



# SAN FRANCISCO PLANNING DEPARTMENT

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## Mills Act Contracts Case Report

Hearing Date: October 1, 2014

- a. *Filing Date:* May 1, 2014  
*Case No.:* 2014.0719U  
*Project Address:* **68 Pierce Street**  
*Landmark District:* Duboce Park Landmark District  
*Zoning:* RH-2 (Residential - House, Two Family)  
40-X Height and Bulk District  
*Block/Lot:* 0865/016  
*Applicant:* Diarmuid Russell & Heather Podruchny  
68 Pierce St.  
San Francisco, CA 94117
- b. *Filing Date:* May 1, 2014  
*Case No.:* 2014.0720U  
*Project Address:* **563-567 Waller Street**  
*Landmark District:* Duboce Park Landmark District  
*Zoning:* RTO (Residential Transit Oriented)  
40-X Height and Bulk District  
*Block/Lot:* 0865/025  
*Applicant:* Brandon Miller & Jay Zalewski  
567 Waller St.  
San Francisco, CA 94117
- c. *Filing Date:* May 1, 2013  
*Case No.:* 2014.0746U  
*Project Address:* **621 Waller Street**  
*Landmark District:* Duboce Park Landmark District  
*Zoning:* RTO (Residential Transit Oriented)  
40-X Height and Bulk District  
*Block/Lot:* 0864/023  
*Applicant:* Claude Zellweger & Renee Zellweger  
621 Waller St.  
San Francisco, CA 94117

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

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Information:  
**415.558.6377**

### PROPERTY DESCRIPTIONS

- a. **68 Pierce Street:** The subject property is located on the east side of Pierce Street between Waller Street and Duboce Avenue in Assessor's Block 0865, Lot 016. The subject property is within in a RH-2 (Residential House, Two Family) Zoning District and a 40-X Height and Bulk District. The property was designated under Article 10 of the Planning Code as a contributor to the Duboce

Park Landmark District. It is a two-story-over-raised-basement, wood frame, single-family dwelling designed in the Shingle style and constructed in 1899.

- b. 563-567 Waller Pierce Street:** The subject property is located on the south side of Waller Street between Potomac and Pierce streets in Assessor's Block 0865, Lot 025. The subject property is within in a RTO (Residential Transit Oriented) Zoning District and a 40-X Height and Bulk District. The property was designated under Article 10 Article 10 of the Planning Code as a contributor to the Duboce Park Landmark District. It is a three-and-a-half-story-over-raised-basement, wood frame, three-family dwelling designed in the Queen Anne style and constructed in 1900.
- c. 563-567 Waller Pierce Street:** The subject property is located on the south side of Waller Street between Pierce and Carmelita streets in Assessor's Block 0864, Lot 023. The subject property is within in a RTO (Residential Transit Oriented) Zoning District and a 40-X Height and Bulk District. The property was designated under Article 10 Article 10 of the Planning Code as a contributor to the Duboce Park Landmark District. It is a two-and-a-half-story-over-raised-basement, wood frame, single-family dwelling designed in the Queen Anne style and constructed in 1900 by master builder Fernando Nelson.

## PROJECT DESCRIPTION

This project is a Mills Act Historical Property Contract application.

## MILLS ACT REVIEW PROCESS

Once a Mills Act application is received, the matter is referred to the Historic Preservation Commission (HPC) for review. The HPC shall conduct a public hearing on the Mills Act application, historical property contract, and proposed rehabilitation and maintenance plan, and make a recommendation for approval or disapproval to the Board of Supervisors.

The Board of Supervisors will hold a public hearing to review and approve or disapprove the Mills Act application and contract. The Board of Supervisors shall conduct a public hearing to review the Historic Preservation Commission recommendation, information provided by the Assessor's Office, and any other information the Board requires in order to determine whether the City should execute a historical property contract for the subject property.

The Board of Supervisors shall have full discretion to determine whether it is in the public interest to enter into a Mills Act contract and may approve, disapprove, or modify and approve the terms of the contract. Upon approval, the Board of Supervisors shall authorize the Director of Planning and the Assessor-Recorder's Office to execute the historical property contract.

## MILLS ACT REVIEW PROCEDURES

The Historic Preservation Commission is requested to review and make recommendations on the following:

- The draft Mills Act Historical Property Contract between the property owner and the City and County of San Francisco.
- The proposed rehabilitation and maintenance plan.

The Historic Preservation Commission may also comment in making a determination as to whether the public benefit gained through restoration, continued maintenance and preservation of the property is sufficient to outweigh the subsequent loss of property taxes to the City.

## APPLICABLE PRESERVATION STANDARDS

Ordinance No. 191-96 amended the San Francisco Administrative Code by adding Chapter 71 to implement the California Mills Act, California Government Code Sections 50280 *et seq.* The Mills Act authorizes local governments to enter into contracts with private property owners who will rehabilitate, restore, preserve, and maintain a “qualified historical property.” In return, the property owner enjoys a reduction in property taxes for a given period. The property tax reductions must be made in accordance with Article 1.9 (commencing with Section 439) of Chapter 3 of Part 2 of Division 1 of the California Revenue and Taxation Code.

## TERM

Mills Act contracts must be made for a minimum term of ten years. The ten-year period is automatically renewed by one year annually to create a rolling ten-year term. One year is added automatically to the initial term of the contract on the anniversary date of the contract, unless notice of nonrenewal is given or the contract is terminated. If the City issues a notice of nonrenewal, then one year will no longer be added to the term of the contract on its anniversary date and the contract will only remain in effect for the remainder of its term. The City must monitor the provisions of the contract until its expiration and may terminate the Mills Act contract at any time if it determines that the owner is not complying with the terms of the contract or the legislation. Termination due to default immediately ends the contract term. Mills Act contracts remain in force when a property is sold.

## ELIGIBILITY

San Francisco Administrative Code Chapter 71, Section 71.2, defines a “qualified historic property” as one that is not exempt from property taxation and that is one of the following:

- (a) Individually listed in the National Register of Historic Places;
- (b) Listed as a contributor to an historic district included on the National Register of Historic Places;
- (c) Designated as a City landmark pursuant to San Francisco Planning Code Article 10;

- (d) Designated as contributory to a landmark district designated pursuant to San Francisco Planning Code Article 10; or
- (e) Designated as significant (Categories I or II) or contributory (Categories III or IV) to a conservation district designated pursuant to San Francisco Planning Code Article 11.

All properties that are eligible under the criteria listed above must also meet a tax assessment value to be eligible for a Mills Act Contract. The tax assessment limits are listed below:

***Residential Buildings***

Eligibility is limited to a property tax assessment value of not more than \$3,000,000.

***Commercial, Industrial or Mixed Use Buildings***

Eligibility is limited to a property tax assessment value of not more than \$5,000,000.

Properties may be exempt from the tax assessment values if it meets any one of the following criteria:

- The qualified historic property is an exceptional example of architectural style or represents a work of a master architect or is associated with the lives of persons important to local or national history; or
- Granting the exemption will assist in the preservation and rehabilitation of a historic structure (including unusual and/or excessive maintenance requirements) that would otherwise be in danger of demolition, deterioration, or abandonment;

Properties applying for a valuation exemption must provide evidence that it meets the exemption criteria, including a historic structure report to substantiate the exceptional circumstances for granting the exemption. The Historic Preservation Commission shall make specific findings in determining whether to recommend to the Board of Supervisors that the valuation exemption should be approved. Final approval of this exemption is under the purview of the Board of Supervisors.

## PUBLIC/NEIGHBORHOOD INPUT

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

## STAFF ANALYSIS

The Project Sponsor, Planning Department Staff, and the Office of the City Attorney have negotiated the attached draft historical property contracts, which include a draft maintenance plan for the historic building. Department staff believe that the draft historical property contracts and maintenance plans are adequate.

- a. 68 Pierce Street:** As detailed in the Mills Act application, the Project Sponsor proposes to maintain the historic property. Staff determined that the proposed work, detailed in the attached exhibits, is consistent with the Secretary of Interior's Standards for Rehabilitation and for Restoration.



The subject property is currently valued by the Assessor's Office as under \$3,000,000 (see attached Market Analysis and Income Approach reports) and does not require an exemption.

The applicants have developed a thorough Rehabilitation and Maintenance Plan that involves the following scopes of work: replacing six non-historic windows on the primary facade with historically appropriate double-hung wood sash windows with ogee lugs; replacing three (3) non-historic windows on the second floor rear elevation with historically appropriate double-hung wooden-sash windows with ogee lugs; replacing the current entry stairs with a new wooden staircase that features a straight run, closed risers, a balustrade railing with a turned profile or turned elements and newel posts; engaging a structural engineer to investigate the foundation and implementing any necessary repairs or improvements to seismically stabilize the property; replacing or repairing the roof; repainting the primary elevation of the property; and repairing wood rot at the garage. In addition, the rehabilitation and maintenance plan will include a cycle of regular inspections and maintenance to be performed as necessary. The maintenance plan includes: inspecting the wooden elements of the facade and repainting as necessary; if damage or deterioration is found, any needed repairs will avoid altering, removing or obscuring character-defining features of the building; any necessary replacements will be made in kind; conducting periodic roof inspections; and servicing rain gutters and downspouts to ensure water is directed away from the property. No changes to the use of the property are proposed. Please refer to the attached Rehabilitation and Maintenance Plan for a full description of the proposed work. The attached draft historical property contract will help the Project Sponsor mitigate these expenditures and will induce the Project Sponsor to maintain the property in excellent condition in the future.

- b. 563-567 Waller Street:** As detailed in the Mills Act application, the Project Sponsor proposes to maintain the historic property. Staff determined that the proposed work, detailed in the attached exhibits, is consistent with the Secretary of Interior's Standards for Rehabilitation and for Restoration.

The subject property is currently valued by the Assessor's Office as under \$3,000,000 (see attached Market Analysis and Income Approach reports) and does not require an exemption.

The applicants have already completed substantial rehabilitation efforts. The proposed Rehabilitation and Maintenance Plan involves the following scopes of work: relocating the property's gas meters beneath the entry stairs; if deemed infeasible by the utility, the meters will be enclosed in a painted wood cabinet finished to match the building's existing wood cladding; performing annual inspections of the windows, roof, rain gutters, siding, paint and trim; if any damage or deterioration is found, the extent and nature of the damage will be assessed; any needed repairs will avoid altering, removing or obscuring character-defining features of the building.

No changes to the use of the property are proposed. Please refer to the attached Rehabilitation and Maintenance Plan for a full description of the proposed work. The attached draft historical property contract will help the Project Sponsor mitigate these expenditures and will induce the Project Sponsor to maintain the property in excellent condition in the future.

- c. 621 Waller Street:** As detailed in the Mills Act application, the Project Sponsor proposes to maintain the historic property. Staff determined that the proposed work, detailed in the attached exhibits, is consistent with the Secretary of Interior's Standards for Rehabilitation and for Restoration.

The subject property is currently valued by the Assessor's Office as under \$3,000,000 (see attached Market Analysis and Income Approach reports) and does not require an exemption.

The applicants have developed a thorough Rehabilitation and Maintenance Plan that involves the following scopes of work: repairing existing ornamental wrought iron at front stair and porch, including rust removal, priming and repainting; repairing existing wood windows on the front elevation, either with single-pane glazing or retrofitting the windows to accept double-glazed sashes; where retention of existing windows is not possible, all replacements will be made in kind; performing site grading and drainage work at the front of the property to direct water away from the foundation walls and entry stairs; waterproofing the building envelope and repairing leaks; repairing or reconstructing the existing rear balconies to apply new waterproofing membrane and flashing; repairing existing interior ceiling damage caused by water leakage; and repainting the exterior of the building. The maintenance plan involves a cycle of periodic inspections to inspect the wooden elements of the facade and repaint as necessary; if damage or deterioration is found, any needed repairs will avoid altering, removing or obscuring character-defining features of the building; any necessary replacements will be made in kind; servicing gutters and downspouts to remove debris and inspect for leaks; and inspecting the roof and repairing or replacing as necessary.

No changes to the use of the property are proposed. Please refer to the attached Rehabilitation and Maintenance Plan for a full description of the proposed work. The attached draft historical property contract will help the Project Sponsor mitigate these expenditures and will induce the Project Sponsor to maintain the property in excellent condition in the future.

## PLANNING DEPARTMENT RECOMMENDATION

The Planning Department recommends that the Historic Preservation Commission adopt a resolution recommending approval of these Mills Act Historical Property Contracts and Rehabilitation and Maintenance Plans to the Board of Supervisors.

## ISSUES AND OTHER CONSIDERATIONS

None.

## HISTORIC PRESERVATION COMMISSION ACTIONS

Review and adopt a resolution for each property:

1. Recommending to the Board of Supervisors the approval of the proposed Mills Act Historical Property Contract between the property owner(s) and the City and County of San Francisco;
2. Approving the proposed Mills Act Rehabilitation and Maintenance Plan for each property.

**Attachments:**

**a. 68 Pierce Street**

Draft Resolution

Exhibit A: Draft Mills Act Historical Property Contract

Exhibit B: Draft Rehabilitation & Maintenance Plan

Exhibit C: Draft Mills Act Valuation provided by the Assessor-Recorder's Office

Exhibit D: Mills Act Application

**b. 563-567 Waller Street**

Draft Resolution

Exhibit A: Draft Mills Act Historical Property Contract

Exhibit B: Draft Rehabilitation & Maintenance Plan

Exhibit C: Draft Mills Act Valuation provided by the Assessor-Recorder's Office

Exhibit D: Mills Act Application

**c. 621 Waller Street**

Draft Resolution

Exhibit A: Draft Mills Act Historical Property Contract

Exhibit B: Draft Rehabilitation & Maintenance Plan

Exhibit C: Draft Mills Act Valuation provided by the Assessor-Recorder's Office

Exhibit D: Mills Act Application



# SAN FRANCISCO PLANNING DEPARTMENT

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## Historic Preservation Commission Draft Resolution

HEARING DATE OCTOBER 1, 2014

*Hearing Date:* October 1, 2014  
*Filing Dates:* May 1, 2014  
*Case No.:* 2014.0719U  
*Project Address:* **68 Pierce St.**  
*Landmark District:* Duboce Park Landmark District  
*Zoning:* RH-2 (Residential - House, Two Family)  
40-X Height and Bulk District  
*Block/Lot:* 0865/016  
*Applicant:* Diarmuid R. Russell & Heather Podruchny  
68 Pierce Street  
San Francisco, CA 94117  
*Staff Contact:* Jonathan Lammers – (415) 575-9093  
jonathan.lammers@sfgov.org  
*Reviewed By:* Tim Frye – (415) 575-6822  
[tim.frye@sfgov.org](mailto:tim.frye@sfgov.org)

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**ADOPTING FINDINGS RECOMMENDING TO THE BOARD OF SUPERVISORS APPROVAL OF THE MILLS ACT HISTORICAL PROPERTY CONTRACT, REHABILITATION PROGRAM, AND MAINTENANCE PLAN FOR 68 PIERCE STREET:**

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

**WHEREAS**, the Mills Act authorizes local governments to enter into contracts with owners of private historical property who assure the rehabilitation, restoration, preservation and maintenance of a qualified historical property; and

**WHEREAS**, Ordinance No. 191-96 amended the San Francisco Administrative Code by adding Chapter 71 to implement California Mills Act, California Government Code Sections 50280 *et seq.*; and

**WHEREAS**, the existing building located at 621 Waller Street and is listed under Article 10 of the San Francisco Planning Code Planning Code as a contributor to the Duboce Park Landmark District and thus qualifies as a historic property; and

**WHEREAS**, the Planning Department has reviewed the Mills Act application, historical property contract, rehabilitation program, and maintenance plan for 68 Pierce Street, which are located in Case

Docket No. 2014.0719U. The Planning Department recommends approval of the Mills Act historical property contract, rehabilitation program, and maintenance plan; and

**WHEREAS**, the Historic Preservation Commission (HPC) recognizes the historic building at 68 Pierce Street as an historical resource and believes the rehabilitation program and maintenance plan are appropriate for the property; and

**WHEREAS**, at a duly noticed public hearing held on October 1, 2014, the Historic Preservation Commission reviewed documents, correspondence and heard oral testimony on the Mills Act application, historical property contract, rehabilitation program, and maintenance plan for 68 Pierce Street, which are located in Case Docket No. 2014.0719U. The Historic Preservation Commission recommends approval of the Mills Act historical property contract, rehabilitation program, and maintenance plan.

**THEREFORE BE IT RESOLVED** that the Historic Preservation Commission hereby recommends that the Board of Supervisors approve the Mills Act historical property contract, rehabilitation program, and maintenance plan for the historic building located at 68 Pierce Street.

**BE IT FURTHER RESOLVED** that the Historic Preservation Commission hereby directs its Commission Secretary to transmit this Resolution, the Mills Act historical property contract, rehabilitation program, and maintenance plan for 68 Pierce Street, and other pertinent materials in the case file 2014.0719U to the Board of Supervisors.

I hereby certify that the foregoing Resolution was ADOPTED by the Historic Preservation Commission on October 1, 2014.

Jonas P. Ionin  
Commissions Secretary

AYES:

NOES:

ABSENT:

ADOPTED:

# Site Photo



Historic Preservation Commission

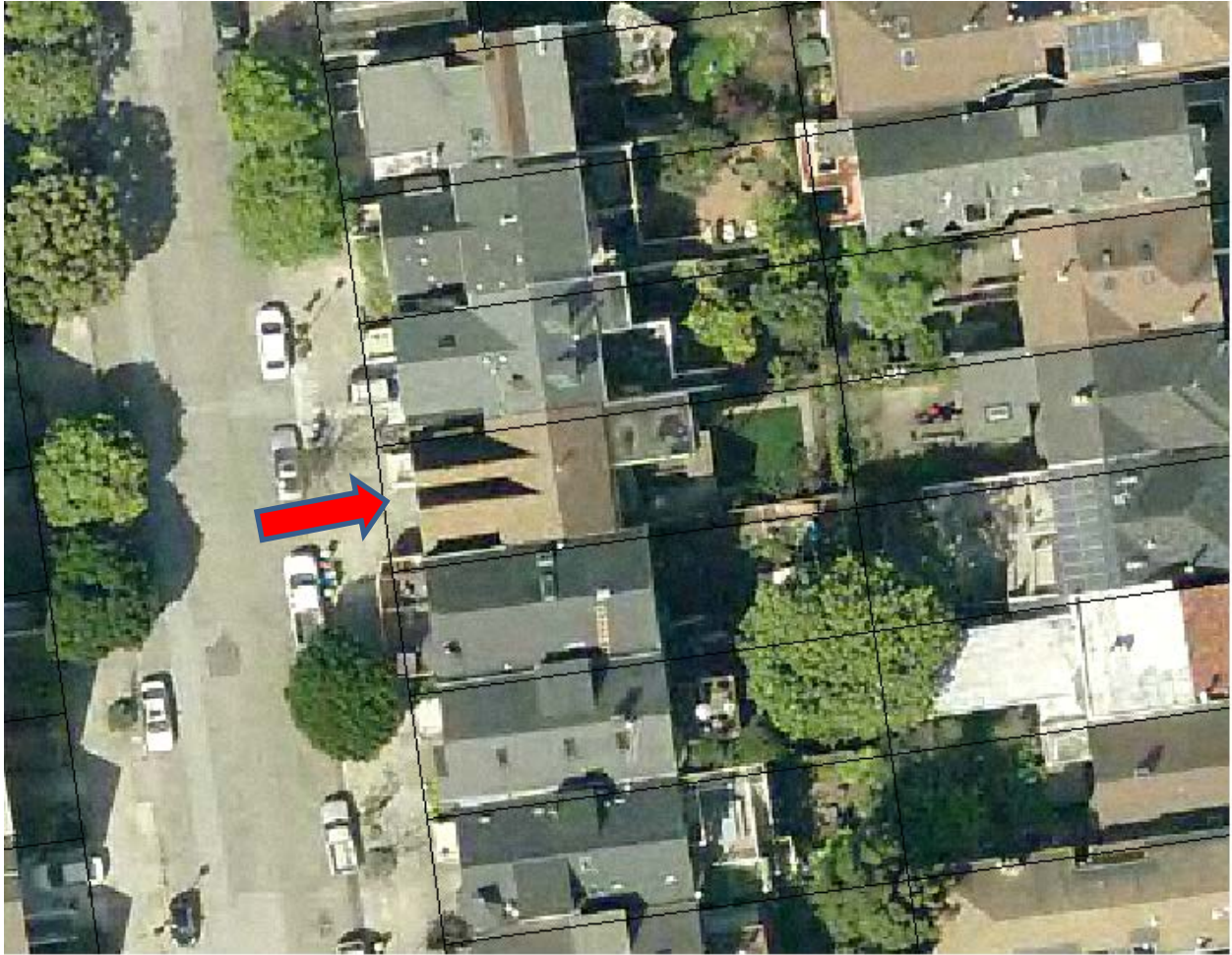
Case No. 2014.0719U

Mills Act Historical Property Contract

68 Pierce Street



# Aerial Photo



Historic Preservation Commission

**Case No. 2014.0719U**

Mills Act Historical Property Contract

68 Pierce Street

**EXHIBIT A:**

**DRAFT MILLS ACT HISTORICAL PROPERTY CONTRACT**



Recording Requested by, and  
when recorded, send notice to:  
Director of Planning  
1650 Mission Street  
San Francisco, California 94103-2414

**CALIFORNIA MILLS ACT  
HISTORIC PROPERTY AGREEMENT  
68 PIERCE STREET  
SAN FRANCISCO, CALIFORNIA**

THIS AGREEMENT is entered into by and between the City and County of San Francisco, a California municipal corporation (“City”) and Diarmuid Russell and Heather Podruchny (“Owners”).

**RECITALS**

Owners are the owners of the property located at 68 Pierce Street, in San Francisco, California (Block 0865, Lot 016). The building located at 68 Pierce Street is designated as a contributor to the Duboce Park Landmark District pursuant to Article 10 of the Planning Code and is also known as the (“Historic Property”).

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 one hundred seventy-seven thousand dollars (\$177,000). (See Rehabilitation Plan, Exhibit A.) Owners' application calls for the maintenance of the Historic Property according to established preservation standards, which is estimated will cost approximately five hundred dollars (\$500) annually (See Maintenance Plan, Exhibit B).

The State of California has adopted the “Mills Act” (California Government Code Sections 50280-50290, and California Revenue & Taxation Code, Article 1.9 [Section 439 et seq.]) authorizing local governments to enter into agreements with property Owners to reduce their property taxes, or to prevent increases in their property taxes, in return for improvement to and maintenance of historic properties. 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 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.

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. Within 20 days from the date of execution of this Agreement, the City shall cause this Agreement to be recorded with the Office of the 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:

CITY AND COUNTY OF SAN FRANCISCO:

By: \_\_\_\_\_  
Carmen Chu  
Assessor-Recorder

DATE: \_\_\_\_\_

By: \_\_\_\_\_  
John Rahaim  
Director of Planning

DATE: \_\_\_\_\_

APPROVED AS TO FORM:  
DENNIS J. HERRERA  
CITY ATTORNEY

By: \_\_\_\_\_  
Andrea Ruiz-Esquide, Deputy City Attorney

DATE: \_\_\_\_\_

OWNERS

By: \_\_\_\_\_  
Diarmuid Russell, Owner

DATE: \_\_\_\_\_

By: \_\_\_\_\_  
Heather Podruchny, Owner

DATE: \_\_\_\_\_

OWNER(S)' SIGNATURE(S) MUST BE NOTARIZED.

ATTACH PUBLIC NOTARY FORMS HERE.

## 68 Pierce Street Revised Rehabilitation and Maintenance Plan

SCOPE #1
Maintenance <input checked="" type="checkbox"/> Completed <input checked="" type="checkbox"/>
Contract Year Work Completion: 2013
Total Cost (rounded to the nearest dollar): \$2,093
Description of Work
Performed emergency drainage repairs to prevent water flowing off roof from running down front and rear of the building and causing damage. This work included installing galvanized sheet metal 6" ogee-type gutters, installing a scupper at the roof run-off to connect to the gutter, and installing trim board behind the gutter, priming and painting to match existing.

SCOPE #2
Rehab/Restoration <input checked="" type="checkbox"/> Proposed <input checked="" type="checkbox"/>
Contract Year Work Completion: 2020
Total Cost (rounded to the nearest dollar): \$13,000 + 20% contractor overhead
Description of Work
Replace six (6) non-historic windows on the front elevation with historically appropriate double-hung wood sash windows with ogee lugs. The design of the new windows will replicate the sash and muntin profiles of the existing (presumed original) double-hung wood windows with ogee lugs installed in the bay window at the rear of the property.

SCOPE #3
Rehab/Restoration <input checked="" type="checkbox"/> Proposed <input checked="" type="checkbox"/>
Contract Year Work Completion: 2020
Total Cost (rounded to the nearest dollar): \$6,500 + 20% contractor overhead
Description of Work
Replace three (3) non-historic windows on the second floor rear elevation with historically appropriate double-hung wooden-sash windows as described under Scope #2.

SCOPE #4
Rehab/Restoration <input checked="" type="checkbox"/> Proposed <input checked="" type="checkbox"/>
Contract Year Work Completion: 2020
Total Cost (rounded to the nearest dollar): \$10,000 + 20% contractor overhead
Description of Work
The current entry stairs are in poor repair. The stair posts at the foot of the stairs are rotting and the balustrades and hand rails are made of rough modern timber and are not historically appropriate. We will replace the current stairs with a new wooden staircase designed to be consistent with the age of the property. The new staircase will be constructed of wood and include a straight run, closed risers, a balustrade with a turned profile or turned elements, and newel posts. It will be painted to match the house following its construction.



<b>SCOPE #5</b>
Rehab/Restoration <input checked="" type="checkbox"/> Proposed <input checked="" type="checkbox"/>
Contract Year Work Completion: 2020
Total Cost (rounded to the nearest dollar): \$80,000 + 20% contractor overhead
<b>Description of Work</b>
The building foundation has not been earthquake retrofitted and the current foundation is partially brick. We will engage a structural engineer to investigate the foundation. Based on the engineer's report, we will implement any necessary repairs/improvements in order to protect the house in the event of future earthquakes. These repairs will be designed to avoid altering, removing or obscuring character-defining features of the property.

<b>SCOPE #6</b>
Rehab/Restoration <input checked="" type="checkbox"/> Proposed <input checked="" type="checkbox"/>
Contract Year Work Completion: 2020
Total Cost (rounded to the nearest dollar): \$15,000 + 20% contractor overhead
<b>Description of Work</b>
The current roof is old and in poor repair. We will engage a licensed roofing contractor to assess the current roof. We will then either repair or replace the roof with new asphalt/composition shingles. Installation of the new roof will avoid changing the roof configuration, or altering, removing or obscuring character-defining features of the building, including decorative elements in the gable ends, as well as eave trim and moldings.

<b>SCOPE #7</b>
Rehab/Restoration <input checked="" type="checkbox"/> Proposed <input checked="" type="checkbox"/>
Contract Year Work Completion: 2020
Total Cost (rounded to the nearest dollar): \$18,000 + 20% contractor overhead
<b>Description of Work</b>
We will repaint the front elevation of the house. If any damage or deterioration is found as part of the painting preparation, the extent and nature of the damage will be assessed. Any needed repairs will avoid altering, removing or obscuring character-defining features of the building. If any elements are determined to be damaged or deteriorated beyond repair, replacements will be made in kind (e.g., wood for wood).

<b>SCOPE #8</b>
Rehab/Restoration <input checked="" type="checkbox"/> Proposed <input checked="" type="checkbox"/>
Contract Year Work Completion: 2020
Total Cost (rounded to the nearest dollar): \$5000 + 20% contractor overhead
<b>Description of Work</b>
We will repair rot to the post/flat board trim at the left side of the existing garage. Should the existing garage door also require replacement, the new door will feature more historically appropriate details, such as wood panels and partial glazing.

SCOPE #9
Maintenance <input checked="" type="checkbox"/> Proposed <input checked="" type="checkbox"/>
Contract Year Work Completion: Ongoing
Total Cost (rounded to the nearest dollar): \$600
Description of Work
We will service our gutters and downspouts approximately every other year, removing debris and inspecting for leaks. As such time we will confirm that the downspouts direct water away from the house and that no water is infiltrating the foundation. If any drainage issues are found, we will repair or replace the gutters and downspouts as necessary. Repair or replacement of the gutters will avoid altering, removing or obscuring character-defining features of the building. This maintenance routine will be informed by the guidance outlined in the National Park Service's <i>Preservation Brief 47: Maintaining the Exterior of Small and Medium Size Historic Buildings</i> .

SCOPE #10
Maintenance <input checked="" type="checkbox"/> Completed <input checked="" type="checkbox"/>
Contract Year Work Completion: Ongoing
Total Cost (rounded to the nearest dollar): \$600
Description of Work
Once the house has been repainted, we will inspect the wooden elements of the façade approximately every 3 years and repaint as necessary. If any damage or deterioration is found, the extent and nature of the damage will be assessed. Any needed repairs will avoid altering, removing or obscuring character-defining features of the building. If any elements are determined to be damaged or deteriorated beyond repair, replacements will be made in kind (e.g., wood for wood). This maintenance routine will be informed by the guidance outlined in the National Park Service's <i>Preservation Brief 47: Maintaining the Exterior of Small and Medium Size Historic Buildings</i> .

SCOPE #11
Maintenance <input checked="" type="checkbox"/> Completed <input checked="" type="checkbox"/>
Contract Year Work Completion: Ongoing
Total Cost (rounded to the nearest dollar): \$300
Description of Work
Once the roof has been replaced or repaired, we will have a licensed roofing contractor conduct periodic inspections approximately every 5 years to ensure that it remains in good condition. Any needed repairs will avoid altering, removing or obscuring character-defining features of the building. This maintenance routine will be informed by the guidance outlined in the National Park Service's <i>Preservation Brief 47: Maintaining the Exterior of Small and Medium Size Historic Buildings</i> .



HERLING CONSTRUCTION  
 4168 23rd STREET,  
 SAN FRANCISCO, CA 94114

# Estimate

Date	Estimate #
5/29/2014	390

Licence # 831004
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Diarmuid Russell  
 68 Pierce Street,  
 San Francisco, CA 94123

Description	Total
<p>SCOPE #1.</p> <ul style="list-style-type: none"> <li>- Install galvanized metal 6" ogee-type gutter to front of building with scupper at valley connecting,</li> <li>- Install one scupper and conductor to match existing connecting to sewer line</li> <li>- Installing trim board behind the gutter,</li> <li>- Prime and paint to match existing.</li> </ul>	2,000.00
<p>SCOPE #2</p> <ul style="list-style-type: none"> <li>- Install six new windows with double-pane low-emissive glass at front elevation with historically appropriate double-hung wood sash windows with ogee lugs. Sash and muntin profiles to match existing double-hung wood windows with ogee lugs.</li> <li>- Install bitumen adhesive flashing and polyurethane caulking.</li> <li>- Install new trim to match existing.</li> <li>- Prime and paint to match existing.</li> <li>- Dispose of existing windows.</li> </ul>	13,000.00
<p>SCOPE #3</p> <ul style="list-style-type: none"> <li>- Install three new windows with double-pane low-emissive glass at rear elevation with historically appropriate double-hung wood sash windows with ogee lugs. Sash and muntin profiles to match existing double-hung wood windows with ogee lugs.</li> <li>- Install bitumen adhesive flashing and polyurethane caulking.</li> <li>- Install new trim to match existing.</li> <li>- Prime and paint to match existing.</li> <li>- Dispose of existing windows..</li> </ul>	6,500.00
<p>SCOPE #4</p> <ul style="list-style-type: none"> <li>- Remove and dispose of existing front entry stair case.</li> <li>- Install new staircase at front entry with cedar stepping treads and closed risers,</li> <li>- Install new balustrades with a turned profile.</li> <li>- Install two new turned newel posts.</li> <li>- Prime and paint to match existing.</li> </ul>	10,000.00
<p>SCOPE #5</p> <ul style="list-style-type: none"> <li>- Ballpark figure to earthquake retrofitted and replace the current brick foundation a structural engineer would need to investigate and provide drawings for more accurate pricing.</li> </ul>	80,000.00
<p>SCOPE #6</p> <ul style="list-style-type: none"> <li>- Remove existing roof covering and dispose of debris</li> <li>- Apply 30lb shingle underlayment over roof sheathing,</li> <li>- Install copper nosing at edge of roof</li> <li>- Install starter shingle at edge of roof and gable ends.</li> <li>- Replace pipe collars.</li> <li>- Install class "A" composition shingles with galvanized nails.</li> <li>- Install ridge shingles</li> </ul>	15,000.00
<p>SCOPE #7</p> <ul style="list-style-type: none"> <li>- Erect scaffold with netting</li> <li>- Scrape, fill, sand, and prime all front facade siding trim and windows.</li> <li>- Apply two coats of exterior finish paint. color to be decided.</li> </ul>	18,000.00

T. 415 377 3674	F. 415 643 6953	E. johnhammatt@comcast.net	<b>Total</b>
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HERLING CONSTRUCTION  
 4168 23rd STREET,  
 SAN FRANCISCO, CA 94114

# Estimate

Date	Estimate #
5/29/2014	390

Licence # 831004
------------------

Diarmuid Russell  
 68 Pierce Street,  
 San Francisco, CA 94123

Description	Total
SCOPE #8 - Repair rot at the post/flat board trim at the left side of the existing garage. - Install new carriage style garage door with obscure glass, using existing motor and track.	5,000.00
SCOPE #9 - Inspect gutters and downspouts approximately every other year, removing debris and inspecting for leaks.	600.00
SCOPE #10 - Inspect the wooden elements of the facade approximately every 3 years and repaint as necessary. If any damage or deterioration is found, the extent and nature of the damage will be assessed.	600.00
SCOPE #11 - Inspect roof every 5 years to ensure that it remains in good condition.	300.00
GENERAL REQUIREMENTS AND CONTRACTORS OVERHEAD 20% - Remove construction debris at regular intervals to keep a "clean job site" Install all floor and wall protection prior to construction date. Install adequate dust proofing protection of owners property prior to construction start date. Maintain temporary utilities as necessary during construction. Supply and install all shoring bracing and protective barriers as necessary to maintain a "safe" job site. Fulfill workers compensation requirements. Project management. Provide \$2000,000. liability insurance.	30,200.00

T. 415 377 3674	F. 415 643 6953	E. johnhammatt@comcast.net	<b>Total</b>	\$181,200.00
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**EXHIBIT C:  
DRAFT MILLS ACT VALUATION PROVIDED BY  
SAN FRANCISCO ASSESSOR-RECORDER**

DRAFT

**DRAFT**



68 Pierce Street  
APN 06-0865-016

2014 MILLS ACT VALUATION



APN: 06-0865-016 SF Landmark: \_\_\_\_\_  
 Property Location: 68 Pierce Street Date of Mills Act Application: 6/1/2014  
 Applicant's Name: Diarmuid Russell / Heather Podruchny Property Type: Single Family Dwelling  
 Agt./Tax Rep./Atty: NA Date of Sale: 7/9/2012  
 Applicant supplied appraisal? No Sale Price: \$1,555,000

DATE OF MILLS ACT VALUATION: June 1, 2014

TAXABLE VALUE - THREE WAY VALUE COMPARISON					
FACTORED BASE YEAR VALUE		RESTRICTED MILLS ACT VALUE		CURRENT MARKET VALUE	
Land	\$ 1,093,440	Land	\$ 456,000	Land	\$1,200,000
Imps	\$ 468,616	Imps	\$ 304,000	Imps	\$800,000
Total	\$ 1,562,056	Total	\$ 760,000	Total	\$2,000,000

**PROPERTY CHARACTERISTICS**

Present Use: SFR Neighborhood: Hayes Valley Number of Stories: 2  
 Number of Units: 1 Year Built: 1900 Land Area (SF): 2,823  
 Owner Occupied: Yes Building Area: 2,509 Zoning: RH2

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Restricted Income Valuation	Page 4
Comparable Rents	Page 5
Sales Comparison Valuation	Page 6
Map of Comparable Sales	Page 7

**CONCLUSION AND RECOMMENDATIONS**

Based on the three-way value comparison, the lowest of the three values is the restricted Mills Act value.  
 The taxable Mills Act value on: June 1, 2014 is \$760,000

Appraiser: Timothy Landregan Date: 06/01/14  
 Principal Appraiser: Cathleen Hoffman *CH*

0865-016 Photos





**RESTRICTED INCOME APPROACH**

APN 06-0865-016  
 68 Pierce Street  
 Restricted Mills Act Value  
 Application Date: June 1, 2014

**Owner Occupied**

	<b>GLA (SF)</b>		<b>Annual Rent / SF</b>		
Potential Gross Income:	2,509	x	\$36.00	=	\$90,324
Less Vacancy & Collection Loss			2%		<u>(\$1,806)</u>
Effective Gross Income					\$88,518
Less Anticipated Operating Expenses*			15%		<u>(\$13,278)</u>
Net Operating Income (before property tax)					\$75,240
Restricted Capitalization Rate Components:					
<u>Rate Components:</u>					
2014 Interest Rate per SBE			4.0000%		
Risk rate (4% owner occupied / 2% all other property types)			4.0000%		
Property tax rate (2013)			1.1880%		
Amortization rate for the Improvements:					
Remaining Economic Life:	60				
Amortization per Year (reciprocal)	0.0167		<u>1.6667%</u>		
Overall Rates:					
			Land		9.1880%
			Improvements		10.8547%
Weighted Capitalization Rate					
			Land	60%	5.51%
			Improvements	40%	<u>4.34%</u>
			<b>Total</b>		<b>9.85%</b>
<b>RESTRICTED VALUE</b>					<b>\$763,495</b>
<b>ROUNDED TO</b>					<b>\$760,000</b>

Footnotes:

*Topline rent potential concluded to be about \$7,500 per month, or \$36 per foot annually*

*\*Annual Operating Expenses include PG&E, water service, refuse collection, insurance, maintenance and property management, typically estimated at 15% of effective gross income. No estimate of actual annual operating expenses of the subject property were provided by the taxpayer.*

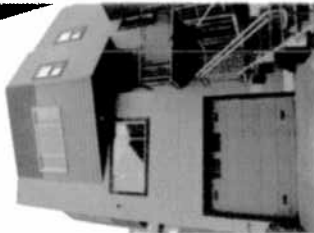
**Rental Comps**

**Comp #1: Eureka Valley**



**Listing Agent:**  
**Address:** 272 Eureka Street  
**Cross Streets:** Eureka (between 19th and 20th St)  
**SF:** 1,992  
**Layout:** 3/1.5, 1 car parking  
**Monthly Rent:** \$5,035  
**Rent/Foot/Mo:** \$2.53  
**Annual Rent/Foot:** \$30.33  
**Listing Date:** July 2014, Craigs List

**Comp #6: Eureka Valley**



**Listing Agent:** Home Bell Construction  
**Address:** Not Provided  
**Cross Streets:** Market at Yukon  
**SF:** 1,650  
**Layout:** 2/2, 1 car parking  
**Monthly Rent:** \$6,100  
**Rent/Foot/Mo:** \$3.70  
**Annual Rent/Foot:** \$44.36  
**Listing Date:** July 2014, Craigs List

**Comp #2: Eureka Valley**



**By Owners**  
 100 Eagle Street  
 Near Market and Caselli  
 825  
 3/2, 1 car parking  
 \$5,600  
 \$7.03  
 \$84.36  
 July 2014, Craigs List

**Comp #8: Clarendon Hts**



**Not Provided**  
 226 Twin Peaks Blvd  
 Twin Peaks near Clarendon  
 2,000  
 4/2.5, 1 car parking  
 \$8,000  
 \$48.00  
 July 2014, Craigs List

**Comp #3: Midtown Terrace**



**By Owners**  
 76 Clairview Court  
 Clairview near Panorama Drive  
 1,274  
 3/2, 2 car parking  
 \$4,350  
 \$3.41  
 \$40.97  
 July 2014, Craigs List

**Comp #7: Upper Market**



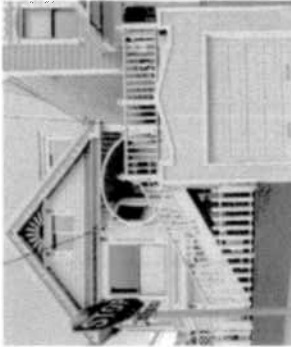
**Not Provided**  
 333 Caselli  
 Caselli at Market  
 2,100  
 3/2, 1 car parking  
 \$6,200  
 \$2.96  
 \$35.43  
 July 2014, Craigs List

**Comp #4: Midtown Terrace**







**Broker not identified**  
 35 Skyview Way (near City View Way)  
 West side of the peaks  
 2,128  
 4/3, 1 car parking  
 \$5,900  
 \$2.77  
 \$33.27  
 July 2014, Craigs List

**Comp #8: Eureka Valley**



**Not Provided**  
 Not Provided  
 Eureka at 20th St  
 2,300  
 3/2, 1 car parking  
 \$8,200  
 \$3.57  
 \$42.78  
 July 2014, Craigs List

**SINGLE FAMILY MARKET ANALYSIS**

APN	Subject 0865-016	Sale 1 0841-004	Sale 2 0852-033	Sale 3 0864-008			
							
<b>Address</b>	68 Pierce	405 Buchanan	188 Haight	55 Pierce St			
		\$1,550,000	\$2,666,000	\$2,250,000			
<b>Sale Price / Square Foot</b>		\$738	\$667	\$900			
	Description	Description	Adjust.	Description	Adjust.	Description	Adjust.
<b>Date of Valuation/Sale</b>	06/01/14	10/31/13	\$54,250	1/22/2014	\$53,320	05/22/13	\$135,000
<b>Location</b>	Hayes Valley	Hayes Valley		Hayes Valley		Hayes Valley	
<b>Lot Size</b>	2,823	2,021	\$40,100	2,700	\$0	2,374	\$22,450
<b>View</b>	Neighborhood	Neighborhood		City	(\$50,000)	Neighborhood	
<b>Year Blt/Year Renovated</b>	1900	1900		1883		1900	
<b>Condition</b>	Average/Original	Updates		Good/Remodeled	(\$150,000)	Good/Remodeled	(\$150,000)
<b>Construction Quality</b>	Good	Good		Good		Good	
<b>Gross Living Area</b>	2,509	2,100	\$122,700	4,000	(\$447,300)	2,500	
<b>Total Rooms</b>	8	6				6	
<b>Bedrooms</b>	3	3		4		3	
<b>Bathrooms</b>	2	1	\$25,000	3	(\$25,000)	3	(\$25,000)
<b>Stories</b>	2	2		2		3	
<b>Garage</b>	1 car	None	\$50,000	1 car		2 car	(\$50,000)
<b>Net Adjustments</b>			\$292,050		(\$618,980)		(\$67,550)
<b>Indicated Value</b>	\$2,000,000		\$1,842,050		\$2,047,020		\$2,182,450
<b>Adjust. \$ Per Sq. Ft.</b>	\$797		\$734		\$816		\$870

**VALUE RANGE:**      \$734 to \$870 per Sq Ft GLA

**VALUE CONCLUSION:**      \$2,000,000      \$797

**Adjustments**      Lot size adjustment: \$50/foot; Adjustment for view: \$50,000, GLA adjustment: \$300/foot; Adjustment for bath counts: \$25,000 for full bath Adjustment for garage parking; \$50,000 per space.

Market Conditions Adjustment: 5 to 10% increase in value between 2013 and 2014 (.5% per month)

Subject is concluded to be in average condition with some updates. There is evidence of deferred maintenance. The foundation requires seismic updating.

405 Buchanan has had some updates but has no garage. There is a parking pad in front. Cost to cure the lack of garage exceeds the market value of the new parking. Comps #2 and #3 sold fully remodeled . A \$150,000 adjustment is made for condition based on cost to cure.

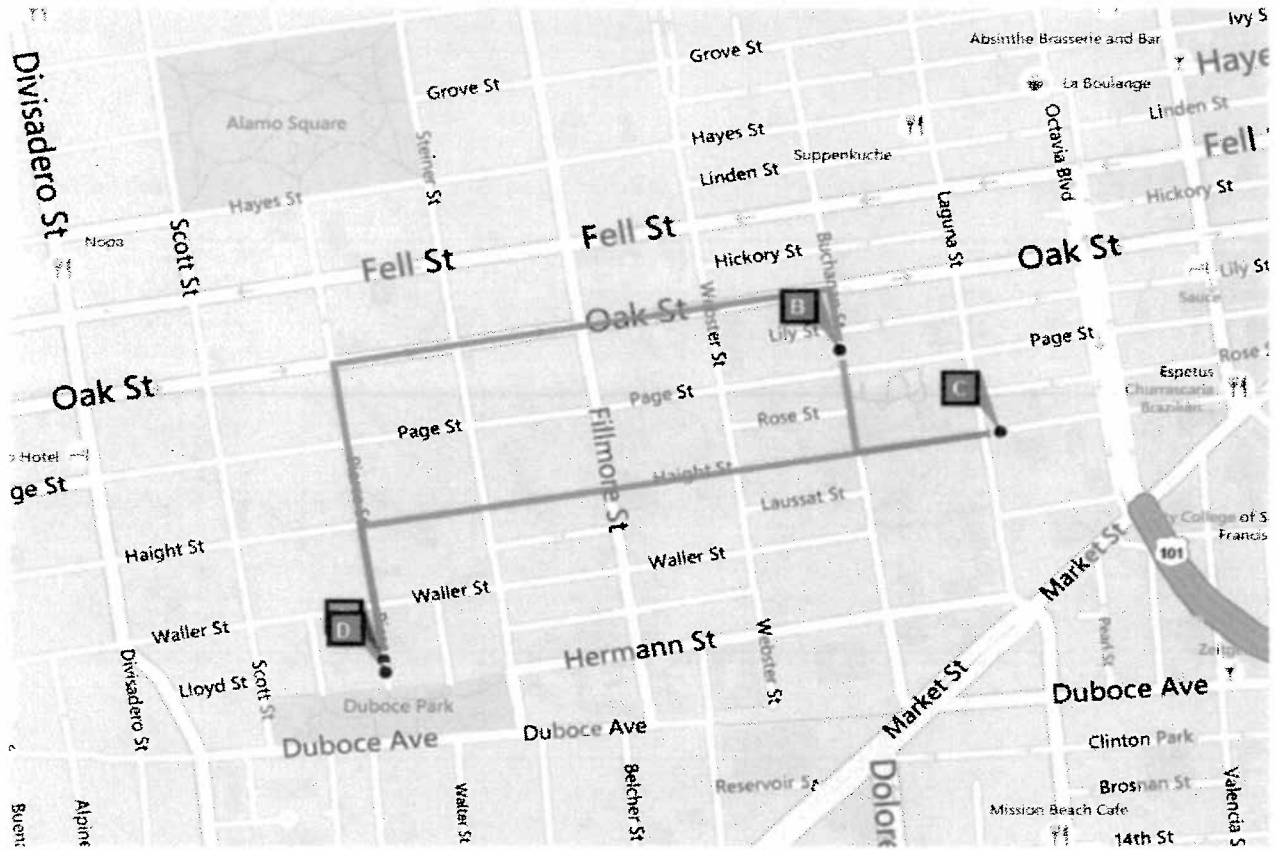
**MARKET VALUE**

LAND	\$1,200,000
IMPROVEMENTS	\$800,000
TOTAL	\$2,000,000
<i>Market Value / Foot</i>	<u>\$797</u>

**ASSESSED VALUE**

LAND	\$ 1,093,440
IMPROVEMENTS	\$ 468,616
TOTAL	\$1,562,056
<i>Assessed Value / Foot</i>	<u>\$623</u>

**Map of Subject Property and Comparable Sales**



<b>A</b>	<b>Subject Property</b>	<b>68 Pierce</b>
<b>B</b>	<b>Comp #1</b>	<b>405 Buchanan</b>
<b>C</b>	<b>Comp #2</b>	<b>188 Haight</b>
<b>D</b>	<b>Comp #3</b>	<b>55 Pierce St</b>

**EXHIBIT D:  
MILLS ACT APPLICATION**

# 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.

<b>1 Mills Act Application</b>	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
Has each property owner signed? Has each signature been notarized?	
<b>2 High Property Value Exemption Form &amp; Historic Structure Report</b>	YES <input type="checkbox"/> NO <input type="checkbox"/> N/A <input checked="" type="checkbox"/>
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?	
<b>3 Draft Mills Act Historical Property Contract</b>	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
Are you using the Planning Department's standard "Historical Property Contract?" Have all owners signed and dated the contract? Have all signatures been notarized?	
<b>4 Notary Acknowledgement Form</b>	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
Is the Acknowledgement Form complete? Do the signatures match the names and capacities of signers?	
<b>5 Draft Rehabilitation/Restoration/Maintenance Plan</b>	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
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?	
<b>6 Photographic Documentation</b>	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
Have you provided both interior and exterior images (either digital, printed, or on a CD)? Are the images properly labeled?	
<b>7 Site Plan</b>	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
Does your site plan show all buildings on the property including lot boundary lines, street name(s), north arrow and dimensions?	
<b>8 Tax Bill</b>	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
Did you include a copy of your most recent tax bill?	
<b>9 Rental Income Information</b>	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>
Did you include information regarding any rental income on the property? <i>N/A</i>	
<b>10 Payment</b>	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
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.	

# 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: MR DIARMUID RICHARD RUSSELL	TELEPHONE: (415) 601 4162
PROPERTY OWNER 1 ADDRESS: 68, PIERCE ST, SAN FRANCISCO CA 94117	EMAIL: DIARMUID@GLISSON.CA.GOV
PROPERTY OWNER 2 NAME: MRS HEATHER ROSE POORUCHMY	TELEPHONE: (415) 637 0424
PROPERTY OWNER 2 ADDRESS: 68, PIERCE ST, SAN FRANCISCO CA 94117	EMAIL: HEATHERPOORUCHMY@YANMAR.CO.UK
PROPERTY OWNER 3 NAME:	TELEPHONE: ( )
PROPERTY OWNER 3 ADDRESS:	EMAIL:

## 2. Subject Property Information

PROPERTY ADDRESS: 68, PIERCE ST, SAN FRANCISCO CA	ZIP CODE: 94117
PROPERTY PURCHASE DATE: 7/19/2012	ASSESSOR BLOCK/LOT(S): 0865/016
MOST RECENT ASSESSED VALUE: \$1,555,000	ZONING DISTRICT: RH-2 40-X

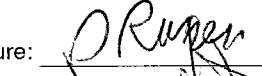
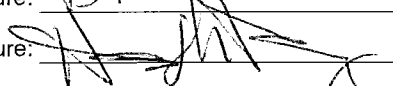
Are taxes on all property owned within the City and County of San Francisco paid to date? YES  NO

Is the entire property owner-occupied? YES  NO   
If No, please provide an approximate square footage for owner-occupied areas vs. rental income (non-owner-occupied areas) on a separate sheet of paper.

Do you own other property in the City and County of San Francisco? YES  NO   
If Yes, please list the addresses for all other property owned within the City of San Francisco on a separate sheet of paper.

Are there any outstanding enforcement cases on the property from the San Francisco Planning Department or the Department of Building Inspection? YES  NO   
If yes, all outstanding enforcement cases must be abated and closed for eligibility for the Mills Act.

I/we am/are the present owner(s) of the property described above and hereby apply for an historical property contract.

Owner Signature: 	Date: 4/30/2014
Owner Signature: 	Date: 4/30/2014
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:

DIARMUID RICHARD RUSSELL  
HEATHER ROSE PODRUCHNY


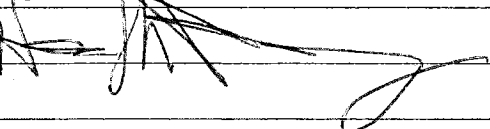
MOST RECENT ASSESSED PROPERTY VALUE:

\$1,555,000

PROPERTY ADDRESS:

68 PIERCE ST SAN FRANCISCO CA 94117

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:   
Owner Signature:   
Owner Signature: \_\_\_\_\_

Date: 4/30/2014  
Date: 4/30/2014  
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  NO

A 10 Year Maintenance Plan has been submitted detailing work to be performed on the subject property YES  NO

Proposed work will meet the *Secretary of the Interior's Standards for the Treatment of Historic Properties* and/or the California Historic Building Code. YES  NO

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  NO

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  Maintenance  Completed  Proposed

CONTRACT YEAR FOR WORK COMPLETION:

TOTAL COST (rounded to nearest dollar):

DESCRIPTION OF WORK

PLEASE SEE SEPARATE ATTACHED TYPED DOCUMENT

SEE ATTACHMENT

Draft Rehabilitation/Restoration/Maintenance Plan (Continued)

# \_\_\_\_ (Provide a scope number) BUILDING FEATURE:

Rehab/Restoration  Maintenance  Completed  Proposed

CONTRACT YEAR WORK COMPLETION:

TOTAL COST (rounded to nearest dollar):

DESCRIPTION OF WORK:

# \_\_\_\_ (Provide a scope number) BUILDING FEATURE:

Rehab/Restoration  Maintenance  Completed  Proposed

CONTRACT YEAR WORK COMPLETION:

TOTAL COST (rounded to nearest dollar):

DESCRIPTION OF WORK:

# \_\_\_\_ (Provide a scope number) BUILDING FEATURE:

Rehab/Restoration  Maintenance  Completed  Proposed

CONTRACT YEAR WORK COMPLETION:

TOTAL COST (rounded to nearest dollar):

DESCRIPTION OF WORK:

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)

68 PIERCE ST, SAN FRANCISCO CA 94117

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 DIARMUID RUSSELL & HEATHER ("Owner/s").

PODRUCHMY  
RECITALS

Owners are the owners of the property located at 68, PIERCE ST, in San Francisco, California

0865 / 16  
BLOCK NUMBER LOT NUMBER

PROPERTY ADDRESS

The building located at 68 PIERCE ST

PROPERTY ADDRESS

is designated as A CITY LANDMARK PURSUANT TO ARTICLE 10 OF THE PLANNING CODE (e.g. "a City Landmark pursuant to Article 10 of the Planning Code") and is also known as the N/A

HISTORIC NAME OF PROPERTY (IF ANY)

Owners desire to execute a rehabilitation and ongoing maintenance project for the Historic Property. Owners' application calls for the rehabilitation and restoration of the Historic Property according to established preservation standards, which it estimates will cost approximately \_\_\_\_\_ (\$ \_\_\_\_\_). See Rehabilitation Plan, Exhibit A.

AMOUNT IN WORD FORMAT

AMOUNT IN NUMERICAL FORMAT

Owners' application calls for the maintenance of the Historic Property according to established preservation standards, which is estimated will cost approximately \_\_\_\_\_ (\$ \_\_\_\_\_) annually. See Maintenance Plan, Exhibit B.

AMOUNT IN WORD FORMAT

AMOUNT IN NUMERICAL FORMAT

The State of California has adopted the "Mills Act" (California Government Code Sections 50280-50290, and California Revenue & Taxation Code, Article 1.9 [Section 439 et seq.]) authorizing local governments to enter into agreements with property owners to reduce their property taxes, or to prevent increases in their property taxes, in return for improvement to and maintenance of historic properties. The City has adopted enabling legislation, San Francisco Administrative Code Chapter 71, authorizing it to participate in the Mills Act program.

Owners desire to enter into a Mills Act Agreement (also referred to as a "Historic Property Agreement") with the City to help mitigate its anticipated expenditures to restore and maintain the Historic Property. The City is willing to enter into such Agreement to mitigate these expenditures and to induce Owners to restore and maintain the Historic Property in excellent condition in the future.

NOW, THEREFORE, in consideration of the mutual obligations, covenants, and conditions contained herein, the parties hereto do agree as follows:

Mills Act Application

## 1. Application of Mills Act.

The benefits, privileges, restrictions and obligations provided for in the Mills Act shall be applied to the Historic Property during the time that this Agreement is in effect commencing from the date of recordation of this Agreement.

## 2. Rehabilitation of the Historic Property.

Owners shall undertake and complete the work set forth in Exhibit A ("Rehabilitation Plan") attached hereto according to certain standards and requirements. Such standards and requirements shall include, but not be limited to: the Secretary of the Interior's Standards for the Treatment of Historic Properties ("Secretary's Standards"); the rules and regulations of the Office of Historic Preservation of the California Department of Parks and Recreation ("OHP Rules and Regulations"); the State Historical Building Code as determined applicable by the City; all applicable building safety standards; and the requirements of the Historic Preservation Commission, the Planning Commission, and the Board of Supervisors, including but not limited to any Certificates of Appropriateness approved under Planning Code Article 10. The Owners shall proceed diligently in applying for any necessary permits for the work and shall apply for such permits not less than six (6) months after recordation of this Agreement, shall commence the work within six (6) months of receipt of necessary permits, and shall complete the work within three (3) years from the date of receipt of permits. Upon written request by the Owners, the Zoning Administrator, at his or her discretion, may grant an extension of the time periods set forth in this paragraph. Owners may apply for an extension by a letter to the Zoning Administrator, and the Zoning Administrator may grant the extension by letter without a hearing. Work shall be deemed complete when the Director of Planning determines that the Historic Property has been rehabilitated in accordance with the standards set forth in this Paragraph. Failure to timely complete the work shall result in cancellation of this Agreement as set forth in Paragraphs 13 and 14 herein.

## 3. Maintenance.

Owners shall maintain the Historic Property during the time this Agreement is in effect in accordance with the standards for maintenance set forth in Exhibit B ("Maintenance Plan"), the Secretary's Standards; the OHP Rules and Regulations; the State Historical Building Code as determined applicable by the City; all applicable building safety standards; and the requirements of the Historic Preservation Commission, the Planning Commission, and the Board of Supervisors, including but not limited to any Certificates of Appropriateness approved under Planning Code Article 10.

## 4. Damage.

Should the Historic Property incur damage from any cause whatsoever, which damages fifty percent (50%) or less of the Historic Property, Owners shall replace and repair the damaged area(s) of the Historic Property. For repairs that do not require a permit, Owners shall commence the repair work within thirty (30) days of incurring the damage and shall diligently prosecute the repair to completion within a reasonable period of time, as determined by the City. Where specialized services are required due to the nature of the work and the historic character of the features damaged, "commence the repair work" within the meaning of this paragraph may include contracting for repair services. For repairs that require a permit(s), Owners shall proceed diligently in applying for any necessary permits for the work and shall apply for such permits not less than sixty (60) days after the damage has been incurred, commence the repair work within one hundred twenty (120) days of receipt of the required permit(s), and shall diligently prosecute the repair to completion within a reasonable period of time, as determined by the City. Upon written request by the Owners, the Zoning Administrator, at his or her discretion, may grant an extension of the time periods set forth in this paragraph. Owners may apply for an extension by a letter to the Zoning Administrator, and the Zoning Administrator may grant the extension by letter without a hearing. All repair work shall comply with the design and standards established for the Historic Property in Exhibits A and B attached hereto and Paragraph 3 herein. In the case of damage to twenty percent (20%) or more of the Historic Property due to a catastrophic event, such as an earthquake, or in the case of damage from any cause whatsoever that destroys more than fifty percent (50%) of the Historic Property, the City and Owners may mutually agree to terminate this Agreement. Upon such termination, Owners shall not be obligated to pay the cancellation fee set forth in Paragraph 14 of this Agreement. Upon such termination, the City shall assess the full value of the Historic Property without regard to any restriction imposed upon the Historic Property by this Agreement and Owners shall pay property taxes to the City based upon the valuation of the Historic Property as of the date of termination.

## 5. Insurance.

Owners shall secure adequate property insurance to meet Owners' repair and replacement obligations under this Agreement and shall submit evidence of such insurance to the City upon request.

## 6. Inspections.

Owners shall permit periodic examination of the exterior and interior of the Historic Property by representatives of the

Historic Preservation Commission, the City's Assessor, the Department of Building Inspection, the Planning Department, the Office of Historic Preservation of the California Department of Parks and Recreation, and the State Board of Equalization, upon seventy-two (72) hours advance notice, to monitor Owners' compliance with the terms of this Agreement. Owners shall provide all reasonable information and documentation about the Historic Property demonstrating compliance with this Agreement as requested by any of the above-referenced representatives.

#### 7. Term.

This Agreement shall be effective upon the date of its recordation and shall be in effect for a term of ten years from such date ("Initial Term"). As provided in Government Code section 50282, one year shall be added automatically to the Initial Term, on each anniversary date of this Agreement, unless notice of nonrenewal is given as set forth in Paragraph 10 herein.

#### 8. Valuation.

Pursuant to Section 439.4 of the California Revenue and Taxation Code, as amended from time to time, this Agreement must have been signed, accepted and recorded on or before the lien date (January 1) for a fiscal year (the following July 1-June 30) for the Historic Property to be valued under the taxation provisions of the Mills Act for that fiscal year.

#### 9. Termination.

In the event Owners terminates this Agreement during the Initial Term, Owners shall pay the Cancellation Fee as set forth in Paragraph 15 herein. In addition, the City Assessor 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.

### 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.

Within 20 days from the date of execution of this Agreement, the City shall cause this Agreement to be recorded with the Office of the Recorder of the City and County of San Francisco.

22. Amendments.

This Agreement may be amended in whole or in part only by a written recorded instrument executed by the parties hereto in the same manner as this Agreement.

23. No Implied Waiver.

No failure by the City to insist on the strict performance of any obligation of the Owners under this Agreement or to exercise any right, power, or remedy arising out of a breach hereof shall constitute a waiver of such breach or of the City's right to demand strict compliance with any terms of this Agreement.

24. Authority.

If the Owners sign as a corporation or a partnership, each of the persons executing this Agreement on behalf of the Owners does hereby covenant and warrant that such entity is a duly authorized and existing entity, that such entity has and is qualified to do business in California, that the Owner has full right and authority to enter into this Agreement, and that each and all of the persons signing on behalf of the Owners are authorized to do so.

25. Severability.

If any provision of this Agreement is determined to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each other provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

26. Tropical Hardwood Ban.

The City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood or tropical hardwood product.

27. Charter Provisions.

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

28. Signatures.

This Agreement may be signed and dated in parts

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

\_\_\_\_\_  
CARMEN CHU  
ASSESSOR-RECORDER Date

\_\_\_\_\_  
JOHN RAHAIM  
DIRECTOR OF PLANNING Date

APPROVED AS PER FORM:  
DENNIS HERRERA  
CITY ATTORNEY

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Print name  
DEPUTY CITY ATTORNEY

D. Rivera 4/30/2014  
Signature Date

[Signature] 4/30/14  
Signature Date  
HEATHER ROSE  
OWNER

\_\_\_\_\_  
Print name  
OWNER  
DIARMUID RICHARD RUSSELL

\_\_\_\_\_  
Signature Date  
\_\_\_\_\_  
Print name  
OWNER

Owner/s' signatures must be notarized. Attach notary forms to the end of this agreement.  
(If more than one owner, add additional signature lines. All owners must sign this agreement.)



7. Notary Acknowledgment Form

The notarized signature of the majority representative owner or owners, as established by deed or contract, of the subject property or properties is required for the filing of this application. (Additional sheets may be attached.)

State of California

County of: San Francisco

On: Apr 30, 2014 before me, Sheng Mei Notary Public  
DATE INSERT NAME OF THE OFFICER

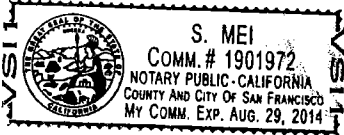
NOTARY PUBLIC personally appeared: Russell Drarmuid Richard  
NAME(S) OF SIGNER(S)  
and Podruchny, Heather Rose

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]  
SIGNATURE



( PLACE NOTARY SEAL ABOVE )

# CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

State of California

County of San Francisco

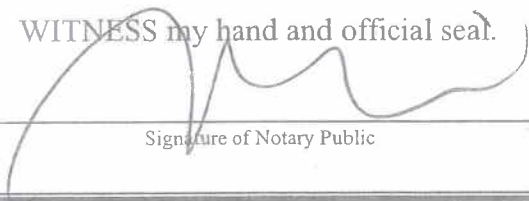
On Apr 30, 2014 before me, Sheng Mei Notary Public  
(here insert name and title of the officer)

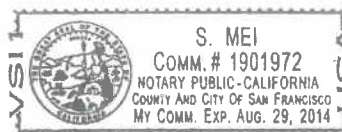
personally appeared RUSSELL, Diarmuid Richard  
PODOLUCHNY, Heather Rose

who proved to me on the basis of satisfactory evidence to be the person(s) whose 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 of Notary Public



(Seal)

## ADDITIONAL OPTIONAL INFORMATION

### INSTRUCTIONS FOR COMPLETING THIS FORM

Any acknowledgment completed in California must contain verbiage exactly as appears above in the notary section or a separate acknowledgment form must be properly completed and attached to that document. The only exception is if a document is to be recorded outside of California. In such instances, any alternative acknowledgment verbiage as may be printed on such a document so long as the verbiage does not require the notary to do something that is illegal for a notary in California (i.e. certifying the authorized capacity of the signer). Please check the document carefully for proper notarial wording and attach this form if required.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. ~~he/she/they~~, is /are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
  - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
  - ❖ Indicate title or type of attached document, number of pages and date.
  - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document

### DESCRIPTION OF THE ATTACHED DOCUMENT

Mills Act Application  
(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages 6 Document Date \_\_\_\_\_

Apr 30, 2014  
(Additional information)

### CAPACITY CLAIMED BY THE SIGNER

- Individual (s)  
 Corporate Officer

(Title)

- Partner(s)  
 Attorney-in-Fact  
 Trustee(s)  
 Other \_\_\_\_\_



City & County of San Francisco  
 José Cisneros, Treasurer  
 David Augustine, Tax Collector  
 Secured Property Tax Bill

1 Dr. Carlton B. Goodlett Place  
 City Hall, Room 140  
 San Francisco, CA 94102  
 www.sftreasurer.org

For Fiscal Year July 1, 2013 through June 30, 2014

Vol 06	Block 0865	Lot 016	Account Number 086500160	Tax Rate 1.1880%	Statement Date 10/02/2013	Property Location 68 PIERCE ST
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Assessed on January 1, 2013  
 To: RUSSELL DIARMUID RICHARD

**RUSSELL DIARMUID RICHARD**  
**68 PIERCE ST**  
**SAN FRANCISCO CA 94117-3319**

Assessed Value		
Description	Full Value	Tax Amount
Land	1,088,500	12,931.38
Structure	466,500	5,542.02
Fixtures		
Personal Property		
Gross Taxable Value	1,555,000	18,473.40
Less HO Exemption	7,000	83.16
Less Other Exemption		
<b>Net Taxable Value</b>	<b>1,548,000</b>	<b>\$18,390.24</b>

Direct Charges and Special Assessments			
Code	Type	Telephone	Amount Due
89	SFUSD FACILITY DIST	(415) 355-2203	33.96
91	SFCCD PARCEL TAX	(415) 487-2400	79.00
98	SF - TEACHER SUPPORT	(415) 355-2203	219.64
<b>Total Direct Charges and Special Assessments</b>			<b>\$332.60</b>

<b>► TOTAL DUE</b>		<b>\$18,722.84</b>
1st Installment		2nd Installment
\$9,361.42		\$9,361.42
Due: November 1, 2013 Delinquent after Dec 10, 2013		Due: February 1, 2014 Delinquent after April 10, 2014

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

68 Pierce Street – Photographs

Section A: Front Elevation







ABOVE: Detail of repaired guttering (scope 1) as well as upper vinyl windows to be replaced (scope 2)

BELOW: Detail of lower vinyl windows to be replaced (scope 2)



Lower part of front elevation



Detail of front steps to be repaired/replaced (scope 4)





Section B: Rear Elevation



Detail of rear roof as well as repairs made to guttering under scope 1



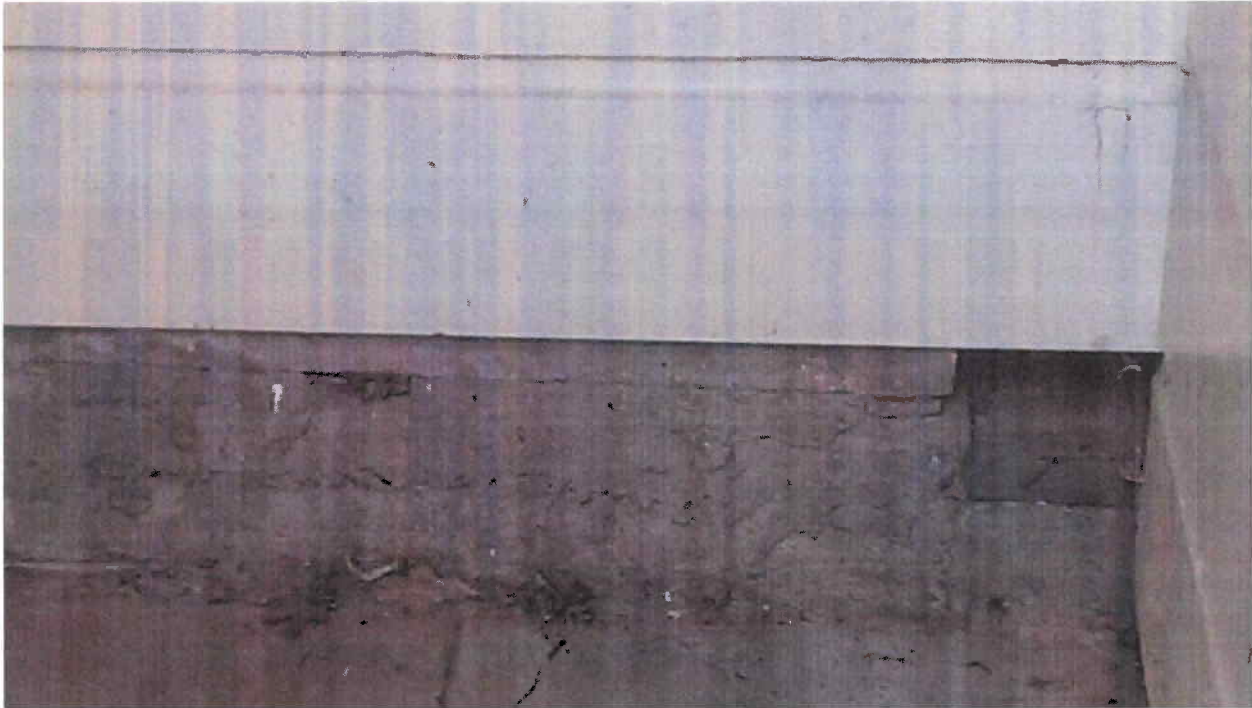
**Section C: Basement and foundation**

Garage



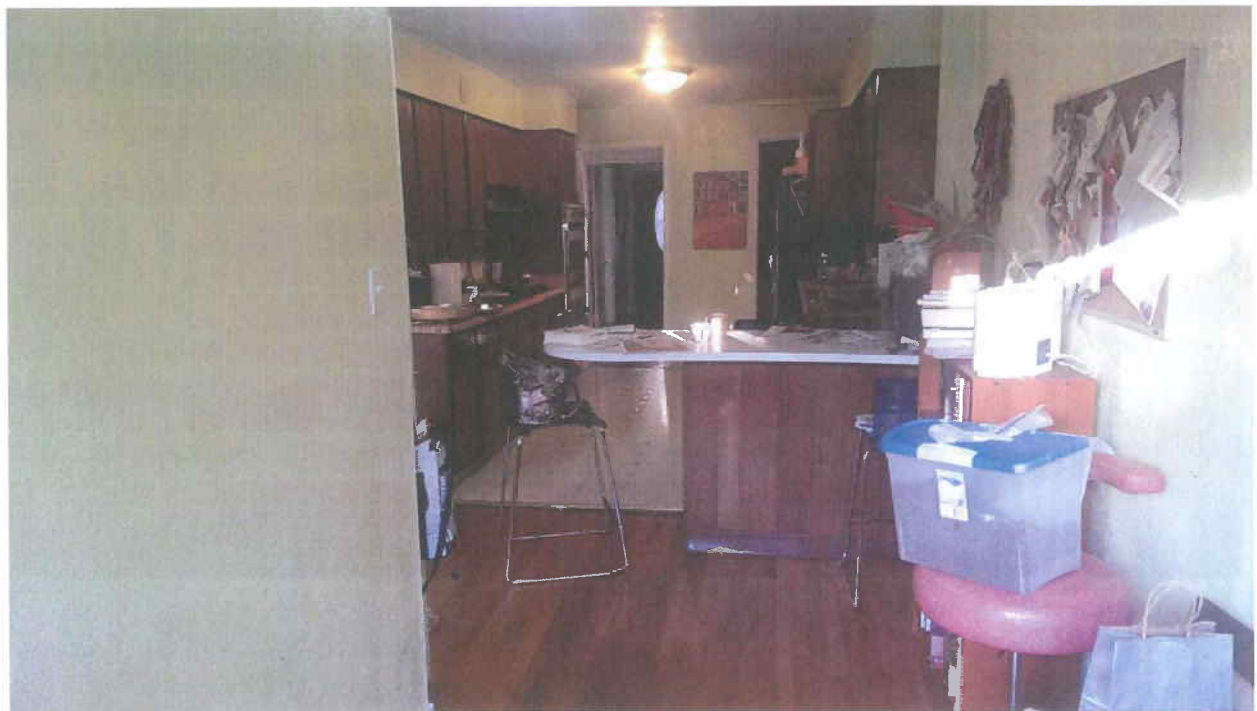


Foundation details (two photos)



Section D: Interior Photos

1. Kitchen (2 photos)





2. Details of windows non historic windows



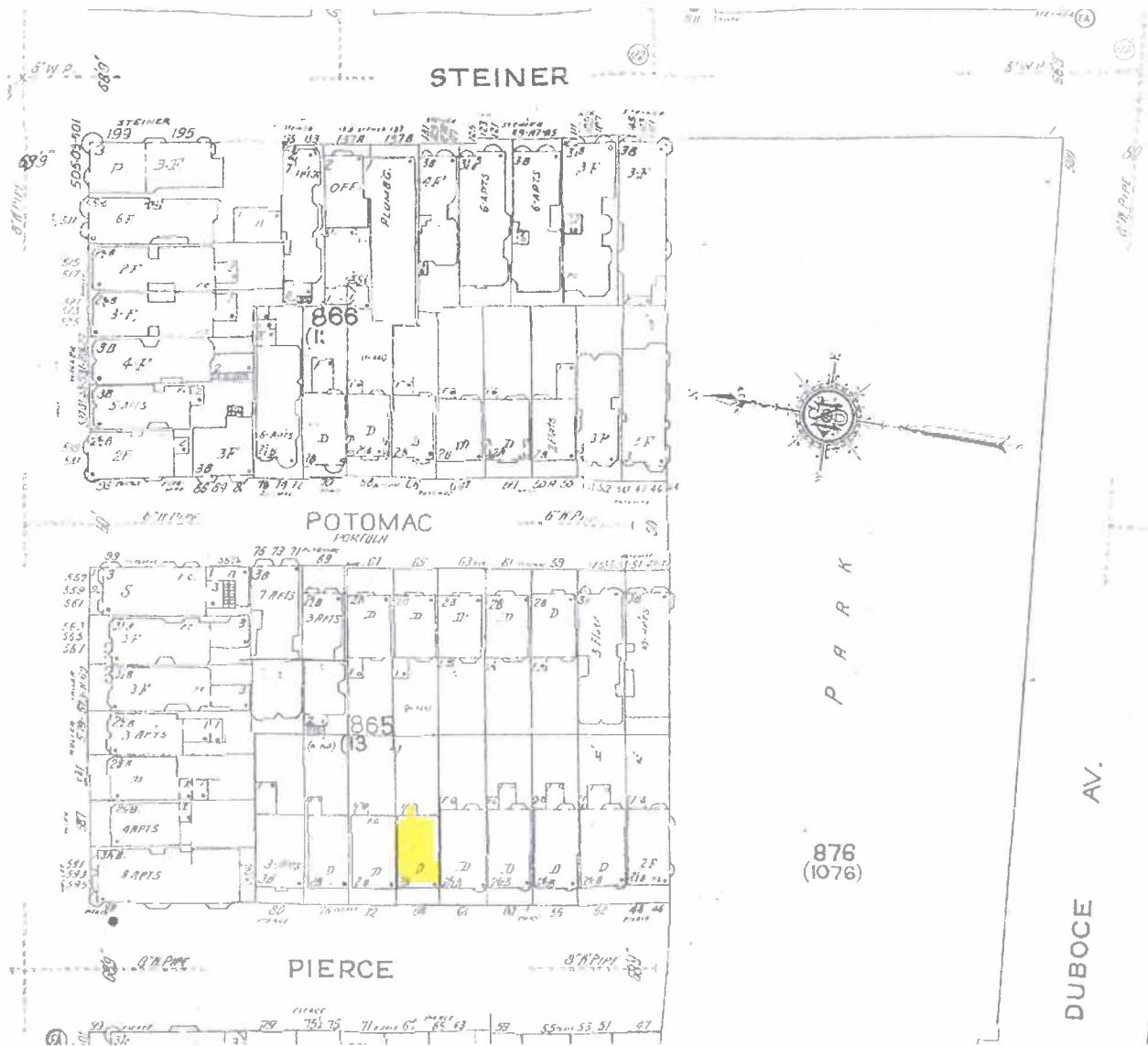


3. Other interior photos (living/dining room)

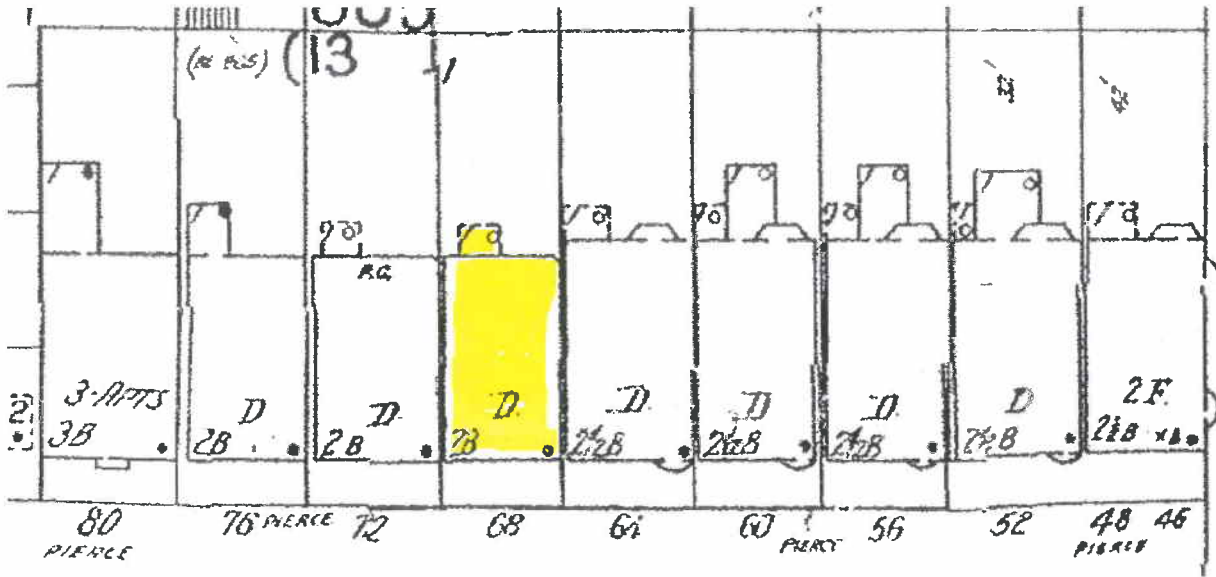








Sanborn map for 68 Pierce Street



Detail view of enlarged Sanborn map



# SAN FRANCISCO PLANNING DEPARTMENT

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## Historic Preservation Commission Draft Resolution

HEARING DATE OCTOBER 1, 2014

*Hearing Date:* October 1, 2014  
*Filing Dates:* May 1, 2014  
*Case No.:* 2014.0720U  
*Project Address:* **563-567 Waller St.**  
*Landmark District:* Duboce Park Landmark District  
*Zoning:* RTO (Residential Transit Oriented) District  
40-X Height and Bulk District  
*Block/Lot:* 0865/025  
*Applicant:* Brandon J. Miller & Jay Zalewski  
567 Waller Street  
San Francisco, CA 94117  
*Staff Contact:* Jonathan Lammers – (415) 575-9093  
jonathan.lammers@sfgov.org  
*Reviewed By:* Tim Frye – (415) 575-6822  
[tim.frye@sfgov.org](mailto:tim.frye@sfgov.org)

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

Reception:  
**415.558.6378**

Fax:  
**415.558.6409**

Planning  
Information:  
**415.558.6377**

**ADOPTING FINDINGS RECOMMENDING TO THE BOARD OF SUPERVISORS APPROVAL OF THE MILLS ACT HISTORICAL PROPERTY CONTRACT, REHABILITATION PROGRAM, AND MAINTENANCE PLAN FOR 563-567 WALLER STREET:**

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

**WHEREAS**, the Mills Act authorizes local governments to enter into contracts with owners of private historical property who assure the rehabilitation, restoration, preservation and maintenance of a qualified historical property; and

**WHEREAS**, Ordinance No. 191-96 amended the San Francisco Administrative Code by adding Chapter 71 to implement California Mills Act, California Government Code Sections 50280 *et seq.*; and

**WHEREAS**, the existing building located at 563-567 Waller Street and is listed under Article 10 of the San Francisco Planning Code Planning Code as a contributor to the Duboce Park Landmark District and thus qualifies as a historic property; and

**WHEREAS**, the Planning Department has reviewed the Mills Act application, historical property contract, rehabilitation program, and maintenance plan for 563-567 Waller Street, which are located in



Case Docket No. 2014.0720U. The Planning Department recommends approval of the Mills Act historical property contract, rehabilitation program, and maintenance plan; and

**WHEREAS**, the Historic Preservation Commission (HPC) recognizes the historic building at 563-567 Waller Street as an historical resource and believes the rehabilitation program and maintenance plan are appropriate for the property; and

**WHEREAS**, at a duly noticed public hearing held on October 1, 2014, the Historic Preservation Commission reviewed documents, correspondence and heard oral testimony on the Mills Act application, historical property contract, rehabilitation program, and maintenance plan for 563-567 Waller Street, which are located in Case Docket No. 2014.0720U. The Historic Preservation Commission recommends approval of the Mills Act historical property contract, rehabilitation program, and maintenance plan.

**THEREFORE BE IT RESOLVED** that the Historic Preservation Commission hereby recommends that the Board of Supervisors approve the Mills Act historical property contract, rehabilitation program, and maintenance plan for the historic building located at 563-567 Waller Street.

**BE IT FURTHER RESOLVED** that the Historic Preservation Commission hereby directs its Commission Secretary to transmit this Resolution, the Mills Act historical property contract, rehabilitation program, and maintenance plan for 563-567 Waller Street, and other pertinent materials in the case file 2014.0720U to the Board of Supervisors.

I hereby certify that the foregoing Resolution was ADOPTED by the Historic Preservation Commission on October 1, 2014.

Jonas P. Ionin  
Commissions Secretary

AYES:

NOES:

ABSENT:

ADOPTED:

# Site Photo



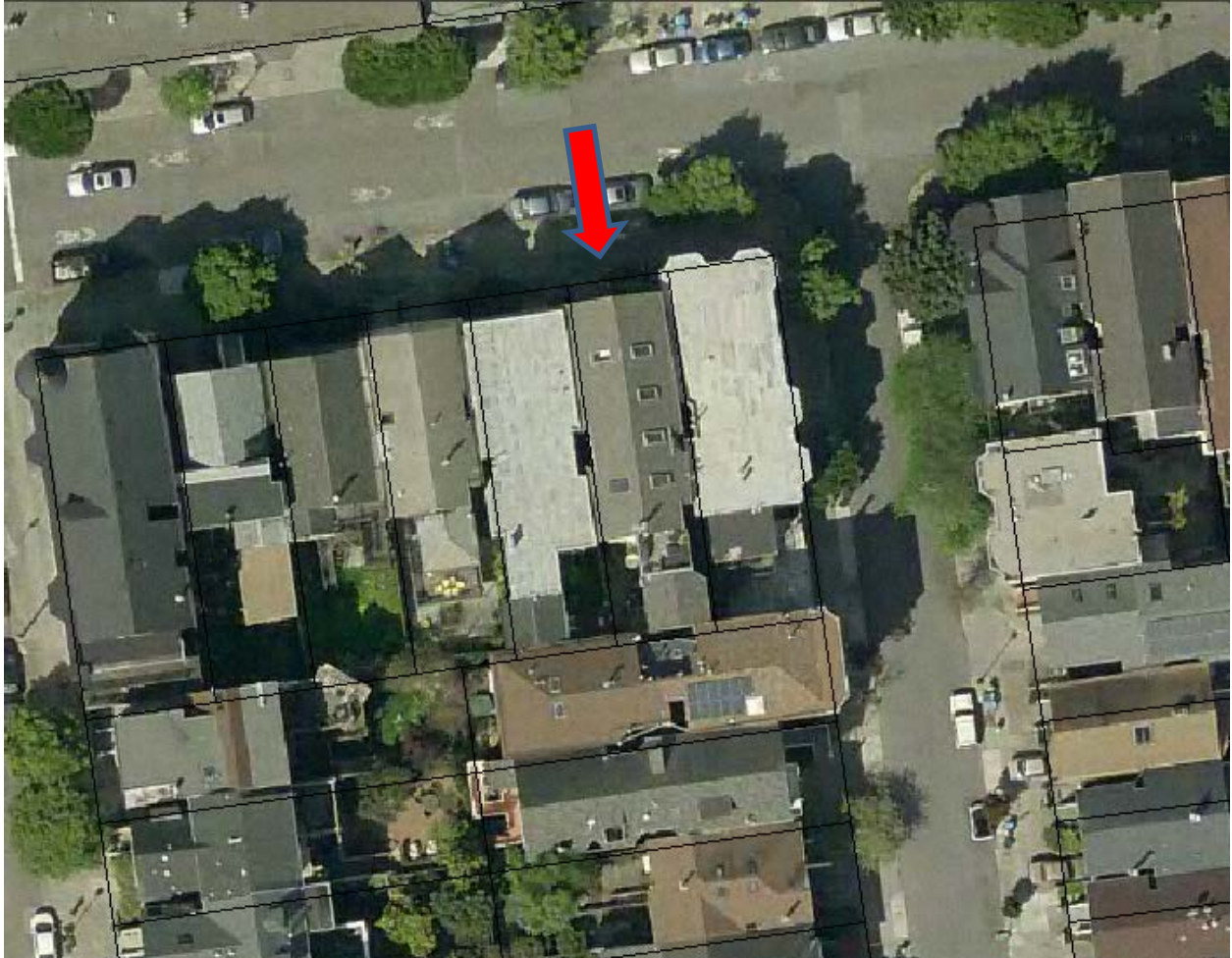
Historic Preservation Commission

Case No. 2014.0720U

Mills Act Historical Property Contract

563-567 Waller Street

# Aerial Photo



Historic Preservation Commission

Case No. 2014.0720U

Mills Act Historical Property Contract

563-567 Waller Street

**EXHIBIT A:**

**DRAFT MILLS ACT HISTORICAL PROPERTY CONTRACT**

Recording Requested by, and  
when recorded, send notice to:  
Director of Planning  
1650 Mission Street  
San Francisco, California 94103-2414

**CALIFORNIA MILLS ACT  
HISTORIC PROPERTY AGREEMENT  
563-567 WALLER STREET  
SAN FRANCISCO, CALIFORNIA**

THIS AGREEMENT is entered into by and between the City and County of San Francisco, a California municipal corporation (“City”) and Brandon Miller and Jay Zalewski (“Owners”).

RECITALS

Owners are the owners of the property located at 563-567 Waller Street, in San Francisco, California (Block 0865, Lot 025). The building located at 563-567 Waller Street is designated as a contributor to the Duboce Park Landmark District pursuant to Article 10 of the Planning Code and is also known as the (“Historic Property”).

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 one thousand eight hundred and fifty dollars (\$1,850). (See Rehabilitation Plan, Exhibit A.) Owners' application calls for the maintenance of the Historic Property according to established preservation standards, which is estimated will cost approximately four thousand and forty dollars (\$4,040) annually (See Maintenance Plan, Exhibit B).

The State of California has adopted the “Mills Act” (California Government Code Sections 50280-50290, and California Revenue & Taxation Code, Article 1.9 [Section 439 et seq.]) authorizing local governments to enter into agreements with property Owners to reduce their property taxes, or to prevent increases in their property taxes, in return for improvement to and maintenance of historic properties. 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 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.

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. Within 20 days from the date of execution of this Agreement, the City shall cause this Agreement to be recorded with the Office of the 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:

CITY AND COUNTY OF SAN FRANCISCO:

By: \_\_\_\_\_  
Carmen Chu  
Assessor-Recorder

DATE: \_\_\_\_\_

By: \_\_\_\_\_  
John Rahaim  
Director of Planning

DATE: \_\_\_\_\_

APPROVED AS TO FORM:  
DENNIS J. HERRERA  
CITY ATTORNEY

By: \_\_\_\_\_  
Andrea Ruiz-Esquide, Deputy City Attorney

DATE: \_\_\_\_\_

OWNERS

By: \_\_\_\_\_  
Brandon Miller, Owner

DATE: \_\_\_\_\_

By: \_\_\_\_\_  
Jay Zalewski, Owner

DATE: \_\_\_\_\_

OWNER(S)' SIGNATURE(S) MUST BE NOTARIZED.

ATTACH PUBLIC NOTARY FORMS HERE.

**EXHIBIT B:**  
**DRAFT REHABILITATION AND MAINTENANCE PLAN**

## 563-567 Waller Street Revised Rehabilitation and Maintenance Plan

<b>SCOPE #1</b>
Rehab/Restoration <input checked="" type="checkbox"/> Completed <input checked="" type="checkbox"/>
Contract Year Work Completion: 2012
Total Cost (rounded to the nearest dollar): \$423,518
Description of Work
Replaced the building foundation. Installed three (3) new, historically appropriate paneled wood entry doors with glazed openings. Replaced stair railing with new, historically appropriate wood railing featuring turned balusters and decorative newel posts.

<b>SCOPE #2</b>
Rehab/Restoration <input checked="" type="checkbox"/> Completed <input checked="" type="checkbox"/>
Contract Year Work Completion: 2014
Total Cost (rounded to the nearest dollar): \$173,567
Description of Work
Replaced deteriorated siding on the back of the building. The rear exit stairwell and laundry storage areas were rebuilt with a new foundation.

<b>SCOPE #3</b>
Rehab/Restoration <input checked="" type="checkbox"/> Proposed <input checked="" type="checkbox"/>
Contract Year Work Completion: 2014
Total Cost (rounded to the nearest dollar): \$1,850
Description of Work
The gas meters currently located to the left of the entry stairs will be relocated underneath the stairs. If the relocation of the meters is deemed infeasible by the utility, the meters will be enclosed in a painted wood cabinet finished to match either the existing tongue-in-groove wood siding, or the existing rustic channel wood siding on the building. This work will avoid altering, removing or obscuring character-defining features of the building.

<b>SCOPE #4</b>
Maintenance <input checked="" type="checkbox"/> Proposed <input checked="" type="checkbox"/>
Contract Year Work Completion: Ongoing
Total Cost (rounded to the nearest dollar):
Description of Work
Perform annual inspections of the windows, rain gutters, siding, paint and trim. If any damage or deterioration is found, the extent and nature of the damage will be assessed. Any needed repairs will avoid altering, removing or obscuring character-defining features of the building. If any elements are determined to be damaged or deteriorated beyond repair, replacements will be made in kind (e.g., wood for wood). This maintenance routine will be informed by the guidance outlined in the National Park Service's <i>Preservation Brief 47: Maintaining the Exterior of Small and Medium Size Historic Buildings</i> .

SCOPE #5
Maintenance <input checked="" type="checkbox"/> Proposed <input checked="" type="checkbox"/>
Contract Year Work Completion: Ongoing
Total Cost (rounded to the nearest dollar): \$48,500 if roof requires replacing
Description of Work
<p>The roof will be inspected by a licensed roofing contractor approximately every 5 years. If any damage or deterioration is found, the extent and nature of the deterioration will be assessed. If the roof requires replacement, a new asphalt/composition shingle roof will be installed. Repairs to the roof, or installation of a new roof, will avoid altering, removing or obscuring character-defining features of the building, including decorative elements in the gable end, as well as eave trim and moldings. This maintenance routine will be informed by the guidance outlined in the National Park Service's <i>Preservation Brief 47: Maintaining the Exterior of Small and Medium Size Historic Buildings</i>.</p>



# ***SF Bay Construction Inc***

License #807049

236 West Portal Ave, Suite 843, San Francisco, CA 94127

415-425-1673 ~ Fax: 415-665-1246

May 30, 2014

**Client:**  
563-567 Waller St,  
San Francisco

**Prepared By:**  
Niall Kenny

**Architect:**

**Job Description:**  
Roof replacement

## **BID PROPOSAL** **FOR ROOF REPLACEMENT**

1. Strip and dispose of existing shingles, flet and plywood
2. Replace with new plywood, waterproofing and shingles.

**Total amount proposed -**

**\$ 48,500**

**Exclusions.** All public utility services marking; Permits; Permit fees; Special inspection fees; All work not included above.

Project should take approximately 3 weeks to complete depending on weather, material delivery delays, holidays and inspection schedule delays. Commencement of the project can start immediately once contract has been signed.

Should you request any additional information or would like to visit any of our ongoing or past projects please do not hesitate to call me at (415) 425-1673. Please visit our web site at [www.sfbayconstruction.com](http://www.sfbayconstruction.com) for some past projects that we have completed. List of references on request. All sub-contractors are insured and obtain all disability insurance as per CSLB. Proposal valid for 30 days.



**EXHIBIT C:  
DRAFT MILLS ACT VALUATION PROVIDED BY  
SAN FRANCISCO ASSESSOR-RECORDER**

DRAFT

**DRAFT**



563-565-567 Waller Street  
APN 06-0865-025

2014 MILLS ACT VALUATION



APN: 0865-025 SF Landmark: \_\_\_\_\_  
 Property Location: 563-565-567 Waller Street Date of Mills Act Application: 6/1/2014  
 Applicant's Name: Jay Zalewski Property Type: three unit residential  
 Agt./Tax Rep./Atty: \_\_\_\_\_ Date of Sale: 7/30/2007  
 Applicant supplied appraisal? No Sale Price: \$1,800,000

DATE OF MILLS ACT VALUATION: June 1, 2014

TAXABLE VALUE - THREE WAY VALUE COMPARISON					
FACTORED BASE YEAR VALUE		RESTRICTED MILLS ACT VALUE		CURRENT MARKET VALUE	
Land	\$ 1,350,096	Land	\$ 828,000	Land	\$1,200,000
Imps	\$ 578,610	Imps	\$ 552,000	Imps	\$800,000
<b>Total</b>	<b>\$ 1,928,706</b>	<b>Total</b>	<b>\$ 1,380,000</b>	<b>Total</b>	<b>\$2,000,000</b>

**PROPERTY CHARACTERISTICS**

Present Use: Multifamily Neighborhood: Hayes Valley Number of Stories: 3  
 Number of Units: 3 Year Built: 1900 Land Area (SF): 2,250  
 Owner Occupied: No Building Area: 6,150 Zoning: RH-3

**CONTENTS**

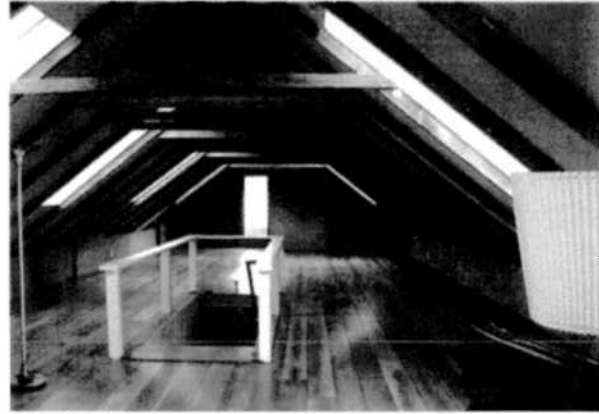
Cover Sheet	Page 2
Photos	Page 3
Restricted Income Valuation	Page 4
Comparable Rents	Page 5
Sales Comparison Valuation	Page 6
Map of Comparable Sales	Page 7

**CONCLUSION AND RECOMMENDATIONS**

Based on the three-way value comparison, the lowest of the three values is the restricted Mills Act value.  
 The taxable Mills Act value on: June 1, 2014 is \$1,380,000

Appraiser: Timothy Landregan Date: 06/01/14  
 Principal Appraiser: Cathleen Hoffman *CAH*

0865-025 Photos



**RESTRICTED INCOME APPROACH**

APN 06-0865-025  
 563-565-567 Waller Street  
 Restricted Mills Act Value  
 Lien Date: June 1, 2014

**Owner / Tenant Occupied**

Potential Gross Income (Per Rent Roll see footnotes below):		\$141,144
Less Vacancy & Collection Loss	2%	<u>(\$2,823)</u>
Effective Gross Income		\$138,321
Less Anticipated Operating Expenses*	15.00%	<u>(\$20,748)</u>
Net Operating Income (before property taxes)		\$117,573

Restricted Capitalization Rate Components:

Rate Components:

2014 Interest Rate per SBE		4.0000%
Risk rate (4% owner occupied / 2% all other property types)**		2.6853%
Property tax rate (2013)		1.1880%
<u>Amortization rate for the Improvements:</u>		
Remaining Economic Life:	60	
Amortization per Year (reciprocal)	0.0167	<u>1.6667%</u>

Overall Rates:

Land	7.8733%
Improvements	9.5400%

Weighted Capitalization Rate

Land	60%	4.72%
Improvements	40%	<u>3.82%</u>
<b>Total</b>		<b>8.54%</b>

**RESTRICTED VALUE** **\$1,376,734**

**ROUNDED TO** **\$1,380,000**

Footnote:

**Rent roll provided by taxpayer in June 2014:**

Unit	Layout	SF	Move In Date	Mo Contract Rent	Annual Rent	Annual Rent / Foot
#563	3/1	1,462	Mar-05	\$2,590	\$31,080	\$21.26
#565	3/1	1,592	Sep-12	\$3,872	\$46,464	\$29.19
#567	3/1	1,592	Owner Occupied	\$5,300***	\$63,600	\$39.95
<b>Sum:</b>		<b>4,646</b>		<b>\$11,762</b>	<b>\$141,144</b>	<b>\$30.38</b>

\*Annual Operating Expenses include PG&E, water service, refuse collection, insurance, maintenance and property management, typically estimated at 15% of effective gross income. TP estimates actual annual operating expenses of the subject property are \$xx,xxx (xx% of EGI).

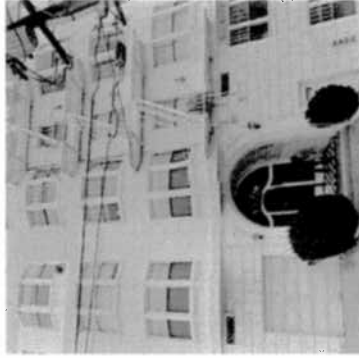
\*\*The property is owner and tenant occupied (tenants lease the lower two floors and the owners reside in the top floor flat. The risk rate component of the overall capitalization rate is a weighted average of the applicable components based on square footage:

Unit #	SF GLA	Occupancy	Weight	Risk Factor	Overall
#563	1,462	Tenant	31.47%	2.00%	0.629%
#565	1,592	Tenant	34.27%	2.00%	0.685%
#567	1,592	Owner	34.27%	4.00%	1.37%
	<b>4,646</b>		<b>100.00%</b>		<b>2.685%</b>

\*\*\* The owner's opinion of fair market rent for the top floor owner's flat is \$4,200/mo (\$31.65/foot annually). Rent comps show a typical rental range of \$40 to \$50 per foot annually. Market rent for the top floor flat concluded to be \$5,300 per month, just under \$40/foot annually.

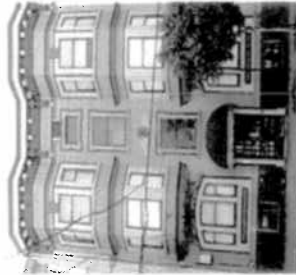
Rental Comps

Comp #1: Hayes Valley



Listing Agent:  
 Address: 78 Buchanan  
 Cross Streets: Buchanan at Hermann  
 SF: NA  
 Layout: 1/1, no parking  
 Monthly Rent: \$4,195  
 Rent/Foot/Mo: NA  
 Annual Rent/Foot: NA  
 Source: Craigs List, May 2014

Comp #5: Hayes



Listing Agent:  
 Address: 249 Gough @ Oak  
 Cross Streets: Hayes Valley  
 SF: NA  
 Layout: 2/1, No parking  
 Monthly Rent: \$3,650  
 Rent/Foot/Mo: NA  
 Annual Rent/Foot: NA  
 Source: Craigs List, May 2014

Comp #2: Castro



Not Specified  
 No Specified  
 One block from Castro St  
 1,100  
 2/2, no parking  
 \$4,495  
 \$4.09  
 \$49.04  
 Craigs List, July 2014

Comp #6: NOPA

No Photo

Not Specified  
 McAllister and Divisadero  
 NOPA  
 1,500  
 3/1, No Parking  
 \$5,800  
 \$3.87  
 \$46.40  
 Craigs List, July 2014

Comp #3: Hayes Valley







Rent SF Now  
 74-78 Page  
 Page and Gough  
 1,000  
 2/1, noparking  
 \$3,300  
 \$3.30  
 \$39.60  
 Craigs List, July 2014

Comp #4: Alamo Square

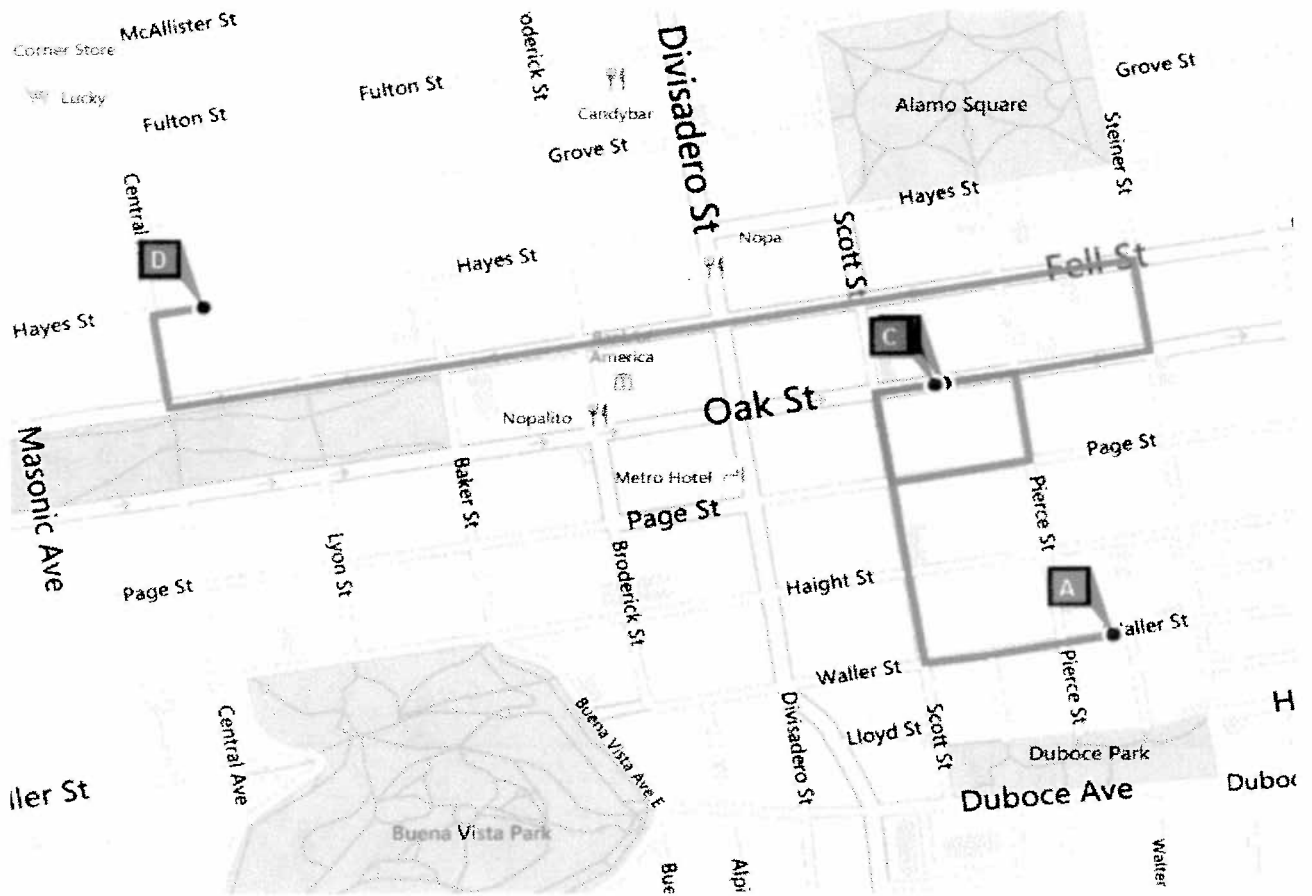


By Owner  
 740 Divisadero - Alamo Sq  
 between Grove and Fulton  
 NA  
 1/1, no parking  
 \$2,695  
 NA  
 NA  
 Craigs List, May 2014

**RESIDENTIAL INCOME PROPERTY MARKET ANALYSIS**

APN	SUBJECT	COMPARABLE SALE 1	COMPARABLE SALE 2	COMPARABLE SALE 3
	0865-013	0825-007	0845-029	1207-030
				
<b>Address</b>	563-567 Waller	946-950 Oak Street	957-961 Oak Street	1663-1667 Hayes
<b>Sales Price</b>		\$1,800,000	\$2,250,000	\$2,205,000
<b>\$ / GBA</b>		\$282	\$421	\$426
<b>\$ / Unit</b>		\$600,000	\$450,000	\$551,250
<b>Annual Gross Income (PGI)</b>	\$127,944	\$123,000	\$167,736	NA
<b>GIM</b>		14.6	13.4	NA
<b>Avg Monthly Rent/Unit</b>	\$3,554	\$3,417	\$2,796	NA
	DESCRIPTION		DESCRIPTION	DESCRIPTION
<b>Lien Date / Date of Sale</b>	06/01/14	10/29/13	09/25/13	06/14/14
<b>Neighborhood</b>	Hayes Valley	Hayes Valley	Hayes Valley	North Panhandle
<b>Site (sq.ft.)</b>	2,250	3,436	3,436	3,436
<b>Year Built</b>	1900	1900	1900	1905
<b>Condition</b>	Average / Updated	Average/Updated	Average/Updated	Original/Deferred Mntc
<b>Gross Bldg. Area</b>	6,150	6,375	5,350	5,175
<b>Residential Unit Breakdown</b>	No. of Units	Room Count	Room Count	Room Count
	GLA	Total	Total	Total
		Bed	Bed	Bed
		Bath	Bath	Bath
	1 1482	3 1	2 1 1	2 2 1
	1 1592	3 1	1 2 1	1 2 2
	1 1592	3 1	2 3 2	1 0 1
<b>Total</b>	3 4646	9 3	5 10 7	4 6 5
<b>Parking Spaces</b>	2	3	5	2
<b>Net Adj. (total)</b>		(167,800)	(64,300)	145,450
<b>ADJ. SALES PRICE</b>	\$2,000,000	\$1,632,200	\$2,185,700	\$2,350,450
<b>Adj \$ Per Foot</b>	\$325	\$265	\$355	\$382
<b>REMARKS</b>				
Market conditions adjustment: 5 to 10% annual growth in value from 2013 to 2014. (.25% per month); site SF adjustment: \$50/foot; GBA adjustment: \$200/foot; Bath adjustment: \$15,000 per half bath; garage parking valued at \$50,000 per space. All comparables considered similar condition as subject.				
Marketwide comparable sales indicate GRM range of 13 to 16 with a midpoint of 15. At a GRM of 15, subject is valued at (\$127,944 x 15) = \$1.920M (\$312/foot)				
THE ESTIMATED MARKET VALUE AS OF, <u>1-Jun-14</u> IS Land <b>\$1,200,000</b>				
Improvements <b>\$800,000</b>				
TOTAL <b>\$2,000,000</b>				

**Map of Subject Property and Comparable Sales**



<b>A</b>	<b>Subject Property</b>	<b>563-567 Waller St</b>
<b>B</b>	<b>Comp #1</b>	<b>946-950 Oak St</b>
<b>C</b>	<b>Comp #2</b>	<b>957-961 Oak St</b>
<b>D</b>	<b>Comp #3</b>	<b>1663-1667 Hayes</b>



**EXHIBIT D:  
MILLS ACT APPLICATION**

# 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.

<b>1</b>	<b>Mills Act Application</b> Has each property owner signed? Has each signature been notarized?	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
<b>2</b>	<b>High Property Value Exemption Form &amp; Historic Structure Report</b> 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 checked="" type="checkbox"/>
<b>3</b>	<b>Draft Mills Act Historical Property Contract</b> 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 checked="" type="checkbox"/> NO <input type="checkbox"/>
<b>4</b>	<b>Notary Acknowledgement Form</b> Is the Acknowledgement Form complete? Do the signatures match the names and capacities of signers?	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
<b>5</b>	<b>Draft Rehabilitation/Restoration/Maintenance Plan</b> 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 checked="" type="checkbox"/> NO <input type="checkbox"/>
<b>6</b>	<b>Photographic Documentation</b> Have you provided both interior and exterior images (either digital, printed, or on a CD)? Are the images properly labeled?	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
<b>7</b>	<b>Site Plan</b> Does your site plan show all buildings on the property including lot boundary lines, street name(s), north arrow and dimensions?	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
<b>8</b>	<b>Tax Bill</b> Did you include a copy of your most recent tax bill?	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
<b>9</b>	<b>Rental Income Information</b> Did you include information regarding any rental income on the property?	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
<b>10</b>	<b>Payment</b> 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 checked="" 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: <u>Brandon J. Miller</u>	TELEPHONE: <u>(415) 254-8883</u>
PROPERTY OWNER 1 ADDRESS: <u>567 Waller Street, SF, CA 94117</u>	EMAIL: <u>brandanjaymiller@yahoo.com</u>
PROPERTY OWNER 2 NAME: <u>Jay S. Zalewski</u>	TELEPHONE: <u>415 652-7121</u>
PROPERTY OWNER 2 ADDRESS: <u>567 Waller Street, SF, CA 94117</u>	EMAIL: <u>jayzalewski@gmail.com</u>
PROPERTY OWNER 3 NAME:	TELEPHONE: ( )
PROPERTY OWNER 3 ADDRESS:	EMAIL:

## 2. Subject Property Information

PROPERTY ADDRESS: <u>563-565-567 Waller Street</u>	ZIP CODE: <u>94117</u>
PROPERTY PURCHASE DATE: <u>July 30, 2007</u>	ASSESSOR BLOCK/LOT(S): <u>0865 / 025</u>
MOST RECENT ASSESSED VALUE: <u>\$1,985,272</u>	ZONING DISTRICT: <u>Residential Transit Oriented</u>


Are taxes on all property owned within the City and County of San Francisco paid to date? YES  NO


Is the entire property owner-occupied? YES  NO   
If No, please provide an approximate square footage for owner-occupied areas vs. rental income (non-owner-occupied areas) on a separate sheet of paper.

Do you own other property in the City and County of San Francisco? YES  NO   
If Yes, please list the addresses for all other property owned within the City of San Francisco on a separate sheet of paper.

Are there any outstanding enforcement cases on the property from the San Francisco Planning Department or the Department of Building Inspection? YES  NO   
If yes, all outstanding enforcement cases must be abated and closed for eligibility for the Mills Act.

I/we am/are the present owner(s) of the property described above and hereby apply for an historical property contract.

Owner Signature:  Date: 5/1/2014

Owner Signature:  Date: 5/1/2014

Owner Signature: \_\_\_\_\_ Date: \_\_\_\_\_

3. Property Value Eligibility:

Choose one of the following options:

The property is a Residential Building valued at less than \$3,000,000.	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
The property is a Commercial/Industrial Building valued at less than \$5,000,000.	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>

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

Application for Exemption from Property Tax Valuation *N/A*

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:
<i>Brandon J. Miller</i>
<i>Jay S. Zalewski</i>
MOST RECENT ASSESSED PROPERTY VALUE:
<i>\$1,985,272</i>
PROPERTY ADDRESS:
<i>563-567 Waller St., San Francisco, CA 94117</i>

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: <i>[Signature]</i>	Date: <i>5/1/2014</i>
Owner Signature: <i>[Signature]</i>	Date: <i>5/1/2014</i>
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 checked="" 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 checked="" 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 checked="" 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 checked="" 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 checked="" type="checkbox"/>	Maintenance <input type="checkbox"/> Completed <input checked="" type="checkbox"/> Proposed <input type="checkbox"/>
CONTRACT YEAR FOR WORK COMPLETION: 2012	
TOTAL COST (rounded to nearest dollar): \$ 423,518	
DESCRIPTION OF WORK	
Foundation replaced, garage installed, Front Doors and handrails replaced.	

\* see attached

## 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.

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.

## Real Estate Ownership

In addition to the 563-567 Waller Street building, Brandon Miller and Jay Zalewski also jointly own the building at 3045-3047 Market St., San Francisco, CA 94114.

## Owner-Occupancy versus Rental Information

563-567 Waller St. is a 3 unit building totaling 5,558 sq ft of living area. Unit 563 is 1,462 sq feet and is tenant occupied. Unit 565 is 1,592 sq feet and is tenant occupied. Unit 567 is 1,592 sq feet, (plus an additional 912 sq ft of unfinished/unoccupied attic space) and is owner occupied.



Rental Income Information for 563-567 Waller St., San Francisco, CA 94117

Unit 563 is currently rented for \$2,692 per month.

Unit 565 is currently rented for \$3,872 per month.

Unit 567 is owner occupied.

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)

563-567 Waller Street

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 Brandon Miller & Jay Zalawski ("Owner/s").

RECITALS

Owners are the owners of the property located at 563-567 Waller Street, in San Francisco, California  
0865 / 025 . The building located at 563-567 Waller Street  
BLOCK NUMBER LOT NUMBER PROPERTY ADDRESS

is designated as a City Landmark pursuant to Article 10 of the Planning Code (e.g. "a City Landmark pursuant to Article 10 of the Planning Code") and is also known as the \_\_\_\_\_  
HISTORIC NAME OF PROPERTY (IF ANY)

Owners desire to execute a rehabilitation and ongoing maintenance project for the Historic Property. Owners' application calls for the rehabilitation and restoration of the Historic Property according to established preservation standards, which it estimates will cost approximately \_\_\_\_\_ (\$ \_\_\_\_\_). See Rehabilitation Plan, Exhibit A.  
AMOUNT IN WORD FORMAT AMOUNT IN NUMERICAL FORMAT

Owners' application calls for the maintenance of the Historic Property according to established preservation standards, which is estimated will cost approximately \_\_\_\_\_ (\$ \_\_\_\_\_) annually. See Maintenance Plan, Exhibit B.  
AMOUNT IN WORD FORMAT AMOUNT IN NUMERICAL FORMAT

The State of California has adopted the "Mills Act" (California Government Code Sections 50280-50290, and California Revenue & Taxation Code, Article 1.9 [Section 439 et seq.) authorizing local governments to enter into agreements with property owners to reduce their property taxes, or to prevent increases in 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 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.

### 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.

Within 20 days from the date of execution of this Agreement, the City shall cause this Agreement to be recorded with the Office of the Recorder of the City and County of San Francisco.

22. Amendments.

This Agreement may be amended in whole or in part only by a written recorded instrument executed by the parties hereto in the same manner as this Agreement.

23. No Implied Waiver.

No failure by the City to insist on the strict performance of any obligation of the Owners under this Agreement or to exercise any right, power, or remedy arising out of a breach hereof shall constitute a waiver of such breach or of the City's right to demand strict compliance with any terms of this Agreement.

24. Authority.

If the Owners sign as a corporation or a partnership, each of the persons executing this Agreement on behalf of the Owners does hereby covenant and warrant that such entity is a duly authorized and existing entity, that such entity has and is qualified to do business in California, that the Owner has full right and authority to enter into this Agreement, and that each and all of the persons signing on behalf of the Owners are authorized to do so.

25. Severability.

If any provision of this Agreement is determined to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each other provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

26. Tropical Hardwood Ban.

The City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood or tropical hardwood product.

27. Charter Provisions.

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

28. Signatures.

This Agreement may be signed and dated in parts

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

CARMEN CHU  
ASSESSOR-RECORDER

Date

JOHN RAHAIM  
DIRECTOR OF PLANNING

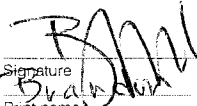
Date

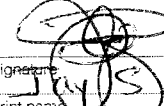
APPROVED AS PER FORM:  
DENNIS HERRERA  
CITY ATTORNEY

Signature

Date

Print name  
DEPUTY CITY ATTORNEY

  
Signature  
Print name  
OWNER  
Date  
5/1/2014

  
Signature  
Print name  
OWNER  
Date  
5/1/2014

Signature  
Date  
Print name  
OWNER

Owner/s' signatures must be notarized. Attach notary forms to the end of this agreement.  
(If more than one owner, add additional signature lines. All owners must sign this agreement.)

7. Notary Acknowledgment Form

The notarized signature of the majority representative owner or owners, as established by deed or contract, of the subject property or properties is required for the filing of this application. (Additional sheets may be attached.)

State of California

County of: San Francisco

On: May 1, 2014 before me, Chyrlene Dionela Gammad  
DATE INSERT NAME OF THE OFFICER

NOTARY PUBLIC personally appeared: Jay Steven Zalewski  
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.

Chyrlene Dionela Gammad  
SIGNATURE



( PLACE NOTARY SEAL ABOVE )



**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California

County of San Francisco

On May 1, 2014 before me, Chrylyne Dionela Gammad, Notary Public

personally appeared Jay Steven Zaleski and Brandon Jay Miller



Place Notary Seal Above

who proved to me on the basis of satisfactory evidence to be the person(s) whose 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 Chrylyne Dionela Gammad  
Signature of Notary Public

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Description of Attached Document**

Title or Type of Document: Mills Act Historical Property Contract

Document Date: May 1, 2014 Number of Pages: 14

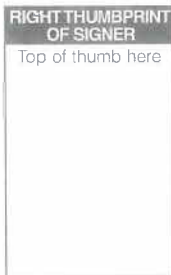
Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_

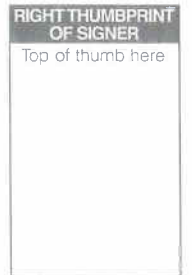
Signer Is Representing: \_\_\_\_\_



Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_



SUBJECT PHOTOGRAPH ADDENDUM

File No. TSI-040413-0781-1

Borrower/Client	MILLER, ZALEWSKI		
Property Address	563-567 Waller St		
City	San Francisco	County	San Francisco State CA Zip Code 94117
Lender	TSI Quicken Loans, Inc		



FRONT OF SUBJECT PROPERTY

Subject Front \_\_\_\_\_  
 563-567 Waller St \_\_\_\_\_  
 Sales Price: \_\_\_\_\_



REAR OF SUBJECT PROPERTY

Subject Rear \_\_\_\_\_  
 563-567 Waller St \_\_\_\_\_  
 Sales Price: \_\_\_\_\_



STREET SCENE

Subject Street \_\_\_\_\_  
 563-567 Waller St \_\_\_\_\_  
 Sales Price: \_\_\_\_\_

SUBJECT PHOTOGRAPH ADDENDUM

File No. TSI-040413-0781-1

Borrower/Client	MILLER, ZALEWSKI
Property Address	563-567 Waller St
City	San Francisco
County	San Francisco
State	CA
Zip Code	94117
Lender	TSI
	Quicken Loans, Inc



ADDITIONAL SUBJECT PHOTO

Subject Street \_\_\_\_\_  
 563-567 Waller St \_\_\_\_\_  
 \_\_\_\_\_



ADDITIONAL SUBJECT PHOTO

Subject \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_



ADDITIONAL SUBJECT PHOTO

Subject lower hallway \_\_\_\_\_  
 563-567 Waller St \_\_\_\_\_  
 \_\_\_\_\_



ADDITIONAL PHOTOGRAPH ADDENDUM

File No. TSI-040413-0781-1

Borrower/Client	MILLER, ZALEWSKI		
Property Address	563-567 Waller St		
City	San Francisco	County	San Francisco State CA Zip Code 94117
Lender	TSI Quicken Loans, Inc		



Additional Subject Photo \_\_\_\_\_  
 Subject lower LR \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_



Additional Subject Photo \_\_\_\_\_  
 Subject lower DR \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_



Additional Subject Photo \_\_\_\_\_  
 Subject lower bed \_\_\_\_\_  
 563-567 Waller St \_\_\_\_\_  
 \_\_\_\_\_

ADDITIONAL PHOTOGRAPH ADDENDUM

File No. TSI-040413-0781-1

Borrower/Client	MILLER, ZALEWSKI		
Property Address	563-567 Waller St		
City	San Francisco	County	San Francisco
		State	CA
		Zip Code	94117
Lender	TSI Quicken Loans, Inc		



Additional Subject Photo

Subject lower bath

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Additional Subject Photo

Subject lower bath

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Additional Subject Photo

Subject lower bed

563-567 Waller St

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ADDITIONAL PHOTOGRAPH ADDENDUM

File No. TSI-040413-0781-1

Borrower/Client	MILLER, ZALEWSKI		
Property Address	563-567 Waller St		
City	San Francisco	County	San Francisco
		State	CA
		Zip Code	94117
Lender	TSI Quicken Loans, Inc		



Additional Subject Photo \_\_\_\_\_  
 Subject lower family \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_



Additional Subject Photo \_\_\_\_\_  
 Subject lower family \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_



Additional Subject Photo \_\_\_\_\_  
 Subject family kit \_\_\_\_\_  
 563-567 Waller St \_\_\_\_\_  
 \_\_\_\_\_



ADDITIONAL PHOTOGRAPH ADDENDUM

File No. TSI-040413-0781-1

Borrower/Client	MILLER, ZALEWSKI		
Property Address	563-567 Waller St		
City	San Francisco	County	San Francisco
		State	CA
		Zip Code	94117
Lender	TSI Quicken Loans, Inc		



Additional Subject Photo

Subject lower laundry

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Additional Subject Photo

Subject middle bed

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Additional Subject Photo

Subject middle LR

563-567 Waller St

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ADDITIONAL PHOTOGRAPH ADDENDUM

File No. TSI-040413-0781-1

Borrower/Client	MILLER, ZALEWSKI		
Property Address	563-567 Waller St		
City	San Francisco	County	San Francisco
State	CA	Zip Code	94117
Lender	TSI Quicken Loans, Inc		



Additional Subject Photo  
Subject middle DR  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



Additional Subject Photo  
middle bath  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



Additional Subject Photo  
middle bath  
563-567 Waller St  
\_\_\_\_\_  
\_\_\_\_\_



ADDITIONAL PHOTOGRAPH ADDENDUM

File No. TSI-040413-0781-1

Borrower/Client	MILLER, ZALEWSKI		
Property Address	563-567 Waller St		
City	San Francisco	County	San Francisco State CA Zip Code 94117
Lender	TSI Quicken Loans, Inc		



Additional Subject Photo

Subject middle bed

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Additional Subject Photo

Subject middle family

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Additional Subject Photo

Subject middle kit

563-567 Waller St

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ADDITIONAL PHOTOGRAPH ADDENDUM

File No. TSI-040413-0781-1

Borrower/Client	MILLER, ZALEWSKI		
Property Address	563-567 Waller St		
City	San Francisco	County	San Francisco
		State	CA
		Zip Code	94117
Lender	TSI		
			Quicken Loans, Inc



Additional Subject Photo

Subject middle laundry

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Additional Subject Photo

Subject upper LR

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Additional Subject Photo

Subject upper bed

563-567 Waller St

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ADDITIONAL PHOTOGRAPH ADDENDUM

File No. TSI-040413-0781-1

Borrower/Client	MILLER, ZALEWSKI		
Property Address	563-567 Waller St		
City	San Francisco	County	San Francisco
		State	CA
		Zip Code	94117
Lender	TSI Quicken Loans, Inc		



Additional Subject Photo

Subject upper stairs

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Additional Subject Photo

Subject upper DR

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Additional Subject Photo

Subject upper bath

563-567 Waller St

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ADDITIONAL PHOTOGRAPH ADDENDUM

File No. TSI-040413-0781-1

Borrower/Client <u>MILLER, ZALEWSKI</u>	
Property Address <u>563-567 Waller St</u>	
City <u>San Francisco</u>	County <u>San Francisco</u> State <u>CA</u> Zip Code <u>94117</u>
Lender <u>TSI</u>	<u>Quicken Loans, Inc</u>



Additional Subject Photo  
 Subject upper bath  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_



Additional Subject Photo  
 upper bed  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

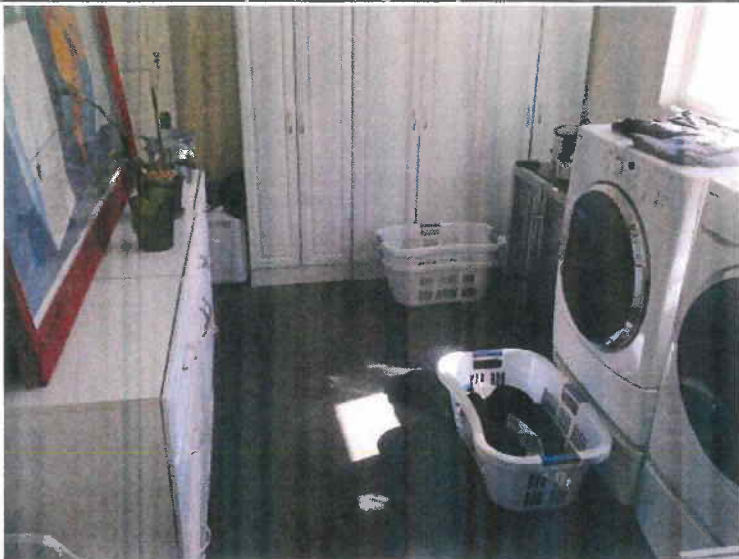


Additional Subject Photo  
 Subject upper family  
 563-567 Waller St  
 \_\_\_\_\_  
 \_\_\_\_\_

ADDITIONAL PHOTOGRAPH ADDENDUM

File No. TSI-040413-0781-1

Borrower/Client	MILLER, ZALEWSKI		
Property Address	563-567 Waller St		
City	San Francisco	County	San Francisco State CA Zip Code 94117
Lender	TSI Quicken Loans, Inc		



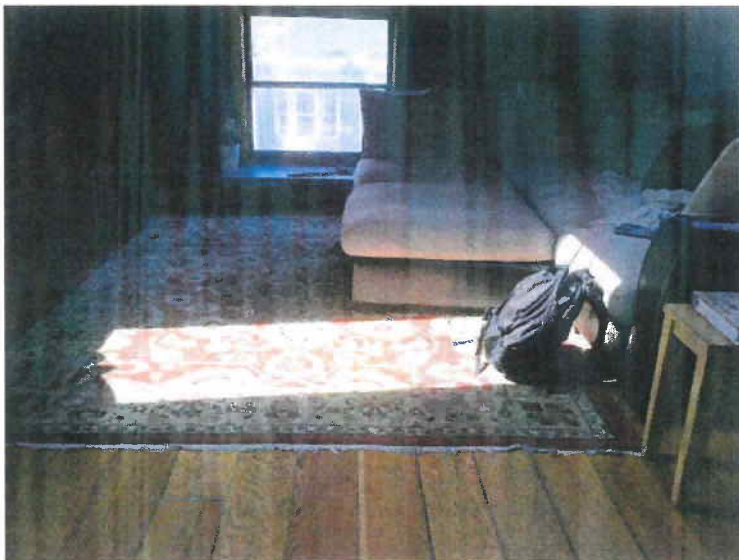
Additional Subject Photo

Subject upper laundry



Additional Subject Photo

Subject upper kit



Additional Subject Photo

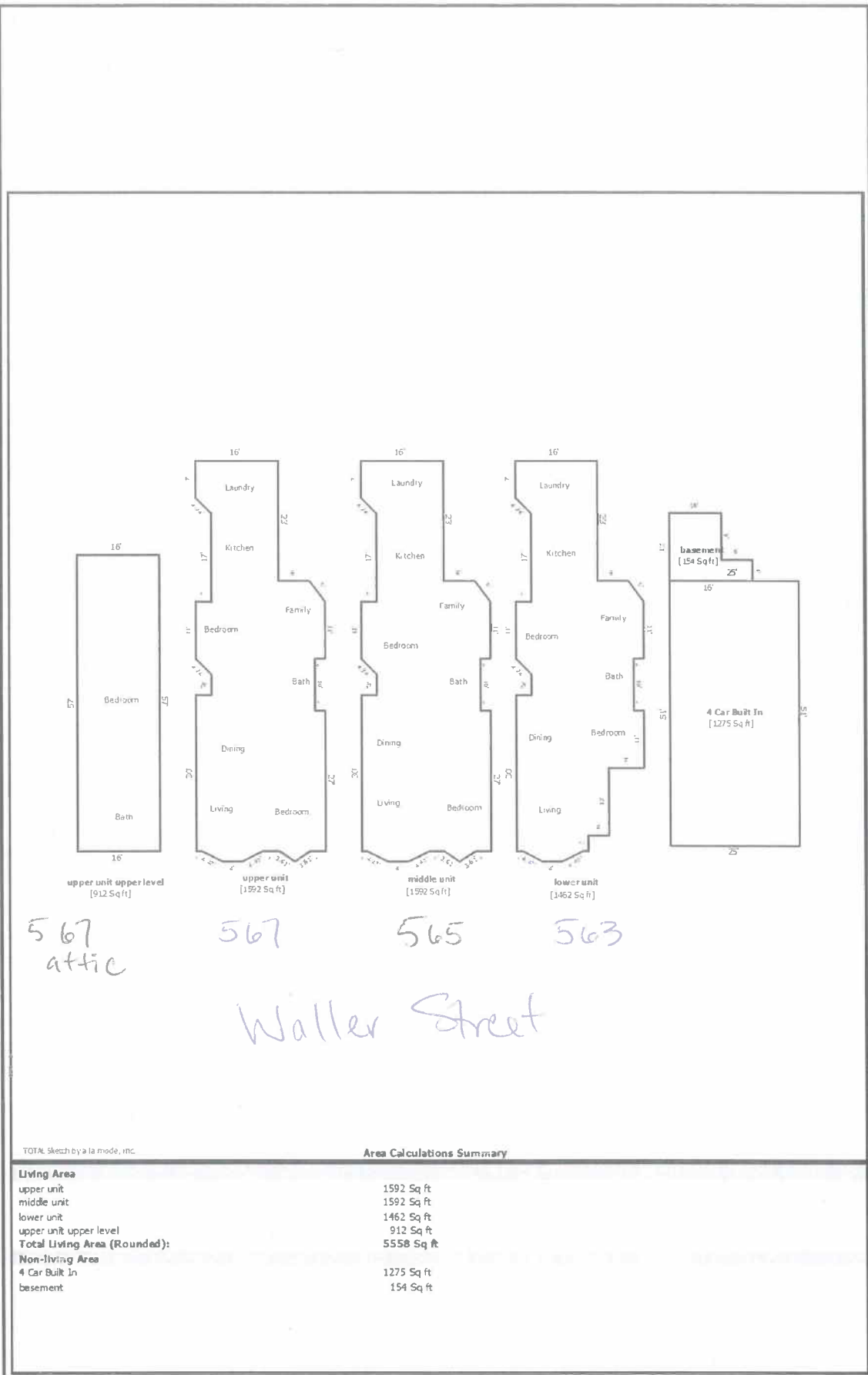
Subject upper bed

563-567 Waller St

SKETCH ADDENDUM

File No. TSI-040413-0781-1

Borrower/Cient MILLER, ZALEWSKI  
 Property Address 563-567 Waller St  
 City San Francisco County San Francisco State CA Zip Code 94117  
 Lender TSI Quicken Loans, Inc



TOTAL Sketch by a la mode, inc.

Area Calculations Summary	
<b>Living Area</b>	
upper unit	1592 Sq ft
middle unit	1592 Sq ft
lower unit	1462 Sq ft
upper unit upper level	912 Sq ft
<b>Total Living Area (Rounded):</b>	<b>5558 Sq ft</b>
<b>Non-living Area</b>	
4 Car Built In	1275 Sq ft
basement	154 Sq ft

## SKETCH ADDENDUM

File No. TSI-040413-0781-1

Borrower/Client	MILLER, ZALEWSKI		
Property Address	563-567 Waller St		
City	San Francisco	County	San Francisco
		State	CA
		Zip Code	94117
Lender	TSI Quicken Loans, Inc		

Living Area		Calculation Details
upper unit	1592 Sq ft	$0.5 \times 4 \times 2 = 4$ $0.5 \times 2 \times 4 = 4$ $4 \times 2 = 8$ $0.5 \times 3 \times 3 = 4.5$ $11 \times 3 = 33$ $16 \times 7 = 112$ $0.5 \times 3 \times 3 = 4.5$ $13 \times 3 = 39$ $13 \times 13 = 169$ $0.5 \times 4 \times 3 = 6$ $19 \times 4 = 76$ $22 \times 11 = 242$ $20 \times 7 = 140$ $23 \times 3 = 69$ $25 \times 27 = 675$ $0.5 \times 6 \times 2 = 6$
middle unit	1592 Sq ft	$0.5 \times 4 \times 2 = 4$ $0.5 \times 2 \times 4 = 4$ $4 \times 2 = 8$ $0.5 \times 3 \times 3 = 4.5$ $11 \times 3 = 33$ $16 \times 7 = 112$ $0.5 \times 3 \times 3 = 4.5$ $13 \times 3 = 39$ $13 \times 13 = 169$ $0.5 \times 4 \times 3 = 6$ $19 \times 4 = 76$ $22 \times 11 = 242$ $20 \times 7 = 140$ $23 \times 3 = 69$ $25 \times 27 = 675$ $0.5 \times 6 \times 2 = 6$
lower unit	1462 Sq ft	$0.5 \times 3 \times 3 = 4.5$ $11 \times 3 = 33$ $0.5 \times 4 \times 2 = 4$ $0.5 \times 2 \times 4 = 4$ $4 \times 2 = 8$ $16 \times 7 = 112$ $14 \times 3 = 42$ $18 \times 13 = 234$ $25 \times 11 = 275$ $23 \times 3 = 69$ $20 \times 7 = 140$ $22 \times 11 = 242$ $13 \times 3 = 39$ $0.5 \times 3 \times 3 = 4.5$ $13 \times 13 = 169$ $4 \times 19 = 76$ $0.5 \times 4 \times 3 = 6$
upper unit upper level	912 Sq ft	$57 \times 16 = 912$
<b>Total Living Area (Rounded):</b>	<b>5558 Sq ft</b>	
<b>Non-living Area</b>		
4 Car Built In	1275 Sq ft	$51 \times 25 = 1275$
basement	154 Sq ft	$10 \times 9 = 90$ $16 \times 4 = 64$

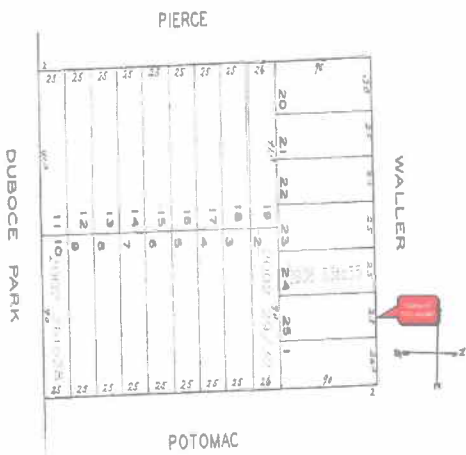
PLAT MAP ADDENDUM

File No. TSI-040413-0781-1

Borrower/Client	MILLER, ZALEWSKI		
Property Address	563-567 Waller St		
City	San Francisco	County	San Francisco State CA Zip Code 94117
Lender	TSI Quicken Loans, Inc		

THIS MAP WAS PREPARED BY THE COUNTY OF SAN FRANCISCO, CALIFORNIA, UNDER THE SUPERVISION OF THE COUNTY CLERK, AND IS SUBJECT TO THE PUBLIC RECORDS ACT. THE COUNTY CLERK'S OFFICE IS NOT RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION CONTAINED HEREIN.

THE INFORMATION CONTAINED ON THIS MAP IS FOR INFORMATIONAL PURPOSES ONLY AND DOES NOT CONSTITUTE AN OFFER OF ANY FINANCIAL PRODUCT OR SERVICE. THE INFORMATION IS NOT INTENDED TO BE USED AS A BASIS FOR ANY INVESTMENT DECISION. THE INFORMATION IS NOT INTENDED TO BE USED AS A BASIS FOR ANY INVESTMENT DECISION.



MARION TRACT





City & County of San Francisco  
 José Cisneros, Treasurer  
 David Augustine, Tax Collector  
 Secured Property Tax Bill

1 Dr. Carlton B. Goodlett Place  
 City Hall, Room 140  
 San Francisco, CA 94102  
 www.sftreasurer.org

For Fiscal Year July 1, 2013 through June 30, 2014

Vol 06	Block 0865	Lot 025	Account Number 086500250	Tax Rate 1.1880%	Statement Date 10/02/2013	Property Location 563 WALLER ST
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Assessed on January 1, 2013

To: ZALEWSKI JAY S

**BRANDON J MILLER 2013 REVOC  
 BRANDON J MILLER TRUSTEE  
 4677 18TH ST  
 SAN FRANCISCO CA 94114-1833**

Assessed Value		
Description	Full Value	Tax Amount
Land	1,343,996	15,966.67
Structure	641,276	7,618.35
Fixtures		
Personal Property		
Gross Taxable Value	1,985,272	23,585.03
Less HO Exemption	7,000	83.16
Less Other Exemption		
<b>Net Taxable Value</b>	<b>1,978,272</b>	<b>\$23,501.87</b>

**Direct Charges and Special Assessments**

Code	Type	Telephone	Amount Due
29	RENT STABILIZATION	(415) 554-4452	58.00
89	SFUSD FACILITY DIST	(415) 355-2203	51.00
91	SFCCD PARCEL TAX	(415) 487-2400	79.00
92	APARTMENT LIC. FEE	(415) 558-6288	326.00
98	SF - TEACHER SUPPORT	(415) 355-2203	219.64
<b>Total Direct Charges and Special Assessments</b>			<b>\$733.64</b>

**► TOTAL DUE \$24,235.50**

1st Installment	2nd Installment
\$12,117.75	\$12,117.75
Due: November 1, 2013 Delinquent after Dec 10, 2013	Due: February 1, 2014 Delinquent after April 10, 2014

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



# SAN FRANCISCO PLANNING DEPARTMENT

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## Historic Preservation Commission Draft Resolution

HEARING DATE OCTOBER 1, 2014

*Hearing Date:* October 1, 2014  
*Filing Dates:* May 1, 2014  
*Case No.:* 2014.0746U  
*Project Address:* **621 Waller St.**  
*Landmark District:* Duboce Park Landmark District  
*Zoning:* RTO (Residential Transit Oriented) District  
40-X Height and Bulk District  
*Block/Lot:* 0864/023  
*Applicant:* Renee and Claude Zellweger  
621 Waller St.  
San Francisco, CA 94117  
*Staff Contact:* Eiliesh Tuffy – (415) 575-9191  
eiliesh.tuffy@sfgov.org  
*Reviewed By:* Tim Frye – (415) 575-6822  
[tim.frye@sfgov.org](mailto:tim.frye@sfgov.org)

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

Reception:  
**415.558.6378**

Fax:  
**415.558.6409**

Planning  
Information:  
**415.558.6377**

### **ADOPTING FINDINGS RECOMMENDING TO THE BOARD OF SUPERVISORS APPROVAL OF THE MILLS ACT HISTORICAL PROPERTY CONTRACT, REHABILITATION PROGRAM, AND MAINTENANCE PLAN FOR 621 WALLER STREET:**

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

**WHEREAS**, the Mills Act authorizes local governments to enter into contracts with owners of private historical property who assure the rehabilitation, restoration, preservation and maintenance of a qualified historical property; and

**WHEREAS**, Ordinance No. 191-96 amended the San Francisco Administrative Code by adding Chapter 71 to implement California Mills Act, California Government Code Sections 50280 *et seq.*; and

**WHEREAS**, the existing building located at 621 Waller Street and is listed under Article 10 of the San Francisco Planning Code Planning Code as a contributor to the Duboce Park Landmark District and thus qualifies as a historic property; and

**WHEREAS**, the Planning Department has reviewed the Mills Act application, historical property contract, rehabilitation program, and maintenance plan for 621 Waller Street, which are located in Case

Docket No. 2014.0746U. The Planning Department recommends approval of the Mills Act historical property contract, rehabilitation program, and maintenance plan; and

**WHEREAS**, the Historic Preservation Commission (HPC) recognizes the historic building at 621 Waller Street as an historical resource and believes the rehabilitation program and maintenance plan are appropriate for the property; and

**WHEREAS**, at a duly noticed public hearing held on October 1, 2014, the Historic Preservation Commission reviewed documents, correspondence and heard oral testimony on the Mills Act application, historical property contract, rehabilitation program, and maintenance plan for 621 Waller Street, which are located in Case Docket No. 2014.0746U. The Historic Preservation Commission recommends approval of the Mills Act historical property contract, rehabilitation program, and maintenance plan.

**THEREFORE BE IT RESOLVED** that the Historic Preservation Commission hereby recommends that the Board of Supervisors approve the Mills Act historical property contract, rehabilitation program, and maintenance plan for the historic building located at 621 Waller Street.

**BE IT FURTHER RESOLVED** that the Historic Preservation Commission hereby directs its Commission Secretary to transmit this Resolution, the Mills Act historical property contract, rehabilitation program, and maintenance plan for 621 Waller Street, and other pertinent materials in the case file 2014.0746U to the Board of Supervisors.

I hereby certify that the foregoing Resolution was ADOPTED by the Historic Preservation Commission on October 1, 2014.

Jonas P. Ionin  
Commissions Secretary

AYES:

NOES:

ABSENT:

ADOPTED:

# Site Photo



Historic Preservation Commission

Case No. 2014.0746U

Mills Act Historical Property Contract

621 Waller Street



# Aerial Photo



Historic Preservation Commission

**Case No. 2014.0746U**

Mills Act Historical Property Contract

621 Waller Street

**EXHIBIT A:**

**DRAFT MILLS ACT HISTORICAL PROPERTY CONTRACT**

Recording Requested by, and  
when recorded, send notice to:  
Director of Planning  
1650 Mission Street  
San Francisco, California 94103-2414

**CALIFORNIA MILLS ACT  
HISTORIC PROPERTY AGREEMENT  
621 WALLER STREET  
SAN FRANCISCO, CALIFORNIA**

THIS AGREEMENT is entered into by and between the City and County of San Francisco, a California municipal corporation ("City") and Claude Zellweger and Renee Zellweger ("Owners").

**RECITALS**

Owners are the owners of the property located at 621 Waller Street, in San Francisco, California (Block 0864, Lot 023). The building located at 621 Waller Street is designated as a contributor to the Duboce Park Landmark District pursuant to Article 10 of the Planning Code and is also known as the ("Historic Property").

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 one hundred seventeen thousand five hundred dollars (\$117,500). (See Rehabilitation Plan, Exhibit A.) Owners' application calls for the maintenance of the Historic Property according to established preservation standards, which is estimated will cost approximately one thousand two hundred and fifty dollars (\$1,250) annually (See Maintenance Plan, Exhibit B).

The State of California has adopted the "Mills Act" (California Government Code Sections 50280-50290, and California Revenue & Taxation Code, Article 1.9 [Section 439 et seq.]) authorizing local governments to enter into agreements with property Owners to reduce their property taxes, or to prevent increases in their property taxes, in return for improvement to and maintenance of historic properties. 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 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.

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. Within 20 days from the date of execution of this Agreement, the City shall cause this Agreement to be recorded with the Office of the 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:

CITY AND COUNTY OF SAN FRANCISCO:

By: \_\_\_\_\_  
Carmen Chu  
Assessor-Recorder

DATE: \_\_\_\_\_

By: \_\_\_\_\_  
John Rahaim  
Director of Planning

DATE: \_\_\_\_\_

APPROVED AS TO FORM:  
DENNIS J. HERRERA  
CITY ATTORNEY

By: \_\_\_\_\_  
Andrea Ruiz-Esquide, Deputy City Attorney

DATE: \_\_\_\_\_

OWNERS

By: \_\_\_\_\_  
Claude Zellweger, Owner

DATE: \_\_\_\_\_

By: \_\_\_\_\_  
Renee Zellweger, Owner

DATE: \_\_\_\_\_

OWNER(S)' SIGNATURE(S) MUST BE NOTARIZED.

ATTACH PUBLIC NOTARY FORMS HERE.

**EXHIBIT B:**  
**DRAFT REHABILITATION AND MAINTENANCE PLAN**

## 621 Waller Street Rehabilitation and Maintenance Plan

SCOPE #1
Rehab/Restoration <input checked="" type="checkbox"/> Proposed <input checked="" type="checkbox"/>
Contract Year Work Completion: 2016
Total Cost (rounded to the nearest dollar): \$18,250
Description of Work
Repair existing ornamental wrought iron (at front stair rails and porch eaves) where deteriorated or replacement with a comparable, period-appropriate rail system as reviewed by Planning Department preservation staff. Repair work to iron elements will include removal of rust, preparation of surfaces for priming and painting. Finish treatment will include 1 coat of primer and 2 coats of finish paint. Work will be in accordance with the Secretary of the Interior's <i>Standards for Rehabilitation</i> , specifically Standards 2, 5, 6 and 9. Supplemental or replacement rail systems will be selected with guidance from the National Park Service's publication, <i>ITS Number 46: Modifying Historic Interior Railings to Meet Building Code</i> (May 2007).

SCOPE #2
Rehab/Restoration <input checked="" type="checkbox"/> Proposed <input checked="" type="checkbox"/>
Contract Year Work Completion: 2016
Total Cost (rounded to the nearest dollar): \$17,800
Description of Work
Repair of existing wood windows on the front elevation, either as single-pane glazing or retrofitted to accept double glazing in the existing wood sashes. Where retention of the existing wood windows is not possible on the front elevation, all-wood replacement windows will match the historic wood windows in material, dimension, profiles and ogee lug moulding detail. Glazing will be transparent, and will not have added tint or low-e glazing treatment. Repair work will be conducted in accordance with the National Park Service's <i>Preservation Brief #9: The Repair of Historic Wooden Windows</i> .
Windows not publicly visible from Waller Street will be replaced in-kind with historically appropriate, double-hung wood sash windows, to include either single or double glazing. The design of any new windows will replicate the material, dimensions, and sash profiles of the existing (presumed original) double-hung wood windows with ogee lugs.
Maintenance of the windows will be done in accordance with the National Park Service's <i>Preservation Brief #47: Maintaining the Exterior of Small and Medium Size Historic Buildings</i> .

SCOPE #3
Rehab/Restoration <input checked="" type="checkbox"/> Proposed <input checked="" type="checkbox"/>
Contract Year Work Completion: 2014
Total Cost (rounded to the nearest dollar): \$22,500
Description of Work
Site grading and drainage work from the north elevation to the front property line to direct water away from the foundation walls and front staircase structure. Accessibility improvements to the ground floor egress door on the north elevation. Re-grading plan and replacement walkway materials will be compatible with the character of the property, and adhere to the Secretary of the Interior's <i>Standards for Rehabilitation</i> , specifically Standard 1 as well as the National Park Service's <i>Preservation Brief #39: Holding the Line: Controlling Unwanted Moisture in Historic Buildings</i> .

## 621 Waller Street Rehabilitation and Maintenance Plan

SCOPE #4
Rehab/Restoration <input checked="" type="checkbox"/> Proposed <input checked="" type="checkbox"/>
Contract Year Work Completion: 2014
Total Cost (rounded to the nearest dollar): \$37,500
Description of Work
<p>Waterproofing of the exterior building envelope to repair leaks along the south elevation and inhibit further moisture infiltration to the wall cavities and building interior. This work will necessitate the repair and/or reconstruction of the existing rear balconies to apply new waterproofing membrane and flashing. Structural supports may be added per Planning Code allowances to alleviate separation of the balcony from the wall plane. Replacement balcony surface will be rebuilt with a minimum 2% slope to shed water away from the building. Repair interior ceiling damage caused by leak at south wall of the property. New interior ceiling finish will match the existing in material, texture and finish.</p> <p>Work to the building envelope will be in accordance with the National Park Service's <i>Preservation Brief #39: Holding the Line: Controlling Unwanted Moisture in Historic Buildings</i> and <i>Preservation Brief #47: Maintaining the Exterior of Small and Medium Size Historic Buildings</i>.</p>

SCOPE #5
Rehab/Restoration <input checked="" type="checkbox"/> Proposed <input checked="" type="checkbox"/>
Contract Year Work Completion: 2018
Total Cost (rounded to the nearest dollar): \$21,450
Description of Work
<p>Repaint exterior. Prior to painting, any loose and flaking paint will be thoroughly removed. The new exterior paint will be applied using 1 primer coat and 2 finish coats to ensure the greatest longevity of the finished surfaces.</p> <p>Once the house has been repainted, we will inspect the wooden elements of the façade approximately every 3 years and repaint as necessary. If any damage or deterioration is found, the extent and nature of the damage will be assessed. Any needed repairs will avoid altering, removing or obscuring character-defining features of the building. If any elements are determined to be damaged or deteriorated beyond repair, replacements will be made in kind with new wood elements to match the historic building material.</p> <p>Painting and maintenance of painted exterior elements will be undertaken in accordance with the National Park Service's <i>Preservation Brief #10: Exterior Paint Problems on Historic Woodwork</i> and <i>Preservation Brief #47: Maintaining the Exterior of Small and Medium Size Historic Buildings</i>.</p>

SCOPE #6
Maintenance <input checked="" type="checkbox"/> Proposed <input checked="" type="checkbox"/>
Contract Year Work Completion: Ongoing
Total Cost (rounded to the nearest dollar): \$1,000 - \$6,000
Description of Work
<p>We will service our gutters and downspouts approximately every other year, removing debris and inspecting for leaks. As such time we will confirm that the downspouts direct water away from the house and that no water is infiltrating the foundation. If any drainage issues are found, we will repair or replace the gutters and downspouts as necessary. Repair or replacement of the gutters will avoid altering, removing or obscuring character-defining features of the building. Work will be done in accordance with the National Park Service's <i>Preservation Brief #47: Maintaining the Exterior of Small and Medium Size Historic Buildings</i>.</p>



## 621 Waller Street Rehabilitation and Maintenance Plan

SCOPE #7
Rehab/Restoration <input checked="" type="checkbox"/> Proposed <input checked="" type="checkbox"/>
Contract Year Work Completion: 2020
Total Cost (rounded to the nearest dollar): \$50,000 - \$60,000
Description of Work
We will engage a licensed roofing contractor to assess the current roof, which was deemed to be in very good condition at a 2010 inspection. We will then either repair or replace the roof with new asphalt/composition shingles, based on inspection results. Installation of the new roof, when necessary, will avoid any changes to the roof structure, removing or obscuring character-defining features of the building, including decorative elements in the gable ends, as well as eave trim and moldings. Roof replacement will be done in accordance with the National Park Service's <i>Preservation Brief #47: Maintaining the Exterior of Small and Medium Size Historic Buildings</i> .

SCOPE #8
Maintenance <input checked="" type="checkbox"/> Proposed <input checked="" type="checkbox"/>
Contract Year Work Completion: Ongoing
Total Cost (rounded to the nearest dollar):
Description of Work
Once the roof has been replaced or repaired, we will conduct periodic inspections approximately every 5 years to ensure that it remains in good condition. Any needed repairs will avoid altering, removing or obscuring character-defining features of the building. Roof inspections will be done in accordance with the National Park Service's <i>Preservation Brief #47: Maintaining the Exterior of Small and Medium Size Historic Buildings</i> .

SCOPE 1

**Matthew Figlietti and Associates**

465 E Street  
Colma, CA 94014

Estimate

Date	Estimate #
5/27/2014	2014-5-3

<b>Client</b>
Claude and Renee Zellweger 621 Waller Street San Francisco, CA 94117

PLANNED FOR: 2014

			Project
Description	Qty	Rate	Total
Repair existing ornamental wrought iron (at front stair rails and porch eaves) where deteriorated or replacement with a comparable, period appropriate rail system as reviewed by Planning Department preservation staff. Repair work to iron elements will include removal of rust, preparation of surfaces for priming and painting. Finish treatment will include one coat of primer and two coats of finish paint. Work will be in accordance with the Secretary of the Interior's Standards for Rehabilitation, specifically Standards 2, 5, 6 and 9. Supplemental or replacement rails systems will be selected with guidance from the National Park Services's publication, ITS Number 46: Modifying Historic Interior Railings to Meet Building Code (may 2007).		18,250.00	18,250.00
<b>Phone 650-678-7546</b>	<b>mfiglietti@gmail.com</b>	<b>License #946888</b>	<b>Total \$18,250.00</b>

**Matthew Figlietti and Associates**

*SCOPE 2*

Estimate

465 E Street  
Colma, CA 94014

Date	Estimate #
5/27/2014	2014-5-2

Client
Claude and Renee Zellweger 621 Waller Street San Francisco, CA 94117

*PLANNED FOR: 2016*

			Project
Description	Qty	Rate	Total
Repair of existing wood windows on the front elevation (in the front bay and rear bay [six windows]) either as single-pane glazing or retrofitted to accept double glazing in the existing wood sashes. Where retention of the existing wood windows isn't possible than all wood replacement windows will match the historic wood windows in material, dimension, profiles and ogee lug moulding details. Glazing will be transparent and will not have added tint or low-e glazing treatment. Repair work will be in accordance with the National Park Service's Preservation Brief #9: The Repair of Historic Wooden Windows. Windows not publicly visible from Waller Street will be replaced in-kind with historically appropriate, double hung wood sash windows, to include either single or double glazing. The design of any new windows will replicate the material, dimensions, and sash profiles of the existing (presumed original) double hung wood windows with ogee lugs. Maintenance of the windows will be done in accordance with the National Park Services's Preservation Brief #47: Maintaining the Exterior of Small and Medium Size Historic Buildings.		17,800.00	17,800.00
<b>Phone 650-678-7546</b>	<b>mfiglietti@gmail.com</b>	<b>License #946888</b>	<b>Total \$17,800.00</b>

465 E Street  
Colma, CA 94014

Date	Estimate #
5/27/2014	2014-5-4

**Client**

Claude and Renee Zellweger  
621 Waller Street  
San Francisco, CA 94117

PLANNED FOR: 2014

Project

Description	Qty	Rate	Total
Site grading and drainage work from the north elevation to the front property line to direct water away from the foundation walls and front staircase structure. Accessibility improvements to the ground floor egress door on the north elevation. Re-grading plan and replacement walkway materials will be compatible with the character of the property, and adhere to the Secretary of the Interior's Standards for Rehabilitation, specifically Standard 1 as well as the National Park Service's Preservation Brief #39: Holding the Line: Controlling Unwanted Moisture in Historic Buildings.		22,500.00	22,500.00

Phone 650-678-7546	mfiglietti@gmail.com	License #946888	<b>Total</b>	\$22,500.00
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**Matthew Figlietti and Associates**

*SCOPE 4*

Estimate

465 E Street  
Colma, CA 94014

Date	Estimate #
5/27/2014	2014-5-1

<b>Client</b>
Claude and Renee Zellweger 621 Waller Street San Francisco, CA 94117

*PLANNED FOR: 2014*

			Project
Description	Qty	Rate	Total
Repair kitchen and master bedroom balconies. Involves demo of existing materials exposing the subframing. Repair of any dry rot or termite damage (\$2500 allowance). Installation of pressure treated framing and plywood with the proper pitch. Installation of copper pans with appropriate drainage and flashings around perimeter. Installation of appropriate walkable surfacing. Install new siding along perimeter where balconies meet the exterior walls. Installation of code compliant railings. Paint and finish. Estimate includes an allowance for wood railing system at \$75 per linear foot. Other systems would require a change order if cost is more than the allowance. Estimate includes an allowance for tile surfacing with \$15 per square foot for tile. A designer or architect is suggested for finishes.		37,500.00	37,500.00

Phone 650-678-7546	mfiglietti@gmail.com	License #946888	<b>Total</b>	\$37,500.00
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Matthew Figlietti and Associates

SCOPE 5

Estimate

465 E Street  
Colma, CA 94014

Date	Estimate #
5/27/2014	2014-5-5

**Client**

Claude and Renee Zellweger  
621 Waller Street  
San Francisco, CA 94117

PLANNED FOR: 2018

Project

Description	Qty	Rate	Total
Paint facade. Install scaffolding, power wash, prep and prime. No allowance for any dry rot repair. Paint with three colors, one body color and two trim colors using Benjamin Moore paints, two coats. This estimate is for budgeting purposes. A designer or architect is suggested for deciding on the appropriate color scheme.		21,450.00	21,450.00

Phone 650-678-7546	mfiglietti@gmail.com	License #946888	<b>Total</b>	\$21,450.00
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**EXHIBIT C:  
DRAFT MILLS ACT VALUATION PROVIDED BY  
SAN FRANCISCO ASSESSOR-RECORDER**

DRAFT

**DRAFT**



621 Waller St  
APN 06-0864-023

2014 MILLS ACT VALUATION





APN: 06-0864-023 SF Landmark: \_\_\_\_\_  
 Property Location: 621 Waller St Date of Mills Act Application: 6/1/2014  
 Applicant's Name: Claude Zellweger Property Type: Single Family Dwelling  
 Agt./Tax Rep./Atty: NA Date of Sale: 3/31/2010  
 Applicant supplied appraisal? No Sale Price: \$1,975,000

DATE OF MILLS ACT VALUATION: June 1, 2014

TAXABLE VALUE - THREE WAY VALUE COMPARISON					
FACTORED BASE YEAR VALUE		RESTRICTED MILLS ACT VALUE		CURRENT MARKET VALUE	
Land	\$ 1,455,762	Land	\$ 498,000	Land	\$1,290,000
Imps	\$ 623,897	Imps	\$ 332,000	Imps	\$860,000
<b>Total</b>	<b>\$ 2,079,659</b>	<b>Total</b>	<b>\$ 830,000</b>	<b>Total</b>	<b>\$2,150,000</b>

PROPERTY CHARACTERISTICS					
<b>Present Use:</b>	SFR	<b>Neighborhood:</b>	Hayes Valley	<b>Number of Stories:</b>	3
<b>Number of Units</b>	1	<b>Year Built:</b>	1900	<b>Land Area (SF):</b>	2,040
<b>Owner Occupied:</b>	Yes	<b>Building Area:</b>	2,050	<b>Zoning:</b>	RH-3

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Restricted Income Valuation	Page 4
Comparable Rents	Page 5
Sales Comparison Valuation	Page 6
Map of Comparable Sales	Page 7

**CONCLUSION AND RECOMMENDATIONS**

Based on the three-way value comparison, the lowest of the three values is the restricted Mills Act value.  
 The taxable Mills Act value on: June 1, 2014 is \$830,000

Appraiser: Timothy Landregan Date: 06/01/14  
 Principal Appraiser: Cathleen Hoffman *CAW*

0864-023 Photos



**RESTRICTED INCOME APPROACH**

APN 06-0864-023  
 621 Waller St  
 Restricted Mills Act Value  
 Application Date: June 1, 2014

**Owner Occupied**

	GLA (SF)		Annual Rent / SF		
Potential Gross Income:	2,050	x	\$48.00	=	\$98,400
Less Vacancy & Collection Loss			2%		<u>(\$1,968)</u>
Effective Gross Income					\$96,432
Less Anticipated Operating Expenses*			15%		<u>(\$14,465)</u>
Net Operating Income (before property tax)					\$81,967
Restricted Capitalization Rate Components:					
<u>Rate Components:</u>					
2014 Interest Rate per SBE			4.0000%		
Risk rate (4% owner occupied / 2% all other property types)			4.0000%		
Property tax rate (2013)			1.1880%		
Amortization rate for the Improvements:					
Remaining Economic Life:	60				
Amortization per Year (reciprocal)	0.0167		<u>1.6667%</u>		
Overall Rates:					
			Land		9.1880%
			Improvements		10.8547%
Weighted Capitalization Rate					
			Land	60%	5.51%
			Improvements	40%	<u>4.34%</u>
			<b>Total</b>		<b>9.85%</b>

**RESTRICTED VALUE** **\$831,760**

**ROUNDED TO** **\$830,000**

Footnotes:

*Topline rent potential concluded to be about \$8,200 per month, or \$48 per foot annually*

*\*Annual Operating Expenses include PG&E, water service, refuse collection, insurance, maintenance and property management, typically estimated at 15% of effective gross income. No estimate of actual annual operating expenses of the subject property were provided by the taxpayer.*

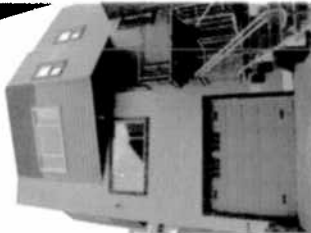
**Rental Comps**

**Comp #1: Eureka Valley**



**Listing Agent:**  
**Address:** 272 Eureka Street  
**Cross Streets:** Eureka (between 19th and 20th St)  
**SF:** 1,992  
**Layout:** 3/1.5, 1 car parking  
**Monthly Rent:** \$5,035  
**Rent/Foot/Mo:** \$2.53  
**Annual Rent/Foot:** \$30.33  
**Listing Date:** July 2014, Craigs List

**Comp #6: Eureka Valley**



**Listing Agent:** Home Bell Construction  
**Address:** Not Provided  
**Cross Streets:** Market at Yukon  
**SF:** 1,650  
**Layout:** 2/2, 1 car parking  
**Monthly Rent:** \$6,100  
**Rent/Foot/Mo:** \$3.70  
**Annual Rent/Foot:** \$44.36  
**Listing Date:** July 2014, Craigs List

**Comp #2: Eureka Valley**



**By Owners**  
 100 Eagle Street  
 Near Market and Caselli  
 825  
 3/2, 1 car parking  
 \$5,800  
 \$7.03  
 \$40.36  
 July 2014, Craigs List

**Comp #6: Clarendon Hts**



**Not Provided**  
 226 Twin Peaks Blvd  
 Twin Peaks near Clarendon  
 2,000  
 4/2.5, 1 car parking  
 \$6,000  
 \$4.00  
 \$48.00  
 July 2014, Craigs List

**Comp #3: Midtown Terrace**



**By Owners**  
 76 Clairview Court  
 Clairview near Panorama Drive  
 1,274  
 3/2, 2 car parking  
 \$4,350  
 \$3.41  
 \$40.97  
 July 2014, Craigs List

**Comp #7: Upper Market**



**Not Provided**  
 333 Caselli  
 Caselli at Market  
 2,100  
 3/2, 1 car parking  
 \$6,200  
 \$2.95  
 \$35.43  
 July 2014, Craigs List

**Comp #4: Midtown Terrace**







**Broker not identified**  
 35 Skyview Way (near City View Way)  
 West side of the peaks  
 2,128  
 4/3, 1 car parking  
 \$5,900  
 \$2.77  
 \$33.27  
 July 2014, Craigs List

**Comp #8: Eureka Valley**



**Not Provided**  
 Not Provided  
 Eureka at 20th St  
 2,300  
 3/2, 1 car parking  
 \$8,200  
 \$3.57  
 \$42.78  
 July 2014, Craigs List

**SINGLE FAMILY MARKET ANALYSIS**

APN	Subject 0864-023	Sale 1 0841-004	Sale 2 0852-033	Sale 3 0864-008			
							
<b>Address</b>	<b>621 Waller</b>	<b>405 Buchanan</b>	<b>188 Haight</b>	<b>55 Pierce St</b>			
<b>Sale Price / Square Foot</b>		<b>\$1,550,000</b>	<b>\$2,666,000</b>	<b>\$2,250,000</b>			
		<b>\$738</b>	<b>\$667</b>	<b>\$900</b>			
	Description	Description	Adjust.	Description	Adjust.	Description	Adjust.
<b>Date of Valuation/Sale</b>	06/01/14	10/31/13	\$54,250	1/22/2014	\$53,320	05/22/13	\$135,000
<b>Location</b>	Hayes Valley	Hayes Valley		Hayes Valley		Hayes Valley	
<b>Lot Size</b>	2,040	2,021		2,700	(\$33,000)	2,374	(\$16,700)
<b>View</b>	Neighborhood	Neighborhood		City	(\$50,000)	Neighborhood	
<b>Year Blt/Year Renovated</b>	1900	1900		1883		1900	
<b>Condition</b>	Good/Remodeled	Some updates		Good/Remodeled		Good/Remodeled	
<b>Construction Quality</b>	Good	Good		Good		Good	
<b>Gross Living Area</b>	2,050	2,100		4,000	(\$585,000)	2,500	(\$135,000)
<b>Total Rooms</b>	10	6				6	
<b>Bedrooms</b>	5	3		4		3	
<b>Bathrooms</b>	2	1	\$25,000	3	(\$25,000)	3	(\$25,000)
<b>Stories</b>	3	2		2		3	
<b>Garage</b>	1 car	None	\$50,000	1 car		2 car	(\$50,000)
<b>Net Adjustments</b>			\$129,250		(\$639,680)		(\$91,700)
<b>Indicated Value</b>	<b>\$2,150,000</b>		<b>\$1,679,250</b>		<b>\$2,026,320</b>		<b>\$2,158,300</b>
<b>Adjust. \$ Per Sq. Ft.</b>	<b>\$1,049</b>		<b>\$819</b>		<b>\$988</b>		<b>\$1,053</b>

**VALUE RANGE: \$819 to \$1053 per Sq Ft GLA**

**VALUE CONCLUSION: \$2,150,000 \$1,049**

**Adjustments** Lot size adjustment: \$50/foot; Adjustment for view: \$50,000, GLA adjustment: \$300/foot; Adjustment for bath counts: \$25,000 for full bath. Adjustment for garage parking; \$50,000 per space.

Market Conditions Adjustment: 5 to 10% increase in value between 2013 and 2014 (.5% per month)

Subject was remodeled in 2000 including finishing the basement to add two bedrooms and a full bath (all of which is included in GLA and overall room count)

405 Buchanan has had some updates but has no garage. There is a parking pad in front. Cost to cure the lack of garage exceeds the market value of the new parking. Comps #2 and #3 sold fully remodeled.

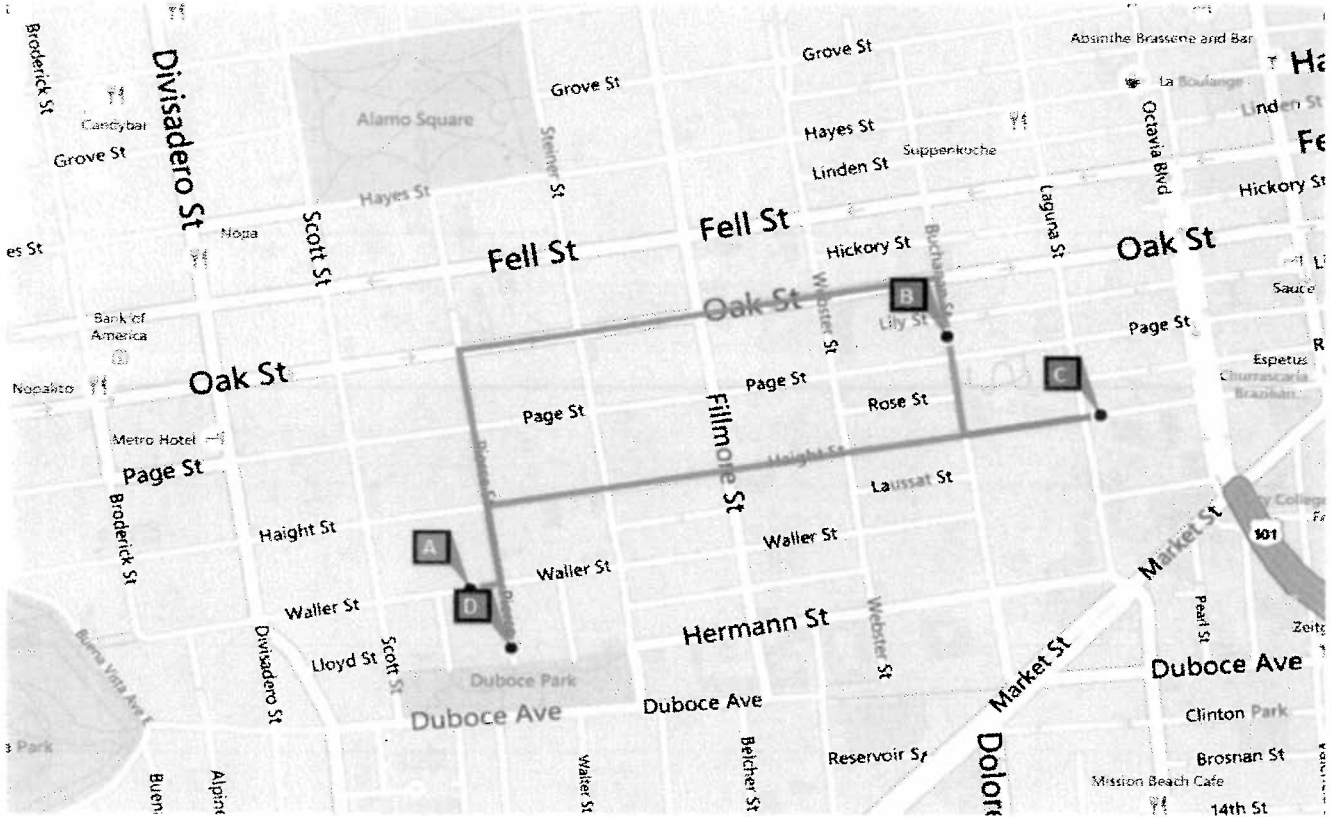
**MARKET VALUE**

LAND	\$1,290,000
IMPROVEMENTS	\$860,000
<b>TOTAL</b>	<b>\$2,150,000</b>
<i>Market Value / Foot</i>	<i>\$1,049</i>

**ASSESSED VALUE**

LAND	\$ 1,455,762
IMPROVEMENTS	\$ 623,897
<b>TOTAL</b>	<b>\$2,079,659</b>
<i>Assessed Value / Foot</i>	<i>\$1,014</i>

Map of Subject Property and Comparable Sales



<b>A</b>	<b>Subject Property</b>	<b>621 Waller</b>
<b>B</b>	<b>Comp #1</b>	<b>405 Buchanan</b>
<b>C</b>	<b>Comp #2</b>	<b>188 Haight</b>
<b>D</b>	<b>Comp #3</b>	<b>55 Pierce St</b>

**EXHIBIT D:  
MILLS ACT APPLICATION**

Application Checklist to be Submitted with all Materials

Utilize this list to ensure a complete application package is submitted.

<b>1 Historical Property Contract Application</b> Have all owners signed and dated the application?	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
<b>2 Priority Consideration Criteria Worksheet</b> Have three priorities been checked and adequately justified?	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
<b>3 Exemption Form &amp; Historic Structure Report</b> 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"/> <span style="float: right;">u/a</span>
<b>4 Draft Mills Act Historical Property Agreement</b> Are you using the Planning Department's standard form "Historical Property Contract?" Have all owners signed and dated the contract? Have all signatures been notarized?	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
<b>5 Notary Acknowledgement Form</b> Is the Acknowledgement Form complete? Do the signatures match the names and capacities of signers?	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
<b>6 Draft Rehabilitation/Restoration/Maintenance Plan</b> Have you identified and completed the Rehabilitation, Restoration, and Maintenance Plan organized by contract year and including all supporting documentation related to the scopes of work?	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
<b>7 Historical Property Tax Adjustment Worksheet</b> Did you provide back-up documentation (for commercial property only)?	YES <input type="checkbox"/> NO <input type="checkbox"/> <span style="float: right;">u/a</span>
<b>8 Photographic Documentation</b> Have you provided both interior and exterior images? Are the images properly labeled?	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
<b>9 Site Plan</b> Does your site plan show all buildings on the property including lot boundary lines, street name(s), north arrow and dimensions?	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
<b>10 Tax Bill</b> Did you include a copy of your most recent tax bill?	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
<b>11 Payment</b> Did you include a check payable to the San Francisco Planning Department?	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>



APPLICATION FOR

14.0746 U

Mills Act Historical Property Contract

1. Owner/Applicant Information

PROPERTY OWNER 1 NAME: <b>CLAUDE ZELLWEGER</b>	TELEPHONE: <b>(415) 260-2939</b>
PROPERTY OWNER 1 ADDRESS: <b>621 WALLER STREET, SF, CA 94117</b>	EMAIL: <b>CLAUDE@ONEANDCO.COM</b>
PROPERTY OWNER 2 NAME: <b>RENEE ZELLWEGER</b>	TELEPHONE: <b>(415) 613-7415</b>
PROPERTY OWNER 2 ADDRESS: <b>621 WALLER STREET, SF, CA 94117</b>	EMAIL: <b>reneezell@mac.com</b>
PROPERTY OWNER 3 NAME: <i>/</i>	TELEPHONE: <b>( )</b>
PROPERTY OWNER 3 ADDRESS: <i>/</i>	EMAIL:

2. Subject Property Information

PROPERTY ADDRESS: <b>621 WALLER STREET</b>	ZIP CODE: <b>94117</b>
PROPERTY PURCHASE DATE: <b>FEBRUARY 2010</b>	ASSESSOR BLOCK/LOT(S):
MOST RECENT ASSESSED VALUE: <b>2,070,000 \$</b>	ZONING DISTRICT:

Are taxes on all property owned within the City and County of San Francisco paid to date? YES  NO

Do you own other property in the City and County of San Francisco? YES  NO   
*If Yes, please list the addresses for all other property owned within the City of San Francisco on a separate sheet.*

Property is designated as a City Landmark under Article 10 of the Planning Code YES  NO

Are there any outstanding enforcement cases on the property from the San Francisco Planning Department or the Department of Building Inspection? YES  NO

I/we am/are the present owner(s) of the property described above and hereby apply for an historical property contract.

Owner Signature: *C. Zellweger* Date: 9/12/13

Owner Signature: *R. Zellweger* Date: 9.12.2013

Owner Signature: \_\_\_\_\_ Date: \_\_\_\_\_

### 3. Program Priority Criteria

Please check the appropriate categories as they apply to your building. Use a separate sheet to explain why your building should be considered a priority when awarding a Mills Act Historical Property Contract. As a matter of policy, priority is given to small-scale residential and mixed-use properties that answer "yes" to Criterion 2 (below), as well as those properties in need of substantial reinvestment and those that would support revitalization in the surrounding area.

#### 1. Property meets one of the six criteria for a qualified historic property:

Property is individually listed in the National Register of Historic Places	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
Property is listed as a contributor to an historic district included on the National Register of Historic Places	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
Property is designated as a City Landmark under Article 10 of the Planning Code	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
Property is designated, as a contributory building to an historic district designated under Article 10 of the Planning Code	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
Property is designated as a Category I, II or III (significant) to a conservation district under Article 11 of the Planning Code	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
Property is designated as a Category I, II, or IV (contributory) to a conservation district under Article 11 of the Planning Code	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>

#### 2. Property falls under the following Property Tax Value Assessments:

Residential Buildings: \$3,000,000	YES <input checked="" type="checkbox"/>	NO <input checked="" type="checkbox"/>
Commercial, Industrial or Mixed Use Buildings: \$5,000,000	YES <input type="checkbox"/>	NO <input type="checkbox"/>

*\*If property value exceeds these values please complete Part 4: Application of Exemption*

#### 3. Rehabilitation/Restoration/Maintenance Plan:

A 10 Year Rehabilitation/Restoration/Maintenance Plan will be submitted detailing work to be performed on the subject property	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
--	---	-----------------------------

#### 4. Required Standards:

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 checked="" type="checkbox"/>	NO <input type="checkbox"/>
---	---	-----------------------------

*\*Detail how the proposed work meets the Secretary of Interior Standards on a separate sheet or include as part of Rehabilitation/Restoration/Maintenance Plan.*

#### 5. Mills Act Tax Savings:

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 checked="" type="checkbox"/>	NO <input type="checkbox"/>
--	---	-----------------------------

#### 4. Application for Exemption from Property Tax Valuation

If answered "no" to either question under No. 2 "Property fall under the following Property Tax Value Assessments" in the Program Priority Criteria Checklist, on a separate sheet of paper, explain how the property meets the following criteria and should be exempt from the property tax valuations. Also attach a copy of the most recent property tax bill.

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 by a qualified consultant must be submitted to demonstrate meeting this requirement).

NAMES:
TAX ASSESSED VALUE:
PROPERTY ADDRESS:

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: \_\_\_\_\_

#### Planning Department Staff Evaluation

**THIS SECTION TO BE COMPLETED EXCLUSIVELY BY PLANNING DEPARTMENT STAFF**

- |                              |  |
|------------------------------|--|
| Exceptional Structure?       | YES <input type="checkbox"/> NO <input type="checkbox"/> |
| Specific threat to resource? | YES <input type="checkbox"/> NO <input type="checkbox"/> |
| Complete HSR submitted?      | YES <input type="checkbox"/> NO <input type="checkbox"/> |

Percent above value limit: \_\_\_\_\_

No. of criteria satisfied: \_\_\_\_\_

Planner's Initial: \_\_\_\_\_

## 5. Draft Mills Act Historical Agreement

Please complete and attach the Planning Department's "Mills Act Contract" form, which can be accessed at [sfplanning.org](http://sfplanning.org), from the Permits and Zoning and Permit Forms tab. Any modifications made to this standard City contract by the applicant or an independently prepared contract shall be subject to approval by the City Attorney prior to consideration by the Historic Preservation Commission and the Board of Supervisors, which may result in additional processing time.

(SEE ATTACHED)

6. Rehabilitation/Restoration/Maintenance Plan

Use this form to outline your rehabilitation, restoration, and maintenance plan. Copy this page as necessary to include all items that apply to your property. Begin by listing recently completed work (if applicable) and continue with work you propose to complete within the next ten years arranging 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 requires 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.

Draft Rehabilitation/Restoration/Maintenance Scope (SEE ATTACHED FINAL DOCUMENT)

①

BUILDING FEATURE:	Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input type="checkbox"/>
CONTRACT YEAR WORK COMPLETION:	2			
TOTAL COST (rounded to nearest dollar):	\$ 14,000.00			
DESCRIPTION OF WORK:	<u>STEEL STRUCTURES ABOVE ENTRANCE AND HANDRAILING.</u> REMOVE RUST AND RE-PAINT IN ORIGINAL COLOR. * PHOTOS ATTACHED			

②

BUILDING FEATURE:	Rehab/Restoration <input checked="" type="checkbox"/>	Maintenance <input type="checkbox"/>	Completed <input type="checkbox"/>	Proposed <input type="checkbox"/>
CONTRACT YEAR WORK COMPLETION:	2-4			
TOTAL COST (rounded to nearest dollar):	\$ 22,500			
DESCRIPTION OF WORK:	REPLACE <u>WINDOWS</u> FOR <u>EFFICIENCY</u> . USE ENERGY EFFICIENT + UP-TO CODE WINDOWS <span style="border: 1px solid black; padding: 2px;">CURRENTLY SINGLE PANE</span> ① BAY MAIN LEVEL, ENTRANCE, BAY GARDEN ② BEDROOMS 2ND LEVEL			

THIS SECTION TO BE COMPLETED EXCLUSIVELY BY PLANNING DEPARTMENT STAFF

Property Address:	621 WALLER STREET
Block / Lot:	0864/023
Board of Supervisors Ordinance Number:	

Draft Rehabilitation/Restoration/Maintenance Scope Continued

③

BUILDING FEATURE:  
 Rehab/Restoration  Maintenance  Completed  Proposed

CONTRACT YEAR WORK COMPLETION: ~~2~~ 1

TOTAL COST (rounded to nearest dollar): \$12,000.

DESCRIPTION OF WORK:  
 REPAIR / REPLACE CONCRETE TILES ON SIDE-ENTRANCE - ADJACENT TO THE ENTRANCE STAIRCASE (OUTDOOR). \* SEE PHOTOS

④

BUILDING FEATURE:  
 Rehab/Restoration  Maintenance  Completed  Proposed

CONTRACT YEAR WORK COMPLETION: ~~2~~ 1

TOTAL COST (rounded to nearest dollar): \$26,000

DESCRIPTION OF WORK:  
 RESTORE BOTH REAR FACING BALCONIES. CANTILEVERED BALCONY ON MAIN FLOOR IS CREATING WATERLEAK IN BASEMENT. \* SEE PHOTOS

⑤

BUILDING FEATURE:  
 Rehab/Restoration  Maintenance  Completed  Proposed

CONTRACT YEAR WORK COMPLETION: 5-6

TOTAL COST (rounded to nearest dollar): \$18,000

DESCRIPTION OF WORK:  
 RE-PAINT ENTIRE FRONT OF THE HOUSE. ENSURE PROPER SEALING AND COSMETIC FINISH.

## 8. Historical Property Tax Adjustment Worksheet Calculation

The following is an example showing the possible tax benefits to the historical property owner of an owner-occupied single-family dwelling. This form is a guideline only. Your reduced property tax under a Mills Act contract is not guaranteed to match this calculation.

### Determine Annual Income and Annual Operating Expenses

An \$120,000 potential gross income less a vacancy and collection loss of \$2,400 and less \$17,640 annual expenses for maintenance, repairs, insurance, and utilities yields a net annual income of \$99,960. (Mortgage payments and property taxes are not considered expenses). Estimated vacancy and collection loss is based upon what is typically happening in the marketplace. It can be different for different properties (i.e. - residential properties generally have a lower vacancy and collection loss than commercial properties). The theory is that when estimating a property's value using the income approach (the approach required for Mills Act valuations) it is reasonable to assume some rent loss due to vacancy and inability to collect rents.

### Determine Capitalization Rate

Add the following together to determine the Capitalization Rate:

- The Interest Component is determined by the Federal Housing Finance Board and is based on conventional mortgages. While this component will vary from year to year, the State Board of Equalization has set this at 4.75% for 2012.
- The Historical Property Risk Component of 4% (as prescribed in Sec. 439.2 of the State Revenue and Tax Code) applies to owner-occupied single-family dwellings. A 2% risk component applies to all other Properties.
- The Property Tax Component (Post-Prop. 13) of .01 times the assessment ratio of 100% (1%).
- The Amortization Component is a percentage equal to the reciprocal of the remaining life of the structure and is set at the discretion of the County Assessor for each individual property. In this example the remaining life of the building is 60 years and the improvements represent 45% of the total property value. The amortization component is calculated thus:  $1/60 = .0167 \times .45 = .0075$ .

### Calculate New Assessed Value and Estimated Tax Reduction

The new assessed value is determined by dividing the annual net income (\$99,960) by the capitalization rate .1067 (10.67%) to arrive at the new assessed value of \$936,832.

Lastly, determine the amount of taxes to be paid by taking the current tax rate of 1.167 (1%) of the assessed value \$26,652. Compare this with the current property tax rate for land and improvements only (be sure not to include voter indebtedness, direct assessments, tax rate areas and special districts items on your tax bill).

In this example, the annual property taxes have been reduced by \$15,719 (\$26,652 – \$10,933), an approximately 40% property tax reduction.

#### EXAMPLE:

Simple Property Tax Calculation  
 Current Assessed Value = \$2,283,810  
 Current Tax Rate = X 1.167%  
 Current Property Taxes = @26,652

#### Assessment Using Mills Act Valuation Methodology

Potential Annual Gross Income Using Market Rent (\$10,000 per month X 12 months)	\$120,000
Estimated Vacancy and Collection Loss of 2%	(\$2,400)
Effective Gross Income	\$117,600
Less Operating Expenses (i.e. utilities, insurance, maintenance, management)	(\$17,640)
Net Income	\$99,960
Restricted Capitalization Rate	10.67%
Historical Property Value	\$936,832
Current Tax Rate	X 1.167%
New Tax Calculation	\$10,933

---

**Property Tax Savings                      \$15,719**



## 9. Historical Property Tax Adjustment Worksheet Guide

**PROPERTY ADDRESS:** \_\_\_\_\_

**PROPERTY DESCRIPTION:** \_\_\_\_\_

**OWNER OCCUPIED:** YES  NO

### STEP 1: Determine Annual Income of Property

ANNUAL PROPERTY INCOME	CURRENT	EXPLANATION
1. Monthly Rental Income	\$	For owner-occupied properties estimate a monthly rental income. Include all potential sources of income (filming, advertising, photo shoots, billboard rentals, etc.)
2. Annual Rental Income	\$	Multiply Line 1 by 12
3. Deduction for Vacancy	\$	5% (subtract %5 from line 2)

### STEP 2: Calculate Annual Operating Expenses

ANNUAL OPERATING EXPENSES	CURRENT	EXPLANATION
4. Insurance	\$	Fire, Liability, etc.
5. Utilities	\$	Water, Gas, Electric, etc
6. Maintenance*	\$	Maintenance includes: Painting, plumbing, electrical, gardening, cleaning, mechanical, heating repairs, structural repairs, security, and property management.
7. Management*	\$	
8. Other Operating Expenses	\$	Security, services, etc. Provide breakdown on separate sheet.
9. Total Expenses†	\$	Add Lines 4 through 8

\* If calculating for commercial property, provide the following back-up documentation where applicable:

- Rent Roll (include rent for on-site manager's unit as income if applicable)
- Maintenance Records (provide detailed break-down; all costs should be recurring annually)
- Management Expenses (include expense of on-site manager's unit and 5% off-site management fee, and describe other management costs. Provide breakdown on separate sheet.)

† Annual operating expenses do not include mortgage payments, property taxes, depletion charges, corporate income taxes or interest on funds invested in the property.

### STEP 3: Determine Annual Net Income

NET OPERATING INCOME	CURRENT	EXPLANATION
9. Net Operating Income	\$	Line 3 minus Line 9

**STEP 4: Determine Capitalization Rate**

CAPITALIZATION RATE	CURRENT	EXPLANATION
10. Interest Component	4.75% 3.75%	As determined by the State Board of Equalization for 2009/2010
11. Historic Property Risk Component	4%	Single-family home = 4% All other property = 2%
12. Property Tax Component	1%	.01 times the assessment ratio of 100%
13. Amortization Component (Reciprocal of life of property)	5%	If the life of the improvements is 20 years Use $100\% \times 1/20 = 5\%$
14. Capitalization Rate	13.75%	Add Lines 10 through 13

**STEP 5: Calculate New Assessed Value**

NEW ASSESSED VALUE	CURRENT	EXPLANATION
15. Mills Act Assessed Value	\$	Line 9 divided by Line 14

**STEP 6: Determine Estimated Tax Reduction**

NEW TAX ASSESSMENT	CURRENT	EXPLANATION
16. Current Tax (Exclude voter indebtedness, direct assessments, tax rate areas and special districts)	\$	General tax levy only -- do not include voted indebtedness or other direct assessments
17. Tax under Mills Act	\$	Line 15 x .01
18. Estimated Tax Reduction	\$	Line 16 minus Line 17

The Assessor Recorder's Office may request additional information. A timely response is required to maintain hearing and review schedules.



**NOTIFICATION OF 2013-2014 ASSESSED VALUE**

July 15, 2013

ELtrA83122

**ANNUAL NOTICE ONLY  
THIS IS NOT A TAX BILL**

ZELLWEGER CLAUDE & RENEE

621 WALLER ST  
SAN FRANCISCO, CA 94117

Dear San Francisco Property Owner:

I am writing to inform you of the **assessed value for your property as of January 1, 2013**. The assessed value is the basis for your 2013-2014 property tax bill that will be mailed to you in the fall. If you believe the current market value is less than the factored base year value, you may file a formal assessment appeal with the Assessment Appeals Board from July 2, 2013 to September 16, 2013 (see reverse side).

Attached are Frequently Asked Questions. If you have further questions, please contact us through the City & County of San Francisco's one-stop 311 Customer Service Center by dialing 3-1-1 (within San Francisco's 415 area code) or calling 415-701-2311 (outside San Francisco). Please visit our website at [www.sfassessor.org](http://www.sfassessor.org) for additional information.

PROPERTY LOCATION	
621 WALLER ST	
BLOCK and LOT	
0864 023	

2013-2014 Factored Proposition 13 Base Year Value	\$	2,070,261
2013-2014 Assessed Value	\$	2,070,261
2013-2014 Personal Property/Fixtures	\$	0
2013-2014 Exemption (-)	\$	0
<b>2013-2014 Net Assessed Value</b>	<b>\$</b>	<b>2,070,261</b>

**Homeowner's Exemption Notice**

If you own and occupy this property as your primary residence, you may be eligible for a homeowner's exemption. You are allowed only one homeowner's exemption in the state of California. If you are eligible and do not see an exemption amount listed in the exemption box to the left, please submit a completed Homeowner's Exemption Claim Form (available for download at [www.sfassessor.org](http://www.sfassessor.org)).

For last year's Assessed Value, go to: [www.sftreasurer.org](http://www.sftreasurer.org)

**Your assessed value may have changed from the previous year due to the following reasons:**

1. Inflationary increase of up to 2% allowed under Proposition 13.
2. Change in ownership of your entire property or portion of property.
3. New construction, including remodeling, addition, etc.
4. Restoration of factored base year value from prior year temporary reductions due to economic conditions, fire damage, or other calamity.

Sincerely,

Carmen Chu  
Assessor-Recorder

**NOTE:** The assessed value shown may reflect an assessment that is not up to date. Continue to pay the regular bills as issued and at a later date you will be sent a supplemental bill(s) for the difference. The assessed value is determined as of January 1, 2013. The 2013-2014 net assessed value shown above will be the basis of your 2013-2014 property tax bill. The Proposition 13 factored base year value shown above reflects your original assessment, plus adjustments for inflation, with annual increases limited to not more than 2%.

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)

621 WALLER

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 Claude Zellweger ("Owner/s").

RECITALS

Owners are the owners of the property located at 621 WALLER, in San Francisco, California

PROPERTY ADDRESS

The building located at 621 WALLER

PROPERTY ADDRESS

BLOCK NUMBER

LOT NUMBER

is designated as City Landmark under Art. 10 (e.g. "a City Landmark pursuant to Article 10 of the Planning Code") and is also known as the Duboce Park Historic District.

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 Ninetytwo thousand (\$92,500). See Rehabilitation Plan, Exhibit A.

AMOUNT IN WORD FORMAT

(\$

AMOUNT IN NUMERICAL FORMAT

\$ 92,500.

Owners' application calls for the maintenance of the Historic Property according to established preservation standards, which is estimated will cost approximately annually. See Maintenance Plan, Exhibit B.

AMOUNT IN WORD FORMAT

(\$

AMOUNT IN NUMERICAL FORMAT

The State of California has adopted the "Mills Act" (California Government Code Sections 50280-50290, and California Revenue & Taxation Code, Article 1.9 [Section 439 et seq.) authorizing local governments to enter into agreements with property owners to reduce their property taxes, or to prevent increases in their property taxes, in return for improvement to and maintenance of historic properties. The City has adopted enabling legislation, San Francisco Administrative Code Chapter 71, authorizing it to participate in the Mills Act program.

Owners desire to enter into a Mills Act Agreement (also referred to as a "Historic Property Agreement") with the City to help mitigate its anticipated expenditures to restore and maintain the Historic Property. The City is willing to enter into such Agreement to mitigate these expenditures and to induce Owners to restore and maintain the Historic Property in excellent condition in the future.

NOW, THEREFORE, in consideration of the mutual obligations, covenants, and conditions contained herein, the parties hereto do agree as follows:

Mills Act Application

## 1. Application of Mills Act.

The benefits, privileges, restrictions and obligations provided for in the Mills Act shall be applied to the Historic Property during the time that this Agreement is in effect commencing from the date of recordation of this Agreement.

## 2. Rehabilitation of the Historic Property.

Owners shall undertake and complete the work set forth in Exhibit A ("Rehabilitation Plan") attached hereto according to certain standards and requirements. Such standards and requirements shall include, but not be limited to: the Secretary of the Interior's Standards for the Treatment of Historic Properties ("Secretary's Standards"); the rules and regulations of the Office of Historic Preservation of the California Department of Parks and Recreation ("OHP Rules and Regulations"); the State Historical Building Code as determined applicable by the City; all applicable building safety standards; and the requirements of the Historic Preservation Commission, the Planning Commission, and the Board of Supervisors, including but not limited to any Certificates of Appropriateness approved under Planning Code Article 10. The Owners shall proceed diligently in applying for any necessary permits for the work and shall apply for such permits not less than six (6) months after recordation of this Agreement, shall commence the work within six (6) months of receipt of necessary permits, and shall complete the work within three (3) years from the date of receipt of permits. Upon written request by the Owners, the Zoning Administrator, at his or her discretion, may grant an extension of the time periods set forth in this paragraph. Owners may apply for an extension by a letter to the Zoning Administrator, and the Zoning Administrator may grant the extension by letter without a hearing. Work shall be deemed complete when the Director of Planning determines that the Historic Property has been rehabilitated in accordance with the standards set forth in this Paragraph. Failure to timely complete the work shall result in cancellation of this Agreement as set forth in Paragraphs 13 and 14 herein.

## 3. Maintenance.

Owners shall maintain the Historic Property during the time this Agreement is in effect in accordance with the standards for maintenance set forth in Exhibit B ("Maintenance Plan"), the Secretary's Standards; the OHP Rules and Regulations; the State Historical Building Code as determined applicable by the City; all applicable building safety standards; and the requirements of the Historic Preservation Commission, the Planning Commission, and the Board of Supervisors, including but not limited to any Certificates of Appropriateness approved under Planning Code Article 10.

## 4. Damage.

Should the Historic Property incur damage from any cause whatsoever, which damages fifty percent (50%) or less of the Historic Property, Owners shall replace and repair the damaged area(s) of the Historic Property. For repairs that do not require a permit, Owners shall commence the repair work within thirty (30) days of incurring the damage and shall diligently prosecute the repair to completion within a reasonable period of time, as determined by the City. Where specialized services are required due to the nature of the work and the historic character of the features damaged, "commence the repair work" within the meaning of this paragraph may include contracting for repair services. For repairs that require a permit(s), Owners shall proceed diligently in applying for any necessary permits for the work and shall apply for such permits not less than sixty (60) days after the damage has been incurred, commence the repair work within one hundred twenty (120) days of receipt of the required permit(s), and shall diligently prosecute the repair to completion within a reasonable period of time, as determined by the City. Upon written request by the Owners, the Zoning Administrator, at his or her discretion, may grant an extension of the time periods set forth in this paragraph. Owners may apply for an extension by a letter to the Zoning Administrator, and the Zoning Administrator may grant the extension by letter without a hearing. All repair work shall comply with the design and standards established for the Historic Property in Exhibits A and B attached hereto and Paragraph 3 herein. In the case of damage to twenty percent (20%) or more of the Historic Property due to a catastrophic event, such as an earthquake, or in the case of damage from any cause whatsoever that destroys more than fifty percent (50%) of the Historic Property, the City and Owners may mutually agree to terminate this Agreement. Upon such termination, Owners shall not be obligated to pay the cancellation fee set forth in Paragraph 14 of this Agreement. Upon such termination, the City shall assess the full value of the Historic Property without regard to any restriction imposed upon the Historic Property by this Agreement and Owners shall pay property taxes to the City based upon the valuation of the Historic Property as of the date of termination.

## 5. Insurance.

Owners shall secure adequate property insurance to meet Owners' repair and replacement obligations under this Agreement and shall submit evidence of such insurance to the City upon request.

## 6. Inspections.

Owners shall permit periodic examination of the exterior and interior of the Historic Property by representatives of the



Historic Preservation Commission, the City's Assessor, the Department of Building Inspection, the Planning Department, the Office of Historic Preservation of the California Department of Parks and Recreation, and the State Board of Equalization, upon seventy-two (72) hours advance notice, to monitor Owners' compliance with the terms of this Agreement. Owners shall provide all reasonable information and documentation about the Historic Property demonstrating compliance with this Agreement as requested by any of the above-referenced representatives.

#### 7. Term.

This Agreement shall be effective upon the date of its recordation and shall be in effect for a term of ten years from such date ("Initial Term"). As provided in Government Code section 50282, one year shall be added automatically to the Initial Term, on each anniversary date of this Agreement, unless notice of nonrenewal is given as set forth in Paragraph 10 herein.

#### 8. Valuation.

Pursuant to Section 439.4 of the California Revenue and Taxation Code, as amended from time to time, this Agreement must have been signed, accepted and recorded on or before the lien date (January 1) for a fiscal year (the following July 1-June 30) for the Historic Property to be valued under the taxation provisions of the Mills Act for that fiscal year.

#### 9. Termination.

In the event Owners terminates this Agreement during the Initial Term, Owners shall pay the Cancellation Fee as set forth in Paragraph 15 herein. In addition, the City Assessor 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.

### 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.

Within 20 days from the date of execution of this Agreement, the City shall cause this Agreement to be recorded with the Office of the Recorder of the City and County of San Francisco.

22. Amendments.

This Agreement may be amended in whole or in part only by a written recorded instrument executed by the parties hereto in the same manner as this Agreement.

23. No Implied Waiver.

No failure by the City to insist on the strict performance of any obligation of the Owners under this Agreement or to exercise any right, power, or remedy arising out of a breach hereof shall constitute a waiver of such breach or of the City's right to demand strict compliance with any terms of this Agreement.

24. Authority.

If the Owners sign as a corporation or a partnership, each of the persons executing this Agreement on behalf of the Owners does hereby covenant and warrant that such entity is a duly authorized and existing entity, that such entity has and is qualified to do business in California, that the Owner has full right and authority to enter into this Agreement, and that each and all of the persons signing on behalf of the Owners are authorized to do so.

25. Severability.

If any provision of this Agreement is determined to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each other provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

26. Tropical Hardwood Ban.

The City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood or tropical hardwood product.

27. Charter Provisions.

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

28. Signatures.

This Agreement may be signed and dated in parts

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

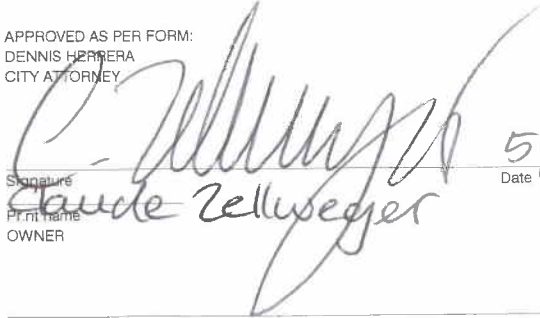
CARMEN CHU  
ASSESSOR-RECORDER

Date

JOHN RAHAIM  
DIRECTOR OF PLANNING

Date

APPROVED AS PER FORM:  
DENNIS HERRERA  
CITY ATTORNEY

  
Signature

5/1/14  
Date

Signature  
Print name  
DEPUTY CITY ATTORNEY

Date

Signature  
Print name  
OWNER

Date

Signature  
Print name  
OWNER

Owner/s' signatures must be notarized. Attach notary forms to the end of this agreement.  
(If more than one owner, add additional signature lines. All owners must sign this agreement.)

7. Notary Acknowledgment Form

The notarized signature of the majority representative owner or owners, as established by deed or contract, of the subject property or properties is required for the filing of this application. (Additional sheets may be attached.)

State of California

County of: San Francisco

On: May 1, 2014 before me, Jason Whipple  
DATE INSERT NAME OF THE OFFICER

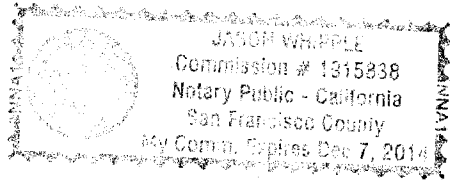
NOTARY PUBLIC personally appeared: Claude Zellweger  
NAME(S) OF SIGNER(S)

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.

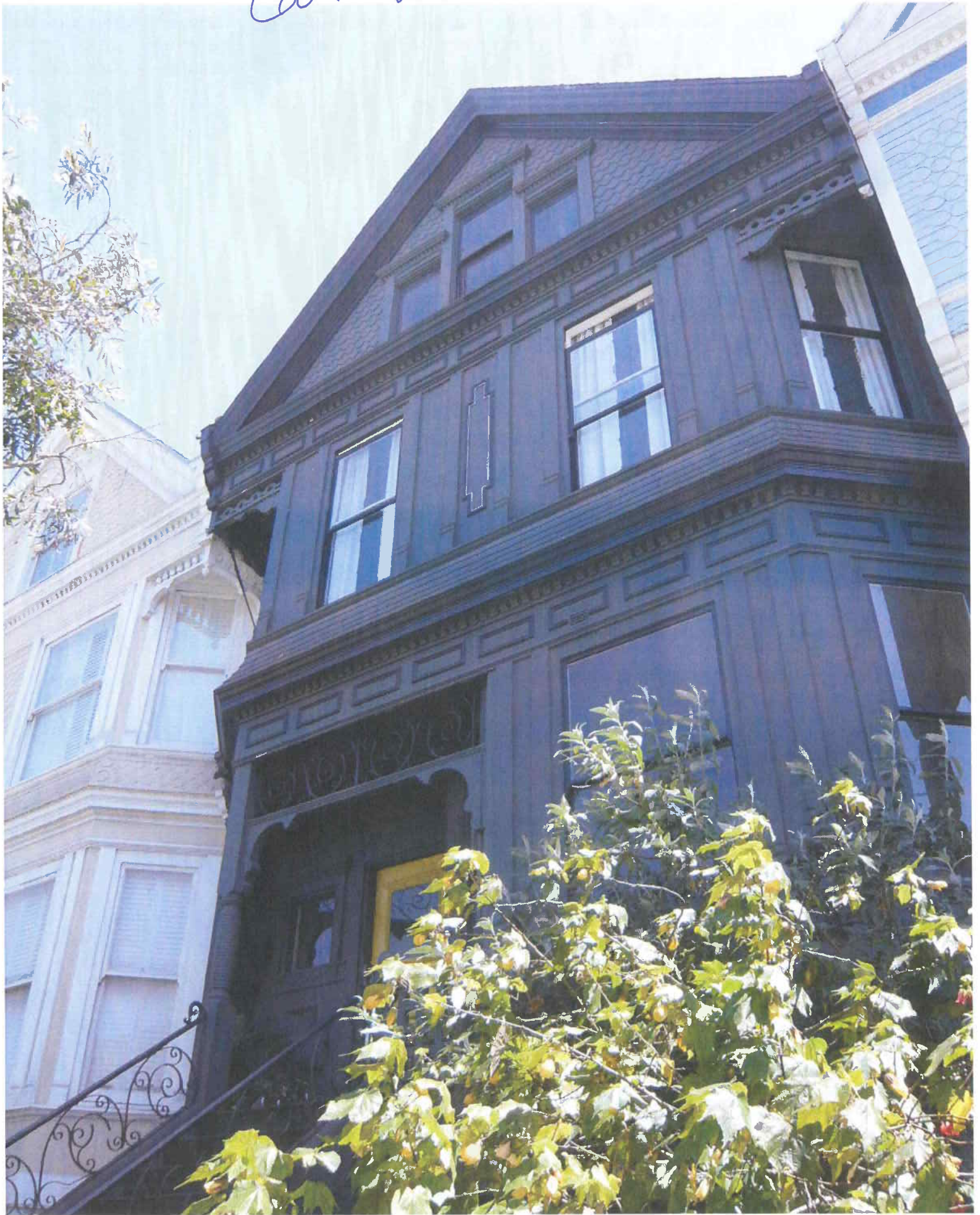
[Signature]  
SIGNATURE



(PLACE NOTARY SEAL ABOVE)



6021 WAUER ST.





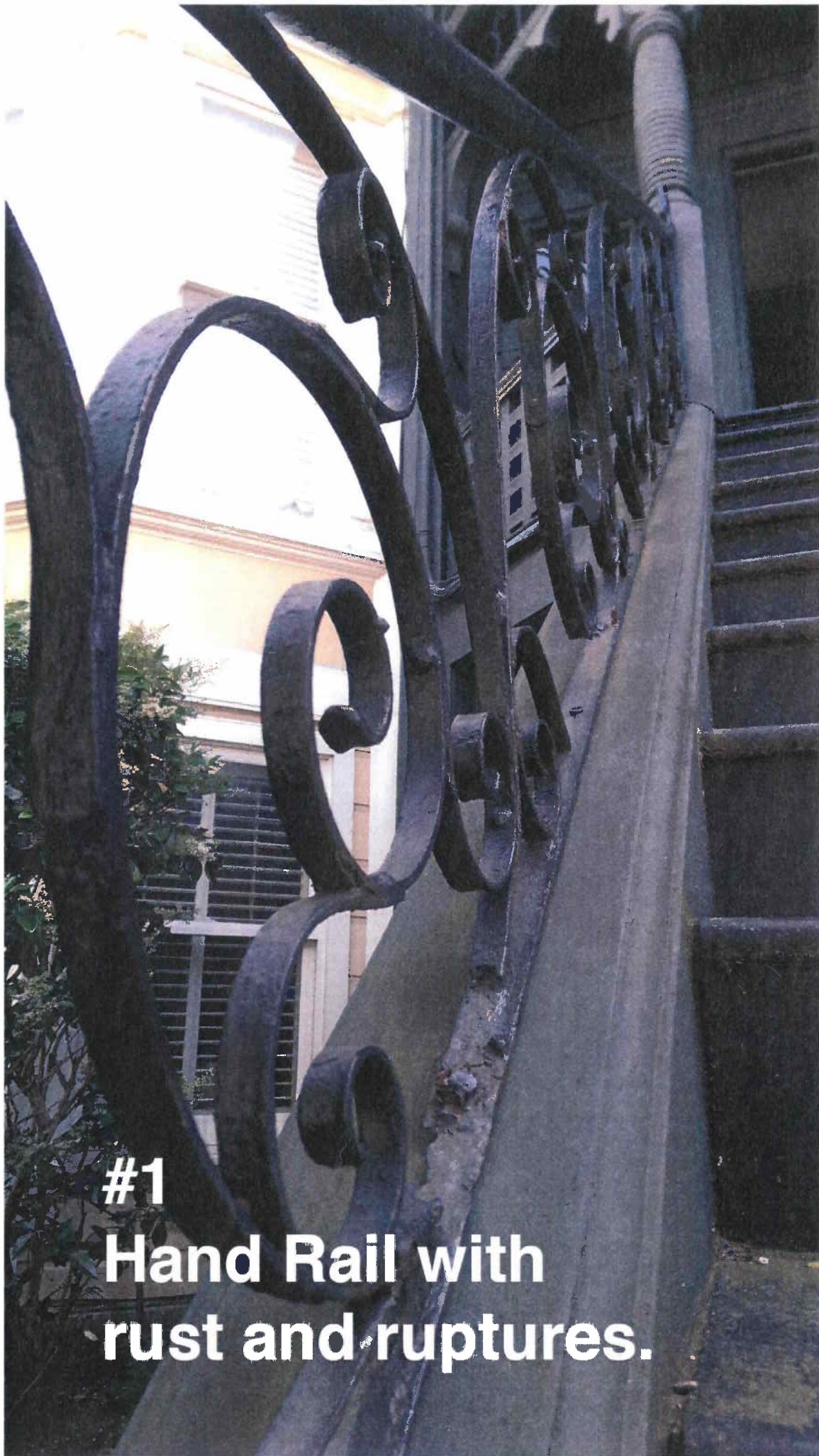


#1

Steel structure with  
rust and ruptures.

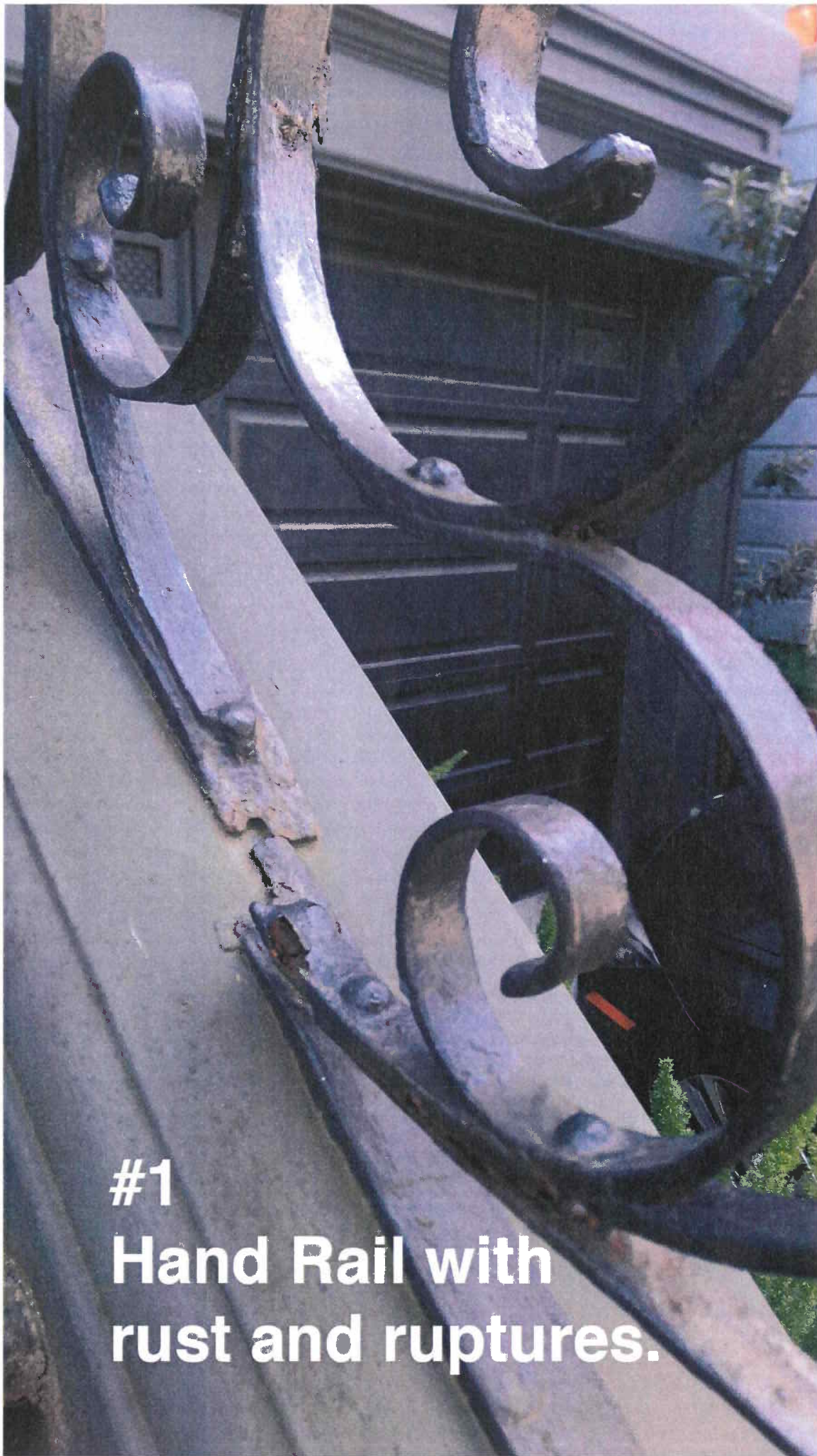
62





**#1**  
**Hand Rail with**  
**rust and ruptures.**





**#1**  
**Hand Rail with**  
**rust and ruptures.**





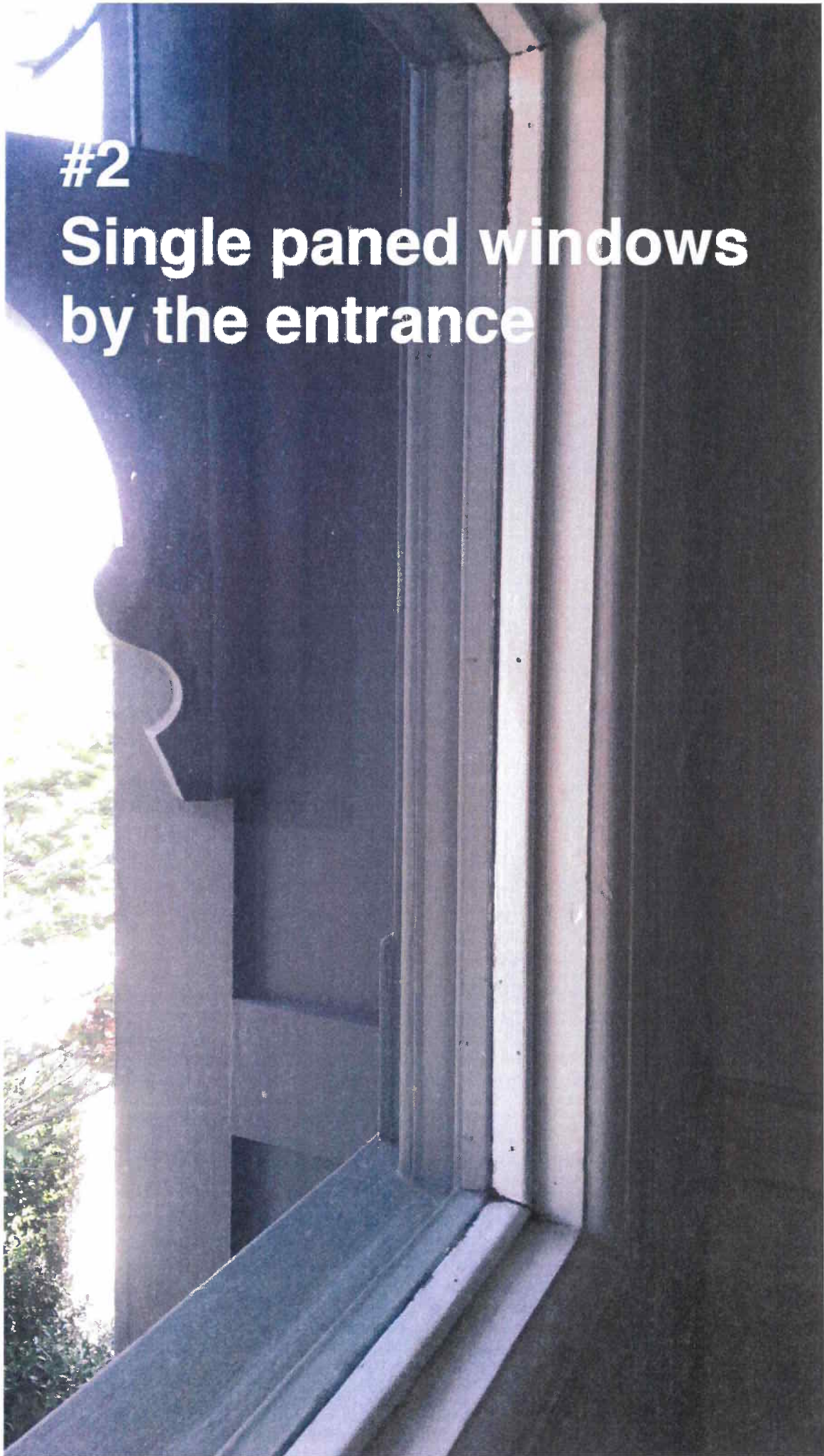
**#1**

**Hand Rail with  
rust and ruptures.**



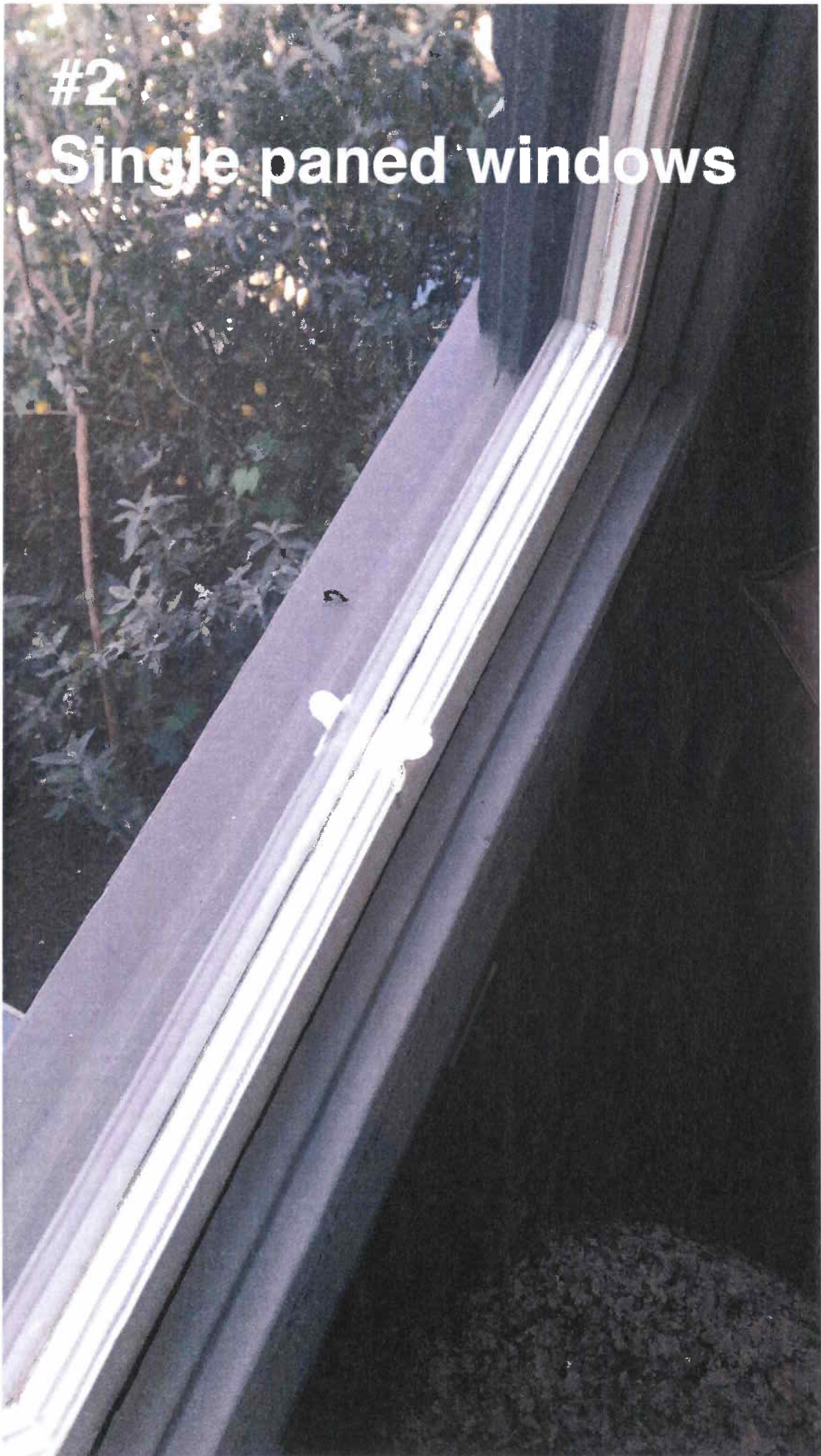
**#2**

**Single paned windows  
by the entrance**



#2

# Single paned windows







**#2**

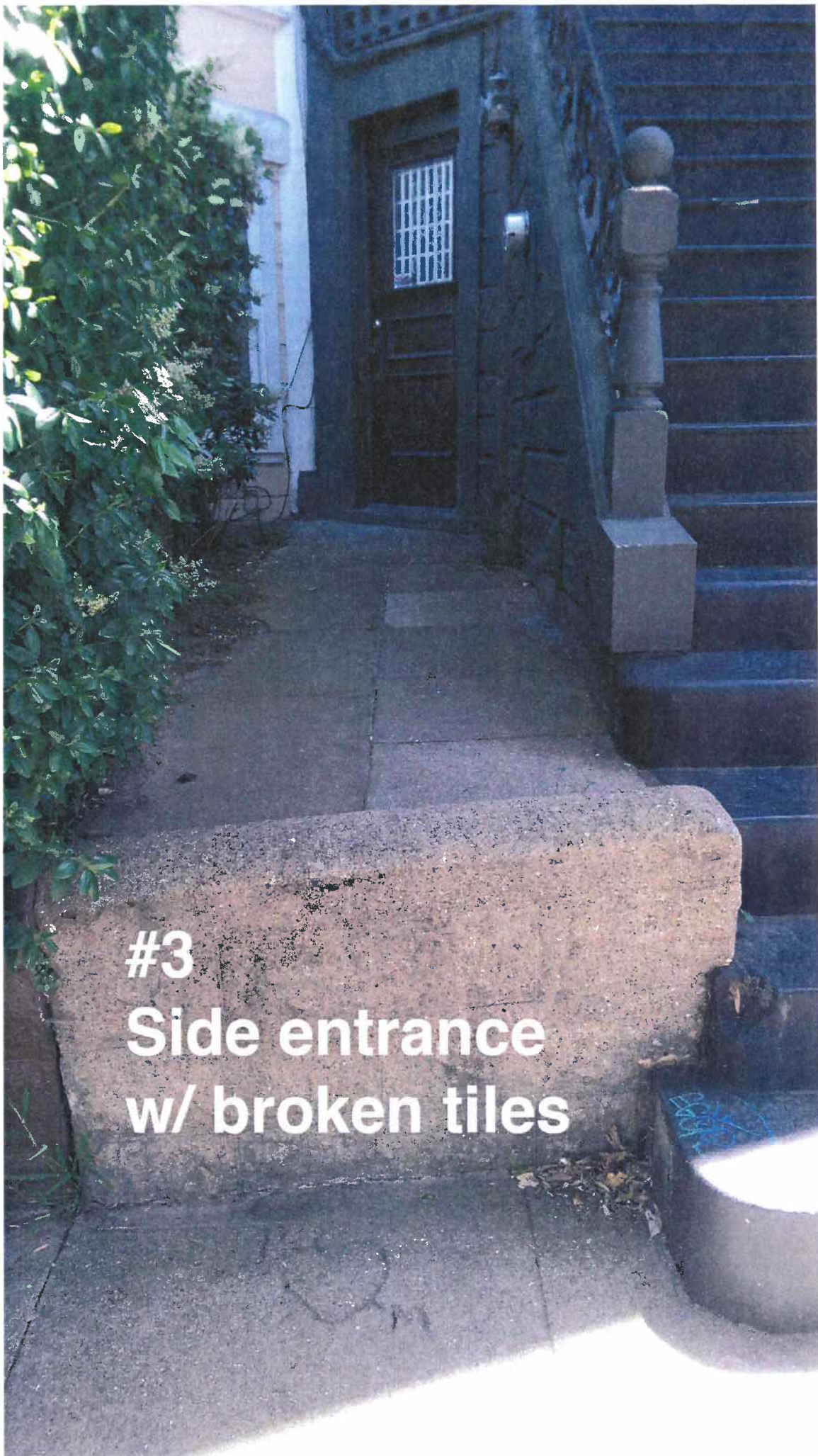
**Street facing bay windows**



**#2**

**Garden facing bay windows**



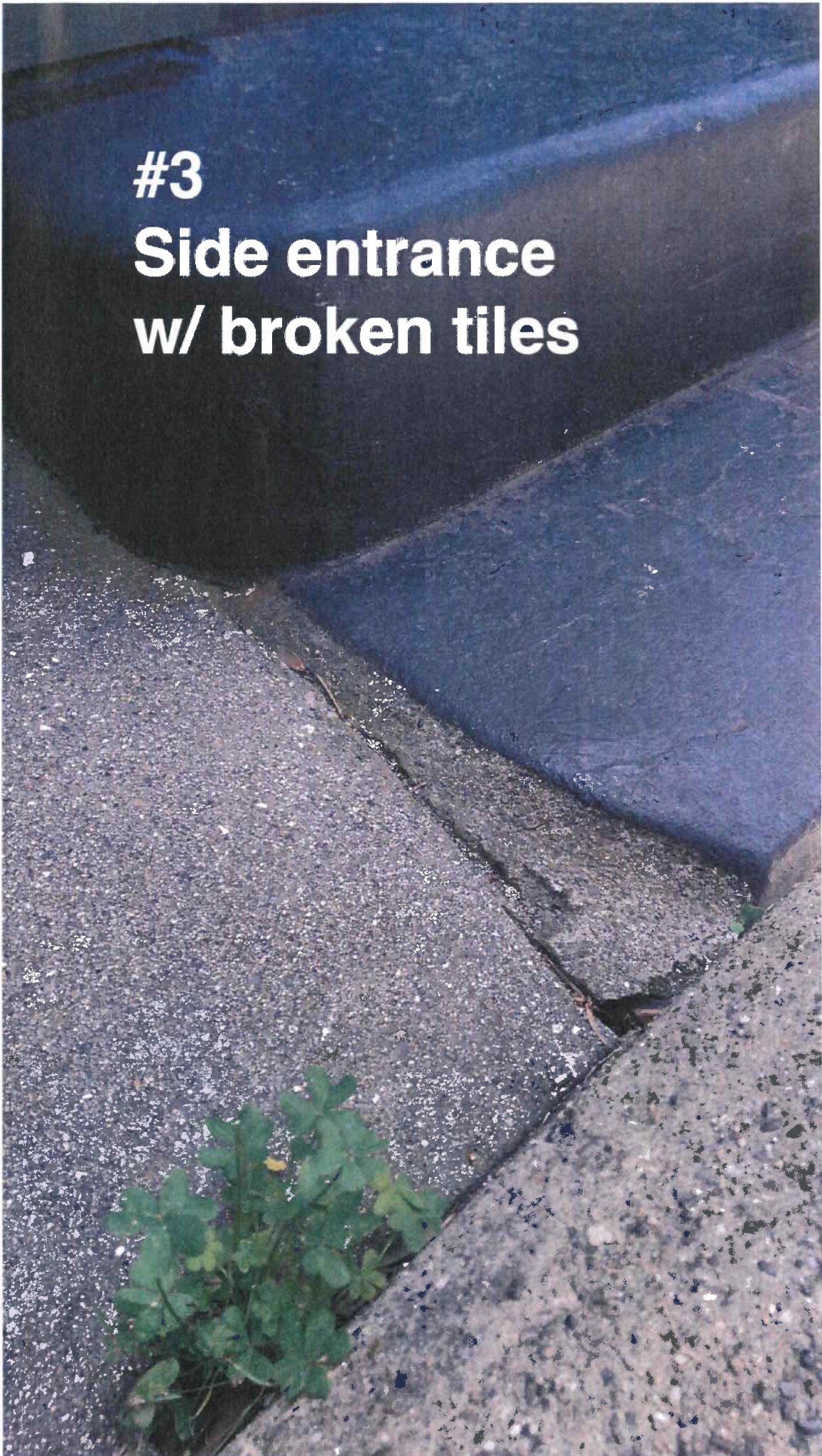


**#3**  
**Side entrance**  
**w/ broken tiles**



**#3**

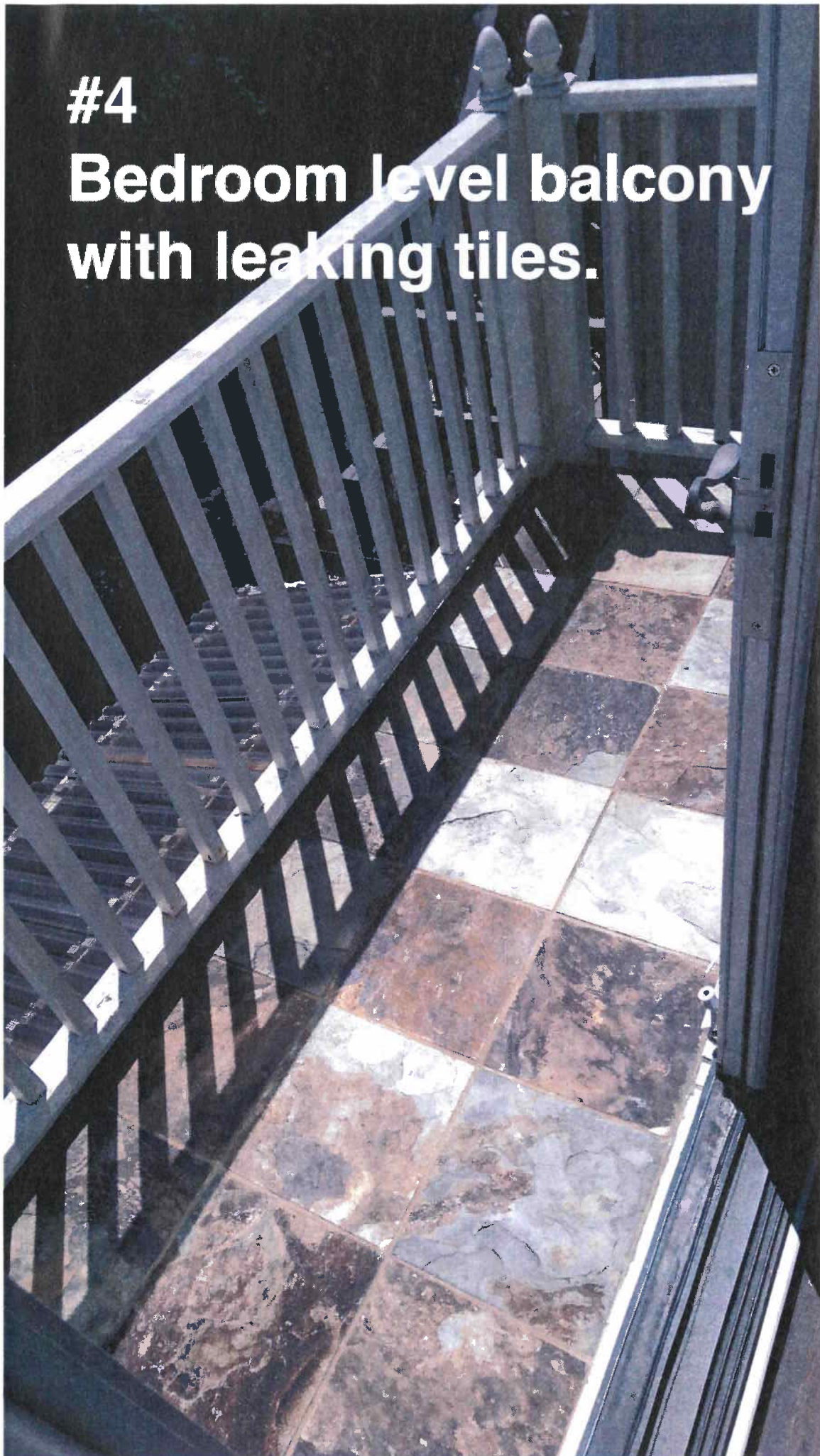
**Side entrance  
w/ broken tiles**





**#4**

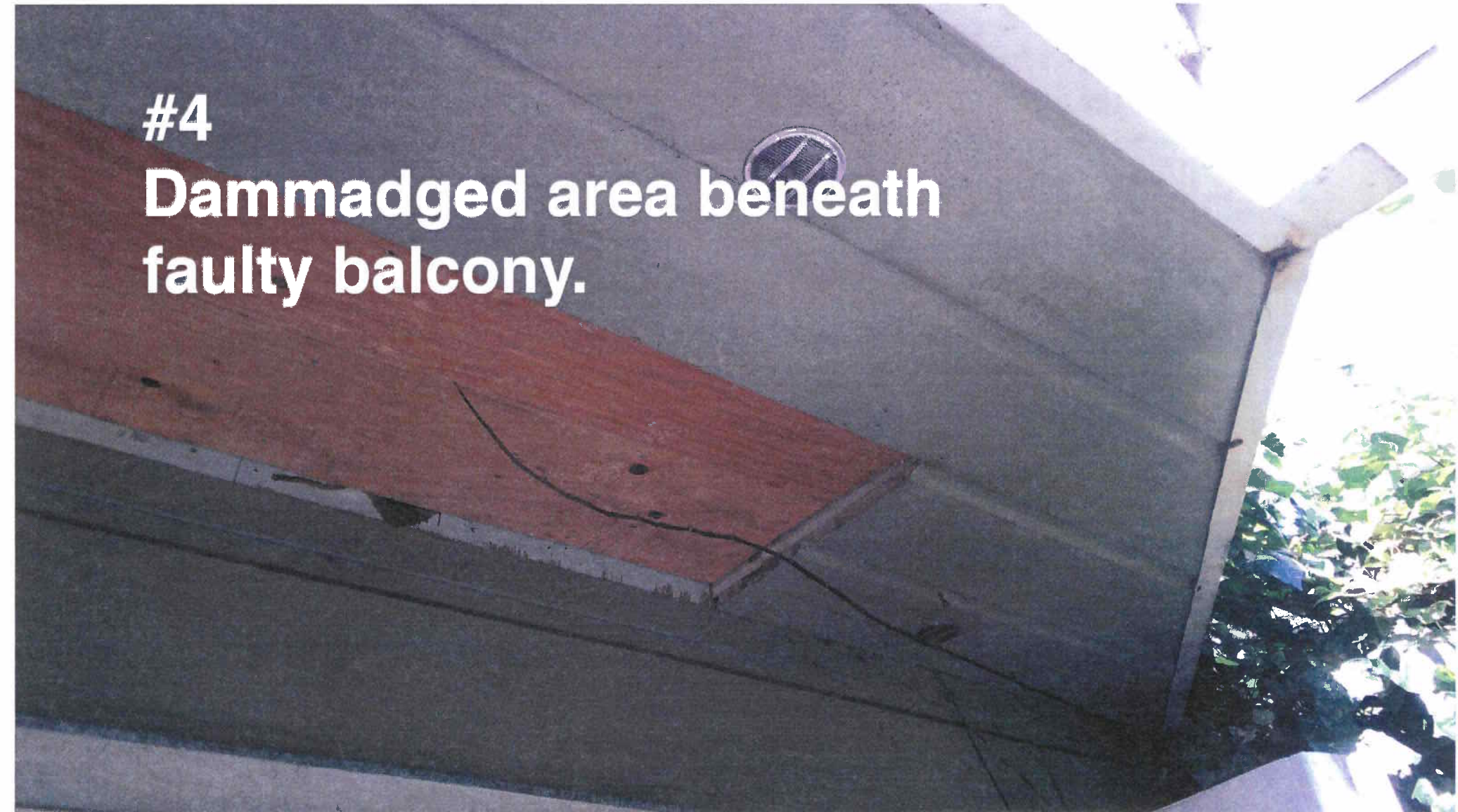
**Bedroom level balcony  
with leaking tiles.**





**#4**

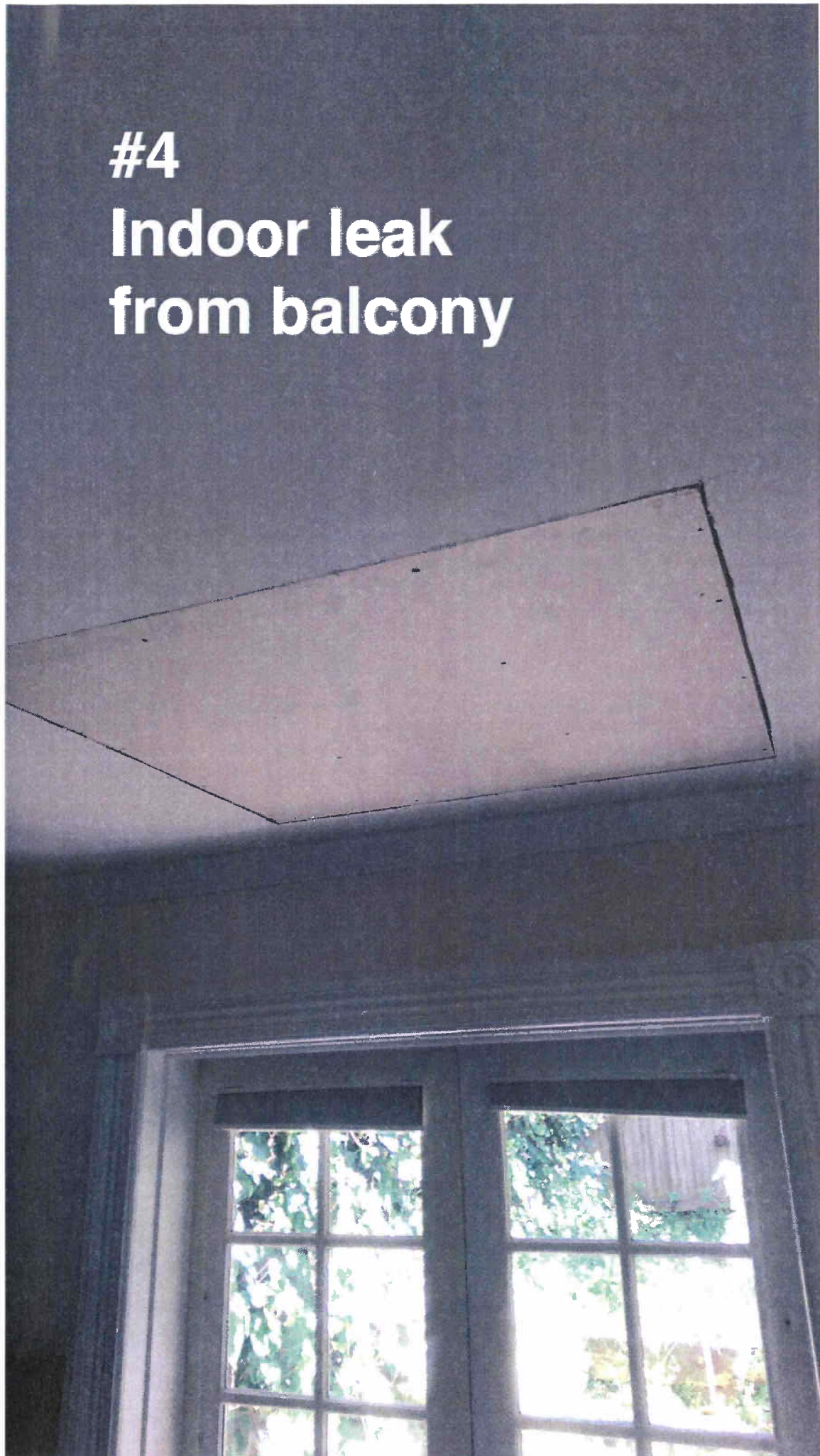
**Dammadged area beneath  
faulty balcony.**



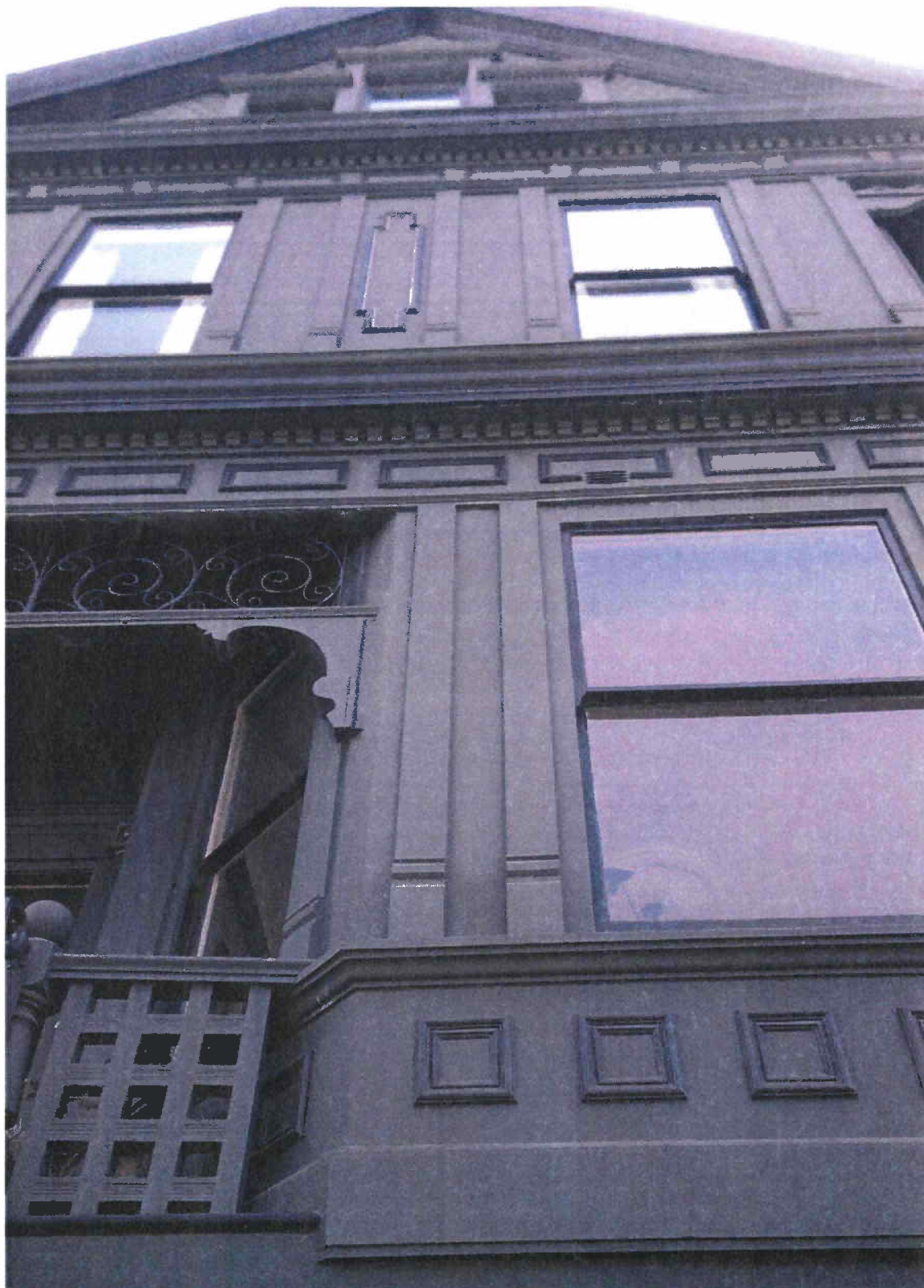


**#4**

**Indoor leak  
from balcony**







**#5**

**Front facade - for  
new coat of paint**