewal date, withdraw the notice of nonrenewal.

(c) If the legislative body or the owner serves notice of intent in any year not to renew the contract, the existing contract shall remain in effect for the balance of the period remaining since the original execution or

the last renewal of the contract, as the case may be.

(d) The owner shall furnish the legislative body with any information the legislative body shall require in order to enable it to determine the eligibility of the property involved.

(e) No later than 20 days after a city or county enters into a contract with an owner pursuant to this article, the clerk of the legislative body shall record with the county recorder a copy of the contract, which shall describe the property subject thereto. From and after the time of the recordation, this contract shall impart a notice thereof to all persons as is afforded by the recording laws of this state.

50284. The legislative body may cancel a contract if it determines that the owner has breached any of the conditions of the contract provided for in this article or has allowed the property to deteriorate to the point that it no longer meets the standards for a qualified historical property. The legislative body may also cancel a contract if it determines that the owner has failed to restore or rehabilitate the property in the manner specified in the contract.

50285. No contract shall be canceled under Section 50284 until after the legislative body has given notice of, and has held, a public hearing on the matter. Notice of the hearing shall be mailed to the last known address of each owner of property within the historic zone and shall be published pursuant to Section 6061.

50286. (a) If a contract is canceled under Section 50284, the owner shall pay a cancellation fee equal to 12 ½ percent of the current fair market value of the property, as determined by the county assessor as though the property were free of the contractual restriction.

(b) The cancellation fee shall be paid to the county auditor, at the time and in the manner that the county auditor shall prescribe, and shall be allocated by the county auditor to each jurisdiction in the tax rate area in which the property is located in the same manner as the auditor allocates the annual tax increment in that tax rate area in that fiscal year.

(c) Notwithstanding any other provision of law, revenue received by a school district pursuant to this section shall be considered property tax revenue for the purposes of Section 42238 of the Education Code, and revenue received by a county superintendent of schools pursuant to this section shall be considered property tax revenue for the purposes of Article 3 (commencing with Section 2550) of Chapter 12 of Part 2 of Division 1 of Title 1 of the Education Code.

50287. As an alternative to cancellation of the contract for breach of any condition, the county, city, or any landowner may bring any action in court necessary to enforce a contract including, but not limited to, an action to enforce the contract by specific performance or injunction.

50288. In the event that property subject to contract under this article is acquired in whole or in part by eminent domain or other acquisition by any entity authorized to exercise the power of eminent domain, and the acquisition is determined by the legislative body to frustrate the purpose of the contract, such contract shall be canceled and no fee shall be imposed under Section 50286. Such contract shall be deemed null and void for all purposes of determining the value of the property so acquired.

50289. In the event that property restricted by a contract with a county under this article is annexed to a city, the city shall succeed to all rights, duties, and powers of the county under such contract.

50290. Local agencies and owners of qualified historical properties may consult with the State Historical Resources Commission for its advice and counsel on matters relevant to historical property contracts.

APPENDIX B: CALIFORNIA REVENUE AND TAXATION CODE, ARTICLE 1.9, SECTIONS 439-439.4

439. HISTORICAL PROPERTY RESTRICTIONS; ENFORCIBLY RESTRICTED PROPERTY.

For the purposes of this article and within the meaning of Section 8 of Article XIII of the Constitution, property is “enforceably restricted” if it is subject to an historical property contract executed pursuant to Article 12 (commencing with Section 50280) of Chapter 1 of Part 1 of Division 1 of Title 5 of the Government Code.

439.1. HISTORICAL PROPERTY; DEFINITIONS.

For purposes of this article “restricted historical property” means qualified historical property, as defined in Section 50280.1 of the Government Code, that is subject to a historical property contract executed pursuant to Article 12 (commencing with Section 50280) of Chapter 1 of Part 1 of Division 1 of Title 5 of the Government Code. For purposes of this section, “qualified historical property” includes qualified historical improvements and any land on which the qualified historical improvements are situated, as specified in the historical property contract. If the historical property contract does not specify the land that is to be included, “qualified historical property” includes only that area of reasonable size that is used as a site for the historical improvements.

439.2. HISTORICAL PROPERTY; VALUATION.

When valuing enforceably restricted historical property, the county assessor shall not consider sales data on similar property, whether or not enforceably restricted, and shall value that restricted historical property by the capitalization of income method in the following manner:

(a) The annual income to be capitalized shall be determined as follows:

- (1) Where sufficient rental information is available, the income shall be the fair rent that can be imputed to the restricted historical property being valued based upon rent actually received for the property by the owner and upon typical rentals received in the area for similar property in similar use where the owner pays the property tax. When the restricted historical property being valued is actually encumbered by a lease, any cash rent or its equivalent considered in determining the fair rent of the property shall be the amount for which the property would be expected to rent were the rental payment to be renegotiated in the light of current conditions, including applicable provisions under which the property is enforceably restricted.
- (2) Where sufficient rental information is not available, the income shall be that which the restricted historical property being valued reasonably can be expected to yield under prudent management and subject to applicable provisions under which the property is enforceably restricted.
- (3) If the parties to an instrument that enforceably restricts the property stipulate therein an amount that constitutes the minimum annual income to be capitalized, then the income to be capitalized shall not be less than the amount so stipulated. For purposes of this section, income shall be determined in accordance with rules and regulations issued by the board and with this section and shall be the difference between revenue and expenditures. Revenue shall be the amount of money or money’s worth, including any cash rent or its equivalent, that the property can be expected to yield to an owner-operator annually on the average from any use of the property permitted under the terms by which the property is enforceably restricted. Expenditures shall be any outlay or average annual allocation of money or money’s worth that can be fairly charged against the revenue expected to be received during the period used in computing the revenue. Those expenditures to be charged against revenue shall be only those which are ordinary and necessary in the production and maintenance of the revenue for that period. Expenditures shall not include depletion charges, debt retirement, interest on funds invested in the property, property taxes, corporation income taxes, or corporation franchise taxes based on income.

- (b) The capitalization rate to be used in valuing owner-occupied single family dwellings pursuant to this article shall not be derived from sales data and shall be the sum of the following components:
 - (1) An interest component to be determined by the board and announced no later than September 1 of the year preceding the assessment year and that was the yield rate equal to the effective rate on conventional mortgages as determined by the Federal Housing Finance Board, rounded to the nearest 1/4 percent.
 - (2) A historical property risk component of 4 percent.
 - (3) A component for property taxes that shall be a percentage equal to the estimated total tax rate applicable to the property for the assessment year times the assessment ratio.
 - (4) A component for amortization of the improvements that shall be a percentage equivalent to the reciprocal of the remaining life.
- (c) The capitalization rate to be used in valuing all other restricted historical property pursuant to this article shall not be derived from sales data and shall be the sum of the following components:
 - (1) An interest component to be determined by the board and announced no later than September 1 of the year preceding the assessment year and that was the yield rate equal to the effective rate on conventional mortgages as determined by the Federal Housing Finance Board, rounded to the nearest 1/4 percent.
 - (2) A historical property risk component of 2 percent.
 - (3) A component for property taxes that shall be a percentage equal to the estimated total tax rate applicable to the property for the assessment year times the assessment ratio.
 - (4) A component for amortization of the improvements that shall be a percentage equivalent to the reciprocal of the remaining life.
- (d) Unless a party to an instrument that creates an enforceable restriction expressly prohibits the valuation, the valuation resulting from the capitalization of income method described in this section shall not exceed the lesser of either the valuation that would have resulted by calculation under Section 110, or the valuation that would have resulted by calculation under Section 110.1, as though the property was not subject to an enforceable restriction in the base year.
- (e) The value of the restricted historical property shall be the quotient of the income determined as provided in subdivision (a) divided by the capitalization rate determined as provided in subdivision (b) or (c).
- (f) The ratio prescribed in Section 401 shall be applied to the value of the property determined in subdivision (d) to obtain its assessed value.

439.3. HISTORICAL PROPERTY; NOTICE OF NON-RENEWAL.

Notwithstanding any provision of Section 439.2 to the contrary, if either the county or city or the owner of restricted historical property subject to contract has served notice of nonrenewal as provided in Section 50282 of the Government Code, the county assessor shall value that restricted historical property as provided in this section.

- (a) Following the hearing conducted pursuant to Section 50285 of the Government Code, subdivision (b) shall apply until the termination of the period for which the restricted historical property is enforceably restricted.
- (b) The board or assessor in each year until the termination of the period for which the property is enforceably restricted shall do all of the following:
 - (1) Determine the full cash value of the property pursuant to Section 110.1. If the property is not subject to Section 110.1 when the restriction expires, the value shall be determined pursuant to Section 110 as if the property were free of contractual restriction. If the property will be subject to a use for which this chapter provides a special restricted assessment, the value of the property shall be determined as if it were subject to the new restriction.
 - (2) Determine the value of the property by the capitalization of income method as provided in Section 439.2 and without regard to the fact that a notice of nonrenewal or cancellation has

occurred.

(3) Subtract the value determined in paragraph (2) of this subdivision by capitalization of income from the full cash value determined in paragraph (1).

(4) Using the rate announced by the board pursuant to paragraph (1) of subdivision (b) of Section 439.2, discount the amount obtained in paragraph (3) for the number of years remaining until the termination of the period for which the property is enforceably restricted.

(5) Determine the value of the property by adding the value determined by the capitalization of income method as provided in paragraph (2) and the value obtained in paragraph (4).

(6) Apply the ratios prescribed in Section 401 to the value of the property determined in paragraph (5) to obtain its assessed value.

439.4. HISTORICAL PROPERTY; RECORDATION.

No property shall be valued pursuant to this article unless an enforceable restriction meeting the requirements of Section 439 is signed, accepted and recorded on or before the lien date for the fiscal year in which the valuation would apply.

Government Codes

APPENDIX C: SAN FRANCISCO ADMINISTRATIVE CODE, CH. 71: MILLS ACT CONTRACT PROCEDURES

SEC. 71.1. PURPOSE.

(a) This Chapter 71 implements 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 will rehabilitate, restore, preserve, and maintain qualified historical property. As consideration for the rehabilitation, restoration, preservation and maintenance of the qualified historical property, the City and County of San Francisco may provide certain property tax reductions 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.

(b) San Francisco contains many historic buildings which add to its character and international reputation. Many of these buildings have not been adequately maintained, may be structurally deficient, or may need rehabilitation. The costs of properly rehabilitating, restoring and preserving historic buildings may be prohibitive for property owners. Implementation of the Mills Act in San Francisco will make the benefits of the Mills Act available to many property owners.

(c) The benefits of the Mills Act to the individual property owners must be balanced with the cost to the City and County of San Francisco of providing the property tax reductions set forth in the Mills Act as well as the historical value of individual buildings proposed for historical property contracts, and the resultant property tax reductions, under the Mills Act.

SEC. 71.2. QUALIFIED HISTORICAL PROPERTY.

An owner, or an authorized agent of the owner, of a qualified historical property may apply for a historical property contract. For purposes of this Chapter 71, “qualified historical property” shall mean privately owned property that is not exempt from property taxation and that is one of the following:

(a) Individually listed in the National Register of Historic Places or the California Register of Historical Resources;

(b) Listed as a contributor to an historic district included on the National Register of Historic Places or the California Register of Historical Resources;

(c) Designated as a City landmark pursuant to San Francisco Planning Code Article 10;

(d) Designated as contributory to an historic 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) pursuant to San Francisco Planning Code Article 11.

SEC. 71.3. APPLICATION FOR HISTORICAL PROPERTY CONTRACT.

An owner, or an authorized agent of an owner, of a qualified historical property may submit an application for a historical property contract to the Planning Department on forms provided by the Planning Department. The property owner shall provide, at a minimum, the address and location of the qualified historical property, evidence that the property is a qualified historical property, the nature and cost of the rehabilitation, restoration or preservation work to be conducted on the property, financial information necessary for the Assessor-Recorder to conduct the valuation assessment under the Mills Act, including any information regarding income generated by the qualified historical property, and a plan for continued maintenance of the property. The Planning Department, the Historic Preservation Commission, or the Assessor-Recorder may require any further information it determines necessary to make a recommendation on or conduct the valuation of the historical property contract.

SEC. 71.4. APPROVAL PROCESS.

(a) Assessor-Recorder Review. The Planning Department shall refer the application for historical property contract to the Assessor-Recorder for his or her review and recommendation. Within 60 days of the receipt of a complete application, the Assessor-Recorder shall provide to the Board of Supervisors and the Historic Preservation Commission a report estimating the yearly property tax revenue to the City under the proposed Mills Act contract valuation method and under the standard method without the Mills Act contract and showing the difference in property tax assessments under the two valuation methods. If the Assessor-Recorder determines that the proposed rehabilitation includes substantial new construction or a change of use, or the valuation is otherwise complex, he or she may extend this period for up to an additional 60 days by providing written notice of the extension to the applicant. Such notice shall state the basis for the extension.

(b) Historic Preservation Commission Review. The Historic Preservation Commission shall have the authority to recommend approval, disapproval, or modification of historical property contracts to the Board of Supervisors. For this purpose, the Historic Preservation Commission shall hold a public hearing to review the application for the historical property contract and make a recommendation regarding whether the Board of Supervisors should approve, disapprove, or modify the historical property contract within 90 days of receipt of the Assessor-Recorder's report. The recommendation of the Historic Preservation Commission may include recommendations regarding the proposed rehabilitation, restoration, and preservation work, the historical value of the qualified historical property, and any proposed preservation restrictions or maintenance requirements to be included in the historical property contract. The Planning Department shall forward the recommendation of the Historic Preservation Commission to approve or modify an historical property contract, with its application, to the Board of Supervisors. If the Historic Preservation Commission recommends disapproval of the historical property contract, such decision shall be final unless the property owner files an appeal with the Clerk of the Board of Supervisors within 10 days of the final action of the Historic Preservation Commission. Failure of the Historic Preservation Commission to act within the 90-day time limit shall constitute a recommendation of approval disapproval for the purposes of this subsection, and the Planning Department shall notify the property owner in writing of the Historic Preservation Commission's failure to act; provided, however, that the Board of Supervisors by resolution may grant an extension of time to the Historic Preservation Commission for its review.

(c) Budget Analyst Review. Upon receipt of the recommendation of the Historic Preservation Commission or upon receipt of a timely appeal, the Clerk of the Board of Supervisors shall forward the application and the Assessor-Recorder's report to the Budget Analyst, who, notwithstanding any other provision of this Code, shall prepare a report to the Board of Supervisors on the fiscal impact of the proposed historical property contract.

(d) Board of Supervisors Decision. The Board of Supervisors shall conduct a public hearing to review the Historic Preservation Commission's recommendation, the Assessor-Recorder's report, the Budget Analyst's report, and any other information the Board requires in order to determine whether the City should execute a historical property contract for a particular property. The Board of Supervisors shall have full discretion to determine whether it is in the public interest to enter a Mills Act historical property contract regarding a particular qualified historical property. The Board of Supervisors may approve, disapprove, or modify and approve the terms of the historical property contract. Upon approval, the Board of Supervisors shall authorize the Director of Planning and the Assessor-Recorder to execute the historical property contract.

SEC. 71.5. TERMS OF THE HISTORICAL PROPERTY CONTRACT.

(a) The historical property contract shall set forth the agreement between the City and the property owner that as long as the property owner properly rehabilitates, restores, preserves and maintains the qualified historical property as set forth in the contract, the City shall comply with California Revenue and Taxation Code Article 1.9 (commencing with Section 439) of Chapter 3 of Part 2 of Division 1, provided that the Assessor determines that the specific provisions of the Revenue and Taxation Code are applicable to the property in question. A historical property contract shall contain, at a minimum, the following provisions:

- (1) The initial term of the contract, which shall be for a minimum period of 10 years;

(2) The owner's commitment and obligation to preserve, rehabilitate, restore and maintain the property in accordance with the rules and regulations of the Office of Historic Preservation of the California Department of Parks and Recreation and the United States Secretary of the Interior's standards for the Treatment of Historic Properties;

(3) Permission to conduct periodic examinations of the interior and exterior of the qualified historical property by the Assessor-Recorder, 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 as may be necessary to determine the owner's compliance with the historical property contract;

(4) That the historical property contract is binding upon, and shall inure to the benefit of, all successors in interest of the owner;

(5) An extension to the term of the contract so that one year is added automatically to the initial term of the contract on the anniversary date of the contract or such other annual date as specified in the contract unless notice of nonrenewal is given as provided in the Mills Act and in the historical property contract;

(6) Agreement that the Board of Supervisors may cancel the contract, or seek enforcement of the contract, when the Board determines, based upon the recommendation of any one of the entities listed in Subsection (3) above, that the owner has breached the terms of the contract. The City shall comply with the requirements of the Mills Act for enforcement or cancellation of the historical property contract. Upon cancellation of the contract, the property owner shall pay a cancellation fee of 12.5 percent of the full value of the property at the time of cancellation (or such other amount authorized by the Mills Act), as determined by the Assessor-Recorder without regard to any restriction on such property imposed by the historical property contract; and

(7) The property owner's indemnification of the City for, and agreement to hold the City harmless from, any claims arising from any use of the property.

(b) The City and the qualified historical property owner shall comply with all provisions of the Mills Act, including amendments thereto. The Mills Act, as amended from time to time, shall apply to the historical property contract process and shall be deemed incorporated into each historical property contract entered into by the City.

SEC. 71.6. FEES.

The Planning Department shall determine the amount of a fee necessary to compensate the City for processing and administering an application for a historical property contract. The fee shall pay for the time and materials required to process the application, based upon the estimated actual costs to perform the work, including the costs of the Planning Department, the City Attorney, and the Assessor-Recorder. The City may also impose a separate fee, following approval of the historical property contract, to pay for the actual costs of inspecting the qualified historical property and enforcing the historical property contract. Such estimates shall be provided to the applicant, who shall pay the fee when submitting the application. In the event that the costs of processing the application are lower than the estimates, such differences shall be refunded to the applicant. In the event the costs exceed the estimate, the Planning Department shall provide the applicant with a written analysis of the additional fee necessary to complete the review of the application, and applicant shall pay the additional amount prior to execution of the historical property contract. Failure to pay any fees shall be grounds for cancelling the historical property contract.

SEC. 71.7. DEPARTMENTAL MONITORING REPORT.

On March 31, 2013 and every three years thereafter, the Assessor-Recorder and the Planning Department shall submit a joint report to the Board of Supervisors and the Historic Preservation Commission providing the Departments' analysis of the historical property contract (Mills Act) program. The report shall be calendared for hearing before the Board of Supervisors and the Historic Preservation Commission.



SAN FRANCISCO
PLANNING
DEPARTMENT

FOR MORE INFORMATION:
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FAX: **415.558.6409**

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Planning Information Center (PIC)

1660 Mission Street, First Floor
San Francisco CA 94103-2479

TEL: **415.558.6377**

*Planning staff are available by phone and at the PIC counter.
No appointment is necessary. Request Preservation Staff when
calling in or visiting at the PIC counter.*

Office of the Assessor-Recorder

City Hall, Room 190
San Francisco, CA 94102

TEL: **415.554.5596**

Recording Hours:

8:00a.m. – 4:00p.m.

California Government Code, Article 12, Sections 50280 - 50290

50280. Restriction of property use.

Upon the application of an owner or the agent of an owner of any qualified historical property, as defined in Section 50280.1, the legislative body of a city, county, or city and county may contract with the owner or agent to restrict the use of the property in a manner which the legislative body deems reasonable to carry out the purposes of this article and of Article 1.9 (commencing with Section 439) of Chapter 3 of Part 2 of Division 1 of the Revenue and Taxation Code. The contract shall meet the requirements of Sections 50281 and 50282.

50280.1. Qualified historic property.

"Qualified historical property" for purposes of this article, means privately owned property which is not exempt from property taxation and which meets either of the following:

(a) Listed in the National Register of Historic Places or located in a registered historic district, as defined in Section 1.191-2(b) of Title 26 of the Code of Federal Regulations.

(b) Listed in any state, city, county, or city and county official register of historical or architecturally significant sites, places, or landmarks.

50281. Required contract provision.

Any contract entered into under this article shall contain the following provisions:

(a) The term of the contract shall be for a minimum period of 10 years.

(b) Where applicable, the contract shall provide the following:

(1) For the preservation of the qualified historical property and, when necessary, to restore and rehabilitate the property to conform to the rules and regulations of the Office of Historic Preservation of the Department of Parks and Recreation, the United States Secretary of the Interior's Standards for Rehabilitation, and the State Historical Building Code.

(2) For the periodic examinations of the interior and exterior of the premises by the assessor, the Department of Parks and Recreation, and the State Board of Equalization as may be necessary to determine the owner's compliance with the contract.

(3) For it to be binding upon, and inure to the benefit of, all successors in interest of the owner. A successor in interest shall have the same rights and obligations under the contract as the original owner who entered into the contract.

(c) The owner or agent of an owner shall provide written notice of the contract to the Office of Historic Preservation within six months of entering into the contract.

50281.1. Fees.

The legislative body entering into a contract described in this article may require that the property owner, as a condition to entering into the contract, pay a fee not to exceed the reasonable cost of administering this program.

50282. Renewal.

(a) Each contract shall provide that on the anniversary date of the contract or such other annual date as is specified in the contract, a year shall be added automatically to the initial term of the contract unless notice of nonrenewal is given as provided in this section. If the property owner or the legislative body desires in any year not to renew the contract, that party shall serve written notice of nonrenewal of the contract on the other party in advance of the annual renewal date of the contract. Unless the notice is served by the owner at least 90 days prior to the renewal date or by the legislative body at least 60 days prior to the renewal date, one year shall automatically be added to the term of the contract.

(b) Upon receipt by the owner of a notice from the legislative body of nonrenewal, the owner may make a written protest of the notice of nonrenewal. The legislative body may, at any time prior to the renewal date, withdraw the notice of nonrenewal.

(c) If the legislative body or the owner serves notice of intent in any year not to renew the contract, the existing contract shall remain in effect for the balance of the period remaining since the original execution or the last renewal of the contract, as the case may be.

(d) The owner shall furnish the legislative body with any information the legislative body shall require in order to enable it to determine the eligibility of the property involved.

(e) No later than 20 days after a city or county enters into a contract with an owner pursuant to this article, the clerk of the legislative body shall record with the county recorder a copy of the contract, which shall describe the property subject thereto. From and after the time of the recordation, this contract shall impart a notice thereof to all persons as is afforded by the recording laws of this state.

50284. Cancellation.

The legislative body may cancel a contract if it determines that the owner has breached any of the conditions of the contract provided for in this article or has allowed the property to deteriorate to the point that it no longer meets the standards for a qualified historical property. The legislative body may also cancel a contract if it determines that the owner has failed to restore or rehabilitate the property in the manner specified in the contract.

50285. Consultation with state commission.

No contract shall be canceled under Section 50284 until after the legislative body has given notice of, and has held, a public hearing on the matter. Notice of the hearing shall be mailed to the last known address of each owner of property within the historic zone and shall be published pursuant to Section 6061.

50286. Cancellation.

(a) If a contract is canceled under Section 50284, the owner shall pay a cancellation fee equal to 121/2 percent of the current fair market value of the property, as determined by the county assessor as though the property were free of the contractual restriction.

(b) The cancellation fee shall be paid to the county auditor, at the time and in the manner that the county auditor shall prescribe, and shall be allocated by the county

auditor to each jurisdiction in the tax rate area in which the property is located in the same manner as the auditor allocates the annual tax increment in that tax rate area in that fiscal year.

(c) Notwithstanding any other provision of law, revenue received by a school district pursuant to this section shall be considered property tax revenue for the purposes of Section 42238 of the Education Code, and revenue received by a county superintendent of schools pursuant to this section shall be considered property tax revenue for the purposes of Article 3 (commencing with Section 2550) of Chapter 12 of Part 2 of Division 1 of Title 1 of the Education Code.

50287. Action to enforce contract.

As an alternative to cancellation of the contract for breach of any condition, the county, city, or any landowner may bring any action in court necessary to enforce a contract including, but not limited to, an action to enforce the contract by specific performance or injunction.

50288. Eminent domain.

In the event that property subject to contract under this article is acquired in whole or in part by eminent domain or other acquisition by any entity authorized to exercise the power of eminent domain, and the acquisition is determined by the legislative body to frustrate the purpose of the contract, such contract shall be canceled and no fee shall be imposed under Section 50286. Such contract shall be deemed null and void for all purposes of determining the value of the property so acquired.

50289. Annexation by city.

In the event that property restricted by a contract with a county under this article is annexed to a city, the city shall succeed to all rights, duties, and powers of the county under such contract.

50290. Consultation with state commission.

Local agencies and owners of qualified historical properties may consult with the State Historical Resources Commission for its advice and counsel on matters relevant to historical property contracts.